



CHAIRMAN'S SPEECH at 30th AGM

Dear Share Owners, Ladies and Gentlemen!
Good afternoon!

On behalf of the Board, I am delighted to extend a very warm welcome to all of you at this 30th Annual General Meeting of your Company. Your Company has completed 30 years of its formation and it is indeed an honour and privilege for me to present its annual performance and future plans at this historic juncture.

Annual Report for the financial year 2017-18 and the AGM notice have been circulated in advance and with your permission, I consider them as read. Now in my address, I would like to share with you brief highlights about the performance of your Company during 2017-18 vis-a-vis economic scenario of the country and logistics sector in particular.

ECONOMIC SCENARIO:

As per the report of International Monetary Fund (IMF), global economy grew at 3.8% during the year 2017. The GDP in India grew at 6.7% during the year 2017-18 and as reported this growth accelerated to 8.2% for the first quarter of current year i.e. 2018-19. With various stepping steps taken by the Government in the past such as Make in India, Digital India, Sagarmala Project, Insolvency and Bankruptcy Code, Implementation of GST and grant of infrastructure status to logistics, the growth trajectory in the Indian Economy is likely to continue. Meanwhile, the World Bank has pegged India's growth rate at 7.3% in 2018-19 and at 7.5% for next two years. In another report of the World Bank, India jumped 30 ranks in ease of doing business from 130th position last year to 100th position. This augurs good news for your company as any boost in economy translates into spur in demand for logistics services in the country.

Your Company's business is majorly dependent upon overall global and EXIM trade of the country. It was yet another year of low growth rate of global economy and the geo-political uncertainties are continuing. In the EXIM trade of the country, due to higher imports, the trade gap is widening. Irrespective of all these factors, your Company has performed well during the year because of the commitment and dedication of team CONCOR.

The good news on the domestic front is the growing consumption demand, expected upswing in private capital investment, investment in infrastructure and other Govt. initiatives, which are likely to create new business opportunities and contribute to the growth of industries, including logistics sector.

SECTORAL PERFORMANCE:

Indian Railways registered a growth of 4.78% in originating loading of cargo, from 1,109 million tonnes in 2016-17 to 1,162 million tonnes in 2017-18. The originating containerized cargo transported by rail increased from 47,60 million tonnes in 2016-17 to 54.31 million tonnes in 2017-18, an increase of 14.10%. The containers handled at all ports of the country registered a growth of 11.63% from 13.16 million TEUs in 2016-17 to 14.69 million TEUs in 2017-18.

In the last fiscal, total exports of the country went up by 10.14% from 276 billion US\$ to 304 billion US\$. Imports of the country also experienced an increase of 21.35% from 384 billion US\$ in 2016-17 to 466 billion US\$ in 2017-18. CONCOR experienced a rise in export of commodities such as Buffalo Meat, Aluminium Ingots, Cotton Yarn, Stone, Medicines, and Food Items etc. While import of commodities such as Waste Paper, News Print, Auto Parts and Machines etc. increased, import of Heavy Melting Scrap and Luminium Scrap experienced a downfall.

PERFORMANCE HIGHLIGHTS:

Supported by the robust economic activities in the country and through focussed approach and right strategies, your Company has delivered a robust performance during 2017-18. Your Company has gained market share and is moving on the path of long term sustainable growth. Certain indicators about the business volumes, financial performance, CAPEX, dividend, etc., which I would like to share are as follows:

Business volumes, turnover & profitability:
I am pleased to share that your Company recorded life time high in performance excellence, for the parameters of overall physical volumes, turnover and net profit. It transported by rail 39.97 million tonnes of cargo volume in 2017-18, an increase of 15.19% over previous year. It handled physical volume of 3.53 million TEUs, registering a growth of 13.85% over the previous year. In the EXIM and domestic segments, the volumes handled were 1.9 million TEUs and 0.53 million TEUs, an increase of 13.64% and 15.03% respectively over the previous year. The operating turnover of your company registered an increase of 10.01% during the year under review, increasing from Rs.5,606 crores in the previous year to Rs.6,167 crores in the current year. The gross turnover increased by 9.75% to Rs.6,470 crores. Net profit was Rs.1,049 crores, which is a growth of 22.26% over the previous year.

