



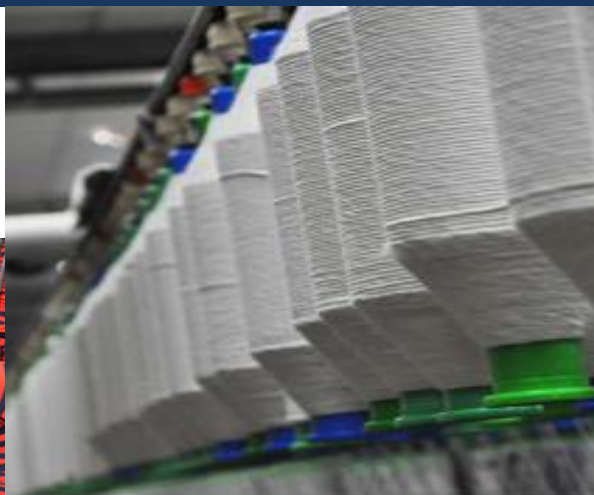
TECHNOCRAFT GROUP

INVESTOR UPDATE

AUGUST 2014



BSE STOCK CODE: 532804



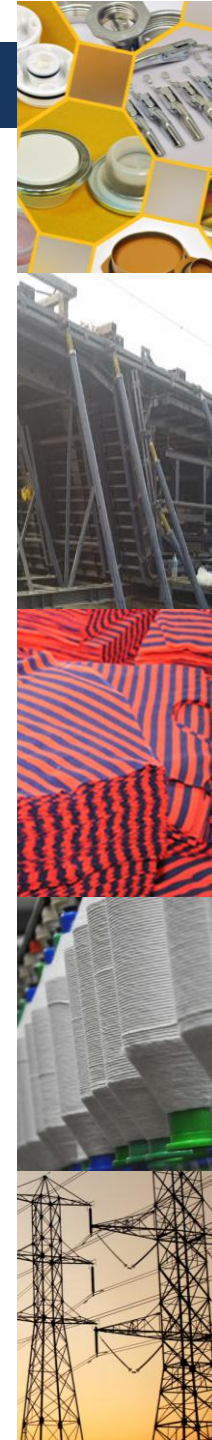


QUARTER NUMBERS

(Rs. Crs.)	Q1FY15	Q1FY14	YoY	Q4FY14	QoQ
Total Income	175.4	144.76	21%	321.74	-45%
Other Income	2.62	9.20	-72%	2.37	11%
EBIDTA	35.86	43.63	-18%	45.04	-20%
EBIDTA margin (%)	20.44%	30.14%	-32%	14.00%	46%
Interest	1.80	0.77	134%	0.79	128%
EBDT	35.27	49.29	-28%	30.61	15%
Depreciation	4.93	5.34	-8%	6.11	-19%
PBT	30.34	43.95	-31%	24.5	24%
Tax	10.15	13.84	-27%	7.73	31%
PAT	20.19	30.11	-33%	16.77	20%
EPS (Rs.)	6.40	9.55		5.32	

EBIDTA = Profit before OI, Int & exceptional items + Dep + OI

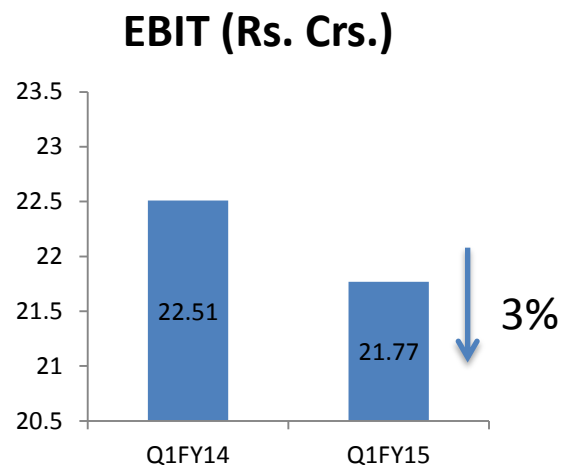
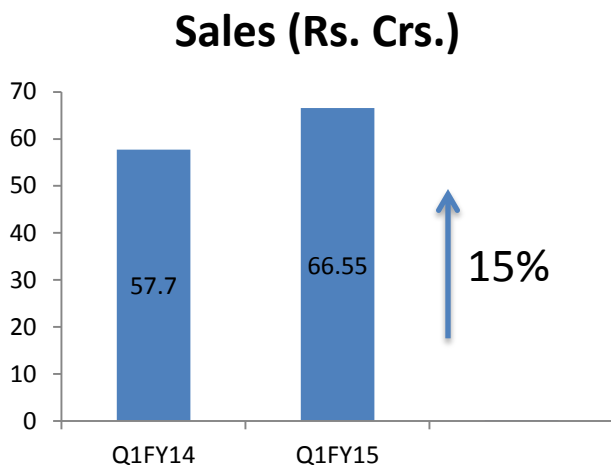
EBDT = EBIDTA - Interest + exceptional items





KEY HIGHLIGHTS (Q1FY15)

- Strong revenue momentum – Drum Closures



- Better product mix - higher sales witnessed in value added, laquered drum closure, sales
- Strong traction witnessed in clamp sales
- Strong traction witnessed in capseals as well
 - The above 2 contribute almost 20% to drum closure segment sales
- China production and sales on track with management estimates
- EBIT margins this quarter at normalised levels. Favorable currency movement unusually stoked margins last year.

