"Technocraft Industries India Limited

Q1 FY25 Earnings Conference Call"

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MODERATOR: **MS. DARSHA HIWRALE – SYSTEMATIX INSTITUTIONAL EQUITIES**

Moderator: Ladies and gentlemen, good day and welcome to Technocraft Industries India Limited Q1 FY25 earnings conference call hosted by Systematix Institutional Equities. 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 the star then zero on your touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Ms. Darsha Hiwrale from Systematix Institutional Equities. Thank you and over to you, ma'am.

Darsha Hiwrale: Thank you [inaudible 00:43] and good afternoon everyone. This is Darsha Hiwrale on behalf of Systematix Institutional Equities. I welcome you to the Q1 FY25 earnings call of Technocraft Industries India Limited. We thank the management for giving us an opportunity to host the call. Today we have with us the senior management of the company represented by Mr. Navneet Kumar Saraf – Director and CEO, Mr. Ashish Kumar Saraf, Director and CFO and Mr. Anil Gadodia, Group CFO. We'll now hand over the calls to the company management for the opening remarks. Over to you, sir.

Navneet Kumar Saraf: Thank you. On behalf of the management team of Technocraft, I would like to extend a warm welcome to all our shareholders and investors who are joining us for this investor call today. Welcome. Overall, the first quarter June 2024 has been a good quarter for Technocraft. We have posted some growth in revenues over the previous quarter of June 23 as well as the preceding quarter of March 2024.

Total income stands at INR650 crores and the profit after tax is just under INR84 crores for the June quarter which is slightly below the June quarter of 2023, but higher than the preceding quarter. I would now like to open up the call for Q&A.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Chetan Vora from Abakkus Asset Manager. Please go ahead.

Chetan Vora: Good afternoon sir. Sir, I wanted to know this time that the drum closure division has been..

Management: Now you are, but be louder and please use the handset rather than any earphone.

Chetan Vora: Sir just wanted to ask, what is driving the growth for this drum closure division, wherein this is the second consecutive quarter wherein we saw growth of over 18% and the margins are also in the range of 35%, 36%. So what we should be seeing how this division will unfold in terms of growth and profitability?

Navneet Kumar Saraf: Sure. So, the drum closure division is our oldest division and we have market leadership. We are the second largest drum closure manufacturer in the world and we are exporting to almost 75 countries across the world. So, the demand for drum closures, although last year we had a few quarters where the demand was muted because of the Ukrainian crisis, but we have seen a good pickup this quarter.

And hence, we are seeing that both the revenue and profitability is high at par with what it was in the first quarter of last year. These kinds of margins of 35%, 36% are historically normal, the kind of margins that we made in this particular segment. So, we are confident that we will be able to sustain this.

Chetan Vora: In terms of the margins, but what about the growth, sir?

Navneet Kumar Saraf: So, this is not a segment where we see very strong growth because largely the markets are saturated. The buyers are drum producers and we are already supplying to most of the drum producers around the world. Growth is happening in China and in some other countries, but overall, this is going to be, growth will be in single digits, but the margins will sustain.

Chetan Vora: All right. So, I just wanted to understand, again, this 18% growth this quarter, even the preceding quarter, we had seen a growth of over 15%. So, what is driving this growth on a full year basis? Should we consider that it will be a mid-single-digit growth?

Navneet Kumar Saraf: Yes. So, the reason for high growth over the last quarter is because, like I said, the previous two or three quarters were actually slow because of slowdown in the European business predominantly on account of the Ukraine crisis. That still remains slow, but we have been able to increase business from other countries. So, that is why, you know, the growth is stronger, but now the kind of volumes that we are doing in this quarter is representation of what we have historically done.

Chetan Vora: All right. All right, sir. So, second thing on the scaffolding, the division was anyway seeing a good amount of growth. The profitability on the quarter economy is quite lumpy. So, how should one see this division in the scaffolding?

