

**Container Corporation of India Ltd.**

*A Multi-modal Logistics Company*  
(A Navratna CPSE of Govt. of India)

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Dear Sir/Madam,

**Sub: 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 11.11.2022.

For your information and record please.

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“Container Corporation of India Limited  
Q2 FY2023 Earnings Conference Call”

November 11, 2022



**ANALYST: MS. BHOOMIKA NAIR – DAM CAPITAL ADVISORS**

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



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**Moderator:** Ladies and gentlemen, good day and welcome to the Container Corporation of India Limited Q2 FY2023 Earnings Conference Call hosted by DAM Capital Advisors Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Bhoomika Nair from DAM Capital Advisors Ltd. Thank you and over to you Madam!

**Bhoomika Nair:** Thanks. Good morning everyone. Welcome to the Q2 FY2023 Earnings Call of Container Corporation of India Ltd. I have with us today the management Mr. V. Kalyana Rama, Chairman and Managing Director. I will now hand over the floor to him for his opening remarks and post which we can open up the floor for Q&A. Over to you Sir!

**V. Kalyana Rama:** Thank you Bhoomika and good morning everyone. We are happy to come out with again a good financial results. I am now today having with me my Director Operations, Mr. Sanjay Swarup and Director Finance, Mr. Manoj Dubey with me.

Overall, the growth is good. Domestic we are doing very well. In fact the domestic growth of 30% plus we are able to maintain and that is because of the new products what we launched. They are giving us good headway and also the earlier system improvements what we have taken of introducing high capacity rakes and high capacity containers is really giving us good business from the west coast to east coast and to the south side and also we are able to pickup volume from outside as well so that is a good scenario.

The empty running is coming down and good circuits are getting build up in domestic and on EXIM side we had good handling volumes but overall EXIM scenario was subdued because of the existing conditions in the world markets and we talked about recession in western countries and US but now the global cue is what we are hearing that the inflation is easing up in US and things are looking up and there is also maybe a better scenario on the Russian Ukrainian conflict front so these things maybe good in going forward and the stakeholders with whom we are having discussions are also hopeful to have a better next five months so we are keeping our fingers crossed particularly on the EXIM side because it is totally dependent on the export import scenario.

Otherwise, the guidance given on the revenue side as 10% to 12% growth on both topline and bottomline we are confident of achieving that. With that the first half yearly results are



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in line with that achieving the topline and bottomline growth and we are able to declare good dividend for both the quarters as well already we declared 100% dividend on the share combined for Q1 and Q2.

We have come up with good schemes during the quarter. There is a new VDS scheme announced. New round trip schemes announced for DPD containers and recently we have come up with additional scheme wherein empty container movement free with loaded containers on the increased volumes and all these schemes we are hopeful that they will give us good volumes as our scheme of empty rebate what we announced a year back gave us very good volumes last year and continuously giving us volumes this year as well.

Land license fees front that will be one question every analysts would like to ask us so let me clarify that. Now it is very well clarified. The new lease policy is announced and as per new lease policy the land license fees for the 26 terminals which we are operating on Indian Railways land is 6% of the market value of the land and the market value is the industrial price announced by the revenue authorities at the respective place. So there is absolutely no doubt in this.

For this year, we are paying at the present at the rate of 380 Crores to 390 Crores. In the first half year we made a payment of around 190 Crores as the land license fee. Even though we have given estimate for the total year the land license fee will be 450 Crores that additional 60-70 Crores is towards the adjustments which we may have done because the land rates are existed by revenue authorities once in six months so to cater to this exigencies we have taken the estimate as 450 Crores so now we are very clear and confident that the land license fee payment for the railway land will be not more than 450 Crores.

The double stack running is very good and Khatuwas is doing very well our major hub and the other hub also started operating as I mentioned to you in the last quarter itself and it is also doing very well. The total number of double stack trains has gone up in the last quarter but the transit times have come down with the operations of DFC even though we are doing double hubbing, but the transit times have come down substantially. They are almost half between the Delhi capital region and the NCR and Western Uttar Pradesh, Punjab regions to Mundra and Pipavav that is helping us in getting good volumes and revenues and also the margins as I mentioned operating margins on the originating basis in this quarter in the EXIM has gone up. They are better than the last quarter.

This is the overall brief. Now I will open the conference for further question and answer session. Thank you.



