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To,
Corporate Relationship Department
BSE Limited,
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400001

BSE Scrip Code: 544695

Subject: Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015- Submission of Transcript - Earnings Conference Call

Dear Sir/Madam,

This has reference to Regulation 30(6) read with Para-A of Part-A of Schedule-III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). In accordance with the Listing Regulations, we hereby enclose a copy of Transcript of Earnings Call held on Thursday, 14th May, 2026 at 11:00 AM (IST) pertaining to HY2 and FY26 financial results and the same has been uploaded on the dwebsite of the Company i.e. www.msafegroup.com.

Kindly take note of the same in your records.

Thanking You,

For Msafe Equipments Limited

Renuka Uniyal
Company Secretary & Compliance Officer
M No. A71663



“Msafe Equipments Limited H2 and FY26 Earnings Conference Call”

May 14, 2026



MANAGEMENT:

AJAY KANOI - WHOLE TIME DIRECTOR

PRADEEP AGARWAL - CHAIRMAN AND MANAGING DIRECTOR

SOMBIR BISLA - CHIEF FINANCIAL OFFICER (CFO)

Organized by: Moonwalk Capital

Operator: Good morning, everyone. Welcome to Msafe Equipments Ltd. H2 earnings conference call. On behalf of Moonwalk Capital, I would like to thank management for giving us the opportunity to host this conference call. Investors and participants, please note this call is being recorded. Post the opening remarks of the management, you can raise your hand to ask questions. Also, as a part of compliance, please note this call is now being recorded and may contain certain forward-looking statements which should be viewed in conjunction with the risks and uncertainties of the company's matters. I would now like to hand over the call to Mr. Ajay Ji Kanoi for his opening remarks.

Management: Good morning everyone and thank you for joining Msafe Equipments Ltd.'s maiden earnings conference call. I am Ajay Kanoi, the Whole-Time Director of Msafe Equipments Ltd. We are pleased to interact with all our shareholders and investors for the first time following our successful IPO and listing. On behalf of the entire Msafe team, I would like to thank all stakeholders for the trust and confidence placed in us.

FY26 has been a landmark year for the company. We delivered strong operational and financial performance while simultaneously laying the foundation for our next phase of growth. Msafe today operates as an integrated scaffolding and access solution platform with a differentiated manufacturing plus rental model. We continue to believe that the rental business remains the most strategic part of our business due to its recurring cash flow nature, strong asset utilization, high return ratios, and infrastructure-light economics.

One of our biggest milestones during the year was the successful completion of our IPO to expand our capacities in both manufacturing and the rental business. I am also pleased to share that our MS scaffolding capacity has already reached approximately 6,285 tons through temporary facilities developed on rental premises. This scale-up has been achieved significantly ahead of the planned timeline indicated at the time of the IPO, reflecting both strong executional capabilities and healthy demand momentum.

Post-commissioning of the owned facility, which is expected to commence by May 2027, we will strategically evaluate whether to continue with the temporary capacities depending on demand visibility, utilization levels, and operational efficiency at that time. As a part of the rental business expansion strategy, we have already utilized approximately 25% of the IPO proceeds allocated towards building rental assets by FY26, while the remaining amount is expected to be utilized by the second half of FY27. With that, I now hand over our call to Chairman Mr. Pradeep Agarwal to discuss the strategic growth plans of our company.

Management: Good morning everyone. I am Pradeep Agarwal, Chairman and Managing Director of the company. There is an important strategic development during the year was our entry into the aluminum formwork segment, which marks a significant milestone in our evolution from a safety equipment provider to becoming an integrated structural equipment solution company. We have launched our flagship product in this segment and onboarded experienced leadership, including a dedicated business head for formworks.

We continue to maintain our belief that our business model is highly scalable, which is clearly reflected in our financials as shown during our IPO. To put our scale into perspective, we currently operate across approximately 1,000 to 1,500 construction and infrastructure sites, which provides us with a significant advantage in cross-selling additional products and services to an already established customer base. Our entry into the formwork segment is a strategic step towards increasing customer wallet share and

expanding our integrated structural solutions and offerings.

