भारतीय कंटेनर निगम लिमिटेड
Container Corporation of India Ltd.
बहुविध संभारतंत्र कंपनी
A Multi-modal Logistics Company
(भारत सरकार का नवरत्न उपक्रम)
(A Navratna CPSE of Govt. of India)

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Dear Sir/Madam,

Sub: Disclosure under Regulation 30 of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015.

Pursuant to applicable provisions of SEBI (LODR) Regulations, 2015, please find enclosed transcript of Post result Conference Call held on 14.02.2017.

This is for your information and record please.

Thanking you,

Yours faithfully,
For Container Corporation of India Ltd.,

(Harish Chandra)
ED (F) & CS

CC :. ED (MIS & CSR) for placing on website of CONCOR.

पंजीकृत कार्यालय : कॉनकॉर भवन, सी-3, मथुरा रोड, जसौला मैट्रो स्टेशन के पास, नई दिल्ली-110076 दूरभाष : 41673093, 94, 95 & 96, फैक्स : 41673112

"Container Corporation of India Q3 FY17 Earnings Conference Call"

February 14, 2017

ANALYST:	**MR. ABHIJIT MITRA - RESEARCH ANALYST - ICICI SECURITIES**
MANAGEMENT:	**MR. V. KALYANA RAMA - CHAIRMAN & MANAGING DIRECTOR - CONTAINER CORPORATION OF INDIA** **DR. P. ALLI RANI - DIRECTOR (FINANCE) - CONTAINER CORPORATION OF INDIA** **MR. SANJAY SWARUP - DIRECTOR (INTERNATIONAL MARKETING & OPERATIONS) - CONTAINER CORPORATION OF INDIA**

Moderator: Good morning ladies and gentlemen, welcome to the Container Corporation of India Q3 FY17 Earnings Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Abhijit Mitra from ICICI Securities. Thank you and over to you Sir!

Abhijit Mitra: Thank you. Good morning ladies and gentlemen. Today we are hosting Q3 FY17 Results conference call of Container Corporation. Representing management, we have Mr. V. Kalyana Rama - Chairman & Managing Director, Dr. P. Alli Rani - Director (Finance), and Mr. Sanjay Swarup - Director (International Marketing & Operations). Management will give an initial overview on the results and then we can proceed to the Q&A. Without further ado over to you Sir for the opening remarks.

V. Kalyana Rama: Good morning all of you. This quarter I can say has gone well with all that uncertainties happening with demonetization and export/import market not much improvement and it is going at the same reduced level, but we could increase our margin percentages and we could maintain, in fact the operating profit margins also we are able to slightly look up compared to Q-o-Q. We could control our empty running. This is in fact a good sign that we are able to withstand the pressures of demonetization and the negative effects on the economy, otherwise which showed a little bit on the economy, we are able to withstand that and we could keep our neck above the water. We can go ahead with the questions.

Moderator: Thank you. We will now begin the question and answer session. We will take the first question from the line of Mukesh Saraf from Spark Capital. Please go ahead.

Mukesh Saraf: Good morning and thank you for the opportunity. Firstly, if you could just give us the usual numbers that you give on the volume side for EXIM and domestic?

V. Kalyana Rama: For the EXIM segment I will first give you Q-o-Q. In Q3, our handling margins of EXIM increased by 11.12% and in domestic they are increased by 5.57%. If I look at the originating side, there is an increase of 7.29% in Q3 in EXIM graphic and there is a growth of 6.56% in domestic originating graphic. If you look at EXIM for the throughput, there is an increase of 3.22% over the last nine-month period and in domestic is 1.4%. Overall, we had growth over last year. Total throughput in handling we increased by 6% for both EXIM and domestic put together.

Mukesh Saraf: Also just looking at the rail coefficient. We were just looking at some data at JNPT and the rail coefficient does not seem to have improved despite measures they have taken in terms of discounts or even measures at the port where they have removed the congestion, surcharges, etc. How do you see this situation panning out? Do we continue to see a decline in rail concessions?

V. Kalyana Rama: Are you speaking particularly have JN port?

Mukesh Saraf: At JN port we have seen the decline. How are you seeing it there and probably if you have some comments on the other ports, how they are now?

V. Kalyana Rama: Basically JN port traffic is shifting ICD traffic to Mundra. That is why the JN port figures are coming down, but there is increase in Mundra port. If I look at overall rail coefficient what is happening from all the ports, our share has increased. We have gone from around 73.6% to 75.5%.

Mukesh Saraf: Okay, so we have seen our market share increase in spite overall rail coefficients kind of weakening.

V. Kalyana Rama: Yes, our market share has increased in rail coefficient.

Mukesh Saraf: Last quarter you had spoken about how you have also started double stacking on the export route by using Kathuwas. How is that shaping and is that helping in reducing empties and what is the situation of the empty running Sir?

