SHADOWFAX
Think ahead!

August 05, 2026

To

National Stock Exchange of India Ltd	**BSE Limited**
Exchange Plaza, C/1, Block G,	**P J Towers,**
Bandra Kurla Complex,	**Dalal Street,**
Bandra (East) Mumbai – 400 051	**Mumbai – 400 001**
NSE Symbol: SHADOWFAX	**BSE Scrip Code: 544685**

Dear Sir/ Madam,

Sub: Transcript of Earnings Conference call for Q1 FY27 held on July 31, 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 Schedule III of the SEBI Listing Regulations, please find enclosed the transcript of the Company’s Earnings Conference call for Q1 FY27, held on July 31, 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

KRISHNAKANTH VENKATA GANGAVARAPU
Digitally signed by KRISHNAKANTH VENKATA GANGAVARAPU
Date: 2026.08.05 18:23:48 +05'30'

Name: Krishnakanth Venkata Gangavarapu
Designation: Company Secretary & Compliance Officer
ICSI Membership No. A17291

"Shadowfax Technologies Limited
Q1 FY27 Earnings Conference Call"
July 31, 2026

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

Moderator: Ladies and gentlemen, good day and welcome to Shadowfax Technologies Limited Q1 FY27 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. Abhishek Bansal, Managing Director and Chief Executive Officer. Thank you and over to you, sir.

Abhishek Bansal: Thank you, Yusuf, for hosting this call. Good evening, everyone, and thank you for joining us today. With me today are Praveen, our CFO, and Sachin Dixit, who leads Corporate Development and Investor Relations. So, the format we'll follow for this call would be, a quick opening remark from my side, followed by a quick presentation from Praveen, which we'll follow up with Q&A.

As I start this call, I want to start with explaining how this quarter actually felt like from inside Shadowfax. Because if you only read the print, you will miss the entire story. This has been one of the most complex quarters for us. Early this quarter, diesel prices went up along with the gas crisis and there were elections in a couple of large states.

Now, for a logistics company, diesel prices and manpower impact everything we do. So, the question we asked internally went well beyond what does this cost us? We asked something really big. Will India's consumption demand hold? And the consumption held up better than many expected.

In fact, we have now seen repeatedly that periods of economic pressure often strengthen digital commerce. Consumers become more value-conscious, compare more, search more, and increasingly shift online. This quarter reinforced that pattern once again.

Moving on to the supply side, we did what strong operators do. We worked with our customers, collaborated closely with our delivery partners and vendors, and used our network intelligence and data to dynamically rebalance incentives so that service levels remain intact despite the labor disruption.

And here is the outcome that matters most. Through all of it, our performance effectively showed zero volatility. We delivered one of the highest sequential growth rates while also improving our margins. Now, that is by design. That is a company built to flourish in the toughest times.

With all this uncertainty behind us now, we expect massive tailwinds into rest of this year. Hence, we want to make a very important announcement, probably the most important one over this earnings call. We are now revising our FY27 revenue growth guidance from 27% to 30% that we had given earlier to 38% to 40%. Having said that, our margin trajectory remains unchanged, suggesting faster growth with the same disciplined path into profitability.

Moving forward, let me quickly now give a view of each of the strategies that have led us to display some of the financial numbers that we have seen for the last quarter. My conversation is going to be broken down now into Express Parcel, which is a large part of our revenue, followed by quick commerce and hyperlocal. So, we'll talk about both these factors.

Talking first about Express Parcel, there are three large talking points which have driven and shaped the business over the last quarter. The number one within that is the industry consolidation and the market share win that Shadowfax is seeing in the market today.

We have been seeing quarter-on-quarter, that the volumes are getting more and more consolidated between the two large 3PL networks that have held service levels at a national scale. Clients are choosing partners that they can sustainably depend on, and that choice is settling well in our favor.

The second shift within the industry is that the large marketplaces are expanding fast into low-value categories where an INR250 order calls for a different kind of network altogether. We believe that outsourcing will grow as these marketplaces need access to proven and low-cost supply chains.

Now within this ambit of market share gain, one important factor has been our expanding geographical coverage, and you can see in our Earnings Presentation as well that there has been a lot of execution in this area. We ended the quarter at about 16,372 pin codes, where we opened about 716 pin codes over the last 90 days, almost 8 pin codes every single day.

And the way it works is beautifully simple. The moment we go live in a pin code, our existing clients' orders into that area get switched on. Every new pin code helps us gain further market share.