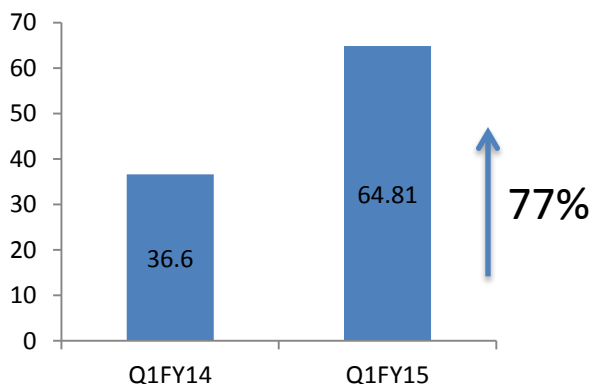




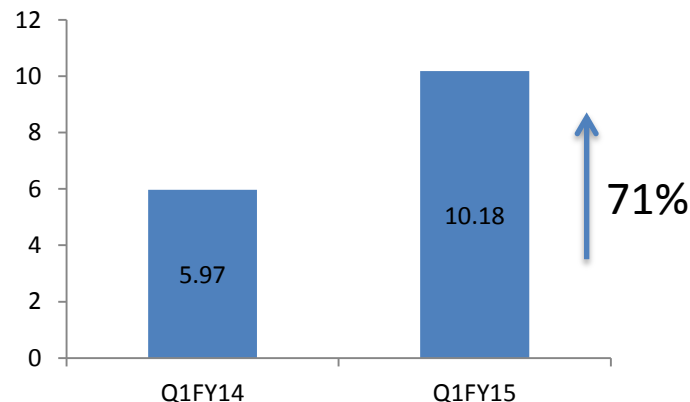
KEY HIGHLIGHTS (Q1FY15)

- Strong revenue momentum - Scaffoldings

Sales (Rs. Crs.)



EBIT (Rs. Crs.)



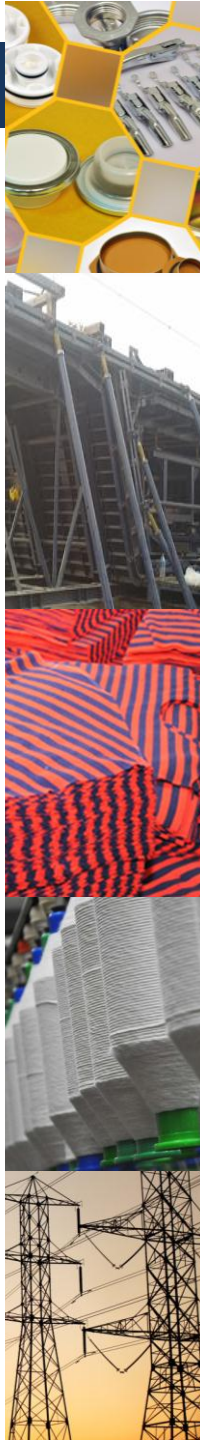
- Positive momentum, strong tailwinds on account of infrastructure demand from US, Europe and Australia
- Increased sales from higher margin products - sales model changed to stock-and-sale for some marquee clients
- EBIT margins maintained





KEY HIGHLIGHTS (Q1FY15)

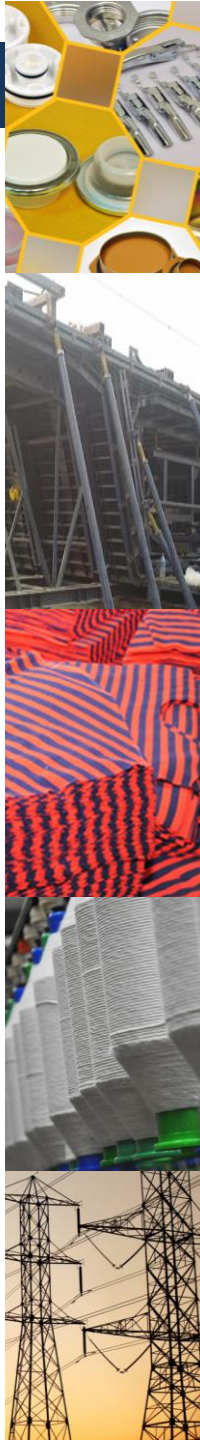
- Overall profitability largely impacted on account of:
 - Yarn division
 - OPMs dent severely
 - Cost of inputs (cotton) stress
 - Price of finished (yarn) did not keep pace
 - Non operational line heads
 - Higher other income in previous quarter (Q1FY14), driven by
 - Profits on sale of assets in Q1FY14 @ Rs. 3.30 crs (Nil, this quarter)
 - Higher profit from sale of investments in Q1FY14 @ Rs. 2.92 crs (Rs. 0.29 crs this quarter)
 - Exceptional line heads last year
 - Favorable currency movements led to exceptionally higher forex difference conversion in Q1FY14 (Rs. 6.4 crs last year), normalises this year, @ Rs. 1.2 crs in Q1FY15





