Management Discussion

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
Thank you very much. Very good afternoon, everyone. It's a pleasure for me to be here and on this 2nd earnings call since the Skyways Air Services got listed on the exchanges. This is a very important moment for us, not merely because we are reporting just another quarter, but because it reflects the consistency with which our strategy is beginning to convert into scale, profitability, and shareholder value. Our H2 and H1 performances have been driven by broad-based growth across our air cargo and non-air cargo businesses.

Air cargo volumes have grown significantly by 27% in this quarter for us, and we have seen a solid double-digit growth also in the other verticals of logistics for the group. This is not growth which has been concentrated just by one geography or by one customer segment or even one service line. It's a growth which has spread across the verticals we have built. We are growing at nearly 3 times the pace of the industry. Both in India and overseas. The Indian export market grew roughly around 8% in this quarter, while Skyways grew 3 times of this.

In the air cargo, we continue to remain number one player in the country, and we have improved our global rankings by 2 positions to go to number 42 at the end of the Q2. This is truly a proud moment for Skyways and India. Our non-air businesses, which have also seen a significant growth, delivered a strong momentum for us, with H1 revenue growing from Rs 315 crores to Rs 566 crores over the last H1. This demonstrates that Skyways has created multiple growth engines to diversify its growth in air, ocean, express, cross-border custom brokerage, trucking, and other value-added services all are contributing significantly to our growth.

Our past performance and our future rests on 4 growth pillars, which at Skyways we call the Skyways Growth Quad, which is centered around being connected, scale-driven, smart, and being future-ready. These help us in deepening wallet share with current customers, acquiring new customers expanding our technology-led product suite, and strengthening our global network through acquisition of larger carrier capacities. Each of these pillars is now moving significantly and working together, giving and adding steam to our efforts of growing our business.

The commercial performance and the financial performance has also seen a significant rise for us. We've seen a consolidated revenue from operations grow 90.3% year on year. We have clocked Rs 1,311.45 crores in Q2 of this year. EBITDA also increased by 96% to Rs 58.47 crores, and our PAT has actually grown even better by rising 129.6% to Rs 33.18 crores this year. These numbers have added up and given us a very solid H1 for FY27, whereby revenues for this H1 have grown 90.3% to Rs 2,527.9 crores, with an EBITDA rise also of 90% in the H1 to Rs 108.6 crores, and PAT growing at a very, very solid pace of 135% to Rs 59.97 crores.

Over the H1 of last year. What is particularly encouraging is that this growth has come with improving profitability. Our PAT margins improved 43 basis points to 2.53% in Q2 and by 46 basis points to 2.37% in H1 total. Our absolute profits have grown materially. Marginally- margins have expanded and return ratios have also got strengthened. We are currently operating at an annualized ROC of approximately 23%. Even though this is one of the best in the industry, but this is not our destination. Our efforts will be to sustain it and wherever possible improve it further through a very disciplined capital allocation, operating leverage, and technology-led productivity improvements as we go along.

Technology, ladies and gentlemen, is no longer just a support function in Skyways over the last few

years. It has been central to how we win businesses, serve customers, and expand margins. Our platforms are giving customers greater speed, flexibility, and a much better visibility of their business. We are able to offer multiple routing options, helping customers optimize their supply chain needs based on costs, transit times, capacity, and service requirements. Technology is also very importantly helping us reduce transactional friction, making it faster and simpler for customers to move across borders, access the information, and manage their supply cycles.

This is helping us in 2 ways. First, it really helps us to deepen our wallet share with our existing customers, and also by offering a wider and more integrated set of services. To newer customers. These new customers coming onto a platform, including customers who are actually wanting speed, transparency, digital control over their logistics operations. Equally important, a deeper integration of digital capabilities and technology-led processes is improving operational productivity and scalability for us.

As volumes grow, our systems allow us to handle complexity without a proportionate increase the costs. This has been one of the key drivers, ladies and gentlemen, behind our margin expansion, and we expect technology to remain a structural lever for profitability improvement going forward as well. As we all know, India's logistics sector has been at an inflection point. Rising exports, new airport capacities, other infrastructure improvements, the infrastructure strongly growing, and expansion of manufacturing are creating durable tailwinds for this industry.

As per media reports recently, we saw that non-petroleum merchandise has grown 18%- yes, 18%- to USD 259 billion, uh, between April to October. And this is not just dependent on oil shipments alone. In October 2026, we saw merchandise exports alone stand at $49.47 billion. Compared with 34.1 billion last year, which is showing a strong demand for Indian goods across the globe. Sectors such as pharmaceuticals, consumer electronics, semiconductors, defense, defense products, automotive, textiles, and agri-products are driving meaningful export growth for the country.

At the same time, India's widening middle class and expanding services sector are creating stronger domestic consumption Customers today expect a wide range of products delivered to them much faster with greater visibility and reliability. This is precisely the environment in which technology-led logistics becomes even more important and essential. Skyways is deliberately increasing its focus on these new-age sectors. They demand speed, compliance, visibility, a very specialized handling, and reliable cross-border execution.

These are areas where our air cargo strengths, our global network, our tech stack, and integrated service offerings can create a very meaningful advantage for customers. The global supply chain landscape is also creating opportunity for Indian exporters and Indian logistics service providers. New trade agreements, rising manufacturing investments, and the diversification of global sourcing are encouraging companies to look at India as a more important part of their supply chain. Free trade agreements are creating further momentum by improving market access for Indian exporters, reducing friction across cross-border trade.

For Skyways, this creates an opportunity to become a stronger partner for Indian manufacturers, our exporters, MSMEs, global enterprises seeking dependable India-to-world connectivity. International e-commerce is Another very important growth vector. It is enabling MSMEs, individual sellers, and large corporates alike to reach global markets. Our express and e-commerce logistics platform, SKART Edge, is designed to simplify cross-border movement and make international trade more accessible for each enterprise as well as individuals.