Now, this industry phenomenon and the market share gains are around some of the core services and core businesses that we have created year-on-year. Moving within this Express Parcel business are some of the experiments and new lines of businesses that we started creating a couple of years back.

Number one being the Prime and D2C business. Now, Prime is a business where we offer same-day delivery, next-day delivery services to the D2C brands that we work with today. We are the only 3PL of national scale offering same-day delivery across the country. And because we are the only one, every client, who wants speed, comes to us. That is showing up directly in our wallet share.

When a client moves their fast delivery volumes to us, the rest of the volumes also tend to follow. This story isn't about just growth. It is about acceleration as well. Prime grew almost two and a half times last year. It has accelerated to 2.7 times year-on-year this quarter, even at a much larger base. Along the way, we have crossed more than 400 D2C customers who are using our Prime services across our platform.

Now within this D2C ambit, we had launched a pretty ambitious product just about 90 days back, called Shadowfax 360. It was our self-serve platform meant for smaller SMEs, and smaller brands, where any individual brand can self-onboard themselves and have a democratic access to our platform. Within one quarter of the launch, we already have more than 1,200 transacting sellers, and this number is compounding every single week.

Moving over to the other experiment that we incubated last year was the business around Prime Large, which was our foray into heavier deliveries via light commercial vehicles. We have already expanded to 10,000 pin codes, which was our full year target for FY27. We hit that number within the first quarter. We are now raising our FY27 target for Prime Large to 12,000 pin codes.

Revenue has grown close to 170% year-on-year to roughly about INR75 crores ARR in this business line. We have seen 25% growth at a quarterly level between Q4 and Q1 this year. So that's largely about the Express Parcel business, where some of the core businesses are firing, some of the newer experiments that we had created, and the newer product lines are continuing to show very good signs of success.

Switching gears and moving into one of the most interesting bits about the commerce of this country, which is around quick commerce. Well, for quick commerce, the pie is just getting bigger, not just more crowded now. Hyper-local has grown about 53% year-on-year, and 17% over the last quarter itself. And this growth is not coming from one platform doing well. It is coming from the category itself getting bigger.

As you will all know, quick commerce now has five to six large players, and each one of them is growing with us. This demonstrates the deep potential of quick commerce in the country, and we are the ones who are powering that growth. Strong ambitions communicated by Amazon Now are great for us as our wallet share with them is higher than that with others. Further, there are also hundreds of vertical quick commerce companies which continue to grow rampantly by solving for category-focused assortment.

Even in food delivery, which is a fairly mature segment of hyper-local, we are seeing the emergence of low order value models. This will make the pie larger as seen in China as well. More orders, more frequency, more density on the ground, and every one of those orders will require somebody to physically deliver, and that's where Shadowfax gains.

Now within quick commerce, there's this exciting element around dark stores. If you remember last quarter, we had made an announcement that this year we are going to open 100 dark stores for the full year. We are super proud to communicate that out of those 100 dark stores, 47 are already live as on 30th June, and another 20 are on the way to go live. This is nearly half our full year commitment delivered in the first quarter itself.

Today we are live across six metro cities, and some of the best-known fashion, beauty platforms in the country are anchoring that network. Today we are seeing every category having its own vertical quick commerce business, be it grocery, fashion, beauty, childcare, pet care, even building materials. The reason is simple, and it is very good for us. These specialist brands want to spend their time and their capital on what they do best.

For logistics, they prefer to depend on a specialist like us. This is exactly the role we played in vertical e-commerce about a decade back, and it is exactly the role we are playing in vertical quick commerce today. We believe vertical quick commerce can grow to 20%-25% of the overall quick commerce market, following exactly the same path that e-commerce took. This is about a brand-new market being created, and we are helping build the roads it will run on. This is a great place to be for us.

Now, while we have spoken about various segments of how they have performed over the last quarter, I want to draw your attention and zoom out a bit to talk about the company and the culture, which is driving some of these things in action. Every single thing began as an experiment. Prime was an experiment a couple of years back. Prime Large was an experiment we started last year. SF 360 was an experiment we just launched 90 days back.

Dark stores were an experiment we patiently ran for more than a year before we committed capital to it. As an organization, driving success in our core business while also getting some of these experiments to work and scale is something we attribute to the strong organizational DNA where we cultivate this innovation. We are extremely proud of the success and remain excited about the newer areas that we continue to bet on.

