



Technocraft Industries (India) Limited

Regd. Office: Technocraft House, A-25, Road No. 03, MIDC Industrial Estate,
Andheri (East), Mumbai - 400093, Maharashtra, India
Tel: 022-4098 2222; Fax No. 4098 2200; CIN No. L28120MH1992PLC069252
E-mail: investor@technocraftgroup.com ; website: www.technocraftgroup.com

June 3, 2026

To,

National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E),
Mumbai – 400051

BSE Limited
Listing Department
P.J. Towers, 1st Floor,
Dalal Street, Fort,
Mumbai – 400001

Ref: Script Name: TIIL

Script Code: 532804

Dear Sir/ Madam,

**Sub: Transcript of Conference Call held for discussion of financial performance of
Fourth Quarter ended March 31, 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 May 29, 2026 regarding the audited Standalone and Consolidated financial results for the quarter / year ended March 31, 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
Company Secretary & Compliance Officer

Encl. as above



“Technocraft Industries, India Limited
Q4 FY26 Earnings Conference Call”

May 29, 2026



MANAGEMENT: **MR. NAVNEET KUMAR SARAF – DIRECTOR AND CHIEF EXECUTIVE OFFICER X– 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. ANSHIKA PATNAIK – SYSTEMATIX INSTITUTIONAL EQUITIES**

Moderator: Ladies and gentlemen, good day, and welcome to Technocraft Industries India Limited Q4 and FY26 Earnings Conference Call, hosted by Systematix Institutional Equities. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinion and expectation of the company as on date of this call. These statements are not a guarantee of future performance and involve risks and uncertainties that are difficult to predict.

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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Anshika Patnaik from Systematix Institutional Equities. Thank you, and over to you, ma'am.

Anshika Patnaik: Thank you. On behalf of Systematix Institutional Equities, we welcome you all to the Q4 FY26 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 Kumar Saraf: Thank you. Good afternoon, ladies and gentlemen, and welcome to Technocraft's Q4 earnings call. We are happy to see your participation, and we look forward to an engaging session of Q&A to discuss our Q4 performance. I would now like to request the Systematix team to start the conference. Thank you.

Moderator: Shall we begin with the question-and-answer session?

Navneet Kumar Saraf: Yes, please.

Moderator: Thank you. Ladies and gentlemen, we'll begin with the question-and-answer session. Our first question comes from the line of Chetan Vora from Abakkus Asset Managers.

Chetan Vora: Can you just elaborate how FY27 looks like across all the segments; drum closures, scaffolding and engineering going ahead, sir?

Navneet Kumar Saraf: Yes. Thank you for your question. It is actually quite difficult to give forward-looking projections at this time. As I had even said earlier, we are living in very volatile times, geopolitical conditions worldwide are extremely volatile. And in fact, not even a year, it's also difficult nowadays to predict quarters going ahead.

Having said that, I think looking at the most recent completed quarter, what we are seeing is that the business momentum is quite strong in the U.S. Our scaffolding business in the U.S., which faced 2 slow quarters last year, particularly the September quarter has recovered quite nicely and rapidly in the March quarter.

We are seeing a strong momentum even going forward into the June quarter across -- and this is mainly driven by investments in AI and tech ecosystem-driven infrastructure, which is leading to increased demand uptake of scaffolding. So we are seeing good momentum in the June quarter. We are also seeing stable demand for drum closures.

There doesn't seem to be new challenges associated with tariffs, whatever tariffs are there are now absorbed and consumed in our pricing and customers are paying for it. So barring unforeseen new geopolitical events that can create supply challenges, demand challenges, we expect a better year going ahead. So that's the current status.

Chetan Vora: All right, sir. So in terms of the battery, in terms of the West Asia war crisis has subsided. And we understand the things would have started falling in place. So as you say, the underlying demand remains to be strong if nothing unforeseen comes out. So we are looking out to be a better year compared to FY26. Is that right assessment?

Navneet Kumar Saraf: Yes.

Chetan Vora: Okay. Sir, coming to the scaffolding front for the quarter, though the revenue was flattish, there was a sharp uptick on the margin front. Can you elaborate for that, sir? What was the reason for it?

Navneet Kumar Saraf: There were some one-time benefits pertaining to quantity discounts that we obtained in this quarter for steel. This amounted to almost INR20 crores, which does not represent only the quarter. So this was pertaining to previous quarters. So I think there is INR20 crores additional income in this quarter, which is a one-time effect. So that needs to be taken into consideration when reviewing the profitable results -- profit results.

