PARTNERSHIPS IN PRACTICE

June 03, 2023

To,

BSE Limited
Corporate Relationship Department
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001

National Stock Exchange of India Limited
The Listing Department
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400 051

BSE Scrip Code: 543413

NSE Symbol: TEGA

Sub: Transcript of the Earnings Conference Call for the Quarter and Financial Year ended March 31, 2023

Dear Sir/Madam,

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, please find enclosed the Transcript of the Earnings Conference Call of Tega Industries Limited held on May 30, 2023 at 6:00 PM IST for the Quarter and Financial Year ended March 31, 2023. The same can also be accessed on the Company's website at https://www.tegaindustries.com/investor#stock-tab.

Thanking You,

Yours faithfully,

For **Tega Industries Limited**

MANJUREE RAI

Digitally signed by MANJUREE RAI
Date: 2023.06.03 15:14:03 +05'30'

Manjuree Rai
Company Secretary & Compliance Officer

Enclosed: As stated above

Tega Industries Limited
Registered Office: Godrej Waterside, Tower-II, Office No 807, 8th Floor, Block DP-5, Salt Lake Sector V, Bidhannagar, Kolkata, West Bengal 700 091
Tel: +91 33 4093 9000 | Fax: +91 33 4093 9075 | www.tegaindustries.com

"Tega Industries Limited
Q4 & FY '23 Earnings Conference Call"
May 30, 2023

MANAGEMENT: **MR. MEHUL MOHANKA – MANAGING DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER – TEGA INDUSTRIES LIMITED**
MR. SYED YAVER IMAM – DIRECTOR, GLOBAL PROJECT MANAGER AND HEAD OF SALES – TEGA INDUSTRIES LIMITED
MR. KAUSHAL SUREKA – DEPUTY GENERAL MANAGER, FINANCE AND ACCOUNTS – TEGA INDUSTRIES LIMITED

MODERATOR: **MR. NACHIKET KALE – ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the Tega Industries Limited Q4 and FY'23 Earnings Conference Call organized by Orient Capital. 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. Please note that this conference is being recorded. I now hand the conference over to Mr. Nachiket Kale from Orient Capital. Thank you and over to you, Mr. Kale.

Nachiket Kale: Good evening, everybody. Welcome to the Q4 and FY'23 Earnings Conference Call of Tega Industries. Representing the management on this call today we have with us Mr. Mehul Mohanka, Managing Director and Group CEO, accompanied by Mr. Syed Yaver Imam, Director, Global Project Manager and Head of Sales. Also with us is Mr. Kaushal Sureka, DGM Finance and Accounts.

Before we proceed, a disclaimer. This conference call may contain some forward-looking statements which are based on beliefs, opinions and expectations of the company as of late. A detailed statement has also been given on the company's investor presentation, which has just been uploaded to the stock exchanges. I hope everyone had a chance to go through the results. I would now like to hand over the call to Mr. Mehul Mohanka. Over to you, sir.

Mehul Mohanka: Thank you. Good evening on behalf of Tega. I would like to extend a cordial welcome to everyone for joining us on our earnings call today. I have with me today on this call Mr. Imam, who is our Director, Global Sales and Marketing, and Mr. Kaushal Sureka, who heads our Finance and Accounts. I am delighted to state that our business has experienced significant growth in key metrics during the fourth quarter, building upon the strong momentum we achieved throughout the year. We have witnessed robust sales growth across all regions, reflecting the effectiveness of our strategies and the value we provide to our customers.

Furthermore, our expanding scale has resulted in improved operating leverage and substantial margin improvement, both on a yearly as well as quarter-over-quarter basis. Despite the challenging global macro environment characterized by geopolitical issues in Europe, a recessionary outlook in leading economies, currency volatility and inflationary pressures on raw materials, we have managed to deliver significant improved results. In addition to our strong performance, I am pleased to inform you that we have made an important strategic move by acquiring McNally Sayaji Engineering Limited.

