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Dear Sir/Madam,

विषय: **Disclosure under SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015.**

Pursuant to applicable provisions of SEBI (LODR) Regulations, 2015, please find enclosed transcript of Post results conference call held on 20.05.2022.

For your information and record please.

धन्यवाद।

भवदीय,
कृते भारतीय कंटेनर निगम लिमिटेड
मनोज दूबे
(मनोज कुमार दूबे)
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“Container Corporation of India Limited
Q4 FY22 Earnings Conference Call”

**May 20, 2022**

**MANAGEMENT:** **MR. V. KALYANA RAMA - CHAIRMAN AND MANAGING DIRECTOR, CONTAINER CORPORATION OF INDIA LIMITED**
**MR. PK AGRAWAL - DIRECTOR (DOMESTIC) CONTAINER CORPORATION OF INDIA LIMITED**
**MR. SANJAY SWARUP - DIRECTOR (INTERNATIONAL MARKETING & OPERATIONS), CONTAINER CORPORATION OF INDIA LIMITED**
**MR. MANOJ DUBEY - DIRECTOR (FINANCE) CONTAINER CORPORATION OF INDIA LIMITED**

**MODERATOR:** **MS. BHOOMIKA NAIR - DAM CAPITAL ADVISORS LTD**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Container Corporation of India Limited Q4 and FY22 Earnings Conference Call hosted by DAM Capital Advisors Limited. As a reminder, all participant lines will be in listen-only mode. 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 phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Bhoomika Nair from DAM Capital. Thank you, and over to you Bhoomika.

**Bhoomika Nair:** Yes. Thank you, Tanvi. Good morning, everyone, and a warm welcome to the Container Corporation of India Q4 FY22 earnings call. We have with us today the management being represented by Mr. V. Kalyana Rama, Chairman and Managing Director. I'll now hand over the call to him for his opening remarks post switch we will open up the floor for Q&A. Over to you, sir.

**V. Kalyana Rama:** Thank you, Bhoomika, and good morning to all my friends, analysts, investors. I have with me here all my management team Director, Domestic, PK Agrawal; Director, International Marketing and Operations, Sanjay Swarup; and Director Finance, Manoj Dubey with me. And let me, first of all, share with you that we are happy to come out with the good numbers and we are back from the effects of the pandemic. And the last year we could see the volumes, the revenue grow very healthy. Almost all quarters, all months we had record. We were having the best ever turnovers in all the months, in all the four quarters. The trend continued. And overall in the year we achieved a very good operational income that all of you might have seen from the results that we had net operating income of almost INR7,600 crore.

And also PAT, as I given the forecast, the guidance during the last year's call we grown by 100%. This year the PAT has come to INR1,062 crore and EBITDA almost we touched INR2,000 crore, a little less INR2000 crore we got the EBITDA and the CONCOR team has really worked hard. As last year we discussed, the company was never closed for even a single day during the first wave of COVID. And during the second, third wave, what happened during this financial also, we never had any occasion to close down. All of our terminals were working.

Of course, there are some infrastructural constraints as a country we are facing. So our company is also having facing some infrastructural constraints. We are working on various out of box method to overcome these constraints, particularly for the rolling stock and the containers. We have -- we added 24 new rakes last year and now today we are having 27 high capacity rolling stock which can carry 80 tons carrying capacity. As I was discussing with you, people that this 80 ton carrying capacity wagons increase our chances of double stacking. And that happened, the double stacking figures we will be sharing during the conference. Definitely you people will be asking me questions about the number of double stack trains run. But overall the double stack increased by 50%, 45% over the last year. We started operating double hub operations. So there is a one hub, in the Khatuwas, now the second hub at Swarupganj will become operational and we are doing double hub operations. So now JNPT is fully on the double stack map.

In addition, even domestic containers also we are now trying to bring in and do double stacking from Swarupganj to Khatuwas. So these are the new out the box ideas what we are bringing in. These things will improve our margins. So this year the margin, overall margin increased. Of course, there is a slight dip in the rail freight margin, because the pressing models we changed a little bit during the year. We gave a lot of discount on the empty box movement from port to hinterland that has given us very good volumes. In fact, the volumes increased by three times because of that and more what we have announced. So we are continuing that scheme for this whole year. But overall this has brought in more profits to us. So that particular one idea if I talk about, the net effect of that idea is around INR80 crore plus in my bottom line, even after giving 50% discount on the movement of box into hinterland.

So we started some more VDS scheme this year to encourage more imports into our terminals. So the pricing changes what we did, which has brought down a little bit of RFM, but increased the overall operating margin is that we are making the endings from terminals more pronounced compared to the rail freight. So that is a little slight change in our pricing strategies. So the overall operating margin for the year, if I look at, has gone up to 31.1% compared to 27% last year. For FY 2021, it was 27% FY21-22 it is 31.1% overall operating margin, whereas rail freight margin has come down from 30% to 28%. So the endings we shifted into the terminal earnings and there's the hedge we change. So, that is making terminals more attractive, bringing in more value additional services, more other services, giving a complete basket of logistic service to our customers.