Chetan Vora: So if you adjust for that, the margin comes to 16%. So is that right assessment? The margin going forward is 16%, 17%, right?

Navneet Kumar Saraf: Yes. That is correct.

Chetan Vora: And then, sir, on the scaffolding again, we have seen a sharp uptick on the metal prices. So how do we see this vertical to be performing because this is the growing vertical and the growth engine for us, so how do we see the scaffolding unfolding for us, sir?

Navneet Kumar Saraf: Yes. The raw material prices have been very volatile, but we've been able to absorb this. Steel prices have increased by almost 25% over the last 3 months, but we've been able to pass them on. So there is no real pressure on margins. Same applies with aluminum. We are fortunately very nicely backward integrated. So we produce our own aluminum extrusions. And we've been able to, therefore, take advantage of that. So we are able to manage the increase in raw material costs.

Chetan Vora: All right, sir. Sir, in terms of the drum closure, although they are -- it's growing quite strongly for us and in terms of the profitability also. So how do you see the drum closure to be going right for us?

Navneet Kumar Saraf: It is quite stable. There has been, as you saw, some increase in the quantity of drum closures sales as well this financial year compared to the last. And the pricing has also been stable. There has been some you know so we are on track with single-digit revenue growth. China continues to grow strongly. And the rest of the countries, we are growing at about 4%, 5% in terms of quantity and price growth. So that's where we are. And we expect to continue that.

Chetan Vora: And then sir, any -- because the scaffolding and the formwork capacity has been coming up, which has come to two years before on stream. Any incremental capex on the scaffolding side, sir?

Navneet Kumar Saraf: No, nothing significantly major. There are some minor capacity increases that we are doing. Some increases in capacity are happening because of our debottlenecking efforts. So that will happen. So there will be some increase in scaffolding output in '26-'27 as a result of that. But we will embark on the next phase of expansion in our formwork towards the end of this financial year in Aurangabad. So that effect we will see in FY28 and FY29.

Chetan Vora: Right. So sir, in the Engineering vertical, as you have mentioned in your comments in the presentation that we are seeing a quite impact because of the AI transformation. So how do we see this vertical performing for us? Because for the quarter, the growth rate was very quite strong. But in terms of the profitability, despite the revenue growth of 45%, improvement margin was there, but it was not to the extent of the growth seen in our vertical sir?

Navneet Kumar Saraf: So AI is a great opportunity for us, and we are treating it as an opportunity. We are actually investing heavily in that. And if we see it as an opportunity and if we invest in it, in terms of -- we have to reengineer some of the services that we offer to customers instead of it being purely manpower based, we have to now use a lot of AI. And for that, we have to build applications plus we have to also develop some of our own products, which we are working on.

So we are embracing AI in Technocraft to create new services, new products. Demand is very strong, which is why we see growth in revenue, but we are also investing. And as a result of our investments, there can be some slower growth in the bottom line. And the bottom line may not grow in the same proportion as the top line. So that's where we are.

Chetan Vora: So going ahead, can we see the engineering vertical as we have invested in strengthening the branch and in capability, should this engineering vertical be like, you know, INR120 crores, INR130 crores per quarter, sir?

Navneet Kumar Saraf: In terms of revenue, you mean?

Chetan Vora: Yes.

Navneet Kumar Saraf: Yes. It will not be INR120 crores, INR130 crores per quarter. Currently, it is INR80 crores a quarter. So it cannot jump from there to INR120 crores in one quarter or so. But the way it is growing, it is growing at about 8% to 10% every quarter. And I think that growth will continue.

Moderator: Our next question comes from the line of Siva with Ithought PMS. Siva, you may please proceed ahead with the question. As there is no response from Siva, we will move forward to the next

participant. Next question comes from the line of Rahul Kumar with Vaikarya Investment Management.

Rahul Kumar: Sir, just on this Mach One segment, so aluminum Mach One segment. So our volumes have been a bit soft for the past 6 months. So can you just understand the challenge in this segment as of now? And what is the outlook over here?

Navneet Kumar Saraf: Yes, the volumes have been lower than what we also anticipated. And this segment is really dominated by the progress and offtake of projects in the real estate segment. What we've been seeing in India is that while the demand has been strong in terms of launch of new projects, and as a result, there is strong order inflow. But execution is not following at the same pace. This has a number of reasons; approvals from consultants, architects, site readiness, increase in raw material costs and availability of funding immediately.