We are also working to deepen penetration into Tier 3 cities and beyond so that businesses in

India's hinterland can access global markets with same ease as larger enterprises do. We recently even tied up with India Post to strengthen this very penetration. The technology of SKYWAYS has been giving steam to these small little shippers, small little vendors, and even large enterprises to reach the global markets. New initiatives and milestones that we have been taking in this period also saw us take meaningful progress across several strategic initiatives that will strengthen both our near-term execution and also our long-term growth.

We renewed our annual growth- annual global agreement with Qatar Airways in this quarter as well, which is an important reformation of long-standing and strategically significant airline relationship. The agreement is designed to further increase the mutual air cargo volumes handled by both of us across our geographies. For us, these airline and shipping line partnerships strengthen our access to capacity on the world's most extensive global trade routes. Reliable capacity access is fundamental to our ability to serve customers consistently especially during the periods of peak demands or supply chain disruption.

We also established a warehouse in UK, Birmingham, ladies and gentlemen, recently enhancing our presence and service capability in a very important international market. It also complements our international network expansion and gives us a very strong physical foundation in a market which has meaningful trade flows with India. With the India-UK FTA now in place, we are confident that this step will further boost our business volumes, not just on India-UK trade lane but also for global customers seeking logistics solutions in UK.

Our recent investment in Sage Route Logistics continues to advance our ability to provide smarter, more efficient logistics solutions. They have created a very solid landside operation capabilities for many complex logistics needs for sectors especially like the renewable energy. As Government of India pushes for greener avenues for its energy needs, this step will surely position Skyways Group very strongly for this vision of the Indian government. Together with SKART Edge, our cross-border e-commerce platform, and Phantom Road Express, our trucking subsidiary, it reinforces our view that future of logistics will be shaped by companies that combine the physical reach and provide digital intelligence.

During the period, we have also received an important recognition from 2 of our great partners. Emirates SkyCargo conferred a special recognition on Skyways in acknowledgement, acknowledgement of our continued support, strong performance, and consistent service quality across the key trade lanes. Even IAG Cargo also gave us a valued business partner award. These accolades reinforce our strategy of building deep performance-led relationships with global carriers, relationships that will strengthen our ability to secure reliable capacity and deliver consistent outcomes for our customers.

Ladies and gentlemen, talking of the way forward, we've always seen historically the second half of each year has always been more stronger than the first half. Skyways is definitely looking forward and targeting a revenue of over 4,000- over 5,000 crores for this full year. While we want to make sure we go towards this vision, this mission, we want to make sure that our profitability is also sustained at the current levels. Our confidence is grounded in several factors. First, the demand environment remains very supportive.

Particularly across exports of some key commodities like I mentioned- electronics, pharmaceuticals, and automotive- where we are putting a very, very strong impetus. Secondly, our carrier capacity arrangements provide a strong foundation to convert demand into dependable service and profitable volumes. Thirdly, our technology platforms are improving customer acquisition, wallet share

increase, operating productivity, and scalability to our business. On the strategic front, our tech platform ASAP is now- it's in very final stages of testing, and across all aspects, we are making sure that this works perfectly well.

And we are looking forward to launching this in the early part of Q4 of this year. We have also set out a very clear plan for one of the 5 international geographies that we have planned for this year, and We expect the first of them to be operational in the Q4 of this year, and the remaining geographies also expected to come online over the next 2 to 3 quarters post that as well. We remain highly optimistic about both the near-term and long-term outlook for the organization. India's logistics sector is entering a period of structural growth, and Skyways is well positioned to participate in that growth through its integrated service, its modeling, its technology capabilities, its global networks, very, very strong carrier partnerships, and most importantly, a very disciplined execution.

Thank you very much. I'll pause for now and hand this over to our CFO, Himanshu Chhabra, to take this forward and run you through our financial performance. Thank you very much.

Himanshu Chhabra - Whole-Time Director and Chief Financial Officer, Skyways Air Services Ltd
Good evening, ladies and gentlemen. Thank you, Mr. Yashpal Sharma, and a warm welcome everyone on the Q2 and H1 FY27 earnings call. Before I take you through the numbers of the Q2 and H1, I would request all of you to have a quick look back. Our operating revenue had more than doubled between FY24 and FY26. And the Q1 results showed that the momentum continued. I am pleased to say that it has carried through the second quarter and the first half of FY27 as well. Revenue growth of Q2 and H1 FY27.

In Q2 FY27, our revenue from operations stood at Rs 1,311.45 crores, which is 90- up, up by 90.3% year-on-year basis. And 7.8% quarter-on-quarter basis. For the first half, our revenue from operations stood at Rs 2,528 crores approximately, up 90.3% over H1 FY26. This growth came from all our service engines and importantly from volumes as well as realizations. Segment performance, if we, if you want to have a look at the air cargo, continues to be are forefront of our revenue engine, and the revenue was up at Rs 983.42 crores in Q2, which is up 90.1% year on year.

And if you talk about the H1, it stood at Rs 1,959.79 crores, which is up 93.5%. Volumes, if you talk about the Q2, were 27,629 tons, which were up 27% year on year basis. And 51,115 tonnes in H1, which is up 25.2%. Coming to the Ocean segment, revenue in Q2 stood at Rs 247.1 crores, which is up 113.8%, and Rs 399.72 crores in H1, which is up 91.5%. Volumes in the Ocean segment stood at 9,165 TEUs in Q2 which is up 15.9%, and 17,187 TEUs in H1, which is up 16.7%. The Express Cargo and the Parcel Business also is showing upward trajectory for our business.

