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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 06.08.2025.

For your information and record please.

धन्यवाद।

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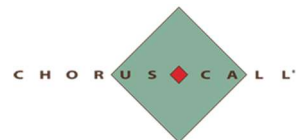
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Think Logistics, Think CONCOR





“Container Corporation of India Limited
Q1 FY26 Earnings Conference Call”
August 06, 2025



MANAGEMENT: **MR. SANJAY SWARUP – CHAIRMAN AND MANAGING DIRECTOR – CONTAINER CORPORATION OF INDIA LIMITED**
MR. AJIT KUMAR PANDA – DIRECTOR (PROJECTS AND SERVICES) – CONTAINER CORPORATION OF INDIA LIMITED
MR. MOHAMMAD AZHAR SHAMS – DIRECTOR (DOMESTIC) – CONTAINER CORPORATION OF INDIA LIMITED
MR. VIJOY KUMAR SINGH -- DIRECTOR (INTERNATIONAL MARKETING AND OPERATIONS) – CONTAINER CORPORATION OF INDIA LIMITED
MR. ANURAG KAPIL – DIRECTOR (FINANCE) – CONTAINER CORPORATION OF INDIA LIMITED
MR. HARISH CHANDRA -- PED (FINANCE) AND COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER – CONTAINER CORPORATION OF INDIA LIMITED

MODERATOR: **MS. BHOOMIKA NAIR – DAMCAPITAL ADVISORS LIMITED**

Moderator:

Ladies and gentlemen, good day, and welcome to the Container Corporation of India Limited Q1 FY '26 Earnings Conference Call hosted by DAM Capital. 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.

I now hand the conference over to Ms. Bhoomika Nair from DAM Capital. Thank you, and over to you, ma'am.

Bhoomika Nair:

Good morning, everyone and a warm welcome to the Q1 FY '26 Earnings Call of Container Corporation of India. We have the management today being represented by Mr. Sanjay Swarup, Chairman and Managing Director. At this point, I'll hand over the floor to him for his initial remarks, post which we'll open up the floor for Q&A. Thank you, and over to you, sir.

Sanjay Swarup:

Thank you, Bhoomika. Good morning to you all. I am joined by my Directors, Director Projects, Mr. Ajit Kumar Panda; Director, Domestic, Mr. Mohammad Azhar Shams; Director, International Marketing and Operations, Mr. Vijoy Kumar Singh, Director Finance, Mr. Anurag Kapil; and PED, Finance and Company Secretary and CFO, Mr. Harish Chandra.

So I'm glad to announce that Board of Directors has approved a dividend of INR1.60, i.e. 32% on share of INR5 par value that is because of the good performance given by the company. Throughput in Q1 of FY '26 has been 1.29 million TEUs, which is all-time high for any Q1 in the company's history. Throughput growth has been excellent, 11.3% in which EXIM's contribution is 12%, and domestic's contribution is 9%. And India's international trade, merchandise trade also has seen a growth of 2% in EXIM -- in exports, which is USD112.17 billion, and 4% in imports, which is USD179.44 billion in Q1.

Domestic, we saw a subdued performance. There are primarily two reasons for this. First is the delay in supply of tank containers via M/s Braithwaite, and we were banking on it, and there has been some delay because for the first time, they have been manufacturing such containers.

And second is the low-margin traffic that we have not picked up consciously because basically, our philosophy is to give good performance to -- good service to our customers while keeping the margins intact. We saw a good increase in market share, 200 basis points at JNPT, and market share was unchanged at Pipavav port.

Rail coefficient, we saw an increase at Mundra as well as Pipavav, which is a good news for us. Rail freight margin, I'm glad to announce that, despite increase of our market share, we have not sacrificed the rail freight margin and operating margin. Rail freight margin increased from 24.36% to 26.96%. Operating margin increased from 28.58% to 29.81%. And there is a growth in operating income, 2.5%, growth in PAT, 1%. It is slightly less as compared to physical volumes. There are basically three, four reasons for this.

First is the volume discount data. It was reconciled in Q1, and there were some reconciliation figures for that. Second is the increase in staff cost. It was due to the onetime award that we declared for good performance of our staff, which was reflected in this quarter's expenses. Third is the lead -- decrease in lead in EXIM by around 4%.

The basic reason for this is less demand in North India. North India ICDs, there was less demand of imports, exports like Ludhiana, Tughlakabad and SIDCUL ICDs. So we saw below performance in these ICDs in Q1. Of course, now it has normalized in Q2. Then last reason is subdued demand in domestic, which I already explained earlier.

We saw a very handsome increase in double stack rakes, 11.2%. We have done 1,505 rakes this quarter, as compared to 1,353 rakes in last year same quarter. We are continuously increasing our infrastructure. In this quarter, we have commissioned 5 high-speed rakes, and we have procured 1,500 containers for our domestic use. Capex achieved in Q1 is INR202.5 crores, and our Capex budget for this financial year remains intact at INR860 crores.

