Operator: Ladies and gentlemen, good day and welcome to Technocraft Industries (India) Ltd. Q2 and H1 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Purva Javar from 361 Capital Market. Thank you, and over to you, ma'am.

Purva Javar – 361 Capital Market: Thank you. On behalf of 361 Capital Market, we welcome you all to the Q2 FY27 conference call of Technocraft Industries (India) Ltd. 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 – Director & CEO: Thank you, Purva. Good morning, everybody, and welcome to the September 2026-27 quarter conference call of Technocraft Industries (India) Ltd. We will be discussing and reviewing the financial results of Technocraft for this quarter and taking up all questions from the participants on this call. We look forward to a good interaction. We may now begin the call. Thank you.

Operator: Should we begin the question-and-answer session?

Navneet Kumar Saraf – Director & CEO: Yes.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Digant Haria from Green Edge Wealth. Please proceed.

Digant Haria – Green Edge Wealth: Hi. Thank you for the opportunity, and congratulations on a good set of numbers. I had two questions. First, our scaffolding division and our drum closure division have both been doing very well for the last two quarters. I can see that versus an average volume of, say, 8,100 tons over 8-9 quarters, we are doing around 11,900 tons in the scaffolding division. Similarly, in drum closures, versus 180 lakh sets, we are doing around 226 lakh sets. Both these divisions have done exceedingly well. Margins have also been strong. Could you guide us on what led to this good volume growth and realization growth? Should we extrapolate this? Will it be possible to maintain these volumes and grow from here, or is this a special situation that may not repeat?

Navneet Kumar Saraf – Director & CEO: Thank you for your question. Yes, your observation is correct. We have seen a good increase in volumes for both drum closures and the scaffolding segment in these two quarters. At this point, we are very confident that this is going to remain consistent and that we will be able to sustain this over the ensuing quarters.

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The reasons for this performance have mainly been good demand in our key markets. As far as drum closures are concerned, the US is one of the biggest markets. Demand there has increased due to the strong local economy. Demand from the Asia-Pacific region, which has also been an important contributor, has been strong. Demand in China has been strong. Across the various geographies, barring Europe, demand has been strong across all the segments, and we see that continuing. We see the overall demand scenario as quite strong across the drum industry.

The same applies to scaffolding. Again, the US is our biggest market, and the construction industry there has been growing, driven by investments in data centers, chip manufacturing plants, and energy plants. There is a healthy pipeline of capex planned over the next 12-15 months, at least. We therefore have a pretty good pipeline from that perspective.

We are therefore confident that we will be able to maintain these volumes at least in the near term, barring, of course, any unforeseen upheaval. We are quite confident. That is the main reason.

Digant Haria – Green Edge Wealth: Thanks, that was a very detailed answer. On drum closures, when you say that Asia-Pacific, the US, and many other regions are doing very well, what are the end markets for our drum closures? Would they be the petrochemical trade, chemical trade, or oil trade? This would help us understand the end markets better.

Navneet Kumar Saraf – Director & CEO: For us, the immediate customer is the drum producer. Drum producers service numerous end markets. Petrochemicals are one of them, the food industry is another, the pharmaceutical industry is another, and industrial chemicals are another. These are some of the key end-user markets.

Digant Haria – Green Edge Wealth: Got it. Thank you for that. My second question is on the formwork division, our Mac One business. We have done quite well, but the volumes are still below 150,000 square meters. Is this because the sites are not ready or because of rainfall? I think that has been the problem over the last few quarters. Could you highlight whether the Indian market is ready for our product and whether we have had any success beyond the 3-4 large A-grade builders? Any color here would be helpful.

Navneet Kumar Saraf – Director & CEO: The Mac One business has also been quite steady for us. In terms of volumes, we have not seen phenomenal growth like what we have seen in the US with scaffolding. However, we are actually quite happy with the progress of this vertical.

I have said before on my investor call that we are not chasing aggressive volume growth in this business. The Indian market, which is our main customer for this segment, is best described as a market in transition. It is slowly and steadily getting used to modern formwork systems such as aluminum formwork for construction.

The traditional method of construction has been wooden construction, and it takes time for this to completely sink in. Getting the labor trained and getting the cycle times right are also factors. Even now, despite the formwork being available, the cycle times in construction for builders in India still lag behind those in the Western world and even in developing countries.

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This is mainly because the entire ecosystem has to adjust. The supply chain relating to the supply of labor, steel, rebar, and cement all has to match up. Because of that, there tend to be variations in offtake.

