“Tejas Cargo India Limited H2 FY '25 Results Conference Call”

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MODERATORS: **MS. CHANDNI CHANDE – KIRIN ADVISORS PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Tejas Cargo India Limited H2 FY '25 Results Conference Call hosted by Kirin Advisors Private Limited.

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 *, then 0 on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Chandni from Kirin Advisors Private Limited. Thank you and over to you, ma'am.

Chandni Chande: Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of Tejas Cargo India Limited. From Management Team, we have Mr. Chander Bindal – Chairman and Managing Director; Mr. Yogesh Jain - Chief Financial Officer.

Now, I hand over the call to Mr. Chander Bindal. Over to you, sir for the Opening Remarks.

Chander Bindal: Thank you, Chandni. Thank you and good afternoon, everyone. Myself, Chander Bindal and I am the Chairman and Managing Director of Tejas Cargo India Limited. So, on behalf of Tejas Cargo India Limited, I extend a warm welcome to all of you for joining this inaugural earning conference call.

So, we are truly delighted to have an opportunity to engage with our stakeholders and walk through you the performance highlights of the second-half and full year of this Financial Year '25. So, I will begin with the introduction of the company. So, let me share a bit about our origins and how we have been to this business from the ground up.

So, initially, we started small with aggregating fleet from market and gradually building the relationship with the clients, but our real journey started in 2014 when we acquired our first set of 10 company owned trucks. From there, we have grown steadily and today we operate around more than 1300 fully owned trucks and trailers that are operated and run by the company itself serving clients across various sectors like e-commerce, Express cargo, steel, cement manufacturing sectors like FMCG, FMCD and all. So, we are basically a full truckload company and as a heavy by design because we believe that with asset heavy direct control over the fleet enable us to provide unmatched reliability, better service quality and more efficient cost structures.

Around 95% of our business comes from large corporate clients and hardly 5% are MSME clients, and nearly over all our contracts are on annual basis ranging from 1 year to 4 years contract periods with committed volumes. This model helps us as building a resilient and scalable business with high customer sickness. Most of our top clients have been with us for a decade now. And regarding technology, we have our in-house tech team with every aspect of logistics cycle like from getting an order and getting intent to billing, to receiving the payments is all on a single proprietary ERP platform which is designed by our in-house team. So, our

centralized control tower monitors 24x7 the real time basis. So, we embedded the LoT systems, ADAS, Geo Fence and Driver State Monitoring System to ensure the safety on-time performance of the drivers. So, drivers are managed through a tech integrated incentive model and the average utilization across the fleet is 85%. These efficiencies translate into significantly faster delivery times. So, we moved free from Delhi to Bangalore like in 44 hour and against the industry norms like people are doing it that in 70-80 hours.

So, this is just the basics of our company, brief of our company. And for the financial performance, I would like Yogesh Jain – our CFO to let you go to through the company's financial performance. So, Yogesh, up to you.

Yogesh Jain: Thank you, sir. Thank you everyone for joining the call. Let me walk through the performance for H2 as well as Financial Year '25.

In terms of financial performance, we have delivered a strong set of numbers for FY '25. Our total income stood at Rs. 508.24 crores making a healthy 20.3% growth over FY '24. EBITDA increased sharply by 50%, reaching Rs. 103.69 crores driven by higher fleet realization, better cost controls and operational leverage. This translates to an EBITDA margin of 20.4%, a significant improvement of over 400 basis points year-on-year profit. Net profit grew 44.7% to Rs. 19.14 crore, while our EPS improved to 10.50 up 38.2% from the previous year, reflecting the profitability momentum we are building on the back of a stable efficient asset-backed model.

Looking specifically at the second half of FY '25, we maintained strong margins with an EBITDA of Rs. 58.13 crores up 27.6% over H1, primarily driven by lower cost in terms of diesel and other procurements like tyres, which form a bigger part of our expenses. Net profit for H2 came at INR 10.39 crores showing an 18.8 sequential growth. These results reflect the scalability of our model and our efforts to improve efficiency across operations. Notably, our net profit margins improved from 3.13% in FY '24 to 3.77% this year. With a disciplined approach to execution and continued investment in technology and infrastructure, we believe we are well positioned to sustain and accelerate this growth trajectory.

