Technocraft Industries (India) Limited

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August 19, 2026

To,

National Stock Exchange of India Limited	**BSE Limited**
Exchange Plaza,	Listing Department
Bandra Kurla Complex,	P.J. Towers, 1st Floor,
Bandra (E),	Dalal Street, Fort,
Mumbai- 400051	Mumbai – 400001
Ref: Script Name: TIIL	**Script Code: 532804**

Dear Sir/ Madam,

Sub: Transcript of Conference Call held for discussion of financial performance of First Quarter ended June 30, 2026

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 17, 2026 regarding the Unaudited Standalone and Consolidated financial results for the quarter ended June 30, 2026.

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

Digitally signed by NEERAJ RAI
Date: 2026.08.19 11:18:09 +05'30'

Neeraj Rai
Company Secretary & Compliance Officer

Encl. as above

"Technocraft Industries India Limited Q1 FY '27 Earnings Conference Call"

August 17, 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. POORVA ZAWAR – 360 ONE CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to Technocraft Industries India Limited Q1 FY '27 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing "*", then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Poorva Zawar from 360 ONE Capital. Thank you and over to you, ma'am.

Poorva Zawar: Thank you. On behalf of 360 ONE Capital Markets, we welcome you all to Q1 FY '27 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 management for their opening remarks followed by the Q&A session. Over to you, sir.

Navneet Kumar Saraf: Thank you and good morning to everybody and welcome to the Q1 FY '26-27 Quarterly Earnings Call. On behalf of the management team here at Technocraft, we extend a warm welcome to all the participants and look forward to an engaging Q&A.

Thank you and I think we are ready to start.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Prateek Bhandari from Aart Ventures. Please proceed with your question.

Prateek Bhandari: Yes, hi sir. Thanks for the opportunity. If you could just provide a split between the Scaffolding and the Formwork revenue for the quarter?

Navneet Kumar Saraf: Anilji, would you like to give it since it is a direct financial question?

Anil Gadodia: Sure. Yes, one second. Yes, we will give that. For the quarter, only right?

Navneet Kumar Saraf: Yes, for the quarter only.

Anil Gadodia: So, for the quarter, on a consolidated basis, Steel Scaffolding is Rs. 240 crores and the Mach One, that is Aluminum, is Rs. 165 crores.

Prateek Bhandari: And my second question would be on, you have alluded to the growth for the Scaffolding and Formwork division. I wanted to understand how much of the growth would have come from the Aluminum Extrusion plant during the quarter?

Navneet Kumar Saraf: So, the Aluminum Extrusion plant is now running at 100% capacity. And as far as, and this has been happening since the March quarter. So, no increase in volume from that, but there has been a notable contribution to the EBIT result because of having the Aluminum Extrusion plant. There has been a large increase in the price of Aluminum during the quarter. And so, having the Aluminum Extrusion plant has helped the company navigate that. So, yes, so that has resulted to an improvement in the bottomline of the segment.

Prateek Bhandari: And just one last question. If I see on a Y-o-Y basis, there has been a decline in the volume growth for Mach One. So, how do you see the competitive intensity for Mach One at the moment?

Navneet Kumar Saraf: On a Y-on-Y basis, yes, there is a decline. And this is a not really so much due to the competitive intensity or demand. On a quarter-on-quarter basis, the volume is dependent on a lot of external factors like site readiness, project readiness, etc. I have mentioned this in the past. So, that can obviously be deferred from quarter to quarter. I think a more relevant comparison would be not the quarter-on-quarter Y-o-Y basis, but the immediate preceding quarter. If you compare with that, then there has been actually a small increase. Having said that, our focus is not rapid expansion of volume, but more sensible expansion. And we are very conscious about the kind, the quality of the customers that we service and we deal with, and also the profitability. So, taking all that into consideration, we are quite comfortable with the current volume of the Q1 for Mach One.

Prateek Bhandari: Thank you. I will join back in the queue for follow up questions. Thanks a lot.

Moderator: Thank you. The next question is from the line of Siva from ithought PMS. Please proceed.

Siva: Hi, sir. Thank you for taking my question. Sir, firstly, on our margin with the Drum Closure segment, it has reached around 43% EBIT margin. And I think this is the highest that we have ever been at. Could you explain like, what helped us reach this margin, sir?

