

**September 13, 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 Conference Call dated September 12, 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 Conference Call of Tega Industries Limited held on September 12, 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**

**Membership No. A12858**

Enclosed: As stated above

**Tega Industries Limited**

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PARTNERSHIPS IN PRACTICE

“Tega Industries Limited  
Proposed Molycop Acquisition Conference Call”  
September 12, 2025



**MANAGEMENT:** **MR. MEHUL MOHANKA – MANAGING DIRECTOR AND  
GROUP CHIEF EXECUTIVE OFFICER – TEGA  
INDUSTRIES LIMITED**  
**MR. SHARAD KUMAR KHAITAN – CHIEF FINANCIAL  
OFFICER – TEGA INDUSTRIES LIMITED**

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

**Moderator:** Ladies and gentlemen, good day and welcome to Tega Industries Limited to discuss the Proposed Acquisition of Molycop Conference Call. 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. Bhavya Shah. Thank you and over to you, Mr. Shah.

**Bhavya Shah:** Thank you, Renju. Good morning and welcome to call of Tega Industries Limited to discuss the proposed acquisition of Molycop. Today on the call, we have with us Mr. Mehul Mohanka, Managing Director and Group CEO and Mr. Sharad Kumar Khaitan, Chief Financial Officer. 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 expectations of the company as of date. Also, we request participants to strictly restrict their questions on the Molycop acquisition.

Now, I would like to invite Mr. Mehul Mohanka to initiate the proceedings for the call. Thank you and over to you, sir.

**Mehul Mohanka:** Thank you. Good morning and a warm welcome to all the participants on the call. I am joined this morning by with Sharad Khaitan, our CFO. Thank you for joining us today. It's a pleasure to connect with our valued investors, analysts and stakeholders. We are pleased to announce that Tega Industries, in partnership with Apollo Funds, as a significant minority investor, has entered into a term sheet to acquire Molycop, a leading global supplier in grinding media for the mining industry, from an affiliate of American Industrial Partners, a private equity firm.

The transaction is valued at approximately \$1.48 billion and is expected to close by December 31<sup>st</sup>, 2025 or early January 2026, subject to regulatory approvals. For Tega, the transaction is proposed to be funded through a mix of equity instruments, including preferential allotment and qualified institutional placements, amounting to \$248 million, with a debt infusion in Tega of about \$112 million. The promoter family plans to take part in the preferential allotment and infuse INR150 crores to INR200 crores.

We are also open to the idea of changing the mix of debt and equity, if so required. The deferred contingent liability is \$120 million and will be honored upon the achievement of a certain predefined criteria, with a specified timeline. These criteria are primarily linked to the reopening of select closed mines, where Molycop was previously a major supplier.

This structure ensures that the liability is performance-based and aligned with business upside linked to additional EBITDA from these contracts. If these EBITDA targets are not met, the deferred contingent liability will not get triggered. Molycop is a supplier of grinding media to the mining industry, with a focus on the manufacture and sale of grinding media and chemicals for use in both semi-autogenous grinding mills and ball mills.

These products are critical to mineral extraction of multiple minerals, but more specifically, gold and copper. The company's client network covers more than 400 mines in 40 countries. With a history spanning over 100 years, Molycop is recognized for its innovation, scale, and reliability in supporting the mineral processing industry.

Apollo Funds is a high-growth global alternate asset manager. For more than three decades, its investing expertise across its fully integrated platform has provided businesses with innovative capital solutions for growth. As of June 2025, Apollo had approximately \$840 billion of assets under management, enabling strong financial backing for this transaction.

Their deep expertise and scale allows us to confidently execute and fund the strategic acquisition. This strategic complementary acquisition will establish Tega Industries as one of the world's leading designers and manufacturers of 'critical-to-operate' consumables for certain production steps in the mining, mineral processing, and material handling industries, with an innovative and differentiated product portfolio. This acquisition marks a transformational step for significantly strengthening our leadership position in mining consumables.

With complementary product portfolios, Tega in polymer mill liners and Molycop in grinding media, we are poised to offer complete mill optimization solutions. A combined presence spans key mining regions across Europe, Middle East, Africa, CIS, Latin America, North America, and Australia. The integration brings together 26 manufacturing sites, enhancing proximity to customers and distribution strength.

