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25 July 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 12 July 2025 and Outcome and audio recording of earnings conference call dated 22 July 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 first quarter ended 30 June 2025, held on Tuesday, 22 July 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No Unpublished Price Sensitive Information was shared/discussed by the Company during the earnings conference call.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**

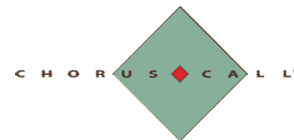
**Jignesh Parikh**  
**Company Secretary**

*Enclosure: As above*



**“Mahindra Logistics Limited  
Q1 FY26 Earnings Conference Call”  
July 22, 2025**

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 22<sup>nd</sup> July 2025 will prevail.”



**MANAGEMENT: MR. HEMANT SIKKA – MANAGING DIRECTOR AND  
CHIEF EXECUTIVE OFFICER  
MR. SAURABH TANEJA – CHIEF FINANCIAL OFFICER**

**MODERATOR: MR. MANDAR CHAVAN – STRATEGIC GROWTH  
ADVISORS**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Mahindra Logistics Limited Q1 FY '26 Earnings Conference 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 star then zero on your touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Mandar Chavan. Thank you, and over to you, sir.

**Mandar Chavan:** Thank you. Good evening, everyone, and thank you for joining us for Mahindra Logistics Limited Q1 FY '26 Earnings Conference Call. We are pleased to have with us today Mr. Hemant Sikka, Managing Director and CEO; Mr. Saurabh Taneja, Chief Financial Officer, along with the members of the senior management team. At the outset, I would like to extend a warm welcome to Hemant Sikka as he joined us for his maiden earnings call in the capacity of Managing Director and the CEO of Mahindra Logistics. Mr. Sikka brings with him over 25 years of leadership experience across the Mahindra Group.

As the President of Farm Equipment sector, he steered the business to the highest ever market share and led several transformative initiatives, including the Krish-e platform. His expertise spans sourcing, manufacturing and international operations, including a leadership role at SsangYong Motors in South Korea. He currently serves on the Boards of multiple Mahindra Group companies and in December 2024 was appointed Chairman of FICCI's National Agriculture Committee. Thank you once again for joining us.

We trust you had the opportunity to review our Q1 FY '26 financial results and investor presentation. Both are available on the company's website and the stock exchanges. We will begin today's session with the opening remarks from the leadership team, following which we will open the floor for the question and answer.

Before we proceed, please note that certain statements made during the call may be forward-looking in nature. These are subject to various risks and uncertainties and outlined in the disclaimer included in our earnings presentation.

With that, I would like to invite Mr. Sikka to share his opening remarks.

**Hemant Sikka:** Thank you so much, Mandar, and good evening, everyone. It's absolutely a pleasure for me and a delight for me to interact with you. This is my first ever interaction with you. So I'm very happy to be part of this call. I'm also very deeply gratified and honored to take on this role as MD and CEO of Mahindra Logistics. I remain deeply optimistic about the strong runway of growth for both Mahindra Logistics and overall logistics industry in general.

Since resuming office, I have done close to like 75, 80 days now. I've spent time engaging with teams across our verticals. I have traveled very extensively. And I'm really encouraged by the high degree of alignment and commitment that our teams have with our strategic objectives.

I've also gone around and met many of our key customers, and I see that many of our customers are very happy with our services and products that we offer to them, and there is a lot of room

to grow our business. The fundamentals of our business are sound and the foundation for future growth is very well established.

As we look ahead, my immediate focus will be on execution, execution and execution. And I think that's where my team is aligning to it. We have to focus on operational execution, unlocking productivity gains and accelerating our efforts to create long-term value for our customers, partners, shareholders and employees.

Before we proceed on the business environment, I'd like to highlight 3 important internal updates that we have done, let's say, in the first 60 days of my joining. First of all, clearly, many of you are already aware, reducing warehousing white space remains a very key strategic priority for us. In fact, I have taken it as one of my goals -- as one of my personal goals.

And each of my CLT member, which is our company leadership team have taken this as a joint CLT goal. And this shows that at the topmost level, there is a very strong alignment to working on this strategic priority and making sure that we make the best use of the white space that we currently have.

We are fully committed to optimizing the current capacity. Given that Phase 1 of our multi-client expansion is complete, no further white space expansion will take place until we put all the space that we have to good use. This is being addressed by very, very focused execution. In fact, I have only one chart in front of me in my office, and that is the status of white space and as it evolves every week on week.

We expect very meaningful progress to unfold this priority in the near term. And we are very confident that this problem will be solved in a very timely manner. Secondly, regarding how we manage our end markets, the consumer and manufacturing is a very key vertical, and it continues to represent high potential growth opportunities due to the whole India consumption growth story and the Make in India success that is unfolding right in front of us.