We will do a midyear review after Q2. Target for 2028 remains same, 100 terminals, 500-plus rakes, and more than 70,000 containers. I'm glad to announce there is an excellent growth in EXIM stream. It is likely to continue and will further increase. We'll see a quantum jump with commissioning of WDFC up to JNPT by December 2025.

In domestic, after a muted Q1, now there is a very robust growth we are observing in Q2 with excellent demand from Eastern India, mainly Gunny Bales Traffic, then our new terminal at Morbi, Rafaleswar in Gujarat also will give boost in business. Than bulk cement in tank containers, which is a new product.

And we are great -- happy to announce that we have loaded first rake on 30th June 2025, and industry has given a very positive response. We are going to get another rake by Braithwaite in this month only, and this will further contribute to our domestic traffic. Exports growth has been good in auto parts, 22% growth.

Rice saw 12% growth, and ready-made garments, 14% growth. Imports, there was a good growth in aluminum scrap, 8%; stainless steel, 17% growth. We have commenced EXIM rail service from Hindustan Zinc's siding at Chanderiya to Mundra Port, which is a new service we have started. And there has been a good increase in direct port delivery movement also, almost 18% growth we have seen. Then there is a very good growth in imports at various ports that we have observed.

Overall, there has been a 12% growth in imports in this quarter. Mundra saw a growth of 8.4%; JNPT 19.3%; and Chennai, 19.4%; Vizag port, 29%. So there is a very good growth in imports that we have observed in this quarter. And one -- another good thing is there has been substantial decline in empty running of flats as well as empty containers, both in domestic and EXIM. Total empty running cost decrease was 13.7%, and which has contributed in a positive manner to our bottom line.

And I would like to inform another landmark achievement that were achieved by the company. We signed an MOU with the RHS Group of Dubai for end-to-end logistics solution. And the containers of CONCOR are now moving across the shores of India. Till now, we were giving service only up to our ports, but now they have crossed the ports and they are reaching Dubai, and we are able to give end-to-end service to our customers. Several containers have moved to Dubai, Sharjah and other parts of UAE.

And very soon, we will be starting such service to other countries like Singapore also. I would like to mention again that we are in touch with big corporate houses, Tata, Jindal, Vedanta, JK Cement, LT Foods and they have shown a positive attitude for giving more and more business to CONCOR. So mostly, it will be in domestic. So the outlook of the company is very, very strong and positive. And we hope that we will be showing very good results in the coming quarters of this financial year.

At this point, I would like to keep the guidance unchanged at 13%, in which EXIM will be 10%, and domestic will be 20%. So that's all opening remarks from my side. Now you can start the questions.

Moderator:

The first question is from the line of Disha Giria from Ashika Institutional Desk.

Disha Giria:

Sir, my first question is regarding the domestic volume and the domestic realization. So what we have seen in the past is whenever there has been a volume thrust, volume increase, the realization has gone down and that impacts your revenue. So could you give us a competitive intensity of what the market dynamics is right now in the domestic market and how we are going to take it forward? Because our top line decline is something that concerns me.

Sanjay Swarup:

Yes. As I informed you that domestic, the growth was muted in the first quarter. And now we are seeing very good growth in domestic. And we are getting return traffic also. So empty running is coming down.

And in Q1 also in domestic, empty running, in fact, has come down by almost 12%. So with the good management of demand, we are quite hopeful that in the coming quarters, we'll show a good performance in domestic.

Disha Giria:

Okay. Sir, my second question is regarding the bulk cement containers. We already have one rake from Braithwaite, and you said that we are in process of receiving another rake. So if you could just give us some quantitative numbers on how the demand has been, and how is it processing out in the market? And what do you expect it to contribute to the total volume for the full year?

Sanjay Swarup:

See, demand is enormous. Like we do around 14 to 15 million tonnes in domestic every year. So demand is -- only bulk cement in tank containers can add same volume every year. So hardly 9% to 10% is moving by rail. Everything is moving by road.

So this is a new product that we have launched. So because now the containers are getting manufactured. So as soon as we start getting containers from -- we have -- apart from Braithwaite, we floated an open tender and one private company is also manufacturing some containers for us. So from both the sources, we will be getting. But now because in this -- there is a monsoon time now.

So cement, as you know, construction activities are not carried out in this time. So cement loading drops during the Q2 period also when monsoon will end in September. Then from Q3 onwards, we can see a very good growth in bulk cement loading, and we will get containers from private vendor also from which we have ordered. So Q2, of course, bulk cement loading will not

be much because of the monsoon. And from Q3, we can expect very good loading in bulk cement.

Disha Giria: Okay, sir. Sir, if I can ask one last question. The employee cost, you mentioned it's a one-off for this period. So going forward for the other quarters, can we expect the normative range of employee cost, how it had been in the past year?

Sanjay Swarup: See, this was actually aberration that we announced an award. But normally, as I told you -- as you are aware, of course, that our employee cost is usually around 5% of our turnover. So we will be ending the year on that number only.

Moderator: Our next question is from the line of Ms. Bhoomika Nair from DAM Capital.

Bhoomika Nair: Yes. Sir, first, if you can just share the originating volumes for both EXIM and domestic?

