Skyways Air Services

18 September 2026

Operator: Ladies and gentlemen, good day and welcome to Skyways Air Services Ltd. Q1 FY27 earnings conference call hosted by Daulat Capital Markets Private Limited. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star and zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Kapil Yadav from Daulat Capital Markets Private Limited. Thank you, and over to you, Mr. Yadav.

Kapil Yadav – Daulat Capital Markets Private Limited: Thank you, Nirav. Good afternoon, everyone, and welcome to the Q1 FY27 earnings conference call of Skyways Air Services Ltd., hosted by Daulat Capital. We are pleased to host the company's first earnings conference call following its recent listing. From the management side, we have with us Mr. Yashpal Sharma, CMD, Skyways Group, and Mr. Himanshu Chhabra. I would like to hand over the call to the management for their opening remarks, following which we will open the session for questions and answers. Thank you, and over to you, Mr. Sharma.

Yashpal Sharma – CMD: Thank you, Kapil, and thank you, Nirav, for positioning this call. Good afternoon, everyone. On behalf of Skyways Air Services Ltd., I would like to warmly welcome you to our first earnings call. On the call with us today, I have our Group CFO and Whole-time Director, Mr. Himanshu Chhabra. We also have the team from Daulat Capital and our investor relations advisers, the Adfactors team.

This is a very important milestone for us. The listing marks the beginning of a new chapter in our engagement with the capital markets. Our journey in the logistics industry goes back four decades. Since our establishment in 1984, we have progressively built capabilities across air freight forwarding and the broader logistics value chain while investing in technology, people, and an increasing global operating footprint. We look forward to using this platform to communicate our performance with greater transparency and to build a long-term relationship with you, our investors. I would like to start by providing some context on our industry and operating environment before discussing our business.

Ladies and gentlemen, the global logistics and air freight industry continues to operate in a very dynamic environment. Freight flows are being influenced by changes in global trade patterns, geopolitical developments, fuel costs, supply chain realignments, and evolving customer needs. At the same time, we see structural opportunities arising from the growth of cross-border trade, e-commerce, time-sensitive business, and increased integrated supply chain solutions.

Customers are looking for logistics partners who can provide reliability, visibility, speed, and, most importantly, access to carrier capacity, especially during difficult times such as the recent Middle East war scenario. They also need a broader range of services today that extend across modes of transportation, stocking, and distribution options in diverse geographies rather than just a simple point-to-point movement of goods. We believe this environment creates an opportunity for a company like Skyways, which has established technology-enabled logistics solutions with the capability to handle scale...

Yashpal Sharma – CMD: The global logistics environment today is very dynamic. Logistics freight flows have been influenced by changes in global trade patterns, significant geopolitical developments, fuel costs, supply chain realignments, and constantly evolving customer needs.

At this time, we see structural opportunities arising from the growth of cross-border business, e-commerce, time-sensitive cargo, and increasingly integrated supply chains. Customers are looking for logistics partners who can provide reliability, visibility, speed, and, most importantly, carrier capacity, which becomes very difficult to access during challenging times such as the Middle East war that we recently saw.

Customers also need a broader range of services that extend across modes of transportation, stocking and distribution options, and diverse geographies across the globe, rather than just a point-to-point movement of goods. We believe this environment creates an opportunity for a company like Skyways, which has established technology-enabled logistics solutions with the capability to handle scale, global carrier relationships, and a diversified service offering. The Indian logistics industry across modes of transportation...

Management: Aviation is also expected to grow by 40-50% over the next 5 years, opening significant opportunities for our trucking, ocean, express, and other logistics solutions. This industry is potentially expected to reach approximately US$500 billion by 2031. Skyways has built a strong position in India's air cargo freight market. According to WorldACD market data for chargeable volumes, we have retained our position as the number one air freight forwarder in India and are now ranked 44th globally in air cargo for Q1 of this financial year. Our Indian market share has also strengthened from 5.9% to 6.2% on a quarter-on-quarter basis. We see this position not simply as a market share milestone, but as a reflection of the trust we have built with customers, airline partners, and the wider logistics ecosystem. We successfully navigated the West Asia crisis by creating alternative airline capacities for our valued customers. This not only strengthened our position with our current customers but also helped us acquire new customers.

The Ministry of Civil Aviation has set out a strong vision of reaching 10 million metric tons from last year's 3.96 million metric tons over the next 5 years. As the air cargo segment continues to grow on the back of new airports and enhanced capacities at existing airports, and as airlines bring in new aircraft supported by a strong order book, there is going to be substantial growth in India's aviation sector. This, ladies and gentlemen, will mean significant opportunities for us to obtain a larger share of the expanded air cargo market.