We expect meaningful revenue and cost synergies, particularly in SG&A, and complementary sale of products. Importantly, this transaction will expand EBITDA margins without adding fixed costs, while leveraging decades of global relationships. Considering the strong growth potential of the combined business, Tega Industries is expected to deliver a consolidated return on equity of 18%.

This reflects our confidence in the strategic fit, operational synergies, and disciplined capital management post-acquisition. Over the next two years, our primary focus will be on seamless integration of businesses. We aim to align organizational structures, harmonize systems, and embed a unified culture across teams.

A key priority will be unlocking revenue synergies through complementing opportunities and deeper customer engagement. We will also focus on joint R&D and innovation to enhance our product portfolio. The integration will be executed in phases to ensure business continuity and customer satisfaction.

Our goal is to expand EBITDA margins from about a current 11.5% to 15% and deliver long-term value without adding any additional fixed costs. As part of our synergy roadmap, we plan to relocate the current headquarters to a more strategic location with better global access, which is expected to yield cost savings of \$7 million. This move has already been discussed with the management teams.

We're also targeting a rationalization of selling and general administration expenses by approximately 7%, along with procurement synergies driven by economies of scale. Additionally, the establishment of global capability centers in low-cost locations is projected to generate an additional \$5 million in annual savings. Overall, we expect to unlock EBITDA level synergies of \$20 million by year two, scaling up to \$30 million annually from year four onwards.

These initiatives are aimed at enhancing operational efficiency, margin expansion, and long-term value creation. I'd like to begin by assuring all investors and participants that the debt at Molycop level carries no recourse to Tega Industries. This means our existing business remains fully insulated from any financial uncertainties related to the acquisition, preserving its stability and strength on a standalone basis.

Post-acquisition, our focus will be on disciplined financial management to deliver the business over the medium term. We plan to generate strong operating cash flows from the combined entity, supported by expanded margins and cost synergies. A phased reduction in debt will be prioritized, leveraging improved EBITDA performance.

Capital expenditure will be optimized to support growth without straining liquidity. We will also explore strategic monetization of non-core assets if needed. Molycop's current debt stands at approximately \$1 billion.

In partnership with Apollo, a financial investor, we plan to co-invest and bring the debt down to \$780 million from day one. This reduction is expected to support an upgrade from our existing rating, credit rating, and over the next four years, we aim to lower our net debt to EBITDA ratio to less than 2.5x. The \$173 million EBITDA reported in financial year '25 is going to lead to \$50 million of free cash flow after we provide for interest and depreciation.

We have actively communicated the roadmap of the acquisition to teams across both Tega and Molycop. The response has been highly encouraging with employees enthusiastic about the opportunities ahead. While both companies will continue to operate as distinct entities, they will be managed under a coordinated leadership framework to drive synergy and strategic alignment.

Talent retention and cross-functional collaboration will be actively supported to preserve institutional knowledge. We will also establish joint governance mechanisms to oversee integration progress. The goal is to build a cohesive, agile organization that leverages the strengths of both entities to deliver enhanced customer value and sustainable growth.

Given the diversified global footprint of both Tega and Molycop across multiple regions, we see minimal geopolitical risk exposure. In fact, recent US tariffs are expected to strengthen our position in the US market by creating entry barriers, further supporting the domestic growth and competitiveness.

With that, we now open the floor for questions. We welcome your thoughts and are happy to address any queries that you may have.