Navneet Kumar Saraf: So, volumes is the main thing. This has been our highest revenue as well as EBIT margin and absolute EBIT ever for the segment and the sales, the quantity that has been sold as, has been higher. The rupee depreciation has also contributed because, Drum Closures majority, almost 100% of our revenue is export. And so obviously, the decline in the rupee vis-a-vis dollar has directly contributed to increase in absolute sales realization. So, I think those two are the main driving factors that has led to these results.

Siva: Understood. But do you think the margin is sustainable, sir, 43% that we are doing right now?

Navneet Kumar Saraf: I always have given guidance earlier also that a sustainable margin is upwards of 30%. We have consistently been doing higher than that. We continue to have turbulent geopolitical situation worldwide, with the war and disruptions in freight, freight costs, tariffs, etc. None of that has gone away. Fortunately for us, we have been able to navigate all that pretty well and see consistently strong quarters. So, I don't think we can say that 43% is the new normal going forward. I think we continue to target upwards of 30% and manage the business as best as we can.

Siva: Understood, sir. That helps. And my second question is with regards to the Defence vertical. So, have we already started selling our JT Cooler product, sir, if you can give any update on that?

Navneet Kumar Saraf: Yes, we have already started receiving orders from Israel. And yes, we are looking forward to exports in JT Coolers. Yes, it is a small order, not much, to the tune of around Rs. 20 crores. But let us see how it goes. Defence generally is very slow in this matter.

Siva: All right. And any margin outlook you could give on that product, sir?

Navneet Kumar Saraf: Margin would be, different products. So, could be around 15% or so.

Siva: All right. So, this one is for the JT Cooler, 15%?

Navneet Kumar Saraf: Yes, Defence JT Cooler is one part of it. The major part is JT Cooler, let us say like this. Yes.

Siva: All right. And do we have any other product in R&D pipeline, sir, like JT Cooler? Are we working on something right now?

Navneet Kumar Saraf: It all depends on the order. Basically, see, let us understand the Defence division. It is not that we produce something and go and market. So, it is basically the order comes from Defence, DRDO, etc. We produce it, give it, it could be fabrication, it could be some canister, it could be some, a lot of other products that go into Defence.

Siva: All right. Understood. One last question. So, we had received a B certification for selling in Europe, I believe. So, have we already started selling Scaffoldings in Europe?

Navneet Kumar Saraf: Yes, we have been selling now for the last 2 quarters. And it is not a meaningful part of our sales. It is still very slow. Europe market is still reeling from the impact of Russia-Ukraine war and Germany is under slowdown. So, construction has really not picked up the way we wanted to, but we are selling. We are selling which we want. So, the certification has helped.

Siva: Got it. So, yes, that is it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Abhinav from Aequitas Investments. Please proceed.

Abhinav: Hello. Firstly, congratulations for great results. My first question was regarding your CAPEX guidance for the year.

Anil Gadodia: What CAPEX guidance? Do we have some CAPEX planned?

Navneet Kumar Saraf: Right. So, there is no significant CAPEX planned in terms of new capacity additions this year. We will be basically doing our regular maintenance CAPEX across all the divisions. So, no significant CAPEX this year. We have just completed our last CAPEX in 24-25, which was the CSN plant and now that is fully operational. Sometime next year is when we would ideally be looking at Phase 2 of that. So, this year, there is nothing significant.

Abhinav: Next question is regarding the Engineering services division. So, that has been growing quite fast. So, what has been driving that?

Navneet Kumar Saraf: The overall Engineering outsourcing segment has been quite buoyant. The US market has been quite strong across all the verticals that the segment deals in machinery, transportation, plant engineering have been some of the verticals that have particularly been doing well and so I think that, also the AI transformation has helped the vertical. We have continuously upgraded our services, moving into more high-tech technology enabled, even deep-tech services like AI based vision systems, embedded systems, industrial automation and manufacturing automation. So, those services have also helped us win large orders there. And hence, that segment has grown and we see good prospects.

Abhinav: And what is the sustainable margin for the division?

Navneet Kumar Saraf: So, we have said before, also about 15% is what we target as a sustainable margin.