We handled 4-plus million TEU's in this year, as I shared with you. And this year we are having ambitious target of touching 5 million TEU's. And one highlight here is Khatuwas, the hub what we were operating, we did 6.8 lakh TEU's in the FY22 and this year we are keeping a target to make it a 1 million TEU's ICD. See, this will be the first time I think in India, definitely, but maybe I have to check the records anywhere, a 1 million TEU's ICDs becoming operational. So this Khatuwas now this year, the -- our target is to make it a 1 million TEU's ICD.

Rest all I think during the questions we will answer and this year guidance definitely we will be adding at least 12% to 20% into the PAT and in top line again 12% to 20% that is what we are aiming at, because in domestic segment we are seeing a good growth. The asset utilization has really gone up during the Q4 and this year we expect the similar type of growth in domestic and EXIM, of course, it is dependent on export import volumes out of India and the box availability. But overall we could see the market is recovering very fast and there is a lot of demand for exports. And so in tandem with that, we expect 10% to 12% growth in EXIM and maybe around 25% growth in domestic this year.

That is what we are aiming at having ambitious targets. And we are sure the company is now onto the growth path. And next three years we are expecting very good growth for your company year-after-year. And after three years this company will be definitely on the next pedestal -- standing on a next pedestal to get into the complete logistics thing. Thank you.

I think let me add one more thing before we open for the questions. The bulk cement, what I was talking of, now we started moving commercial -- we started commercial operations in that. We moved commercially one or two trains and this is going to give a very good volume. So let me give you a guidance on this. So people were asking me what is that volumes you can expect. In the next three years horizon if I talk, as on date, we handle around 12 million tons in domestic. In bulk cement alone, in the next three years, I expect company to handle around 12 million tons. That is the potential available in bulk cement market. So it's a very good product we launched and there is a good demand for it and a very good product we come out with combining that bulk cement movement with back cement movement so it's going to be a revolutionary growth there in this segment. So that's what where we expect a robust growth in domestic volumes. Thank you. Now we can open up for questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ashish Shah from Centrum Broking. Please go ahead.

**Ashish Shah:** Yes. Thank you for the opportunity. Good morning, sir. So the first question is that in response to the withdrawal of discounts by the Indian Railways what would be the pricing action that we would have taken or proposed to undertake?

**V. Kalyana Rama:** I think we already announced, Ashish, on this the pricing. We passed on the increase in the fair to the customer.

**Ashish Shah:** Okay. So, what would be the quantum sir roughly that we have passed on?

**V. Kalyana Rama:** So whatever that 25% what the railways withdrawn the same thing we passed down.

**Ashish Shah:** Okay. So it should have no impact on our margins.

**V. Kalyana Rama:** Absolutely not.

**Ashish Shah:** Sure. So second is if we can just share the originating volumes for the quarter.

**V. Kalyana Rama:** Yes. Mr. Swarup will give you.

**Sanjay Swarup:** Originating for Q4, for EXIM it is 534438 TEU's and domestic it is 113253 TEU's, total 647691.

**Ashish Shah:** Sure. And just last one, sir, this quarter if you see the employee expenses and the LLF, they seem to be a little bit on the higher side when I compare with the third quarter. So there is any clarity if you can provide on the same. Thank you.

**Manoj Kumar Dubey:** So, just for your clarity for apple-to-apple comparison, we have deducted INR72 crore that we provided for last year. So if I deduct that from last year, it comes to INR352 crore. And what are provisions we made this year because of good performance of the company, the PRP provisions goes up as well as the medical provision and other actuarial provisions. So if I do apple-to-apple comparison INR352 core has grown to INR364 core, which is 3.5% only. So that's the clarification for everybody to note. And this 3.4% normally it is 10% growth every year in the salary. 3.4% is only because the fact that attrition level is little higher nowadays for large company and we are not adding any further employees, although the productivity is going up. So that's the clarification.

**Ashish Shah:** Sure. And secondly on the LLF sir, that also seems to have gone up by when I come back with the third quarter levels.

**V. Kalyana Rama:** No, LLF has not gone up. LLF, we gave guidance of INR450 crore and we did it INR465 crore. This INR465 crore has got some provision, okay. So there was little -- and then the LLF now the final papers are with government and something is going on. I can't now reveal what it is. But definitely it'll be beneficial to the company. Once that is decided these provisions will be adjusted in the current year.

**Ashish Shah:** Okay, sir. For next year we should take INR465 crore as a base and then grow it by 7%, is that the.

**V. Kalyana Rama:** You should give chance to other people. You are asking the..

**Moderator:** Thank you. The next question is from the line of Akhil Malani from VT Capital. Please go ahead.

**Akhil Malani:** Yes. Hello, hello. Yes, thanks for letting me ask the question. Hello, sir. Sir, my question was relating to the container shortages that we've been hearing about for the past one, one and a half years. How does that exactly affect our operations, sir? That would be my first question. And my second question would be, I remember two calls ago, we had discussed on the automotive side we were planning some new sort of containers and we were planning to foray into that. So what has been the progress there, sir? Thank you.