Navneet Kumar Saraf: On a quarter-on-quarter basis, it is actually difficult to compare the profitability because, you know, many of our foreign subsidiaries have different financial year reporting. So, for example, our US subsidiary, which is the largest distribution company, there we have a Jan to December calendar year accounting versus April to March year. So, when we consolidate, it is always one quarter backwards, which does create variations.

And so, therefore, quarter-on-quarter, the profitability can vary in a particular business. Right. Although, if you see the profitability this quarter compared to the, again, the first quarter of last year is lower. First quarter of last year was over 25% and this quarter is about 16%. There has also been some challenges on account of higher cost of raw material, mainly aluminum, which has seen a strong increase in cost. So, that also to some extent has played a part. But overall, I think the profitability cannot be compared and seen on quarter-on-quarter.

Chetan Vora: Right. So, on a full year basis, how should one see this division to plan out? And especially, you know, the capacities are also coming on stream by the end of this year. So, for the full year for this year and next year, what is the outlook for this division in particular?

Navneet Kumar Saraf: Right. So, there is a new capacity that is getting added in Aurangabad that is going to, you know, we are going to see a material impact of that in the second half of this year. Right now, production has started and it is slowly ramping up. And we will see in the next fiscal year, that is FY '26, we will see about INR450 crore increase in revenue and about…

Chetan Vora: From next year onwards? From next year itself?

Navneet Kumar Saraf: Yes, that will be for the full financial year of next year FY '26. And we will see a bottom line impact of about INR80 crores. This year in FY '25, we will see probably, you know, about a INR60 crores increase in revenue on account of the Aurangabad facility and roughly about INR10 to INR15 crores increase in profitability.

So, not much this year, but we will see maximum in the next year. One should look at the profitability of this segment on a full year basis. So, on a full year basis, we should be, you know, close to the kind of run rate that we have set and we have started with in the first quarter. But it will not be a steady same profitability every quarter.

Chetan Vora: Right. And when you say profitability, it is PBT or PAT, sir?

Navneet Kumar Saraf: No, no, PAT is different. We are reporting, this is EBIT. So, it is basically not PBT after depreciation, but before interest.

Chetan Vora: Got it, got it, sir. And how much we would have incurred for this new plant, INR450 crores revenue potential for which we will be getting the profitability?

Navneet Kumar Saraf: How much is the investment? Is that your question?

Chetan Vora: Yes, yes, sir.

Navneet Kumar Saraf: Yes, the total investment planned is about INR350 crores, including working capital.

Chetan Vora: Okay. And on which the potential revenue will be INR450 crores, yes?

Navneet Kumar Saraf: Yes.

Chetan Vora: Right. And, sir, as of this, the facility which is going to come up in the second half, how should [inaudible 0:09:46] it be broken up?

Moderator: I am sorry to interrupt, sir. The current participant has been disconnected. We will move on to the next question. It is from the line of Vikas Gupta from Liminal Capital. Please go ahead.

Vikas Gupta: Hello. Thanks for the opportunity. So, the first question is regarding the Technocraft form work, the aluminum division, I think the capacity is around 60,000 square meter per month. Is it right?

Navneet Kumar Saraf: Yes.

Vikas Gupta: So, can you just tell me the potential revenue from this particular unit?

Navneet Kumar Saraf: At 60,000 square meter per month, the total potential revenue is about INR800 crores. Of this INR800 crores, INR450 is incremental, INR350 crores is going to get transferred from the existing unit in Murbad to the Aurangabad unit.

Vikas Gupta: Okay. And we are expecting this to come on stream from next year, right? FY26?

Navneet Kumar Saraf: Yes.

Vikas Gupta: So, the second question is regarding the scaffolding division. We were experiencing some softness in demand from Europe. So, what is the status of that? And what exactly do you look out for the anticipation of demand, Vikas? Is it the construction activity or the order line, order books?

Navneet Kumar Saraf: Yes, softness in demand from Europe continues. The market is quite slow there. And that continues. And what was your second question?

Vikas Gupta: I just want to understand the data points that you track for anticipating demand uptake. Is it like construction activity you track or any order book that you have? Right.

