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To,

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Scrip Code: - 539118

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Mumbai – 400 051
Scrip Code: - VRLLOG

Dear Sir / Madam,

Sub: Disclosure under Regulation 30 (6) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 – Transcript of the Earnings Presentation Call

In terms of Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirement), Regulations 2015, as amended, please find the attached transcript of the Earnings Presentation call held on 7th August 2025 for your information and records. This information is also available on website of the Company on below link:

https://vrlgroup.in/vrl_investors_desk.aspx?display=investor_concall

You are requested to kindly take note of the same.

For VRL LOGISTICS LIMITED

ANIRUDDHA PHADNAVIS
COMPANY SECRETARY &
COMPLIANCE OFFICER

PLACE: HUBBALLI
DATE: 08.08.2025





“VRL Logistics Limited Q1 FY ‘26 Earnings Conference Call”

August 07, 2025



**MANAGEMENT: MR. SUNIL NALAVADI – CHIEF FINANCIAL OFFICER,
VRL LOGISTICS LIMITED**

**MODERATOR: MR. VIKRAM SURYAVANSHI -- PHILLIPCAPITAL
(INDIA) PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good morning, and welcome to the VRL Logistics Limited Q1 FY '26 Earnings Conference Call hosted by PhillipCapital (India) Private Limited.

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company, as on the date of this call. These statements are not guarantees of future performance and involves risks and uncertainties that are difficult to predict.

As a reminder, all participants' 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 this conference call, please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vikram Suryavanshi from PhillipCapital for opening remarks. Thank you. And over to you, sir.

Vikram Suryavanshi: Thank you, Nidhi. Good morning and a very warm welcome to everyone. On behalf of PhillipCapital, I am pleased to welcome you all.

We have with us Mr. Sunil Nalavadi – Chief Financial Officer at VRL Logistics.

We will begin the call with the opening remarks from the management, followed by interactive question-and-answer session. Over to you, sir.

Sunil Nalavadi: Thank you, Mr. Vikram. Good morning to everyone. I warmly welcome you all to the quarter one FY '26 earning conference call of VRL Logistics Limited.

I am pleased to share that this year marks a significant milestone, the 10th anniversary of our listing on the stock exchanges. VRL Logistics continues to demonstrate resilience and strategic clarity, as we navigate a period marked by contract restructuring and broader industry recalibration.

During the quarter, our total income registered a marginal growth of 1% on year-on-year basis, and our EBITDA margin remained robust at around 21%, underscoring the strength and discipline of our operational model.

Before diving into financial specifics, I would like to take a moment to provide some industry context:

The Indian logistics sector is currently undergoing a structural transformation, fueled by policy driven reforms, such as National Logistics Policy and Unified Logistics Interface Platform. These initiatives are streamlining operations, improving digital integration, and enhancing transparency across the supply chain.

Now, coming to our quarterly performance:

Total income grew by around 1% year-on-year basis, largely supported by the price rationalization initiative implemented in quarter two and quarter four of last financial year. These were aimed at ensuring sustainable margins and led us to take a conscious decision to exit on low margin freight contracts. While this strategy has resulted in short-term decline in volumes, it aligns with our long-term vision of remaining one of the most profitable players in the industry.

As a result, volumes declined by around 12% year-on-year basis. However, we view this decline as temporary, and we have already initiated multiple steps to regain momentum without compromising profitability. We believe volume should normalize again from quarter three onwards, led by positive macro tailwinds, including a strong festive demand cycle and favorable monsoon conditions, that should stimulate freight movement in the coming quarters.

Apart from the industry tailwinds, we are taking several proactive steps to improve volumes. We have a customer base of 9 lakh GST registered customers whom we serve, and this is the highest in the industry. To sustain our leadership position, we have intensified marketing efforts across both existing and new branches, with a clear focus on securing high-quality, profitable contracts.

With a wider pan India network comprising 1,241 branches and 50 transshipment hubs, we are actively expanding into similar towns and local markets to capture incremental growth opportunities. As part of this strategic expansion, we recently inaugurated a new branch in Meghalaya and plan to deepen our presence across the Northeastern region.

To further reinforce our competitive position, we continue to leverage the strength of our extensive network and key operational advantages, having our drivers on the company's payroll. In an environment where the industry is grappling with a shortage of skilled drivers, this capability positions VRL Logistics favorably to capture additional market share and ensure consistent, reliable, and service delivery. Our ability to retain talent is also reflected in the lowest attrition rate in the industry.

Complementing our strong human capital is our continued investment in technology, VRL has built robust in-house digital infrastructure to enhance efficiency and deliver superior customer experience. Our proprietary ERP system and operations monitoring tools provide real-time visibility into consignment tracking, vehicle movement and fuel consumption.