Recognizing the unique characteristics and evolving needs of both our consumer and manufacturing verticals, we are transitioning this entire vertical into a more focused approach. Going forward, each of these verticals, that is consumer separately and manufacturing separately, will now be led by independent vertical heads with dedicated leadership and support teams, enabling sharper execution, deeper customer engagement and stronger long-term outcomes.

We believe that at the stage in which the Indian economy is, both consumer and manufacturing have very large potential and having a very dedicated senior level person leading independently these 2 verticals will add to a lot of value.

Similarly, we have integrated Whizzard and LMD, which is the last mile delivery - into a very simplified, unified structure. And this will now also operate as one cohesive team and led by one single leader. And this will also bring in a lot of synergy, bring our costs down, help better coordination and also give a better customer experience.

Let me move now to our Express business, and Express represents a multi-decade opportunity for growth for us and remains a key source of growth for the industry as a whole. With the improvement in infrastructure and the need for JITJIS and supply chain agility, B2B Express enables businesses to optimize inventory, avoid stockouts and lower warehousing cost.

While the category offers meaningful headroom for growth, we are approaching it with a lot of thought, precision and patience, deepening our execution, managing costs and staying responsive to evolving market needs. As we move forward, our efforts continue to remain aligned to drive sustainable growth and strengthening our financial position. This is one of the very key important things for us.

We are optimistic about the possibility in this space, and we remain attentive to how it aligns with our broader strategy. And clearly, in line with this vision at the group level, we will be raising approximately INR 750 crores through a rights issue. This move is strategic, aimed at enhancing our financial flexibility and further consolidating our capital structure.

As on June 30, 2025, our total outstanding borrowings stood at INR 604.06 crores. This includes a mix of term loans, working capital facilities and intercorporate deposits. These borrowings are part of our regular financing arrangements with banks and financial institutions undertaken in the normal course of business.

We intend to utilize an estimated INR 556.3 crores from the net proceeds towards the partial or full repayment and/or prepayment of select borrowings availed by the company and its subsidiaries, MLL Express Services Private Limited (MESPL) and V-Link Freight Services Private Limited.

This repayment initiative is expected to result in significant annual interest cost savings in the range of INR40 crores to INR45 crores, thereby improving our overall financial efficiency and strengthening future cash flows. The balance proceeds from the issue will be deployed through our general corporate purposes, and this will provide us with the necessary headroom to support our ongoing operational and strategic initiatives.

This rights issue underscores our focused approach towards deleveraging, enhancing financial resilience and building a strong foundation for the next phase of our growth journey. Let me now share some updates on the industry as a whole. Logistics has long been a silent backbone of both Indian and global economy.

Though it often operates behind the scenes, it is the most critical part of a vibrant economy. I always feel that logistic is like breathing. You don't see breathing, but if the breathing stops, that becomes the key point. Similarly, you don't notice logistics. But if logistics stops, the whole country stops. This criticality becomes immediately apparent during the times of disruption, be it the industrial slowdowns, natural disasters or any of the geopolitical events.

These movements serve as a powerful reminder of how deeply logistics is embedded in the flow of commerce and the functioning of everyday life. Actually, we are all very lucky to be part of this industry. The logistics sector has evolved from merely moving goods to becoming a key enabler of business continuity, customer experience and cost efficiency.

The quarter 1 of the current financial year saw mixed trends with headwinds like the muted industrial output, SME, medium and small enterprise caution and rising competition in B2B express and surface transport. However, signs of recovery are emerging. I'm extremely buoyed by the good monsoons that we are facing currently. The port volumes are up, e-way bill generation is up and fleet utilizations are all improving.

In Express Logistics, the focus is shifting from rapid expansion to consolidation with efforts to optimize infrastructure, boost asset utilization and drive operational efficiency. And this is signaling a more mature and sustainable growth phase ahead of us.

Let me talk about a very large sector of our economy, which is automotive and tractors, and this is an industry where I come from. And clearly, passenger vehicles have faced a soft growth in quarter 1 of current financial year. Most of the OEMs have seen depression in their growth rates. And clearly, 2 OEMs stand out, Mahindra and Toyota in that respect. And since we serve Mahindra in a very big way, that's a very good point for us. Two-wheelers grew 1%, again, a very weak rural sentiment.

Commercial vehicles declined due to reduced infra demand. Commercial vehicle segment has been under pressure for a long time. And the good news is that the tractors grew by 8%, while Mahindra continued to gain market share, growing by 13%, where again, we handle almost everything on the logistics side with them.

On warehousing and infrastructure, clearly, demand driven by e-commerce which is growing very, very fast, omnichannel retail and consumption, government initiatives and plug-and-play facilities are enabling faster turnaround times, higher throughput and improved cost efficiency for medium and small enterprises and for manufacturers.

