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Dear Sir/Madam,

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

Pursuant to applicable provisions of SEBI (LODR) Regulations, 2015, please find enclosed transcript of Post results conference call held on 19.05.2023.

For your information and record please.

धन्यवाद।

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कृते भारतीय कंटेनर निगम लिमिटेड

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CC : ED/P&S (Area-II) for placing on website of CONCOR.

"Container Corporation of India Limited Q4 FY 22-23 Earnings Conference Call"

May 19, 2023

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. AJIT KUMAR PANDA – DIRECTOR (PROJECTS & SERVICES) – CONTAINER CORPORATION OF INDIA LIMITED
MR. MOHAMMAD AZHAR SHAMS – DIRECTOR (DOMESTIC) – CONTAINER CORPORATION OF INDIA LIMITED

MODERATOR: **MS. BHOOMIKA NAIR – DAM CAPITAL ADVISORS LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Container Corporation of India Limited Q4 FY23 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 star then zero 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, ma'am.

Bhoomika Nair: Yes, thanks. Good morning, everyone, and a warm welcome to the Container Corporation of India's Q4 FY23 earnings call. We have the management today being represented by Mr. V. Kalyana Rama, Chairman and Managing Director, and his entire senior team. I'll now hand over the floor to Mr. Rama for his initial remarks and post which we'll open up the floor for Q&A. Over to you, sir.

V. Kalyana Rama: Thank you, Bhoomika, and good morning to all of you. Thank you for joining for the conference call and to share our views on our business and the future. Last year, we could achieve around 7% growth in our volumes. Even though there is a strain on volumes in EXIM, we are facing some headwinds. We are working on them. So let me share with you some customers are taking some positions because of the continued uncertainty going about the divestment, but then we found the solutions for that and we are positively getting the response for that and we are working on that.

Very interesting thing which happened in the EXIM sector is the direct connection to Dadri for the DFC. So that has enabled us to run the double stack train direct from Dadri into Mundra and and Pipavav and the time taken is less than 24 hours. So, a lot of diversion of road, cargo to rail we are expecting in that, even time sensitive cargo, light cargo.

We also started the movement of reefer containers and double stack from Dadri. That's a new thing we started. So, with all these developments, this year we will be able to withstand the headwinds in the EXIM cargo.

Domestic we are doing very well. This is the third year where we could see a good growth in domestic. On revenue side, we grow by 25%. On the volume side by almost 15%. This year also we are working out to grow in the same manner. Maybe our targets are very high, but there are certain constraints in that. The main constraint is the container availability because we stopped importing from China and we are developing in Atmanadbar, Bharat. We released 19,000 containers manufacturing in India, but the ecosystem development is still taking time. So, the container manufacturing is not going at the pace which we expect and which we want. So, there is a shortage of domestic container.

As of now we are able to maintain our supply lines, but to grow faster we require more containers. So we are working on different aspects like getting some containers on lease. We are working on that. And also, we are releasing further orders for container manufacturing to make the interest that was generated in more and more manufacturers. So, a lot of effort is going on in this direction.

Wheel and axle, there is an issue of availability in India. So, we are working with railways and we are with other manufacturers for developing these wheel and axles. And to get rakes rolled out from wagon manufacturers. So that also we are working on. Of course, these two constraints will be there towards the growth, but we are hopeful that we will be able to overcome these constraints.

And with that, the domestic growth we expect this year to be very good. And EXIM, the export-import scenario is one worrisome factor because the economies in the Western world and the other places are not very encouraging the commentaries what we are hearing. There is the issue of recession, as also people are talking of.

But the domestic side, India is growing. And if the EXIM scenario increases, we will get more growth. And as of now, the existing EXIM volume, we are trying to get more share. Our share is getting affected, that we are working on to recover back that share, where we were. And this double stack operations and other schemes which we are coming out, like the existing schemes which are running off 50% discount on empty repositioning from port to hinterland. And one plus one scheme we introduced last year. We are seeing a lot of good tailwinds in that. So we will be able to get some more schemes coming out with those schemes as the things progress.

So as of now, I am not very much worried about the scenario for the next financial year, even though the task is very tough on the EXIM side. But I am hopeful that my team will be able to come out with new things and will be able to withstand all these pressures and will be able to get that growth, which we always start with around 10% to 12% growth for the year. This year also we are starting our financial year. We started with the same assumptions and we are working towards that.

