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)

कॉनकॉर
CONCOR

दिनांक : 07.08.2017

कॉन/आइआरसी/SE/104/Vol.-VI/

Through E-mail

1. The Bombay Stock Exchange Ltd., Mumbai
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai-400001

Code No.531344
Fax : 022-22723121/3719/2037/2039/2041/2061/1072

2. National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor, Plot No. C/1,G Block
Bandra-Kurla Complex, Bandra (E)
Mumbai-400 051

Fax: 022-2659 8237/38

Dear Sir/Madam,

Sub: TRANSCRIPT OF POST-RESULT CONFERENCE CALL OF CONCOR ON 01.08.2017
Ref: Letter of even no. dated 31.07.2017.

Dear Sir/Madam,

The transcript of Conference Call held on 01.08.2017 in respect of the unaudited financial results of the company for the quarter ended on 30.06.2017 are enclosed.

This is for your information and record please.

Thanking you,

Yours faithfully,
For Container Corporation of India Ltd.,

(Harish Chandra)
Executive Director (Finance) & Company Secretary

Encl : as above.

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

"Container Corporation of India Limited Q1 FY2018 Earnings Conference Call

Aug 01, 2017

ANALYST: **MR. SANDEEP MATHEW – SBI CAP SECURITIES LIMITED**

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
MR. P. K. AGRAWAL – DIRECTOR (DOMESTIC OPERATIONS) – CONTAINER CORPORATION OF INDIA

Moderator: Ladies and gentlemen good day and welcome to the Container Corporation of India Limited Q1 FY2018 Earnings Conference Call, hosted by SBI Cap Securities Limited. 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 an operator by pressing "*" then "0" on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Sandeep Mathew from SBI Cap Securities. Thank you and over to you Mr. Mathew!

Sandeep Mathew: Good morning everyone. We are very happy to have with us today the management of Container Corporation represented by its Chairman & Managing Director, Mr. V. Kalyana Rama, Director (Finance), Dr. P. Alli Rani, Director (International Marketing & Operations), Mr. Sanjay Swarup and Director (Domestic Operations), Mr. P. K. Agrawal. I would request management to provide an overview of the 1Q FY18 results then we shall open up for question and answers. Over to you Sir!

V. Kalyana Rama: Good morning to all of you. We have good quarter Q1 and hope you all got a glimpse of the results published today in the morning papers. The topline has grown by 10% it is 9.82% over corresponding quarter whereas our PBT has a growth of around 33% and PAT if you look at PAT it is around 37.26%. Mainly the emphasis we continued on our double-stack running, reduction in empty running and improving our margins and when we looked at our margins and margins we maintained in our EXIM even with all the competitions we are having and the lead coming down a little bit and domestic we improved our margins substantially higher and the volumes also we picked up as I gave the guidance in my annual conference call we are able to maintain a guidance at 10-12% in our handling, so this is our overall view. Thank you.

Moderator: Sir we open the floor for questions?

V. Kalyana Rama: Yes please.

Moderator: Sure thank you very much. Ladies and gentlemen we will now begin the question and answer session. First question is from the line of Venugopal Garre from Bernstein. Please go ahead.

Venugopal Garre: Firstly congratulations on a good quarter. I wanted to understand in terms of margins we have seen a fairly great improvement in the last couple of quarters, so what I wanted to understand number one is the domestic side actually has seen a pickup in this quarter, so what is the primary underlying driver for that and number two are these margin levels that we should be able to sustain given the double-stacking quantity that we would have done and if there is any room for further improvement there?

V. Kalyana Rama: See in domestic particularly when we look at margins it is because we are trying to build up circuits and reduce the empty running cost as well as trying to increase our margin percentages wherever it is possible within the market conditions and views, these are the two factors, which help them improving the margin in domestic and it is our endeavour to maintain these margins and I hope we will be able to as it can be seen as we just mentioned in the last three quarters we are continuously trying to improve our margins, so we will try to do so. Regarding EXIM yes there is double-stack we will be doing 50% more than what we did in the last year, this is what our forecast we have given in the annual call and in this quarter if you look at double-stack running it is 164 in the last quarter to 479 in this quarter, so it is almost threefold increase because in Q2, Q3 and Q4 of last year we picked up double-stack. There will be good number jump in the next quarter also, but overall it will be around 50% on yearly basis while look at so that is the level where there will be certain limitations, but we are now working on certain other things I hope that will give additional room for running more double-stacks, so we are trying on that and we are working on that and we will be more or less we will be successful in that whenever the time comes we will definitely make the announcement that may add some more double-stack running. So this margins in EXIM yes I hope they will be maintained that is even with the lead drop the lead is going to continuously drop because of the shift of the traffic through JNPT unless JNPT gives more imports and exports from that port the lead is taking a toll and lead will definitely reduce the absolute margin on a container, but percentage wise we are increasing our margin. I hope I answered your queries.

Venugopal Garre: Yes Sir very much. My second question is more to do with now that we have done with GST and there is probably a service tax difference between road and rail so is there anything that you are seeing in the first month post GST, which is any trend change with respect to how market share is moving or is it too early to take a view on that?

V. Kalyana Rama: It is not bad that much I can tell you it is not bad, things are under control and maybe it is too early to make the further analysis, otherwise the things are under control, nothing to worry about that front.