GPS based tracking and advanced consignment management systems enable timely delivery, while tools, such as capacity utilization tracking and real-time reporting, optimized route planning and vehicle loading. We have also implemented several automation measures, including E-WayBill and E-invoice generation as well as OTP-based vehicle unlocking, which strengthen compliance and security. Centralized CCTV monitoring, private cloud hosting and

customized alert systems further enhance transparency, improve response times, and reinforce customer confidence.

One of our core operational strengths remains our ability to consistently maintain 100% hub-to-hub efficiency across our network. This operational excellence allows us to reduce turnaround time, optimize vehicle utilization and ensure timely deliveries across our pan India presence. We believe, these strengths equip us well to navigate near-term challenges and capitalize a long-term growth opportunity.

Moving on to the cost front:

We continue to enforce rigorous controlled measures across all major expenses. Fuel is our largest cost component, saw significant improvement in internal procurement, rising from 33% in Q1 FY '25 to 41.5% in Q1 '26. This shift along with a reduction in fuel procurement cost per liter from Rs. 86 to Rs. 83 per liter helped us to bring overall fuel cost down to 25% for the quarter from almost 29% in the same period last year, as a percentage to the total income.

Our ongoing route optimization efforts further minimize loading and unloading stops, enabling better utilization of our owned vehicles, and reducing dependency on hired vehicles and drivers, particularly for shorter routes. As a result, lorry hire charges declined from 7% to 4% of total income.

Other expenses, including administrative charges, stood at approximately 2.2% of the total income in Q1 FY '26, up from 1.4% in Q1 FY '25, mainly due to some higher legal and professional fees and also loss on the sale of vehicles to the extent of around Rs 3.5 crores. Employee costs remained stable at around 18% of the total income. These cost-efficiency initiatives collectively enabled us to sustain strong EBITDA performance, with margins sustaining above 20% and standing at around 21% for the quarter.

During Q1 '26, we added around 18 new branches to our existing network and closed down around 30 branches. These closures were part of a deliberate strategy, some were being underperforming locations, while others were consolidated to make ways for larger, more operationally efficient branches within the same area. As of Q1 FY '26, our total fleet stood at around 5,949 vehicles compared to 6,177 vehicles in the same period last year. This slight reduction reflects our ongoing efforts to optimize fleet utilization and improve efficiency.

Our net profit for the quarter stood at around Rs. 50 crores, compared to Rs. 13 crores in the same quarter last year. This translated to a PAT margin of around nearly 7% for Q1 FY '26. We are pleased with the direction in which our margin profile is evolving, and we remain committed to further strengthening our bottom-line.

In terms of key updates:

Our CAPEX for the current quarter stood at around Rs. 15 crores. Currently, we are slower on the CAPEX, considering the sufficient capacity of the vehicles available. However, depending on evolving market demands, whenever we find good opportunities, we may look to deploy additional funds for fleet enhancement and for investment into transshipment hubs.

Importantly, we are well-positioned to fund any such requirements through internal accruals, while continuing to maintain healthy cash flows. And another point I would like to highlight is the increase in employee cost expectation in quarter two, this is a result of internal salary increments undertaken to recognize and reward the contributions of our employees in driving business growth. While this will lead to slight uptick in cost during the quarter, we see it is as an investment in our people and in the long-term growth of the organization.

Looking ahead, we are focused on diversifying our revenue base across industries, enforcing strong discipline on receivable days, and expanding into newer, untapped markets. With a supportive external environment, including a good monsoon and early festival season, we are optimistic about an uptick in freight volumes in the coming quarters.

This concludes my opening remarks. We now open the floor for questions and look forward to an engaging discussion. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Alok Deora from Motilal Oswal Financial Services Limited. Please, go ahead.

Alok Deora: Yes, sir, good morning. So, I just had a few questions. First is on the volume, which has declined by 13% or so, primarily because of your restructuring in terms of letting go of lo -priced customer. So, this restructuring is now completed or is it still ongoing? And how would the volume shape up in quarter two?

Sunil Nalavadi: Yes, it is completely done. And again, we are instructing to our customers and even to our marketing executives that we have to maintain our freight rate strategy even going forward. So, there is no compromise on that factor. And in terms of volume, yes, it is around 12% to 13% decline in the Q1 because of these strategies, which we adopted in the last year.

Now, we are expecting around 8% to 9% year-on-year decline in Q2. But in the quarter three, because of festival season and all, we are expecting that tonnage will be matched with the extent of last year . And for quarter four, definitely there will be a growth. This is what actually we are expecting as of today.

Alok Deora: Got it. And sir, in terms of realization, which we got around 17% in this quarter Y-o-Y, now that will be dip from 2Q, right? Because your price hike benefit, which you had taken, that was at the end of 1Q. So, now in 2Q, the realization improvement could be more like an 8% - 9% kind of a number, right?

