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To,
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National Stock Exchange of India Limited
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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 Call

In terms of Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirement), Regulations 2015, we herewith attach transcript of the earning call held on 19th May 2026.

This information is also available on Company's website 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: 22.05.2026



“VRL Logistics Limited
Q4 & FY26 Earnings Conference Call”

May 19, 2026



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

MODERATOR: MR. ALOK DEORA – MOTILAL OSWAL

Moderator: Ladies and gentlemen, good day, and welcome to VRL Logistics Q4 and FY '26 Earnings Conference Call hosted by Motilal Oswal Financial Services 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 date of this call. These statements are not a guarantee of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participants 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 the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Alok Deora from Motilal Oswal. Thank you, and over to you, sir.

Alok Deora: Thank you. Good morning, everyone, and welcome to the Q4 FY '26 Earnings Conference Call of VRL Logistics. So today, we have with us Mr. Sunil Nalavadi, the CFO of the company.

I will now hand over the call to Mr. Nalavadi to provide some opening comments, and then we can take up the Q&A. Thank you, and over to you, sir.

Sunil Nalavadi: Yes. Thank you, Alok, and good morning to everyone. I warmly welcome all of you to the earnings conference call of our company to discuss the financial and operational performance for the fourth quarter and year ended FY '26. On the onset, I would like to inform you that we have completed 50 years of service in the logistics industry. Our promoter, Dr. Vijay Sankeshwar started this company in the year 1976 with self-driven single vehicle with one route.

Today, the company is operating with 6,000 owned vehicles along with the hired vehicles as well. Today, the operations of this company spread across 24 states and 4 union territories with around 1,300 branch network. We cater to all the commodity segments with 10 lakh plus customer base. We are much thankful to all those who supported us in this journey. [inaudible 0:02:04]

Yes. See, on the onset, I would like to inform you that we have completed 50 years of service in the logistics industry. Our founder and promoter, Dr. Vijay Sankeshwar, started this company in the year 1976 with self-driven single vehicle with one route. Today, the company is operating with 6,000 owned vehicles along with the higher vehicles as well.

Today, the operations of the company spread across 24 states and 4 union territories with around 1,300 branch network. We cater to all the commodity segments with 10 lakh plus customer base. We are very much thankful to all those who supported us in this journey. I hope everyone has had an opportunity to review our investor presentation, which has been uploaded along with our financial results.

We started this financial year with a strong background of freight rationalization and strategic pricing reforms, including the identification and exit from the low-margin businesses. The year started with a deficit of 13% in our tonnage growth in quarter 1, and for the full year we are in a position to restrict to the deficit in tonnage growth by 7%.

We achieved the year-on-year growth in tonnage by around 3% in quarter 4. The improvement in tonnage handling on quarterly basis in the current year, proving our efforts to increase in tonnage by adopting the right pricing policy. We are taking many steps to increase in volumes, especially by expansion in our network by opening new branches in untapped market, improvement in service quality by focusing more on own infrastructure facilities, which in turn result in the better control of our services, route optimizations to reduce the lead time to deliver the goods and having the lowest claim ratio as compared to other operators in the industry.

When it comes to the financial performance of the company, the quarter 4 total income stood at INR859 crores, up by around 6% year-on-year and grew 3% sequentially, driven by improved realization, new client additions and the return of some previously lost accounts. Tonnage saw a quarter-on-quarter improvement supported by new account additions, growth in tonnage from the existing customers and return of volume following contract restructuring undertaken in the last year.

Our daily tonnage crossed 11,500-plus tons during the quarter, reflecting improving demand trends. The realization per ton stood at around INR8,147 increased by approximately around 3% year-on-year, reflecting freight rate rationalization and route mix. We were able to maintain realizations with sequential revenue improvement by 3%. The yield improvement remains a key profitability driver and reinforces our focus on sustainable margin-led growth rather than volume-led expansion.

