

May 20, 2026

To

**National Stock Exchange of India Ltd
Exchange Plaza, C/1, Block G,
Bandra Kurla Complex,
Bandra (East) Mumbai – 400 051
NSE Symbol: SHADOWFAX**

**BSE Limited
P J Towers,
Dalal Street,
Mumbai – 400 001
BSE Scrip Code: 544685**

Dear Sir/ Madam,

Sub: Transcript of Earnings Conference call for Q4 FY26 held on May 14, 2026

Ref: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“SEBI Listing Regulations”)

Pursuant to the provisions of Regulation 30 read with Part A of Schedule III of the SEBI Listing Regulations, please find enclosed the transcript of the Company’s Earnings Conference call for Q4 FY26, held on May 14, 2026.

The above information is also being made available on the website of the Company at <https://www.shadowfax.in/investor-relations>

Kindly take the above information on record.

For Shadowfax Technologies Limited

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Shadowfax Technologies Limited

(formerly known as Shadowfax Technologies Private Limited)

CIN - U72300KA2015PLC150324

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“Shadowfax Technologies Limited
Q4 FY26 Earnings Conference Call”

May 14, 2026



**MANAGEMENT: MR. ABHISHEK BANSAL – MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER – SHADOWFAX
TECHNOLOGIES LIMITED
MR. PRAVEEN KUMAR KJ – CHIEF FINANCIAL
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MR. SACHIN DIXIT – CORPORATE STRATEGY AND
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Moderator:

Ladies and gentlemen, good day and welcome to the Shadowfax Q4 FY26 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. I now hand the conference over to Mr. Abhishek Bansal, MD and CEO, Shadowfax. Thank you and over to you, sir.

Abhishek Bansal:

Thank you, Rutuja. Hi everyone, good evening. My name is Abhishek Bansal. I'm the Co-Founder and CEO of Shadowfax. Today, welcoming all of you for the fourth quarter FY26 earnings presentation. Along with Praveen, our CFO, we also have on the call today Sachin Dixit, who has recently joined us to Lead Corporate Development and Investor Relations.

Many of you might already know Sachin. He spent several years covering internet at JM Financial and he brings deep familiarity with our business and the industry. Over the next 20, 25 minutes, I'm going to take you through an overview of the business. Broadly, my address is going to cover three specific sections.

What has happened in the last year, where do we see ourselves in FY27 and what is our view for the long term. Starting off on what has happened in the last year. This is only our second quarterly reporting as a listed company, and the message is clear. We enter FY27 with a phenomenal tailwind speed, larger than ever scale and an unprecedented conviction.

Q4 was a phenomenal quarter for us, showing not only record growth, but also record profitability compared to anyone in the industry, be it our peers or our competitors. For the full year, we delivered 72 crores plus customer orders, recorded a revenue of INR 4,200 crores plus, which is a 69% year-on-year growth for the full year.

Adjusted EBITDA for us has been close to INR 159 crores, which is almost three times of what we delivered in FY25. PAT for the full year has been INR 112 crores compared to just INR6 crores last year. This is the first time as a business we have recorded INR 100+ crores of PAT for the full financial year, and we are very proud of the fundamental design of the business we are building.

In Q4 alone, we have delivered about 22 crores plus orders, generating close to INR 1,237 crores in absolute revenue. This is about 74% year-on-year growth and 6.7% sequentially over Q3. If you remember our last earnings call, we had indicated that Q4 will be slightly softer than Q3 because that's how the historic festive pattern has been.

We are seeing for the first time in the industry that our Q4 has even beaten the festive quarter. Moreover, this growth has come in through margin expansion. Adjusted EBITDA was INR 58 crores, which is about 4.7% margin for the quarter compared to about 4.3% in Q3 and merely 0.7% last year.

PAT has grown to INR 56 crores, which comes at a record margin of 4.5% for the entire consolidated business. It has been our most profitable quarter ever. Now, an important point to note is that while we are growing fast and while we are reporting this record profitability, as a business we are not compromising on the future growth opportunity.

If you look at our earnings presentation, you will find between September end and March end, our real estate space has gone up by 35%. At Shadowfax, we take real estate in our last mile centers and middle mile sortation centers largely on a leasing basis. That real estate has gone up by 35%.

For the full year, we have spent about 4.5% of our revenues as capex. We believe the operating leverage is yet to come and this is again reflective of the investments we are making in the organization. We believe Shadowfax, through our unique investment strategy, will continue outpacing industry growth, continue improving on profitability, and this positions us as a unique asset in the industry.

Now, deep diving a bit, we'll quickly talk about the three segments of business that we operate. The first segment, the core backbone of our business, express parcel, is now about 75% of our revenue. We have continued to gain market share through new client wins, deeper engagement with our existing customers, and by improving service quality. Shadowfax stands for building unique value-added services — same-day delivery, next-day delivery, reverse logistics.

These differentiated services continue to position us differently in the market. We believe over the next 8 to 12 quarters, we will continue gaining market share and as we see consolidation happening in our space where the weaker players continue to lose market share every quarter, we believe we are set on a very unique path, and we will continue outpacing the industry growth in express parcel.

Hyperlocal, our second business line, is where we have demonstrated market leadership. Hyperlocal has grown more than 50% year-on-year, grown 16% sequentially. Quick commerce volumes have meaningfully picked up in quarter four. One important announcement — we have commenced operations with Amazon Now on their quick commerce business. This is an important milestone for the company and we expect significant wallet share gains as they expand.

