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To,  
BSE Limited  
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Scrip Code: - 539118

National Stock Exchange of India Limited  
Exchange Plaza, Plot No. C/1, G-Block,  
Bandra – Kurla Complex, Bandra (E),  
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 6<sup>th</sup> February 2026.

This information is also available on Company's website on below link:

[https://vrlgroup.in/investor\\_download/Investor\\_Meeting\\_on\\_6\\_Feb\\_2026\\_Transcript.pdf](https://vrlgroup.in/investor_download/Investor_Meeting_on_6_Feb_2026_Transcript.pdf)

You are requested to kindly take note of the same.

**For VRL LOGISTICS LIMITED**



**ANIRUDDHA PHADNAVIS**  
**COMPANY SECRETARY & COMPLIANCE OFFICER**  
Place: Hubballi  
Date: 10.02.2026



“VRL Logistics Limited  
Q3 FY26 Earnings Conference Call”

February 06, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 06th February 2026 will prevail.



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

**MODERATOR: MS. DISHA GIRIA – ASHIKA INSTITUTIONAL EQUITIES**

**Moderator:** Ladies and gentlemen, good morning and welcome to the VRL Logistics Q3 FY '26 Earnings Conference Call hosted by Ashika Institutional Equities. As a reminder, all participant 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Disha Giria from Ashika Institutional Equities for the opening remarks. Thank you, and over to you, ma'am.

**Disha Giria:** Thank you. Good morning, everyone and welcome to the Q3 FY '26 Earnings Conference call of VRL Logistics. First of all, I would like to thank the management for providing us the opportunity to host this call. From the management, we have Mr. Sunil Nalavadi, CFO of the company.

So without further ado, I will hand over the call to Mr. Nalavadi for the opening remarks, followed by the Q&A session. Thank you, and over to you, sir.

**Sunil Nalavadi:** Yes. Thank you, madam, and good morning to everyone. I warmly welcome all of you to the earnings conference call of VRL Logistics to discuss the financial and operational performance for the third quarter and 9 months ended FY '26. I hope everyone has had an opportunity to review our investor presentation, which has been uploaded along with our financial results.

The Indian logistics sector continues to benefit from resilient consumption, sustained public infrastructure spending and structural reforms such as GST 2 and other policy initiatives aimed at improving efficiency and lowering overall logistic costs. These factors support a positive long-term outlook for the sector.

Coming to our performance for quarter 3 of FY '26. For the quarter ended December '25, total income stood at INR831 crores, broadly flat year-on-year basis and grew 3% sequentially, driven by improved realizations, 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 volumes following contract restructuring undertaken last year. Our daily tonnage has crossed 10,900-plus tons during the quarter, reflecting improving demand trends. On a year-on-year basis, tonnage declined by 9%, primarily due to the exit of low margins and nonstrategic contracts.

We expect a gradual uptick in volumes going forward. And during the quarter, we placed an order of 500 commercial vehicles, new HCVs to meet the demand and improve fleet efficiency

through replacement of older vehicles. And out of these 500 vehicles, around 100 vehicles have been already delivered in the month of January.

The realization per tonne stood at around INR8,117 and it has increased by approximately 10% year-on-year basis, reflecting price hikes taken in the last year. We were able to maintain realizations with marginal sequential improvement. Yield improvement remains a key profitability driver and reinforces our focus on sustainable margin-led growth rather than volume-led expansion.

Our profitability EBITDA margin stood at around 20.9%, up by around 20 basis points year-on-year and 130 basis points quarter-on-quarter, supported by improved realization, discontinuation of low-margin business, strict cost control measures and better asset utilization of the company.

The fuel costs remained well controlled. Fuel cost as a percentage of total income declined to 24.8% from 26.4%, aided by increased bulk procurement from refineries, which accounted for about 40% of fuel sourcing during the quarter. Our captive fuel pumps increased from 7 to 8 and further improving cost efficiency.

