



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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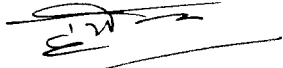
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Pursuant to applicable provisions of SEBI (LODR) Regulations, 2015, please find enclosed transcript of CONCOR's Q4/2016-17 conference call held on 26.05.2017.

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.



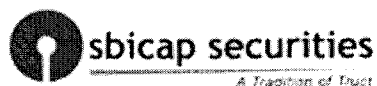
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**“Container Corporation Of India Limited
Q4 FY2017 Results Conference Call”**

May 26, 2017



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

**MANAGEMENT: MR. V KALYANA RAMA, CHAIRMAN AND MANAGING
DIRECTOR - CONTAINER CORPORATION OF INDIA
LIMITED
DR. P. ALLI RANI, DIRECTOR FINANCE - CONTAINER
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MR. SANJAY SWARUP, DIRECTOR INTERNATIONAL
MARKETING & OPERATIONS - CONTAINER
CORPORATION OF INDIA LIMITED
MR. ANUJ KUMAR – GGM (FINANCE) - CONTAINER
CORPORATION OF INDIA LIMITED**



*Container Corporation of India Limited
May 26, 2017*

Moderator: Ladies and gentlemen, good day and welcome to the Container Corporation of India Limited Q4 FY2017 results Conference Call, hosted by SBI Cap 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 an operator by pressing "*" and then "0" on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sandeep Mathew from SBI Cap Securities. Thank you and over to you Sir!

Sandeep Mathew: Good morning everyone. We have with us today the management of Container Corporation represented by Mr. V Kalyana Rama, Chairman and Managing Director, Dr. P. Alli Rani, Director Finance, and Mr. Sanjay Swarup, Director International Marketing & Operations. I would request management to provide an overview of the Q4 results and then we shall open up for question and answers. Over to you Sir!

V Kalyana Rama: Good morning everyone and I am very happy to give you good numbers. In fact Q4 is better than Q3. We could improve on many things in Q4 and also we could improve on a little bit of our market shares and JNPT particularly, we increased our market share because it is the financial year ending. I think, I will speak more about the annual results wherein JN port, we could touch around 81.86% compared to last year of 79.3%. Overall, our double stack running also improved. We in fact picked up very well in Q4. If I look at the double stack train running for the overall year, at Khatuwas, we handled in FY2017, 938 double stack trains as compared to 332 in FY2016. Our margins also showed improvement rail freight margins have shown improvement even when I look at in quarter four it is good and in overall year also it improved. In overall year, it improved by almost 150 basis points. So exact figures also will be given to you as for the specific questions. The overall performance is good and I think I hope all our investors will be happy with the numbers, which we came out and are available with all of you for further analysis. Thank you. So we can go ahead with the questions now please.

Moderator: Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Jay Kakkad from Haitong Securities. Please go ahead.

Jay Kakkad: Hello Sir. First of all congratulations for such a strong set of numbers and also for increasing the dividend payout for the full year, which is now I think closer to 48% to 49%, so congratulations. Now I have two questions.

V Kalyana Rama: Dividend percent I think is 51.6%.



*Container Corporation of India Limited
May 26, 2017*

Jay Kakkad: Okay sir, again congratulations. So I have two questions to understand the operational performance better. One is as you pointed out on the double staking part, Sir how much containers did we double stack say in Q4 and what can be the maximum number of trains that you can run on double stack considering all the constraints of axle load, low weight volume. If you can just highlight the maximum how much can you reach say in the next two years on the double stack? This is my first question Sir.

V Kalyana Rama: Normally see I will leave guesswork to the analyst because you are the better people to do that. See when we look at our numbers the double stacks what we did I already mentioned particularly if you want to know in Q4 how we did that. In Q4 this year, we did 397 double stacks handled at CMLK as compared to 31 last year and from here if you ask me I will give you yes because I am speaking on the yearly conference, so the guidance what I can tell you is there is scope to increase this double stack may be another by 50%. Then I have to review my performance levels whether I can further go up or not, but as far as the situation at the present is concerned we are sure that we can increase this levels by another 50% at CMLK wise because CMLK is the hub point where both exports and imports are handled, so that is the point where if I perform well both exports level stack will be done and import double stack is also done.

Jay Kakkad: Okay sir, got it. Second question is on the numbers. Sir there is Rs.165 Crores kind of a prior period last year fourth quarter, so can you just explain what that prior period and is there is like to like number this quarter also and also about Rs.86 Crores kind of a prior period tax that we reported this quarter, if you can just highlight details on this?

V Kalyana Rama: Yes actually we are getting some incentive because of the business sort of government grant, so this our other operational income. So this last year it was accounted because things were not very clear to the company. So when we did as per the accounting policies and the accounting standards of India, so these things were taken as prior period income for the last year, so there was some adjustment done in the last year numbers. So this is the yearly numbers. It will not be there in the next quarter on quarter. This is basically for the financial year shown in the last quarter of this year as well as last quarter of the last financial year.

Jay Kakkad: How much will be Sir, for this year, fourth quarter, this incentive?

V Kalyana Rama: You are talking of 2016-2017 or 2017-2018 you are asking.

Jay Kakkad: I am saying 2017 also, what is the number of incentive the government grant?

V Kalyana Rama: For 2016-2017, it is Rs.233 Crores we got this figure. For 2015-2016, it is Rs.250 Crores.