On profitability, the EBITDA margin stood at around 21.4%, down by around 190 basis points year-on-year. I would like to inform you that the quarter 4 of FY '25 was an exceptional quarter with a margin of 23% plus on account of our new initiatives such as freight rate rationalization, route optimization, etcetera, were introduced.

The margins in the current quarter compared to last year were impacted due to increase in lorry hire charges by around 1.73%, increase in salary by around 0.74%, and increase in vehicle repairs and maintenance by around 0.85%, whereas the fuel cost, which is reduced by around 1.77% to the revenue.

The fuel cost remained well controlled in the current year. Fuel cost as a percentage to total income declined by -- to around 24% from 25.7%, due to decline in fuel consumption quantity and cost has increased to some extent on account of increase in the fuel procurement cost per liter from INR84.52 to INR85.54, due to decrease in purchase quantity from the refineries supplied to our own pumps.

The quantity directly purchased from the refinery is reduced from 41% to 36%. We restricted the bulk purchasing quantity on account of increase in the bulk purchase rate. The lorry hire

charges increased on account of more hired vehicle engaged to carry the additional tonnage during the current quarter and also due to increase in the lorry hire rate.

The employee cost by the percentage to total income increased from 17% to around 17.91% and vehicles running expenses increased from 4.9% to 5.8%, on account of annual increments implemented from August '25 and higher driver incentives paid during the current quarter. We continue to view these increases as investments in our people, particularly given the industrial shortage of skilled drivers, where VRL's on-road driver model remains a key competitive advantage.

With these changes during the current quarter also, we are in a position to achieve a 21% plus EBITDA margins. And a sequential EBITDA margin is increased by around 48 basis points, supported by improved realization and stringent cost controls, and better asset utilization. And profit for our current quarter stood at around INR72 crores. For the full year FY26, our total income stood at around INR3,245 crores.

The EBITDA margin stood at around 20.8%, expanded by nearly 190 basis points year-on-year, supported by a 10% improvement in realizations and sustained cost efficiencies. The profit for the year has increased to INR237 crores as against the last year's profit of INR183 crores, with a robust growth of around 29%. The higher profit resulted in an increase in cash flow from operations to INR668 crores from INR583 crores in the last financial year.

The cash flows of the company have been effectively utilized for the purpose of capital expenditure to the tune of INR298 crores, mainly for the purpose of addition of commercial vehicles to the extent of INR101 crores and INR165 crores has been invested into purchase of land and building facilities in the critical locations of our operations.

The cash flow of INR175 crores was also utilized for the payment of dividend in the current year. Our balance sheet remains strong. Net debt stood at around INR440 crores as of March '26. And also the trade receivables to turnover ratio is at around 36x, of the revenue, which will work out the receivable days around 10 days, among the lowest in the industry, underlining the strength of our collection mechanism and diversified customer base of over 10 lakh GST-registered customers.

Due to the higher returns, the return on capital employed of the company increased to 25% from 21% and return on equity has increased to 21% from 18%. Operationally, our network continued to scale. As of March '26, we operate around 1,293 branches and 50 trans-shipment hubs across 24 states and 4 union territories. The fleet rationalization continues with the older vehicles being scrapped and replacement of owned assets improving.

Around 77% of our fleet is totally debt-free and 14% is fully depreciated, providing strong operating leverage. Our strategic priorities remain unchanged, profitable and volume growth typically in the cost management and tight working capital control. We are actively managing the risk posed by current geopolitical developments and potential thereof to cause volatility in fuel rates and other input costs.

Looking ahead, when near-term macro uncertainties persist, we remain optimistic improving demand conditions, stronger marketing initiatives, network utilization, and expansion in underpenetrated geographies position us to well drive the gradual volume recovery while sustaining the profitability. With this, I would like to conclude initial remarks. Now, I'll request participants to open for question and answers.

Moderator: We have our first question from Krupashankar NJ with Avendus Spark.

Krupashankar NJ: So my first question. So sir, first question is, good to see that the volume growth is coming back on track. And then you have registered a first Y-o-Y growth during the quarter. Just wanted to get a sense around how do you expect the volume growth momentum in FY27? And what are the efforts you are taking towards boosting volumes on that front, sir?

