

August 08, 2025

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 ended June 30, 2025

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 August 05, 2025, at 5:30 PM IST for the Quarter ended June 30, 2025. The same can also be accessed on the Company's website at <https://www.tegaindustries.com/investor/#stock-exchange>.

Thanking You,

Yours faithfully,

For **Tega Industries Limited**

Manjuree Rai

Company Secretary & Compliance Officer

Enclosed: As stated above

Tega Industries Limited

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An ISO 9001 : 2015 Company
CIN : L25199WB1976PLC030532



**“Tega Industries Limited
Q1 FY '26 Earnings Conference Call”
August 05, 2025**



MANAGEMENT: **MR. MEHUL MOHANKA – MANAGING DIRECTOR AND
GROUP CHIEF EXECUTIVE OFFICER – TEGA
INDUSTRIES LIMITED
MR. PRATIK BASU ROY – PRESIDENT, PRODUCT
MANAGEMENT, GLOBAL SALES AND MARKETING –
TEGA INDUSTRIES LIMITED
MR. SHARAD KHAITAN – CHIEF FINANCIAL OFFICER –
TEGA INDUSTRIES LIMITED
MR. SOURAV SEN – CHIEF EXECUTIVE OFFICER, TEGA
MCNALLY MINERALS LIMITED**

MODERATOR: **MR. BHAVYA SHAH – MUFG INTIME INDIA PRIVATE
LIMITED**

Moderator:

Ladies and gentlemen, good day, and welcome to the Tega Industries Limited Q1 FY '26 Earnings Conference Call, organized by MUFG Intime. 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 and then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Bhavya Shah. Thank you, and over to you, sir.

Bhavya Shah:

Thank you, Nidhi. Good evening, and welcome to Q1 FY '26 Earnings Conference Call of Tega Industries Limited. Today on the call, we have with us Mr. Mehul Mohanka, Managing Director and Group CEO; Mr. Sharad Kumar Khaitan, Chief Financial Officer; and Mr. Pratik Roy, Product Management, Global Sales, and Marketing.

Before we proceed with this call, I would like to give a small disclaimer that this call may contain forward-looking statements, which are based on beliefs, opinion, and expectation of the company as of date. I hope everyone had a chance to go through these results.

Now I would like to hand over the call to Mr. Mehul Mohanka for his opening remarks. Over to you, sir.

Mehul Mohanka:

Thank you, Bhavya. Good evening, and a warm welcome to all the participants on the call. I am joined this evening by Mr. Sourav Sen, the CEO of Tega McNally; Mr. Pratik Basu Roy, President, Product Group and Global Sales; and Mr. Sharad Kumar Khaitan, our Chief Financial Officer. Thank you for joining us today. It's a pleasure to connect with our valued investors, analysts, and stakeholders.

We are pleased to share our performance for the quarter ended June 30, 2025. Despite a volatile global environment, Tega Industries has continued to demonstrate resilience, innovation, and strategic agility. Our consolidated operating revenue for Q1 stood at INR3,716 million, marking a 6% year-on-year growth.

We reported an operating EBITDA of INR725 million with EBITDA margins of 20%, reflecting our focus on operational efficiency. Our equipment business delivered strong performance with revenue of INR643 million, up 78% year-on-year compared to INR361 million in the same period last year. We remain on track to achieve our FY '26 earnings guidance.

As on June 30th, our order book stands at approximately INR10,053 million. with INR6,103 million executable within the next 12 months. This provides strong visibility and confidence in our growth trajectory. We remain cautiously optimistic about the road ahead. While macroeconomic uncertainties persist, our diversified portfolio, strong balance sheet and customer-centric approach position us well to navigate challenges and seize emerging opportunities across global markets.

When it comes to the overall projection around global copper demand, we see it grow steadily, reaching 28.3 million tonnes by 2030, up from 24.6 million tonnes in 2026, reflecting a CAGR

of 4%. This growth is driven by electrification, EVs and infrastructure expansion. Copper is increasingly viewed as a strategic resource essential to the energy transition.

Gold demand is expected to remain resilient with global production forecast to rise from 3,582 metric tonnes in 2026 to 4,245 metric tonnes by 2030, reflecting a CAGR of 4% as well. This is supported by investment demand, Central Bank accumulation and industrial use.