Skyways has consistently outgrown market growth by a significant margin over the last 10 years, and we feel confident that this trend will continue in the period ahead. Importantly, our ambition extends beyond air freight alone. Through our group companies and subsidiaries, we have developed capabilities across ocean freight, warehousing, trucking, express cargo, cold chain solutions, cross-border customs brokerage, and specialised logistics solutions. This gives us the ability to increasingly serve customers through a more integrated logistics proposition.

Technology is an important part of this evolution for Skyways. Over the last 7-8 years, in particular, we have developed excellent technological capabilities to improve operational efficiency, shipment visibility, pricing, and customer experience. Our technology platforms, such as SLS Hike, CargoDash, and SLS 100X, are designed to digitise and streamline logistics life cycles, while our multimodal platform is intended to bring air freight, ocean freight, and courier express together through a unified interface. We believe technology will increasingly allow us to improve productivity, provide greater transparency to customers, and scale our operations without a proportionate increase in complexity.

Our objective is to combine the strengths of a traditional logistics network with the speed, visibility, and scalability of a technology-enabled logistics platform. We are soon launching a one-of-a-kind platform called ASAP, which will significantly enhance customer acquisition and bring greater ease of transacting for customers across the country, especially in tier-2 and tier-3 markets, where customers currently have limited access to competitive pricing and carrier capacity.

Our international footprint expansion remains an important element of our future growth strategy. We have established subsidiaries and operating relationships across key markets in Asia, Europe, the Middle East, and other international locations. These relationships allow us to provide customers with coordinated logistics solutions across geographies and strengthen our ability to support cross-border business.

At the same time, we continue to diversify into specialised cargo and value-added logistics services. Our focus is not diversification for its own sake, but building complementary capabilities around our core freight franchise and deepening our share of customers' logistics requirements. Our key focus will remain on building our volume scale in the period ahead. Our focus on remaining diversified across commodities is an important ethos of the organisation. We will continue to focus our efforts on strong and emerging commodities such as pharmaceuticals, textiles, consumer electronics, automotive, defence equipment, and more.

Our technology continues to integrate carriers, vendors, and customers with the Skyways logistics ecosystem through APIs, bringing ease to the movement of goods from one point of the globe to another. Ladies and gentlemen, I would like to pause here. I would like to hand over this call to our CFO, Mr. Himanshu Chhabra, to take you through the financial performance. I will be available for the Q&A after his presentation. Thank you.

Himanshu Chhabra - CFO: Good evening, ladies and gentlemen. I welcome you again on the maiden earnings call after the Q1 results of the current financial year, FY27. Before I start the Q1 result analysis, I would like to spend one minute taking you through the growth journey of Skyways from 2004 through FY24 and FY26. Operating revenues grew from 1,289 crores in FY24 to 2,812 crores in FY26, representing a CAGR of 48% over the 2-year period, based on the audited full-year numbers that were also part of the RHP.

Coming to the Q1 analysis, it has been a stellar quarter for the company on all counts. In terms of realisations, realisations have improved, and there has been volume growth of 23% in our main revenue segment, which is air cargo operations. In ocean freight, there has been realisation growth of more than 64% and volume growth of 18%. The group's ability to pass on the cost, or the cost increase, in the freight segment is very evident. The increase in realisations substantiates a strong performance in terms of operating capability, passing on costs, and generating margins on overall revenue.

On the express side, we have also delivered significant revenue growth of 64% to 63 crores and delivered 59,750 shipments across 31 locations.

Coming back to the air cargo numbers, overall volume growth has been 23%, and the number of customers has remained stable, with no loss of customers in the overall portfolio. Operating EBITDA profitability has improved from 27.31 crores on a consolidated basis to 50.12 crores, which is an increase of 83.5% year-on-year when comparing the 2 quarters. On the revenue side, operating revenue has increased from 639 crores to 1,216.53 crores, representing a strong increase of 90.4%. Profitability has increased from 11.01 crores to 26.79 crores.

Another number that I want to highlight relates to employee benefit expenses as a percentage of revenue. On a quarter-on-quarter comparison and on a year-on-year basis, this has reduced from 4.41% to 2.94%. Other expenses have also declined as a percentage of revenue from 2.5% to 1.76%. This has helped increase our PAT margin from 1.72% in Q1 FY26 to 2.2% in Q1 FY27.

Going forward, we are also expecting a reasonable performance in Q2. The trend of increasing volumes is visible in Q2 as well. We are very happy to announce that, on the operating side, the company's performance is improving quarter-on-quarter, and the year-on-year performance of 23% is already visible and can be analysed by all of you.