- Moderator:** Thank you. We will now begin the question and answer session. The first question comes from the line of Renjith with Mahindra Manulife Mutual Fund. Please go ahead.
- Renjith:** Yes. Hi, sir. Good morning and congrats on the new acquisition. Sir, I just wanted to understand like when we look at the company that you have acquired, the revenues have been declining for whatever the years which you have given in the press release. So, what is the reason for that and how do you see coming back to growth? What's your strategy and also does this company have presence in high-chrome grinding media, which is the cast grinding media which Magotteaux or AIA engineering manufactures?
- Mehul Mohanka:** So, if you were to look at the last five-year growth trajectory of Molycop in the years 21-22 financial years were growth years. In 23-24, it tapered primarily due to loss of two major customers due to mine closure and maintenance. And as I recently mentioned about the contingent deferred liability, it is linked to the reopening of those mines and those contracts and margins coming back into the business.
- If I was to normalize the year for those two mines that closed, that's actually been a growth year for them, both 23 and 24. And as far as the high-chrome cast media strategy, we have a medium to long-term view on high-chrome cast media. We have expanded capacity in Molycop in high-chrome cast media. And the strategy going forward is to monetize the growth in high-chrome in Molycop in different markets across the world.
- Renjith:** Okay. So, currently, do they supply high-chrome casting media?
- Mehul Mohanka:** Yes. In the last two years, they've been able to increase high-chrome penetration from 0 to 62,000 tons in the past two years. And the aim is to scale to 200,000 tons for the next.
- Renjith:** And do you serve for primary or secondary grinding?
- Mehul Mohanka:** That is for both.
- Renjith:** Both. Okay. And what's the broad product mix of Molycop and what is your strategy segment that you can explain like since you have acquired this, you would have thought about it for the next three, four years. How do you want to scale each segment, that will be helpful. That's the last question for my side?
- Mehul Mohanka:** Yes. So, as you know, primarily, Molycop is in the forged grinding media business, along with high-chrome which has been a recent addition to their product portfolio. Today, forged media is the substantial portion of the revenue. And as explained earlier, while the forged media business will grow at about 5%, the addition of the high-chrome strategy will increase the growth rates to about 7.5% over the next three years.
- Renjith:** Okay. So, that means high-chrome, you're expecting double-digit growth. Is that right?
- Mehul Mohanka:** That would be correct.
- Renjith:** Okay. That's it from my side. And thanks and all the best.

- Moderator:** Thank you. Next question comes on the line of Chirag Muchhala with Centrum Broking. Please go ahead.
- Chirag Muchhala:** Yes. Thank you for the opportunity. Sir, the first question is on the margin expansion. So, as you are saying that Molycop margin is planned to increase from the current level of 11% to 15%. It would be a bit helpful if you can also inform about how the historical trends of margin have been in Molycop as well as some of the grinding media category in general. And apart from that two, three levers that you mentioned, like SG&A etcetera at the gross margin level where do they operate and any other integrated revisions, I mean, gross margins as a lever that we have for margin expansion at Molycop?
- Sharad Kumar Khaitan:** Thanks for your question, Chirag. If you see Molycop past trends actually, the EBITDA margins have been well higher and it has been about 14%-odd even in the past, actually. Currently, it's hovering around 11.5%, 12%. Over the next two years, our primary focus shall be on seamless integration of the business and we aim to align the organizational structures, harmonize systems and embed a unified culture across the teams.
- A key priority will be unlocking the revenue synergies through the complementing opportunities and deeper customer engagements. There are a lot of potential for cost synergies as well, like we have mentioned earlier in our call. And all of them put together, along with the revenue synergies and the cost synergies we expect the expansion in the EBITDA margins by about 70 bps to 100 bps year-on-year and take it to about 16%, 17% by year 5.
- Chirag Muchhala:** Okay. What is the annual depreciation that Molycop will have from the first year of operations under us?
- Sharad Kumar Khaitan:** Chirag, your voice is not clear. We have not been able to hear you.
- Moderator:** Mr. Muchhala can we just go ahead, bring your phone closer to you and speak. We cannot hear you. Since we cannot hear Mr. Muchhala, we will go for the next speaker. Mr. Muchhala you can just rejoin the queue for more questions. Thank you. Our next question comes from the line of Mayank with Asian Markets. Please go ahead.
- Mayank:** Can you hear me?
- Sharad Kumar Khaitan:** Yes, Mayank.
- Mayank:** Sir, I think you have given a good slide on the presentation about the product overlap that you are going to have in the merged entities. So could you provide this Molycop consumables or Molycop technology breakdown in the current revenue of Molycop?
- Sharad Kumar Khaitan:** Currently, the technology and the digital part is a very small portion in the overall Molycop revenue and that is a key focus and priority area for us, how to increase the share of the digital and technology space in the overall scheme of things and that's going to be a key driver for us in the revenue synergies. Data analytics, etcetera has taken a key prominent space now and all customers are looking forward to use this data, not only to analyze what has been there, but even to have preventive maintenance and that's a key focus and priority area in times to come.

