

**Sub: Chairman Speech at 31<sup>st</sup> AGM held on 27.08.2019.**

Please find enclosed the copies of the Chairman Speech at 31<sup>st</sup> Annual General Meeting of CONCOR, published in the newspapers on 28.08.2019 in 'Times of India, Economic Times & Business Standard', in English language and in 'Navbharat Times, Economic Times, Business Standard' in Hindi language, in all India edition.

This is for your information and record please.



# CHAIRMAN'S SPEECH AT 31<sup>st</sup> AGM

## Dear Share Owners, Ladies and Gentlemen!

**Good afternoon!**

On behalf of entire Board and management, I have great pleasure in welcoming you all to this 31<sup>st</sup> Annual General Meeting of your Company, I thank you for your presence at Concor for around three years now. After your Company's listing and fullfledged journey of 31 years, it is indeed an honour for me to address you at this historic juncture. It gives me immense sense of pride in adding that in the competitive market, CONCOR continues to sustain relevance in the industry.

Annual Report including Directors Report, Financial Statements, Auditors Report, comments of CAAG and other documents pertaining to the financial year 2018-19 and the AGM agenda have been placed in demat mode with you. I consider them as read. I would like to share best highlights about the performance of your Company during the year 2018-19 vis-a-vis economic scenario and options sector in particular.

**ECONOMIC SCENARIO:**

As per report of International Monetary Fund, global economy grew at 3.5% during year 2018, whereas the GDP of India grew 6.8% during the year 2018-19. The Indian economy is well poised to establish itself as the 2<sup>nd</sup> position in the Global economy and march ahead in the times to come, as it is expected to remain as the fastest growing economy in the world. In order to give a boost to the economic growth, most nations are investing in digital economy. The Government has been addressing the issues through its policies and thrusts to achieve sustainable long term growth and has taken steps like Make in India, Digital India, mission innovation, skillset, digital, GST, reorganisation of States, monetary policy intervention, etc. etc. in the Global Economic Prospects report, the World Bank has presented a hope outlook of the World Economy. However, India's GDP growth prospects, stood out with projections of 7.5% per annum over next three years. In another report of the World Bank, India proved 22<sup>nd</sup> rank in a race of doing business from 100<sup>th</sup> position last year to 77<sup>th</sup>. This augurs good news for your Company as its base is economic activities translates into a spur in demand for logistics services in the country.

Your Company's Success is mostly dependent upon overall global and EXIM trade of the country. It will get another boost of low growth rate of global economies, the geopolitical uncertainties and investment of trade nations among major economies in the world disrupting global trade and commerce. Due to trade tensions and widening gaps in imports and exports, Logistics services for EXIM trade has suffered. The adverse business is slow impacted by rising competition, disruption in fuel prices and increasing cost of manufacturing and transportation. Despite all this kind of adverse environment, your Company has performed quite well during the year 2018-19 because of the innovative design, dynamic approach and most importantly a committed and dedicated team.

**SECTORIAL PERFORMANCE:**

In the year 2018-19, Indian Railways registered a growth of 5.31% in originating loading of cargo, from 114.46 million tonnes in 2017-18 to 122.29 million tonnes in 2018-19. The originating consolidated cargo, transported by rail increased from 56.31 million tonnes in 2017-18 to 60.34 million tonnes in 2018-19, an increase of 7.10%. The containers handled at all ports of the country registered a growth of 4.92% from 14.83 million TEUs in 2017-18 to 15.41 million TEUs in 2018-19.

In the last fiscal, merchandise exports of the country in value terms went up by 9.95% from 303.53 billion US dollars to 331.02 billion US dollars and in the imports, experienced an increase of 8.99% from 434.43 billion US dollars in 2017-18 to 473.57 billion US dollars in 2018-19. CONCOR experienced a rise in demand of commodities such as stainless steel, stainless steel pipes, furniture, etc. products, fabrics, etc. while rural commodities such as soya, milled, waste paper, news print, aluminium scrap, auto parts, plastic goods, polyester goods, etc. increased.

**PERFORMANCE HIGHLIGHTS:**

Supported by the economic activities in the country and through focused approach and right initiatives, your Company has achieved a most remarkable performance during 2018-19, in which it earned market share and moved on the path of long term sustainable growth. Certain information about the business volumes, financial performance, CAAG, dividend, etc. which I would like to share, are as follows:

**Business volumes, turnover & profitability:**

I am pleased to share with you that your Company recorded all time high performance on the parameters of TEUs handled, gross turnover and net profit. It has handled 3.63 million TEUs and transported 4.56 million tonnes of cargo volume by rail in 2018-19, an increase of 8.42% and 8.55% respectively over the previous year. There was 8.1% and 11.23% growth in the physical volume of both EXIM and Rail-to-Road segments respectively. The gross turnover increased by 11.71% to Rs. 7,216 crore and the net profit for the year was Rs. 1,212 crore, showing a growth of 16.37% over previous year.