The rest of the things I will answer as the conference progresses. Thank you.

Moderator: The first question is from the line of Amit Dixit from ICICI Securities. Please go ahead.

Amit Dixit: Good morning, everyone. Thanks for taking my question, sir. I have two questions. The first one is on capex. In the last concall, you rightly indicated that capex would be back in the next year. We have seen capex increasing in Q4. If you can just highlight the main areas of capex last year in FY23 and how much capex can be expected in FY24 and in what areas? That is the first question.

V. Kalyana Rama: DPS, Director Projects will answer your first question.

Ajit Kumar Panda: As far as capex is concerned, we have got investment into going into terminals, rolling stock, that is wagons, procurement of containers. We have four new terminals last year and we are hoping to commission another five terminals in FY24. For rolling stock, we are expecting to add anything between 24 to 36 trains in FY24. We are expecting a capex of about INR600 crores in FY24 vis-à-vis we have got INR560 crores last year.

In INR560 crores, the major investment has been made in rolling stock related activities. Although we have not got the rolling stock physically, we are expecting them delivered this year, we have invested in getting new wheels, rolling stock components, manufacturing activities and axles. So, the major part, that is about INR300 crores we have spent on rolling stock alone.

V. Kalyana Rama: This year also, the major portion of the capex expenditure will be on the rolling stock and the handling machinery.

Amit Dixit: Okay, that is very clear, sir. The second question is on margins. Now, if I look at your margins from Q2, margins have gone one way down from 25% EBITDA margin I am talking about to 20.4% in this quarter. And since you have highlighted that there is a strain on the EXIM volume, while I am not asking you to crystal gaze and tell us the margins, I just wanted to get what kind of EXIM growth are we targeting and what kind of empty running costs were there in this quarter?

V. Kalyana Rama: See, as I mentioned in my comments, I look at try to achieve the 10% growth in EXIM volume also. So as I already mentioned in my inaugural remarks that the DFC running now is going to help us. So that is where we are putting our cards and we are trying to work on the positive impact which it can bring on. So, to start with, we will work with the 10%, but things are not very encouraging in EXIM.

Actual export-import scenario itself is not very good. The Indian exports are under strain, like handicrafts are not going, merchandise exports are less, except primary agro exports, other exports are less and a lot of empty-container inventories are building up in India. So, it is one way it is good that export freight rates have come down, but the export scenario is not good, that is why the empty-container inventory is increasing.

So now coming to, as I said, even though exports may not increase, but the existing EXIM volume, our share has come down. In the last year, we lost some percentage share. Now we are working on to regain that share back. So that is the main thrust area this year we are concentrating. So we will get back our share, so that will increase our EXIM volumes. And also we are working on increasing our margins by improving more and more double-stack. So there is a possibility of increasing double-stack because now we are doing it directly. And also, domestic we are trying to bring into double-stack operation.

This is a new thing. So that -- because now we got two hubs on DFC one is Swarupganj. That is near Palanpur. And then 1 in Dadri, NCR. So between these 2 hubs, there's distance of around 650 kilometers. We are working on bringing even domestic on to double stack. That will also increase some margins for domestic as well. So these are all of the things we are working on. So this is a continuous improvement to us as we keep on doing, so with that, maybe we will be able to maintain our margins.

Amit Dixit: Okay, great. And the empty running cost in this quarter, EXIM and domestic?

V. Kalyana Rama: Empty running, INR94 crores. Domestic is INR87 crores and EXIM is INR7 crores.

Moderator: Thank you. The next question is from Deepak Krishnan from Macquarie. Please go ahead.

Deepak Krishnan: Sir, I just wanted to understand. You said you lost market share. So maybe could you share the overall market share number at the end of the year? And also, port-wise, where are you in terms of market share, at Mundra, JNPT and Pipavav?

M. Azhar Shams: Yes. I'm Director, Domestic, Mohammad Azhar Shams. Could you please, I mean, repeat your question? And do you want to know the port share of CONCOR? Or I mean -- what share you are talking about, please.?

Deepak Krishnan: So overall share in rail, like you indicated you have lost share. Last quarter, you indicated you were at 58%. So I want to know in the CTO market, what is CONCOR share? And individually at JNPT port, Mundra port and Pipavav port, what are the market shares? Like last quarter, you indicated about 79% at JNPT, 38% at Mundra and 48% at Pipavav. So similar number.

