कॉनकॉर
CONCOR

भारतीय कंटेनर निगम लिमिटेड
बहुविध संभारतंत्र कंपनी
(भारत सरकार का नवरत्न उपक्रम)
कॉनकॉर एनेक्सी, एनएसआईसी एमडीबीपी बिल्डिंग, तृतीय तल
ओखला इंडस्ट्रियल एस्टेट, नई दिल्ली-110020
दूरभाष: 011- 41222500, 600,700 फैक्स : 011-41222790

**Container Corporation of India Ltd.**
*A Multi-modal Logistics Company*
(A Navratna CPSE of Govt. of India)
*CONCOR Annex, NSIC MDBP Building, 3rd Floor, Okhla Indl. Estate*
*New Delhi-110020, Tel: 011- 41222500, 600,700, Fax : 011-41222790*

No.CON/F&CS/IRC/STOCK EX/C.No.293/NoteNo.127/
दिनांक: 15.02.2022

1. The Bombay Stock Exchange Ltd., Mumbai (Through BSE Listing Centre)
   Phiroze Jeejeebhoy Towers, Dalal Street
   Mumbai-400001

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

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 21.01.2022.

For your information and record please.

धन्यवाद।

भवदीय,
कृते भारतीय कंटेनर निगम लिमिटेड

(हरीश चन्द्रा)
कार्यकारी निदेशक (वित) एवं क. स.

CC :. ED (P&S) for placing on website of CONCOR.

“Container Corporation of India Limited
Q3 FY2022 Earnings Conference Call”

January 21, 2022

| | |
|---|---|
| **ANALYST:** | **MS. BHOOMIKA NAIR – DAM CAPITAL ADVISORS** |
| **MANAGEMENT:** | **MR. V. KALYANA RAMA – CHAIRMAN & MANAGING DIRECTOR– CONTAINER CORPORATION OF INDIA LIMITED**<br>**MR. MANOJ KUMAR DUBEY – DIRECTOR FINANCE & CHIEF FINANCIAL OFFICER - CONTAINER CORPORATION OF INDIA LIMITED**<br>**MR. SANJAY SWARUP - DIRECTOR (INTERNATIONAL MARKETING & OPERATIONS) - CONTAINER CORPORATION OF INDIA LIMITED** |

**Moderator:** Ladies and gentlemen, good day and welcome to the Container Corporation of India Limited Q3 FY2022 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. Thank you and over to you Madam!

**Bhoomika Nair**: Thank you Rutuja. Good morning everyone and welcome to the Q3 FY2022 Earnings Call of Container Corporation of India. We have the management today being represented by Mr. V. Kalyana Rama, Chairman and Managing Director and his entire team. I will now hand over the call to Mr. Rama for his initial remarks post which we will open up the floor for Q&A. Over to you Sir!

**V. Kalyana Rama**: Thank you. Good morning all of you. I am happy to share with you that we had another very good quarter in Q3. The overall topline is one of the best ever for Q3. Only just little short of Q4 last year what we got the highest ever topline.

This quarter we ended with 1919 Crores and there is good margins maintained even though there are issues about container availability and the import, export trends we could maintain the volumes in EXIM also and there is growth even though the growth is not very high, just maintain around I think 4% growth over the corresponding quarter of the last year and the domestic of course there is good growth and that is continuing. Domestic volumes, we expect that to continuously grow in the domestic sector, in fact that is very encouraging thing.

As all of you know the margins in domestic we kept on building of margins over the last three to four years and we are able to maintain that margins at that level, so with this EXIM domestic business we definitely see we will be crossing 4 million TEUs business this year. I think we already crossed the handling figures of 3 million TEUs till now combined and we are very sure that we will be crossing 4 million first time in this year and infrastructure we are keeping in pace with the demand and we added 16 rakes in this year till now and these 16 rakes let me share with all of you that there are high capacity rakes.

They are called BLCs rakes which can carry 80 tons payload. The rakes what we are using our rakes as 61 tons payload or 68 tons payload. In fact we are converting all 61 tons into

68 tons and by the end of the next financial year everything will be 68 tons payload but these new rakes are 80 tons payload. The advantages of these new rakes is that we will be able to increase our double staking on the DFC.

On DFC these rakes are permitted to run with 80 tons payload and the new thing which started in this quarter is that the second half started in Swarupganj that is near Palanpur so now we are doing double stack between Swarupganj and Khatuwas also. This has been allowed by railways. The commercial notifications have come giving the benefit of double hubbing as well by the railways.

The double stack possibilities have increased. If we see the double stacks in this particular quarter, they have gone to 1000 trains. I think maybe this is the first time we did 1000 plus double stack trains in a quarter. So the growth in double stacking itself over the last year is 30% in the quarter-on quarter and in the corresponding nine months if we see it is almost 50%, 46% to be precise.

So this is the growth potential which we were discussing and we were hoping that DFC will bring in now that is coming into reality. Dedicated freight corridor is giving two advantages, one is the time sensitivity, so there is a sort of transit assurance for the customers and second more opportunity for double stacking because higher payload running is now allowed and your company is already acquiring these higher payload rakes only now and we are the only one operating with higher payload rakes as of now 16 rakes with us and in this year I think we will be trying to add at least another 20 rakes.

