



Technocraft Industries (India) Limited

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August 14, 2025

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

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Dear Sir/ Madam,

Sub: Transcript of Conference Call held for discussion of financial performance of First Quarter ended June 30, 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 August 12, 2025 regarding the Unaudited Standalone and Consolidated financial results for the quarter ended 30 June 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
Q1 FY26 Post Results Earnings Conference Call”

August 12, 2025



B&K



MANAGEMENT: **MR. NAVNEET 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 INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Technocraft Industries India Limited Q1 FY '26 Post Results Earnings Conference Call hosted by Batlivala & Karani Securities India Private Limited.

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 Ms. Purva Zanwar from Batlivala & Karani Securities India Private Limited. Thank you, and over to you, ma'am.

Purva Zanwar: Thank you, Ridhi. On behalf of B&K Securities, we welcome you all to the Q1 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'll now hand over the call to the management for their opening remarks, followed by the Q&A session. Over to you, sir.

Navneet Saraf: Yes. Thank you, and a very good morning to all the participants on this Q1 investor call of Technocraft Industries India Limited. We are looking forward to an engaging discussion. Overall, it's been, I would say, a fairly stable quarter given the very turbulent economic climate led by geopolitical disturbances worldwide.

Obviously, one of the main factors contributing is this U.S. tariff on products on which Technocraft is also impacted, given our strong exposure to the U.S., so we will -- I'm sure there will be a lot of questions pertaining to that. So we'll be happy to discuss.

So welcome again, and we can now start the call. Thank you.

Moderator: First question is from the line of Chetan Vora from Abakkus Investment Managers.

Chetan Vora: Sir, I would like to understand your comment on the scaffolding demand environment.

Navneet Saraf: So the scaffolding demand environment in particularly in the U.S. is currently challenging. This is also reflected in our first quarter results, where we have seen on the preceding quarter-on-quarter, a flat performance in sales as well as profitability. This is mainly on account of -- actually due to various changes in tariffs that have been going on since April, there has been some slowdown. Customers are on hold mode.

What we are seeing is that there is a delay and pushback in procurement happening in the industry. Amongst all these things, one of the positives is that we are not seeing cancellations of capital projects.

So we are seeing that there are projects awarded and that are going to go forward, but there is being a pushback and customers are only buying what they need immediately as compared to

buying any time in advance. They are increasing utilization of their scaffolding, so they are buying later. So all those things are going on.

Having said that, the impact on U.S. tariff is actually not so bad for our Scaffolding division because we are not subjected to this additional 25% Russian penalty that has been levied. We are subjected to the 50% steel tariff that has been going on since February, and that is applicable to all countries with the exception of the U.K., which is not even a competitor. And then we have the reciprocal tariff, which has increased from 10% to 25% on India.

So, we are still lower as compared to China, which is our biggest competitor in the U.S. as far as tariff is concerned. So, we have we have no concerns about being able to pass on the tariffs to our customers and there's no competition as such from local production in the U.S. as well. The effective tariff for us on scaffolding at this point is about 35%, which is quite manageable.

But the concern is that what this is definitely causing some disruption in the demand environment, which I think will be short term, but it's difficult to say for how long. Coming quarter; July to September is traditionally the busy season in the U.S. in the industrial sector. So, on one hand, we are hoping for a pickup in demand, but there's also a little question mark on what the tariff does. So that's as far as U.S. is concerned.

Outside the U.S., it's positive. We are seeing no change in the demand environment in India. In India, the demand is robust for our formwork products. And also, the demand is quite strong in the Middle East, which is our other important market, and that's growing substantially, the UAE, Saudi Arabia and that region. And the rest of the countries are steady. So, this is a snapshot of the demand environment.

Chetan Vora: But now the situation has only worsened, right, post the quarter 1. And the tariff what he has been talking about, has those tariff been implemented or it is just right now at the uncertainty level at what the effective rate would be?

Navneet Saraf: Certainly, the situation is worse than what it was in quarter 1. It has deteriorated in July and August. As far as implemented, so the increase in reciprocal tariff from 10% to 25% has been implemented with effect from August 10. So, shipments that have sailed after August 10, once they arrive in the U.S., they are going to be subject to 25% tariff. That additional 25% is expected to get implemented from 27th of August. That's what 27th August for shipments filing after 27th August, not arriving.

Chetan Vora: And the shipment -- okay. And the busy period, what you talked about from July to October, November, and now we are in that busy period. So the demand will be certainly getting affected, right?

Navneet Saraf: Yes, it will be getting affected.

Chetan Vora: Okay. And sir, as you were talking about in the last call that the newly plant has been commissioned. So this year, we are looking out for the revenue of INR400 crores from those plants and plus 10% organic growth for the scaffolding and with a profitability of exit margin of 20%. Where do we stand in those guidance, sir?

Navneet Saraf: So the new plant is actually fully commissioned. So that part is actually doing quite well. Our Aurangabad plant is now at about 75% capacity and should get to close to 90%, 95% in August and September. So that part is quite good.