- Mayank:** So consumable and I see one more thing. Basically, in the mineral beneficiation or mineral preparation, mineral preparation side, there is very less presence of Molycop. Is it true?
- Sharad Kumar Khaitan:** No, it is not like that.
- Mayank:** Because fixtures and other equipments you have not highlighted anything particularly?
- Sharad Kumar Khaitan:** Molycop is into grinding media. Can you be specific to your question on beneficiation what do you intend to?
- Mayank:** I am just trying to understand on the mineral preparation side. If you look at the products that have been highlighted, Molycop is not present. It is present on the mineral beneficiation side, but on the preparation side, it is not present?
- Mehul Mohanka:** So, can we not hear in your distinction between preparation and beneficiation?
- Mayank:** So, [inaudible 0:18:36] are screening.
- Mehul Mohanka:** And in the process plant, Molycop is present in the combination circuit, which is the grinding circuit and the downstream circuit.
- Mayank:** Okay. Grinding and the downstream circuit?
- Mehul Mohanka:** Yes flotation and recovery.
- Mayank:** Primarily, product that has been highlighted is SAG mill, ball mill and...
- Mehul Mohanka:** Yes. So, grinding media is primarily used in grinding mills and hence the largest use of Molycop products is in the grinding mills as in Tega's case as well.
- Mayank:** In the Molycop consumables versus technology, what would be the margin differential? Is there any number?
- Sharad Kumar Khaitan:** The margins are higher than the technology space. They are almost double in the technology space over the normal course of products.
- Mayank:** And that part can grow by how much of revenue CAGR is want to understand?
- Sharad Kumar Khaitan:** We are confident that it should grow at least year-on-year by about 25% odd we should be able to grow that business.
- Mayank:** And sir who would be your competitors in this space, particularly on the technology side?
- Sharad Kumar Khaitan:** No one is there as of now.
- Mayank:** Okay. Thank you. I will get back in the queue.
- Moderator:** Thank you. Next question comes to the line of Varun Jain with Dolat Capital. Please go ahead.

- Varun Jain:** Yes. Hi, sir. So, my question is, can you give us a breakup of grinding media capacity for Molycop between forged and high-chrome? And what is the utilization of both of these capacities as of now?
- Mehul Mohanka:** So, on forged, the capacity is approx. 1.7 million tons. Capacity utilization is at about 70%-odd. In high-chrome, the current capacity is about 20,000 tons and it's fully utilized.
- Varun Jain:** So, you are saying that you want to take this 20,000 to 200,000 as your target for high-chrome. So, you will be adding close to 180,000 or so of capacity in this?
- Mehul Mohanka:** Over a period of time. Molycop currently also, like I mentioned, supplies about 60,000 tons of high-chrome already in the marketplace and that is done through contracted volumes with sub vendors. So, we could call it as trading volume and that trading volume will continue to increase alongside capacity expansion of the existing plants.
- Varun Jain:** Okay, sir. Got it. And, sir, so basically, I saw that Molycop's revenue CAGR over 9 years was close to 4%, but EBITDA was close to 1%. So, even when it added the high-chrome volumes and such, why was like the margins falling and now from 11% to 15%, how -- what initiatives are you going to take to bring them back up?
- Mehul Mohanka:** So, high-chrome is just a 2-year-old strategy. So, it is just a recent addition starting '23 and steady state business of Molycop has actually been growing at about 4.5%, 5% delivering about close to 14% EBITDA already, if we normalize that for the mine closure.
- Sharad Kumar Khaitan:** The last year reported EBITDAs were about 11.5%, 12%. It is not 1%.
- Varun Jain:** No, no, I was referring to the CAGR of the 9 years of EBITDA. And, okay, and last question is, this debt on the SPV, it will be a foreign currency borrowing or it will be from in INR and what will be the borrowing cost indicatives? And who will be funding?
- Mehul Mohanka:** Sorry, there is no debt on the SPV. The debt will be on Molycop's books as it is today as well. We are just going to be refinancing the debt in Molycop's books because the change in management control triggers the refinancing. And we expect to get at least 20 to 30 basis points reduction in the interest rate because the leverage will be reduced from 1 billion to 780 million and the credit rating will also improve subsequently.
- Varun Jain:** Okay, sir. Okay, got it. Thank you and all the best.
- Mehul Mohanka:** Thank you.
- Moderator:** Thank you. Next question comes from the line of Shristi Jain with Niveshaay. Please go ahead.
- Shristi Jain:** Thank you for the opportunity, sir. I just have two questions. Which customer segment or geography does Molycop help you penetrate, or any supply chain efficiencies that can be unblocked with this acquisition for us?

And another is you mentioned proximity with the current customers, or the more customers also with Molycop. So in that context, I want to understand how does Molycop's customer list overlap or add to Tegas? Or are there any long-term contracts of Molycop that we can leverage?