Container Corporation of India Limited
May 26, 2017

- P. Alli Rani:** It was Rs.250 Crores in 2015-2016 and Rs.233 Crores in FY2017.
- Jay Kakkad:** Sir got it and about the tax, which is prior period this year, so if you remove this prior period then the tax rate is 9%, so will it be sustainable 9% kind of, can you just give some more details on tax?
- P. Alli Rani:** What 9%?
- Jay Kakkad:** Yes so this Rs.86 Crores prior period tax, which we are talking about for this year for the fourth quarter?
- P. Alli Rani:** No, we are not saying this is tax. This is the government grant we got in view of services performed in India.
- Moderator:** Sorry to interrupt madam this is the operator. Madam your voice is not very audible. You are sounding very distant to the phone.
- P. Alli Rani:** No, this is the government grant. We got a grant.
- V Kalyana Rama:** This tax whatever we are showing that is the prior period is when we accounted last year, we will be paying the tax on that in this year. We will not pay in the last year. We are not opening up our last years. We are paying the tax in this year that it is why it has become a deferred tax, but this is the tax payable on the grant, which we accounted in the last year balance sheet. That is per the accounting standards we did that. First, present in their accounting standards. These are the new norms.
- Jay Kakkad:** Thank you I will get back in the queue for more clarity. Thank you.
- Moderator:** Thank you. The next question is from the line of Bhoomika Nair from IDFC Securities. Please go ahead.
- Bhoomika Nair:** Good morning Sir and congratulations on a great set of numbers. Sir the first thing is on this incentive that you have got, which is about Rs.250 Crores for FY2016 and Rs.233 Crores for FY2017, is this something, which would be recurring every year and we were not earning this prior to 2016?
- V Kalyana Rama:** It is right because this is coming out of the new export and import policy announced by the government. For five years from 2015 to 2020. The part of it we got this for 2015-2016 and



Container Corporation of India Limited
May 26, 2017

2016-2017. For 2017-2018, I cannot comment now. This scheme is now this incentive is available up to 2017 only FY2017 only.

Bhoomika Nair: The scheme is available only till FY2017, so we are not sure?

V Kalyana Rama: As I told you now, see you have to read my two statements in conjunction. It is showing out of the import and export policy announced for 2015 to 2020 and these incentives government gives time and again they will give their notifications for the particular FY, so that they are eligible or not. See first it was given for FY2015-2016. Later this year, they extended it for 2016-2017, so hopefully it should be extended, but as of now, it is available till FY2017.

Bhoomika Nair: Understood and the quantum if assuming it is extended would remain in this range of Rs.200 Crores plus on an annualized basis would that understanding be correct.

V Kalyana Rama: Yes exactly you are absolutely right.

Bhoomika Nair: The other thing is Sir; can I have the volume numbers both handling and originating for the current quarter and if you can give the export and import volumes as well please?

V Kalyana Rama: Sanjay will answer you.

Sanjay Swarup: For quarter four, the total throughput achieved by us in FY2017 in EXIM was 665296 TEU, and for Q3 in EXIM was 666175 and Q4 of last FY2016 was 613543, for domestic for Q4 of FY2017, we achieved 135624 TEU, Q3 of FY2017 116993 TEU, and Q4 of FY2016 125342 TEUs.

Bhoomika Nair: And if we can have originating volumes for the quarter?

Sanjay Swarup: Originating in EXIM Q4 FY2017, we achieved 464084 and for Q3 of FY2017, we achieved 464255 and for Q4 of FY2016 442198, for domestic Q4 FY2017 67514 and Q3 of FY2017 58013 TUs, and Q4 of FY2016 61397 TUs.

Bhoomika Nair: Sir just last thing is on the empty running charges for the quarter?

Sanjay Swarup: Empty running charges have also had come down. I have the figures for EXIM operations. For Q4, they are Rs.25.35 Crores Q4 of FY2017, Q4 of FY2016 it was Rs.45.15 Crores, so reduction of 44%, and for Q3 of FY2017 it was Rs.35.16 Crores.



- V Kalyana Rama:** It was annual after Q4.
- Bhoomika Nair:** And Sir domestic what would be the domestic empty running charge for the current quarter?
- Sanjay Swarup:** Domestic also it has come down substantially. I do not have the figures right now with me. We will give you the figure later on.
- V Kalyana Rama:** It has come down.
- Bhoomika Nair:** Thank you very much. I will get back in the queue for further questions. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Atul Tiwari from Citigroup. Please go ahead.
- Atul Tiwari:** Thanks a lot. Sir can you just repeat the Q4 volume numbers once again just the Q4, I missed some of them, the handling volume and the originating volume that is it?
- V Kalyana Rama:** See EXIM throughput, it increased from 613543 in last year to 665296 in handling that is an 8.44% growth and in originating it increased from 442198 to 464084.
- Atul Tiwari:** Sir what about the domestic handling in Q4?
- V Kalyana Rama:** It increased by 8.2% from 125342 to 135624.
- Atul Tiwari:** That is it Sir thanks a lot and congratulations on a good set of numbers.
- V Kalyana Rama:** Thank you.
- Moderator:** Thank you. The next question is from the line of Shrinidhi Karlekar from HSBC. Please go ahead.
- Shrinidhi Karlekar:** Hi thanks for the opportunity and congratulations on a good set of results. Sir I just wanted your outlook for FY2018 on both handling and originating volume terms and second one would be I wanted the land license fees that you paid during FY2017 and the likely revision in the land license fees that you would be paying for the next two to three years on a per container basis those are my two questions? Thank you.
- V Kalyana Rama:** Land license fees what we paid in last year whole year you want.