The third line of service is other logistics services, which contributed about INR 80 crores out of the INR 1200-plus crores of the business. As discussed last quarter, we are deliberately reshaping this segment towards higher value critical logistics and winding down some of the experiments we were running. As of Q4 FY26, the wind down is largely over.

Now, between all these three segments, there is one underlying thesis that I have spoken about - what is also happening is we are continuously doing real estate and geographical expansion. Between September end and now, our number of touch points have gone up from 4,200 to 4,700 in a matter of six months.

There is rapid and fierce expansion at a geographical level that we are doing. We are opening about 120 to 150 pin codes every month. This is real investment and the return is expected in due time. Newer touch points mean relatively underutilized trucks, underutilized routes. While we are expanding, we continue to stay extremely bullish around the underlying macro which we are serving in this country today. I think that's broadly around the business that has just happened and what kind of investments and returns we have seen.

Shifting gears and talking about what we foresee for FY27. Now, FY27, we have all entered in a very tumultuous geopolitical environment. But what has surprised us in India is the core consumption story which remains stronger than ever. In Q4 alone, we saw growth probably in every segment. Now we have sequentially grown from Q3 to Q4. There is not one client or one element of the business which hasn't grown.

We have seen our growth coming equally across the board, be it direct to consumers, be it our large enterprises, be it our quick commerce division. We believe every digital platform will probably be recording their best quarter ever thanks to the underlying growth in our economy and the growth in digital penetration that is happening.

Our view is that India's digital penetration will continue growing 120 to 150 basis points every year. This was merely 7%-8% in FY25. Our view is this will

go to 14%-15% by FY30. This is the opportunity we are after. If customers order online, we as a model agnostic platform, will be the clear winners in this sector. Be it 10 minutes, be it 30 minutes, be it one days, be it five day, we do it all.

Within this larger ambit of digital penetration, we have shortlisted five key strategies that are going to drive growth and focus for Shadowfax. We are going to talk about those five strategies now in brief. The number one strategy over here, which is the single largest focus of the organization, is D2Cs and SMEs. Just a few weeks back, we announced a platform called Shadowfax 360, through which any small seller, any small retailer can get onboarded and start shipping across the country directly with us.

In India, there are about 15-16 lakh sellers who are selling online either through marketplaces or directly. About 20% of them today take orders directly through their own front-end platforms. As this funnel opens further, we believe direct ordering will be the single biggest focus for us. Just to give you an update on our D2C business as well, over the last year, between FY25 and FY26, we have grown two and a half times in our D2C business. This outcome has been delivered through constant focus and our investments in the same dimension.

We have expanded our sales team today by more than 100 people. We have opened sales offices in tier 2 cities and are strongly investing now in brand development. The interesting fact is that these D2Cs and SME customers come at a significantly higher incremental margin as the pricing is typically 15%-20% higher than what we charge enterprises. D2Cs SMEs continue to remain one of the strongest focus for the organization.

The second key lever where we will continue investing is what we call as large shipment capability. Think about suitcases, washing machines, furniture. Today, Shadowfax has started delivering large shipments in about 6,000 odd pin codes. We have a view to open 10,000 pin codes in FY27. The complexity in large shipments is significantly higher than small shipments and investing over here gives us an extra advantage.

Also, this is not a market where we are fighting for share. The demand is actually pulling us in. Most of our existing customers are asking us to expand coverage, expand categories, and take on white goods as well. When you combine strong demand, higher realizations, higher entry barriers, this segment simply becomes something that we need to go after now.

Our large shipment business has grown three to four times compared to FY25. This continues to remain a key focus area for FY27 and every

incremental pin code we will add here is direct market share gain. The third element in our business and we have briefly spoken about it continues to be coverage and pin code expansion. We have hit 15,600 pin codes out of the 19,300 available pin codes in India.

We'll be hitting about 17,000 odd pin codes by end of FY27. Our mere presence in some of these pin codes unlocks volumes and market share gains. In states like UP, Haryana, we have actually reached 99% plus pin code coverage already and we have seen how comprehensive presence in some of these places gives you a competitive advantage. We stay true to our strategy of covering the entire country by FY28. So these are the three strategies which we have been working about.

The fourth one is something which I would say is one of the most audacious bet that we have probably taken in the last few years. This strategy is not going to be about market share win. It is about category creation. We all know quick commerce has become a norm in the country. What we are seeing and feeling now is verticalized quick commerce becoming the newest game in town.

Think about every category today is moving the quick commerce way. It has become the go-to lever for digital penetration right now. We today are working with very young customers who are dealing in premium grocery, gourmet food, child care, fashion, even some audacious items which have always been offline like building material, hardware shops, spare part material are actually moving online and trying to deliver in 30 minutes.

We can tell you there's a lot of excitement both in the venture capital world as well as the customers about this interesting new segment. Now, what we have learned from our pilots is that vertical quick commerce platforms offer significantly higher value per engagement than horizontal fulfilment. Capital is also very limited for these players, and building in-house logistics does not make sense.

The way horizontal e-commerce evolved over the last decade, we believe vertical quick commerce is going to have 3PL as the natural answer. As part of our strategy, after learning and piloting over the last 12 months, we are making an important announcement today that we are going to set up about 100 dark stores in this financial year specifically for vertical quick commerce. And that's the fourth lever of growth where we are investing in today.