V. Kalyana Rama: This definitely is helping us. Empty running has come down quite substantially.

Mukesh Saraf: Could you give some figures on the empty running as well?

V. Kalyana Rama: In empty running, if I look at the absolute numbers, Q-o-Q if I look Q3, we stand around 35 Crores whereas compared to last quarter it was 44 Crores. There is an improvement and we reduced our empty running cost by 20%. If I look at period on period there is overall improvement. It is slightly improved over last year in EXIM and in domestic there is an improvement over last nine-month period, 10 Crores we saved. This is because of double-stack running. Out of Kathuwas, in this quarter over corresponding quarter of previous year if we look at there is an improvement of around 150%. There will be further more pronounced double-stack running in this quarter. We are concentrating on the Q4. I will give you the absolute numbers. Q3 over previous year Q3 if you look at, I am talking about double-stack handling at Kathuwas because that gives the figure, because both our exports and imports double stack we handle at Kathuwas. It is 216 rakes in this quarter compared to 86 rakes in the previous year. So this is 151% improvement. For the period ending if I look at, it is 541 rakes compared to 301 rakes in the last year, so this is around 80% improvement. This is now going on. Now, the system is set and in fact that will definitely give further improved results.

Mukesh Saraf: Right and just the last one if I may squeeze in, how are you seeing the imbalance now between export and import? Are there some signs of improvement that you are seeing even if you look at January month, there were expectations that the imbalance situation should kind of correct?

V. Kalyana Rama: Let us hope things should be good, but as of overall economic situation all of you know that it is not further improved. The same thing is still going on. The effect of demonetization is there. The government is talking about reduced GDP. Let us see, but as I was mentioning we would be trying to achieve 8% growth, we are hopeful that we will be able to achieve that. The margins may improve because we are taking these measures of double stack in both directions, import and export, that is reducing our empty running. It actually showed this quarter also that there is an improved margin. The rail freight margin slightly improved over the last quarter even with all the competitions, with all the demonetization, and with the diesel level still going on like that.

Mukesh Saraf: Thank you so much.

Moderator: Thank you. Ladies and gentlemen, in order to ensure that management is able to address questions from all participants in this conference, please limit your questions to two per participant. We will take the next question from the line of Chandra Gopal from JM Financial. Please go ahead.

Chandra Gopal: Good morning Sir. Thank you for the opportunity. Just one clarification on the domestic side. Domestic business EBIT margin has come down to Rs.3 million only. Is there any one-of in that?

V. Kalyana Rama: This is depreciation basically. There is a new terminal opened up. There is a little lag between the opening of the terminal and the market picking up over there. If a facility opened up, our depreciation meter starts, but our marketing efforts are already there in the domestic division and definitely there will be better results.

Chandra Gopal: Okay Sir. The entire margin improvement which has come in the gross margins also and the EBITDA margins, is it attributable to all the savings from Kathuwas?

V. Kalyana Rama: Basically Kathuwas is one of the major factors, which has contributed to our share. Also we are now concentrating more on faster clearances in all the places. So, better operations I can say.

Chandra Gopal: Great Sir, thank you so much.

Moderator: Thank you. We will take the next question from the line of Bhavin Gandhi from B&K Securities. Please go ahead.

Bhavin Gandhi: Thanks for the opportunity Sir. Can you share with us the port wise split of volumes?

V. Kalyana Rama: At JN port, our share is 14% of the total. In Mundra, we are at 14.27%. I am talking of port volumes, so you would like to have that figure or you want to have our handling of port share?

Bhavin Gandhi: Any which way is fine?

V. Kalyana Rama: If I look at my handling of all ports taken as 100%, then JN port is contributing 37%, Mundra is giving me 27.79, and Pipavav is giving me 15.67%. The rest all are minor.

Bhavin Gandhi: Okay. Is it possible for you to give us the volume numbers in million terms in EXIM and domestic?

V. Kalyana Rama: Tonnage in EXIM for this quarter is 6.92 million tonnes and this is an improvement of around 2% over the last quarter. I will give you the domestic; let me look at the figure.

Bhavin Gandhi: This 2% improvement is over Q2 FY17 or Q3 FY16?

V. Kalyana Rama: This is of Q3 FY16. Overall for the period ending also there is an improvement, over last year comparative figure we are increased by 1.5%.

Bhavin Gandhi: Thank you Sir. I will come back in the queue.

Moderator: Thank you. The next question is from the line of Ankur Periwal from Axis Capital. Please go ahead.