- Shrinidhi Karlekar:** Yes.
- V Kalyana Rama:** It is Rs.160 Crores we paid FY2017 as compared to Rs.90 Crores last year. There may be an increase of 7%. I am still not sure of that, but if at all there is an increase, there will be probably increase of around 7%.
- Shrinidhi Karlekar:** This 7% will be on a like for like basis right and the volume increase there will be on top of that right?
- V Kalyana Rama:** Obviously.
- Shrinidhi Karlekar:** Sir thank you and Sir on outlook on handling and orientating volume for FY2018?
- V Kalyana Rama:** Let us look for a good year.
- Shrinidhi Karlekar:** Full year yes Sir just wanted your view on how the things are on the ground for the quarter going on and as well as the full year that you see?
- V Kalyana Rama:** So things as you see there is growth in Q3 & Q4. We reversed the trend Q4 further we picked up. So I can definitely tell you and all the people on the conference that we are in the grip of the situation and we are continuing our trend.
- Shrinidhi Karlekar:** Sir would it be possible to put a number like growth of about 7% to 10% that way? You used to give it that way earlier.
- V Kalyana Rama:** I mentioned in the beginning you are the better analyst and analytics. You do much better than me and you can put numbers to it, but yes we will be able to achieve good growth if the BAU scenario, business as usual, without having any sudden happenings because the economy, economic outlook and the export and import performance of India is very important for us to perform. Taking these things will continue as on date may be yes we can look at 10% to 12% growth.
- Shrinidhi Karlekar:** That would be in handling volume growth right 12% to 15%?
- V Kalyana Rama:** 10% to 12% I said.
- Shrinidhi Karlekar:** Sir the last one if I can ask. Sir I just wanted your view on this newly formed rail development authority would it be fair to assume that?



Container Corporation of India Limited
May 26, 2017

- V Kalyana Rama:** No comments on that because it is just an announcement, nothing has come out further on it.
- Shrinidhi Karlekar:** Okay sir thank you.
- Moderator:** Thank you. Our next question is from the line of Achal Lohade from JM Financial. Please go ahead.
- Achal Lohade:** Thank you for the opportunity. Sir just wanted to know the impact of GST on us, what was the rate earlier, and how it is now? In our view what kind of impact we can expect on our company?
- V Kalyana Rama:** GST announced for the container transportation by rail is 12%. So this is actually unfavorably compared with the transportation by road because road they are charging 5%. So, I think railways already has communicated about this to the Ministry of Finance, so there will be yes, rail transportation vis-à-vis competition with the road. There may be some impact of this, but for the company we may not see much impact on our numbers, but at volumes, it is a tough situation where we have to really do hard work in improving our services further to retain our market shares and as railway as a whole also is looking at it very seriously.
- Achal Lohade:** This 12% is being charged by railways to us.
- V Kalyana Rama:** It is charged by the government, so it is charged by the government. So GST you know, it is consumption tax, so everybody has to collect, but ultimately the consumer is going to pay for it.
- Achal Lohade:** Correct. No I was just worrying because this 5% on road is without any input credit?
- V Kalyana Rama:** This is 12% is with 5% input credit; still I am at 7% right.
- Achal Lohade:** Correct. Secondly in terms of the market share if you could talk a little bit about the NCR and non-NCR what has been the trend in terms of the growth for the year?
- V Kalyana Rama:** When we picked up in the JNPT from our 79.3% over last year to 81.8% this year, there is an improvement of 2.5%, so JNPT is the main port handling the NCR and NR volumes in addition to Mundra. NCR and NR region the numbers will not be available because it requires lot of market research of course we do, but then we cannot authenticate those



Container Corporation of India Limited
May 26, 2017

numbers, but the port will give you the trend how we are doing import and export out of this region. That is why I have mentioned those numbers.

Achal Lohade: No, I was wondering about the NCRs specifically in terms of the market share vis-à-vis the competition.

V Kalyana Rama: NCR region obviously they picked up good volume. We picked up our volumes there also. We are able to improve on our volumes, but exact number compared to the market scenario, I cannot give you because these authenticated numbers are not available for us, okay. But in a general trend we improved our performance here also and as I mentioned in my earlier conference calls, we are running those timetable trains and these trains are still continuing and definitely that is giving more mileage to us.

Achal Lohade: Great just a clarification on this export incentives, is there any cost against that because this Rs.249 Crores of last year or Rs.233 Crores for this year, this will straight away go in the EXIM segments EBIT would that be fair an understanding Sir?

V Kalyana Rama: Yes fair understanding.

Achal Lohade: Great. Thank you so much. Sir I will come back in the queue. Thank you.

Moderator: Thank you. We will take the next question from the line of Pratik Kumar of Antique Stock Broking. Please go ahead.

Pratik Kumar: Good morning Sir. Good morning madam. Madam first question is on again this GST rate, so you mentioned that it has been increased to 12% from versus 5.6% or 6% earlier, so we see that they are more like credit available on cost of goods also now versus it was only available on services earlier, so it is like meaningful benefit for a company like Concor who is doing Capex, they are on a constant Capex mode, so would that benefit be able to offset the 7% increase in rate or is this not a right assumption?

V Kalyana Rama: Yes, still the numbers are not really crunched out, but it is not that our rough calculation is that, it may not be completely compensated with the input credits and all, so we are working on it. Yes there will be some as I said there will be pressure on us to retain our market share these vis-à-vis road and we are sure with our service levels and with our efficiencies what we have shown to the market we will be able to retain.

P. Alli Rani: This 12%, which they are going to charge on containers on rail is what we are going to collect from our customers.