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- Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Atul Tiwari from Citi Group. Please go ahead.
- Atul Tiwari:** Thanks a lot Sir. Sir just a couple of followup questions on land license fee policy just wanted to get some more information so is there a provision of escalating this at a certain rate like say 6% or 7% this amount of 450 Crores or 390 Crores or every year depending on what is the price of land 6% of that will be recalculated and you will have to pay?
- Manoj Kumar Dubey:** No, Atul it is like this. This escalation is a mandatory clause of the policy so what CMD spoke about is the value of the land is to be taken on industrial rate as on 01.04.2020 and based on that every year 7% escalation is taking place in the existing policy which we are following right and what you mentioned is that even if the notifications on the land revenue officer for the base rate of land even if that comes the total pay will not be crossing 450 Crores. This is what company feels and this is what we told you right now.
- Atul Tiwari:** I got that point that the total will not be more than 450 but say like thinking slightly longer term say if a take a period of 5 years we should be building on 7% escalation on whatever amount you actually pay this year.
- Manoj Kumar Dubey:** Absolutely in the existing policy.
- Atul Tiwari:** Sir the LLF policy which has been approved by the government there is a provision that existing players can move to say paying 1.5% of price of land from 6% so is there any plan on the part of CONCOR to take advantage of that or you will continue to pay 6% as you are paying right now?
- Manoj Kumar Dubey:** The first clarification is this 1.5 is not the right substitution, 1.5 is only the fixed part of what they have discussed in that policy. There is another part that is the variable part that is TAC charges, traffic access charges so the total will come out of that 1.5% fixed plus the TAC charges which railways fixes and onus lies with railways to revise it as and when they wish to so that is a very catchy situation. Right now the policy details as to come up and company is looking into it and we will take a considered call at a later date.
- Atul Tiwari:** Okay but is this understanding right that if you want to move to this 1.5% plus TAC then you will have to go through a competitive bidding process or you can move this 1.5%?
- Manoj Kumar Dubey:** You are right. The only clause is that the company has the first right of refusal.



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- Atul Tiwari:** Okay so essentially you will have to decide terminal by terminal whether you want to move?
- Manoj Kumar Dubey:** Absolutely you are right.
- Atul Tiwari:** Thanks a lot and just one book keeping question if you could share the originating volume on EXIM and domestic front?
- Sanjay Swarup:** EXIM it was for half year it was 968478 TEUs and domestic 207393 TEUs, total 1175871 TEUs.
- Atul Tiwari:** Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Siddarth Shah from SBI Mutual Fund. Please go ahead.
- Siddarth Shah:** This is Siddarth actually. I am from SBI Pension Fund. Sir I just wanted to ask one question regarding September update on 9<sup>th</sup> September that you have got in some ratings for raising of close to 9000 Crores from ICRA so if you could share your insights as to are there any plans to raise debts on the books and have any further capex plan or something so if you could just throw some light on that?
- V. Kalyana Rama:** We could not get you. You got the information that we are raising that.
- Siddarth Shah:** There is a Bombay Stock Exchange filing that you have got a AA plus rating.
- V. Kalyana Rama:** We do take ratings from these agencies because that is a regular process, yearly process we do the rating and keep them ready. We have no plans of raising any debt as of now.
- Siddarth Shah:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Achal Lohade from JM Financial. Please go ahead.
- Achal Lohade:** Good morning Sir. Thank you for the opportunity. Sir if you could help us understand in terms of the realization if we see on handling basis the realizations are down 15% in the EXIM segment compared to first quarter so if you could help us understand what is driving this?



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- Sanjay Swarup:** As CMD has already explained that for doing last mile first mile logistics this service we have started few months back and big volumes have been added which are not giving very high margins to us but they are service to our customers that help us to bring more volumes to us so because of this per TEU margin is subdued. Per TEU EXIM originating impact is quite high which is 27980 per TEU which is more than the first quarter.
- Achal Lohade:** If I see the realization on the originating basis it is showing an increase of 7%?
- Sanjay Swarup:** Actually if you see on originating basis only then it is showing an increase.
- Achal Lohade:** Understood and if you could help us understand the volume growth of 12% on originating basis or 18% on handling basis any particular port sector which is driving this volume growth and outlook on the same.
- V. Kalyana Rama:** Actually the originating growth is not 18%. The 18% what we reported to the stock exchange is the handling volume growth in EXIM. In originating as I said the subdued transfer is going on in the export import front. As of now originating volumes growth is very less. In fact I think there is a little contraction in the originating volumes in this quarter.
- Achal Lohade:** In terms of the employee cost if you could clarify Q-o-Q it is down. How do we look at the employee cost going forward? Is this is a run rate.
- V. Kalyana Rama:** I think there is not any increase little bit decrease because of the attrition so our employee strength is coming down because we have digitalized now completely 98%. We are not recruiting fresh faces to fill up those vacancies so the employee cost is slightly come down or otherwise it will be at the same level last year.
- Achal Lohade:** Understood and Sir if I may ask just the contribution of the northwest in the entire EXIM cargo?
- V. Kalyana Rama:** We do not give that breakup for this conference call.
- Achal Lohade:** Got it Sir. Thank you. I will come back in the queue.
- Moderator:** Thank you. The next question is from the line of Mukesh Saraf from Spark Capital. Please go ahead.