- Sunil Nalavadi:** Yes.
- Alok Deora:** Yes.
- Sunil Nalavadi:** The realization, what we did in Q1, it will be maintained. It is around Rs. 7,800 per ton.
- Alok Deora:** Right.
- Sunil Nalavadi:** So, around that, realization will be maintained throughout the year.
- Alok Deora:** Got it. And just on the margins, so margins have come off a little bit if you look at the last quarter. And also, it is got to do with increase in the other expense, which rose because you mentioned about some professional fees and all. So, that would be more like a one-time increase in the cost, right? So, what could be the margins like?
- And also, you mentioned about the employee cost increasing by having the impact of 2% - 3% on the revenue for this financial year, so if you can just throw some color on these two aspects and the overall implication on the margins in the remaining three quarters?
- Sunil Nalavadi:** Yes, with respect to administrative expenses, that professional and legal fees, the additional of around Rs. 2.5 crores to Rs. 3 crores will continue for the next quarter or so. But the loss what we accounted on account of scrap of vehicle, it is around Rs. 3.5 crores, it is a one-time expense. So, that will not be repetitive. But what will happen with the scrapping of the vehicle what we did in the quarter one, it may fetch some increase in the realization in scrap materials in the quarter two. But it is not so significant to highlight here.
- And the second thing is about the margin side, yes, we have carried out the employees' increment in the August month. Now this will cost us around 2% to 3% to the revenue. So, based on that, for the quarter two, the EBITDA margin, we are expecting the impact will be around 2%; whereas in quarter three onwards, the impact will be around 3%. That is what the expectation is.
- Alok Deora:** Okay. So, sir, the new normalized margin would be more like an 18% - 19% range?
- Sunil Nalavadi:** Yes. Quarter two will be around 19%. Then, further it will be around 18% for the remaining quarters.
- Alok Deora:** Got it. Just last question, so any more price hike possible in the latter part of the year and how we see this demand also shaping up? Because in your specific case, the volumes would be very volatile in terms of it would not be in sync with the industry because of your restructuring, which is going on, so for the full year and next year, how do we see things moving?
- Sunil Nalavadi:** No. Unless the major cost changes in the going forward, we are not going to change any freight rates. It all depends on the cost, how the movement of the cost will be

- Alok Deora:** Got it. All right, sir. I will come back in the queue. Thank you, sir. All the best.
- Sunil Nalavadi:** Thank you.
- Moderator:** Thank you. The next question is from the line of Mukesh Saraf from Avendus Spark. Please, go ahead.
- Mukesh Saraf:** Yes, sir, good morning, and thank you for the opportunity. My first question is on the volumes, again. So last two quarters, we have seen a double-digit decline in volumes. So, the question is that these customers have gone back to the unorganized market at lower pricing, I mean, are they expected to return back, or you will have to kind of mine new customers, sir?
- Sunil Nalavadi:** No, currently, what is happening, with respect to the corporate customers, wherever we decline their contracts or discontinue their business, again, some of the corporates they are going to organized as well as unorganized players. And some of the corporates facing operational issues, considering their products distribution across India and come back to us with our price increase and again continuing the business with us.
- And not only that going forward, we are educating our marketing team and pushing to attract new customers, and we gathered a lot of many new customers also with our new pricing terms. That is also, we acquired from the market. And basically, our highlight is about our service. The claim ratio is very low, and we are maintaining the turnaround time, the safety of the commodity, and even the distribution networks. These are the key highlights; actually, some of the customers, they are not finding alternative solutions and they are coming back to us.
- Mukesh Saraf:** Is there a case where you are kind of getting into the express PTL zone in terms of pricing because we see that a lot of express days are pricing at say, around Rs. 10 per kg - Rs. 11 per kg, we are now at around Rs. 8 per kg. So because of our pricing strategy now, are we somewhere in the middle from the earlier PTL business that we did versus now the express PTL guys, so are we kind of in the middle there somewhere and hence, it is difficult for us to get some volumes?
- Sunil Nalavadi:** So, basically, see, when I explained the in earlier question, there is not much difference between the express cargo and the service what we are providing. When we approach the customers, if it is a door-pick-up, door-delivery service, then it is nothing but similar to that.
- Mukesh Saraf:** Right. So, what proportion
- Sunil Nalavadi:** Yes, the realization comparison, what you are doing with express cargo versus us, basically we are having the middle and short routes.
- Mukesh Saraf:** Yes.