*Container Corporation of India Limited
May 26, 2017*

- Pratik Kumar:** Correct, but there is an increase in cash outlook from the customer perspective?
- P. Alli Rani:** That is the impact, which we are afraid of vis-à-vis road, it is a challenge. You said Concor will benefit. No, I do not think there is any benefit because we are going to take the inputs, some additional input credit also we may get, but that is a very marginal amount. But the major expenditure is the rail freight.
- Pratik Kumar:** So basically we cannot pass that through to customers.
- V Kalyana Rama:** No it is not like that. See Pratik it is a preemptive question you asked. I already told you, the input credit we are going to get something, but the numbers are to be crunched and we have to make our way in a strategy. Physically we are going to face competition from road and we will definitely make our strategy to retain our market share vis-à-vis road.
- Pratik Kumar:** Sir is there an update on logistic parks in terms of their role out in current quarter and like FY2018?
- V Kalyana Rama:** I will give you. See today we are present at 68 terminals now. The count is 68. In addition, we got tie ups at four places, so that gives us exclusivity at 72 places and last year we rolled out five places. I will give you the names. The Pantnagar EXIM operations started and Jaspura we commissioned, CBE we started our rail operation, Visakhapatnam we started our rail connectivity, and Ahmedgarh; we started rail operations in domestic sector. EXIM we are waiting for the IMC clearance and 2017-2018, we are planning for seven logistic parks rollout, one at Balli in Goa and second one at Nagpur, Naya Raipur in Chhattisgarh, Gujarat-Baroda-Varnama, in Andhra Pradesh - Krishnapatnam Port. In fact Krishnapatnam Port we are already operating a port side container facility. We will be starting the phase I of our MMLP also and New Mangalore Port we have got the infrastructure readily available, we already took over that infrastructure, we will be starting our operation and Paradip we will be starting a Port side container facility where the infrastructure is already ready and it will start very soon. May be after that we are looking now at projects around six finalized plans and 12 on the drawing board stage. I hope I answered your question.
- Pratik Kumar:** So our Capex will remain at like around Rs.1000 Crores, so coming multiple years, annually?
- V Kalyana Rama:** It will be around that level Rs.800 to Rs.1000 Crores. It may go up. With the GST scenario, we are now trying to look at new business opportunity, so this business opportunity will be warehousing management and three PL, so we are very seriously working on it and we already made our plans. We will be rolling out things in this FY2018. It will be sort of



Container Corporation of India Limited
May 26, 2017

almost a vertical for us in addition to domestic & EXIM. May be we will be operating under domestic operations, but it is a full-fledged vertical for us, which we are looking at. With the GST rollout, there is a great opportunity and we are going to grab this opportunity. For all the people on the line, I hope everyone noted this.

- Pratik Kumar:** Thanks for your answer and I will get back to the queue.
- Moderator:** Thank you and the next question is from the line of Gaurav Sanghavi from Bajaj Allianz. Please go ahead.
- Gaurav Sanghavi:** Good morning Sir. Just wanted to understand on this export incentives, so we are kind of recognizing this incentive as and when we are getting, so for last year?
- V Kalyana Rama:** No it is as and when approved. This is as per the accounting policy.
- Gaurav Sanghavi:** Sir last year if we look at IGAP these incentives were not into debt right and the NDAs we have included and revised the numbers of ports, so if it is approved last year then it could have been there in the IGAP number right?
- V Kalyana Rama:** Yes. It is actually approved in last year.
- Gaurav Sanghavi:** Because last year, IGAP profit number is revised upward?
- V Kalyana Rama:** Seen when the revision is done that means we missed out on the last year. Maybe my DF will explain to you better.
- P. Alli Rani:** Yes, Gaurav.
- Gaurav Sanghavi:** I just wanted to understand the accounting policy of this export incentive, so we will be approving this incentive next year or we will be only recognizing in revenue account as and when we receive it?
- P. Alli Rani:** No, it is on accrual basis because this year onwards from 2015-2016, it is SEIS. Earlier it was in another form i.e. SFIS, where monetization of this grant was not allowed. It was only allowed for payment of taxes, the rest of it lapsed, but from 2015-2016 we are allowed to monetize, so we are now going to account for it as other operating income on accrual basis. Earlier we could not have done that because SFIS was allowed to be monetized. Now the scheme is SEIS. You can get details from DGFT website. SEIS allow us to monetize.



Container Corporation of India Limited
May 26, 2017

- Gaurav Sanghavi:** So now this will continue to accrue on quarterly basis?
- P. Alli Rani:** As of now, it is accruing, yes. it will be accounted on accrual basis.
- V Kalyana Rama:** Let me make it very clear. As of now as for the government notification, I already answered Bhoomika, I hope you heard. So we wait for the further notification and maybe we will be accruing every quarter. It will be received yearly.
- Gaurav Sanghavi:** The second question is in terms of expense, we see lots of changes in terms of the expense and year on year also your operating expense is down 10% staff cost, there is a significant increase, so if you can help us to understand?
- V Kalyana Rama:** Tell me specific what is that expense you are looking at, so we can?
- Gaurav Sanghavi:** Sir I am looking specifically to operating and staff cost basically?
- V Kalyana Rama:** Other operating expenses. Staff cost is of course there is an increase in normal increments, and related allowance increase, pay revision also we are expecting, so for that also there is a provision in that. This pay revision is due from January 1, 2017 and land licenses all of you know that increased last year only. So the full impact has come in this year.
- Gaurav Sanghavi:** Thank you.
- Moderator:** Thank you. The next question is from the line of Ankur Periwal from Axis Capital. Please go ahead.
- Ankur Periwal:** Hi Sir thanks for the opportunity and congrats for a good set of numbers. To start with if you can give the breakup between the export and import volumes how growth panned out across both?
- V Kalyana Rama:** See for FY2017, the growth in EXIM is handling 6.7% and in domestic it is 2.75% and overall both EXIM and domestic combined it is 6.09%. This is the handling volumes.
- Ankur Periwal:** Specific to export and import if you can help the numbers separately?
- V Kalyana Rama:** Specific to export and import, you send us a mail we will give you those numbers.
- Ankur Periwal:** Sir secondly how has been the rail revenue share now; especially with double stack increasing for position of double stack now?