Our order book is very strong. We have a very strong set of orders, but depending on various factors such as site readiness and other matters, the volumes can vary quarter on quarter.

We are also very focused on supplying to the right kind of customers because not every construction company in India is ready for this. It will take some time. Therefore, we are cognizant of that, and that is why we do not aggressively go and [trails off]

Management: ...chase volumes and book orders from every developer that is out there because we know that will have a negative impact on our production efficiencies. So it is more of a deliberate attempt on our side to take only orders from those customers who are fully ready and who can benefit from this. That is the priority.

Digant Haria – Green Edge Wealth: Got it, sir. Thank you so much, and I wish you all the best.

Management: Thank you.

Operator: Thank you. The next question is from the line of Anubhab Mukherji from President Capital. Please proceed.

Anubhab Mukherji – President Capital: Am I audible?

Management: Yes.

Anubhab Mukherji – President Capital: Congratulations on a great set of numbers. My first question is, can you split the overall formwork and scaffolding division's revenue into scaffolding and formwork separately?

Management: It is almost equal for this quarter. Out of the 502 crores of total segment revenue, I think scaffolding would be more like 270, or 260 to 270, and the balance 240 would be formwork.

Anubhab Mukherji – President Capital: Great. Given the strong growth visibility in the drum closure and scaffolding businesses, do we have any revised plan for capacity addition in these two businesses?

Management: No, because we have already been continuously creating capacity. As I have said in my earlier calls as well, when we set up the new plant in Aurangabad for scaffolding and formwork—for formwork, actually—we created capacity there. At the same time, we created additional capacity in our Murbad plant for scaffolding.

We are therefore well-positioned for 2,500 crores of revenue with our existing plants and minimal additions in capacity, which do not call for large capex.

We are also now planning the second phase of our aluminum extrusion capacity expansion in Aurangabad sometime in the FY28 fiscal year. We already have the land available there for doing that. This will backward-integrate that incremental capacity as well.

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The same applies to drum closures. We are continuously increasing capacity and continuously debottlenecking existing capacity in both the India and China plants. As a result, that is not a bottleneck.

Anubhab Mukherji – President Capital: I understand. A couple of quarters ago, we had mentioned that we had received the regulatory certification for scaffolding in Europe as well. I understand that Europe is still negligible for scaffolding. Do we have any visibility of a ramp-up there in Europe?

Management: There is no new update. We have the certification in place, and it has been more than a year since we received it. We have also been selling in that region, but the sales have not reached the level we would be happy about because that part of the world is still quite muted in terms of demand.

We remain positive, and I think that at some point the demand will increase. We are already seeing some good signs in Central Europe, particularly Poland, where we are seeing an increase in offtake. Let us hope for the best.

Anubhab Mukherji – President Capital: I understand. In Q1, you mentioned that you were expecting around $3 million of US tariff reversal. Have we received anything in this quarter, and what is the expectation for that?

Management: Yes, we have received it. My CFO, Anil, can give you the exact amount that we have received in this quarter.

Anil – CFO: We have received a total of $3 million, but the entire amount has not been accounted for. Basically, the local entity, AIT, will account for it over a period of 6–7 months. Therefore, it has not been credited in the books of account so far. In the present set of numbers, only around $350,000 has been recorded in the books of account. The rest will be recorded over the next 6–7 months.

Anubhab Mukherji – President Capital: I understand. Thanks. I will get back in the queue.

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

Abhinav – Equitas Investments: Hi. Thanks for the opportunity. My first question was regarding the price hikes that we had taken in the drum closure division. Are we facing any pushback from customers, and how can we sustain them?

Management: We are not seeing any pushback as far as price hikes or pricing in general are concerned. Prices are quite well accepted across the board.

Abhinav – Equitas Investments: What margin guidance do we have for drum closures going forward?

Management: Similar to what I said, similar to what we have had in the first two quarters. Given the volumes that we are doing—almost 230 lakh sets a quarter—we are having close to 40% margins at those volumes.

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The rupee depreciation has also helped. The gain from rupee depreciation will probably steady out because the rupee has now started appreciating, so we may see less of that in the next couple of quarters. However, the volumes are strong. I think having 35%-40% should be a reasonable expectation.

Abhinav – Equitas Investments: What capex guidance do we have for the year?

Management: For drum closures only?

Abhinav – Equitas Investments: Across drum closures and scaffolding.