Venugopal Garre: Sure Sir! I think I have a lot of data questions because I will probably leave it further it is like the EXIM volume if you can share EXIM domestic as well as originating for EXIM domestic and…

V. Kalyana Rama: Within the one hour yes you will get all the data because people are asking this.

Venugopal Garre: Yes Sir I leave it further. Thanks a lot Sir!

Moderator: Thank you. Next question is from the line of Bhoomika Nair from IDFC. Please go ahead.

Bhoomika Nair: Just taking forward from the previous question in terms of domestic if I remember last couple of years we have had a problem in terms of the service tax, which we are not able to pass on. Now with the GST how does that change things and how competitive are we vis-à-vis road and what has really resulted in terms of the margin expansion in the current quarter even on a QoQ basis there has been some decent expansion if you can just throw some light on that Sir?

V. Kalyana Rama: Bhoomika I think you are using a very small word decent it is really good pickup in domestic margins quarter-on-quarter it has gone from 3.93 Crores to 27.56 Crores, so that is a very good jump and as I explained in the last answer that the factors helped in domestic margins is basically building the circuits, once we have build a circuit the empty running will come down that will help in pickup our margins and regarding service tax in GST it can be passed on, so there is a CENVAT credit available continuously on GST. The 98% of our customers I think will be able to use the CENVAT credit so that is definitely will help even though the percent of GST maybe 12% compared to 5% on the road, but that may not affect once somebody is getting the GST input credit and input credit is available.

Bhoomika Nair: How would has been empty running in the quarter for both EXIM as well as in terms of domestic?

V. Kalyana Rama: Quarter-on-quarter and overall there is around 9 Crores savings, in EXIM it is 10 Crores, 9.5 Crores saving it is 39.95 Crores versus 49.5 Crores over last quarter corresponding quarter, domestic it is more or less same 28.74 versus 28.16.

Bhoomika Nair: So basically it is just volume in domestic despite the empty running remaining stable it is the volume, which has really helped in terms of the margin expansion.

V. Kalyana Rama: The domestic director will give you.

P. K. Agrawal: Yes just I can clarify that in the domestic rail loaded running has increased in fact my rail freight earning has gone up by 30% while the empty running has remained at the same level that means there is a saving of 30% in the empty running.

Bhoomika Nair: On the double-stacking you mentioned that it has gone up very sharply from 164 to 479 if one were to try to understand what kind of savings this would have resulted either in percentage terms of rate or in terms of freight cost or in absolute Rupees, Crore could we get some sense on how much saving has this resulted in, in the current quarter?

V. Kalyana Rama: The rail freight margin has gone up from 20.48 in last quarter 23.49, so there is 300 basis points increase in rail freight margins.

Bhoomika Nair: This is largely got to do with lower empty running and higher double-stacking. I will come back in the queue and wish you all the very best and congratulations once again.

Moderator: Thank you. Next question is from the line of Atul Tiwari from Citigroup. Please go ahead.

Atul Tiwari: Same data question EXIM and domestic handling and originating volume for first quarter?

Sanjay Swarup: EXIM handling for this quarter was total 712794 and domestic was 129915 that makes total of 842709.

Atul Tiwari: Yes and originating volumes for the same?

Sanjay Swarup: Originating EXIM was 483776, domestic 64506 and total was 548282.

Atul Tiwari: Even on EXIM originating volume has gone up 9% year-on-year so are we seeing some kind of uptake in industry demand conditions or is it a market share gain for you guys?

Sanjay Swarup: See there is both the factors there is good imports jump in the first quarter and our market share also improved, our market share has gone up from 71.12% to 73.62% of the rail bound traffic. This is for both combined EXIM and domestic in EXIM if I look at separately the market share has gone up to 76%.

Atul Tiwari: My last one is on again on the domestic situation so throughout the last year we saw for example Indian Railways has started running timetable trains, etc., so are those measures also contributing and helping you guys to win more volume from the roads or that does not matter?

Sanjay Swarup: Yes, the domestic timetable trains are continuing this year also definitely that is a positive factor, which helped us and there are some other measures taken by railways also helped us as well as our own efforts as I mentioned again repeating the circuit building.

Atul Tiwari: You have also spoken about starting the value added warehousing business this year the benefit from GST, so any update on that, any progress or when can we see some of the first business coming through?

V. Kalyana Rama: See as a precursor to the things to come in we started putting more emphasis on our warehousing thing, so I can tell you those figures we do not give, but there is improvement in our warehousing income in the quarter-on-quarter by 38%, even it is a very small amount not very significantly affect our result, but this is the emphasis we are putting on the warehousing and whatever the future plans I talked of we are working on it, now we will be coming out very soon with our some of the policy issues wherein we are looking at some sort of PPP mode as well as our own investments in this, so it is a sort of joint working with some of the interesting and important players in the market. So we will come out with that and sure that it is on the course it will be soon, in another three years to five years is our timeline we will be doing it.

Atul Tiwari: Thank you.

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

Ankur Periwal: Congratulations for a very good performance overall. Just one clarification now in last quarter we had reported a onetime incentive of around 210 odd Crores for the rebates that we received, is there any portion, which has come in this quarter or it will be a yearend phenomena only?

V. Kalyana Rama: This has not come in this quarter and in fact there is no government notification. If you see our results we have clarified that in our results published in the papers also. So we are waiting for further government notification for this year and once that comes then we will look at how to account for there is some principles of accrual accounts and so that will be looked into that.

Ankur Periwal: Secondly on our MMLP initiative. We had earlier mentioned a good number of MMLPs will be operational this year if I am not wrong probably five are already operational and we are expecting some seven or eight to be operational this year. If you can help understand us the status of the new ones and how the five already operational are performing?

