“TCI Express Limited

Q4 FY26 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the TCI Express Limited Q4 FY26 Earnings Conference Call hosted by Phillip Capital (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 date of this call. These statements are not the guarantees of future performance and involves risks and uncertainties that are difficult to predict.

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I now hand the conference over to Mr. Vikram Suryavanshi from Phillip Capital (India) Private Limited. Thank you, and over to you, sir.

Vikram Suryavanshi: Thank you, Swapnali. Good afternoon and very warm welcome to everyone. Thank you for being on the call of TCI Express Limited. We are happy to have the management with us here today for question-and-answer session with the investment community. The management is represented by Mr. Chander Agarwal, Managing Director; Mr. Mukti Lal, Executive Director and Chief Financial Officer and Mr. Pabitra Panda, Chief Business Officer. Before we start with the question-and-answer session, we'll have opening comments from the management. I will hand over the call to Mr. Chander Agarwal for opening comments. Over to you, sir.

Chander Agarwal: Thank you, Mr. Vikram. Good afternoon, everyone and welcome to the Q4 Financial 2026 Earnings Conference Call of TCI Express Limited. I would like to thank all of you for joining us today. I hope you and your families are doing well. Our Earnings presentation for the quarter has already been shared in the company's website and with the stock exchanges, and I trust you have had the opportunity to review it.

To begin with, I will provide an overview of the business performance, operational developments and key strategic initiatives during quarter 4 of financial year 26. Following this, our Executive Director and CFO, Mr. Mukti Lal, will take you through the financial performance in greater detail.

Q4 financial year '26 marked another quarter of positive business momentum for TCI Express with the company delivering sequential improvement and maintaining its growth trajectory for the second consecutive quarter. During the quarter, the company strengthened its multimodal logistics capabilities, customer engagement initiatives and operational execution across business verticals.

Demand trends remained encouraging across pharmaceuticals, automotive, engineering renewable energy, consumer goods and SME-led shipments. The operating environment during the quarter remained challenging due to the geopolitical tensions and the conflict in

West Asia, which resulted in elevated airline fuel prices and increased logistics costs across the industry.

Additionally, higher labor costs and temporary business disruptions were arising from the voter-related SIR activities impacted operating conditions across select markets. While these external factors created near-term pressures on business operations, the company remain focused on service liability, network efficiency and customer-centric execution while maintaining a cautious approach towards the evolving market conditions.

The surface Express business remained the largest contributor to the company's operations during Q4 FY26, supported by customer additions, improved traction across industrial and SME led shipments and higher contribution from key sectors, including automotive, defense, solar, EV and pharma.

During the quarter, the company expanded its last mile delivery network through new branch additions and strengthen operational reach across key regions. The upgraded Nagpur sorting center also commenced operations with enhanced handling capacity and improve processing efficiency to support higher cargo volumes and faster turnaround times.

Other business verticals also delivered healthy momentum during the year, supported by focused operational execution and network optimization initiatives. Rail Express recorded strong growth driven by a rising adoption of rail-based cargo movement, consistent service reliability and expansion of dedicated rail operations on key long-haul corridors.

Domestic Air Express delivered strong operational performance supported by improved airport activity, shipment consolidation initiatives, optimized cargo planning and increased traction from pharmaceuticals and temperature-sensitive cargo segments. The International Air Express business strengthens its global network reach through customer additions, international partnerships, cargo consolidations were also taken during the year.

The C2C Express segment maintained healthy growth through the higher express trucking movement, conversion of existing customer opportunities and traction from industrial sectors as pharma, automotive and manufacturing in general. Meanwhile, the e-commerce Express segment continued to witness strong momentum supported by growing volumes from D2C brands, marketplace sellers and expansion of last mile delivery operations across key metro markets.

Across these segments, the company continued strengthening technology integration, operations visibility and AI execution capabilities to further improve customer experience and overall delivery network. During the Q4 '26, TCI Express reported year-on total income growth of 6% along with sequential improvement over the previous quarter.

The company also maintained healthy capacity utilization levels during the quarter, while continuing to focus on operational discipline, cost optimization and network productivity. Financial '26 was a year of significant achievements for the company as we crossed the INR

1,000 crores balance sheet milestone and surpassed 1 million tons of cargo handled during the year.

The company continued to maintain a debt-free balance sheet with sustained focus on cost discipline, operational efficiency and liquidity management, reflecting its strong financial position and commitment to our shareholder value creation, the company also declared a higher dividend during the year.

Furthermore, during our company continued to strengthen its focus on leadership development, employee engagement and social responsibility initiatives. TCI Express was also recognized as a great place to work for the sixth consecutive year, reflecting the company's strong people-centric culture and workplace practices.

Furthermore during the year through the TCI Express Foundation, the company also continued to undertake community focused initiatives across preventive health care, Olympics sports training, rural development, environmental sustainability and vocational skill development under programs such as Kavach, Shorya, Samantha and Saksham positively impacting beneficiaries across multiple regions and re-influencing the company's commitment towards inclusive and sustainable community development.

