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Ref: MLLSEC/22/2025

3 February 2025

To,

BSE Limited,
(Security Code: 540768)
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001

National Stock Exchange of India Ltd.,
(Symbol: MAHLOG)
Exchange Plaza, 5th Floor, Plot No. C/1,
"G" Block, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051

Sub: Transcript of Earnings Conference Call - Regulations 30 & 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

Ref: Intimation of earnings conference call vide letter dated 18 January 2025 and Outcome and audio recording of earnings conference call dated 28 January 2025

In compliance with Regulation 30(6) read with Schedule III and other applicable provisions of the SEBI Listing Regulations, please find enclosed the transcript of the earnings conference call of the Company for the third quarter and nine months ended 31 December 2024, held on Tuesday, 28 January 2025, with several Analysts/Institutional Investors/Funds. The transcript includes list of management attendees and the dialogues including but not limited to the Questions & Answers.

The text transcript and audio recordings of the said earnings call are also uploaded on the website of the Company at the weblink: https://mahindralogistics.com/investor-interaction/recording-amp-transcript/

No Unpublished Price Sensitive Information was shared/discussed by the Company during the earnings conference call.

This intimation will also be uploaded on the website of the Company and can be accessed at weblink: https://mahindralogistics.com/investor-interaction/

For **Mahindra Logistics Limited**

JIGNESH ASHOK PARIKH

Digitally signed by: JIGNESH ASHOK PARIKH
DN: CN = JIGNESH ASHOK PARIKH C = IN O = PERSONAL
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Jignesh Parikh
Company Secretary

Enclosure: As above

“Mahindra Logistics Limited Q3 & 9M FY25 Earnings Conference Call”

January 28, 2024

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 28th January 2025 will prevail.”

MANAGEMENT: **MR. RAMPRAVEEN SWAMINATHAN – MANAGING DIRECTOR & CEO**
MR. SAURABH TANEJA – CHIEF FINANCIAL OFFICER

Moderator: Ladies and gentlemen, good day and welcome to the Mahindra Logistics Limited Q3 & 9MFY25 Earnings Call.

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 "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mandar Chavan from Strategic Growth Advisors. Thank you and over to you, sir.

Mandar Chavan: Thank you. Good evening everyone. Thank you for joining us on Mahindra Logistics Limited Q3 & 9MF25 Earnings Conference Call.

We have with us, Mr. Rampraveen Swaminathan – Managing Director and CEO; Mr. Saurabh Taneja - CFO and the Senior Management Team.

I hope everyone had a chance to view our "Financial Results and Investor Presentation", which were recently posted on the Company's Website and Stock Exchanges. We will begin the call with the opening remarks from Management followed by an open forum for questions and answers.

Before we begin, I would like to point out that some of the statements made during today's call may be forward-looking. A disclaimer to that effect was included in the Earning Presentation.

I would like to invite Ram to make some "Preliminary Remarks".

Rampraveen Swaminathan: Good afternoon, everyone and thank you all for joining us. Thank you, Mandar. Good evening, once again. I trust you all had a chance to view our presentation and the financial results, which are available on the Stock Exchange and our Company's website.

I think just as part of the opening comments, I will just give you a quick update on how the sector is performing in terms of the external environment, our end markets, in our own operations highlights things have gone well for us in areas of focus.

We will give you an update on the Express business specifically and some corporate actions going around the Company. Of course, I will close by discussing our Financial Performance in the 3rd Quarter and for the 9 months of this Financial Year.

Since this is the beginning of the sector, I think the logistics sector is going through a mixed period but has demonstrated continued resilience despite the challenge in the macroeconomic environment. While logistics activity showed a sequential uptake with the onset of the festive season, year-on-year growth remains fairly muted, primarily due to weaker consumption trends. The high-cost environment driven by driver shortages, elevated fuel prices, increasing interest rates, and higher toll charges continue to exert cost pressures for surface logistics and transportation.

Our global cross-border trade and geopolitics continue to drive volatility in cross-border freight prices. These trends continue to be visible in the quarter gone by as well, while freight correctionon ocean freight correction in the early part of the quarter, there was softness in pricing for air freight as well. Some liners also increased blank sailing levels during the quarter on a port-specific basis. The continuing volatility has impacted our forwarding of contracts and the firmness of the order board across the industry.

Demand for warehousing services remains robust while there is an increase in lead times for construction and deferment of orders by customers. Weaker consumption levels are resulting in slower start-ups and deferment by clients across many sectors. E-commerce is a key end market segment and is seeing positive trends with expansion by Quick commerce companies. At the same time, the growth of Quick commerce is impacting the historical supply chain design in the industry, prompting several e-com marketplaces to start redesigning their supply chains as impacting the warehousing footprint.

The mobility sector continued to see seasonal trends during the quarter. The 3rd Quarter of every year generally tends to be a festive season and therefore demand for enterprise mobility is generally lower while it grows in airport and B2C moments driven by more vacation and related travel. This year as well, we saw that turn up in terms of uptake in B2C volumes and a seasonal downtrend in B2B numbers. The Noida International Airport and the New Navi Mumbai Airport are significant potential drivers for long-term growth and demand in this segment.