So we are continuously monitoring the production, processes at three locations where these wagons are getting manufactured. We are hopeful that we will be able to add at least another 20 rakes since we are deciding on that. That increases the number of rakes of this company also. As on date, I am speaking to you we are having 362 rakes. We are trying to take them to 380 rakes.

With the demand increasing as I said infrastructure we are trying to keep up with the demand. We already released orders for the container manufacturing within India domestic manufacturing for 6000 containers to four new container manufacturers and now that 2000 also we will be releasing into domestic manufacturing and we are coming out with tender for 10000 containers so company is having a plan to acquire around 18000 containers maybe next eight to nine months.

Next year again there will be additional rakes, we will be adding definitely so that we are keeping our infrastructure in line with the demand. As I mentioned the guidance we are expecting 15% increase in our volumes. As of now we are I think 17% up over the last year and topline we will be touching. I have already given the guidance, 7500 Crores we will achieve this year and PAT will be plus 1000 Crores at the end of nine months, you have seen that PAT is 805 Crores as of nine months so we will be definitely crossing 1000 Crores PAT.

Things are very good they are happening. One new development, which I will be sharing with you that what we are talking of movement of bulk commodity, commodities in bulk in containers, we did a little bit of movement about 4 lakh tons of food grains last year, but we were doing lot of experiments with the moment of cement in bulk in containers that we completed outright. We are now going for commercial exploitation of this. We are expecting good market in this.

Next year this will be a reality of movement of cement in bulk in containers. The market available in the first year will be anywhere between 5 million to 10 million tons. Now we are readying ourselves with the containers and the rakes for that movement so that when the demand comes, we would like to pick up the entire demand without losing any market demand there.

To give you a flavor of what this will be like in domestic today we are owing 37,000 containers and we will be doing maybe this year around 12 million tons. In the nine months we did 8.45 million tons of domestic cargo in the nine months. So we are expecting this year we may end up maybe around 12 million tons here and there.

If another 10 million tons if we are expecting we will be requiring more number of containers that is what our company is doing. We are continuously trying to build up the infrastructure. On the terminal front, new terminals we have one at Paradip and Varnama, one at Dahej, they are almost nearing completion and we will be starting operations there. There again is going to be good business potential terminals and as of now there are nine terminals under development and we are further exploring the possibilities of strategic locations where we have to build our business.

So this is all about your company in a nutshell. Thank you. Please 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 question from Ankita Shah from Elara Capital. Please go ahead.

**Ankita Shah**: Thank you. Sir, is there any update on the land lease policy to be approved by the Ministry?

**V. Kalyana Rama:** As of now there is no update. Still the work is in progress. Earlier we have given our workings and now it is the Ministry and the government, there are other ministries involved so they are working on this.

**Ankita Shah**: On the domestic business, there is definitely a strong growth in volumes led by the new initiatives that you have mentioned. What is the potential growth that we can expect going forward? Will it continue at this runrate or can we expect better and also realization growth potential here?

**V. Kalyana Rama**: Realizations will be at the same level. See, the realization because we are competing here with the road sector, the realizations will completely continue at this level, but as far as growth potential with the new things, what I talked off once we got the requisite container rolling stock with us so it will be more than what we are seeing now. The growth potential in the near future will be much higher compared to the present one what we have achieved.

**Ankita Shah**: Current, if I look at the first nine months, we have seen kind of 40% growth so on a year-over-year basis what kind of growth do you expect in domestic volumes?

**V. Kalyana Rama**: That guidance I will give you at the end of the year, but as I said, it will be definitely a strong growth, you can expect, here the issue is that we have to bring the infrastructure. So, infrastructure is today, we got some challenges on that, the procurement from China has got some issues, we are working on all of that. So, once we put the infrastructure the growth will definitely be better than this in the near future, in one or two years as a percentage wise, then the base will increase, the percentages automatically may get flattened.

**Ankita Shah**: Just lastly if you can help us with the originating volumes and the market share? Thank you.

**V. Kalyana Rama**: That anyhow other people will ask, we will come out with that. You can note down. We can go to the next question.

**Moderator**: Thank you. The next question is from the line of Inderjeet Singh from HDFC. Please go ahead.

**Inderjeet Singh**: Thanks a lot for the opportunity. Just one question, extension of the previous one, with the more containerization of bulk commodities and volume increase, is there a scope for the segmental margins in domestic to increase from current 8% to 10% levels and where do you think it can be in three years' time?

**V. Kalyana Rama**: As I said, I think I have already mentioned this the margins what we are operating 10%, 12% is normal margin 8% to 10% today we are coming out on the domestic sector, this 10% margin is normally a good margin in any logistics business. Of course we had good margins on EXIM segments, but in domestic sector, there will be more volumes, more numbers we will see, definitely the profit in absolute terms has increased, but as a margin I do not see a big upside on that. We will continue to have on the same level.

