

CONTAINER CORPORATION OF INDIA

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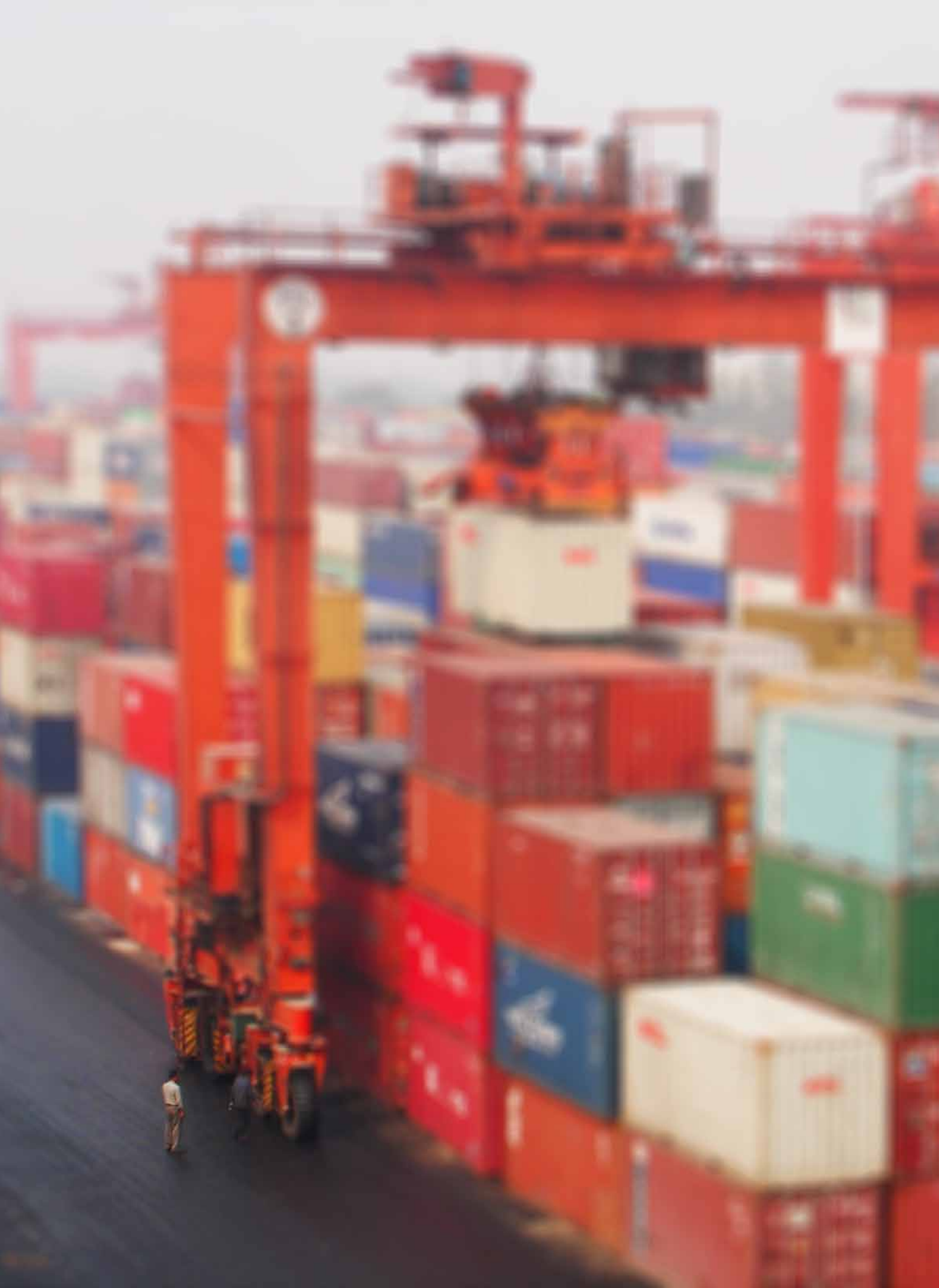
CORPORATE BROCHURE