Sunil Nalavadi: Yes. In terms of volume growth, we are expecting to grow at least around 6% to 7% for the full year basis. And we are expecting that at least around 2% quarterly growth on a sequential basis even for the financial year '27. So, on a full year basis, the expectation is around 6% to 7%.

Krupashankar NJ: And what are the efforts you're taking towards pushing those volumes, sir? I think...

Sunil Nalavadi: The effort is basically our rate rationalization exercise is already completed. And the customers are very well aware about the structure of the rates and other things. And we are pushing a lot of marketing activities and we are identifying who are the large customers in that. And just to inform that we are getting a lot of new customers also, especially wherever we are opening the new branches, new geographies, we are adding the new customers as well. So that is giving a lot of confidence for us to increase the volumes.

Krupashankar NJ: Sir, but the diesel prices are also going up, right? Are you planning to further increase your prices to offset that impact of higher fuel cost?

Sunil Nalavadi: Yes. Of course, diesel prices in this are increasing, and it is increasing to every operators. And ultimately, the cost, whatever additional costs will come, that needs to be pass it on to the customers. And during the recent movement, whatever the rate increase is there, so to pass it on that expenses, we have not increased the rate, but some of the selective routes, wherever we are offering some kind of a discount.

And wherever actually, the volume growths are coming, we identified those routes. And wherever the rate hike is required, we have already done it. So for the month of April also, we have -- we saw that the year-on-year volume growth is around 8%, and we are maintaining the EBITDA percentage in the range of around 21% plus.

Krupashankar NJ: Understood. But given the fact that there is going to be further increase on selective routes. Does that put pressure around the volume growth expectations because the hikes are -- have been quite recent, right? And then just to get a sense, how do you want to...?

Sunil Nalavadi: Volume growth pressure is -- see, volume growth pressure is not on account of the increase in fuel rate. But basically, what's happening -- some of the commodities demands are affecting. Say, for example, the products which are related to the petrochemicals and oil, which are directly

related to the crude oil, say, for example, plastic products and all. We are already seeing -- acknowledging in the market that the demand of such product is coming down.

So those things may impact on the volume, but because of the increase in freight rates and all, because of increase in fuel rates, so everybody in the market or each and every operator has to take a call that it has to be passed on to the customer.

Krupashankar NJ: Understood. And I could also see in the presentation that you're not currently availing the direct procurement due to increase in bulk fuel rates. I just wanted to get a sense that do you see any - while you have guided that the first quarter margins will be holding at around 21%, but do you see an impact on your margins because of the proportion of bulk supply coming down?

Sunil Nalavadi: Yes. To that extent, see now, EBITDA level, definitely, we are having -- we are very flexible to maintain at around 20% level. So some basis points may impact on the margin because of this facility has been withdrawn. The bulk purchase is already lost.

Krupashankar NJ: Understood. Last question from my side, if I may, sir. Just wanted to get a sense around capex which you will be incurring in FY27 towards fleet and any hubs which you will be adding during the year?

Sunil Nalavadi: Yes. We identified around 2, 3 locations now, which are in the pipeline, especially places like Nagpur and Raipur is there. Some additional locations we are looking. But overall capital expenditure will be around INR300 crores for the full year. Now in the current year also, we invested almost around INR300 crores, out of that around INR100 crores for the vehicles and remaining most of the capital expenditure for the land and building facility.

And even going forward also, the mix will be like that, around INR100 crores and INR150 crores for the vehicles and around INR200-plus crores for land and building. So, on a full year basis, we are expecting around INR300 crores to INR350 crores capital expenditure.

Moderator: Our next question comes from the line of Pramod Dangi from Ratnatrayi Investment Management LLP.

Pramod Dangi: Congratulations for the good set of numbers. Sir, on the capex is -- can you hear me?

Sunil Nalavadi: Yes, please.