Navneet Kumar Saraf: So, no, we track our order book. As such, we have close contact with all the construction contractors in the various countries that we do business with. From the construction contractors, we are able to gauge information on upcoming capital projects in industrial and commercial and infrastructure activities. Based on that upcoming projects, we get anticipation of uptake of equipment demand. So, that's how we track.

Vikas Gupta: Okay. So my last question is regarding the textile unit. I think we had turnaround in Q4, but this quarter has been a little soft. So what is your outlook over this division?

Ashish Kumar Saraf: Yes, hi. I'll answer that question. So in the first quarter of this year, we have commissioned a new spinning unit in our existing location, Amravati itself. Now that unit was to have full production by end of May. But we got late in that because of getting the labor and all that took a little more time than we expected because of these elections and all that happening, we got a little disturbed.

So that revenue of that second unit did not come into quarter 1, whereas the depreciation has all come into the quarter 1, but without any revenue. So that happened there. But now the unit is up and running almost at now we are about 80% capacity. So I think second quarter, we will recover from the quarter 1. And quarter 3 and quarter 4, we will have similar results like what we had last year in terms of EBITDA percentage. In absolute values will be more.

Vikas Gupta: Okay. And sir, on the defence side, you are working on a few developments, right? So any update on that, any new order or any breakthrough?

Navneet Kumar Saraf: Yes. So on the defence, that is still a division that is evolving. We are working on various new products, new technologies like missile launchers and JT coolers and products like these largely for DRDO. They are under various stages of testing and approvals. We have received some orders as well, not very large. But I think this division is going to take some more time before it starts to become commercially visible, you know, in terms of ours.

Vikas Gupta: Okay. And the use cases into missiles and other places, like can you just explain a few of the use cases?

Navneet Kumar Saraf: Basically, we don't manufacture missiles. There are few items which are attached to the missile. The most common one, most interesting one is on the tip of the missile, when it goes with the supersonic speed, the heat gets increased. So in order to cool the tip, there is something called JT coolers. So we have manufactured around 50 pieces as a sample and gave to DRDO and each and every piece has been duly approved well before they expected the time. So we are in dialogue with DRDO and Défence Department of the government so that they can place commercial orders. So let's hope we get in days to come.

Moderator: The next question is from the line of Pratik Phalke from SEPL Group. Please go ahead.

Pratik Phalke: So I have three questions. I will ask it one by one. The first one is regarding the scaffold segment. So in the previous quarter, it was mentioned that there was that waiting certain European certifications, which would enable us to access a larger market for complete scaffolding systems. So could you please provide an update on this development?

Navneet Kumar Saraf: Yes, that certification is still awaited. We are under very advanced stages actually, you know, of getting it. And we are probably about a month away, maybe even lesser in getting that certification. It is called the B certification from an agency in Poland. So, Yes, we hope to be able to get that by the end of September.

Pratik Phalke: By the end of September. Okay. The second question is regarding the aluminium formwork segment. So there is a lot of competition, like domestic also and Chinese players also. So I just wanted to know what is the company's current market share in the aluminium formwork segment, and if you can provide any view on the order book?

Navneet Kumar Saraf: Yes, there is a lot of competition in the domestic segment, but we are able to compete and mainly because the demand is also quite strong. So in spite of competition, there is strong demand and strong growth in demand, not just in India but worldwide. Currently, our capacity is constrained. And hence, we are not even able to export this. 100% of our capacity is consumed in servicing demand in India. We did about INR300 crores of sales of this aluminium formwork in FY '24. We are currently sitting on order book of almost INR200 crores of this particular segment. So that is roughly 80% of last year's sale. And so, therefore, the demand outlook is quite good.

Pratik Phalke: Yes. And any idea on the market share, if you hold?

Navneet Kumar Saraf: Our market share is evolving. I think our market share right now will be about 10%, around 10% in this particular segment in India. And this is something that is evolving.

Pratik Phalke: Okay. The third question is regarding the defence segments. So you already gave a clarification regarding the orders. I just wanted to know how does the defence segments align with the company's existing verticals like scaffolding and textiles?