Looking ahead, TCI Express remains focused on strengthening its multimodal logistics capabilities expanding technical based AI operations and improving customer engagement across the service verticals. The company continues to focus on infrastructure expansion, operational automation, rail corridor getting specialized cargo movement and B2C network development to support long-term growth opportunities across the express logistics sector.

While geopolitical uncertainties and elevated fuel prices, may continue to create near-term challenges for the logistics industries. The company remains focused on operational efficiency, service reliability and customer-centric execution. With this, I would now like to hand over the call to me to take to Mr. Mukti Lal to take it through the financial performance for Q4 financial year '26. Thank you.

Mukti Lal: Thank you, Chander sir and good afternoon, everyone. And I will now take through the financial performance of TCI Express Limited for the quarter and financial year end. And as our managing director has already highlighted the business environment and operational development and service initiatives we have taken across key verticals in the company.

I will primarily focus on financial and operational highlights for the quarter and full year. So, for quarter 4, I hope everyone has been gone through our website for this investor presentation. So, we achieve revenue of INR 327 crores as compared to INR 308 crores in Q4 of last year, registering a growth of 6% plus. And on a sequential basis, we have grown 4% and total income stood at INR 331 crores in this quarter. EBITDA for Q4 stood at INR 37 crores as compared to INR 34 crores in Q4 of last year. So, it is reflecting a growth of 11% year-on-year basis and EBITDA margin for the quarter is 11.3%.

So, profit after tax stood at INR 21 crores, which is also like similar of last year and with a margin of 6.3%. For the full year, we also increased our income after 2 years. So our income is INR 1,236 crores against INR 1,208 crores in last year, reflecting a growth of 2% plus. And EBITDA for this year is INR 146 crores with a margin of 11.7% and profit after tax is INR 90 crores with a PAT margin of 7.2% for the whole year.

For overall performance during the year reflects stable operating execution, disciplined cost management and continued focus on operational efficiency across the network despite the challenging, as you're all aware, operating environment during this quarter. And from a return and efficiency perspective, return on capital employed for FY26 is around 20%, reflecting efficient capital utilization despite continued investment towards infrastructure and network expansion.

Current ratio has also remained healthy at 3x, highlighting strong liquidity position, continue and balance sheet flexibility. Working capital management remained stable during the year with the continued focus on receivable management, which has been maintained even reduced by 1 day, which is from 59 to 58 days.

Operational efficiency and disciplined cash flow monitoring. The company continued to maintain healthy working capital metrics supported by asset light business model and a strong liquidity profile. The company continued to maintain a debt-free balance sheet during FY26 also and we have the intention to keep the same in future as well.

So net cash position remained healthy at approximately INR 136 crores as of March 2026. Providing stocks a strong financial flexibility to support future growth initiatives and operational requirements. Cash flow from operation is also very robust at INR 112 crores during the year.

This year the company incurred capital expenditure of INR 67 crores, primarily towards branch expansion, construction of sorting center and technology enhancement initiative across business verticals. So I just would like to clarify that earlier, we had a capex plan of INR 500 crores from FY23 to FY27 and which we've been revised from INR 500 crores to INR 400 crores.

And in this year, we have planned to be like execution of around INR 130 crores. As INR 270 crores, we already spent in last 4 years. After that, we will put in another plan for the next 5 years. So to summarize, the company delivered a stable financial performance supported by disciplined execution, healthy liquidity position and continued focus on operational efficiency.

Going ahead, we will remain cautious about ongoing industry challenges, including geopolitical uncertainties, volatility in air fuel prices specifically, increase in labor and operating costs and regulatory disruptions such as SIR which may continue to impact logistic demand and cost structure across the sector.

However, our priorities remain centered on managing financial discipline, strengthening cash flows and supporting long-term scalable growth through focused investment across multi-

model logistics capabilities and technology infrastructure. With this, I conclude my remarks. We can now open the floor for the question and answer. Thank you, everyone.

Moderator: Thank you very much. We will now begin with the question and answer session.

Anyone, who wishes to ask the question may press * & 1 on their touch tone phone. If you wish to remove process from the question queue, you may press * & 2. Participants, you are requested to use the handset while asking the questions.

Ladies & gentlemen, we will wait for a moment while the questions are assembled.

We have the first question from the line of Ravi Naredi from Naredi Investment Please go ahead.

Ravi Naredi: Thank you to give me first opportunity. Chander ji I am shareholders since so many years and I always try to ask questions in the concall. I remember when we made some concall 3 years, 4 years back and what was our target for company which is now going down and down and down. But the market is there, you can't do anything.

Sir, my point, Page 18 of investor presentation, you see our total income from 2023 to 2026 in 4 years are same, profit margin reduced from 11.2% to 7.2%. That is net profit margin in spite of our modernization of sorting center and we do not have any trust. So what is going on in business? Can we start worst is over?