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- Mukesh Saraf:** Thank you for the opportunity. Sir in your opening remarks you had mentioned that the turnaround times have come off significantly in some cases by half so in your experience have you seen any shift of market share from road to rail because of this and have you started offering more and more timetable train schedules now helping that market share growth?
- Sanjay Swarup:** As the CMD has mentioned in his opening remarks the response of time table trains has been very good for us and we have been able to shift sizeable road traffic to rail traffic. In fact we have started a train called Retail Express from Dadri to Mundra via Khatuwas which is run by CONCOR in association with Maersk which is a very big hit for the customers and all live cargo what used to go by road has come to rail so this really has been very, very beneficial for our company and we have been able to shift sizeable amount of traffic from road to rail.
- Mukesh Saraf:** Now that we have already seen this kind of improvement is there more scope of this market share to move from road to rail or you think that we have already kind of substantial part of what was possible?
- Sanjay Swarup:** Already we have seen lot of movement from road to rail now next big shift will come when Dadri also comes on DFC and DFC goes to Nhava Sheva. Nhava Sheva comes on DFC then we will get a sizeable shift from road to rail.
- Mukesh Saraf:** So when is Dadri expected to come on DFC any timeframe?
- V. Kalyana Rama:** You ask that to the dedicated freight corridor management.
- Mukesh Saraf:** Sure Sir and just one last thing. I think last year you had also mentioned that there is a possibility of paying this land license fees up front say for a 30 year period or a longer term is that still there on cards or that is no longer a possibility?
- V. Kalyana Rama:** Still we are waiting as mentioned by my colleague in earlier answer. We are waiting for the policy guidelines to come out from Ministry of Railways. We are waiting for that. As of now there is no clarity on that and we are paying every quarter 6% of the market value.
- Mukesh Saraf:** Alright Sir thank you. That is it from my side. I will get back in the queue.
- Moderator:** Thank you. The next question is from the line of Amit Dixit from ICICI Securities. Please go ahead.



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**Amit Dixit:** Good morning everyone. The first question is on basically the step that you have taken that are quite commendable, new schemes announced, double stacking going up so what kind of margin improvement can we expect going forward in the next 1 or 2 years as a result of this?

**V. Kalyana Rama:** This question I was answering for last four to five conference calls. See the margin where we are operating in a logistics sector is a very good margin so now we have to ramp up more volumes and take more share in the market rather than increasing further and further margins. We are operating at 32% EBITDA margin is very high margin business in the logistics sector that you people understand because you analyze lot of logistic company. This sort of margins, are not really sustainable in our system. I do not see any further quantum jump in the margins. Our endeavor is to maintain the margins at this level or little bit here and there that to increase the volumes and bring more traffic onto rail.

**Amit Dixit:** The second question is essentially on your market share in Delhi NCR region. If you can let us know how it has moved.

**V. Kalyana Rama:** As I said we do not do the sector wise, region wise market share.

**Amit Dixit:** I was just asking that some of your competitors, some of the private players are setting up ICDs in your catchment particularly near Moradabad how do you see this competition affecting your share over there?

**V. Kalyana Rama:** We are not worried about competition. The main issue is maintaining margins. That is what I explained to you in my earlier answer. Other people are trying to work on very marginal principal because for them it is maintaining their business and sort of do or die situation they operate whereas CONCOR operates with a healthy margin with the quality of service so we are not worried about this competition coming up. Definitely the competition everyday will keep coming up and our main competition as I maintained is always from the road not from other operators. Improvement in roads and new vehicles and the class of vehicles which are coming with more efficiencies, so that is going to give a real competition. The best thing happened as the opening up Dedicated freight corridor wherein the traffic time have come down and rail sector is looking up and also lot of investment is going into Indian Railway network that is also helping and easing off the constraints of Indian Railways.

