



Technocraft Industries (India) Limited

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February 17, 2026

To,

National Stock Exchange of India Ltd.
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E),
Mumbai- 400051

BSE Limited
Listing Department
P.J. Towers, 1st Floor,
Dalal Street, Fort,
Mumbai – 400 001

Ref: Script Name: TIIL

Script Code: 532804

Dear Sir/ Madam,

**Sub: Transcript of Conference Call held for discussion of financial performance of
Third Quarter ended December 31, 2025**

Pursuant to Regulation 30 and 46 read with clause 15 of Para A of Part A of Schedule III of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Analyst / Investor Conference Call held on February 12, 2025 regarding the Unaudited Standalone and Consolidated financial results for the quarter ended 31st December 2025.

The said transcript has been uploaded on the Company's website at the following link
<https://www.technocraftgroup.com/investor-meet-and-presentation/>

Kindly take note of the same on your records.

Thanking you.

Yours sincerely,

For Technocraft Industries (India) Limited

Neeraj Rai
Company Secretary

Encl. as above



“Technocraft Industries (India) Limited
Q3 FY26 Earnings Conference Call”

February 12, 2026



MANAGEMENT: **MR. NAVNEET KUMAR SARAF – DIRECTOR AND CHIEF EXECUTIVE OFFICER – TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**
MR. ASHISH KUMAR SARAF – DIRECTOR AND CHIEF FINANCIAL OFFICER – TECHNOCRAFT INDUSTRIES (INDIA) LIMITED
MR. ANIL GADODIA – GROUP CHIEF FINANCIAL OFFICER – TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

MODERATOR: **MS. PURVA ZANWAR – BATLIVALA & KARANI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Technocraft Industries (India) Limited 3Q FY '26 Earnings Conference Call hosted by Batlivala & Karani Securities. 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 this 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 Ms. Purva Zanwar from Batlivala & Karani Securities. Thank you, and over to you, ma'am.

Purva Zanwar: Thank you. On behalf of B&K Securities, we welcome you all to the 3Q FY '26 Conference call of Technocraft Industries (India) Limited. From the management side, we have Mr. Navneet Kumar Saraf, Director and CEO; Mr. Ashish Kumar Saraf, Director and CFO; and Mr. Anil Gadodia, Group CFO. I will now hand over the call to the management for their opening remarks, followed by the Q&A session. Over to you, Ashish, sir.

Navneet Saraf: Good morning, everybody. Welcome to Technocraft's investor call. Everybody has already seen the results as well as the investor presentation that the company circulated yesterday. Overall, it's been a balanced quarter for us. We are looking forward to engaging with all the investors on the call and answering your questions. So with that, I would like to start this call and request our CFO to take it forward. Thank you.

Anil Gadodia: Yes. We may start with the question and answer as per the queue.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question comes from the line of Chetan Vora from Abakkus Asset Managers.

Chetan Vora: Sir, I would like to understand the situation on the Scaffolding, particularly after this deal, where do we stand?

Navneet Saraf: Yes. So firstly, before the trade deal, I just want to mention a few things that I think I had mentioned in our previous investor call as well that we have been seeing a slowdown in demand in the US, mainly because of some delays in capex as well as uncertainty created with tariffs and more than that changing tariffs.

The slowdown has been very prominent in the months from July till November. This has obviously adversely affected the Scaffolding segment results of December quarter, which we had expected. Having said that, from November onwards, we have actually seen a pickup in demand in the US, and that's before the trade deal got announced. December was a very strong month in sales and we have also started the year pretty well. And the trade deal has followed.

So as of now, I mean, the trade deal has not had a major material impact. There is also a question mark on whether the trade deal is really going to positively impact the tariff on our Scaffolding products because the Scaffolding comes under steel and aluminium under Section 232, where there is a 50% tariff irrespective of the country where it is produced. There is a difference in interpretation of that.

Currently, we are paying 50% on only the steel content, and we are subject to the reciprocal tariff on the non-steel content. That reciprocal tariff until now was also 50% because there were 25% reciprocal and 25% Russian oil tariff. Now the Russian oil tariff has gone away with immediate effect.

So to that effect, it has come down to 25%, which will further come down to 18% once the US administration releases the official notification of the same, which we expect in a few days. So we will see a reduction in our tariffs, but there is a potential question mark on whether the interpretation going forward imposed by the US customs is going to be 50% on the full product value or just the steel value. If they go with the latter then we may continue to pay the same tax. So that's the situation.

Chetan Vora: So it could be possible how do we see the segment perform in terms of growth for the quarter coming ahead and for the next year for FY '27?

Navneet Saraf: I'm sorry, I did not hear that last part.

Ashish Kumar Saraf: Chetan, your voice is not clear. I think there is a background disturbance.

Moderator: There is a lot of background noise, Chetan sir.

Chetan Vora: Yes. Just a second. What I was asking, sir, how do you see the demand, the growth trajectory for the Scaffolding?

Navneet Saraf: Again, there is background disturbance, Chetan, but I'll answer your question based on the limited.