Ankur Periwal: Congratulations for a strong revival on the volume front both EXIM and domestic. I have two questions. On the volume growth front, the growth especially on the domestic side, was it driven by the multimodal logistics park primarily or it was also the timetable trains, which contributed to it?

V. Kalyana Rama: Yes, it is basically timetable trains. Multimodal logistics park growth is yet to come. That is what actually the depreciation came from. As I mentioned in the earlier question, the depreciation is affecting us, but our marketing efforts were started. There is a time lag for that. This improvement is because of timetable container trains and because of some market efforts we have put in. We were able to capture some market, which has come back to us, which we are otherwise slipping away in the earlier months.

Ankur Periwal: Okay. Will it be fair to say that the domestic margins may remain slightly subdued, because right now we are probably in a mood of creating the market and focusing more on the volume shift from road to rail?

V. Kalyana Rama: In domestic margins if I take out the EBITDA thing, there is a little improvement over last quarter.

Ankur Periwal: The reason I asked was if I look at Q-o-Q deprecation, it is up by only 5 Crores. Even if I add back the entire 17% or whatever percentage of that number of domestics, still the margins are not as great. If I am not wrong probably empty running is still continuing over there?

V. Kalyana Rama: Empty running is improved. In fact, over the nine-month period in domestic there is almost a saving of 10 Crores. Margins are slightly better.

Ankur Periwal: Okay. On the rail freight front, if I look Y-o-Y there is around an 8% reduction in the rail freight cost versus our realization decline of a significantly higher magnitude. Is it primarily because of double stacking benefits?

V. Kalyana Rama: Yes, double stacking benefits. It gives us double benefits. One is that we get better margins in double stacking and we get better market share increase, and then empty running comes down.

Ankur Periwal: Okay. Can you say the absolute number for domestic?

V. Kalyana Rama: I think I told. It is 71 Crores this period, compared to last period of 76, nine-month period.

Moderator: Thank you. The next question is from the line of Ashutosh Narkar from HSBC. Please go ahead.

Ashutosh Narkar: Thanks for the opportunity. Good morning Sir. If you could guide us now that we are already into February, how do you look at the outlook for FY18? What would be your expectations for the sales growth and margins? Secondly, I probably missed out on the numbers. You said 216 rakes or so from Kathuwas, but what would they contribute in terms of handling volumes?

V. Kalyana Rama: Handling volume in Kathuwas in Q3 will be 42,300. If I look at corresponding Q3 of last FY it is 185% growth.

Ashutosh Narkar: Sure. This was operational for the entire quarter right?

V. Kalyana Rama: This is for the third quarter.

Ashutosh Narkar: How much can we scale this up further over the next 12 months' timeframe?

V. Kalyana Rama: Let us look first at this FY. In the nine months when I am comparing with last FY nine months, it has scaled up by 100%, that is 1,08,000 over last year 52,000. For the next FY, we are looking at figure of may be around 2.5 to 3 lakh TEUs.

Ashutosh Narkar: How do we kind of tally these two figures, now that we are going through Kathuwas, is that 170 or 160 basis points bump sequentially on the margins, is that something of a benchmark?

V. Kalyana Rama: I will not give this forecast at this moment because this is evolving market with double stack. We are now working out our strategy on how much margins we have to keep and how much to pass on so that we can attract a better market share, but definitely it is improving our margins. With the subdued market and the tougher conditions compared to last FY, this quarter you can see improvement in our margins. We could withstand the demonetization effect and all.

Ashutosh Narkar: Fair enough Sir, no problem. If you could just guide us on what would be your outlook for FY18?

V. Kalyana Rama: FY18 will be better than FY17.

Ashutosh Narkar: Is there a target where you are looking at growing top line by anywhere between 10% and 12%, margins remaining at around 18% or 19% or so?

V. Kalyana Rama: I would not try to fast-forward a little bit. It will be better once I complete this FY, I will give you the forecast and my guidance for the next FY.

Ashutosh Narkar: No problem. All the best to you Sir.

Moderator: Thank you. The next question is from the line of Pulkit Patni from Goldman Sachs. Please go ahead.

Pulkit Patni: Thanks a lot for taking my question Sir. My first question is you said that you have been able to withstand the impact of demonetization in the third quarter. Looking at fourth quarter right now and I do not need any numbers, but do you think that impact has almost gone or you think fourth quarter will also see some impact from demonetization on your volumes per se?

V. Kalyana Rama: Basically in the fourth quarter, I feel now the impact has gone, maybe in January we saw a little bit of impact of demonetization. But for overall quarter maybe we will be able to come up with good numbers. As I mentioned in earlier question, we will be able to maintain our guidance of 8%, and I think we will be able to achieve that.