Sanjay Swarup: I will tell you. Originating volume for EXIM 5,31,099, Domestic 1,21,624. Total 6,52,723.

Bhoomika Nair: Sure, sir. Sir, in terms of the -- you spoke about onetime employee, how much would that award be and which would have led to a higher employee cost this quarter?

Sanjay Swarup: We gave 1-month salary to them. You want number?

Bhoomika Nair: Yes, sir. The onetime cost number.

Sanjay Swarup: Around INR18 crores.

Bhoomika Nair: Okay. Okay. And you also spoke about volume discount that happened in the first quarter this time. Sir, what was that amount? And how should we look at it going ahead?

Sanjay Swarup: See, actually, that was -- as I told you, that was a onetime -- that was, you can say, a reconciliation kind of thing that was done. So normally...

Sanjay Swarup: So it will have around 1% impact, you can say.

Bhoomika Nair: 1% of revenues?

Sanjay Swarup: Yes.

Bhoomika Nair: Total revenue, sir, all put together?

Sanjay Swarup: Right, right.

Bhoomika Nair: Around -- I mean, roughly only for the quarter, so about INR21 crores?

Sanjay Swarup: Yes, INR21 crores.

Bhoomika Nair: Okay. Okay. Understood. Understood. Sir, the other thing was you spoke about lead distances coming down because of the demand being a little weak.

A, can you give the lead distance? And B, how is the demand now panning out in -- particularly in the month of July, August, how are you seeing the outlook in terms of the movement of volumes?

Sanjay Swarup: Yes. Now the lead distance is for this quarter for the EXIM, it was 688 kilometers and domestic, it was 1,356 kilometers. Total 792 kilometers. So now the demand is very good, as I told you in Q2. So this North India is showing good demand. And both imports, exports, as well as domestic has picked up. In Q1, it was somehow subdued. So it has picked up now, and we are getting good volumes.

Bhoomika Nair: Okay. Okay. And in terms of the export, import, any improvement that you're seeing out there, particularly given this whole trade-related issues, tariffs, are you seeing any slowdown per se that you are witnessing now in August, September?

Sanjay Swarup: See, all I can tell you is that in Q1, we have posted a handsome growth of 12% in export, import handling. And till now, we are able to maintain that. So we are not seeing any impact.

Moderator: Our next question is from the line of Priyankar Biswas from JM Financial.

Priyankar Biswas: My question is -- see, sir, in last year 1Q, the EXIM volume base was quite low because it was, if I recall, something like 481,000 TEUs on an originating basis. And then in September, we had a large increase as well, and this rate was maintained in September and December. So given that even on a weak base, we were not able to deliver a very strong growth. So what gives us the confidence that in the next 2 quarters, we will have growth on a relatively high base? So that's my first question.

Sanjay Swarup: See, as I told you in this quarter, you are right, it was around 4,81,000 last year in EXIM in originating, but we are able to give 10.2% growth in that. And for Q2, I can tell you same growth is being maintained. So what is your question exactly? I'm not able to understand. We are able to maintain that growth and we are -- there is a demand in import, export both.

So what exactly are you asking? I'm not able to understand.

Priyankar Biswas: See, I'm asking that in September 2024 quarter, your EXIM volumes increased very sharply. So from 4,80,000 TEUs on handling basis -- on originating basis to something like 5,50,000 TEUs broadly. So that was a steep jump, almost like 15% quarter-on-quarter jump that you had last year. So can a similar level of growth happen Q-o-Q this time as well?

Sanjay Swarup: See, I'm not an astrologer, so I cannot predict what will happen in the remaining part of the year. All I can tell you is there are good indications that there will be a very good growth in this financial year also. What will happen, I don't know. I can only see the market forces that are operating and what volumes we are getting because of our various policies. So this is giving us results.

Even in this Q2, I'm telling you we are maintaining the growth of Q1.

- Priyankar Biswas:** Okay, sir. And sir, if I may add another question. Can you just comment on the pricing landscape? So what I'm essentially trying to see is like what is the -- how does our pricing stand, let's say, versus other CTOs on same routes? And what is the comparable pricing for roads, given that the diesel prices have been sort of stable, if you can elaborate on that?
- Sanjay Swarup:** See, pricing normally, what we do is when we do pricing, we take, of course, road rates into comparison. We don't see what our CTOs are offering because our service levels are completely different from them. Normally, I don't -- I will not like to comment on how they are pricing their products.
- But the very proof that we are able to maintain 55% to 60% market share, and it proves that whatever pricing, whatever service levels we are able to maintain, customers are using our services. What model they are following, I cannot comment on that.
- Priyankar Biswas:** So sir, if we benchmark against roads, so like diesel prices, we were saying was sort of being stable. So can you comment like how has the -- at least wherever you have direct roads competition, like what is the sort of differential we have vis-a-vis roads on a general basis? And since you are also offering, let's say, first mile and last mile at several places as well. So on a total delivered basis, I mean, from door-to-door to customers, so how does our offerings compare versus, let's say, a pure roads?
- Sanjay Swarup:** As I already told you, since we are able to attract traffic, so that means we are competitive. More than that, I cannot disclose in the conference call. These are commercial decisions of the company, which cannot be put in public domain.
- Moderator:** Our next question is from the line of Achal Lohade from Nuvama.
- Achal Lohade:** Sir, I just wanted to check in terms of the first mile, last mile, what is the mix in 1Q? And how do you see it changing? And what kind of impact does it have in terms of the profitability or profit contribution?
- Sanjay Swarup:** First mile last mile, we are able to do a total volume, around 35%, we are able to do first mile last mile. In Q1 also, we are able to do 35%. Now we are going to scale up. And we are not looking per se at a very high profit margin on this segment. But we are using it as a, you can say, marketing tool to attract more and more business to our fold.
- Even with very less margin, we are aiming to attract more customers so that we get more business, and in turn more traffic on rail, warehousing and handling. So that will be our major sources of revenue, not first mile, last mile. But of course, it is a profitable business. We are not incurring any loss in that.
- Achal Lohade:** And is it fair to say that this first mile, last mile revenue would be about 5%, 7% of the handling revenue, total revenue? Would that be a fair assumption for the EXIM revenue? Or it would be even lesser than that?
- Sanjay Swarup:** Yes, yes. It is around 5% of total revenue. Yes, you're right.