Going forward, we plan to further strengthen our pan-India distribution presence and service network by increasing warehouse density across India. Currently, we are located within a 500-kilometer radius and we want to move to a 250-kilometer radius. The Indian scaffolding market continues to benefit from strong infrastructure spending, increasing safety compliance, and a structural shift from unorganized to organized players. We believe Msafe can capitalize on these trends.

Looking ahead, with the commissioning of new capacity, expansion into formwork, increasing rental penetration, and new product introductions, we expect a growth momentum with a CAGR of approximately 50%. And now I want to hand over this presentation to our CFO, Sombir Bisla, for further discussion.

Management: Good morning everyone. I am Sombir Bisla, CFO of Msafe Equipments Ltd. Our revenue from operations grew by approximately 45% year-on-year to 103.5 crores, while EBITDA increased by nearly 57% to 49.9 crores. PAT grew by over 72% to 22.02 crores. Importantly, the EBITDA margin expanded to 39.49%, reflecting the strength of our rental-led business model and operating leverage.

For FY26, revenue from operations stood at 103.5 crores, registering growth of approximately 45% year-on-year. EBITDA grew by nearly 57% to 49.9 crores, while profit after tax increased by over 72% to 22.02 crores. The EBITDA margin improved to 39.49% compared to 36.55% in FY25, while the PAT margin expanded to 21.66%. The improvement in profitability was driven by a high contribution from the rental business, better operating leverage, improved asset utilization, and disciplined cost management.

Post-IPO, the company's balance sheet has strengthened meaningfully, enabling us to accelerate our expansion plan. We have already deployed approximately 11% of the IPO proceeds earmarked for the expansion of manufacturing and the rental business, while the remaining amount is expected to be utilized in FY27. In terms of the expansion plan, we are in the advanced stages of land acquisition, while orders for advanced technology machines have already been placed.

Operator: Thank you, sir. I would now request investors to raise their hands to ask questions. Before we move ahead, I would request management to show some light on the rental business model. I am displaying the rental business slide now.

Management: Good morning, everybody. Our rental business model provides a high margin of return. In MS scaffolding, the yield varies from 32% to 38% per annum, and in aluminum rental, the yield is 60% to 66% per annum. We are operating all this business through company-owned warehouses all over India. We currently have 18 warehouses. Therefore, the entire supply chain is in the hands of the company, from manufacturing to renting. We have sufficient storage space and 20 years of experience handling operations and sales in this product segment.

We are one of the organized players in this industry compared to our peers, most of whom operate locally. We are an organized player offering a pan-India solution to our esteemed clientele. We are currently operating with nearly 2,500 customers at 1,000-1,500 different

sites all over India. From our warehouse in Coimbatore to Guwahati, you can understand the reach and penetration we have.

Operator: Thank you. Our first question is from the line of Nishita Shanklesha from Sapphire Capital. Please unmute and ask your question.

Nishita Shanklesha - Sapphire Capital: Good morning. I had a few questions on the capacity expansion we are undertaking. In the presentation, it is mentioned that we have already expanded the MS scaffolding capacity, and the total capacity is now 62.85 lakh units. I wanted to understand the current utilization rate of that capacity.

Management: Ma'am, we have already increased our capacity; we doubled it as committed. We had committed to this capacity expansion over the span of a year, but we achieved it in 2 months because of high market demand. Currently, my factory is working throughout the day, sometimes 24 hours, and we are fully jam-packed. We might increase the capacity later once I have the larger factory available. So, the answer is straightforward: we are currently fully occupied.

Nishita Shanklesha - Sapphire Capital: Okay, so we are at peak utilization. That is safe to say. At peak utilization, what is the revenue we are earning from this capacity?

Management: Revenue is split between two parts. Our main model is rental, so we are more focused on that. Currently, we are generating approximately 1 crore per month in rental from steel scaffolding.

Nishita Shanklesha - Sapphire Capital: Sorry, you were not clearly audible. How much revenue are we generating?