Despite higher toll rates and additional toll plaza bridge and toll expenses, as a percentage of revenue remains under control. The employee cost as a percentage of total income increased from 16.6% in Q3 FY '25 to 18.1% in Q3 FY '26 on account of annual increment. And the vehicle training expenses increased from 4.9% in Q3 FY '25 to 5.7% in Q3 FY '26 on account of higher driver incentives. We continue to view these increases as investment in our people, particularly given the industry-wide shortage of skill drivers where VRL's on-roll driver model remains a key competitive advantage.

The profit after tax for the quarter stood at INR65 crores, registering a 9% year-on-year growth. And on a sequential basis, PAT has increased by almost 30%, largely driven by lower interest costs following debt repayment. The capex during the quarter stood at around INR74 crores compared to INR29 crores in quarter 2 of FY '26. And out of this INR74 crores, INR50 crores was deployed towards purchase of land and buildings at strategic locations in some selective locations.

And for the 9 months FY '26, our total income stood at around INR2,386 crores. EBITDA margin stood at around 20.5%, expanded by nearly around 330 basis points year-on-year basis, supported by 13% improvement in realization and sustained cost efficiencies. The PAT for the same period stood at around INR165 crores, which has improved by around 52% on year-on-year basis.

Our balance sheet remains strong. Net debt stood at around INR272 crores as of December '25, down from INR304 crores in September '25, reflecting healthy cash generation. The receivable days remained at around 11 to 12 days, among the lowest in the industry, underlining the strength of our collection mechanism and diversified customer base of over 9 lakh GST registered customers.

Considering this improvement in cash profits, the Board of Directors have approved an interim dividend of INR5 per share to reward to the shareholders.

Operationally, our network continues to scale. As of December '25, we operate with around 1,250 branches and 50 trans-shipment hubs across 24 states and 5 union territories.

And fleet rationalization continues with older vehicles being scrapped and utilization of owned new assets improving. Around 80% of our fleet is debt-free as of now and 15% is fully depreciated, providing strong operational leverage. Our strategic priorities remain unchanged; profitable volume growth, disciplined cost management and tight working capital control.

Looking ahead, while near-term macro uncertainties persist, we remain optimistic. Improving demand conditions, stronger marketing initiatives, fleet rationalization and expansion in underpenetrated geographies position us well to drive gradual volume recovery while sustaining profitability.

With this, I conclude my opening remarks. We now open the floor for questions and look forward to an engaging interaction with all of you. Thank you.

**Moderator:** Thank you very much, sir. We will now begin the question-answer session. The first question is from the line of Krupashankar NJ from Avendus. Please go ahead.

**Krupashankar NJ:** My first question would be on the volume growth side. So right now, we see that the base has caught up and the volume decline, what you have seen in this quarter should most likely be the last of it. Just wanted to get a sense around what is your expectation on volume growth going ahead? And what are the steps which you will be taking towards achieving that volume growth?

**Sunil Nalavadi:** Volume growth, one thing is we are expecting at least around 3% to 4% sequential growth in tonnage even in last Q4. And basically, out of this, around 345,000 tons have been already delivered in the month of January. So based on that, we are expecting at least around 4% tonnage growth in Q4.

And with that, even on a sequential basis, 2% growth in the next year, quarter-on-quarter basis, that will lead to almost around 10% growth in tonnage in the next financial year. That's what we are expecting. And basically, what we are doing, we are opening some of the branches also and we are aggressively doing marketing activities. And apart from that, we are identifying some of the lost customers and approaching them or customers themselves are approaching us to again revamp the business. So that is giving a lot of support for us to having this kind of growth.

**Krupashankar NJ:** Got it. So any targets with respect to branch addition in the next year? And are you looking at it from higher volumes from existing branches? So what would be your strategy over here? for example, in the North and Northeast, you had expanded branches, and that was contributing to a significant portion of volumes in '23, '24. Just wanted to get a sense around what would be the strategy this time around?