**Capital Expenditure:**

The proactive business outlook in the country for the logistic sector is read for which your Company is well placed to add and contribute. During the year an amount of around Rs. 758 crore was spent towards capital expenditure mainly on expansion of infrastructure in the form of setting up of ILMs, PEs at strategic locations, procurement of high capacity wagons, containers and other handling equipments. The Company is operating through 35 terminals and will be adding another 10 in the current year. The Company is also planning to set up terminals in the future. The above initiatives will result in business growth with the target to reach 120 in next few years. The above initiatives will result in business growth with the target to reach 120 in next few years. The above initiatives will result in business growth with the target to reach 120 in next few years.

**Net worth and Market Capitalization:**

The net worth of the Company increased from Rs. 2,274 crore as on 31.03.2018 to Rs. 10,368 crore as on 31.03.2019. The market capitalization of your Company has increased to Rs. 32,000 crore as on 31.03.2019 from Rs. 30,345 crore as on 31.03.2018.

**Dividend, Stock Split & Bonus Issue:**

Keeping in view the financial performance, funds requirements for future and DIPAM guidelines for 2018-19, the Board of Directors of your Company has recommended a final dividend of Rs. 55 (171%) per share having face value of Rs. 5/- per share. In terms of amount of dividend, the year 2018-19 was the highest in any year. The total dividend (including dividend distribution fee) for the year 2018-19 was Rs. 623 crore as compared to Rs. 439 crore in FY 2017-18, an increase of 25.55% over previous year. In order to increase the participation of share for shareholders and to enhance the wealth of our shareholders, they were awarded through stock split and issue of bonus shares. The equity shares were subdivided in June 2018, in which one share of Rs. 10 each was sub-divided into four shares of Rs. 5 each. Subsequently in February 2019, in the fourth bonus issue of shares by your Company since inception, bonus shares were issued in the ratio of 1:4.

**STRATEGIES AND INITIATIVES:**

Your Company today is a market leader and a strategically placed as an institution of excellence and eminence in the field of multimodal logistics in India. Over the years, it has transformed itself to cater to a bouquet of services to achieve business and enhance shareholder's wealth.

CONCOR started with seven terminals and now it has a formidable countrywide network of 35 terminals. Today, your Company has the largest available network of state-of-the-art intermodal terminals across the country, providing unrivalled reach and penetration combined with strong presence of almost all container handling ports.

At the year end, it had a fleet of around 26,000 containers for domestic business, 342 owned rail, 32,678 and 74,919 wagons. With physical presence throughout the country, large fleet of handling tools, containers, specialised container handling equipment, fully computerized operations and internet based custom interface, afford and reliable value added logistics services are being provided to the trade. Due to the challenges of rising competition, particularly from the road sector and CONCOR, our endeavour is to retain market share in containerised rail transportation as well as in creating new business verticals. The benefits of owning double stack trains from Mexico/Poland Forts to Kharivada and vice-versa are continuing to accrue, which has helped in containing the cost of empty running, enhancing rail-to-road and most of our services more competitive.

Further, your Company has manifold strategies to achieve its future goals successfully, which inter-alia include:

- Setting up of ILMs/Ps at strategic locations along the DFCs and major industrial areas;
- Intensive use of information technology in the form of warehouse management, e-commerce, logistic platform for First mile and Last mile solutions;
- Venturing internationally;
- Investing into special shipping to provide integrated logistics solutions by using road, rail and coastal routes;
- Setting up extended gateway facilities;
- Distribution logistics and LMS2 (Logistics Logistics and Manufacturing Zones).

Therefore, the Company is well positioned to reap the benefits from the opportunities arising from various Government, G2G, implementation, entering into new areas of business, proposed reorganisation of DFC, etc.

With the ethos of Customer Value Creation, well planned strategies and initiatives, sustained resources, in-house dedicated professional team and your support, we will be able to achieve the goal of consistent growth.

**SUBSIDIARIES, JOINT VENTURES AND ALLIANCES:**

The Joint Ventures (JV) and subsidiaries have been setup in line up with the leading players in the industry and are contributing directly and indirectly towards business growth of your Company. There are in total fourteen Companies, which are either subsidiaries or joint ventures doing business in the field of air, rail, air cargo, port operations, container handling solutions, providing first and last mile connectivity, setting up rail infrastructure, setting Multimodal Logistics Parks (MLM/Ps) and many of them are regularly distributing dividends.

The 2 JV Companies namely SIOCAL CONCOR Infra India Ltd. (SIOCAL) and Punjab Logistics Infrastructure Limited (PLIL) are also our subsidiaries, in which State Govt. entities of Uttaranchal and Punjab respectively are partners. Going forward, it is expected that significant valuations would be captured from the regions where they are located which will help in increasing our rail share by diverting traffic from road.

The Company of present has wholly owned subsidiaries namely Fresh & Healthy Enterprises Ltd (FHEL) and CONCOR Air Logistics Ltd. (CAL).