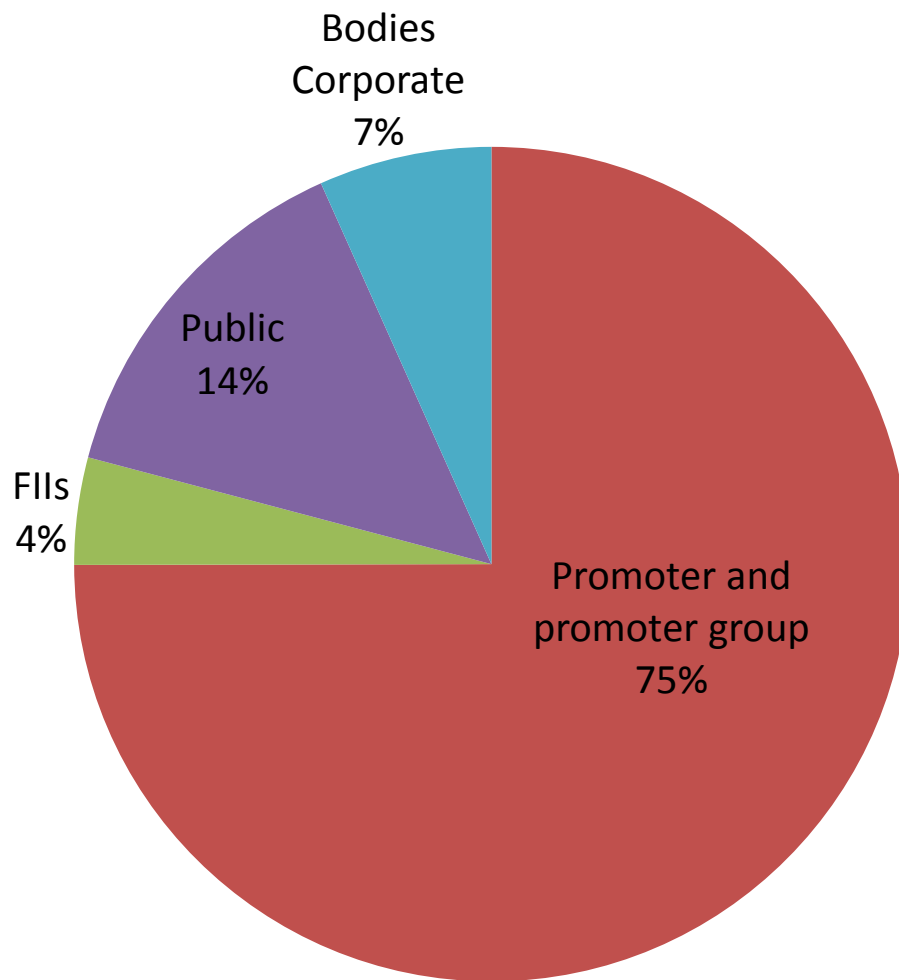
OUTLOOK

- ✓ Strong momentum and positive outlook likely to continue in:
 - Drum Closures
 - Scaffoldings
 - Engineering Services segment
- ✓ Pressure in Textile margins may continue





SHAREHOLDING PATTERN



Shareholding Pattern (June 2014)





TECHNOCRAFT INDUSTRIES





WHO WE ARE

Technocraft Industries (India) Ltd. (TIIL) is the flagship company of USD 200 mn Technocraft Group; Established in 1972, by two IIT alumnus and first generation technocrats

A diversified industrial group, holding a market leading position in global Steel Drum Closures, Scaffolding and Formworks industries

Second largest global manufacturer of Steel Drum Closures, with a global market share of 36%

Flagship company of USD 200 mn Technocraft Group, with Head office located in Mumbai, India

Official presence in 10+ countries. 6 manufacturing plants in India, 1 in China

Exporting to 80+ countries worldwide

Staff strength of 3000+

An IS/ISO 9001:2008 certified company

More than 80% of company's income hails from exports

Well defined organisation structure supported by qualified and experienced second tier management

Presence in diverse sector as yarn and garments, enabling it to ride across market cycles





OUR JOURNEY

1972

Setup Drum Closures Division

1979

Recognized as an Export House

1993

Setup 1st Subsidiary in UK

1994

Acquisition of Tube Division

1997

Setup 100% EOU Yarn Division

2005

Setup Subsidiary in Germany

2003

Setup Garments Division

2000

Setup Technosoft (Engg. Services)

1998

Setup Subsidiary in Poland

2006

Setup Subsidiary in Australia
Acquisition of Impact Engg. USA

2007

Listed at NSE and BSE

2008

Setup 15 MW Captive Power Plant

2009

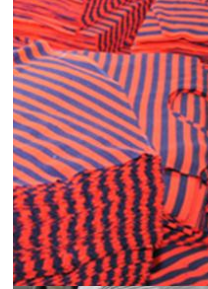
Setup a Manufacturing unit in China

2013

Acquisition of Swift Engg. Inc Canada

2010

Setup Tower Division
Setup Formwork Division





GLOBAL REACH

SUBSIDIARIES

UK

Technocraft
International
Limited



Poland

Technocraft
Trading Spolka
Z.O.O.



Australia

Technocraft
Australia



China

Anhui Reliance
Steel Co China
Ltd.