- Sunil Nalavadi:** Especially in the State of Karnataka and Southern India, our routes are very short, and per kg realizations are very less in those routes because the distance itself is very low.
- Mukesh Saraf:** Right.
- Sunil Nalavadi:**
- Mukesh Saraf:** Okay. So, our pricing is more or less equal to express guys now, so, if I say, an equal route, a early distance, if it is equal right now or is it similar to that?
- Sunil Nalavadi:** So, when it comes to door-pick-up, door-delivery, it is more or less similar to their rate.
- Mukesh Saraf:** Okay. And what proportion of our revenue now is door-to-door?
- Sunil Nalavadi:** The door-to-door revenue stood around, 38% to 40% of our revenue is door-to-door.
- Mukesh Saraf:** Okay. And what was it say, last year, sir? I thought it was much lower earlier.
- Sunil Nalavadi:** Yes. Earlier, it was around 25% - 28%. Now around 10% - 12% has been increased.
- Mukesh Saraf:** Understood. And lastly, on the fleet, I mean, I am seeing that the fleet has gone down in the last few months in terms of just the number of vehicles. We are now 5,950 odd, we used to be 6,100 plus. And then, within that we are seeing that the 20 tons to 30 tons seemed to have dropped a bit more. Is there anything I need to read into this as to why the higher tonnage has dropped a bit more? Are we not replacing the older higher-tonnage vehicles with newer ones?
- Sunil Nalavadi:** No, basically, see, as tonnage is now a little bit impacted on account of pricing terms what we decided. Because of that, there are any major expenses on the maintenance of the vehicle, so we are scrapping those vehicles. And whenever the tonnage will pick up, again, we will go for a fresh vehicle, the newer vehicles. That is what the strategy is.
- Mukesh Saraf:** Okay. All right, sir. Thank you. I will get back to the queue.
- Sunil Nalavadi:** Thank you.
- Moderator:** Thank you. The next question is from the line of Achal Lohade from Nuvama Institutional Equities. Please, go ahead.
- Achal Lohade:** Yes, good morning, sir. Sir, if you could help us with respect to what was the tonnage, which was let go in 4Q? And how much of that has come back, like you mentioned, part of that has come back, how much would that be?

Sunil Nalavadi: Again, Q4, now out of our overall tonnage, see what happened, I will tell you. Initially, in the month of January or so, we informed to the customers that we are unable to go along with these tonnages, whatever the rate was lower. And subsequently, customers have taken some time.

And in the mid of February or so, actually, some of the contracts have been discontinued. And that has been continued in the March as well. Now on the overall tonnage, if you see, almost around some 5% to 6% of the tonnage actually we brought it back, compared to what we lost in the Q4.

Achal Lohade: Sir, broadly, if I were to look at 4Q, we had 1 million ton, right?

Sunil Nalavadi: Say, for example

Achal Lohade: Yes.

Sunil Nalavadi: now in the quarter one, we did around 930,000 tons, right, which is lower by almost 12% as compared to the last year.

Achal Lohade: Right.

Sunil Nalavadi: And out of this, 930,000 tons, we can say, at least, around 30,000 tons to 35,000 tons, again it came back from the lost customers in Q4.

Achal Lohade: And how much was total lost, was that 200,000 tons, was that 100,000 tons or was that 300,000 tons?

Sunil Nalavadi: We used to carry nearly around 360,000 tons in Q4, that has been came down to around 320,000 tons. And some of the addition is on account of the new customers what we added, and the decline is also because of some of the lost customers. Out of the lost customers, around 3% to 4% has come back in the tonnage.

Achal Lohade: Right. So, what we are saying is that on a monthly basis, we would have lost about 100,000 tons and of that 30,000 tons - 35,000 tons has come back, have I understood, right?

Sunil Nalavadi: Yes.

Achal Lohade: Is that number right, sir, like 100,000 tons was the lost volume?

\Sunil Nalavadi: See, we used to do around 360,000 tons, 360,000 tons, okay?

Achal Lohade: Okay.

Sunil Nalavadi: See, just I will tell you, in last year January, we did 356,000 tons, February 315,000 tons, and March 334,000 tons. Now, compared to January to February, we lost almost 30,000 tons, okay in the same quarter.

Achal Lohade: You are talking about 2025, right? Yes, okay.

Sunil Nalavadi: Yes, 2025, January, February, March, in Q4 for what you are referring.

Achal Lohade: 40,000 tons, you had lost, okay?

Sunil Nalavadi: Yes. And when it comes to the April, we did 313,000 tons, 318,000 tons in May, and 302,000 tons in June month.

Achal Lohade: Okay.

Sunil Nalavadi: So, in this, 313,000 tons to 320,000 tons, whatever we did, out of this, some of the customers what we lost in January, February, they came back and contributed around say, 25,000 tons to 30,000 tons extra.

Achal Lohade: On a monthly basis, is that so?

Sunil Nalavadi: Monthly basis, yes.

Achal Lohade: So, I mean, theoretically, then sir, what I am trying to see is A, ex of the lost or let go cargo, what is the underlying growth? Is there a growth or is there a decline or is that flat number?

Sunil Nalavadi: Yes, at least, around 4% to 5% growth in the tonnage. See, for example, if the lost customer, if there is no growth from the new customers, our tonnage decline would have been in the range of around 15% - 16%, instead of 13%.

Achal Lohade: Okay, understood. The second question I had was in terms of the pricing increase, after you taking the price increase, what is the price difference between you and the second player, sir? Is that very large? Is that very small? Have they also responded with a price increase?