Chander Agarwal: Hello Mr. Ravi ji. Thank you for your question. I also said this many times, like in the last concall also that it was a cycle that we cannot really avoid. When we had the COVID, there was zero business and you can see the graph went below the line. And when COVID was over, we shot up to like 30% growth.

So that was a knee-jerk reaction. And then slowly, it came down to 18% and then 15% and then 5% and so forth. So this is something which we are again playing the cycle, the demand and supply cycle, which has taken 5 years, please settle down in at least the logistics industry.

There is nothing that we have done to not mitigate that. We have still paid out dividends, unlike other companies religiously for the past 5 years and substantial amount of dividend. So I don't think that we should discount the cycles or the business cycles that one has to adhere to especially after something like COVID. So going forward, of course, the 5 years it takes to kind of like even out the graph and then start going up again. So I think it's only a matter of time, you will start seeing the same level of growth that we were used to earlier.

Ravi Naredi: I understand, sir. Can you bifurcate our total volume in rail road, air transitions truck?

Mukti Lal: Yes, Ravi ji. So basically, you see total, we have this multi-model revenues is around 18.5% for the full year in FY26, which is growing. And so over the period, we also felt to depend on the one business is also sometimes risky. And to mitigate that as we put in a focus to offer other services also had added one by one like rail and C2C and then refocusing now on e-commerce.

So this is our strategy now to making this around 18% and 18.5%, which will we want to become around 22% to 25% in next 2, 3 years and we continuously making effort to derisk the existing model. So though, again, surface is in a road segment and where we have the highest stake and that internally also, as we understand your concern of the growth.

And that's why if you see and you might be like appreciate for that in the last two quarters, we start to grow in the range of single-digit and surely for this quarter also, we will start to grow further on that. So soon, you will see a rebound on that. And you also please understand, in spite of that like a reduction of our margin, we are still in above the levels in PAT level. So this is also our target to have all the time to healthy growth, not the growth to just compromise on the margin and all.

Ravi Naredi: I understand sir.

Mukti Lal: So this is the case. I hope I clarified.

Ravi Naredi: And based upon rail, road is 18.5%?

Mukti Lal: No basically rail, C2C air all put together and e-commerce. All together is 18.5% and not alone.

Ravi Naredi: Okay. And one last sir due to spike in fuel prices, any fair we have increased in current quarter?

Mukti Lal: Yes. So nowadays is a buzzworld and everyone is concerned about that. And Ravi ji there is a sequential change happening in fuel prices. So though it is a natural passing on process is there. But we wait for some time because we see, ultimately, diesel has to be increased by at least INR 10. So which we've already seen is INR 8 has been increased. So we have taken some time lag to passing on to customers because that sequential happen in a 10 to 15 days. But now we're already passing on to our all the customers, barring I think, 10% to 15% we negotiate with them. Otherwise, it directly natural process to be passing on that. So we did that.

Ravi Naredi: Thank you.

Moderator: Thank you. We will take the next question from the line of Alok Deora from Motilal Oswal Financial Services. Please go ahead.

Alok Deora: Hi, good afternoon. Sir, just had a couple of questions. One is if you can indicate what was the volume in the fourth quarter and the volume growth for the quarter, yes?

Mukti Lal: Yes. So whole volume Alok Ji is INR 267,000 precisely. And in the whole year, we cross again 1 million and to be precise its 1,004,000 basically. And volume growth in this Q4 is 4% over last year.

Alok Deora: So sir, I just wanted to understand, I mean, the growth has been pretty restricted. I mean it's been in the mid-single digit and slightly or slightly lower than that in the last even if you look

at 7, 8 quarters. So if you can just highlight what's happening there because the market does not seem to be reviving at least for us and also the margins, which used to be pretty high number at 15%, 16%.

And even if we take a normalized margin of 12%, 13%, we are now at around 10% to 11%, which seems to be now the stable state margin, so just wanted to get your sense on where the volumes are headed. I mean if you were to take FY27 volume guidance from you, just if you can highlight on that because the volume guidance, which we have been giving due to different reasons, the numbers have been a little lower than that and which has also, I believe, expect impacted the margins. So just some thoughts on that would be helpful?

Mukti Lal: Yes. So in this quarter, we have given a guidance of around obviously a high single-digit growth, which is around 9%, 10% and we're achieving a 6.5%. So I think handsome job done on that. But we somehow could achieve like again, 9% or 10% also. But after March, we slightly disturbed I think, not major, but 1.5% kind of growth we disturbed due to this geopolitical situation.

And major disruption on air side, where our international business is also getting affected after this Gulf war started on Feb end and domestic business also because there is a disruption in the prices because the ATF has increased in 50%. And obviously, international prices sought up like is like 2x or 3x. So people have hold up their material and all.