V. Kalyana Rama: This year we are now planning around seven MMLPs stage one to be started, the MMLPs earlier started are doing well as Khatuwas of course everybody knows the success story of Khatuwas last year we handle 2.6 lakh to use over there and this year we are continuing the trend and other MMLP major MMLP we started is Vizag one, which is doing well picking up and Pantnagar is picked up now this year or next year we will be able to do business over there. Other things because there is only stage one started and the certain formalities completed where we are going ahead with the introductory operation stage they will definitely become.

Ankur Periwal: Secondly on the Indian Railways initiative let it be the parcel cargo opening up of new commodities parcel cargo and the recent one the dwarf double-stacking trains what is your thought on that and what sort of growth can one see from it?

V. Kalyana Rama: These things we are studying as of now we have not made any clear business plans on this so we are also studying the dwarf container still the things are not very clear, so we are on the study level now.

Ankur Periwal: The pilot was already done if I am not wrong right between…

V. Kalyana Rama: Trial run has been done but that is with I think three or four containers. You see today dwarf container is only suitable for some particular product. So it is very premature to talk about our container in my view as far as CONCOR I can talk about CONCOR, in CONCOR dwarf container as on this date it is premature to really discuss that as a business potential that is what we are looking at what are all the commodities we can carry how we can build circuit, without circuit building that using one side loaded run one side empty run will never give a good return. This is our belief in this company.

Ankur Periwal: Great Sir! Thanks a lot.

Moderator: Thank you. Next question is from the line of Gautam Roy from Motilal Oswal Asset Management. Please go ahead.

Aditya Makharia: This is Aditya here. Sir just a question on this DPD model around the ports we have seen that there is a sharp fall in dwell times and I do believe that we have a few CFS facilities at JNPT so how does this impact us?

V. Kalyana Rama: In fact the impact on our CFS at JNPT the DRT Dronagiri Node it is not much we are able to maintain our volume levels and in fact we started doing DPD containers into our CFS and last quarter we did some few trains and there will be lot of emphasis in the coming days.

Aditya Makharia: So you do not expect any impact on us?

V. Kalyana Rama: No because that is the only one CFS out of all 68 facilities Dronagiri Node and there we are not seeing any impact, so overall if I look at company enterprise level there are absolutely no impact of DPD on that.

Aditya Makharia: Secondly what is the status on the freight corridor, do you think any probably 200 or 300 kilometers of track would start this year?

V. Kalyana Rama: I do not want to comment on that, but if it starts then it will not much add much value except for railways to run from trains on that. As CONCOR I will not get any benefit unless port is connected.

Aditya Makharia: Thank you Sir!

Moderator: Thank you. Next question is from the line of Rahul Murkya from Jefferies. Please go ahead.

Rahul Murkya: Thanks for taking my question. Can you just help me with empty running numbers I just missed that number?

V. Kalyana Rama: Which empty running?

Rahul Murkya: Empty running savings like how much?

Sanjay Swarup: On the EXIM side in this present quarter we incurred an expenses of 39.95 Crores in empty running and corresponding quarter last year was 49.5 Crores saving of almost 20% in domestic side empty running was 28.74 Crores and last year same quarter it was 28.12 Crores almost at the same level.

Rahul Murkya: This double-stacking numbers just wanted to confirm this last quarter was 164 and this quarter was 479…

Sanjay Swarup: Last year corresponding quarter was 162 this year first quarter it is 479.

Rahul Murkya: Thanks a lot.

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

Pulkit Patni: Thanks a lot for taking my questions. My first question is again on the domestic part so when we look at this number does this include any impact of GST in terms of any movement, which favourably happen towards the rail compared to road and if you could also talk about what commodity any particular commodity that was an outlier because clearly the jump in the domestic volume was pretty strong, so first question would be just on the domestic part if you could comment.

V. Kalyana Rama: See GST implemented from July 1, 2017 we are analyzing the first quarter ending June 30, 2017.

Pulkit Patni: No, I understand what I am trying to say is that pre-implementation of GST was there any change, which helped us garner more market relative to road or something to that?

V. Kalyana Rama: People try to move their commodities, so June there was a good jump so that jump is because of the GST scenario. The people move their goods in the older tax regime there was around 30% odd increase in the volume that is because there is a pre-GST scenario that is the effect of GST on the volume side in June. If that is the question yes there is around 10% improvement in the June volume.

Pulkit Patni: Yes, exactly Sir so if I was to basically look at the next few quarters obviously we are making an attempt to increase the domestic revenue, but would it be fair to assume that we should not be expecting a 30% kind of a number, which we just saw in this particular quarter or you think we are actually capable of repeating a similar sort of performance?

V. Kalyana Rama: I do not give quarter-on-quarter guidances, but definitely our endeavour will be there so that is the thing, we will work on it, but as we said this 12% growth what we are aiming at on a enterprise level 12% in volumes, 12% in revenue, so I am hopeful on that, so on segment wise domestic is doing well and in fact the entire country is believing in that post GST the things will smoothen out and the transfer of goods will be on market based rather than tax based, so earlier the tax based transfers are done, now it would be the market based, so market based transfers helps logistics industry that is the belief, so let us see, so that is why I said in the earlier question it is too premature to analyze the GST scenario with one month down the line, but as I mentioned things are under control they are not bad. We are expecting 30% growth or not is anybody guess, new people or analyst, you can make a better guess.