Pulkit Patni: Sure. Second question is we have been reading that the ports in the eastern coast have shown much better growth than what we have seen on the western coast. Now, we also have certain services, the ones to Kattupalli, etc. Any qualitative comment on what is the kind of growth we are seeing from that side and any plans that you can talk about how we see volume growth on that part of the country?

V. Kalyana Rama: Actually that part of the country is now just coming up on the containerization. If you see the total volume, 65% on west coast and 35% on east coast. East coast is mainly short way traffic. Even though if we improve numbers there it will be not adding too much to our finances as we can add up on the west coast. Having said that, definitely the east coast I hope with all the measures taken by the respective state governments there will be good growth over there. We are also working on certain things and whenever it becomes fruitful then we will definitely let all of you know what measures we have taken.

Pulkit Patni: Sure Sir. That will be very useful if you can update us as and when something relevant happens on the east coast.

V. Kalyana Rama: Definitely, we will share with you our happy news. You are with us all the times and we will be definitely sharing things with you.

Pulkit Patni: Thank you Sir.

Moderator: Thank you. The next question is from the line of Aditya Makharia from Motilal Oswal Securities. Please go ahead.

Aditya Makharia: I just wanted to recheck the EXIM volume growth, you said it was up 11%, is that correct?

V. Kalyana Rama: Yes, our handling volumes.

Aditya Makharia: You said the originating traffic was up 3%, I just did not get that?

V. Kalyana Rama: Handling volume growth of 11% is Q-o-Q. Originating volume growth of 3% is for the nine-month period.

Aditya Makharia: Okay. Could you give us the absolute EXIM volumes like we used to get in the earlier calls?

V. Kalyana Rama: You can take it as 6,66,000 in this quarter total include CMLK, that is 11.12% growth over last year. For the nine months, it is 19,76,000.

Aditya Makharia: This is EXIM you mentioned. For domestic TEUs?

V. Kalyana Rama: Domestic handling data is 3,24,000 in this nine-month period. For this quarter, 1,16,000.

Aditya Makharia: Okay, thank you.

Moderator: Thank you. The next question is from the line of Aditya Mongaya from Kotak Securities. Please go ahead.

Aditya Mongaya: Congratulations for a good set of results in a challenging quarter which has gone by for you. I wanted to clarify one thing, on the hub and spoke benefit that is available. Are we availing of this benefit when we are moving cargo from Ludhiana to the west coast via Kathuwas?

V. Kalyana Rama: Yes, wherever it is to be done we are doing it. Single hub is allowed on railways, so we are using that. We are using the hub and spoke method for Ludhiana and also we are doing something direct.

Aditya Mongaya: Are you using Kathuwas or directly doing double stack from Ludhiana?

V. Kalyana Rama: Double stack cannot be done other than in Kathuwas, because the railway running sections allowed only from Kathuwas to Mundra and Kathuwas to Pipavav.

Aditya Mongaya: That clarifies. The second question was on the market share you are reporting, is that also happening in the NCR region or is it happening elsewhere for you?

V. Kalyana Rama: In NCR, in Dadri, in specific market we are gaining our market share. In some places, people are doing unfair competition, which cannot be withstood for a long period of time. In Ludhiana market, we have still not seen increase in our market share, but in NCR definitely we are able to look at improvement in market share because that is where we started our timetable service from Dadri to CMLK. It is a big success. Everyday we are able to run the train now, from October 26 we started, till date we are running that train without a break.

Aditya Mongaya: Sure Sir. Lastly on Kathuwas, are the originating volumes coming from there and if so what is the quantum?

V. Kalyana Rama: When I look at the total volumes I handle there, the originating volumes are very less, but yes, we could get some volume. This quarter we did around 1000 to 2000 TEUs.

Aditya Mongaya: Is there an issue over there, because as far as we know, as highlighted earlier, Ligana was supposed to drive volumes at Kathuwas ICD has been operational for some time?

V. Kalyana Rama: There is no issue in originating volume, the industry is picking up. All these manufacturers and the traders will have their arrangements done and slowly they have to shift. They may find it difficult immediately to make a shift from moving into the NCR region ICDs and start using Kathuwas. It will definitely improve because now the number of services, as all of you now listened to increase, when we handled 42,000 TEUs there. Automatically the number of services increased to port, so the volumes will definitely come. From an industrial park, all these units have not become operational. One by one they are becoming operational. Some automobile companies are also looking at Kathuwas with a lot of interest.

Aditya Mongaya: If I have more questions I will get back in the queue. Thank you Sir.

Moderator: Thank you. The next question is from the line of Shalini Gupta from Quantum Securities. Please go ahead.

Shalini Gupta: Good morning Sir. If you could please repeat the market share numbers at various ports, like you said JNPT 14% of total. If you could just give the numbers as well as how much of market share you have gained over the last one-year?