Quick commerce is leading to changing of habits, micro fulfillment hubs, which are like 2,000 to 8,000 square feet are growing in metros and Tier 1 and Tier 2 cities. And these are manifested by trends like rising rents for compliant urban spaces and preferred for shared automation-ready grade facility with flexible leases. So before I close, I want to highlight a few key wins for the quarter that reflect the momentum we are building across the business.

We recorded strong momentum this quarter with 135% quarter-on-quarter growth in 3PL wins, reflecting growing customer confidence across sectors. Our 2x2 business remained robust and MESPL volumes rose 10%, showing continued strength in specialized logistics.

We also went live with 10 new projects across manufacturing and e-commerce and inaugurated a 3.34 lakh square feet facility in Phaltan for Cummins. And I'm very happy to share that Cummins this year in the supplier conference awarded Mahindra Logistics as the Supplier of the Year for indirect sourcing, and that shows their faith in this -- in Mahindra Logistics.

Let me talk about volume details for the Express business. The Express business continues to demonstrate solid momentum. Over the past 2 quarters, we have seen a consistent uptrend in tonnage, rising nearly 10% sequentially. Building on this performance of our quarter 4, the Q1 for the current financial has seen sustained progress and that momentum has carried into this quarter.

Now let me invite Saurabh Taneja, our CFO, to update you on the financial section. Saurabh over to you.

**Saurabh Taneja:**

Thank you, Hemant. Good evening, everyone. Let me give a brief on the consolidated financial performance for Q1 FY '26. So revenue for Q1 FY '26 increased by 14% on a year-on-year basis to INR 1,625 crores. Revenue from our warehousing segment stood at INR 306 crores in Q1 FY '26 as compared to INR 259 crores in Q1 FY '25, demonstrating a strong 18% growth on Y-o-Y basis.

Supply chain management, including our 3PL and network services business, contributed 95% of our overall revenue, and the mobility business contributed 5% of overall revenues for Q1 FY '26. Gross margin at a fully consolidated basis stood at 9.4% in Q1 FY '26 compared to 9.5% in Q1 FY '25.

Gross margin without the impact of MESPL business was 11.6%. EBITDA for the quarter stood at INR 76.3 crores, up from INR 66.3 crores in Q1 FY '25, so a growth of INR 10 crores on a Y-o-Y basis due to volumes and cost efficiencies. Loss for Q1 FY '26 stood at INR 10.8 crores.

Let's talk about our legal entity performance. MLL Standalone, which is our flagship entity, the revenue for Q1 FY '26 was INR 1,346 crores as compared to INR 1,157 crores in Q1 FY '25. PAT for Q1 FY '26 was INR 6.4 crores as compared to INR 10.2 crores in Q1 FY '25.

Lords Freight, which is our freight forwarding entity, revenue for Q1 FY '26 was INR 74 crores as compared to INR 71 crores in Q1 FY '25. PAT for Q1 FY '26 was INR 0.9 crores as compared to INR 1.9 crores in Q1 FY '25.

Coming to Express business. Our Express business Q1 FY '26 revenue was INR 101 crores, so the business crossed the INR 100 crores mark for the first time as compared to INR 89 crores in Q1 FY '25. The PAT loss stood at INR 23.9 crores in Q1 FY '26.

Coming to our mobility entity. Revenue for Q1 FY '26 was INR 82 crores as compared to INR 81 crores in Q1 FY '25. PAT for Q1 FY '26 stood at INR 4.6 crores. Moving on to Whizzard. The revenue for Q1 FY '26 was INR 43 crores as compared to INR 38 crores in Q1 FY '25. PAT for Q1 FY '26 was negative INR 0.1 crores, which is INR 10 lakh of loss as compared to INR 0.3 crores profit in Q1 FY '25.

2x2 Logistics, revenue for Q1 FY '26 was INR 24 crores as compared to INR 15 crores in Q1 FY '25. PAT for Q1 FY '26 was INR 3.1 crores as compared to INR 3 crores in Q1 FY '25. So just giving a split of our revenue for Q1 FY '26. 63% of our total revenue came from auto sector, 37% from non-auto sectors. Mahindra revenue stood at 56% and non-Mahindra at 44%.

With this, I 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 is from the line of Alok Deora from Motilal Oswal. Please proceed.

**Alok Deora:**

Hi good evening and firstly, congratulations on your new role. So just had a few questions. First is on the Express business. So just wanted to understand, we saw some volume growth coming in the fourth -- as against the fourth quarter as well as Y-o-Y basis. But still, we don't see any material improvement in the profitability or rather the reduction in the losses. So can you just highlight because what we were understanding that once the volume comes in, the loss reduction would start happening. So just first question on that.