**Sunil Nalavadi:** Yes. the additional activity what we are doing is apart from opening the new branches to the company-owned branches, actually, we are considering to appoint the franchisees or agents in some of the newer geography or even in the existing market. And basically, what it is supporting is we are identifying some of the franchisees who are expert in the business, either it may be local or with other competitor or something like that.

And we are offering them to the agents and for their business perspective, they are having certain limitations. So some of them are local people and they are unable to book the consignment across the country. So we are appointing them as exclusive agents to the company. And definitely, that will give support to us. And right now, for this quarter, we have already appointed in the month of January also, around 15 to 20 agents have been appointed. And we are having a plan to add very good number of agents going forward.

**Krupashankar NJ:** Okay. Lastly, you also mentioned about fleet addition. I think about 500-odd CVs to meet incremental demand and replacement of old fleet. So just given that 20% of your fleet is already depreciated, that translates to about 1,200. Is it fair to assume that the new fleet would be adequate to meet your growth expectation of 10% or you would be taking more lorry hire for meeting incremental demand?

**Sunil Nalavadi:** Yes. Out of 500 vehicles, 100 vehicles have been already delivered in the month of January. And here, what our guidance is around 10% increase in the volume. And even 500 vehicle addition will lead to increase of 10% addition in the capacity. So overall, it will match whatever we are expecting on the tonnage, the addition in the capacity will match to that extent.

**Krupashankar NJ:** And that will be the overall addition. So any plans on FY '27 on capex, sir, what would be your fleet addition plans next year?

**Sunil Nalavadi:** Yes. Now see, most of the rectifications in terms of the business contracts and rates have been already done. And now the complete focus is on the volume growth. So this trend will continue even for the FY '27 also. So we are having at least internal plans that at least quarter-on-quarter, we have to grow. Sequentially, even if you assume 2% to 3% growth, then it will lead to at least around 10% to 12% volume growth even in FY '27. And whatever capex required to that additional volume, definitely, we'll incur additional capex to that extent.

**Moderator:** The next question is from the line of Disha Giria from Ashika Institutional Equities.

**Disha Giria:** Sir, my question is regarding the realization. What I understand is that we have taken price hikes from end of second quarter FY '25. So a lot of those price hikes might have been factored in the base period. Despite that, we have had like a 10% realization gain. So just wanted to understand that how should we see it going forward?

**Sunil Nalavadi:** On the rate rationalization, there are two things, ma'am. See, whatever the freight rate increase actually we did in quarter 2 of last year and in the quarter 4 of the last year, what we did, we identified all low-margin businesses, and we discontinued those contracts. So that has led to further improvement in the realizations. So when we took an increase in the freight rates, actually, our realizations have been improved by around 10%, 11% or so. And because of this withdrawal of the low-margin contracts and other things, that has led to additional 5% to 6% increase in the realization.

**Disha Giria:** All right. So going forward for the fourth quarter and sequential quarters, we can assume like the margin -- since we had let go of the low-margin business, around 4% to 5% year-on-year realization gain, can we assume it for the coming two, three quarters?