The fifth lever is about an acquisition that we made more than a year back. We have done 100% acquisition now of CriticalLog. They serve more than 500

customers, especially in the high value segment, jewellery, luxury apparel, electronics, where traditional parcel solutions have not had a credible outcome. We are now in process of integrating brand and technology. We believe CriticaLog will strengthen the overall VAS portfolio we offer to our existing customers.

Now, across all these five initiatives that we have spoken about, there is one thread which remains common, which is our relentless focus on continuously building value-added services. Value-added services have been the key element which has kept us apart and helped with our profitability in the past. We believe investing in these unique services, be it same-day delivery, next-day delivery, to critical logistics, help us basically become a more profitable as well as a high retention sort of an organization.

While we are doing all of this, our focus truly remains on serving the digital economy, on serving the end customer, you and me. And that's the way we started with, we are focusing on the digital penetration and we'll continue doing that. This is broadly what one should expect over the next 12 months. Now comes the interesting point around our long-term outcome. There are two specific things we are going to talk about now, which are the elements that gives us the conviction in our right to win.

The first thing we are going to talk about is AI. And the second element is a very interesting point around what is the right network design for any end-to-end player. Now, these are the two areas where we are obsessed about as a team and we continuously think on how to create long, durable competitive advantage across this.

Now, talking about AI. At Shadowfax, AI is not a side project. It is probably becoming one of the core operating layers of the company. And I believe very few sectors are going to benefit from AI like logistics will. As an organization, we are a young organization and the pace at which we are adopting AI today, we'll probably place ourselves in the top 1% of the companies in India on AI adoption.

Over here, AI is no more an option. This has become a way to work. We don't have an AI leader, but we have like every individual who's transforming to use AI to become efficient and bring efficiency to the organization. The profitability gains in the mid-term and long-term from AI are going to be meaningful. But that's probably a smaller story. The larger benefit that we are going to expect, we can broadly divide that again into two elements. One is we believe AI is going to unlock crazy demand in the country digitally.

Think about the next 300 million customers who essentially have to be moved online to start placing order online. Things like voice-based vernacular solutions or accelerated digital marketing solutions or think about a fact that any small SME, any small D2C can set up a shop online, launch their marketing campaign without writing a piece of code.

The technical barrier which existed for the last 5, 10 years has suddenly collapsed. We believe more of these sellers are going to come online, which essentially means more demand and they all are going to need efficient logistics. On the operations side, AI is already improving utilizations for us.

Be it routing, be it rider acquisition, be it marketing efficiency, be it the just the speed of shipping new solutions. The paradigm has completely shifted for us in building outcomes. Today, a super majority of our code base is now being written by AI and the AI platforms we are building on top of that are going to further accelerate that.

However, there is one part of the business we are very confident that AI is never going to replace. It is the humble delivery person. The supply chain solution, the last mile interaction and the problem solving will always remain human. AI is just going to make the backend engine smarter and efficient. The front line always remains human.

Coming to the last 10% of my address today, and I've kept the best for the last, is around what's the right network design and I know a lot of you have been obsessing over that over the last year. We internally have been building financial models and running simulations around what exactly is the model which can help a company like Shadowfax scale 10x and bring the right cost advantage at scale.

Thanks to AI, our network simulation models are now far more robust and our decision making on top of that in doubling down what we think is right is just becoming more and more faster. There are three key outcomes of the network design which essentially determine the long-term cost of ownership. And these are the three key operating strategies that we are going to double down after having invested over the last few years.

The first strategy is that everything under the roof, be it last mile hubs, be it sortation centres, or be it dark stores, must be self-owned, run by your own employees, and you need to put state-of-the-art automation. You would have seen we have invested in one of the largest sorting centres over the last quarter, called OneNCR.

We have already started seeing benefits of some of those centers. Such high capex centres create operating leverage in the long term and offer us the opportunity to create a better customer experience. These are the assets one needs to invest and that is where our infra bets over the next few years are going to continue. As a matter of fact, over the last three years, more than 60% of our capex spending is only happening in sorting centers. Between sorting centres and last mile hub, probably 85% of our capex spending is only happening in these centers and so we are going to double down on that.

The second key outcome of the exercise we have done is what we have realized that having too many nodes in the network, especially on the last mile, can be really counterintuitive. While in the short term, having many nodes can give you an advantage in nodal cost, but your total cost of operations because of the transportation optimization always goes for a toss.

The right model is to have the right number of nodes to avoid errors, to manage your transportation cost. Larger nodes offer you an opportunity to have a fairly optimized mesh grid, which is efficient as well as optimized for speed. We have realized our strategy of limited defined last mile nodes is going to be the way forward and this is something which gives us a lot of operating leverage on the last mile.

The third key strategy that we are again doubling down on is that while everything under the roof has to be asset heavy, conversely over here, everything on the road has to be asset light. Roughly 50% of our cost today is partner expense, which is the crowdsourced network that we have created. Roughly about 18%, 19% is our trucking expense.

We believe in a country like India, if you have 70% of your cost is on the road, you need to have a variable model. In the future, we believe some of these assets are going to have an oversupply in the country. Our trucking is becoming far more efficient, our road speed is becoming faster. Having an asset light model on the road helps you stay lean and gives you a cost advantage in the long term.