Revenue was Rs 58.79 crores in Q2, which is up 34.6%, and Rs 121.38 crores in H1, which is up 48.2%. We handle 72,197 shipments in Q2 FY27, which is up 8.4%, and 1,34,967 shipments in H1, which is up 17.7%. Our customer base as also is continuing to be stabilized at 9,500+ levels, and no loss of customers have been reported in the portfolio. Now I'll take your attention towards the profitability. Our EBITDA in Q2, operating EBITDA, stood at Rs 58.47 crores, which is up 96% year on year, and an EBITDA margin of 4.46%.

For H1, EBITDA stood at Rs 108.60 crores at an EBITDA margin of 4.3%. The profitability after tax was Rs 33.18 crores in Q2 and the profitability after tax margin of 2.53%, and Rs 59.97 crores in H1, a PAT margin of 2.37%. The EPS, the basic earnings per share, was Rs 1.91 in Q2 and Rs 3.60 in H1. We are continuing to focus on converting growth into profitability and keeping our margin profile

very, very healthy. I'm also pleased to announce or share that our board has declared a second interim dividend of 40 paise per equity share, which is 4% of the face value of Rs 10 each, for the second quarter.

The record date is scheduled at on Friday the 20th November 2026. And the dividend will be paid as per the guidelines within the 30 days of the declaration. Coming on the balance sheet, our returns- on the returns and the leverage, our ROCE stood at 10.46% for the H1, and the ROE stood at 8.23% against the ROCE of 8.26% in H1 2026. Our gross debt-to-equity has reduced to 0.58 as of 30th September 2026. The gross debtors realization period has also improved to 62.77 days vis-à-vis 75.19 days if we compare the H1 to the FY26, which shows good collections and you know, the credit selection of the customers with the top, top customers and the collection cycle improving in, in the current period, H1.

On the future outlook going forward, we feel that the volume trend across Air, Ocean, and Express remains encouraging, and our recent investment will definitely act towards further increasing them. Foreign Container Line, we have made a further investment in the subsidiary to reduce its debt which are in line with the objects of our IPO. Stage Route Logistics, which specializes in the, in the road freight business and focusing on the renewable sector, which is done through our subsidiary Braceport.

As the Braceport, which is our subsidiary, has acquired 76% in Stage Route Logistics with the planned capital infusion to support its operation. In the UAE, our subsidiary Avito Global Freight is also setting up a subsidiary in Free Zone in Abu Dhabi to strengthen their presence in the Middle East. Asia- our board has approved expansion into 5 geographies in the previous quarter, and we expect these offices to add volumes in after the initial stabilization period is over. And we would aim at a reduced breakeven period for these offices, which historically has been 3 to 4 years.

Considering the volume and the customer base that we are targeting, we may get an early breakeven for these new geographies. Together, these should support our volume growth over time, and we will keep growing with discipline on the margins and on the balance sheet front. I- we really thank all of our investors and stakeholders for their continued support and belief in us, and we'll be very happy to answer your questions on the financials. I would like now to hand over the call to the moderator to take it forward.

Thank you very much and very good evening to you.

Questions & Answers

Operator
Thank you. We will now begin with the question and answer session. Anyone who wishes to ask a question may press star and then 1 on their touchtone phone. If you wish to remove yourself from the question queue, you may press star and then 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Again, to register for a question, please press star and then one. Your first question comes from the line of Gunesh Vag with RPI Advisors.

Please go ahead.

Gunesh Vag - Analyst, RPI Advisors
Yeah, hi sir, am I audible to you?

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
Yes, Mr. Ganesh, you are. Thank you. Please continue.

Gunesh Vag - Analyst, RPI Advisors
Hi, thank you for the opportunity, sir. Uh, so my first question is, what measurable benefits have the company's technology platform delivered in terms of the productivity, cost saving, and the customer acquisition?

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
So, uh, uh, yes, great question. Basically, how we've designed our technology platform is to, uh, to offer customers a very quicker turnaround on the way they look at their pricing and their route needs. And this makes, uh, them to create their supply chain needs in a much faster way. So, or our- so their access to our pricing, their access to the global capacities becomes faster, which brings in a faster way of them transacting with us, and which means that we are able to expand our our businesses with the customers in a very, very big way.

Even transactionally, the customers are able to see much faster because of our internal ERPs. The transactional speed has been great. We have also been including some of the AI and OCR technologies now in our business, which are helping us to transact much faster and simplify some of our, our internal operational processes, which means that the customers are not just able to you know, do a price point check with us for the routing need, they are also able to look at how their- the visibility of their milestone is also available for them.

So it's quite an end-to-end experience that a customer gets whereby they are choosing Skyways, you know, solution over some of the other competitors, even if they are a global MNC or a local company. They are preferring to use Skyways in across Air, Ocean, and Express.

Gunesh Vag - Analyst, RPI Advisors
Okay, okay, sir. And my second question is, what is the current status and commercialization timeline for the ASAP platform and the other technology initiatives?

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
Right, so as I mentioned in my address as well, that the final testing stage is on now. We are in the final testing rounds and we are doing all the necessary critical analysis of the- of each and every aspect of, of this tool. And we assume that this, over the next 2 to 5 weeks, the entire testing, uh, would be complete, and we will be able to do the official launch of this in the early phase of Q4 of this year.

Gunesh Vag - Analyst, RPI Advisors
Okay. And, and you had a very good financials for this quarter, sir. Uh, so I just want the breakup, uh, like segment-wise breakup for all the financials. Like you have mentioned H1 FY27 revenues for all of these segments, but how it has performed as compared to the H1 FY26. So could you please give me that segment-wise?

Himanshu Chhabra - Whole-Time Director and Chief Financial Officer, Skyways Air Services Ltd
So, uh, as we mentioned on the, on the air freight side, the air freight numbers have doubled up, almost 90% growth in the revenue. And the ocean freight vertical has also, uh, doubled up, more than doubled up to 116%. And rest, the express have also nearly grown by 80-85%. So which is translating to overall growth of 90-odd percent. And the exact details are also shared in the, in the

presentation that we have, you know, given to the stock exchanges just an hour back before the earnings call.