Capital Expenditure:

The investments in setting up of Multi Modal Logistic Parks (MMLPs), expansion of terminal network and moving into other segments of logistics value chain would give fillip to the future growth of CONCOR. During the year, capital expenditure of Rs.857 crores was incurred mainly on development of MMLPs/expansion of terminals, acquisition of wagons, handling equipment and enhancing IT infrastructure. In order to strengthen and improve the service levels, during the year, 540 BLC wagons were added to the existing fleet of wagons and total wagon holding went up to 14,538 as on 31.03.2018.

Net worth and Market Capitalization:

Net worth of your company increased to Rs.9,401 crores from Rs.8,846 crores in the previous year. The market capitalisation as on 31.03.2018 was Rs.30,345 crores, which was Rs.24,834 crores as on 31.03.2017.

Dividend, Bonus Issue & Stock Split:

Keeping in view the financial performance, funds requirements for future and DIPAM guidelines, I am happy to inform that the Board of Directors of your company have declared an interim dividend of Rs.9.00 (96%) per share of Rs.10 each followed by a final dividend of Rs.3.75 (75%) per share of Rs.5 each. The total dividend distribution, including dividend distribution tax for the year 2017-18 will be Rs.502 crores, which is the highest in a year till now. The Shareholders were rewarded by issuing bonus shares in the ratio of 1:4 in the month of April 2017. Further, the shares were sub-divided in June 2018, in which one share of Rs.10 each was sub-divided into two shares of Rs.5 each.

STRATEGIES AND INITIATIVES:

Your company is a market leader and strategically placed as an institution of excellence and eminence in the field of multimodal logistics in India. Over the years, your Company has transformed itself to enlarge its range and reach of services to achieve objectives of serving the society and enhancing shareholders' value. At the beginning of our journey, we were just focusing on basic ICD functions with custom clearance facility; then we moved to ICD plus i.e., custom bonding and palletisation and now we are graduating to MMLPs. The MMLPs inherently have ICDs but they look at additional streams of traffic by providing the facility of Private Freight Terminal (PFT), automobile hub, distribution and commodity hub and many other value added services. Today, your Company has the largest available network of state-of-the-art intermodal terminals across the country providing unparalleled reach and penetration combined with strong presence at almost all container handling ports.

We started with seven terminals in the beginning and has a formidable network of 79 terminals as at 31.03.2018. The plan is to reach 100 terminals by 2020. At the year end, your Company had large fleet 20,695 containers for domestic business and 322 owned rakes. With the large fleet of its rolling stock, specialised container handling equipment, fully computerised operations and internet based custom interface, your Company is well placed to provide efficient and reliable value added logistics services to the trade. The development of Dedicated Freight Corridor (DFC), Delhi Mumbai Industrial Corridor (DMIC), Ports and Infrastructure facilities near major industrial hubs in the country will contribute towards the expansion of its business in future. For growth and diversification there is tremendous opportunity and market potential in air cargo, automobile sector, cold chain, supply chain management and distribution logistics, which are being explored by your Company. The opportunities emerging from GST implementation, particularly in the field of warehousing, e-commerce and 3PL will be to our advantage. The Company plans to expand business internationally, set up integrated Logistics & Manufacturing Zones (ILMZs), add 50 million square feet warehousing and develop coastal shipping, which would further enhance its revenue streams. Further, your Company has manifold strategies to achieve its future goals successfully, which inter-alia includes:

- Developing MMLPs at desired locations along DFC and at major industrial estates,
- Setting up PFTs with road bridging solutions,
- Increase in double stack long haul trains and development of Rail Transshipment Hubs (RTH),
- Innovative 3PL/4PL solutions,
- Operating air cargo centers,
- Minimizing transaction costs by way of e-transactions through Mobile App; and
- Providing other value added services such as cross docking, wrapping, labeling, palletization, bar coding and inventory management, etc.

