Management Discussion

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
Thank you. Good afternoon, everyone and thank you for joining us for Tejas Cargo India Limited's H1 FY '27 earnings call. It's a pleasure to connect with you and share the company's performance and strategic progress for the first half of the financial year '27. H1 was an important period in our journey towards building an integrated technology enabled and specialized logistic solutions. We continue to expand our operating capacity, deepen customer relationship and broaden our presence across logistic segments while remaining focused on execution, operating efficiency and financial discipline. I'll begin with the business and operational developments during the half year, then discuss our technology initiatives and financial performance before outlining our priorities for the remainder of FY '27. The broader operating environment remains supportive with the India's real GDP growth at 7.8% in Q1 FY '27, supported by domestic demand, industrial activity and infrastructure investment. This provides a constructive backdrop for organized logistics and transportation providers like us. Against this backdrop, we secured new orders worth INR146.11 crores during H1 FY '27 from established customers including Hindalco Industries Limited, Dalmia Cement Bhaag Limited, Chhattisgarh Mineral Development Corporation Limited and Jindal Stainless Limited among others. A key milestone was our entry into mining through five-year work order worth INR28 crores from Chhattisgarh Mineral Development Corporation Limited for bauxite mining and excavation at Jamira Park, Chhattisgarh. The scope also provides for transportation of mined bauxite which is available over and above the work order value. This gives us an opportunity to participate in wider part of mining value chain, combining specialized mining services with our existing transportation capabilities. We also secured a multimodal coal transportation contract worth INR5 crores from Hindalco Industries Limited for a two-month tenure. In fly ash transportation, we received a six-month contract worth INR16 crores from Chhattisgarh State Power Generating Corporation Limited covering loading, excavation and transportation from two power plants. In addition, we renewed a six-month contract with Rail Vikas Nigam Limited worth INR9 crores and secured a two-month contract worth INR12.5 crores from Shivalaya Constructions Limited. Our EV-led logistics operations also progressed during the period. We secured an eight-year contract worth INR38 crores from Dalnia Cement Bharat Limited to deploy 10 electric vehicles at its Rangrajgangpur plant in Odisha. We also secured a five-year contract worth INR27 crores from Jindal Stainless Limited for deploying 10 electric vehicles at its Jajpur plant in Odisha. In addition to these contracts, we completed EV trials with Damodar Valley Corporation at Bukaro, Hindalco Industries Limited at Dahej and Rangikot, Tata Steel Limited at Kalinganagar, Jindal Steel and Pipes Limited at Angul and Dalnia Bharat Cement Limited at Kangi. These engagements helped us understand customer operating requirements and create a pipeline of potential EV deployment opportunities. During H1, we added customer relationships across mining, fly ash, coal transportation and EV deployment. We also strengthened our engagement with market customers such as Tata Motors Passenger Vehicle Limited. Together, these additions broaden our customer franchise and support a more diversified revenue mix. Importantly, these strategic focus areas including coal, fly ash, car carrier operations and freight forwarding cumulatively contributed 11.5% of our revenue in H1 FY '27 versus around 5.5% in FY '26. This reflected the early contributions from our newer business verticals and the progress we are making towards diversifying revenue base. Our own fleet increased to 1381 vehicles as of September 30, 2026 following the addition of 43 vehicles during H1 FY '27. This comprises of 20 EVs, 10 car carriers, 10 32-feet single axle trailers and three tippers. Fleet expansion has been aligned with specific customer requirement and