Management: Approximately 1 crore per month in rental from steel scaffolding, and around the same figure- about 1 crore per month-from sales. Meaning around 70% of the material is deployed on rental and about 25-30% is sold. This is the current ratio in steel scaffolding.

Nishita Shanklesha - Sapphire Capital: Okay, so it is 1 crore per month of revenue at peak utilization?

Management: Approximately. Revenue is continuously increasing, so we are not in a position to give you a firm figure right now.

Nishita Shanklesha - Sapphire Capital: Okay, understood. Regarding the aluminum scaffolding capacity expansion where we plan to add 10 lakh units, when is that going to commence? What is the update on that?

Management: Ma'am, we have added a few machines in the ladder segment, but the full capacity addition will happen only once we have the new factory.

Nishita Shanklesha - Sapphire Capital: And when will that be?

Management: It is going to take at least until December 2026.

Nishita Shanklesha - Sapphire Capital: So, in December 2026, we can commence with the added aluminum scaffolding capacity?

Management: We will partially start by December 2026, and it should be completely finished by May 2027.

Nishita Shanklesha - Sapphire Capital: Okay, so we can expect the full commencement by Q1 FY28.

Management: Partial expansion will start by December, and whichever division of our company is experiencing more demand, we will start expanding the capacity of that division first.

Nishita Shanklesha - Sapphire Capital: Okay. And what is the peak revenue expected from that capacity?

Management: It is split product-wise, ma'am. In aluminum, we are currently selling about 3 crores of material per month, and our rental revenue from aluminum is about 3.5 crores per month. Going forward, we propose to take aluminum scaffolding sales to 4 crores and rentals to about 4.5 crores.

Nishita Shanklesha - Sapphire Capital: Is that after the new capacity is added?

Management: Yes, after the new capacity is added.

Nishita Shanklesha - Sapphire Capital: Okay, understood. I would also like to ask about the margins. We have achieved very good margins of approximately 40% in EBITDA and 22% in PAT. Are these margins sustainable going forward?

Management: The product mix is going to change in the current financial year. We are adding a new product, which is aluminum formwork. In aluminum formwork, the major portion will be sales. In that segment, the margins may not be as high as in the rental business. Again, in steel scaffolding, our business is going to grow substantially in the current financial year. The 40% margin might fluctuate slightly, but overall, we will be growing.

We will try to maintain this range. Because even in formwork, our model is a little different from the rest of the market. We are also renting that product, so our yield will be among the highest in that segment.

Nishita Shanklesha - Sapphire Capital: Right. So, the current revenue bifurcation is 43% from rental services and 47% from sales. How do we see this mix in FY27?

Management: It may fluctuate by 3-4%. The contribution of sales may increase. It might go to 60-40 or 38-72, something in that range.

Nishita Shanklesha - Sapphire Capital: Could you give a margin split between rental and sales?

Management: Again, that depends on the product. In steel scaffolding, the selling margins are very thin as it is a commodity. However, in aluminum, the selling margins are also good; our gross margins are roughly 30%. In steel scaffolding sales, the gross margin is about 5-6%. In formwork, we are expecting a gross margin of 10-15%.

Nishita Shanklesha - Sapphire Capital: So, the aluminum selling margin is 30%, right?

Management: Yes. Moreover, we are price positive on the aluminum side even after the war. We are also somewhat price positive on the iron side. Aluminum is truly a commodity. We are carrying huge inventory, both in internal in-process and finished stock. Over time,

with a 40-50% increase in aluminum prices, that benefit has been quite large and is not yet fully reflected on the books.

Nishita Shanklesha - Sapphire Capital: Understood. That is all from my side. Thank you.

Operator: The next question is from the line of Vishvender Singh from Prudent Equity. Please unmute and ask your question.

Vishvender Singh - Prudent Equity: Hi, sir. Am I audible?

Management: Yes, you are.

Vishvender Singh - Prudent Equity: Sir, regarding the formwork segment, by when will this capex be commissioned? What will be the revenue contribution for this year and next year?