Sunil Nalavadi: Yes. If you see, many of the organized players, some of the organized players have increased the rates even from last year Q3 and Q4. And from the unorganized players, people actually, we cannot track the price exactly. The reason is, actually, depending on the, each customer, depending on the arrangement with the customer, actually, they go on changing the pricing.

Achal Lohade: Understood. And what proportion of our customers' wallet share do we typically have? Like, is it 40% - 50%? Is it 5% - 10%? Or is it 70% - 80%? I am talking about the large customers?

Sunil Nalavadi: Large customers contribute around 15% to the total tonnage, with whom we are having a a monthly contract. Around 15% of the tonnage is coming from the large corporates.

Achal Lohade: And of their cargo, how much our share would be?

Sunil Nalavadi: Of their individual customers you are saying?

Achal Lohade: Yes. On an average, would that be 40% - 50% or would that be still 5% - 10%?

Sunil Nalavadi: So, it all depends. See, if it is the South, West, and North, actually, we are having a good share of their business. But since our presence is not up to the mark in Eastern, in Northeastern areas, there actually, they are giving even 5% - 10% share to us. It all depends on their network and where actually they want to distribute the goods.

Achal Lohade: Understood. And if you could also highlight, what is the average lead distance we had in 4Q and 1Q FY '25 and 1Q FY '26, sir? Would you have that?

Sunil Nalavadi: See, lead distance, we do not have that information. Basically, we are concentrated on hub-and-spoke model. Each hub how the movement has happened and other thing. Normally, we do not go by the lead distance.

Achal Lohade: But the pricing would be function of that distance?

Sunil Nalavadi: No. Pricing, again, it is between the hub and branches, up to hub and branches.

Achal Lohade: You mean when you are raising?

Sunil Nalavadi: Our price structure is in such a way that we are having a 50 transshipment hubs. First, our price will be between the hubs. Say, for example, if it is Bangalore to Delhi, then price between Bangalore Hub to Delhi Hub we consider first, Then, again, for subsequent branches there will be additional rates.

Achal Lohade: And that bifurcation is given to the customer as well or this is only for you?

Sunil Nalavadi: No, it is all internal.

Achal Lohade: Right. So I mean, theoretically, sir, what I am trying to impress upon is that, if it is Bangalore, Chennai, the lead distance is low, the pricing hub-to-hub price, cost will be lower, price will be lower. If it is Bangalore to Delhi, it will be larger, so I am seeing from that perspective, so there are two parts actually, one is the, I am just trying to see in terms of the pricing difference between you and the express? And B is, if there is a case of increase in the lead distance and hence, the realization and hence, the profitability further?

- Sunil Nalavadi:** That possibility is there because of the expansion in the network what we are doing. See, basically, earlier our most of the cargo movement was in the South, then gradually extended to West and North. So, automatically, the lead distance has been increased. Now, since we are expanding our network in Northeast and Eastern part, again the lead distance will increase. But in terms of margin, I am telling you, it will be very similar as compared to the short distance as well as the long distance. Our pricing --
- Achal Lohade:** So in terms of percentage you are saying? The percentage margin.
- Sunil Nalavadi:** Yes.
- Achal Lohade:** Okay, yes.
- Sunil Nalavadi:** See, for example, I will tell you one route, say, for example, Hubballi to Bangalore, it is hardly around 400 kilometers. It is just, the rates will be in the range of around Rs. 4 to Rs. 5. But similarly, when it comes to, say, Bangalore to Delhi, the rate may be Rs. 10, but the distance is, it is around 2,200 kilometers. There, actually, the per kilometer realization will be lesser in the long route, whereas in short route, it is higher, and it is having additional cost also. For example, loading, unloading, the vehicle has to wait for multiple loading, unloading times. Considering all those factors, actually, we design the rates.
- Achal Lohade:** Understood. Sir, just one more question, sir. With respect to the technology part of it, since when have you implemented that and if you will be able to quantify, what kind of benefit have we seen, and if there is any further expectations that we have on that?
- Sunil Nalavadi:** Which technology are you referring?
- Achal Lohade:** The ERP or the slide what you have given.
- Sunil Nalavadi:** No, from inception, actually, we are into it. Whenever the technology started implementation, we started our proprietary ERP system and since those days we are using technical tools.
- Achal Lohade:** So, there is no incremental change in that sense, right? I mean, whatever the trucking capacity utilization or a GPS or a real-time report generation, etc., that has been there for some time now, there is no incremental new thing here to really argue for price or the margin improvement, have I understood right?
- Sunil Nalavadi:** No, there are possibilities. But even maintaining the existing operation with efficiency is also one of the kind of improvement. For example, just two years back, actually we started barcoding in all our consignments. Now the result is coming now. Now our claim ratio is one of the lowest in the industry. For a turnover of around Rs. 3,000 crores, our claim expenses itself is hardly around Rs. 2 crores to Rs. 3 crores. And moreover, our short excess, earlier it was in the range of around 17% to 18% short excess used to be that. Now that ratio has been reduced to 2% to

3% because of the tracking of the consignments have been improved, based on the barcode technology.