**Hemant Sikka:**

Alok, thank you for your wishes. So clearly, Express business has multiple variables which play together to finally lead into a profit or a loss situation. Clearly, you have highlighted the volume, and volume alone will not cut the game for us. Volume along with a good yield is very critical.

So while we have seen that our volumes have gone up, but our yield continues to be under pressure. And that's what we are focusing now in the quarters to come. We are giving away business where our yield is not good and trying to get customers which give us a better, let's say, rupee per kg kind of a yield.

So you may see while -- our endeavor is to grow the volume significantly from here. But if we have to give 1,000 or 2,000 ton material away, load away and go for a higher yield, we will make those calls. So at some point -- and that's the key target for the team to achieve now that getting volume at any rate is not the game forward. Getting volume with good clients where we make good yield is the game going ahead. And that's what you are seeing.

So in quarter 1, this interplay was in the play in the second half of the quarter. In the first half, this was not in play. But going ahead in quarter 2, quarter 3, we will focus very hard on getting "the right kind of customers and getting the right kind of load".

So while we will continue to push very hard for the load, but we will also have a very strong focus on the rupee per kg kind of metric. I hope I've been able to answer.

**Alok Deora:**

Sure thanks for that. Yes, I think since the volume growth has still been pretty solid, I think it's maybe started from the later part of the quarter. So just wanted to understand, I mean, by when do we expect this breakeven to happen now because if we see the market is still a little competitive and increasing the prices -is kind of difficult and while maintaining the volumes as well. So could we be in a situation whereby -- even by the end of this year, we would be just be under marginal loss at the EBITDA level? Yes, that would be my second question.

**Hemant Sikka:**

Yes. So clearly, Alok, let me take a step back and share with you my overall perspective. And Alok, -- I also want to come up with the disclaimer That I'm still kind of 2.5 months into this industry. So I'm kind of learning every day. But broadly, what I have learned, and I've traveled very extensively, I met a lot of our customers and our teams on the Express side of the line I'm talking about.

I genuinely believe in the long-term potential of the B2B Express segment in India. And Alok, even if you look at globally, the growth of logistics is very closely tied to the strength of the



B2B Express business in that country. And I genuinely believe that India is no exception. There was a time when we would take that everything India will follow what is happening in the West.

And then we had these examples where some of our habits didn't change, let's say, from breakfast in the morning and all, and then we started saying India will not follow the west. But let me tell you my view is that on logistics, especially the B2B part of the game, India will follow what has happened in the Western country or, let's say, the developed countries.

So this is a business which has actually the maximum profit pool globally. And this business is not built in a couple of years. This business takes a lot of patience to build because this is kind of a chicken and egg business, where if you don't have hub-and-spoke model, the business doesn't come to you. And if the business doesn't come to you, how do you invest into a hub-and-scope model.

So this is a business where you have to take those tough calls and start investing into the business. And if you see any of the other companies that you track, all the express companies have been built over years with a lot of investments to be done. We are still very young. We acquired this company about 2 years back, and we are still in the building phase.

But what gives me confidence is that we have built a very strong foundation in this business. And now the focus is on monetizing this foundation. To support this, we have to create financial headroom to invest into this kind of business.

And that's why I think if you see our business as a stand-alone Express entity, I think that is not a fair way to look at it. You should look at MLL portfolio as a whole. And in that 3PL, LMD, mobility business, our freight cargo business, I think all of that plays a key role in making sure Express does well.

As we build more headroom, as we turn around all these other segments of the business and start making good profit, I think none of our investors will mind us investing more money and more capital into an express business because this is a business for the future. It's a multidecadal opportunity. And if India, as we genuinely believe will continue to grow at 6.5%, 7%, then obviously, the Express business will grow -- continue to grow very well, and this is where the pool of money is.

There is no money to be made in a commodity freight business, which is a full truck business. That is a commodity play, and it will finally settle at the lowest price points. But B2B business is something where we add a lot of value. If you have to send a packet out and we charge you only partially, but I can fill that truck for you and make sure that your package, which is right on time, I think that's a good value that we can add, and it's a very tech-dependent business, and Rivigo has one of the best tech in the industry.

So I think this is a business where I would suggest and I would think and I would seek our investors' understanding that this is a business for the future. But we need to create in MLL the headroom to invest into this business, and that's why all other businesses or all other verticals in MLL have to turn around and start making profit so that we invest into this business. But there are a lot of things that we have done right over the last few quarters.

First of all, this is not a business which is like a contract logistics business. I'm sorry, it's a little longer answer, but I know there may be many questions on it. So maybe I'll answer you, Alok, but maybe many other questions will get answered in this reply. So the B2B business is not like a contract logistics business where you sign a 3-year or a 5-year deal.