Chetan Vora: Yes, please.

Navneet Saraf: So look, it's very difficult to give you a generic demand because we are living in volatile times. Overall, currently, the demand is pretty good in the US We are seeing a good traction. And I think this quarter, the demand will be good. So we are expecting this quarter to do quite well. The demand in India has also been quite strong. And so I think in the near term, the demand is good. I mean I think the volatility that we saw in the last two quarters is behind us, and we expect better demand at least this quarter and the next quarter. But giving a long-term view is difficult because geopolitical disturbances have become the norm.

Chetan Vora: Profitably, Scaffolding margins dropped to the all-time low of close to 8%. So how do we see the situation going ahead, sir, as the revenue improves, the operating benefit should kick in logically, right?

Navneet Saraf: Absolutely. The margins have dropped only because of decrease in volume. There is from INR400 crores to INR300 crores. So that's the big effect. There has also been some reduction in operating margins in the domestic Aluminium Formwork business. That's getting a little more competitive. Aluminium prices have been rising. So that's been putting pressure. Competition has also increased drastically in India, but demand is also strong. But overall, we are seeing some

competitive pressures in India compounded by increase in raw material costs. But the main reason is the volume reduction.

Chetan Vora: Right. So would it be fair to assume that next year as the situation normalizes for the full year as a whole, that the margin can restore back to 13% to 14% as we used to do previously?

Navneet Saraf: Yes. Our target is always 15%. We budget at 15%, and that's what we operate at. So I think we are very optimistic and we are positive that we should get to that level.

Chetan Vora: Right, sir. Sir, coming to the engineering front, sir, the execution was strong, but I was not able to decipher the reason why the margins declined to 9.5%?

Navneet Saraf: Right. This is seasonal. December quarter traditionally is always due to holidays, November and December, December in particular. So there are a lot of the employee costs rise because a lot of our employees around the world take their paid leaves and things like that. So as a result of that, we always have reduction in gross margin. Even last year in the December quarter, it was the same. We'll be back to our normal 15% margins in the March quarter.

Chetan Vora: Right. And lastly, sir.

Moderator: Sorry to interrupt, Mr. Chetan. I request you to.

Chetan Vora: Just a last question. On the other income front, the other income has shot up quite sharply. What would be the reason for this from INR6 crores to INR28 crores Y-o-Y?

Navneet Saraf: I would let my CFO answer.

Anil Gadodia: Yes. Year-on-year from INR6 crores to INR28 crores is because of mark-to-market of the investments. So last year, third quarter, it was minus INR8 crores. And this time, it is plus INR14 crores. So delta is of around INR21 crores. That is the difference between the other income.

Moderator: The next question comes from the line of Avnish from Vaikarya.

Avnish: As you said, July, October, November was a pretty rough period in Scaffolding. What kind of volume growth you have experienced, let's say, in December and January because we're just measuring it as it goes. But as the demand is coming up, could you have some sense year-over-year what kind of volume growth you are experiencing in the last 2 months?

Navneet Saraf: Yes. So July to November, we were at about 50% of our sales levels averaging of '24. December, we were back to our original sales levels. And January also, we are close to that. So at the moment, December, January and even February, our sales is almost similar to the levels that we had in 2024. And the outlook is quite good. We are seeing a lot of capex projects that were delayed start now getting green lighted in the US and so the demand outlook is actually quite strong in the short to medium term. Medium term, I mean, about the next 3 months. So that's where we are.

Avnish: In the Formwork and Mach One business, what is your level of order books you probably would have in December end versus September end?

- Navneet Saraf:** The order books are stable. They are similar to the levels we've had. We've been on an average clocking about 100,000 square meter of month of new order booking in the last couple of months. But we don't track our business so much by the quantum of order book. Demand is very high. We can easily capture a lot more orders than what we have, but like I was saying in the other question, we have to be very selective about the kind of orders we take because we have to protect our margins. So we are being quite choosy, picky and we are focusing on taking the right margin orders as compared to any order.
- Avnish:** Our volumes are slightly soft in December quarter over September quarter. If our orders are strong, then what caused that?
- Navneet Saraf:** There are site delays with customers, which is leading to delays in getting the drawings approved from their architects and MEP contractors and that results in material not being able to get dispatched. This happens in this business quarter-on-quarter. So while the order books are there, even now we are sitting on a fairly large order book, but offtake can vary month-to-month depending on readiness of sites at customer end.
- Avnish:** Okay. The last one for me. Drum Closure, how much the rupees crores tariffs you would have paid last quarter? Because there, should be some reduction with the tariffs coming down with us?
- Navneet Saraf:** I don't know the exact quantum in rupees because we don't pay the tariffs, our customers pay the tariff, but the percentage was 50% on Drum Closures, and that has now reduced to 25%. So that will certainly have an immediate positive effect in our margins.
- Avnish:** Sir, in last call, you said 25% you have passed on and then 25% you are trying to take on your own costing?
- Navneet Saraf:** So what we have absorbed now will go away.
- Avnish:** Correct. So that quantum probably will take separately, but there is some quantum sitting in your cost of tariffs which you would have incurred, right, effectively in a sense that you would have baked that into your costing to your customers?
- Navneet Saraf:** No, I think there is a misunderstanding. That's not how it is. The tariff used to be 50%. We were absorbing 25%, and we were passing on 25% to the customer. Now the tariffs are reduced to 25%. So we don't need to absorb anything.
- Avnish:** Exactly. I mean the amount you absorbed, was some amount we absorbed in last quarter, which we don't need to absorb any further, right? That's what I was trying to come to.
- Navneet Saraf:** Yes.
- Avnish:** Okay. The quantum, I will probably try to understand separately.
- Moderator:** The next question comes from the line of Abhinav Mandowara from Aequitas Investment.