So that's why we somehow couldn't achieve like 1%, 1.5% more growth in this. Second thing, margin level type as we mentioned in the last time also, one reason was to consolidation of airlines, which is again beyond our control and we are now trying to be, I mean, this quarter is again a disrupted quarter for that rate prices and all you are aware about that.

And again, it is not in our hands. And also is the impact on the other side where once prices increase in air people shift to other mode of transportation like might be in obviously, in surface or rail or whatever it is. So this is also happening because price is higher. But still, I think you will see the number a very good number in quarter 1 for the air business also.

So we're putting effort for that to how to mitigate whatever cost has increased in last year, which we'll need to passing on to customers. So I think that sense this time is very good because in our industry, fortunately, unfortunately, people or customers are ready to take the effect of fuel increases, but not other cost increases or you can say in general time increase, like consolidation of airline happened and supposing the air cost has increased by 10%.

So nobody is ready to give any high. They're saying it's your problem and there's no general hike happen, no diesel hike happened, so we will not give to that. But now as ATF has increased so everybody is like ready to give these price hikes and that we are also taking. Another thing is obviously privatization of the airport funds. So it is also beyond our control.

So these are two things, even my cost has been disturbed by 1.5 basis points. And second, obviously, lower volume has dropped by utilization level of truck, which is really, we can't

take the risk to reduce the capabilities for the temporary period and then you adhere on that. Whenever you reduce the capacity, then you add on a slight higher cost.

Third thing, labor costs everybody is talking about an industry where labor cost is unproportionately increased for every logistic player, which is also having on my overall cost is almost increased by 100 basis points, though this cost is like less than 10% to overall cost.

But you can see there is an increase of like 15%, 20% on their cost because otherwise, you can't retain the labor in nowadays because there again continuous elections ware there and then labor is going for SIR process has also happened across India. So that was you can see like disruption in cost side also continuously going on.

And Alok ji as you appreciate it's still in the industry, if you see at Express industry, we are the in margin level of PAT level will be 7.5%. And obviously we have to be willing to bring back the double-digit margin on a PAT level because, again we don't have any cost and depreciation and interest on that part.

So we are very willing and we increase our capabilities in multimodel all the services, which you see in the traction and margin will be soon increased on that part. So FY27 Again, we have an intention to be increased at least 100 basis points to 150 basis points on that with a revenue growth of double digit plus.

Alok Deora: So volume growth, what is the guidance for?

Mukti Lal: It is, again, 10% plus

Alok Deora: Okay. And in April and May, we already have kind of lost some growth in the first 2 months because of the reasons you mentioned. So you think this 10% is achievable even after that?

Mukti Lal: Yes. So I think for us even April was not that bad, what we thought up and May is also, I think, is going good. So I think quarter 1 will be given with again kind of like high single digit growth and subsequently, in a quarter-on-quarter basis, we will be improved because now I think you must be going through with our presentation where in multimodal all the services, we've grown almost 20% plus. So that capability will help us to be growing this year and supposing we will be grow these all products like 25% and then surface is also like around double-digit growth. So ultimately, we will be achieved this 10% for the sure.

Alok Deora: Got it. Yes I think that's all from my side. Thank you and all the best.

Moderator: Thank you. We will take the next question from the line of Jinesh Joshi from PL Capital.

Jinesh Joshi: Thanks for the opportunity. Sir I have one bookkeeping question. If I look at our depreciation expense, it is up by about 50% to about INR 9 crores and even the interest expense has increased to about INR 1 crores odd. So is there any change in the depreciation policy and what kind of quarterly trends should we expect from here on?

Mukti Lal: So yes, this is a good question. So basically, what happened, we have taken two big sorting center on lease on a longer term of which one is in Kolkata. So that's why it has been added in the ROU asset basically, right of use assets has been increased and that's why it's coming in Depreciation portion. So I think will be like next year onwards, this will be in the same range. So that's the only reason. Nothing adds in a depreciation policy. Depreciation is almost like per quarter is around INR 6 crores or INR 6.25 crores kind of depreciation would be there in each quarter.

Jinesh Joshi: Right. So you mentioned that we have taken a lease for two sorting centers. So I think our total count remains intact at 28. So if you can clarify on that business?

Mukti Lal: Yes. So basically, earlier, we have a policy to take all the assets on the less than 1-year contract basically and get renew wherever it is applicable. So that's why that has not come into right of use assets IndAS. Now as we have taken because nowadays, it's a good to having longer tenure for the lease because in Mumbai, so we have taken for the 5-year lease because we freeze the rate rent hike and all.

And same way, we've also taken in Kolkata also. So in Mumbai, we vacate existing one, which we have taken on a 1 year and a new one taken for the 5-year lease and on the bigger space. Same way in Kolkata, we have vacate earlier one and go into a new one with again 5-year lease. So that's why this has been increased for this one. Number is the same. So we replace with the existing to new one.