Gunesh Vag - Analyst, RPI Advisors
Okay, okay. And do you also provide some kind of a margin breakup for all these segments, sir?

Himanshu Chhabra - Whole-Time Director and Chief Financial Officer, Skyways Air Services Ltd
So as the margin, you know, we have earlier also clarified in the previous quarter's call, the gross margin profile of these businesses are very similar. So we- the business and the customer segments are also sometimes, you know, common, uh, in across all these verticals. So the margin-wise breakup of these revenue segments we don't do, and it's at the overall basis.

Gunesh Vag - Analyst, RPI Advisors
Okay, okay. So one thing I noticed in the ratio slides, so our ROE and ROC, you know, ROEs keep, keep on declining, sir. So what is the major reason for this? Like, uh, in 22.37% FY24, it has came down to 14.15% in FY26. So what is the key reason for this?

Himanshu Chhabra - Whole-Time Director and Chief Financial Officer, Skyways Air Services Ltd
So, you know, as you understand that we have done the pre-IPO rounds and now the IPO as well, so on the expanded equity, the ROE is, is because of the denominator effect, right?

Gunesh Vag - Analyst, RPI Advisors
Oh, if you analyze the current

Himanshu Chhabra - Whole-Time Director and Chief Financial Officer, Skyways Air Services Ltd
Actual number, so this will translate into upwards of 16, 16.5%, uh, ROE as well on the expanded equity, right?

Vithi Jain - Analyst, Jain Investments
Okay, okay.

Himanshu Chhabra - Whole-Time Director and Chief Financial Officer, Skyways Air Services Ltd
And as we scale along further and this effective utilization of the IPO proceeds, uh, which, which is already showing on the ROCE side, which is upwards of 22%, if you analyze it, uh, the number, 21% approximately. So this is already showing that the extended capital is, you know, put into use very effectively, both on the pre-IPO side and on the IPO side.

Gunesh Vag - Analyst, RPI Advisors
Okay, and I believe you have guided for some Rs 5,000 crores of revenue, uh, top, like top line that you wanted to achieve. So can you elaborate on that, how you are going to achieve that?

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
So, uh, you know, like I mentioned that historically our H2 is greater than H1. This is what we've seen over the last decade or so. And, uh, and looking at how we have managed to, uh, keep our volume growth, we, we are very confident that we will be able to, uh, achieve a very similar to H1 or actually better than H1 numbers in H2 as well.

Gunesh Vag - Analyst, RPI Advisors
Okay, got it, got it, sir. And, and just on the industry side, one last question on the industry side. Uh,

what do you think how H2, like, the whole year is going to perform, uh, in terms of the whole industry, in terms of the volume, sir, cargo volumes and all? What do you think, uh, is it in line with our expectation?

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
Yes, very much. I mean, if you look at the growth in the, in the Q2 numbers, there has been a nice, uh, growth in the air cargo volumes. Uh, if I talk about the air cargo volume There have been a decent growth of over 8% in the export side itself, and, and, and the imports have also grown pretty much in the similar lines. The domestic segment also remains robust. So this is pretty much in line with what we see. And as, uh, you know, you, you can see the, the way the Indian exports is booming now, we expect this growth to get better.

And if you look at our growth, we have been kind of growing 3x of, uh, of the, you know, generally the the growth that the country has been witnessing. And not- and this is not just for now, you know, even the last 2-3 years, 4 years, if you look at those numbers, we have been kind of growing at 3-4x of, of the volumes that India does. So Skyways is very confident that, uh, if we- the, the growth that, you know, the Indian, uh, you know, we've seen the Indian Minister of Civil Aviation and the ministry and, uh, overall rolling out for the, for the Indian air cargo sector over the next 5 to 20 years, in fact.

So that growth is pretty substantial. And if we as Skyways continue to outdo the Indian growth, we will, we will grow at a very significant pace from here. The Indian capacity is also increasing, just to answer your question a little deeper.

Gunesh Vag - Analyst, RPI Advisors
Yeah, yeah,

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
Capacities in India are also growing. If you can see that, you know, Air India has ordered aircraft, uh, IndiGo's ordered aircraft, uh, the other- I mean, you know, the British Airways has added capacity to India, Virgin has added capacity to India. So EVA Airlines is coming in from December as well. So a lot of airlines and global carriers are looking at India because they clearly, all of them have, you know, also done deep study of the Indian market and they anticipate a very solid growth for India.

And not just from the export perspective, but also imports as well as domestic. So overall, the Indian logistics space looks in a very, very promising phase over the next decade, I feel.

Gunesh Vag - Analyst, RPI Advisors
Right, right. And, and these geopolitical issues and all, this is not impacting our business, right?

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
Well, you know, these geopolitical issues actually separate the, uh, the haves from the have-nots. And if you look at how, uh, you know, we have performed even in the difficult period of March and April when there were, there was a considerable amount of capacity decrease across the world, our volumes still grew. And this is really on the back of the strong- like I said, you know, our technology is helping us to penetrate the carriers' capacities and bring in more capacity for our customers through the technology and also through the carrier contract, the capacity contracts we have.

So it really separates when, when the market gets tough, you are very clearly able to see who is the one, who's the service provider who can get capacity for the customers and who cannot. And, you know, the global customers today, not just in India, but customers around the world need consistent

support to move their goods. And if they see that a sizable player- you know, we are a market dominant player, we are a clear number one in the country in terms of air cargo. So we are a choicest logistics provider, service provider, especially in the air cargo needs.