Pulkit Patni: Fair point Sir! My second question is just any particular commodity that we moved in this particular quarter the reason I am asking this question is obviously there has been a lot of talks from the government that they intend moving more and more goods through rail relative to road, so I am just trying to understand is there an impact of that as well any particular food commodity, etc., that was moved through rail, which caused the jump in the domestic volumes?

V. Kalyana Rama: My colleague PK will answer you Director Commercial.

P. K. Agrawal: There is no particular commodity, which is shifted from road to rail, but there is improvement allover and all the commodities has increased and particularly we have seen a quantum jump basically we build the circuit and we get a return traffic also that has improved our margin and volumes.

Pulkit Patni: Understood Sir! Very useful. Thank you so much.

Moderator: Thank you. Next question is from the line of Nilesh Bhaiya from Macquarie. Please go ahead.

Inder: This is Inder here. Thanks for the opportunity. My first question is related to the dedicated freight corridor based on your assessment next year we look at FY19 larger track to be available, which ports you think will be the first one to be connected and where you can start offering the services and is there any swing that we have or any discussions on what could be the pricing on BSE at this point of time?

V. Kalyana Rama: See if at all any ports to be connected the first ports to be connected are the Mundra and Pipavav, so now when there we will get connected I think I should not answer this question on this conference call because DFC guidances what everybody will follow we are also following their guidance and then regarding pricing now we have just not yet come with the pricing and everybody's guess is that definitely there will be something in tune with the Indian Railways scenario and as somebody was talking about the government initiatives and government desire to increase the rail bound traffic to reduce the pressure on roads I hope the things will be in line with these initiatives and with these expectations.

Inder: My second question is on this competition vis-à-vis roads now what we have seen is that steadily over a period of time the rail prices are actually gone up while the diesel prices have been fairly stable or some minor correction downwards in that context what are the key measures you would have answered part of this, but I still want to understand how could we take market share from the roads in the last three months or so?

V. Kalyana Rama: Let me actually slightly correct you because there is no increase in rail tariffs for the last two years, the increase was done in December 2014 and March 2015 after that there is in fact a surcharge was removed in the last year, so things better in the last year by removal of the port surcharge on imports and the two years inflation has adjusted to certain factors, the diesel prices are at subdued levels, but other cost of living index and all that if you account for that the 30% increase in rail tariff to a certain extent it got adjusted and what is your another question?

Inder: Sir the competitiveness vis-à-vis roads.

V. Kalyana Rama: See this question is the market share improvement and the volume of traffic is not directly proportional to the cost of transport, so you see basic understanding what we have is that logistics is a transport, no logistics is not transport, logistics is beyond transport, so transport is a part of logistics, so we are now giving better service and as I was telling you in the last calls also our emphasis on service level is improving and we are working on providing a continuous cargo visibility to the customer goods, to a large extent we are almost able to do 80%, we are providing now and by the end of this FY hopefully we will be giving a continuous cargo visibility to all the customers for all the containers moved with us, so such measures and better service levels at our terminals definitely bring in more traffic to us.

Inder: Thanks a lot Sir!

Moderator: Thank you. Next question is from the line of Bharti Sawant from Mirae Asset Management. Please go ahead.

Bharti Sawant: Thank you for taking my questions Sir! Sir I have two questions firstly on the volume guidance that you have given 12% growth in the volume so that you are looking in the originating volumes or handling volumes?

V. Kalyana Rama: Both of it originating as well as handling.

Bharti Sawant: So your handling volume growth could be much higher given that we are double-stacking so we may see a higher handling volume growth?

V. Kalyana Rama: Yes it can happen.

Bharti Sawant: And can you please explain us more in detail about the circuit building that you explained for domestic and is the current empty charges that we are having on the domestic is it sustainable at these levels or because of certain imbalance in few quarters can result in higher empty running and can we see this empty running charges sustain at these levels at the lower levels?

V. Kalyana Rama: Overall enterprise level empty running more or less we will be able to sustain in these levels. This quarter our empty running is around 68.69 Crores we will be able to sustain at this level definitely and regarding circuit buildings in domestic it is like this suppose I am moving goods from Delhi to Chennai so if I am moving that from Chennai back to Delhi it is to and fro circuit because we got 68 locations present and four locations we got our exclusive tie-up so we are working on 72 other than CRTs. CRTs or railway facilities, which everybody can use, so we got our exclusive 72 locations and other CRTs, so what we do is suppose we have taken from here to Chennai from Chennai we move something into maybe in the Krishnapatnam from Krishnapatnam we are moving to Shalimar from Shalimar that Shalimar is Kolkata from Kolkata we will come back to Delhi this is the circuit. If you look at the circuit the empty running is only from Chennai into Krishnapatnam port 170 kilometers whereas the loaded run if you look at the circuit it will be something like 2200 kilometers and 1600 - 1700 kilometers run plus another 1400 kilometers versus 200 kilometers of empty running, so this is what I am talking about circuit building. So this is how we try to work on circuits. There is some other circuits we will work on maybe from west into Uttarakhand from Uttarakhand we will come down to Delhi and from Delhi we will go in to again to deep down into Maharashtra come back into North West something like that we will be doing.

Bharti Sawant: So is this primarily that given that we have started with the scheduled timetable trains for domestic segment that has helped you in this circuit building and the margins per se?

