Tejas Cargo India

Operator: Ladies and gentlemen, good day and welcome to Tejas Cargo India Limited's H2 and FY26 earnings conference call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. I now hand the conference over to Mr. Ashish Sanyal from Adfactors PR Investor Relations team. Thank you and over to you, Ashish.

Management: Good afternoon, everyone, and thank you for joining the call today. From the management, we have with us Mr. Abhishek Lunia, Chief Financial Officer. Due to an unforeseen family exigency, Mr. Chandan Jindal, Chairman and Managing Director, will be unable to join the call today. Before we begin the conference call, I would like to mention that some of the statements made during the course of today's call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as of the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. I would now like to hand the conference over to Mr. Abhishek Lunia, Chief Financial Officer of Tejas Cargo India Limited. Thank you and over to you, sir.

Management: Thank you. Good afternoon, everyone. Thank you for joining us today. It is a pleasure to connect with you all and share the progress we have made during the second half of the year, as well as reflect on our performance for the second half and full financial year ended March 31, 2026. FY26 marked an important year in the company's journey towards becoming a diversified and future-ready logistics enterprise.

During the year, we remained focused on strengthening the fundamental pillars of our business by deepening our technology backbone, improving fleet productivity, and diversifying into higher-potential logistics segments to build a more scalable and resilient platform to support our future growth. As we complete our first year as a listed company, we have continued to demonstrate operational discipline, sound governance, and a clear focus on long-term value creation. The proceeds raised through our IPO have been deployed in line with the stated objectives, primarily towards fleet expansion and strengthening our operating capacity.

On the global front, geopolitical developments, particularly across West Asia and certain international shipping routes, have created uncertainty in trade flows, resulting in fuel prices and intermittent freight movement hikes. Disruption across key trade corridors has led to shifts in cargo movement, intermittent pressures on the fuel supply chain, and volatility in crude oil and diesel pricing. Against this backdrop, we have maintained a disciplined approach through proactive fuel management, route optimization, and appropriate contractual safeguards.

While we witnessed some near-term variation in diesel sourcing and pricing conditions, our customer contracts include escalation mechanisms that provide a degree of protection against fuel price volatility. Our PESO-licensed procurement capability continues to be an important strategic advantage. It enables us to procure diesel at competitive rates even under tight market conditions and by bypassing the fuel availability issues that we have seen. Together, these measures strengthen our ability to maintain fuel costs, ensure fleet continuity, and deliver reliable services to our customers.

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In India, the broader logistics and 3PL environment remains highly constructive. India's 3PL market is growing at a 12-14% CAGR and is expected to reach between USD 48 billion and USD 70 billion by 2030. Government infrastructure programs such as PM Gati Shakti, completion of Bharatmala Phase 1, and the continued expansion of dedicated freight corridors are accelerating freight movement and lowering transit times across our key operating corridors. For Tejas Cargo India Limited, improved highway connectivity translates toward direct faster turnaround, lower transit downtime, and better asset trip economics. Industrial corridors in central and eastern India, which are our primary growth markets, have seen significant capex investment from steel, cement, power, and mining majors, all of which are core client segments for us. The formalization of the freight market continues to benefit organized players like Tejas Cargo India Limited, and we expect this structural shift to remain a significant tailwind over the next 3-5 years.

During FY26, we continued to strengthen and expand our fleet in line with our stated growth strategy and earlier guidance. We added a total fleet of 205 vehicles during the year, including 40 car carriers, taking our total owned fleet to 1,339 vehicles as of March 31, 2026. We also sold around 65 vehicles during the year, which had high maintenance costs and were on the higher aging side. These additions and replacements of older vehicles were strategically deployed across key logistics segments, supporting future growth.

For the full year, we completed 120,530 trips versus 106,889 trips last year, reflecting a strong improvement in network density and client coverage. Fleet utilization remained at 82% for the full year, reflecting our operational efficiency, better route optimization, and sustained demand visibility across our customers. Revenue per trip also improved by 9.3% for the full year, driven by a better client-route mix and a higher proportion of premium verticals. Our repair facility continues to operate on a 24/7 basis, maintaining best-in-class uptime across the fleet. Preventive maintenance cycles were tightened in H2, contributing to a minimal reduction in unplanned breakdowns.