The enhancement in double stack movement between hinterland and gateway ports have helped increase rail collection and made our services competitive. It has the advantage of increasing the volumes, while at the same time reducing waiting time of boxes at ports & hinterland terminals and help in reducing cost of empty running.

With our ethos of Customer Value Creation, well planned strategies & initiatives, available resources, in-house dedicated professional team and your support, we will be able to achieve the goals set for your company.

SUBSIDIARIES, JOINT VENTURES AND ALLIANCES:

As you know your Company has set up many joint ventures (JVs) and subsidiaries by having its ups with the leading players in the industry so as to have mutual benefits accruing from each other's expertise and alliances through JVs are contributing directly or indirectly towards our business growth.

Two of our Joint Venture Companies namely SIDCUL CONCOR Infra Company Ltd. (SICIL) and Punjab Logistics Infrastructure Limited (PLL) are also our subsidiaries, which were set up in partnership with State Govt. entities of Uttarakhand and Punjab respectively. Both these JVs have already started operations and it is expected that significant volumes would be captured from the regions where they are located, which will help in increasing our rail share by diverting traffic from road.

Your company at present has two wholly owned subsidiaries namely M/s Fresh & Healthy Enterprises Ltd. (FHEL) and M/s CONCOR Air Ltd. (CAL).

In the past, FHEL did not do well, however there has been considerable change in business scenario with implementation of GST and a number of measures have been taken to boost the logistics sector especially Agri-logistics. Many entrepreneurs have approached us highlighting the need for customized requirements and storage of smaller quantities in cartons/pallets, thus making the leasing of facility more attractive. Keeping in view the changed business dynamics, a new viable business plan has been put in place for FHEL



with proposed investment of Rs.44.31 crores, out of which Rs.13.45 crores has already been infused by your Company.

CAL was set up for taking up Air Cargo related activities in international and domestic circuits under concessional agreements with Mumbai International Airport Ltd. (MIAL). With taking over of international as well as weaker air cargo operations at Mumbai Airport, which is one of the best International Airports in the world, CAL has established itself in the field of International and Domestic air cargo industry. CAL has earned a net profit of Rs.12.16 crores during 2017-18.

Looking at the potential of ground handling operations at major Airports in the Country, your Company has also entered into an alliance with M/s Bangalore Air Terminal Services (BATS) to develop this business.

During the year, some strategic alliances were made in which following Memorandum of Understandings (MOUs) were signed for setting up MMLPs at different places:

- National Highways Authority of India (NHAI) and Surat Municipal Corporation at Surat, Gujarat,
- NHAI and Telangana State Industrial Infrastructure Corporation Limited at Hyderabad,
- Government of Uttar Pradesh at New Bhaupur,
- Paradip Port Trust at Paradip Port, Odisha,

In addition, MOUs were also signed with the following:

- Chennai Port Trust for setting up an Extended Gate Common User Facility at CONCOR's premises at Tondiarpet, Tamil Nadu.
- State Govt. of Andhra Pradesh for setting up an ILMZ at Machilipatnam.
- Bharat Mumbai Container Terminals Pvt. Ltd. the PSA 4th Terminal at JNPT for operating Extended Gates at our terminals at Kathuwas (Delhi), Jakhwada (Ahmedabad) and DRT (Mumbai).

TECHNOLOGY AND STANDARDISATION:

Your Company has always been on the forefront of adopting advanced IT applications. It is committed for digital transformation to leverage our IT capabilities to achieve the competitive advantage by providing the best logistics services with continuous cargo visibility to our customers. It has been using the latest available tools for providing efficient services to its customers, thereby facilitating better management of business, improving productivity and minimizing the costs involved. We are unifying all our operations management ERP's, payroll systems, finance & payment systems, which will give us an edge in our operations. CONCOR has already developed first phase of its Mobile App during the year and once the second phase is implemented, customer will be able to carry out all their transactions through this App. Some of these transactions would be like choosing a trucking service provider among the vendors registered with your Company and seamless continuous cargo visibility. In addition, such App, would also enable providing other value added services.

