Management Discussion

Sakshi Shah - Investor Relations, GoIndia Advisors LLP
Thank you. Good afternoon, everyone and welcome to the Q2 and H1 FY '27 earnings con call of AVG Logistics Limited. We have on the call Mr. Sanjay Gupta, Managing Director; and Mr. Rajesh Rohilla, CFO of the company. We must remind you that the discussion on today's call may include certain forward-looking statements and must therefore be viewed in conjunction with the risk that the company faces. May I now request the management to take us through the business outlook and financials, subsequent to which we will open the floor for question -and -answer.

Thank you, and over to you, Sanjay sir.

Sanjay Gupta - Managing Director and Chief Executive Officer, AVG Logistics Limited
Yeah, good afternoon. Thank you, ma'am. Good afternoon, everyone. On behalf of the Board and the entire AVG family, thank you very much for joining us for quarter two and H1 F '27 earnings call. 16 years ago, AVG began with one customer, mainly Nestle and one warehouse about 25,000 square feet. Since then, we have worked through many ups and downs in the logistics sector including fuel price swing, the move to GST and the disruption of the pandemic. Through all of it, our focus has stayed on delivering our customer goods on time and in good condition. Coming to our performance on a consolidated basis, quarter two, year ' 27 revenue stood INR151.6 crore, up by 6% year-on-year, while EBITDA was INR23.6 crore and PAT increased 39.2% to INR7.10 crore for H1 '27. Revenue growth 6% and INR284.10 crore. EBITDA stood INR44.7 crore and PAT rose to 33.7%, that is, total is INR13.5 crore. The results were possible because of the hard work and commitment of our 600-plus employees who keep our network running round the clock.

The first half of this year brought a sharp rise in fuel cost, which are the single largest cost of the logistics sector, where the conflict in West Asia began at the end of February. But AVG managed this very well because of system we had put in place much earlier. We have a fuel surcharge mechanism and revise freight rates periodically on the basis of increase and decrease of the diesel price. Since most of our business is under contract, fuel price changes affect us for less directly. At the same time, growing part of our fleet now runs on CNG, LNG, and electric, so we depend less on diesel than we did a few years ago. There is -- this is where our green logistics strategy has turned from a long-term idea into a practical advantage. The theme of our annual report of this year: Enabling the Future of Green Logistics, Modern Supply Chain and Seamless Integration across transport modes, real-time visibility and cleaner, more resource-efficient operations. At AVG, these changing dynamics are shaping the way we invest, innovate, and expand. By integrating multimodal transportation, specialized logistic capabilities and lower-emission transport solutions, we are building a connected network that delivers seamless end-to-end supply chain solutions for our customers. That is what AVG has been building one piece at a time.

After starting from 2010, we have added cold chain, part truckload services, cargo express train. We listed in 2018 at NSE and BSE and later on we have shifted to the main board also. We set up a dedicated rail division on network, won six Indian Railways tenders, worth INR5,100 million. Over the last two years, Green Logistics has become a central part of the business. We launched our first LNG fleet in April '24. Soon later, we become the first company in India to deploy a fleet of 55-tonne electric trucks, starting with Tata Steel. We now running electric with vehicles for Nestle and LNG for ITC. We formed Carbonlite Logistics, a joint venture with the Baidyanath Group, to run LNG-powered fleet at scale. We also started Liquid Logistics in ISO tanks and move largely by rail. Today AVG runs

more than 3,000 owned and hired vehicles from 70 branches with about 7.5 lakh square feet warehousing across India. We would now like to take you which were part of the business during this half.

In July, we made our entry into liquor logistics, finalizing long-term contract with two well-known liquor companies. This is one of the most tightly regulated categories in the country. Every consignment needs strict compliance, secure handling, GPS monitoring vehicle and trained drivers, where few players can offer these constantly, which is exactly what -- why the segment offers better margin than regular transport. We expect it to contribute around INR24 crore of revenue in '27 and to scale to about INR100 crore from the next from next year as volume builds. In August, we signed a five-year contract with cement company in Northeast, extendable by another three years. The first 30 heavy trucks were under this contract are now in service in Assam, each carrying around 38 to 41 tonnes, making around 50 trips per month, one vehicle. And this will go beyond supplying trucks. It is complete Green Logistics solution built and run by AVG for one of the India-leading cement makers and it gives us assured recurring revenue. And many years when AVG brought its first five such trucks, many questions were whether electric trucks could handle heavy industrial loads. Today, 30 of them move cement every day for us. And what is enabling us future to Green Logistics look like in practice.