This surge is prompting mining companies to ramp up exploration and production, especially in copper-rich regions such as Latin America, North America, and Africa. We continue to strengthen our global footprint, particularly in Latin America and Africa, where demand for our products remain robust.

Our Chile operations are scaling well, and we are actively investing in capacity and talent to support long-term growth. The global mining sector is being reshaped by rising demand for critical and rare minerals, driven by the energy transition and electrification.

ESG compliance, digitalization and supply chain realignments are becoming central to investment decisions. Additionally, recent U.S. tariff adjustments shall have a similar impact on competition. Hence, Tega shall remain and maintain its competitive edge in U.S.

Innovation remains at the heart of our strategy. We've enhanced our product offerings that shall increase mine productivity while reducing environmental impact. Sustainability is embedded across our operations from energy-efficient manufacturing to product design, ensuring long-term value creation for our stakeholders and the planet.

I want to thank our employees for their unwavering commitment, our customers for their trust and you, our investors, for your continued support. We are committed to delivering sustainable value and transparent communication.

Now I would like to hand over to Sharad, who will take you through the financial performance of the company. Thank you.

Sharad Khaitan:

Thank you, Mehul. A very warm welcome to everyone, and thank you for joining the earnings call for Q1 of FY '26 performance and results. The total group revenues of Q1 FY '26 stood at INR3,716 million, with an EBITDA of INR725 million, that is EBITDA margins of approximately 20%. The group revenues for same period last year, that is Q1 of FY '25, was at INR3,516 million, with an EBITDA of INR771 million.

During the current quarter under reporting, the consumable business segment and the equipment business segment contributed 82% and 18% of the group's revenue from operations, respectively. The revenue from operations of the consumable business reported revenues of INR2,940 million in Q1 of FY '26 versus INR3,046 million in the same period last year.

While we have witnessed some disruptions due to global economic and political development, account war, logistics, supply chain disruptions, sanctions, tariffs, etcetera, overall business is unaffected and the sales funnel remains robust for us.

The revenue from operations of the equipment business witnessed a significant increase of INR283 million or 78% with Q1 FY '26 revenues at INR643 million as against INR360 million reported in the same period last year. We have maintained healthy gross margins of 59% at the group level, in line with the same period last year in spite of raw material volatility, global uncertainties and a higher share of the equipment segment.

The order book for both the business segments, that is consumables business segment and the equipment business segment remains strong. We have an order book of INR10,053 million as at 30th June 2025, out of which executable orders within 1 year is approximately INR6,103 million.

Please note that for us, each sequential quarter in the financial year is better than its preceding quarter, hence we shouldn't compare Q4 of last year, that is FY '25 with the current quarter and the reporting that is Q1 of FY '26. The supply chain is affected by the volatile geopolitical situation in the recent past and we have proactively taken actions to ensure RM security by advanced placement of orders to counter the increase in the supply chain timeline.

We have also ensured dispatch readiness in time to reduce manufacturing throughput time to offset the increased transit time and are tracking all the shipments on a real-time basis. The Chile capex project is on track with the project in full action, and we are trying to have the same ready for commercial production around same time next year.

It may be noted that no sales shall be impacted in such interim period as we have put up alternate plants at Chile, which will address any capacity limitations to meet the revenue growth. Thank you very much for your time. And the forum is now open to any questions you may have.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Devanshi Shah from SDA Finance.

Devanshi Shah: So my first question was Which geographies-led growth this quarter across key segments, was it demand-led or price-led? Which new geographical markets is the DynaPrime segment expected to expand into in the future?

Pratik Basu Roy: This is Pratik. I'll take your question. So our demand has been overall robust across the regions. However, Latin America is driving that growth amongst all the regions going forward. DynaPrime has also seen a significant increase and is also leading product in our product portfolio. So amongst all the products that we have in the consumables business, DynaPrime has seen the maximum growth.

Devanshi Shah: Got it, sir. And my second question was regarding the order book. Can you break down the mix of order book domestic versus international, mining versus industrial sector? And update visibility for FY '26, if possible. Are Chinese competitors impacting pricing or market share in this segment?