In terms of growth opportunities going forward, the management has already approved, as per the board meeting conducted yesterday, expansion into 5 new geographies in Asia. We hope these offices will also add substantial volumes once the initial stabilisation period is over. I thank everyone again for your time and appreciate any questions you may have on the financials. We will be very happy to answer them. I will hand the microphone back to Nirav to take the call forward.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on the touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants, you may press star and one to ask a question. The first question is from the line of Utkarsh Maheshwari from IndusInd General Insurance Company. Please go ahead.

Utkarsh Maheshwari – IndusInd General Insurance Company: Thank you for the opportunity, and congratulations on a good set of numbers. I want to understand what our steady-state revenue run rate should be because, when we compare it with the last quarter, it has almost doubled on a year-on-year basis. There has also been significant growth on a quarter-on-quarter basis. How should we forecast this number on a steady-state, consistent basis?

Management: Mr. Maheshwari, thank you for your question. Firstly, as you can see, we have had very consistent volume growth over the years. Even in this quarter, we have had significant volume growth across all our products. There has also been an increase in per-unit costs, whether in air or ocean, due to the increase in the fuel index during this period.

Overall, when you look at revenue, approximately 23-25% comes through volumes, while the rest comes through the increase in per-unit logistics costs.

Utkarsh Maheshwari – IndusInd General Insurance Company: I think there was some change in the presentation. You highlighted some improvement in the yield. Is this improvement in yield sustainable for air freight, as you mentioned?

Management: If we talk about the yield in air cargo, it was approximately 259 in Q1 FY26 and has now increased to approximately 416. As I mentioned, if you look at the significant increase in the fuel index, it was around US$61 per barrel in January this year, and if we look at the May numbers, it was approximately US$110 per barrel. There has been a very significant increase. A substantial part of this yield increase is essentially the increase in per-unit freight costs for us, and a significant part of that is the fuel index. Therefore, the increase in fuel costs is factored into this.

Utkarsh Maheshwari – IndusInd General Insurance Company: Is this cost to remain at this level, or if there is a decline in crude prices, will it have to come down?

Management: The fuel index and fuel cost are always passed through by us. Whatever fuel index is globally available can be easily accessed and tracked across the world. These costs are fully passed through to customers, whether in air or ocean, and even in trucking, fuel cost is fully passed through. Therefore, if fuel prices increase, this yield increases slightly. If fuel prices decline, the yield also declines slightly.

Utkarsh Maheshwari – IndusInd General Insurance Company: I want to understand how much of the overall growth we have seen should be considered sustainable. If the price of Brent declines, what should our steady-state growth rate be? That is what I am trying to understand. You have mentioned 23% volume growth. What should the price growth be, apart from the fuel component? Or will it remain at this level in the future?

Management: Freight costs and fuel costs always remain very dynamic, and they can be tracked through various available sources. If you want, I can share a couple of sources with you as well. The factor we can control, and the major controllable factor from our side, is volume. That is what we will continue to focus on.

Even if there is a small decline in revenue per yield at any time, including in historical periods, our volumes have generally compensated for it. Therefore, we are continuing to focus on volume growth across our products. As I said, yield is generally very dynamic and remains market-driven.

Utkarsh Maheshwari – IndusInd General Insurance Company: That is understandable. Is the situation similar for ocean freight as well?

Management: If you want, I can share a couple of links with you so that you can track the freight indexes.

Utkarsh Maheshwari – IndusInd General Insurance Company: That would be helpful. I assume the situation should be similar for ocean freight as well, correct?

Management: Yes, absolutely. It is the same. The trackers that are available track both air and ocean freight.

Utkarsh Maheshwari – IndusInd General Insurance Company: That is clear. Thank you very much.

Operator: Thank you very much. Participants, you may press star and one to ask a question. The next question is from the line of Shivanu Bangal from Triad Capital. Please go ahead.

Shivanu Bangal – Triad Capital: I hope I am audible. As per your previous comments, you mentioned that volume growth is sustainable, but realisation growth is not sustainable because it completely depends on fuel prices. Am I correct?

Management: Yield remains dynamic. We are not saying that revenue growth will not happen in the period ahead, but yield per unit always remains dynamic. It goes up and down. The controllable factor is volume.

Management: I would like to add that management is also focused on higher trade lanes, where the yield is slightly higher. Volume growth is obviously the first and foremost priority for the organisation. In terms of revenue management, there is also a constant focus on increasing yield by focusing on higher-yielding or longer trade lanes, both on the ocean freight and air freight sides.

Therefore, there is always a conscious effort relating to the commodity mix and trade lane mix. In addition, as Mr. Yash mentioned, the overall nature of freight and fuel costs depends on the global macroeconomic situation and is not directly controllable by us.

Shivanu Bangal – Triad Capital: Does that mean I can assume that volume growth of 25–30% is sustainable going forward?