From farm to fork

Logistics has become a critical component for economic success in today's global scenario and Container Corporation of India is showing the way—by educating the farmer and helping everyone to reap rich rewards



India's logistics segment is all set to get a major fillip with the Indian government likely to allow global supermarket chains such as Walmart, Tesco and Carrefour to set up deep discount stores in India. In a major policy review, the government is set to allow foreign direct investment (FDI) in multi brand retail with a 51 per cent ceiling.

Eager to implement new technology for the farming sector, especially for horticulture across the country, Container Corporation of India (CONCOR) has been combining business logistics and technology to weed out old and outdated farming practices which result in a high rate of crop disease. The company has been introducing farmers to improved farming practices, and doing so has resulted in an improved quality of life for the farmers as well as better produce at the retail outlets.

Though the Indian government has licensed over a dozen private players to operate railway containers, the business has been dominated by CONCOR, a state owned Union government enterprise that provides inland transport and cargo handling facilities. The company's core business includes three distinct activities—that of carrier, terminal operator and warehouse operator. Capital expenditure is in the region of £80 million per year, half of which is spent on wagons while another £10 million to £15 million is spent on containers.

With India being treated as the destination of the future in the field of logistical service

providers all over the globe, CONCOR has started to gear up and position itself ahead of the pack. Though it works mainly with shipping lines catering to international trade sectors and comes up with innovative solutions to improve logistics efficiency, CONCOR also believes in educating the farmer.

The logistics company has been working very closely with apple farmers in Himachal, a state in northern India, with one clear intention—to spread knowledge among the farmers and bring a big boost to productivity. CONCOR began to strike deals directly with the farmers and has completely done away with the middlemen. As well as apple growers, CONCOR has been catering to the needs of organic rice growers, garlic and carrot producers.

"There is so much to sell. Farmers need these retail outlets to get their produce to the market. Once farmers are comfortable with our assured price which we seal at the flowering stage, they can go back to adopting better farming practices," comments P Alli Rani, director of finance at CONCOR.

The idea is to achieve flawless transportation execution, which involves more than just showing up on time. With the container business in India growing at a brisk clip, importers and exporters are increasingly shifting away from general cargo. Containerised traffic is growing by almost 20 per cent annually—nearly double the global average—and is expected to double to 110 million tonnes in just under five years. Keen to push through



Zhang Jia Gang City Maristar Container Manufacturing Co.,Ltd was established in 1998, and designs, produces and sells special containers and mobile shelter systems according to the ISO standards.

The company hold approvals from the international Classification societies Germanischer Lloyd(GL), American Bureau of Shipping(ABS), Bureau Veritas(BV), and the Chinese classification society(CCS).

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Maristar is one of the biggest manufacturers of special containers in China

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with its dominant position, CONCOR offers faster transit and reduced supply chain cost with its technologically advanced infrastructure.

CONCOR identified the agriculture sector as part of its business strategy, and has undertaken several initiatives, forming a large number of joint ventures related to its core business. The cold chain project is one such initiative.

CONCOR set up a special logistics company to establish a cold chain using modern technology. The controlled atmosphere in the containers is very different from refrigerated containers and aids the long term preservation of perishable fruits.

“We realised there is a great amount of wastage

“ India is the second largest producer of fruits and vegetables in the world ”

happening post-harvest, which we estimated at 25 per cent of total produce or approximately \$10 billion,” says Rani. “India is the second largest producer of fruits and vegetables in the world. The Indian agriculture sector accounts for 26 per cent of the country’s GDP, generates 64 per cent employment and covers 18 per cent of the country’s export basket. Hence provision of infrastructure in this sector is the need of the hour.”