During the year, we strengthened our presence across emerging logistics verticals, including coal logistics, fly ash transportation, mining logistics, freight forwarding, and car carrier operations. We also secured a bauxite mining logistics contract from CMDC that includes mining excavation as well, which marks an important milestone in expanding our mining activities and mining logistics capabilities. These newer business verticals, comprising coal, fly ash, car carriers, and freight forwarding, together contributed 25.5% of our revenue in FY26, demonstrating the early success of our diversification strategy and creating a stronger foundation for our future growth.

Our customer portfolio continues to remain diversified across sectors, including logistics, steel, cement, industrial goods, retail, FMCG, e-commerce, and infrastructure-led industries. Importantly, over 90% of our revenue continues to be generated from large corporate customers, reflecting the strength of our relationships and execution capabilities. We also continued to improve our revenue diversification, with the contribution from our top 10 customers reducing to 73% in FY26 from 84% in FY24, while maintaining strong engagement with long-standing clients. During FY26, we continued to strengthen our digital capabilities through the deployment of an ERP module, enhanced control tower operations, and the integration of technology across fleet management and operational workflows.

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We further expanded the use of advanced fleet monitoring and safety systems across our network. Our fleet remains equipped with GPS tracking, geo-fencing, ADAS, DMS systems, AI-enabled cameras, digital locks, and automated route alerts, while AI-based driver behavior monitoring was extended across the fleet. These initiatives have strengthened fleet visibility, enhanced cargo security, improved route discipline, and supported greater operational efficiency, reinforcing technology-led execution as a key differentiator for Tejas Cargo India Limited.

Coming to our financial performance, total income for FY26 stood at 666.5 crores, representing a year-on-year growth of 25.2%. The growth was driven by strong demand across our core logistics operations, particularly from the capital goods sector, alongside growing contributions from newer segments such as coal, fly ash transportation, mining logistics, freight forwarding, and car carrier operations.

EBITDA for FY26 stood at 117.8 crores, registering a growth of 13% over FY25, while EBITDA margins stood at 18.2%, which moderated during the year primarily due to high market hiring costs, coupled with increases in toll and insurance. Profit continued to benefit from higher fleet utilization, improved backhaul loading, route optimization initiatives, and operating leverage across the business. Profit after tax for FY26 stood at 20.90 crores, reflecting a growth of 9.4% over FY25. Despite continued investments toward fleet expansion and business diversification, the company maintained a healthy profit while strengthening its business for the future.

Our balance sheet remains healthy and well-positioned to support future expansion. As of March 31, 2026, debt-to-equity remains comfortable at 1.12x. Operating cash flow remains healthy at 59.2 crores during FY26. Cash flow from investing activities primarily reflected the deployment of IPO proceeds toward fleet addition and capacity expansion initiatives undertaken during the year.

To summarize, FY26 has been a landmark year for Tejas Cargo India Limited. We have grown faster, become more diversified, deployed more modern technology, and significantly improved our profitability while maintaining the operational discipline and client trust that defines our business. The foundation we have built this year in fleet technology, talent, and client relationships positions us well for an even stronger FY27. We are entering the next year with clear momentum, a strong order book across our corporate clients, and a well-capitalized balance sheet to support our growth ambitions.

I want to take this opportunity to sincerely thank our employees, our clients, our financing partners, and our shareholders for their continued trust and support. Thank you, everyone. We can now open the forum for Q&A.

Operator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and one on their touchtone phone. If you wish to remove yourself from the question queue, you may press star and then two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Again, to register for a question, please press star and then one. Your first question comes from the line of Nachiket Kale with Jagannath Securities. Please go ahead.

Nachiket Kale – Jagannath Securities: Hi, thanks for the opportunity and congratulations to the company for a great result. Also, thank you for very in-depth opening remarks; it clarified quite a lot

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of things. My first question is around the logistics contract on the bauxite mining which you secured from CMDC. If you could just give some more details, like what is the scope of the work, how long is the tenure, and the potential revenue from this?