This marks Tega's first acquisition in India and fourth globally. McNally Sayaji Engineering Limited is a renowned company which offers, innovation, innovative solutions in manufacturing and marketing of crushing, screening, grinding, material handling and mineral processing equipment, complemented by integrated customer support and after-sales service. This acquisition represents a significant step towards expanding our product portfolio, both in terms of products as well as services and spares. The broader range of offerings is expected to enhance our company's sustainability and drive future growth.

It is imperative to note that McNally Sayaji Engineering Limited is an operational company that is not losing cash and we anticipate strong growth in the coming years. Looking beyond this acquisition, we are also excited to share that our expansion project in Chile is progressing well. We have successfully completed the land acquisition process and are currently awaiting further statutory approvals so as to commence construction. We will keep you updated on the progress of this project and provide any relevant updates as they become available.

In conclusion, I have strong confidence that Tega Industries Limited is well positioned to seize the opportunities within the sector we operate in and generate long-term value for all our stakeholders. I would like to express our sincere gratitude to all our investors for their unwavering faith in our company. Thank you all and now I would like to hand over to Mr. Kaushal Sureka to take you through the financial performance of the company for the period under review.

Kaushal Sureka: Thank you, sir. Good evening, all the participants. I would just like to share the highlights of the financial performance of Tega Industries for the fourth quarter as well as for the whole year. So, if you look at the fourth quarter, the revenue has gone up to INR396 crores from INR290 crores in the last year's similar period, showing a strong performance of growth of around 36%. Our operating EBITDA stands at INR102 crores, which is 25% of our revenue. As compared to last year's 23.8%, which shows a margin expansion of 200 basis points.

On a full year basis, our revenue has gone up by 28% on a YOY basis. Against a revenue of INR950 crores last year, we have reached a revenue level of INR1,214 crores in this financial year. The operating EBITDA for the full year is at the range of 22%. Against the operating EBITDA of 19% in the year preceding to this financial year. The PAT margins remain healthy at a percentage of 15% on a revenue, which was in the last year close to 12.5% for FY'22.

We have been able to manage our working capitals well, which was on a high trajectory last year because of the supply chain issues which we have seen during the fourth quarter of the last financial year, which has improved by around 20 odd days in this financial year, which is easing out the working capital pressure on the company. Our order book as on the 1st April 2023 stands at close to INR340 crores. We can now keep the floor open for any specific questions and answers.

Moderator: Thank you very much. The first question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Good evening, sir. Congratulations on a very good quarter and a fiscal year. My first question is, is it possible to break up the volume and value growth for the Q4 as well as for the entire year?

Kaushal Sureka: The volume growth, we had also given a direction till nine months. The volume growth remains in the range of 16% to 17% for the whole of the year. And we are tracking the same kind of a range in this quarter as well. And the price increase is in the range of 5% to 6%. And there is a bit of a foreign exchange gain also on account of currency improvement. So that's in the range of 1%.

Mohit Kumar: My second question is, can you just break up the revenue between DynaPrime and non-DynaPrime business?

Kaushal Sureka: So, Mohit, this is a bit strategic. And we would refrain from giving specific information breaking DynaPrime and mill business because that's something which we are now noticing is becoming a little difficult for us to share this information because as a strategic information, we will prefer to share the information at the overall business level maybe, but not split into DynaPrime and the traditional liners.

Mohit Kumar: Is it possible to share this with Chile, Australia breakup or do you think it's...

Kaushal Sureka: Not really. You can see the segmental breakdowns as part of the annual report when it goes in terms of the geography wise revenue.

Mohit Kumar: I will do that, sir. My last question is, sir, what kind of synergy is expected from the acquisition of the McNally Sayaji Engineering and what are your plans to scale up this business over, let's say, medium term, three to five years?