In B2B business, every month, you have to sit in front of the customer and understand his load and give kind of a discussion with him. So that means it's a very sales-focused role. So there is an operation and sales. And in sales, you need feet on ground. We have expanded that. So we have invested in the last quarter in that side. And that further investment, a little bit of people will continue.

Now these are not senior-level resources. There are feet on ground. So we will continue to put some more people on the ground so that we are able to get loads in and loads with good yields in, but that requires face-to-face meetings with people. So that we have done.

SLA has improved. We are among the best line SLAs in the industry. Because we are adding and putting a lot of effort on new wins, our new wins continue to rise. We used to do about 3,000 tons of new wins every quarter. For the last 2 quarters, we have hit 5,000 tons of wins. So that's a plus for us. And we are opening many more logos .

There were many more companies in this quarter, and especially in the last 6 weeks that we have approached and they have been very, very open to doing business with us. So in the next 3 to 5 months, even these new businesses that we are targeting will start to give us revenue. Our network utilization has increased to almost 80%. So that means we are operating at a very good efficiency level. And wherever we feel choke points, we will start adding space and people into these things.

So broadly, this is how I see this business. I think we have a very good foundation. We have a good tech stack. We have a good team. We have certain gaps in our team in sales, which we have filled -- some are in the process of filling. Some positions have been filled. Some will get filled in the next few weeks. And I think we have to keep doing a very good execution job.

And on the other side, create turn around all our other verticals so that we generate enough monies to invest into this business. But if you are an investor in MLL, I think you have to look at that the profit pool for the future lies here. Should we cut corners and go for a very fast EBITDA breakeven or like a good business for the future, we invest a little bit more and make sure that we do create a very solid business, which will serve us for many, many years to come. I'm sorry for a long answer, but I hope I've been able to address.

**Alok Deora:** No no absolutely, thank you so much and all the best.

**Hemant Sikka:** Thank you Alok.

**Moderator:** The next question is from the line of Ankita Shah from Elara Capital.

- Ankita Shah:** **Thank You.** Firstly, congratulations, Mr. Sikka on taking the new role. And my question is on the B2B Express side. Sir, firstly, would it be possible to provide the volume number actually done during the quarter?
- Hemant Sikka:** We have, Ankita, not shared this number in the past. All I can tell you is that the number in quarter 1 was higher than the number in quarter 4. And honestly, it won't serve you to know this number because we can still improve the yield at the same tonnage. So if you track only tonnage, you won't get any estimate. So I'm just thinking through from your point of view that if you start tracking us only on load, I can actually go for load 3x of what I'm doing, but still not make money.
- In logistics, you have to get one thing right, which I have learned very quickly in the first 3 months, and that is that logistics is a business where there is oceans of revenue and islands of profit. So we can get any kind of load. But if it is like INR 7, INR 8 a kg, it doesn't help us. So I would suggest don't track us solely on load.
- Ankita Shah:** Got it. Okay. And this kind of a growth that has come, is it sustainable going forward? Or you think we can do better than this given...
- Hemant Sikka:** I would really target, Ankita, to sustain this kind of growth. This is a very big focus area for us. As I spoke in the key priorities areas, the white space and B2B Express, these are very critical strategic areas, priorities for us, and we would like to sustain the growth.
- Ankita Shah:** How -- I mean, what has led to this kind of growth suddenly versus our previous muted growth in the past? So what has changed in terms of which drove the volumes for you?
- Hemant Sikka:** I would suggest that we are -- I think we have only 3% of the market share in B2B Express business. So it is actually not that if the industry slows down and we have to slow down. I mean, there is so much more that we can still do. So the growth that we are seeing is, I think, because of better execution by our team and going and meeting more customers, being able to connect with more customers.
- I think now that we are putting more feet on ground, I think this performance will also improve from here. So we are still building this business. And with our current market shares, I think the growth can be there further.
- Ankita Shah:** Okay. And last one on the contract logistics side, with the existing capacities that we have, how much more can you scale up from the current levels?
- Hemant Sikka:** It's very difficult to answer this because the capacity is very diversified. It is spread across geographies, it is spread across verticals. I mean, as I told you, auto industry overall, I'm sure you are also tracking, is feeling a slowdown, whereas the tractor industry continues to grow double digit. E-commerce is doing exceptionally well.
- The consumer is a little slowdown. So it depends whether the demand that we are seeing in areas there do we have the capacity? If our capacity is mismatched in terms of geography and in terms

of verticals, then it doesn't help. So very difficult to give that answer to you. But we continue to remain bullish on the growth of the logistics industry.