In the past, FHEL did not do well. However, with the changed business dynamics on implementation of GST and customized storage requirements, a new business plan was finalized for reorganisation of the facility of FHEL at Raj. Sameep for developing it as an AgriLogistics Centre in two phases. Under Phase 1, CONCOR had invested Rs. 13.45 crore by way of fresh equity in FHEL. In April, 2018 and equity infusion of Rs. 10.86 crore has been planned for Phase-II. Support has also been provided by connecting camp and interest dues to CONCOR into equity. The partial acquisition of the plant was done in July, 2018 and 24 chambers made available for storage of fruits, mango, kiwano, etc. A major development in March, 2019 with the Commissioning of one of the existing Rail facility as a major bonded warehouse with the Customs Authorities. Operations have started in custom bonded warehouse through which the importers/exporters are likely to be benefited with reduced overall logistic costs.

In order to gain foothold in the air cargo business, CONCOR Air Ltd. (CAL) was set up in the year 2012 and has carried out operations in international and domestic routes under concessional agreements with Mumbai International Airport Ltd. (MIAL). Over the years by providing successful international as well as domestic air cargo services, at Mumbai airport, CAL has established itself in the air cargo industry. It has successfully completed the concession period with MIAL for international operations in April 2012 and is continuing to handle domestic air cargo for major six airlines at Mumbai airport.

While the existing JV is continuing to perform by contributing to the growth of your Company, following new alliances have been entered into:

- Agreement with ACOG Infrastructure Ltd. (IKHL) whereby CONCOR will operate and manage the bonded area of their ICD, PHL.
- Agreement with Bangalore Airport Terminal Services Pvt. Ltd. (BATS) for undertaking ground handling & other air cargo related activities of various airports in India.
- Agreement with Shiv Camara Roadways Pvt. Ltd. (SCRPL) for exclusive containerised operations of CONCOR at Sikkim.

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- Memorandum of Understanding with Kerala International Container Terminal Pvt. Ltd. (KICTPL) whereby CONCOR shall have exclusive rail access to run the container lines between KICTPL and Cochin.
- Joint Working Group (JWG) with Central Warehousing Corporation Ltd. (CWC) to operate their CFS facility located at Pilavare Port.
- Agreement with IKHL, whereby CONCOR will operate & manage the bonded area at ICD, ICD at IIT Jodhpur for import/export of auto storage facilities.
- MOU with JIC, Russia, regarding exploring the key logistic opportunities in Russia, India and International Logistics.
- Supporting 30 bright students preparing for higher studies in Uttar Pradesh. Also supported operations of primary school for 500 students in Gurgaon, providing 250 children infrastructure support at Gurgaon. Support to 1000 students in Gurgaon and Shikhar Prakash and Shikhar Prakash benefiting more than 1000 students.
- Contribution to Annual Flower Day Fun for the welfare of poor widow and their dependents.

**AWARDS AND ACCOLADES:**

Many awards and accolades have been conferred on your Company for its achievements and performance, some of which are:

- Highest Wealth Creator Market Return (Niche Non-Manufacturing) under India's Best PSU Awards 2017 by Global Start Investment Journal.
- Our Business Services was chosen for Smart GST Award by Materna Gateway under Smart Logistics Award 2018.
- DFC & Bhatnagar PSU Awards 2018 under Transport & Logistics Services category by DFC India Group, Chairman, Prime Minister's Economic Advisory Council.
- ICD Srinagar was conferred with 'SMART LOGISTICS AWARDS' by Materna Gateway in the Smart Logistics Summit 2018.
- SKOTC Centre of India 2019 Award during the 31<sup>st</sup> Smart Summit at New Delhi.
- State of the industry Awards by 'ET Now' under the category 'The Energy Services Provider' for 2018.
- Any Excellence Award for Best Practices in Logistics by 'The Energy Services Provider' for 2018.
- Smart Railway Operator Award at Smart Logistics Summit 2018.
- Inland Container Depot & Rail Operator of the Year (India) at Northern India Maritime Logistics Awards.

**TECHNOLOGY AND STANDARDISATION:**

The digital revolution across the Globe has brought with it tremendous opportunities and now we need to realise that the way businesses are to be conducted in this new environment. Your Company recognises that continuous innovation in services, systems and processes will catapult it to a higher level of growth. The digital transformation has always been on our horizon to achieve the competitive pricing services. The digital transformation has always been on our horizon to achieve the competitive pricing services. The digital transformation has always been on our horizon to achieve the competitive pricing services.

**HUMAN RESOURCE MANAGEMENT:**

I consider the dedicated pool of talent in the Company as the most valuable resource that will shape the future of all our business initiatives and employee goals. CONCOR has adopted and aligned its HR strategy by hiring into the right areas of business and competence building needed for its business. The HR strategy is aimed at creating a match between the Company's future needs and the acquisition of individual employees.