**Inderjeet Singh**: Got it. Thank you.

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

**Bharat Sheth**: Good morning Sir. Sir, in your initial remarks you said on the cement side, additional volume of around 5 million or 10 million I did not get it properly, so if you can explain, and which are the routes we are envisaging that domestic business will grow?

**V. Kalyana Rama**: This is from the cement company to their consumption markets. It is all over India. If you see the cement hubs, we got two hubs in the south, one at Tadipatri and one in Malkhed and one cement hub in Bilaspur. There is one cement hub in Rajasthan. From all the cement hubs, there will be demand for this movement. The cement is produced entirely in bulk and consumption is 70% in bulk because there are no means to transport in bulk, today only 10% is transported in bulk and rest of the thing is bagged and debagged that is where the consumption end. So there is a natural demand for this. The only thing is we should be able to give them the logistics with ease. There should not be too much of cumbersome logistics. That is what we were working on and we are now sure we will come out with a solution. So, we are expecting, when I said 5 million to 10 million tons the share of the market in the bulk cement is only around less than 5%. The 70% what I am talking is equivalent to something like 220-230 million tons. Now you will understand even if we achieve 10% it is less than 5% of the bulk cement potential.

**Bharat Sheth**: This will be largely utilizing the DFC route?

**V. Kalyana Rama**: Not DFC. There is nothing to do with DFC. The cement hubs as I said are at different, different places. So their consumption markets will be around 500 to 600 km. We will move into the consumption markets from the cement manufacturing places.

**Bharat Sheth**: In this domestic market we were working on 3PL then going forward 3PL, what stage we are now in that business, domestic. So, if you can throw some light?

**V. Kalyana Rama**: 3PL is definitely on the cards, but the 3PL we want to develop a PPP model and there are a lot of interest, but because of COVID things have actually taken a backseat. Now the COVID third wave is going on, so once this thing settles down, definitely there is a big market in the 3PL because 3PL logistics are not provided by the industrial goods anywhere. That is to go to in that direction, we already started doing business solution within the company. Our idea is to develop on the distribution or logistics modes but at the beginning we started providing business solutions services that is an extension of what we are doing, so it is an end to end solution to the customer, complete solution. We will pick up the cargo from the doorstep then deliver the cargo at the doorstep. If it is EXIM then we will deliver it to the container and the port, all the things are taken care of including clearances, forwarding, everything, now we are now trying to do that with the stakeholder's with us.

**Bharat Sheth**: Sir, last question because of COVID, there was a substantial disruption in EXIM trade unavailability of container and container getting stuck, so what stage, I mean, what is now the status and how do we see improvement in that will help us?

**V. Kalyana Rama**: The improvement is now the availability of stocks is good, container availability improve, but the imports volumes have not gone up, exports are doing well, so that the pain point of the exporters not getting the containers are not getting the slots that I think to a large extent got eased out. So, there is not much of pain for the exporters. The volumes wise, unless the industry picks up in India but the import volumes do not pick up, once that picks up, then there is a good growth potential in EXIM side. We are able to maintain.

**Bharat Sheth**: That will also bring down the empty running cost, correct?

**V. Kalyana Rama**: Empty running cost yes. Empty running cost in fact, it has come down, if we look at the empty running cost in EXIM there is a continuous improvement. In Q3 we could bring it down to 22 Crores this time, in this year itself it has come down from 26 Crores to 23.5 Crores to 22.4 Crores. Definitely empty running improvement that is coming because we have now added one more hub and we have increased our double stack running and more empty containers we are bringing in so there is a balance traffic, even though there are no imports, we are moving lot of empty containers from the port to hinterland.

**Bharat Sheth**: Thank you. All the best Sir. If I have questions, I will come back in the queue.

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

**Atul Tiwari**: Thanks a lot. Originating volumes if you could share on the EXIM and domestic side?

**Sanjay Swarup**: Originating for EXIM for this quarter is 549425 TEUs, and domestic is 97097 TEUs, total 646522 TEUs.

**Atul Tiwari**: 646522 TEUs. Thanks a lot. My second and last question is if you could very briefly repeat what you said about the bulk movement of commodities. My line had actually dropped, I could not hear you clearly. Has railway allowed the number of commodities there and how much volumes can we do in terms of number of containers?

**V. Kalyana Rama**: What I was telling about the bulk commodity the movement the commodity in bulk is that the commodities are to move in bulk either we require special containers or there is a methodology to move them in the normal GB containers. So, we developed a methodology to move them in normal containers instead of procuring any special type of containers, we will always involve an empty running back to the loading points whereas these containers we can definitely put them into circuit wherever we can do that so there is more flexibility. Railways are allowing the movement of cement in bulk in containers. They have already given the circulars. Commercial policy has come out. Food grain is allowed and other commodities there is good potential. We can move any commodity in bulk, the method what we developed using so that we can move not only cement, food grains, we can move industrial salts, we can move other raw materials, which are allowed in containers. There are only a very few commodities which are not allowed to be containerization and that is minerals and ores. So, that we are not aiming. They are not required to be put into containers. So, all the products which require to be put into containers even fertilizers you see they get bulk, they get bag, but again at looking at the consumption pattern of fertilizers there is quite substantial, percentage of fertilizers which does not require to be bagged, because there is a mixing of fertilizers, preparing compound fertilizers at the consumption end. So, that market we are now working on. What are the numbers in that, so even that is a potential thing for this? At this moment, we limited our commercial working to cement, bulk cement and as I told Bharat about the numbers, there is a huge number, but what we are aiming at is around 10 million tons market. That is a good number for us, because our domestic business as on date is around 11 million to 12 million tons. So, if we can add 10 million tons to domestic business we will be doubling of domestic business.