opportunities emerging across specialized logistics verticals. Overall, we are extending our capabilities beyond conventional full truckload transportation into mining, coal, fly ash transportation, EV logistics, car carrier operations and freight forwarding. Our objective is to build a broader, more integrated logistics platform while leveraging our existing fleet customer relationship and execution network. On the technology end, it remains a key enabler for our operating model and future scalability. Our digital infrastructure includes customized ERP platform, GPS geo-fencing tracking, ADAS and driver monitoring system, AI-enabled rear cameras and centralized digital locking. During the first half, we continued to advance the deployment of our operation and maintenance software platform alongside human resource management system. Our integrated ERP fleet monitoring and control tower capabilities are intended to improve visibility across vehicle deployment, route execution, maintenance and cargo security. The system with respect to the new ERP deployment has been completed except for the finance and we are currently testing it at full-fledged scale. We are expecting the new system including the complete ERP package to become fully operational by April 2027. Bringing all the aspects of transportation, freight forwarding into one umbrella. I will take you through our financial performance for first half of FY '27. The total income for H1 '27 stood at INR347 crore compared to INR306 crore in the corresponding period, an increase of approximately 13.4%. Earning before interest, tax, depreciation and amortization including other income increased to INR54.30 crore from INR47.8 crore 13.7% year-on-year growth while EBITDA margin improved marginally to 15.7% from 15.6%. Profit before tax stood at INR18.5 crore as compared to INR16.8 crore and profit after tax increased to INR13.8 crore from INR12.6 crore representing a growth of approximately 9.6%. The increase in revenue and EBITDA reflects the expansion in operating scale. We remain focused on improving fleet productivity, optimizing operating costs and ensuring the growth across near vertical translates into sustainable margin. Turning to cash flow and the balance sheet, the company generated net cash from operating activities to the tune of INR22.8 crore during H1 FY '27. As of September 30, 2026, total borrowings stood at INR256.9 crore with a net debt-to-equity of 1.24 times. We continue to focus on disciplined capital employed, working capital management and maintaining an appropriate balance between fleet expansion and financial strength. Outlook and strategy priorities for the remainder of FY '27. Our priorities will be centred on executing the opportunities we have secured, deepening our presence in specialised logistics and maintaining operational and financial discipline. In mining, CNBC, which is Chhattisgarh Mineral Development Corporation's bauxite work order, is an important step in building capabilities in specialised mining services. We will focus on execution and on developing the associated transport opportunities, which is over and above the mining work order. In coal and fly ash, we will seek to build our existing relationship with clients in industrial and power sectors. In EV transportation, our long-term deployment contract and completed customer trials to provide a platform to pursue further opportunities while continuing to align fleet additions with customer requirements. We will also continue to develop our freight forwarding in car carrier operations as an additional vertical to our coal FTL business. Across the fleet, improving utilisation, vehicle productivity, route optimisation and maintenance efficiency will remain important priorities. The technology integration will continue to support these efforts. Our focus is to strengthen the use of ERP, which is in process of complete testing, that will help us to improve the visibility, process efficiency and scalability of our operations. To summarise, FY '27 was a period of continued growth in operating scale and meaningful progress in broadening our business. These developments are laying the foundation for Pages Cargo's transition from a core FTL into a more integrated technology-enabled and specialised logistic solution provider. We remain committed to disciplined

execution, deeper customer engagement and sustainable growth. Thank you. We can now open the floor for questions.

Operator
Thank you very much. We will now begin with the question -and -answer session. [Operator Instructions] Your first question comes from the line of Siddharth Soni with Jainam Broking. Please go ahead. Mr. Siddharth Soni, your line is unmuted. Please proceed with your question. Mr. Siddharth Soni, your line is unmuted. If your line is muted from your end, please unmute yourself and proceed with your question.

Questions & Answers

Siddharth Soni - Analyst, Jainam Broking
Yes. Apologies, sir, for this. Am I audible now?

Operator
Yes, sir, you're audible.

Siddharth Soni - Analyst, Jainam Broking
Yes, thank you so much. So, sir, congratulations on this number. So, I just wanted to ask, like, the company has secured new orders of INR146 crores during this particular half year. So, what is the expected execution timeline? If you could help me with that, like, you know, in a particular range. And how much of this order value is likely to contribute to this particular FY '27?

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
So, the order that we have received from Palmiya, which is worth around INR30 crores, INR35-odd crores, along with the orders that we have received from Jindal worth INR28 crores. So, these two are long-term contracts spread across eight years and five years, respectively. Apart from this, most of the remaining other orders are expected to be executed within this financial year only, except for the CMDC. Obviously, CMDC is, again, a five-year contract worth around INR28 crores. So, that will be, again, spread over the five years. So, the three contracts are long-term and rest to be executed in this particular within next six to eight months.