V. Kalyana Rama: See the timetable trains are point-to-point trains they will run between Delhi-Chennai, Chennai-Delhi, Delhi-Bengaluru, Bengaluru-Delhi, Delhi-Hyderabad, Hyderabad-Delhi, so they will not be the circuit building operation they are time bound running wherein we can capture onto the traffic, which is time sensitive. So that is only point-to-point running the circuit building is what I explained you earlier.

Bharti Sawant: Got it. Thank you. That was it from my side.

Moderator: Thank you. Next question is from the line of Abhijit Mitra from ICICI Securities. Please go ahead.

Abhijit Mitra: Thanks for taking my question. Just to add to the previous questions asked if we look at the rail container traffic for domestic containers, which has been shared by Indian Railways is almost 40% YoY increase in the tonnage that they have handled vis-à-vis 26% increase that we have seen this trend of disparity in the volume that we are reporting in terms of increase for second half was also significant in the sense that we were reporting anywhere between

5% to 8% growth railway was reporting upwards of 20% growth so just to understand that given on a YoY basis empty running cost have not changed, which are the sectors where we are losing market share and obviously as an opportunity how and what we are doing to capture them because it seems that the domestic container volumes of Indian Railways is growing in a much faster space what we are reporting so if you can…

V. Kalyana Rama: I do not know where you picked up our statistics because my statistics are speaking something different, so it is domestic traffic in Indian Railways in the quarter-on-quarter increased by 31.75% from 2.11 million tonnes to 2.78 million tonnes and if I look at my share of domestic traffic it increased by 30.14% this is from 1.36 million tonnes to 1.77 million tonnes.

Abhijit Mitra: So 1.36 was in Q1 FY2017 and you said how much in Q1 FY18?

V. Kalyana Rama: 1.77 the railways, which was at 2.11 to 2.78, here what we have to understand is when we look at railway figures and of course we also do the calculation in the same fashion to compare with railways, take the tonnage of empty movements so empty movement maybe more in some other circuits, but in our circuits we are controlling an empty movement, so my tonnage maybe less, if you see that percentage that is 1% difference between railway growth and CONCOR growth is because our empty running has come down substantially so that will reduce the tonnage, but actually that improves the earnings. Separately if you look at it will be more than what actually railways growth wise.

Abhijit Mitra: So even when they are reporting tonnage that is including the empty is that a real thing is it?

V. Kalyana Rama: Yes it is always there even on my results I have given also including the empty running, so when I do comparison I do compare two figures and equal comparison.

Abhijit Mitra: Because they are reporting on a tonne basis when they are repotting for the quarter you are doing TEU basis so that is why I was asking?

V. Kalyana Rama: This is tonne comparison.

Abhijit Mitra: Yes on the tonne basis they have increased as you said rightly by close to 30%, 31%, 32%.

V. Kalyana Rama: 31.75% to be precise is railway increase and 30.14% precise is CONCOR increase.

Abhijit Mitra: Got it on the tonne basis you are saying got it and on the EXIM side if you can give the exports and the imports that you have handled in the current quarter it will be great the figures?

V. Kalyana Rama: What numbers?

Abhijit Mitra: The breakup of EXIM into exports and imports if you can give?

V. Kalyana Rama: No, we do not do that if you want that particular breakup you can ask on e-mail.

Abhijit Mitra: Sure I will do that thanks. That is all from my side.

Moderator: Thank you. Next question is from the line of Jay Kakkar from Haitong Securities. Please go ahead.

Jay Kakkar: Congratulations for such strong set of numbers. First question is the turnaround time on the EXIM route so some clients, some importers are saying that the turnaround time has increased, have you also seen this increase and what is the reason for this Sir?

V. Kalyana Rama: I do not know what analysis you are trying to talk of, so turnaround time is what, where, which place and how?

Jay Kakkar: From terminal to port.

V. Kalyana Rama: No, there is no dependency in the exports are entered I am looking for more exports if the customers talking to you please tell them to come to CONCOR and in fact in the ports also our dwell time is much better than dwell time offered by anybody else because my share of traffic in JNPT is today around 84% so the clearance by CONCOR is much faster and in other Mundra and Pipavav also we are slightly above and Pipavav we are at 53% Mundra we are at around 50.3% and our dwell time on imports is very less and on export side we are running empty rakes that is what our empty running talked of, so in fact we are looking for more exports. The other dwell times people talk about and the calculations done in the government and the world bank index, there are many factors including that it is not on account of CONCOR.

Jay Kakkar: Second question is this Khatuwas you said there can be a 50% increase that you are targeting this year for double-stack volume. I just want to understand last year you handled 2.5 lakhs TEUs, so how many lines are currently there and what can be the maximum capacity how many new lines you can add and what can be the maximum capacity of double-stack handling that you can do from this terminal?

V. Kalyana Rama: That it is only something which I can handle at a time 10 trains over there, so it can be from three double-stacks and six single stack, but theory is different from practice, so today my theoretical capacity at Khatuwas is 10 trains at a time I can handle that.

Jay Kakkar: This is per day?

V. Kalyana Rama: At any given point of time see I think you have, I can explain you got the conference call too much of technical knowledge and detail the railway line capacity is calculated based on the placement time, removal time, handling time, so what theoretically we look at is we have one line theoretically we can handle three things there in a day in 24 hours, so in Khatuwas theoretically look at 30 trains we can handle in 24 hours that is our theory and practice there is a lot of difference.

Jay Kakkar: I will check this up later as well, but I just wanted to understand what can be the practical increase in double-stack volume even from here, so above 50% based on the current capacity can we go further ahead?