**Atul Tiwari**: Thanks. Very clear.

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

**Deepika Mundra**: Thank you for the opportunity. Sir, firstly just one clarification, you mentioned the target of 4 million TEU, by when you are targeting that kind of volume?

**Sanjay Swarup:** We are targeting this in this financial year because already for the first nine months, we have crossed 3 million TEUs. So, in the last quarter we expect to do more than 1 million, so it will be 4 million TEUs for the financial year end.

**Deepika Mundra**: Any longer term targets on the volume growth?

**V. Kalyana Rama**: That we will give you. For the next financial year, once this year is completed, we will tell you what we are aiming at.

**Deepika Mundra**: Sir, the new terminals being added, can you give some timelines for those and also the land policy or the land procurement, how is it being done for the new terminals?

**V. Kalyana Rama**: See, all the terminals beyond 2006 now for the last 15 years, the land is owned by CONCOR. So, I think the two terminals are coming up, it will be our own land, we purchase it or else if we take some land from any government authorities, they will be under long lease, not on the LLF basis. It will be 30 years or 35 years lease, onetime payment. In the new terminals we are working on nine terminals at this moment, out of that three terminals we are commissioning this year, this financial year that is before March 31.

**Deepika Mundra**: Understood Sir. Thank you so much. I will get back in the queue.

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

**Nitin Shakdher**: Good afternoon Sir. This is Nitin Shakdher from Green Capital Single Family Office. Sir, I just wanted to get a sense, if you could help me with the specific market share at the different ports nine months ended share at JNPT, Mundra, Pipavav, etc.?

**Sanjay Swarup:** JNPT actually we have market share around 61%, but if we take out the private share which is for a very short distance, 100 km, then our share becomes more than 76% in JNPT.

**V. Kalyana Rama**: This is one important thing. All of you understand because that market segment we are not interested. It is movement of 20 km, 30 km where no margin. We are not interested to enter into that segment. So, if you take that segment then it is looking for the percentages less, but we are not at all interested in that segment, we do not want to get into that segment. Without that segment our margins, our share is 77%.

**Sanjay Swarup:** Mundra it is 46%, Pipavav 52%.

**Nitin Shakdher**: Rail share breakup for this at JNPT and Mundra will be how much and Pipavav for rail share?

**Sanjay Swarup:** Rail share is JNPT 19%, Mundra 27.5% and Pipavav 70%.

**Nitin Shakdher**: So there is an increase in the market share over the subsequent quarters from what I can see on the figures, correct?

**Sanjay Swarup:** Yes.

**V. Kalyana Rama**: There is increase in our market share.

**Nitin Shakdher**: Thank you Sir. Thank you.

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

**Achal Lohade**: Good afternoon Sir. Thank you for the opportunity. My first question is with respect to the Swarupganj commissioning. If you could elaborate a bit in terms of how does it work in terms of the savings from a cost efficiency prospective or from volume growth prospective, how does this help? Number two, with respect to the DFC if you could help given now we are operating on the DFC to a great extent, any colour you can provide with respect to efficiency and margin improvement on account of that?

**Sanjay Swarup:** Swarupganj actually helps us in many ways. First is that as the CMD Sir has already pointed out at present Nhava Sheva is not on DFC, so by bringing the imports from Nhava Sheva to Swarupganj we are double stacking between Swarupganj and Khatuwas. We have got special permission for double up on railways and secondly for the Jodhpur ICD we are able to do double stacking from Swarupganj up to Mundra and Swarupganj to Pipavav in import, export both. That we are extensively using and that is also increasing our margins for Jodhpur ICD and which is also beneficial for the company and in Swarupganj we have done 100 double stack rakes in this last quarter and we commissioned only I think one and a half months back there we have done 100 double stack already. So, it is quite beneficial for the company.

**V. Kalyana Rama**: Here what I will add to what further to Sanjay said. As I mentioned in my introductory remarks the new rakes, which we got is an 80 ton payload rates. So that gives us the opportunity to do double stack of even domestic loading between Swarupganj and Khatuwas that is around 550 km. That improves our throughput, our margins. So we have got a lot of domestic loading from the Gujarat area, which we can move into Swarupganj and can make double stack and bring up to Khatuwas and then further single stack business. So that 550 km there is an increase in our margins. So this is all an opportunity which we are now working on and it is new thing that bringing domestic containers into double stack.

**Achal Lohade**: Right and on the question with respect to the benefit of the DFC?

**V. Kalyana Rama**: Already I think I told this. You are again repeating the same thing. There is a time sensitivity cargo which is coming on to the DFC because there is a time issue and all and we do not work out numbers, so do not ask me what will be the margin percentage increase. That is your job. You please do that.