Management: Yes. Based on the trends we are currently seeing, we are confident of sustaining some of the volume growth, and our endeavour is actually to improve it.

Shivanu Bangal – Triad Capital: Do you see any tailwinds because of the war situation?

Management: As I mentioned in my opening address, when the market becomes challenging, it separates companies that have greater control over capacity from the rest of the market and competition. Skyways has had very strong capacity control in the market. We have global contracts with airlines and shipping lines. These airlines and shipping lines have especially helped us during difficult times by giving us more capacity than they otherwise would.

This enables us to service all our existing customers and their growing requirements, and it also helps us acquire additional customers during such periods.

Shivanu Bangal – Triad Capital: I understand. My next question is on the ocean freight mix. What kind of ocean freight mix are you targeting for the next 2–3 years?

Management: When you ask about the mix, are you asking about commodities or trade lanes?

Shivanu Bangal – Triad Capital: Ocean freight and the ocean business.

Management: In ocean freight, when you ask about the mix, are you asking which commodities we will focus on or which trade lanes?

Shivanu Bangal – Triad Capital: No, I am asking about the revenue mix.

Management: Our ocean freight revenue grew 63% in this quarter. Our volumes have also increased considerably, with a substantial increase in the ocean freight segment. Volumes were almost 18% above the same quarter of the previous year.

We believe that the ocean business, which was impacted to some extent by the Middle East situation, is being compensated for by the other trade lanes, which are adding a significant amount of business to the organisation.

Shivanu Bangal – Triad Capital: Thank you. Best of luck.

Management: Thank you. Thank you.

Operator: Thank you. The next question is from the line of Rohit Mehra from SK Securities. Please go ahead.

Rohit Mehra – SK Securities: Good evening, and thank you for the opportunity. Congratulations on a good set of numbers. My question is regarding international expansion. If I am correct, the board has authorised investments for offices in Malaysia, China, Singapore, and several other countries. I want to understand our current plans for these markets, the gestation period, the break-even timeline, and the Capex schedule for the coming year and the following year.

Management: Mr. Mehra, you are correct that the board has approved expansion into some of the other Far East markets. Skyways already operates in 5 markets to the east of India: Hong Kong, Thailand, Vietnam, Cambodia, and Bangladesh.

Skyways has positioned itself as a company that creates a footprint close to the point of production. Most of the new markets you mentioned, including China, the Philippines, and Malaysia, are strong manufacturing markets. We intend to enter these markets and create a stronger footprint, which will enable us to acquire more customers.

We also have large contracts with airlines and shipping lines. Our global contracts will help us enhance and establish our presence in these markets.

The second part of your question relates to the gestation period. Historically, we have seen that a new international market generally takes 2-4 years to become a strong base for us. We believe we will definitely be able to improve this and perhaps achieve it in 2-3 years. Each of these markets will become significant markets for us.

Rohit Mehra – SK Securities: What is the Capex schedule for these markets?

Management: Out of the 30 crores that we are going to invest over a period of time, Capex in our industry is generally very low. Approximately 10-15% of this 30 crores will be Capex, representing the initial cost of setting up offices and smaller warehouses that may be required. Therefore, approximately 15% of this amount will be towards Capex, while the balance will be towards the initial setup cost, working capital, and other requirements.

Rohit Mehra – SK Securities: In addition to this, incremental capital infusion of approximately 20 crores was approved for overseas subsidiaries. Which specific international markets will receive this?

Management: This is primarily for our subsidiaries in the UAE, Saudi Arabia, and Vietnam. We are seeing significant growth in these markets. Considering what is currently happening in West Asia, we also see significant opportunity in the period ahead once the war situation comes under some control.

We see a substantial opportunity in the Middle East for the organisation to expand its solutions because significant infrastructure development will be required in that region. Saudi Arabia has been expanding significantly over the last 5-6 years, and we feel very bullish about that market. The UAE continues to be the gateway to the entire Middle East market, and Vietnam has also been growing significantly. We already have a very strong presence in Vietnam.

We feel that all 3 of these markets will add substantial value to us as an organisation over the next 2-3 years.

Rohit Mehra - SK Securities: That answers my question. I have one last question. I believe you acquired Wintop Logistics 100%, for 1.5/1.8 crores, for internal products. I want to understand the strategic capabilities that this acquisition adds to Skyways. What are your thoughts?

Management: Wintop is not exactly an acquisition. It is an entity created from the ground up as a greenfield project.

Rohit Mehra - SK Securities: Okay.

Rohit Mehra - SK Securities: Understood. That is all from my side. Thank you.

Management: Technically, it is an acquisition if we discuss it in those terms, but very little investment has gone into the acquisition cost.

Rohit Mehra - SK Securities: Okay, understood. Thank you.