Siddharth Soni - Analyst, Jainam Broking
Understood, sir. And, sir, if you could help me out with a little bit of idea about the cash flow that we can expect at the end of this year.

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
Cash flow, as in like you're talking about the operating -- you're talking about the

Siddharth Soni - Analyst, Jainam Broking
Operating cash flow, sir. Yes.

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
Correct. So, our operating cash flows, which is like net cash generated from operations, was around INR22.69 crores. With the second half second half, we are expecting the diesel price to improve further and the revenue target that we have set is around 10% to 15% of what we have more than what we have achieved in H1. So, we are expecting the operating cash flows to be in line with those numbers.

Siddharth Soni - Analyst, Jainam Broking
Okay, sir. And just one -- just a follow-up on that particular question. Also, net cash flow would be around any particular number that we can -- any range that we can count on?

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
This -- specifically in this FY '27, our -- since we have entered into multiple segments and these segments, like mining and all, and considering the scale that we are operating, our data cycles have increased on a slightly basis. If I compare -- if I have to give you a number, the data cycle has increased from INR72 crores to INR84 crores. So, that may lead to a little bit slowness in generating the net cash from operating cycle, but incorporating that particular factor of a little higher data collections, I think we would be able to generate cash -- net cash from operating activities to the tune of around INR50 crores to INR53 crores for FY '27.

Siddharth Soni - Analyst, Jainam Broking
That helps, sir. Thank you so much. And, sir, just my second question would be how should investors look at the revenue to grow directly over the next three years considering the expansion into the newer logistics, like the verticals and the mining?

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
The mining plus logistics is what currently we are exploring, and I think the growth that we have projected for FY '27 as compared to FY '26, so that growth will be there for next two to three years.

Siddharth Soni - Analyst, Jainam Broking
All right, sir. So yes, that answers my questions as of now, sir. Thank you so much.

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
Thank you.

Operator
Thank you. [Operator Instructions] Your next question comes from the line of Aavya Agarwal with Share India. Please go ahead.

Aavya Agarwal - Analyst, Share India
Hi, sir. Thank you for the opportunity. I have a couple of questions. So, my first question is that can you elaborate on the economics and revenue potential of the company's entry into the mining over and above the CMDC contract?

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
Sorry, can you please repeat? Can you please repeat the question?

Aavya Agarwal - Analyst, Share India
I just want to know, can you elaborate on the economics and revenue potential of the company's entry into mining over and above the CMDC contract?

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
See, what I understood is you want to understand on the unit economics of mining as well as what are the potential clients that we are engaging ourselves into for this mining division, is it?

Aavya Agarwal - Analyst, Share India
Yeah.

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
So, the unit economics for this mining, it completely depends on the kind of mining that we do. So, to answer it in a very simpler terms, there are two types of mining. First is to remove the over layer, which is soil. And then the second type of mining is to extract the minerals. So, the clients that we are discussing for the potential work orders, the potential engagement on the mining front, some of them involves the removal of overburden, which is the top soil. And some of the clients, it includes both.

As with respect to mining, it's very difficult to answer like how the unit economics work because it's difficult to explain, I mean. But if I talk about in simpler terms, my one ton of removal of overburden will generate a revenue of INR63 against a cost of around INR55 -- INR54, INR55, which includes the capex cost amortized over a period of seven years at a specific quantity of extraction. So, let's say, for example, if I have to extract, let's say, maybe 4 million ton, I would be getting a revenue of around INR63 per ton against a cost of INR53, INR55 per ton. And this 40 million, sorry, 4 million is per year for seven years. So, that is the basic unit economic cost.

Aavya Agarwal - Analyst, Share India
So this INR 55 -- INR53, INR55, or so this not only I'm sorry,

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
So, just a word. And this not only includes mining, this includes mining plus transportation.

Aavya Agarwal - Analyst, Share India
And, okay. And each and every employee costs and related expenses.

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
Everything. So, it's a project-based. What I told you, it's a project-based.

Aavya Agarwal - Analyst, Share India
Got it, got it. So, okay. And additionally while the mining work order is valued at around 28 crores and transportation of the mine box site is billable separately. So, what is the additional revenue potential from the transportation component?