HUMAN RESOURCE MANAGEMENT:

Human Resource Management (HRM) in organizations is designed to maximize employee performance to achieve strategic objectives. Being a progressive organisation, CONCOR firmly believes in the strength of its most vital asset i.e., Human Resource. Developing talent and meritocracy is at the heart of our success. CONCOR's HR Philosophy is rooted in employee empowerment, growth and development of individuals by realizing their potential, encouraging innovative ideas and fair distribution of rewards. Here, the work culture is open and dynamic enabling employees to take initiative in jobs and give feedback and suggestions. CONCOR is an employer of choice and attracts the best available talent. Right placement and refinement of employees is the primary function after induction for which the Company maintains alignment of individual performance and goals with that of CONCOR. Great care is taken to provide working environment to the employees conducive to their good health. During the year, it maintained industrial peace and harmony.

We believe that leadership development and learning is a continuous process at every level of the organisation. The Company conducts both in-house and specialised topic based trainings as per organisational and employees needs from time to time. Employees are put to 'On the Job Training Programmes' and are evaluated to get an understanding of the suitability of the employee for his/her right placement and also to understand specific developmental needs of employees.

The Company has a performance oriented culture, wherein contribution of every employee to the business is measured and suitably rewarded. CONCOR has a sound and result oriented Performance Management System (PMS). The system promotes CONCOR's philosophy of rewarding and recognizing meritocracy at all levels and support development of executives through a structured approach.

CORPORATE GOVERNANCE:

CONCOR has established a sound framework of Corporate Governance. The guiding principles of this framework at CONCOR are based upon compliance of law/regulations/letter and spirit, adopting transparent systems/practices, to promote and safeguard the interests of all stakeholders, integrity and ethical behaviour of all personnel and having a climate of trust and confidence by means of transparent and timely disclosure of material information. We practice strong Corporate Governance by maintaining valuable relationship and trust with all stakeholders and are committed to maximize value for our shareholders, employees, suppliers, customers, investors' community and policymakers. In testimony of its good corporate governance, for ten years in succession including 2017-18, it has received Nil comments from CAG of India.

CORPORATE SOCIAL RESPONSIBILITY:

CONCOR has always kept communities first and it believes that what is good for the society and the country is good for your Company. Therefore, the impetus towards sustainable development of all stakeholders by undertaking various welfare activities are continuing. Your Company's CSR policy aims at providing support and benefits to the deprived and under-privileged sections of the society. The thrust areas identified for this include health and medical care, sanitation, education/literacy enhancement, community development & rehabilitation measures, environment protection, conservation of natural resources and infrastructure and rural development, etc. Some of the initiatives taken are as under:

- Solar lights installed in the un-electrified rural areas of Bhadoli, Shiravasti and Ghazipur districts of Uttar Pradesh for benefit of a large number of rural population. Support extended towards solar electrification of Shyamgari, Bhavani Mandi, Abu Road and Bhiwara Railway stations.
- Skill and development activities for weaker section of the field of Garment and Logistics in Uttar Pradesh, Andhra Pradesh, Tamilnadu and Gujarat, benefiting 560 youths belonging to backward classes.
- Preventive Health camps organized at major locations of CONCOR benefiting around 50,000 stakeholders.
- To promote sanitation among masses, community toilet blocks were constructed in Jahanabad, Bihar and Ghazipur and Varanasi in Uttar Pradesh. Also construction of toilets was done in schools and for abandoned/mentally retarded persons.
- Enthused by the success of Perishable Cargo Centre at Ghazipur, CONCOR constructed another Perishable Cargo Centre at Rajatalah Railway Station in Varanasi. This will provide storage facility of 400 MT to the farmers of this area and will be helpful to those who have no access to such storage facility resulting in wastage of vegetables in large scale in vegetable growing season.
- The up-gradation of Mango Pack House in Devgaj, Maharashtra will serve the mango growers of the area by enhancing their earnings.
- Support in education was provided to 40 bright students by preparing them for higher studies in Eastern Uttar Pradesh and also to 250 slum children in Delhi belonging to poor families for operation and maintenance of their primary school.