Pramod Dangi: Sir, as you just explained that going forward, the capex will be around INR100 crores on the vehicle and INR200 crores on the land and buildings for the warehousing. Sir, in the last 3 years, in 2025, we have done a huge capex of INR400 crores plus. Where we see our recycling -- the refinancing or the vehicle purchase cycle coming back into the picture in 2027 or 5 years, 7 years down the line?

Sunil Nalavadi: No, this calculation is -- there is a continuous cycle. See now what happened, the government has put a restriction of the life of the vehicle for 15 years. Even though it is not mandatory, but there are a lot of restrictions to operate the vehicles which are crossing more than 15 years. That's the reason whatever capacity will cross the 15 years, we need to add those vehicles. And apart

from that, whatever tonnage growth will come, to carry the additional tonnage growth also, we need to add the vehicle capacity.

Pramod Dangi: So normally, what -- do we replace the vehicle in 5 to 7 years, so we keep it till end of the life, 15 years, in our fleet?

Sunil Nalavadi: Normally, end of the life, up to 15 years.

Pramod Dangi: Okay.

Sunil Nalavadi: Only in certain circumstances, which are outdated or major accidents happen, such vehicles we will scrap even before that time.

Pramod Dangi: Okay. Great. And second, as we -- in the last 1 year, we carried out the loss-making or the lower-margin businesses. Going forward, will the 10% volume growth rate will come back or it will be like in line with the industry of 5%, 6%, 7%?

Sunil Nalavadi: Yes. Currently, the trend is, there are certain pressures in the market. As I said, some of the commodities are impacting because of increase in the oil price. So the products which are related to that, it may be some of the plastic goods or some of the oil-related commodities. So there actually, demand is already constrained.

So in spite of that, actually, we are expecting the growth in tonnage in the range of around 6% to 7% in the next year, because of our network and catering to many products in the industry. We are not depending on any line of commodity or line of customers. So that is giving a lot of flexibility for us to increase the volumes.

Pramod Dangi: Got it. And normally, we give the tonnage, but do we have other metrics of the tonnage with the kilometers? Because...

Sunil Nalavadi: We do not provide that; the tonnage limit is what you are asking.

Pramod Dangi: Okay. Correct. And lastly, how the competitive scenario in the industry and I think that, a few of the companies have also increased their prices and likes of the Delhivery who were even at the lower price, they are also going on the price hike. So how is the competitive scenario in the industry as of now? It has changed in the last few years -- few months or is it still the same?

Sunil Nalavadi: See, the competitive scenario, yes, the industry is highly depending on the unorganized operator, but that ratio is coming down day-by-day. And the unorganized market is converting into the organized industry. So many of the organized players actually taking share of the unorganized operators. But about the fuel rate is concerned, whatever increase is there, everybody has to increase the rate and accordingly, everybody is taking the call to increase it or pass it on to the customers.

Moderator: Our next question comes from the line of Nishita Shanklesha from Sapphire Capital.

Nishita Shanklesha: Yes. So I just wanted to understand, you mentioned that we maintain the EBITDA at around 20%, and that we able to pass on our price increases to the customers. So is there any lag with

which we pass on the prices or we can like directly pass the cost -- increased cost to our customers?

Sunil Nalavadi: Yes, there will be some lag. See, now in the last 1 week only there are 2x increase in the rates. So we cannot increase like this. But definitely, we will analyze the trend over a period of at least 1 or 2 months, then we will take a call. Now because of some disturbance in the bulk supply what we got impacted and because of this price increase of INR3 also, we have already increased some of the freight rates in selective routes, not in the entire routes of the company.

So that is giving -- that is taking care of whatever additional costs we are incurring, it has been already pass it on to the customers. Like that in the future, whatever changes will happen, we will analyze for some period and we will take a call to increase the rate.

Nishita Shanklesha: Okay. So we've already taken a price increase in some routes and they were not across all routes?

Sunil Nalavadi: Yes.

Nishita Shanklesha: Okay. Okay. So like even with the lag, are we going to be able to maintain the 21% margin?

Sunil Nalavadi: Yes, that lag will be not much longer period. It will be very short period, within a month or so.