Achal Lohade: Of total EXIM revenue, you mean, right, sir? This is more for the EXIM you're talking about? Or are you talking about the...

Sanjay Swarup: No, I'm talking about the total revenue. It was around INR98 crores for Q1. So it is almost -- for the total revenue, I'm talking about this first mile, last mile is for EXIM domestic both.

Achal Lohade: Right. Understood. The second question I had, sir, if I look at the segmental revenue what you have given and the volume what you have given for the EXIM, I get a realization of roughly around 26,000. So that's declined about 4% Y-o-Y. Any particular reason?

You did mention the lead distance, the north cargo. Is that the only reason? Or you think there is an element of the discounting part will also play out in this realization aspect as well, right, sir? The volume discount what you mentioned?

Sanjay Swarup: So actually, you have mentioned correctly, lead is the only reason because of the 4% decline in lead and less demand in North India, that was the only reason for less realization.

Achal Lohade: And how about the volume discount reconciliation you mentioned, that would have had an impact on the revenue and hence realization, right, sir?

Sanjay Swarup: Volume discount reconciliation, of course, will have some impact, but major reason was the decrease in lead.

Achal Lohade: Understood. Understood. Sir, if you could help us with the market share for port-wise and also the port mix, which you could, sir?

Sanjay Swarup: Yes. At JNPT, our market share is 58.39% in Q1. Last year, it was 56.02%. Mundra port, it is 36%. Last year, it was 38%. Pipavav, it was 49%, same as last year.

Achal Lohade: And aggregate, sir, would you have, overall India level?

Sanjay Swarup: India level, yes. India level, our market share, EXIM-domestic combined was 53.6%.

Achal Lohade: Sorry, only EXIM, sir, if you could help with that?

Sanjay Swarup: Only EXIM is 53.1%.

Achal Lohade: And the last year, same quarter, sir?

Sanjay Swarup: Last year, it was 55%.

Achal Lohade: Understood. Understood. And the port mix, if you could, sir?

Sanjay Swarup: Port mix, CONCOR volumes from ports?

Achal Lohade: Yes, yes.

Sanjay Swarup: JNPT contributed 35%, Mundra 35.3%, Pipavav 8%, Vizag 6%, Chennai 4.8%, Vallarpadam 5%. Rest all was small, like Ennore 2%; Tuticorin 1%.

Achal Lohade: Got it. And empty's cost, if you could help us the absolute number for domestic EXIM, sir?

Sanjay Swarup: Yes. It was EXIM it was INR27.69 crores, domestic INR65.64 crores, total INR93.32 crores.

Achal Lohade: And these are sustainable given the way things are evolving. Have I understood right, sir?

Sanjay Swarup: Yes, these are sustainable.

Moderator: Our next question is from the line of Anupam Goswami from B&K Securities.

Anupam Goswami: Sir, you mentioned about some volume discount in the Q1. How do we take the realization for the rest of the quarter? And given some demand being muted in the first quarter, are we seeing that pent-up demand coming in the 9 months?

Sanjay Swarup: The reconciliation was done only in this Q1, as I told you initially. And now we are seeing good demand. There won't be a reconciliation now. So we can expect good numbers from Q2 onwards.

Anupam Goswami: And sir, so clarifying, sir, we don't expect any much broader discounts in the next Q2 onwards, right, sir?

Sanjay Swarup: And then employee cost will also be extra cost that were awarded -- that was given and it was only in this quarter. That also will not be there in the coming quarters. So all these were onetime things.

Anupam Goswami: Okay. Sir, and double stacking now been increasing, should we expect -- how much of the total volume -- if we can get some unit economics in that, how much of a margin improvement should follow in the next -- let's say, in the coming years?

Sanjay Swarup: What exactly -- I'm not able to understand your question?

Anupam Goswami: Sir, double stacking now that we are increasing, where do we see that going? And how much of a margin improvement can follow?