**Ankita Shah:** That's is from my side, Thank You.

**Moderator:** The next question is from the line of Jayshree Bajaj from Trinetra Asset Managers, please proceed.

**Jayshree Bajaj:** Hello Sir, my question is the rights issue aims to raise up to INR750 crores approx. So what are the primary planned uses of these funds? And how will this capital injection specifically contribute to improving the profitability and achieving the long-term strategic goal?

**Hemant Sikka:** Jayshree, thank you for asking this question because I'm sure this is on the mind of many people. So this will cover a lot of queries on this. So I would request Saurabh, who is our CFO, to please address this.

**Saurabh Taneja:** Yes. Thanks, Jayshree, for your question. As you know that we've launched this rights issue value INR749.27 crores. About INR560 crores out of this, we are looking to utilize, as Hemant shared earlier, to repay the debt that we have. And these debts are across entities. We have debts in MLL Standalone, MLL Express as well as V-Link entity. So we'll be using INR560 crores to repay these debts.

And then we still are left with a large pool of about INR187 crores, which has been attributed to general corporate purpose. That is something that we intend to utilize to fuel growth. Obviously, we have a detailed capital allocation process, and we will be going through that and investing this money in the areas where we see profitable growth. So that's the plan.

**Jayshree Bajaj:** Okay. And can we expect profit in the quarter 2 or it will be affected by the things?

**Saurabh Taneja:** So Jayshree, we don't give any forward-looking guidance, as you are aware. - but as you can see, the sequential performance, there are a lot of positives this quarter, and we intend to maintain that growth story going forward as well. And as Hemant shared earlier, this rights issue and the debt repayment also has a positive impact of about INR40 crores to INR45 crores on the finance costs annually. So we will see improving quarterly results going forward, but we don't give any specific guidance, so I'll stop here.

**Hemant Sikka:** So the company will become debt-free with this.

**Jayshree Bajaj:** Okay, thank you

**Moderator:** The next question is from the line of Krupashankar NJ from Avendus Spark.

**Krupashankar NJ:** Congrats, sir, on taking up the new role. My first question is on the Contract Logistics business. I just wanted to get a sense on what is the current prospects with respect to the Contract Logistics business going -- how does it shape up right now, given that there are a lot of churn, which was witnessed over the last 1 year or so? And how do you see e-commerce shaping up our Contract Logistics business for the next 2, 3 years? If you can throw some light around that business, it will be really helpful.

**Hemant Sikka:**

Yes. So Contract logistics is a key part of our business. We run 21 million square feet of warehousing space. And we have some, as I discussed in my earlier comments, some white space where we are very strongly focused to put that white space to good use.

Contract Logistics is actually a very good part of our business because here, you run into clients with multiyear contracts, and we do see stickiness with the clients like -- it's not easy to make the switch in these things, whereas if you go for a B2B Express business, as I said, it's a month-on-month game where you need to be in front of the customer and tie up on the loads.

So it's a very good business. I think we have good scale. 21 million square feet of warehousing space is not a small scale by any standard. And we have very good deeper clients. If you see our client list, we have some of the marquee names in the country. And we continue to reach out to more and more people to open doors and try and align with them.

So overall, I think, it's shaping up very well. And also, we are expanding into the e-commerce space very well. We are seeing that -- I don't know whether in earlier calls, we have spoken about Lohari, where we have 0.5 million square feet of one single box, where we do complete logistics, warehousing and transportation for Zepto. And like that, we have some very marquee clients.

Clearly, overall, I think the business is shaping well for us. But we are seeing that with the festive season coming in, especially in quarter 3, there will be a lot of growth coming in from e-commerce. That happens every year. And this year, again, we are expecting the same thing. We are seeing that both e-commerce and Q-commerce customers are showing capacity increase.

Everybody is growing into that segment. And since we engage very well with all the big names that are in this space, we are with everybody here. And we are repeatedly getting contacted to come and meet for more business. So overall, I think we are very well placed. Does that answer, Krupa, your question?

**Krupashankar NJ:**

Sir, more of trying to talk about -- you've also given a stat about automotive and non-automotive contribution -- revenue contribution, non-automotive being close to about 63%. And we have seen that historically, automotive has been a bigger chunk of it. But our warehousing space has continued to expand quite rapidly in anticipation for getting new opportunities in other sectors of non-automotive, right?

So I just wanted to get some sense around the non-automotive piece wherein -- for example, do we have any bites -- any opportunities in the -- within the Mahindra Group itself given that Mahindra Logistics holds a key position in the entire group? Is there any opportunity which is slightly visible over there?

Or is there any traction it is -- which you are witnessing given that recently, there have been a lot of slowdown per se in the overall macroeconomic environment. Just wanted to get more sense around those lines, if you can please share any thoughts around that?