- Pratik Basu Roy:** See, Chinese players are always there. They are part of the competition. So -- and they're not really impacting. It's a part of the competition. So it's nothing new to us. And in terms of -- what was your other question, Ma'am?
- Devanshi Shah:** Can you break down the mix of order book, domestic versus international and mining versus industrial sectors?
- Pratik Basu Roy:** In the consumables, approximately 90% is outside India and domestic, we have around 10% more or less, yes.
- Moderator:** The next question is from the line of Hitesh Aggarwal from PL Capital.
- Hitesh Aggarwal:** I have a couple of questions. So with the global energy transition driving the higher demand for minerals like copper, lithium, how is Tega positioning itself to benefit from the increased mining activity and investment in mineral infrastructure?
- Mehul Mohanka:** Yes. So as we said that part of the copper improvement in production is led by consumption in the energy sector and the EV and other allied sectors. For us, as you know, copper and gold together constitute more than 76% of our total revenue.
- And in terms of mineral processing, we will always see higher volume consumption in both copper and gold. So -- but the question is in relation to copper, we are seeing very strong demand from customers in the copper segment as well to cater to the higher production.
- Hitesh Agarwal:** Okay, sir. Got it. And sir, my last question is are you exploring any inorganic growth opportunities such as acquisitions like technology or services right with the mineral processing?
- Sharad Khaitan:** We regularly provide all the intimation regarding any events, information that have a bearing on the operation or performance of the company. The company does evaluate various strategic opportunities in the ordinary course for growth and expansion of the business. At this stage, there is no material information or event that requires disclosure under the SEBI laws and the company will make appropriate disclosures in compliance with applicable laws as and when required.
- Moderator:** The next question is from the line of Kirtan Mehta from Baroda BNP Paribas Mutual Fund.
- Kirtan Mehta:** I had a question regarding our stand-alone numbers where our revenue at INR1,676 crores is down around 29% Y-o-Y. And our EBITDA, excluding the other income at INR353 crores is down around 47% Y-o-Y. What is the reason for sort of Y-o-Y decline during this quarter?
- Sharad Khaitan:** Sir, when you see the results, you should always see our results on a consolidated basis, because there are transactions between the Indian entity and the other overseas entities, for example, U.S. entity and other marketing branches where we have. So it's always prudent to see it on a consolidated basis because there are shipments which happened in the last financial year. But the revenues -- the third-party revenues got crystallized in the current quarter actually.

- Kirtan Mehta:** Right, sir. And in terms of sort of the decline in the consolidated result, where again the EBITDA, excluding the other income will work out at INR556 crores and was down 13%. Would you be able to sort of give more color around that as well?
- Sharad Khaitan:** So generally if you see Q1 is the lowest quarter for us. And as we progress during the year, the revenues start coming in, pouring in, and that has got a direct bearing on our EBITDA. We are confident of our growth story as we have been growing at 15% CAGR, and we maintain those estimates even for the current period.
- Kirtan Mehta:** And amongst this, would there be sort of generally, do we see pickup in Q2 or it's more weighted towards the H2, the pickup come through?
- Sharad Khaitan:** The pickup is more weighted towards H2.
- Kirtan Mehta:** Right, sir. And 1 more question about the -- in the McNally we are executing around INR120 crores order from NMDC. What have we completed during the year? And what would be our target for the FY '26, how much we would be able to sort of complete within this year?
- Sharad Khaitan:** So a significant portion of the order will be completing in the current financial year, and there may be a very small spillover about 10%, 15%, which will go beyond the current financial year.
- Kirtan Mehta:** And how much we have completed till date, would you be able to share that as well?
- Sharad Khaitan:** About 20% to 25% is the project delivery is what we have been able to complete till date.
- Moderator:** The next question is from the line of Chirag Muchhala from Centrum Broking.
- Chirag Muchhala:** So first question is on the consumable segment's margin. So this quarter, we had relatively lesser margin at 17%. I know there are quarterly variations, but any specific reason in this quarter? And would you -- I think the 22% to 23% margin outlook that we have, does this still stand?
- Sharad Khaitan:** Yes, Chirag, if you see the consumable business generally has got gross margins of about 57% to 60% with equipment giving about 40% to 45%. And on blended, we have about 50% to 55% gross margins. With the sales picking up in the subsequent quarter, that exactly flows into the EBITDA margins, and we shall maintain our growth EBITDA margins of about 22%, 23% in the consumer segment. and in the range of 12% to 13% for the equipment. So that at a blended level, we have around 21%, 22% of EBITDA margins.
- Chirag Muchhala:** Okay. That's heartening to hear, sir. Another question is actually on our Europe order. So there are 2 parts. So firstly, how is that execution moving and secondly, the Europe order execution has started in January 2024. So it has been around 1.5 years since then. So any large value order that we are scouting for that they can come up for ordering and that we can win in near term for FY '26 or '27. Are there any such tender possibilities?
- Pratik Basu Roy:** So again Pratik here. So we have got inquiries on various tenders, but we do not obviously speculate on those. We'll keep you posted as and when they materialize.