All these things can affect developers' ability. So that's really been the reason. So we've been seeing delays in offtakes from customers. As a result, our inventories have also increased, but - - we are not concerned about this because we are in close touch with the customers. So we know all the projects are on stream, but it is normal to see delays like this. So that's the reason why there has been little bit of softness in the deliveries.

Rahul Kumar: Okay. Okay. So in this segment, how was our order book actually, let's say, versus last quarter?

Navneet Kumar Saraf: The order book has been higher this quarter. There has been a growth in the order book. And yes, so orders -- in terms of total order book quantity, we are quite comfortably poised. Even today, we are sitting on order books in excess of 4.5 lakh square meters, which is more than 6 months actually of our current production capacity. So we are quite comfortably poised.

Rahul Kumar: Okay. Understood. Second question is on the engineering segment actually. So in this segment, your billing is basis the headcount basis or outcome basis? And in that context, how are we dealing with this -- any disruption because of AI?

Navneet Kumar Saraf: Billing is headcount basis, hourly rate basis for most of our services. There are some services where the billing is also fixed price, etcetera. But largely, it is on a service basis, on 9-hour basis, not outcome basis.

And as far as AI is concerned, like I said earlier, we are using AI in our services and we are building various automations, and we are building various platforms, which enable lesser manpower and as a result of that we have some benefits, and we have arrangements with customers to share such benefits.

Because on one hand, the quantum of man hour reduces, but on the other hand, there is also additional technology cost of hardware and software to implement those same, and those things are charged. So net-net, there is a saving, which is shared. So those are -- we are in early stages of that.

Moderator: Our next question comes from the line of Avnish Tiwari with Vaikarya Investment Management.

Avnish Tiwari: Just to continue on that Middle East question. Can you just articulate what are the projects you are selling right now in the Middle East and what the scale you have, not just this crisis or before that, maybe before this whole Middle East crisis began?

Navneet Kumar Saraf: So Middle East is -- we are selling scaffolding and formwork there, we have an active distributor. So in all the GCC countries, we are selling scaffolding formwork. We also have a few drum closure customers there. So those are the 2 primary engineering products that we sell there. I don't think we have any textile there. We don't do any textile. So primarily, we do scaffolding formwork and drum closure.

Avnish Tiwari: How much revenue you would have accrued, let's say, in fiscal '26 or ballpark range? Is it like scaffolding, formwork business in the Middle East?

Navneet Kumar Saraf: We are going to have to rely on my CFO to tell you that. About 15% of our scaffolding division revenue in FY26 would have come from the Middle East.

Avnish Tiwari: The second question I have is that in your Mach One business, what are the top clients you have you garnered in India, let's say, either a firm order book or already in the revenue base? If you can just help us -- give us some idea about these top clients?

Navneet Kumar Saraf: We are dealing with almost 120 different customers in India and the top client profile keeps changing because this is not a business where you are going to service the same customers over and over again because aluminum formwork is a capital item. And once purchased, it's going to be used for a certain amount of time.

Having said that, we are dealing with numerous national pan-India developers like Lodha, like Birla Estates, Godrej Properties, Mahindra, Tata, Kalpataru, Sobha, all of these are our customers. And obviously, given their size, their volumes do come in our top 10. So these are some of the top clients, and they keep changing in terms of number 1, number 2, number 3. But if I were to look at the top 10 or 15, I would expect at least 70% to 80% of these names always figuring.

Moderator: Our next question comes from the line of Ruchit Agrawal from Unifi Mutual Fund.

Ruchit Agrawal: Congrats on the numbers. My first question is on scaffolding. Since we consolidate a quarter prior for scaffolding, we -- are we expecting some sort of margin impact for especially the March month, given some escalation in freight costs for our U.S. business on the scaffolding side?

Navneet Kumar Saraf: No, we are not expecting -- I mean, March quarter, you said March month. I mean, March quarter, we have already published the results. So March quarter, it is what it is. And if you are meaning the next quarter, which is the June quarter.

Ruchit Agrawal: U.S. being consolidated on 3 months lag.

Navneet Kumar Saraf: Okay. I think my CFO has just clarified. I think you may be referring to the U.S. subsidiary Jan to March, which will get consolidated in the April to June. No, we are not expecting any impact in the margins due to freight. Those have been absorbed and they have been passed on.

Ruchit Agrawal: Got it. That's helpful. And on the formwork bit, you mentioned last quarter that Saudi is -- that South America is doing well. Any contribution from that side? If you can help us with some numbers and how big of an opportunity do we see? Also, if you can give some sort of volume guidance on the formwork exports bit.