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
See, it's very difficult to answer this because the transportation for CNBC completely depends on the successful option done by CNBC for the mined minerals. But what I can tell you is, till now, we have, till H1 FY '27, we have mined around 23,500 plus tons of the annual target of around 65,000 plus tons. And out of that, only 4,000 tons have been transported, that too, at their warehouse, which is around like 120 kilometers. So, and my revenue per ton transportation is around INR80 to INR83.

So, as I said, it's very difficult to evaluate on as of now because the extraction has been done in last three months because the rainy season was there. So, there was no extraction during the first three months. Whatever extraction has happened, has happened during the last three months. And transportation, we have recently done, which is in the month of October only. So, I think we have, we need to wait for this next six, for the six months to completely understand what would be the

additional revenue potential from this work order.

Aavya Agarwal - Analyst, Share India
Okay, okay, sir. And lastly, what is our strategy for scaling presence in coal and fly ash transportation?

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
We have been working with NTPC, RVNL, and this Chhattisgarh State Mining, sorry, Chhattisgarh State Power Generating Corporation Limited. So, in terms of, if I talk about in terms of potential with these three clients, there is enormous potential in terms of the volume that they have to transport. Like, for example, I had personally got this entire tender work execution, sorry, the bidding formalities done with CMDC, sorry, Chhattisgarh State Power. And we just wanted to get the idea of as to how much fly ash current they had. So, they had approximately 2 lakh tons of fly ash that needs to be transported.

It's not like they have started it right now. But the kind of power consumption that is happening at their plant, every year they are seeing an increase of 5% of the quantity that they have, they are supposed to dispose. So, right now it's like 2 lakh tons. I think it was in the month of April, they had 2 lakh tons. And they are expecting even after rolling out the tenders and contracts for removal, they will still end up at 2.1 lakh tons by FY '27 end. So, the potential in these are enormous. And we are seeing a good unit economics in this space as well. So, I think for next two, three years the growth would be, we are looking at a very, very, very much into this area for growth.

Aavya Agarwal - Analyst, Share India
Okay, sir. And sir, is there any scope for long-term contracts in this thing?

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
You see, they roll out typically six months or nine months tender. And if you look at my business update or the updates that we have done out of INR146 crore work order that we got, every work order is like three to six months time frame. Because these work orders are typically of this tenure only, three months, six months, or at max nine months, not beyond that.

Aavya Agarwal - Analyst, Share India
Okay, got it. That helps. Thank you, sir.

Operator
Thank you. Your next question comes from the line of Mandira A with Investo. Please go ahead.

Mandira Agarwal - Analyst, Investo
Thank you for the opportunity, sir. So, a couple of questions. So, I believe that you have added around 10 EVs during the first half. So, how do you plan to fund the further EV addition and what is the expected payback period?

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
So, you are asking how am I planning to add the EVs, like fund the EV, is it?

Mandira Agarwal - Analyst, Investo
Yeah, yeah.

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
And what is my capex plan for next six months on EVs?

Mandira Agarwal - Analyst, Investo
What is the expected payback period?

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
Okay, okay. Expected payback period. So, we have, just to correct, we have added 20 EVs, 10 with Dalmia and 10 with Jindal. And the project report that we have prepared, considering it's a long-term contract, we are expecting our payback period to be somewhere in the range of 4.4 years to five years. And like for this, since EV is in trailer and tractors is a very new concept.

When I'm saying new concept, I mean for the lenders it's a very new concept. So, we are planning to deploy it to our profits as well as to financing. So, this 20 EV that we have bought, out of this 20 EVs, we have fund 10 EVs from the profit generated from our business. And the remaining 10 has been leased out, has been taken on finance from Axis and Kotak. Going forward, we are planning, we are working, we are discussing with a couple of companies, which includes Bertello, that includes a company called Driven.

Both are backed by foreign funds, specifically dedicated to EV leasing. But considering the lease cost being very high, our weighted average cost of capital for debt that we have taken for term loan is at around 8%. But those leasing costs, when we are comparing it with the financing cost, it is 3%, which is 300 basis point expensive. So, we are evaluating the strategy as to what we should be doing because I have to look at the cost of capital as well, borrowing costs. So, we'll figure out. But the ratio would be 50 free, 50 financed going forward.