**Amit Dixit:** Thanks and all the best.



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- Moderator:** Thank you. The next question is from the line of Deepika Mundra from JP Morgan. Please go ahead.
- Deepika Mundra:** Sir good afternoon. Sir on the market share front versus road there have been significant schemes that you all have launched could you tell us how the rail coefficient has improved in the past six months versus what it used to be last year?
- Sanjay Swarup:** Deepika, we are not maintaining the ICD wise rail coefficient but we are able to see the market growth in rail by various other parameters we are monitoring like empty running coming down, increase in double stacking. If we have more volumes then we can have more double stacking as CMD has already mentioned in his opening remarks there has been 32% growth in double stacking and more than 2000 trains already we have handled in the first half and we are likely to cross 4000 double stack trains in this year which will be all time record for the company so all these things clearly point out that more traffic is coming on rail.
- Deepika Mundra:** Got it Sir and if you have to think about this first mile, last mile service that you all started if I am not mistaken this is going to be via road which is not it is not really adding much revenue or to margin?
- Sanjay Swarup:** Actually this is a kind of vertical integration that as logistics company we have to give to our customers. We have to give service that is called end logistics up to their premises from our terminals so this we do not look at very high margins on this segment and our aim is to give service to our customers so that they become bind to us and they do not go anywhere else. They bring all the cargo to us and which in turn we earn in terms of rail freight, warehousing other services to our customers. This is a kind of service that we are giving to them.
- Deepika Mundra:** Understood Sir and Sir last question on the LLF the new terminals which will be competitive bid for what is going to be the criteria for the bidding. For the new terminals you should be competitively bid?
- Manoj Kumar Dubey:** You are meaning about the Greenfield terminal?
- Deepika Mundra:** Under the new Railway Land Policy so 1.5% plus TAC the competitive bidding is going to be on the TAC charges or the TAC charges if it is provided by railways then what is going to be the criteria for winning the bid?



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**Manoj Kumar Dubey:** Fixed cost is fixed cost of 1.5% so the bidding parameter is perhaps on the TAC portion only but the rider that I mentioned that this TAC portion is not having any clarity about the future. Today say it is 1.6 lakh per rake tomorrow what rate will be there from the railways side nobody knows so the parameter will be in terms of the percentage of the railways rate or 1.6 lakhs as a fixed cost nobody is aware right now. That is what CMD mentioned and let the details come out from the railways side on the policy as you rightly asking the question if we are also asking the question and waiting for the answer, if it comes then we will also be participating for Greenfield project.

**Deepika Mundra:** Thank you.

**Moderator:** Thank you. The next question is from the line from Ash Shah from Elara Capital. Please go ahead.

**Ash Shah:** Thank you for the opportunity and couple of book keeping question so can you give us the EXIM lead and the domestic lead for this quarter?

**Sanjay Swarup:** EXIM lead for this half year is 675 kilometers, domestic it is 1344 kilometers total is 779 kilometers.

**Ash Shah:** Okay and can you give us port wise market for container port?

**Sanjay Swarup:** JNPT is 36%, Mundra 36.4%, Pipavav 11.2%, Vizag 4.3%, Chennai 5%, Tuticorin 1.6%, Kochi 2.3%. These are the main ports.

**Ash Shah:** Okay and the rail coefficient at ports?

**Sanjay Swarup:** Rail coefficient at JNPT is 18.2%, Mundra 26%, Pipavav is at 17%,

**Ash Shah:** Last question could you throw some light on the agri the bulk commodity side so how are we gaining the traction on the agri side if you can just provide some color on it? The agri commodities that you were planning to launch in the food grains and the cement these were the main two that you were going to focus on the bulk commodity?