Jinesh Joshi: Understood. And sir, in this quarter, you highlighted that our volumes were at about 267,000 tons, which is a 4%, 5% growth on a Y-o-Y basis. Can you highlight what is the growth in the surface express volumes, that is one. And secondly, even on the margin side, if you can just clarify one thing.

So if I look at our multimodal business, I think domestic Air Express has grown by about 18%, even the growth in the Rail Express business is about 35%. So to an extent, I think the growth that we are seeing in volumes could be driven by the multimodal segment, but our margins have come off and you highlighted certain inflationary pressure. And I do understand about these reasons hitting our margins. But is the new segment, the multimodal segment margin dilutive in nature? And how to think about margins from here on, given surface will continue to dominate the overall mix?

Mukti Lal: Yes. So this is good question. So, sir, basically, what happened there's a disruption in cost in air domestic and air international. So this is a temporary effect where margin has been down. Otherwise, it almost like same to surface or slightly higher on that. Rail margin are very stable. C2C margin is also very stable.

So disruption in margin is only in air domestic and international in this quarter, but going forward, that will be, again, more than surface for the sure. At surface margin also, we will be improved with this one because now as the diesel price has increased. So also we've seen in '21 or '22 where our margin has been jumped almost 300 basis points on a single year due to that arbitrage benefit we have taken after diesel prices has been very sharply on that year.

So in this year also like sharply increased and we're talking about the each and every customer and we're passing on to our customers on our selling price and we giving effect of price hikes to my vendor on my cost price. So arbitrage of this thing is very good, like kind of 30%.

So hopefully, we're trying to maintain that. And surely, it will be helped to improve my margin and everything will be synced with that. But sometimes is flexibilities like time lag is very important because susceptible where supposing tomorrow, again, government increased 5% of diesel prices. Then again, like you establish the process, you discuss the customer, you increase the prices with the customer and everything done.

That is suddenly hike get like of INR 5. Then you again go and convince them and then somehow you need some time for that. So that might be like hard supposing one or two again, increases happened, which we don't see really because INR 8 is, I think, fine. INR 1 or INR 2 might be increased.

But supposing tomorrow, they will be increased further INR 7 then again, becoming slight challenge to be, again, go to customer and convince them and then increase the prices. Otherwise, supposing is stable. That's why we are giving a cautious statement also because this time is highly, highly unpredictable environment is going on.

Though we are a highly profitable company and we are also chasing all the time, stable margin, stable cash flow position and all. So depending upon slightly on the geopolitical situation, which we right now not seeing anything deteriorating, but right now we're seeing now is a stable one. So hopefully, we'll increase the margin for sure for 100 to 150 basis points for sure.

Jinesh Joshi: Sir, one last question from my side. What was the capex to upgrade the Nagpur sorting center? And what kind of reduction in sorting time have we seen because of this automation that is one. And secondly, what are the timelines for automation in Calcutta and Ahmedabad if you can just clarify and also the capex that we need to incur for these automations?

Mukti Lal: Yes. So very good. So basically on Nagpur we were on a lease basis. So now we built up our own one. And clarification for everyone this is not fully automated one. This is a semi-automated one because this is not a big facility. It is around 70,000 to 75,000 square feet facility only.

And that's why I don't see any changes on cut off any time for this one router and all. This would be, I think, almost same or like hardly 5% to 7% changes on that. So because it's not fully automated. But it is no sense to be having automation there for this purpose. And for this year, we make a total capex of INR 67 crores, which we spent on ongoing projects also, which is going on one in Lucknow, another one in Ahmedabad and Kolkata. So these three locations is also going. In future, we will also build like up in next one be in Chennai and Bangalore, we will be trying for that.

Jinesh Joshi: The automation time lines?

Mukti Lal: Yes, Kolkata and Ahmedabad will be automated. And I think Ahmedabad and Kolkata construction will be finished in this year and automation will be ramped up by next half year, like in FY28 half year we'll be there.

Jinesh Joshi: Sure sir. Thank you so much and all the best.

Moderator: Thank you. We will take the next question from the line of Chirag from Keynote.

Chirag: So as you said that we are now leasing our warehouses phase. So the recognition method related to the rent has changed to IndAS 116, which is pouring down through depreciation and finance costs. So on a pre-IndAS basis, we would have looked at what would have been our EBITDA profit for the quarter?

Mukti Lal: So this is actually exceptional items usually we're getting on an annual basis only. So there would not be any big change. This is hardly like whatever EBITDA increase. So you are seen on a PBT level also same way.

Chirag: So if I understand that INR 4 crores worth of interest and depreciation expense have increased on a Y-o-Y basis, our EBITDA profit would have been INR 28 crores rather than INR 32 crores?