Now before I close and hand it over to Praveen, a few closing remarks from my side. This quarter asked a great deal of this company and, frankly, the company answered. But here is what I want to leave you with, because it tells you far more about our future than about our past. While the environment was at its most demanding, we chose to build.

This was the quarter in which we added more physical capacity than any other quarter. We added more pin codes than we ever have. That is who this company is. When the environment gets tougher, we lean in, aggressively rally our troops to come out stronger. This is what we did back in 2017. This is what we did back in 2022. This is what we are doing now. We call it the build mode.

As we are stepping into the rest of this year with more capacity, higher coverage, more customers, and a stronger conviction than at any point in our history, I have never been more excited about where this company is headed. With this as a backdrop, let me pass on the mic to Praveen to discuss our quarterly performance. Thank you.

Praveen Kumar KJ: Hi. Thanks, Abhishek. Good evening, everyone. I think all of you would have already reviewed the financials. I will try and give a little flavor of how we went about meeting our numbers in this quarter. Firstly, I am very happy to say that we have delivered another record quarter across every key metric. Our revenues grew 65% year-on-year to INR1,358 crores. It's the fifth consecutive quarter of 65% plus growth.

And more importantly, we also continued to grow sequentially. Quarter four to quarter one revenue was up 10% through what is typically a seasonally softer quarter. Order volumes reached nearly 25 crores, growing 83% year-on-year. That's around 100 crore orders now on an annualized basis. To put that in perspective, we delivered as many shipments this quarter as we did in the entire FY23.

Now, growth once again has translated into stronger profitability. Adjusted EBITDA rose to INR67 crores, with margins expanding to 4.9%, which was 4.7% last quarter. And profit after taxes reached a record INR65 crores. This was the most profitable quarter in our history and, again, the third consecutive quarter in which we've been able to say that.

Commenting on our business lines, Abhishek already touched upon how the Express vertical continued to rapidly outgrow the industry, hyper-local delivered substantial sequential growth, and other logistics services returned to sequential growth post CriticaLog integration, and more importantly, dark store revenue continued to scale the vertical.

Now I want to spend a few minutes on the part of this quarter we are proudest of, because it's the part that does not show up in a growth number. Abhishek told you at the start about the macros, the fuel shock, and the labor squeeze. Let me tell you exactly how we absorbed them. On diesel price, many of our contracts allow us to pass increases straight to our customers, and we had every right to take that hike on day one, but we chose to lag it by 5 days and carry it on ourselves.

See, in a quarter when our customers were absorbing pressure from every direction, we decided that this relationship was worth more than 5 days of pass-through. That's the kind of decision that we cannot express on a slide, but it is why these relationships also last. We were not going to let the external environment decide our margins. So, to compensate for headwinds, we really worked hard to improve efficiencies across our cost base.

I want to just name a few. So, our lost shipment debit cost, came down to 5.5% of revenue, which was 7.9% a year ago and 6.1% in the last quarter, Q4. We did a lot of work on transportation and line-haul costs. Transportation costs held flat sequentially in a quarter where we opened 716 new pin codes, and all of them will be running below capacity initially.

The largest cost line item, delivery partner expense, went up just by 10 bps quarter-on-quarter, despite significant supply squeeze and growth in hyper-local vertical. And running underneath all of this is technology, deployed at scale, not pilots, not proofs of concept, but production systems carrying millions of transactions.

Just two examples I would like you to hold on to on what we have done on this front. The first is Delivery Partner Buddy, which is an AI co-pilot for our riders. It's a multilingual AI agent that resolves our rider partner queries and issues. It now handles around 16,000 rider conversations in a single day, and roughly 97% of queries are all resolved without a human agent ever touching them. This buddy also learns continuously and improves itself, resulting in even higher auto-resolutions in due course. That's one example.

The second one is what we call as Vision AI at Pickup. This is a feature that we have deployed in our reverse process where riders are picking up reverse shipments. It is catching roughly 40% of bad pickups before they become losses, and all this is done at about 35 times lower inference cost than what a frontier model would charge us. What this does is helps us reduce our QC losses, which is a part of our lost shipment debit cost line item. So those are the examples.

These are a few places where our margin expansion is actually coming not from pricing, not from cutting corners on service, but from doing the same work with fewer errors and less waste, at a scale that compounds every quarter. And let me say what Abhishek always quotes. AI is making the engine behind the scenes smarter, but the frontline stays human. The delivery partner, the conversation at the door, the problem solved on the spot, all these remains a person, a human always. With that, we will open it up for questions. Yusuf, over to you.