USA

Impact
Engineering Pvt.
Ltd. USA



India

Technosoft Engg
Projects Ltd



Canada

Swift
Engineering Inc



India

Shreyan Infra



DISTRIBUTION CENTERS

Germany

Hilden



USA

Chicago



USA

Houston



USA

FT Wayne



UK

Manchester



Canada

Edmonton



China

Quanjiao



Australia

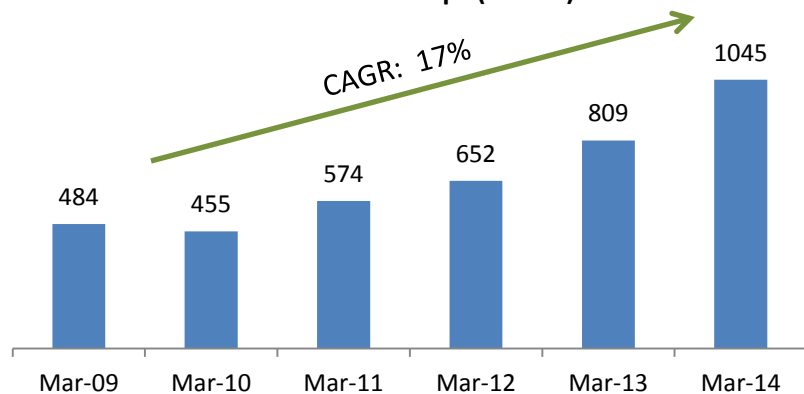
Sydney



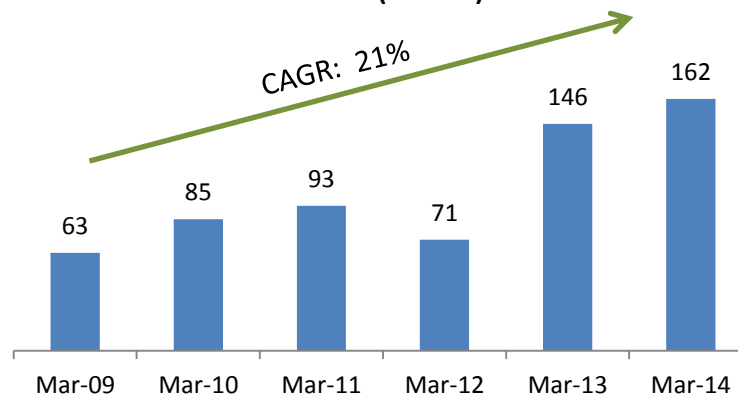


OUR JOURNEY IN NUMBERS

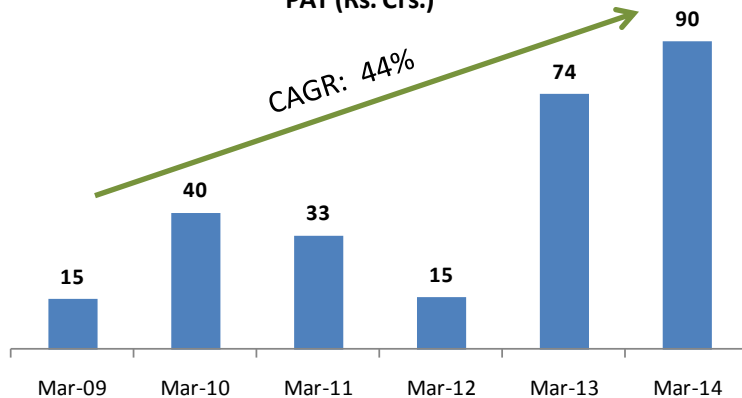
Revenue from Ops (Rs. Crs)



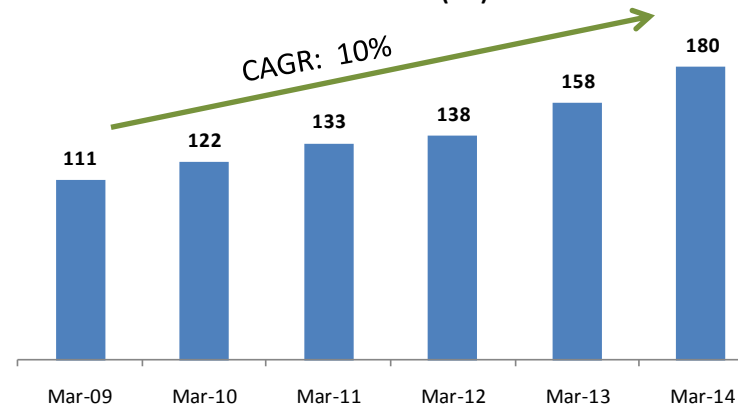
EBIDTA (Rs. Crs.)



PAT (Rs. Crs.)



Book Value (Rs.)