Kaushal Sureka: See, McNally Sayaji was an operational company and it is, kind of a backward integration for us because they are in an equipment space and we provide spares which are getting installed into those equipment's as well. So, this opens up a new market domain for Tega as well as they are not into the equipment space and the size of the market in the equipment space is pretty big as compared to the spare businesses. So, McNally will open up that market from the equipment side and from a Tega perspective, this will also add value because we will have more installed equipment bases of our own group companies, which will add an advantage to us.

Mohit Kumar: Is it possible to take this business international?

Kaushal Sureka: Sorry.

Mohit Kumar: Is it possible to sell the equipment to Chile and the other markets, Australia, etc.?

Kaushal Sureka: Tega has been a global company and we export 80%-85% of our business in the foreign geography. So, McNally also, as and when the product portfolio matures, we will definitely take that company also to the global market and it is very much possible that we take to the export markets.

Mohit Kumar: Understood. Thank you and all the best. Thank you.

Moderator: Thank you. The next question is from the line of Dhiral from Philip capital PCG. Please go ahead.

Dhiral: Good evening, sir. Thanks for the opportunity and congratulations for the very strong set of numbers. If I look at your FY'23 gross margins and if I compare it with the FY'22, sir, our gross margins are down almost 100 bps-110 bps. Wherein this year we have seen everything, cooling off from commodity to shipping and everything, but our margins have fallen on a YOY basis. Is there any particular reason for that, sir?

Kaushal Sureka: So Dhiral, if you have heard our previous earnings call, it typically takes us two quarters to pass on the benefits or even the increase in the prices to our customers. So, it is a little lag which happens. So, you are right that it is showing a dip in terms of the overall margin, but if you see on a quarter-on-quarter basis, we are improving and that is how the increased price is getting transferred to the customers. So, in the coming quarters, if this remains the situation, you might see a margin improvement as well.

Dhiral: So, we still are targeting a 60% gross margin in our business or with the acquisition of the McNally Engineering, we are targeting even higher gross margins, sir?

Kaushal Sureka: No, equipment business will not have a higher gross margin than our regular business. That's not something which is possible and sustainable in this space. If you look at the merged entity level, our margins will probably dip as a percentage from here on because equipment business will have a lower margin definitely.

Dhiral: So, what will be our guided range for FY'24-FY'25 sir along with this acquisition now?

Kaushal Sureka: A bit too early to answer this question, Dhiral, because it's just been two or three months we are into this company, and it will take some time for us to give any kind of a guidance to the market till the time we exactly assess the situations.

Dhiral: Okay, and sir, when I look at our gross block for FY'23 or maybe the net block, it has risen substantially from INR170 crores to almost INR308 crores. So how much of that is of the standalone Tega or maybe overall Tega and how much of that of the McNally engineering, sir?

Kaushal Sureka: So, most of it is from McNally Sayaji with the new acquisitions is coming with a gross block of around INR170 odd crores at a fair valued level.

Dhiral: Okay, okay. And sir, can you just quantify what was the overall growth of DynaPrime that we have seen in FY'23 as a whole or maybe the overall mill liner growth and the non-mill liner growth?

Kaushal Sureka: So, on a DynaPrime, as we already mentioned, Dhiral will not be answering specific questions on DynaPrime because that's a strategic product and we will not be sharing those information going forward. But on an overall mill liner basis, we have grown in the range of 20%-22%, which is the 70%-75% of our business. So, on an overall business basis, we have grown to 23%. So, I think that answers your question that mill happens to be 70% of our business. So, the majority growth comes from the mill business only.

Dhiral: And on the non-mill liner part, how much that has it grown? Because this year we have seen a very good growth as of nine months. So, what was the overall growth for FY'23, sir?

Kaushal Sureka: So, if you talk about overall growth, we are 24%. Mill liner has grown in the range of 20%-21%. So non-mill is in a bit of a higher range, but not crossing 30%. It will be in the range of 25%-26%.

Dhiral: Okay. And so, this acquisition of McNally Engineering, so does it help only for the backward integration part or is there any revenue benefit that will flow to the P&L, sir, in FY'24?

Kaushal Sureka: Sorry, I did not understand your question.