Operator: Thank you. Participants, you may press star and one to ask a question. The next question is from the line of Rishal Dinesh from Shatrunjay Investment Managers. Please go ahead.

Rishal Dinesh - Shatrunjay Investment Managers: I have one question regarding Capex plans for warehouses and freight, including light commercial vehicles for end-to-end delivery. Have you added any fleet on that side, and have you considered any warehouses as part of the Capex plan?

Management: The generic Capex plan for the group each year is approximately 35-40 crores per annum. This is how we have been growing, apart from the cold chain warehouse project, which will become operational during the next quarter.

Other than that, the operating or generic Capex for the group, including warehouses and offices, is generally in the range of 35-40 crores per annum.

Rishal Dinesh - Shatrunjay Investment Managers: Understood. Apart from that, what is the status of the technology platform that was almost ready for booking consignments? Is it still under development, or is it already ready?

Management: As I mentioned in my opening address, we have been building this platform, and it is now in the final stages of completion. I think we should be able to put it into operation over the next 30-60 days. We are currently finalising and conducting the pilot testing across 3 products, while development of the fourth product is in the final stages.

Rishal Dinesh – Shatrunjay Investment Managers: Which products are these?

Management: Air, ocean, express, and trucking—all 4 modes. Three of these transportation modes are currently in the pilot testing stage, and the fourth is in the final stages of development. We are hopeful that we will be able to launch the platform in the next 30-60 days.

Rishal Dinesh – Shatrunjay Investment Managers: Thank you very much. Good luck.

Management: Thank you very much.

Operator: Thank you very much. Participants, you may press star and one to ask a question. The next question is from the line of Piyush Parag from Daulat Capital. Please go ahead.

Piyush Parag – Daulat Capital: Congratulations on a good set of numbers. I have a couple of questions. How has the pharmaceutical business been performing as a proportion of total revenue? It was scaled up because of the Odyssey acquisition. What is the organic Skyways business, and how has Odyssey helped the pharmaceutical division? It would be helpful if you could provide some detail.

Management: Pharmaceuticals as an industry has been of significant interest to us over the last 5-6 years, and the Odyssey acquisition was also part of this strategy. We have significantly increased the product mix since Odyssey became part of our portfolio.

Before Odyssey entered our portfolio, pharmaceuticals accounted for approximately 8-9% of our business, and this increased to 23% last year. We have managed to sustain both the volumes and the percentage contribution of pharmaceuticals even during this difficult period. We believe that pharmaceuticals will continue to consolidate for us in the period ahead.

Regarding the Odyssey numbers you asked about, there has also been significant growth in Odyssey's standalone business. Its revenue has increased from approximately 130 crores quarter-on-quarter to 182 crores.

Piyush Parag – Daulat Capital: Can you also provide some detail on the margins generated from pharmaceuticals? Are they above the group average?

Management: Gross margins in pharmaceuticals are higher than the overall gross margin profile of the business, which includes all types of commodities. This is why the Odyssey acquisition was highly synergistic with the overall pharmaceutical expansion strategy that we developed after the COVID period.

Piyush Parag – Daulat Capital: Thank you.

Management: This acquisition has also helped us consolidate a number of businesses, which is helping Skyways' standalone business as well as bringing growth to Odyssey's financials.

Piyush Parag – Daulat Capital: Moving to the next question, how are you evaluating acquisitions? Your board has approved a significant amount. Could you provide some detail on what you are looking for, which capabilities are missing from the portfolio, whether you are looking to enhance the portfolio in a particular direction, and what kind of threshold or capital commitment restrictions you have?

Management: The board has approved, as of now, 30 crores for expansion into international offices. This will involve the creation of wholly owned subsidiaries or joint venture subsidiaries, depending on the regulatory situation in each country and the business negotiations we are able to conduct with the partners we are in the process of finalising.

As of now, there is no specific approval for acquisitions as such, apart from the 30 crores for new offices and the 20 crores of investment into existing offices. However, the world is very dynamic, and if an exciting opportunity arises in the future at the right valuation, fits with the overall expansion strategy of the group, and offers synergies that we consider important for the group, then we will consider a suitable acquisition. Otherwise, we are focusing on organic growth at present.

Piyush Parag – Daulat Capital: Can I ask one more question regarding Swissport International AG? Has there been any development?

Management: Regarding the Swissport bid that we had submitted for the project, we were the second-highest bidder. Therefore, it did not materialise. Going forward, we will bid for other projects with the alliance that we have created with Swissport.

There has also been considerable discussion in the Kolkata market about a second airport. We are currently receiving very mixed reactions from that market because, as it is not a very large airport, the city may not be able to sustain 2 airports. We are also waiting to see how Kolkata develops as a market and what position the government takes on building a second airport in the city.