An amount of Rs.15.75 crores was disbursed during the year towards various CSR activities.

AWARDS AND ACCOLADES:

In recognition of your company's achievements and performance, it has been conferred many awards and accolades during the year 2017-18. Some of these are:

- Dun & Bradstreet Corporate Awards 2017 for achieving excellence in "Transport & Logistics" sector.
- "SKOCN Order-of-Merit Award" during 48th SKOCN Summit.
- Best PSU under "Transport Service Sector" at the Dun & Bradstreet PSU Awards 2017.
- The "Best ICD and Container Train Operator" in the country in Conquest Annual Award 2017-18.
- Global Logistics Excellence award for "Best Cold Chain Initiative - Food Processing".
- "Smart Transporter - Rail" award at Maritime Gateway Smart Logistics Summit & Awards 2018.
- Prestigious BML Munjal Award for being runners up in the Public Sector Category for its contribution in Learning and Development of its employees.
- Ranked 78th in the ranking released by Business India Super 1000 companies of Corporate India, a massive jump from 103rd rank of 2016.

FUTURE OUTLOOK:

Your Company is on the cusp of expanding its wings based on the solid foundation that has been created over the years. The aim of your Company is to tap on the enormous potential becoming available in areas such as coastal shipping, e-commerce, warehousing, value added services, expanding network in international arena, etc. Information Technology (IT) will play a very important role in all its endeavours with the objective of providing continuous visibility of cargo and enhancing our service level commitments. As stated above, a Mobile App has already been launched and is being further developed as a digital platform to provide comprehensive logistics solutions.

Double stack movement from the fast growing North Western ports especially through our facility at Kathuwas has helped increase the rail coefficient of container movement and attract more light weight cargo. Now more than 200 Double Stack trains are being run per month and this will be increased regularly.

In respect of EXIM segment, improvement in external demand for Indian exports, commissioning of DFC will help boost the rail volumes and there will be increase in hinterland penetrations of containers, which will be to our advantage. Higher revenue from providing various value added activities such as special purpose warehousing, palletization and inventory management, etc. are also expected. The expansion of infrastructure, innovative business solutions, development of new streams and various other initiatives elaborated above will further consolidate CONCOR's position as the market leader in the field of logistics. With your Company's medium and long-term strategy it is aiming to achieve:

- Throughput capacity of 7 million TEUs by 2020.
- Market share of 80% in Rail container freight market.
- Turnover of Rs.12,000 crores and Net-worth of Rs.10,000 crores by 2020.

ACKNOWLEDGEMENT:

In the end, on behalf of the Board of Directors, I would like to convey my deepest gratitude to the Central Government Departments, especially Ministries of Railways, Shipping, Commerce and Industries and all regulatory authorities for constantly supporting and facilitating your Company in all its endeavours. I am extremely thankful to the shareholders for reposing faith in us and for their strong and reasoned belief in the Company. I thank all our customers, exporters/importers, liners, business associates and all the stakeholders for sharing a profound relationship with the Company and always supporting and strengthening the developmental efforts taken by us. I also acknowledge and appreciate the guidance and valuable support and co-operation from my colleagues on the Board 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 express my deepest appreciation for the dedicated efforts from employees of your Company for shaping CONCOR's present achievements and charting its journey ahead to take it to new pinnacles of success in future.

Thank you once again, Ladies and Gentlemen.

20th September, 2018
New Delhi
V. Kalyana Rama
Chairman and Managing Director

Note: This does not purport to be a record of the proceedings of the 30th Annual General Meeting of the Company.