Sanjay Swarup: See, double stack actually already every year, we are growing almost 20% to 25%. This year also, we are going -- 11.2% growth we have seen. So now double stacking we'll see around this growth only. And from -- when the JNPT comes on double stack by December, then from Q4 of this financial year, we can see some real growth in double stacking.

Anupam Goswami: Okay. So JNPT, we don't see any further delay as of now?

Sanjay Swarup: No, no. I think it is going to be commissioned by December '25.

Moderator: Our next question is from the line of Koundinya from Jefferies.

Koundinya: Thanks for the opportunity, that's just Koundinya here. So sir, my first question is if you can help us maybe understand this volume discounting part a bit better. I mean, what happened? Why was it given? And how should we read it for the coming quarter? I mean, can you throw some color?

And what extent of it has been reflected in the EXIM or the domestic segment? That's one. And two, a couple of bookkeeping questions. If you can help us with the lead distance and rail freight margins for the last quarter, 1Q '25, please?

Sanjay Swarup:

As I told you, we are seeing very good growth in EXIM. It will continue. Plus domestic also from this quarter onwards, we are seeing a good demand and good growth we are able to maintain. So this will increase our volumes and which will be -- we will be able to achieve the guidance that I gave you at the start of financial year. So this will translate into good financial numbers also in the coming quarters.

And lead distance is, I told you, it was 792 kilometers for this quarter for the company. What other bookkeeping question do you want?

Koundinya:

Sir, I was asking for the last -- 1Q FY '25, last quarter, the lead distance and rail freight margin.

Sanjay Swarup:

Rail freight margin?

Koundinya:

For the last quarter, not 1Q '26, but 1Q '25?

Sanjay Swarup:

It was rail freight margin was 24.66%. This year, it is 26.96%.

Koundinya:

Sure. Sir, I mean, just to understand that volume reconciliation part, I mean, what was the reason why it was given? I mean, is it like a rising competitive intensity and therefore, you have to provide discounts? Or what exactly happened? If you can help us understand that better, please? Sorry, it was a little unclear for me.

Sanjay Swarup:

This volume discount reconciliation is normally that we pay to our shipping lines and our customers to -- there's an incentive kind of scheme. If they give more volume, they get more discount. So these numbers are calculated and at the end of the financial year. Sometimes it spilled over to the next quarter for making payments to them, reconciliation takes some time. And that is the only reason.

Koundinya:

So are you saying that these are actually discounts given in the last financial year, but are reflected now? Is that the way to look at?

Sanjay Swarup:

Actually, these are the discounts which were for the volumes offered in the last financial year. I would like to put it in that way.

Koundinya:

Okay. And I mean the reason I'm asking that on this realization part and the discount part is because one of your smaller peers also reflected a decline in realization. So just trying to understand if at an industry level, you are seeing a pricing aggression kind of thing?

Sanjay Swarup:

No, no, it is not that. It happens every time. Reconciliation takes some time. You are very well-conversed in finance. So you know these things. Actually, there is no change in our discount policy. Whatever discount has been given, the figures were being reconciled with the customers.

After reconciliation, their bills are settled. So that takes a little time. So that happened. There has been no change in volume discount policy. The policy remains the same. So we don't expect any adverse effect this year.

Koundinya: Okay. Sir, can you speak a little bit about the outlook on the containers. You did speak that EXIM growth is good? But do you see any challenge amidst whatever is happening on the tariff side globally and all that? So what is your reading on that side, if you have -- can throw some color, please?

Sanjay Swarup: Till now, we have not experienced any effect on our volumes as a result of tariffs. But we should be very optimistic. I can only say that if one door is closed, there are several other doors which can be opened. I think you will understand.

Moderator: Our next question is from the line of Krupashankar from Avendus Spark.

Krupashankar: My first question would be on the land license fee. Just wanted to get a sense around any decisions taken with respect to surrendering of some of the unused land and reducing this LLF cost, which we were contemplating last year. So any thoughts around that?

Sanjay Swarup: See, that is -- as I told in my earlier conference calls also, that is a continuous exercise being done by our company that wherever we find that land is surplus, or if we come up with a terminal near the existing facility, or which is catering to the same hinterland, then we immediately surrender the land. So that process is continuous. Like in Jodhpur, we have a terminal at Bhagat Ki Kothi.

Now we are coming up with a new terminal at Kathuwas. So we will surrender railway lines at Bhagat Ki Kothi and we'll have our own terminal at Kathuwas. So this is a continuous exercise that we are undertaking. So that is why you can see that despite the formula of 7% growth in LLF every year, we are able to maintain the same number that we are paying to rail. This is the only reason.

Krupashankar: Understood, sir. Understood. My second question on the domestic side of things. While I do understand that there are certain challenges with respect to volume growth coming in the first quarter, and we are quite optimistic about the second half, the 20% guidance what you have given puts a lot of pressure on achieving NIM in the second half.

So just want to get some more sense that are there any other efforts you are trying to incorporate, for example, catering beyond cement into -- so on to deliver 20% growth for the year in domestic?

Sanjay Swarup: I will request my Director, Domestic, he will take the question.