Moving on to sectors in terms of specific end markets which we operate in, I will begin with the automotive industry:

The automotive industry remained positive in passenger vehicles despite the end market off-take being mixed. We especially saw strong performance by M&M with new product launches, which provided a boost to volumes. Our two-wheeler segment remains muted but demonstrated some green shoots at specific categories. In both PVs and two-wheelers, we continue to see an accelerated shift towards electric vehicles with a stronger demand growth for EVs, launch of new models, and a very strong short-term outlook for that space.

The commercial vehicle and auto components showed a more muted or flat growth environment. During the quarter, we witnessed higher level of NPDs or plant shutdowns across several OEMs in the industry.

From a farm sector perspective, Q3 is a seasonally weaker quarter for the farm sector with typically upcoming year changes and a kind of post-festive slowdown. This quarter remained consistent with that pattern of prior years, and we saw softer demand in the quarter compared to the preceding quarter of the year. M&M Farm sector's new products continue to gain traction in the market, reflecting positively for us.

From a consumer perspective, demand in urban markets continued to be muted, with rural markets showing some recovery. Despite the festive season, which is traditionally a period of heightened consumption, demand saw no real significant uplift. Delay in milder winter has also had an adverse impact on sales of seasonal products, while continued weakness in urban general trade channels has further negatively impacted demand. However, there has been a modest sequential improvement from stabilization. At the same time, premiumization in consumer goods also remains the strong driver for value growth.

Moving on to consumer durables:

The fan industry has stabilized post-implementation of the BEE Norms and experienced increasing premiumization in both urban and Tier-1 towns, driven by the growing adoption of BLDC fans.

The room air conditioner industry posted robust growth during the first half of FY25 continuing the momentum from the previous year. Uninterrupted seasonal demand and soaring temperature led to record demand for cooling products. With the summer season approaching, inventory buildup is expected to commence soon to meet the anticipated demand.

In other categories of the segment, in FMCG, we generally see moderate growth, especially in the lower and middle category products while premiumization remains a strong driver for value growth and higher product categories.

Rounding up of a telecom, the tariff increases in the telecom segment continue to benefit the industry, driving healthy growth in ARPUs and contributing to overall improvement in industry performance. Consequently, CAPEX spend has remained stable compared to the previous quarter, supported by ongoing investments in 5G infrastructure and initiatives to expand intensified rural networks. We continue to see increased network expansion forecasts from the major telecom players we are working with both in terms of network expansion and specifically 5G expansion.

From Mahindra Logistics perspective, some things have gone well in the quarter. Despite the challenging environment and sluggishness in the market, our order intake remains positive. Our pending order board’s execution, 3PL Contract Logistics business is over Rs. 250 crores in terms of annual contract value and therefore we are looking forward to some momentum there in the coming quarters. During the quarter, we won new orders worth Rs. 100 crores of annual contract value in the 3PL business. The Mobility business won a key contract for the new Noida International Airport, where we should start services as the airport opens up right in the coming quarters. The Express business did see an uptake in new contracts. The total contract signed of nearly 3500 metric tons on a monthly basis, and we do expect the rollout of the flow through of that in the coming 4 months.

Warehousing volume, warehousing, and solutions volumes grew by 14% year-on-year with stable and improving yields. Our white space at 7% are closed on 1.5 million square feet, remains obviously above our long-term targets and we are working on driving utilization up by Q1 of next year basis some of the orders which have been won. New expansions of the East and West are going well and cumulatively those two expansions, more than 75% of the capacity there isalready sold out.

Our new offering of the line haul transportation business ProTrucking has been strong momentum with customer orders and the auto outbound business where we added freight earlier this year is now in full utilization and is kind of doing really well for us. During the quarter, we also launched a new analytics platform for emissions measurement called eDel-EAR, which is an industrially leading platform and provides all our customers data on emissions and optimization opportunities. We also, as part of an overall corporate action during the quarter released a new brand identity which integrates all of Mahindra Logistics and subsidiaries into one unified approach to our customers and an integrated value proposition to all our stakeholders.

From a technology perspective, we continue to upgrade our LOGIONE suite of technology products with new additions leveraging Gen AI and we expect a full release of the suite by the end of this financial year. What has not gone well in the quarter and kind of areas of focus for us, firstly, overall, we saw mixed impact of the festive season in the peak. The first part of the festive period was really positive, but post mid-November, we did start seeing a softening in volumes and that did affect multiple parts of business, the 3PL business, the Express business and the Last Mile Delivery business.

The Express business was flat in volumes sequentially on quarter-on-quarter basis despite the new order intake. We obviously had some churn or short-term attrition in volume. These were largely driven by two things. We had some operational challenges during the festive peak. As you all know, during the festive period, we do see a surge in demand for delivery associates, operators and so on and we had challenges on that which kind of had some impact in service levels across multiple parts of our network. This did impact the customers dropping some volume in the short term. Volume from our retail partners was also impacted post the festive peak and across the board, some of our existing volume customers saw lower volume which was kind of known as per what we had expected going in. Our estimate, these have not been issues of a loss of market share, but really being our customers have fundamentally seen over volume. Cumulatively, those three factors have impacted the improvement plan which were estimated. Though we did see a recovery in December for the quarter, we did end up pretty flat on volume and Q3 overall looked a lot like Q2 on most elements.