The Company believes in encouraging employee innovation, growth and development of individuals by providing them potential, encouraging innovative ideas and for distribution of rewards. The work culture is open and dynamic enabling employees to take initiative in job and give feedback. Core is taken to market sales and hygiene work culture and to provide a conducive environment to the employees towards their good work. Participation of employees and their family members in sports, cultural events, etc. is also encouraged and supported.

The contribution of every employee is measured and rewarded through result oriented Performance Management System (PMS). This system practices the philosophy of rewarding and recognizing the employees of all levels and encouraging employees to follow the career development.

CONCOR has maintained industrial safety and followed a rigorous safety protocol. It has always been a top priority of the company. It provides an environment of two-way communication, participative culture and open forums for discussion of ideas and involvement of the employees. Due to best employee welfare and care development policies, our attrition rate is merely around 2%.

**CORPORATE GOVERNANCE:**

Your Company is a Namchi Company and has established a sound framework of Corporate Governance. It believes that Corporate Governance is about maintaining valuable relationship and trust with a diversity to maximize stakeholder's value like a shareholder, employee, supplier, customer, investor, community or policymaker.

The Corporate Governance has been based upon transparency, full disclosure, independent monitoring and fairness to all. The Company conducts its activities in an ethical and responsible manner towards sustainable value creation for stakeholders under the prevalent regulatory framework. It has always followed in creating a framework of best practices, procedures, structures and ethics in the organization.

The Governance in the Company has been strengthened by formulating, implementing and updating various policies and systems. All these initiatives have enabled your Company to earn the trust and goodwill of its investors, business partners, employees and the communities in which it operates. For the year 2018-19, DFC has rated the Corporate Governance Compliances of your Company as Excellent.

**CORPORATE SOCIAL RESPONSIBILITY:**

CONCOR is highly committed to the social and economic development of the deprived and underprivileged sections of the society. Therefore its CSR policy aims at providing support and benefits to them. The Company believes that what is good for the society and the country is good for your Company. CONCOR's social activities in FY 2018-19 continued to focus on development of society with prime focus on school education and health; in terms of guidelines issued by DPE. However, activities in other areas like environment, skill development, environment, sustainability, etc. have also been taken up. An amount of Rs. 13.75 crore was incurred during the year towards various CSR activities. Some of the initiatives taken were as under:

- Social girls and hand pumps installed in the rural areas of Gurgaon and Sultanpur, Uttar Pradesh.
- Skill development activities in the field of garment and logistic in Uttar Pradesh, Andhra Pradesh, Tamil Nadu and Gujarat benefiting 563 youths belonging to backward classes.
- Organized 86 Health camps at 27 major locations, benefiting approximately 54,195 beneficiaries.
- Infrastructure development of hospitals in Chhattisgarh and Andhra Pradesh, including support towards disaster relief camps of children with hearing impairment.
- To provide education, books in schools and public places were conducted at Jhansi, Bihar, Chhattisgarh and Uttar Pradesh, Odisha, Madhya Pradesh, Karnataka, Tamil Nadu. Construction of public toilets was also taken up at various Railway Stations of Western Railway.
- Infrastructure development of schools at Gurgaon/Chennai and Shikhar, Uttar Pradesh, Punjab, Bihar and Karnataka.
- As per guidelines issued by DPE towards CSR expenditure in operational districts, the districts of Chhattisgarh and West Bengal, Uttar Pradesh, West Bengal, Andhra Pradesh and Jharkhand, Bangladesh have been short-listed. The bonded areas of activities in these districts are school education and health care.
- Creation of social infrastructure in Nagore, Assam and Vishakhapatnam, Andhra Pradesh as well as contribution in National Sports Foundation Fund set up by Govt. of India.

27<sup>th</sup> August, 2019  
 New Delhi  
 X. Rajan  
 Chairman and Managing Director

Note: This does not purport to be a report of the proceedings of the 31<sup>st</sup> Annual General Meeting of the Company.





## CHAIRMAN'S SPEECH AT 31<sup>st</sup> AGM

### Dear Share Owners, Ladies and Gentlemen!

Good afternoon,  
On behalf of entire Board and management, I have great pleasure in welcoming you all to the 31<sup>st</sup> Annual General Meeting of your Company. This has been my privilege to lead CONCOR for almost three years now. After your kind and helpful participation in the last AGM, I would like to share with you some highlights about the performance of your Company during the year 2018-19, outlook, economic scenario, and logistic sector in particular.

Annual Report including Director Report, Financial Statements, Auditor Report, comments of CAG and other documents pertaining to the financial year 2018-19 and the AGM notes have been circulated in electronic mode and with your permission, I would like to read out the AGM notes in Hindi and English. I would like to thank you for your kind participation in the AGM. I would like to share with you some highlights about the performance of your Company during the year 2018-19, outlook, economic scenario, and logistic sector in particular.