Management: Nothing significant, other than the second phase of our extrusion plant, which we are expecting to kick-start in the latter part of '27-'28. That would involve capex of about 120 crores or so. Other than that, it will be regular maintenance capex, with nothing significant.

Abhinav – Equitas Investments: We had seen one announcement that we had hired a few people in textiles from multiple brands. What exactly is our plan for the textile division?

Management: I did not understand the question.

Abhinav – Equitas Investments: My question was regarding the textile division. We had seen people from multiple brands being hired. What is our plan going forward?

Management: People from brands being hired? No, we have not hired anybody from brands. It is a redesignation of the people, or rather, a redesignation of the positions instead of hiring new people. We have done some redesignation because of the stock exchange requirement, that is all. There is no new hiring.

Abhinav – Equitas Investments: There is no new hiring there. Lastly, how are we viewing US data center or power demand from a scaffolding perspective? Are we seeing any deferrals? I was reading in an article that there has been some pushback in terms of [inaudible]. Are we seeing good growth going forward in the next financial year or the next couple of quarters?

Management: We keep track of projects that have already been launched. For the projects that were launched in the last 6 months or so, where our demand is going, there has been no change. Those projects are continuing as per their progress.

It is difficult to say whether the launch of new projects is going to be the same, stable, or slow. Taking a view on that is a little difficult because there are different views on the matter. As far as we are concerned, based on the projects that have already been launched, we see a good demand window for at least the next 15-18 months. That is where things stand.

Abhinav – Equitas Investments: That is it. Thank you. I will join back in the queue.

Operator: Thank you. A reminder to all participants: anyone who wishes to ask a question may press star and one on their touchtone telephone. The next question is from the line of Rahul Kumar from Vaikarya Fund. Please proceed.

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Rahul Kumar – Vaikarya Fund: Hi. I have one question on the {? Met-One ?}. As you mentioned earlier in the call, the order book there is quite strong, but the execution in terms of volumes is still below the capacity utilization that we had aspired to earlier. Is it primarily because of site readiness, or—

Rahul Kumar – Vaikarya Fund: ...are there any other factors leading to this lower utilization?

Management: It is actually because of customer readiness first, followed by site readiness. As I said earlier, we have to focus on companies that are ready to use aluminum formwork fundamentally.

If there is a company that wants to use it but is not ready to use it, then we would avoid taking its orders and serving it. I think it is a question of those two main things: customer readiness as well as site readiness.

Rahul Kumar – Vaikarya Fund: In continuation of that, a few quarters ago we had mentioned that we aspired to do 3x the revenue that we had done last year over the next 3-4 years. Given the developments and the acceptability of the product, do we still stand by that target?

Management: Absolutely. We are already on track. We are already growing this business. Right now, the Mac One segment itself is well-positioned to do maybe 900-plus crores of revenue this fiscal year.

I think we are well-positioned to do that, and the volumes will keep increasing. Apart from volumes, the other important part is that we are also focusing on improving our sales realization.

As demand is increasing in India, supply is increasing as well. A lot more suppliers are also coming up, and there are companies out there that are able to offer prices 10%-15% lower than ours. We do not chase that. We do not get ourselves into price wars.

We are therefore more focused on pursuing customers who are willing to pay our price and see the benefit. An increase in price realization also contributes to an increase in revenue, rather than relying only on volume. That directly translates to the bottom line.

Rahul Kumar – Vaikarya Fund: This is my last question. I think we have a 500 crore investment in equity shares, AIF, and so on. What is our thought process regarding capital allocation for this? Do we want to continue to be invested in this, pay down our debt, or return the money to investors in the form of dividends?

Management: As a business model, we are not interested in playing in the capital markets. That is not Technocraft's business model. We are focused on our core verticals.

The investments that we have include a small portion in equities, but that is mainly in safe, balanced funds. Most of the investments are in fixed-income instruments, and they are highly liquid. The investments can be liquidated at any time. There are no long-term illiquid investments.

As a strategy, we do not have any plan to leverage or increase our investments in the markets. This is nothing but surplus cash, and our CFO would like to add a couple of points to this.

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Management: Rahul, your point was why we do not repay the debt. There is an arbitrage between debt and the investment. We earn more from the investment, while our cost of borrowing is relatively low. Therefore, we keep the buffer investment in the company. That is one point.

We have also carried out buybacks in the past, and in the last two instances we declared a 200% dividend. The board decides to return part of the surplus available with the company to shareholders by way of dividends.