Navneet Kumar Saraf: South America has been doing well, but it's a small market. It's not as big in scale as India. Our exports there are mainly to Brazil, Mexico, Colombia. In FY26, the contribution of that in our formwork business is about 3% of the total formwork volume, which is quite small. But the order inflows are increasing. So I expect those to increase and, but it will never be more than 10%.

Ruchit Agrawal: Got it, sir. And sir, if I may just squeeze in one last on the formwork. We had a run rate of about 40,000, and you mentioned that we're seeing some delays. When do we expect the 70,000 to 75,000 monthly run rate on formbook? Any time lines that we're looking at?

Navneet Kumar Saraf: No, not really. And as I have said earlier also, actually, that is not something we worry about. We don't -- we are not obsessed with how quickly we can increase the volumes. On the other hand, we are currently more focused on improving our operational efficiencies because formwork is a very involved business. It involves integration of engineering, manufacturing, site supervision, inventory management.

So we are more focused on dealing with good quality customers and getting the margins that we need in the business optimizing our fixed costs and doing what we are doing efficiently. The 70,000, the 80,000 will come naturally as a result of doing this. But we are not chasing it actively.

Ruchit Agrawal: Got it, sir. And how much would be -- are utilizing....

Moderator: Sorry, but you may please rejoin the queue for more questions. Our next question comes from the line of Anubhav Mukherjee from Prescient Capital.

Anubhav Mukherjee: Hello. Am I audible?

Navneet Kumar Saraf: Yes, you are, please.

Anubhav Mukherjee: My first question is that I think you have received approval from EU for our scaffolding business like last year. So can you give some color on like how are you seeing like the scaffolding exports to Europe in the coming years.

Navneet Kumar Saraf: Yes. So we had received approval from Poland, the B certificate, which was required. It has given some effect wherein our sales of scaffolding there used to be zero. To that extent. Last year, it was about 1.5% of total scaffolding revenue, which is again very, very small. The market there has still been very dull. The EU has still not really picked up to the level that it is required to pick up and still reeling from the effect of Russia-Ukraine war. And so we are yet -- so we are patiently awaiting that. But at least we have seen a positive effect of our certification.

Anubhav Mukherjee: Yes. And sir, I have a basic question. Currently, what will be the tariff in U.S. on both our product segments, drum closure and scaffolding...

- Navneet Kumar Saraf:** Yes, scaffolding is 50% because we fall under Section 232 and drum closure has now also been added under Section 232, and it's 25% -- 27.6% to be precise because there is a -- yes.
- Anubhav Mukherjee:** Okay. So the tariffs continue to be like at a high level. Sir, we were absorbing some of the tariff in our P&L.
- Navneet Kumar Saraf:** So now we don't need to because this is no longer country specific. This is a tariff on all countries. This is a standard tariff on all countries exporting it. So we are at the same level playing field. And on the other hand, China is an exception which pays additional 25% on top of this. So we are at an advantage over China. So we don't need to absorb anything. We are able to pass this on to the customers and they are paying.
- Anubhav Mukherjee:** So are we -- like already we have witnessed a revival in demand from here. So you expect that to continue given...
- Navneet Kumar Saraf:** We are keeping our figures crossed.
- Anubhav Mukherjee:** Yes. Sir, one small bookkeeping question. Can you give a split of the revenue of the scaffolding and formwork division between scaffolding and formwork for the year?
- Navneet Kumar Saraf:** Yes, it is roughly -- this year, it was roughly 50-50. So INR1,342 crores. I think about INR680 crores or so was scaffolding and about INR660 crores or so was formwork. So almost 50-50.
- Moderator:** Our next question comes from the line of Riya Mehta from Equitas.
- Riya Mehta:** So my first question is in terms of our backward integration aluminum formwork business, what is the kind of utilization we are doing there?
- Navneet Kumar Saraf:** It's 100% now.
- Riya Mehta:** So it is at 100%. And that last year, it would be around FY26?
- Navneet Kumar Saraf:** FY26 was 100%. Full FY26 was 100%, and it continues to be at 100%.
- Riya Mehta:** Got it. Second question is in terms of volumes. We're seeing that even for drum closure, the volumes in the last 2 quarters for the entire year was negative versus last year. Could you elaborate what can be the particular reason for drum closure?
- Navneet Kumar Saraf:** Coming it from March quarter of last year to March quarter of this year is actually not a very good comparison. Yes, compared to that, it is down by, I think, 10 lakh sets. But March quarter last year was a very volatile quarter. Tariffs had just come in and demand was all over the place. So there is no one good reason, to be honest.
- Riya Mehta:** Okay. But there's no impact on demand, right? Because...
- Navneet Kumar Saraf:** There is no impact. I mean there is no -- we are not seeing closure of drum factories. We are not seeing a sustained scale down in production in drum factories. So those things we are not seeing.