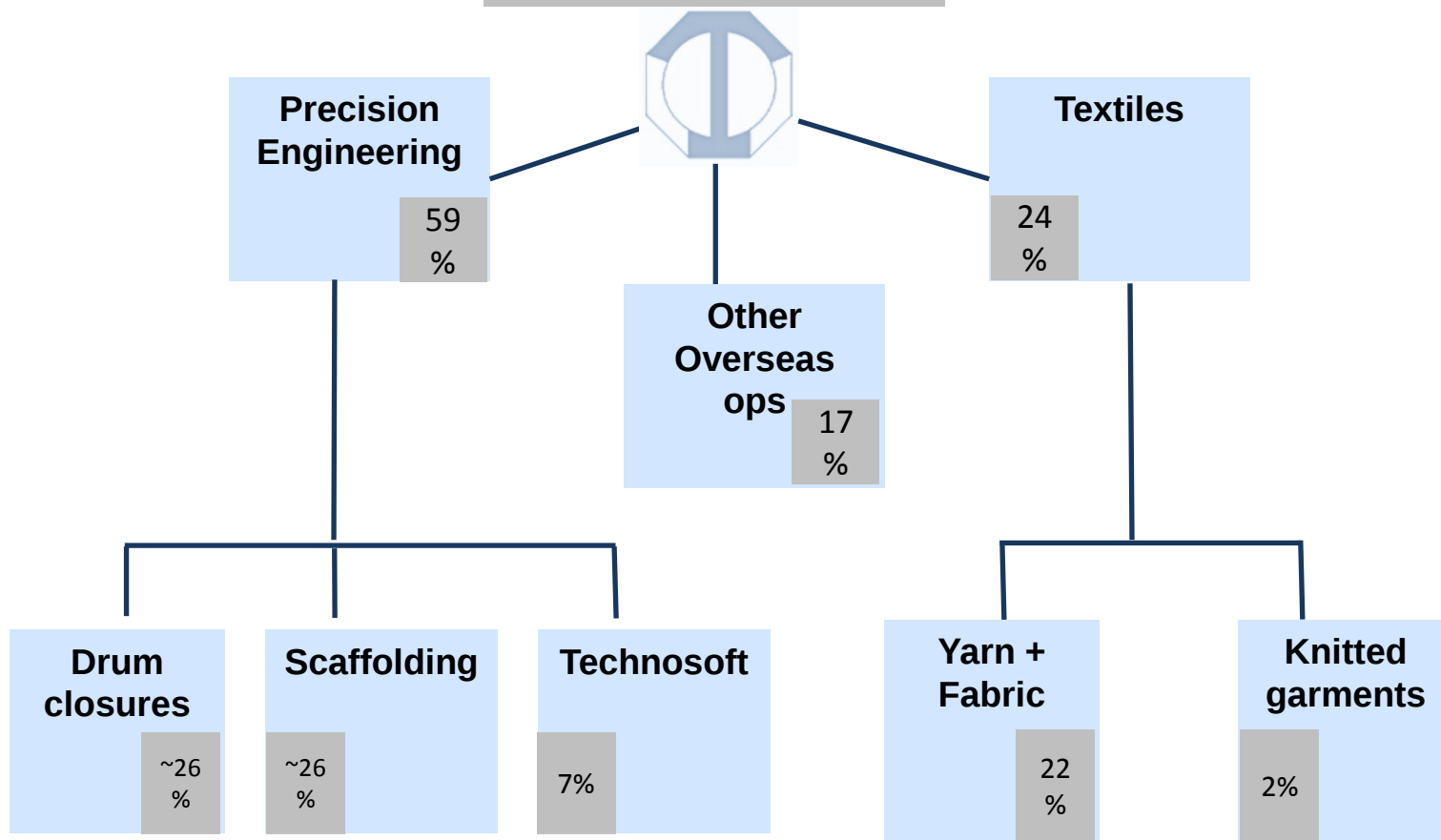
Figures rounded off





WHAT DO WE DO

Cons. Revenue from ops
Rs.1044 Crs (FY14)



Revenue
Contribution

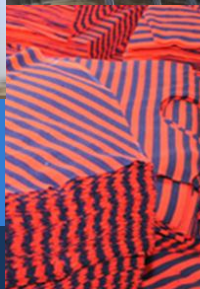




MANAGEMENT TEAM

Name	Designation	Details
Madhoprasad Saraf	Chairman	• More than 60 years of experience in Finance, Accounting and Taxation
Sharad K Saraf	Managing Director	• Promoted Technocraft Group in 1972 • Electronic engineer from IIT, Mumbai • Handles all commercial aspects of the company, instrumental in strategic direction
Sudarshan K Saraf	Managing Director	• Mechanical engineer from IIT, Mumbai • Handles all engineering operations of the group
Navneet Saraf	Chief Operating Officer	• Founded Technosoft Engineering Projects Ltd., the groups IT subsidiary • Mechanical engineer from the University of Manchester, UK • Handles overseas, commercial and IT operations of the group
Ashish K Saraf	Chief Financial Officer	• Masters in Textile Technology from Manchester University, UK • Handles the Textile division of the group • 11 years of industrial and commercial experience
Subhash Khandelwal	President Marketing	• Bachelor in Textile from T.I.T., Bhiwani • Diploma in Export-Import Management • With Technocraft Group Since 1988
Anil Gadodia	President – Accounts & Finance	• Fellow member of The Institute of Chartered Accountants of India • +28 years of experience in Finance, Accounting and Taxation • Previously worked with R-ADAG Group UK, Kores India etc





PRECISION ENGINEERING DIVISION

Drum closures

Scaffolding



DRUM CLOSURES - OVERVIEW

A drum closure is a precision engineering product which prevents leakage of the product from the drum.



Standard Tite- Seal closures

Tite-Seal Closures are devices and techniques used to close or seal a drum



Gasket

Gasket is a mechanical seal, which fills the space between two or more mating surfaces, generally to prevent leakage from or into the joined objects while under compression



Clamps

Clamp are fastening device to hold or secure objects tightly together to prevent movement or separation through the application of inward pressure



Leak Lock System

It is a two-piece system, which is used when the octagon flange gasket has been incinerated during the burning operation of the reconditioning process.

Global industry

- Globally the production of the Steel drums is c.150 mn tonnes per annum
- We estimate the global steel drum closure industry at INR 7,000 mn in FY14
- The steel drum closure industry is expected to grow c.6-7% over the next five years - growing demand from global Oil & Gas, Chemical, Pharmaceutical and F&B industries.
- Peers - Greif Inc., Rex packaging, Rieke Inc, Enomoto, Nanchi etc.





DRUM CLOSURES – OUR STRENGTHS

Complete product portfolio

- Flanges, Gaskets, Epoxy and Phenolic Lacquered Closures
- Stainless Steel Closures
- Lever Latches for Fibre and Metal Drum Locking Rings

Innovation

- Designed & developed the next generation patented technology for manufacturing of drum closures
- Three global patent products for manufacturing of GRT Flanges, Octagonal Clinched and Drum Top
- In-house facility for Tool & Die manufacturing & designing

Scale

- Installed capacity – 54 mn sets p.a.
- Annual production – 45 mn sets in India, 6 mn sets of closures in China and 25 mn clamps in India
- Manufacturing capacities in India & China

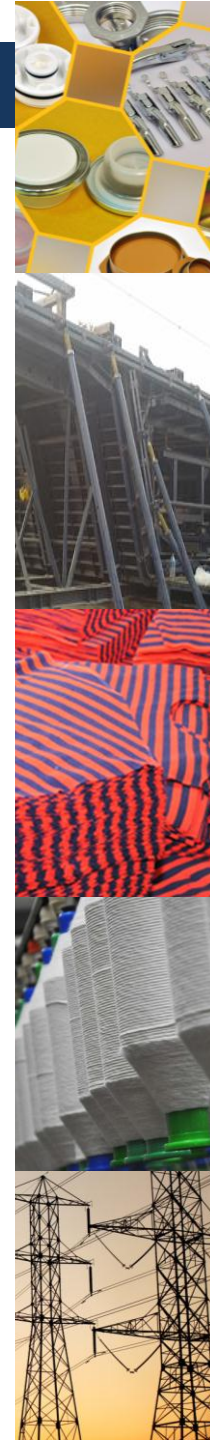
Relationships

- Marketing & Distribution setup spreads to over 80 countries
- Second largest market share globally (ex-China)
- Longstanding relationships ensures higher repeat and referral orders





DRUM CLOSURES – OUR STRATEGY



150 mn sets
World consumption
(ex-China) (p.a.)