Dhiral: So, the acquisition of McNally Engineering, does it help only on the backward integration part or it will help in generating the revenue as it will expand our product basket, sir?

Kaushal Sureka: See, McNally Sayaji will definitely add in both the spaces. It also helps increase Tega's revenue because we will have more known installed bases wherein McNally's equipment will be installed. So, we will be able to push our products also faster there because it is coming from the same brand. And McNally and equipment space will also give us new geographies and new market also. So as a group, we will have equipment business coming in plus the spare business will get a boost because of our own equipment getting installed at the customer sites.

Dhiral: So, what kind of revenue, sir, we are looking on the McNally Sayaji part, FY'24 and FY'25?

Kaushal Sureka: See, at the time of acquisition in the press release, we have mentioned that we are looking in the range of CAGR growth of 15% for this business. They have done in the range of 12%-15% in the last two years since they went into NCLT and we believe that in the initial first two years, we will be able to higher up it by at least 2% or 3% and 15% is a reasonable number which we should be able to achieve for the next three to four years on a CAGR basis.

Moderator: Thank you. So, Dhiral we request that you return to the question queue for follow-up questions. We will take the next question from the line of Sandeep Tulsiyan from JM Financial. Please go ahead.

Sandeep Tulsiyan: Yes, hi. Good evening and congratulations on this fantastic set of numbers. I have just one question regarding McNally Sayaji. I think the equipment phase that we have reported seems to have very high EBIT margins in the reported numbers. So, should one look at these margins to be sustainable going forward as well or it has to be looked after eliminating the interest payment amount as well that it shows over there?

Kaushal Sureka: So, Sandeep, to answer your question, we have consolidated the best part of McNally's business into our financials, which is the last five weeks of the year. So, if you look at the business lumpiness, that's the best period for any company to book revenues, right? So that is what's getting consolidated. So, you are right, these numbers are showing a healthy EBIT, but that's not sustainable as a percentage of revenue. We might track, as I mentioned, that a 15% CAGR on the revenue, but the margin levels will not be a percentage of what is right now getting consolidated with Tega. They will have a lower EBITDA margin and the lower gross margins as compared to Tega's business because the nature of the business is such.

Sandeep Tulsiyan: Right. So, see, when we compare other peers in this space, typically margins are, I mean, of course, they are all over the place, but it's deviated 10% plus minus maybe 2% to 3% over there. So, should we consider a similar range, or the product portfolio and competitive intensity is different where margin should be outside this range is a good guide where they should be going forward as well.

Kaushal Sureka: Sandeep, we would love to answer this question maybe from Q2 onwards, once we get a good sight of the business, more close sight of the business to give a better guidance to the market on this. Right now, I think it will be very premature for us to give any kind of a commitment or directions to the market on this.

Sandeep Tulsiyan: Fair enough. And also from a capital allocation perspective, just want to understand what is the kind of capex we have planned in this entity? And are there any other product gaps which we are looking to address through future acquisitions? Because the cash will continue being very strong?

Kaushal Sureka: So, from a capex perspective, as part of our resolution plan, we said that we might infuse around INR10 crores-INR15 crores into the company based on the needs at each of the locations. From a product gap perspective, this adds a significant amount of a product portfolio in our whole scheme of things. The next round of capex, the next round of acquisition is something which I will not be able to comment right now, but as you all know, that Chile, we are coming up with a greenfield project, so there is enough amount of capex plans which is on the plate. And the capital allocation for the next one, one and a half years will be towards Chile and some bit of capex in geographies like Africa and in India.

Sandeep Tulsiyan: Fair enough. Thank you so much for taking these questions.

Kaushal Sureka: Thanks.

Moderator: Thank you. The next question is from the line of Sahil Sanghvi from Monarch Network Capital. Please go ahead.

Sahil Sanghvi: Good evening. Thank you for the opportunity and congratulations for an excellent set of numbers. My first question is, can you give me the breakup of what were the revenues from McNally Sayaji and Q4, I mean out of the INR396 crores, what was the revenue contribution from McNally?