And earlier this month, a multimodal beverage company awarded us five-year transportation contract worth around INR60 crore for a global company to interest in production, a product movement to AVG says a great deal about the reliability of our network and standard of our services. Together, these three services take into the new category, deepen our position in industrial logistics and add long-term contracted revenue to the business, which is exactly the kind of growth we want to build. Liquid Logistics is still young but growing every quarter we move bulk liquid in our own ISO tank, mostly by rail, which is safer, cheaper, and cleaner over the long distance. Rail, cold chain, and warehousing complete our offering. We already operate on dedicated freight corridor. Our 1,400-plus reefer vehicles service dairy, food, and pharma sector and our warehouse run on our warehouse management system. Looking ahead, our Vision 2.0 roadmap target revenue of INR1,250 crore and PAT is around INR120 crore by 2030.

Over the coming quarters, our work is very specific. We will complete the Haldiram rollout and continue supporting Dalmia Cement and other cement companies as their electric fleet grows. We will build industrial logistics in steel, cement, and coal into the major vertical and keep scaling Liquid Logistics. We also expand our warehousing and FMCG and part load and express service, for which land is already parcel in Himachal Pradesh, Odisha, and these growth plays and new fleets contributing fully in second half. We remain committed to the objective we shared on our last call, we're delivering around 15% to 20% growth in year '27. We thank you, our customer, employee, partners, and shareholders, for their continued support, trust and support.

With the now I hand over the our CFO, Mr. Rajesh Rohilla, who will take you through the financial performance. Thank you.

Rajesh Rohilla - Chief Financial Officer, AVG Logistics Limited
Thank you, Sanjay sir. And good afternoon, everyone. Thank you investors for joining us today. Let us begin with our standalone performance. On a standalone basis, Q2 FY '27 total revenue stood at INR154 crores compared to INR144.5 crores in Q2 FY '26, up 6.6%. PBT was INR10.3 crores compared with INR6.5 crores, an increase of handsome 58.5%. PAT increased to INR7.3 crores from INR5 crores, up by 46%. Standalone PBT margin improved to 6.7% from 4.5%, an expansion of 220

basis points. PAT margin increased to 4.7% from 3.5%, an improvement of 120 basis points. For the half year, standalone total revenue was INR286.48 crores compared to INR269.66 crores in H1 FY '26. Standalone PBT increased to INR18.5 crores from INR13.4 crores, while PAT increased to INR13.3 crores from approximately INR10 crores. This represents year-on-year growth 6.2% in total revenue, 38% in PBT, and 33% in PAT. The standalone numbers clearly reflect the improvement in profitability during the period.

We have we will now take you through our consolidated performance starting with the quarter. For Q2 FY '27, revenue from operations stood at INR151.6 crores compared to INR143 crores in Q2 FY '26, increase of 6% on a sequential basis. Revenue from operation increased from INR132.5 crores in Q1 FY '27 to INR151.6 crores in Q2 FY '27, a growth of 14.4%. Other income was INR2.6 crores compared to INR2 crores in Q2 FY '26 and INR1.6 crores in Q1 FY '27. Consequently, total income stood at INR154.2 crores, up 6.3% year-on-year and 15% quarter-on-quarter. Operating expenses were INR117.9 crores compared to INR101.7 crores in Q2 FY '26 and INR100.8 crores in Q1 FY '27. Employee benefit expenses stood at INR6 crores against INR6.7 crores in the year-ago quarter and INR5.8 crores in the previous quarter. Other expenses were INR6.8 crores compared to INR10.3 crores in Q2 FY '26 and INR6.4 crores in Q1 FY '27. EBITDA, which in our presentation includes other income as it considered operational in nature, stood at INR23.6 crores compared with INR26.3 crores in Q2 FY '26 and INR21 crore in Q1 FY '27. This represents a year-on-year decline of 10.3% but a quarter-on-quarter increase 11.8%. EBITDA margin was 15.6% compared to 18.4% in Q2 and 15.9% in Q1.