Navneet Kumar Saraf: It is engineering oriented. The company's three engineering businesses are there like drum closure, scaffolding and engineering services. So the defence business actually aligns well with that. It is based on mechanical, electrical engineering, technology development, fabrication. In scaffolding, we do a lot of fabrication. So the skill sets that the group possesses, similar kinds of skill sets are required in the defence business. So that's how it aligns.

Moderator: The next question is from the line of Riya Mehta from Aequitas Investments. Please go ahead.

Riya Mehta: Congratulations on a good set of numbers. So my first question is in regards to the volume numbers. So, basically, for formwork, we are seeing a little decline. So what would be the reasons for that?

Navneet Kumar Saraf: In formwork, mainly it was the steel formwork for the infrastructure, which declined. The aluminium formwork actually grew over FY '23. So steel formwork declined because of lackluster offtake and execution in the infra segment, mainly leading up to the build-up to the elections. What we saw was while we were sitting on order book of almost 2,000 tons, but the sites were not ready to execute because of paucity of funds and other challenges. So, that was the main problem last year with the steel formwork business.

Riya Mehta: So, currently, what outlook are you thinking for the steel formwork business?

Navneet Kumar Saraf: It is better than last year. So, last year, in fact, the second half of last year was particularly bad. It has picked up and it is the total volume is currently better than what it was in FY '24, but not yet at the same level as what we saw in FY '23.

Riya Mehta: Got it. So, around this quarter, we had…

Navneet Kumar Saraf: But overall, this will not have a material impact because the steel formwork is a smaller portion of our total formwork business. So, the increase in volume that we are seeing in the aluminum formwork will, far outweigh the reduction in volume in this.

Riya Mehta: Got it. Also, with the decrease in the steel prices, do you think there will be a scope of further increase in margins for the drum closure segment?

Navneet Kumar Saraf: No, I think the margins are currently what they are and it will remain steady at this. If there is, that will be good, but I do not foresee significant increase because from the 35%, 36% that we are at right now.

Riya Mehta: Okay, got it. And could you elaborate more on the opportunities of [MAK-1 21:33] and how it is shaping for you?

Navneet Kumar Saraf: So, MAK-1, like I said earlier, the demand is very strong. We are sitting on 6 to 7 months of order book right now. That is why we are doing the capacity increase with Aurangabad plant, backward integration with our own aluminum extrusion plant. We are also planning to start exports of MAK-1 from the fiscal year onwards.

Some export orders have already been received from the North American market, which are being serviced. South America is being looked at. Saudi Arabia is another market that we are looking at very closely for MAK-1. So, MAK-1 is definitely a business that over the next 3 years, there is very strong growth potential.

Riya Mehta: Got it. And in terms of scaffolding, since 50% is exports for us, have you seen any impact of the freight rate and do we foresee it to reverse, the trend to reverse going forward?

Navneet Kumar Saraf: Yes, we have seen an impact of the freight rate. The freight rates have actually increased quite substantially, but that does not affect our margins. We are able to pass on the freight rate to the end customers, because it is not just for us, it is for everybody. Even from China, the freight rates have increased substantially.

Riya Mehta: Got it. Also in scaffolding, last year we were seeing some slowdown in U.S. and Europe. So, how are things right now?

Navneet Kumar Saraf: So, in U.S., there is no slowdown as of now. We are seeing quite steady demand growth coming from there. Europe, like I said, continues to be slow.

Riya Mehta: Got it. Thank you. That's it from my side. I will join the queue for further questions.

Moderator: The next question is from the line of Jai Jain from Suite Investments. Please go ahead.

Jai Jain: Good afternoon and thank you for allowing me to have questions. The first question is, with so many moving parts in your business, so many lines of businesses, can you leave us with some kind of guidance for this year and the next year?

Navneet Kumar Saraf: With so many moving parts? Your question was with so many different divisions in the business.

Jai Jain: Yes, that's right.

Navneet Kumar Saraf: What is the guidance?

Jai Jain: New capacities coming up also.