The 3PL and the contact logistics business, many of our mature existing warehouse based operations during the quarter have seen slightly lower volume versus last year. This has been the second quarter where we have seen the trend now with same site volumes being lower, largely reflecting the lower broad consumption slowdown, which we are seeing. This has reduced our operating leverage as we have seen sales growth now coming from new sites, right, which obviously are earlier in the maturity cycle. On a positive note, while volume on the sites has been lesser than what we thought it would be, because of the way we structured our contracts in terms of minimum guaranteed volumes in all our operations, we have not seen a significant downside impact of it.

The Freight Forwarding business was impacted sequentially by lower pricing in Q3 versus Q2 and there has been a price correction across the board, both in air and sea. While we were able to show tonnage, air and growth, the volatility in pricing, the fitter order closure in sea especially and obviously impacted revenue per TEU as well, so mixed-bag in terms of some things which went well, obviously some things did not go as well.

Let me now move on to the financial performance, I will begin the consolidated financial performance:

Revenue for Q3 increased by 14.1% year-on-year to Rs. 1,594.2 crores. Revenue from the warehousing segments stood at approximately Rs. 300 crores, exactly Rs. 299.6 crores in Q3 FY25 as compared to Rs. 261.9 crores for the same period last year, a jump of nearly 15% year-on-year. The supply chain management businesses including our 3PL and network businesses contributed 95% of our overall revenue and the mobility business has contributed 5% of our overall revenue for Q3 FY25.

Gross margin on a fully consolidated basis in the 3rd Quarter was at 9.2%, 10 basis points up compared to the same quarter of last year. Gross margin without the impact of the investments in the Express business stood at 10.1%. EBITDA for the quarter stood at Rs. 73.7 crores up from Rs. 52.3 crores in Q3 FY24, largely driven by improvements in cost performance in multiple areas, especially in the Express business order we go. Overall losses for the quarter, Q3 FY25 stood at Rs. 9 crores at a consolidated MLL level.

Moving on to component performance of individual companies:

I started with MLL standalone. To remind everyone, standalone MLL business largely hosts the 3PL contact logistics business and is part of our last mile delivery business. Revenue for Q3 FY25 in this entity was Rs. 1,326.9 crores as compared to Rs. 1,160.01 crores for the same quarter last year. PAT for Q3 FY25 was Rs. 11.6 crores marginally down from Rs. 12.5 crores for the same quarter last year.

Moving on to Lords, Freight Forwarding business, revenue for Q3 FY25 was Rs. 71.5 crores up from Rs. 55.2 crores in the same quarter last year. PAT for the quarter for Q3 FY25 was Rs. 1.5 crores as compared to Rs 40 lakhs for the same period last year. Express, the Express business revenue for the quarter was Rs. 89.1 crores compared to Rs. 95.6 crores in the same period last year. PAT loss is shrunk to Rs. 24.8 crores in Q3 of FY25. The Mobility business had revenues of around Rs. 78.1 crores compared to Rs. 83.9 crores in the same quarter last year. PAT for Q3 FY25 stood at largely short of Rs. 1 crores around Rs. 0.76 crores.

The Whizzard entity, revenue for Whizzard on a reported basis for the quarter was Rs. 42.2 crores as compared to reported revenue of Rs. 3.2 crores in the last year. Important to note for all of you that in the last year, we had the actual acquisition, the actual majority, the transaction that took us to majority consolidation happening in the last end of the quarter and therefore the Rs. 3.2 crores of revenue in Q3 represents a very small part of the full quarter's number. Adjusting for that, revenue grew by around 7% on a nominal basis in Whizzard. Apart from Q3 FY25, was Rs. 0.1 crores as opposed to a loss of Rs 80 lakhs for the same period last year.

The 2x2 Logistic business which is a outbound logistics business had a good quarter. Revenue jumped from Rs. 14 crores last year for the same period last year to Rs. 25.3 crores in Q3 FY25 and PAT jumped from Rs. 40 lakhs last year for the same quarter to approximately Rs. 2.1 crores in this quarter. Across the Company, the automotive and manufacturing business is around 58% of our revenue and the non-automotive and auto and manufacturing of farm business is around 42%, split roughly equally between e-commerce and non-e-commerce, consumer manufacturing durables and so on, and e-commerce is roughly halfway through there.

On an overall level, we continue to make progress in most business segments. If you see the component level performance, as you would see we have had improvement year-on-year across most of our business segments. The 3PL business is well positioned for growth given the positive order board we have and the state of new upcoming projects for the next 2 quarters. The cross-border mobility business continues to make structural improvements while managing some short-term volatility in end markets.

Our big focus continues to be the Express business, notwithstanding a weaker than expected performance in the quarter, which we just went by. The confidence and actions we have put in will generate positive momentum. Over the last 4 quarters in the Express business, we have been able to reduce our gross margin from -13% to around -5% fairly on marginal volume growth. So, obviously, for us, the key thing for us now is to try volume in the business. We have several initiatives which are ongoing, not fully reflected in the bottom line, in the quarter we just went by, but confident things, though they are a bit long deal will flow in through in the coming quarters.