Mukti Lal: Not really because some depreciation is usual depreciation is also increased, which is assets increase like Nagpur increases and last time Indore has been added in the just end of the year, so full year depreciation coming and other assets also coming. So I think, yes, you rightly said around INR 3 crores kind of this leasehold has been, otherwise, it's INR 29 crores on EBITDA level and PBT level, obviously, is the same otherwise.

Chirag: Right, Sir, secondly, I wanted to understand this thing that will it be possible for you to provide volumes for non-surface?

Mukti Lal: Non surface volume, sir, this is very unpredictable on the sense because this is like in international, there are different, different countries we're serving. So volume is again, supposing is going Canada or U.S. supposing UAE. So volume is really highly unpredictable and there is no value on that.

But in air and rail, we don't want to be give once it will become like in a sizable one, then we will be start to disclose. Otherwise, again, a very niche segment on rail and all because we're doing through the passenger trains. So this is really very niche segment. So we really don't want to be disclosed on that, please.

Chirag: Got it. Will it be fair to assume that the realization that we are getting on rail passengers, as you are saying, is somewhat equivalent to what we have in Road Express, Surface Express?

Mukti Lal: No. So on that sense, yes, is it mid of air and surface. So it is almost like 2.5x almost to surface basically. That is there prices. So supposing I am charging INR 15 for surface, rail would be in the range of INR 35 to INR 40 and obviously air is again INR 80 to INR 100 this way . So I'm just giving you an example. It is not like a number, but I'm saying on that way.

Chirag: So as we are using passenger trains, we are not liable. So generally logistics industry if I am not wrong becomes profitable when there are to and fro movements of goods taking place in a particular trailer or a truck. But similar when it comes to railways also, if it would have been direct freight corridor way of doing things, to become profitable, we would have required to and fro movements of goods taking place. As we are doing it through passenger vehicle, will it be fair to assume that we are profitable on operating levels in our rail business?

Mukti Lal: Yes. So good question. So basically for clarity, for everyone. So in rail and air it is not applicable, what you say, like to and fro not required. Air operations are completely different, where we're hiring that space on because these prices are also completely different. There is like busy route has different prices and empty routes has a different prices.

Supposing I bring the material from Delhi to Kolkata is a different price, even for rail and air also. And from Kolkata back to Delhi, prices are very low. So this is not applicable on that. We're hiring only space wherever we required from the directly railway also and through agent network also.

So this is a good profitable business in air, in rail side and air side. Same way in air, they're providing the belly space, and now we are directly having now connection with the biggest airline in India. So that is also advantage here. That's why I'm saying on air prices, we have taken very high control.

And now it is under control and we will show the margin improvement in spite of the all ATF increase and all because we are now direct we've taken the direct stock from the biggest airline in India and that will be really giving advantage to giving a preference of the cargo also and obviously, price stability also in this challenging environment. So on that sense, gross profit in both the cases is more than 30%.

Chirag: Got it. 30% plus. Good to hear that. And similarly, are we seeing demand escalating towards this compared to surface? Because in my understanding, what happened in last 1 year, is that the air express industry has not grown, maybe broadly 2 percentage. However, the surface industry have seen growth like in double digit. It is just that we have not seen that kind of growth compared to peers listed and unlisted space.

Mukti Lal: So again, you rightly said the number is showing that, but we see which like segment has been growing on for which product I'm saying or transportation is growing. So basically, if you see autos have not grown that much. This consumer durables has not grown that much. Lifestyle product has not grown that much.

But other products like if you see paint industry has grown very well like home, like pharmaceutical is growing very well. So it's depending upon product to plant related to like e-com-related product is also growing very far because e-commerce is increasing. So depending upon that, but if you see in other industries where we also dealing in where are serving.

So almost everyone is on a same platform in Q4 if you see the numbers. I think the same number on that. Wherever people are depending upon the e-comm industry, they are grown

slightly higher. This is fine. So we now, again and another thing, air industry is, we have very minuscule share.

So now we're putting in more branches to getting more business from the SME customer from the majorly from Tier 2, Tier 3 cities. That is giving really good results to us. And for the rail also, we have the same strategy where we're getting the more we're putting more branches, more team where we're getting the material from the Tier 2, Tier 3 cities. This is really giving a good positivity in the business. We will keep continuing with this strategy only.

Chirag: Got it. So we are somewhat focusing more towards the multimodal logistics and focusing that our revenue from that particular segment increases practically compared to our earlier business?

Mukti Lal: No. So this is not that way. Actually, I am saying slightly higher growth in multimodal, which is we want to become currently is around 18%. We want to become not much, but like 20% to 25% in next 3, 4 years by 2030, we want 22 plus kind of share from these services means surface will be also increase on same way, but slightly because these are a mature market or you can see it like existing product where we can be growing at 10%.

But obviously, these other services are niche segment where we certainly grow in a 20%-plus kind of growth. So they will be having a slightly higher share in each year. But not much like 1%, 1.5% and each year will be increased on that part. So I'm saying on that way. The focus is just for all services because my surface is an anchor product, so that must be growth for that.