Moderator: Thank you very much, sir. First question is from the line of Gaurav from Morgan Stanley. Please go ahead.

Gaurav: Hi. Thank you for taking my question. Congratulations on stellar results. My first question is on your improved growth outlook compared to the previous quarter. Obviously, this is supported by a very strong performance in Q1, but there is also assumption that you are building in from Q2 to Q4.

So just trying to understand the confidence behind those assumptions, especially the metrics around insourcing, outsourcing that you alluded to in your comments also, which allows you to kind of improve the outlook from overall revenue perspective?

Abhishek Bansal: So, thank you, Gaurav, for the question. I'll take this one. See, Shadowfax is an organization where we typically work with enterprise customers. For enterprise customers, we typically get a fair degree of visibility, especially when we get into the sales season, around the kind of volumes one should expect, because necessary capacity have to be created in advance

I think this is true with the large marketplaces where they also have some sort of in-house delivery ecosystems. Today we can proudly say that we have a fair degree of visibility and high degree of confidence on the numbers that we are projecting, and hence we are revising our estimates from a growth standpoint. Typically, all of our large enterprise customers give us forward projections so that those capacities can be created in due time.

Now for the customers who do not have alternate ecosystems for delivery, who 100% depend on 3PL, it's largely a function of the investments and the growth outlook that we see from our existing tail of growth and the new customers that we are going to acquire.

What we see is that our rapid investments and hiring of sales teams, investing into D2C brands, and the tailwinds that we are carrying for the last few quarters, the new customer growth looks to be quite aggressive and positive. And just to cut the answer to a short one, I think we are fairly confident on the numbers that we are looking at.

Gaurav: Got it. My second question is on the front-loading of the investments and capex. You gave a number of INR60 crores, which is pretty strong, like a high number for a quarter. Just trying to understand how much of this is because you have seen the upgrades to your current growth, because my assumption is all these current growth numbers are already backed up by the investments that you made last year.

So, this upfronting of the investments, probably, has to do beyond FY27 outlook that you have in mind, which is why you were kind of upfronting some of these investments across the board, not just in terms of square feet of space, but also the dark stores that you talked about, the pin code coverage that you talked about, the large parcel pin code reach that you talked about.

Looks like you have upfronted the investments here. So obviously, that has to do with the confidence beyond just FY27. So, I'm just trying to reconcile the outlook with the investments that you have made?

Abhishek Bansal: So, yes, Gaurav, I'll try to answer this question in multiple parts. But you are absolutely correct. I think our view on long-term growth outlook continues to stay quite aggressive and strong, and with every quarter that passes by, I think the confidence on the growth outlook is only going up right now.

Now talking about investments, there are two kinds of investments that we have to do as an organization. One is around capex, and the other one is around opex, which largely comprises about people, trucks, and rentals. Speaking first about capex, you are absolutely right. A lot of our investments typically have to be front-loaded before the sales season, because in the sales season you typically see a huge peak, and the peak stabilizes post that.

While last year was something interesting where post the peak also, we saw sequential growth, but typically we plan for capex for the peak season, and hence in the first two quarters of any financial year, you tend to see a higher capex outlay getting executed on the ground. Now within that, if you see the slide in our presentation, , we have not changed the nature of the capex.

We are investing in the same set of products that we were doing in the previous year. 77% of the capex that we are talking about has gone into network and automation. To make it simple, network and automation typically means everything which is part of our sortation centers.

So be it the sorting machines, be it the infrastructure, be it IT and any sort of electrical expenses from an infrastructure side. 77% of these expenses continue to be focused on the middle-mile capacity enhancements that we are doing. And you are right, these are, very long-term investments. Typically, these facilities, once you create, last for 5 plus years as well. So, we continue to make these kinds of investments.

Secondly, again, you're right, we are expanding our pin codes. We are expanding our coverage into the deeper rural areas of the country, and that has an opex impact. But yes, all of these are continuous investments we are doing as we are seeing growth projections from our customers.

Gaurav: Got it. My last question is on some margin bridge, if possible, to give, because there are multiple elements that played out during the quarter, which is fuel price hikes, the labor cost escalations, some operating leverage that has come through your business, and there could be other factors as well. So, a broad bridge would be very helpful. Thank you.

Praveen Kumar KJ: Yes. Gaurav, I'll take that. So, see, essentially, as we said, because of the fuel hike, for the last few days in the quarter, we took that additional cost. So, as you see, our transportation cost has gone up from last quarter 18.7% to 18.8%. That's one cost increase that has happened.