With this, I will open the floor for questions and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press "*" and "1" on the touchtone telephone. If you wish to remove yourself from the question queue, you may press "*" and "2". Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Krupashankar withAvendus Park. Please go ahead.

Rampraveen Swaminathan: Good afternoon, Krupa.

Krupashankar: Hi Ram, Good Afternoon, I think on the 3PL business, I just had a couple of questions given that the order book what you had mentioned of Rs. 250 crores, which is pending on Rs. 100 crores worth which you have one, these are annual worth of these contracts or is it?

Rampraveen Swaminathan: These are annual contract volumes. So, obviously, we are going to execute and that is a 12-month run rate of those numbers.

Krupashankar: And there was one clarification and on the white space of 1.5 million square feet, what is the thought process over there Ram? How do you see the reduction coming in? Or what would be the average level of white spaces that would continue to remain given the churn or if at all there are any churn customer base? What was your thought over there?

Rampraveen Swaminathan: I think the way I really see this and obviously we model the network across the board is now we are going to continually invest in the network because we think that there is a long-term play and we obviously have long development cycle. As I said earlier, even construction cycles have gone up as some of the commodity prices have increased. So, we are building to a 24-30 month window during the construction cycle. We designed a network repair for roughly 3.5% white space. So, we always assume some amount of white space will be there. It is good for us. It allows us to react to customers quickly. There is always customer size which is basically demobilized or being newly mobilized. And this kind of interplay time during that for startup and so on. So, we do design the network from 3.5%. Within 3.5%, as a general planning metric is actually very good, basis for what we have assessed. Right now, we are running at around twice that. So, technically, we are kind of running it on a million square feet extra, about give or take a little bit. And as you all know this big inflection point for us on this happened around Q3 and last year, right, from a contracting perspective and from a financial perspective in Q4 where post peak, one of our larger e-com customers actually foreclosed contracts. Almost all the space which became excess was largely on account of that. Now, where we stand, as we stand right now, we are pretty confident that I would say around 700,000-800,000 square feet should get sold out based on contracts we have and should hit utilization somewhere in Q1 next year. So, that is kind of roughly when this will get done. There are specific periods along the way, but we expect that in Q1 onwards, we should be able to get some 800,000 of that done.

Bear in mind, we are obviously adding new space as well. So, this is on which is there and that is why this quarter I reported out how we are on the new space we are adding as well. So, we are adding between Kolkata and Guwahati, right and Pune and Chakan , we are adding another probably a million square feet of here or so and around 75% of that is already sold, is under construction and actually trying constriuction and commissioning. We have probably another 250,000 of that to be sold, but those infrastructure also come up over the next 4-5 months. So, we obvioulsy have some amount of addition coming there as well. So, by and large, I expect that the white space as you go to next financial year, we expect to be between 700,000 to a million. I mentioned last year, I think if you remember in Q4 last year, you may remember I said that we have not put a pause, kind of slowdown in some of the new site constructions given the volatility we see in the market. Obviously a lot of the sites which you are seeing now were sites which were construction had begun much earlier. So, we have slowed down a little bit in terms of CAP adds on warehousing just given the volatility we see in the market. But the focus right now obviously is to be able to sell this out and I expect that by Q1 we should be at a white space of around 700,000-800,000 and the rest should get sold out.

Krupashankar: Alright, thanks for the detailed discussion Ram, the second question was on the Express business. While you have highlighted something about taking new measures to improve the adjusted volumes which were required to break even? I just wanted to get a sense of the delaying slowdown in the industry, what is the timeframe you are expecting that these measures would start resulting in positive for tonnage addition to your overall operations and how do you see the profitability shaping up over the next 4-6 quarters?

Rampraveen Swaminathan: Let me begin with what has not changed and tell you about what has changed, both are there. But let me first begin and I think this might be a question several of you have in your mind. I think this wasobviously, we can deliver lesser and more than we thought we would in this quarter on Express. And therefore, I am not going to gloss over that issue because I think we came short and we didn't expect to do what we had hoped to do in the quarter.

Now, let me break that down into two parts. So, from a cost perspective, we are at around 26% contribution margin in the business, 26.8%. And our challenge is the utilization of the network. And what we could do in terms of optimizing cost all that we have already done a fair amount of cuts as you can see, gross margin has now improved by 800 basis points year-on-year, right in the business. So, I don't think while there is a range of optimization which will now happen, the optimization is going to be linked to volume growth. That is the first thing.

Now, what is happening in volume growth, I think as I enter the quarter, what we still hold on to is that we need around 6,000-7,000 tons more per month to basically be able to get to that point where we need to be at an EBITDA breakeven perspective and somewhere would be EBITDA breakeven and PAT breakeven given the way we are right now, right that the 7000 tons is still big ask for us. What happened in the quarter that 7000 comes in two ways. We have to ensure that we are winning new orders, and we are monetizing that and we have to ensure that we are not losing them simplistically. The last two quarters, we had very stable operations. We actually didn't have a problem in holding our existing clients, I think we have a bit of a problem in the pace of which you acquired new clients, and I talked to all of you about all the new additional things we were doing.