Piyush Parag – Daulat Capital: Thank you very much.

Management: Thank you very much.

Operator: Thank you. Participants, you may press star and one to ask a question. The next question is from the line of Jasmine from DVC. Please go ahead.

Jasmine – DVC: Could you hear me?

Management: Yes, ma'am. Please go ahead.

Jasmine – DVC: Congratulations on the performance this quarter. Things are looking promising. I have a question on the legal disclosures. Could you help us understand the current status of the EOW matter mentioned in the prospectus? Based on the legal advice you have received, does management anticipate any material financial or operational impact on Skyways from this matter? What are your next steps towards resolution?

Management: The matter is still sub judice and under investigation, which is in its final stages. Currently, we do not see any possible financial impact on us from this case.

Jasmine – DVC: Understood.

Operator: Jasmine, do you have a follow-up question?

Jasmine – DVC: I want to understand one thing. Is there anything specific that we are doing towards resolving this, or is it a wait-and-watch situation?

Management: You mean in relation to the same case?

Jasmine – DVC: Yes.

Management: We have provided all the requisite and necessary representations to the department. Once it concludes its investigation, we will take whatever further steps are required to determine our next course of action.

We believe we are on strong ground. Once the investigation report is concluded, we are very positive and confident in India's legal system and in the fact that every investigation will be conducted on its merits. We have a strong case on its merits, and we are very confident that matters will move in a positive direction for us.

Jasmine – DVC: Is there a timeline in mind for when this could potentially be closed?

Management: Departments do not necessarily provide a timeline. Therefore, we have to work along with them and follow the relevant timelines. There are multiple parties involved, so they will need to complete all their necessary checks and balances and close the matter once they are satisfied that everything has been properly examined.

Jasmine – DVC: Thank you for your answer.

Operator: Thank you. The next question is from the line of Zubair, an individual investor. Please go ahead.

Zubair: Congratulations on the good set of numbers. I have a couple of questions. Our cost of services is approximately 1,100 crores, which represents 91% of our total revenue. What initiatives are we taking to improve gross margin per shipment? Also, how are our airline capacity agreements structured to protect our margins from fluctuations in freight rates?

Management: I will take up the capacity question, and then I will let Himanshu take over the financial part. Skyways has positioned itself very strongly with carriers, and we sign PLI contracts with airlines. Through these contracts, we access strong capacity from all the major carriers operating in India and overseas. This has always been a strong area for us.

Even during challenging times such as the Middle East crisis, we were able to navigate the situation and obtain capacity from other carriers. In fact, we gained volumes when the markets were extremely challenging and approximately 20% of capacity had gone out of the market. We were still able to consolidate our volumes because we enhanced capacity from other carriers and created alternative solutions for our clients.

From a capacity standpoint, we are continuing to enhance our capacity. This is an ongoing process, and year-on-year we have been able to grow our contracts and access to capacity. This ultimately also benefits us through better customer acquisition. I will let Himanshu take over the financial question.

Management {? Himanshu ?}: On the gross margin side, our endeavour is always to maintain a consistent gross margin profile. However, in situations such as a war, when there is a sudden increase in fuel costs, the cost is technically passed through fully to the customer, which increases the overall freight cost for the customer.

As an organisation, we always want to maximise the opportunity to pass on the increase and generate an appropriate gross margin on the increased cost. At the same time, we also have to remain customer-centric and absorb a portion of the cost increase wherever possible. I am referring to the percentage margins on the overall increase.

In terms of scale, absolute gross margin is increasing in any case. Therefore, we take a calculated decision regarding the gross margin percentage we want to achieve on the incremental fuel cost, which is a function of the global situation and the customer.

Zubair: My second question is regarding the proposed investment that you mentioned earlier. We have a proposed investment of approximately 30 crores across China, Malaysia, and Indonesia. Could you provide some visibility on the expected gestation period for these new operations, the Capex deployment timeline, and when you expect this investment to reach the break-even point?

Management: As Mr. Yash mentioned, the break-even point at the PAT level is generally a cycle of 2-3 years. On the EBITDA break-even side, it generally occurs within 15-18 months.

However, we are looking at these investments from a very long-term perspective, with the expectation that these geographies will contribute significantly to our revenue portfolio going forward. As we have seen with our Vietnam office, which has performed very well for us over the last 4-5 years, we believe similar opportunities exist in these markets.

China is the largest world trade lane, and we are relying on the historical break-even point that we have observed in our business. If we are able to scale up faster than we did in the previous geographies, there is a possibility of achieving an early break-even in all these geographies.

Zubair: My next question is on finance costs. They increased to 17.7 crores during the quarter. Could you provide an update on the company's current net debt position after the IPO and how the working capital cycle has evolved during the quarter?