#### ECONOMIC SCENARIO

As per report of International Monetary Fund, global economy grew at 3.2% during year 2018, whereas the GDP of India grew by 7.3% during the year 2018-19. The Indian economy is expected to rebound back to 8% growth in the Global economy and to reach almost 9% in the next year. It is expected to remain as the fastest growing economy in the world. In order to give a boost to the economic growth, the Government has introduced various measures to stimulate the growth and has taken steps like Make in India, Digital India, creation of infrastructure, skill development, GST, implementation of demonetization, monetary policy, etc. In addition, the Government has also taken various steps to improve the infrastructure, such as the construction of roads, bridges, airports, etc. The Government has also taken various steps to improve the infrastructure, such as the construction of roads, bridges, airports, etc.

Your Company's business is growth dependent upon overall GDP and EXIM trade of the country. It will continue to be a growth driver of public economy. The geopolitical uncertainties and environment of trade relations among major economies in the world, impacting global trade and commerce. Due to these factors and rising price of imports and exports, logistics services for EXIM trade are suffering. The economic business is also impacted by rising competition, disruption in fuel prices and soaring cost of manufacturing and transportation. Despite of the rise of adverse environment, your Company has performed well during the year 2018-19 because of the innovative, cost-effective, dynamic and well-planned operations and dedicated team.

#### SECTORAL PERFORMANCE

In the year 2018-19, Indian Railways registered a growth of 8.21% in originating loading of cargo, from 1,44,16,56 million tonnes in 2017-18 to 1,55,23,23 million tonnes in 2018-19. The originating containerized cargo, measured in TEUs, increased from 34.31 million tonnes in 2017-18 to 35,34 million tonnes in 2018-19, an increase of 11.7%. The containerized load of all ports of the country registered a growth of 4.22% from 14.56 million TEUs in 2017-18 to 15.14 million TEUs in 2018-19.

In the last fiscal, international accounts of the country in value terms went up by 9.06% from 30,33,53 million USD in 2017-18 to 33,23,23 million USD in 2018-19. The originating containerized cargo, measured in TEUs, increased from 34.31 million tonnes in 2017-18 to 35,34 million tonnes in 2018-19, an increase of 11.7%. The containerized load of all ports of the country registered a growth of 4.22% from 14.56 million TEUs in 2017-18 to 15.14 million TEUs in 2018-19.

#### PERFORMANCE HIGHLIGHTS

Supported by the economic activities in the country and through focused operation and right strategy, your Company has achieved a most remarkable growth during 2018-19. In which it placed third share in the list of top long term sustainable growth. Certain information about the business, financial performance, CAPEX, dividend, etc. which I would like to share, are as follows:

#### Business revenue, turnover & profitability

I am pleased to share that your Company recorded all time high performance on the parameters of EBITDA, net profit, gross turnover and net profit. It has handled 3.83 million TEUs and transported 42,50,00,00,000 kg of cargo volume in 2018-19, an increase of 14.2% and 8.5% respectively over the previous year. There was 8.1% and 10.2% growth in the physical volume of both EXIM and domestic freight respectively. The gross turnover increased by 11.1% to Rs. 7,219 crore and the net profit for the year was Rs. 1,212 crore, showing a growth of 163.7% over previous year.

#### Capital Expenditure

The key to business outlook in the long term for the logistic sector is trust for which your Company is well placed and committed. During the year, an amount of around Rs. 165 crore was spent towards capital expenditure, on various categories of infrastructure in the form of setting up of UMLPs at strategic locations, acquisition of high capacity wagons, containers and other handling equipments. The Company is operating through 53 terminals and will be adding around 8-10 in the current year with the target to reach 100 in next few years. The capital expenditure will result in business growth through sustainable improvement of handling capacity, operational efficiency, value added services and expansion of other services of value chain. The commencement of operations on Dedicated Freight Corridors (DFCs) will be a added advantage as the Company is well placed to tap the expected business growth from the newly established network of terminals. This year in order to leverage and improve, service levels, 136, 300 kg Low Capacity (LCC) wagons and 220 kg High Capacity (HCC) wagons were added to the existing fleet, increasing the handling of LCC and HCC to 11.47 million. Adequate capacity of 1,59,36,000 wagons was released from 2017 to 2019 and 400 high capacity HCC wagons have been added for a period of 15 years in addition to 2,780 heavy haul containers and 2,000 containers (ISO) to have been added.

#### Net worth and Market Capitalization

The Net worth of the Company increased from Rs. 3,74 crore as on 31.03.2018 to Rs. 10,968 crore as on 31.03.2019. The market capitalization of your Company has increased to Rs. 22,556 crore as on 31.03.2019 from Rs. 30,345 crore as on 31.03.2018.

#### FINANCIAL, STOCK SPLIT & DIVIDEND

Assessing the view of financial performance, India requires more for future and DRPM guidelines for 2018-19, the Board of Directors of your Company has recommended a final dividend of Rs. 65 (111% per share) having net value of Rs. 5 per share. In terms of amount of outlay, this dividend would be the highest in any year. The ROE development and healthy dividend distribution for 2018-19 will be the highest in any year. The ROE development and healthy dividend distribution for 2018-19 will be the highest in any year. The ROE development and healthy dividend distribution for 2018-19 will be the highest in any year.