**Hemant Sikka:**

Yes, Krupa. So clearly, with Mahindra, we have a very deep relationship. We have recently won new warehousing space contracts with Mahindra & Mahindra. - we are going to start a 3 lakh

square feet warehouse, which will go live in the month of August. And again, in September, another 80,000 will go live in Pune.

The 300,000 is coming up in Nashik and about 100,000 square feet will start in Haridwar. So these are the new wins with M&M Limited that we have done, 300,000, 1 lakh and 80,000. So these are the kind of new wins we have got, and we will continue to pitch very strongly with Mahindra & Mahindra.

we have a great relationship with them, and we will continue to serve them very well. So that is one part of your question. On the second part, yes, we want to grow our nonautomotive business because that gives a diversification in terms of any industry risk that we carry in our business. And that's why I spoke about the whole e-commerce story.

E-commerce is a totally different game from manufacturing. I mean people have to get the grocery delivered to their house. They have to make sure that all the routine stuff comes, which is part of the FMCG play. And we are pretty big in that, and that continues to grow for us. And this will also, in the festive season, you will see that while the auto and tractor will do very well, even the e-commerce will continue to do very well.

So broadly, I agree with you that we have to diversify into non-auto, and that is our endeavor. We are every day trying to do that and make sure that our customers get the best of service from us, and we continue to grow our business with them.

**Krupashankar NJ:** Thank you so much for answering my questions, thank you.

**Moderator:** Thank You. The next question is from the line of Jinesh Joshi of PL Capital.

**Jinesh Joshi:** Thanks for the opportunity. Sir, if I heard you right, in the opening remarks, you mentioned that you intend to reduce the white space in warehousing. But sir, if I remember right, since the last 2 quarters, this figure is approximately 1.5 million square feet. So just wanted your thoughts with respect to what are we planning to do differently this time around to kind of basically fill up this space? And also, if you can share what is the approximate cost that is hitting us due to this unabsorbed white space? So yes, your thoughts on that?

**Hemant Sikka:** So Jinesh, clearly, you have your numbers right. 1.5 million is approximate space that we currently carry. Our view is with the kind of focus that we have put, and you would have noted in my opening comments, I said this is a key goal in my own Goal sheet that I have kept for myself, and this goal carries to all of the CLT members. So obviously, there is a renewed focus on getting the white space off our table. We are working it every day and every week, there is a review at my level, which happens without fail.

And we believe that with all the focus that our senior leaders are themselves putting into this field, I'm very optimistic that the white space will continue to go down. The quarter 2 will kind of remain same because whenever we are approaching customers, for white space, this will not happen in 1, 2 weeks.

It takes at least a few months for the customer to commit and get all the contracts done. So I'm expecting that whatever work we have done in the last 6 weeks plus whatever work we will continue to do in the next 3 months, you will start seeing results quarter 3 onwards -- without giving you any particular numbers quarter-on-quarter because we may do better than that and maybe a little slower than that.

But broadly, we are going to solve this problem, come what may. And that is one target that we have taken. And you will start seeing post quarter 2 results in every quarter call that we have with you that the number will continue to go down. Now it can vary from quarter-to-quarter, but the trend will certainly be downwards on this. We want to put this white space to very good use because one is that we are incurring cost in this.

And secondly, I mean, once you start using it, the revenue will come and profit will come from here. That's our objective that we want to do. That was on a white space. What was your second question, Jinesh?

**Jinesh Joshi:**

Sir, it is on the Express business. I did not call that out separately earlier. But sir, over here, what I want to understand is that, historically, what we have stated is that in order to achieve EBITDA breakeven, so we need incremental volumes of approximately 6,000 tons per month. But given how the last 2 quarters have shaped up where our volume growth is slightly better, but yields have come under pressure, which effectively means that our revenue run rate on a quarterly basis remains in the band of about INR90 crores to INR100 crores.

And as we pointed out in response to an earlier question that tonnage is perhaps not a right way to look at it from a breakeven time line standpoint. So from a revenue standpoint, not from the tonnage standpoint, what kind of quarterly number should we be building so as to say that, okay, at this number, we should be at EBITDA breakeven?

**Saurabh Taneja:**

Yes. So Jinesh, Saurabh here. I think building on what was said about tonnage, I think I would say the same for revenue. I think it's the quality of revenue that matters. And what we've realized this quarter is that while there has been a 10% growth, but there are certain set of customers. Our order pipeline, as Hemant shared earlier, is about 5,000 tons per quarter. It has been consistently strong. But the yield from some of these newer customers has been low, which means the revenue also is a derivation of the yield itself.

So we wouldn't sort of call out any number in terms of revenue. I think it will be a quarter or 2 where we will start seeing the quality of revenue that we have, where we'll have a better clarity what number would be the right number to get to EBITDA breakeven. So that's where I will stop for this time.