Mandira Agarwal - Analyst, Investo
Got it, sir. And secondly, how has the fleet utilization trend been in the first half of 2017? And how do you see this improving in terms of utilization level?

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
My utilization for H1 '27 is at 83%, wherein as compared to 82%, it was for FY '26. This ERP that we have been developing has been very instrumental in improving this fleet efficiency. When I'm saying 83%, the remaining 17% contributes. 17% is inclusive of the time when we are waiting for maintenance, like the vehicle is in maintenance or the vehicle is on its way to a loading station or the vehicle is waiting for the next placement. I think going forward, our internal target for FY '27 is to reach it at 85% with a benchmark that we have set for ourselves is at 87%, 88%.

Mandira Agarwal - Analyst, Investo
Got it. So that was really helpful. Thank you so much and all the best for the coming quarters.

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
Thank you.

Operator
Thank you. [Operator Instructions] The next question comes from the line of Vivek Jala with Jala Family Office. Please go ahead.

Unidentified Participant
Am I audible? Hello?

Operator
Yes, sir, you're audible.

Unidentified Participant
Yeah, thanks for the opportunity. So I was just glancing through these slide number 29 where the trend of customers contribution to revenue is shown. So I was just wondering, your top 10 share fell from 77% to 49% in H1. On the total income based on the deck, that means top 10 revenue has also dropped. Is this on the account of new clients? Or is this a change in how clients are grouped? Can you please tell the sectors the drop came from?

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
I think the concentration for -- we -- what we have done is we have streamlined on certain routes and opportunities that we were currently working on. Just to give you a slight example, with Tata Steel, we have been working on certain route for which are -- which we were not comfortable in terms of profitability because that was not in line with what we have set internally in terms of margin. So we had we had some reject done,. And also we our orders also got split into multiple s ubsidiaries of the parent company resulting in distribution of the revenue.

It's from the same group, like Jindal Group only, o r i t's from the Jindal Stainless or Jindal Steel. But the orders have been segregated onto the subsidiary companies because they also are restructuring it. So that's the one factor wherein my revenue from top 10 customers is from, like it has gone down to 49%. When I look, when I look at it group-wise, the similar group that has split the orders into subsidiary, it is at around 68%, 69%.

Unidentified Participant
Okay, okay. And one follow-up, like, how should we look at company's leverage in the context of continued fleet expansion and capex? How are you planning to deal with that in coming years?

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
S ee in -- we are actively like we are actively looking out for companies to lease -- to have that leasing facility. Leasing is quite easy when we are opting for an ICE vehicle, which is a diesel or a petrol vehicle. But when it comes to EV, it becomes a little tough choice for the company to, to get the lessors on those vehicles. So that is what -- so that was the reason why we funded 10 EVs from our own fund going forward. And also, if you look at the if I tell you the debt, my majority of debt has come from the working capital cycle that was increased to around INR110 crore from INR91 crore utilization that was there in FY '26.

And as compared to H1 '27, half, first half, wherein the utilization was around INR108 crores, INR110 crores. So that that was on the that was majorly into capex and working capital. Going forward, obviously we have been working on leasing, but at the same time leasing has to be within the reasonable level is what we feel to protect our margins. And hopefully we'll be able to crack a good leasing opportunity at a reasonable rate. So the debt position that internally we have targeted should not breach the current level, which is 1.24 times as on H1 FY '27.

Unidentified Participant
Understood, understood. That's all from my side. Thank you.

Operator
Thank you. [Operator Instructions] As there are no further questions from the participants, I now

hand the conference back to Mr. Abhishek Lunia for closing comments. Over to you, sir.

Abhishek Lunia - Chief Financial Officer, Tejas Cargo India Limited
Thank you everyone for joining the earnings call. On the company's direction, we are currently are transforming from a fleet full-fledged like full truck logistics company to an integrated solutions, transport logistics solutions. With this FY '27 we are very looking to have, to have good numbers on by the end of this year and looking to achieve the same -- a better growth as compared to what we did in H1 FY '27. With this, I would like to thank all the participants for joining the call.

Operator
[Operator Closing Remarks]