On the positive side, actually did add tonnage and orders, so we did, as I mentioned earlier on fresh order intake was around 3500-3600 tons monthly during the quarter. That is the new contract we signed. However, the challenge for us was that partially because of operational issues and partially because of the fact that many of our customers is down-traded, we did see almost an equal impact through the quarter on volume. The good news is December customers have come back, right, so we are expecting that in Jan, Feb, and March we should start getting back to see the flow through of these new orders we have signed. But it is a bit of an iterative situation because as you all know, the current market is atcuualy pretty tough. So, what are we doing, I think what we are doing is three things. I think first of all, we are obviously sharpening our offerings and trying to start doing some newer offerings which are focused on some spaces which we are not operating in today. So, that is the first thing which we are trying to do. So, we can strengthen that, strengthen our air offerings, strengthen some work on our regional offerings. So, those are = things we will do. So, we can atcuallycapture those niches. The second one obviously is we are putting more, we are expanding the sales organization, driving more synergy.

Last quarter obviously we got 3,500 tons of order intake, we need to kind of expand that further. And the third thing obviously is we have made some corrections on the operation side because that was after 7 or 8 months of having stable operations. We did have a blip around the festival this time and the blip had some flow through impact. So, overall, obviously not the quarter we wanted to have, these are a lot of work, our teams have a lot of work on getting new volume in and I know they worked pretty hard during the festive peak to ensure that our facilities ran well and we held customer deliveries and help customer promise levels.

Firstly, I think we had a parcel network which got impacted by this. We have upgraded our tech, we have upgraded some of the organization levers around there to ensure that we are building more guardrails against this going forward, but that do bring things which we have to do Krupa. And I think as we stand right now, I think if we are able to hold our attrition rate of the churn, even this quarter, if we had held our churn, our volume would have been halfway up on 35%-40% to that 7000 ton number. So, I think that is what we really have to focus on doing, Krupa and ensuring that we do that. I think one other thing which we have been asked often is what are we going to do on pricing? And I think on pricing, our approach has still be the same, Krupa which is we priced strategically.

Our intrinsic approach is to retain value and not to go into a price war or get into a pricing game, but we do obviously price strategically to the size of the account. Those are three broad areas we are working on price, price led demand expansion, obviously expanding our offerings and our coverage in the market and we are kind of improving that good momentum we have seen a new order intake to expand that further and obviously we have to make couple of these corrections and operations which we didn't expect to happen this year, but we did in couple of pockets a significant impact because of festive in terms of availability of manpower and that did disrupt a week of operations. But obviously ,in an Express business or network, it has a flow through which is slightly longer. I just had to answer a lot of Express stuff because it is probably many people's minds as well. So, I just take the opportunity with your question to answer that.

Krupashankar: One follow up on that, what would be the extent of equity infusion in the Express business over the next couple of quarters or 3 quarters until we find ground to improve profitability? Any predictions you have in mind?

Rampraveen Swaminathan: At this stage, I don't think we have got a specific number in mind there. I think if you want to ask, from a forward-looking view, we don't have a specific target there. What I would say I think is business is actually, we put a lot of focus on cash and we don't share component balance sheets with you, it is the end of the 3rd Quarter. But you would actually see we made a lot of progress in terms of the cash-to-cash cycle in that business. That would be the significant focus and therefore the business from an OCF perspective, I think is in very good shape because obviously, the burn which we have to reduce and cut down significantly. So, I don't have a specific number, butobviously , if you are asking, I am going to put a couple of Rs. 100 crores more I can range this for you and say that but that’s the kind of thing whicy we are not going to do, we are topping up if it is required, but at this stage, I don't have a specific number.

Krupashankar: Alright, thanks for answering my questions, Ram and wish you all the best.

Moderator: Thank you. The next questions are from the line of Alok Deora with Motilal Oswal. Please go ahead.

Alok Deora: Hi Sir, Good Evening.Thanks for the elaborated discussion on the Express business. My question is just related to that only. So, what we also understand is that even January has been pretty soft and players have been queuing up to gather volumes and even the price hikes, which are proposed by some players like GATI etc., have not really gone through, so how do we see this now because even in 3Q, which was a festive quarter, Q-o-Q performance has been weaker than Q2. So, just some color on that, when are we seeing the breakeven happening for this, I understand it might not be possible to give a specific quarter, but any timeline because last time you mentioned that 5% month-on-month growth would be required for a breakeven, but in the current market scenario, that seems pretty farfetched, if you could spend a couple of more minutes on this?

