PRIVATE CLIENT GROUP | kotak Securities

Dated: 6th November 2025

VRL Logistics Ltd (VRL) - BUY

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.272	**Rs.330**

Rationale:

- VRL reported qoq improvement in Q2FY26 numbers with revenue of Rs 796.9 cr (+7.1% qoq).
- Topline was impacted by volume moderation from contract restructuring and voluntary exit from low-margin business.
- Targeting +10 to 12% tonnage growth per annum with improvement in margins.
- We trust the strong brand name, effective internal control systems and experienced Management of VRL.
- We recommend BUY with a TP of Rs 330 at 18x FY28E.
- We expect earnings to grow 27.2% in FY27E and grow by 14.7% in FY28E.
- Stock is trading at 14.8x FY28E earnings.

Positives:

- Customer base increases to ~9 lakhs. No single customer is more than 1% of the business.
- Realisation per ton significantly improved at Rs 8079 (from Rs 7852 in Q1FY25).
- The company made strategic exit from low-margin business.

Negatives:

- For Q2FY26, volumes declined yoy to 976,000 tons (from 1093,000 tons in Q2FY25).

Holding Period: 12 Months

Rating Scale (Private Client Group)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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