Abhinav: We will join back in the queue. Thank you.

Moderator: Thank you. The next question is from the line of Poorva Zawar from 360 ONE Capital. Please proceed.

Poorva Zawar: Yes, hi. So, thank you for the opportunity. So, my question is on the Scaffolding side. How are you seeing the demand environment for Scaffolding currently? Was the recent improvement driven by any one-off pickup in orders or are you seeing sustained demand momentum in the Scaffolding segment?

Navneet Kumar Saraf: No, the Scaffolding segment has mainly been doing well on the back of strong demand in the US. We have been seeing that since January of this year. Last year was a little difficult year for us in the US and for the overall Scaffolding segment, but the impact of tariffs and all that have been absorbed well into the economy and there is good boost in construction activity driven by AI chip manufacturing plants, semicon plants and also conventional energy installation. So, as a result of that, the Scaffolding demand has been very strong. We have an active subsidiary in the US and have strong penetration across the country. So, we have been able to take advantage of that through our distribution and that is basically what has contributed to increase in the sales quantity, which can be seen both on a year-on-year and quarter-on-quarter basis and improve realizations. And this at the moment looks quite sustainable because these are not some one-off short-term projects. These are pretty significant long-term CAPEX projects and so we do see a good pipeline ahead.

Poorva Zawar: Got it. And secondly, on the margins, so the 16%-17% is sustainable or we plan or it can increase a little bit further also?

Navneet Kumar Saraf: So, again, we have given guidance in the past that 15% is a sustainable margin, upwards of 15% and so therefore we are doing a little better than that and no change in our guidance on sustainable margins. Remains at that.

Poorva Zawar: Got it. And last question was, what would be our current raw material mix in Aluminium Formwork division between Virgin Aluminium and Extrusion based materials?

Navneet Kumar Saraf: No, so firstly, your question is just to clarify what is the difference between Virgin Aluminium and Aluminium Extrusion. I didn't quite understand what you mean by that.

Poorva Zawar: So, what portion would be our backward integration? It is fully 100% backward integrated currently or?

Navneet Kumar Saraf: 100% backward integrated. So, Aluminium is only for our Mach One business where we make Aluminium Extrusions and it is all our Aluminium Extrusion requirement is 100% produced in-house.

Poorva Zawar: Got it. Thank you. That is it from my side.

Moderator: Thank you. The next question is from the line of Darshil Jhaveri from Crown Capital. Please proceed with your question.

Darshil Jhaveri: Hello. Good morning, sir. Thank you so much for taking my question. Firstly, congratulations on a really great set of results, sir. Sir, I am just a bit new to the company, so pardon any naive questions from my end, sir. I just wanted to know, we have done really great margins right now, right? We have had a very good uptake in margins. On a consolidated basis, you said 15% plus is sustainable. That was for consolidated or what is margin guidance that you could have for this year, sir?

Navneet Kumar Saraf: For every segment, it is different. So, for the Scaffolding segment, 15% on consolidated basis is sustainable.

Darshil Jhaveri: So, for overall company, 15% is sustainable and then?

Navneet Kumar Saraf: No. So, we can't look at overall company. 15% is a sustainable margin for the Scaffolding and the Engineering Services segment and for the Drum Closure segment, it is 30%.

Darshil Jhaveri: But currently, you are doing significantly better than that, right?

Navneet Kumar Saraf: Yes.

Darshil Jhaveri: So, in general, has something changed or are we being just a bit conservative in guiding? Because I think Drums, you are saying what, we have done 43% and right now, it is around 30%. That is the reason I just wanted to ask, sir, right? Like, is there a fundamental change in the business?

Navneet Kumar Saraf: Yes. So, as far as there is a lot of volatility in the external environment. And this volatility is what is leading to these big deviations between actual and sustainable. And right now, it just so happens that the volatility is benefiting us. Tomorrow, the volatility could go against us as well. So, I don't think we are at a situation where we are comfortable, taking a bet on a higher sustainable margin, just based on a few good quarters. Yes, we have been doing well because of good execution and we will continue to do that.

Darshil Jhaveri: Correct. So, fair enough margin, sir. But in terms of overall revenue growth, any outlook that we have, so because even this Q1, we performed really well, I think some part of it could be related to Aluminium prices increasing. So, could you just help me out with that, sir?