- Sunil Nalavadi:** No, see around 1% or 2%, you can assume not beyond that.
- Moderator:** The next question is from the line of Alok Deora from Motilal Oswal.
- Alok Deora:** Sir, just had a couple of queries. So sir, being you are now in fourth quarter, how we should look at it, because the base is now revised or it's rebased now with what you had the quarter or low base quarter for -- after the change in the policy of -- or strategy where you let go of low-margin business?
- So now going forward, what could be the realization be, say, for fourth quarter? And how should we also look at the volumes because volumes have -- the reductions have kept on coming down. And now in the third quarter, we did minus 9%. So how we should look at fourth quarter and next year?
- Sunil Nalavadi:** Yes. Fourth quarter, we are expecting a tonnage growth of around 3% to 4% on a sequential basis. For the month of January, we have already delivered around 345,000 tons. And considering this volume, definitely in February and March, again, we are expecting good volumes, which will lead to around 4% growth in the tonnage. And the realizations will be maintained at the current level. And next quarter on a sequential basis, even if we assume around 2% growth based on the Q4 tonnage, so that will lead to at least around 10% to 11% growth in the tonnage.
- Alok Deora:** Next year, 10% to 11% tonnage growth?
- Sunil Nalavadi:** Yes.
- Alok Deora:** Okay. And no realization improvement?
- Sunil Nalavadi:** Realization will be maintained at the current level.
- Alok Deora:** Okay. You mean the quarter 4 exit level?
- Sunil Nalavadi:** Yes.
- Alok Deora:** Right.
- Sunil Nalavadi:** Yes.
- Alok Deora:** Okay. So next year, we are looking at 11% kind of revenue growth or it would be moving forward?
- Sunil Nalavadi:** Yes, 11% revenue growth, that will lead to the revenue of around INR3,600 crores in the financial year '27. And with the EBITDA of around 20.5%, then EBITDA will be in the range of around INR730 crores, INR740 crores.
- Alok Deora:** Okay. So 20.5%, we expect to maintain in the next year also?
- Sunil Nalavadi:** Yes, around 20% definitely.

- Alok Deora:** Okay. And sir, we had given out this 2%, 3% price -- sorry, wage correction, which the margins were to get impacted. So that impact is already in this 20% or this -- something has happened there because the margins did not really come down after that. I mean it's still at 20%?
- Sunil Nalavadi:** Basically, what happened, the fuel cost has supported us further. The fuel cost as a percentage is almost reduced around 1.6% to 1.7%. So that has compensated with increase in the employee cost.
- Alok Deora:** Okay. So now the new normal margin you are saying is instead of 17%, 18%, it will be new normal will be 20%, 21%?
- Sunil Nalavadi:** Yes, around 20%, you can say.
- Alok Deora:** 20%, right. And capex for next year, I missed that number. If you can repeat capex for next year?
- Sunil Nalavadi:** See, there are two capex. One is the addition of this 500 commercial vehicle that will fetch almost around INR160 crores, INR170 crores investment. And apart from that, we identified some of the locations where actually we want to buy some land and building. That will be in the range of another around INR160 crores, INR170 crores. So in total -- yes, next year. So total capex we are expecting next year around INR350 crores.
- Alok Deora:** Okay. Just last question. So any sharp improvement in the CV buying which you are seeing? Have the volumes improved quite or the outlook improved quite materially that the CV volumes are also coming very good. And so -- because from our side, we are just largely doing it as per the tonnage growth. So just your thoughts on that?
- Sunil Nalavadi:** In the outside market, most of the cases, see nobody is owning the vehicle, the leading logistic service providers.
- Alok Deora:** Correct.
- Sunil Nalavadi:** But in other segment, there is an improvement, say like infrastructure and all related vehicle, commercial vehicle, there is an improvement.
- Alok Deora:** Okay. But logistics, you are saying it's not something that it's kind of the usual 8% to 10% volume growth.
- Sunil Nalavadi:** Yes. It is spread actually. Actually, it is spread and most of the vehicle owners, again, these are all small fleet owners.
- Alok Deora:** Right.
- Sunil Nalavadi:** Yes.
- Alok Deora:** Okay. Got it. So sir, if I just sum it up. So there is no more improvement in realization, which we are expecting ahead. That is number one?
- Sunil Nalavadi:** Yes.