Kaushal Sureka: So, if I could just put you just a brief number, the total revenue from McNally Sayaji, which is getting consolidated for the five weeks is in the range of INR35 crores.

Sahil Sanghvi: INR35 crores. Okay.

Kaushal Sureka: So, it is for the period from 24th February till 31st March.

Sahil Sanghvi: And what's the FY’23 revenues that McNally Sayaji has done?

Kaushal Sureka: So, as a company, they have done close to INR190 crores for the full year.

Sahil Sanghvi: So, this, I mean, this is different from the entity we have acquired.

Kaushal Sureka: Sorry?

Sahil Sanghvi: This is different from the entity that we have acquired, I mean the assets that we have acquired. INR190 crores, is it fair to assume that the assets that we have acquired has done a INR190 crores?

Kaushal Sureka: 190 was for full year and we have acquired this entity at the end of February. So, we will be only consolidating that portion of revenue, which has accrued to them post our acquisition.

Sahil Sanghvi: I get it. I get it. My second question would be, if you can just give some more details on the capex that you want to do on the other business, as in the Tega side of the business. I mean, how much you want to spend and on what aspects and as in location and what kind of growth capex are you spending on what front?

Kaushal Sureka: So, on a larger capex side, we already have plans for consolidating our operation and expanding capacity in Latin America, so which is a greenfield project in a way for us. We do have a bit of an expansion project of adding some capacities in Africa and in India. And with McNally Sayaji coming into our fold, we have allocated a portion of our capital to the tune of around INR15 odd crores to put into this business to meet up the product gap wherever we find that the market is ready to take our product and we can build up the capabilities faster.

Sahil Sanghvi: Yes, so just need clarification on the Latin America, Africa and India spend, I mean how much would that be and over what period? Whatever it is?

Kaushal Sureka: So, overall project cost perspective, it is close to $20 million capex. So, the land acquisition part is already done. We are waiting for environmental clearances from the regulators and that will be, we expect that to happen by another maybe a quarter or two. And once that is there, the project will be at full swing and then the spend will start happening and that is going to be funded through an optimal mix of debt and equity.

Sahil Sanghvi: This is across all the three locations, or this is just Latin America?

Kaushal Sureka: This is only for Chile. The $20 million is only for the Latin America region.

Sahil Sanghvi: And the other two locations, would there be any significant?

Kaushal Sureka: Not a very significant amount, not as big as in Chile. So, we will have around, initially we have said that for the next three years, we had a project of around overall $30 million. $20 million goes to Chile and then rest of the $10 million will be in Africa, India and now with McNally coming in, you can add $2 million more to that.

Sahil Sanghvi: And this $20 million for Latin America, would that all be spent in FY'24 or that will be spread over the next two years?

Kaushal Sureka: So, the idea is to spend it as soon as possible. We are waiting for the environmental clearances because we are already short of capacity there with the kind of demands we are looking in. So, the moment we get these environmental clearances, the project will be at full swing and we expect that we will be able to spend most of it in ‘24. There might be some spill over which might happen in ‘24-‘25, the initial first two quarters.

Sahil Sanghvi: Right. And from the demand perspective, like how do you see the other business growing as in the Tega business growing for the next two, three years?

Kaushal Sureka: So, we have always mentioned that we target and aspire to grow at a 15% growth rate, and we have been doing it for the last five years now. So, we will be keeping the same track and we will be targeting that number as well.

Moderator: Thank you. The next question is from the line of Sandeep Jain from Baroda BNP Paribas Mutual Fund. Please go ahead.

Sandeep Jain: Thanks for taking my question. So, first, if I can understand, I mentioned INR190 crores of McNally Sayaji revenue for FY’23 what amount of EBITDA they have made? Can you disclose?