**V. Kalyana Rama:** Your first question, these container shortages is in the EXIM segment, and that is liner containers we operate. So the liners, they were doing lot of repositioning into India, because Indian exports are gone up and imports have little come down. As a contributor normally we were import surplus, but suddenly we became export -- import deficient and export surplus. So that has put us in this situation where there is a container shortage. That is why CONCOR we gave that scheme of 50% freight rebate to encourage shipping lines to bring in more containers into hinterland from ports. And there has going a very good result. As I mentioned in the opening remarks, the volumes have gone up at three times. Looking at this, we expect shipping lines to bring in more containers into India and they are doing it. We could see in this year the trend is continuing. The repositioning is going on. So, that it all -- the shipping lines have to bring in. See sometimes these operational problems at the China ports are affecting India. Once that, -- we hope that COVID effect will go away. Now, recent news is that Shanghai has also become almost COVID free. Once these ports open up and China come back to an normal, then again the container shortage should not be a problem in India. Regarding your second question, I don't think, we never planned for any automotive containers. I don't know where from you hear. I never mentioned this in my con calls.

**Moderator:** Thank you. The next question is from the line of Deepika Mundra from JP Morgan. Please go ahead.

**Deepika Mundra:** Thank you sir for taking my question and congrats on a good year. Sir just two from my side, firstly, on the volume growth, you mentioned 5 million tons as an outlook that's about 20% growth. Could you split that into EXIM and domestic in terms of guidance? And secondly on the rail haulage cost, in general with energy prices going up, any risk to increase in rail haulage costs?

**V. Kalyana Rama:** Deepika, I already mentioned about the rail haulage. Whatever the railways has announced the withdrawal of the, the rebate of 25% on empty running and 5% on loaded running we just passed down the actual increase in the haulage to the customers, okay. So there is no effect of that increase on our margins. And having done this railway, now let us see what railway, railway is also very aggressive in their pricing nowadays. So I can't speculate on what railways is going to do, but we will not be taking any hit on the price increase by any rail haulage increase that definitely we are working on that you could see from the present increase what we passed on to the customer. Coming back to volume, the present year we did 3.27 million in EXIM and around 8 million in domestic. So overall volumes we did is 4.07 million. So in domestic we are expecting 25% growth. So that will take us to roughly 1 million TEU's in domestic and maybe around another we'll add 0.5 to 0.8 million in EXIM. So overall target we kept 5 million. So 1 million to 1.2 million in domestic and 4.8 million to 4.6 million something like that into the EXIM.

**Moderator:** Thank you. The next question is from the line of Mr. Achal Lohade from JM Financial. Please go ahead.

**Achal Lohade:** Yes. Good morning, sir. Thank you for the opportunity. Can you help us with the market share at the ports, at the key ports please for FY22 and FY21, if possible?

**Sanjay Swarup:** That is rail coefficient at JNPT is 20.8 out of which CONCOR if we deduct the short distance movement, our market share is 76.4% at Mundra it is 46% and Pipavav it is 52%.

**Achal Lohade:** And would you be able to help us with FY21 as well sir in the similar fashion?

**Sanjay Swarup:** '21, in JNPT it was same 76.4%, in Mundra it was 43.5% so it has increased, Pipavav it was 49.8%.

**Achal Lohade:** Got it. The second question I had, if you could help us with the empty's cost for EXIM and domestic for FY22 and '21 sir.

**Sanjay Swarup:** Empty cost is for EXIM it is INR36.92 crore and domestic INR207.23 crore.

**Achal Lohade:** Okay. And just one more question. Sir, you have highlighted that the scheme what you rolled out for the shipping lines to get the containers into the hinterland drove the volumes 3x. Can you help us, in terms of the mix of these empty containers in our total volumes for EXIM, would that be…

**V. Kalyana Rama:** Right now, I can't give you. Those numbers we don't maintain, because all the EXIM containers which come into our system will go as export loaded.

**Achal Lohade:** Understood. Thank you. I'll come back in the queue sir. Thank you.

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

**Atul Tiwari:** Yes, sir. Thanks a lot. Sir, you briefly mentioned about double stacking to JNPT. So could you elaborate more on it? Has it is started and like what is the status of final connection of DFC to JNPT as of now?

**V. Kalyana Rama:** I'm not talking of JNPT connection. I'm talking of JNPT bringing onto the double stack map. That is what we are doing through Swaroopganj hub. Swaroopganj is near Palanpur and DFC. So we are bringing JNPT containers into Swaroopganj and we are doing hubing at Swaroopganj and double stacking up to Khatuwas.

**Atul Tiwari:** Okay, okay, okay. And sir any color on, when is this final connection likely, what is about the current timelines, do you have any color on that?

**V. Kalyana Rama:** I can't guess it, and I hope you have to do a con call with DFCCIL.

**Atul Tiwari:** Okay. And sir, I mean, just the last one from my side, any update on a strategic divestment, anything that you have to share.