Looking ahead, we are set to accelerate growth journey through strategic initiatives focused on expanding its service offerings and strengthening operational capabilities. We plan to offer integrated logistics solutions, increase our trailer fleet to support higher cargo volume and scale up presence across India. These forward-looking steps are aimed at improving multi-location connectivity, boosting operational efficiency and deepening client engagement across diverse industry verticals, laying a strong foundation for sustainable growth in FY '26 and beyond.

With that, we are now open the floor to your questions and looking forward to an engaging interaction. Thank you.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. We have our first question from the line of Aditi Roy from Patel Advisors. Please go ahead.

Aditi Roy: Thank you. My first question is, could you share the timeline and expected impact of the new fleet expansion on capacity and margins?

Chander Bindal: Can you call again? Please? I didn't get your question.

Adit Roy: Yes. I just wanted to know what is the timeline and expected impact of the new fleet expansion on capacity and margin?

Chander Bindal: So, right now, we are already in a phase of expanding the fleet. So, every year, we are expanding the fleet from 150-200 transfer trailers that might come from a replacement of trucks or the addition of trucks. So, within the buying of the trucks in 2 months' time, we get the revenues, and the margins come start immediately after the 2 months of buying trucks. So, this is a regular process. We keep on buying around 150 trucks and trailers every year.

Aditi Roy: Thank you.

Moderator: Thank you. We have our next question from the line of Abhishek Sharma, an Individual Investor. Please go ahead.

Abhishek Sharma: Sir, my question is, are there plans to commercialize your in-house technology platform perhaps as a SaaS solution for third party fleet operators?

Chander Bindal: No, not right now. So, we are not going looking for a SaaS model, but yes, we are looking to extend our technology to our customers and vendors who give a better utilization and the transparency in the work. So, we will do that, but not exactly as a SaaS platform.

Abhishek Sharma: And what kind of analytics are you deploying to optimize routine and fuel usage?

Chander Bindal: So, that everything as told you that we have an in-house ERP, so everything is getting diesel, tyre expenses, tool expenses, all have been budgeted in the ERP and that are monitored by single platform.

Abhishek Sharma: And sir, my last question is how do you see the current regulatory and policy environment impacting the logistics sector?

Chander Bindal: So, right now, government is highly focused on improving the logistics sectors as you know that everyone is looking to improve the infrastructure to get the better routes or getting the trucks to move the truck faster, removing the toll tax and planning to make it through satellite, so there is a good amount of government initiative we see for our logistics sector to improve in near future.

Abhishek Sharma: Thank you, sir.

Chander Bindal: Thank you.

Moderator: Thank you. We have our next question from the line of Priya Jain from Green Capital. Please go ahead.

Priya Jain: Hello, sir, how are you?

Chander Bindal: Good, ma'am, thank you.

Priya Jain: Sir, I have a few questions with me. So, what was the average fleet utilization rate in H2 compared to Y-on-Y?

Chander Bindal: Yes, so Yogesh will answer this question. So, Yogesh, can you explain the question?

Yogesh Jain: Sure. Ma'am, you are asking about the fleet utilization in H2 versus year-on-year, right?

Priya Jain: Yes.

Yogesh Jain: So, if I compare it with the H2 of FY '24, my fleet utilization grew approximately 7%-7.5%. Last year, it was around 78.5% and this year we have around 85%. So, this fleet utilization, I will explain a little bit about how do we calculate or how do we illustrate this fleet utilization. So, from loading to unloading plus one day plus transit time is the fleet utilization and any number of days which is beyond this calculation is considered to be unutilized, and this also includes fleet is into regular maintenance or it is standing idle or it is breakdown and standing in the yard.

Priya Jain: Good to hear, sir. Also if you can share insight on the maintenance cost per vehicle and do you think any technology has helped you to reduce it?