#### STRATEGIES AND INITIATIVES

Your company policy is a market leader and is strategically placed as an institution of excellence and excellence in the field of end-to-end logistics in India. Over the years, it has expanded its reach to cater to the needs of various sectors to achieve objectives of serving the society and enhancing stakeholder value. CONCOR started with seven terminals and now it has a formidable countrywide network of 53 terminals. Today, your Company has the largest available network of inland-rail terminal network across the country, providing exceptional reach and penetration combined with strong presence at almost all container handling ports.

#### Further, your Company has manifold strategies to achieve its future goals successfully, which include:

- Setting up of UMLPs at strategic locations along the DFCs and major industrial areas;
- Intensive use of Information Technology in the form of warehousing management, e-commerce, logistic platform for First mile and Last mile solutions;
- Vertical integration;
- Vertical integration to provide integrated logistic solutions by using rail, road and coastal;
- Setting up extended gateway facility;
- Acquisition of logistic and L&L (Logistics and Manufacturing Zones).

Therefore, the Company is well positioned to reap the benefits from the opportunities arising from various Government initiatives, GST implementation, entering into new areas of businesses, proposed commencement of DFC, etc.

#### Subsidiaries, Joint Ventures and Alliances

The joint ventures (JVs) and subsidiaries have been set up in line with the leading players in the industry and are contributing directly and indirectly towards business growth of your Company. There are a total fourteen Companies, which are either subsidiaries or joint ventures doing businesses in the field of cold chain, air cargo, port operations, container freight stations, providing first and last mile connectivity, setting up rail infrastructure, running Multimodal Logistics Parks (MLLPs) and many of them are regularly distributing business.

The Company of present has wholly owned subsidiaries namely Fresh & Healthy Enterprises Ltd (FHEI) and CONCOR Air Mtl (CAL). In the past, FHEI did not do well. However, with the changed business dynamics on implementation of GST and customized storage requirements, a new business plan was finalized for re-engineering of the facility of FHEI at Raj. Subsequent to developing 1st and 2nd phases, FHEI has been operational. Under Phase-I, CONCOR had issued Rs. 13.45 crore by way of fresh equity in FHEI in April, 2018 and equity infusion of Rs. 20.36 crore was planned by Phase-II. Support has also been provided by converting loan and interest debts to CONCOR HCC equity. The partial commissioning of the plant and equity infusion of Rs. 20.36 crore was planned by Phase-II. Support has also been provided by converting loan and interest debts to CONCOR HCC equity. The partial commissioning of the plant and equity infusion of Rs. 20.36 crore was planned by Phase-II. Support has also been provided by converting loan and interest debts to CONCOR HCC equity.

#### Agreement with KIRL Infrastructure Ltd. (KIRL) whereby CONCOR will operate and manage the terminal area of their ICD, Pal.

Agreement with Bangalore Airport Terminal Services Pvt. Ltd. (BATS) for undertaking ground handling & other air cargo related activities at various airports in India.

#### Agreement with Shri Charters Roadways Pvt. Ltd. (SCORP) for exclusive container operations by CONCOR at Gurgaon.

## CONTAINER CORPORATION OF INDIA LIMITED

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- Memorandum of Understanding with Rail India International Container Terminal Pvt. Ltd. (RIICFTL) whereby CONCOR will have exclusive call access to run the container train between KCTPL and various ICDs in India.
- Joint Working Group (JWG) with Central Warehousing Corporation Ltd. (CWC) to operate their CP facility located at Piprari Port.
- Agreement with KIRL whereby CONCOR will operate & manage the terminal area at KIRL's terminal at Madhraj for handling of EXIM traffic.
- MOU with IRE Japan for investment in cold storage logistics.
- MOU with IIC-IND Logistics, Russia for exploring the logistics opportunities in Russia, India and International Corridors.

#### TECHNOLOGY AND STANDARDIZATION

The digital revolution across the globe has brought with it tremendous opportunities and now we need to embrace this way. Automation can be considered as the new environment. Your Company recognizes that continuous innovation in services, systems and processes will catalyze it to higher level of growth. The digital transformation has always been on our horizon to achieve our competitive advantage by providing efficient logistic services to the customers. The latest valuable tools for providing services to the customers are using smart devices enabling better productivity and minimizing the costs involved. The work on software for operations management (ERP), payroll systems, financial systems, which will give us an edge in our operations is progressing well. The mobile app for disseminating the information in respect of public tariff, last mile, track & trace etc. and the app for E-travel (covering routes & queries) have extremely benefited the customers. Your Company has also implemented e-travel during the year, replacing the physical files with electronic files as a step towards auto automation and paperless working. The Company has implemented a sophisticated billing for online submission of invoices by customers through their digital signatures and Know Your Container Location (KYCL) for online track and trace of container for its customers through mobile app, chatbot, etc. it has established back end IT and standby systems for its commercial business critical applications. CONCOR has been re-certified ISO9001:2015 and ISO 14001:2015 Certification (Ministry of Communication & Information Technology) for establishing an Information Security Management System (ISMS). The process of migration to ISO 9001:2015 has been successfully completed at 70 terminals of the Company.