Kaushal Sureka: See, that does not make much of a sense for us because the major part of that revenue was generated when we were not part of that company. So, we acquired this company only in the last 24th February, which is like five weeks. So, I think we should be looking into their future prospects more than what they have done in the past. So, we will track a revenue growth of close to 15% EBITDA margins we need to revisit and only once we get a better side on this, we will be able to give you that number.

Sandeep Jain: No, I am just trying to understand whether there is some kind of operating leverage can be achieved or some kind of low hanging fruit is there. I understand it is not kind of comparable, but just wanted to understand the numbers.

Kaushal Sureka: Even during this CIRP period, they have reported profits. So, that is something which you can consider as an upside for them. Yes, they did not have a debt on their balance sheet. So that makes it all the more reason for them to report profits. But going forward, as I said that we have to wait and watch till another one or two quarters.

Sandeep Jain: Got it. And second, if I can understand, so somewhere around INR250 crores to INR260 crores we are going to spend in next three years, right? So, I can get 32, 33 million kinds of thing, right? And currently, if I look at the way the debt is there, so any kind of peak debt are we, in our mind and we want to reduce the debt position going ahead?

Kaushal Sureka: So, our present debt-equity ratio is in 0.3 and our net debt positions after this acquisition remains at INR70 crores. At the debt level. Our EBITDA for this year is close to INR260 crores, which is four times the debt. So, we are at a very healthy position in terms of the debt. So, any new capex can very well be funded through an optimal mix of debt and equity. We can even think of funding entirely through internal accruals as well, because the amount of cash sitting in the balance sheet will permit us. That is something which as and when we have to spend, we have to look at the market and take a conscious call.

Sandeep Jain: Got it. And all the new capacity or all the new capex which we are doing, we are doing on DynaPrime, or we are doing on other products and what would be the total nameplate capacity after that?

Kaushal Sureka: Our capacities are very much fungible, right? So, it's not that when we add capacity, it can only cater to DynaPrime, or it can only cater to mill. It's largely fungible, so any capacity addition can serve that particular market for those kind of products. So, it's an overall basis capacity. It's not for a particular product level.

Sandeep Jain: Okay. Just one last question. Some time back, we have got the news that Chile and some other geographies are nationalizing all mines. So, any kind of impact on us on that news and or I am just, theoretically or hypothetically any kind of issues on that?

Syed Imam: No. Chile had a political, this is Syed Imam here. Chile had a political change with the Left coming in heavily in power, last year. The new constitution, the Left had proposed some of the things, one of the biggest copper mines over there, Codelco is already government owned. But at the same time, now what has happened in the last four months, there has been a very large change again in the political situation over there. So, some of these issues which had cropped up here before last, I don't think it's going to get implemented fully. And private companies have been very large in Chile.

Even for government company, we are in the space of consumables. And if the mines are operating, we need, they need that. So, for us, although we are there in Chile with both government space, which is Codelco, we are also there with the private Chile. Chile being 40% of the total copper production in the world, I think going forward, any government will be very difficult to change drastically over there. So based on latest development, we think things will continue as it is.

Sandeep Jain: Got it. And just, kind of data keeping. So Codelco growth, that is the government mine in Chile, is more or less the same compared to the private mining growth or they are working at a different scale?

Syed Imam: No, as far as growth is concerned, I think both the mining and the Codelco as well as the private sectors are all working in the same kind of space, because they have to continue to cater to the larger demand of copper that is going to come up with the EV sales. So, I think everyone is tuned into how to add capacity, how to increase productivity.

Sandeep Jain: Got it. Thank you, sir. That's it from my side.

Moderator: Thank you. The next question is from the line of Mihir from Carnelian Capital. Please go ahead.

Mihir: Yes, hi. Thanks for giving the opportunity and congratulations on a great set of numbers. So, you mentioned about the $30 million capex. I just largely wanted to understand on the operational numbers front, what kind of capacity addition are you looking at Chile and India? I mean, in operational terms, if you can clarify, that will be really helpful. And my second question was on the right to win. I mean, when we see other companies, they are also present in the overall business services.