**Sanjay Swarup:** You are asking about bulk movement.

**Ash Shah:** Yes bulk movement.



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- Sanjay Swarup:** Bulk actually food grain we have loaded and now we are in touch with ITC and FCI. We will be getting more orders meanwhile in South that is near Vijayawada there is a place called Jaliapet where we have conducted trial for bulk cement, KCP Cement is one of the customers that in his plant we are loading bulk cement in our normal containers using the liner at his factory near Jaliapet from there we are taking to place called Arakkonam near Chennai where KCP Cement have got its site and we have installed unique new equipment which is useful to destock the container. It is taking 35 to 40 minutes to destock the container which is a very, very remarkable innovation I should say and customer is also very satisfied and customer is giving us continuous cargo. Already five rakes we have handled at Arakkonam. Sixth rake is on pipeline so this is a good progress and we are getting more queries and more demand for carrying of bulk commodities in normal containers.
- Ash Shah:** Okay and volume guidance that you want to give for this year FY2023 on the bulk side?
- Sanjay Swarup:** Volume guidance CMD whatever he told at the beginning of financial year already we have maintained the same guidance and he has told in the interviews also today morning same guidance we will maintain.
- Ash Shah:** Thank you so much. That is all from my side.
- Moderator:** Thank you. The next question is from the line of Aditya Mongia from Kotak Securities. Please go ahead.
- Aditya Mongia:** Thank you for the opportunity. The first question that I had was more on the land license that recently came out the question was that if CONCOR was to go for long-term lease arrangements of let us say 30 to 35 years for its existing terminals will this get rebid or by virtue of CONCOR holding them today they pay whatever rate it is decided for 35 years without any competition coming inside?
- Manoj Kumar Dubey:** That is right. That option is there. If we chose to go ahead on the same old conditions we are going to have it for next 35 years without any competition. In the new policy also we can shift that choice is also given once the details come out the only thing the bidding will take place and we will have first right of refusal in case we are not the highest one, so in either case one thing is clear this is land or the railway parcel which CONCOR is having right now if CONCOR wishes to continue for next 35 years there is no hindrance in that.



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- Aditya Mongia:** That clarifies. The second thing I wanted to clarify was that this 450 Crores land license fee that you are suggesting for FY2023 for next year it should be bidding 7% growth on this number or on the 350 Crores number that you already expect to pay?
- Manoj Kumar Dubey:** This was very clearly told by CMD understand this thing what he told is that the maximum that we are increasing for this year is 450 a). b) He has mentioned in the morning in the TV interviews also this year we are paying on actual for H1 is around 190 Crores so we are paying the actual. We will keep some provisions if required for any kind of news being announced by the land revenue officers in various area but in any case what we are envisaging it is not going to cross 450 for this year a). b) As you rightly mentioned whatever base price that we are paying this year it is supposed to escalate 7% if we remain in old policy that is settled practice.
- Aditya Mongia:** The last question that I had was, if you could share with us the quantum of first last mile contribution that was there in EXIM revenues first to better access the per originating volume number in terms of realization?
- V. Kalyana Rama:** We cannot give realization on the first mile, last mile to you.
- Aditya Mongia:** The aim was to understand for it for the main business?
- V. Kalyana Rama:** We will not be able to give you. That is not a parameter for NNI. We already explained that these are handling volumes not the originating volumes and originating volumes we have already given you what the originating volumes.
- Aditya Mongia:** Got that. Those were my questions. Thank you for your answer. Thank you.
- Moderator:** The next question is from the line of Ashish Shah from Centrum Broking. Please go ahead.
- Ashish Shah:** Good afternoon Sir. Sir can you help us with the empty running cost for both EXIM and domestic?
- Sanjay Swarup:** Empty running cost for the half year for EXIM was Rs.52.7 Crores, domestic 133.8 Crores, total 186.5 Crores.
- Ashish Shah:** Sir just one suggestion if you can please think over it. Since now we are saying that originating is something that we have to be looking at and that is important to look at so if you can share the originating along with the handling when we disclose the volumes if you can please consider that suggestion?



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- Sanjay Swarup:** When should we share it?
- Ashish Shah:** Sir when you disclose the volumes on the exchanges for the quarter along with the handling if you can also share originating it would be really helpful.
- Manoj Kumar Dubey:** If you look at it that is settled format there. If you see we will discuss this that can be shared.
- Ashish Shah:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Deepak Krishnan from Macquarie. Please go ahead.
- Deepak Krishnan:** Thank you for the opportunity Sir. I just wanted one followup question on the originating volume handling. We have seen that handling is now 2X of originating versus say 1.6X which is the normal rate. Now we understand that originating is more reflecting port volumes and handling is all this new function that you are kind of introducing so will this ratio will continue to remain in this 2X range because of the new first mile, last mile logistic that you are undertaking?
- Sanjay Swarup:** More or less it will be like this. It is likely to remain like this only.
- Deepak Krishnan:** So there will be a substantial increase in handling ratio going ahead?
- Sanjay Swarup:** Yes that is right.
- Deepak Krishnan:** That was my question. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Pulkit Patni from Goldman Sachs. Please go ahead.
- Pulkit Patni:** Sir it is not Asset Management it is from the Research side and thanks for taking my question. Sir when I am looking at our originating volumes in this quarter and I look at the last 26 quarter average and we have been doing about 5 lakh container on the EXIM side every quarter and we are in that range even right now whereas when I look at domestic we were at about 55,000 to 70,000 and now we are doing almost 1 lakh right now since everybody ask about your dedicated freight corridor its benefits etc., is it fair to say that whatever we have done so far the benefits are really being only felt in the domestic volumes