Navneet Kumar Saraf: See as far as Drum Closure is concerned, there has been increase in the quantity and increase in realization, which has led to higher numbers. As far as the Scaffolding and Formwork segment is going, there has been a good increase in volumes in the Scaffolding segment. As far as the realization is concerned, it has been more or less stable, there hasn't been a remarkable increase in the sales realization, because steel prices have not increased drastically. So, the main reason for the increase has been the volume. As far as the Aluminium Formwork segment is concerned, the volumes are relatively flat. Preceding quarter basis, there has a marginal increase. And yes, there is some increase on account of Aluminium. So, that is where it is.

Darshil Jhaveri: Yes, I understood. So, overall, so for our business, we could see sustained growth of 20% plus, because if you are seeing volumes have also increased and some boost from realization. So, if I would have to estimate, I think what could we do over the next few years, if some kind of range, you could be, guide us on?

Navneet Kumar Saraf: It is very difficult for us to give any guidance on any long-term growth range. Like I said, we are in different businesses, different products, take in Scaffolding and Formwork segment, it is a capital item that goes in construction side. So, it is very difficult to give projection on the future. Our focus is that we are the focused on execution, and we will keep doing that.

Darshil Jhaveri: Fair enough. And if I may just one more question from my end. So, in our type of business, we have its order book back in your project, as you said, CAPEX projects. So, if there is a firm order book and the execution period for like the division that could be helpful?

Navneet Kumar Saraf: So, it is again a mix. Drum Closure segment is not order book based. It is a B2B product linked with the direct sale to Drum plants. Scaffolding and Formwork segment again, Scaffolding segment is not order book based. Most of the sales are made through our own distribution centers to end customers, order to order. Somewhat order book based is the Formwork segment where there is an order book of anywhere between 3-5 months. So, that is how it is.

Darshil Jhaveri: Fair enough. That is it from my side. Thank you so much, sir.

Navneet Kumar Saraf: All right.

Moderator: Thank you. The next question is from the line of Rahul Kumar from Vaikarya Fund. Please proceed.

Rahul Kumar: Yes, hi. Congratulations on a great quarter actually. On this Drum Closure profitability, have we received any tax refund or tariff refund this quarter?

Navneet Kumar Saraf: Not yet. Not in this quarter.

Rahul Kumar: And approximately, how much tariff refund which we have supposed to get?

Navneet Kumar Saraf: So, the majority of the tariff refund is going to be in the Scaffolding quarter and it is about close to $3 million.

Rahul Kumar: So, the margins which we are seeing in the Drum Closure business, is this delta increase which you see, is it entirely because of this rupee depreciation? So, at current whatever the INR USP, we should expect these kind of margins to sustain? Or do you see any further risk on to this?

Navneet Kumar Saraf: Well, we are hoping for the best. Yes, the INR depreciation has obviously helped and contributed meaningfully to these margins. We are in no hurry to reduce our prices. The customers don't expect us to reduce our prices. Competitively, we are well poised being the second largest in the world. So, from that perspective, we are quite comfortable and hopeful that we will be able to maintain or even better these margins.

Rahul Kumar: Understood. Second question is on the Mach One business. I think we have seen some sort of recovery in the volumes. And as you mentioned that this is more the site readiness, etc. which has helped this quarter. So, two questions on that. How is the demand environment for you? What are the discussions with your customers happening right now? And two, how do we see this capacity utilization scaling up, let us say over the next year or so?

Navneet Kumar Saraf: Right. No, the demand environment is very strong. India, the overall project launches, which is what is we track, which directly correlates to our demand is quite strong across all the 7 major cities across the country. So, as a result of that, we see a strong demand and strong inquiry pipeline. Other than residential, there is also a strong demand in commercial and GCCs and now even data centers, which are starting to come up. So, yes, so the demand environment is actually quite strong and we are well poised to take advantage of that. Your second question was, regarding capacity expansion. So, we just did that in Aurangabad to take advantage of this. And that has helped us. Sometime next year, we are looking to launch Phase 2 of our capacity expansion in Aurangabad. So, that will also happen and that will enable us to sell more.