The Market

60 mn sets
China consumption
(p.a.)

36%
Market share ex-China

TIIL Share

6%
Market share in China

TWO YEAR ROADMAP

- Present manufacturing capacity of 6 mn sets p.a. in China
- Plans to expand the capacity by 20% to 7.2 mn sets p.a.
- Foray into plastic drum closures

capacity expansion + product expansion = operational efficiencies (margin expansion) + market share gain



SCAFFOLDINGS - OVERVIEW

Scaffolding segment comprises of Scaffolding, Formwork and Tower business

Scaffolding

A temporary structure used to support people and material in the construction or repair of buildings and other large structures

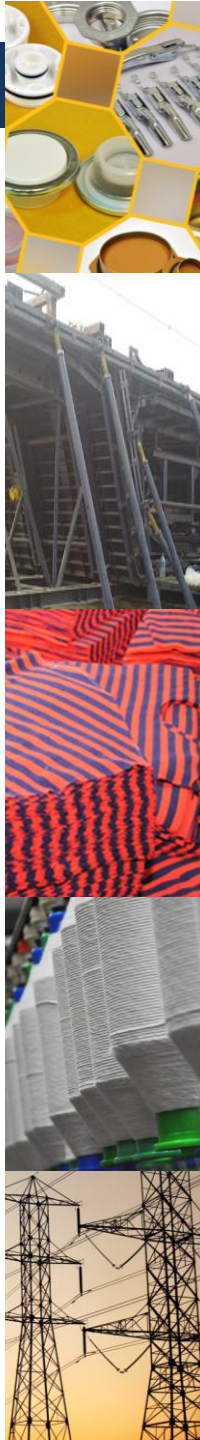


Industry overview

- The Indian market for Scaffolding is estimated ~Rs.15 bn
- Organised market in India is c.10%
- Global production and consumption of Steel Scaffolding can be safely expected to be growing at 2X every year
- **Key Peers:** Safway Inc, ThyssenKrupp, Layher, Sumit Scaffolding, Devco, etc.
- **Key user industries:** Oil & Gas, Construction & Real estate

Major advantages over traditional timber:

- Speed of construction (modular systems pin, clip or install quickly)
- Lower life-cycle cost





FORMWORK - OVERVIEW

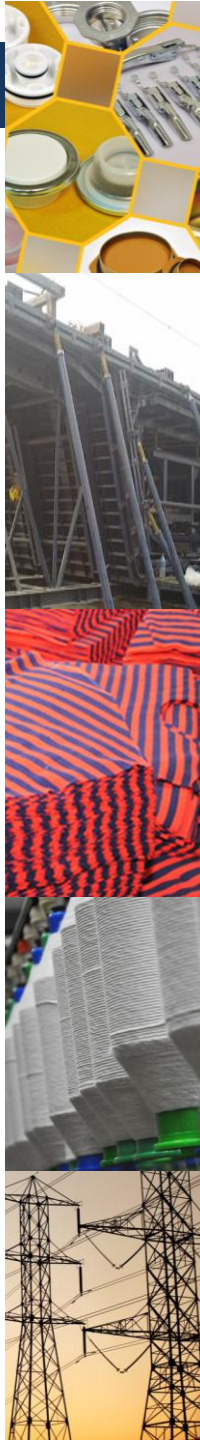
Engineered Formwork Systems are built out of prefabricated modules with a metal frame - usually of steel or aluminum - and covered on the application (concrete) side with material having the wanted surface structure (steel, aluminum, plastic, timber, etc.).

Industry overview

- The Indian market for Formwork is estimated ~Rs.15 bn
- **Key Peers:** Doka, Peri, MFE Formwork Technology, Ulma Formwork Systems, etc.
- **Key usage segments:** railways, roads, bridges, dams, airports, power plants

Formwork

The term given to either temporary or permanent moulds into which concrete or similar materials are poured

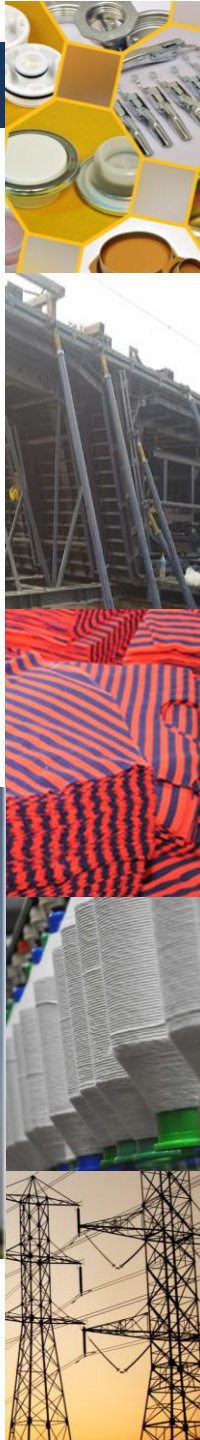




TOWER - OVERVIEW

Division started in 2010 to manufacture and supply Towers for Telecommunications, Windmills, Power Transmission & Distribution and and other industries

- A Dedicated Design Office, with experienced engineers backed by Technosoft Information Technologies
- 2D & 3D CAD Setup
- 24000 Metric Tons / Year galvanising capacity
- 300+ Workforce
- State of Art CNC Manufacturing Facilities
- In-house Tool Room Support
- In-house Hot Dip Galvanizing Plant
- ISO 9001:2008 Certified
- Designs are validated by Structural Engineering Research Center (SERC), Chennai, Govt. of India; Indian Institute of Technology (IIT)-Chennai; Central Power Research Institute (CPRI).





