

LETTER FROM CHAIRMAN AND MANAGING DIRECTOR

Dear Fellow shareholders,

Greetings !

It is my privilege to communicate with you through my second letter after I took over as Chairman and Managing Director of CONCOR.

As per report of International Monetary Fund (IMF) global economy grew at 3.8% during the year 2017 whereas the GDP in India grew at 6.7% during 2017-18. With various inspiring steps taken by the Government in the past such as Make in India, Digital India, Creation of Infrastructure, Sagarmala Project and Implementation of GST etc. the growth momentum in the Indian Economy is likely to continue.

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 geopolitical uncertainties are continuing. In the EXIM trade of the country due to higher imports, the trade gap is widening. In this external environment with our focused approach, right strategies and hard work & dedication of our team, CONCOR has performed well during the year 2017-18.

In the year 2017-18, Indian Railways registered growth of 4.77% in originating loading of cargo, from 1,108.79 million tonnes in 2016-17 to 1,161.66 million tonnes in the current year. 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.

Overcoming the challenging external environment, your Company has delivered good performance during 2017-18. It has transferred 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 30,01,948 TEUs and 5,29,952 TEUs, an increase of 13.64% and 15.08% respectively over the previous year. During the year, it achieved a gross turnover and net profit of ₹ 6,470 crores and ₹ 1,049 crores respectively. The net worth of your Company increased to ₹ 9,401 crores from ₹ 8,846 crores in the previous year. The handling volumes, gross turnover and net profit for the year 2017-18 were the highest ever achieved by the Company in a year.

The long term business outlook for the logistic sector is positive and therefore creation of infrastructure is need of the hour to meet the industry requirements in future. During the year, the company has spent an amount of around ₹ 857 crores toward capital expenditure mainly on creation of new terminals, expansion of existing ones and acquisition of wagons & container etc. Development of several Multi Modal Logistics Parks (MMLPs) across India is being done, which will result in business growth through substantial augmentation of handling capacity, locational advantage, value added services and exposure to other segments of value chain.

With rising competition particularly from the road sector, our endeavor is to retain our market share in rail containerized transportation as well as creating new business verticals. Your Company believes in sustainable and responsible growth and is taking innovative steps in marketing and meeting customer's expectations towards reliable and cost effective services. We continue to expect good results from double stack running from Mundra/Pipavav Ports to Khatuwas and vice-versa which has not only helped in containing the cost of empty running but has also helped in enhancing rail co-efficient & made our services more competitive.

In order to expand the business of our Company & to move towards the provision of complete logistics services, your Company has formulated strategies which include setting up of MMLPs at vantage locations along the Dedicated Freight Corridors (DFCs) and major industrial states, setting up Private Freight Terminals (PFTs) with road bridging solutions venturing internationally, extensive use of information technology, setting up extended gateway facility, providing value added services i.e. cross docking, wrapping, labelling, palletisation, bar coding and mobile app etc. We are following a focused approach and have plans in place to implement the strategies so as to move on the path of higher growth trajectory in the times to come.

Your company is well poised to reap the benefits from the opportunities emerging from GST implementation and eyeing new business avenues in the field of warehousing, e-commerce and 3PL etc. We are committed to provide best quality services to our customers and our ethos is "Customer Value Creation".

Your company believes that signs of economic recovery coupled with growth in manufacturing sector, which is likely to gain impetus with the Make in India initiative will give boost to our growth plans. The large number of Industrial Parks, SEZs etc. being established by State Governments and Ports offer your Company an excellent opportunity for



servicing as logistics partner for the states/industrial estates through arrangements of mutual benefits. There is tremendous business potential for providing logistics services in air cargo, automobile sector, food supply chain management, distribution logistics, integrated logistics & manufacturing zones (ILMZ) and coastal shipping, which are also areas of diversification and the Company has already taken steps to move into such areas.

The Company is committed for digital transformation to leverage our IT capabilities to achieve the competitive advantage. It has taken many IT initiatives, which include providing continuous cargo visibility to its customers through mobile app., SMS facility and our interactive website.

Your Company has always followed transparent practices in doing its businesses particularly in the areas of Corporate Governance and its Social Responsibilities, which has created an environment of trust among all its stakeholders. The CSR initiatives taken by the Company in the field of education, health, environment sustainability and skill development etc. have touched and positively impacted the lives of many underprivileged people across the country. An amount of ` 16.22 crores was spent on various CSR projects during the year.

I would like to thank you for the unstinted support and trust in the Company. I would also like to place on record my sincere appreciation for Company's Board of Directors and Ministry of Railways for their continued guidance and support. I would like to express my gratitude to all our shareholders, esteemed customers and our business associates for having reposed faith in our efforts, which has helped us to earn their confidence. I want to assure you that the talented, dedicated and highly motivated team of CONCOR will take the Company to new pinnacles of success in the future.

With best wishes,

Date:21.08.2018
Place: New Delhi

Sd/-
(V Kalyana Rama)
Chairman and Managing Director