Management: There has been an absolute increase in finance costs. However, as a percentage, there has been an overall reduction in the cost, similar to the previous quarter. The utilisation of the IPO proceeds towards debt reduction will also help ease finance costs.

As of date, we have already repaid approximately 140 crores of borrowings to financial institutions and banks. This will obviously affect the interest cost in the Q3 and Q4 numbers.

Zubair: Considering the current West Asia conflict, how has the industry performed in this quarter, and how has our performance compared with the industry?

Management: I will discuss the air cargo industry in India. In Q1 FY26, India's air export market was 294,000 metric tons. In Q1 FY27, it increased to approximately 3.06 lakh metric tons, representing an increase of approximately 3.8%.

During the same period, Skyways grew 19% on the air export side. Therefore, we grew at approximately 6 times the market growth in this quarter.

Zubair: Do you also provide margin break-ups for the different services, such as air cargo, ocean cargo, and express cargo?

Management: The margin profiles of all the products are very similar. All of them are categorised as logistics services on an overall basis. Therefore, as an organisation, we do not conduct a separate EBITDA-wise analysis because the overall margin profile is quite similar.

Zubair: Are we also targeting the same revenue mix for FY27 across the various services?

Management: As you would have seen in the Q1 performance, air cargo accounted for approximately 81%, compared with 77% in the overall FY26 number. All the products are scaling up very well for us. There is significant growth in the air cargo business, as well as in ocean freight, trucking, and express. All the cylinders of the group are firing very well for us, and we believe that this volume growth trend should continue in Q2 as well.

Zubair: Do you provide any guidance for FY27?

Management: I mentioned Q2 to some extent. As a company, we do not provide overall revenue guidance. However, we conduct an earnings call every quarter, and the visibility for the next quarter becomes available to us as we close the current quarter. Therefore, we will try to provide volume guidance every quarter for the next quarter when we conduct the earnings call.

Zubair: Does the West Asia conflict or any other conflict affect our FY27 guidance? Whatever we are planning remains on track, correct?

Management: The strength of our business is that we have a very asset-light business model. We can pivot between markets very quickly because we are not asset owners. We do not face the challenge of positioning our customers' business or, for example, running an asset from point A to point B in the world and then facing an impact if there is a disruption. That is the strength of our business. We can navigate very quickly into different trade lanes and markets.

As customers are able to pivot into different markets, we are able to pivot with them. Across commodities as well, we can reach out to customers in different markets. As I mentioned, even during the Middle East crisis, we were able to create additional solutions across air and ocean. We created solutions not only across the world but also for the Middle East market.

We were able to continue servicing our customers in the Middle East by creating alternative routes that were probably outside the affected zones. Our business is performing well, and volumes have also grown, as you can see. We believe that volumes will continue to rise significantly for us in the period ahead.

Amit Kishore Puria – Trade View Consulting: Thank you for answering all my questions, and best of luck for the future.

Management: Thank you very much.

Operator: Thank you. Participants, you may press star and one to ask a question. The next question is from the line of Amit Kishore Puria from Trade View Consulting. Please go ahead.

Amit Kishore Puria – Trade View Consulting: Good evening. Congratulations on the strong set of numbers.

Management: Thank you very much.

Amit Kishore Puria – Trade View Consulting: I have 3 questions. First, since you cannot provide forward-looking guidance, could you give us a broad 3-year aspirational number, such as the approximate revenue you would like to reach or a broad goalpost? I am not asking for a year-on-year figure, but for a 3-year aspirational revenue number, if you have one in mind.

Management: We would not want to focus heavily on or discuss 3-5 year revenue projections. However, our volumes will continue to grow consistently, and that is our key focus.

When we enter new markets, we gain access to some of our customers that procure from multiple markets in Asia. They are already our customers in multiple markets, so we can participate and handle their logistics from these new markets. This will add significant business, and we will also acquire more customers as we progress.

If you look at our trends over the last 10 years, we have had consistent growth in new customer acquisition and consistent growth in volumes. We have grown our volumes every year. That is the strategy we want to continue going forward, whether in air, ocean, trucking, or express.

As Himanshu mentioned, there were historically certain trade lanes where yield per kilogram or yield per TEU was slightly lower. We have now started focusing more on higher-yielding trade lanes. This helps us on the revenue side and also on the profitability side.

In terms of volumes, we see consistent growth over the next 3-5 years, similar to what we have seen over the last 3 years.

Amit Kishore Puria – Trade View Consulting: Over the last 2 years, revenue grew at a 48% CAGR. Should we expect similar growth, or can you provide a ballpark figure? I am not asking for formal guidance, but do you have a broad benchmark or goalpost in mind?