**Achal Lohade**: If you could help with a data point, Sir with respect to the lead distance and empty cost, cost of empty running?

**Sanjay Swarup:** Cost of empty running for the nine months is in ISO EXIM it is Rs.72 Crores and for domestic it is Rs.146.76 Crores so total is around 220 Crores.

**Achal Lohade**: And the lead distance?

**V. Kalyana Rama**: Lead distance.

**Sanjay Swarup:** Lead distance, lead is for EXIM it is 698 km and domestic it is 1395 km for nine months.

**Achal Lohade**: Thank you so much Sir.

**Moderator**: Thank you. The next question is from the line of Bhavin Gandhi from DSP Mutual Fund. Please go ahead.

**Bhavin Gandhi**: Thank you for taking my question. Just wanted a clarification, you mentioned about double stacking on domestic route, so these are not mixed trains, right? These are just domestic trains running independently?

**V. Kalyana Rama**: These are mixed trains, domestic and EXIM mixed between Swarupganj and Khatuwas.

**Bhavin Gandhi**: Okay, railways have announced the mixed trains also now. I thought it was not the case earlier.

**V. Kalyana Rama**: For railways it is container. Railways there is nothing like EXIM container and domestic containers.

**Bhavin Gandhi**: Thank you.

**Moderator:** Thank you. The next question is from the line of Prateek Kumar from Antique Stock Broking. Please go ahead.

**Prateek Kumar**: Good afternoon Sir. First question is on capital expenditure. So, with these rakes and commissioning of terminals as you suggested, are we looking to close at 500 Crores for FY2022 as suggested or it could be like?

**V. Kalyana Rama**: We already spent more than 500 Crores by this quarter. Now the capex spending till the end of this quarter is 525 Crores.

**Prateek Kumar**: So, what will be the full year expectation now?

**V. Kalyana Rama**: Maybe we can touch around 700 Crores. We gave a forecast of 500 Crores, but we may touch 700 Crores.

**Prateek Kumar**: Sir, how is the volume mix changed at ports for the quarter?

**V. Kalyana Rama**: Volume mix, what do you mean by volume mix?

**Prateek Kumar**: Like JNPT we do around 30%, Mundra we do around 40% so how is the mix in the current quarter?

**V. Kalyana Rama**: We already told. JNPT our market share on the rail movement is 77%. When we take out the segment then we are not at all interested, the movement from JNPT to 30 to 40 km area. So, we do not want to enter that business. There are no margins and the rakes get wasted. Because in rail operations, let me tell all of you friends the terminal retentions are a major thing in that. So, the running and terminal retention if it has not touched the ratio of 2:1 then the rakes realization on the rake investment will be less. So, we do not want to get into a business where it is less than 2:1 retention. So, two should be the running time and one should be retention and that is what I am always aiming.

**Prateek Kumar**: Sir, just last question, while cement as a segment which you are targeting for future growth for domestic? What generally has been fueling growth in the past nine months in terms of domestic? I understand certain new initiatives but any specific new commodity which we have added or some commodity which is growing very fast?

**V. Kalyana Rama**: There are lots of commodities. We added industrial salt, we added tiles, we added the new loading points, food grains, so it is a bouquet of commodities. When I talk of cement, because it is one single commodity where we are trying to get a major chunk of share of the domestic comparatively is what we are doing now, almost 70% to 80% we are aiming at getting from one single commodity. We are doing cement now also, but that is very less.

**Prateek Kumar**: Thank you. I will get back in the queue.

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

**Bhoomika Nair**: Sir, just wanted to check in terms of even if we look at Mundra's rail share you mentioned around 27%, 28% now with the DFC operational for that Gujarat port connectivity, how do we see the rail share improving while obviously our market share is fairly healthy but more from a rail co-efficient kind of increasing further?

**V. Kalyana Rama**: The imports are less as of now and mostly it is empty containers, we moved a lot of empty containers because of the scheme what we have given. Now, with this rail share, I cannot give a guess to this, but definitely it will increase because the transit assurance is coming to the customers. So, more and more people will definitely prefer, but then there will be some sort of operational constraints still there on the railways because the network problems of DFC has added from Palanpur, beyond Palanpur there are some operational constraints. The work is going on in railways so once that operational constraints go away, we may see an increase of another 5%, 6% in the rail share at Mundra also.

**Bhoomika Nair**: You mean the feeder route from Palanpur to Mundra Port?

**V. Kalyana Rama**: Yes.

**Bhoomika Nair**: When is that expected to be completed Sir?

**V. Kalyana Rama**: There is no work on that, but there are certain pain points in those routes. Now they are trying to, railways are working on them. They are giving inputs there, once they are completed then the market share at the Mundra Port will increase.

**Bhoomika Nair**: Fair point. Sir, on the JNPT connectivity, by when is that expected to be completed?

**V. Kalyana Rama**: I do not want to answer this. I think you get connected to DFCC people and ask this question. I think by June 2022.