Now, some of these designs which I've just spoken about are something which we have been working on. We are happy to take questions on that later and maybe address in even in smaller audiences. But we believe that once we continue building on this, it compounds. And right architecture gives you the right to win in this sector.

I think that's a very important element and realization that we have had over the last few quarters. Now, let me close with this. FY26 was just a

demonstration that we have arrived and we have just got started. India's digital economy is still very nascent.

The next wave is going to be faster. We'll need solutions which are there for more fragmented sellers and operationally things are only going to get more and more complex. Frankly, this is the environment that we are built for. We have the momentum, we have the capital, and we have the right operating discipline to turn this opportunity into extraordinary value. In FY27, we will raise the bar. Thank you everyone for listening in.

We are ready for questions now.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Gaurav Rateria from Morgan Stanley. Please go ahead.

Gaurav Rateria: Hi, many congratulations on strong numbers. Thanks for taking my question. My first question is on market share gain. If you could elaborate a little on where you are gaining share from? Is it a share gain from within the 3PL market? Is it a share gain from the captive market of the large customers?

Secondly, the share gain is also driven by our continued investment and expansion in pin codes and building out, various value-added services. At some point in time, this expansion will kind of also stabilize, as you mentioned, by fiscal '28, right? So should one assume that the, market share gain stabilizes at that point in time and then growth becomes in line with that of industry around that number?

Abhishek Bansal: I'll take that question, Gaurav. Thank you for asking. Let me break down the market share journey for you. Okay. I think if you look at the overall 3PL market, we believe as an overall market of 3PL versus insource, over the last few quarters, there's been a lot of stability. While we also believe that there have been some market share gains for the 3PL industry as our customers, as some of the companies who had the insourcing arms tend to optimize their costs and become more rational in looking at the most cost-effective solutions.

So yes, there will be some captive demand gains as well. As part of the 3PL industry, and as per our internal estimate, we have hit about close to 28%, 29% market share for the full quarter, which would have been about close to 17%, 18% one year back.

So within the 3PL itself, we have also gained a lot of market share year-on-year. In the industry, the top two players continue to gain market share and

the market is becoming more and more consolidated. So a few years back, the market was far more fragmented versus what it is right now.

I think our market share gain is happening from some of the traditional 3PLs, some of the, I would say, inefficient players who are essentially losing business today. And that's where most of our market share gain is happening. I hope I answered your question.

Gaurav Rateria:

Yes, thank you. Second question - I saw the like the capex comparison that you gave for FY26 and the total capex that you have made from your inception till FY25. And it's a meaningful jump in your investment in FY26. And our understanding is that a lot of these investments also have a some element of opex that comes through the P&L.

And despite that, fiscal '26 has seen a good margin expansion. So the question is that as these capex normalizes, which is what you kind of mentioned in your presentation, and some of the operating leverage plays out, do you think that the fiscal '26 margin expansion would look much better in the coming years because the investment intensity will reduce?

Abhishek Bansal:

That's a great question. We have probably the highest capex spends ever and we are just doubling down on the strategy of everything under the roof — we want to automate, set up sortation centres, set up some of the best-in-class facilities in the country.

And you're absolutely right. I think there is a lot of operating leverage which is yet to come. There are opex costs we have incurred today for which the return probably is going to come in FY27, FY28.. But I think we are coming from a year where in H1 we had to rapidly invest in capex looking at how the market was behaving and how much growth the industry wanted from us.

But I think in H2, we realized that FY27 is also going to be a formidable year for us and we needed to invest in advance. So some of the investments that I also spoke about in my address are linked to some of the capacities that we want to set up for the coming years.

But yes, if we were not investing in some of these capacities, given the business mix we have arrived at, we would probably have had some benefit in our overall profitability had we not done that.

Gaurav Rateria:

Thank you and all the best.

Abhishek Bansal:

Yes, yes, sorry.

Gaurav Rateria:

Yes, please go ahead.

Abhishek Bansal: No. Yes. I think moving forward, we are continuing to be bullish about setting up sort centers, automating a lot of our work inside these sort centers. And we have hit a critical volume where if we invest in sort centers further, our break even is going to be significantly faster as well.

Gaurav Rateria: Understood. This is super useful. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Abhishek Banerjee from ICICI Securities. Please go ahead.

Abhishek Banerjee: Hi Abhishek. Thanks for the opportunity. So just a couple of questions from my side. First is on the capex. Your original thought process was, you do manual operations till you reach a certain scale and then shift to an automated facility.

So is that also changing because you're also expanding your pin code footprint So wherever now you go, you will have an automated facility from day one. Is that the new thought process?

Abhishek Bansal: Abhishek, thanks for asking this question. The strategy hasn't changed. We are very clear that we will run a dual system which has some manual, some automated set-up so that once we invest in capex, we get the return on that fairly faster. That strategy hasn't changed.

I think what has changed is the level of automation once we realize that a particular facility needs to go for an automation. I think the intensity of taking those bets, getting more audacious on investing and getting ROI within the facilities once we know that we need to invest, is just getting more aggressive and confident. But the philosophy hasn't changed just to clarify your question. We are still very focused on driving high ROCE in our cash spends.