V. Kalyana Rama: So 50% is I told you that there are many other constraints it is not only the Khatuwas is handling capacity alone or Khatuwas line the infrastructure alone will not determine these things the railway section and capacity, running railways, operational issues, port loading, port in Mundra and Pipavav and the availability of the required container because there are certain weight restrictions when a wagon to be loaded when we do the double-stack, so there are many other factors, if I put it, it is a complex equation it is a complex mathematics so when we do this complex equations that is why we said the 50% is the maximum what we are looking at in this year, but as I mentioned in one of the earlier questions we are working on something else and when time comes we will make the announcement that will definitely add into our double-stack running, so that I can say it is a very positive indication that may push up further our double-stack.

Jay Kakkar: And DPD there is no impact on the ICDs right so?

V. Kalyana Rama: Absolutely no impact.

Jay Kakkar: Thank you.

Moderator: Thank you. Next question is from the line of Srinidhi Karlekar from HSBC. Please go ahead.

Srinidhi Karlekar: Thanks for the opportunity. Sir on this EXIM margin improvement apart from double-stacking benefit and lower empty running charge are there any other factors such as pricing and lower discounts that has led to margin improvement?

V. Kalyana Rama: Pricing I told you know that in EXIM exports we had some price increase that has been announced in all our freight also, we improved our, in fact we increased our tariff so improved our margins also.

Srinidhi Karlekar: So you said 12% is it Sir?

V. Kalyana Rama: No, it is not 12% it is somewhere like we increased around Rs.1000 per TEU that was in the last quarter, so from February 15, 2017 we increased more or less.

Srinidhi Karlekar: Has there been any change in the way we offer discount to our customers has that reduced or the way the structuring of discounts had changed?

V. Kalyana Rama: Discounts I can give you, but if you want the financial figure of discounts or percentage that we have to share with you, but beyond that I am afraid I cannot reveal that is these are the trade things, business tactics we cannot reveal.

Srinidhi Karlekar: Fair enough Sir! This domestic business had shown a pretty remarkable turnaround on margin, so I just wanted to understand is there a further scope to improve margin from this current level?

V. Kalyana Rama: I think you should be very happy that if I can maintain all these levels is not it?

Srinidhi Karlekar: Just asking we can always hope for more just wanted is there a scope?

V. Kalyana Rama: To give a fantastic result to you we have to look year-on-year.

Srinidhi Karlekar: Last one if I may, it has been a while since railways has increased its haulage rate almost two-and-a-half years, so do you see there is a chance that there could be a haulage rate revision in near-term or one can say that with it may not happen because Rail Development Authority has formed and rates are already at a high level, so I just wanted to know your view on that?

V. Kalyana Rama: Yes friend I want you to cross your fingers and keep it tight.

Srinidhi Karlekar: Fair enough Sir! Thanks for the opportunity. That is it from my side.

Moderator: Thank you. Next question is from the line of Bhavin Gandhi from B&K Securities. Please go ahead.

Bhavin Gandhi: Thank you very much Sir! Congratulations on very good set of numbers. Sir just if I can have the numbers in terms of million tonnes both for EXIM and domestic again?

V. Kalyana Rama: See the EXIM we did 7.86 million tonnes in this quarter compared to 6.93 million tonnes last quarter that is 13.4% increase whereas in railway increase it is only 7.74% that is how we picked up our market share in EXIM. The market share has gone up from 72.49% to 76.31% and in domestic it is 1.77 million tonnes this year compared to last quarter 1.36, so on a combined level it is 9.63 million tonnes over 8.29 million tonnes in the last quarter corresponding quarter it is an increase of 16% in tonnage basis.

Bhavin Gandhi: Also if you can help us with the capex guidance?

V. Kalyana Rama: Capex this year as I told we are planning around 1000 Crores so we are working on it and of course first quarter normally it just keeps some picking up and now the rainy season is going on, so after this planned works will take place and we are hopeful we will be on the course and because of our new initiative, which we are discussing in the next three to five years horizon we are talking of our warehouse management and CPL logistics definitely our capex will be on course and it may exceed also.

Bhavin Gandhi: And just one final thing sir leads if you can share?

V. Kalyana Rama: Which one lead, yes Sanjay will tell you.

Sanjay Swarup: In EXIM lead was 743 kilometers down from 850 corresponding year and domestic it was 1438 kilometers down from 1488 and overall lead was 870 kilometers down from 955 kilometers last year.

Bhavin Gandhi: Great Sir! Thank you so much and all the best for the future.

Moderator: Thank you. Next question is from the line of Krishna Prasad from Franklin Templeton. Please go ahead.

Krishna Prasad: Thanks for taking my question. Sir you spoke about building the circuit in the domestic sector, I am wondering does that only contribute to lower empty running cost or are you also benefiting on the volume side from this initiative or is it mostly the timetable trains, which are contributing on the volume end?

V. Kalyana Rama: Volume side definitely the circuits are helping otherwise see timetable trains we are running only four services in a week and that is between three pairs of stations, so that will not give this volume increase because of circuit building and as I told better services and basically service levels and circuit building you can say the two important factors, which picked up the market.

Krishna Prasad: And just on the circuit built like how much more opportunity do you see are there larger demand centers where you still think you still have not addressed and what timeframe are you looking to do that?