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on the EXIM side this has no real share gain that we have done versus the road sector is that a right understanding or am I saying it directly because the data seems to be suggesting so?

**Sanjay Swarup:** I do not think your conclusion is very correct because domestic we are able to develop new streams so it is clearly reflected in the volumes which is quite robust but in EXIM we are able to divert lot of traffic from road to rail but as CMD also mentioned in the interview in the morning we suffered in many places due to the geopolitical reasons and recession in Europe and US which is slowly receding down now so the negative growth that we witnessed due to those reasons has been more than compensated by the shift in traffic from road to rail that is the reason why you are seeing the volumes that we are seeing.

**Pulkit Patni:** Sir like even if we have suffered on that count instead of 471 we would have been at 550. I understand your point but that still does not show that because of DFC there has been any gain in EXIM volumes for us on the originating side. I am happy to take it offline but on the basis of data that does not show whereas on the domestic side absolutely as you rightly said I think there is a clear doubling of volumes almost that we have seen over the last 26 quarters.

**Sanjay Swarup:** Mr. Pulkit I cannot explain in detail in this conference. If you want we can have separate investor meeting then I can answer all your questions in detail.

**Pulkit Patni:** Sure happy to do that. Thank you so much for taking up the time.

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

**Vikram Suryavanshi:** Sir can you share what is the rail freight margin this quarter and also outlook on that?

**Sanjay Swarup:** Rail freight margin for this half-year is 26.48% and the figure that you should like at is overall operating margin which is 32%. As CMD also mentioned in his opening remarks this is quite good for a logistics company, 32% operating margin is quite high.

**Vikram Suryavanshi:** Got it and if you look at there has been sharp rise in empty running cost particularly for EXIM trade if you compare to first quarter and this so what was the reason or if you can explain something on that and that would be helpful?

**Sanjay Swarup:** Empty running has slightly increased because there is lot of imbalance in imports and exports so that is the basic reason for increase in empty running.



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- Vikram Suryavanshi:** Okay and are we seeing the trends to continue currently because I think we are still facing the issues regarding the slowdown and all that.
- Sanjay Swarup:** I feel that it will not be like this. We will be able to arrest this increase and bring it down.
- Vikram Suryavanshi:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Nimish Shah from Bank of America. Please go ahead.
- Nimish Shah:** Thanks for the opportunity. My question is on domestic volume growth. It seems that we are focusing on cement, RoRo and food grains is it fair to say that cement will be the bulk of doubling of volumes or revenue that we are talking about over three years?
- V. Kalyana Rama:** See first of all we are not doing any RoRo. RoRo volumes are not here and cement is a new product and the present volumes, is not with cement. Cement we just started which explained to the earlier analyst by my colleague, Sanjay Swarup. We did some now around five, six rakes of cement movement in bulk but there is an accepted very high growth area. In the present volumes it is not a big contributor it is a very small contributor.
- Nimish Shah:** When we had once said that we will try to double our domestic revenues within that is cement a big part?
- V. Kalyana Rama:** Who said that? You are telling that or have I mentioned any time anywhere?
- Nimish Shah:** Actually you said that over a conference call I guess in the past?
- V. Kalyana Rama:** I did not say that. I said our volume growth will continue to be at this level of 30% in domestic and the earlier guidance what I have given, the present topline of our company which used to be 80:20 two years back is now 70 from EXIM and 30 from domestic. We are looking to make it 60:40 in the coming years, maybe in the next 1 or 2 years. That is not doubling of domestic revenues.
- Nimish Shah:** My second question is rail infrastructure is actually coming up all over India not just DFC so are we seeing the similar road to rail kind of market share shift outside of the northwest belt?
- V. Kalyana Rama:** Rail infrastructure is getting better. The bottlenecks are being addressed so no new rail infrastructure like Dedicated Freight Corridor has not yet started anywhere except the



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Bombay, Delhi and Delhi, Calcutta. Let us be clear on this. Because the constraints are going away from rail system, we expect the transit times to be more predictable with the predictability of transit time in a much better way definitely the volumes start increasing on rail more and the other factor is many of the MNCs now they are looking at ESG as one of the main factors so for ESG purpose rail transport is the best transport and CONCOR we are now declaring ESG parameters from last year that will also help us in getting more volumes who are more conscious about the environment.