Management: We have already placed the order for machinery. We hope that by the end of June, our production will start. In the first year, we have set a modest target of 30-40 crores. From next year onwards, we will be increasing this segment multiple fold. The biggest player in this segment is Knest, and they are doing a turnover of more than 2,000 crores. There are many players in the 500 to 1,000 crore band. The market potential and the supply-demand gap are substantially high. In the next couple of years, we want to see ourselves as one of the top three players in this segment.

Vishvender Singh - Prudent Equity: Regarding growth, you mentioned you are looking at at least 50% growth. Can you please bifurcate how much growth you expect from each segment, considering a lot of your capacity will contribute in the next financial year?

Management: In our core business, we are expecting about 20% growth. In steel scaffolding, the growth will be multiple fold. This year, our total steel scaffolding sales and rentals put together was only 5 crores. That will increase multifold—perhaps by 5, 7, or 10 times. Time will tell. Aluminum formwork will be a new division, so we have kept a modest target for that.

Vishvender Singh - Prudent Equity: Aluminum prices have skyrocketed in the last year. How are you dealing with the raw material price escalation?

Management: In sales, we don't have much of an impact because we don't carry a huge order book. Our orders are for a maximum of 7 days, so we are able to pass on any increase or decrease to the customer. It is totally flexible. In the rental yield, however, increasing rentals is quite difficult. Since our margins in the rental segment are already quite substantial, we have to absorb a bit of it.

Our focus remains on the rental part as we are a rental company. We are creating more efficiencies in our lines to maintain good performance in that segment. I would like to explain one unique thing about our product rental. In our books, we write off the asset with 15% depreciation. Over a period of 5 or 6 years, the book value becomes negligible. However, if you look at the physical stock in the long run, metal prices keep going up, and ultimately, we are able to sell it as scrap for more than our original production cost over time. This is a very big advantage of our product rental compared to any other depreciating asset.

Vishvender Singh - Prudent Equity: Just to confirm, you mentioned you are looking at approximately 30 to 40 crores of revenue from the 6 crore capex in formwork. Is that correct?

Management: The 6 crore is not exactly the capex on machinery; it will be a little less. However, regarding inventory, it will likely be higher because we have to maintain aluminum inventory, and buying aluminum is currently at a high cost.

Vishvender Singh - Prudent Equity: Got it. Thank you, sir.

Operator: The next question is from the line of Preen Gala from Sage One Investments.

Parin Gala - Sageone Investments: Good morning, sir. What is the rationale behind making such high yields on rentals for scaffolding? Why wouldn't a customer just buy it instead? Yields of 32% and 66% respectively are very high.

Management: Despite the huge rental market, there is an equivalent market for sales as well. It is a commodity, which is why margins in sales are thin. Why would I rent out a product if I didn't get this type of yield? There is a high demand for this product. Most of our competitors are regional players, whereas we have emerged as a pan-India solution.

Preen Gala - SageOne Investments: But sir, a 66% per annum yield is quite high.

Management: That is for aluminum. As I mentioned, this is possible because the entire supply chain is in our hands. From manufacturing to the final rental, everything is under our control. We do not work through any dealer channels.

Parin Gala - Sageone Investments: Generally, what are the tenures of these rentals per customer?

Management: For aluminum, the average rental duration is about 4 to 5 months. In steel, we expect a rental duration of about a year.

Operator: The next question is from the line of Mr. Keshav Garg from Counter Cyclical.

Keshav Garg - Counter Cyclical Investments: Sir, is our capacity fungible between steel scaffolding and aluminum scaffolding?

Management: No, these are two different products with two different manufacturing processes. Very few parts, perhaps not even 5%, are overlapping. They are totally different processes in different units.

Keshav Garg - Counter Cyclical Investments: I also wanted to understand if we sell or rent directly to builders, or if there is an intermediary dealer or distributor for rental and direct sales?

Management: In every product, the customer segment is different. In aluminum scaffolding, our biggest customer segment is interior contractors and the MEP industry. In steel scaffolding, the segment includes civil contractors, facade contractors, and painting contractors. In aluminum formwork, it will be the developers and civil contractors.

Keshav Garg - Counter Cyclical Investments: So, we target and sell or rent directly to the end user? There is no intermediary?