- Alok Deora:** Whatever the incremental revenue growth will come, which will be largely from the volume growth, which is expected to be around 9% to 10% ahead?
- Sunil Nalavadi:** 10% to 11% in next year.
- Alok Deora:** 10% to 11% for next year and maybe after that, more like 8% to 9% on the higher base, right?
- Sunil Nalavadi:** Yes.
- Alok Deora:** But no price change we are expecting further anytime soon?
- Sunil Nalavadi:** No, right now, no. And unless there will be substantial change in the cost structure.
- Moderator:** The next question is from the line of Pranav Doshi from Ardeko Asset Management.
- Pranav Doshi:** So my first question is on the volume growth. So can we break it down between, let's say, what was the growth from the current network? What was the attrition that we are looking from the current network? And what was the growth from the new client quarter-on-quarter?
- Sunil Nalavadi:** Yes. Basically, if you see in quarter 3, we added almost 10% of the tonnage has contributed from the new customers.
- Pranav Doshi:** Right.
- Sunil Nalavadi:** Out of this, again, we lost a tonnage. Year-on-year basis, around 8% of the tonnage we lost because the customers have discontinued business with us or we discontinued their business contract and there is a 1% growth in tonnage from the existing customers who have continued the business and their tonnage has improved by around 1%. So to sum up this, the quarter-on-quarter, we've grown by around 3%.
- Pranav Doshi:** So sir, you mentioned Y-o-Y loss of 8%, that is Q-o-Q, right, so Q2 on Q3?
- Sunil Nalavadi:** Yes, Q-o-Q. So for a year-on-year basis, there is a decline of the customers who have left that accounted almost around 18%. And the tonnage which came from the new customer is around 15%. So because of this, we lost around 3% tonnage. And the decline from the existing customer is around 6%. So both put together, the decline in the tonnage is around 9%.
- Pranav Doshi:** Right. So sir, my next question would be that, let's say, in a normal business circumstance, so we took a price hike and therefore, there was a lot of loss of volume over the last 1.5 years. But if we are to say in a normal business operations, what is the general Q-o-Q volume attrition that we are looking at, so on a steady-state basis?
- Sunil Nalavadi:** Look, definitely, see, we are going to see, how we did in quarter 3, for example, 3% we grew. But this loss in customer actually it will continue. On a sequential basis, around 5%, 6%, at least it will be there. But the new customer addition, what we did 10% growth on quarter-on-quarter basis, that number will further improve.

And even from the existing customer, what we are looking, the 1% growth from the existing customer, even that number is going to improve further. So that's the reason on a sequential basis, at least for quarter 4, definitely in the range of around 4% growth in the tonnage.

**Pranav Doshi:**

Right. And sir, on the CV front, sir, if we just look at the CV, so I think CV are now again going in the up cycle. So there is a lot of demand. And I think for us, we are buying the vehicles according to our requirement, but overall, do you see any kind of a positive trend in the economy and especially in the logistics sector, which can maybe push the growth towards, let's say, a bit higher than what we are expecting. So 10% is what we're expecting now, but let's say, can there be an upside risk to this given the possible higher economic activity in the country?

**Sunil Nalavadi:**

Definitely. This is actually a very conservative number, actually what I'm indicating based on our internal plans. And with the additional improvement, say, for example, now change in GST that has supported some volume growth. And tomorrow again, if there is a good monsoon spread and good agricultural activities, again, it will support further addition in the volumes.

And even on the FMCG side if any improvement. And for example, textile actually, which is a major contribution in our tonnage, almost around 16% to 17% tonnage we are carrying textile materials. There also, we are identifying some of corporate clients. And if addition of even some 4, 5 big textile manufacturers in India, then definitely that will lead to further improvement in the volumes.

**Pranav Doshi:**

Right, sir. And on the realization, so again, across the industry, the commentary or the thinking now has been that, let's say, people want to focus more on profitability also not just on the volume front. So I think given we are already very profitable. But do you see any possible scope where, let's say, due to better demand, we might consider a price hike, especially if the other players are also doing the same?

**Sunil Nalavadi:**

No. Right now, see we are at a good margin rate. So our focus is only on the volume growth. But we maintain whatever current realization plus margins.