**Sharad Kumar Khaitan:** The Molycop, if you see, it's got a global footprint and the local closer to the customer strategy helps because the customers want the consumables at shorter notice periods. And considering the current situation, the local manufacturing facilities are more logical actually.

For example, even if you take a US example, Molycorp has got its own manufacturing facilities there and that helps us serve the customers there and there is no impact of any tariff or regulations or any prohibitions as such.

**Shristi Jain:** And sir about the -- yes.

**Mehul Mohanka:** Sorry, and on the supply chain, there will be efficiencies in terms of procurement. Molycop has a large procurement team which sources materials globally which Tega can leverage on. On the overlap, I would say every customer of Molycop would be a potential customer of Tega.

At this present time, the overlap is not very significant. We have our own set of customers, but the idea would be to bring the complementary nature of both our product lines to the customer so that we can add value in their process efficiency.

**Shristi Jain:** Can we expect any margin expansion for Tega as well with this acquisition and synergy moving forward?

**Sharad Kumar Khaitan:** Yes, there will be margin expansion because with increased volumes at no additional fixed cost, the entire gross margins what we generate becomes a pass-through to the EBITDA which will increase the EBITDA margins. And over and above that, I will get economies of scale as well. And without any additional fixed cost, there is a significant improvement in the EBITDA margins.

**Shristi Jain:** Okay. Thank you, sir. Thank you for the opportunity.

**Moderator:** Thank you. Next question comes from the line of Kirtan Mehta with Baroda BNP Paribas Mutual Fund. Please go ahead.

**Kirtan Mehta:** Congratulations, sir, for the transaction. I wanted to understand the challenges which were faced by American Industrial Partners when they hold the stake in Molycop between 2017 and 2024. When they acquired the company, they acquired it around EV of \$1.2 billion. Currently, when they are again sort of exiting out of it, it's around \$1.5 billion. So probably they have not been able to achieve the targeted improvements in Molycop. So what were those challenges? Could you sort of elaborate on?

**Mehul Mohanka:** So, American Industrial Partners, we don't perceive that they faced any challenges because during the period of their ownership, they've also been able to extract dividends from the business. We don't know exactly what is the mark on their fund, but we expect that they would have got at least an IRR of anywhere between 13% to 14% on this transaction.

Today, the business has -- is being sold by AIP because it reached end of life for them in their fund. So, they've held this business for almost close to 8 years now, and it's in a fund which is reaching end of life. So they are under compulsion to exit.

**Kirtan Mehta:** Right, sir. I understood. In terms of the cash flow generation-wise, what was the cash flow generation over the last 2, 3 years?

**Sharad Kumar Khaitan:** So, if you see with the current levels, about at an EBITDA of about 170 million, and if you reduce the interest and depreciation as well, you get a free cash flow of about \$50 billion. If I add up -- add back the depreciation, it's about \$110 million.

**Kirtan Mehta:** Sure. And when we implement our synergies, how would this free cash flow will improve over the next 3 to 4 years?

**Sharad Kumar Khaitan:** With the increase in synergies, you have cost savings, you have revenue enhancement, and all of these leads to an improved EBITDA with no additional fixed costs. And that entire gamut flows in as an increase of free cash flow.

**Kirtan Mehta:** Right. And in terms of the capex requirements from the Molycop side, one you highlighted about the high-chrome facility where there is a possibility of the capacity expansion. So are there any other areas where we'll have to invest the capex? Could you give us some broad idea of what kind of capex spend you envisage over the next 3, 4 years?

**Sharad Kumar Khaitan:** Not a significant amount of capex, but about, say, \$20 million to \$30 million of capex infusion may be required over a period of time, which will be mainly done through the internal accruals there.

**Kirtan Mehta:** And what is the sustenance capex levels?

**Sharad Kumar Khaitan:** Sustenance capex level will be close to about \$20 million per year.

**Kirtan Mehta:** Right. In terms of the debt wise, you mentioned that we will be triggering basically some part of the debt repayment. Are you referring to the JPM facility, which was sort of \$947 million debt, which was arranged by JPM in November '24? And there we are looking at a part payment?

**Sharad Kumar Khaitan:** Yes.

**Kirtan Mehta:** Right. In terms of...

**Sharad Kumar Khaitan:** It will be low and that is what we are going to refinance.

**Kirtan Mehta:** Right. Currently, the EV is around \$1.5 billion, where we are contributing around \$350 million. Probably Apollo in the similar proportion will contribute around \$110 million. So when we are looking to -- which will together be probably \$0.5 billion. So when we are looking for another 200 million payment out of debt, where would that cash come from?