Partner expense from last quarter has again slightly increased because, there was a supply squeeze. Our hyper-local also grew at a faster pace, sequentially. So that's another area. If you see, the consumable cost also has gone up by 0.1%, as some of the inputs are linked to crude prices and hence some prices actually took off by middle of the quarter, so that's responsible for the 0.1% increase.

And all other expenses put together saw 0.1% increase. But significant benefits have come from, say, lost shipment, where we did a huge amount of work in this quarter. So that's come down from 6.1% to 5.5%. In fact, what you see is not so straightforward because, had we not worked on improving our efficiencies, our costs, for example, transportation cost may have been higher than what it is today, our partner expenses could have been higher than what it is today, and even our employee benefit expenses could have been higher than what it is today. So, we saw that there is a higher cost incidence, and we said, "Okay, let's work harder to keep it within our limits." I don't know if that helps like a bridge, but that should give you a flavor.

Gaurav: No, this is helpful, Praveen. Just a follow-up. Is the full impact of the cost already reflected in the financials in Q1, or they're likely to come over the next two quarters? Thank you.

Praveen Kumar KJ: Yes, more or less it's reflected in quarter one. The costs may be higher, but we'll also have a little upside from the revenue coming in to neutralize that.

Moderator: Thank you. Next question is from the line of Mukesh Saraf from Avendus Spark. Please go ahead.

Mukesh Saraf: Yes, good evening, and thank you for the opportunity. My first question is on the Express segment itself. Our network currently is largely set up for the large horizontal platforms, but obviously, your focus now is on the D2C as well as the Prime Large.

So just trying to understand, how much of the existing network can kind of accommodate growth in these two sub-segments, or the majority of the growth here will have to come through, say, newer infrastructure and newer network that you're going to set up?

Abhishek Bansal: Thank you, Mukesh, for the question. I'll take this up. So, while we are setting up Prime and Prime Large sort of service lines, one thing we want to tell everyone over here is that there is no dedicated infrastructure for any particular service line or a particular line of customers.

How we have solved this as a supply chain company is that for different lines of services, within the same infrastructure, within the same last-mile hub, sortation centers, or trucks, we have created prioritization based on what the customer needs.

Not all customers are on the same SLA, as you would understand. So different customers have different SLAs. We call this segmented supply chain. So within the same supply chain, and within the same sort center, multiple SLA configurations run, and that orchestration is done by the in-house technology that we have created.

We ensure that the brand which needs a same-day delivery can go within the same roof, versus, let's say, a low-value shipment, which again has to be shipped in a different configuration altogether. But as I said, there is no dedicated infrastructure that we have set up for any particular service line.

If you end up setting dedicated infrastructure, it has huge implications on operating leverage, and at the costing which our customers expect, the business could become completely unviable.

We'll move to the next question from the line of Sachin Salgaonkar from BofA. Please go ahead.

Sachin Salgaonkar: Hi. Congrats management on great set of numbers. I have three questions. Let me go through them one by one. First question would be great if you guys could dissect the 38% growth you mentioned. Is this primarily getting driven by Express? Is it QC? Is it hyper-local? Any rough guide in terms of how the individual businesses could grow?

Abhishek Bansal: So, I think it's a combination of both the businesses. We are seeing upside in hyper-local as well as e-commerce. E-commerce, given the tailwinds with which we are coming, and with the new customers that we have acquired over the last two, three quarters, we believe that growth is going to sustain, and hence there is a readjustment on the target numbers.

Similar sort of a view is applicable even for quick commerce, where we have seen upsides with newer customers like Amazon Now, where we believe that some of the benefits that we have seen now, we had not anticipated those two quarters back. And given the kind of business we are doing and the visibility we have with these customers, we have basically built those into our predictions now.

Sachin Salgaonkar: Got it. Pretty clear, Abhishek. Second question is more a follow-up on the comments on new customer growth you mentioned. Would love to understand how there is a mix change happening in your Express business between an e-commerce D2C vertical, let's say, as compared to a year back?

And I did look at your market share in Express for this quarter versus last quarter. You did mention about a 28% to 30% market share versus a 27% to 29% last quarter. So, the question out here is, is this gain more at the expense of smaller players or a larger player?

Abhishek Bansal: Well, I think I'll answer the market share question first. What we are seeing in the market today is that the consolidation continues to strengthen between the two large players, and every quarter, the two large companies in the Express Parcel segment are continuing to gain market share, and that's something we have been observing as a trend over the last, probably, four to six quarters now. So, I think that's a trend that we've been seeing.