Unfortunately, I have a concern that the increase in our formwork business that we are expecting this year may be slightly negated by a decrease in our scaffolding business if the demand environment in the U.S. continues to be sluggish. So that is the only concern. But yes, the Aurangabad plant is not catered for the U.S. scaffolding business. That's entirely for domestic consumption. And there, we are on track.

Chetan Vora: So INR400 crores of revenue will be getting approved. But the 10% revenue growth, when we are expecting?

Navneet Saraf: Yes, we are on track. The Mach One sales, which was out of our total sale of INR1,300 crores in the last fiscal year, Mach One was about INR520 crores. So we are on track to see Mach One increase to about INR900 crores this year. That part -- on the back of the increase in Aurangabad. That part, we are on track. Where there could be a change is the scaffolding sales, which was about INR800 crores, a little less than INR800 crores last year. There, we could actually see a degrowth this year.

Chetan Vora: And what are the degrowth we are working with as of now?

Navneet Saraf: Very difficult to predict right now because we are in such a turbulent environment. First quarter was actually flat. First quarter, we did not see much of a degrowth. It was actually flat, maybe about INR20 crores kind of a degrowth.

But this quarter, actually, we were expecting a significant increase because of projects, capital projects that we know have been awarded, but those may not happen, those can get pushed in subsequent quarters. But it's a very dynamic environment. It's very difficult to, at this point in time, give a guidance on whether there will be a degrowth, there may not be -- if there is how much, very difficult to give that kind of a guidance right now, as you can appreciate.

Chetan Vora: Perfectly appreciate it, right, sir. Sir, lastly, in terms of -- if the revenues are affected, obviously, because of the negative operating rate, the margins also will be getting affected, right? That is a logical thing, right, sir? The margins we are expecting the improvement of the scaffolding on the lower base of last year.

Navneet Saraf: There is a degrowth in sales, obviously, the margins will get affected because our overhead costs are high. So the overhead costs don't get absorbed fully.

Chetan Vora: Right. But that is the one despairing factor is that the formwork, which has been seeing a good response from the new plant. So the new plant incremental sales will be getting offset by the decline in the scaffolding sales, right? So broadly on a Y-o-Y basis, we should be seeing a nominal growth rate, right and not the growth what we were expecting earlier?

Navneet Saraf: Yes. I mean the good news is that because we have a diversified product base and geography and because of our almost 50% sales in India, we are currently not seeing India business being affected. And in fact, we are seeing India business growing.

So I think -- I hope that this turbulence in the U.S. is short term, doesn't last too long. And even if it gets serious, I don't think the degrowth will exceed the growth in India. So at a worst-case scenario, we should at least be flat. We should not see any decline. We should at least be flat or we should at least see some small growth over '25, '26.

Chetan Vora: Right, sir. And sir, lastly, what is this other income amount, which is like close to INR40 crores, INR39 crores which was like INR30 crores plus.

Navneet Saraf: Mr. Anil Gadodia will answer that, yes.

Anil Gadodia: Yes. The other income of around INR39 crores consists of mark-to-market of investment that we have around INR22 crores and ForEx gain and loss of INR8.5 crores. So these are the 2 major costs.

Chetan Vora: And in the segmental thing, where it would be sitting this other income in the drum closure or where it would be sitting in the...

Anil Gadodia: No, it will be unallocated.

Chetan Vora: Both these things, yes?

Anil Gadodia: Yes, both the things; INR19.6 crores, if you see unallocable net after expenses. That's the income, INR19.60 crores.

Moderator: The next question is from the line of Aejas Lakhani from Unifi AMC.

Aejas Lakhani: Okay. So I am fairly new to your company, but I've had the chance to look at your history and the growth outlook. I have 1 overarching structural question and 3 semantics on the business. So would you prefer I ask you everything in one shot or go one by one?

Navneet Saraf: Either way is fine, whatever you prefer.

Aejas Lakhani: Okay. So sir, I'll start with my overarching question. So sir, see, as my understanding is that the drum closure business, which is a fairly mature business and is growing at lower rates and generates a very high ROCE from that pool of cash flow that you had, you built out the scaffolding and formwork business, which is a relatively more higher growing business, but is weaker on the ROCE side with 15%, give or take, depending on the year, ROCE margin profile.

And then also coupled with that, given that it's a much smaller size of the business, the engineering business again has a high ROCE and maybe the potential for incremental growth coming from that segment. So my query is that given that your ROCE profile of the drum closure is so attractive, you've chosen to build out the scaffolding and engineering and textile, I'll just come to in a bit.

But what I'm trying to understand is that given the mix of your businesses, as the growth sort of kicks in, and it's coming more from scaffolding given just the size of that piece in the overall scheme of things. Is it a fair assessment that the ROCE profile, which is what it is today, will gradually start declining as the share of the scaffolding increases?