**Pranav Doshi:**

Okay. Okay, sir. And just one final question. So given that majority of our clients are smaller companies, so corporate is a very small chunk. So incrementally, are we looking at more traction from the corporate clients or is the SME piece of our business also doing -- also expected to do well going ahead? So how do we see the mix shifting over the next 2 to 3 years?

**Sunil Nalavadi:**

Our focus will remain the entire market. So for example, whenever we go, we go with the commodities. Whether it be corporate, it may be retail, we go and approach each and every customer related to that particular product. So always our marketing activity is based on the product.

So for example, if we are entering into Northeast, which are the major products in those areas, one is incoming, then the next one is outgoing material. So accordingly, we go and we identify customer, we go even mass marketing to even some of the mandis and all, even we do that. The focus is based on the commodity rather than the kind of a customer. Hello?

**Moderator:**

We lost the line of the speaker. We'll move ahead, sir.

- Sunil Nalavadi:** Yes, please.
- Moderator:** The next question is from the line of Ankita Shah. Over to you, ma'am.
- Ankita Shah:** This INR500 crores vehicle addition is over what period of time that you are expecting?
- Sunil Nalavadi:** 500 number of vehicles.
- Ankita Shah:** Yes.
- Sunil Nalavadi:** It is for the current calendar year '26, calendar year of 2026, till December 2026, what we planned.
- Ankita Shah:** Okay. So this year itself. So this would lead to capacity expansion of 10%. But how much will it add to your revenue and EBITDA? So incremental revenue and profitability coming from incremental capacity addition would be how much?
- Sunil Nalavadi:** No, basically, this whatever volume growth we are anticipating, we are expecting, the 10% volume growth in next financial year, to cater to this demand, actually, we are adding these vehicles and adding the capacity.
- Ankita Shah:** But there will be growth in the existing business also, right, ex of this addition? I'm just trying to see how much?
- Sunil Nalavadi:** So basically, the ownership of the vehicle and growth in tonnage, both these 2 are totally independent. Whenever we get a tonnage growth, then how to carry those additional tonnage is decided, whether it is through outside vehicle or own vehicle. Now in FY '26, we are expecting the 10% volume growth. To meet this demand to serve this additional demand, actually, we are adding 500 vehicles.
- Ankita Shah:** Got it. And these will be all.
- Sunil Nalavadi:** And since almost around, say, now 96%, 97% of the service we are providing through own vehicles and the further demand will also be through own vehicles, then definitely it will maintain our profitability margin of around 20%.
- Ankita Shah:** Got it. And this will be all on long haul, I mean, higher tonnage trucks?
- Sunil Nalavadi:** Yes, higher tonnage trucks. These are all around 20-toner capacity vehicles.
- Ankita Shah:** 20-plus tons.
- Sunil Nalavadi:** 20 toners.
- Moderator:** The next question is from the line of Anshul from Emkay Global.
- Anshul:** Sir, first question is on this agent-owned or franchisee branch network, in our existing branch network, what would be the contribution of such branches?