Riya: Hello. This is Riya this side. I have a couple of questions. First is in regards to the Drum Closures. So lastly, we were seeing with China, we were seeing some demand improvement and we were talking about increasing our ship. So we have also seen that some of the chemical industry in China is doing better. So are we seeing any growth in Drum Closure segment as such?

Navneet Saraf: Yes, we are. Our volumes in China, this year are higher than last year in the 9-month period. Currently, we are selling close to 2 million sets a month in China. And we are continuously growing that. So I think going into FY '27, we should be able to average maybe a 10% to 15% increase in this volume and the capacity is available.

Riya: Got it. Second is in regards to Scaffolding segment. Since the aluminium prices have gone up, could you help me with what is the kind of inventory we keep and how is the pricing linked to the aluminium? And what would be the margin impact in this business given aluminium prices at these high levels?

Navneet Saraf: So we are fully backward integrated, as you know. So we have our own aluminium extrusion plant. We keep about 6 weeks or so of inventory of aluminium scrap, which is our main raw material. We don't absorb any in this business, because aluminium is so volatile, all our contracts are variable. We don't have fixed price with any customer, and it's all the pricing is entirely linked to NALCO.

Riya: Okay. So we won't be absorbing any fluctuation?

Navneet Saraf: We don't absorb any fluctuations. Once the engineering is completed, the price gets frozen. So our contracts are that typically, once the engineering is completed and the order is ready to go into production, at that time, whatever is the NALCO, that freezes the price.

Riya: Right. Also in terms of when we had announced our backward integration plans last year, we were mentioning around INR500 crores of incremental revenue coming from that and we're getting 50% utilization in this year ramping up. So could you help me with numbers there? How is that happening? And what is the capacity utilization there and the ramp-up progress?

Navneet Saraf: There, we are on track. Our Aluminium Formwork business this year is poised to do INR400 crores or so higher revenue than what we did last year. And that is the reason why in spite of almost INR180 crores reduction in Scaffolding sales that we are going to see this year on account of slowdown in US, our net revenue of the segment is still higher, and we'll probably be higher by about INR150 crores or so for the full year.

Riya: Got it. I think that gives a lot of clarity to me. In terms of Mach One, I just wanted to understand our order book generally used to be around 6 to 8 months. That remains the same, right?

Navneet Saraf: About 6 months, yes.

Riya: Six months, right. And in terms of real estate demand, there are some news articles floating that the inventory has gone up significantly over the last couple of years, last 1 year predominantly. Are we seeing that any reduction in real estate demand? Are you personally seeing that?

- Navneet Saraf:** No, absolutely not. It's actually we are seeing the contrary. I mean in spite of all these news articles, even I have read them, but in terms of new project launches and new construction, it's totally the opposite.
- Riya:** Got it. And like you mentioned from next quarter onwards, we would be back on track with our margin range, which you've been mentioning 10% to 15%, right?
- Navneet Saraf:** Yes.
- Riya:** Lastly, just from the IT division, your designing division, the margins have reduced. Are you seeing any impact because of AI coming? I'm assuming we are also using it in our execution?
- Navneet Saraf:** Ours is not the traditional software development business. So we are really not impacted by AI to replace any of the work that we are doing. We are using AI in a limited way in our business and increasing our own involvement. But no, the kind of work that we do is not something, and that is not a reason also for the quarter-on-quarter reduction in margins. The reason is what I had explained earlier.
- Moderator:** The next question comes from the line of Bhavy Bhogar from Astralit Investments. Please go ahead.
- Bhavy Bhogar:** Am I audible?
- Navneet Saraf:** Yes, you are audible, but be louder, please.
- Bhavy Bhogar:** Okay. So my first question is regarding the capex guidance for the coming years. Like you mentioned that you will be expanding like doubling your capacity in FY '29, I guess. So is this still intact?
- Navneet Saraf:** Yes. FY '29 is some time away. So we will be doubling our capacity for sure in scaffolding. But whether it will be FY '29 or FY '28 or FY '30, it's a little difficult to give. The capex guidance is on track. We are almost at 100% capacity utilization in the new Sambhaji Nagar plant where we completed our capex 1.5 years back.
- We do plan to add Phase 2 probably sometime towards the later part of '26, '27, where we will put up another extrusion plant and further increase in Mach One capacity. That will probably be towards the end of '27 or maybe early '27, '28. So yes, I mean, we are on track.
- Bhavy Bhogar:** Okay. And then you stated that in Europe, you have started picking up the scaffolding better. So what is the update there?
- Navneet Saraf:** Europe is still very, very slow. After we got the certification in Europe, we have begun sales of our scaffolding products there, which we did not have earlier. But the volumes have still not picked up to a level that we are satisfied with. But we are hopeful, I think it's gradually coming back.
- The India-EU trade deal also should help somewhat, although it does not have any material impact on tariffs or anything. But overall, the demand outlook should help. It should get better.