Rahul Kumar: And so currently, I think we are at 60% capacity utilization. Am I correct in that?

Navneet Kumar Saraf: No, we are almost at 100%. We are at over 95% capacity utilization as far as our Extrusion plant is concerned. As far as just Mach One is concerned, we are currently at about 75%-80% capacity utilization. And as far as the Scaffolding segment is concerned, we are running at about 95% capacity utilization.

Rahul Kumar: So, just on the Scaffolding business, I think, as you mentioned that the demand environment in US is pretty strong and you do sustainable volumes going forward. So, basis, your discussion at this point of time, and the visibility which you have caught from the company, what kind of volumes do you expect, let us say, over the next 3-4 quarters, which you will do? And as you are already operating at 95% capacity utilization, do you plan to add more capacity or how much time typically that will take for you to expand?

Navneet Kumar Saraf: Yes. So, we are quite comfortable that at least the foreseeable next 2 quarters, we should be able to maintain or even better the kind of volumes of Scaffolding that we have seen in the first quarter. Difficult to give a projection beyond the foreseeable 2 quarters because of the volatile circumstances that we are operating under and dealing in. As far as increasing capacity is concerned, yes, we are closely studying that. And since we are operating at 95% utilization, we are looking at various options to increase capacity. Luckily for us, the lead time required is not very high because we have good infrastructure already available. And the long lead times like setting up a plant, etc., is not required. We have space available in our plants in Mumbai as well as our plant in China and so we are studying that. And if required, we should be able to add capacity within 3 months.

Rahul Kumar: Understood. Just last question to Anilji, I think you mentioned the Scaffolding and the Mach One revenues for this quarter. Can you give us the same data for, let us say, last quarter and Q1 of FY '26 as well?

Anil Gadodia: Yes, Rahul, I will give you offline, let us get in touch. We will take out from earlier period data.

Rahul Kumar: Understood.

Moderator: Thank you. The next question is from the line of Vishal Mehta from Oaklane Capital. Please proceed.

Vishal Mehta: Hi, sir. Am I audible? Hello?

Moderator: Yes, sir. Yes.

Vishal Mehta: Just, sir, one question on the Textile division. We have planned to sell the Fabric division. Now, what is the outlook for this? And how do you see numbers, profitability in that division going forward with the loss-making fabric part out of it?

Navneet Kumar Saraf: Now, there are only 2 segments left now in the Textile division. One is the Yarn business and one is the Garment business because the Fabric business, we have shut down and all the equipment has been sold. So, the Yarn business is profitable. We are doing about, last quarter was about 13% of EBITDA. The loss-making business currently now is the Garment business. So, that we are trying to restructure it and try to break even in the next 2 quarters. The Yarn business will continue to be profitable.

Vishal Mehta: And generally speaking, this is a non-core business. Are we looking at maybe even selling these segments which we are currently there?

Navneet Kumar Saraf: We have not actively thought of that at the moment.

Vishal Mehta: Thank you so much.

Navneet Kumar Saraf: Thank you.

Moderator: Thank you. The next question is from the line of Prateek Bhandari from Aart Ventures. Please proceed.

Prateek Bhandari: Yes. Thank you for the opportunity. I wanted to get a sense on the Drum Closure business. So, have you seen any higher sales of plastic Drum Closures during the quarter? The reason I am asking is because of the margins. So, if you can quantify what was the quantum of sales for plastic Drum Closures during the quarter?

Navneet Kumar Saraf: Nothing meaningfully. We would have let Anilji answer in terms of the quantity.

Anil Gadodia: So, last quarter, the plastic sales was around Rs. 14.5 crores and the margin is always better than the metal one. But that does not change the entire margin profile of Drum Closure as such. Yes, Rs. 14.5 crores in one quarter is little better than the earlier quarter. But yes, it is growing consistently.

Prateek Bhandari: All right. And my second question would be on the Scaffolding business. How do you see the Scaffolding business in the Middle East? And what was the quantum of sales during the quarter in the Middle East Scaffolding business?