Chander Bindal: So, yes, regarding that maintenance cost depends on the model to model, so like we have different kind of models of trucks ranging from 9-10 payload capacity to 40 ton payload capacity, so it ranges from around 0.75 per kilometer to Rs. 3 per kilometer on different models. So, yes, so to talk about technology, we have in-house maintenance yards at different location in India. So, where we put on preventive maintenance check in our ERP whenever the vehicles come, there is a job card opening open at our warehouse and it will show what are the type of maintenance it requires and secondly we have all the telematics in all the vehicles which show us that this vehicle needs to get this rectification so that it should not get breakdown in future. So, we are adopting all type of technology for that.

Priya Jain: Also sir, like there is huge like nowadays, it is very booming like IoT based safety system, so how does IoT based safety system impacted your delivery timelines and incident rate, if you can share?

Chander Bindal: So, we are using IoT basically for the safety of drivers and also like once the trip started from Delhi to Bangalore, so IoT systems help to Geo Fence the route first of all, so he knows where he has to drive. And if he diverted from any location, the IoT system immediately update him that they are driving from the wrong direction, first is that. Second IoT is that we have ADAS

and DMS system installed in every vehicle which gives alert to the drivers if he is restricted from the driving like on road harsh braking or something like that. So, all the technology we have incorporated in every vehicle.

Priya Jain: Good to hear, sir. All the best. That is it from my side.

Chander Bindal: Thank you.

Moderator: Thank you. We have our next question from the line of Chandresh Singh, an Individual Investor. Please go ahead.

Chandresh Singh: First of all, thank you for the opportunity. Sir, my question is, what are your volume growth and revenue guidance for FY '26?

Chander Bindal: So, for this, I would like Yogesh to answer you better.

Yogesh Jain: For FY '26, with the raising of IPO funds, we are expected to grow better than the last year and probably with deployment of IPO proceeds have already been done for fleet. So, we are expecting to close the next year by Rs. 650 crores is the number that we are targeting for FY '26.

Chandresh Singh: Sir, can you share more details on the warehousing expansion plan, locations, capacities, investment required, etc.?

Chander Bindal: Yes, so regarding that we are in talks with all the clients. So, as I told you, we are working on different sectors, software industry like cement, steel, FMCG, FMCD. So, all of our clients require warehousing, but we are not rushing for just getting into warehousing. So, we will see where the viabilities are there. So, Pan India is open, we can do it anywhere, but we will see the viabilities because we will not do it just for the sake of getting into warehousing. So, wherever we get the margins, good margins and good business and long-term business, then we will surely incorporate that.

Chandresh Singh: Sir, how do you plan to scale your presence in rail logistics with CONCOR? Any revenue targets from that vertical?

Chander Bindal: So, we have already signed the MoU and contract with CONCOR, so the trials will start soon within a month time and once we do the trials and we get the costing part and the profit margins on that. So, scalability depends on all. As I told you, our scalability in any division depends on the profit margins we are making. So, we are not much focused on the toplines only, we see the bottom-line first.

Chandresh Singh: So, that is it from my side, sir. If I have any questions, I will join back the queue. Thank you.

Chander Bindal: Thank you.

Moderator: Thank you. We have our next question from the line of Dhanraj, an Individual Investor. Please go ahead.

Dhanraj: Sir, I have couple of questions. I will start with the first one. So, how the customer retention rate has been over the last 2-3 years?

Chander Bindal: Yes. So, as I told you in my speech, also that the customers which we started with are still in our list. So, they are with us for decades. So, we are very customer centric. So, once the customer is getting onboarded with us, they remain with us for long term and usually our contracts are also like that. The contracts are from 1 year to 4 years.

Yogesh Jain: Just to add on to the context, the company since was incorporated in 2021. Earlier, the company was in a proprietorship firm, so we carried on this business from proprietorship to a private limited entity, which is now a listed entity since 24th February.

Dhanraj: So, next question, so how much of your CAPEX in FY '25 was elected to technology and digital infrastructure?

Chander Bindal: So, our CAPEX in technology is regular things. So, we are not looking that we are raising funds then we will invest in technology. So, technology is our internal part. So, before the IPO also, we kept on investing the technology. So, the technology which we are talking about is 3 years back which we have developed. So, we are not looking for funds, rates or IPO to invest in the technology. So, it is ever going. So, we have in-house tech teams which keep growing and adopt all the new technologies which come into the market for the logistics sector.