#### HUMAN RESOURCE MANAGEMENT

Investing in the dedicated pool of talent in the Company as the most valuable resource that will shape the outcome of all our business initiatives and ambitious goals. CONCOR has adopted and aligned to HR strategy by taking into account the business objectives and competence building needed for its business. The HR initiatives are aimed at creating a match between the Company's future needs and the aspirations of individual employees.

The Company believes in encouraging employee empowerment, growth and development of individuals by instilling their potential, encouraging innovative ideas and fair distribution of rewards. The work culture is open and dynamic enabling employees to take initiative in job and give feedback. Core is taken to maintain balance and hygiene work climate and to provide conducive environment for the employees towards their good health. Participation of employees and their family members in sports, cultural events, etc. is also encouraged and supported.

The contribution of every employee is measured and rewarded through result oriented Performance Management System (PMS). This system promotes the philosophy of rewarding and recognizing employees for their contribution and is followed for the career development.

CONCOR has maintained industrial peace and harmony as it believes in equality of interests and not in conflicts of interests. It provides an environment of free way communication, participative culture, open platform for discussion of ideas and mediation of the employees. Due to best employee welfare and career development policies, our attrition rate is merely around 2%.

#### CORPORATE GOVERNANCE

Your Company is a Navika Company and has established a sound framework of Corporate Governance as believes that Corporate Governance is about maintaining valuable relationship and trust with a commitment to maximize stakeholders' value be it a shareholder, employee, supplier, customer, investor community or policymaker.

The Corporate Governance here is based upon transparency, full disclosure, independent monitoring and fairness to all. The Company conducts its activities in an ethical and responsible manner towards sustainable value creation for stakeholders within the prevalent regulatory framework. It has always believed in creating a framework of best practices, practices, structures and ethics in the organization.

The Governance in the Company has been strengthened by formulating, implementing and updating various policies and systems. All these initiatives have enabled your Company to earn the trust and goodwill of its investors, business partners, employees and the communities in which it operates. For the year 2018-19, DPE has rated the Corporate Governance Compliances of your Company as Excellent.

#### CORPORATE SOCIAL RESPONSIBILITY

CONCOR is totally committed to the social and economic development of the deprived and underprivileged sections of the society, therefore its CSR policy aims at providing support and benefits to the poor. The Company believes that what is good for the society and the country is good for your Company. CONCOR's social activities in FY 2018-19 continued to focus on development of society with prime focus on social education and health. In terms of guidelines issued by DPE, however, been taken. An amount of Rs. 13.35 crore was incurred during the year towards various CSR activities. Some of the initiatives taken are as under:

- Solar lights and hand-pumps installed in the rural areas of Ghazipur and Sahaspur, Uttar Pradesh.
- Skill development activities in the field of garment and logistic in Uttar Pradesh, Andhra Pradesh, Madhya Pradesh and Gujarat benefiting 360 persons belonging to backward classes.
- Digitized 80 Health camps at 27 major locations, benefiting approximately 54,118 stakeholders.
- Infrastructure development of hospitals in Chhattisgarh and Andhra Pradesh, including support towards medical supplies, surgery of children with hearing impairment.
- To promote education, books and school and at public places were constructed at Jharkhand, Bihar, Chhattisgarh and Jharkhand, Uttar Pradesh, West Bengal, Madhya Pradesh and Assam.
- Construction of public toilets was also taken up at various Railway Stations of Western Railway.
- Infrastructure development of schools at Gauribidanur and Shivajinagar, Uttar Pradesh, Punjab, Bihar and Jharkhand, Kerala.
- Library and Internet facility provided by DPE towards CSR expenditure in educational districts, the districts of Chhattisgarh and Shivajinagar, Uttar Pradesh, West Bengal, Madhya Pradesh and Assam.
- Chhattisgarh and Jharkhand. The focused areas of activities for these districts are school education and health care.
- Creation of sports infrastructure in Jaipur, Assam and West Bengal, Andhra Pradesh as well as sports in National Sports Development Fund set up by Govt of India.

- Supporting 30 bright students preparing for higher studies in Uttar Pradesh. Also, supported operations of primary school for 200 children at Bihar, benefiting 200 children. Infrastructure support to 10 schools at Gauribidanur and Ghazipur, Uttar Pradesh and Kharwar Rajasthan benefiting more than 2,000 students.
- Contribution to Aarogya Fortis Flag Day Fund for the welfare of our workers and their dependents.