**Bhoomika Nair**: The other aspect is you gave a good update on what is happening with Swarupganj and Khatuwas etc., but there were several other MMLPs that they have put up particularly in the eastern region which is Chattisgarh, Odisha, and also in terms of Uttarakhand, so can you give a kind of what are all these MMLPs broadly kind of revenue generation or what is the likely revenue generation that you are seeing from these MMLPs?

**V. Kalyana Rama**: There are three MMLPs being commissioned this financial year, one is Paradip, Dahej, and Varnama. Varnama is Vadodara basically. So these three have good business potential MMLPs and six more are now under construction. So, there they will come up like Balli, we are already working. Balli we are expecting the customs working to start in this financial year. That will also add volumes there because as of now Balli we are doing, Balli is Goa. We are doing only DPE, DPE. So, your company continuously keeps on working these things. New MMLPs these three MMLPs will get added. Now as far as growth potential, numbers, we do not give specific numbers for these things, but they are good business potential MMLPs which will definitely add in numbers to the overall volumes.

**Bhoomika Nair**: Thank you.

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

**Mukesh Saraf**: Thank you for the opportunity. Sir, first is on the EXIM side, I think time around, you had mentioned that you had taken a Rs.1000 price hike starting October. Just wanted to check has it come into effect because when you look at the average realization per container, it is largely similar sequentially 2Q and 3Q. So, will it take some time for it to come into effect with all customers?

**V. Kalyana Rama**: It is already in effect, please understand we move lot of empty containers at discount.

**Manoj Kumar Dubey:** The focus is on the earlier expenses is probably not in the road, I think the other operating income. If you have seen my results, you just compare the number December 2020 to December 2021. December 2020 we had 38 Crores of other operating income and December 2021 we have earned 125 Crores. Now Q2 numbers, these are nearly 70 Crores we have earned on these two charges that we have parted and there is one more charge that we are adding and we are putting in this TKD there is also an incremental, that is the old charge, but this quarter, we have earned incremental to the tune of 12 Crores. So, nearly 83 Crores we have earned, which was accounted for in other operating income and as CMD Sir mentioned that there is yes some hit we are taking in empty running that as such we are giving to the shipping liner, but in return we are getting good margins, here as well as assured routing on the outdoor deduction to the ports. I hope I have clarified?

**Mukesh Saraf**: Understood. The price hikes have already come into effect and there is no more effect of that we will see from here on?

**Manoj Kumar Dubey:** More than the price hike, only in the bouquet of pricing, we keep on changing something here and there.

**V. Kalyana Rama**: There will be effect of that in the next quarter also because last quarter, last financial year Q4 this price increase was not there.

**Mukesh Saraf**: I was looking at it sequentially. I understand on the YoY basis. My second question is you had mentioned DFC would benefit obviously higher payload on double stacking but also the transit assurance. So, can we look at what percentage of our rakes we are right now running or we are providing this transit assurance already and how much will this go up to when the full Mundra connectivity happens on DFC?

**V. Kalyana Rama**: The transit assurance now we are trying to provide on all the rakes, but actually it is not happening for all the rakes. So, as of now if you ask me it is happening around 30%, 40% transit assurance because the operations were recently started around three months back, still to be smoothened out and the junction points of the Indian Railways and DFC. So once they get smoothened out, the transit assurance will be almost to around 80%, 90%, that will be a good influx point for getting more containers on to rail.

**Mukesh Saraf**: So that will drive the shift from road to rail basically to an extent?

**V. Kalyana Rama**: Yes.

**Mukesh Saraf**: How long will this take just a broad timeline on getting to that 80%, 90% transit assurance?

**V. Kalyana Rama**: Maybe another three four months or six months because what we are now trying to induct our own shunting locos at this points so the leased operations so we are in the process that may take around maybe four to six months.

**Mukesh Saraf**: Thank you so much. I will get back in the queue.

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

**Ashish Shah**: Good afternoon Sir. Just one question on the domestic segment, we have seen the EBIT per TEU decline a little bit from the second quarter to third quarter level, while the volumes have actually expanded, so any colour if you can provide on that Sir? Thank you.

**V. Kalyana Rama**: It is an accounting issue. If the margins is at that level, one is that the depreciation for new rakes and empty running cost, so the proportionate allotments we do up on different segments, so it is more of an accounting thing, that there is a dip in the margin in the domestic.

**Ashish Shah**: Indicatively Sir would the margins on the domestic side remain at where we are seeing at the Q3 levels or these could improve as we go ahead?

**V. Kalyana Rama**: You can see, Q1, Q2, Q3 these levels if you add on, and in the nine months you could see that around 5200 odd is the margins, so you can expect the margins to remain at the same level, 5200, 5500 this is more of an accounting, my dear friend, so we will be doing the accounting for depreciation, we will keep accounting for new terminals, capitalizations, amortization, so that how proportionately we are going to distribute to the domestic that effects the numbers, otherwise absolute margin wise yes it is around 5000+ per container. This what you have to do is when you look back in 2016 we were having only Rs.850 per container as domestic margin. So that is what we have build up over the last five years to bring the margins per containers from Rs.850 to Rs.5000 plus while picking up the business as well.

