

Caliber Mining & Logistics Ltd. (CMLL) – Investment BUY Call Thesis

Dear Bajaj Capital Investors,

New Stock Recommendations for BUY on 25 Sept 2026

CMP -> 503

Buying Range -> up to 515

Upside Potential-> 15%

Investment Horizon -> 9 to 12 Months

Target price -> 580

Business Overview: - Integrated coal mining and logistics solutions provider

- Caliber Mining and Logistics Limited ("CMLL") is an integrated coal mining and logistics solutions provider. We are in the business of providing services with respect to Coal mining i.e. overburden removal and coal extraction, Coal and Iron ore logistics, Rake Loading, Rail co-ordination and Coal Trading
- Our operations are located in Maharashtra, Madhya Pradesh and Chhattisgarh
- Our largest customers are mine owning subsidiaries of Coal India Limited ("Coal India" or "CIL"), namely Western Coalfields Limited ("WCL") and Northern Coalfields Limited ("NCL")

1

Coal Mining Services

Coal extraction and Overburden removal (OB) services on a contractual basis for WCL and NCL, as well as other private companies

2

Logistics

Loading, unloading and road transportation of coal and iron ore

3

Rake Loading

Loading coal onto rail rakes using our machinery

4

Rail Co-ordination Services

Assisting customers in co-ordinating the movement of coal by rail on the Indian Railways network.

5

Coal Trading

Buying and selling of coal, supplementing the Company's core mining and logistics operations.

1. Integrated Mining & Logistics Platform with Strong Multi-Year Revenue Visibility

1. End-to-end coal mining and logistics business model: CMLL is an integrated coal mining and logistics contractor with more than two decades of promoter experience in the coal mining and logistics industries. The company provides mining excavation, overburden removal, coal extraction, road transportation, rake loading, rail coordination, liaisoning, unloading/offloading and limited coal trading services. Its ability to provide multiple services across the mining-to-dispatch chain gives it a diversified operational offering and allows it to leverage its existing fleet, manpower, maintenance infrastructure and mining capabilities across projects.

2. Exposure to large PSU-linked customers and repeat business opportunities: CMLL's core mining contracts are with subsidiaries of Coal India, while the company also serves private-sector customers. During Q1FY27, approx. INR 597 crore or around 91% of quarterly revenue, came from coal mining services. Management has stated that more than 80% of revenue comes from Coal India, underlining the importance of Coal India's production and outsourcing requirements to CMLL's growth. The company's longstanding relationships with key customers have supported repeat orders and provide a base for further tender participation.

3. Order book provides substantial revenue visibility The order book stood at INR 9,550.89 crore as of May 15, 2026 and INR 9,124.81 crore as of June 30, 2026, after adding three major coal contracts worth INR 3,941 crore during Q1FY27. The June order book was more than 5x FY26 revenue of INR 1,677.66 crore, with an average contract tenure of approximately 46 months. This creates visibility for approximately 3–4 years and materially strengthens the company's ability to scale revenue without depending entirely on new orders in every financial year.

2. Q1FY27 and FY26 Financial Performance Establish a Strong Earnings Base

1. Q1FY27 delivered record operating volumes and robust revenue growth: Q1FY27 revenue increased 67.10% YoY to INR 657 crore from INR 393 crore. Coal extraction increased to a record 1.54 MMT from 1.21 MMT, while overburden removal rose 52% YoY to a record 43.37 million BCM from 28.56 million BCM. Rake loading also increased to 4.77 MMT from 4.46 MMT, while road transportation declined to 2.42 MMT from 2.98 MMT. The operational data indicates that the substantial increase in the order book is already translating into higher execution volumes.

2. FY26 demonstrated healthy growth: FY26 revenue increased 17.29% to INR 1,677.66 crore from INR 1,430 crore in FY25, while operating EBITDA increased 23.21% to INR 430.67 crore. EBITDA margin improved by 123 bps to 25.67% and PAT increased 17.77% to INR 157.14 crore. The improvement in EBITDA at a faster rate than revenue indicates operating scalability and demonstrates the company's ability to improve profitability as execution volumes increase.

3. Return ratios remain healthy but were temporarily diluted by balance-sheet expansion: FY26 ROCE stood at 16.58% versus 20.80% in FY25, while ROE stood at 27.63% versus 34.00%. The decline reflected the balance sheet expanding faster than profits, with total assets increasing to INR 2,077.39 crore and borrowings to INR 1,057.61 crore. As the recently expanded fleet is progressively deployed against the large secured order book and debt declines, there is potential for asset productivity and return ratios to improve.