We are seeing some pickup in demand in Western Europe as well as Central Europe. So we are cautiously optimistic.

Bhavy Bhogar: Okay. And lastly, for the Mach One side, the Saudi and South America markets, how is it picking up?

Navneet Saraf: South America is doing well, quite positive. We are getting sales in Brazil, Mexico, Colombia, Uruguay, all these countries. Saudi has been a disappointment. We have got very few orders. And I think a lot of what we are seeing is that Saudi is still not ready for advanced systems like aluminium formwork. There is a lot of traditional scaffolding is selling there, but not Mach One.

Bhavy Bhogar: Okay. Okay. And then you said that you do not take any impact from rising aluminium prices, then the EBIT margins for this quarter, they have compressed largely. So what would be the reason for that?

Navneet Saraf: Mainly due to the decline in volumes of scaffolding sales in the US, we've not reduced our fixed costs. So mainly that is the main reason.

Moderator: The next question comes from the line of Nilesh Doshi from ACME Securities.

Nilesh Doshi: It's like that, that since long, one thing is not coming out in the market, the liquidity is very low in our stock, right? So are we planning to have any stock split or like that, so the investors could be facilitated if they want to do trading?

Anil Gadodia: Yes. Basically, liquidity in the market is relatively low for Technocraft because 75% shares are held by the promoters and promoters do not buy or sell single share in the market. And rest of the shares are distributed to about 75,000 to 80,000 shareholders. So over a period of time, the liquidity has spread. But splitting of the shares so far is not with the Board. Maybe in future appropriate time, the Board may consider that. But as of now, there is no such proposal.

Nilesh Doshi: Okay. Another thing, always we have gone for majority of buybacks, right? Why are we not planning right for any type of bonuses to the investors, right, who are getting invested since long in our company?

Anil Gadodia: So buyback has always been tax effective and beneficial to all the shareholders and everybody participated in the buyback. We had 4 rounds of buyback. And once the buyback was made non-tax effective, we switched to dividends. So we have been rewarding shareholders either by way of buyback or by way of dividends. So these 2 things result into transfer of funds from company to the shareholders.

Bonus share doesn't lead to any transfer of funds from company to the shareholders. So bonus share will only multiply number of share, which relates to your first question of liquidity. So that will be part of question number one, whenever it is taken up by the Board in future. Yes.

Moderator: The next question comes from the line of Purva Zanwar from B&K Securities.

Purva Zanwar: My question is regarding formwork. So in earlier call, you had mentioned that you will be expanding capacity from 75,000 to 100,000 square meter per month by the year end. So is that on track? And what can be the incremental revenue post this expansion from the formwork side?

Navneet Saraf: We are currently at about 75,000 square meters. We may not actually be expanding it immediately by end of this quarter itself to 100,000. We already have installed capacity partially available for that. So we don't really need to do much capex in order to get to 100,000 per month. But we are currently consciously keeping our Mach One capacity at 75,000 because as I was saying earlier, we are seeing some pricing pressure because there are more suppliers getting into the aluminium formwork business.

There are some not so organized suppliers getting in. So we are right now focusing more on quality of customers as compared to quantity. And right now, that is our focus and not so much immediate increase in volume. Having said that, it will go to 100,000, maybe not by March, but maybe by June, our volumes are increasing in South America markets.

There, we are seeing much higher margins actually. So I think combination of India and some export markets will get us there, but maybe not by March. I think it will go by up to June. And there is not going to be much capex needed for that.

Purva Zanwar: Got it, sir. And what would be the current quarter formwork revenue? And are we on target to achieve that INR9 billion guidance, which we had for the formwork for the full year?

Navneet Saraf: I think December quarter, what was formwork revenue? I don't have the bifurcation exactly with me. But I think for the entire year, we should be on track to do INR900 crores or maybe close to INR900 crores.

Purva Zanwar: Got it. And last question from my side. What would be the capacity utilization on the yarn, fabric and garmenting side? We have seen yarn turned EBIT positive in recent quarters. So are we expecting that fabric should also reach positive profitability in near term?

Ashish Saraf: Yes. The capacities are being fully utilized, yarn, fabric and garments. In yarn, we expect the quarter 4 to be better than quarter 3 because the markets have improved and the margins have improved in the orders that we have booked now for the next 2 months. So that will reflect in the books in quarter 4.