M. Azhar Shams: Actually, this overall share of CONCOR combined together, if you talk about the whole of this country-wide movement taking place…

Deepak Krishnan: It is only in EXIM, sir.

V. Kalyana Rama: Port share is not readily available because Director International Marketing, Sanjay Swarup is not here. So you send the email, we will answer you.

Deepak Krishnan: Sure, sir. Maybe then I just wanted to understand, there has been a substantial jump in other expenses this quarter. Has there been any sort of one-off cost or any factor that has caused, because our segmental margins are quite strong, but unallocable expenses…

Manoj Kumar Dubey: You are talking about other operating expenses?

Deepak Krishnan: Yes. So I can just give you the number as well in case that sort of helps you.

Manoj Kumar Dubey: So in other operating expenses, there is not much that we have enhanced, except for the fact that in the TKD depot, there was some MCD tax issue was there. And in Mulund depot, there was some -- that was made for dispensing with some hazardous containers. These are the two culprits because of that we have taken some hit in that area. The rest, it is as usual.

Deepak Krishnan: So, sir, it's not just other operating expenses, other expenses as well, which is closer to about INR103 crores this quarter in standalone versus INR59 crores, about INR59.78 crores the previous quarter. So, Q1-Q2, there has been a doubling, whereas, you know, revenues are at a similar level?

Manoj Kumar Dubey: No, in other operating expenses, it's not from INR138 crores, we have gone down to INR134 crores. And in administration and other expenses, yes, from INR268 crores to INR312 crores, that is INR40 crores that we have gone up. Right?

Deepak Krishnan: Yes.

Manoj Kumar Dubey: So, this INR40 crores break-up I told you, there are around INR10 crores that we paid at Tulagabad depot for MCD taxes that were… some dispute was going on and under the court order, we had to pay that. After that, there is some repair and maintenance work we have taken heavily in our depot that is costing us INR15 crores. INR6.74 crores has gone to the Mulund depot, as I mentioned to you, for disposing some hazardous materials. And CSR payment has gone up by INR5 crores in this FY. And there is something else we are doing in this bulk cement business, where we have booked around INR2 crores. So, that quantifies for nearly INR40 crores of expenses that has gone up. But if you look at other operating expenses, there we have gone down from INR138 crores to INR134 crores.

Deepak Krishnan: Yes. Yes. Maybe just one, if I can squeeze in, could you just share your originating volumes for the quarter?

Manoj Kumar Dubey: Volume?

Deepak Krishnan: Yes. Okay.

Manoj Kumar Dubey: The originating volume… So, for EXIM, it is 1.1 lakh. It is 19,18,079 for FY. And for domestic business, it is 4,40,878.

Deepak Krishnan: Sure, sir. So, could you just repeat that again? 19 lakhs?

M. Azhar Shams: 19,18,079. That is the EXIM originating volume. And the domestic is 4,40,878.

Deepak Krishnan: Sure, sir. So, those were my questions. And thanks for the opportunity.

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

Atul Tiwari: Yes, sir. Thanks a lot. So, just wanted to get your view on the margin profile for domestic business. And the context is that, if they are, you know, obviously, the company has done very well. And now on a per TEU basis, you know, even at this level of volume, it is almost similar to Exim. So, margins have really expanded. So, if the volume ramp up from here, can we potentially look at further expansion in per TEU in terms of domestic business? And can it even go higher than EXIM?

V. Kalyana Rama: No, see, Atul, the domestic margin per TEU we are trying to improve upon, but they are always not comparable to Exim volume. See, Exim, every moment is paid for us. Because we undertake movement on behalf of the shipping line or other customers. In domestic, if there is an empty repositioning, it is at our cost. So, that is where actually we take a hit on our margins. So, our, always our endeavor is to reduce as much of empty running as possible. But as the business grows at a faster pace, there is always an inherent empty repositioning involved in this.

Till we get, you know, a better circuit built up for the new business we are getting. So, this is, the margin expansion cannot be much faster. In fact, to improve our margins in domestic, what we are working on is we are adding value-added services. So, value-added services in the form of first mile, last mile deliveries, business support solutions, and distribution logistics, which we are talking, I am talking of for last four or five years now, to start off as early as possible.