V. Kalyana Rama: Our market share we calculate of the total port handling and our own handling of all the ports put together. I can give you these two figures. In JNPT, it is slightly down, if I look at the handling volume of JNPT put together that is because ICD volumes are shifting to Mundra port, last year it was 15.4%, this year it is 14%. These are shifting slightly into Mundra. In Mundra, our market share is around 14.27%. In Pipavav, we are again slightly maintaining the same level.

Shalini Gupta: If you could give the figures, like in Mundra how much you have gained and in Pipavav how much share you have and how much you have gained?

V. Kalyana Rama: Overall if I look at nine-month period, it is at the same level. It was around 14% last year and this year also we are at the same level of 14%. There is a 1.4% drop in JN port. The volume has come down a little bit of the total port volume. More and more inter-land traffic handled at ports. Throughputs in ports are both empties and transhipments are counted in port. When I look at this port figure there is a little drop. Whereas as I told you, when I look at our overall share, 100% what we handled, at Mundra it was 24.98% of our total share of handling in the port last year, this has improved to 27.7%. Have I answered your question?

Shalini Gupta: If you could please give me the comparative figure for JNPT, like how much is JNPT of your total volumes and how much it was earlier?

V. Kalyana Rama: I told you now. I think further you can send us e-mail because the absolute numbers may not be of interest to everyone.

Shalini Gupta: Okay, thank you Sir.

Moderator: Thank you. The next question is from the line of Bharat Seth from Quest Investment. Please go ahead.

Bharat Seth: Thank you for the opportunity Sir and good morning. Can you just elaborate more on how many MMLP has started and how the business model that we are working on over the future which can generate revenue on multimodal and how much investment so far we have done and how much is balance?

V. Kalyana Rama: The Capex part of it, we almost done around 600 Crores out of our aim of 1000 Crores. Then 50 Capex plan we kept, in the first three quarters we are nearing around 650 Crores. We may be able to have a fulfillment of around 90% to 95% of Capex. In this quarter, we started two MMLPs, basically we started running from Indore. Two other MMLPs we completed the work and now if I look at as on date situation we started running from one more MMLP that is Visakhapatnam.

Bharat Seth: Overall how many total MMLP we have started?

V. Kalyana Rama: Out of 15, already we started services from 5 MMLPs.

Bharat Seth: How do we really want to develop a business model for these MMLPs over a period, what kind of revenue that we are looking from MMLP?

V. Kalyana Rama: If you ask me as a general scenario what we are looking at MMLP is we look at five streams of revenue. One is normal ICD business, second is warehousing business which is going to play a major role post GST scenario, then we look at some sort of commodity hubs, maybe depending on the location the commodity hub can be for the agricultural commodities, may be for the steel commodities, then automobile hub, and we can handle railway rakes. Again, it will change from place to place. If I look at Visakhapatnam MMLP, my CFS business and railing out business will be major part of it because the existing CFS is at a very small place, around 14 acres and it is congested. This MMLP will increase and improve the operation. In fact, when I was there a few days back for the first trial run we have done, a lot of customers showed interest.

Bharat Seth: Going ahead when do we see all these revenue streams what you are talking will start generating revenue?

V. Kalyana Rama: They already started, like Kathuwas MMLP, which we started around two years back.

Bharat Seth: That is mainly for double stacking, correct?

V. Kalyana Rama: Yes, railway hub. Visakhapatnam we will be using for the port traffic railing out. If GST comes on roll out then the warehousing business will start. Automobile business already started in Kathuwas and we are now trying to take it to other places.

Bharat Seth: All warehousing has been built or again we need to spend Capex on warehousing?

V. Kalyana Rama: These places have got already some warehousing done and further Capex plans include warehousing at these places. It is already accounted for in our Capex plan.

Bharat Seth: As you said GST is rolling out, last mile connectivity, what is our business plan for that?

V. Kalyana Rama: We are already in this business where last mile connectivity is provided by the outsourced agency and some by the customers themselves. There will not be a paradigm shift in this model. The benefit of GST is that the parcel size will increase and there may be further increase in rail share, because once parcel size increases rail is an attractive option to the people. A number of warehouses will come, hubs will come, and the nodes will be there for all these major producers. That is the benefit of GST. The end logistics, if required we will go through our outsourced model or else customer will be able to provide his end logistics. I do not think any paradigm shift in the end logistics with the GST scenario.

Bharat Seth: Okay, thank you. That is all from my side.

Moderator: Thank you. The next question is from the line of Abhishek Ghosh from Motilal Oswal Securities. Please go ahead.

Abhishek Ghosh: Could you help us with the LEED distance in the current quarter, has it declined on a Q-o-Q basis?