#### AWARDS AND ACCOLADES

- Many awards and accolades have been conferred on your Company for its achievements and performance, some of which are:
- Highest Health & Safety Record Award by Navika-NRI-Manufacturing under India's Best PSU Awards 2017 by Global Steel Investment Journal.
- Our Railway terminal was chosen for 'Smart GGT Award' by Maritime Gateway under Smart Logistics Award 2018.
- Can & Boatload PSU Awards 2018 under Transport & Logistic Services category by SBI Book Delivery Chairman, Prime Minister's Economic Advisory Council.
- ICD Saranagar was conferred with SMART LOGISTICS AWARD by Maritime Gateway at the Smart Logistics Summit 2018.
- SKSDFI India-01-March 2018 Award during the 31st Shiksha Samiti at New Delhi.
- Star of the Industry Awards by 'ET Now' under the category 'Best Freight Service Provider, Rail'.
- Key Excellence Award for Best Practices in Logistics during the 10th INDIAN RAIL Award Summit 2018.
- Smart Railway Operator Award of Smart Logistics Summit at Kolkata.
- India's Container Depot & Rail Operator of the Year (Public) at Northern India Multimodal Logistics Awards.

#### FUTURE OUTLOOK

Your Company believes that economic recovery and increase in EXIM trade will give boost to its growth plans. Large number of industrial parks, SEZs, port infrastructure projects etc. being established in different States, offer your Company an excellent opportunity for serving as logistic partner through arrangements of mutual benefits. Based on the spot for container that has been created over the years, your Company is well placed to attain consistent high growth in addition to expanding existing business verticals. The objective is now to tap the enormous business potential being available in areas such as e-commerce, air cargo, e-commerce, distribution, logistics, warehousing, value added services, cold chain, L&L, operating in international areas, etc. for which effective steps have been taken. Our setup will play a vital role in all our endeavours with a focus on providing continuous cargo visibility and enhancing our service level commitments.

During the year, your Company has started its coastal shipping operations at West Coast made in Kharwar, Maharashtra-Godavari-Talasa-Karfa. It will also give impetus to connectivity from these four ports by rail and road. Similar services, it is planning to provide at East Coast going into Bangladesh. Our coastal shipping activities will benefit the trade in many ways, including through the economical logistic services.

Your Company has entered into distribution logistic business for which it has identified 22 nodes across India under which long duration arrangements with business partners (inbound) through tendering process, will be done under PPP mode. All these distribution logistic services the services to provide modern warehouses and to maintain accurate inventory and distribution of the products, will be provided.

After participation in the Freight Award Scheme of the Indian Railways in March 2018, your Company has also been awarded the benefit of no freight income to the customer, but has also committed that charges like handling and warehousing will not be increased for one full year. This has been received very well by the customers. In addition to this, the Company has introduced the rate of 80 days and 90 days, saving away all volumes of customer. These initiatives are both training and O&M steps towards ease of business bringing down the overall cost of logistic services.

Your Company is also trying to develop ICDs in Egypt in a consortium with PSA of Singapore and the local partner. It is exploring the possibilities for providing logistic services on the Indian and International Corridors, which is not just limited to the International North South Transportation Corridor (INSTC).

Container Train service to Bangladesh has commenced and there are plans to start a new route to Nepal via Baramulla-Jogam-Binagaur for the transit cargo to Nepal through India's Gateway ports.

Amiable App for mobile rail mile connectivity is being developed which will facilitate efficient delivery of services at minimum cost.

Some of the other medium and long-term strategies, include the following:

- Enhance double stack operations to efficient utilization of its rolling stock, improve dwell time of containers on port and terminals at a reduced logistic cost.
- Continue to invest in L&L (Integrated Logistics and Manufacturing Zones).
- Plan to study the freight charges being evolved for bulk transportation of cement, aggregate, liquid cargo, bulk cargo, etc. for new opportunities.
- Focus on off-shore presence in the neighbouring countries.

#### ACKNOWLEDGEMENT

In conclusion, I would like to convey my deepest gratitude to the Government Departments, especially Ministry of Railways, Shipping, Commerce and Industry, Finance and all regulatory authorities for always supporting your Company in all its endeavours. I am thankful to you, our valued shareholders for your continued support and goodwill that provides us encouragement and motivation. I thank all our customers, investors, partners, banks, business associates and all the stakeholders for making this year in us and in all our efforts. I also acknowledge and appreciate the guidance, valuable support and cooperation from my colleagues on the Board, CAG and our Auditors. I also extend my thanks to our partners in the electronic and print media, for continuous and unwavering support and for providing constructive coverage. Finally, I would like to place on record my deepest appreciation for the collective efforts of team CONCOR, the strong team behind the success of your Company and whose commitment will take it to greater heights in times to come.

Thank you once again, Ladies and Gentlemen.

27<sup>th</sup> August, 2019  
New Delhi  
V. Kalyana Rama  
Chairman and Managing Director

Note: This is not a part of the record of the proceedings of the 31<sup>st</sup> Annual General Meeting of the Company.