Navneet Kumar Saraf: Right. So, there are four divisions in the business, four segments which are clearly communicated. And the new capacities are coming up in two of the divisions, in the formwork division, where the new capacity is coming up in Aurangabad and in textiles, the new capacity has already come up, already done in Amravati.

Other than that, there is no new capacity that's coming up or come up. And as far as guidance is concerned, we generally don't give forward-looking guidance. We are, I think the, what we have communicated in terms of increase in the scaffolding business on account of the new capacity, those will come.

So, as I mentioned earlier, FY '26, we will see about INR450 crore increase in top line. We will see about INR60 crores this year on account of the Aurangabad plant. So, that will happen in the scaffolding division. And yes, I think that's where it is.

Jai Jain: What about the textile division? What can we expect from there?

Ashish Kumar Saraf: So, this year, we will be adding about close to INR120 crores, INR130 crores, or maybe even INR150 crores of revenue, top line in the yarn division, because of the new capacity addition. We got short of INR200 crores target because the first quarter, the plant could not get commissioned on time, because of some unavailability of labour at the right time. That's as far as yarn is concerned.

EBITDA level, we expect it to be similar to the EBITDA percentage of last year, which was about close to 10%-odd. For the fabric division, we are expecting to make a positive EBITDA for sure this year. Our target is to reach about 8% of EBITDA from negative EBITDA of last year.

And in the garment division, we are expecting also EBITDA level of about 15% with a top line of about INR110 crores, INR120 crores by end of this financial year. And in fabric, we are expecting about top line of about close to INR170 crores, INR180 crores by end of this financial year.

Jai Jain: My next question is that with this, I am assuming that this is the last buyback of the company. What, how would you be rewarding the shareholders and so on?

Navneet Kumar Saraf: Well, we have not, there are various options, dividend is obviously an option that is there. So, I think it's premature right now to comment on that. We have historically been doing a lot of buybacks. This is our fourth buyback that's coming. And probably as you rightly said, this may be the last buyback, because buyback is no longer tax friendly. So, we'll see. But we'll definitely continue rewarding shareholders like we have always done in the past.

Jai Jain: Okay, thank you.

Moderator: The next question is from the line of Sandeep Rawat from Yogya Capital. Please go ahead.

Pradeep Rawat: Yes, this is Pradeep Rawat from Yogya Capital. So, my first question is regarding our textile division. So, we are winding up operation from our Bombay unit. So, how much value can we realize from the sale of assets there? And when can we expect the proceed to flow into cash flow?

Ashish Kumar Saraf: So, Sandeepji, the Bombay unit, we shut down operations last year in October, which was the spinning operation. And those assets have already been contracted for sale. I mean, we already entered into a contract with a party. And they are being lifted now every month. He's lifting some machines and paying for it.

Totally, we have sold this asset for about INR24 odd crores, which is much higher than the written down value of the asset. And out of that we've received, we have completed almost about 50% of the transaction, which has resulted, which has been added in the cash flow. I think in the next two, three months the balance also will get completed.

Pradeep Rawat: Okay. So, don't we have the land in the Bombay unit or it is leased?

Ashish Kumar Saraf: No. Land is our own asset that's owned by us. It was only the machinery that we have sold. So, the building and the land are still part of our asset.

Pradeep Rawat: Okay. So, it is being utilized right now or are we looking to sell it?

Ashish Kumar Saraf: No, we are looking to rent it.

Pradeep Rawat: Okay. And what would be the value of the asset?

Ashish Kumar Saraf: So, the land value over there is close to it's close to between INR80 crores to INR100 crores. It's about 45 acres of land. And it's easily INR2 crores per acre value over there. We are on the highway. It's right on the highway. The highway also is getting widened. So, the value is only going to go up actually.

Pradeep Rawat: Okay. Understood. And your comment regarding the textile division the revenue that you are expecting and margins. So, I missed that part earlier in the call. Can you repeat that part also?

Ashish Kumar Saraf: Yes, sir. So, in the yarn mill, in the yarn division with this second unit, which is started this year. So, we expect to add to the top line of about INR110 crores, INR120 crores or maybe up to INR150 crores also, if we can catch up on the lost time. On the top line, we will add to the revenue.