So, what is the differentiated right to win that we are having specifically with reference to DynaPrime product, which is giving such a good growth? And despite the fact that we are operating only in the mill liner business, versus those companies also having their own mills? So that will be really helpful.

Mehul Mohanka: Can you just once again repeat your question?

Mihir: Yes, sure. So, my second question was on the fact that there are global companies which are also operating in the overall mills business, but since we are primarily operating in the mill liner business, so despite we are operating in the lesser smaller part of the segment, so what is the differentiation of right to win that we are having? Then we are able to win contracts, have good revenue growth, despite operating in just the mill liner segment and not the entire mill.

Mehul Mohanka: So, if I can answer that, this is Mehul. If you look at our entire historical growth, the reason why we have continued to deliver growth in mill lining segment is because we have very clearly been able to differentiate ourselves from the other competitors or other companies which supply both mill and linings or just the mill. So, there is a clear distinction that the customer makes in his mind when he sees a proposal from us because we deliver value in terms of both engineering and performance.

So that's how we differentiate ourselves and now having bought McNally which manufactures grinding mill itself, that's where the integration or the backward integration and the opportunity to now combine our linings with the mill also presents itself as a future growth opportunity.

Mihir: Sure, sure. And just on the capex side, I mean, you mentioned about contingent values.

Moderator: This is the operator. Sir, please use the handset mode. The audio is not clear.

Mihir: Yes, sure. So just on the capex side, I mean, the $30 million number you mentioned, if you can clarify what in terms of addition, I mean, operational terms, what in terms of million terms per annum are we looking to add at Chile and Dahej from this $30 million, that will be really helpful.

Kaushal Sureka: So, from the capacity in Chile, we will be able to generate our revenue levels at a peak level by FY'30 in the range of $70 million to $80 million from here on. So, it will kind of double the revenue from present level in the next five to six years with this capacity. And for Dahej also, this will add at least 7% to 8% on our top line once this spent is done in Dahej and in South Africa.

Mihir: Sure, sure. That's it for my side. Thank you very much.

Moderator: Thank you. The next question is from the line of Shirom Kapoor from Prabhudas Lilladher. Please go ahead.

Shirom Kapoor: Hi. Thanks for the opportunity. Could you help us with utilization levels at each plant for FY'22 as well as FY'23?

Kaushal Sureka: See, capacity utilization, as I mentioned, we are not a kind of a commodity or a grinding media wherein we can say tonnage is our capacity. But on an overall revenue basis, we see that we are right now operating in the range of around 60% from our overall capacity utilization. And it is largely same across location. Yes, in Chile, we are higher capacity utilization. That is why we are topping up the capacity. And creating more and more capabilities in Chile. So, there we are at higher capacity utilization, which is calling for a capex to be spent in the next two years. But on an overall company level, we are at 60%.

Shirom Kapoor: Okay, understood. And similarly, now for the new acquisition MSEL, you guided for 15% growth going forward. So that would be on the INR190 crores. This is 100% acquisition, right? So, the INR190 crores, which they did in FY'23, you are projecting for 15% CAGR on that for the next few years. Is that correct?

Kaushal Sureka: Yes, you are correct.

Shirom Kapoor: And I might have missed this earlier, but is there any margin guidance that you can give us on the new subsidiaries going forward, which they can achieve?

Kaushal Sureka: Not now, maybe one or two more quarters from here on.

Shirom Kapoor: Okay, understood. Thank you. That is all from my end. Thank you so much.

Kaushal Sureka: Thank you.

Moderator: Thank you. Ladies and gentlemen, in the interest of time, that was the last question. I now hand the conference over to the management for closing comments.

Kaushal Sureka: Thank you to all the participants for attending this call and asking us questions, which also allow us to introspect further and help you clarify your doubts around our business. And we are happy to handle this query in the upcoming earnings call for the coming quarters. Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of Tega Industries Limited, that concludes this conference call. Thank you for joining us. And you may now disconnect your lines.