Management: We may come back to you on this question and provide an answer. We have not created an exact 3-5 year goalpost for ourselves. However, we feel that the growth we have achieved this year and in this quarter is possible in the quarters ahead. On a compounding basis, that itself would result in a reasonable number from our current level.

Amit Kishore Puria – Trade View Consulting: My second question relates to the Q1 ROE. Do you or your CFO have the return on equity for Q1? What was the ROE for the quarter?

Management: Historically, ROE has been 14-15%. Since the capital base increased in September after the listing, the ROE analysis would be more meaningful at the end of the September quarter.

Amit Kishore Puria – Trade View Consulting: I am asking because a substantial portion of the primary funds raised was used to retire working capital debt, correct? Working capital loans cost 9%, while you are generating an ROE of 15%, and equity investors expect a 24% IRR. Going forward, what ROE are you targeting?

Management: ROE is better in the current quarter because profitability has improved while the equity base has remained the same as the March numbers. Once we close the September quarter, ROE will depend on the profitability achieved and the capital increase that has taken place.

There will obviously be a marginal correction because of the expanded capital base. However, as we grow towards the year-end and in the years ahead, the target range will remain around 15%, which is the level we would ideally like to maintain.

Amit Kishore Puria – Trade View Consulting: I am asking because the loan that was at 9% has been repaid or is about to be repaid. Do you not think that will drag the ROE to a much lower level?

Management: The reduction of this debt is strategic in nature. If it has a temporary effect on ROE, our overall realisations and profitability will take care of ROE as we expand in the years ahead.

Amit Kishore Puria – Trade View Consulting: My last question relates to your other subsidiary, Braceport. Since its listing, there has been erosion in shareholder wealth. What do you have to say about that? It is already a listed entity. Could you provide some insight into the company's position, even though it is not directly related to this company but is a group company and subsidiary?

Management: Stock prices are market-driven, and we would not want to comment on those aspects. Fundamentally, the company's growth has been reasonable in terms of profitability, although there was a year-on-year correction last year due to realisation pressure, particularly because that company focuses on the ocean freight business and realisations were somewhat lower last year.

However, once the performance of the quarters that have been consolidated into Skyways' current consolidation is taken into account, we believe that the current quarter and the next quarter will show good fundamental growth in Braceport's business as well.

Amit Kishore Puria – Trade View Consulting: Thank you very much. That is all from my side.

Management: Thank you.

Operator: Thank you. Participants, you may press star and one to ask a question. The next follow-up question is from the line of Himanshu Mangal from 3H Capital. Please go ahead.

Himanshu Mangal – 3H Capital: Which industries are performing well for us in Q2?

Management: Based on the business trends we have been seeing, pharmaceuticals continues to be a good sector for us. Other sectors that have also grown significantly for us are textiles and ready-made garments, automotive, and consumer electronics. These are some of the sectors that have been performing well for us.

Apart from that, we handle a lot of auto parts, fruits, and vegetables. With the exception of non-vegetarian products, we have a reasonable portfolio across all commodities. We do not handle, store, or transport non-vegetarian products. Apart from that, all commodities have a reasonable presence in our portfolio, although the larger commodities are the ones I have mentioned.

Himanshu Mangal – 3H Capital: Are you seeing the same kind of realisations in Q2, or is there any correction because the war is continuing?

Management: The fuel index, which had started to decline slightly, has increased again. As I mentioned, I can share certain indices with you through which you can track trends over the last 2-2.5 months and obtain a better picture.

I am happy to mention them here if you want to note them down. Otherwise, the Daulat team or Adfactors can share them with you. The indices include WorldACD.com, Freightos.com, and WebCargoNet.com. They track air and ocean pricing. WorldACD tracks air only, while Freightos and WebCargoNet track air and ocean trends in terms of per-unit pricing by trade lane. You can obtain various mixes from these sources. We hope that fuel indices remain under control, which is positive for the trade overall.

Himanshu Mangal – 3H Capital: That will also be useful for investors. Thank you, and best of luck.

Management: Thank you.

Operator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Rohan Gupta from Daulat Capital for closing comments.

Rohan Gupta – Daulat Capital: Thank you, Mr. Sharma and Mr. Chhabra, for taking the time to interact with the investor community and for sharing your perspectives on the business and its outlook. I would also like to thank all the participants for joining the call and for their questions. On behalf of Daulat Capital, we wish the management and the entire Skyways team all the very best for the future. With that, we conclude today's conference call. Thank you, everyone, and have a great evening.

Management: Thank you, Rohan, and thank you, everybody. We look forward to engaging with you in the future as well. Thank you very much, and have a good evening.

Management: Thank you very much. We look forward to the Q2 results and the conference calls thereafter. Thank you very much, everyone.

Operator: Thank you very much. On behalf of Daulat Capital Markets Private Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.