Navneet Saraf:

Sure. So I can answer that question first then before you go on to the other segmental question. So look, I think as far as the observation regarding how and why we built the scaffolding business, so the scaffolding business has not been built using cash flows generated by the drum closure business. Actually, if you go back and see the history, the scaffolding business is as a contract manufacturing business. And profit margins single digit for a long time until about 2014, 2015, when we...

Moderator:

Sorry to interrupt, but your audio is breaking.

Navneet Saraf:

Okay. So from 2015 onwards, when we started our own distribution model, the margins in scaffolding increased. Now yes, the scaffolding business ROCE will definitely be lower than drum closure business. As you rightly observed, it's actually in the 15% to 20%. Our target is 20%. We have been averaging 15% give or take, in certain years because of localized factors. The business is in also growth mode.

So, what happens is as we are investing and building up assets and working capital, there is a lag between investing and seeing the returns of 1 or 2 years. So, because the business is in that growth mode, we have not been averaging consistently 20% ROCE. We've been averaging 15% ROCE. Plus, there have been in the last couple of years, local disruptions like this tariff now, freight and so on.

Having said that, yes, the rationale is that as the scaffolding business grows, obviously, the average ROCE will come down. It will not be at the high -- at the late high 20s, 25%, 26% that we have for the group. It will be in the lower 20%. I mean, right now, that's where we see the average ROCE being. Our target internally is 20%. We would like to have an average ROCE of 20%.

Now what will also happen is that the growth that in the scaffolding and formwork business is having is primarily driven by formwork. Scaffolding, we are almost close to peak levels. Now the scaffolding business is the one where we have our own distribution model, which requires us to have high inventories. Formwork business is primarily domestic and Middle East and it's made to order. So it doesn't require the kind of investment in working capital that the excess scaffolding business requires.

So as the percentage of formwork business increases from current levels of 40% to about 65%, 70% in the next 3 years, the ROCE effectively of the scaffolding formwork business will also increase from 15% to 20%. Drum closure will continue to be at high ROCE. So therefore, as a group, we will be about 20% ROCE.

The engineering design services is also a high ROCE business. That obviously doesn't need any working capital. In fact, that doesn't even need any investment. So it's not like we are requiring

cash input for that business to grow. And in the midterm, next 4, 5 years, yes, the scaffolding business will be driving the lion's share of the growth.

But actually, beyond that, we see the engineering services business also becoming very sizable. And if I see the next 10 years, that is going to be a very sizable part of our portfolio given the overall marketplace. I mean, the engineering business has seen substantial growth in the last 5 years. And we are still small compared to some of the large peers like LTTS and Quest and Cyient and so on. And we are exactly in that market space. So we see this business actually becoming a very dominant part over INR1,000 crores over the next 5 to 6 years.

And so yes, to answer your question, while the average ROCE will definitely come down, but not below 20% based on the kind of growth that we are expecting and the business mix of the scaffolding business, which is more formwork, less scaffolding.

Aejas Lakhani: Understood. And sir, just a quick follow-up on that response. So, formwork out of the INR1,200 crores from this segment that we report, give or take, of scaffolding and formwork, today, the mix is 40% formwork, 60% scaffolding, and you're saying that formworks will start to incrementally drive growth, which will help the ROCE profile of this segment. Is that understanding, correct?

Navneet Saraf: Yes, perfectly.

Aejas Lakhani: Perfect. Sir, next is, I'm just seeking more color regarding the engineering services business. So, is this, again, like the others pure FTE model? Do you have on-site engineers? How do we compete, especially given that there are large established players? So why will customers really choose us over those cohort of large, well-established customers?

And also, that we have 84% ownership of the sub, right? So, how does that come into existence? Do we intend to take it to 100%? Could you give more color on this entire segment? And also, do we intend to get somebody from the industry to run this piece, who runs this piece? How do you expect it to deliver the growth that you just spoke about?

Navneet Saraf: So this is an ER&D business, and it's a focused ER&D business, which provides engineering and product development services in various verticals like industrial, transportation, machinery, etc. We do not do commercial software development like many of the other IT companies do. We are focused on ER&D.

Now yes, there are some large established players in the ER&D segment like L&T Technology Services and Cyient and so on. But their share even with those players, I think this is a segment that is very much in its infancy. It is far from maturity level. And the overall share of Indian companies is miniscule compared to the global spend in this segment. Countries like U.S., U.K., Western Europe, Japan, are having huge shortages of engineering talent. And so therefore, India has a very sweet spot in this segment.

We also compete with a lot of domestic companies in these countries where we operate in. And so that's a large segment of business that is there. how we have been able to get established and get our foot in is when we started this company, we focused on sectors outside the traditional

sectors like automotive, with some of these large companies focus on. We stayed away from the passenger car segment, which was very crowded, and we, as a group, did not have domain expertise in the passenger car segment.

So a company like Mahindra or Tata, for example, can make large inroads in that segment, but we didn't go. We went after segments like machinery and industrial products, where the competition was more local players. And as a result, our growth was slower because the size of customers was smaller, but we built our profile. We built our team, we built our references.