- Riya Mehta:** Got it. And in terms of margin, the margins were also pretty good. So was it a pass-on on the cost impact?
- Navneet Kumar Saraf:** Yes, it was rupee depreciation has also helped.
- Riya Mehta:** Okay. Could you help me how much will be the forex impact for this quarter?
- Navneet Kumar Saraf:** Yes. The forex for the quarter was INR20 crores.
- Riya Mehta:** INR20 crores. -- now coming to our second division, scaffolding division. So what I can see is that our U.S. business has turned around now what was happening because of the tariff, now things are better. So in the current month, like in the terms of March and April, March, April, May, how are things there? Are there -- did we just see a onetime impact of demand resurgence or we are seeing sustained demand resurgence?
- Navneet Kumar Saraf:** At the moment, we are seeing a sustained demand resurgence. Like I said, since December '25, there has been an uptick, and it's not slowed down, and it doesn't seem to show an indication of slowing down. So I do feel that through June, we will be continuing to be strong. Having said that, we are heading into the summer season. So it is normal to have some minor slowdown offtake in the month of June, July. But that also, we may be surprised. It may not happen this year. But no, the resurgence is sustained.
- Moderator:** Our next question comes from the line of Siva with Ithought PMS.
- Siva:** My first question is regarding our defense products that we're dealing with. So is there any update regarding the same? Have we started to start selling the products here?
- Navneet Kumar Saraf:** No updates to share on that, please.
- Siva:** Right. So I'm asking this question because I came across a recent interview with the management, and we had guided that defense vertical could become like 5% of sales and, say, 10% within 2 years or so. So that was the reason why I wanted to check on this, sir.
- Navneet Kumar Saraf:** Anilji, you have something to add?
- Anil Gadodia:** Actually, see, we have been telling all the investors, defense takes time. These are all hopes. So we don't want to jump on any figures as of now. But yes, we are working on defense. We are making samples. We are being approved by DRDO and defense Department of the government. But there is nothing that we can share with the investors as of now. These are all efforts going in that direction. Defense is still there as a division, but not something which we can tell now.
- Siva:** Sure, sir. Understood. And my next question is regarding the textiles division. So I've been reading a few other companies. So the cotton spread has improved in latest quarter now. So this is a common commentary across multiple companies. So -- but if you look at our margins, there's a slight dip even on a quarter-on-quarter basis. So why is this the case?
- Anil Gadodia:** In yarn, there is no dip. Is there a dip in...?

- Navneet Kumar Saraf:** Yarn, I don't think there's a dip in yarn.
- Anil Gadodia:** There is a positive profit, EBIT level from INR4 crores to positive INR1.5 crores.
- Navneet Kumar Saraf:** You may be talking about textile division as a whole...
- Management:** Which includes garmenting yes, there is -- but there is a negative bottom line, but the negative is lesser in Q4 as compared to the previous quarters. So we are trying -- we are trying to go in the same direction and keep reducing the losses. But in yarn, it is doing okay.
- Anil Gadodia:** Basically, the query from the market side that there is an increase in the yarn prices.
- Management:** There is -- so we have also experienced the same effect. We also have improved margins in yarn in Q4 and current year Q1 -- it will reflect in the accounts in Q1 of current year.
- Moderator:** Our next question comes from the line of Saket Kapoor with Kapoor & Company.
- Saket Kapoor:** Strong set of numbers. Sir, if you could just give me some more color on the factors -- that have led to the improvement in margins on a Q-on-Q basis when we compare our results with the December quarter with the March numbers in both the major segment of Drum Closure and scaffolding, there is a significant margin improvement. And going ahead, are these factors in continuity that we would be able to post margins in the same vicinity in that trajectory, if you could just throw some more light.
- Navneet Kumar Saraf:** Sure. So, leaving aside the INR20 crores onetime benefit that we received on account of quantity discount from our steel supplier, Other than that, the margin improvement is because of increased quantity of sales. In the scaffolding segment, our U.S. business has seen increased quantity of sales in this quarter compared to the December quarter.
- And that has actually been the main reason for the improvement in the margins because of better utilization of the fixed operating expenses. And same thing applies in the drum closure quarter. There has been an increased quantity of sales of drum closure and as a result of which the absolute profitability is higher. So I think those are the 2 key reasons.
- Saket Kapoor:** Okay. And sir, do we look forward for these margins in the same vicinity, ex of the one-off to continue? And also on the utilization level, sir, where are we currently? And how should the current year in terms of the utilization level?
- Navneet Kumar Saraf:** So yes, the immediate quarter under purview, the June quarter, we are seeing this continue. So we are quite confident that this quarter is going along the similar lines. It's difficult to project for the full year at this time. And -- but yes, for the current quarter, it is definitely going on along the similar lines.
- Saket Kapoor:** Just to add, sir, we must have an understanding of how the order booking is placed. So if you could just give both the segment, I think scaffolding you have mentioned about 4 lakh...
- Navneet Kumar Saraf:** Ours is not an order book-driven business. We are in B2B business. We are not an EPC company where we take large amount of orders and revenue is a function of execution of those orders. So