Depreciation and amortization declined to INR7 crores from INR11.7 crores in Q2, while finance cost declined INR6.5 crores . This represents a year-on-year decline of 10.3%, but a quarter-on-quarter increase of 11.8% EBITDA margin was 15.6% compared with 18.4% in Q2 FY '26 and 15.9% in Q1 FY '27. Depreciation and amortization declined to INR7 crores from INR11.7 crores in Q2 FY '26, while finance cost declined to INR6.5 crores from INR8 crores. In Q1 FY '27 d epreciation was INR5.8 crores and finance cost was INR6.7 crores. This EBITDA margin decline is showing only because of the IndAS effect. A ctual operational expenses remain same or rather reduced. As a result, the PBT increased to INR10.1 crores from INR6.6 crores in Q2 FY '26, a growth of 53% and from INR8.7 crores in Q1 FY '27, an increase of 16.1%. PAT stood at INR7.1 crore compared to INR5.1 crore in Q2 FY '26 and INR6.5 crore in Q1 FY '27, translating into year-on-year growth of 39.2%, quarter-on-quarter growth of 9.2%. PAT margin was 4.7% compared with 3.6% Q2 FY '26 and 4.9% in Q1 FY '27. To summarize the quarterly movement, revenue and total income grew both year-on-year and subsequently EBITDA improved subsequently. Although it remained below the year-ago quarter, PBT/PAT recorded stronger year-on-year growth, supported in part by lower depreciation and finance cost.

Coming to the consolidated half-year performance. For H1 FY '27, revenue from operations stood at INR284.1 crores compared to INR268.1 crores in H1 FY '26, representing growth of 6%. Other income was INR4.3 crores compared with INR2.6 crores, taking total income to INR288.4 crores from INR270.7 crores, a growth of 6.5%. Operating expenses were INR218.7 crores compared to INR190.2 crores in the corresponding period last year. Employee benefit expense were INR11.8 crores compared to INR13 crores, while other expenses were INR13.2 crores compared to INR16.9 crores. EBITDA stood at INR44.7 crores compared to INR50.5 crores in H1 FY '26, declined 11%. EBITDA margin was 15.7% compared with 18.9%. Depreciation amortization declined INR12.7 crore from INR22.9 crores, while finance cost were INR13.1 crores compared to INR14.1 crores. So this decline in EBITDA is majorly on account of the IndAS effect, not in the operational nature.

PBT increased to INR18.9 crores from INR13.6 crores, representing growth of 39%. PAT increased INR13.5 crores from INR10 crores. PAT margin improved to 4.8% from 3.8%. The key point for the half year is that total income grew 6.5% while PBT and PAT grew a materially faster rate. At the same time, we recognize that EBITDA, EBITDA margin was lower year-on-year due to the IndAS and improving operating performance remains an important focus. A part of the movement in EBITDA comes from how our costs are now reported. Following the change in our lease arrangement at the end of FY '26, lease rentals that earlier sat under depreciation and finance costs are now reported under operating expenses. This lower reported EBITDA, while depreciation and interest comes down by a similar amount. For a like -for -like view of the business, profit before tax is a better measure. Beyond this, there are these reasons, three reasons why profit has grown faster than revenue. The first is better utilization, improved load planning, fewer empty return trips mean more of our trucks are running loaded in both directions. The second is our business mix. Dedicated long-term contracts with Haldiram, Dalmia, and other renowned customers give us assured volume and lower cost of each trip. The third is cost discipline. Our fuel surcharge mechanism and periodic freight rate revision helped limit the impact of higher diesel prices.

Haldiram and Dalmia fleet started running only during the last month of the Q2, so the full benefit along with the new liquor and beverage contracts will come in Q3 and onwards. Q2 and H1 FY '27 delivers steady revenue growth and a strong improvement in profitability. With every key metrics improving quarter -on -quarter, we remain focused on improving EBITDA margin through better utilization, tighter cost, and the full contribution of our new fleet. With the second half traditionally our stronger season, we are well placed to build on this performance.

We now request the moderator to open the line for questions. Thank you.