That is a total asset like business. So, with these things, we want to improve our margins for domestic business.

Atul Tiwari: Okay, sir. And just a second question on the EXIM, originating volume. So, the number that you gave 19,18,000 for this year, if I like look at the history, I mean, we did the similar number, say, FY15 also. So, almost like seven, eight years. And, you know, it has been kind of flattish. So, you know, what is the strategy to kind of build numbers from here?

V. Kalyana Rama: You can't take 116 and 123 say flattish, there was a growth in between. Now it has come down, actually. I already told you, we lost some market share. There is a lot of competition for us. And the uncertainty of divestment, some customers are taking some positions. Okay, so this actually, we lost some volume of EXIM in the last year.

We lost our market share. So, we come out with a new scheme in the month of November, one plus one scheme. So, after a threshold volume, if anybody offers us one loaded container, we'll move on empty container free. So, that is one scheme which has been taken up by all my customers very enthusiastically and the volumes are increasing. We are already continuing our empty repositioning scheme.

So, we are now working on coming up with some new schemes. As I said, reefer containers, we put on to double stack. We are going to come out with some scheme with reefer containers. So, these are all the things which we are coming out to withstand the competition and also to overcome the uncertainty problems which we are having for four years. So, we are working on that.

Atul Tiwari: Okay, sir. And sir, finally, very quickly, could you say the domestic originating volume number again? I missed that. Sorry. Domestic originating volume.

V. Kalyana Rama: Can we go to next question, please?

Moderator: Yes, sir. Thank you. The next question is from the line of Abhishek Ghosh from DSP. Please go ahead.

Abhishek Ghosh: Yes. Hi, sir. Thanks for the opportunity. So, just wanted to, just on the market share loss part of it, just wanted to understand one thing. Is it because of supply addition, terminal addition by competition or is it a pricing strategy that has been taken by competition that has led to market share loss?

V. Kalyana Rama: Both are there. Both play a factor because the competition pricing strategy is CONCOR minus. So, there is no pricing strategy. If I say my price is X, they will say X minus 3000. Okay. And competition is not the other people operating on the rail alone. So, we don't see that as a very big competition. Competition is road as well. Road network is improving, lot of express way are coming up and the things are moving very fast. So, we have to match that. Okay. These are the two factors.

Abhishek Ghosh: And, sir, since you also spoke about the market share loss in the last quarter as well, is it fair to assume that the market share loss has now at least got arrested and, you know, it will be stable now? Is it fair to assume that?

V. Kalyana Rama: In fact, you can assume positively. See, think positive. That is the essence of life. So, what we are working on is a more market share. Stabilize the market share.

Abhishek Ghosh: Great. And, sir, just one last thing on the domestic part of the business is how has been the traction on the cement part of this thing, if you can just enlighten us with that?

V. Kalyana Rama: See, we did handle around 3,700 or 3,800 containers last year. So, last month in the month of March, we touched 800. So, there is a lot of interest. Now, things are stabilized. So, but there is, that is a major issue. So, we are not really pushing it very fast. We require 25,000 more containers. But India container manufacturing industry has yet to pick up. So, we are working in a balanced way.

Moderator: Thank you. The next question is from Ankita Shah from Elara Capital. Please go ahead.

Ankita Shah: Yes, thank you for the opportunity. So, my question is on LLF. What will be the LLF amount this year FY '24?

Manoj Kumar Dubey: So, you want to know what we paid this year or what you are expecting to pay this year? What is your question?

Ankita Shah: Expecting to pay this year, '24?

Manoj Kumar Dubey: So, actually, you will see that on the actual basis, if you recall our concall in Q1 and Q2, where you mentioned very clearly that for the FY '22, '23, we were paying on actual basis because by that time, we have got all the rates of the land. So, last year, we ended up paying around INR392 crores. So, we just add 7% on that. So, that comes out to be something around INR430 crores.

Ankita Shah: Okay. And no more adjustments to the number or the land dominance that is not defined.

Manoj Kumar Dubey: As we disclosed to you last year also that we have already made provisions of around INR70 crores with us. So, by and large, most of the places we have already reconciled the things with the Indian Railways. A few parcels are still there, but we have got enough questions with us.