Rampraveen Swaminathan: Sure, I think it is a great question, I am glad you asked it, because I think as I said last time, I really appreciate that you actually remember that as well. We had said last time that we were 30%-35% volume growth over 6 months, that will be roughly 5% and through the quarter that is why we had hoped to get around 15% order intake growth. And we had hoped to actually we would be able to monetize parts of those as well, right in the quarter. I think more on the positive side happened Alok is that the order intake story kind of stayed. I think our challenge has been on the churn we have seen. Obviously, there is some pricing competitiveness which affects that churn as well, but as I said, a part of that was atcually just our seasonal operational challenges which we had in the quarter, which did impact some of the volume moving out. So, from my perspective, at least I think the order intake opportunity is still like this. Is it a tough market? It is a tough market. It is a very tough market right now. You articulated that well using a bunch of other industry counts. It is a tough market, but the customers whom we have a very strong position with other parts of our business andobviously , as I said earlier on, we are expanding the focus on expanding our retail partners through retail volume, we are attacking some of the industrial a little bit more strategically and we obviously are looking at launching some new offerings along, some niches to kind of get that volume in. I am fairly confident that we will be able to get to that because just given what we saw as order intakes this quarter as well because it is a new contract we signed, these were not just contracts, it is upgraded in volume because of the festive season. So, these new contracts you have signed, we just had to kind of keep expanding that further and it is a blocking and tackling game on the ground in terms of say the efficiency. You also have to ensure that operations are really good, so we are not losing anyone. This quarter as well, we would have actually probably been 10%-12% higher on revenue at least, on volume, at least Alok, if we had not had some of these operational issues in the backend.

Alok Deora: Just whatever the orders which you have lost, I understand there is a new order inflow also, but you have lost some orders, that is why it is kind of a flattish Q-o-Q, so whatever you have lost is not really a onetime thing, right? It is like the industry is competitive, so we kind of lost the volume side, right, so that could continue in 4Q as well, I mean, when are we going to get a breakeven here? Because looking at the way things are progressing, it could well be by FY26 and also we might be in a single-digit losses or add breakeven in an optimistic scenario because the industry itself is very slow at this point of time?

Rampraveen Swaminathan: I hear you Alok and I think all the things which you have said are all possible scenarios. There is no question on that. What I can share with you at this stage is, I think approximately 70%-75% of our customers who down-traded in the early part of last quarter came back in December. Now, can I be absolutely sure they will stay forever? I don't think we can ever say never, right? But we are still working on the same plan which you said earlier, we need to get 3%-5%, we roughly get 5% month-on-month volume growth, and we have to obviously hold our existing volume and to ensure that we are not allowing attrition to happen. And obviously, we will have to probably try some part of that strategically to ensure, especially on the retention side that they are doing it. Given the market right now, can I perfectly predict that this is a month it is going to happen, or that is a month it is going to happen? No, I can't, it will all be fair and I would just not be being honest about what to do. What I can tell you is what is more in our business, right? This new order intake has been good. It is kind of starting to get in line with what we needed to be. Attrition unfortunately and the OPS issues have been a challenge for us. We have to get the OPS issues under control, which we have done and to that extent of the OPS issues, we have seen the recovery of volume. Some of the downtrading, we are working on getting that back and I can't say clearly if you ask me will 10% come, 15% come, 90% come, but I can tell you the large majority have started upgrading with that again. I still therefore think that we still hold the business probably, I am not sure FY26 is shallow Alok but it would be reasonable to say that we are not going to be able to get this under control. I think we are still 2 quarters away from EBITDA breakeven at least. That I think is the fair conclusion, just given our update right now, in terms of order intake, the market environment right now, we are probably a couple of quarters away from breakeven. And of course, things could move a little bit here and there, not a little bit, they could move here and there and that could further impact it. But the way we are modeled right now, we think there are a couple of quarters of it.

Alok Deora: Sure, Just one last question, how have January volumes been as against Q3?

Rampraveen Swaminathan: Jan has been decent; Jan has not been a blockbuster. I think you made that, I concur with your point, but I think Jan has been sequentially a positive move for us till now. It is obviously as you know it is 28th, so I last checked it on the numbers before Republic Day, but I saw '24-25, we were in a better place or a good place. We have not seen some of the headwinds which other people of the industry are talking about, but it is also true that volume is a crawl. Volume is not a sprint right now and Alok and that is a fair thing and obviously, we have not seen a lot of pricing actions with some industry reports have talked about really showing up on the floor, on the ground. So, I think the pricing remains tight as well.

Alok Deora: Sure, that's all from my side, thank you Sir and all the best.

Moderator: Thank you. The next question comes from the line of Jainam Shah with Equirus Securities. Please go ahead.

Jainam Shah: Hi Sir, thanks for the opportunity, Sir, I just wanted to check that we are having around Rs. 90 Cr of revenue from the Express segment. Let us assume that we reach to or we grow this revenue by Rs. 30-Rs. 40 Cr, what kind of additional margin, be it gross margin or EBITDA margin that we can make from the additional Rs. 30-Rs. 40 crores of revenue?