Management: So, this mining contract has been awarded by CMDC to us for extracting the bauxite present in that particular land-allocated area. The contract is for 5 years. As of right now, what we have is the extraction and then supply, sending it back to CMDC for them to sell across to multiple other clients who have requirements. But we have also applied for the selling rights, wherein the contract itself says that up to 70% of the supplies can be sold to any company registered in Chhattisgarh. Upon the application and successful approval by the board at CMDC, the selling rights can be awarded. So, this is a 5-year contract, and we expect the revenue, excluding the selling rights, to be around 35-40 crores over 5 years.

Nachiket Kale – Jagannath Securities: Oh, sorry, could you repeat? 35 to 40, is it?

Management: Yes, 35-40 crores without selling rights, spread across 5 years.

Nachiket Kale – Jagannath Securities: Okay, understood. Thanks, that was informative. I have one more question. As you mentioned, across the industry, we are seeing quite an uptick in this mining-related activity. Do we have any other contracts similar to this in the pipeline, or any other mining companies or state agencies which you are approaching or could approach in the future?

Management: Yes, the company is now positioning itself to become an entity that larger corporates like Tata Steel or JSW can look to for the supply of raw materials like iron ore or bauxite. As you rightly pointed out, mining activities have been increasing, and the management's view is that to reduce dependency on China for critical raw materials or minerals, mining activities are going to expand rapidly. We are working across Odisha, Jharkhand, and with the Chhattisgarh Government because these are the areas that contribute around 70% of the overall mining of resources in India. We are closely working with the likes of Coal India on tenders being issued, and we are also looking at the Odisha Government. We are participating actively, and that is our strategy going forward—to add this mining capability and then supply the mining materials to corporates. That is the strategy we are working toward.

Nachiket Kale – Jagannath Securities: Okay. And as you mentioned, we have some new verticals and newer businesses that are gearing up. Going forward on a medium-term basis, will the margins improve on this, or have we already reached a steady-state margin?

Management: The new verticals we are exploring, such as fly ash transportation, coal transportation, and the car carrier division, offer better margins as compared to our existing business. These are sectors that have slight entry barriers. For example, the steel industry has a good margin because it has high entry barriers.

Going forward, as these sectors move toward net-zero emissions by 2047, we have been approached by various industries in steel, cement, and mining. They are pushing transporters to deploy more electric vehicles. The increase in cost is being duly compensated by the kind of revenue or per-trip revenue that the industry is offering. So, yes, I think the margins are on the better side, and we believe that with these entry barriers and the requirement for heavy capex in

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electric trucks, the margins are going to improve from what we currently have.

Nachiket Kale – Jagannath Securities: Okay, got it. You had a great presentation, by the way, very informative. You mentioned that we have good client stickiness and relationships, which is quite remarkable. Since we have added these new clients, and especially a bigger one like CMDC, can we expect this to continue further?

Management: Yes. For CMDC, we have a 5-year contract for the existing bauxite mining, and this year they are launching five different mining areas. We are actively looking to participate in those, as they are bigger mines. We believe that with the mindset with which we are entering this new industry, the relationship and stickiness is going to grow stronger.

The presentation mentions that we have been working with most of our clients for 3.5 years, but we have actually been working with them for more than 5 years. Since this company was incorporated in 2021 by taking over the business operations from a proprietorship concern by the name of Trans Cargo India, we had already been working with the likes of Safexpress, Blue Dart, Amazon, and Flipkart for more than 5 years. This stickiness is due to the service we provide; the reliability and transparency create a very positive impact on our clients, which helps us in retention.

Nachiket Kale – Jagannath Securities: Okay, great. Thank you for your time and for the opportunity. Wish you all the best.

Management: Pleasure, sir. Thank you.

Operator: Thank you. The next question comes from the line of Saisha with KLM. Please go ahead.

Saisha – KLM: Hello. I just had a couple of questions. I wanted to know what the expected capex requirement is for FY27 and how you plan on funding it?

Management: As we are looking to enter into mining and contracts with existing players for the deployment of electric vehicles, these vehicles come with longer-term contracts and clear visibility on revenue. Accordingly, we firmly believe that in FY27, the investment in EV as well as in ICE (internal combustion engine) trucks would be similar to the levels we had in FY26. We plan to fund this procurement through internal accruals as well as debt raised from banks.