SCAFFOLDINGS – STRENGTH & STRATEGY

STRENGTHS

Relationships

- Longstanding relationships ensures higher repeat and referral orders
- Widespread distribution across North America, South America and Australia

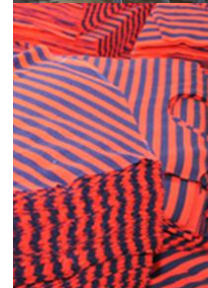
Scale

- State of the art integrated plant in India and China
- Installed capacities:
 - Scaffoldings – 24000 MTPA

STRATEGY

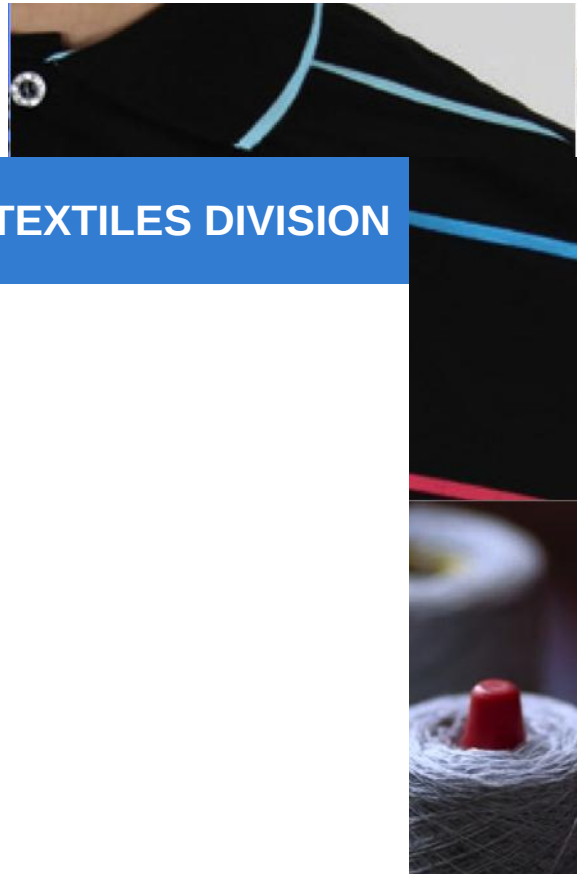
Relationships

- **Geographical expansion:** Market share gains targeted in the larger Latin American markets of Brazil, Argentina and Venezuela.
- **Product expansion:** Has forayed into manufacturing of sophisticated engineered formwork systems for building, construction and infrastructure projects in India, to capitalise on domestic growth story
- **Tower business:** To improve capacity utilisation and gain critical size going forward





TEXTILES DIVISION





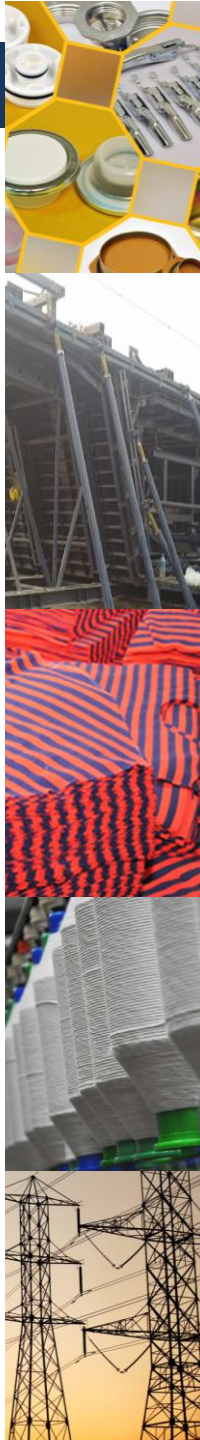
TEXTILES DIVISION

Cotton Yarn

- A state-of-the-art ISO 9001:2000 Certified Cotton Yarn Spinning Mill
- Installed capacity of 61,100 spindles
- Production capacity of 1,000 kg/hr.
- A captive power generation plant of 15MW coal plant to cater to its power requirements.
- Exports 70% of its products to Europe & Asia and remaining to LATAM countries.

Strategy

- Modernizing of spindles under way to upgrade them to state-of-art automatic machines (Ring frame)
- This will result in reduction of labour cost & downtime reduction
- Capex of ~Rs.10-12crs towards this upgradation
- As also, trials underway for altering machines to make value added yarn like slub yarn, compact yarn which would result in high realization per kg (from Rs 210 to Rs 235 per kg realisation)





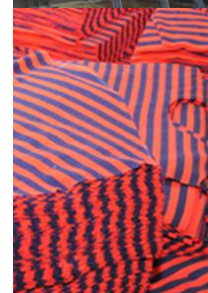
TEXTILES DIVISION

Fabric

- Presently manufacturing tubular form of fabric
- We specialize in supplying Body Size seamless fabrics for both underwear as well as Active Wear.
- Expected to grow annually at 13-15% to cross the USD 125 bn (Rs. 7,500 bn) by 2020, as per Clothing Manufacturers Association of India (CMAI).
- These fabrics can be supplied in Single Jersey, Pique, Ribs and Interlock in various weight and width ranges.