we don't track order books. But most of our sales are ex stock done from our warehouses and our distribution centers worldwide in scaffolding. drum closure is a direct B2B business. So our revenue growth is clearly a function of demand from our customers, which continues to be strong. And to that extent, we have kept our inventory levels optimum across our warehouses in the U.S. So we are in good position to service that demand...

Saket Kapoor: We are at optimum level is what we can...

Navneet Kumar Saraf: Correct -- our utilizations are at optimum levels, absolutely.

Saket Kapoor: And we have plans to increase that going ahead...

Navneet Kumar Saraf: Like I said, we are already doing some minor capacity increases in the scaffolding division this year. We are seeing about 10% increase in scaffolding capacity just due to some debottlenecking at our end. We will do the second phase of expansion of our aluminum formwork and extrusion capacity towards the end of this financial year or early next financial year.

Saket Kapoor: Okay. And the capex amount, sir, how much have we envisaged for the same?

Navneet Kumar Saraf: That may be about INR150 crores...

Saket Kapoor: Conclude, sir, we did INR110 crores of capex as per the cash flow -- so where have we invested that money was not in any capacity augment. That was only for the operational efficiencies that the maintenance capex, that INR110 crores that we have spent last year.

Navneet Kumar Saraf: That was done in FY26.

Anil Gadodia: Yes, those were all normal capex that happens debottlenecking various factors. There are no specific project related across all the divisions, it was there for improvement.

Moderator: Our next question comes from the line of Avnish Tiwari with Vaikarya Investment Management

Avnish Tiwari: In this Mach One, how is the competitive intensity or pricing in the new projects you're looking at? I think last time you talked about there were some pockets where it was too intense and you were staying away from there.

And then the aluminum prices, then how are they passed on contractually? If you just give us that idea when you get the material and when you supply or build to your customer, is there any lead and that in there?

Navneet Kumar Saraf: Yes. So competitive intensity is very high, and the capacities are continuously getting added in India. New players are continuously coming because of the demand -- but we are quite comfortable yet in terms of managing that because the demand is also growing and there is enough growth in demand and enough market available to cater to all these capacities coming in. We are not -- we are a premium player. So we are not dropping our prices. There are strategic competitive advantages that we offer to customers and customers who buy from Technocraft recognize that.

There is a premium associated with our brand. So we are very selective with who we deal with and what our price point is. With regards to passing on aluminum costs and aluminum prices, so aluminum being very, very volatile, we typically when we book orders, the prices are variable. We don't keep the prices fixed. And the selling price gets confirmed only after the design is approved and we are ready to buy the raw material. So that's how it is.

Avnish Tiwari: Great. In your engineering business, you are saying that AI is helping you become more productive. But does it reduce your addressable opportunity you could have captured because less number of people could be deployed for the same amount of work? Or you are sensing that the amount of work will exponentially increase, hence, you will capture the full opportunity, which you would have done without AI?

Navneet Kumar Saraf: The type of work that we are chasing has changed as a result of AI. If we were to just chase the same type of work, then the opportunity will reduce. But to really embrace AI, we have pivoted our services and we are still pivoting to chase new opportunities. So AI has created new opportunities for us.

Avnish Tiwari: Can you give an example of that?

Navneet Kumar Saraf: Yes. So, for example, if we were earlier doing, let's say, CAD-based services. Now if we were to continue to do CAD-based services, which are requiring engineers and draftsmen, then the opportunity will reduce.