Dhanraj: Are you looking to like any kind of strategic acquisition or partnership to expand this capability?

Chander Bindal: But there is so much noise coming from the back.

Dhanraj: One second, please. I am saying are you looking at any strategic acquisitions or partnerships to expand these capabilities?

Chander Bindal: So, we are in talk with so many people. So, again the question come which acquisition or merger, so something is better for the company, for the topline and bottomline. So, if we get some good opportunities, we will surely look after that.

Dhanraj: Got it. Thank you. That is all from my side.

Chander Bindal: Thank you.

Moderator: Thank you. We have our next question from the line of Mahesh Seth an Individual Investor. Please go ahead.

Mahesh Seth: Good evening.

Chander Bindal: Yes, good evening.

Mahesh Seth: Question is that what percentage of the fleet runs on alternate fuels or is EV enabled?

Chander Bindal: So, we have started this as 6 months back only. So, we have invested into diesel, except diesel we have invested into CNG and right now we are looking for electric tech deployment with Apple, DHL and Amazon, the trials are already going. So, in future, there will be investment in CNG and electric vehicles.

Mahesh Seth: Got it. And you also mentioned that 95% of your business comes from large corporate clients. So, how do you plan to diversify or derisk your customer base?

Chander Bindal: So, we are diversifying in different sectors. So, earlier, if you talk about 4 or 5 years back, we were majorly into e-commerce and Express Cargo, then we diversified into cement sectors, then we diversified into steel sector. So, today you name any company, any big corporate and steel sector we are working with them. Then we come to FMCG sectors. Any company in FMCG sectors, LG, Samsung, Lloyd, Blue Star you name it, we are working on that. So, we have diversified clients in all across the sectors.

Mahesh Seth: So, we are diversifying as a sector?

Chander Bindal: Yes, not as a client base, as a sector we are diversifying.

Mahesh Seth: Got it. And can you also elaborate on the nature of your contracts, like what is the typical tenure or how much revenue visibility you have?

Chander Bindal: So, that depends on client to client. So, as I said earlier also, our client gave us a contract ranging from 1 year lock into 4 years lock in with the dedicated volumes and dedicated revenue that we will get either in 1 year or 4 years, depending on clients to client.

Mahesh Seth: It depends on client to client. Got it. That is it from my side. Thank you.

Chander Bindal: Thank you.

Moderator: Thank you. We have our next question from the line of Ananya Swaminathan, an Individual Investor. Please go ahead.

Ananya Swaminathan: This is Ananya Swaminathan.

Chander Bindal: Yes, Ananya, tell me.

Ananya Swaminathan: I wanted to know, are you witnessing any pricing pressure from clients or competitors in the FTL segment?

Chander Bindal: Pardon. I didn't get you. Please come again.

Ananya Swaminathan: Yes. Are you witnessing any pricing pressure from clients or competitors in the FTL segment?

Chander Bindal: So, in India, if you say the market is always price competitive, so we cannot do anything with the price of the clients which they want to offer. We can do what we are better at we will utilize our assets to its maximum utilization. So, that is where we can just compete with the market rates and client rates, and we are in competition. I would like to say that only. Because the pricing is not in our hand, pricing is the client and competition, but what in our end is utilization of our assets and making that working for profitable margins.

Moderator: Thank you. We have our next question from the line of Priya Jain from Green Capital. Please go ahead.

Priya Jain: Sir, I have few more questions on this, like driver training and incentive program. So, can you elaborate on your driver training programs and if there is any incentive programs and how are you addressing the driver sorted issue?

Chander Bindal: Yes. So, first of all, I would like to answer the first question about driver training. So, in every yard pan India, so we have a driver training room. So, we are aware there is a instructor for the drivers. So, we keep on some type of training like first is defensive training, defensive training for all the drivers for which we give this certification also from the third party. So, third party comes to our yard, they give the defensive training to drivers, then on training to drivers, then the safety training to drivers. So, these type of drivers training is the integral part and on a routine for us. And your second question was how do we manage these shortages of drivers? So, for driver retention, what we have done is that from the starting of inception of this company, we have a tie up which you can say few villages like 8 or 10 villages from different part of India from where every driver who get their new licenses after the trial and testing, they come to our company only because we help them socially and morally and financially, we keep them, have the education of their children, so we keep them helping so they come to our company.