Nishita Shanklesha: Okay. Understood. And my next question is, like how many branches do we plan to open in FY27?

Sunil Nalavadi: See, this year, we have opened around 110 branches. And out of that, around 55 to 60 branches which were closed to the existing branch and some of the non-performing branches are also closed. But in the current year also, we are expecting the 100 plus branches -- new branches to be opened.

Nishita Shanklesha: Okay. So 110 net branches, have you opened or closed? Like how many branches will be closed, you said?

Sunil Nalavadi: Around 60 branches. Net branches are around 40 numbers.

Nishita Shanklesha: Okay. And even in FY27, you've planned around the same number, like 100, 110 new branches and then you close around 50 branches?

Sunil Nalavadi: No, in going forward, the closed branches will be lesser. Net branches itself, we are expecting at least around 100 numbers in the coming year.

Moderator: Our next question comes from the line of Anshul Agrawal from Emkay Global Financial Services Limited.

Anshul Agrawal: Sir, first question I had was on pricing in the industry versus VRL. So since we've taken price hikes in Q4 FY '25, and I believe industry did not follow suit, our pricing was slightly premium or premium versus unorganized operators. Now in a fuel inflationary environment, when unorganized is expected to sort of pass on these hikes, would this lead to a convergence of

pricing, but -- or should we think that, that difference, that premium range should be maintained because even we will, sort of, pass on these fuel hikes as and when the prices are hiked?

Sunil Nalavadi: Yes. Now, what is happening, it is inevitable to each and every operator in the industry to increase the rate or pass it on this fuel increase cost to the customers. So accordingly, we will analyze the competitor movement and accordingly, we decide our pricing strategy. But with respect to whatever rationalization and other things have been based -- defined based on our costing, that will never change. Say for example, in some of the route our margin is, say, hardly anything.

Some of the customer contract is giving very low margin, we don't wish to do that business. We wish to maintain certain operational margin. And accordingly, we are going to fix the rate, irrespective of any other operator in that particular route or that particular customer.

Anshul Agrawal: Got it. So, to say, the Q4 FY25 price hike that which led to a divergence in us versus sort of industry pricing that should sustain/remain, despite this fuel inflationary environment?

Sunil Nalavadi: Yes. And even in the market, many of the customers who have already left us, they are coming back to us. So that's the reason for the quarter 4, we are in a position to grow in volume by around 3% on a year-on-year basis.

Anshul Agrawal: Got it. Sir, second question was any particular reason why our lorry hires charges have sort of increased? I believe we have adequate number of vehicles to sort of manage our own tonnage and the purpose of sort of doing this higher capex on vehicles was to sort of ensure that lorry hire charges sort of remain at a minimum. So, any particular reason why these have increased?

Sunil Nalavadi: No, the overall number of vehicles, the vehicle capacity has been reduced compared to last year versus the Q4. For example, last year, we were at around 6,100-plus vehicles. Those numbers have been reduced to around 5,900 vehicles. Because of reduction in the capacity of the vehicle and on the other side, the tonnage has been improved. To carry that additional tonnage, we engaged our outside vehicles.

Anshul Agrawal: Got it, sir. And given that our capex plans or vehicle spend plans are stable in the current year as well, do we anticipate a similar number of vehicles being scrapped as this current year?

Sunil Nalavadi: No, scrappage will not be there, but there will be addition of vehicles. So, as we planned this year around 500 vehicles addition, out of that, around 100-plus vehicles have been already added. So, the remaining 400 vehicles are going to be added till December.

Anshul Agrawal: Got it, sir. The next question I had was on the tonnage contribution from the new branches that we have added in the current year. Would you be able to share that number?

Sunil Nalavadi: Yes, new branches in the current year addition is hardly around -- in Q4, around 1%, 1.5% growth, those have contributed. These are all new branches. So, they are adding the new customers. And the current year, the contribution is around 1%, 1.5%.