Questions & Answers

Operator
Thank you very much. We will now begin with the question -and -answer session. [Operator Instructions] The first question is from the line of Raj Shah from BSE Advisors LLP. Please go ahead.

Raj Shah - Analyst, BSE Advisors LLP
Hi, sir. S o good afternoon. Thank you for the opportunity. My first question was on the lines of the guidance for the whole year. So we have held up the guidance at 15% to 20%, even though in H1 our growth was in single digits. So what are we expecting in quarter two and what new things are we expecting that will scale up the revenue to the 15% to 20% level? And wanted the breakup of that between the new contract, the Haldiram scaling, as well as the seasonal pickup that we will get.

Sanjay Gupta - Managing Director and Chief Executive Officer, AVG Logistics Limited
Yeah, good afternoon, sir. Actually, if you see the previous history, quarter one and quarter two is always a little less compared to the quarter three and four. So in quarter three or four, there will be definitely growth of 15% to 20%. And we will trying to compensate the previous quarter also. And hence we can get the 15% growth this year end d efinitely. We are hardly working for this. And the few contracts which we have started in August, September, so the revenue is not for the entire half year for this moment and October onward, this total revenue will come and overall, there will be good improvement in the business. It will be double digit definitely.

Raj Shah - Analyst, BSE Advisors LLP
Understood, got it. So my question was that on this line only, you are saying that [Technical Issues] how much of it is already signed and secured and how much are we expecting to get that is not yet guaranteed right now?

Sanjay Gupta - Managing Director and Chief Executive Officer, AVG Logistics Limited
No, these are guaranteed. Haldiram started in August only, Dalmia started in September only. So the revenue of these two, three big contracts came only for two months in this half -- full quarter, full half year. But in October onwards they are starting from the day one. So definitely, and few new more contracts in hand now which is implementing in November-December itself. So overall, the revenue growth will be in double digit only, sir.

Raj Shah - Analyst, BSE Advisors LLP
Understood, sir. Got it. My next question was on the EBITDA front, so of course, the IndAS had an effect on the EBITDA, but even if it was at -- lower than the last year, so...

Sanjay Gupta - Managing Director and Chief Executive Officer, AVG Logistics Limited
EBITDA, yes, but but you can see that PAT, PAT has overall improved. So this is just accounting policy of the central government and this is IndAS problem. Now since we are in the main board, we have to apply the IndAS formula and it will be -- but overall, PAT will be improving from the last year.

Raj Shah - Analyst, BSE Advisors LLP
Understood, sir. Got it. And my last question was on the -- on this front only. So IndAS effect and everything is sustainable and everything. What is the sustainable EBITDA and PAT margin that you are expecting?

Sanjay Gupta - Managing Director and Chief Executive Officer, AVG Logistics Limited
PAT margin expecting around INR35 crore this year. Last year we were INR26 crores. Hello ? The PAT margin will be around INR34 crores to INR35 crore this year.

Raj Shah - Analyst, BSE Advisors LLP
Okay, sir, got it. Thank you.

Operator
Thank you. The next question is from the line of Arpan Gandhi from AG Capital Limited. Please go ahead.

Arpan Gandhi - Analyst, AG Capital Limited
Hello, good afternoon. Am I audible?

Sanjay Gupta - Managing Director and Chief Executive Officer, AVG Logistics Limited
Yes, sir.

Arpan Gandhi - Analyst, AG Capital Limited
So I wanted to ask , once all 100 Haldiram vehicles are on the road and the carriage contract is fully running, roughly what yearly revenue would these two contracts be together? And are they more or less profitable than your existing FMCG accounts?

Sanjay Gupta - Managing Director and Chief Executive Officer, AVG Logistics Limited
Yeah, yeah, total revenue from this contract will be around, two contracts will be around INR30 crore, INR 28 crores to INR32 crores approximately. And these are better margins because one contract is 100% on electric and one is on CNG. So that we are using the alternative fuel, so profit margin, PAT on alternative fuel is better than the diesel. Hence we are going in the Green Logistics only. So these were little better only.

Arpan Gandhi - Analyst, AG Capital Limited
Okay, sir. And my next question is, what kind of investment are you looking at over this year and the next year, especially with the alternative fuel vehicles you plan to add? And how will that -- how will the split be between buying and leasing? And how comfortable are you on leverage by March?