Achal Lohade: Understood, sir.

Sunil Nalavadi: So, this has resulted in the reduction in manpower, service level has been improved, and customers' trust has been developed.

Achal Lohade: No, fair point. Fair point, sir. Just last question, if I may, sir, with respect to the pricing, again, competition perspective, have you seen competition kind of intensifying, weakening, or it is as usual? There is no change in the competitive intensity in terms of the way you go to the customer and ask for a price increase or a reduction in the receivable days, and the customer gives a pushback?

Sunil Nalavadi: No, those are all business negotiations. See, ultimately,

Achal Lohade: There is no change?

Sunil Nalavadi: Yes, no change.

Achal Lohade: There is no change. I am just trying to figure out if there is any change you are seeing on the ground with respect to competitive?

Sunil Nalavadi: No, competitor intensifying. What is happening, I will tell you. The unorganized presence is becoming weak day-by-day, but it will take a long time to quantify that. But actually, the competition from the unorganized players is not so. But when it comes to organized players, again, there are very selective few operators in India, who are having the service across, the nationwide presence, with our kind of a network and the infrastructure facilities. So, basically, whenever we approach to the customer, we are putting our network, the service level, and the pricing will come next.

Achal Lohade: Right. Okay, I will come back in the queue.

Moderator: The next question is from the line of Disha Giria from Ashika Institutional Desk. Please, go ahead.

Disha Giria: Hi, sir. Good morning. So, my first question is regarding the capital expenditure. You just mentioned that considering the volume to decline or kind of remain stable by year end, you have been foregoing the 25 ton to 30-ton trucks currently. I mean, since this year would be a kind of subdued volume, how do you see the capital expenditure for vehicles coming out for this financial year?

Sunil Nalavadi: Yes, basically, in the first quarter, we invested around Rs. 15 crores in capital expenditure and predominantly around Rs. 8 crores to Rs. 9 crores for vehicles. Going forward, in quarter two, we are not again putting more CAPEX on the vehicle, because we are more concentrating on the increase in tonnage. So, once the tonnage is stabilized, say, for example, in Q3 and Q4, again, we may start investing into the vehicles.

So, typically, our CAPEX plan is always in line with the tonnage growth what we did. Between FY '24 -'25, we invested more into vehicles because we achieved a good kind of tonnage growth. So, it is directly linked with the tonnage.

Disha Giria: All right. Sir, we have --

Sunil Nalavadi: And moreover, the planning for CAPEX for, in our case, it is a very short-term plan. We assume that, in our system, we require, say, 100 vehicles, as of now, to decide on the structure of the vehicle, the kind of the vehicle and bring investment into those vehicles, it may take hardly around 15 days to 20 days that the vehicles will come and operate in the system. Because of this short-term, we always go with, first, the tonnage to be stabilized. Then always tonnage confirmation should be there, that the vehicles should not come and have idle capacity in the system. That is why always we do a CAPEX in line with our tonnage growth.

Disha Giria: Sir, how do we arrive at say, for that 100 vehicles are currently required?

Sunil Nalavadi: It is all based on, again, the utilization of those vehicles at hub level. Each hub, actually, we allotted certain vehicles. And along with our own vehicle, they engage outside vehicles as well. If the dependency on the outside vehicle is increased, then we replace that outside vehicle capacity with owned vehicles.

Disha Giria: Okay. Sir, my next question is regarding the CAPEX for different hubs. So, last year, we had Bangalore hub, and you had indicated that you are looking for Kolkata, Salem, and other regions as well. So, is there any update on the same?

Sunil Nalavadi: Yes. Two investments, actually, we are doing in Kerala. It is a small investment in the range of around say, Rs. 20 crores - Rs. 25 crores. But on the bigger facilities, nothing has been finalized, but we are looking in some of the cities like, Pune, we are looking, Trivandrum, we are looking, Salem, we are looking, and for that matter, say in the long-term plan, Delhi also, we are looking for some of the properties. These are very long-term plans and nothing is finalized as of today. But we are looking for the facilities.

Disha Giria: We could expect it to impact our capital expenditure by, say, FY '27, have a higher capital expenditure in FY '27 - '28 around, but not in FY '26, correct?

Sunil Nalavadi: No, it may happen in '26 also.

Disha Giria: Okay.

Sunil Nalavadi: But nothing is finalized as of now. The moment if anything is finalized, then definitely, we will inform through exchange.

Disha Giria: All right. My final question is in terms of branches. So, how are the new branches turning up, how much are they contributing to our overall volume? And what is our branch expansion trajectory? I believe, this quarter, we had foregone a few branches, but how do we see that forward?