And in fabric, we are almost breaking even, and we expect it to turn a little bit positive in the next couple of quarters. Garments is at the moment still losing money, but with restructuring internally and strengthening our team and execution and operations, we hope that this will also improve.

We are now moving towards higher-value garments and the US market will again reopen up. And there, in garments, we could not fulfill our entire capacity utilization. We, I think, operated at about 60%, which was also one of the reasons why we are in the red. So we expect the capacity utilization in garments to go up to 80%, 90% in the next 2 to 3 months when orders from US start coming in.

- Moderator:** The next question comes from the line of Ruchit Agrawal from Unifi Mutual Fund.
- Ruchit Agrawal:** Just on the formwork bit, we alluded to an order book of 350,000 square meter last quarter. And as you mentioned that we're booking about 100,000 square meter per month across the last quarter. Is it safe to assume our order book would be about 500,000 square meter plus around that number?
- Navneet Saraf:** Our order book is around close to 350,000 to 400,000.
- Ruchit Agrawal:** Okay. So we are assuming about 50,000 to 60,000 monthly run rate with 6 months of order book. Is that?
- Navneet Saraf:** In terms of new order booking?
- Ruchit Agrawal:** No sir. 350,000 square meter order book that we have, you mentioned that it's about a monthly run rate of about 60,000 square meters?
- Navneet Saraf:** You are talking of monthly run rate of dispatch?
- Ruchit Agrawal:** Yes.
- Navneet Saraf:** Yes. Yes, correct, about so much right now.
- Ruchit Agrawal:** Okay. Okay. And sir, any update on the Defence part? We had mentioned that we were in advanced stages with discussions with Israel. Anything material there?
- Navneet Saraf:** Nothing material at the moment.
- Ruchit Agrawal:** Okay and maybe we've been working on by any chance?
- Navneet Saraf:** I'm sorry?
- Ruchit Agrawal:** Any new product that is under development on the defence front?
- Navneet Saraf:** But in the Defence, we are expecting orders from Israel.
- Ruchit Agrawal:** Okay.
- Navneet Saraf:** The last update that we've been given.
- Ruchit Agrawal:** Got it, sir. And on the formwork bit, the 350,000 square meter, does that also include any orders from South America? Or is that all additional and?
- Navneet Saraf:** No, no, that includes everything. That includes all the entire world.
- Ruchit Agrawal:** Okay. So are we facing significant competition when it comes to the domestic market because we've seen volumes drop as well. And you mentioned that realizations are also under pressure, margins are also under pressure. So where is the gap when we look at the formwork divisions? And also the volume decline, has there been any operational challenges as well?

Navneet Saraf: No volume decline is, as I said earlier, it is purely as a result of approvals from external agencies, which creates a situation where sites of customers are not ready to use the material. So that leads to delays. We have not so, that can happen quarter-on-quarter. Yes, there has been clear influx of competition, new companies coming in and adding aluminium formwork because the demand is growing in India. So I think that is something that is going to gradually play out and filter out.

What is India is still at, I would say, a relatively nascent immature stage with regards to adoption of these technologies. India has suddenly moved from using traditional wooden formwork to now a situation where aluminium formwork is becoming like a de facto standard. In terms of there are no set standards, there are no set quality adoptions, things like that. So as a result of that, new players are coming in. We have seen this happening before in scaffolding also.

What's going to happen is that over a period of a year or 2, it's going to get filtered out. We are going to see a lot of the smaller players getting weeded out of the system because they'll not be able to compete and they'll not be able to afford to sell products at the pricing at which they are currently willing to sell it.

So therefore, we take a very long-term view, and we are bullish about the Indian market. And that's why I said earlier that our strategy is not to blindly chase volume, but to responsibly chase the right type of customers and protect our profitability.

Ruchit Agrawal: Got it, sir. That helps. Just last question. If you could help us with any guidance on margin and growth outlook for the next year? And if you could give some segmental guidance, that would be very helpful?

Navneet Saraf: In the scaffolding segment, which has been really volatile, I think, as I said earlier, our outlook is to be at 15% margin next year, barring any more major geopolitical disturbances, if the implementation of the trade deal remains intact, if the US demand continues to be like it is right now, I think with our product mix, with our strategy, we should be able to have growth in revenue as well as deliver a 15% net margin.

And as far as the other segments are concerned, drum closure has anyway been steady. So I think drum closure will remain that way. It will probably be only positive because tariffs will go down in the US Engineering Services segment will also continue to be steady and continue to grow the way it has been growing. And textiles, we are seeing an improvement. We are already at positive EBITDA in 2 of the 3 divisions. And hopefully, we'll also be the same in garment next year.

Moderator: The next question comes from the line of Anubhav Mukherjee from Prescient Capital.

Anubhav Mukherjee: Sir, my first question is that will it be possible to share what is the margin profile for the aluminium formwork and Mach One business and for the scaffolding business separately?

Navneet Saraf: It is difficult to give quarter-on-quarter because it's been very volatile, as I explained earlier. But on an average, in general, the scaffolding segment operates at anywhere from 15% to 20%, whereas the aluminium formwork operates from 10% to 15%.