3. Cash-Flow Conversion, IPO Equity Infusion and Deleveraging Improve Financial Flexibility

1. Strong cash-flow conversion is a major investment-supporting factor: FY26 CFO-to-PAT conversion stood at an exceptionally strong 260%, while CFO-to-EBITDA was 95% and CFO-to-operating profit was 100%. This indicates strong conversion of reported operating earnings into operating cash flow. For a highly capital-intensive mining contractor, strong operating cash generation is particularly important because it supports debt servicing, fleet capex, working-capital requirements and balance-sheet deleveraging.

2. INR 500 crore fresh equity infusion has materially strengthened the capital structure: CMLL raised approx INR 500 crore of fresh equity through the pre-IPO and IPO rounds during the first half of FY27. Net worth stood at approximately INR 647 crore as of March 31, 2026 and has subsequently benefited from the fresh equity infusion. The proceeds are being deployed toward partial debt repayment, capex, working capital and general corporate purposes, reducing reliance on external borrowing and strengthening the company's liquidity position. Promoter ownership stood at 74.2% after the IPO listing in July 2026.

3. Deleveraging & lower cost of funding supports future PAT growth: Management expects gross debt to decline from approx INR 1K cr. currently to around INR 750 cr. by year-end, assuming no major incremental tender additions. Average borrowing cost is currently around 8.5–9.0% and is expected to decline following the CRISIL rating upgrade. CRISIL has also estimated cash accruals of approximately INR 420–600 crore in each of FY27 and FY28, compared with annual term-debt obligations of approximately INR 290–350 crore, indicating improving debt-servicing capacity.

4. CRISIL Rating Upgrade Validates Improving Credit Profile and Order-Book Strength

1. Rating upgraded to A-/Positive and A2+: On August 4, 2026, CRISIL upgraded CMLL's long-term rating to CRISIL A-/Positive from CRISIL BBB+/Stable and its short-term rating to CRISIL A2+ from CRISIL A2. The upgrade reflects the combination of extensive promoter experience, healthy order-book visibility, improved net worth following the equity infusion and an expected improvement in leverage and debt-servicing metrics.

2. Stronger capital structure and healthy debt-protection metrics: CRISIL reported total outside liabilities to adjusted net worth at approximately 2.2–2.3x and gearing at approximately 1.6–1.7x as of March 31, 2026, with improvement expected subsequently. Interest coverage was approximately 5x and net cash accrual to adjusted debt approximately 0.3x in FY26. We expect the capital structure to strengthen further through continued cash accruals, IPO-supported debt repayment, net-worth accretion and disciplined capex.

3. Liquidity metrics have improved, although capex and working capital remain monitorable: Bank-limit utilisation declined to approx 62% during the five months ending June 2026 from earlier levels of around 75%, providing increased headroom. CRISIL considers liquidity strong, with expected cash accruals sufficiently covering annual term-debt obligations. However, because CMLL is both highly capex-intensive & working-capital-intensive, efficient deployment of incremental debt, fleet purchases & working capital will remain important as the business scales. The FY26 current ratio was close to 1x & unencumbered cash and bank balances were approx INR 7 cr. as of March 2026.

5. Growth Catalyst I – Order-Book Conversion, Coal India Outsourcing and Tender Pipeline

1. Large secured backlog can drive substantial FY27 revenue growth: Management has guided for FY27 revenue growth of approximately 45–50% YoY, driven primarily by the full-year execution of recently won orders. CRISIL's assessment is somewhat higher at approximately 50–52% growth, subject to timely execution. The magnitude of the current order book relative to FY26 revenue provides considerable operating visibility and creates the foundation for another year of strong topline growth.

2. Structural outsourcing in Indian coal mining supports the addressable market: The annual report highlights a structural increase in Coal India's outsourcing, with outsourced coal production projected to reach approximately 70% and outsourced overburden removal approximately 94%. The contract-mining market is projected to increase from INR 29,729 crore to INR 66,393 crore by 2030, while contractual overburden is expected to reach 4,312 Mcum with a 14.6% CAGR. Government-led first-mile connectivity and rail-dispatch initiatives can further support coal transportation and rake-loading opportunities.