V. Kalyana Rama: There is a decline on the LEED because of shift of the traffic.

Abhishek Ghosh: Okay. Is that the reason for lower realization for EXIM segment or is there some amount of discounting also involved?

V. Kalyana Rama: You are talking at the top line.

Abhishek Ghosh: Yes, realization on a per-container basis if we look for EXIM segment that has also kind of declined.

V. Kalyana Rama: The LEED has come down Q-o-Q if I look at, 815 km compared to 907 km, this is for nine-month period.

Moderator: Thank you. The next question is from the line of Bhumika Nair from IDFC Securities. Please go ahead.

Bhumika Nair: Good morning Sir. Congratulations on a good set of numbers. If I could just get the rebate figure for the current quarter and also the empty running charges breakup between domestic and EXIM for the current quarter?

V. Kalyana Rama: Empty running for the current quarter in domestic it is 26 Crores and in EXIM it is 35 Crores.

Bhumika Nair: Okay. If I could get the rebate and discounts given in the current quarter?

V. Kalyana Rama: Rebates and discounts we are able to put them in shed that is why our margins improved and the absolute figures normally in rebates we do not disclose.

Bhumika Nair: Okay. Sir, the other thing is you mentioned that this quarter there has been an improvement because of the higher amount of double stacking, because you were able to utilize Kathuwas, while you gave the absolute number of rakes of about 116 and handling volumes, would you be able to quantify the rail freight haulage savings that you would have either in percentage terms or in Rupee Crores term?

V. Kalyana Rama: As of now, this way we do not crunch the figures, but we know for rake how much we are saving, we have got our own table made. If you require, you can send your question by mail and we will give you the data.

Moderator: Thank you. We will take the next question from the line of Ankit Panchmatia from ICICI Securities. Please go ahead.

Ankit Panchmatia: Good morning and thanks for taking my question. I understand that with DPD facility at JNPT, how are we seeing that facility first and how we can take an advantage of the same?

V. Kalyana Rama: I was expecting this question, but it is nice you put this question. Before answering your question in fact I am really surprised, I hope all the analysts have noticed our bonus equation. This DPD is something which is now I would say pudding in the preparation because the aims are high and things still have to be streamlined. We are also working very closely with the government as well as shipping lines and other stakeholders to get better results out of the DPD. DPD as of now with the infrastructure in place it has to evolve, I can say this. As of now, it is still not there, only 7% is happening. The target is 40% at JNPT.

Moderator: Thank you. We will take the next question from the line of Mohit Pandey from Citigroup. Please go ahead.

Mohit Pandey: Thanks for the opportunity. Sir is it possible to share the LEED number for this quarter versus the last year? I think you shared it for the nine-month period.

V. Kalyana Rama: EXIM I can give you, it is 799 km over 901 km. Domestic figure should be worked out. There is 100 km drop in EXIM in the quarter.

Mohit Pandey: Okay. Secondly, how do you see your market share in the coming year?

V. Kalyana Rama: I told you this quarter we could increase our market share, 75.5%. We will put all our efforts to maintain this and our aim is to go and touch back, once we gained around 78% market share, that is our aim, we will try to do that. As I mentioned, next FY guidance I will give once I complete this FY.

Mohit Pandey: Sure Sir, thanks a lot and all the best.

Moderator: Thank you. The next question is from the line of Janat Mehta from B&K Securities. Please go ahead.

Janat Mehta: Good morning Sir. Just to add to the LEED distance, you said it is 800 km approx in EXIM. Is this completely because of the shift of traffic to Gujarat or is there something else contributing to the sharp decline?

V. Kalyana Rama: It is basically shifting to Gujarat. We have better volumes in the east coast, which is a very short leed traffic.

Janat Mehta: In the sense your east coast volumes are increasing, that is what you are trying to say.

V. Kalyana Rama: Yes, a little increase in east coast, shifting from JNPT to Mundra port, put together the LEED has come down.

Janat Mehta: Sure Sir. My second question is any timelines on Swarupganj, when it will be starting and where are we?

V. Kalyana Rama: Swarupganj will take time. Maybe end of next financial year or maybe later. Because Swarupganj will be useful only if we get the DFC commission, otherwise it will not be of much use. So, we will try to time it out along with the DFC commissioning. That is the first converging point for all the three ports, JN port, Mundra, and Pipavav.

Janat Mehta: And DFC timeline is according to you?

V. Kalyana Rama: I am just guided by the guidance given by my colleague CMD in DFCCIL and it is somewhere in the beginning of 2019 they are telling they may start two ports in Mundra and Pipavav. In 2019 end they are talking of complete western DFC.

Janat Mehta: Okay, thank you so much for the opportunity.