Mohammad Azhar Shams: Actually, our CMD underlined that the growth in the domestic has been subdued. So there have been reasons to it. One was that we have been banking on the supply of tank container for cement. Cement -- movement of cement in loose is having a very great demand, around 70 million to 80 million of loose cement in moving in the bulk. The 1,000 container order we have given 500 to Braithwaite and then 500 in the open market.

So first rake we have got that got delayed basically. And the second rake we are going to get in this month only. So these are the 2 rakes and the 500 tank container orders we have given to Basant Fabricator, a company in Ahmedabad. They have assured us that within 2 to 3 months, they shall be starting supply of their container, the first we shall be getting within 3 months. So I think combined, this is one aspect where we are going to get the traffic and there is no dearth of the demand with respect to movement of bulk cement in tank containers.

The second is the movement of liquid cargo like caustic soda, benzene and all those. We have been in talk to customers. And we are likely to get additional traffic with the movement of liquid -- liquid in the tank containers. And then we have been basically trying to tie up with the big corporate houses for offering traffic directly to container corporation. Our CMD has met the top office in JK Cement and sir had a meeting with Mr.

N. Chandrasekaran also of the Tata Group a few days back. And sir had a meeting with CMD, SAIL also. So I think to boost the domestic traffic and then get -- ensure growth, whatever guidance sir has given, so I think we are on the line. And to cater this traffic, we have given order of 1,000, 40 feet open top containers for carrying various steel products.

So I think these 2, 3 initiatives like bulk cement and liquid cargo and the association with the top growth, and 40 feet open top containers for steel movement. I think these combined together, we are going to get a good traffic in the domestic. I think starting from the mid of the second quarter and then subsequently third and fourth quarter.

Krupashankar:

Understood. One last question, if I may. On the EXIM side of things, sir, you did mention that the rail coefficient has increased in Mundra and Pipavav. Just wanted to get a sense what has led to this improvement in this quarter, and the extent of sustenance of this improvement going ahead? While you did mention that JNPT will further improve the rail coefficient levels, but just wanted to get a sense on what is driving this improvement in Mundra and Pipavav?

Sanjay Swarup:

Mundra and Pipavav actually is getting more traffic for ICDs. So that's a healthy trend, I should say. At Mundra, around 2%; and Pipavav, it is around 3%. We have seen a growth in Q1, which is a good trend, and that means more and more business is coming on rail, which is good for the country. And it's a green mode of transport.

So we have to encourage more and more momentum there.

Moderator:

Our next question is from the line of Aditya Mongia from Kotak Securities.

Aditya Mongia:

Just a clarification to start with. From what I could recall, you gained 200 basis points of EXIM market share in JNPT and you lost 200 basis points of EXIM market share in Mundra. And both these are kind of equally relevant in your port mix. How come have you lost 200 basis points overall in margins? Is it just a growth differential between Mundra and everything else? Or am I missing something over here?

Sanjay Swarup:

In margins?

- Aditya Mongia:** No, no. I'm just saying in market share. So apologies for the confusion. It's market share, not margins, yes. So just that you won as much in JNPT incrementally as you lost in Mundra, and both these are equal heavy weights in your port revenue mix. And how come you've lost 200 basis points on overall margins? I could not get it very well.
- Sanjay Swarup:** So now the thing is that I -- as I told you in my opening address, there was a subdued demand in North India in our ICDs like Tughlakabad, Dadri, Ludhiana and Pantnagar. And primarily, the Mundra traffic is being catered by North India ICDs. So this subdued demand in North India directly reflected in Mundra volumes. So that is the reason of 200 basis points drop at Mundra. And JNPT is primarily catering to areas like this Hyderabad, Nagpur, Indore, Bhopal.
- So these ICDs have done extremely well and both in imports and export terms. So that is why we are seeing a good growth in JNPT, Ankleshwar also, Baroda also. All these ICDs of Central India, I should say, and South, some ICDs, they have shown a very good growth trend. So that is why JNPT saw a good growth of 200 basis points and Mundra, we lost 200 basis points because of less demand, which is now...
- Aditya Mongia:** This is market share, right? So you lost market share in Mundra because someone else gained market share, right, not because of...
- Sanjay Swarup:** Yes, yes. Someone has gained market share because in their ICDs, they have got more containers, and we somehow could not get in our ICD.
- Aditya Mongia:** Sure. Just a related question. As in Mundra, your market share, obviously -- so in JNPT, you have been able to reverse the market share trend. But in Mundra, that has not happened over the last 2, 3 years. Any specific kind of thought process on how -- any learnings from JNPT can we reverse the trend in Mundra incrementally and how to go about it?
- Sanjay Swarup:** See, all the markets are not same. On some segments, there is very low margin movements also, which consciously we are not picking up low-margin business. It's not the policy of the company to pick up any margin business. So that is the only reason. As far as learnings are concerned, definitely, we keep on -- keep track of our various customers, various ICDs.
- We do thread bare detailed discussions. And wherever course corrections are required, we are taking that course correction.
- Aditya Mongia:** Understood. The second question is more on the rail freight margin. I mean obviously, it's handsomely improved. What are the reasons driving the same? And from here on, to go up from 27% as what else can happen?
- Sanjay Swarup:** See, the two, three reasons are there. First is the reduction in empty running cost, which I have already explained and due to the excellent planning of our operations team, then double stacking has also increased, which has also contributed to the bottom line in rail freight margins. Then we are able to do -- related thing is that we are able to do both side movement in domestic, which is also increasing. And in EXIM also, we are getting imports, exports both. So this is -- these are the various factors that contribute to improvement in rail freight margin.