- Anshul Agrawal:** Got it. Any particular plans or strategy of, sort of, extracting more volumes from these new branches in the coming years? Because I think we are adding net, you mentioned 100 branches on a base of say 1,300. That should sort of contribute 7% to 8% volume on our overall base or they'll take time to ramp up?
- Sunil Nalavadi:** It will take time to ramp up. But on a full year basis, again, we are expecting that if we open gradually of 100 numbers, we're expecting that on a full year basis, these branches may contribute around 2% to 3% in the tonnage. And apart from that, around 4%, we are expecting the normal growth from the existing customers or new customers in the areas where we are operating. So that's the reason we are in a position to reach around 6% to 7% or volume growth on a full year basis next year.
- Anshul Agrawal:** Got it, sir. Very clear. Just one last question. Any guidance on what could be our depreciation charges for the next 2 years considering that we have added a lot of hubs in the current year. I see depreciation has sort of not inched up in the current year despite the capex we have done. So, any sort of number that you...
- Sunil Nalavadi:** Depreciation cost will not increase. Because, the most of the new properties is where we are investing the value of the land is very high. So, land is a non-depreciable asset, will not be any depreciation cost on that. Only some portion of the building or infrastructure, what we are creating on this facility will be depreciated, again it is for a longer period. So, there will not be much impact on the depreciation, because of new facilities.
- Anshul Agrawal:** All the very best for the next year, sir.
- Sunil Nalavadi:** But in spite of that, what is happening because of investment in these own facilities, our -- higher levels -- the rental expenses are coming down and even the lease liability and right-of-uses in the balance sheets are coming down. So that will further be strengthening our balance sheet.
- Moderator:** Our next question comes from the line of Mr. Achal Lohade from Nuvama Institutional Equities.
- Achal Lohade:** Sir, just wanted to understand with respect to vehicle mix, if you could call out and what is the typical kilometres which actually travels on a daily basis on an average?
- Sunil Nalavadi:** Sorry, I'm not hearing you properly. Will you repeat your question, please?
- Achal Lohade:** Sir, my question is in terms of the vehicle, if you could call out what is the average tonnage and what is the average lead distance typically traveled on a daily basis?
- Sunil Nalavadi:** The lead distance is in the range of around 270 to 280 kilometres. I'm telling you about across all the vehicle categories. And the capacities are in the range of around 15 to 18 tons.
- Achal Lohade:** Understood. Any particular reason why we don't maintain 10-kilometer data, sir?
- Sunil Nalavadi:** 10-kilometer, see, since we are handling 'n' number of routes, it's basically the 1,300 raised to 1,300. That is the kind of routes where we are operating. That's the reason. Because of the bulk information, we are unable to compute that information, but we are trying to do that. Let us see, if possible, definitely we will share that information to you.

- Achal Lohade:** Understood. The second question I had, if you could give some clarity for FY'26 for the full year, what is the mix in terms of the industry mix, what you used to give earlier?
- Sunil Nalavadi:** The industry mix again predominantly it will be driven by the textile and cloths industry, cloth commodity. So currently, the contribution from this facility is around 17% to 18%. That trend is going to be continued.
- And the next line of item is about the agricultural products. Agricultural, again, see, equipment's, all put together, fertilizers, all kind of pesticides, all put together is contributing currently around 10% to 11%. Again, the same line of contribution is going to continue.
- The new thing is, see, we are planning a good contract with some top corporate entities. So again, predominantly their products are related to either -- some of the materials are related to textiles and similar to that product. So, industry mix will not change drastically.
- Achal Lohade:** So, textile, Agri products combined is about 30%. What about the balance, sir?
- Sunil Nalavadi:** Balance again, industrial goods are there. There are pharmaceutical industries, again, books and stationery goods, automobile products.
- Achal Lohade:** Is it possible to share the mix?
- Sunil Nalavadi:** All are in the range of 5% to 6%. Yes.
- Achal Lohade:** Understood. And how about the MSME large enterprises and the spot bookings?
- Sunil Nalavadi:** Spot booking, again, see, TO PAY booking, what we call, TO PAY and PAID booking, which is a spot payment what we are getting from the customer. That is again contributing in the range of around 80%. And ACCOUNT customers are contributing in the range of around 15% to 16%. And remaining FTL, around 6%, 7% full truck loaded, there actually the mode of booking will be -- all the mode of booking, TO PAY, PAID, and ACCOUNT.
- Achal Lohade:** 6% to 7% is FTL, through full truckload, you're talking about, sir?
- Sunil Nalavadi:** Yes.
- Achal Lohade:** Understood. And how are door-to-door mix, what is that ratio in FY26?
- Sunil Nalavadi:** Door-to-door, earlier it was around 33%, 34%. Now, I think, it increased to around 38%, 39%, close to 40% of the commodities are door-to-door.
- Achal Lohade:** And what is the price difference between door-to-door and the others?
- Sunil Nalavadi:** The realization will be around INR1, INR1.5 per kg will be more in door delivery, per piece.
- Achal Lohade:** Understood. Sir, I wanted to also understand in terms of the competition, given the price hike or what we have taken -- how are our rates compared to the immediate peer? Is that substantially higher? Is that comparable or is that lower?