And like, you know, we just mentioned that our non-air business has been growing significantly, and we've seen kind of a 90% increase or 80% increase in our non-air businesses as well. Well. This, uh, you know, H1 over H1, we've gone to Rs 568 crores from Rs 315 crores from last year. So we are not just seeing, uh, you know, how we are able to offer solutions for our air customers, but customers know that when Skyways is offering a solution across these products, we will deliver, right? We will make sure that, you know, whatever tag that we are offering the customers, we will deliver,

Gunesh Vag - Analyst, RPI Advisors
Right? Right. And just one last clarification, sir. So despite, you know, we have a very good revenue growth in both Q2 and H1, our margins has been, you know, in a flattish trend. So any, any comment on that, how we are going to improve our margin, or this is the standard margin, sir?

Himanshu Chhabra - Whole-Time Director and Chief Financial Officer, Skyways Air Services Ltd
So if you'll see, has, you know, improved, uh, both quarter on quarter and year on year basis. But as you, uh, you know, the, the whole, uh, the business as such, uh, you know, the, the, there is not a big shift possible, but there is a gradual shift possible in the EBITDA margins. And we are seeing that operating leverage, you know, coming in very nicely as we are scaling up. Now, the employee cost ratios and the other overhead cost ratio to revenue tend to come down as we scale up business, right?

So, okay, we have seen effective utilization of, uh, you know, you know, the capital, both on the financial capital and on the human resource capital that we have. And this trajectory, we are confident that should continue on the margin improvement side also. Gradual process will continue, and as more and more scale and, you know, more and more geographies will get added, eventually the international offices margins is better than the, than the India export margin per se. And once the breakeven is achieved, even in the geographies that we are targeting, we can, you know, reasonably expect an improvement in the overall EBITA margins over a period of 1 to 2 years.

Gunesh Vag - Analyst, RPI Advisors
Okay, any guidance on the margin front? Because the question why I am asking this question? Because you know, TVS supply chain I believe is in the same line of business, right? And they are doing around 7 to 8

Himanshu Chhabra - Whole-Time Director and Chief Financial Officer, Skyways Air Services Ltd
Asset-heavy, you know, business than ours, right? Okay. Into the overall supply chain, including the warehousing and contract logistics. So we are venturing into those, uh, you know, areas gradually, uh, you know, maintaining a low CapEx profile. But at the same time, our, you know, net profit margins will be better from, uh, as compared to the other company that you mentioned.

Gunesh Vag - Analyst, RPI Advisors
Okay, okay, got it, sir. Thank you, thank you for the detailed answer, sir, and best of luck for the future, sir.

Himanshu Chhabra - Whole-Time Director and Chief Financial Officer, Skyways Air Services Ltd
Thank you, Mr. Ganesh. Thank you, Ganesh ji.

Operator
Thank you. Participants, you may press star and then 1 to ask a question. Your next question comes from the line of Vijay Jain with Jain Investments. Please go ahead.

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
Sorry, could you say the name again?

Operator
That is, uh, Vithi Jain with Jain Investments.

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
Okay.

Vithi Jain - Analyst, Jain Investments
Hi, so my question is, how much of this revenue per employees improved since these electronic platforms went live?

Himanshu Chhabra - Whole-Time Director and Chief Financial Officer, Skyways Air Services Ltd
Sorry, can you repeat the question please?

Vithi Jain - Analyst, Jain Investments
My question is, how much has the revenue per employee improved since these platforms, the electronic platforms, went live?

Himanshu Chhabra - Whole-Time Director and Chief Financial Officer, Skyways Air Services Ltd
So as, as we talk about the 90% growth, uh, year on year, and there has been, you know, a kind of a 15% growth in the, in the headcount, so the overall effective increase has been around 67%, and that is where the revenue per employee has improved.

Vithi Jain - Analyst, Jain Investments
Understood. And how much has a self-service booking in the SLS 100X cut your cost per shipment?

Himanshu Chhabra - Whole-Time Director and Chief Financial Officer, Skyways Air Services Ltd
So as, as the, the customer, you know, the customers use both the kind of models. So all the services are available to the customers, whether they can use the online platform that we have and the offline, uh, you know, email or a telephonic model, that whenever the customer chooses. So once the online platform is there, the efficiency obviously improves by 15 to 20% on an overall basis for all of us.

Vithi Jain - Analyst, Jain Investments
Understood. Thank you. That answers my question.

Himanshu Chhabra - Whole-Time Director and Chief Financial Officer, Skyways Air Services Ltd
Thank you, Miss Jain. Thank you, Miss Jain.

Operator
Thank you. Your next question comes from the line of Yash Parker with Patel Investments. Please go

ahead.

Yash Parker - Analyst, Patel Investments
Uh, hi sir, thank you so much for the opportunity. Am I audible?

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
Yes, Mr. Yash, please continue.

Yash Parker - Analyst, Patel Investments
Uh, hi sir. Uh, first of all, uh, congratulations on, uh, good growth in the air cargo and ocean freight. Uh, so, uh, we see that the air cargo revenue grew by nearly 93-94% in H1, which is significantly outpacing the volume growth of 25%. Uh, I guess, uh, uh, the rate right now is somewhere around Rs 383 per kg. So Could you provide an outlook on the sustainability of these higher yields and to what extent they are expected to normalize over the coming, let's say, 2 to 3 quarters from now?

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
Well, you know, what we've seen is that, you know, there is obviously a fuel surcharge component which sits in this yield that you have seen, right? And as the fuel surcharges, uh, will always go up and down. So we, we consider that there is, you know, there is always going to be on quarter-to-quarter basis 5 to 10% variation in the fuel prices can always happen. And then this is the trend that we've seen in the past as well. So we are not expecting, uh, to have any kind of a sharp decrease or increase in these rates because, uh, you know, if the normalcy of general freight rates other than the fuel is, is does not see a very big shift in very quick time.