3. New tender wins provide upside but require disciplined bidding: Management has resumed tender activity after the IPO & participated in more than 8 to 10 coal & overburden tenders, with opportunities being pursued in Odisha & Jharkhand. Company has historically demonstrated bidding discipline, walking away from 38 tenders where management believed pricing was below executable rates. Incremental wins can extend the order-book runway, although additional contracts will also require upfront fleet investment, working capital & potentially incremental debt.

6. Growth Catalyst II – Fleet Expansion, Capacity Debottlenecking and Margin Recovery

1. INR 450 crore FY27 capex directly supports execution of secured orders: Management has guided FY27 capex of approximately INR 450 crore for existing secured projects, with around INR 167 crore funded through cash and INR 283 crore through debt. The primary requirement is additional equipment and fleet capacity to execute the substantially larger order book. The fleet increased to 2,033 vehicles by June 2026 from 1,881 vehicles at FY26-end.

2. Fleet productivity and ERP-led efficiencies provide operating leverage: Management expects 35%+ EBITDA growth in FY27, subject to normalisation of fuel costs, supported by fleet and ERP-led efficiencies. The company operates in-house maintenance facilities, including a central workshop and seven site workshops, while using predictive, preventive and corrective maintenance programmes. Higher utilisation of a larger fleet, improved operational productivity and better maintenance efficiency can provide operating leverage as revenue scales.

3. Margin normalisation represents an important earnings catalyst: Q1FY27 reported EBITDA margin was 16.80%, while management highlighted an adjusted margin of 20.02% after accounting for INR 10.57 crore of diesel-escalation revenue. Management has stated that approximately 23% EBITDA represents the normal steady-state margin, while CRISIL expects operating margins to remain around 24–25% going forward, supported by escalation clauses. The large gap between Q1 reported margin and the normalised range provides meaningful potential operating leverage if diesel costs stabilise and project efficiency improves.

7. Growth Catalyst III – MDO, Iron Ore, Critical Minerals and Geographic Expansion

1. Entry into MDO coal and iron ore can create new growth verticals: Management intends to enter MDO coal, MDO iron ore and iron ore mining, in addition to developing opportunities in critical minerals. One critical-mineral block in Maharashtra has already been secured according to the supplied DRHP/RHP and management commentary. These businesses can leverage CMLL's existing mining, fleet, maintenance and execution capabilities and provide additional growth opportunities beyond traditional OB-removal contracts. The supplied information does not quantify potential revenue or profitability from these initiatives, so they should currently be treated as future growth optionality.

2. Logistics expansion into iron ore broadens the addressable market: The logistics division had an order book of approximately INR 362 crore and accounted for 12.4% of FY26 revenue. Management is expanding the logistics business into iron ore transportation using the company's owned fleet, in-house maintenance and established operating infrastructure. Diversification toward another commodity can gradually reduce dependence on coal-related logistics and expand the company's addressable customer base.

3. Site expansion and new geographies provide a longer growth runway: Management intends to increase its operating footprint from approximately 9–10 sites toward 15–20 sites in the future, while seven sites were operational across Maharashtra, Madhya Pradesh and Chhattisgarh during Q1FY27. CMLL has also entered Central Coalfields through Caliber JV and incorporated subsidiaries focused on iron ore, coking coal, manganese and limestone. Participation in tenders across Odisha and Jharkhand could further diversify the geographic footprint over time.

8. Short-Term Headwinds and Key Risks – Fuel, Monsoon, Execution and Industry Cyclicalities

1. Diesel-cost volatility can pressure near-term EBITDA margins: Diesel represents 46.54% of income, making fuel prices a major earnings sensitivity. During Q1FY27, management reported an exceptional increase in bulk diesel prices, from approximately INR 88–93 before the Iran-war disruption to around INR 130–140 in April and a peak of approximately INR 154 in May. Prices subsequently declined but remained volatile. Although contractual escalation mechanisms provide protection, management explicitly stated that pass-through is not perfectly aligned with cost incidence, meaning short-term fuel spikes can still compress margins.

2. Q2FY27 monsoon weakness can temporarily affect operating performance: Management has characterised Q2 as seasonally weak because of monsoon conditions and expects overburden removal of approximately 34 million BCM in Q2 versus 43.37 million BCM in Q1. This creates a near-term sequential earnings risk. However, management expects Q3 and Q4 to be stronger as post-monsoon operating conditions improve, with full productivity expected to resume from October.