Rampraveen Swaminathan: Jainam, right now, I think we are at around 26%-27% contribution margin in the business as it is right now. So, I think the first step therefore is roughly the contribution margin should largely fall through. There will be some marginal cost increase, but overall, even if that doesn't get better that 26% rate around Rs. 40 crores would be around Rs. 10-11 crores of additional margin. In addition to that, obviously as right now, our line hauls are running at around 75%-76% utilization, obviously, as that volume goes up, we expect the line hauls will get to the mid 80s. I don't say we can mid 80 or lead 80, I don't think we can probably push it beyond that, but that uplift should give us, we did one down of that correction, Jainam, earlier, in late last year, we should be able to get that utilization further up and that should probably add under, we expect another Rs. 2-3 crores at least of goodness of the numbers. So, at that level, we should be expecting on Rs 11-12 crores of goodness overall coming in and that I think mathematically look at it that gets us close almost to the PAT breakeven level as well. Right now, we are losing around Rs 21-22 crores at our PAT level, we are losing around Rs 13-14 crores on the EBITDA level, so that goodness of around Rs 14-15 crores actually adds to around, we expect that the line haul optimization, line haul is down to 65% of the cost. So, we get on this 3%, 4%, 5% benefit there. That will be another, Rs 4-5 crores, Jainam, and that gets us to EBITDA breakeven.

Jainam Shah: Sir, just wanted to check, we were doing like Rs. 30 or Rs. 40 Cr kind of a run rate on our Express segment before the acquisition of Rivigo, this number is right?

Rampraveen Swaminathan: No, it is not. I think it depends on quarter to quarter, but at that time I think we probably peaked it on Rs. 26-Rs. 27 crores on a quarterly basis.

Jainam Shah: So, even if we just rounded off to Rs. 100 Cr on a yearly basis on the back of let us say Rs. 25 Cr on a quarterly basis and Rivigo was doing around Rs. 350 Cr of revenue on the Express segment and in total we were targeting Rs. 450-Rs. 500 Cr of revenue whereas, we are currently at around Rs. 90 Cr run rate. We need highs of around Rs. 97 Cr during the last year. My point is that of course, we are requiring the customer, some Chinese market are competitive, and a few other players have acquired the Company, which is like 4X of the size of the Rivigo, despite that they were able to gain the market share, of course they are not also making money. We are also losing it out. On what kind of scenario, can we even reach to the Rs. 450 crores of revenue personally and of course, we have been talking about this synergy benefit after Express business comes into the play?

Rampraveen Swaminathan: Jainam, let me just answer the question, I get the question, if you can, let me clarify numbers. I think I don't know the numbers exactly, but I think our peak revenues in the network business were around Rs. 92 crores on a full year basis. We acquired the Company from Rivigo and so I think there was around Rs. 340 crores of revenue. So, the baseline numbers on Rs 430 cr, we are running below the baseline. So, that is a fact. We are running approximately Rs. 75 crores below the baseline, but I will confirm your point and also I will just clarify the numbers. We are off the same pinch. So, what has happened there, I think as you mentioned when we started, I think as we have been talked through the period, 2 or 3 things happened, we obviously lost some business, which was one part of it. The second part is that we downtraded a lot of the volume because we had issues on commercial payments and so on and so forth. And I think we have kind of called out earlier that we have actually dropped some and I don't know the exact number, but we dropped probably a couple of 1000 tons because of just the orders, the business we got, we had kind of orders which we didn't like or customer profiles we didn't like. The erstwhile Rivigo business was actually also doing a lot of retail business where we had to deliver a lot of deliveries outside our network in extended areas which were actually not helpful from a profitability perspective. So, we rationalized customers, we rationalized network and that has been a significant part of what we saw in terms of revenue drop. If I may say so, it is also part of what helped us improve the gross margin. The gross margin was -13% part of the way, we think it will get to the -3%-4% now, in some parts also because we weeded out some of this stuff, right. So, I think we shall take this into context. that I think all revenue is not good revenue. When we are running a network, some revenue can be bad revenue as well. And I just want to say that because you can take the Rs. 430 crores as a starting point, but if you look at what I said in our first call and I think we just go back, we said that we expect the business to be around Rs. 420 odd crores on a console basis. That is why what we are combining both of these together and basically, we do at 10%-15% on Rs. 650 cores. We are obviously taking some of this network rationalization which we expected in that way, which is Rs. 650-Rs. 700 odd crores or so. I think therefore I would just say that the starting point in revenue is just not a complete starting point because obvioulsy all of that revenue was good and it was a problem for us. I think as we go forward, obviously we need around 6000-7000 tons per month more. That is on 70,000 tons a year, which is less, which is roughly around 1.2%-1.3% of the market share. That is kind of what we need to get to EBITDA breakeven, roughly around 1% of the market is what we need in terms of volumes and we probably need another 2%-3% of the market in terms of volumes to get to where we want to be financially. So, we are not looking because the base is small, but what we have is a position where we have a network which is fairly capable in terms of bps, but the volume base being small and that is why there is a volume, but the volume growth itself, which we need is not, we are not expecting 10% growth in market share, right. We need 200 bps of growth in market share over 4 quarters. To get there, we need to be Jainam and obviously, while we look at the last couple of quarters, we could say, hey, listen, that 200 bps of market share is a stretch because the way the numbers are paned in the last couple of quarters. But it is only 200 bps of market share in a market, which we feel we understand very well. I don't know if I have answered your questions, but I just want to first calibrate, yes the volume, the revenue is down compared to the past what we acquired, but the revenue cumulatively is down in large part because of a decline in the operational issues and the volume went down, but we did recover almost all the volume we lost because of integration issues and we have actually recovered that. I think you have a great point about how much you want to invest in a business like this and that is one of the reasons why we like the Rivigo business, we acquired it because while we knew we had to top it lot more capital into it, we also felt that the transaction value allowed us because we bought it on Rs. 220 crores, we had the headroom in the business to make that investment because the transaction value itself was low, and we still remain with the hypothesis. So, that the last couple of quarters of execution and I am cognizant to the fact that we have not delivered what we have said on the earnings calls, and we can obviously explain it after that but this is largely an execution issue which we need to tighten up for a fundamental and structural problem in the business.