**V. Kalyana Rama:** Strategic divestment is on the cards and things are moving on and let us wait for the government decisions. The decision is of the government. The decision is out that the company will be divested. I think there is no change in that decision. Now when and what timelines we will be I think hearing very soon. Let's wait for that.

**Atul Tiwari:** Yes. So obviously last week we saw that government has kind of decided not to go ahead with BPCL. So does it change the situation for CONCOR also?

**V. Kalyana Rama:** I think I already told in clear terms. Now why do you want to ask me? You are journalist or analyst.

**Atul Tiwari:** Because sir it is quite vital for the company and stock, so we need to get some take.

**V. Kalyana Rama:** You're analyst and I already said that the divestment is on the cards.

**Moderator:** Thank you. The next question is from the line of Krupashankar from Spark Capital. Please go ahead.

**Krupashankar:** Sir, good morning, and thank you for the opportunity. A couple of questions from my side, the first on the cement demand which you are forecasting over the next three years, see given that the average lead distance of the end market is roughly about 600, 700 kilometers for a cement sector and overall right now the domestic leads are at up close to about 1200 plus kilometers. So, one can expect that this lead will come off and in turn the realization would come off, is that a fair assumption sir going ahead?

**V. Kalyana Rama:** That's not a correct assumption. See, it all depends on the margins, when we calculate the asset utilization also has to be seen. Then my lead is domestic lead is around 1400 kilometers if I'm operating. So my asset will take more time to have a turned round. So, I will be doing one cycle maybe in 30 days but, whereas if the lead will come down to 600 kilometers, I'll be doing my cycle maybe in 10, 12 days. So ultimately per container per year what margin I will be ending that will be in tandem with what we are doing right now. So that is how we price and we work on. That is how we operational -- optimization we bring in, in the system.

**Krupashankar:** Right. And then if -- given that the extent of rolling stock required to meet this incremental demand will be fairly substantial, so what is the quantum of recreation you're expecting over the next three years sir to meet this demand?

**V. Kalyana Rama:** Look, there are certain structural constraints, last year we added 24. And as of now the approved program, which I shared, I think, maybe a year back or I think maybe my '19-'20 call that we made a program to add 270 Rakes in four years time, out of that 24 got added. So still there are 246 Rakes which we planned and the procurement action is on at various stages. So that is regarding the Rakes. And containers we are working on. And company is planning to add anywhere between 50,000 to 1 lakh containers in the next three, four years. We are working on various methods on that.

**Krupashankar:** Got it, got it. And so if -- regarding the terminals also, if you can highlight on any terminal additions you need to add, what you added in FY22?

**V. Kalyana Rama:** Last year I think we added two terminals and last FY we added two terminals is because a lot of work slowed down because of pandemic and COVID effects. And this year we are expecting to add around five to six terminals and we are planning I think another four or five new terminals.

**Krupashankar:** Got it, sir. And the last from my side, the volume mix from respective ports sir, JNPT, Mundra and also the lead distance and double stacking…

**V. Kalyana Rama:** As it is the third question, not very important. You -- I will put you back into the queue.

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

**Aditya Mongia:** Good morning, everyone, and thanks for the opportunity. I have two questions from my side. The first question was on the land license fee. Sir you had indicated that CONCOR has plan for going for a long term arrangement giving a onetime payment to railways. Is that plan still on or does it depend on the land license fee and the revised amount of it?

**V. Kalyana Rama:** Yes, it is very much on. See, now we are waiting for -- see there are certain decisions to come from the government, and as I mentioned in the beginning, there are very positive moves going on, and very soon we will hear. So once it comes out, then the long-term lease we will be doing it. It all depends on see that now the land license fee what percentage we have to pay here and long term. So we will be doing calculation. I think long term is any day it is better. So we will be, though that is still on the cards, we are waiting for the final decision on the land license, but let me hear to avoid further questions from all the people I think I hope everyone is listening to this. There is a clear clarity on land license. As we mentioned last year, I gave a guidance of INR450 crore. We made payment less than that, but we provided some amount and made INR465 crore in this balance sheet that is as a part of good governance, not to give any uncertainty into the balance sheet in future in case of any divestment or any other thing, anything. There were no speculations on the balance sheet. So, otherwise, so there is a clear clarity and there will be definitely something we are going to hear from the government that may be beneficial to the company.

**Aditya Mongia:** Noted, and thanks for response. The second part, second question is related to DFC. What I wanted to ask you was, what steps need to happen on the ground so that the benefits of DFC start becoming more meaningful for you and probably some timelines for the same?

**V. Kalyana Rama:** Already DFC benefits we are seeing. See the number of double stack trains has gone up by 45% in the FY21-22 compared to FY2021. So this is -- and more and more traffic is coming on rail. There is a shift happening from road to rail. And also I mentioned about the high capacity wagons, which we introduced 27 Rakes are running, which can carry 80 tons. So that is giving more opportunity of double stack. So further DFC advantage will come once the Dadri gets connected and JNPT gets connected. Once Dadri gets connected, the advantage will increase and once JNPT connected it'll further go up. Thank you.