3. Tender-based operations and mining-sector cyclicalities remain structural risks: CRISIL highlights that revenue and profitability are entirely dependent on the company's ability to secure tenders, while intense competition can lead to aggressive bidding and constrain profitability. The business is also exposed to cyclicalities in mining and power-sector activity. Sustaining operating margins in the approximately 24–25% range will therefore depend on disciplined bidding, contract economics, execution efficiency and the continued benefit of escalation clauses.

9. Forensic, Governance and Concentration Assessment – BUY Thesis

1. Customer and related-party concentration remain significant monitorable factors: The top 10 customers contributed 98.40% of FY26 revenue, while the top three accounted for 90.11%; NCL alone represented 44.16%. In addition, the FY27 AGM notice seeks related-party transaction ceilings of INR 500 crore with CMPL SCR JV, INR 200 crore with KSR Freight Carriers and INR 500 crore with Chadda Infraprojects LLP. The Board's Report states these transactions are undertaken in the ordinary course and at arm's length. Such concentration does not necessarily imply an adverse outcome, but it materially increases the importance of counterparty relationships, project continuity and related-party oversight.

2. Contingent liabilities and disclosed regulatory matters require continuing review: FY26 contingent liabilities stood at INR 458.53 crore, equivalent to 70.81% of net worth, primarily due to bank guarantees. The forensic review also identifies a RoC penalty relating to utilisation of private-placement proceeds before allotment, historical delays in certain statutory dues, pending proceedings and a GST demand. At the same time, the FY26 standalone and consolidated financial statements received unqualified audit opinions, with no Emphasis of Matter or Key Audit Matter paragraphs; CARO also reported no loan-repayment default or fraud findings.

3. BUY investment thesis for the 9–12 month horizon: For the medium term, the investment thesis is supported by a combination of INR 9,125 crore-plus secured order book, strong Q1FY27 volume execution, management's 45–50% FY27 revenue-growth guidance, 35%+ EBITDA and PAT-growth guidance, CRISIL A-/Positive and A2+ ratings, substantial FY26 cash-flow conversion, INR 500 crore fresh equity infusion, planned debt reduction toward approximately INR 750 crore, fleet-led capacity expansion and potential margin recovery toward the 23–25% range. The key potential earnings lever is the conversion of the secured backlog into revenue and cash flow while diesel prices normalise and the enlarged fleet generates better utilisation.

Key 9–12 Month Growth Catalyst & Operating-Leverage Framework

1. Revenue Visibility and Order-Book Conversion: The **INR 9,124.81 crore June 2026 order book**, equivalent to more than five times FY26 revenue, remains the central medium-term growth driver. The recently awarded Dhoptala-2, Dudhichua-2 and Jayant-2 contracts worth INR 3,941 crore provide a substantial execution base. Management's 45–50% FY27 revenue-growth guidance and CRISIL's approximately 50–52% expectation indicate the potential for rapid scale-up, subject to project execution and site availability.

2. Margin Recovery and Operating Leverage: The most significant near-term earnings catalyst could be recovery in EBITDA margins from Q1FY27's reported 16.80% toward management's approximately 23% normalised level and CRISIL's 24–25% expectation. Lower diesel prices, better contractual recovery, increased fleet utilisation, ERP implementation, maintenance efficiencies and improved productivity at mature sites can collectively support margin expansion. Management expects 35%+ FY27 EBITDA growth, making margin recovery as important as topline growth for earnings expansion.

3. Balance-Sheet and Strategic Operating Leverage: The INR 500 crore fresh equity infusion, INR 208 crore debt repayment from IPO proceeds, planned reduction of gross debt toward approximately INR 750 crore and CRISIL's A-/Positive rating provide a stronger financial platform for growth. Improved liquidity, lower interest costs and better debt-servicing capacity can allow CMLL to deploy capital toward secured order execution and selectively pursue new contracts and MDO/iron-ore opportunities. CRISIL's estimated annual cash accrual of INR 420–600 crore for FY27 and FY28 provides additional support to the deleveraging thesis, although future tender wins can require incremental capital.