- Nimish Shah:** Is there any example that you can highlight to us where outside of the northwest belt where there is no DFC we are gaining rail volumes over road?
- V. Kalyana Rama:** For your benefit of understanding & trying to calculate the share prices, I cannot give you. As I already told you what is the scenario, is not it?
- Nimish Shah:** Thank you.
- Moderator:** Thank you. The next question is from the line of Aditya Mongia from Kotak Securities. Please go ahead.
- Aditya Mongia:** Thank you for the opportunity again. You have shared data points on share of different ports and rail coefficient could you also give data for the market share that you have at JNPT?
- Sanjay Swarup:** Which market share you are asking?
- Aditya Mongia:** The market share that CONCOR has in JNPT, Mundra and Pipavav the ones that you typical give?
- Sanjay Swarup:** JNPT if you take the short lead movement then we have market share of 79%, Mundra we have 40%, Pipavav we have 48%.
- Aditya Mongia:** 48% and what will be the numbers let us say an year ago just for comparison sake since you are giving X of short lead in JNPT if you could share that number, last year?
- Sanjay Swarup:** The number I do not have with me at the moment. I can tell you afterwards.
- Aditya Mongia:** Thank you. That was the only question from my side. Thank you.



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- Moderator:** Thank you. The next question is from the line of Ashish Shah from Centrum Broking. Please go ahead.
- Ashish Shah:** Thanks for the opportunity again. Sir I just wanted to discuss a bit on the capex outlook so for the first half we have spent probably close to 140 Crores what we see from the cash flow statement so what is the outlook for this year because I think we had guided for something in the order of 700 Crores for this year?
- Manoj Kumar Dubey:** Second half will be obviously quite better than what we have spent in first half. As you know there is lot of rolling stock procurement in pipeline including containers and wagons so apart from many depots also under completion so will be in the same range of last year what we spent and maybe more than that also in the second half this FY.
- Ashish Shah:** That is all. Thank you.
- Moderator:** Thank you. The next question is from the line of Achal Lohade from JM Financial. Please go ahead.
- Achal Lohade:** Thank you for the followup. What I wanted to check on this rail operating margins, you mentioned 32% operating margin can you help us understand how you calculate that in terms of is it rail freight revenue minus the rail freight expenses?
- Sanjay Swarup:** I do not think you heard me correctly rail freight margin is 26.48% and overall operating margin is 32%.
- Achal Lohade:** I will take it offline. Second clarification I just wanted pardon me if I am asking the same question again but given our 26 terminals they will be up for renewal over a period of time and that is when we have the opportunity to extend it for 35 years or we can straightaway to lock in the current industrial land rates we can renew it in between?
- V. Kalyana Rama:** Friend, there is one good saying to much analysis leads to paralysis. We already told you what we wanted to do as of now we are waiting for the guidelines to be given by the railways so we have given a clear position what business we are doing now and what LLF we are paying and the provision in that is when it comes for renewal it can be done either way even otherwise also immediately it can be done either way but before that the guidelines let them come and then we do our analysis and whatever we decide we will definitely share with you. Do not do too much of analysis. Company is doing very well. I think statistics are welcoming CONCOR share with open hands.