And 27% rail freight margin is very good, I should say. And let us hope that we will be able to maintain this.

Aditya Mongia:

Sure. Just a related question. As we've seen rail freight margins go up. Obviously, the domestic component. I'm assuming there's an EXIM component as well.

But then we have lost market share on the EXIM side. Does the company think through or see merit in using the pricing angle in some form to retain or regain that market share on an overall basis in EXIM?

Sanjay Swarup:

Yes. Actually, we keep on working. We keep working on that. And we are doing strategically where to trigger with -- where to play with our rail freight and tariffs and all. So -- and where we can give discounts to get more volumes.

That is a continuous exercise that we are doing. And -- but we don't drastically reduce our margins to gain volumes. We try to have entered into a contract with big players, like I told you for big corporate houses. And then based on the -- some signing of some contract or some agreement with them, we give them some special rates or special discounts. These are the policies that we adopt to gain our volumes.

Randomly, we will not bring down our tariff so that we can get more volumes. We don't work on that philosophy.

Aditya Mongia:

Maybe just a last question from my side and then I'll fall back into the queue. On the domestic side of things, has the market shares shown any change over the last 1 year? And if so, what are the reasons if there is any meaningful change that has happened on a Y-o-Y basis in the domestic side of things?

Sanjay Swarup:

Domestic, actually, we saw a drop in our market share, which was a very big drop. And the reason, as I told in my opening remarks, that low-margin traffic consciously, we have not picked up in domestic. And we are facing intense competition from PCTO. And because of the policy that we will not pick up the low-margin business, somehow market share has dropped.

Aditya Mongia:

I'm sorry, I missed the number, if you could just repeat the fall? And is it the same competitor in EXIM that is hurting you on domestic? Those would be my final things.

Sanjay Swarup:

Number is -- last year, it was 57.7%. This year is 55%. And I would not like to take the name of competitors. That will not be fair.

Moderator:

Our next follow-up question is from the line of Achal Lohade from Nuvama.

Achal Lohade:

Sir, just a small clarification. So you said the market share in Mundra actually dropped and as much we have gained in JNPT. And the mix is similar. So how come we dropped as much as the overall EXIM market share, sir?

Sanjay Swarup:

Okay. EXIM market share overall, it comprises of pan-India volume apart from JNPT and Mundra, because JNPT and Mundra contribute combined 70% of our total EXIM. So rest 30% is also there. So that also contributes to market share.

- Achal Lohade:** Okay. No, what I was saying is that if I look at the market share, it's stable at Pipavav. Mundra, Pipavav, JNPT together would be the largest proportion. So is the drop in the non-West Coast port that substantial, which is driving this market share drop at the aggregate level?
- Sanjay Swarup:** So that analysis, we have not carried out. It's a good suggestion. We'll carry out the analysis and get back to you.
- Achal Lohade:** Sure, sir. Sir, one more question, if you could help us with just a ballpark number. Of the JNPT total, whatever, 9 million TEU, how much would be destined for north, which is in and around DFC? Could that be 2 million, 3 million or 1 million TEU thereabout?
- Sanjay Swarup:** This question also, I cannot reply now. I don't have the data with me right now, but we can reply to you separately.
- Achal Lohade:** Sure, sir. And any quantification you could do with respect to the benefit of the double stacking, like what kind of saving we would have had theoretically out of this double stacking volume, let's say, for the quarter?
- Sanjay Swarup:** Actually, we had taken out this figure several years back. At that time, it was around INR5 lakh for every one double stack train that was handled. But we will have to recalculate in the present context.
- Achal Lohade:** Understood. And just last question, sir, LLF, what is that number we should work with? Like is this INR110 crores is a sustainable number? So should we work with INR440 crores? Or should we work with INR370 crores, like you said, we are looking at the same cost of last year?
- Sanjay Swarup:** I think between INR370 crores and INR400 crores should be a good number.
- Moderator:** Our next question is from the line of Ankita Shah from Elara Capital.
- Ankita Shah:** Sir, the new terminal additions that you are doing, is this on the EXIM side or domestic side?
- Sanjay Swarup:** Normally, now the new terminals that we are creating are all multimodal logistic parts. So they will have both EXIM and domestic facility. To start with, it will have only domestic because EXIM customs notification takes some time. So -- but eventually, it will have both EXIM plus domestic.
- Ankita Shah:** So our current terminals, it is around, I think, around 60 terminals. Are they fully utilized?
- Sanjay Swarup:** We have total 66 terminals. So yes, they are all utilized.
- Ankita Shah:** 100%?
- Sanjay Swarup:** So that is a different figure for different terminals. That detail I cannot give you in this conference call. We can give you separately.
- Ankita Shah:** Got it. And sir, what is the thought process behind going overseas market?