Okay. So, what I was mentioning that we have got enough questions with us in provisioning in FY '22, '23. So, '21, '22. So, that provision is already there and we are on the mode of reconciling things. Most of the things have been done with the Indian Railways. And the few cases where if any further payment is required to be done, provision already exists. So, in this FY, whatever we are required to pay is on actual basis, that is 392 plus 7%. This is what we are planning to pay. I hope I am very clear.

Ankita Shah: Yes, sir. Absolutely. So, secondly, on the realization part, do we see more pressure on the realizations for the EXIM and what about domestic side? How much should we take that going forward?

V. Kalyana Rama: I think, Ankita, I answered this question now for two, three guys.

Ankita Shah: Sir, on the realization part, you said you mentioned about the market share and the margins.

V. Kalyana Rama: I said margins also, there is a pressure. So, that is what realization is, isn't it? So, margin, there will be pressure on EXIM, because we will be trying to get our market share back. So, we will be coming out with schemes. But that pressure on market, we stand by improving our double stack operation from Dadri and try to reduce more and more empty running. And domestic, as I said, the circuit building which we do, as we add new traffic, there will be more of empty running. Then we will start to scout for more traffic in the reverse directions and we build the circuits. And also, we are adding value-added services.

Ankita Shah: Got it. Lastly, if you can share the double stacking of trains that we run in this year?

V. Kalyana Rama: Last year, 4,100 double stacks compared to 3,750 a year before. This year, we are trying to bring domestic into double stack. So, our aim and my target to my team is that we must cross 5,000 double stacks this year.

Moderator: Thank you. The next question is from the line of Abhishek Nigam from B&K Securities. Please go ahead.

Abhishek Nigam: Yes. Thank you for the opportunity. So, if you can just update us on the five new terminals, where are they coming up and will they commence operations in FY '24 or '25?

Ajit Kumar Panda: Yes. We are coming up with one in Jodhpur. You know the Kalinga Nagar steel cluster, that very large steel cluster. Then the second one, we have got one on competition, one Mandelgarh. Then we are building the Burnham which has been notified but it will be connected to DFC on the other side. Then we are also planning a terminal on south of Delhi for which the land acquisition is under discussion with the Haryana government. Then another terminal we are trying to have in Punjab. So, about five terminals we are planning for FY '23-'24.

Abhishek Nigam: Okay. So,'24, '25?

Ajit Kumar Panda: These are for '23, '24.

Abhishek Nigam: So, okay. Calendar year '23, '24. Yes. Fair enough. Fair enough. And just on the DFC, if you can, whatever latest updates, if you have any thoughts on, especially for the final connectivity for JNPT?

V. Kalyana Rama: No. You have to ask DFC.

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

Achal Lohade: Yes. Good morning, sir. Thank you for the opportunity. My first question was, what is the contribution in terms of the volume sourced by our associates or trade partners which is coming on to our rakes for FY '23?

V. Kalyana Rama: What is that? Associate trade partner. What is that?

Achal Lohade: Associates or trade partners who are sourcing the volumes and using our rakes for the movement?

V. Kalyana Rama: So, we call them business associates, BAs. So, domestic volume may, it is, except corporate customers, everything will come through BAs only. So, the volume will be something like 60% is through BAs. So, 60% of domestic volume is through associates.

Achal Lohade: Sorry, sir. I could not hear in between. You said 50% of the domestic volume is through business associates, right? Have I got the number right?

V. Kalyana Rama: 60%.

Achal Lohade: 60. Okay. And how about EXIM, sir?

V. Kalyana Rama: EXIM, there is no associate. No, EXIM, it is, you know, booking at the terminal. There is no concept of associate in EXIM. Where from you got this concept?

Achal Lohade: No, I am just asking, sir. Domestic, I was aware. So, that is why I wanted to know the percentage?

V. Kalyana Rama: In EXIM, it is, directly the CHAs, the exporters, importers, some, see, in imports, it is entirely through shipping lines. All the imports, shipping lines are our customers. Shipping lines directly give us the volumes. On export side, now the scenario is shipping lines operate some places, CHAs operate some places, there are some places where directly customers are operating. It is a mixed bag.

Achal Lohade: Understood. Sir, sorry, I am hopping on the market share question. You know, is the market share loss at a particular port terminal or is it at a particular pocket, ICD pocket? Can you clarify a little bit on that? Or it is across the board, sir, in the EXIM segment?