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- Achal Lohade:** Just a clarification on this empty cost what is the empty cost in EXIM you said 52.7 Crores for the first half so that is a substantial drop in terms of empty cost Q-o-Q for EXIM segment because last quarter it was 50 Crores in first quarter?
- Sanjay Swarup:** Last year first half was 49.4% so it is a rise of 6%.
- Achal Lohade:** Sorry what was it in first quarter FY2023 Sir?
- Sanjay Swarup:** First quarter it was 20.4%. This quarter it is 32.3%.
- Achal Lohade:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Deepika Mundra from JP Morgan. Please go ahead.
- Deepika Mundra:** Thanks for letting me ask a question, again. Just on the capex front, sometime back you had highlighted a pickup in capex to confirm more to DFC overtime can you give us some update on those procurement plans?
- V. Kalyana Rama:** Our procurement plans are intact. We are adding up new rakes now because of certain constraints in wheel set, the rake addition has slowed down. The program is to add to 270 rakes out of that we added till now 34 rakes so 270 minus 34 with simple arithmetic how can know how many number of rakes we are going to add in the next 3 to 4 years and containers I already mentioned that we are trying to take the inventory of our own containers to roughly 1.5 lakhs to 2 lakhs in the next 3 to 4 years for that we already started developing container manufacturing in India. It is going to give result. We are expecting the container manufacturing to come to us maybe this month or next month starting and they will be coming every month so the capex plan for this rolling stock and containers and the handling equipment is intact and that we will be spending.
- Deepika Mundra:** Thank you.
- Moderator:** Thank you. The next question is from the line of Priyankar Biswas from Nomura Securities. Please go ahead.
- Priyankar Biswas:** Sir just one question from my side. Regarding this terminal concession period of 35 years so for you terminals when does it start from is it from April 2020?



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**V. Kalyana Rama:** People are I think too much again I am repeating do not do too much of analysis. We are operating on these terminals right from year 1989 onwards. The terminals they were constructed till 2006 on railway land because till then it was the only company in this sector. After 2006 with the change in the policy, company started acquiring its own. Now those terminals which have been in operation from 1989 they will be progressively coming after completing the 30 years or 35 years, it depends on whatever has been written in the first instance. The clause is very clear. The next 35 years is available for this company. There is no doubt in that. At what rate? At present it is 6% of the market value to be risen by 7% every year. I hope everyone is listening to this. This will continue and if the guidelines come out then the company will do an analysis terminal by terminal whether to continue with this practice or to go for the new bidding parameter of 1.5% plus percentage of the TAC charges to be shared with the railway. As it was explained this TAC is undefined variable as of now by the railways so there is lot of analysis to be done without that there is no point in answering any of these questions at this moment. Whenever we decide on we will definitely come back and notify the exchanges, notify all you people what we are going to do with each and every terminal which is on railway land.

**Priyankar Biswas:** Thank you so much. Maybe I guess once the complete policy is out, maybe then it would be a better time to ask you that question I guess?

**V. Kalyana Rama:** Do not ask the question we will come out when we decide.

**Priyankar Biswas:** Thank you.

**Moderator:** Thank you. The next question is from the line of Bhoomika Nair from Dam Capital Advisors. Please go ahead.

**Bhoomika Nair:** Sir on the double handling rakes for this quarter if we can just get the number?

**Sanjay Swarup:** Double stack in this quarter is 963 trains and total for the half year is 2108.

**Bhoomika Nair:** Thank you Sir. Sir the other question was in terms of the EXIM the first mile last mile connectivity that we are doing which has resulted in the handling volumes going up, now this service that we are offering what percentage of our EXIM volumes is already covered or EXIM services would be covered and how much more is there scope to scale up this further?

**V. Kalyana Rama:** At present we are doing around 20-25% of the volumes which we are handling and our aim is to take it to minimum 50% of the volumes which goes to our terminal.



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- Bhoomika Nair:** We will actually see the handling volumes actually rise far ahead of the originating volumes over the next couple of quarters for some time?
- V. Kalyana Rama:** Yes you are right. Do not do analysis on handling volumes. We never do handling volumes.
- Bhoomika Nair:** Since there are no more further questions and one hour is up, really I wanted to thank you for giving us an opportunity to host this again and thanking for all the participants. Any closing remarks from your side?
- V. Kalyana Rama:** I think we discussed almost all the things. The logistic business is good in India and in India it is expected that the logistics sector will do well for next 10 to 15 years and there is lot of emphasis on logistics by the government with the new logistics policy also been announced. We are working in rising sun rising sector as of now so this rising sector will definitely do good and give good results and your company is expected to do well in the coming quarters and coming years. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of DAM Capital Advisors Limited that concludes this conference call. Thank you for joining us. You may now disconnect your lines.



**Conference Name:** Container Corporation Of India Ltd. Q2 FY23 Earnings Conference Call  
Hosted By Dam Capital Advisors Ltd.

**Time:** November 11, 2022 11:30 Hrs India Time

**Main Speaker(s):** Ms. Bhoomika Nair - Dam Capital Advisors Ltd.  
&  
Management Of Container Corporation of India Ltd.

*Total 177 Participants including the Speakers.*

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