**Ashish Shah:** Thank you for your response.

**Moderator**: Thank you. The next question is from the line of Jayesh Shah from OHM Portfolio. Please go ahead.

**Jayesh Shah**: Thank you for the opportunity. This land license fees, I just missed out, some problem at my end. I thought this issue was settled at 6% and now it has been revised to 7%. Is this linked to interest rates? How often can railways keep raising it because we thought 6% land license fee were…?

**Manoj Kumar Dubey**: Let us understand the rules very clearly. 7% escalation is on the base price of the total land value. So the dynamics really is 7% enhancement in the base value of the land at 6% even

6%. So, today if the value of the land is Rs.100, this year I will pay Rs.6 on that, 6%. Next year that Rs.100 will become Rs.107.

**Jayesh Shah**: Okay, so this is a yearly escalation base on whatever the land revenue?

**Manoj Kumar Dubey**: Dynamic percent is 7% enhancement in the value of the land.

**Jayesh Shah**: Okay that is as per the ratable value calculation, is it?

**Manoj Kumar Dubey**: Absolutely, at 6% over the updated value of the land. I think I made it clear to you.

**Jayesh Shah**: Secondly when you are talking about setting up these new terminals broadly by what extent to our capacity go up. I was just trying to get that sense. I am not talking of guidance for the next year, but does it really or are we right in terms of thinking that your capacity would go up by whatever 20%, 30%, 40% or they would actually result in margin increase as you were explaining?

**V. Kalyana Rama**: Capacity expansions, we can do capacity expansion even with the existing terminals. We do a lot of innovations in that. We can go vertical space utilization. So, to put it very simple, these three new terminals what I am talking of will add a capacity of let us say another 2 lakh TEUs handling.

**Jayesh Shah**: Okay. Have you finalized the expansion for next year or this will be done later?

**V. Kalyana Rama**: Let us discuss once this financial year end is completed.

**Jayesh Shah**: Thank you very much.

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

**Koundinya**: Thanks for the opportunity. Sir just a couple of questions; firstly on the haulage charge discount, I understand that it is said to expire in April 2022 and then we have also provided certain discounts to our customers. Sir, just trying to understand what all policies, or any representation from the industry to extend the discount, I mean the timelines, and if not what will be the potential impact or margin level for us?

**V. Kalyana Rama**: See if you look at margins, there is no impact. I think the DF will explain you that. Maybe Manoj you explain the first then we will answer.

**Manoj Kumar Dubey**: The scheme that decision is that we are we are giving the discount in hinterland direction from the port, but at the same time, the benefit that we are getting financially is we have given a condition that whatever emptying we are bringing to our depot it has to be loaded back from my depot only. So that is giving me 100% assurance in the outward direction to the port. So that has given me lot of more business than what we used to get last FY2021 this option was there for them to go out to other depots or road mode also. This is number one. Number two, as you mentioned or somebody mentioned that we have already gone for Rs.1000 each bouquet in our total charges, which is applied on these empty containers also once they are loaded from here. So in the financial calculations I am positive in my margins despite having this scheme, but let us understand that we are given a condition that whatever comes to my depot, in empty running direction free of cost, it has to be loaded from my depot only and that financers are giving me good benefit than what I was getting in the other regime. We will take a call end of the year. CMD will talk about it and we will make our strategy afresh after the end of this financial year we have announced already that for this financial year in fact, we liberalize it and made a scheme last quarter that more than 75%, if you do 10000 plus each shipping lines we will be giving 75% discount and then we have 100% discount scheme also based on the volume and we will take a look by the end of this FY.

**Koundinya**: Essentially if my understanding is correct, you will take a relook at the numbers post April 2022 or rather to extend it or not to extend it? Is that understanding right Sir?

**V. Kalyana Rama**: You are asking whether the industry and the customers are they asking for the extension for this. There is always a demand to extend this scheme without any doubt. So there is a demand for extension, but we are working out as explained by DF. So this is a very positive thing and we got positive response, we have good business, our margins attribute the profits increase because of these schemes, so taking all these things, before the end of the financial year we will definitely announce the scheme for the next financial year so that there is a continuity for the customers. He has mentioned at the end of the financial year that means what is effective for the next financial year we will be very clear with our customers and there will not be any doubt in their minds, so that those customers who come to us will be with us.

**Koundinya**: Understood Sir. Sir, my second question is on the rake procurement side. I mean, I understand that we are going for higher capacity rakes and all with the BLCS and BLCM so just trying to understand with respect to the speed limits on DFC and also on non-DFC of railways?

**V. Kalyana Rama**: Do not ask too much of technical thing, it is too technical. So let us understand in basics. We are procuring only BLCS not BLCM. All new procurement is BLCS which can carry 80 tons payload. BLCM carries 68 tons payload. When I say payload that is the weight we can put on the wagon. So, 12 tons extra we can carry that gives a lot of opportunities for us, number one. Number two, BLCS and DFC can carry that 80 tons payload with 100 km speed and all BLCS wagons are 100 km speed and our Indian Railways they are running our 65 that is absolutely not a problem because average goods train speed on Indian Railways is less than 30 km. So that does not have an impediment. BLCM what I talked is we got stock called BLC which is 61 tons payload, which was inducted long back maybe 20 years back, we are upgrading them all into BLCM, already we upgraded almost 140 rakes, some rakes left out, they will be upgraded by the end of the next financial year, so we will have only BLCM and BLCS in our stock.