*Container Corporation of India Limited
May 26, 2017*

V Kalyana Rama: Our rail fare margin I will give you. Rail fare margin for the whole year, 21% this year as compared to last year 20% last year, so there is 100 basis points improvement for the whole year, but if you see Q3 and Q4, our increase is higher. So that helped us. Double stack only helped us in this even though there was imbalance of import and export is more.

Ankur Periwal: Sure and lastly from Katwa now as we understand it is largely helping us reducing the emptying running as well in terms of trying to adjust for the mismatch between export and import. How has been the originating volume off take from Katwa?

V Kalyana Rama: It has just started, not much compared to the volumes what we are doing in handling, so we are almost touching 25,000 to 30,000 per month there TEUs. Our originating may be 2000 TEUs.

Ankur Periwal: Fair enough and Sir one thing just a clarification wherein you mentioned we will be looking at 3PL opportunity as well as warehousing management, so we will be handling on our own or it will be more like a landlord model wherein we will be providing the facility and the other, let's say any FMCG company or the customers will come across and handle their operations on their own.

V Kalyana Rama: It is a good question. Let me clarify and I hope everyone is listening to this. This is more of a hybrid model. Our strength is in transportation and particularly the rail-based transportation of containers. When we start this business of this warehouse management and 3PL, this will be a sort of forward integration for what we are already doing for rail transportation. So by doing this, definitely it will help in getting more and more containers onto rail and more and more cargo getting containerised both the domestic as well as maybe imports and exports will come on to rail because the facilities are available for distribution logistics at our places. So here it will be a hybrid model wherever some places we may develop, some places we may go on leasing models, and some we will go for some arrangements with other operators, so this is an area where we are going, we will be going with a lot of emphasis. It will be as I told you it will be like a vertical, but we will develop it as for the requirement of the region and as for the requirement of the location. We made our policy that we will go for a hybrid model in this.

Ankur Periwal: Fair enough. Thanks a lot.

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



- Aditya Mongia:** Sir thanks for the opportunity. Sir my first question was more on the overall market share that you would be having. You have shared JNPT numbers could you share the overall numbers also for Q4 and fully year and maybe a Y-O-Y comparison?
- V Kalyana Rama:** Sanjay will answer you.
- Sanjay Swarup:** In terms of million tonnes in 2015-2016, we ended in EXIM 27.23 million tonnes, which increased to 28.41 million tonnes in 2016-2017 and our market share increased from 73.3% to 75.1% in EXIM. In domestic, we increased from 6.17 million tonnes to 6.29 million tonnes and thereby our market share in domestic got reduced from 68% to 64.9% that is 65%. Overall market share, we gained from 33.4 million tonnes to 34.7 million tonnes and our market share increased from 72.3%. Rail based market share I am talking about. In total market share increased from 72.3% to 73.1% in this financial year.
- Aditya Mongia:** Sure Sir just a clarification on the incentive that you are saying is everything booked in revenues and the way it is reported today? I asked this question because if I compared 4Q of FY2016 numbers Ind-AS and I-GAAP format there is a big change in other expense also which is happening. So it appears to be distributed between revenues and other expense the change that is happening?
- Sanjay Swarup:** We got our GGM Accounts here, Anuj will answer.
- Anuj Kumar:** Other income includes this interest income. We have the surplus fund for which we are getting the interest from the bank. That other income will consist of that.
- Aditya Mongia:** Other expenses have changed meaningfully I-GAAP and Ind-AS and then revenues have also changed?
- Anuj Kumar:** It is an evaluation basically in the financial valuation done by the market rates.
- Aditya Mongia:** So shall I assume all the incentives and the revenues the Rs.250 Crores and incentives in revenues fully today?
- V Kalyana Rama:** See other operating income what we have taken it is complete revenue. There is no expense in that because it is a government grant, which is coming to us because of the services we have rendered.
- Aditya Mongia:** Sir all operators would be eligible for this right?



Container Corporation of India Limited
May 26, 2017

- V Kalyana Rama:** I will comment about Concor as CMD Concor.
- Aditya Mongia:** Sure Sir just lastly on the gross margin front we have seen almost a 400 basis point expansion happening and I would want to assume most of it related to double stacking benefits, which are there. Is it fair to assume that there would be 200 to 300 basis points more benefit, which are available to us as double stacking becomes 50% more?
- V Kalyana Rama:** Good, you are giving a good number. I will say that yes you have given a good number.
- Aditya Mongia:** Sure Sir. Thank you Sir and all the best Sir.
- Moderator:** Thank you. The next question is from the line of Amar Kedia from Nomura. Please go ahead.
- Amar Kedia:** Hi good morning Sir. Sir two things can we have the Capex number for FY2017 incurred Capex.
- V Kalyana Rama:** It is Rs.1000 Crores plus.
- Amar Kedia:** Sir why I asked this question is because when I look at the cash balance for the year that has dipped by almost Rs.400 Crores on a YOY basis. During the year as per my estimate at least you have generated close to almost Rs.900 Crores to Rs.1000 Crores free cash flow before Capex, so net-net you cash balance should have ideally been the same and moreover I do not know about this SEIS income even though it is on an accrual accounting, but for FY2016 when did you receive that pay out, so if I had that the cash balance would have actually gone up rather than going down?
- V Kalyana Rama:** We have not received.
- Amar Kedia:** Even for FY2016 you have not received it.
- V Kalyana Rama:** I have already answered this. Last year, the company missed out. This year they did the accounting, so our DF also explained that, so these SEIS last year company missed out. So this year, we accounted because as per the accounting standards, this has to be shown in the last year. We showed in the last year the revenue. The cash flow out of these two things are still not received by the company.
- Amar Kedia:** Sir the second question is in April you had given an exchange release talking of FY2017 volume numbers, so there if I look at you had mentioned about 9.2% of volume growth in