Sunil Nalavadi: Compared to the unorganized players, actually, we are offering some premium rate to the customers. And again, the point is in our operations, the customers are -- our competitors are different in each leg of our operation. For example, the Express cargo companies, they still -- they are not directly competitor to us. Wherever we are having some ACCOUNT customer or corporate clients, only in those scenarios, the Express cargo rates can be comparable. But in corporate, actually, our rates are more or less comparable with these express cargo companies.

In the rest of the cases, again, it will change the route-wise and commodity-wise also. Say, for example, we are handling most of the textile commodities from Gujarat to rest of the country. There our competitors are again the local operator, means, route-wise operators. Say, for example, if textile is moving from, say Gujarat to Andhra Pradesh, we need to compete with one operator. Gujarat to Karnataka, again another competitor. And within cities also, there are different operators.

Say, for example, Surat-Bangalore, one operator is there. Surat-Hubli, another operator. Surat-Hyderabad, another operator. Like this. So, depending on the product and depending on the route, again, we need to compare with the competitors. And as accordingly, we are charging. But compared to unorganized players, yes, we are having some premium rates. But in terms of organized players, we are more or less comparable to them.

And the rate also depends on demand and supply. Say, for example, some of the operators will not provide service properly or 24x7. In those scenarios, definitely, we are offering some more premium rates.

Moderator: Next question comes from the line of Tanish Jain from A54 Partners.

Tanish Jain: Am I audible?

Sunil Nalavadi: Yes, you're right, please.

Tanish Jain: Perfect. Sir, can you talk a little about the bus business which you have? We are seeing a lot of new buses on the road. So, like how many buses do you have? What's the revenue? What are the margins like?

Sunil Nalavadi: No. Currently, we are not into bus business. This company is -- the promoter and another company is having the bus business.

Tanish Jain: And there is no -- so we've seen cargo, etcetera, going there. So that is not arm's length, is it?

Sunil Nalavadi: No, nothing.

Moderator: Our next question comes from the line of Mr. Alok Deora from Motilal Oswal.

Alok Deora: Just a couple of questions. So, if you take all these charges on diesel prices increase and bulk procurement coming down and also the toll charge is increasing. How much we are now in a position to increase the freight rates? We have increased at certain routes, but in general, and the talks are that the prices will increase further like today also, there was a price increase of maybe INR0.80, INR0.90. So, sir, how do you see this?

I mean, when would be a situation where, say, in a case where INR3, INR4 has increased further during the next 3 months? So how are we looking at margins at the gross and EBITDA level to pan out? Would we be able to maintain this fourth quarter run rate? Or can it come under some pressure? Any thoughts on that?

Sunil Nalavadi:

Yes, there will be some temporary disconnect or some variance there. But definitely, on a full quarter basis, we are planning to maintain similar EBITDA numbers. The reason is, say, for example, now because of the disturbance in the bulk diesel supply or through refinery, we have already tweaked some of the routes that there wherever we are offering at a lower rate and all or wherever there is less a competition.