Sanjay Gupta - Managing Director and Chief Executive Officer, AVG Logistics Limited
Yeah, we are trying to add around 200, 250 vehicles of electric in this year, March '27. And this will give us a good revenue as well as the profit also. And we are using the mix, owned and leased and buy and lease, both models we are working. So CNG, diesel, electric, in all three vehicles will give us a overall good margin on this.

Arpan Gandhi - Analyst, AG Capital Limited
Okay, so that's it from my side. Thank you and best of luck for the future.

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

Akash Gupta - Analyst, Individual Investor
Hi sir, good afternoon. So my first question is, the liquor vertical is expected to go from about INR25 crore this year to around INR100 crore next year. That's a big step up. Is it coming mainly from the two clients you've already signed, or are more customers in the pipeline?

Sanjay Gupta - Managing Director and Chief Executive Officer, AVG Logistics Limited
And a few more customers. There are six, seven customers of this liquor industry. One is beer and another is whiskey. So both segments we are entering and we are entering into their raw material also because these companies are having a good expenditure on the logistics because of the heavy commodity material. And all the like empty bottles and barley, etc., they are moving from one place to another place. And similarly, the finished goods also. And they are into the gas movement also. So these three, six, seven companies we are approaching all by one by one. Almost two we have signed and two is under pipeline. Our another two will come into after the next April '27, we will go. Because we want to serve four customers in the first year, which will give us a revenue of around INR25 crore. After that, gradually we will increase their business and our target is to keep this segment at the rate of INR100 crore per year.

Akash Gupta - Analyst, Individual Investor
Okay, got it, sir. So the next question is on the Dalmia electric fleet, c ould you help us understand how the numbers work in terms of earnings per vehicle and profitability compared with the diesel contract? And since AVG is also putting up the charging station, h ow is that investment being paid for and earned back?

Sanjay Gupta - Managing Director and Chief Executive Officer, AVG Logistics Limited
Actually, the customer because we are doing the transportation from one factory to another factory of their raw material, so they have given us the space to install the charging station. We have put the charging station, whereas the cost is around INR1 crore per charging station, we need to put around four, five chargers at one location, origin and four, five charger in the destination location. So because our vehicle can run around 150, 160 kilometers at one -- after one charging, and so charging cost is around INR1 crore, but the profitability is better than diesel because of the we can make the more trips in this vehicle. And the electric which we are using is a solar industry, solar electric. So for example, if the industrial electric cost is around INR8 to INR10 per unit, whereas the solar cost is around INR4 to INR5 per unit. So we are taking the electric from the solar system, so our margins are better than diesel in the, these movements.

Akash Gupta - Analyst, Individual Investor
Okay, got it, sir. Okay, thank you so much.

Sanjay Gupta - Managing Director and Chief Executive Officer, AVG Logistics Limited
Yeah.

Operator
Thank you. The next question is from the line of Harshal Sharma from AS Advisors LLP. Please go ahead.

Harshal Sharma - Analyst, AS Advisors LLP
Yeah, hi sir. So my first question was how much of your business is covered by fuel price pass-through arrangements? And when diesel went up sharply earlier this year, was there a delay in recovering it from customers that showed up in the first half margins?

Sanjay Gupta - Managing Director and Chief Executive Officer, AVG Logistics Limited
Yeah, so our around 75% to 80% business, which is corporate clients, is already under the mechanism of decrease or increase in the prices. Our prices are increased according to a formula. Say around 45%, 40% is the cost of the diesel, whereas this customer is passing on the same to us, this is just a matter of 10, 15 days. They are either in case of increase or decrease because they need some process and approval. So only 10, 15 days losses were there for us or profit for us is in case of decrease, but overall, we are able to manage it, because 75%, 80% business covered under the diesel increase. S o we are having the clause of rider of diesel increase, which we saved us very good, there is no loss to us in this reason.

Harshal Sharma - Analyst, AS Advisors LLP
Okay, and, sir, and there was one more question. To reach the 2030 targets, both revenue and profit have to grow quite sharply from here. So which business will contribute most to that, especially on the profitability side a nd is the plan...