V. Kalyana Rama: EXIM segment, major, basically the competition which we feel is on the, this western sector, particularly Mundra and NCR sector. So, that is where the competition is really tough and where we lost some market share, we are working on that.

Achal Lohade: Got it. Sir, just a margin guidance with respect to EXIM and domestic for the full year, sir. That is about it from mine. Thank you.

V. Kalyana Rama: Margin guidance, as I said here in my opening remarks, we will try to maintain the same margins.

Achal Lohade: Of fourth quarter. Have I got it right, sir?

V. Kalyana Rama: What we have seen this financial year.

Achal Lohade: Financial year, okay, sir.

V. Kalyana Rama: We don't work on quarter-on-quarter, no? So, that you people try to do it because, see, long term investors I got, they don't bother about quarter-on-quarter performance. They look at it for the next five years performance.

Achal Lohade: Absolutely, sir. Thank you.

Moderator: Thank you. The next question is from the line of Priyankar Biswas from Nomura. Please go ahead.

Priyankar Biswas: Thank you, sir, for the opportunity. So, sir, my first question is, as you had indicated that the number of double stacking will increase from 4,100 to around 5,000. So, if that happens to what extent should our EXIM profitability should go up?

V. Kalyana Rama: I am not analyst. As I said in many conferences, people are listening to me for last seven years, I don't do these guess works. You see, there will be definitely increase in margins. Now, what percentage, how many percent basis points, that I really don't know.

Priyankar Biswas: Sir, you are guiding for same margins in EXIM…

V. Kalyana Rama: I said, yes? Because there will be, see, there are factors we are getting affected by the competition, some headwinds against us. So, we are working on. So, maintaining the same margin in logistics business what we got for this financial year is itself a very tough task and it's, the margins at this level, logistics business is very tough. I don't think any other logistics operator are coming out with these margins.

Priyankar Biswas: That's true.

V. Kalyana Rama: Yes. Thank you for accepting.

Priyankar Biswas: So, sir, and one more thing is, sir, you have been highlighting about the first mile and last mile to improve the services to your customers. So, at this point, how much of a network, like, in terms of terminals, do we have this full first mile and last mile coverage?

V. Kalyana Rama: We got now almost all terminals covered under first mile, last mile. Okay. So, and growth also is very good in that. So, like last year, we handled almost more than 0.5 million TEUs. So, our target is 50% of the volumes we handle. Something like we handle originating volumes of 2.2 million to 2.3 million. So, we want to handle almost 1 million to 1.25 million TEUs under our FMLM in this arc by the next financial year. That is our target. We are working on that.

And moreover, to improve the productivity on the FMLM side, what we are trying to do, we ordered 100 LNG trucks. Order is already placed. In fact, if you people followed Honorable Transport Minister, Shri Nitin Gadkari ji, he mentioned in one of his speeches that he inaugurated the first LNG truck from the Pune company. So, that is where we placed our orders, 100 LNG trucks. So, these LNG trucks we will be introducing and we will be putting our LNG station in our own terminal. We are already tying up with the oil companies. Their oil companies are also very much interested. So, once we start with this, when we experience this for two-three months, then we will proliferate this across all our main terminals with LNG transportation. And let me tell you, the LNG transport will be at the 50% cost of diesel transport.

Priyankar Biswas: So, the running cost would be like 50% lower for the LNG trucks, so something like that?

V. Kalyana Rama: Yes. So, that is not 50% of the cost. There are other costs. So, the fuel cost in the local transportation is something like you can work, you can account it for 40% to 45%. So, you will save 20%-25% of money in the local transportation.

Priyankar Biswas: Okay, okay, sir. Just if I may squeeze just one more in. So, your double stacking has risen very sharply, like FY ‘23 versus FY ‘22, but the increase in profitability in EXIM is sort of range bound. I mean, is there any other factor that we need to be aware of, like what is like preventing the EXIM margins from going up high? I understand it's one of the highest in the industry, but still.

V. Kalyana Rama: See, the empty running cost, Railways was giving 25% discount on empty in ‘21-‘22. Now, last year it is withdrawn. And then there is a 5% reduction in the load run. That is reduced, but we have not increased our rates. So, we have absorbed these costs, 25% in the empty. When I say empty, it is not only empty racks, empty container movement as well. And all that 25% cost in domestic as well as in EXIM also we absorbed. And 5% increase in the loaded runs we absorbed. So, these are all the pressure on the margins. So, that is where we could maintain our margins only with a little bit of pressure on margins because of our improved double stack, improved operations and faster turnaround of rakes.