Navneet Kumar Saraf: So, we have actually seen a decline in the sales in the Middle East, which is attributable for obvious reasons, the current war and difficulties in shipping product there. So, the Middle East segment is challenging at the moment. Fortunately for us, the Middle East segment contributes less than 5%, 2%-3% of our total sales. So, as a result of that, overall, the segment is not seeing much of a pressure because of that. It is going to remain volatile, I think for the next 1 or 2 quarters at least.

Prateek Bhandari: So, when you say Scaffolding, is it purely Scaffolding or does it include Formwork as well?

Navneet Kumar Saraf: No, purely Scaffolding.

Prateek Bhandari: And just one last question, on the Formwork side, how has the demand environment in South America? Have you seen any uptake?

Navneet Kumar Saraf: Yes, the South America segment is growing. In fact, our contribution of that to Formwork sales is steadily increasing.

Prateek Bhandari: Thank you.

Moderator: Thank you. The next question is from the line of Gaurav Chandak from First Principle. Please proceed with your question. Mr. Gaurav, can you hear me? As there is no response, I am taking the next question from the line of Prashant Jain from 3P Investment Managers. Please proceed.

Prashant Jain: Navneetji, good morning and congratulations on a great set of numbers. So, just wanted your view on the next medium-term volume growth outlook for Drum Closure business?

Navneet Kumar Saraf: Thank you, Prashantji. Very good morning to you too. Yes, Prashantji, I think the Drum Closure segment, we do expect to be able to do similar kind of volumes, at least in the immediate quarter that we are in. Beyond that, it is a little difficult to project because of the overall volatile environment. But I think in the near term, should be able to continue with similar kind of volumes. The demand environment is quite strong.

Prashant Jain: Is there any seasonality across quarters in this business or it just varies from year to year?

Navneet Kumar Saraf: No. In Drum Closure business, there is no seasonality, Prashantji.

Prashant Jain: And what percentage of Drum Closures will be used by the oil industry?

Navneet Kumar Saraf: I would not be able to tell you exactly that percentage because we don't track vertical wise because ultimately the Drums are being sold by our customers, the drum makers. So, we don't know how their vertical mix makes up. So, I cannot give you an exact correct percentage on that.

Prashant Jain: And I do not know if you answered this earlier. I joined slightly late. I was on one call. What is your CAPEX plan for the current year and next year?

Navneet Kumar Saraf: This year, there is no significant new CAPEX, only maintenance CAPEX across all the divisions. Next year is when we would be looking to commission our Phase 2 in our CSN plant, where we would probably be looking to add some more capacity to the Extrusion plant and forward integration. But nothing significant this year.

Prashant Jain: Thank you so much, Navneetji.

Navneet Kumar Saraf: Thank you.

Moderator: Thank you. The next question is from the line of Ajay from Niveshaay. Please proceed.

Ajay: Hi. Thanks for the opportunity. My question is on the Defence sector. So, like on the JT Cooler, can you help us understand like where exactly this development sits today? Like is it fully developed and validated for complete performance or is it still under a development stage item? And when we say that the trials are successful, so are we referring like our internal or in-house validation is completed or is it like also cleared at the DRDO level?

Navneet Kumar Saraf: Yes. If you are specifically asking about JT Coolers, it has been fully developed. It is not just trial. It has been approved by DRDO. It has been approved by Israel sensor making company, which uses the JT Coolers. So, we have crossed all the approval levels.

Ajay: Great, sir. So, building on that, so like when we say like it is qualified, so what is the import substitution opportunity that we are actually addressing? Like today, these Coolers may be imported from foreign OEMs for missile seekers and UAV payloads. So, like, can you give us some sense of the annual value of the import market in India and how much of it has addressable for you given the platform you are qualified on? And for example, like what realistically you see for us this business can shape up in maybe 3-5 years' timeframe?

Navneet Kumar Saraf: Yes, it is very difficult because ultimately it goes in Defence. Defence does not take directly. JT Cooler has to be fixed into a sensor. The sensor is being presently imported from France or maybe Israel and how much the Defence division of Government of India will take is very difficult to estimate. But yes, the product we can say is totally 100% operationally successful, approved by DRDO and also approved by Israel company. And quantum is very difficult to even estimate at this level.