In the last 4 years, after the company reached just about INR100 crores in revenue, which was 4 years ago, we expanded our sales team. We recruited senior professionals from L&T and other companies in the U.S. We created verticals. We recruited vertical heads with domain expertise. And they are the ones who are running the company now. So we have a very seasoned experienced leadership in sales delivery in this company now as the company is growing.

And now we are also targeting the large accounts. Now we are competing with the big players, and we have been able to successfully make inroads, which is what gives us the confidence that the growth will be faster and higher in this business because it's always more tedious to get from 0 to a base of INR100 crores. But then once you get that base, then the momentum becomes stronger. So we are in that phase right now.

Aejas Lakhani: Understood. And sir, so basically, our focus continues to be machinery and industrial applications and products. Is that correct?

Navneet Saraf: Yes, 7 verticals, industrial products, transportation, machinery, plant engineering, medical devices.

Aejas Lakhani: Okay. And you have experienced sort of people who have joined you are now building the business and you've invested in this segment for the last 2 years from a sales and marketing perspective.

Navneet Saraf: Absolutely. And delivery.

Aejas Lakhani: And delivery. Okay. Understood. And sir, just on that query of why do customers really choose us? And what is the reason behind the 84% ownership?

Navneet Saraf: Yes. So, 84% is owned by Technocraft. 7% - 8% is owned by promoters of Technocraft. And then there is a 7% that is held by an individual who used to be in a senior managerial position in the company. He used to be the CEO of this company till 2020. He's based in the U.S. and then he had to leave due to certain health and personal reasons. So but he continues to have that 7% stake. But he's not involved in the operations or management of the company anymore. But other than that 7%, we are controlling 93%.

Aejas Lakhani: Understood. And sir, so this individual that held the 7% as CEO...

Moderator: Sorry to interrupt but I request you to rejoin the queue for the follow-up question.

Aejas Lakhani: Sure. I'll just complete this follow-up question and rejoin if that's okay?

- Moderator:** The next question is from the line of Jay Jain from Astute.
- Jay Jain:** I wanted to know what is the effect of the tariffs on different segments individually, like scaffolding. And also you mentioned that scaffolding is already covered under the general tariff of steel and aluminum. So what will be the precise number, which we should work with?
- Navneet Saraf:** So on the scaffolding, currently, the tariff without considering the Russian oil tariff is 23%. That is the tariff that is applicable on the finished product value reaching the U.S. That is based on a combination of the 50% tariff on the steel content and 25% reciprocal tariff on the residual content of the product. If the Russian oil tariff gets into effect on 27th August, then the effective tariff on scaffolding will increase to 34%.
- On drum closures, currently, we are at 27.6%, which will increase to 52.6% if the Russian tariff gets into effect. Same situation in textiles. It's currently at 25%, which will increase to 50% if the Russian tariff gets into effect.
- Jay Jain:** So, with the new tariff, if they come into effect, it would be almost impossible to do drum closures and textile. Am I right in assuming that?
- Navneet Saraf:** Yes. So, I'll answer it segment by segment. So, drum closure, no. Drum closure, our sales realizations are actually quite high in the U.S. we are not going to compromise on our market share in the U.S. So in the short term, we have taken a decision that should the 25% Russian tariff come in, we will not pass that on.
- We will take that we are comfortably able to pass on 27.6% in the drum closure segment to the customers, but we will not pass on the additional 25%, primarily because our main competition is from the EU and the tariff on the EU is 15% for drum closures.
- So at 52.6%, we feel we'll be at a disadvantage. So therefore, if that 25% comes in, we'll absorb it. So there will be an impact to that extent on the profitability of the drum closure sales in the short term.
- We expect that, that 25% Russian tariff is going to be short-lived. We don't expect that to be there for a long term. Should that be there for a long term, we are in wait-and-watch mode, then obviously, we will look to move to alternate manufacturing locations as a possibility to save ourselves from that incremental 25%. That's as far as the Drum Closure division is concerned. That's our strategy.
- Scaffolding, we are able to pass on. So no concerns on that. Textiles is a problem. Textiles, certainly 50% is not something we'll be able to pass on. So we will see our sales to the U.S. stopping. And we are watching the situation closely. Again, if that 25% goes away, then the situation will be better. If not, we will look at diversifying the manufacturing.
- Jay Jain:** Just to understand, what will happen to most of these businesses? Are you planning -- as you mentioned, you will probably take a call about manufacturing other locations. But competitively, what would be your position? And what is the percentage of your total revenue in each segment to the U.S.?

Navneet Saraf: Yes. So drum closure, about 30% of our total sales is in the U.S. And scaffolding, about 40% of total sales is in the U.S. and textile about 25%, 30% is also in the U.S.

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

Avnish Tiwari: On this scaffolding, you just explained the tariffs. So even with the Russian linked tariff, you are leading to 34%. We will still be much lower than what China is getting today. So you should not have a problem there in terms of passing it on, right? Is that understanding correct?

Navneet Saraf: Yes. That's correct.