Saisha – KLM: Okay. And you also highlighted a hybrid fleet strategy with a target of 40% revenue contribution from an aggregated fleet by FY27. Could you give some clarity on what will be driving this shift and what benefits do you expect? Are we expecting to dilute our margins?

Management: In FY26, our contribution from market hiring was around 21% versus 13.5% a year ago. The benefit of market hiring is that the capex on those contracts is lowered because we use market vehicles alongside our own. Going forward, the benefit will be that the debt and assets will not be on our books. However, it does come at a cost. This year, due to rising tolls and insurance costs, our market hiring costs also increased. To give you a number, my margins from market hiring fell from 7.31% to 6.04%. That is the impact on profitability.

At the same time, since the demand at the client end fluctuates, it helps me improve my existing fleet efficiency. For example, if there is lower demand, I can place my own vehicle rather than a

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market vehicle. In a way, I am balancing and managing the increase in market hiring costs.

Saisha – KLM: If it is possible, could you share some milestones that we can look out for over the next 12-18 months to assess progress against the Vision 2027?

Management: In FY27, we are currently assessing the target numbers. Due to the ongoing conflict in the Middle East, a lot of opportunities have opened up in terms of getting longer-term contracts by deploying EVs. We are evaluating the strategy, working with clients in the cement and steel industries to explore long-term contracts and EV deployment at better revenue. Keeping that aside, we firmly believe our growth for FY27 will be in line with FY26. If we are successful in getting the contracts for fly ash and mining, as well as these longer-term EV contracts with steel and cement players, we expect to improve the top line by more than the 20% we are targeting for this year.

Saisha – KLM: Okay. Thank you so much.

Management: Thank you.

Operator: Thank you. Before we take the next question, a reminder to all participants: you may press star and then one to ask a question. The next question comes from Suraj with YES Securities. Please go ahead.

Suraj – YES Securities: Thanks for the opportunity. I might have missed this since I joined a bit late. I have two sets of questions. Firstly, I see EBITDA margins moderated during FY26. With fuel prices remaining volatile, how should investors think about the margin trajectory going forward, given that the underlying business remains operationally strong? Secondly, could you elaborate on the strategic benefits of the company's PESO-licensed captive diesel facility at Rewari and the extent to which it helps mitigate fuel cost inflation and improve operating economics?

Management: My EBITDA margins for FY26 moderated slightly due to a couple of reasons. One is the increase in market hiring costs. For that reason, we have invested in capital expenditure where we see business has stabilized, so that hiring can be substituted with the deployment of our own vehicles. That allows us to mitigate hiring costs.

Secondly, regarding diesel costs, most of our contracts have a diesel escalation clause. The client typically takes around 40-50% of my trip cost as fuel cost; if fuel costs increase by 2%, based on calculations, my revenue also increases accordingly. So, on diesel prices, I am protected. However, toll costs and insurance costs are becoming a challenge. We have started negotiating with our clients to address these. Compared to last year, my toll costs have increased by around 0.8-0.9%. My insurance cost also increased from 0.9% of revenue to 1.1%. These costs, even though they form a small percentage, have a large impact on profitability. We are negotiating for upward revisions.

Regarding the Rewari pump, the PESO license helps in procuring diesel directly from oil companies like Jio-BP, Nayara, IOCL, BPCL, and HPCL. Till FY25, our diesel price had a significant advantage over retail pumps, with typical discounts ranging from 10-14%. In the second half of FY26, this percentage reduced drastically and is now at only 3-4%. We believe that going forward, the price difference between retail and captive consumption will not be significantly different.

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However, it helps in ensuring supply because what we buy from these OMCs is in bulk. We are also engaging in a mutual PESO license sharing agreement with a logistics player operating pumps in Maharashtra and planning another in the South. This collaboration would enable us to cover up to 60% of our vehicle refueling, up from 30%. This will be a strategic advantage for uninterrupted supply, even if the price benefit is lower. Once the situation improves, the trend will likely reverse. We also discussed with IOCL and BPCL that India has entered a strategic agreement with the UAE to reserve oil to ensure uninterrupted supply. Since supply procurement at the government level is going to be strong, we will have uninterrupted supply.