Chirag: And it's possible for you to provide the revenue mix from SME and non SME clients?

Mukti Lal: Yes. Since last two decades, we maintaining in a 50-50 right now is around 48 to 52 because again, everyone knows SMEs are under stress slightly. And that's why this ratio is, but we are trying hard to be getting back into 50% plus, obviously. And in this year, results are very good in the last 2 months. So hopefully, in each quarter, we will be maintaining this year onwards in 50-50, which we maintained since last two decades.

Chirag: Got it. So one thing, I'm happy to see that we have made volume of 267,000 for the particular quarter. If I look at last 24 quarters, this is the highest volume that we did. Just wanted to understand that going forward, will it be possible to maintain the current run rate of volumes.

And make sure that we would be able to grow on a conservative basis because I understand that this is industry dynamics where the sales comes from the perspective when the logistics industry is booming, the client per se industry is moving. But just wanted to be very clear that on a conservative basis also we are I think we would be able to grow our volume at 8% to 10%?

Mukti Lal: Yes. So 10% is achievable and we will be surely achieved for that and we're making lots of effort for that. I said, like internally in surface, we also put on people all vertical-wise like each team is like giving a special focus on new segments also like EV vehicles, solar and defence.

These kinds of products, we're also exclusively giving it. This is a new segment where we don't have the business supposing on EV, we are very less business.

Now we're giving a focus on that. And you see many, many electronic small vehicle companies is coming. So we started to doing relationship with them. So certainly, internally in surface cargo also, we will be have the focus for the different verticals to getting more market share from the customer and all. And obviously, price hike is also happening this year. So overall growth high will be finished in the range of 12% to 15% with the price hikes also. So volume would be, certainly, we will be getting more than 10%.

Chirag: Got it. Just one last one from my side. As the prices of diesel have increased. I understand that we would be able to pass it on to our clients, maybe in a slight lag manner. But I just wanted to have your view on unit economics related to EBITDA per kg, like today, we make what INR 12.3, INR 12.4 per kg a revenue and our EBITDA is around INR 1.25 to INR 1.27. We have been in the range of almost INR 2, INR 1.8 EBITDA per kg historically. So just wanted your guidance, how we can improvise on our operating expenses so that we can actually reach back to those levels again?

Mukti Lal: So I think I already replied on that, but again to repeat that. So basically, if supposing these fuel hikes have already been stabilized and there is no hike happen in the future, which we also discuss with our client and handsomely passing on to customers almost 85% will be passing on to customers. But supposing tomorrow again, is increasing up to like INR 7 or so.

Then this is slightly challenge and might be like we also bear that cost for some extent. So this is all depend. So supposing any disruption on it, if this Gulf war going on longer period. Then indirect impact also there because there is two impact. One is digital cost, but certainly, other input cost is also increasing gradually.

Like dollar is what you've seen is in a worse condition rupee dollar ratio and all and labor cost is still bound because government want to give us social security to these guys, minimum wages is increasing continuously and over and above, like state government also want to be like putting very high pressure to implement these norms by every state and we are a Pan India company.

So slightly it all depends. But we are very confident to be like passing on everything to customer and environment in that sense, customers are very positive to accept these increases because they are also aware about the situation. And there is an overall pressure for that from each service provider for these customers. So by these conditions, yes, we will be improved supposing this is stabilized in current time. Then certainly, we will improve the level of around 100 basis points to 150 basis points in EBITDA level, for sure.

Chirag: Got it. Thank you so much, sir. I will join back the queue.

Moderator: Thank you. We will take the next question from the line of Vivek from Emkay Global.

Vivek: Just wanted to have an understanding on your branch expansion and manpower addition plans going forward?

Mukti Lal: Basically, branch expansion as, we opening up the branches almost like in last year, we opened around 70 branches majorly open for the Air and rail business because these are new businesses where we want to in a different focus to getting more revenue from that. That's why we're opening up the separate branches also and around 15, 20 branches in the surface business.

So in this year also, we have a very good setup. We have a very good study in our hands where we have to be open the branches for these all products. So again, in this year, 40 branch would be open for surface business and 60 branches for the rail and air and C2C put together. So again, expansion plan for the 100 branches would be there in this year.

Vivek: Got it. Also, I think I might have missed out on that point. Could you provide some reason on the increase in depreciation for this quarter and going forward, what can we expect to be a sustainable rate or amount of depreciation on a quarterly or on an annual basis?

Mukti Lal: Yes. So again, yes, I have gone detailed reply for that, but this is basically due to ROU has increased. That's why this number is there. But I think in run rate would be for the whole year or INR 30 crores to INR 32 crores in next year because this is around INR 2.5 crores amount has been increased from INR 2.5 crores to INR 3 crores increase due to ROU, we have taken in this quarter, and it will be also same in the next quarter as well.