Management: We give it directly to them; we target the direct end user. There has been no intermediary in any of our products to date. We have started manufacturing industrial

ladders, and for that division, we are proposing to use a channel partner model. Currently, we don't have any channel partners.

Keshav Garg - Counter Cyclical Investments: If the end customer, such as a civil contractor, has a recurring use for this product, why would they rent from us at a 66% yield instead of buying?

Management: They do purchase, but not everyone can invest unlimited amounts in capex. Everyone has their reasons to rent. Even companies like L&T, if they need 1,000 tons, might buy 700 and rent 300. The market for those 300 tons is very large. Why do they take it on rent? Because they handle multiple projects at multiple locations. A contractor might need equipment in Delhi and also in Bangalore. For them, scaffolding is not their main business; they are focused on electrical, plumbing, or civil work. They cannot easily move inventory from one place to another.

For us, we have different yards and can supply the material so they can handle multiple projects with lower expenses. Sometimes they aren't in a position to buy because of the high capex involved. This is not a core investment for them. Scaffolding typically represents less than half a percent of their total project cost.

Keshav Garg - Counter Cyclical Investments: I understand. My concern is that in a free market with no entry barriers, others could enter. Is a 66% rental yield sustainable, or will competition bring it down?

Management: We have been doing this for 6 years and are still doing it today. There is no reason that, when we have been able to do it for the last 6 years, we won't be able to do it for the next 6.

This is a worldwide phenomenon; equipment is often rented. The dynamics are such that the economic life of aluminum scaffolding is about 5 years; it gets damaged. Therefore, a product with a shorter economic life will have a higher rental yield. For example, in steel scaffolding though both are scaffolding the rental yield is nearly half that of aluminum. The reason is economic life. For steel, the economic life is 10 to 15 years.

Keshav Garg - Counter Cyclical Investments: Is there any entry barrier? Technocraft Industries is a giant, and their EBITDA in the scaffolding division is higher than our entire sales. Although they are mainly in exports, I understand they are entering the domestic rental market and have set up a large formwork plant in Aurangabad. As the market shifts from bamboo to metal scaffolding, don't you think competition will compress margins?

Management: There is no entry barrier. However, we consider yields of 32% to 38% to be on the lower side. It is not feasible below that. We have operational costs, interest, depreciation, and other expenses. It is not all pure profit. The situation with steel scaffolding in cities like Mumbai, Pune, or Delhi is that you might find 200 regional rental companies in each city. But there are probably fewer than 50 players who provide pan-India service. We have emerged as an all-India player. The edge we gained in aluminum scaffolding by being a pan-India player is what we are trying to replicate in steel scaffolding.

Keshav Garg - Counter Cyclical Investments: You mentioned the life of aluminum scaffolding is 5 years. What is the life of steel scaffolding?

Management: Because it is used at construction sites and handled roughly, we consider aluminum scaffolding to be unusable or damaged after about 5 years. If we don't charge that level of rental, it is not viable. For steel scaffolding, the average economic life is about 15 years.

Keshav Garg - Counter Cyclical Investments: And are we depreciating it over 5 or 15 years?

Management: In our books, it is depreciated over 5 years. But physically, the asset remains with me, and any day I choose to sell it as scrap, I can recover at least 50% of the value.

Keshav Garg - Counter Cyclical Investments: Going forward, both MS scaffolding and formwork are growing, and both are lower-margin businesses compared to aluminum scaffolding. Just by virtue of the change in mix, won't margins decline year-on-year?

Management: We will cover that with the topline. As a percentage, yes, the margin might decrease, but in terms of absolute numbers, the impact will be minimal and we will maintain the same level of growth. The EBITDA percentage may come down, but topline growth will be higher.

Keshav Garg -Counter Cyclical Investments: If we assume sales grow from 100 crores to 150 crores but margins drop from 40% to 30%, EBITDA would remain roughly flat.

Management: It won't have that much of an impact. Our volume expectations for steel scaffolding are very high. Even our current guidance is conservative; our internal targets are much larger.

Keshav Garg - Counter Cyclical Investments: Can you quantify the total capex for this year and next year?