*Container Corporation of India Limited
May 26, 2017*

the EXIM business and 8% volume growth overall; however when I look at the handling volumes that you mentioned earlier in the call today, I am looking at overall volume growth of only about 6.1% and EXIM volume growth of 6.7%, so where is this mismatch coming from?

V Kalyana Rama: So these volumes now there are some volumes, we are actually there is short lead volumes also that we handle, so these are most of the rail based volumes you are talking of today for a better authenticated numbers.

Amar Kedia: So what you are trying to say is that the volume numbers.

V Kalyana Rama: You are trying to analyze too much.

Amar Kedia: Alright Sir I will come back in the queue.

Moderator: Thank you. The next question is from the line of Lokesh Garg from Credit Suisse. Please go ahead.

Lokesh Garg: Sir actually relatively simple clarification basically on the expenses side I am looking at 3Q to 4Q expenses, which have gone down to Rs.170 Crores from Rs.217 Crores in 3Q any reason, which has driven this because the SEIS income and all is affecting revenue. It should not have impacted the other expenses item that we are seeing?

V Kalyana Rama: Can you come back again, which quarter you are comparing.

Lokesh Garg: I am comparing 3Q 2017 to 4Q 2017 I am comparing Rs.210 Crores of 3Q to Rs.170 Crores for 4Q?

P. Alli Rani: FY2015 other operating expense? Are you talking about Other operating expense? Other operating expenses Q3 was 32 and Q4 was 38.

Lokesh Garg: I am referring to expenses and other expenses are basically coming in as total of Rs.217 Crores in 3Q and total of Rs.170 Crores in 4Q. So those are the numbers that I am referring to.

P. Alli Rani: No, that is not other operating expense.

Lokesh Garg: Let me get back to you separately on email then.



Container Corporation of India Limited
May 26, 2017

- Moderator:** Thank you. We will take the next question from the line of Rahul Murkya from Jefferies. Please go ahead.
- Rahul Murkya:** Hi thanks for taking my question. I have two questions. I just wanted to know this other expenses like it has gone down to Rs.11.3 Crores from Rs.42.16 Crores year on year, so just wanted a clarification what has happened over here?
- V Kalyana Rama:** I think the other operating expense please you can email to DF. We will answer by email because our figures what we are looking at and figures you are looking at are slightly at variance. Give your analysis and so it will be clarified.
- Moderator:** Thank you. Our next question is from the line of Girish Raj from Quest Investment. Please go ahead.
- Girish Raj:** Hi thank you very much for this opportunity. So market sharing increase in JNPT, it is purely because of DPD Sir?
- V Kalyana Rama:** It is because of our operating service levels. We are clearing very fast. In fact in February, we cleared the containers from the vessel discharge to the rail out in 33 hours something and in March we cleared in 34-35 hours. So it is the faster clearance. Obviously, the importers are quite happy. So more and more are coming to Concor.
- Girish Raj:** Is there any DPD helping you or the container train operators?
- V Kalyana Rama:** No, DPD as of now I do not think really give any further business to at least Concor I can answer. Other container operators I cannot answer. We have not given much business to it. We are working on it.
- Girish Raj:** My second question is on the profitability of domestic segment is it because of the empty running coming down that is?
- V Kalyana Rama:** Empty running coming down and also working out on our margins based on some strategies adopted.
- Girish Raj:** Any fundamental change that you would like to change?
- V Kalyana Rama:** No fundamental change. It is basically the same thing as business as usual, but taken in the next level depending on certain factors where we can improve our operations and our service levels, so that you understand we can improve our margins. These things are worked



Container Corporation of India Limited
May 26, 2017

out. So that helped. So you rightly pointed out one is empty running we controlled, so we built on circuits in a better way that we can control on our empty running and second thing we increased our margins. Wherever it is possible it is following the transportation principles what the cargo can bear and what we can charge and all this.

Girish Raj: This is sustainable is it not?

V Kalyana Rama: Yes.

Girish Raj: Thank you so much Sir.

Moderator: Thank you. The next question is from the line of Vikram Suryavanshi from Phillip Capital. Please go ahead.

Vikram Suryavanshi: Good morning Sir. Most of the questions are answered just can you share how is our market share at Mundra, Pipavav and in Chennai?

V Kalyana Rama: Chennai we are the only operator, so railways market share if I look at it railway volumes we are 100%, but I think you are interested in that or you are interested what is the volume percentage out of port.

Vikram Suryavanshi: Volume percentage out of port.

V Kalyana Rama: So volume percentage out of port in Chennai roughly goes around 9%, 10%, 11%, so this year I have not seen that exactly what is the percentage is Chennai. Is the percentage ready we will give you? Then it is around 10%. 10.6% I think.

Vikram Suryavanshi: And Pipavav & Mundra Sir?

V Kalyana Rama: Pipavav & Mundra, in Mundra, we are at 27 out of the port volumes and in Pipava it is 68.5% and then I hope all of us consider the port volumes, they include transit volumes and the empty handlings all those things are included in port volumes.