- Sunil Nalavadi:** See, currently, we are having, say, around 120, 130 agencies, which is contributing almost around, say, 9% to 10% to the tonnage currently. And going forward, actually, we wish to focus more on appointing the new agencies.
- Anshul:** Sure. Is there any difference in the realizations, in the agent or the franchisee branches versus our owned branches?
- Sunil Nalavadi:** No. There will not be any change in the realization because ultimately, they have to follow our rate cards only. It's all bookings are happening through systems. So whatever rate cards will appear in the system, accordingly, they have to book.
- Anshul:** Okay.
- Sunil Nalavadi:** And it is common for both the company-owned branches and franchisees.
- Anshul:** Okay. I'm trying to understand how do we incentivize these agents because from what I understand, please correct me if I'm wrong. In an open market, these agents tie up with multiple logistics operators and wherever they can sort of get cheaper realizations, they focus on sending those material or that tonnage through those LSPs. How do we incentivize these agents to sort of ensure that their customer tonnage comes through our network?
- Sunil Nalavadi:** See one is actually some of the markets, even customers need the support of the market also. So considering our efficient service and some of the customers actually will approach to us and even agent can market our service level to the customers and add the new tonnage. And even our network actually, they can go and market and expand the tonnage.
- And third thing is actually we are incentivizing good commission to them based on tonnage basis. And that will also lead -- if somebody is earning lower realization tonnage, then definitely we cannot offer good commission to the agent. Since we are earning good realization from the tonnage, then definitely we can offer better commission to the agent. Even that will also attracting some of the new agents who are already into this business.
- Anshul:** Got it. Second question is on our guidance of 20% EBITDA margins. Are we expecting gross margins to expand further in '27 and '28 because from what I see our employee expenses have grown at about, say, 14%, 15% CAGR over the last 2 to 3 years. So 10% increase in revenue may not be able to sustain the same margin?
- So are we expecting higher procurement from fuel or more efficiencies because our driver incentives are also going up, toll prices are also going up. So just trying to understand how do we maintain this 20% EBITDA margin run rate with -- on the expectation of a 10% to 11% revenue growth?
- Sunil Nalavadi:** See basically, out of the total expenditure, almost around 35% to 40% of our expenses are fixed in nature. See one is major the employee cost, which is almost around 18% of the revenue is fixed in nature. Whenever the revenue improves, and again, the percentage of the employee cost will come down.

The second thing, all rental expenses, which is almost around 8% to 9% of the revenue, including that IndAS accounting. So even that is fixed in nature. All insurance costs related to vehicles and even the taxes what we are paying to the vehicles, those are all fixed in nature. So considering these things, definitely, the fixed expenses ratio to the revenue will come down as and when the tonnage or revenue will improve.

**Anshul:**

**Sunil Nalavadi:**

And apart from that, on the fuel side also, we are adding the own pumps. In the last quarter also, we added another the captive pump. And going forward, we are having a plan to add another at least around 3 to 4 pumps in the next financial year. We are identifying the location where actually our consumption is on higher side. There also, we need to establish our own pumps. That will lead to further savings in the fuel cost.

**Moderator:**

The next question is from the line of Krupashankar NJ from Aventus.

**Krupashankar NJ:**

Just couple of questions. First one is on employee cost. You did mention in the last call that there's going to be about INR6 crores of monthly increase in the employee cost due to the inflation. But if you look at the number, I don't think it has increased to that level. Any one-off to call out here?

**Sunil Nalavadi:**

No, nothing. I think just the number of days and other things. On a gross level, actually, the monthly increment is around INR5 crores to INR6 crores. And since we are talking about the employee cost, just I wish to highlight that about the new Labour Code, what the government has introduced.

We are happy to say that there will not be any incremental liability on the company to comply this new Labour Code. So whatever existing the salary structures and the contribution from the company, these are all already in line with the new Labour Code. So there will not be any further burden on the company on account of compliance with the new Labour Code.

**Krupashankar NJ:**

Understood, sir. Understood. And also adding on to the point that while employee cost is fixed in nature, when is the next increase expected? Is it likely inflationary increase in salary will be expected in mid of next year? Is that something which is expected? Why I'm asking is -- no, why I was asking is because the sustenance of the 20% without taking any price hikes would require us to do a lot of cost control measures going ahead in the next year. So just wanted to get some sense around this?

**Sunil Nalavadi:**

No, basically, employee cost, we did -- we gave an increment in the month of August. Now till August, anyway, it will not be there. But normally, if you take the past incremental process of the company, normally, we do after 1.5 year or 1.5 years, 2 years like that. So based on that, till March '27, I don't think so there will be further incremental process.