Avnish Tiwari: And when you're exporting the scaffolding to U.S., the steel you are buying, when you buy it imported versus free of duty or you have to buy it domestically, hence, you disadvantage on the price of the steel?

Navneet Saraf: We are buying domestically, and there is no disadvantage. Actually, imported steel is a lot more expensive. Currently, if you are manufacturing in India, it's cheapest to buy Indian steel. There is now a safeguard duty in India on imported steel.

Avnish Tiwari: But you're buying for export purpose or I think these duties are exempted or not paid.

Navneet Saraf: No, no. We are not only buying for export purposes. We are also selling a lot in the U.S. in India, sorry. Plus, we have special grades. So, we can't just buy commercial-grade steel. We have worked with JSW and developed special grades that can be used for our scaffolding products because of certain technical requirements. And the relationship with JSW is more than 20 years old. So, it's very difficult for us to change that. So no, we are not looking we don't buy imported steel.

Avnish Tiwari: In the Engineering division, which segment are you experiencing very good order flows and type of work you are doing? Can you just give us a segment where you're seeing a strong demand pull over last quarter and as you go forward?

Navneet Saraf: Industrial products and machinery and transportation, these 3 have been our dominant segments in the last 4 years. So more than 75% to 80% of the engineering service revenues comes from these 3 verticals. We added plant engineering only last year. And so that is now seeing substantial growth over 100% because that's a new vertical. And there, we have very large multibillion-dollar type of customers. So that's something where I think that will drive future growth in that. So that's how it is.

Moderator: The next question is from the line of Chintan Modi from Haitong Securities.

Chintan Modi: Sir, I wanted to understand your formwork business, the Mach One. If you could help us understand that it's a high-growth business, and this is where the customer adopts to this technology.

So what are the key drivers for the customer to move to this technology? What are his constraints? And how fast you see this changing across India? How this business is more from,

let's say, an opportunity-wise that you look at and whether this is a geographically constrained business? This would be very helpful if you could explain it.

Navneet Saraf:

Sure. So Mach One is our aluminum formwork system, and it's based on monolithic casting. It is being widely adopted in India and other developing countries, mainly because one, it saves labor. Construction in India has historically been done in a very laborious way and availability of labor is more and more becoming a constraint.

Second is it reduces the construction time by increasing the speed of construction because you are pouring the concrete and the panels are basically making you being able to pour an entire floor at one time called monolithic casting. So that speeds up the construction process.

And the third thing is the finish. The quality that you get is much better, doesn't require plastering, so it saves an additional operation. So these 3 are the main driving forces that is increasing the adoption of this technology.

This technology was introduced in India almost 20 years back. It was earlier 100% imported from company based in Malaysia. And then in the last 10 years, we have seen domestic players come in and start introducing systems based on this technology like Mach One.

Now we are seeing this becoming almost like a de facto standard in -- amongst developers in India. Architects are subscribing this technology in their specification. So in at least the metros and the Tier 1 cities, so it's become a de facto standard. And Tier 2, Tier 3 cities are now also waking up to it. So I think there is still a lot of market left in India to adopt this. And these are the 3 main driving factors.

Chintan Modi:

Understood. So when you see that... So is going to be higher than the scaffolding business, which is probably about 20% today. So I assume the ROCE in this business will be higher than 20%. So you would be confident to reinvest that back into the business and keep growing at a much higher pace over, say, next 5 to 10 years?

Navneet Saraf:

Yes, absolutely. I mean that's really what we have done, and that's our strategy because currently, we are not able to export this. We don't have enough capacity. Even with the increased capacity that we have done in Aurangabad, the lion's share of that is still being absorbed domestically. So, there is a big market here. There's also a large market in Saudi Arabia, South America, Africa. So yes, absolutely, we see a good possibility here of doing 4x growth.

Chintan Modi:

Understood. And what is the market structure today in India in terms of competition?

Navneet Saraf:

So, there are several companies. I mean, there are obviously some international companies from Malaysia, South Korea, Europe that import the product in. Then now there are Indian companies. So other than Technocraft, there are a couple of companies at the same scale as Technocraft for aluminum formwork. There's a company called KNS based out of Pune, which is quite a prominent player.

And then there are probably 20-plus small-sized companies that are catering to this segment as well, companies doing under INR100 crores of turnover. And there's demand for all of them.

Each of them operates at different price levels and based on their brand recognition, but the market is able to absorb all of them and growing.

Chintan Modi: Understood. And one last question on the same thing.

Moderator: Sir, sorry to interrupt, but I request you to come back for the follow-up question. The next question is from the line of Purva Zanwar from Batlivala & Karani Securities India Private Limited.

Purva Zanwar: I had a question on Scaffolding and Formwork division. So you mentioned that scaffolding revenue were somewhat constant Y-on-Y in the quarter and formwork saw very good growth. So what led to this 8% decline? And also, when I look at your volumes for June '24 and June '25, they have grown in each of the segments. So what has led to realization drop for the same? That's it.