Priyankar Biswas: Yes, sir. That's very clear, sir. Thank you, sir.

Moderator: Thank you. The next question is from the line of Mukesh Saras from Avendus Spark. Please go ahead.

Mukesh Saras: Yes, sir. Good afternoon and thank you for the opportunity. My first question is again on the market share, but you had commented that road transportation is also getting extremely competitive. So, with the backdrop of double stacking, DFC, timetable trains, we would actually expect the opposite where rail would have gotten a lot more competitive. So, just trying to understand what are the reasons that road is also gaining share over rail or getting more competitive?

V. Kalyana Rama: Have I said that, that road is gaining share?

Mukesh Saras: No, I mean, okay. It is competitive because of which it's probably impacting your margins or market share.

V. Kalyana Rama: Hey, competition is a word that means road is not giving up. So, as we are improving things, there are improvements in road also. There are expressways coming up. See, now Delhi-Mumbai expressway, Honorable Minister is talking of moving in 16 hours from Delhi to Mumbai. So, when I say competition, it doesn't mean that they are gaining. Now, that you should never understand like that. Competition means they are also equally improving things. So, we have to keep on improving our things to maintain our share as well as our margins.

Mukesh Saras: Right. But is it fair to assume road has not lost share still because in the last two, three years with DFC and double stacking, we had assumed there will be a movement from road to rail. Is that happening or not?

V. Kalyana Rama: We gained share. Now, see, I don't maintain the entire All India Statistics. So, these figures, we have to see. Whether how much road has gained, how much rail has gained, we have to see. But definitely, we gained some traffic because of the double stack running we are doing and the domestic, the DFC connecting to Dadri now happened this year. So, this year, we are definitely expecting more volumes to come to us when we are seeing the traction. You see, when I tweeted on my handle about the double stack, the connection of Dadri directly into Mundra, it got a number of hits. There's so much of interest in that.

Mukesh Saras: Okay. So, we should assume that probably with more connectivity now, this could be an inflection point. We could gain a lot more share from road going ahead, sir?

V. Kalyana Rama: You are a bull or a bear, tell me, then I will tell what you are saying.

Mukesh Saras: No, but on the ground, you would be a better…

V. Kalyana Rama: Definitely, right. We see from Dadri to Mundra now, the container is moving within 24 hours.

Mukesh Saras: Sure.

V. Kalyana Rama: So, no road can take this to 24 hours to Mundra. So, it's all expressways. Now, JNPT connection with the dedicated freight corridor, I can't comment on that. As it comes, it happens. Then we will be definitely compete with the Mumbai-Delhi expressway. Mumbai-Delhi expressway, somebody is talking of 16 hours, that is for a car. If somebody is driving without non-stop, that is the -- so, a truck will take maybe 30 hours if you go with a double driver. So, then there is always the rail, the dedicated freight corridor will reach within 24 hours to JNPT. These are all the improvements which are coming in rail sector, they will be competing with the road. So, road is doing competition. So, rail also has to keep on improving things.

Mukesh Saras: Got it, sir. Thank you. And secondly, sir, what are the rail freight margins in this fourth quarter?

V. Kalyana Rama: 26%.

Mukesh Saras: 26%. All right. And lastly, the lead distances, if you could give for both domestic and EXIM?

V. Kalyana Rama: Lead distance are almost same for the -- lead distance, you want to know for what? For the quarter?

Mukesh Saras: Yes, for the quarter, if you could?

V. Kalyana Rama: Quarter, it is 657 in EXIM and 1,382 in domestic.

Mukesh Saras: Sure. All right, sir. Thank you so much for this. Thanks.

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

Vikram Suryavanshi: No, my question is answered. Thanks.

V. Kalyana Rama: Okay, Vikram. Thank you.

Moderator: Thank you. Next question is from the line of Ragmindra Rathore from Dolat Capital. Please go ahead.

Ragmindra Rathord: Yes, sir. I just wanted to know that the capex plans that we had at the start of FY '23 that we would be spending around INR8,000 crores to INR10,000 crores in the next three to four years. I think this year, we won't be on track due to the domestic ecosystem. So what is in the medium term, is the plan still on for capex?