The EBITDA percent, we expect in the yarn business to continue as it was last year, which is about 10%. And in fabric, we expect to do a top line this year of about INR170 crores or INR280 crores. And we are targeting an EBITDA of about 8% this year because the global market has not been very conducive. In apparel, we aim to do about 110, 100 to 120 in between INR100crores to INR120 crores of top line. And there we expect to earn about close to 14% to 15% of EBITDA.

Pradeep Rawat: And all this is incremental, right?

Ashish Kumar Saraf: No. This is what I have told you is absolute, I mean the total. The yarn was only the incremental figure. So, totally in yarn, we will -- we expect to do a top line of about INR350 crores.

Pradeep Rawat: Okay, understood. And my next question is regarding a scaffolding business. So, what I understand is that we have order books. So, do we bid for these orders or is it kind of recurring in nature?

Navneet Kumar Saraf: No, we bid for these orders. The order book that I gave you was for the aluminum formwork business. These orders come from developers. So, some are recurring, some are new projects but these are largely capital projects for new building construction. So, we are bidding for these orders.

Pradeep Rawat: Yes. And what would be the time period between bid and order like order awarding?

Navneet Kumar Saraf: I mean, it varies. On an average, I think the total sale cycle may be about a month or so.

Pradeep Rawat: Okay. And last question, you said that we witnessed slowdown related to election in steel formwork. So, why didn't we witness it in aluminum formwork?

Navneet Kumar Saraf: Because steel formwork business is largely government funded. It's for infrastructure business. The steel formwork is supplied for all the infra projects like bridges, highways, tunnels, metros, etc. Whereas the aluminum formwork is for private building construction.

Pradeep Rawat: Okay, understood. Thank you for answering all the questions and best of luck.

Moderator: The next question is from the line of Chetan Vora from Abakkus Asset Manager. Please go ahead.

Chetan Vora: Yes, sir. Wanted to ask, on the investment of capital the investment of INR350 crores the potential revenue will be INR450 crores or more than that?

Navneet Kumar Saraf: INR450 crores is the potential new revenue. The total revenue is INR800 crores. But like I said, of the INR800 crores, INR350 crores is what is already getting transferred from the existing facility. So, the increase in revenue on account of that INR350 crore capex is INR450 crores.

Chetan Vora: All right. And this thing for the revenue which is going to come from the new facility for this year in the second half and the next year and for the next year for the full year INR450 crores, facts of that, what will we like to like the revenue for this scaffolding?

Navneet Kumar Saraf: It will be about 20%.

Chetan Vora: 20% growth?

Navneet Kumar Saraf: 20% of revenue. So, INR450 crore incremental revenue will give us an EBIT of about INR90 crores.

Chetan Vora: That's what I got. I was asking on the revenue front that existing for this, what revenue should one should see on the scaffolding, just sort of like to like the organic growth rate because this is for the new capacity. For example, this year March '24, we ended the year with INR1030 crores. And this year, we are seeing the growth of what and for the next year what?

Navneet Kumar Saraf: So, the organic growth for the scaffolding and formwork segment will also be there to be about 15% over FY '24. So, we should see a 15% increase in revenue on account of organic growth.

Chetan Vora: 15% revenue growth and over and above the revenue of INR60 crores, which is going to come in the second half. And for the next also 15% revenue growth and our revenue of INR450 crores, right?

Chetan Vora: And on the engineering, you had mentioned in the last con call that we have added manpower, quite a bit manpower. So, what's the outlook on the engineering front, sir?

Chetan Vora: In the engineering services business?

Chetan Vora: Yes.

Navneet Kumar Saraf: That is also seeing good growth. We achieved revenue of close to INR200 crores in FY24 and FY25, we should be about 20% more, we are seeing 20%, 25% growth in that particular business. So we should be growing at that level, at least for the next three years for sure.