Navneet Saraf: Firstly, the decline of 8% in revenue overall was mainly because the decline in scaffolding revenue was more than the increase in formwork revenue. I mean overall in this quarter compared to the same quarter period last year, our revenue in scaffolding mainly on account of sales in the U.S. through our U.S. subsidiary was lower. I don't have the exact percentage of how much the U.S. subsidiary sales was lower, but it was more than 10% for sure.

And formwork, the sales was higher definitely compared to the last quarter. So that was the reason for net Y-on-Y at a net level, the realization. This is based on the quantity. And based on realization, I don't think there has been a substantial effect in the price realization. I don't have actual realization numbers on quarter-on-quarter basis. But I don't see there is a significant difference in realization, but we can give those to you separately.

Moderator: The next question is from the line of Rahul Kumar from Vaikarya.

Rahul Kumar: Sir, on the U.S. Scaffolding business, you mentioned that you're seeing some challenges in terms of demand. So can you elaborate which industry or sub-industry are showing the highest delay in the purchase of this scaffolding?

Navneet Saraf: But our largest share is in the industrial services sector. So the industrial services driven by industries like LNG, power, petrochemicals, refineries and also some of the high-tech industries where the demand is very strong actually, like semiconductor plants, etc, they are all actually deferring or delaying purchases. And like I said, we have not yet encountered any cancellation of projects, but we are seeing delays. So these are the industries.

Rahul Kumar: Okay. And again, on the U.S. scaffolding business only, what is the profitability? How has it moved, let's say, versus last quarter and this quarter?

Navneet Saraf: We don't report separately U.S. profitability. I mean the U.S. profitability is not something that it's on a consolidated basis. But there has been a decline, I would say, overall because the sales have been down.

- Rahul Kumar:** Okay. And on the Mach One business, what was the capacity utilization in this quarter for the new plant and the old plant?
- Navneet Saraf:** Yes. So old plant has been running at 95% and the new plant in Aurangabad this quarter has been about 60%, about close to 65%.
- Moderator:** The next question is from the line of Koushik Mohan from Ashika Group.
- Koushik Mohan:** Sir, I just wanted to understand one single thing. Do we have any impact from the recent tariffs on our inventory that we have currently?
- Navneet Saraf:** No, no. No impact on the inventory.
- Koushik Mohan:** No impact on the inventory. That's it.
- Moderator:** The next question is from the line of Riya Mehta from Aequitas.
- Riya Mehta:** My first question is in regard to Mach One. So are we seeing INR900 crores of revenue in FY '26 from Mach One?
- Navneet Saraf:** Yes. That will be our target.
- Riya Mehta:** So total will be INR900 crores, that will be our target. That would be our target. And what kind of order book are we currently sitting at? How many months of orders are still there with us?
- Navneet Saraf:** We are currently sitting on about in terms of square meters, about 3.5 lakh square meters. So that is, I think, in terms of crores times 10,000. So INR350 crores of order book.
- Riya Mehta:** Okay. And that would be around 6 months? 6 to 9 months?
- Navneet Saraf:** That would be INR350 crores is roughly about 4 months.
- Riya Mehta:** 4 months. Okay. And are we seeing any slowdown in the inquiry pipeline of formwork or is it still robust and growing? And what would be...
- Navneet Saraf:** No, no. Not at all. The inquiry pipeline is very robust and growing.
- Riya Mehta:** Inquiry pipeline is strong. Good to know that. And in terms of scaffolding, what I understand is 40% is U.S., the rest 40% would be India?
- Navneet Saraf:** 40% of total segment is U.S. off only the scaffolding segment, 70% is U.S.
- Riya Mehta:** Okay. 70% would be here.
- Navneet Saraf:** And the remaining 30% is largely Middle East, followed by Australia, New Zealand, Africa, some India, some Europe, U.K., all these countries.
- Riya Mehta:** Got it. And in this Q1, we have not seen much tariff impact in our revenues coming in scaffolding, right?