Sunil Nalavadi: No, on a net basis, if you see, in the last one year, there is no increase in the number of branches. But whatever number of branches have been opened in the last one year, forget about these, whatever branches are closed, they have contributed around 1% to the tonnage.

Disha Giria: Okay. All right. Yes, sure, that is it from my end, sir.

Sunil Nalavadi: Yes. Thank you.

Moderator: Thank you. The next question is from the line of Devam from ARDEKO. Please, go ahead.

Devam: Yes, sir, during the call, you probably mentioned that LTL growth is 4% to 5% in tonnage. So, just to clarify that, excluding all the, let us say, the loss of tonnage and gain of tonnage, the LTL growth of all customers who are in the system, that is 4% to 5%, right, for this year, the year-on-year LTL growth?

Sunil Nalavadi: Yes, correct, sir. Correct.

Devam: And I just wanted to understand that you did mention that on claim ratio we would be the best in the industry. How would the industry measure itself on turnaround time and how do we rank over there?

Sunil Nalavadi: The turnaround time or interact with the customers, so it is more or less similar turnaround times. On the claim ratios, see, we are unable to get that internal information. But whenever we see the claims expenses in term of the P&L, it is on a very higher side of other competitors.

Devam: Okay. And sir, would you say that there is any, sort of, over the longer-term, over the next, let us say, two years to five years, there is a possibility of reducing the cost in the P&L by, let us say, using electric vehicles, batteries or let us say, automation loading and unloading, are these aspects possible in the next two to five years?

Sunil Nalavadi: Yes, we are examining all these options. But unfortunately, don't have a solid plan that yes, definitely, this is useable in our system and we can go for it. Even we tried for some of the EV vehicles within the city movement and all. But again the battery lives are not coming at the

expected level. That is why, again, we stopped adding some of the vehicles, because commercially, it will not be viable. The battery is the main cost for EV, but the life of the battery is not up to the mark.

Devam: Okay. And sir, finally, if you can just throw some light on what kind of ground-level efforts we are doing to increase the tonnage side? Obviously, we are present as a network, have used asset-based, we have huge infra, so, what efforts are we putting in to increase the tonnage?

Sunil Nalavadi: Now, basically, we are planning to add some more branches in the network, especially in the untapped market, and apart from that, we are doing a lot of this commodity study in each and every market and we are approaching those customers about the case to reliability. And even on the pricing front, actually, we are justifying before the customers that why actually we are charging these rates?

In some of the customers, what is happening, they offer a lower rate and again, they may add some additional expenses after a while the billing and all. So, on a gross level, actually we are comparing, we are educating the customers that we are not so costly. So, based on that actually, we got back many of our customers.

Devam: Yes. Okay, sure. That is it from my side.

Sunil Nalavadi: Yes.

Moderator: Thank you. The next question is from the line of Mukesh Saraf from Avendus Spark. Please, go ahead.

Mukesh Saraf: Yes, sir, thank you for the opportunity again. Sir, in some of the previous calls you had mentioned about E-invoicing and how say, from 2023 onwards the threshold has come down to Rs. 5 crores and hence, customers have to look to organized players like you. I mean, we are not seeing any benefits from that coming through now, because if you are saying that customers are moving to unorganized at least to some extent with your pricing going up, but if they are under the invoicing regulation, they probably cannot move to unorganized, so just help us understand this phenomenon, sir, how is this E-invoicing trend and how is that still not benefiting you?

Sunil Nalavadi: So, basically, what we observed through these changes in the legal provisions, basically, still the business movements have not improved because of this change in the law. But most of the interstate movements have been drastically changed and actually, they are compulsory, they have to generate the E-invoice and E-WayBill.

Mukesh Saraf: Okay.

Sunil Nalavadi: But within state movements, still that effect is not yet coming.

Mukesh Saraf: Okay. What proportion of our volumes will be within state and interstate, sir?

Sunil Nalavadi: See, out of the total tonnage, within state movement is at least around 50%-55% is within state movement.

Mukesh Saraf: Okay, so --

Sunil Nalavadi: Like, within Karnataka, within Maharashtra, that is how it is.

Mukesh Saraf: Yes, so these last two quarters, the volume decline that we have seen there, some of the customers have moved out. Are they largely the shorter leads within state kind of customers?

Sunil Nalavadi: No, within state customers, we have not taken much interest in that, right? But interstate movement, because all hub-to-hub movement, largely it is interstate movement.

Mukesh Saraf: Interstate.

Sunil Nalavadi: Yes.

Mukesh Saraf: Okay.

Sunil Nalavadi: Interstate movement.

Mukesh Saraf: Okay, so, that means there it is not like the customers have moved to unorganized, they have just moved to some other organized players, basically?