Moderator: Thank you. The next question is from the line of Yogesh Jain from Canara Robeco Asset Management. Please go ahead.

Yogesh Jain: Good morning Sir. Now GST is almost done. How is the business model going to change? Either we are tying up with any supply chain management company or you want to upgrade ourselves to third party or we have to lease out our facilities or combination of all things? How much revenue you are targeting around 2020? Now that the regulation is changing plus your multimodal logistics park going to start generating revenues.

V. Kalyana Rama: I can tell you my ambition by 2020, but this number we have not worked in this way. I would mention I do not see any paradigm shift. For the question what you asked whether we are going into 3PL? Yes, we are definitely working on those fronts. The same model we will follow, some outsourcing will be involved in that. We will not be going asset heavy when we go for 3PL, but we will be a 3PL player, asset light with outsourcing in that. We will not totally lease out our facilities for somebody else to come and operate. We will be the main operator.

Yogesh Jain: Okay. Any client has shown any interest for their plants right now for 3PL?

V. Kalyana Rama: 3PL is not a new thing. We did it for IOCL for sometime in the last year and now we are already trying to work with again through some of our associates. We are working with Nestle. We are working with Hindustan Lever. We are now trying to work with Patanjali. This 3PL is slightly different that is what I am telling, we will not be asset heavy, we will be an operator having an association and maybe you can say that we will be the consolidator and main 3PL operator giving all the facilities. We are working on these models end-to-end. Already our domestic division is in talks with all these people.

Yogesh Jain: Okay, thank you Sir.

Moderator: Thank you. The next question is from the line of Girish Raj from Quest Investment. Please go ahead.

Girish Raj: Thank you very much. At the optimum level, how many double-stack trains can run per day from Kathuwas?

V. Kalyana Rama: Very difficult question. There are many factors in this, now we are doing around an average of 2 in, 2 out. We want to scale it up to 4 in, 4 out in the near future.

Girish Raj: How is the agri volume looking for Q4?

V. Kalyana Rama: Agri volume is slightly picking up. Now rice is picking up.

Girish Raj: Final question of DPD. It started for exports also or it is just for import at this point of time?

V. Kalyana Rama: In fact for exports it is happening from the earlier times also. Now we are just changing the name to Direct Port Exports, DPE and the volumes are quite good number in that. Normally, a company sealed container it goes directly into port, only customs will put a seal over there. That was almost a set procedure, which is existing in India. DPD is when the imports are, which we are calling DPD, we are trying to change the business model. Our business model developed in India is that the importer will hold onto goods as long as he is not requiring that and he will try to clear it, so there is a cash flow problem involved in it, duty payment in that, so all the things are there, so that is why I said it is an evolving thing where we are also working very closely with all the stakeholders.

Moderator: Thank you. We will take the next question from the line of Rahul Murkya from Jefferies. Please go ahead.

Rahul Murkya: Sorry Sir, I missed the volume numbers. Can you please help me with that again, EXIM and domestic volume numbers for the quarter?

V. Kalyana Rama: The volumes for the quarter in EXIM is 6,66,000 and in domestic it is 1,68,000.

Rahul Murkya: Okay, thanks a lot Sir.

Moderator: Thank you. The next question is from the line of Bharat Seth from Quest Investment. Please go ahead.

Bharat Seth: Thank you for the opportunity again. You said that our domestic volume has been helped by increase in domestic **(inaudible) 52:07** levels. How many trains currently we are running and how many additional trains that we are looking for?

V. Kalyana Rama: Timetable trains we are running between three OD trains, Delhi-Chennai, Delhi-Bangalore, and Delhi-Hyderabad. There is no immediate plan for scaling up because we have to work in coordination with the railways. I think a timetable freight train is a very difficult thing for railways, so there is no plan for scaling up at this moment.

Bharat Seth: Okay, so there is no indication on this. You rightly said that once this MMLP starts we are looking growth in domestic business. How do we really plan to grow this business?

V. Kalyana Rama: Timetable train is not required for growing a 3PL business. Every company will have its own calculation of inventory management. Without even this timetable train, railway was able to cater to around 1150 million tonnes. All those players which are working with railways they understand rail dynamics. I hope that the plants will be planning for their inventory management and this 3PL mainly will be for warehousing, distribution, aggregation will come into play here. To some extent, yes, if there is too much on delay on rails, it may affect the business, but otherwise if the normal running happens for almost 10 months on railways if there were no accidents and no fog and all the other extraneous factors, the things can happen.

Bharat Seth: When we are likely to expect full 15 MMLP to be in play really?