V. Kalyana Rama: The plan is on. We will be spending that money because our plans to acquire 260-270 rakes, in that we got now 33 racks. The remaining racks, we will be acquiring in next three to four years. We are working on the ecosystem. So there is 237 rakes left over. Each rack, put INR14 crores to INR15 crores. You calculate. You take down your pen and paper, note down these numbers. We want to increase our domestic containers, our holding of containers over next five years to something like a 1 lakh to 2 lakhs, depending on the demand. Now each container put 4 lakhs, calculate yourselves.

So our plans are there. So now we have to develop the ecosystem. Then the capital expenditure will take. That's what I said. You see, quarter-on-quarter, our investors are not looking at. Our investors are looking at what in the next five years we are going to do. In next five years, our plans are intact. As I mentioned, INR8,000 crores, INR10,000 crores, we will be investing into the rolling stock, into the terminals, into various other things. It is still there and it will happen.

Ragmindra Rathord: And sir what would be your guidance on the additional benefits of this capex in the medium term on our top line?

V. Kalyana Rama: My guidance for this financial year, we will try to maintain our margins. We will try to grow at 10%, what we always aim at, and then we'll see how things will go along. So there is no guidance I can give you beyond one year. We don't give that guidance.

Ragmindra Rathord: And sir, the EBITDA margins in this sequentially have contracted. So is there any one-off or what are the reasons behind it?

V. Kalyana Rama: EBITDA margins, I already got one-off question our DF has answered. It's very less, very small, one-off we did. So there is not much of one-off. There are personal margins and we will be working towards maintaining the same margins as this current FY also as the previous FY.

Ragmindra Rathord: Okay, thank you, sir.

Moderator: Thank you.

V. Kalyana Rama: Sir, if there are no further questions, I think, Bhoomika can hand over, Bhoomika?

Moderator: Sir, we have one follow-up question. Can we take that?

V. Kalyana Rama: Okay.

Moderator: Yes, that is from Achal Lohade from JM Financial.

Achal Lohade: Yes, thank you for the follow-up, sir. Sorry, I just wanted to know, in terms of market share for the full year for domestic and EXIM, if you could specify, sir, I know you said the market share is not available, but just a part contraction, how much is the part contraction in the EXIM portfolio?

V. Kalyana Rama: You want figures? See, you want to know the policy and the trends? I think I can comment. If you want my exact figures, what I suggest to you people send mail, my secretarial branch will reply you.

Achal Lohade: Sure. Just another statistic with respect to the rail coefficient and the port mix?

V. Kalyana Rama: Again, you want numbers or you want the trend?

Achal Lohade: A trend, if you could specify a number, I will send the email.

V. Kalyana Rama: In rail coefficient, we lost some share. In rail share, we lost some share in the EXIM segment. In domestic, we are doing very well. In EXIM market, we almost command 90% share on the containers which are moving by rail. But in EXIM segment, we lost share, where we are working on to gain back that share.

Achal Lohade: I meant rail coefficient at ports or aggregate ports. If it is 22%, it is improved or declined or anything of that sort?

V. Kalyana Rama: I can't give you those figures. I told you, you send mail, you get figures.

Achal Lohade: All right. Sure. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, that would be our last question for today. I now hand the conference over to Ms. Bhoomika Nair for closing comments. Thank you and over to you, ma'am.

Bhoomika Nair: Yes, I would like to thank everyone and thank you to the management for giving us the opportunity to host this call. Thank you very much, sir, and wishing you all the very best.

V. Kalyana Rama: Thank you. Thank you, Bhoomika.

Moderator: Thank you. Ladies and gentlemen, on behalf of Dam Capital Advisors Limited, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.

THANK YOU FOR BEING WITH US

Conference Name:	**Container Corporation of India Limited Q4FY23 Earnings Call Hosted By Dam Capital Advisors Ltd.**
Time:	**May 19, 2023 11:30 Hrs India Time**
Main Speaker(s):	**Management Of Container Corporation of India Limited** **Ms. Bhoomika Nair - Dam Capital Advisors Ltd------.**

Total 172 Participants including the Speakers.

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153	Soniya Varnekar	917738091179	Dalal and Broacha
154	Suarabh Duggared	2261291558	Motilal Oswal
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156	Sumit Kishore	919819626041	Axis Capital
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