**Koundinya**: Understood Sir. I was asking about the paid limits if railways had approved it in the higher speed limits on DFC?

**V. Kalyana Rama**: I already told speed limits are 100 km that the trains run at 30 km average speed, so that is not at all an impediment and that is not a point of concern for anyone.

**Koundinya**: Thank you very much.

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

**Shrinidhi Karlekar**: Thank you for the opportunity. Sir I have a question on dual time, I just wanted to know what are the typical dual time at CONCOR terminal in EXIM Business and how are they different in export and import leg?

**V. Kalyana Rama**: You are not following CONCOR. See, we announced the scheme two years back and we give a free time of 45 days to the loaded containers and 90 days for empty containers & continuing.

**Shrinidhi Karlekar**: I am aware. I wanted to know when an exporter try to send a container, to port by the time it enters CONCOR's terminal and by the time it leaves CONCOR terminal, what are the typical time. This is more from a time story, not the warehousing, I am aware of that 45 days.

**V. Kalyana Rama**: You know the terminals, we clear immediately that is why the customers come to us. Our clearance of port is mostly within I can say two days from the time the containers come back.

**Shrinidhi Karlekar**: Yes, I just want to know the two days, these are two days is it?

**V. Kalyana Rama**: Listen to me. First of all, why do you come to conclusion? Our import share is around two days and export share we clear within a day, 24 hours.

**Shrinidhi Karlekar**: Fair enough Sir. Just want to know is it a function of volume, I suppose it is a function of volume and how frequently you run trains between terminal and port. So, does DFC change these numbers?

**V. Kalyana Rama**: You are not able to frame your question. I will explain. DFC gives the time sensitivity to the cargoes. So, there is a transit assurance. So more and more numbers will get booked with us, but anybody running on Indian Railways they have to run with numbers, because the train, not less than 80 TEUs have to be run, if it is less than 80 TEUs we have to pay idle freight to railways that is the rule, commercial rule. So, we always above 80 TEUs, so we run 90 TEUs trains. We get those numbers. That is how this company is growing.

**Shrinidhi Karlekar**: Fair enough.

**V. Kalyana Rama**: I think moderator, the last one or two questions we will take as this is one hour.

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

**Aditya Makharia**: Sir, just one question, you mentioned that you are focusing more on domestic and currently most of our cargo comes from the western side of India, so is it fair to say that now your mix will become more on the eastern side because a lot of the domestic cargo actually happens, a lot of domestic movement happens on the eastern side?

**V. Kalyana Rama**: It is not so. I do not know. Domestic movement happens all over India. See, when I said we will be working on cement, cement is in clusters. Cement clusters there are four, five clusters in India, one in Western India, two in South India, one in Chattisgarh, so these cement clusters will be concentrating. There is one small cluster in Eastern India also. So, the domestic cargo now this cement business will be all over India because cement consumption is all over India and also please do not misunderstand when we say our emphasis is on domestic it is not that EXIM there is no emphasis. EXIM there will always be emphasis. Whenever there is EXIM growth is there, we will be taking up the demand. In domestic we are working on the particular segment, which is going to give us good volumes.

**Aditya Makharia**: Second thing if I look at a three to five year view, as the mix of domestic goes up, the margins today are very healthy at 24%, 25% and in general the margins in domestic have been lower because you compete with road. So, to that extent will structurally margins come down?

**V. Kalyana Rama**: As an analyst what you look at. You look at return on capital, isn't it? The absolute numbers, what PAT we are going to give, now percentage is one statistics which speaks of as a topline what is my margin, so my absolute numbers will go up, my ROC will go up whereas my margin percentage as the topline will definitely come down because domestic as it increases the margin percentage wise will be less, but my absolute number will go up.

**Aditya Makharia**: Got you. Thank you so much.

**Moderator**: Ladies and gentlemen this will be the last question for today, which is from the line of Vikram from PhillipCapital. Please go ahead.

**Vikram**: Good afternoon Sir. What was the rail freight margin for this quarter and nine months?

**V. Kalyana Rama**: The rail freight margin for this nine months is around 32%. As Manoj explained to you, there are some charges we are collecting as other operating income, basically they are freight based only, but we book the bouquet of charges in different, there will not be too much of emphasis on one thing. So, if I take those thousand increases which I have not done in freight, but I have done as other operating income, our rail freight margin is coming to around 32% for the nine months. For the quarter also it will be something like around 32%, 33%.

**Vikram**: Thank you very much Sir.

**Moderator**: Thank you. Ladies and gentlemen as this was the last question for today, I would now like to hand over the conference over to Ms. Bhoomika Nair for closing comments.

**Bhoomika Nair**: Thank you so much for the entire team and giving us an opportunity to host the call as also all the participants. Thank you very much and wish you all the very best.

**V. Kalyana Rama**: Thank you.

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