**Jinesh Joshi:**

Sure. Sir, one last question from my side pertaining to the rights issue. Now I believe a promoter owns about 57%, if I'm not mistaken. Now for instance, while I know that the rights issue price is at a substantial discount to the market price, but for instance, the balance 43% shareholders. Out of that, some of them choose not to participate. Then in that case, will that gap be plugged in by the promoter?

- Saurabh Taneja:** Yes. So Jinesh, while we are very positive, I think the price of INR277 is quite attractive. The stock was at INR410 today. So that's a substantial discount. And we are very positive that we'll not be in that situation. But just in case we are in that situation, we have support from our parent where the remaining shares will be subscribed.
- Jinesh Joshi:** Got it Sir, thank you.
- Moderator:** The next question is from the line of Achal Lohade from Nuvama Institutional Equities.
- Achal Lohade:** Good evening team, thank you for the opportunity, Sir, while most of the questions got answered, I wanted to understand from a medium-term perspective, how do we see this in terms of the capex, in terms of capital allocation? How do you look at this? I understand your near-term goals. But if I were to ask you in terms of capex for next 3, 5 years, do you see spending INR500 crores, INR600 crores over the next 3, 4 years? Any number, any direction, any qualitative input on the particular segments that you would like to spend or invest?
- Saurabh Taneja:** Yes. Hi Achal, Saurabh here. So in the past, we've generally been in the range of 1.5% of revenue when it comes to our capex. You would have seen numbers like INR60 crores to INR70 crores that MLL has historically spent on capex every year. Last year, which was FY '25 was an exception. We did about INR180 crores, and that was done to expand the fleet, and there are certain strategic projects that we got on the 3PL warehousing side where we spent a significant amount of capex.
- Our strategy going forward is that we look at the returns from each of these capex. We have a very rigorous capital allocation process. There is no guidance that I can give, but we expect to be in the normalized range of 1.5% that we used to be earlier. In fact, our idea will be to even optimize further on that and invest only where the returns are solid.
- Achal Lohade:** Okay. Understood. And any threshold ROCE you would look at when you're talking about the rigorous exercise on the capital allocation part?
- Saurabh Taneja:** Yes. I mean that's internal to us. So there are various factors that are looked at, the sector, the strategic intent, the customers. So I don't think I'll be able to put a number to that.
- Hemant Sikka:** what phase of the business we are currently in, we believe that we are in a growth phase of business. So we will continue to invest, but be very prudent. And the number what Saurabh has shared, that is the number that we are internally working with. So for a scale of that operation less than 1.5% is our target.
- Achal Lohade:** Understood. Is it possible to get some more clarity in terms of the capital deployed in each of these verticals as of now or as of March '25?
- Saurabh Taneja:** Well, we don't have that handy right now, but you can reach out to us separately, and we'll share those details.
- Achal Lohade:** Sure. And just last question with respect to the pricing scenario. So if I hear you out sir, you're saying B2B Express, you have to really work on a monthly basis with the customers. So how



has been the pricing scenario? I understand the yield part of it. But in general, because some of the peers have taken price hikes. So I'm just curious how is the pricing scenario? How has been the increase or decrease in last, let's say, 4 quarters on a YoY basis? Have they gone down? Have they remained stable and the costs?

**Hemant Sikka:**

We are currently, Achal, working on improving the quality of our loads. So we are currently not in a very strong pricing game here because currently, we feel that there are certain mix of clients where we are below market. these are the businesses we are renegotiating with clients to bring it up to speed with market or if that is not possible to give these loads away and utilize our space because we are running at almost 80%, 85% utilization. So why not to use that space and go for a higher order of client.

So that kind of stabilization is happening. I think we have significantly improved in the last 2 months, and it will maybe take 3, 4 months to get our loads with the right yield. Once we achieve that, obviously, if our competitors are taking a price increase, that creates a headroom for us also to go back to the customers and ask for more. So we will continue to be price competitive and in line with what is happening with the market.

**Achal Lohade:**

Got it, thank you.

**Hemant Sikka:**

Thanks Achal.

**Moderator:**

Ladies and gentlemen, due to time constraints, we take that as the last question. I would now like to hand the conference over to the management for closing comments.

**Hemant Sikka:**

Thank you all for joining us today. I'm really, really happy to be here with all of you. This is my first interaction with you, and I look forward to many more over the coming quarters. We hope that we have been able to address your questions and provided you with insights into our performance and the strategy going forward.

If you have any further queries or need any other additional information, please feel free to reach out to our team or our Investor Relations Advisors, SGA. Your support for all our investors, I mean, it means a lot to us as we navigate this evolving landscape together. We genuinely appreciate your time, interest and continued support and look forward to staying connected with all of you. Thank you all so much. Thanks.

**Moderator:**

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

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