CONCOR’s warehouse constructed in Haryana next to Delhi has a storage capacity of 12,000 metric tonnes. One rake of the train may carry about 1,000 to 1,500 tonnes of fruit. “Our special controlled atmosphere stores ensure that fruit remains fresh for six to eight months before shrinkage sets in, as opposed to a shelf life of six to eight weeks in a refrigerated van,” says Rani.

Though the company had to bear a higher initial cost of putting the cold chain infrastructure in place, in the last year it has made a profit.





“Every project has two teething problems—very heavy capital costs, and cut-throat competition in terms of the middleman. Though the supply is only through an organised retail structure, it has taken us more than three-and-a-half years to get to where we are today,” says Rani.

Through a joint initiative with the National Horticulture Board, CONCOR will soon be progressing to oranges, pears, banana, mango and grapes, storing them in containers that cut down on unhealthy ripening practices like chemical spraying. The company is also aiming to build on its first mover advantage status. “CONCOR has invested more than \$18 million and is further set to invest another \$18 million to spread the cold chain business over three more cities across India in the second phase. In the third stage, we will sweep across 13 cities.”

However, it is not just fruit that is being transported. From taking over the existing network of 60 inland container depots (ICDs) from Indian Railways way back in 1989, CONCOR has expanded to cover management of ports and air cargo complexes.

With the arrival of a number of new ports across India, the container traffic at all Indian ports increased by 13.95 per cent between 2000 and 2011. During this period, containerised cargo has gone up from 2.47 million TEUs to 9.11 million TEUs. Keen to expand into new waters, CONCOR is striking up strategic partnerships with ports, and now has two joint ventures in place in the business of seaport terminal management. “Working with partners gives us a lot of synergy,” says Rani. This is certainly true in the case of Gateway Ports Limited, a joint venture company of APM Terminals and CONCOR. APM signed

a licence agreement with the Jawaharlal Nehru Port Trust to build and operate for the next 30 years a state-of-the-art common user container terminal at Nhava Sheva near Mumbai.

Recently, the International Container Transshipment Terminal (ICTT) announced that the NEMO/EAX Service would make a weekly call to India, making it the first weekly service vessel connecting Kochi directly to Europe. CONCOR’s commitment to connect the terminal with frequent services to and from the hinterland has positioned ICTT as a strong propeller of India’s growth in the coming years.

CONCOR has strong relationships with its supplier partners and as the ports continue

to open and business increases, its need for reliable partners across the supply chain is set to intensify. The company hosts a warehouse for Casper Shipping, a leading shipping agency for specialised bulk services, documentation and customs clearance in the North of England and Scotland. Casper Shipping’s core areas are gas, chemicals, dry bulk and steel.

Conyk Cartrack, an auto logistics joint venture, was established between CONCOR and Japan’s shipping and auto logistics major, NYK Line. “We have got specially designed covered containers. When we move 35 wagons, we move 300 cars. Compare this to the 10-odd cars carried by road in open containers.” At present, the company is in talks with various auto companies for contracts to move cars through rail. As per the joint venture agreement, the cars would be moved on rakes owned by CONCOR. “We cater to the top car manufacturers in India such as Tata Motors, Maruti Suzuki and Hyundai. We can transport to

more destinations in a timely fashion.”

In order to meet growing demand for integrated logistics solutions, Allcargo also partnered with CONCOR. The two companies have opened Allcargo Logistics Park, a new advanced ICD in 110 hectares, strategically located in the heart of Dadri, Uttar Pradesh. “We want to convert from a pure transport operator to a logistics operator with value addition and are going ahead full-steam. We have acquired mega terminals from the government and will provide specialised warehousing facilities and be the distribution points for trade in steel, automobile and cement,” reveals Rani.

CONCOR boasts a technological and skills advantage, providing multi-modal transport and is able to shift huge volumes. This gives a clear cost advantage which is further supported by the company’s ability to maintain a very low ‘empty running’ cost. www.concorindia.com

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