Investment Thesis Buy Conclusion:

1. CMLL's medium-term investment case is centred on the conversion of a very large secured order book into higher revenue, EBITDA and operating cash flow, supported by structural outsourcing in India's coal-mining sector. Q1FY27 established record coal-extraction and overburden-removal volumes, while FY26 already demonstrated 17.29% revenue growth, 23.21% EBITDA growth and a 25.67% operating EBITDA margin. The subsequent equity infusion, debt repayment, rating upgrade and increased fleet capacity have strengthened the company's ability to execute its expanded order book.
2. The cash-flow profile is a particularly important positive factor, with FY26 CFO-to-PAT at 260%, CFO-to-EBITDA at 95% and CFO-to-operating profit at 100%. Alongside this, management expects substantial FY27 debt reduction, while CRISIL anticipates INR 420–600 crore of cash accrual in both FY27 and FY28. The combination of high cash conversion, lower interest costs, equity-funded balance-sheet strengthening and fleet investment can improve earnings quality and financial flexibility as the business scales.
3. The principal risks remain fuel-price volatility, monsoon-related seasonality, tender-based competition, customer concentration, high upfront capex, working-capital requirements, project execution, related-party exposure and contingent liabilities. Therefore, the medium-term BUY thesis should be evaluated through three key operating checkpoints: order-book execution, EBITDA-margin normalisation and cash-flow-led deleveraging. Successful execution of these three parameters would provide the principal support to the 9 to 12 months investment thesis, while deterioration in fuel economics, contract execution, cash conversion or governance-related monitorable would require reassessment.

Management Guidance: -

1 Revenue growth of 45-50% YoY

Driven by full-year execution of orders won during Q1 FY27 and ramp-up at newly commissioned sites (Dhoptala-2 New, Dudhichua-2 New, Jayant-2).

2 EBITDA growth of 35% plus YoY

with margins recovering progressively through the year, as the Q1 fuel-cost spike normalizes and fleet/ERP-led efficiencies take hold

3 PAT growth of 35% plus YoY

Reflecting margin recovery net of higher depreciation from fleet expansion, partly offset by lower finance costs as IPO proceeds reduce borrowings.

4 Scaling up fleet capacity and equipment

Funded through IPO proceeds and internal accruals, to support execution capacity across the existing order book and new sites, while steadily improving the Company's leverage profile as debt is paid down with IPO proceeds.

Financial Performance – Q1FY27:-

		YoY	QoQ	Jun 2026	Mar 2026	Jun 2025
Revenue Cr		67.1%	14.8%	657	572	393
Operating Profit Cr	^	15.3%	-31.3%	110	161	96
OPM %				16.8	28.1	24.3
PAT Cr	^	-21.6%	-55.5%	30	67	38
NPM %				4.5	11.7	9.7
EPS ₹		-21.9%	-59.1%	5.5	13.5	7.1

Particulars (₹)	Q1 FY27	Q1 FY26	% YoY	FY2025-26
Revenue from operations	65,705.07	39,321.42	67.10%	1,67,766.09
Other income	193.16	55.41	248.60%	687.19
Total Revenue	65,898.23	39,376.83	67.35%	1,68,453.28
Operating Expenses	54,667.91	29,753.58	83.74%	1,24,698.84
Operating EBITDA	11,037.16	9,567.84	15.36%	43,067.25
Operating EBITDA Margin (%)	16.80%	24.33%		25.67%
Depreciation	4,523.04	2,848.77	58.77%	13,701.61
Finance costs	2,802.83	1,672.34	67.60%	8,125.14
Profit before profit/loss from investment in other & exceptional item	3,904.45	5,102.14	(23.47)%	21,927.69
Profit/loss from investment in other & exceptional item	-43.95	57.98	(175.80)%	710.17
Profit before tax	3,948.40	5,044.16	(21.72)%	21,217.52
Tax expense	972.36	1,249.97	(22.21)%	5,503.06
Net Profit after tax	2,976.04	3,794.19	(21.56)%	15,714.46
PAT Margin (%)	4.53%	9.65%		9.37%
Basic & Diluted EPS* (₹)	5.53	7.08	(21.94)%	29.33

*Earnings per share (EPS) is not annualized for the three months ended

Note :- Amount in INR lakhs

Segment-wise Revenue Split -Q1 FY27

	Q1-FY2027		FY2025-26	
Business Activities	Amount	% of revenue	Amount	% of revenue
Coal mining services	59,727.49	90.90%	144,417.52	86.08%
Logistics	5,186.38	7.89%	20,867.09	12.44%
Rake loading	716.77	1.09%	911.46	0.54%
Rail coordination services	16.39	0.02%	32.81	0.02%
Trading	58.04	0.09%	1,537.22	0.92%
Grand Total	65,705.07	100%	167,766.09	100%

Note :- Amount in INR lakhs

Happy Investing!

Thank you and best regards,

On behalf of Bajaj Capital's Research Team