- Chirag Muchhala:** Okay. Sure. And lastly, on the Equipment segment. So just to clarify, so as we would eventually take this equipment inquiries global to our global customer base. So is there any approval process, etcetera, involved in this? And if yes, then at what stage we are for getting those approvals?
- Sourav Sen:** This is Sourav. So our main focus would be to consolidate ourselves in the domestic market first. And so once we build the foundation, we always like to look forward and leverage Tega's global footprint. And I think we have to cross the bridge when it comes. So rather, we probably would be able to take -- give you more clarity on this, whether approvals are required or not in future date. But that is always will remain our ambition once we have done our bit in the domestic sector.
- Chirag Muchhala:** Okay. So from domestic market, the last order that we had received, Kalpataru projects was the consortium leader. So just trying to understand how the process works, so each and every EPC company and the customer that is there, do we have to get ourselves certified? And is there any approval process? Or purely from product-to-product basis on commercial terms, we can tie up and bid for tenders. And any -- from FY '26 point of view, any domestic addressable market you can share where our McNally products are already at a stage where we are actively bidding for it?
- Sourav Sen:** So I can talk generally. And generally speaking, our focus has been in the mining, steel, and power. And as you see, the projects are kind of ongoing in all these 3 sectors, and we are participating. So there is no kind of general fixed kind of status for all the tenders, but we take it on a case-to-case basis and kind of depending on the merit of the situation, we will be positioning ourselves.
- Chirag Muchhala:** Okay. And any addressable market you can share, sir, that we are -- which is -- I mean, where we can -- we have already started bidding only for domestic market?
- Sourav Sen:** Yes. So iron ore has been a strong focus for us in this segment. So that will continue to be our focus, and we are -- we will participate and besides iron ore, as you know, that the focus for the country is also in power, and we are participating in the coal-based power plants, as you know. So these are the 2 segments which are constantly monitoring, and we are trying to find out what is our addressable opportunities, and we are participating very aggressively.
- And there is 1 addition that, which is in the aggregate crushing business for construction. And that is 1 area which we have started looking into and we are also evaluating our opportunities in that segment because some of the equipment are already there in our segment.
- Chirag Muchhala:** Okay. Sir, what I was looking for was in value term, any ballpark addressable opportunity size that you can share?
- Sharad Khaitan:** Chirag, we maintain our revenue guidance of 15% CAGR in a long-term basis. So we will -- 15% on an overall which is a 25% for the equipment business. And we will not be able to give any specific equipment wise or machine-wise details for the same.

Moderator: The next question is from the line of Jonas Bhutta from Birla Mutual Fund.

Jonas Bhutta: A couple of questions. Firstly, while quarterly aberrations are pretty understandable. But if you could just give a qualitative feel on the consumables side, which has seen a revenue decline on a year-on-year basis. How has the non-mill part of the business sort of performed versus the mill side, within that also is DynaPrime on track of growing 20% for the year? That's the first question. And I have follow-ups.

Pratik Basu Roy: Yes. So I'll take the question in parts. So in terms of revenues, obviously, kind of a timing matter, but we see overall robust order books in all the segments, mill as well as in the bulk material handling. DynaPrime, as I mentioned earlier, has been a growth driver, and it still maintains that.

It will still continue or maybe in some cases, probably also do a tad better because as you remember, some of the orders we are getting now that were due last year. So the growth momentum in DynaPrime should continue. BMH also, especially in outside India, we are seeing a good traction on the orders front. So does that answer your question, sir?

Jonas Bhutta: Yes. So effectively, the consumable side, the DynaPrime business should continue to grow at 15% to 20%, whereas the mill equipment -- the non-mill equipment...

Pratik Basu Roy: I would say 15% to 20% is a conservative, I am looking for or pushing for more than 20% for DynaPrime.

Jonas Bhutta: Got it. And also, we have the Chile plant. So that's the -- my second question was more around the new upcoming plant at Chile, part of it should be commissioned in the current financial year. When can we start seeing a reflection of that in the order book as you -- as you prepare for the plant going live, I'm presuming that you will start taking on orders at least a quarter or 2 beforehand. So when should we start seeing the reflection of that on the order backlog, which has been sort of constant for the last 2 quarters?