Usually, you know, if there's a, there's a shift anything beyond 5 to 10%, it happens over a period of 3 to 4 quarters. So we, uh, looking at the global capacities available currently, the trends that we see, we don't really see that there is going to be any big shift in the, uh, in the, in the air freight yields over the next couple of quarters, uh, barring the fuel, uh, increase or decrease that might come along,

Yash Parker - Analyst, Patel Investments
Right? Uh, also, so we can also see the same in the, uh, ocean cargo. So, uh, what are the key drivers that is also driving, uh, significant increase in the revenue per TEU? Uh, and also, like, is there any improvement in the customer or trade mix, uh, that we are seeing and we are forecasting in our business?

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
Yeah, so Ocean, uh, you know, the bigger part of the business around the world, Ocean Freight is a very significant play. And what we've seen, uh, or what we've witnessed in the last quarter or so is that due to the disruptions in some of the geographies in the world, which we are all aware of, that the shipping lines have had to change the routes in which they operate. And some of these, some of the touch points in these global routings have actually got shifted. And this is what has impacted some of the trade lanes in a much larger way.

And obviously, you know, you, as you must have seen in COVID period also, that there was a, there was a global disruption in terms of the inventory available. So the, the global inventory of containers, you know, to, to get circulated, it needs the normalcy or the consistency of the shipping routes to happen in the way they have been happening. Because if, for example, containers are sitting at one port port or one country, unless a container vessel comes around, they are not going to get rotated.

So the consistency in which, say for example, every weekly- if there is a weekly routing of a container or a vessel which goes on this service, they need to make sure that they call that port every time. And this disruption actually happened in March and April, but the routing got visible to the whole customer base and others around the world, probably in May or June. And, uh, and as things hopefully will get normalized in the Middle East, you know, we are, we are confident that some positive signs that are here, uh, that we see from the world, uh, things will slowly start getting normalized there.

But ocean stability comes slightly at a slower pace because of the nature at which they operate rather than air cargo. So I think that, you know, the, the ocean, uh, capacities will remain pretty range-bound over the next 2 to 3 quarters. We don't really see too much of change happening there. And, um, and, uh, hopefully, you know, some of these straits that are currently closed will open up and will fast-track the movement of vessels. And, you know, more normalization we'll get to see in the next quarter or so.

Yash Parker - Analyst, Patel Investments
Okay, it makes sense. So, so last question from my end. So, uh, we see that, uh, you have also identified warehousing, coal storage, and fulfillment services as part of the integrated logistics offerings. So could you elaborate on the current, uh, the existing warehouse infrastructure, particularly, uh, the extent of owned versus leased facilities, and also the use of third-party warehousing partners? Are there any plans to expand this segment over the next 2 to 3 years as well?

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
So, uh, as we have grown in the last couple of decades, we have remained pretty much asset-light. And that has been the ethos of the organization, not to be asset-light but asset-sensitive. Wherever asset is very, very required is where we want to invest in. If it is backed by a customer demand, customer need, we will go in and invest in those critical assets. Otherwise, we want to pretty much remain asset-light. That's been the ethos of the organization. There's plenty of, uh, you know, in some of the critical areas, we want to make sure that we invest so that, you know, customers become sticky with us and we are able to, you know, as we- as one of the key aspects of our business is to bring cross-selling.

So a lot of customers need to ensure that you have warehousing, fulfillment services, distribution networks as part of your portfolio to give an end-to-end customer, you know, need to the customers. Customers today work on an omnichannel strategy. They don't just work with, uh, you know, either the brick-and-mortar or just the online. Today the strategy is pretty multifold in terms of their selling capabilities. So we, being a very leading, uh, logistics service provider, want to make sure that wherever we need to invest in these, whether it is movable assets like trucks or refrigerated trucks or any other, we will go in.

But largely we want to remain asset sensitive. To answer your question exactly on what we've built, so we've just recently concluding our cold chain facility here in Delhi, which will enable us to get about 200,000 cubic feet of cold chain capacity for the healthcare sector as well as the food and vegetable sector. And also we've recently operationalised one in Birmingham, UK,

Himanshu Chhabra - Whole-Time Director and Chief Financial Officer, Skyways Air Services Ltd
Whereby,

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
You know, we are targeting a very specific segment in the automotive side, and that will help us to, you know, grow the- grow and acquire more customers. Customers in these areas. So we want to remain, you know, we want to collaborate with other logistics service providers in the market and use their capacities wherever, uh, there is a need. But if it means, like I said, if it means that a customer is committing us on a long-term basis, and, or, you know, like I said, we want to penetrate more in the pharmaceutical sector, that's a very, very key, uh, growth area for us.

So their customers need those temperature control facilities, and we will, we will, you know, on a case-to-case basis evaluate and go in and create some of those capabilities here and there.

Yash Parker - Analyst, Patel Investments
Right, sir. Uh, makes sense. Thank you. Thank you so much for patiently answering,

Operator
Sir. Thank

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
You. Thank you very much.

Operator
Thank you. Your next question comes from the line of Karan Sharma, an individual investor. Please go ahead.

Karan Sharma - Individual Investor
Hi, sir. Good evening. Thank you for giving me the opportunity, sir. Sir, I wanted to understand the revenue mix between exports and imports. Imports? Like, what percentage of our current revenue comes from the export and import? Like, going forward, does the company see an opportunity to increase its share of import business, particularly if the imports are less?

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
So yes, so that's a great question, Mr. Sharma. And, uh, you know, we have been focusing on the imports in the last 5 to 6 years in a very, very big way, and we have seen a considerable growth in our volumes in the import segment as well. Even if you look at, uh, you know, '24 to '26, FY '24 to '26 numbers on the air cargo side, we were at 2,500 tons on the air import side, which grew to 7,600 tons by, uh, the end of March, you know, so FY '26. And this year we are, we are looking at a very sizable, even a sizable, almost a 40 to 42% growth this year is what we are anticipating on the import numbers.