Sunil Nalavadi: Some other organized, and in short-term, short routes or route wise, some of the operators are there, in those cases, actually they have shifted to such operators.

Mukesh Saraf: Got it. And just lastly, you also mentioned about expanding into the North, the Northeast, and the Eastern regions. We have kind of been mentioning this for the last year or so in terms of branch expansion, how we are looking to add more branches in the East and Northeast and they should start yielding some results.

We have not yet seen that. So, any kind of initial teething troubles you are seeing in terms of volumes in the North and Northeast? And apart from just branch expansion, what are we doing to kind of start seeing some volumes in those regions?

Sunil Nalavadi: No, basically, see, since the pricing strategy has been changed in the last year, so, whenever we go to the newer market and new branches, obviously, we have to compete initially on the freight rates.

Mukesh Saraf: Okay.

- Sunil Nalavadi:** So, since the pricing strategy has been changed, then initially, for the time being, actually, we are slow on the branch expansion. But once it is stabilized, again, number of branch expansions will be more. Just, we are waiting for the freight rates to be stabilized.
- Mukesh Saraf:** Right, right. All right, sir. Thank you. I will come back in the queue.
- Moderator:** Thank you. The next question is from the line of Ankita from Elara Capital. Please, go ahead.
- Ankita:** Yes, hi, sir. Sir, given that overall volume demand will be fluctuating in this year, first half being weak, second half being better, so, overall, for this full year, how do you think the volume growth should be there on a FY '26 base?
- Sunil Nalavadi:** No, we are expecting better growth in the coming quarters. Basically, one is that the monsoon season is very good this fiscal. And the second thing, now the festival season is yet to start. And we are expecting more of an improvement in the rural economy also. That will support lot of this, agricultural commodities, and all, what we are carrying, we are expecting some good growth in those sectors.
- Ankita:** So, can we see a 2% - 3% of, on a full-year basis, growth for FY '26, volume growth?
- Sunil Nalavadi:** So, volume growth will not be there. See, basically, more, or less, we will match to the last year's tonnage.
- Ankita:** Got it. And amid all this, I know it will be really difficult for you to plan on the vehicle addition, but just a ballpark thought on how much net addition in vehicles can happen in this financial year, given that you are expecting improvement in demand in the latter half of the year?
- Sunil Nalavadi:** No, for the time being, the total number of vehicles will be around 6,000 or so, that similar number will continue.
- Ankita:** Okay, got it. And same thing on the branch as well, you would like to further consolidate?
- Sunil Nalavadi:** No, closures of the branches will be lesser going forward. The more will be in terms of new branches what we are going to add, the number of branches will increase.
- Ankita:** Got it. It could be lower than what your earlier guidance was, 100 branches per year, it will be slower than that?
- Sunil Nalavadi:** Yes, a little bit slower on that, but we are waiting for the freight rate stability, once it is achieved, then definitely, we will go for some good number of branch expansion.
- Ankita:** Got it. Great, sir. That is it from my side. Thank you.

- Sunil Nalavadi:** Yes, thank you.
- Moderator:** Thank you. The next question is from the line of Achal Lohade from Nuvama Institutional Equities. Please, go ahead.
- Achal Lohade:** Sir, just a small clarification, out of the customers, which were let go, how much was intrastate and how much was interstate, sir?
- Sunil Nalavadi:** See, some of the corporates, what will happen, I will tell you, once we discontinued their contracting, it is both intrastate and interstate, we do not have that bifurcation.
- Achal Lohade:** But how much was cargo interstate and intrastate there before, right, as you actually would have handled?
- Sunil Nalavadi:** No, not necessary. We have not gone into those kind of the details.
- Achal Lohade:** Got it. So, if I understand right, from a full year perspective, you are saying FY '26, in terms of volume, at best will be flat Y-o-Y, with Rs. 7,800 approximately realization? And how do you see FY '27 and '28, can we expect double-digit growth? Should we expect a mid-single-digit growth?
- Sunil Nalavadi:** Yes, definitely, FY '27, there will be a growth. Definitely, it will be in the range of around 7% - 8%, at least, it should happen.
- Achal Lohade:** Right. But with a low base of FY '26, ideally, the growth should be higher, is not it, sir?
- Sunil Nalavadi:** No, but we are maintaining this pricing for a bit.
- Achal Lohade:** Right. Understood, understood. All right, sir. Thank you so much, and that was all from me. Thank you.
- Moderator:** Thank you so much. This would be the last question due to the paucity of time. I would now like to hand the conference over to the management for closing comments.
- Sunil Nalavadi:** Yes, thank you all the participants for your questions. I hope that I have given the explanation at your satisfaction. If any queries, any doubts, any clarification required, then definitely, you can reach me too. And we have appointed our Investor Relationship agency also, the SGA Partners. The contact details have been already given in the presentation. Thank you. Thank you, all.
- Moderator:** Thank you very much. On behalf of PhillipCapital (India) Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.