Management: Including the investment in rental assets and the new plant, total capex will be approximately 130 crores this year. We will plan the funding and specifics for next year as that begins to shape up.

Keshav Garg - Counter Cyclical Investments: If we need 130 crores this year and we only have about 40-45 crores in cash, will we take on debt?

Management: We will use debt plus earnings. We expect to have 30 to 40 crores in PAT this year as well.

Keshav Garg - Counter Cyclical Investments: Currently, we have net cash of about 4-5 crores and are debt-free. But going forward, will we have net debt?

Management: Yes, debt will increase. Given the speed at which we plan to grow, debt must increase. While there will be a one-time spurt in debt, we usually retire it within 3 years.

Keshav Garg - Counter Cyclical Investments: What is the risk regarding receivables and bad debts?

Management: In the last 6 years, our bad debts have been less than 2%, which is very low compared to industry standards. We have a dedicated team of about 10 to 12 people for receivables. Because we work with nearly 2,500 different clients, we maintain a strong

collection team. With 20 years of experience, we manage risk by giving credit only to large, established clients.

Keshav Garg - Counter Cyclical Investments: Do you take any advances from customers?

Management: Yes, from new customers, we normally take one to three months of rental as an advance. We also take a security check, which is not deposited but kept for safety. Mr. Rahul, who is a family member, heads our receivables department. Our family governs all aspects of the business and plays a very active role in collecting money.

Keshav Garg - Counter Cyclical Investments Will the formwork be for rental or outright sale?

Management: Formwork rental is not very popular currently; only one or two players are doing it. Because our focus from the beginning has been on rental, we will explore the possibility of renting out formwork as well.

Operator: The next question is from the line of Mr. Siddhant from Sanshi Fund.

Siddhant Lodaya - Sanshi Fund: My questions have been answered. Thank you.

Operator: The next question is from Mr. Mahesh Attal - Individual Investor, an individual investor.

Mahesh Attal - Individual Investor: Sir, following up on the previous question regarding contractors, if your individual businesses are making margins of 30% to 66%, why wouldn't a contractor just buy their own scaffolding?

Management: I answered this earlier. A contractor has several reasons to rent. First, if they purchase in Mumbai but their next project is in Chennai, the cost of shifting the equipment might be higher than the rental cost. Second, if there is a gap between projects, where would they store the scaffolding? Third is capex; contractors often don't want to block large amounts of capital in assets. Fourth, when they calculate project-wise profitability, they can build the rental cost directly into the project costs. Scaffolding typically represents a negligible portion perhaps 0.5% to 1% of a project's cost, so they prefer the convenience of renting rather than worrying about the logistics and capex of ownership.

Mahesh Attal - Individual Investor: Regarding aluminum formwork, what are the basic gross margins?

Management: We are anticipating a gross margin of about 15% for sales. Because we are new to the segment, we might have to start at 10% in the first year, but in the long run, we are confident we can achieve 15%.

Mahesh Attal - Individual Investor: My last question: if your factory is running 24 hours at capacity, why don't you buy aluminum scaffolding from someone else and then put it on rent?

Management: As I told you, the sales margin is 30%. If my manufacturing cost is 100, I sell it for 130. Why would I buy it from someone else at 130?

Mahesh Attal - Individual Investor: But why not put it on rent, since you could recover the cost quickly through rentals?

Management: We can't put 500 crores worth of material on rent all at once. There is market supply and demand, and there are other players. I cannot have 100% market share. We are expanding capacity according to the demand. We focused on Expanding steel manufacturing first because that is where the highest demand is currently.

Mahesh Attal - Individual Investor: Just to confirm, are rental margins higher for steel or aluminum?

Management: The ROI for steel is lower in the short term, but as I explained, the economic life of steel scaffolding is much longer and it does not damage as easily as aluminum. In the long run, if you invest 1 crore in steel versus 1 crore in aluminum over a 4 or 5-year period, the yield would be more or less the same.

Operator: The next question is from the line of Shalin Tanna, an individual investor.

Shalin Tanna - Individual Investor: Good morning, sir. What is the long-term vision for the company over the next 4 to 5 years in terms of revenue mix and market share?