**Krupashankar NJ:**

Understood. Understood. The last one on capex. Sir, while I was looking at your fleet, incrementally, I've seen that you've scrapped more of 20, 25 and greater than 30-toner trucks, right, over the last six, seven quarters based on tonnage. And now you're looking to add close to about 20 toners only. Are you not seeing any benefits of the larger trucks, the 20 to 25 toner or

25-tonne plus or are you seeing that these trucks were broadly underutilized due to which you are strategically shifting towards 20 tons, something which I wanted you to pick your brain on?

**Sunil Nalavadi:**

Yes. One major thing just I want to highlight, even in the larger capacity vehicle, see earlier the current 28-tonner vehicles, earlier, those were 24-tonner vehicle before the government has enhanced the weight factor on the vehicles. Now what is happening in 28-tonner capacity, they have not increased the size of the vehicle. The size of the vehicle remains same at around 32 feet.

So because of this, even 20-tonner capacity vehicle is also having the size of 32 feet and 28-tonner also having the 32 feet size. So because of this reason, what is happening, if you see the payload factor of the vehicle, the 20-tonner vehicles are more efficient than the 28 tonners.

Even though the registered tonnage is around 28 tons as of today, if you see the actual weight what we are carrying those vehicles because of the restriction in the size, it is in the range of around 25, 26 tons. So considering these factors and considering the return load factor also, we are focusing to add lesser tonnage vehicles the 28-tonner vehicle have been wherever the major maintenance or something like that, then we are scrapping those vehicles.

**Krupashankar NJ:**

Got it. And if you had to take in a larger vehicle in the next category with a bigger size, so you would be then you will have to go into tractor trailers sort of a system for you to get benefit because most of your shipments are volumetric in nature. Is that understanding correct?

**Sunil Nalavadi:**

Yes. But we are already using some of the trailer, around 120 vehicles, we are already having those vehicles. We are already using those vehicles in our system. Wherever both sides enough loads are there, wherever the busiest routes, there actually, we are using those trailers already.

**Krupashankar NJ:**

Understood, sir. Understood. And with respect to capex, you did mention that you're going to add around INR160 crores, INR170 crores towards new locations. These are primarily hubs which you're referring to? Or is it about the fuel pumps which you're going to add in the next year?

**Sunil Nalavadi:**

No, not a fuel pump. These are the critical branches wherever the major branches are also there, where actually we are not finding the ideal space, where actually we are investing.

**Krupashankar NJ:**

And how many such pockets are available, sir? So right now, I think you own close to about 12 to 13 such hubs, if I'm not wrong?

**Sunil Nalavadi:**

The own hubs are around 10 hubs as of today. And the branches are around, say, 40, 45 branches are owned by the company as of today, means properties are owned by the company. And this whatever INR57 crores, INR58 crores we invested, these are invested in around 8 to 9 branches. And going forward, again, some of the branches have been already identified, which are in the range of around 10 to 12 numbers.

**Krupashankar NJ:**

Okay. Got it. So hubs-wise, you're not adding anything. So it's going to be more of owning of land?

- Sunil Nalavadi:** For the time being whatever capex we indicated around INR150 crores, INR160 crores, this is other than the hubs. These are only investment in the branches. And major branches, not the small branches, the major ones.
- Krupashankar NJ:** Understood, sir. Thank you, sir. That's it from my side.
- Sunil Nalavadi:** Yes, thanks.
- Moderator:** Thank you. Ladies and gentlemen, due to time constraint, that was the last question. I now hand the conference over to Mr. Sunil Nalavadi for closing comments.
- Sunil Nalavadi:** Yes. Thank you. Thank you, everyone for joining the call today. I'd like to reiterate that we remain confident on delivering around 10% volume growth in the next financial year. And with that 10% volume growth, definitely we will maintain the current EBITDA margins, which are around 20% level. And definitely, that will lead to good growth in the absolute terms of EBITDA as well as profitability in the coming period. With this, I conclude the call. Thank you.
- Moderator:** Thank you, sir. On behalf of Ashika Stock Broking Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.