And we clearly see that, you know, the Indian market, like I had mentioned in my opening address, that the customers in India today seeking a larger portfolio of products, not just from India but overseas. So India will remain committed over on the import side. A lot of raw material, a lot of finished products will continue to flow into India. So it is a very strong endeavor for us to grow, and this is also very low-hanging bringing through because a lot of these customers who are importing are already on board on one of our services.

So that is helping us to cross-sell and increase our, our import volume. So you will see a very considerable increase in the import volumes. And also, like Himanshu ji just mentioned, as we are now looking at opening up 5 new geographies in the Asian markets, and most of the imports coming into India are coming through some of these Asian markets. And as we create our own footprint in

these places, that will further add steam to our import volumes. And, you know, countries like Indonesia, Philippines, Malaysia, Singapore, China, you know, some of these markets are really adding.

We started offices in Vietnam, Thailand, and, you know, some of these other economies. And we have seen, because of setting up those offices, our volumes have got a increase. And we feel that, you know, as we will create these footprints, we will, we will in times ahead be able to give a very solid boost to our imports, not just in air but in ocean also.

Karan Sharma - Individual Investor
So percentage-wise, uh, it will be like 60-40 or 70-30? Like, can we have like number for export? For

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
Now, you mean for now or future?

Karan Sharma - Individual Investor
Now.

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
So current- currently, uh, our import is roughly around 5 to 6% of our business, and which we expect to, you know, keep growing year on year. And, you know, we are targeting to have a very, very decent part of our business in the next 4 or 5 years coming in from imports, like I said.

Karan Sharma - Individual Investor
Yeah, yeah, it's nice to hear, sir. One more question. In the previous call, right, you had provided guidance for the, like, current quarter for December quarter, like last time you did for September. So can we get this time also on Q-on-Q basis, like compared to September quarter, will December will do better?

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
Well, we are very confident that, you know, the way the markets are growing, the volumes have been- are consistently growing for us as well. And we are very confident of a very solid H2 performance, you know. So we we look forward to, uh, Q3 also contributing in a good way to, to the H2 because usually the Q4 is stronger than Q3. So in the H2 there you will see that, that shift. But overall, the, uh, the both the quarters will be, will be at a very, very decent position is what we see from here.

Karan Sharma - Individual Investor
Thank you very much, sir. Congratulations, sir, again for very good numbers. Thank you, sir.

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
Thank you. Thank you very much. Thank you so much.

Operator
Thank you. Your next question comes from the line of Divya Reddy with Sunshine Capital. Please go ahead.

Divya Reddy - Analyst, Sunshine Capital
Hello, yeah, good evening. Am I audible?

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
Gene is ready. You're audible. Please go ahead.

Divya Reddy - Analyst, Sunshine Capital
So, uh, so I just wanted to know that, uh, what share of your bookings now come from your digital platform?

Himanshu Chhabra - Whole-Time Director and Chief Financial Officer, Skyways Air Services Ltd
Around 15 to 20%, uh, on the overall basis. Uh, you know, we are trying to increase our online penetration vis-à-vis the offline present, uh, you know, penetration. And this takes time because the customers also are used to working in a particular manner. And over these years, you know, this number has grown, and we are, you know, trying to implement and, you know, educate and create a kind of integrative approach towards implementing technology into the entire ecosystem where, you know, we and the client are communicating.

But this is a gradual process and it's improving. Uh, Miss Reddy, let

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
Me also come in here. This is Yashpal Sharma. So, you know, the new age products that we have set in, like the Express, is almost 95 to 96% through the technology. Okay, so that is, that is what is, you know, the, the new age products that are set in. The customers have been aligned pretty much in the Express and e-commerce industry. So the, the customers acceptance to your tools or the technologies as important as you having the tools. So we are, we are seeing a good penetration coming in with the other products also, but the e-commerce and Express will continue to drive the digital penetration for the group.

And we see, you know, every, every quarter we are seeing an upward trend in how the customers are able to digitally transact with us.

Divya Reddy - Analyst, Sunshine Capital
Okay. And also, sir, uh,

Himanshu Chhabra - Whole-Time Director and Chief Financial Officer, Skyways Air Services Ltd
Sorry to interrupt. The launch of ASAP also in the, in the last quarter will, you know, further drive this, uh, this online vis-à-vis offline percentage of our overall business. Because in the Q- in the Tier 3 and the Tier 4 and the entire globe at large will be able to transact online with us.

Divya Reddy - Analyst, Sunshine Capital
Okay, so I was asking that how many customers actively use the SLS hike and SLS 100x?

Himanshu Chhabra - Whole-Time Director and Chief Financial Officer, Skyways Air Services Ltd
Around 15 to 20% of our business, you know, the customers use, uh, you know, the platforms.

Divya Reddy - Analyst, Sunshine Capital
Okay.

Himanshu Chhabra - Whole-Time Director and Chief Financial Officer, Skyways Air Services Ltd
But as I mentioned, it's a process. In the, in the, in the Express side, it's nearly 100%.

Divya Reddy - Analyst, Sunshine Capital
Okay. Yeah, that answers my question, sir. Thank you and all the best.

Himanshu Chhabra - Whole-Time Director and Chief Financial Officer, Skyways Air Services Ltd
Thank you. Thank you, Ji.

Operator
Thank you. A reminder to all the participants, you may press star and then 1 to ask a question. Your next question comes from the line of Dignesh with Northstar. Please go ahead.

Dignesh - Analyst, Northstar
Hi everyone, very good morning and thank you for this opportunity. First, I have just 2 questions in my mind. So the first one is, so your ocean and express are smaller than compared to air. So, sir, I just want to know what are your strategies going forward to increase it, or will it be the same as historically?