Management: It is difficult to have such a long-term vision, but we are trying to maintain a CAGR of 50% to 70%. We have already added new products like formwork this year and more might come. It is hard to predict the exact product mix right now as it depends on demand. We are exploring tie-ups and various possibilities. We have been growing at a very good CAGR for 6 years and we believe we will achieve at least a 50% CAGR in the future.

Shalin Tanna - Individual Investor: Is the market shifting from the unorganized to the organized sector? Do customers trust organized players more?

Management: As a customer, the rental or selling rates are more or less the same. However, a customer has more confidence in an organized player. They prefer it because if they buy material and need spares later, an unorganized player might not be able to supply them. There is brand value and risk mitigation associated with an organized player.

In our organization, safety is preferred. Multinational companies and large players setting up data centers, like Google, Micron, or Adani, are safety-centric and prefer placing orders with organized players. They want a one-stop solution for various needs, which we provide. We are very positive about the India growth story for the next 5 to 10 years. We have additional financial strength now after the IPO and we expect to reach much greater heights. The IPO gives us financial strength, reputation, and weightage in the organized sector.

Shalin Tanna - Individual Investor: Why is there a high employee attrition rate of above 50%?

Management: Let me clarify. We have several people who have been with us since the day we started. Recently, we gave motorcycles to 11 employees who completed 5 years with us. The reason the calculated attrition is high is because we don't use contractors for labor; all factory laborers are on our own payroll. At the factory level, attrition is high, but at the administrative and sales levels, it is much lower.

Operator: The next question is from Mr. Gaurav, an individual investor.

Gaurav - Individual Investor: Thank you. Out of the 103.5 crores in sales last year, could you provide a split between steel sales, steel rentals, aluminum sales, and aluminum rentals?

Management: For steel, we did a turnover of approximately 5 crores, split roughly as 2.5 crores in sales and 2.5 crores in rental. We only started that segment last year and did not have the required production capacity until the end of the financial year. The remaining approximately 98 crores was from aluminum, where the split was roughly 50-50 between sales and rentals.

Gaurav - Individual Investor: So, this year you expect a larger contribution from the steel side?

Management: Aluminum will continue to grow overall. However, because steel was only 5 crores last year, it might go to 25, 30, or 40 crores this year, which is an 800% growth. For aluminum, the growth would be about 20%. Aluminum formwork will be additional as a new division.

Gaurav - Individual Investor: Regarding the debt plan, you have close to 38 crores on the books. Do you plan to increase debt in the near future?

Management: This year we are planning for significant rentals from steel scaffolding. I would require about 4 to 5 crores worth of assets every month to put on rent. Our model is capital intensive; we have to buy the product before we can rent it out. While we can't go to the capital market every day, we will utilize bank debt. We are also confident in our internal accruals and profits to manage this.

Gaurav - Individual Investor: Regarding scrap, once you have depreciated assets over 5 years and they are sold as scrap, do you recognize that as revenue?

Management: An asset is not scrap until it becomes unusable. Even if a scaffolding asset that cost 400 per kg is written down to 40 per kg on the books, its physical value might still be 300 or 350. The profit is only booked once it is actually sold.

Operator: The next question is from the line of Mr. Ishan Mehta, an individual investor.

Ishan Mehta - Individual Investor: Regarding your guidance for FY27, you mentioned a 50% CAGR. Is it safe to assume a base case of 150 crores plus in revenue and 35 crores in PAT?

Management: Revenue, definitely yes. We don't want to commit to a specific PAT figure yet, but we will try to achieve the best possible results.

Ishan Mehta - Individual Investor: But the 50% CAGR figure is coming from you?

Management: Yes, we will definitely achieve a 50% CAGR because our vision is much more than that. We believe in showing results, as we have done for the last 6 years.

Ishan Mehta - Individual Investor: Could you provide high-level margin guidance?

Management: I would need to consult with my compliance team whether I am allowed to disclose those exact figures. I don't think I am allowed to share whether the number is 20,

30, or 40 crores. However, it is going to be good. We will not let your expectations down.