Vivek: Got it. Sir, just one more thing. On the volume growth, you said that you expect a 10% sustainable volume growth on a conservative basis. Based on the volume growth, what kind of revenue guidance would you give out?

Mukti Lal: It is, again, because now is the price hike time and we're also passing on to customers handsomely. So for sure, 15%-plus.

Vivek: This is for FY27 or you're targeting for a long-term basis?

Mukti Lal: So again, it is very hard to say after that. But again, for FY27, we are for sure like 15% in revenue growth, I'm saying and volume is 10%, 11%.

Vivek: Got it.

Moderator: Sorry to interrupt in between Vivek I would request you to please rejoin the queue again for more questions.

Vivek: Sure. Thank you.

Moderator: We will take the next question from the line of Jainam Shah from Equirus Securities. Please go ahead.

Jainam Shah: Hi, sir. Thanks for the opportunity. I have joined the queue late so I might have missed out this. What has been our capacity utilization for this particular quarter?.

Mukti Lal: Yes. So capacity utilization slightly improved over quarter-on-quarter basis. So in this quarter was around 83% utilization was there in this quarter.

Jainam Shah: I missed it. Is it 83%, right?

Mukti Lal: Yes, 83% plus, so kind of like 83.25%

Jainam Shah: Okay. Got it. Thank you so much.

Moderator: Thank you. We will take the next question from the line of Pravesh Kochar from Four Lion Capital. Please go ahead.

Pravesh Kochar: First question, multimodal revenue last year, FY25 was 17% to 17.5% and therefore, what was the full year growth in multimodal business?

Mukti Lal: So this year it is now or around 18.5%. So overall, whole growth was around 20% in this segment multimodal.

Pravesh Kochar: For the full year FY26?

Mukti Lal: FY26, yes.

Pravesh Kochar: Okay. Got it. And for FY27, do we expect this to continue on the multimodal side?

Mukti Lal: Yes and even slightly increase, but for sure, yes, 20%.

Pravesh Kochar: Got it. Understood. And last question on the e-commerce business. Can you give some more color on who you are competing with what segments you are in and what kind of work you are doing?

Mukti Lal: Yes, great. So basically, in e-commerce business, we earlier also do like 4%, 5%, but over the period, that has been reduced because we do not have any strategy to be like doing for the new service provider was there and all. But now we're refocusing basically more into a D2C segment where brands directly deliver to customer.

And where we have our like stand there because everywhere we have our branches. So we're refocusing on that and B2C also. So we're targeting very SME customer, not the like big giants. These are again too big boys and all. So we are giving an intra city deliveries and within the state kind of work we put more focus on that work.

Again, because our target is to having the only profitable business in this segment, otherwise we will not do that. So our strategy is very clear. We will be do with the again, client which is in this top two or like top five and then second line. So we are always targeting in a second line and very small SMEs, which is directly sending to the D2C segment.

So our target is that. And to ultimately right now, we are around 2.5% kind of business in e-com, which we want to be increased to like 5% also. And also, we're putting effort for the B2B segment also in e-commerce, which other companies are also doing the same way where material going from their merchant to like warehouses or warehouses to return to merchants, which we're also focusing for this e-comm segment. This is also giving a good result. We are very near to close one big account for that. So we're refocusing on that sense also, where we will do the B2B segments in, within the e-com window.

Pravesh Kochar: And you have mentioned Qcom also within e-com. What are we doing there exactly?

Mukti Lal: No Qcommerce, we are really not going under that. This is not in our strategy actually. I'm saying D2C and within e-commerce, B2B movement, where they're happening from merchant to these all warehouses of these platforms. That segment I'm saying.

Pravesh Kochar: Got it. Are we working with any 4P kind of players like ship rocket, shadow fox kind of something or it's directly with the end SME customer?

Mukti Lal: Few customers are there. A few customers we are focusing, you rightly said, we're focusing on that platform also, how we can be like more competitive and more revenue can we be taken from these platforms. So we're focusing on that as well, yes. We're getting small businesses from there as well and direct, obviously, our major strategy to get the direct approach from the SME because we have very good relations across India.

So we know the market, we know the geography. So our focus is to giving these small customers or direct going to them. But obviously, this platform is also giving an opportunity to everyone. So we also register ourselves in these two platforms and getting business from there as well.

Pravesh Kochar: Understood. Thank you. All the best.

Moderator: Thank you very much. Ladies and gentlemen, we will take that as the last question. And with that concludes a question-and-answer session. I now hand the conference back to the management for the closing comments. Thank you, and over to you, sir.

Chander Agarwal: Thank, everyone, all the shareholders to attend this call and looking forward to speaking again next quarter. Thank you very much.

Mukti Lal: Thank you. Thank you, everyone.

Moderator: Thank you, members of the management. On behalf of Phillip Capital (India) Private Limited, we conclude this conference. Thank you, everyone, for joining with us today and you may now disconnect your lines.