V. Kalyana Rama: Circuit building is something, which is it is not actually a pure financial analysis circuit building is something, which depends on the flow of traffic and all, so I just mentioned that is how we reduced our empty running so we cannot quantify this circuit building, circuit building is basically the scope is it can be maybe 100% more than what we are having or we can have the same thing it all depends on the traffic flow, so as on date we are working on the circuit buildings and mainly because of your interest to quantify I can say yes there is scope for further improvement of circuit building and that will be a continuous effort.

Krishna Prasad: Got it Sir and good luck. Thank you.

Moderator: Thank you. Next question is from the line of Dheeresh Pathak from Goldman Sachs. Please go ahead.

Dheeresh Pathak: Thank you Sir and congratulations on great numbers. Sir can you give me your terminal capacity and your rolling capacity?

V. Kalyana Rama: This quarter we added three rakes and that has put our total high speed rakes to 279 rakes and our terminal capacity as on date will be around 3.8 million TEUs with new stage one phase one MMLPs we already commissioned.

Dheeresh Pathak: Sir do you have like a bridge or a roadmap into when your other MMLPs and phase two and those get operational by let us see in the next three or four, five years?

V. Kalyana Rama: Yes exactly we got a very big roadmap everything as I mentioned many times, whenever we plan an MMLP we plan all the phases and completion when we are going to do and business plan is ready and we also do our sort of internal checks whether we are going along with the business plan or something we have to go for a new look at it all these things are regularly done. So coming to the commissioning of MMLPs I already mentioned in earlier question that we are planning seven new more stage one the phase one commissioning in seven MMLPs, so that today we are having 72 out of 68 our own and four on exclusive tie-ups we will be adding another some more tie-ups and maybe new locations seven so you can count on maybe around 80 by the end of FY where we are having our own operations. Have we got this phase II, phase III it is a very detailed one I think beyond the scope of this conference call.

Dheeresh Pathak: When you mentioned the railway tonnage data and your own tonnage data that corresponds to the handling numbers or that corresponds to originating numbers?

V. Kalyana Rama: That corresponds to originating and movement in the railways.

Dheeresh Pathak: Like for example in handling TEUs it gets double counted right if you break the journey and originating is just direct..

V. Kalyana Rama: Forget about handling this is movement or rail when movement or rail it is originating. Freight which I am paying to railways for the tonnage, which I moved on the emphasis.

Dheeresh Pathak: So it is more corresponding to the originating numbers rather than handling numbers the tonnage data that you have?

V. Kalyana Rama: It is originating you can say because I am not telling you exactly originating because there maybe some empty running involved somewhere, so there is no originating traffic in that that is why I am not qualifying it as originating.

Dheeresh Pathak: May be for hobby you must get it right.

V. Kalyana Rama: It is the freight paid to the railways tonnage more than railways.

Dheeresh Pathak: Alright. Thank you Sir!

Moderator: Thank you. Next question is from the line of Achal Lohade from JM Financial. Please go ahead.

Achal Lohade: Thank you for the opportunity Sir! Just couple of questions one on the MMLPs how much have we invested till date on the MMLPs till date?

V. Kalyana Rama: It would not give separate sort of statistics for MMLP investments, but as I mentioned every Rs.100 we spend Rs.60 we will spend on the infrastructure Rs.30 on rolling stock and other equipment and Rs.10 on IT-related activities. For the last five years we invested Rs.5500 Crores and this year our capex program is 1000 to 1200 Crores and in the next five years we are looking at 6000 to 8000 Crores of investments including this year.

Achal Lohade: Understood. Second question I had if I look at the news flow the railway ministry is talking about new MMLPs logistic parks the road ministry is also talking about investment of 200000 Crores in logistic parks. I am just curious to understand are these independent of our plants, do we have a potential to capture into those plants, how do we understand this is it separate or is it combination of these?

V. Kalyana Rama: I will answer this in two parts. One is my plans I already shared with you our plans we are having, now at the end of FY we will be present at any locations where maybe around 74 we are owning and six we are having tie-ups and by the end of 2020 we are looking at a figure of 100 or essentially 2020 so this is our own plan. Now coming to your next question as and when anything currently comes we definitely make the announcement, we intimate the stock exchanges, we intimate all of you and what maybe of interest to you is that there is many people are talking to me because we are the lead player in the multimodal logistics arena, so everybody consults us, so we are there in a consultation at many places, so I cannot reveal where are we are getting consulted, where are we are talking about, but yes we will be there, wherever there is a business opportunity wherever CONCOR can go and definitely CONCOR will enter into that.

Achal Lohade: Right. In other words does it mean that they will be competing for the same cargo same location what the road ministry or railway ministry is talking about?

V. Kalyana Rama: I want to maybe share with you only one thing the newspaper reports are sort of about how the opinion is, what is and when the concrete thing comes then I think we should envelop.

Achal Lohade: Secondly would you be able to talk about the port wise mix how much of the volume or the percentage share of the…

V. Kalyana Rama: I think Sanjay will share with you. You can ask your…

Sanjay Swarup: You want separate port wise?

Achal Lohade: Port wise as in Mundra, Pipavav and JNPT what is the mix?

Sanjay Swarup: I told JNPT we are 84% share out of rail bound traffic let us talk off, JNPT we are 84%, Mundra we are 50.3%, Pipavav we are 52.1%. Out of our EXIM volumes JNPT contributes 35.7%, Mundra contributes 30%, Pipavav contributes 14%, Vizag 5.89% and Chennai 7.4%, Kolkata 2.8%, rest all small, small..