- Anubhav Mukherjee:** Okay. And this quarter, like the 10% to 15% for the Aluminium formwork has seen a further decline. Is that correct interpretation?
- Navneet Saraf:** No, not actually, the aluminium formwork has not seen so much of a decline. It may have been close to 10% or maybe a percentage or 2 point low. It's the scaffolding segment where the revenue has been 50% lower that has seen a decline.
- Anubhav Mukherjee:** So it's mainly an impact of the like product mix between the two?
- Navneet Saraf:** Correct.
- Anubhav Mukherjee:** And my second question is, sir, like how much of the drum closure business do we get from exports to US?
- Navneet Saraf:** About 30%.
- Anil Gadodia:** Yes, anywhere between 25% and 30%.
- Moderator:** The next question comes from the line of Prateek Bhandari from AART Ventures.
- Prateek Bhandari:** Just a couple of questions from my side. If you can quantify the quantum of sales we did for Mach One during the quarter and 9 months FY '26?
- Navneet Saraf:** We did about in just a 3-month period, actually, this data is available in the investor presentation that we shared. So in just the 3-month period, October to December, we did 117,000 square meters. And for the full 9-month period, I'll have to check. But that data is available in the investor presentation. Anil Ji, can you clarify which page it is on?
- Prateek Bhandari:** No sir, I was asking about the value of sales for Mach One during the quarter?
- Navneet Saraf:** You're asking about the value, not the quantity?
- Prateek Bhandari:** Yes, yes, yes.
- Navneet Saraf:** Okay. So in just the December 3-month period, the value was about INR200 crores. And for the 9-month period, the value is about INR550 crores.
- Prateek Bhandari:** INR550 crores. Okay. And sir, what would be the gross debt and the cash and the net debt levels in our books as on date?
- Navneet Saraf:** I think you will answer that.
- Anil Gadodia:** Yes. The cash and cash equivalent you are talking about, right?
- Prateek Bhandari:** Cash and net debt?
- Anil Gadodia:** Yes. So the cash and cash equivalent is around INR405 crores and the working capital against that is around INR390 crores.

- Prateek Bhandari:** INR390 crores?
- Anil Gadodia:** Yes. And this is so far as Technocraft Industries standalone is concerned. There are some term loans also in the subsidiary companies.
- Prateek Bhandari:** Okay. Yes. And what would be the quantum of the same?
- Navneet Saraf:** Subsidiary company one second. Yes, I'll give you. One second. Around INR200 crores in 2 subsidiary companies of Aurangabad and 1 subsidiary company, which is Technocraft Textiles Limited.
- Prateek Bhandari:** Both combined, sir?
- Navneet Saraf:** All three combined. All three combined, INR200 crores, yes.
- Prateek Bhandari:** So in totality, the gross debt is around to the tune of INR600 crores, right?
- Anil Gadodia:** Correct. That's right.
- Navneet Saraf:** On consol basis.
- Prateek Bhandari:** Yes. And cash you mentioned INR405 crores?
- Navneet Saraf:** Correct.
- Prateek Bhandari:** And sir, if you can also quantify the net impact of tariffs on the Scaffolding business, considering the Section 232, 50% tariff, which is irrespective of the country. So what has been the net impact of tariffs on Scaffolding during the quarter?
- Navneet Saraf:** Actually, as I said earlier, nil. Absolutely nil during the quarter.
- Moderator:** The next question comes from the line of Avnish from Vaikarya.
- Avnish:** You said about close to INR900 crores for Mach One this year. And if you were to also include Scaffolding, so total the line segment you report is Scaffolding and Mach One, what kind of revenue you would look at for this full year?
- Navneet Saraf:** We should be looking at close to INR1,400 crores.
- Avnish:** INR1,400 crores. And this Mach One, within India sales, what is the dominance of, let's say, Mumbai or Maharashtra versus other states?
- Navneet Saraf:** We have quite a high concentration in South India. That is our largest market, followed by Maharashtra, followed by North India.
- Avnish:** Lastly, in any of your business...
- Moderator:** Sorry to interrupt Mr. Avnish. We request you to return...