Rahul Kumar – Vaikarya Fund: Understood. Thank you.

Operator: Thank you. The next question is from the line of Bharat Seth from Quest Investment. Please proceed.

Bharat Seth – Quest Investment: Thank you for the opportunity, and congratulations on a good set of numbers. Hello?

Management: Yes.

Bharat Seth – Quest Investment: Am I audible? Coming to this Mac One technology or formwork, which has largely come from Malaysia, large project EPC players are still importing from Malaysia, and we have to compete with them. How are we seeing the adoption of our formwork compared with the Malaysian player, and—

Management: It is quite healthy. {? Mywan ?} is the name of the Malaysian formwork player, and our product name is Mac One. The adoption of Mac One has been very strong, and that is reflected in the last 7 years of growth in our revenue from that product line.

Our product is comparable to {? Mywan ?} technology in terms of quality and ease of use. The fact that our product is manufactured locally in India gives customers comfort in terms of faster turnaround time, lower lead time, and better service.

It was much needed to have this kind of product available domestically, manufactured in India, rather than relying on imports. That is a key advantage.

Labor shortages are only increasing. Construction and housing demand are also increasing. The projects launched by developers need to be completed, and homes have to be delivered. There is really no choice but for the market to adopt technologies like this.

There is therefore very healthy demand for domestically manufactured aluminum formwork products, rather than relying only on one product from Malaysia.

Bharat Seth – Quest Investment: To understand this a little better, when do we expect people to start buying our product over the Malaysian product, once they become fully comfortable? What is the time frame? Is there any pricing difference between the Malaysian product and ours?

Management: The fact that our product is manufactured domestically and not imported means there is obviously some pricing difference. That is also an advantage.

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However, people do not buy our product because its price is lower than the Malaysian product. People buy our product because they need to be comfortable that it will create value for them, for the reasons I explained earlier. We have been able to demonstrate that.

Over the years, we have been able to demonstrate the savings to developers from buying our product. In addition, the Malaysian company does not have its own captive extrusion plant. We are the only company in the world that is backward-integrated and has its own extrusion plant, which is 100% dedicated to making our own formwork.

That gives customers a significant advantage because, after finishing with their formwork, they are able to resell it to us and acquire new formwork. This saves them a lot of money in terms of storage costs, handling, refabrication, and so on.

That is additional value that we are providing over and above the Malaysian company.

Bharat Seth – Quest Investment: Taking the same question forward, with your permission. Hello?

Management: Yes, yes. Please go ahead.

Bharat Seth – Quest Investment: I was recently interacting with some large EPC players working for large real estate developers. There is a discussion that Chinese formwork companies have now come into India, with a turnaround time of around 15 days to one week. How do we see the Chinese competition playing out, and what will our strategy be to face that competition?

Management: Currently, imports from China of this product are very minimal, although they can certainly increase. China makes everything, so imports can increase. However, China does not offer any different technology that reduces the lead time or the slab cycle time. It is essentially the same product, perhaps at an even cheaper cost.

Bharat Seth – Quest Investment: Thank you, and all the best.

Management: Thank you.

Operator: Thank you. A reminder to all participants... [cut off]

Operator: ...to all participants. Anyone who wishes to ask a question may press star and one on their touchtone telephone. I repeat, anyone who wishes to ask a question may press star and one on their touchtone telephone.

The next question is from the line of Kumares Ramachandran from RK Investments. Please proceed.

Kumares Ramachandran – RK Investments: Hello.

Management: Yes.

Kumares Ramachandran – RK Investments: Am I audible?

Management: Yes, yes.

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Kumares Ramachandran – RK Investments: Thank you for the opportunity, and congratulations on a good set of numbers. My first question is whether you would be kind enough to elaborate on this. This fiscal year, we have had excellent growth in the drum closures segment compared to previous years. Will this kind of growth be possible in the future as well? That is the first question.

The second question is that even though we have improved our revenue and operating margin, our operating cash flow has been stuck at around 300 crores. Even on a half-yearly basis, it looks to be around 145 crores. Is there any chance that we could improve our operating cash flow? These are the two questions.

Management: To take your first question, as I said earlier, I think the current demand for the drum closure segment is quite strong across all the geographies in which we operate. In the near foreseeable future, it appears likely to continue that way.

We have also seen a positive impact on the bottom line because of the depreciation of the rupee. An increase in volume, followed by better absorption of fixed costs due to the increase in volume, and rupee depreciation are the three main reasons for the growth that we have seen in drum closure margins.