Vikram Suryavanshi: Thank you and one thing and sorry to everyone is asking the same question, but what we are referring into the release you have done in expense column that F number that other expensed in F in expenses Rs.11 Crores compared to Rs.60 Crores last quarter, so I think that is where the decline everyone is trying to understand.



*Container Corporation of India Limited
May 26, 2017*

- V Kalyana Rama:** Very Good, that is good. It is good that all of you are appreciating and further clarifications you can get by email from the Director of Finance.
- Vikram Suryavanshi:** Okay sir thank you.
- V Kalyana Rama:** She is listening to all of you and she will give by email.
- Vikram Suryavanshi:** Sir thank you.
- Moderator:** Thank you. The next question is from the line of Dheeresh Pathak from Goldman Sachs Asset Management. Please go ahead.
- Dheeresh Pathak:** Thank you Sir. Sir for FY2017 the EXIM originating growth can you just give?
- V Kalyana Rama:** EXIM originating growth is 2.9%.
- Dheeresh Pathak:** But then also you mentioned that EXIM tonnage growth for full year was some 9% right?
- V Kalyana Rama:** See when we look at all the volumes what we handled together, it is there that is what we gave the release. Now rail based volumes that we are talking of, we are giving rail-based growth of around 4.3%. So there is lot of short lead traffic we try to pick up and we were successful in that. There are short lead volumes, obviously the margin even the margins are seen, but the absolute numbers will defer. We understand that is it not.
- Dheeresh Pathak:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Bhavin Gandhi from B&K Securities. Please go ahead.
- Bhavin Gandhi:** Hi Sir Congratulations on a great set of numbers. Can you share the leads sir for the quarter EXIM domestic separately?
- V Kalyana Rama:** For the quarter let's talk about the year.
- Bhavin Gandhi:** Year is also fine.
- V Kalyana Rama:** Year on year let us talk about in leads were, EXIM is 803 this year FY2017 compared to 903 last year, so that shows more and more we are shifting towards Mundra and also we are picking up more volumes in Calcutta Port for Nepal and also at Chennai Port for Bangalore and we said our operations at Krishnapatnam, so these things are compared during shorter



Container Corporation of India Limited
May 26, 2017

leads and in BS4 domestic it is 1431 kilometers FY2017 to 1440 kilometers last. Overall for the company it is 917 versus 1002.

Bhavin Gandhi: Sir just one more thing can you comment on the Air Cargo business how that is shaping up and what is the outlook?

V Kalyana Rama: Air Cargo as of now one, our major component is coming out of only Bombay. We are trying, but not yet. Things are on I can say drawing table stage and some are a little advanced, but as of now it is only Bombay airport is what we have.

Bhavin Gandhi: Sir that will be all from my side. Thank you so much.

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

Abhishek Ghosh: Thanks for the opportunity Sir. Most of my questions have been answered just one thing. In terms of how has been the performance of the new MMLPs that we have started, in terms of what kind of utilizations and what kind of profitability?

V Kalyana Rama: See we are not calculating a profitability and of course even though these figures are available it will be too much for the conference call, but yes we are utilizing all MMLPs except may be one like Pantnagar picked up we are handling quite a bit over there, so if I even look at the standalone performance of these things normally in large states the facilities are considered for long gestation and they will start giving you good results may be in four to five years, but at some of the places like Visakhapatnam, it does very well. Now we did the rail connectivity and within the first year I am sure we will be in the plus numbers. Pantnagar this is the second year of operations. We may be in the plus numbers. That is my expectation. So I am giving the guidance and Khatuwas, all of you know that Khatuwas is a real growth story and last year we handled 2.6 Lakh almost we had touching now 25,000 plus we are handling at Khatuwas, so it will be in this year, this will be one of the largest handling container depots for Concor also may be stand at number two or number three something like that, so the utilization of the new MMLP is good. Teh we started and we immediately using it from day one. That is giving the returns without any doubt. I hope I have answered your question.

Abhishek Ghosh: Yes, that is extremely helpful Sir. Just one thing also just wanted to ask in the EXIM performance if we exclude the export incentives in the current quarter how is the realization and profitability looking in the EXIM segment are we seeing lot of industry pressure or it is that kind of now?



*Container Corporation of India Limited
May 26, 2017*

V Kalyana Rama: I do not give absolute numbers, but as I told you my rail freight margin. On the year on year, it increased by 100 basis points. So if you look at your numbers what we have given you for the earlier three quarters and their figures what we have given for this, like quarter on quarter the rail freight margin this quarter it is almost 300 basis points. We touched almost 34% in the quarter on quarter this quarter. Compared to last quarter we were at around 18% may be 600 basis points improvement in the Q4. So the trends are good because of the double stack running and also the control on the empty running. So when the margins are improving so even if I look at the numbers, thanks to my export incentive what I got, still my numbers are better.

Abhishek Ghosh: This is extremely helpful and all the best Sir. Thank you

Moderator: Thank you. The next question is from the line of Venugopal Garre from Bernstein. Please go ahead.

Venugopal Garre: Hi Sir firstly congratulations on a good quarter. Sir a small question on the domestic side just wanted to understand as you look forward to the next 12 months or the next two year incrementally are you doing any further new initiatives for gaining market share in the domestic side beyond the timetable trains, which started sometime back?