So where actually we have already increased some of the rates. And we have changed certain metrics also within the chargeable weight and all. So, for example, earlier, we used to charge a 1 cubic feet equal to 8 kgs. Now for certain routes, we increased from 8 kgs to 9 kgs. So straight away, the quantity will increase in such routes. And definitely, it will take care of whatever additional cost. And similarly, certain line items. For the customers, we are charging different, different expenses also, like one is the basic rate.

Then second thing, we are adding some of the loading, unloading cost, some of the freight on value cost, some 3, 4 additional items. There also, we are increasing certain metrics. And for account customers or contractual customers, we are adding one line item in the contract that is the fuel surcharge. So that fuel surcharge depending on the fuel rate that will change. For example, today, also, you increase certain rates.

But minimum rate, they will expect at least around INR2 increase, INR3 increase in certain contracts. Based on that, that fuel surcharge will apply to the customers. So, because of these steps, we are confident that we are going to maintain the EBITDA at a similar level. There may be some basis points impact, but not in a big way.

Alok Deora:

Okay. Got it. So, the price increase which has happened till now in diesel, around INR4 or so, INR3 plus the INR1 today. So that is not having any real impact because that is basically more or less passed on?

Sunil Nalavadi:

Yes.

Alok Deora:

Got it. And sir, on tonnage terms, as you mentioned, one of the -- in your presentation where some of the customers has come back and now it's -- we could see -- so basically, what we had highlighted during the first half of the year has actually happened where at the end of the quarter, the loss in volumes have reduced and we have actually turned into the growth phase.

So now how confident are we of getting this 7%, 8% volume growth for FY27? Or could it be higher or lower? Any risk factor to -- on either side of this? Or would it largely be in the 7%, 8% based on what you are seeing?

Sunil Nalavadi:

No, the tonnage has been already constrained in the last year -- this current year as well as last year, because of some of the exercise what we have taken. But considering our service level, most of the customers are coming back. And also, we are adding the new customers. So, for

example, in Q4 year-on-year basis, our quantity -- around 17% of the quantity is contributed by the new customers year-on-year, I'm saying.

And the left customer share is around 14% and existing customer growth year-on-year is around 1%. So, on a total of all days, actually, we are in a position to grow by around 3% in the volumes. So apart from whatever the left customers are there, we are getting the new customers quantity also better than them. And there is a volume increase from the existing customers.

So that is giving more confidence and moreover, even though if we achieve 7% growth in the tonnage, that deficit is already there in the current year. We see on the full year basis that the tonnage decline is 7%. And predominantly, it is from the customers who are already know our services.

They are already experienced with the VRL. So, we are -- and because of this juncture of increase in the fuel rate, increasing the freight rate, again, definitely, they will come back to us. That's what we are hoping. The major share will come from them also.

Moderator: Next question comes from the line of Gaurav Gandhi from Glorytail Capital Management.

Gaurav Gandhi: Just one question. Sir, do you see any risk to the volume growth because of the Western DFC going live now? Some shifts might happen to the railway side. Do you see any kind of risk to the volume growth?

Sunil Nalavadi: No. DFC is directly related to the full truckload. So, the commodity what we are carrying is not directly linked with the railway services. So that's the reason the impact of DFC will not be much on our commodity or our quantity.

Moderator: Ladies and gentlemen, that was the last question for today. I would like to turn the conference over to management for the closing remarks. Thank you, and over to you.

Sunil Nalavadi: Yes. Thank you once again to all the participants and your patience hearing. As everybody -- most of the questions related to about the recent trend in the fuel rates. So, considering our network, considering our customer base and customers, considering our -- the service to the multiple commodities in the industry, we are hoping that definitely, we can pass it on this cost to the customers and maintain the EBITDA margins in the range of around 20% plus going forward. With this, I wish to complete this call. Thank you.

Moderator: Thank you so much, sir. Ladies and gentlemen, on behalf of Motilal Oswal Financial Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.