But on the other hand, if we chase digital transformation services where we have to build digital twins, for example, or we have to implement some automation for engineering companies, manufacturing companies or we have to develop some platform for remote tracking of assets and build some intelligence into it. These are new opportunities. So, you have to pivot and chase those. So, we have been doing that.

Moderator: Our next question comes from the line Vansh Gupta with Prescient capital.

Vansh Gupta: Yes. I just want to get an understanding, I believe you said we are operating at about 100% utilization in the scaffolding formwork of business. Is that right, sir?

Navneet Kumar Saraf: In the formwork business, yes, but that's only in the extrusion plant. We are not operating at 100% in our Mach One fabrication and nor are we operating at 100% in our scaffolding. Scaffolding we would be operating probably at about 90% and Mach One is variable up and down because our capacity is actually much more, but our actual production and dispatch is lower because it's determined by site conditions.

Vansh Gupta: Got it, sir. So, my question was on the growth front, sir, given that we're already operating at about 90% in the scaffolding business and you've had about 8% growth in the scaffolding division this year. I just wanted to get an understanding, sir, of the growth prospects of the division and whether or not we are planning any incremental capex in the next 2 or 3 years, which will significantly increase our capacities?

Given that the annual volumes for the scaffolding division, they had decreased by about 6.5%. And the Mach One volumes as well for the quarter are down by about 17% odd. So, I just want to get an understanding of both the demand landscape in both scaffolding and Mach One given the declining year-on-year and the quarter-on-quarter decline in scaffolding and Mach One and also are we planning any incremental significant capacities for the next 2, 3 years any capex?

Navneet Kumar Saraf: Yes. So, you see in the scaffolding segment, we have already done some minor debottlenecking capex as a result of which our capacities have gone up by about 10% to 15%. And the demand has gone up, which is why our utilization is so strong. So, we will see growth to that extent in the coming financial year in the scaffolding segment.

As far Mach One is concerned, our capacity utilization is quite low. We are operating at about 60% to 70% capacity utilization, mainly because of slow site mobilization. We are expecting that to pick up. It's already improving. We are expecting with better client mining, we think that will improve. So that will automatically create revenue growth. And as far as your question regarding incremental capex, nothing significant this financial year.

Vansh Gupta: Given that our volumes in the staffing division have declined year-on-year, we're still not seeing any problems with growth going forward on the demand environment?

Navneet Kumar Saraf: Volumes declined year-on-year because of 2 slow quarter sales in the U.S. which was in the last financial year. If that would not have -- so that's why overall, the capacity utilization during those 2 quarters would have been lower.

Moderator: Next question comes from the line of Sanjay Kumar with it thought PMS.

Sanjay Kumar: Just a couple of questions on the text. First on yarn. I think we have restructured the operations like shifting production from Murbad to Amravati and now yarn spreads have improved. So, despite this, we are still barely breaking even at the EBIT level in yarn. But is it fair to assume that we can do like 10% EBITDA margin in FY27 for the yarn business?

Anil Gadodia: EBIT level is breaking even because of the high depreciation. There is almost INR46 crores of depreciation value in yarn. EBITDA, we are doing about 10% on EBITDA level. And I think it will in the quarter 1 of this financial year, it will improve by on account of the yarn spread being better.

Sanjay Kumar: And second on fabric division, I think here also, we are looking at reengineering to reduce costs?

Anil Gadodia: We are very seriously looking at restructuring the fabric division.

Sanjay Kumar: Okay. And in the interview, we have also said that we are prepared to shut down the processing house and then get it done from external vendors. So, any guidance -- margin guidance for the fabric division in FY27?

Anil Gadodia: I'm unable to comment on that. We are evaluating various possibilities of restructuring and some strategies are being worked out.