Operator: Hello, Suraj, does that answer your question?

Suraj – YES Securities: Yes, absolutely. Thanks a lot.

Operator: Thank you. Participants, if you wish to register for a question, please press star and then one now. The next question comes from Rohit with Ambit PCG. Please go ahead.

Rohit – Ambit PCG: Hi, sir. I have just two questions. Firstly, how do you see your overall revenue mix evolving going forward as these new verticals grow?

Management: The mining and fly ash transportation businesses we started in FY26, alongside car carriers and freight forwarding, contributed around 5.5% of our total turnover. For this year, we believe fly ash transportation, mining, and coal will have a significant contribution of around 10–12% of our overall revenue in FY27. In the car carrier division, we are positioning ourselves on a very strong footing, but due to high entry barriers, we are yet to crack large automotive companies like Maruti, Tata Motors, or Hyundai, which we are working on.

Rohit – Ambit PCG: Got it, sir. And secondly, your fleet utilization was 82%. What is the optimal utilization level?

Management: It is difficult to find the optimum level. If I break out the remaining 18%, it goes into routine maintenance, waiting for loading and unloading, and vehicle breakdowns or accidents. However, we are looking to reduce maintenance downtime. We are working across OEMs to give us top priority. We have agreed in principle with Tata Motors to provide priority maintenance for our vehicles across the West and South. In the North, we already have this.

Breakdowns and accidents are unpredictable, so we are working on preventive maintenance and checkups. Our operational efficiency has improved from 78% to 82%. We still believe there is scope, and once we have priority maintenance and repairs from OEMs, we could increase this number to 82–85%.

Rohit – Ambit PCG: Got it, sir. Thank you so much and all the best.

Management: Thank you.

Operator: Thank you. A reminder to all participants: if you wish to register for a question, you may press star and then one now. The next question comes from Sruthi Gandhi from Family Office. Please go ahead.

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Sruthi Gandhi – Family Office: Good afternoon, sir. Thank you for the opportunity. My question is regarding EVs. Since they form a small portion of the overall fleet, could you give some color on the strategic rationale behind these deployments and how we see the EV fleet evolving over the next few years?

Management: In the transport industry, most changes like the deployment of EV or LNG vehicles come directly from the client because they are focused on net-zero targets. For example, in 2024, we were invited to a conference by Tata Steel where they were looking for large transporters to deploy LNG on East-to-South and East-to-West routes. But at that time, the availability of LNG stations was negligible. Being the transporter, we are dependent on the client to push this based on their targets.

Due to the Middle East conflict, we have seen that EV queries from corporates in the cement and steel industries have increased. Since the capex is heavy and there is a high entry barrier, we are currently negotiating longer-term contracts based on the vehicle life cycle and positive profit metrics. We are working on a model with minimum guaranteed revenue.

We currently have two vehicles deployed with Amazon; these vehicles typically run a 300-kilometer range one way, with the charging infrastructure set up by us. They have better unit economics with EV because they have created dedicated unloading lines. That efficiency helps them arrive at a positive unit economics. I think it is completely customer-driven and will be a large, positive change over the next 2-3 years. Everyone will be pushing for EV deployment to meet net-emission targets. Recently, we received an order from Dalmia Cements for the deployment of 10 EV vehicles for transportation within a 200-250 kilometer range on an 8-year contract (6 plus 2). This is a starting point, and in the next 2-3 months, we will see a significant uptick in EV numbers.

Sruthi Gandhi – Family Office: Got it, sir. That was very helpful. Thank you so much.

Management: Thank you.

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

Management: Thank you, everyone, for joining. We expect FY27 to be a very strong year in terms of increased EV deployment and entering the mining space, while focusing on our core business. We are looking forward to FY27 and hope for the best. Thank you, everyone, for joining.

Operator: Thank you. On behalf of Adfactors PR, that concludes this conference. Thank you everyone for joining us and you may now disconnect your lines. Thank you.

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