- Navneet Saraf:** No, no, we have seen, no, because the decline in scaffolding revenues in the U.S. is mainly on account of tariff.
- Riya Mehta:** So for the current quarter, how much would be the impact of revenue in U.S.?
- Navneet Saraf:** See, our sales in the U.S. this quarter, I don't have the exact numbers, but my preliminary estimate is that our sales this quarter, April to June are down about 35% compared to the last quarter in the U.S.
- Riya Mehta:** Got it. On a Q-o-Q basis.
- Navneet Saraf:** Yes.
- Riya Mehta:** Okay. Got it. In terms of Engineering division, I remember last 2 quarters, we were saying that the expense has been front-loaded. Are we seeing incrementally are we still investing in that? Or we will be waiting until we see the operating leverage play out? What is the strategy there?
- Navneet Saraf:** So we are investing still. I mean, yes, last year, we had invested in, and we are seeing the effect of that in this quarter where the revenue and profitability is higher. We have just opened an office in Japan, which is a new territory for us. So that's a new initiative we've taken. We've hired a business development head there, and we've also partnered with a local company there.
- So that's the fresh investment we've made, which will happen over the course of this year. And Japan takes time. So over the next 2 to 3 years, we are looking to build up that market, which is the next substantial market after the U.S.
- Riya Mehta:** Okay. There is no impact in Engineering division, you're saying...
- Moderator:** Ma'am sorry to interrupt you, but I request you to come back for the follow-up question. The next question is from the line of Avnish Tiwari from Vaikarya.
- Avnish Tiwari:** Can you quantify this plant engineering revenue you might be clocking right now either quarterly or annually? I know it's a small division for your engineering.
- Navneet Saraf:** Sorry, I wouldn't be able to give you that number right now. We can give it to you separately off-line because we don't track call industry vertical.
- Avnish Tiwari:** What will be your strategy in textile, if you were to experience a sales drop in U.S. significantly, and it's already a business which is not profitable right now. So how would you revisit this division? How would you tackle the situation if this 50% or even 25% were to continue as a sustainable measure?
- Ashish Saraf:** We are exploring a possibility of doing some manufacturing outside India, especially for the apparel, the finished product segment so that our fabric can be shipped from here and we get it converted in some other geography.
- Avnish Tiwari:** Right. So you are looking at forward integration into garmenting where fabric goes from your current locations and you integrate garmenting and sell it to U.S. anyway, right?

Ashish Saraf: Yes, yes. Because the business that is impacted due to tariff is our garmenting business. So to tide over that, this is what we are trying to think of now.

Avnish Tiwari: And how much time it will take you to transition into this? And what are the costs you have right now in India on garmenting side?

Ashish Saraf: So we are trying to explore other markets for our manufacturing facilities that are already installed in India. We are now aggressively looking at other markets like Europe and U.K. and even the domestic market, which is quite big. So we are aggressively going after these markets to ensure that our lines are fully fed.

Moderator: The next question is from the line of Ruchit Agarwal from Unifi Mutual Fund.

Ruchit Agarwal: Great. Sir, a question on the Scaffolding division. So could you give us some color on the price differential on, let's say, the product out of a China facility and out of our facility? And how does the price differential land up at, let's say, the U.S. distribution center?

And another point, we had earlier alluded to Europe being a driver for us in the scaffolding. So where are we on that in terms of time line? And what kind of size do we see for scaffolding in Europe in particular?

Navneet Saraf: So firstly, the tariff difference on scaffolding between China and India currently is about 45% on the finished product value. So, even considering if that higher Russian tariff is imposed, we will still be about 45% lesser tariff in the U.S. .China has a cost advantage due to lower steel cost in India of about 15%. So, factoring in that cost advantage, net-net, China is about 30% more expensive than India as far as the scaffolding is concerned. That was the answer to your first question.

And then as far as Europe is concerned, so there, we are making progress. After we got the certification, we have started to sell our scaffolding products in Poland. These are products that we were not selling earlier. So clearly, the certification is helping us. Unfortunately, the market in Europe is still soft. It is still reeling from the Russia-Ukraine war and construction industry has not picked up the way it needs to be picked up.

We are hopeful that, that will change in the second half of this year or again, now with the trade war, again, we don't know if it will get delayed. But we are confident that eventually the markets will pick up. So, we are focused on Europe. We have sales and distribution presence in Poland. And so, things are on track.

Ruchit Agarwal: Sure, sir. Sir, any revision in terms of guidance, let's say, segmentally or as a group in terms of margins and growth?

Navneet Saraf: Look, as I said earlier, it is difficult to give a guidance at this point because of the turbulence that's happening in the demand environment with tariffs. What I can say with reasonable confidence is that we are on track for the INR400 crore increase in our Mach One business this year because that's all India based. That is backed by order books and that is backed by production capacity.

What I cannot say is how much degrowth, if any, we may have in some of the scaffolding export markets led by the U.S. So, it's kind of a quarter-on-quarter situation right now where we have to take it as it comes.

Ruchit Agarwal: And sir, would it be fair to assume that the margin guidance stays intact at least for the Mach One business?

Navneet Saraf: Yes. That will stay intact.

Moderator: The next question is from the line of Akshay from Envision.

Akshay: Just wanted to understand if there is any update on the JT Cooler piece of the business?

Navneet Saraf: JT Cooler comes from defense industry. So, as we have informed earlier also, it takes a lot of time. That's how the defense industry in India works. We are in touch with the France and Israel makers. But frankly speaking, it will take time.

Akshay: Okay. And in the export segment, which other markets are we seeing for growth because it may turn out to be tough time, and we don't know how long this will last.

Navneet Saraf: Will you please repeat the question?

Akshay: So, I was just saying which other markets are we seeing for growth? So, for example, in Ukraine, if things go well, then there will be a rebuilding of everything. So...

Navneet Saraf: You're talking of any particular segment or in general?

Akshay: In general and naturally scaffolding, yes.

Navneet Saraf: So India is clearly is one of the top markets where there is a very good opportunity for growth. Saudi Arabia is another market where we have just started. South America is another market where we have just started. We have started sales of Mach One there. These are some of the markets. Europe, of course, we are already there. But I think in terms of markets other than our traditional markets where significant growth can come from, I would say, South America and Saudi Arabia.