Jainam Shah: Got it Sir, just one clarification, I guess during the festive week you told that we have not been able to pick on the volumes because there has been an operational challenge, so just wanted to check if we want to grow in the revenue by let us say Rs. 30-Rs. 40 crores and if our existing network is not able to even do the festive season peak, then there would be again a network expansion cost, which we will be doing, of course, our utilization is at around 75% if it grows to 80%?

Rampraveen Swaminathan: Jainam, I think the network has got 2-3 parts. It has got infrastructure, it has got vehicle utilization, it has got people. I think what we saw this quarter was during the festive week, we saw a sudden surge or shortage of manpower requirement in sites which are approximately 13%-14% of our network, right. So, in those locations, we saw a significant sudden surge in manpower costs and a sudden drop in availability on manpower and that impacted our network operations for a week or so, obviously that cascading effect because when you are shipping let us say from Ludhiana or Ahmedabad or Surat, the pickup there is delivered delayed by 5 days, then obviously Jainam the delivery is also delayed by 5 days, right and that obviously creates customer dissatisfaction. It is not thefundamental. I think both our warehousing space and our vehicles allow us to have, not all the headroom. So, if you want to grow by Rs 40 crores and that is why I said that if you remember what I said earlier we will get the contribution margin that you see today per ton and we will get some part of the operating leverage in terms of facilities and people and not more than that. And that is why I kept that number around Rs. 5 crores. If you mathematically look at it, you could actually make much more. If you assume the network was I did not spend a single rupee more on transportation or facilities, then obviously too lot more money would come into profitability, but that is not the way we have modeled. So, there will be some cost increase, but it will mostly be on the people side, Jainam. The vehicles and transportation and the facility should be fairly stable.

Jainam Shah: Got it Sir, just one thing, of course, you told about Rs. 11-Rs. 12 crores of contribution margin from let us say Rs. 30-Rs. 40 crores of revenue, additional Rs. 5 Cr from, let us say utilization increasing and all, but let us assume that given this kind of market share exists for next few quarters and we have been able to reach to the revenue of let us say Rs. 90-Rs. 100 crores only, which is the current range, then what could be the alternative that we can do to have a better EBITDA or PAT margin or will these numbers continue in that case?

Rampraveen Swaminathan: No, I think if you are not able to drive that viability, obviously I think there are a couple of things., Obviously, we do look at, there are other costs on leverage opportunities which exist. And then obviously we had to look at the network itself, Jainam, and say that, listen, I have got a network which today is designed to deliver 19,000 PIN codes, almost 35%-40% of them in network and the rest of them through connections. There is a fairly large cost we run to obviously keep that network capability alive. If we don't see the volume flow through on the network, we obviously we start have to look at which point we had rationalized the network capability itself. And so that is the other areas of cost structure which are there. So, there are rings of different, Jainam. Obviously You can look at these bookends. The worst-case scenario obviously is just to take off from where we have been performing in the last couple of quarters and I get that point. The other bookcase or end is obviously what we think we will definitely do. But the reality in between probably will be that some part of the volume, even depending on what probabilities you want to put volume will move up, may not move as much as we think, it might move up as fast as we think it would, in which case we will at some other things of defense, like should be rationalize the network spread, should we change the way our fleets are working and kind of change vehicle patterns a little bit more, change the way we were scheduling the vehicles right now. So, there are multiple other levers that you can do. They won't solve the problem fully for sure. We never saw the Rs. 14-15 crore problem, we will have to obviously get volume to solve parts of it. But at this stage, we have multiple of those things mapped out, Jainam. This is just not something which we don't necessarily in a position to talk about that publicly, but we have several of those mapped out. Obviously, we are also cognizant of the scenario you are calling out saying in the next 4 quarters, there could be no improvement in volume and then what will we do, but some of the actions are also underway as we talk.

Jainam Shah: Got it Sir, thank you so much for your elaborative answer and wish you all the best.

Moderator: Thank you. Ladies and gentlemen, if you wish to ask questions, you may please press * and 1. As there are no further questions, I would now like to hand the conference over to the management for closing comments. Over to you.

Rampraveen Swaminathan: Thank you, everyone. I hope we have been able to answer all your questions satisfactorily. However, if you need any further clarifications or want to know more about the Company, please contact our team or SGA Investor Relations Advisors. Thank you once again for taking time to join us in this call today.

Moderator: Thank you. On behalf of Mahindra Logistics Limited, that concludes this conference. Thank you all for joining us, you may now disconnect your lines.

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