Achal Lohade: And these are based on the handling volumes or originating Sir?

Sanjay Swarup: These are actually handling volumes it includes imports as well as exports total.

Achal Lohade: And just for the three top ports how was it in previous year same quarter?

Sanjay Swarup: The trend has been almost similar in three top ports contributing almost 80% of our volumes JN port, Mundra, Pipavav combined.

Achal Lohade: That is great Sir! That is all from my side. Thank you so much.

Moderator: Thank you. Next question is from the line of Girish Raj from Quest Investments. Please go ahead.

Girish Raj: The rail freight margin Sir, was it 24% in fourth quarter FY17?

V. Kalyana Rama: Rail freight margin in the year FY2017 it is 24.17%.

Girish Raj: No, no fourth quarter FY17?

V. Kalyana Rama: That is what 24.17.

Girish Raj: So with all these improvements why have the rail freight margin declined in first quarter FY18?

V. Kalyana Rama: Because less exports.

Girish Raj: Second question is on the liquidation of the custom script so what is our plan and…

V. Kalyana Rama: Sorry liquidation of custom?

Girish Raj: The custom scripts that we had recorded 2230.

V. Kalyana Rama: The CIS script?

Girish Raj: Yes.

V. Kalyana Rama: What is the question?

Girish Raj: That has to be sold to third party or how will the income come from that you have recorded on accrual basis we have to record…

V. Kalyana Rama: Our Director Finance Dr. Alli Rani will answer.

Alli Rani: The CIS sales definitely we can unlike SFIS we can enter, but we have not yet received the script and we have a lot of alternate ways in fact we will analyze it as we get the credit and as we get the script and then the requirement. We have not yet concrete way decided how to go about it there are a lot of ways we can do that.

Girish Raj: So what are the other options Madam?

Alli Rani: We can transfer it, we can use it as credit whenever we have to pay our taxes, so many other options, so one thing assurance we will customize?

Girish Raj: And last question is on the lower tax rate in the first quarter why is that?

Alli Rani: Lower taxes?

Girish Raj: Tax rate the effective tax rate is around 25% compared to 27% that we have historically reported?

Alli Rani: Deferred tax rate.

Girish Raj: Sure thank you.

Moderator: Thank you. Next question is from the line of Pratik Kumar from Antique Stock Broking. Please go ahead.

Pratik Kumar: My first question regards to Khatuwas terminal you mentioned about 479 trains we have started running at Khatuwas which are double-stack.

V. Kalyana Rama: No, let me tell you this is a handling effect 479 double-stack.

Pratik Kumar: For IVAT the number of containers, which are like getting double-stack, so we multiply this by like 180 because 479 trains you mentioned, so is this the right way to look at it 86000 odd number of containers, which were double-stack?

V. Kalyana Rama: Roughly it is likely around maybe 180 to 165 it varies.

Pratik Kumar: 165 to 180?

V. Kalyana Rama: 165 to 180.

Pratik Kumar: Same number of trains, which was in for Q4 can you give, suppose 79 is total number of trains in Q1 the same numbers Q4?

V. Kalyana Rama: Let me look at the figures we have not made that maybe around I think it is around 360 or something if I remember I do not have the figure correctly with me right now.

Pratik Kumar: How much Sir?

V. Kalyana Rama: Around 360 something near to that.

Pratik Kumar: What is your empty running charges, so while there is a reduction on year-on-year basis, but it seems there is some increase on a QoQ basis is that correct?

V. Kalyana Rama: Yes Q4 to Q1 last quarter to this quarter there is an increase.

Pratik Kumar: Despite all that there is an improvement in margins, which we are seeing, so let us say empty running space here or maybe go down, so there can be further scope of improvement in margins?

V. Kalyana Rama: See if exports as I answered one of your colleagues who was asking earlier question if there is an export we got lot of capacity still available then with more people come to us with more exports then the empty running will come now that is what happened in Q4 because Q4 people try to export more to meet their financial year for it all dates it is a normal trend in Q4 always exports picks up.

Pratik Kumar: Is there increase in originating volumes at Khatuwas or they are still like very less level?

V. Kalyana Rama: There is slight improvement in volumes here now compared to last year there is some improvement, in fact one of our emphasis is more on double-stacking, so it all depends on the business plans what we look at.

Pratik Kumar: That is it from my side. Thank you.

Moderator: Thank you. We take the last question from the line of Krupa Shankar from Spark Capital. Please go ahead.

Krupa Shankar: Thank you for the opportunity Sir! Just wanted to understand if there are any impact of Gujarat floods on our operations?

V. Kalyana Rama: That is in this quarter?

Krupa Shankar: Yes in the current quarter Sir just wanted to understand?

V. Kalyana Rama: Tracks are submerged under water, so it varies from traffic going on, still there the situation is like that.

Krupa Shankar: Thank you that is all.

Moderator: Thank you. Ladies and gentlemen this was the last question today. I would now like to hand over the floor to the management for their closing comments. Over to you Sir!

V. Kalyana Rama: Thank you very much for all the interest shown in our company and I hope all of you are happy with our results given in this quarter and as I mentioned many times our endeavour is to maintain the emphasis on all the important aspects and to improve the margins and try to give a better performance in the coming quarter. Thank you very much.

Moderator: Thank you very much Sir! Ladies and gentlemen, on behalf of SBI Cap Securities Limited, that concludes this conference call. Thank you for joining us. You may now disconnect your lines.