Pratik Basu Roy: I will -- before I hand it over to Sharad to answer on the plant and the timelines. See, these are 2 independent lines. The order intake has nothing to do with the manufacturing facility that we have. So irrespective of when the comes in and there's no special order that we'll take for the new plant. The new plant will manufacture the orders that we have existing. So it has -- this line of business, our order intake has nothing to do with the manufacturing part. So it will be manufactured irrespective of when the order intake is coming up. So Sharad on the timeline.

Sharad Khaitan: No, I just want to add 1 more thing here, Jonas, is that we will have the -- we expect the commercial production in the new plant around the same time next year. And we have addressed all capacity-related issues for the interim period. And the capacity will not be any restriction or any constraint for my revenue growth in Latin America as well.

Jonas Bhutta: Sharad, if you can share the breakup of the backlog between consumables and equipment? What would be the broad breakup, even a percentage would help?

Sharad Khaitan: No. Can you help me define what do you mean by the...

- Jonas Bhutta:** So between the 2 business line items, equipment, and consumable, what's the breakdown of your order backlog of roughly INR1,000-odd crores. How much is it attributable to McNally and how much is the consumable side?
- Sharad Khaitan:** Okay. See, we don't give that breakup, Jonas. A significant part of the orders what we have is on account of the consumable business segment and the remaining is on account of the equipment business. What we can assure you at this juncture is that we shall be able to maintain our 15% CAGR growth rate and that is how we intend to go at a group level, and we will be able to grow McNally by more than about 25% coming -- in the going future.
- Moderator:** The next question is from the line of Deepak from Sundaram Mutual Fund.
- Deepak:** Yes. So sir, this again double clicking on this equipment side. So this quarter, we have shown a very strong comeback with 78% Y-o-Y growth rate in the revenues. And you also highlighted earlier that of that INR120 crores NMDC order book, we have almost 75% will get executed in FY '26 and the balance in FY '27, right? And we did around INR215 crores in FY '25, correct.
- So if I just add the NMDC order book, even if I keep the revenue flat of what we did in the equipment in '25, we are looking at, let's say, 35%, 40% plus kind of growth. So I mean just not able to understand when you say 25% kind of growth in equipment, how we are coming at that number?
- Sharad Khaitan:** See, last year, if you see, we had done about 200-plus revenue growth or revenue in the equipment business segment. And we have the orders, and we have that visibility of the orders which are going to come in the near future, that is in Q2 predominantly. And this is those orders for which we have clear visibility.
- But still, since we don't have the purchase orders in hand, we have not considered them in our order book numbers. Basis the visibility we have of the negotiations and discussions we are going on with our customers, we are confident of delivering these numbers.
- Moderator:** The next question is from the line of Sandeep Jain from Baroda BNP Paribas.
- Sandeep Jain:** Most of the question has been answered. Just 1 thing. As we see the consumable revenue is around INR294 crores for this quarter. Is there any kind of segment which is kind of delayed or there is some kind of thing which we can see in the coming quarters, which we have not booked, like it happened in the previous quarters and all? Any number you want to give there?
- Sharad Khaitan:** Sandeep, there have been certain shipments which have been pushed in Q2. We'll not be able to give you the exact numbers, but there are deferments even in the current quarter.
- Sandeep Jain:** So there was some kind of deferment in, I believe, if I remember it correctly, somewhere around in the fourth quarter also. So that is what is getting booked there and something which will be kind of booked in Q2. It would be great, sir, if you can give some kind of -- so that we can kind of normalize our earnings and all.