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

**Bharat Sheth:** Hi, congratulations, Mr. Kalyana Rama on good set of number. Sir, I have only one question. I'm joined little later. If you were replied, then I'll go through over con call transcript. See what is our strategy for the domestic logistic business which we had planned and we are seeing some good traction, so how do we see in near three year term perfective domestic business, if you can use some color on strategic thing as well as the growth opportunity.

**V. Kalyana Rama:** In domestic, as I said, the volume growth is we are expecting very good growth because of the bulk cement what we started. As I mentioned, we are expecting 12 million tons of traffic in that alone. This year we handed 12 million tons entire domestic. So there is the organic growth in the existing market plus a new product of domestic bulk cement is going to add. So there after three years where I'm seeing domestic volumes is plus 25 million tons. That's a good number, okay. So this year we did total 48 million tons out of which 12 million tons is domestic. I'm seeing after three years 25 million tons. That is one thing. So, in domestic, again, our domestic and EXIM we added FMLM and that first mile last mile, and there is a good growth in that activity so connecting the end-to-end solution. So we are expecting that also will further increase. Our aim is to cater to 50% of the market through our FMLM and I think we are working towards that. We are trying to bring in some new things into the FMLM segment. We are working with some equipment people something like LNG transportation. So these are new ideas we are working on and CONCOR is definitely in a -- is at a place, is at a stage where we can bring in new things into the market, which will be beneficial for the company as well as to the customers. The other thing which maybe you are trying to understand is the distribution logistics business. So there was some effect on that is because of the COVID. Recently I think we floated a tender for two locations and there was some response to that. So we are working on that. So I think it will also will come through, because that -- now the COVID effect has gone out and the market is now picking up, I think there's good interest for the warehousing and the supply chain management business, 3PL logistics in the market.

**Bharat Sheth:** So, sir, I mean, on cement side, can you give some geographic which are the -- geography and how this DFC will play out for us in domestic also?

**V. Kalyana Rama:** Domestic in DFC, see in cement business DFC may not play much role, but what we are trying to do is the traffic which is moving from west to east, we are trying to bring it onto DFC to do some double stacking between the hubs. See, because Swaroopganj and Khatuwas hub, even domestic containers we can do double stacking because they are in double hub operation and we got the higher capacity wagons of 80 ton that will give us the chance to do bring in domestic containers into double stacking. That is where we are working on. So that is only the effect of DFC on the domestic business. Whereas cement is now, cement market is -- well market is available all over India. It is not any specific regional wise. There are factories in west, south, east. I think north there are not much. North, we will be bringing in cement from other places.

**Bharat Sheth:** And how do we see sir profitability with volume growing up and…

**V. Kalyana Rama:** As I said, the margins will be in tandem with what we are getting now in domestic as well as EXIM, because we don't go for a kill in the margins. We want to steadily grow the market and increase the volume, market share, and that will increase our profits.

**Bharat Sheth:** Sir, is it fair understanding…

**V. Kalyana Rama:** Margins will…

**Bharat Sheth:** Is it fair understanding that in next three year domestic will grow at faster pace than the EXIM?

**V. Kalyana Rama:** That is what I'm telling Bharat.

**Moderator:** Thank you. The next question is from the line of Shrinidhi Karlekar from HSBC securities. Please go ahead.

**Shrinidhi Karlekar:** Yes. Hi. Thanks for the opportunity. Sir, would it be possible to share rail coefficient numbers for Mundra? And in your assessment sir, what this number…

**V. Kalyana Rama:** We already given in an earlier question.

**Shrinidhi Karlekar:** I think that was CONCOR's market share in Mundra, I think sir.

**V. Kalyana Rama:** No, rail coefficient also told that time.

**Shrinidhi Karlekar:** Okay, fair enough.

**V. Kalyana Rama:** Rail coefficient is what, rail coefficient 27.47% is Mundra rail this year compared to 24.8% for last year and Pipavav it is 68% compared to 63% last year.

**Shrinidhi Karlekar:** Yes. And sir more importantly, sir, in your assessment, sir, if we go into four to five years in future, what this number could be for Mundra particularly? Is there a substantial scope for this number of rail coefficient can go to closer to 45% levels numbers depending -- based on the cargo?

**V. Kalyana Rama:** In Mundra, DFC if it gets connected up to Dadri this may go up to 35%.

**Shrinidhi Karlekar:** 35%, okay. And sir last one from my end is that, there this Gati Shakti scheme of Indian Railways where they plan to develop 500 multimodal terminal, is there opportunity here for CONCOR or it's more of a non-containerized cargo that Indian Railway does for themselves?

**V. Kalyana Rama:** CONCOR has got its own terminal all over India and we are self-sufficient and we are showing the growth. So if there are opportunities available in Gati Shakti we will definitely try to utilize them also.

**Shrinidhi Karlekar:** Okay, sir. Thank you for answering my question and all the very best.

**Moderator:** Thank you. The next question is from the line of Ashish Shah from Centrum Broking. Please go ahead.

**Ashish Shah:** Yes, thank you. Sir just one question, what would be the Capex plans for FY23? And if you also can give some medium perspective let's over the next three to five years what is the kind of Capex that we should expect? Thanks.