- Avnish:** Yes.
- Moderator:** The next question comes from the line of Priyankar Sarkar from Square 64 Capital.
- Priyankar Sarkar:** Sir, my question is more in the Engineering segment. So could you give us kind of customers that we cater to? And where does...
- Navneet Saraf:** Your network was not very good. So your voice broke in between. But it's okay. I gather your question as pertaining to Engineering Services segment and type of customers that we cater to. So we have seven different industry verticals in this segment. Of these, our dominant verticals are industrial products, machinery and transportation.
- So in this segment, the customers are basically large machinery manufacturers, heavy equipment manufacturers, companies making earthmoving machinery, companies making process plants, companies engaged in producing, let's say, chemicals and food products and things like that on continuous process basis, so running large process plants.
- So more I would say 50% of our customers would be companies in these 3 verticals. And then in the transportation vertical, there would be companies making specialty vehicles like trucks, buses, coaches, etc.
- Priyankar Sarkar:** Right, sir. Sir, just a follow-up. What would be the split between our offshore and onshore in terms of the revenue? And another question, just follow-up is what would be the stable margin going forward because we have aspirations to grow this segment over the next 2 to 3 years. So what can be a stable margin going ahead?
- Navneet Saraf:** Currently, offshore is about 60% and on-site is 40%. Going forward, we'll probably see offshore further increasing. Stable margins are about 15%, even with the growth and that we continue to have. So with the growth of 25% year-on-year that we expect, we should be operating at about 15%.
- Moderator:** The next question comes from the line of Riya from Aequitas Investment.
- Riya:** I just wanted to know in Scaffolding business, what would be the fixed cost as a percentage of total cost?
- Navneet Saraf:** Again, it varies because the revenue has been varying. Fixed cost so as a percentage, it will vary. But this quarter in September, the fixed cost would have been I mean, I don't have an exact number, but my guess is it would probably have been close to 20%. It will be about 20%.
- Riya:** Okay. Got it. Coming to the Drum Closure, you mentioned that this quarter, we have absorbed 25%. However, the margin impact has been negligible. So is there an inventory lag which happens while booking? Or we are assuming that going forward, the margins will get retract to the original level?
- Navneet Saraf:** The inventory is minimal in the U.S.A lot of our sales is direct customer sales. I mean, yes, it's not been very significant because there has been increase in sales in other territories, higher contribution there. I don't think perhaps this quarter, our contribution from US as total may have

reduced. We have had more sales in other countries. The rupee depreciation has also helped to some extent because rupee has become INR90 plus. So all those factors have contributed to minimize the reduction.

Riya: Right. Also, you're seeing a good growth in metal...

Moderator: Sorry to interrupt Ms. Riya. We request you to return to the question queue for the follow-up question.

Riya: Sure.

Moderator: The next question comes from the line of Pawan Nahar, an Individual Investor.

Pawan Nahar: So Navneet ji, I was just reflecting on the last 5 years, and then I would like your thoughts on the next 3 years, assuming everything is normal. In fact, you said that US is looking good. So if I look at the last 5 years and our 4 segments, business segments, 2 have done much better than what we would have envisaged. One is Drum Closures, other is the Engineering business, right?

And 2 have done lower or less than what we would have envisaged, like Scaffolding was supposed to be a big opportunity. Hopefully, it will happen at some point. So and we have invested in the latter 2 segments, capex we did on Scaffolding and Formwork and we've done it in the Textile business, right?

Now let that be. My question is next 3 years, where do you see the opportunity? And is there a new category that you see, which may emerge, say, for example, our Defence or in the Engineering business, you know, if there are opportunities to do some prototyping beyond the design, right? So if you can talk like next 3 years in these segments, where do you see the opportunity? Assume. And let's leave this. I mean, what will happen directly? This is good. Then what?

Navneet Saraf: So the opportunities are in the Scaffolding and Formwork segment for sure. Like I said earlier, the demand in developing countries like India and South America will continue to grow. So we are bullish and optimistic about that. There will also be opportunities in developed markets like US in the Scaffolding segment, led by the investment in energy that is happening there and also the investment in high tech that is happening in the US, semiconductor plants and things like that.

So I think next 3 years, we continue to be quite bullish that the Scaffolding and Formwork segment will cross revenue of INR2,000 crores. And that's what we are moving towards in terms of our product mix, in terms of our sales, marketing focus, etc.

Then the next opportunity is in the Engineering Services segment, our Technology Services business. There, we will continue to see very strong growth. And there, we may be surprised like we have been in the last 5 years. I think we may see growth higher than our own estimates. This is being led by all the high-tech enablement.

And actually, we are already doing prototyping. We are already doing manufacturing. So other than just designing services, we are now doing a lot more of manufacturing automation. We are doing a lot more of prototyping, and we are actually building products for customers, not just designing. So that will continue to grow. And so I think these will be the fast-growing segments for us. And we are not really looking at this point in time getting into any new business, which is radically different.

Pawan Nahar: So Scaffolding will do good. Formwork, we'll see how it goes, right? Engineering will do good. And there are opportunities or we are already doing prototyping and stuff like that, right, you can elaborate on that, one?

Two is within Drum Closures, we've spoken about opportunity in Plastic Drum Closures, but there are some litigation issues in the US So what is the outlook? I mean, apparently, that is another huge opportunity is what I had understood earlier, right? So and Defence, how big can that be?

Navneet Saraf: We are already doing Plastic Closures even now. And yes, the opportunity is good, and we are capitalizing on that cautiously because we don't want to dilute our margins. The Plastic Closure business at scale does not have the same kind of margins as the Steel Closure business, depending on the type of containers.

So we are catering to the Plastic Closure business with similar margin profile as our Steel Closure business. And that's on track, and that is going to see growth in volume as well as growth in bottom line, which is why the Drum Closure business has been growing in the last 2 to 3 years in spite of fairly stable drum production, the steel drum production.

Moderator: The next question comes from the line of Prateek Chaudhary from Saamarthya Capital.