Around your other question, again, D2C brands were a relatively smaller business for us 4 quarters back. 8 quarters back, it was virtually non-existent. 4 quarters back, it became a smaller number. Today, that has grown to almost 2.7 times. So, you can imagine that the D2C brands and the associated smaller businesses are growing significantly faster than the rest of the business.

Sachin Salgaonkar: Got it. Super clear. And third question is on the quick commerce side. And while we understand, let's say, how an e-commerce entity thinks about insourcing and outsourcing, because one of them is public, would love to actually understand from you a framework which you guys could help analysts and investors understand how these quick commerce platforms are thinking between insourcing and outsourcing.

There was a comment in your presentation where you talked about e-commerce platforms focusing more on outsourcing, but how do the incumbent quick commerce and food delivery guys think? Is there a rough proportion of their orders which they outsource, and is there something where they especially go to specialists like you for delivery?

Abhishek Bansal: Yes. Now, that's a very good question. I'll tell you about a larger point around outsourcing or having multiple supply chains in any given line of business, and what I'm going to say stands true for any sort of online business today, be it e-commerce, food delivery, or quick commerce.

In this country, it is impossible for any supply chain to come up and say that we are the best supply chain every single minute of the day, every single pin code, every single route of this country. Our country is extremely complex. So having just a single supply chain to depend all your fortunes on is never a great idea.

To manage for the end customer and to optimize your experience for the last customer, every supply chain tends to diversify and have multiple solutions. Same goes for quick commerce. While in quick commerce industry, we are the single largest 3PL operating today, where now we have a meaningful market share, and we believe our market share will be more than 50% today in the quick commerce outsourcing segment.

Typically, all companies think about having us as an alternate supply partner, rather than a capability-driven supply chain. Because not every day their own in-house supply chains will always offer them the best SLAs. Now if for a marginal price increase, you are having access to a supply chain which meaningfully improves your customer experience, and you do not lose that customer in an extremely competitive environment to your competitor, it makes sense to outsource.

What we are seeing is that customers can outsource even 20%-25% of the volumes if there are enough players available. Given we are the single largest player of the national scale right now, we have seen the outsourcing levels in the industry to be trending anywhere between 12% to 15% today. I hope it answers your question.

Sachin Salgaonkar: Abhishek, super clear. One quick follow-up for Praveen, more a bookkeeping question. Praveen, what is the impact of the minimum wage hike in the four states on your margins?

Praveen Kumar KJ: Yes, we have roughly taken about between INR2 crores to INR2.5 crores a month impact because of minimum wage impact coming from various states.

Abhishek Bansal: See, one thing also to understand about our business is that we necessarily don't always pay minimum wages to our contractual employees. A lot of people actually get incentives and markups on top of that, because hiring at minimum wage level is not the easiest at times. So typically, when the minimum wage correction happens, the delta, does not always transfer to your P&L.

Praveen Kumar KJ: As I said every cost line item would have looked different had we not embarked on a very strong efficiency drive at the beginning of the quarter. So, we tend to improve utilization and create stuff that will bring us benefits in the P&L.

Sachin Salgaonkar: Yes, thank you, and all the best.

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

Dhruv Jain: Hi, team. Thanks for the opportunity, and congratulations on phenomenal numbers in such a challenging quarter. So, in this quarter, we've seen significant margin expansion. You also spelled out the guidance of about 38% to 40% top-line growth.

Incrementally, does that also change your full-year guidance for your margin, because you've been talking about 100 to 200 basis points, and in a very challenging quarter, you've shown almost 100 basis points margin expansion. So how should we be thinking about this for the year ahead?

Abhishek Bansal: Yes, that's an interesting point. And see, we are not fundamentally changing our margin profile in the business. While we are catching up on growth faster, we still want to maintain the margin guidance that we had given at the start of this year. The way we think about our business is that we know this is a steady-state margin we want to hit at a certain time frame.

Whatever excess profits we generate, we typically do one of the two things. Either we pass on some benefits back to our customers so that we can gain market share faster, or we invest that capital into newer capabilities, again, to grow faster. So, we have put a certain target of margin profile out for all shareholders. Beyond that, we just want to reinvest and accelerate as an organization.

Dhruv Jain: Fair, Abhishek. The second question that I had was on your other logistics services. So, you spoke about integration happening in this quarter, but beyond FY27, how should we look at that segment from a 3-year or a 5-year perspective, from a growth standpoint?