**V. Kalyana Rama:** This year Capex, we have given a target of INR620 crore, but our Capex infusion requirements are very high. So there are certain constraints because of government policies like China border policy and all. So we are working on various models. Once they come through, our Capex infusions will be very high. So next three years, if I look at Capex infusion, the Capex infusion in next three to four years will be around INR8,000 crore, INR8,000 crore to INR10,000 crore.

**Ashish Shah:** Okay. Sir, could you broadly highlight if you could split this INR8,000 crore into two, three main buckets where we would be spending?

**V. Kalyana Rama:** We will be spending on infrastructure, rolling stock, containers and equipment.

**Moderator:** Thank you. The next question is from the line of Sumit Kishore from Axis Capital. Please go ahead.

**Sumit Kishore:** Good afternoon. Thanks for the opportunity. Sir, in your opening remarks you mentioned that in the next three years, you see the company would be standing on the next pedestal and you also mentioned that you'll have a more well-rounded offering in logistic. So could you please elaborate and maybe chart out the three year strategy plan for us?

**V. Kalyana Rama:** See, I already mentioned lot many things what we are going to do in the next three years. So three years I talked about domestic business achieving volume of 25 million ton weight wise. And the volumes handling, this year itself we are targeting 5 million TEU's. So that will further go up. We are trying to make Khatuwas a 1 million TEU's ICD which is first anywhere, not in India, maybe in Asia, have to check up the statistics elsewhere. And DFC getting completed and getting connected to Dadri, and getting connected to JNPT. And we are inducting more rolling stock of higher capacity. Getting into logistic business we are already doing FMLM connecting and we are now also giving business solutions, which is a complete solution to a customer, right, from picking the cargo at the doorstep, and putting container on to the ship, delivering the cargo at the other end in the -- in India. So these things are already started. We are working on -- we are doing them, but they're in now low scale they will definitely -- we will be scaling up these things. And we are getting into 3PL business, the domestic distribution, logistic, we floated the tender for two locations and our idea of making 20 hubs is still on and there is a lot of interest in the market. So, all these things are going to happen in next three years, three to four years. So I kept the target of three years for the company. So, after three years, when we had all of this, this definitely is keeping the company into a next pedestal.

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

**Aditya Mongia:** Thanks for the opportunity. The question sir that I wanted to ask you was related to the haulage rate. Now, Indian Railways may be considering taking a hike given the way and prices have moved up. Sir in the past such hikes have been arbitrary and quite high. Is there any confidence that you're getting from the railways that things would be different this time around?

**V. Kalyana Rama:** Already Indian Railways has announced the hike which is effective from 1st of June -- 1st May. 1st May it was affected. So the hike, they already announced 25%, empty running withdrawn and 5% domestic discount they have withdrawn. So that is already announced. -- more than that I can't speculate on what railway is going to do.

**Aditya Mongia:** Noted, sir. That was the only question from my side. Thank you.

**Moderator:** Thank you. The next question is from the line of Krupashankar from Spark Capital. Please go ahead.

**Krupashankar:** Thank you for the opportunity again sir. Just wanted to confirm one thing, do you mention that the Capex for the next three, four years would be about INR8,000 crore to INR10,000 crore?

**V. Kalyana Rama:** Yes. That is what the capital infusion required in this company.

**Krupashankar:** Right. So this is excluding the long-term lease to be paid towards the Indian Railways facility. So we would take an additional debt for this Capex, is that the thought process?

**V. Kalyana Rama:** For the Capex requirement for the next three, four years if I spend INR8,000 crore to INR10,000 crore I think mostly it is from internal generation.

**Krupashankar:** All right. So, this includes the Indian Railways LLF a lease advantage can be likely paid for the longer term.

**V. Kalyana Rama:** No, this is other than lease. This Capex I'm talking of is not of a lease. Lease is something that is active. Pay lease, long term lease then there will be no LLF payment for next 35 years.

**Krupashankar:** Understood, okay. And second question from my side on the bookkeeping question with the respect to the volume mix of CONCOR from respective ports and lead distance and double stacking.

**V. Kalyana Rama:** You asked everything in one go. You ask specific what do you want.

**Krupashankar:** Okay. Then I would request for volume mix from ports at least.

**Sanjay Swarup:** JNPT 32.3%, Mundra 40%, Pipavav 10%, Vizag 6%, Chennai 5.7% and Calcutta 1.3%.

**Moderator:** Thank you. The next question is from the line of Jonas Bhutta from Aditya Birla Mutual Fund. Please go ahead.