- Sanjay Swarup:** Thought process is that we want to give end-to-end service to our customers from their doorstep up to the doorstep of their final consignee. So we were able to give service only up to Indian ports. Now we are giving the service right up to the final destination. So that is the basic philosophy of our...
- Ankita Shah:** Sir, what kind of services this will include?
- Sanjay Swarup:** This will include ocean transportation on ships from Indian ports to foreign ports and from there to the final destination.
- Ankita Shah:** So you tie up with shipping lines for the ocean movement or you deploy your own ships? And what about...
- Sanjay Swarup:** As I mentioned in my opening remarks, we have tied up with RHS Group of Dubai, who is an NVOCC and a big operator in Dubai. So he is taking care of movement from Indian ports up to Dubai and last mile transportation up to the final destination. He's not a shipping line.
- Moderator:** Our next question is from the line of Pulkit Patni from Goldman Sachs.
- Pulkit Patni:** Sir, just one question. While a lot has been said for the last few years about JNPT connecting to DFC and giving huge volumes. One, what is our preparedness? All these large container orders that we've placed, is that with the idea that the volumes will come to us? Plus, is there any rough calculation on what level of volume growth would come to just not you, but rail operators in general after DFC connects?
- Because I'm sure when you are placing these orders, you are doing some calculation on what kind of growth you are likely to get. So just some qualitative guidance would be good enough. I'm not asking for actual numbers.
- Sanjay Swarup:** See, now the thing is that we are fully prepared and DFC connection is done at JNPT. Right now, we have 4 terminals already on DFC. That is Dadri, Khatuwas, Swaroopganj and Varnama. And fifth terminal is coming up at Chharodi. So we are fully geared up to handle at our terminals.
- Secondly, we have sufficient number of rolling stock. We are already having 394 rakes at the end of this quarter. And in another 3 years, we will be 500-plus rakes. So as far as rolling stock is concerned, as far as terminals are concerned, we are fully geared up. And then we will be running timetable trains now from Dadri to JNPT once it is connected in collaboration with Indian Railways.
- So it will result in a lot of cargo shifting from road to rail as we have seen in Mundra. And they will be all double stack trains. So all I can give you a number is as per the National Rail Plan, the rail coefficient at present is 18% to 20%. So this will move to 35% to 40% when DFC gets connected to JNPT. So these are the figures in National Rail Plan.
- And of course, it will not happen overnight. It will take some time to materialize. Suppose by December 2025, the DFC gets connected to JNPT, then it will take some 7, 8 months or maybe 1 year to stabilize this volume. I hope I have clarified your question.

- Moderator:** Our next question is from the line of Anupam Goswami from B&K Securities.
- Anupam Goswami:** Sir, when we saw Mundra and Pipavav connecting to rail, how much there the rail coefficient increase? And how confident are we in the JNPT, DFC connecting and then rail coefficient increasing to that level? Because I think Mundra, we did not see much of a rail coefficient increase. What would lead to here, sir?
- Sanjay Swarup:** See, there are various reasons. Mundra also this quarter, we have seen increase. Pipavav also, we have seen increase. So maybe there is a different dynamics which plays like some consignees want that -- they want to destock the container engineer by CFSs and use other modes of transport, shipping lines are also there. So these things are there.
- But I can say with confidence that because DFC is going right up to JNPT, whereas in Mundra, Pipavav, it is feeder routes. So there is a lot of difference in that. And if main DFC is going, then it has the capacity to carry 25-tonne axle load wagons also, which leverage we are not getting at Mundra, Pipavav because Indian railway track is not fit for that. So double stacking will be much more in JNPT. So you cannot compare the 2 DFCs.
- Anupam Goswami:** Okay. Sir, just one last question. We saw tariffs now being -- there's an uncertainty in U.S. tariff, will that somehow slow the growth in EXIM in India if some adverse decision is taken there? And at the same time, we have lost some market share in domestic.
- How confident are we to maintain the guidance in volume terms what we given earlier?
- Sanjay Swarup:** See, till now, we have not seen any impact of the tariffs on our volumes in Q2 also. And as I told you earlier, if one door is closed, there are several other doors which can be opened. India is a very big economy, and it's a very big market. It has got excellent growth prospects. So it cannot be ignored in the world trade.
- I can only mention this much. And as far as the domestic volumes are concerned, my Director Domestic has already explained in detail that we are very confident of achieving the guidance, both in EXIM and domestic. This should be our last question, I think.
- Moderator:** Okay sir. Thank you, ladies and gentlemen. This was the last question for today. And I now hand the conference over to Ms. Bhoomika Nair from DAM Capital. Over to you, ma'am.
- Bhoomika Nair:** Yes, sir. Thank you very much for giving us an opportunity to host the call and all the participants as well for being on the call. Thank you very much, sir.
- Sanjay Swarup:** Thank you.
- Moderator:** Thank you. On behalf of DAM Capital, that concludes this conference. Thank you for joining us, and you may now disconnect.