- Pratik Basu Roy:** See some of the ones that had -- that was deferred in Q4 has come in. The ones there are some which has been deferred into also in Q2 and some also going to go as long as into Q3 because of the customer request. Some of it has already been executed and -- in July. So what you see there, so it's only a timing issue at best.
- Sandeep Jain:** You don't want to quantify it?
- Sharad Khaitan:** I don't want to give a number, Sandeep, because there are so much uncertainties, then in the next quarter again, you will ask me with -- that is the problem I have.
- Sandeep Jain:** Understood. And in terms of the freight cost and all, any kind of light there that how it is increasing, it is impacting our margin? How we should look at it? Because if I look at year-on-year, our consumer EBIT margin has also been declined kind of thing. It is related to the freight or what?
- Sharad Khaitan:** Freight costs have been smoothing out over a period of time, and we do pass on the freight costs with a quarter time lag to our customers. Supply chain disruptions are there, certain challenges are there, but then we are trying to work as closely with our customers and the shipping lines to ensure that we meet on the time lines, both on raw material procurement as well as on our shipments.
- Sandeep Jain:** Okay. So no impact of the freight cost in this quarter's EBIT margin?
- Sharad Khaitan:** No. A very small number but not significant.
- Sandeep Jain:** So if I look at it, has declined somewhere around year-on-year, 430 basis points, I know it's a seasonal business, nothing to compare. You should compare on a rolling 2-3 quarter basis kind of thing. But any kind of material negative which we can see in this EBIT margin, which you think it will reverse in the coming quarters or not?
- Pratik Basu Roy:** It's all about operating leverage. The moment I have my revenues picking up in the subsequent quarters, we'll see those EBITDA margins and the EBIT margins.
- Moderator:** The next question is from the line of Renjith Sivaram from Mahindra Manulife Mutual Fund.
- Renjith Sivaram:** Just wanted to understand that globally when we see, we were having hard competition from Metso. Now that FLSmidth has done some acquisition, and they are also getting aggressive and they are so started to give contract manufacturing for composites for some other Indian companies, sir, by which they are also trying to reduce their cost. So in that scenario, do you see a challenge to our market share or our market share growth.
- Mehul Mohanka:** This is Mehul. No, we don't see any impact in terms of competition. I mean, FLSmidth is a competitor for sure, but they are fairly new in this business. Our business is critical to operate consumables. So people have to have substantial reference and history and legacy to be able to establish themselves in this market. So it's not very easy for someone, whether it be FLSmidth or anyone else tomorrow to be able to just enter the market and start disruptions in terms of market share.

So we are aware, we do watch competition very carefully. There are larger players than FLSmith in this business as well. We in Tega have been very accustomed to dealing with competition on a year-to-year basis. In our entire 50-year history, we've seen many competitors and our business still remains very sustainable in spite of competition in the market.

Renjith Sivaram: Okay. And sir, in Chile, when we come in with our own facility, roughly around \$200 million if I put a number to that market, of that currently, what will be our market share and with our localized facility, is it right to assume that our market share can easily double in that geography?

Mehul Mohanka: So currently, we already have a facility. It's just that we're running out of capacity, and that's why we're doing another greenfield expansion. And as we've explained in the previous earnings calls. So yes, the market is larger -- slightly larger than where you put it at. It's close to about \$350 million in Latin America. And this additional capacity that we will have through the new project will help us add incrementally another INR1,000 crores of top line revenue to our business when it goes fully online, at 100% capacity utilization.

Moderator: The next question is from the line of Abhishek Agarwal from Prithvi Finmart Private Limited.

Abhishek Agarwal: My question related to there was a news article which is quoting that 1 of the largest mining company is looking to buy out the company. So just I want to understand as a promoter, how much we are focused on the company or we are looking something in this line to sell off the business?

Mehul Mohanka: Yes. So we don't comment on market rumors. These are, I would say, things that people speculate on, but we don't. We remain very focused on our business. And all I can say is there is no interest from the promoter family to divest to anybody in the market.

Moderator: The next question is from the line of Prabodh DP from Petrikor Investments.

Prabodh DP: My first question is on the EBITDA margins seen in context with the gross margins. As we've seen the gross margins have held up and this is despite a larger contribution from the McNally side, which is at a lower level. So when we look at the EBITDA margins, and we've seen it in previous years, where there's a buildup quarter-over-quarter, I just wanted to get an operational sense on what are these expenses that get built up over the year as we execute our orders?

Sharad Khaitan: See, the gross margin is a direct function of the sales and the raw material cost for that particular period. But when we compute the EBITDA margins, you have got fixed overhead, salary expenses and all of that comes in the below the line -- below the gross margins to derive the EBITDA. Now the fixed overheads remain constant, even in a Q1 versus Q2, for example. But the -- since gross margin absolute numbers, they get better off with increased sales, the EBITDA margins in subsequent periods get improved actually.

Prabodh DP: So it's a function more of the utilization capacity that builds up over the years?