Akshay: Okay. And we have a distributor network placed in over there?

Navneet Saraf: In both these countries, yes.

Moderator: The next question is from the line of Riya Mehta from Aequitas.

Riya Mehta: What will be your fixed cost in textile division?

Navneet Saraf: Fixed cost? That's a different -- yes, see, in textile, we have yarn, we have fabric, we have garments. So every division has a different fixed cost.

Riya Mehta: On a very average basis?

- Ashish Saraf:** One cannot quantify that. It all depends upon which segment you are talking about.
- Navneet Saraf:** But we can share the data.
- Ashish Saraf:** We can pull it out and share it. I don't know if you have it right now offline.
- Ashish Saraf:** No, not right now because it is offline.
- Navneet Saraf:** So we'll give it, Riya. No problems.
- Moderator:** The next question is from the line of Chintan Modi from Haitong Securities.
- Chintan Modi:** Sir, with respect to the formwork business, for the customer, I believe it would be an OpEx cost. Is that understanding correct?
- Ashish Saraf:** No, it will be a capex cost for the customer. Formwork is always a capex cost.
- Chintan Modi:** Okay. Understood. And secondly, is there a rental model that you are exploring within this or that is...
- Navneet Saraf:** There is a very active rental model, but we don't directly rent. There are rental companies. So, in India, what we have done is we have got distributors and these distributors, they buy from us and they rent. So, there is a large market that is actually growing in India for rental. And to cater to that, what we are doing is we are setting up our partner network and these companies are buying from us and renting.
- The reason why we don't directly rent is because renting also requires you to invest in refurbishment and you need separate facilities, large facilities. So, it's better serviced countrywide through a partner network. So, we are actually developing that.
- Chintan Modi:** Perfect. And sir, real estate is typically a cyclical business. So, you think we will also follow the same cycle or it's more linear for us considering we would be exploring new markets. And also another question, same linked to that is, are there any specific markets within India where we are particularly very strong right now? And which would be those other markets where we want to explore?
- Navneet Saraf:** Yes. Real estate is definitely a cyclic business. Currently, we are on an upswing in the cycle in India. We expect this to go on for several years. But to derisk ourselves from the cycles, we are expanded geographically. So, we are not just in India. We are in other countries as well.
- Within India, we are currently very strong in, obviously, the Western region, Mumbai Metropolitan region, Mumbai, Pune, so on and also the southern territory comprising Hyderabad, Bangalore, Chennai, these territories. They are constituting currently the lion's share of our sales in Mach One. Going forward, Tier 2, Tier 3 cities are coming up strongly. We've started selling in even small cities like Surat, Jaipur and so on. So that's how it is.
- Moderator:** The next question is from the line of Nihaar Shah from Ikigai Asset Manager.

Nihaar Shah: Just wanted some clarification on the scaffolding division. I think earlier participant, you mentioned that we were looking at the Formwork business seeing a sort of INR400 crores sort of a jump up this year. And you mentioned that because of the tariff uncertainty, we may be kind of flattish to slight growth in terms of the scaffolding division. So just that math implies that we're looking at about a 30%, 35% drop in the scaffolding portion of the business. Is that how you're looking at it as well?

Navneet Saraf: Again, I would repeat, it's difficult for us to give a guidance for the scaffolding part of the business. I can tell you last year, out of the INR1,250 crores total segment revenue, formwork was about INR550 crores and scaffolding was about INR700 crores. We are pretty confident that formwork will grow to INR950 crores this year from INR550 crores.

Whether scaffolding will remain at INR700 crores, whether scaffolding will drop to INR500 crores, whether it will grow to INR800 crores, very difficult to say right now because the severity of the tariff impact will only be visible in the subsequent ensuing quarters.

And I can only say that U.S. is a key driving factor in our overall scaffolding sale. So how the customers react and how much spending gets impacted is going to be a key driving factor. And I think this quarter is going to be actually very significant because most of the key announcements have just happened. So July, August, September, what happens is going to give us more clarity on the remaining 2 quarters.

Nihaar Shah: Got it. And the demand deterioration you mentioned in the U.S. that you're seeing in July and August, that is a function of the increase in tariff or there is some just general postponement of capex from the ground?

Navneet Saraf: No, no. Postponement of capex is primarily attributed to the tariff because the industry is completely dependent on imports. There is literally no domestic production. And with the cost escalation that they are seeing, they are weighing options and seeing if they can defer purchases.

Moderator: Thank you. Ladies and gentlemen, we'll take this as the last question for today. I would now like to hand the conference over to management for closing comments.

Navneet Saraf: Yes. Thank you. So, thank you very much to all the participants for the engaging Q&A on our first quarter results. We hope to continue our interactions, and please feel free to reach out directly to us if you have any further follow-up questions. Thank you and have a good day.

Moderator: Thank you. On behalf of Batlivala & Karani Securities India Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.