Abhishek Banerjee: Got it. Very clear. Now, on the hyperlocal business, you alluded to getting Amazon Now on board. Now, are we seeing any change in the profitability in that business? And with an increasing number of larger players in the QC business, does that mean that your ability to price your services has gone up a little bit?

Abhishek Bansal: So, this is again a multifaceted question. I'll try to answer as much as I can, because we don't typically disclose our client level profitability at all. See, in quick commerce today, there are two kinds of customers. One, is the large enterprises, there are multiple of them now. The second is what we speak about as vertical quick commerce.

Typically, vertical quick commerce companies end up depending a lot more on 3PL and hence the profitability profile is slightly better than working with

the horizontal players. But the great thing about quick commerce today is that unlike horizontal e-commerce, there are not just one or two players in this segment. It's a six, seven player sort of a market. We are probably working with each one of them.

There is a very good client distribution across each of the platforms, which are delivering to the end customers. So, we believe there is, no leverage that any one partner has on 3PLs. And given we are the largest 3P player in this industry, we have been able to maintain the pricing even as we are scaling up.

Abhishek Banerjee: Got it. So, on the overall profitability bit, has there been a move? Are you seeing some margins from there?

Abhishek Bansal: Yes. So, I think while our entire profitability has moved up as you would see year-on-year, Q-on-Q, I think we continue to stay extremely efficient inside the organization. What we have also been able to do now, especially in our quick commerce business, is a rapid cut down our overheads, through rapid use of AI.

Abhishek Banerjee: Got it. And just one last thing. So, we are all worried about, how the next six months pans out given the geopolitical situation. And, of course, I understand, your thought process on the overall year given the traction we have seen in e-commerce. But could you give some kind of color, as to how crude inflation can impact your business, and what are the levers you have to mitigate that impact? That would be really helpful.

Abhishek Bansal: Yes. That's a very sensitive conversation and a lot of volatility has been happening on this globally. I'll explain on two sides. One is on the demand side; the other one is on the supply side.

On the demand side, typically whenever such, kind of, global volatility happens, somehow the e-commerce grows in the country, the digital penetration grows in the country because a lot of spends that customers would anyway might be doing in hospitality, travels, essentially end up now getting translated into more consumption spends at home. So, home delivery tends to go up. And typically summer months, which are very lean months because everybody is travelling and spending money, probably can be very different this year. And we saw the similar thing in COVID as well, where we saw a big boom. So, I think the consumption looks pretty healthy.

I think on the supply side, if you look at our business today, probably about less than 10% of our costs is actually fuel cost. While fuel costs are going to be there, it's probably going to also impact the entire industry. So, it's not going

to create a competitive disadvantage between anyone in the industry. Typically, in our contracts, both on supply side as well as with our customers, we have a fuel surcharge as a component. It's a pretty standard thing in the industry. So, we don't anticipate any cost or a problem in our profitability. But, yes, logistics can potentially get expensive for our customers if there is a rapid rise in fuel costs.

Abhishek Banerjee: Got it. That is very helpful. Thank you so much, Abhishek.

Moderator: Thank you. The next question is from the line of Atul Borse from JM Financial. Please go ahead.

Atul Borse: Hi, team. Congrats on a good set of numbers. So, my first question is around the express parcel volume growth that we are seeing Q-on-Q. There is also a dip in your yield. So, is it fair to assume that the volume growth that we are seeing Q-on-Q is mostly coming from the insourcing challenges, or lower insourcing that is happening at Meesho?

Abhishek Bansal: The realization is largely dependent on the volumetric weight of the shipment. What we have seen quarter-on-quarter is that the average volume of the shipments has gone down. Okay. And this is purely – There's a lot of disturbance, we're hearing here.

Moderator: Mr. Atul, may we request you to please mute your line? Thank you. Sir, you may please go ahead.

Abhishek Bansal: So, what we've seen is and that underlying actually our growth has happened across the sector. Probably our D2C segment has actually grown much faster than any other sector between Q3 and Q4. We have gained rapid market share in the in the D2C segment specifically between the two quarters.

If you ask me, has our percentage of business coming from the top two, three customers changed? No. It is probably same between Q3 and Q4. So, every part of the business is actually growing. And the thing where we are happy about, and which is also helping us become profitable faster, is the high value D2C business growing much faster than anything else.

Atul Borse: All right. And one more thing that FY26 has been phenomenal for you in both express and hyperlocal. What, kind of, growth you foresee on a steady-state basis in the coming years?

Abhishek Bansal: I think, for the overall business, we continue to maintain the same trajectory guidance of 27% to 30% overall business growth. Hyperlocal, because the base is smaller will grow slightly faster at about 45% to 50% year-on-year

growth and the rest is again going to come from express parcel. So, that's the view we will continue maintaining as part of our guidance.

Atul Borse: All right. Thank you. Those were my questions. All the best.

Moderator: Thank you. The next question is from the line of Pradyumna Chaudhary from Bow Head. Please go ahead.

Pradyumna Chaudhary: Yes, hi. Congratulations on a great set of numbers, sir. My first question is when you are talking about investing more in real estate and the operating leverage is yet to kick in, what sort of margin improvement are we talking about? And in fact, a broader question would be what margins, do you believe are sustainable in our line of business? Steady-state.

Abhishek Bansal: I'll answer the second part first. See, we believe in a business like ours where we are offering our services to the end customers, there's a lot of complexity around RTOs, CODs, there's a lot of value-added services we have to offer through reverse logistics, same-day delivery and similar means.