**Jonas Bhutta:** Yes. Hi, sir. I'm just circling back to the Capex number sir, because the last five year average run rate have been more in the INR800 crore to INR1,000 crore band, where now it seems that that's sort of getting bumped up, given that we have a cash balance of roughly INR3,000 crore and we generate about INR1,400 crore, INR1,500 crore each year, and provided that if you pay this one time LLF payment, then wouldn't that warrant debt take on for the Capex. And also when you elaborated…

**V. Kalyana Rama:** I think I answered this question. If I look at my Capex infusion of INR8,000 crore over next four years, three to four years, I may not require any debt. So if LLF thing comes out, yes, there will be debt requirement. Let it come out. So why we should do a lot of speculations that is your job, isn't it. As analyst, you do your – is it a permutation, combinations and do a lot of iterations. I don't do that iterations. My thing is Capex infusion I need around INR8,000 crore to INR10,000 crore, which I am planning. Maybe that doesn't require me any debt. I can do it through internal resource generation. So, in addition, if land license will come out and I decide that I have to pay 35 years long term beneficial rather than paying every year after the government decision, that definitely I will maybe go for debt because that will avoid me paying the LLF over the next 35 years for this company. So that again saves money from LLF which I am paying today. This year I paid INR465 crore. So these are all various calculations, the iterations, isn't it. So my answer to the question was for the Capex of the infrastructure, rolling stock, containers and equipments is around INR8,000 crore to INR10,000 crore.

**Jonas Bhutta:** And out of this rolling stock and containers put together would be how much sir roughly?

**V. Kalyana Rama:** I don't give that.

**Jonas Bhutta:** But you said, is that 245, you need 245 more Rakes and about seven, eight, sorry, 50,000 to 1 lakh kind of containers. How much would that be sir roughly 50% of that?

**V. Kalyana Rama:** Numbers you know, you do the calculations. Why you want everything to be done by CMD of the company. Each rake costs around INR14 crore, INR15 crore, each container is costing roughly around INR3.5 lakhs to INR4 lakhs now. Now you can do your calculations.

**Jonas Bhutta:** Sure, sir. Thank you. And that's all from my side. All the best.

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

**Pulkit Patni:** Sir, thank you for taking my question. Just one question, sir. I mean, in one of the earlier questions, you said that it sums -- it looks like almost a certainty very soon we'll be hearing about divestment. On the other side, we are increasing our Capex so significantly. I mean, there is clearly a mismatch, because why would the existing owner want to incur so much Capex when the new owner will take the direction of this company wherever they feel rightly so. So, if you could just help us reconcile; one, the owner is changing; and second, such a significant Capex is right now being planned. How does that work?

**V. Kalyana Rama:** Pulkit, this is your perception, okay. Now I'll look -- listen to my perception. So whoever maybe the owner of the logistics business, logistics is a particular way of doing business is -- so the logistics cannot be done in a different way. There is something completely 180 degree opposite method of doing logistics. Whoever is going to buy CONCOR or CONCOR will be PSU. I do not know at this moment. So CONCOR will be doing the operations in the same method, because these are the best proven methods. And we are able to produce healthy balance sheet quarter-after-quarter, year-after-year for last almost maybe 10 years now. So CONCOR is always profitable. So do you think there's other exactly 180 degrees opposite method of doing logistics business? Definitely, not. So whatever maybe the decision, these plans will be holding good and everybody will be looking at these plans.

**Pulkit Patni:** No, sir. Sir my question was that a new owner may already have certain assets, may already have presence at certain locations.

**V. Kalyana Rama:** I'm not get into these speculations. This is too much of speculation you're trying to…

**Pulkit Patni:** No, sir. I'm not trying to speculate. I'm just trying to understand from a thought process perspective.

**V. Kalyana Rama:** That's what I'm telling you, by anybody is going to do logistics of CONCOR if it is a PSU, it'll be run by me for some time, after me some other will become as CMD of this will run. So when we are talking of the future of this company, this company will be definitely taking these steps to increase and get onto to the next pedestal and becoming a complete logistic solution provider.

**Moderator:** Thank you. The next question is from the line of Mr. Achal Lohade from JM Financial. Please go ahead.

**Achal Lohade:** Yes. Thank you for the follow-up opportunity, sir. Can you help us with the lead distance for the fourth quarter and FY22 and…

**V. Kalyana Rama:** Quarter-wise, we are not having lead distance right now. For the yearly lead distance in EXIM it is, lead distance is 692 kilometers, domestic is 1390 kilometers and combined is 785 kilometers.

**Achal Lohade:** And how would that be sir for FY21 if you could also give a comparable?

**V. Kalyana Rama:** FY21, EXIM it is almost same 697, domestic it was 1378 and total 778.

**Achal Lohade:** Understood. And the double stack number sir please.

**V. Kalyana Rama:** Double stack there is a growth of 50%, 45%. And I will give you the yearly number this FY in ’21-’22 we did 3757 double stack trains compared to 2574 last year.

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

**Atul Tiwari:** Sir, my question has been answered. Thanks a lot.

**Moderator:** Thank you. The next question is from the line of Krupashankar from Spark Capital. Please go ahead. Krupashankar, your line has been unmuted. Please go ahead with your question.

