

TECHNOCRAFT INDUSTRIES (INDIA) LTD

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MEDIA RELEASE

PERFORMANCE FOR THE SIX MONTHS ENDED 30TH SEPT 2014 OF TECHNOCRAFT INDUSTRIES (INDIA) LTD

First half revenue from operations, @ Rs. 360 crs, rose 9% as compared to the same period in 2014. Strong revenue momentum was witnessed in Drum Closures as well as in Scaffolding sales in the first half of 2015. Sales of Drum Closure increased by 12% over the corresponding half of last year. This segment has witnessed a steady growth over the last few quarters and the company manages to hold their market leadership status thru' constant innovation and a tight control on costs. Going forward, the management is very optimistic about the improved performance in the scaffolding division. With sales in this quarter growing by ~35% YoY, this marks the fifth quarter in a row where this segment has demonstrated a high double-digit growth while maintaining the margins. The order book in this segment continues to be encouraging, underlining the fact that the company's products are well accepted in the markets.

The outlook on the Engineering Services division also continues to be optimistic. Via its wholly owned subsidiary company 'Technosoft' and its subsidiary, this division continues to perform well. The management expects the strong performance to continue going ahead as well.

The plant set up in China, to manufacture Drum Closures as well as Scaffoldings, continues to do well. Enthused by the performance in this geography so far and based on increased demand from Drum makers, the company has planned to expand its Drum Closure manufacturing capacity there.

The PBT in the first half of 2015 stood at Rs 54.11 crs. The first half of 2015 has witnessed absence of higher Exceptional Income in the form of Forex Gain which was present in first half of 2014 (Rs (-) 0.21 crs in H12015 as compared to Rs 11.15 crs in H1 2015) and also absence of Other Income consisting of exceptional items like Profit on sale of assets/investments of Rs 6.16 crs in H1 2015 as compared to Rs 15.32 crs in H1 2014.

Company's performance in Yarn Division during the first half of 2015 was hampered by some factors which were beyond its control. An unfavorable movement in cotton prices continued to stress the yarn division as the price of yarn did not keep pace with the increased cotton costs. This period also witnessed labour unrest in this Division for about a month which was amicably resolved and the production resumed in full swing. The management is confident of improving volumes in this division and remains committed to recovering profitability in the second half of the year. With the last phase of loom modernization, the company shall soon be capable of manufacturing value added yarn and also value added fabric which shall help improve realizations and margins.

The management's focus continues on creating value and long term growth for the company.