We believe in a business like this, early double-digit steady-state EBITDA margins are sustainable. So, that's the view we have. And I think the way we have planned for is that for the next couple of years, we are giving a guidance of 100 basis points to 120 basis points in terms of improving profitability till FY28. And this is the time where we'll continue expanding our real estate, geographical expansion. Post FY28, we are hoping to hit about somewhere between 200 basis points to 250 basis points every year for the next few years until we hit steady-state EBITDA.

Now, to answer your first question, it's very difficult to carve out exactly how many basis points are going to be there only attributable to some of the investments that we are doing. But you can imagine that our profitability growth will become 2x post FY28. Maybe that can help you get an estimate on that.

Some of these investments are fairly complex around the network. For a new centre six months is the setup time, you end up incurring cost on both the sides, rentals, electricity and everything.

So, we set up OneNCR facility, which went live just a few months back. It took almost six months where dual costs were incurred for the entire duration despite us not utilizing that facility at all. So, I think some of these things continue to happen. Typically, when we open a new last mile facility, it takes about six to eight months because our trucks are running fairly sub-optimally

in some of those locations. It's a very complex network thing that we are looking at, based on which we are planning our financials and our guidance.

Pradyumna Chaudhary: Understood. And just one or two more questions. One of your peers, suggests a lower cost advantage due to their presence in partial truck loads. What is your view on that? Does it really make a difference? How are we placed?

And second is on the hyperlocal growth. So, Q4 hyperlocal growth was probably lower than what you are guiding for going forward, so what could be the reason for that?

Abhishek Bansal: To answer your first question - different organizations have different type of networks and different fundamentals around it. Shadowfax has designed its network on a first principle basis on what we think is going to give us the right answer in the long-term.

Now, for us, and I can talk about us over here, we have built a business, which has a very strong mix around crowdsourcing where we end up doing a lot of last mile businesses, which is essentially our competitive advantage as well. We have also built a specialization around value-added services. Now, in a business like ours, are we going to offer PTL services? Probably not, I don't think so in the next few years at least. That's the visibility we have. But, yes, never say never.

On the question on hyperlocal, you should look at it on a full year basis. I think a full year growth continues to stay very strong. Last year Q4 was extraordinarily better and that's why the year-on-year growth might be looking a bit slow, but sequentially, I think we are growing as per the plan. One needs to look at year-on-year growth in businesses like this for getting the real trend. I think with a new customer acquisition, with vertical quick commerce and dark store enablement coming into the play, I think the growth is going to be formidable and we are pretty sure on what we are guiding.

Pradyumna Chaudhary: All right. Thank you, and all the best.

Moderator: Thank you. The next question is from the line of Dhruv Jain from Ambit Capital. Please go ahead.

Dhruv Jain: Hi, Abhishek, thanks a lot for the opportunity, and congratulations on very good numbers. My first question is on the dark store expansion piece that you spoke about. So, you spoke about 15 dark stores and that going to 100, and it seems like a new vertical entirely for Shadowfax, right? If you could just

talk about, how does the unit economics in this business stand? What, kind of, scalability that you're looking at? And you seem pretty excited about it. So, we all would be very happy to hear your thoughts on this one. And then I'll take my second question.

Abhishek Bansal:

Yes. So, we first ventured into dark stores probably two years back. The 15 that we have been running, like, 90% of them we have just been running in one city. So, we spent a lot of time learning how they work, learning how the profitability needs to work, building the underlying technology both on dark store management, people management, last mile, and at the end of the day, how do we make it profitable.

Today, our top stores, would be running at about 20% plus gross margins with a further space to expand as the dark store volumes go up. So, there is a healthy profitability profile that we have proven and we have spent enough time before we decided to go aggressive on this sort of a model. So that confidence on building this out over the last few years is there with us.

The second thing in terms of how this model typically works - we are not working with the horizontal platforms that all of us typically know. This is meant for the vertical platforms. And think about a specialized apparel players, think about specialized beauty players, think about sports gears. There are specific companies and we have a list of about 15 odd customers right now who are actively working where they can't have a supply chain solution on their own.

They just don't have the capability of doing that. And they rely largely on 3PLs like us and us being a leader in this space, and understanding how last mile should work in, we have sort of a natural go-to partner for some of these platforms. So, the idea is to work with very specific people, companies which have stronger balance sheets.

The radius that we offer over here is not necessarily five to 10 minutes. What we are looking at is a 30-to-45-minute sort of a solution. So, think about dark stores which will be there in about let's say seven kilometres radius in some of the metros. Pick and pack time continues to remain very similar to how horizontals run it, but the radius might be slightly higher.

Dhruv Jain:

Got it. And just on this part, right, how should we think about the peak revenue per store or how does a typical store mature in your view?

Abhishek Bansal:

Yes. So, I think we have been very financially savvy in setting up these dark stores and planning our commercials. It takes roughly about three to four months for a dark store to start making money for us. Average revenue per

dark store can be anywhere between 8 lakhs to 15 lakhs per dark store per month.

Dhruv Jain: This is per month, right?

Abhishek Bansal: Yes.

Moderator: The next question is from the line of Alisha Mahawla from Trust Mutual Fund. Please go ahead.

Alisha Mahawla: Hi sir, good evening. Great set of numbers. Just taking up from what the previous caller was asking. So, what is the kind of investment that will be required for these dark stores and what is the ROIC that we're expecting for this?