Ajay: And one last question, for example, like when they say maybe we have like got approval on this product. So, similarly, there will be other several products where we would have been working on and will be on maybe different stages of approval. So, how should one look at this Defence vertical of Technocraft going forward? Like how much CAPEX or how much capabilities are we building and currently like one product has got approval and there will be, I am sure, a couple of other products where we will be working to get the approval. So, maybe some idea on how should one look at this vertical from now onwards. And that will give a good idea on how to look at this business going forward?

Navneet Kumar Saraf: Here we are expecting that. So, yes, let us understand the Defence sector. As I said in this conference sometime back, it cannot be the case that we manufacture certain things and go to the market or go to the Defence department. Like we manufacture Drum Closure, we manufacture Scaffolding and we go to the customer that look, we are manufacturing this by promise. It does not happen that way in Defence. Defence, typically works that whatever product they need, they give to the potential vendors or developers and then that product has to be developed by us. So, JT Cooler is one of them. And apart from that, there are other products which are technically very difficult product, but we are manufacturing that. So, it is not that we have another product like JT Cooler. We go and tell the Defence department, DRDO that look, we have the capability. Please buy from us. It does not happen that way.

Moderator: Thank you. The next question is from the line of Prolin Nandu from Edelweiss. Please proceed.

Prolin Nandu: Yes. Hi. Thank you for taking my question. I just have one question on the Scaffolding business, especially the opportunity in US. Could you just help us understand if the tariff headwind largely settled and what are the tariff rates that we are paying right now and what is the differential versus some of the competitors in terms of tariff and how are we competitive with the existing tariff rate as well? So, could you just help me understand whether, a few details about the Scaffolding, especially the tariff in US?

Navneet Kumar Saraf: Sure. So, the tariff is currently at 50%. We are paying 50% and this is not country specific. So, Scaffolding falls under the Steel and Aluminum section 232. So, it is 50% and that is applicable on every country, including India, with the exception of China, where there is an additional 25% tariff under section 301. So, 75% is the tariff on China and 50% on all other countries. And that is what we are paying. So, we have our biggest competitor from a manufacturing standpoint is China, and we do have a 25% advantage over them.

Prolin Nandu: And what about Chinese companies, I think you have in the past also alluded that they have a lower steel cost advantage, right? So, on a net-net basis, even after tariff for a customer, how is the differential between the price of our Scaffolding versus those of Chinese Scaffolding?

Navneet Kumar Saraf: They have a significant steel price advantage of at least 20% in some parts of China, Northern parts, it is even more than 20%. So, actually, we are close, we are still about, maximum about 5% lower cost compared to them. But the Chinese are very aggressive from a pricing perspective, they are willing to sell at very low margins as well. So, we are not surprised when we even see in many cases, prices lower than us in spite of the tariff being more from China.

Prolin Nandu: So, in those cases, what do we match the prices? And typically, if we have a customer for a Scaffolding in US, is it easy for a customer to switch from our product to the Chinese competition product?

Navneet Kumar Saraf: So, we don't sell on price at all. So, there is so we certainly don't match the prices, and the positioning that we have, it is not a price positioning. That is not the main criteria based on which customers buy from us. The relationships, the availability of inventory, and the presence is the key factor. The Scaffolding that is bought and consumed in the US by the end user segment is largely purchased from inventories, the product mix is essential. The number of components that are there in the Scaffolding system is over 150. Having knowledge of the right mix of components to stock and have it available for installation needs is one of the key factors. So, that is where our sales intelligence comes in. We have a strong team locally in the US that is working closely with the customer and knowing what the requirements are and having the right mix of products available. So, that is the key and that is what drives our demand. And there are only a handful of companies who play like that. So, they are our competitors. We don't consider the Chinese manufacturers who just sell as our competitors.

Prolin Nandu: That is it from my side. Thank you so much for this.

Navneet Kumar Saraf: Thank you.

Moderator: Thank you. The next question is from the line of Anurag Patil from Quest Investments. Please proceed.

Anurag Patil: Thank you for the opportunity. Sir, your Engineering and Design segment has been consistently growing for the last 3-4 quarters. So, can you explain what is driving this growth and what kind of growth rate you can sustain in this segment?