- Sharad Kumar Khaitan:** That cash will be infused by Apollo funds directly into the Molycop as part of the preferential equity to reduce the debt level.
- Kirtan Mehta:** Right. So, they'll be investing, corresponding to our equivalent around 27%, over and above that, they'll also be infusing preferential equity?
- Sharad Kumar Khaitan:** Yes.
- Kirtan Mehta:** Right. And would it be at the same valuation?
- Sharad Kumar Khaitan:** It's a preferential share with a perpetual nature actually.
- Kirtan Mehta:** Right. Thanks for this clarification. I'll get back in the queue.
- Moderator:** Thank you. Next question comes from the Chirag Muchhala with Centrum Broking. Please go ahead.
- Chirag Muchhala:** Sir, just two, three follow-up questions. So, on this high-chrome that you mentioned, you have 20,000 tons of capacity. So in which country it is?
- Sharad Kumar Khaitan:** It's in the EMEA region, Chirag.
- Chirag Muchhala:** Sorry?
- Sharad Kumar Khaitan:** It's in the Middle East region.
- Chirag Muchhala:** Middle East. Okay, sir. Secondly, can you give the gross block of this entity, Molycop?
- Sharad Kumar Khaitan:** It's about \$700 million.
- Chirag Muchhala:** Okay. And for depreciation, like you mentioned in a free cash flow comment, so that would be around \$60 million per year. Is that correct?
- Sharad Kumar Khaitan:** Yes, \$60 million is the depreciation charge.
- Chirag Muchhala:** Correct. Okay, sir. Thanks for this.
- Moderator:** Thank you. Next question comes from the line of Bhalchandra Shinde from Motilal Oswal AMC. Please go ahead.
- Bhalchandra Shinde:** Sir, just two clarifications. Current net debt is around \$995 billion in Molycop, right? And as you mentioned that around \$110 million kind of cash flow they are generating. Is it free cash flow or operating cash flows?
- Sharad Kumar Khaitan:** It's an operating cash flow.
- Bhalchandra Shinde:** Operating cash flow. And a few sites are saying that Molycop's sales actually declined over the last three years. Is it right or how is the growth trajectory in Molycop?

- Sharad Kumar Khaitan:** So, like we mentioned earlier, for financial years '21 and '22, you will see that the growth rates were pretty decent at Molycop. It's because in the last two years, there were certain mines which went into care and maintenance and were closed due to certain political reasons. That is why there has been a dip in the revenue. But with the opening of the mines, etcetera, you will find that uptick coming back and growth getting normalised.
- Bhalchandra Shinde:** Got it. Got it. Got it. Thanks.
- Moderator:** Thank you. Next question comes from the line of Hitendra Gupta with Systematix Shares. Please go ahead.
- Hitendra Gupta:** Hey, good morning. First of all, congratulations for this acquisition. I just wanted to understand the whole fundraising thing. So, what I understand, Tega would be raising around 248 in equity as well as 113 as a corporate debt. So, what would be the total raise? Because I understand the requirement is much higher than this. Because somewhere you said in the call that you will be repaying around 220 million. Your debt is going to come down from 1 billion to 780 million. So, this 220 million, from where we will be funding this?
- Sharad Kumar Khaitan:** Sir, the equity infusion will be \$361 million by Tega and the remaining will be by Apollo Funds. For the \$361 million of equity infusion by Tega, we plan to raise about a debt of \$110 million and the remaining about \$250 to \$260 will be the fundraise what we intend to do.
- In our earlier call, we have also mentioned that we are open to recalibrate the levels of debt and equity if required. The debt being repaid at Apollo's level, that is being done through a preferential equity being infused by Apollo directly into the Molycop level.
- Hitendra Gupta:** Okay. So, Apollo's 220 million odd number would be?
- Sharad Kumar Khaitan:** That's an equity participation for the 23% stake they are taking in the entity. Okay. It's a 110 number actually.
- Hitendra Gupta:** 110 number. Thank you. Thank you very much.
- Moderator:** Thank you. Next question comes from the line of Saurabh Ginodia with SMIFS Limited. Please go ahead.
- Saurabh Ginodia:** Good morning, sir. And congratulations for this acquisition. Sir, my first question is with respect to this debt that is sitting on the Molycop balance sheet. Can you give some context whether this debt has come on the book due to some acquisition which Molycop has done in the past?
- Sharad Kumar Khaitan:** There have been acquisitions by Molycop in the past as well, but there have been dividend payouts, etc. also for which that was taken at the Molycop level.
- Saurabh Ginodia:** You mean to say this debt has come due to some big acquisition which Molycop has done in the past or is there any other reason for this?