Chetan Vora: Okay, great sir. And lastly you had come on the television and you had mentioned that for FY25, you are seeing a profitability of INR350 crores plus and for the FY26, INR500 crores plus. This is at what level in the profitability when you had mentioned on the television?

Navneet Kumar Saraf: This is PBT level. We are talking PBT, profit before tax. So, profit before tax INR500 crores level that we expect to touch FY26 would be at PBT level.

Chetan Vora: PBT level, right?

Navneet Kumar Saraf: Yes.

Chetan Vora: Okay. Got it, sir. Thank you.

Moderator: Thank you. The next question is from the line of Namish Gupta from Namish Gupta and Company. Please go ahead.

Namish Gupta: Yes. Hi, sir. Is my voice audible to you?

Navneet Kumar Saraf: Yes.

Namish Gupta: Sir my question is that actually if I see the last three years numbers it is flat and our substantial growth which has come from March 21 to March 22 when our revenue reached around INR1300 crores to INR1900 and after that March 22, March 23, March 24 it is kind of a flattish revenue where our revenue has increased from INR1900 crores to INR2200 crores. So around 10% to 15% growth is there from last three years and if I see the PAT so our PAT is flattish which was in March 22 INR274 crores that has reached in March 24 it has reached to INR279 crores. So, in three years also INR5 crores increase has come. So I wanted to understand in numbers that in March 25 and March 26 where we do see ourselves in revenue and PAT?

Navneet Kumar Saraf: Sir, you are referring to the PBT numbers.

Namish Gupta: Sir I am referring to PAT numbers profit after tax. In March 22 it was around INR274 crores and in March 23 it is INR278 crores and in March 24 it is INR279 crores?

Navneet Kumar Saraf: Firstly what you said the revenue which was in March 2021 we saw a jump from INR1300 crores to INR1900 crores and after that it has increased steadily from there to here. So, exact percentages my Group CFO can probably come to you on that. But I can give you an overall view on this.

Why is it that in the last three years the growth has been lesser than that one jump that we received three years ago? Because that's, I think, conceptually, the point you are making. So, that is mainly because of the capex cycle. We had done a substantial increase in the scaffolding segment in that year 2021, where the scaffolding business had grown from probably I think, if my memory is right about INR400 crores revenue to about INR800 crores, INR850 crores revenue.

So, because of this, that INR600 crores increase was there. After that, we are doing the next major capacity expansion now which we announced last year for the Aurangabad plant. So we will see that INR450 crores jump in FY26. So, this happens once every five years. So, next year FY26, we will again see a similar situation to what we saw in FY2021.

We will see an increase of almost INR650 crores in total revenue next year. So, that's really got to do with the capex cycle of the company and in between the capex cycles, the growth that we are seeing is regular organic growth in the business.

Namish Gupta: And for like March 25, sir at least 30% of topline growth, can we assume, sir?

Navneet Kumar Saraf: No, in March 25, we will not have 30% because we will not have the full benefit of Aurangabad. No, March 25, there will be around INR150 crores in textile including that, there is a possibility.

Namish Gupta: Sir, in March 22, our top was like 21% which was in 23 remained 20% and in 24 it remained 18%. Can we get back to 21% in March 25 for a year, for a complete year?

Navneet Kumar Saraf: You see, that is a little difficult because we are working with moving targets there. We would certainly like to, but it is difficult to say on that because like I said in the scaffolding formwork segment, our prime raw material is aluminium. So, in aluminium, we are subject to a little bit of volatility in the raw material prices. Having said that, our own aluminium extrusion plant is getting started which will hedge us, but that is going to primarily be in FY26. So, it is possible, but again it is not something that we can be very sure of.

Namish Gupta: Got it. Sure sir. Thank you.

Moderator: Thank you. As there are no further questions from the participants, I would like to hand the conference to the management for their closing comments.

Navneet Kumar Saraf: Thank you, everybody for attending and participating in today's Investor Call and your insightful questions. On behalf of the Technocraft management team we thank everybody and we look forward to the next one. Thank you, everyone.

Moderator: On behalf of Systematix Institutional Equities, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.