Sanjay Gupta - Managing Director and Chief Executive Officer, AVG Logistics Limited
We are a 20% year-on-year organic plan. So next four years we will reach by INR1,250 crore. And whenever today we are at margin of around 4% to 5%. So but we get the leverage when we increase the business, so our expenses will not increase in the same ratio. So that is the why, we have mentioned about the 10% margin. And after that, our in next four, five years, our lot of vehicles will get the EMI will be paid. The interest cost which we have taken on the EMI, which has been paid

because the truck life is around 15 years and in case of the electric, the total life is 20 years. So that EMI burden will remove on us and it will automatically improve our profit and less interest cost. You understood?

Harshal Sharma - Analyst, AS Advisors LLP
Yeah, sir, understood totally.

Sanjay Gupta - Managing Director and Chief Executive Officer, AVG Logistics Limited
As of now we have a fleet of 1,100 vehicles approximately. So out of that, next four years, around 1,000 vehicles or 900 vehicles will be without EMI. So there is no burden -- interest burden will reduce drastically on us and ultimately it will help us to improve the profitability.

Harshal Sharma - Analyst, AS Advisors LLP
Understood, sir, understood. And, sir are you also open to acquisitions as of now?

Sanjay Gupta - Managing Director and Chief Executive Officer, AVG Logistics Limited
Yeah we are looking for acquisition but the people are asking -- two, three acquisition we are looking for but people are asking for some unreasonable value. So like turnover [Foreign Speech].

Harshal Sharma - Analyst, AS Advisors LLP
Absolutely, sir. Thank you, sir. Thank you for answering my questions. That's it from my side and all the best for the coming quarters.

Sanjay Gupta - Managing Director and Chief Executive Officer, AVG Logistics Limited
Thank you , sir.

Operator
Thank you. [Operator Instructions] The next question is from the line Sarthak Jain from Desvelado Advisory LLP. Please go ahead.

Sarthak Jain - Analyst, Desvelado Advisory LLP
Yeah. Hi , sir and thanks for the opportunity. Sir, the company received around INR52 crores through warrants and equity shares during H1, but borrowings have still increased to approx INR189 crores. So, sir how have these equity proceeds being utilized and what is your expected debt and net debt to equity r atio by the end of FY '27?

Rajesh Rohilla - Chief Financial Officer, AVG Logistics Limited
Can you -- pardon my question, please? Rajesh, this side, CFO. Can you repeat your question please?

Sarthak Jain - Analyst, Desvelado Advisory LLP
Yeah, sure, sir. Sir, the company received around INR52 crores through warrants and equity issuance during H1, but the borrowings have still increased to approx INR189 crore. So sir, just wanted to ask, how have these equity proceeds been utilized?

Rajesh Rohilla - Chief Financial Officer, AVG Logistics Limited
Borrowing has not increased by INR189 crores. I think you have some wrong figure. It has increased by INR30 crores, INR40 crores only and majorly the contribution we have taken through the right issue, they -- it has been for the fuel in the working capital. So major part is for working capital and

25% of the proceeds is towards the general corporate purpose. And there we have utilized that because it's a very working capital intense industry. If we want to add more revenue and more customer, then we need to take care of their credit periods also in that case. So initially we have to make the payment for the fuel and the drivers and advances and the recovery is coming in the later time after raising the invoice to the customer. So that is why the working capital we have infused.

And for capex part, majorly we are looking at either through the debt, as sir is saying, as soon as we make the payment of the loans, so vehicles become free for us and we have very less cost for operating that vehicle. So usually five to seven years is the tenure of the debt, usually provided by the different banks and the institutions. So all major vehicles get free during that period. And diesel vehicle has only 10 years in the Delhi-NCR region, but it has 15-year life rest of the India. And EV, CNG, both they are having the good life. EV is rather having 20-year life as claimed by the company. So we will be making a mix of both debt and the equity. And we have not taken debt as much you are saying. INR189 crores is the total. If you see on the March, it is around INR120 crores plus is already there in the March. eah, if you see our debt equity ratio, it is very much comfortable as compared to our other peers.

Sarthak Jain - Analyst, Desvelado Advisory LLP
Yeah, sure, sir. So my next question is that when do you expect the new Kurla facility in Odisha to become operational and what incremental revenue contribution can it generate?