- Sharad Kumar Khaitan:** Acquisitions have definitely been there, Saurabh. And there have also been payouts which led to the increase in debt. And there have been legacy debt also in the Molycop level.
- Saurabh Ginodia:** Okay. And what would be the reason for this legacy debt?
- Sharad Kumar Khaitan:** It's acquisition, financing, operations, payouts.
- Saurabh Ginodia:** Okay. So, you have given the near-term target for the debt reduction at the Molycop level. Can you also help us understand what kind of debt level are you looking at for Molycop over the next three to four years?
- Sharad Kumar Khaitan:** So, with the refinancing part, we will bring down the debt level lower down. And as mentioned earlier, we intend to bring it to about net debt to debt EBITDA by about 2.5 times in the three to four years period.
- Saurabh Ginodia:** And Mehul ji had mentioned in the opening comments regarding non-core asset monetization at the Molycop level. So, is it possible for you to quantify what kind of opportunity does he have in terms of non-core asset monetization?
- Sharad Kumar Khaitan:** We have identified those, Saurabh, but I don't think so at this juncture we would like to give those numbers.
- Saurabh Ginodia:** Okay. You will not be able to quantify the quantum for this?
- Sharad Kumar Khaitan:** No, Saurabh. Just to give some ballpark number, it will be north of \$70-\$75.
- Saurabh Ginodia:** Million dollars, you mean to say?
- Sharad Kumar Khaitan:** Yes, \$75 million.
- Saurabh Ginodia:** Okay. And also, just last question, what would be the average EBITDA to PAT conversion for Molycop, let's say, over the last five years?
- Sharad Kumar Khaitan:** The EBITDA to PAT, if you see the last two, three years, it's the last year, for example, at the Molycop level, it's almost flat, actually, because after the EBITDA, there was an interest payout and depreciation, which has resulted in a very low PAT levels at Molycop.
- Saurabh Ginodia:** If just we were to see for the last four, five years, average, is it possible for you to just get that number?
- Sharad Kumar Khaitan:** The last four, five years, if you see, there's also been a lot of restructuring and, you know, one-time costs, etcetera, being taken by Molycop. So, it will not be the right way to see it. So, on a steady base, if you see FY25, the last financial year, after the EBITDA and interest payout and the depreciation expenses, it was almost flat.
- Saurabh Ginodia:** Okay. Thanks for patiently answering all my questions.

- Moderator:** Thank you. Next question comes from the line of Anshul Jethi with LKP Securities Limited. Please go ahead.
- Anshul Jethi:** Hello, sir. Good morning. Thank you for the opportunity. Sir, if you could throw some light on the working capital cycle of Molycop and on a blended level with Tega and Molycop consolidated, how do you see it going in the next two, three years? What is your target on that?
- Sharad Kumar Khaitan:** The working capital cycles at Molycop is less than about, it's about 70 to 80 odd days and that's how we want to retain it as of now.
- Anshul Jethi:** Okay, sir. And, sir, you said that you are going to, decrease the cost of funds by 200 basis points at the inception level. What's the cost of borrowing at the moment for Molycop?
- Sharad Kumar Khaitan:** It's about 8.4.
- Anshul Jethi:** 8.4. Okay. And, sir, you have, you mentioned about preferential, infusing of funds via preferential shares from Apollo's side. So, will that be more of a debt-based preference share or will that be a convertible, you know, wherein Tega's share could come down from 77% to a certain extent?
- Sharad Kumar Khaitan:** They are simple preferential shares in perpetuity. So, they are not convertible preference shares.
- Anshul Jethi:** Okay, sir. Thank you. Yes, that's it from that side.
- Moderator:** Thank you. Next question comes from the line of Renjith with Mahindra Manulife Mutual Fund. Please go ahead.
- Renjith:** Hi, sir. Just wanted to understand, like, we generally hear that forged grinding media as a technology is kind of an antique technology and gradually high-chrome will take over forged media. So, in that perspective, like, how do you see growth in forged media of 5% CAGR, which you mentioned?
- Because what we understand is that the metallurgy, everything is better for a high-chrome grinding media versus a forged media. Gradually, high-chrome will replace forged. That has been the narrative. So, how do you expect forged to grow in such a scenario? Just wanted to understand that context.
- Mehul Mohanka:** Yes. So, we didn't mention that high-chrome will replace forged. Forged and high-chrome have two distinct applications in the grinding circuit. So, we do not see high-chrome cannibalizing forged media at all. Both the businesses, in terms of high-chrome and forged, will have its own growth trajectory.
- From our perspective, we see high-chrome growing at a faster rate for Molycop because we're coming off a lower base. Forged media is expected to grow at a standard 5%, 5.5%, while high-chrome will grow at 20% for Molycop.