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
So, uh, as I had mentioned that, uh, you know, historically when the organization had started 4 decades ago, we started with air cargo. And over the last decade and a half is where, you know, we started to work on the other logistics solutions and verticals. So, and the real impetus has happened in the last 5-7 years. And if you look at the growth that we've seen, uh, in H2 versus H1, uh, where, you know, we've grown at 80% in the non-air, so which includes Ocean, Express, Trucking, other value-added services.

So there is a very solid growth coming in on the non-air businesses for us. And as we are a very professionally run organization and all the other products are also run by very industry specialists. So these CXOs and the VPs who run these, uh, the Ocean Express and, uh, trucking solutions for us, they specialize in those industries and they have been leading us from the front and building a very strong, um, strong growth for us. And 80% growth, I think, if we are doing, uh, we have done this in this H2.

I think, uh, you know, we are moving at a good pace and we will continue to strive forward and add substantial, uh, you know, volume as well as revenues from these non-air segments as well.

Dignesh - Analyst, Northstar
Okay, okay, that clearly answers my question. And so another one was, uh, so given the year FY27-FY28, I mean- so given the higher base behind you, so do we expect a little bit decrease in the growth, or will it- I just need your guidance on that.

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
We are not talking of any degrowth at any stage. We are very confident of our volume growth. The organization has laid out a very strong foundation as well as a roadmap on customer acquisition, increasing our wallet share from the current customers. We feel over the next 4 to 5 years we'll continue to see a very sustained volume growth of, you know, 25 to 30%, uh, year on year. So we are very, very bullish on the, on the prospects of the organization over the next 5 to 10 years, actually.

Dignesh - Analyst, Northstar
Okay, okay, I got you on that. Thanks a lot, sir. Thank you so much.

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
Thank you.

Operator
Thank you. The next question comes from the line of Deepankar Bisht with CCVIM. Please go ahead.

Deepankar Bisht - Analyst, CCVIM
Thank you for the opportunity, sir. Sir, can you tell more about the platform that you are going to launch in Q4?

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
Yeah, so, uh, this is actually, Mr. Bisht, this is a, a platform that we built for, you know, creating a very solid integrated logistics, uh, solution for customers. Uh, today customers are largely trading offline around the country, especially in the tier 3, tier 4 markets of the country where, you know, customers don't have access access to, uh, good and big service providers like us. Uh, they need to get visibility of pricing, they need to get visibility of capacities, they need to book cargoes in real-time basis as well.

So, you know, our, our platform ASAP, which is, uh, like I said, in the end stages of its testing, will give this capability to the customers not just to see the price but also book cargo in real, in real-time basis. They will be able to use the payment gateways to complete their transactions as well. So, you know, the, the tool is pretty powerful. We are very, very confident of, you know, uh, positioning this tool and, and really creating a strong value for that small little cobbler sitting somewhere in the country trying to, you know, send a pair of shoes to, to probably a, you know, country which is, uh, 8,000-10,000 kilometers away.

So we want to make sure that, you know, that that person does not have to look around whenever they want to transact. We want to add steam to their business. E-commerce logistics, as you understand, you see the cross-border e-commerce logistics is growing globally, and in India, you know, we have just touched the tip of the iceberg. And the customers today are trying to, you know, through social platforms, through e-platforms, they are trying to not just look at selling their products or their produce to Indian customers, but they can tomorrow sell their produce to 8.4 billion customers around the world.

So that is the capability that ASAP will give them. They'll give them access to capacities not just in air, ocean, even express, uh, you know, solutions end to end. And, uh, and the, the airlines and the shipping lines, the integrators, we have done API integration with them. So this day, the platform will give them a- give is a very solid base on which customers would be able to transact and, you know, add speed to their business.

Deepankar Bisht - Analyst, CCVIM
So what kind of revenue can we expect in FY28 from this platform?

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
We feel that, you know, the, the smaller markets in the country, you know, the tier 2, tier 3, tier 4 markets in the country, there's a- if you look at just the MSA MSME sector, almost 45% of India's exports come from the MSME sector, and large part of the MSME actually sits in these smaller towns. They don't sit in the main cities, right? So, and today we know for a fact that, you know, they are actually working to the- with the carrier, going through sometimes 4 to 5 intermediaries. So

when, when, you know, you have- you create that visibility for customers to be able to transact to the source It really adds a lot of business.

So when they will be- we are very confident of getting, adding at least 15 to 20%, uh, in, in these markets, in just from these smaller markets into our product portfolio.

Operator
Okay, okay, thank you, thank

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
You,

Operator
Thank you,

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
Thank

Operator
You. As there are no further questions from the participants, I now hand the conference over to Mr. Yashpal Sharma. For closing comments. Over to you, sir.

Yashpal Sharma - Chairman and Managing Director, Skyways Air Services Ltd
Thank you very much, uh, ladies and gentlemen. Thank you, uh, for being part of this earning call. All I would like to say to close this is, as we move forward, our focus remains on consolidating our leadership position in air freight. We have been the number one company in India for the last few years, and we are very confident, and we'll continue to make India proud by keeping up this lead. We are also building our capabilities across the wider logistics ecosystem and will continue our growth in those areas as well.

As technology sits at the core of our transformation, a growing global footprint will add and also a clear strategic direction to our business. We are very confident of the ability to capture these emerging opportunities and create sustainable value for customers around the world. Guided by our growth quad, we remain very focused on a disciplined execution, which has been our biggest strength, and building a more integrated, diversified, and a very future-ready logistics organization. I want to extend my gratitude to all the stakeholders who are attached with us, including our investors, for joining us, believing in us, and for being part of the Skyways growth journey to date.

We look forward to your continued support as we continue to move towards a global leadership vision. Thank you very much and have a great evening. Looking forward to a great year-end.

Operator
Thank you. On behalf of Skyways Air Services, that concludes this conference. Thank you everyone for joining us, and you may now disconnect your lines.