Prateek Chaudhary: I'm slightly new to your business. So in the Scaffolding division, I understand that primarily I mean, majority sales are through exports. Is that correct?

Navneet Saraf: It's about 50-50 now. It's almost half -- 50% export, 50% domestic.

Prateek Chaudhary: And in domestic, that's where my question is coming from. In terms of outright sales to distributors or contractors versus, say, a rental model, I mean, are we majorly focused or going to focus on the rental side as well going forward?

Navneet Saraf: No. So we don't do rentals. We are focused 100% on outright sale. In the domestic market, we sell primarily to developers, real estate developers and also construction contractors. Rental is somewhat prevalent not in the aluminium formwork, but in the steel formwork as well as steel scaffolding space. So we have distributors of ours, and we are actually increasing the number of distributors in India who buy from us and rent, but we don't directly rent.

Prateek Chaudhary: No, because I was seeing a couple of companies in the private space also in one company that just got recently listed MSafe. So there, the payback periods are maybe less than 15 months for the rental equipment that they buy and for rent on. So why have we not wanted to explore this market?

Navneet Saraf: Because two reasons. One is that, firstly, it is not true that the payback period is 15 months. That's only at gross level. You have to also take into consideration holding cost, utilization cost because you can't expect 100% utilization of your rental inventory. Then you have to take into consideration cost of lost material, damaged material.

You see India is not a very mature market when it comes to protecting somebody else's asset, okay? That kind of maturity does not exist in India. So it is okay to say that on paper, you have 15 months payback period, but wait till the material, the contract finishes and you have to get back material. Because typically, if you don't own the material, you will abuse it and you will use it the way you are. We have experienced that in India in the past. So we know the entire economics of the rental business.

Having said that, it is a good business, but it has to be done in the right way. Hence, there has to be pure-play rental companies with yards, with refurbishing services who have sales teams who are able to continuously redeploy the material and get the utilization up. Manufacturing companies can't do that. Worldwide, you will find that there are the segment is divided. There are manufacturing companies who only manufacture and sell, and there are service companies who rent. Rent is for a service company, not for a manufacturing company.

Moderator: The next question comes from the line of Devang Patel from Sameeksha Capital.

Devang Patel: My question was on Formwork, where it seems we have an order book of about 6 months compared to our current capacity. What is the time it takes for us to deliver an order on average? And how do we hedge our costs during that period, considering our scrap inventory mentioned earlier was for 1.5 months?

Navneet Saraf: It takes typically 3 months to complete an order from the time it is procured. Like I said, our pricing is variable and gets fixed only after engineering is completed. Of the 3 months, 2 months is the engineering process, okay? So it takes 2 months to complete the engineering, then the price gets fixed and then it takes 1 month to manufacture and deliver.

Devang Patel: So when you take an order, the pricing is not decided, only take a volume order at that point of time and the pricing would get fixed once the engineering is completed?

Navneet Saraf: Has that question been answered? Or are we still waiting for? Can you repeat the question? Has your question been answered?

Devang Patel: Yes, sir. I just move on to the other question was that when you mentioned INR1,400 crores of revenue for the Scaffolding division for the full year, are you expecting a recovery in the next quarter?

Navneet Saraf: Yes, we are expecting next quarter to be better than the December quarter in terms of profitability.

Devang Patel: Okay. Because you mentioned earlier that volumes were still restricted till November and you do consolidate with a lag of a quarter?

- Navneet Saraf:** Yes. Volumes were restricted till October. November and December sales were better, which is why we are saying that the Jan to March quarter will be better than the October to December quarter.
- Moderator:** The next question comes from the line of Anubhav Mukherjee from Prescient Capital.
- Anubhav Mukherjee:** Sir, I have a follow-up question. The 100 days of inventory at the end of this quarter, is it mainly for the Scaffolding division or even for the Aluminium Formwork, we have to maintain like because of the raw material, some level of inventory?
- Navneet Saraf:** No, it is primarily for the Scaffolding division because of the reduction in sales. Hence -- and we have not reduced our inventory in the US. So hence, the increase in inventory in days. Aluminium Formwork on the contrary, the number of days of inventory has come down this quarter.
- Anubhav Mukherjee:** Okay. And typically...
- Moderator:** Sorry to interrupt. We request you to return for the question.
- Anubhav Mukherjee:** A small follow-up, just a small follow-up. So I was asking, sir, typically also, it's the Scaffolding division that requires this higher level of inventory. Is that right?
- Navneet Saraf:** That's right. That's right.
- Moderator:** The next question comes from the line of Pawan Nahar, an Individual Investor. Please go ahead. As there is no response from the current participant. Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments. Thank you, and over to you, sir.
- Navneet Saraf:** Thank you, and thank you to all the investors and analysts for participating in this call. We appreciate your detailed analysis and questions. Please do reach out to us if you have any further follow-up questions, we are always available to answer those and look forward to continued dialogue. Thank you. Bye.
- Moderator:** Thank you. On behalf of Batlivala & Karani Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.