Navneet Kumar Saraf: Yes, it is growing because of the demand environment, mainly coming from the US, the output and the demand for outsourcing of product development and technology based engineering services is quite strong. We have also upscaled and increased capabilities in areas like AI, manufacturing, automation, industrial, internet of things, etc. So, those are driving growth. And the outlook is strong. I think the US is particularly moving very fast towards automating their manufacturing. To some extent, even the new administration's policies of bringing manufacturing back into the US has helped us because we are seeing some expansion happening in existing US plants and some new plants, which is again leading to increased demand of our plant engineering services and so on. So, the outlook is quite positive for this.

Anurag Patil: So, AI will be an enabler for your business rather than--, is it right?

Navneet Kumar Saraf: Yes, absolutely.

Anurag Patil: And sir, you also mentioned that you will be investing in technology for next few quarters and that can impact the margin. So, considering this current growth and this investing, this 14%-15% margins, do you think will sustain at annual level or near term it can be impacted?

Navneet Kumar Saraf: No. So, when we give guidance of 14%-15%, that is considering the investment that we will continuously be making. In this business, it is not possible to not do investments. You have to because the technology has changed so fast. So, you have to be at the forefront. So, we have to constantly invest in new platforms, new solutions, and also new markets and also new verticals in the same market. So, given that, we consider 14%-15%.

Anurag Patil: That is it from my side. Thank you very much.

Moderator: Thank you. The next question is from the line of Rahul Kumar from Vaikarya Fund. Please proceed.

Rahul Kumar: Yes, thanks. This question is to Anilji. I think there is some unallocated income in the segmental of Rs. 25 crores. How much is the MTM gains again in this quarter?

Anil Gadodia: One second, I will pull out the details. It is around Rs. 27 crores.

Moderator: Thank you. The next question is from the line of Vikas Gupta from Wealth Guardian. Please proceed.

Vikas Gupta: Thanks for the opportunity and a great performance for the whole team, sir. My query is on the Textile. So, by shutting down the Fabric operation, how much working capital has got released? And how much have we sold those assets for?

Navneet Kumar Saraf: Are we allowed to disclose the amount?

Vikas Gupta: Rough range, sir.

Navneet Kumar Saraf: So, the working capital release is, I think Anilji, maybe you can tell. I don't have the figure off my head.

Anil Gadodia: I also don't have exact figure, but it could be around Rs. 75-Rs. 80 crores.

Navneet Kumar Saraf: And the second question is the deal we have sold all the machinery for between Rs. 25-Rs. 30 crores.

Vikas Gupta: And do we have any plan for the usage of the land which has got vacated? Any plan on that?

Navneet Kumar Saraf: We are working on some opportunities at the moment. A little bit premature right now to speak about, but we are working on some areas.

Vikas Gupta: And my last question is on the Defence side. Have we supplied missile canisters till now or is it on a prototype stage?

Navneet Kumar Saraf: No. We have supplied and we have got repeat orders.

Vikas Gupta: So, how much is it order book right now?

Navneet Kumar Saraf: I think it is about Rs. 10 crores.

Vikas Gupta: Yes, but total order if you?

Navneet Kumar Saraf: For the canister would be around Rs. 10 crores. Yes.

Vikas Gupta: So, Rs. 10 crores for canister and Rs. 20 crores for JT Coolers, right?

Navneet Kumar Saraf: No. JT Coolers is included in the Defence. So, around Rs. 20-Rs. 21 crores is our order book as of now, confirm order in hand and few orders are in pipeline in the sense the discussions are going on.

Vikas Gupta: So, out of Rs. 20 crores, canister is Rs. 10 crores, right?

Navneet Kumar Saraf: Yes. Approximately. And the working capital which will be released on account of Fabric division shutting down is about Rs. 15-Rs. 20 crores.

Vikas Gupta: Rs. 15-Rs. 20 crores?

Navneet Kumar Saraf: Yes.

Vikas Gupta: Thank you so much, sir.

Navneet Kumar Saraf: Thank you.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments. Over to you, sir.

Navneet Kumar Saraf: Thank you once again to all the participants in this call for their questions and detailed review and analysis of our results. Again, on behalf of the management team at Technocraft, we are available to answer any further follow-up questions and we look forward to continued interaction. Thank you.

Anil Gadodia: Thank you.

Moderator: Thank you. On behalf of 360 ONE Capital Market Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you, everyone.