- Sanjay Kumar:** Got it. And no plans to sell or exit the fabric division or the yarn division going forward in the medium term or long term?
- Navneet Kumar Saraf:** One of the possibilities?
- Anil Gadodia:** No, we are still evaluating various options.
- Sanjay Kumar:** Okay. Because that will increase your returns, profitability ratios significantly. This is kind of pulling down our rest of the other high-quality businesses. So just wanted to get your thoughts on that. And finally, what is the plastic closure capacity? And how much sales did we do in FY26?
- Anil Gadodia:** I'm sorry, what, plastic closures breakup item wise. We have sold plastic drum closure about INR35 crores in the complete year. Yes. And the margin is, if not better. It is -- actually, it is more than the drum closure margin, frankly speaking.
- Sanjay Kumar:** Okay. And any outlook for this sector? Are we adding capacity?
- Anil Gadodia:** See, in plastic drum closures, it all depends upon the acceptance of the product. We are not manufacturing simple Bisleri bottle caps kind of thing. We make very specialized plastics, which are anti-filtering or those kinds of things.
- So, we are developing products and giving for sample giving on a sample basis. So, it will, as soon as those products are accepted, the sales will increase. But there is no need of adding any capacity as such in plastics.
- Sanjay Kumar:** And finally, on the defense business, we own 70%. The remaining 30% is owned by Dr. Salinkar or just want to understand who owns the remaining 30%?
- Navneet Kumar Saraf:** Yes.
- Moderator:** Our next question comes from the line of Anubhav Mukherjee from Prescient Capital.
- Anubhav Mukherjee:** I just had one small clarification. You mentioned that there was INR20 crores of volume-led discount benefit in the EBIT of like the scaffolding and Combo division. And you also mentioned that there was INR20 crores of Forex benefit. So is it that INR40 crores of benefit overall onetime in this quarter?
- Navneet Kumar Saraf:** INR20 crores was only for the scaffolding division and the INR20 crores Forex benefit is across all divisions, not just scaffolding.
- Anubhav Mukherjee:** Okay. So, but for the overall business, this quarter, INR40 crores of one-time -- is my understanding correct?
- Navneet Kumar Saraf:** But the forex is not one time. No, forex is something that continues every quarter. The INR20 crores of steel quantity discount, yes, it's one time.
- Anubhav Mukherjee:** Yes, sir. So just wanted to understand that forex only?

- Navneet Kumar Saraf:** forex is something that comes -- forex can be negative or positive, and it comes every quarter.
- Anubhav Mukherjee:** And so, sir, even though the exchange rate is, and it's obviously like, kind of like, INR have depreciated significantly compared to last year So, we will be able to keep the benefit of that going forward as well? Or do we have to pass on some of the benefits to us?
- Navneet Kumar Saraf:** No, no, we'll be able to get the benefit of that.
- Anil Gadodia:** See, I'll tell you, there are no imports by Technocraft as such. So whatever depreciation of rupee happens or appreciation of dollar and euro happens, there is a direct benefit and the benefit is not at all required to be shared with the customers.
- Anubhav Mukherjee:** So this forex should not be should be -- it's a part of our business?
- Anil Gadodia:** Yes, it can be seen. But thing is today it's INR96. So tomorrow, it goes to INR97, INR98, then there will be a benefit as compared to the rate at which we have sold on the spot rate, right?
- Anubhav Mukherjee:** Get that. But sir, compared to last year, so we will be able to have better realization in INR terms because last year, sir, it was INR89, INR90?
- Anil Gadodia:** So, gentlemen, it's like this. For the March quarter, it was INR20 crores, but for the whole year, it was INR46 crores.
- Moderator:** Our next question comes from the line of Avnish Tiwari with Vaikarya Investment Management.
- Avnish Tiwari:** This you were talking about the strategic advantage you have in Mach One over some of your competitors. Can you just elaborate a bit on that?
- Navneet Kumar Saraf:** We have our own -- we are the only aluminum formwork company in the world that is backward integrated with our own aluminum extrusion plant. As a result of that, we are able to provide very high quality because we make the profiles in-house. So, we are able to control the chemical composition, which is critical to providing the right strength and attaining the right number of repetitions, which is the key.
- Most suppliers will say that you can get 100 repetitions, but in actual fact, you don't even get half of that. So that is a key strategic advantage. And as a result of having our own extrusion plant, we are also able to buy back our own formwork from the customers after usage and convert the used formwork to new formwork, which is a huge benefit. It saves working capital to customers and it gives the customer consistent quality.
- And now with our extrusion plant entering into its second year of operation and a reasonably good size of our own extrusion produced inventory in the market, we are seeing this recycling really taking shape. So, this is our main competitive advantage.
- Avnish Tiwari:** Great. Maybe one question to Anil. This unallocated cost, which is high this quarter, are there -
- what are the reasons for that? Is it forex loss sitting there or something else?
- Anil Gadodia:** Mainly because of the reduction in the mark-to-market value of investments.

Avnish Tiwari: That comes in this unallocated cost part, is it?

Moderator: Yes. Ladies and gentlemen, that was the last question for today. With that, we conclude today's conference call. On behalf of Systematix Institutional Equities and Technocraft Industries India Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.