**V. Kalyana Rama:** I think they must have completed their question. Now they are getting repeat of the same people.

**Moderator:** We have a question from Girish Achhipalia from Morgan Stanley. Please go ahead.

**Girish Achhipalia:** Sir, thanks for the opportunity. I just had one question. On the long-term, you've given a Capex outlook for four years. Is it possible to provide some direction on the revenue asset terms in the fourth or the fifth or the sixth year and some divisional split in terms of city operations and MMLPs that you look at and other logistic initiatives that you're looking at, some revenue split at that level and some asset on guidance?

**V. Kalyana Rama:** For forecasting too much of dissection is not good Girish. So, definitely the forecast when I give you this, we are looking at making these volumes to 5 million this year we are targeting. So after four years we will be targeting something like 6.5 million to 7 million. So you can understand what will be the revenues. The revenue -- the operational revenue we are definitely looking at doubling it up in the next three to four years. That is what we are aiming at. The rest of the things will be, as I said, margins will be in tandem with what we are doing now. I don't want -- I don't expect the margins to really grow up, because we are operating at a very high -- and EBITDA, operating margin of 31.1% is a quite high margin in logistics.

**Girish Achhipalia:** Sir any direction on the revenue for the new logistics initiatives that you would be looking at in terms of how much could that contribute in the percentage of revenue, would it be like 20% of your revenue?

**V. Kalyana Rama:** I'm not giving those forecasts right now, because these are the new initiatives we had to roll out and work on. So definitely they'll contribute, let's say like this, okay. So overall there'll be good contribution by these things. I gave you where I can give you a definitive figure like bulk cement transportation. We will be looking at 12 million tons transportation.

**Moderator:** Thank you. The next question is from the line of Kandula N. from JP Morgan. Please go ahead.

**N. Kandula:** Sir, couple of questions on the domestic business. So, firstly, on the margin front, I see that 4Q the margins are little off. I can understand there can be quarterly volatility. Just trying to understand if there is any one-off thing or what would be run rate that we should look at from a domestic margin perspective?

**P.K. Agrawal:** See, I'm P.K. Agrawal, Director, Domestic. See, we'll be keeping up in tendon with this earlier margin and if you'll see of the percentage of operating margin for the domestic is almost around 20% to 22%. So we'll be continuing with that. So quarterly there will be some adjustment of certain expenditures which may you can see there is up and down, but you have to see the overall what is there in annual margin, which you can see that it is -- there is some coherence with that.

**N. Kandula:** Understood, sir. And second question sir on the domestic front you did speak about cement, I was also trying to understand what -- where do we stand with respect to fertilizers and also food grains, we're also trying to this container this bulk cargo movement. So just trying to understand where we are currently on those.

**P.K. Agrawal:** Food grain already we are into it and we also have made already trial run of the bulk food grain movement and that is continuing. As far as fertilizer is concerned, there is no movement in the container, because mostly fertilizers are being run on the basis of that, I will say, concession or discount they get from Ministry of Fertilizer, whereas for the containerized movement, there is no such concession is available. That is why the fertilizer movement does not take place in the containerized movement.

**N. Kandula:** Understood, sir. Sir, lastly, sir, if I may ask one more question, so on the Capex front you did speak about infrastructure, so just trying to understand the containerized thermal expansion that we are planning do we already have land etc. on this front or should we also invest towards land and therefore high Capex here?

**P.K. Agrawal:** See already is being mentioned by CMD that this year already land which has been procured we will be commissioning around four to five terminals and also another four to five terminals we are planning in this year, which the land procurement will also will be going on in the current year. So that is the plan we go year-on-year basis and we go for the land procurement for the new container terminals.

**N. Kandula:** Got it, sir. Thank you.

**Moderator:** Thank you. The next question is from the line of Rohit Ohri from Progressive Shares. Please go ahead.

**Rohit Ohri:** Hi, sir. Two questions, the first one is related to the CONCOR acting as a custodian where you are trying to keep containers as warehouses. Can you take us to the rationale, the risk and opportunity in this initiative?

**P.K. Agrawal:** See, as far as container as a warehouse we have floated this scheme for the domestic container where basically it is a part of the end-to-end logistic solution, and people will not require to evacuate the cargo from the container and they will have the liberty to evacuate the cargo as per their requirement, and they can keep the cargo in the domestic container that is already the scheme is run. And that in going future that will be much more will be providing that service so that our overall logistic cost goes down and become more competitive.

**Rohit Ohri:** Sir, can you share currently how many terminals are capable of doing this service at what price?

**P.K. Agrawal:** All the terminals are there and pricing is same. We will give you the universal pricing for across the terminals.

**Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to management for closing comments.

**V. Kalyana Rama:** Okay. Thank you. Thank you for giving us the opportunity to share our plans for the future, for the current year, how the company will be with all of you. I hope we will be able to come to the expectation of all my customers and investors and customer value creation is always the motto of CONCOR. And with a lot of digitization initiatives what we have taken and in fact this year we will be coming out with a visual based artificial intelligence model for giving more information, online information to customer, real time information about the activities of their cargo happening over terminals. So with all these initiatives, I'm very sure that CONCOR will be playing a very significant role, leading role in Indian logistics sector. Thank you.

**Moderator:** Thank you very much. On behalf of DAM Capital Advises Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.