Rajesh Rohilla - Chief Financial Officer, AVG Logistics Limited
Next year we are targeting, in the next financial year, because there are some development is going on in that industrial area. So once the customer which we are targeting to cater, so once they establish their factories or the warehouses there, so definitely we will be able to create that facility for further utilization and generating more revenue from there.

Sarthak Jain - Analyst, Desvelado Advisory LLP
Sure, sir. That's it from my side, and all the best for the future.

Rajesh Rohilla - Chief Financial Officer, AVG Logistics Limited
Thank you.

Operator
Thank you. The next question is from the line of Krish from Sixth Sense Limited. Please go ahead.

Krish Krishnan - Analyst, Sixth Sense Limited
Hi, Sanjay ji, how are you doing? Congrats on a good set of numbers. Just had a question about Green logistics. AVG has been an early mover in deploying a lot of heavy-duty electric trucks and alternative fuel options. A re you seeing an increased interest from large customers in sustainable logistics solutions, especially in commodity businesses like cement? And could this be a meaningful competitive advantage as in the India opportunity?

Rajesh Rohilla - Chief Financial Officer, AVG Logistics Limited
Yeah, hi Krish. As Sanjay sir is giving this answer to me, thank you for your queries. So as you see, we have already given our announcement on that the EV vehicles in the heavy duty is making a mark because these two industries, cement and steel, they have carbon reduction targets to the government. So they are under tremendous pressure to achieve those numbers. So they are putting long-term contracts with us and already one big client is already in our bucket and few more are in

discussion for further putting the vehicles with their more capacities. Because cement, you know that it is not centered on particular location. Cement industry, usually they have to put the cement plant at every 400 kilometers. Not they -- if, if it is more than that, so their logistic cost will not survive for them in the competition. So for various regions in India, the one company has given for one region only and once we place the vehicle for that region, they will be adding more vehicles for the other locations.

Similarly, the other companies which are into the same stream of cement or steel, so they will they also comes to know through the media announcement that AVG has did that successfully. So from there also we are getting some leads for more customers and they know that we have already delivered. So we have the advantage of that, the customer is coming to us with the long-term contracts. And the advantage here with us is we have it tied up with the NBFCs where we have the lease arrangement, operating lease with them for a longer duration, where the revenue -- we do not have to bear the cost of the EVs from the company's fund. It is funded by them and we are just paying part of our revenue from the, these clients and it is adding on our top line as well as we are getting better margin as compared to the traditional fuel.

Hope your query is answered.

Krish Krishnan - Analyst, Sixth Sense Limited
Yeah, sounds very exciting. So would a lot of the clients, especially in the cement industry that we partner with, see an uptick in margins themselves as their logistics costs go down when they partner with us?

Sanjay Gupta - Managing Director and Chief Executive Officer, AVG Logistics Limited
Yeah, yeah, this is -- I'm Sanjay Gupta this side. T he logistics cost is reducing in electric because, partially we are using their infra also, like electricity we are using of the solar where operational cost and per unit cost is less. So we found that the operational cost of logistics is less than the diesel vehicle. Hence, there is a huge demand in the -- of electric vehicle in the heavy industries like cement and steel, etc. And it is shifted on the another raw material also for one place to another place. There is a huge demand is coming up next one or two years, and the industry will change Because of the alternative fuel. Now, the like Mumbai -- Bombay-Delhi, and like Bombay -- Delhi-Calcutta, these are two, three routes where is the 100% electric chargers are available on this route. And we have tried our vehicle from Bombay to Delhi also. So if it is successful run, then a lot of business will change in the industry.

Krish Krishnan - Analyst, Sixth Sense Limited
Got it. Thank you for answering my question and good luck to the team for second half.

Sanjay Gupta - Managing Director and Chief Executive Officer, AVG Logistics Limited
Thank you.

Operator
Thank you. [Operator Instructions] As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Sanjay Gupta - Managing Director and Chief Executive Officer, AVG Logistics Limited
Yeah, thank you everyone for your time. We hope this call has given a clear picture of how AVG performed in the first half and where we we are heading. For any further queries, please feel free to

reach out to us or our Investor Relationship Advisor, GoIndia Advisors. We look forward to speaking with you again next quarter. Thank you.

Operator
[Operator Closing Remarks]