Operator: The next question is from the line of Mr. Nishant Gupta from Minerva Capital.

Nishant Gupta - Minerva Capital: Sir, what were the gross margin numbers for steel and aluminum scaffolding on the sales side?

Management: Sombir, could you provide those?

Management: In terms of sales, our PAT margin is 20%, and for rental, it is 38%.

Nishant Gupta - Minerva Capital: Is that the gross margin for steel sales?

Management: No, that is the blended margin for both aluminum and MS scaffolding. For steel sales alone, the gross margin is roughly 5% to 6%. For aluminum sales, it is 30% plus.

Nishant Gupta - Minerva Capital: A concern shared by many is that while your topline will grow by 50%, you are adding low-margin segments. This will reduce blended EBITDA. Furthermore, your finance costs will increase with debt, and depreciation will rise due to capex.

Management: Our internal expectations for the topline are much higher than what we have indicated. We won't let you down on the bottom line. If there is a hit on margins, we will compensate via higher topline volume. Regarding debt, we may not take on as much as currently envisaged if internal accruals are sufficient. As for depreciation, if assets and revenue increase, the depreciation will be absorbed by the higher volume.

Operator: The next question is from the line of Mr. Ashwani Agarwal - Individual Investor.

Ashwani Agarwal - Individual Investor: I apologize if this is a repeat as I joined late. Our rental share has decreased from 63% to 43% of total revenue over the last few years because product sales grew faster. What is the steady-state percentage for rentals versus sales over the next few years?

Management: In the current financial year, the contribution from sales will likely increase due to formwork. We are expecting a ratio of roughly 40% rental and 60% sales.

Ashwani Agarwal - Individual Investor: Regarding the 500-ton formwork capacity, will it primarily be for sales or rentals initially?

Management: This is a new market for us and the formwork rental concept is not yet very popular in India. Only a couple of companies are doing it. Once we start offering it, we will be able to predict better, but we expect at least 30% of revenue from that segment to come from rentals.

Ashwani Agarwal - Individual Investor: You showed a loss of 2.87 crores on fixed assets that were sold. What assets were these and what was the reason for the loss?

Management: These are assets that are scrapped, damaged, or lost at sites. We scrap assets that are no longer feasible for ongoing rent after 5 years.

Ashwani Agarwal - Individual Investor: Can we expect a loss of around 2 to 3 crores every year from this?

Management: Yes, it is a regular part of this business.

Ashwani Agarwal - Individual Investor: Inventory days have increased to around 80 days and inventory reached about 24 crores. Will inventory always remain at around 25-40% of sales because you want to grow the rental business?

Management: No, inventory increased this year because we expanded from 4 yards to 18 yards. We added 4 new yards and expanded 3 major ones. Additionally, there was a 30% price increase at year-end due to the war. We also kept higher inventory as a precaution against supply chain disruptions. Fortunately, supply was not affected, but we were compensated by the price increase of the metals we held. Inventory levels will normalize over time.

Ashwani Agarwal - Individual Investor: How many yards do you plan to open this year?

Management: We normally add four to five yards every year. We are planning for a yard in Surat or Bharuch very soon. We are also planning one in Cochin or Trivandrum to cater to Kerala, and one in Goa. We identify five high-demand locations every year and add them.

Operator: The last question is from Mr. Prashant Somani from ArthaSanchay Growth Fund.

Prashant Somani - ArthaSanchay Growth Fund: Good afternoon. You had a plan to add industrial safety gear, like footwear. What is the status of that?

Management: We have deferred that for about 3 or 4 months because we have many other things to handle currently. We plan to open a trading division for industrial safety products because we work with nearly 2,500 customers. We want to leverage that network, but we have deferred it for a few months to focus on other priorities.

Prashant Somani - ArthaSanchay Growth Fund: What kind of topline and bottom line do you expect from that?

Management: In the near future, it will be purely trading; we won't be doing any manufacturing for those products.

Operator: Thank you, everyone, for joining the call. I thank the management team for giving us this opportunity. This concludes the conference.

Management: Thank you, everybody.

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