We expect this to continue, and we expect to be able to maintain it over the next few near-term, foreseeable quarters.

It is very difficult to take a very long-term view because, as I have said earlier, we live in very turbulent times. We do not really take very long-term views. However, looking at the near foreseeable future, a couple of quarters ahead, we are quite comfortable that we will be able to sustain and perhaps grow further from this set of numbers.

Your second question related to cash flow. You are correct that the cash flows, particularly the free cash flows, have not been in line with this. This is the nature of our business.

We cannot assess our free operating cash flows quarter on quarter and, in fact, not even year on year. For example, in our scaffolding business in particular, the business model involves distribution. Most of our sales happen in the US and are made from our own inventory. We manufacture the product, ship it to our warehouses, and sell it from there.

Even in our consolidated numbers, the US company works on a January-to-December calendar year, whereas the Indian entity works from April to March. We therefore consolidate one prior quarter with the current quarter.

When we look at free cash flow, it also includes the prior quarter's sales of the US entity consolidated with the current quarter. This makes the variations in cash flow not fully in sync with the variations in profits and EBITDA.

In addition, when we open a new warehouse, we increase inventory there during the initial 6 months, after which sales start. At that time, we see an increase in the cash deployed.

These types of fluctuations occur, and hence you see that difference. Over a 3-year period, however, things tend to normalize.

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Kumares Ramachandran – RK Investments: Thank you. If you permit me, there is one more question I would like to ask. Does the drum closure segment include our plastic closures as well?

Management: Yes, it does.

Kumares Ramachandran – RK Investments: Could you give us the breakup, please?

Management: Anil, would you like to—

Anil – CFO: The turnover from plastic closures for the first 6 months was around 25 crores, out of the total turnover. On an annualized basis, it can be around 50-60 crores.

Kumares Ramachandran – RK Investments: Is there any scope for improvement on that side? Would the EBITDA margin for plastic closures be similar to that of steel closures, or would it be lower or higher?

Anil – CFO: The margins in plastic drum closures are almost similar to those in steel drum closures. They are doing very well.

We are trying to introduce new models. Let us see how many models are introduced because we do not manufacture normal plastic closures. We manufacture very specialized, non-adulterable closures. Things are in the pipeline, but let us see how it goes.

Kumares Ramachandran – RK Investments: Could you elaborate or provide a little more color on the defense side of the operations, other than JT Cooler?

Anil – CFO: JT Cooler is one of the products covered in our defense division. We also make many other products, but their volumes are not very significant, so we cannot provide much more information.

The defense division moves very slowly, and it takes time to receive orders. We can manufacture whatever is required, but the defense division or the defense department of the government will take it at its own pace. That is all we can tell you at this level.

Kumares Ramachandran – RK Investments: Is it possible to provide any numbers? Any turnover figure?

Anil – CFO: We have orders of around 30 crores in hand. They will be executed over the next 2-3 quarters.

Kumares Ramachandran – RK Investments: Thank you very much for your answer.

Anil – CFO: Thank you.

Kumares Ramachandran – RK Investments: Good luck for the next year.

Anil – CFO: Thanks.

Operator: Thank you. The next question is from the line of Purva Javar from 361 Capital Market. Please proceed.

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Purva Javar – 361 Capital Market: Thanks for the opportunity. My question is on aluminum formwork. You mentioned that the order book is very strong for us. Can you quantify it and also tell us the execution timelines?

Management: The order book stands at about 450,000 square meters or so, and we expect execution to take place over the next 4-5 months.

Purva Javar – 361 Capital Market: For the quarter, can you quantify the forex gain for us?

Anil – CFO: The forex gain for the September quarter was 11 crores.

Purva Javar – 361 Capital Market: My third question is whether there are any new products that we are developing or any products on the whiteboard. Can you elaborate on that?

Management: There are new products. We are adding products within our scaffolding and formwork segment that are synergistic with the use of those segments in construction and industry.

I would not want to provide more details on the products at this point. As and when we launch them, obviously you will hear about them. However, there are products that are synergistic with our scaffolding and formwork products that are being evaluated and developed.

Purva Javar – 361 Capital Market: Got it. That is it from my side. Thank you.

Management: Thank you.

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

Management: Thank you, everyone, for your questions. It was a good session, and we appreciate the interest of all the investors. Wishing all of you a good day and a good week ahead. Thank you.

Operator: Thank you very much. On behalf of 361 Capital Market, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

Anil – CFO: Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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