V Kalyana Rama: See the domestic business as I mentioned earlier the warehouse management what we want to adopt, it will not give immediate impact in this FY, but this is the segment which will help improve in domestic numbers, so that is one the major initiatives, which we are going to take. Other than time table trains there is not much scope for any further initiative expect we are trying to improve upon our service levels further and we will be adding the first mile logistics and last mile logistics, we are working on a mobile platform. I think I shared this earlier also in some of my TV interviews and the conference calls. Now we got very good ERP systems working in our company. Now we are trying to combine the strength of all the ERP systems creating the connectivity and bringing that on to the mobile, so the digital platform what we are developing will work also on the mobile, so it is a sort of a mobile platform, which will give a lot of ease of doing business for all the customers where we will be using this as the main tool in strengthening our first mile logistics and last mile, which today even though we are providing, we are not very strong in this segment. Once we become strong in these segments that will not only help in developing our warehouse management vertical, which we are talking off as well as also improve our volumes in our domestic because that gives more comfort to my customer where I can handles these things much more efficiently.



Container Corporation of India Limited
May 26, 2017

- Venugopal Garre:** Sir is there any way in terms of market share in domestic not really within rail, so if you were to look overall container transportation?
- V Kalyana Rama:** Yes, container transportation by rail only if not anybody is doing today other than rail nobody will do a container transportation by road; it will go in normal break bulk. See market share we are holding around 65% this year.
- Venugopal Garre:** But it is not about winning market share in rail right so in terms of the market opportunity it is there anything that you could share?
- V Kalyana Rama:** It is like this you are asking a general analysis. I will definitely share my view. Let's not put numbers to it. See today in domestic sector if we look at Indian market compared to the developed countries market where normally the cargo moves 80% by containers. In India, the rough estimates are that 20% of cargo is moving in domestic sector by container. There is a huge scope for improvement. Having said that the Indian market is very cost sensitive, so here more than the quality maybe we look the cost, the cost of transport. Now the people are understanding, what is logistics and what is the benefit of doing the container, so we are also working on those fronts and with the GST roll out, there will be a shift in the way people transport their goods, warehouse their goods, distribute, and the entire logistics of these commodities. So based on that the parcel price may go up that may give more opportunity for containerising the goods and particularly for container transportation by rail. As I mentioned in India nobody transports container-based cargo by road. If it transported by road, it is break bulk or bulk. If it is transported by container it is by rail. I hope I answered your question.
- Venugopal Garre:** Yes Sir very much and my last question if I heard correctively you mentioned that Capex on an annual basis would range Rs.1000 Crores is that more of a five year outlook or was it just for this year?
- V Kalyana Rama:** Next five-year outlook we are looking at yes we are looking at spending around Rs.6000 to Rs.8000 Crores.
- Venugopal Garre:** But Sir should I characterize this as a peak where you reach an optimal network that you want or where in?
- V Kalyana Rama:** Our dream plans I have already shared earlier also what our Concor dream is to be present at 100 locations by 2020. It might be 90% will be owned and may be other 10% is arrangements with other people. So our dream is to reach 100. We also want to score a century.



- Venugopal Garre:** Thanks a lot Sir.
- Moderator:** Thank you. The next question is from the line of Jaykant Kasturi from Dolat Capital. Please go ahead.
- V Kalyana Rama:** Just to mention I think we have just run out of 60 minutes, so can I say that the last two questions.
- Moderator:** Sure Sir.
- Jaykant Kasturi:** Hello Sir. Thank you for the opportunity Sir. Sir if I heard it right volumes at Katwa's ICDs is right now around 25,000 TUs?
- V Kalyana Rama:** Per month.
- Jaykant Kasturi:** Per month. Sir in terms of the handling volumes for EXIM and domestic for this year could you give me a number please?
- V Kalyana Rama:** Already we have given. You send a mail because unnecessarily because other people may like to hear more things. Just send a mail, we can give you the numbers and it will be clearer. Any other question.
- Jaykant Kasturi:** Sir one more thing. With regards to the new ICD started in Agra, do you have any numbers in terms of number of TUs for it?
- V Kalyana Rama:** Agra is very old ICD for us. Agra is very old ICD we are running.
- Jaykant Kasturi:** Sir there was a new launch this one I read somewhere like?
- V Kalyana Rama:** No there is no new launch. In Agra, we built a new administrative building.
- Jaykant Kasturi:** Thank you Sir.
- Moderator:** Thank you. We will take a last question from the line of Atul Tiwari from Citigroup. Please go ahead.
- Atul Tiwari:** Sir my question was just on this new initiative in the wake of GST, the 3PL and warehousing. It will greatly help if you could shed some more light on the size of opportunity how much business you could do or how much investment it will require up front because it is a lot of interest right now?



Container Corporation of India Limited
May 26, 2017

- V Kalyana Rama:** I know it has got a lot of interest, and definitely Concor has got lot of opportunity in this, but putting numbers or putting something to it, it is too speculative at this stage, but when I say that it is going to be like a vertical for me you can understand the size of operations what we are looking at and what personally I am looking at. I have got two verticals EXIM and domestic. When I say vertical then you can understand what sort of investments, what sort of numbers, and what sort of opportunity, I am looking at. Beyond that I think let us all do our own guess games. You people know better analytics than me.
- Atul Tiwari:** Thank you.
- V Kalyana Rama:** Thank you everyone. I think I can give my closing comments.
- Moderator:** Yes please. Go ahead Sir.
- V Kalyana Rama:** Happy all of you for appreciating the numbers and we are also happy that we came out with good numbers and these good numbers are not only because of the additional incentives we got from the government, but out of the inherent strength what we developed in the last two quarters and my team is really geared up to do a good work and hope this year also we will be able to continue this trend and may we will further on this trend and thank you very much to all of you.
- Moderator:** Thank you very much. Ladies and gentleman on behalf of SBICAPS Securities Limited that concludes this conference. Thank you for joining us and you may now disconnect your line.