Sharad Khaitan: Yes, because, for example, we have those salary costs, for example. Now the salary cost remains constant even in Q1 versus Q2, subject to new people joining in and increments all of that. But

revenue minus gross -- raw material costs, which is gross margin, then a higher base helps me absorb more of those costs actually. So which on a full year basis helps. Yes.

Prabodh DP: There aren't any kind of costs like logistics, for example, that's a little front loaded and as the year goes on, it wears out.

Sharad Khaitan: No, nothing negative like that of front loading or anything like that.

Moderator: The next question is from the line of Samyak from Marcellus Investment Managers.

Samyak: Sir, my first question is on the equipment margin. So over the past 3 quarters, our equipment margins have been constantly increasing from 10% to 16% till Q4 FY '25. So I just wanted to know what is the reason for the decline in margins in current quarter? Is it a function of some product mix or consumer mix that you would like to highlight?

Saurav Sen: I think 1 thing what we have kind of put our fingers on is the gross margin is slightly down because of a change in sales mix. We have roughly the combination of spares and equipment is about 45, 55 and in the last quarter, the spares part has been about 30 to 35 range. And however, this is just a quarter effect. But going forward, in the full year basis, we continue to be very optimistic about the guidance what we have already given.

Samyak: Got it, sir. And sir, lastly, so while I understand that it would be better to look at the consol number instead of stand-alone, but would it be fair to say that the decline in the stand-alone revenues could be a reason of we are increasing our sales to international geographies basically through the manufacturing facilities that we have in those geographies rather than exporting it from India. So directionally, would this be a fair assumption to make?

Sharad Khaitan: No, it's -- it will not be prudent to consider it like this. It's only a matter of time. If on a full year basis, you will see recovery in the stand-alone numbers as well. Why I recommended to see the results on a consolidated basis because that gives a complete picture of the group because there are a lot of things which are manufactured in India, and we have marketing branches, entities across the globe where they are shipped and then third-party invoicing is done from those locations.

The revenue, which is recognized on a consol basis, this is the third-party revenue, which is being built and invoiced to them. So it is not about revenue getting declined in the Indian stand-alone accounts and manufacturing getting altered anywhere in other locations, actually.

Moderator: The next question is from the line of Varun Jain from Dolat Capital.

Varun Jain: My first question was your FY '26 capex guidance and its breakup.

Sharad Khaitan: See, we have got the Chile capex plan, which is there. We have got certain capex proposals for Dahej plant, which we had updated last time as well. We have incremental capex for McNally as well. So on an overall basis, if you see, the Chile capex will be close to about \$30 million. Dahej capex is about INR30 crores in INR terms. And another INR20 crores, INR25 crores is what we have committed for McNally as and when those capex requirements are there. And

these capex spends shall be over a period of 2 years, that is in FY '26 and FY '27. Apart from these, we have maintenance capex of about INR50 crores on an annualized basis at a group level.

Varun Jain: So of the 3 capex you mentioned of Chile, Dahej and McNally, we can say roughly half will be this year because it's over 2 years?

Sharad Khaitan: Yes. A little more than half shall be in the current year itself.

Varun Jain: Okay. And my second question was what percentage of your revenue is from the U.S. because earlier, the company has always taken this line that if U.S. imposes tariffs, all the supplies will be hit equally, but that is not the case, right? Because our competitors don't have their manufacturing in India. Now Trump is threatening that the tariffs from India could be substantially higher than some of the other places. So what is our exposure to that?

Pratik Basu Roy: So we are also keeping a close watch on what's happening there because now it's August, we will find out more about it. However, having said that, we have manufacturing locations across the globe also in Chile, where it's not so much impacted. Nonetheless, our exports to Mainland U.S.A. from India is around less than 2%. So the impact will not be substantial at a group level, even if that happens. We have also the option of manufacturing it from other locations as well. So the impact is really negligible as of now.

Varun Jain: So less than 2% of total revenue is to the U.S.

Pratik Basu Roy: From India.

Sharad Khaitan: Yes.

Varun Jain: Okay. From India. And of the overall revenue of the company, how much is to the U.S.?

Sharad Khaitan: 4% to 5%.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Sharad Khaitan: Thank you once again for taking out your time and coming to our investor call. We will keep you posted of any subsequent developments. Happy to interact and take any subsequent questions you have. You can reach out to our investor department and we will be happy to address the same. Thank you so much.

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