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TECHNOFAB ENGINEERING LIMITED

February 14, 2017

**The National Stock Exchange of India
Limited**
Exchange Plaza, Plot No. C-1, G Block
Bandra Kurla Complex, Bandra (E)
Mumbai – 400051
Symbol: **TECHNOFAB**

The BSE Limited
15th Floor, Phiroze Jeejeeboy Towers
Dalal Street
Mumbai – 400001

Security Code: 533216

Subject:- Information Update

Dear Sir/Madam,

Technofab Engineering Limited is pleased to announce the attached information updates pertaining to the Financial Performance of the Company for the quarter ended 31 December 2016.

You are requested to take the note of the same in your records for the purpose of further dissemination.

Thanking you,
Yours Faithfully
For Technofab Engineering Limited


Suman Kumar Verma
Company Secretary
M. No. F7409





Information Update

Dt: 14 Feb 2017

The Board of Directors of Technofab Engineering have approved, after limited audit, the financial results for the quarter and nine months ending 31 December 2016 at its meeting held on 14 February 2017. Brief highlights are given below:

Financials

The Turnover (standalone) during the quarter was Rs 92.6 Crores. This is a 5 % increase over the immediately preceding quarter. For the nine month period the turnover was Rs 281.3 Crores which is 12.1 % lower than the corresponding turnover of the previous fiscal year.

The pre tax profit for the quarter ending 31 December 2016 was Rs 3.14 Crores and for the nine month period was Rs 10.56 Crores. The nine months PBT is 7.8% higher than for the corresponding period of the previous fiscal

The profit after tax for the quarter was 2.18 Crores and for the nine month period was Rs 7.05 Crores. The nine months PAT is 8.4% higher than the corresponding period of the previous fiscal year..

Margins

The EBIDTA margins which have been slowly rising, maintained their upward trajectory and increased to 13.3 % for the third quarter and averaged 11.53% for the nine month period..

Order Book

The company has secured fresh orders worth Rs 605 Crores since the start of the current fiscal year. All the orders have been from the Electrical Distribution/Sub Station Sector and the Water Sector. The order backlog now stands at around Rs 1550 crores which is very encouraging. In addition the Company has outstanding bids worth Rs 3500 Crores in both domestic and overseas markets and the Company is hopeful of receiving reasonable fresh orders in the near future.

The breakup of the order book by source of funding is as follows:

Overseas (all funded by multilateral agencies):	21%
Domestic (Private Sector):	1%
Domestic PSU/government/ government funded:	78%

Management Commentary

While the operational results for the nine months period are below Management expectations, Management is optimistic of both the short term and medium term prospects. An important and immediate issue is the inability to achieve the planned turnover, particularly in the context of the decent order book. The main reasons are two. Most importantly, in several recently secured assignments, which face no funding issues, the Company could not commence its project execution activities due to the customers not being able to hand over the work sites. In the last



quarter there has been some improvement which should help in the coming quarters. In addition, work on one of the Company's older large sized government projects is hampered due to inadequate financing, and this may continue for some more time.

The redeeming feature has been the benefits that are now accruing due to the efforts undertaken from the lean days beginning 2013, to improve operational efficiency and cost cutting. As the result the primary margins (EBIDTA) have been steadily improving. The EBIDTA during the nine month period averaged 11.53% (during the last quarter alone it was 13.3%) which compares very well with what was achieved in the last three years.

However what really matters is the PAT, and in this respect, while there has been an improvement (the nine months PAT at 7.05 Crores is an improvement over the 6.51 crores PAT in the corresponding period of the previous fiscal), it has not been as much as it should. Apart from the profit foregone due to lower turnover, the pressure on outstandings continues, and this is reflected in higher borrowings and finance charges.

With some of the constraints on work fronts having eased, the Company expects an improvement in operational results in the near future.

Outlook On Fresh Business

The main domestic opportunities in the next year or two will continue to be restricted to two sectors, viz. water sector which is poised for a huge impetus on account of urban renewal and river cleaning oriented action plans; and the electrical distribution sector including sub stations. A bounce back in the Power and Industrial sectors is not expected at least for one more year, probably more. Overseas, the Company continues to vigorously pursue opportunities in all sectors in sub Saharan Africa and in nearby SAARC countries (the first success in SAARC having been achieved this year), with particular focus on funded projects.

Out of the present outstanding bids, the Company is well placed (L1) in approximately Rs 425 Crores (of which around 20% is overseas).

Outstandings

There continues to be pressure on outstandings, the bulk of which are from the Power and Industrial Sectors where formal closure of jobs that are virtually completed are getting deferred. This had been compounded by the peculiar payment terms in some of our Electrification assignments where a significant part of payment against material supplies is linked to electrification of all villages in a given block or cluster. However this latter problem has now begun to diminish. All ongoing invoicing is getting paid on time.

Investors Con Call

An investors con call has been organised to be held on Wednesday 15 February 2017 at 4:30 pm.

For **TECHNOFAB ENGINEERING LIMITED**


ARJUN GUPTA
DIRECTOR