Abhishek Bansal: Sorry, you are asking for the capex investment?

Alisha Mahawla: Yes, for the dark stores.

Abhishek Bansal: So again, I can't give a split of dark store versus overall, but our guidance for FY27 will remain on an absolute basis very similar to FY26, which is in the range of about INR 180 to INR 190 crores, which essentially is going to remain flat in terms of absolute count. Dark store is going to be probably less than 10% of our capex.

Alisha Mahawla: And what is the kind of ROIC we're expecting on the dark store vertical?

Abhishek Bansal: Currently, we just run 15 dark stores. I think it's too early to say exactly this is the ROIC that will get when we actually scale it up. Right now, the model looks good, the profitability looks good, the incremental margin that it adds to our overall margin is also good.

But the investments that we have done right now because these were on a pilot basis are very small to calculate a realistic ROIC. But we'll I think keep updating you as and when it scales up and we have meaningful numbers here to discuss.

Moderator: Thank you. The next question is from the line of Dhvanit Shah from PL Capital. Please go ahead.

Dhvanit Shah: Hi sir. Thanks for the opportunity and congrats on a good set of numbers. Sir, my question is regarding the lost shipments and quality check cost. I see it has increased to close to around 7% of the total revenue and it has increased Q-o-Q and Y-o-Y. So, you attribute it to any segment or was it because of hyperlocal or express business?

And also, can you give a categorization whether the apparel business is suffering or the appliance business? And how would you juggle the lost shipment cost with, now that you are entering into the white goods space, I believe the white goods space is margin accretive, but let's just say if our lost shipments stay the same on a steady state basis or so, how would you juggle these two things? Thank you.

Praveen Kumar KJ:

Yes, Dhvanit, this is Praveen. I'll take that. So let me give you a brief about what this lost shipment is. Actually, this entire value of 6% that you see for the quarter is not lost shipment. It's split into two. Historically, this number used to be about 5% to 6%, closer to 5% actually. And roughly half of that is what we call as quality check debits. This comes essentially from our reverse product.

I think we have explained this also in the past where in our reverse product, we have a doorstep quality check for which we charge a premium. And despite doing a quality check, if we pick up a wrong shipment, we underwrite the value of the parcel to our customer. So that's the cost that comes in there. Despite this cost, it's decently profitable vertical for us. So that's included in this line item.

Roughly other half is what you can call as pure lost shipments, which is essentially actual lost shipments, where either a shipment gets lost or gets damaged or TAT breached and things like that. Now, it is not entirely true it has consistently gone up. This quarter it has come down. Last year it was 5.7%.

In first half it went up because we have said that when we launched our large parcel business, we saw the losses going higher and then we had taken sufficient steps to bring it down. Q3 again it came down to about 6.3%. Q4 it's come down further to 6.1%. Our view is in the longer term, we actually we felt even 5% was a high number.

Our long-term goal was to bring it down to about 4% to 5%. Now this is at 6% threshold. Our endeavor is to bring this down to our long-term average. On the kind of steps, we have taken, Abhishek will also add a few things on that.

Abhishek Bansal:

Yes. I think we have been obsessively building a lot of technologies improving our scanning technology, be it building image recognition systems to improve our reverse logistics losses. So just the last quarter we actually did a massive upgrade on our image recognition at the doorstep which has started to show some brilliant green shoots in our business.

Moreover, I think, as you mentioned, we have ventured into large logistics. Initially first couple of quarters we saw a lot of damages happening over there

and that's the thing we have been fixing over in H2. So there's a good bunch of ideas and things and typically what you will see is that as companies mature, and become more and more efficient, there is a very different kind of a leverage that comes and the losses come down.

Moderator: Thank you. The next question is from the line of Nikhil Chaudhary from Toro Wealth Managers. Please go ahead.

Nikhil Chaudhary: Yes, hi. Congratulations on a great set of numbers. I audible?

Moderator: Mr. Chaudhary, but there is some kind of a disturbance from your line.

Nikhil Chaudhary: Yes, is it better now?

Moderator: Yes, please go ahead.

Nikhil Chaudhary: Yes, hi. So just wanted to understand as a percentage of total revenue, what would be the D2C and SME channel as of FY26? And second is, lately we've been hearing about Amazon shipping has now probably opened their network globally, although they were in India and they are across 4,000 plus 15,000 plus...

Moderator: I'm sorry to interrupt you, Mr. Chaudhary, but your line is not clear, sir.

Nikhil Chaudhary: I think we got the question.

Management: Yes, but we got the broad questions here.

Nikhil Chaudhary: So since they have an active seller base of around 12 million SMEs and MSMEs and they could probably subsidize pricing also. So how does our Shadowfax 360 differentiate against this offering? Yes, these were the two questions.

Abhishek Bansal: I think on the Amazon side, what you are hearing right now is probably a global news now, but that same thing has been active in India for more than two years. See, I'll give a generic view on this because we have been observing some of these captive arms coming in and trying to build 3P as a business.

There are two kind of customers. The large customers will never work with them because of data security. The small customers maybe in the short term they try working with them, but what happens is that once peak day comes, when the peak months come, I think external customers get massively deprioritized by these kind of supply chains and that's why there's never been a meaningful business.