Strategy

- Capex underway to produce open width form of fabric
- To cater to the growing demands of the top end apparel brands, we have been continuously adding on new special value added products with special finishes like Enzyme Washing / Bio Finishing, Anti-Microbial Finish.
- Ability to produce value added fabric i.e Cotton Lycra fabric, viscose lycra fabric, polyester cotton fabric, other high end fabric, post this capex
- The turnover and capacity utilisation of fabric is expected to increase, post this capex
- Another advantage will be utilization of power plant capacity which will reduce power cost by about 20paise/unit.





TEXTILES DIVISION

Garments

- Manufacture premium quality active wear products
- Fully integrated
- Among the leading textile and apparel manufacturers in India
- Products are custom knit, dyed, finished, cut, sewn, decorated, packaged and distributed.
- India's apparel market is estimated to be around USD 50 bn (Rs. 3,000 bn)

Key strengths

**Finest
products**

**Competitive
prices**

**Highest
quality
service**

Sampling

**Product
management**

**On time
delivery**

**Short lead
times**





SUBSIDIARY – TECHNOSOFT ENGINEERING SERVICES

- Established in 2000
- Provides engineering design services to various engineering / manufacturing companies
- Focus on the Oil & Gas segment
- A strong team of over 250 engineers and designers located worldwide
 - Equipped with state-of-the-art hardware and software tools, including tools for 3-D modeling, Finite Element Analysis and process simulation.

Offers multi-disciplinary engineering services in 5 business lines

**Engineering
Services**

**Oil & Gas
Consulting**

**Product
Innovation**

IT Services

**Content
Management**

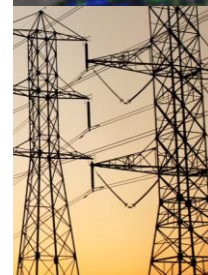
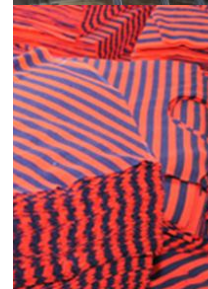
- Caters to large corporates based in US, Canada, UK and Europe
- In house R&D and designing capabilities
- No client concentration risk - each client less than 25% of net sales
- The contracts in these verticals are time and material based and are renewed every year or beyond, depending upon the vertical
- The projects are executed on-site as well as off-shore
- Obtained professional engineering licences to undertake projects and stamp drawings in 4 states in Canada and 2 states in the US, for the O&G consulting vertical,





FINANCIAL SECTION

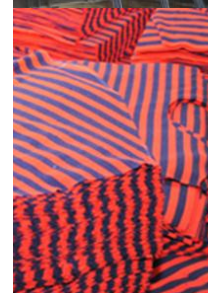
Consolidated P&L (Rs in Crs)	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	5 yr CAGR
Revenue from Ops	484.22	455.46	573.98	651.92	808.77	1044.88	17%
Other Income	22.27	32.32	20.86	21.1	23.57	26.87	4%
Total Expenditure	438.47	394.69	533.55	580.95	715.62	917.51	16%
EBIDTA	62.9	84.57	93.29	71.36	145.99	161.95	21%
<i>EBIDTA Margins (%)</i>	<i>12.99%</i>	<i>18.57%</i>	<i>16.25%</i>	<i>10.95%</i>	<i>18.05%</i>	<i>15.50%</i>	
Interest	14.7	6.97	8.67	11.42	8.14	4.62	-21%
PBDT	48.2	77.6	84.62	59.94	137.85	157.33	27%
Depreciation	24.77	22.77	36.47	32.72	30.89	27.08	2%
Profit Before Tax	23.43	54.83	48.15	27.22	106.96	130.25	41%
Tax	4.59	16.59	13.07	13.62	33.87	40.62	
PAT	14.66	39.89	33.34	15.27	73.09	89.63	44%
Equity Dividend (%)	5	15	10	10	20	50	
EPS (Rs.)	3.96	11.75	9.76	4.68	23.05	28.43	48%
Book Value (Rs.)	110.82	121.76	133.07	137.93	157.84	179.57	10%





FINANCIAL SECTION

Consolidated BS (Rs. in Crs)	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	5 yr CAGR
Gross Block	284.55	312.45	385.42	411.73	424.26	444.4	9%
Investment	74	62.05	70.56	47.58	151.92	145.94	15%
Cash & Bank Balance	34.71	61.47	71.02	22.26	19.39	42.72	4%
Net Worth	360.02	381.18	407.05	421.68	475.1	536.57	8%
Loan Funds	108.11	140.75	168.9	103.83	120.63	158.61	8%
Capital Employed	456.9	514.49	563.57	429.63	480.00	544.48	4%
Debt Equity Ratio	0.31	0.36	0.4	0.24	0.24	0.27	-3%
Inventory Days	71	85	108	66	64	60	-3%
Debtor Days	65	95	86	85	98	118	13%



Development Center

Technosoft Engineering Project Limited

Technosoft Knowledge Gateway
B14, Road No 01, Wagle Industrial Estate
Thane (W)

USA

Impact Engineering Solutions Inc.

3315 N, 124th Street
Brookfield, Wisconsin – 53005

UK

Technocraft International Limited

Unit 2, Hammond Avenue
White Hall Industrial Estate
Stockport, United Kingdom

Canada

Swift Engineering Inc.

Suite 970, 736-8th Avenue SW
Calgary
Alberta, Canada T2P1H4

China

NHUI Reliable Steel Technology Co Ltd.

Quanjiao Economic Zone,
Jinshan Road, Quanjiao County,
Anhui Province, China, 239500.

Australia

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Wetherill park, NSW 2164

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