V. Kalyana Rama: Phase 1 of all the MMLPs will be operational in the next FY. MMLP is a very big facility. Entire MMLP we will not build and open up in a bang. We will try to do in a phase wise commercial exploitation. All our MMLP planning is done phase wise, phase 1, phase 2, phase 3. So, we opened up phase 1. That is commissioning of MMLP only, I want to be more specific on that. A complete MMLP will not be developed. The complete MMLP whatever we plan will be developed over a five-year period. All our Capex plans are planned accordingly. Phase 1 automatically brings in the benefits to the company. It means complete operation, road, rail operation along with warehouse, ICD, everything.

Moderator: Thank you. The next question is from the line of Amar Kedia from Nomura. Please go ahead.

Amar Kedia: Good morning Sir. I have two questions. First, when I look at the other un-allocable income in your segmental results, I see that has jumped sharply from almost 35-40 Crores to almost 72 Crores this quarter. Can you explain what is the reason for that?

Alli Rani: Can we get back to you on that please? Give me some time.

Amar Kedia: I will come back on that. The second question that I had was, basically if I look at the segmental EBIT margin for EXIM segment, that too on a per-container basis, not it has come down to the level of Rs.2600 to Rs.2700 a container. This used to be almost Rs.4000 and then in December 2014 after the rail freight hike it came down to about Rs.3500. from those levels, it has now come down to Rs.2600 and Rs.2700. Now, is this the new normal, because from what we understand that last quarter you had a land license fee put together for two quarters and we were expecting that it will normalize, but it has not happened really?

V. Kalyana Rama: Because of the competition it is this and we are trying to improve our margins on this. We are working on this. You are dividing it by handling figure or by margin figure?

Amar Kedia: I am dividing it with the handling figure?

V. Kalyana Rama: Kathuwas handling will not give any extra revenue, so that may be giving you a little subdued figure, because Kathuwas is a hub operation.

Amar Kedia: So, basically it is being double counted, the volume of Kathuwas.

V. Kalyana Rama: That is why I have given you two figures, originating figure also I have given in the beginning of the call, what is the growth in originating volumes we are having, so that gives a very good indication.

Amar Kedia: Would it be possible to get the absolute number for originating volumes?

V. Kalyana Rama: I have given you, do you want me to repeat it?

Amar Kedia: I think that was the growth number. We did not get the absolute number for originating volume.

V. Kalyana Rama: Original volume for the quarter it is 4,54,000 in EXIM and 58,000 in domestic.

Amar Kedia: All right, thank you Sir.

Moderator: Thank you. The next question is from the line of Ajinkya Bhat from Kotak Securities. Please go ahead.

Aditya Mongaya: This is Aditya, just a followup question from my side. On the rail coefficient, I just wanted to get a sense that why is it not going up for the sector given that more and more of double stacking is happening today, and even on the diesel price side we are broadly at par? My sense is that since the developments over the last two years were actually negative for us. All rail operators lost out.

V. Kalyana Rama: There are two to three factors. Shipping lines are also charging too high on rail freight when they work out their IHC. For coming into the hinter-land they calculate their empty repositioning and all. IHC is also affecting the hinter-land traffic. Shipping line encouragement of trying to clear more containers at ports is affecting this inter-land movement. That is why even after the increase in the rail freight after almost one-and-a-half years, the rail share is not growing. Railways also very much concerned about it.

Aditya Mongaya: Sure Sir. The second question is just a data point, which I required. I just wanted to get a sense that if you can share the number of empty TEU on a Q3 or nine-month basis versus last year including our handling volumes?

V. Kalyana Rama: We do not keep this figure, but in EXIM we count everything. Empty repositioning also is counted into our books.

Aditya Mongaya: Can you share with me the number for FEUs versus TEUs?

V. Kalyana Rama: We are not maintaining FEU over TEU, normally it is a 40:60, 40% FEUs, 60% are TEUs.

Aditya Mongaya: Lastly on the MMLP side, you are saying five are as of now in service today, and 15 would be in service in the first phase.

V. Kalyana Rama: Five are in service, and 10 will be commissioned phase 1 by next FY end. This FY we are working on making another three operational. In fact, if I come down to Q4, we already started one at Visakhapatnam, trial run started. One at Ahmadgarh will start very soon, then we may be adding New Raipur then Nagpur. We are working on these.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to Mr. Abhijit Mitra for his closing comments.

Abhijit Mitra: We thank the management for allowing us the opportunity to host this call. I would hand it over to the management for any closing comments before we can end the call.

V. Kalyana Rama: As I mentioned, we could really put our neck above water and then improve our performance, and already we declared a bonus of 1:4 and also we have given interim dividend, so definitely that will be giving good returns to the investors. We hope to do better in the coming quarters in the next FY. Thank you.

Moderator: Thank you. Ladies and gentlemen, with that we conclude today's conference. Thank you for joining you and us may now disconnect your lines.