What are you trying to do, I mean, I know what you're trying to solve there, but just in terms of the opportunity, how should we think about it, because it's slightly different versus the first two things or the core businesses, so to speak?

Abhishek Bansal: Yes. So CriticaLog is an acquisition we did almost 1.5 years back, and there's been a lot of integrations completed between both the organizations as of today. See, the way we think about that business is, it's a value-added services capability for us, and not necessarily too different than the core supply chain that we run, but again, it's a different category of solutioning that we have created.

Now for our strategy, the way we think about it is that anything and everything which helps us gain more mindshare of our existing customers is great for us. Creating more unique services like a critical logistics for our large or small marketplaces is something which is the core strategy around doing that acquisition. So, the way we typically follow is, once you acquire an organization, we give it some time for both the cultures to seep in.

And only post that, we basically start cross selling the services between our customers. I can give you one example. There is an active conversation, which can potentially increase the revenue of CriticaLog as an organization by mid-teen percentage points, where one of our existing customers has the problem of delivering extremely high value shipments, for which they were not using Shadowfax. However, they are willing to use CriticaLog because they have trust in our integration and our capabilities, and they are willing to consider our subsidiary to integrate with them and start that business.

Now, the way we are looking at it is that this cycle will continue for the next 12 months, and post that is when we will see critical logistics to actually grow much faster than the Shadowfax core business, once branding, marketing, and the cross-selling has happened. One thing that I also want everybody to understand is that, when you are selling critical logistics or a value-added service as a category, the sales cycles are phenomenally longer.

If you're selling a low-value service, the sales cycles are typically shorter, but when a customer has to move an expensive item from their existing setup into a newer solution, it takes a lot of time, and a lot of convincing, but again as you would understand, typically with long sales cycles, the hook for those services is also much higher. I hope I answered your question.

Dhruv Jain: Yes, yes. Thanks a lot, Abhishek, and all the best.

Moderator: Next question is from the line of Abhishek Banerjee from ICICI Securities. Please go ahead.

Abhishek Banerjee: Hey. Hi. Thanks for the opportunity, and, again, congratulations on another superlative performance. Just a couple of questions from my side. First, on the point that you made on delivery riders doing reverse logistics, could you please expand on that a little bit? I didn't understand that.

Praveen Kumar KJ: Yes, Abhishek. So, this is where we have a technology where when a rider is at the doorstep, doing a pickup, he has to do quality checks, right? There was already an existing system in place where - technology used to assist him in ensuring that he's doing the right pickup. Because we are charging a premium, we are supposed to do a quality check and pick up the right product for our customer.

Now we have used AI to enhance what he was already doing. So, the chances of him picking a wrong shipment have significantly reduced, which is , if you remember, in our lost shipment cost, we used to always say half of that is quality check cost. So that's the feature that is there.

Abhishek Banerjee: Got it. So how much has your lost shipment cost come down as an overall percentage?

Praveen Kumar KJ: So, it's come down from 6.1% in the last quarter to 5.5% as a percentage of revenue.

Abhishek Banerjee: And do you see it coming down further over the next year or so?

Praveen Kumar KJ: See, as we always said, right, there is enough scope here. Historically, this cost used to be around 4.5% to 5%, and then our target was to bring it down to about 3.5% to 4% in the long run. That target still remains. We will keep chugging at it every quarter and see how much it comes down by.

Abhishek Banerjee: Got it. Well, and one last question to Abhishek. So, see, again, full credit to the entire team for this wonderful performance, but one question that kind of keeps coming up is, you are now a listed player, and your core anchor customer is also a listed player who can obviously see your performance, your margins.

Do you foresee any scenario where they ask you for even better pricing, just looking at your kind of margins? I mean, do you feel that there could be further pricing pressure on you from your core customers? And is that something that you are prepared to handle?

Praveen Kumar KJ: Yes, Abhishek, it's a question irrespective whether we are profitable or not, which we'll need to answer as a business at all moments of time. See, our customers are optimizing their cost and experience literally on every lane that they work on.

So, if we are not competitive, we will anyways not get the desired volumes that we are delivering today. Staying competitive, building lean supply chains, and ensuring that the back-end operations are extremely efficient is what delivers profitability in our business.

Having said that, for all our customers, , we have pricing rate cards where their cost of working with us will go down as they increase more volumes, because we pass on that sort of leverage back to them, as there's a certain amount of fixed cost in our business. So, as they give more volumes, they essentially end up saving cost, and that is what has been happening over the last few quarters as well.