With Amazon, I think they have been experimenting in India for the last few years. Nothing is new in this. They have been experimenting for the last few years. We don't think these kind of models will work in India. That's our sort of a view. Regarding your first question, I think D2C and SME is a meaningful double digit sort of a number for us. We can't give you the exact split of that because I mean that's not a KPI we have been reporting. It is slightly sensitive in nature from a competitive dynamic standpoint.

Moderator: Thank you. The next question is from the line of Vinayak Kariwal from Xponent Tribe. Please go ahead.

Vinayak Kariwal: Hi Abhishek, thanks for the opportunity and congratulations for a great set of numbers. So just wanted a reiteration from your side on Gaurav's question. So what you're saying is growth going ahead will be a variable of market share wins and there is nothing as sort of outsourcing that you are seeing from your customers?

Abhishek Bansal: Sorry, I didn't get the question. Can you come again?

Vinayak Kariwal: So I just wanted to understand the fact the variables of growth going forward. Do you think the growth going forward would be the only variable of market share wins or do you think there is something going on, on the part of your customers where they are outsourcing back again that cycle is playing out. So are you seeing any sort of that thing playing out or just the market share wins would drive the growth forward?

Abhishek Bansal: I mean, think about it like that. Whatever we are growing today, whatever we are forecasting, I think 50%, 55% we are attributing to the underlying growth in 3PL market, which might happen largely because the underlying economy of this country is growing.

The remaining 40%, 45% might be coming from market share gains. Now, whether some of the large guys are going to outsource more or not, I don't think we are planning on that. If they end up outsourcing more, there's an upside possible to the guidance that we are giving. Right now, we are assuming things remain the same.

But again, we are seeing the market is becoming far more rational and people who have cost advantage are essentially gaining market share. I think that theme continues where everybody is trying to be more and more efficient. But if our customers end up outsourcing more, I think that's an upside you can expect.

Vinayak Kariwal: Okay. So going forward the growth we are seeing this year won't be seen in the in the next coming years. Is it fair to build a 30%, 40% growth on your business going forward for coming two, three years or you could overshoot that?

Abhishek Bansal: No, we are not guiding for that. I think we are still guiding for about 28%, 30% maximum growth from a future guidance standpoint.

Vinayak Kariwal: Okay, sure. And my second question was on margins. When you say 120 bps increase in margins for the next two years, are you guiding these margins on the service EBITDA level or are you guiding these margins on the adjusted EBITDA level?

Because if I keep the service EBITDA same, you would be able to get those margins without increasing your service EBITDA itself because of the operating leverage on your corporate overhead cost?.

Abhishek Bansal: We are only talking about adjusted EBITDA. That's the only EBITDA I think as an organization today we look for. I think some part of it will obviously come from operating leverage at our corporate level. But yes, a lot of it will actually come from some of the underlying service EBITDA what typically the industry calls as service EBITDA, maybe some of that.

But see, as we are saying that we are also saying we are going to invest heavily into expansion, new categories, newer customers. So those expansions won't stop and that's why we are giving a limited view of 100 to 120 basis points. Post FY28 when some of those investments are going to get more saturated, that's when we'll see the real aggressive jump in EBITDA.

Vinayak Kariwal: So your service EBITDA should remain at the same level going forward like two, three years at least where currently they are at 16%, 17%?

Abhishek Bansal: We don't talk about service EBITDA. We don't look at service EBITDA. We only look at adjusted EBITDA and that's what we are guiding everyone for. Vinayak the improvement will come from both places essentially.

Vinayak Kariwal: Okay, sure. And one last question if I could ask. So you have this crowdsourcing platform model on your hyperlocal segment. What part of the business comes from that platform that you have created where people could come on your platform, get the gigs. And the second part of that question is what is the competition you are seeing on your crowdsourcing platform?

There are many platforms which are doing the same thing where they are doing the crowdsourcing which a platform like LoadShare also does and

they have partnerships with Amazon Now. So what is what is the entry barrier to such a platform that you have created because many players could be doing that?

Abhishek Bansal:

I hope this is the last question from you. So I'll try to answer that in simple ways. See, 100% of our last mile today is crowdsourced. Every single order that we do is done through an individual who's being paid on a per order basis. So that's sort of a unique thing for our platform. 100% of whatever last mile we do, which is like for 99% of our revenues we do last mile, so I mean everything happens through this crowdsourced sort of a network.

This Crowdsourced Network is a very unique competitive advantage we have built. Actually there is nobody like us in the country, where 100% of deliveries are happening through a per order sort of a model. While I mean some of our competitors, some of our customers have captive arms who focus on a single category.

But if you look at our network, today our delivery partner can do e-commerce as well as a food delivery as well as a quick commerce order on the same app. There is nothing like this that exists in our country. So I think that remains sort of a competitive advantage. While there will be companies coming and building in a certain category and we can't stop that competition. Logistics is never a winner take all market. You always want some sort of competition. But I think the model that we have created is a unique one.

Moderator:

Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Abhishek Bansal for closing comments.

Abhishek Bansal:

Thank you, Rutuja. Thanks everyone for being so patient on this call and patiently asking so many questions. Looking forward to seeing all of you over the next earnings call over the next few quarters. Thank you.

Moderator:

Thank you. Ladies and gentlemen, on behalf of Shadowfax, that concludes this conference. Thank you for joining us and you may now disconnect your lines.