- Renjith:** Sir, I didn't mean that we have to, but generally, when we go through the transcripts of AIA or Magotteaux, this has been the narrative that both these companies have created the market by cannibalizing on forged.
- Mehul Mohanka:** So, there are certain markets where high-chrome has got greater traction. For example, if you look at Africa and Australia, there has been high-chrome, which has been replacing some of the small size forged media, small and medium, and recognising that these particular markets, high-chrome has had a higher conversion rate, is why Molycop decided to launch its own high-chrome media.
- But other than these two markets, we've not seen any pressure of high-chrome in any of the other stronger markets of Molycop, which tend to be the Americas and Europe. And in the larger diameter balls, which is the SAG mills, SAG balls, Molycop has clear leading position.
- Renjith:** Okay. And sir, material specific is gold, platinum, copper. Specifically, there you are, is the highlight, which we see that because you require more, high-chrome has some properties, which gives it more viability in terms of extraction of the ore and other things. So, these gold, copper, platinum, are you seeing this conversion more, is it a mineral specific thing?
- Mehul Mohanka:** Yes. So, for Molycop, almost 83% of its revenues comes from gold and copper.
- Renjith:** Okay. So, largely you use your market preferences 100% in SAG mills, and in ball mills is somewhere you believe that there has been some intrusion of high-chrome. Is that the right way to look at it?
- Mehul Mohanka:** In certain geographies, and the way to negate that is to also supply high-chrome in those markets.
- Renjith:** Okay. And now we have a facility in Middle East of 20,000 tons. And most of these companies' geographies have put anti-dumping duty given that Magotteaux has facility in all these geographies, and that has been hurting the growth prospects of AIA Engineering also. So now we also forced to put up high-chrome facilities to these geographies to address that ADD concerns of most of these geographies?
- Mehul Mohanka:** So, Molycop already has manufacturing facilities in those geographies. So, we would just be expanding those.
- Renjith:** But that is for forged, right? I am talking about high-chrome. high-chrome, you have only one factory in Middle East.
- Mehul Mohanka:** No, we have a factory in Indonesia as well. And there are further capacity expansions in other geographies. So, anti-dumping also comes into play if your pricing is considered lower than that of a local manufacturer. But Molycop strategy has not been to lower the price compared to local players. We have always commanded a premium.
- Renjith:** But then, despite that premium, your margin is 11%. So, unable to understand, is it largely to do with the overheads? So, why the margins are at 11% while AIA Engineering is at 23%?

- Mehul Mohanka:** Yes. So, normalized margins for other than those couple of customers that were lost in year '24 is 15%. There was a reduction in the top line in that year. So, that contributes to the reduction into the margin. And we do not see that to be the phenomenon that will move on from here on. We are going to create cost synergies, which is also going to directly contribute to the margins going forward.
- Renjith:** Okay. So, is there any thought process that you might kind of put? If you have too many factories, you might think of joining some of these factories together, thereby reducing the overall overheads. And that can in a way enable us to improve the margins. Is that one of the strategies that you might be looking at?
- Mehul Mohanka:** Too early in the day to comment on that. But if we see that rationalizing the operations contributes to additional incremental EBITDA gains, we would definitely look at that as well.
- Renjith:** Okay. Okay, sir. Thanks and all the best.
- Moderator:** Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question and answer session. I would now like to hand the conference over to the management for closing comments.
- Sharad Kumar Khaitan:** Thank you, everyone, for participating in the conference call. We welcome your thoughts. And in case if you have any other queries, please reach out to us. We will be happy to answer them. Thank you once again.
- Moderator:** Thank you. On behalf of Tega Industries Limited, that concludes this conference. Thank you for joining us, you may now disconnect your lines.