



CIN: L74210DL1971PLC005712

Dt: 26 May 2014

## INFORMATION UPDATE

The Board of Directors of Technofab Engineering have approved the audited financial results for the twelve months ending 31 March 2014, at its meeting held on 23 May 2014.

The turnover (standalone) during the quarter was Rs 167.33 Cr as against Rs 82.82 Cr in the immediate preceding quarter and Rs 138.95 in the corresponding quarter of the previous fiscal year.

The cumulative turnover for the full year amounts to Rs 407.23 Cr as against Rs 426.3 Cr in the the previous year.

The profit after tax for the quarter and full year ending 31 March 2014 was Rs 1.63 Cr and Rs 6.9 Cr respectively as against Rs 13.1 Cr and Rs 32.53 Cr respectively in the corresponding period of the previous fiscal year.

At the time the Company's 9 month results for the period ending 31 Dec 2013 were released, the following was part of the information update and are reproduced below (in italics) for ready reference

*The financial performance has been impacted by the general economic downturn and the resultant difficult conditions that have now been prevailing for over two years. In addition there has been substantial increase in interest costs, depreciation and some losses on account of foreign exchange rate variations*

*This has been compounded by the expiry of the timeline of funding in one of the overseas projects which has caused a substantial shortfall in revenue and losses due to inventory/ work in progress, foreign exchange rate variation and non recovery of substantial fixed costs and investments in machinery and fixed assets. At the time of the previous quarter's update we had conveyed that negotiations with the customer on resolving issues arising out of the premature closure were underway and the outcome may take another few months.*

*Other ongoing jobs are by and large progressing normally. It is however virtually certain that the Company will be compelled to skip dividend for the current fiscal year.*

While these continue to be valid, there is now much greater clarity on the outcome of the expiry of the timeline for funding in one of our overseas projects referred to above. The losses from the project are reflected in the financial results. The Company is still contesting the impact due to non granting of extension in delivery period. The outcome should be clear in the course of the current year.

Two things lead to considerable optimism on the medium term future. FY 2014 has seen record inflow of fresh orders, all of which have financial closure/financing. At over Rs 1235 Cr, the order



book is 3 times trailing turnover. This is despite having dropped, due to uncertainty regarding funding, slightly over Rs 300 Cr of non moving orders from its order book during the year.

On an overall basis the Company should see a return to growth in turnover and better profitability than last year.

There is once again a degree of optimism (certainly the sentiment and perceptions have improved) on the broad economic front and in particular in our traditional thermal power sectors. In fact the current year started with the Company's first order (after a gap of over 30 months ) in this sector. Though modest it could be a harbinger of better times for the sector and for us.

The Company's Chairman Shri Avinash C Gupta emphasized the fact that The Company is poised to take advantage of any upturn in the domestic market. The Company's business strategy of diversifying its customers and geography of operations while sticking to its core competence of EPC Contracting has greatly helped in coping with difficult times and this strategy will continue. Simultaneously the strategy of focusing on fewer but larger sized orders is reflected in the average ticket size going up to Rs 100 Cr and this will also continue. The Company is steadily building up capabilities in the water sector, and in particular has greatly strengthened its competencies in executing the substantially larger civil construction that is an integral part of the water sector.

The cumulative fresh business secured during the year was Rs 870 Cr of which approximately half has been secured from the water sector and half from the Electrical sector. Around a quarter of the water sector business has been secured from overseas customers.

The Company continues to be well placed in bids worth around Rs 600 crores but there is no clarity on the actual timing of their being converted to firm orders

Additional information is enclosed.

An investors con call is being organized and will be separately intimated.

  
Arun Kochhar

Vice President (Corporate Affairs)



Encl: Additional information

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## Technofab Engineering

### Information Update

(2013-2014)

#### 1. Financial highlights

Rs Crores

|             | FY 2014 | FY 2013 |
|-------------|---------|---------|
| Turnover    | 407.2   | 426.3   |
| PBT         | 10.8    | 47.2    |
| Tax Expense | 3.9     | 14.6    |
| PAT         | 6.9     | 32.5    |

#### 2. Revenue Segmentation

The segmental break -up of the company's total operating revenue in the first 3 months of FY2014 is as follows

- Thermal Power 7.2%
- Nuclear 2.1 %
- Water 57.8 %
- Industrial 2.9 %
- Oil & Gas 5.6%
- Electrical 24.4%

Overseas business accounted for over 55 % of the revenue.

#### 3. Fresh orders

The Company has so far secured fresh orders worth Rs 870 Cr in FY 2014. The break up of these orders are as follows

- Electrical sector(domestic) Rs 398 Crores
- Water Sector(overseas) Rs 110 Crores
- Water Sector (domestic) Rs362 Crores

#### 4. Order Book

The Company's order book, as on date, stands at Rs 1235 crores. The sector wise break up is as follows

- Thermal power 8%
- Nuclear power 1%
- Water 48 %
- Industrial 2 %
- Oil & Gas 3 %
- Electrical 38%



Foreign orders account for 29% of the order book.

**Notes**

1. This update is being issued after the Board of the Company at its meeting held on 23 May 2014 has approved the audited financial results for the year ending 31 March 2014.
2. The results for the above mentioned period are available at NSE and BSE Websites as well as at the Company's website.

Technofab Engineering's Investor Relations are coordinated by:

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