Priya Jain: And also any plans to get into air cargo?

Chander Bindal: Pardon.

Priya Jain: Sir, any plans to get into air cargo business?

Chander Bindal: Air cargo. So, as I tell you there are multiple fields in logistics: air cargo, freight forwarding, CE, 3PL, 4PL. So, we are not hurrying anywhere to get into particular sector. So, first what we do is we evaluate the profit margins, the top-line, the bottom line and the market situations. Then we get into any sector. But right now, the air is not our focus.

Priya Jain: Sir, are you also looking for any acquisition or mergers in logistics?

Chander Bindal: So, we keep on talking to so many people, so many companies for acquisitions and mergers and whenever we get some good opportunities, we will surely go for that. And likewise, we are also

going for mining and this government sectors also Coal India we have filed a few good big tenders. So, if we get that that will be added to our revenue.

Priya Jain: Also sir, can you share bifurcation of our fleet?

Chander Bindal: Fleet means a type of fleet you are asking?

Priya Jain: Yes, types of fleets?

Chander Bindal: So, type of fleet, if you can say in percentage wise, it is 70% are containers that are 32 feet single axle for 9-ton payloads and 32 feet monkey axels for 18-ton payloads and 30% are trailers that are 40-ton payloads.

Priya Jain: Also, sir, as I am very new to this sector, so as an investor, where can I see Tejas in next 5 years?

Chander Bindal: So, as you see, if you can see the past growth, so I can just say that it will keep on growing and better growth than in the last 5 years. As for numbers, I cannot disclose the numbers, but yes, I can surely say that the numbers which you have even seen in the past 3 years, it will be much better than that.

Priya Jain: Not in terms of numbers, but in terms of business, how big Tejas can be in the upcoming 5 years?

Chander Bindal: So, upcoming not 5 years, we have a target for the next 3 years. So, we will be Rs. 1,000 crores plus revenue company.

Priya Jain: Good to hear, sir. All the best. Thank you.

Chander Bindal: Thank you.

Moderator: Thank you. We have our next question from the line of Rajesh Bhosale, an Individual Investor. Please go ahead.

Rajesh Bhosale: Thank you for giving me the opportunity. I have a few questions. Sir, what are your capital expenditure plans for FY '26?

Chander Bindal: So, every year, we are investing around Rs. 35-Rs. 40 crores every year, we are doing in the capital like buying off new trucks.

Rajesh Bhosale: And how will it be funded?

Chander Bindal: Previously, it was funded. We are purchasing trucks on our internal accrual also and we bought trucks from the IPO proceed also and likewise it will go in future also that we will put the money, our internal money and buy from the debt also.

Rajesh Bhosale: Next question, are there any plans to expand your operations into international markets or cross-border logistics?

Chander Bindal: Yes. As previously there were some few questions that are we looking for some acquisitions, so we are looking for some companies and we are in talks with some companies for freight forwarding who are doing some freight forwarding earlier. So, we are going to acquire them.

Rajesh Bhosale: Yes, sir. And sir, which industry verticals are showing the most promising growth for coming years?

Chander Bindal: Right now, we are going into the power sector, like solar and coal and electricity and hydropower and wind power. So, power will always be there, every country has to run if there is a need of power. So, in the power sector, we are focusing on power and infrastructure.

Rajesh Bhosale: That is it from my side. Thank you.

Moderator: Thank you. As there are no further questions, I will now hand the conference over to Ms. Chandni from Kirin Advisors for closing remarks.

Chandni Chande: Thank you. Thank you everyone for joining the conference call of Tejas Cargo India Limited. Further, if you have any queries, you can write to us at researchchandni@kirinadvisors.com. Once again, thank you for joining the conference. Thank you, sir. Thank you.

Chander Bindal: Thank you. Thank you, everyone. Thank you.

Yogesh Jain: Thank you, everyone.

Moderator: On behalf of Kirin Advisors Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.