Abhishek Banerjee: Got it. Understood. Very helpful. Thank you so much. I'll move back in the queue.

Moderator: Thank you. Next question is from the line of Mukesh Saraf from Avendus Spark. Please go ahead.

Mukesh Saraf: Yes, hi. Good evening again, and first of all, sorry, I got disconnected the previous time. I did hear your response, though. My second question is regarding the vertical dark stores, the vertical D2C business that you're building. Just trying to understand, will there be an overlap of this with the SDD business that you're doing on the D2C.

Because both seem to be largely similar in terms of what value you're bringing in, which is quick delivery for the smaller brands? So, will there be a cannibalization there as you expand your dark stores? Would you help me understand that

Abhishek Bansal: Yes, that's a great question. Again, too early to comment on what the future is going to be a few years down the line, but see, largely, both cater to very different needs of the same customer. Typically, when you look at same-day delivery, same-day delivery offers that service in a city for close to about 1 million SKUs for a large marketplace.

But, a dark store-led delivery, which is happening in an hour, will be possible for a maximum of 10,000 SKUs. So, the SKU width is very different for a same-day delivery versus a quick commerce kind of a model.

Typically, these verticalized quick commerce platforms provide a specialized solution to the end customer, and I would say they are more in competition with the horizontal players, rather than with the e-commerce same-day delivery sort of value propositions. The SKU spread is very different, and that's what we see from our customers as well.

Mukesh Saraf: Okay, okay. And just follow up on that, the cities that you're going to have these services, will there be an overlap there, or even the pin codes are very different?

Abhishek Bansal: So, I think the cities, and the customer is going to be probably the same. See, typically, if you think about the metro cities, in every metro city you should have the 1-hour proposition, same-day proposition, 3-day proposition. The SKUs tend to differ a lot.

Mukesh Saraf: Got it. All right. Thanks a lot for this, Abhishek. I'll get back in the queue.

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

Atul Borse: Hi, team. First of all, congrats on great set of numbers. My first question is around the dark store operations. So, on the last call, you had mentioned that a dark store can generate roughly INR8 lakhs to INR15 lakhs per month revenue. So, any color on how much in Q1 it has contributed to the other segment revenue?

Praveen Kumar KJ: Atul, see, I think at this point, we may not want to disclose specific store-wise revenues. It's still a larger experiment we're doing. We're live in 47 stores. Broadly, I can say about, all the stores put together would be contributing to about 10% to 12% of our other logistics services revenues.

But at a store level, as you can imagine, there are different types of customers, different SKUs, and the store size can range anywhere between 200-300 square feet to almost 3,000-4,000 square feet. So, the dynamics are very different for each store, but we will come back, I think, as this vertical matures, we will come back with more information that will help you.

Atul Borse: Okay. And so for Amazon Now, we have started fulfilling, but are we seeing the Express volume also coming from Amazon in Q1?

Abhishek Bansal: Hi, Atul., so yes, Amazon Express Parcel volumes have also started. We are now live across multiple cities, and that number continues to compound as we enter into the sales season. But again, today the larger focus of the partnership is to really scale up the Amazon Now business. One additional fact, Amazon has now, entered the top 10 customer club for us.

Atul Borse: Okay, okay. And one more follow-up on this. So, our realization in Express is still trending around INR50. With Amazon coming in and the D2C share rising, when do you see that this realization will start trending upwards?

Abhishek Bansal: See, again, I think realization over here is a function of a lot of factors, be it the average weight, or the distance of delivery, the type of service, value-added versus not, and obviously, the volumetric weight.

So, if you were to compare on the same weight sort of a basis, if the business continues to gain more D2C volumes, it should ideally be increasing the realizations, but a lot of it is dependent on some of the other factors, which are weight, distance etc. which is typically not in the control of the logistics company.

Atul Borse: Okay, yes. Thanks. Those were my questions, and best of luck.

Moderator: Thank you. Ladies and gentlemen, we will take this as a last question for the day. I now hand the conference over to the management for the closing comments.

Abhishek Bansal: Okay. Thank you, everyone, for joining in on a Friday evening. In case any of you have any sort of questions, you can directly reach out to us, and we'll be happy to engage over the next few weeks. Thank you, everyone, for joining in. Signing off. Thank you.

Moderator: Thank you, sir. On behalf of Shadowfax Technologies Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.