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**Buy**

NSE: TIIL CMP 166.7

Target 191.705(+15%)

**Company Data**

O/S Shares (lakhs) 315.27

Mcap 5.17 Billion

52 Week High BSE 284.5

52 Week low BSE 155

Liquidity 3 mth avg volume 30129 shares

**Shareholding Pattern %**

Promoters 74.97

FII/NRI 2.55

Foreign Body Corp 1.22

Non Promoter Corp Holdings 6.76

Public and Others 14.49

Price Vs Nifty (Rebased values)

Price Performance %

Historic Prices of Technocraft Ind

BSE 1 week 2 week 1 month 3 month 6 month 9 month 1 year

Price 169.8 164.4 214.5 211.3 171.2 172.6 175.45

Gain / Loss -0.0183 0.014 -0.2228 -0.2111 -0.0263 -0.0342 -4.99%

Other Key Ratio

FY 15 E FY 16 E FY 17 E

Net Sales 1,312.52 1,648.71 2,071.02

EBITDA 169.70 213.17 267.78

Net Profit 106.52 126.59 150.44

EPS 33.79 40.15 47.72

P/E 4.93 4.15 3.49

EV/EBITDA 30.97 24.65 19.63

P/BV 0.82 0.69 0.58

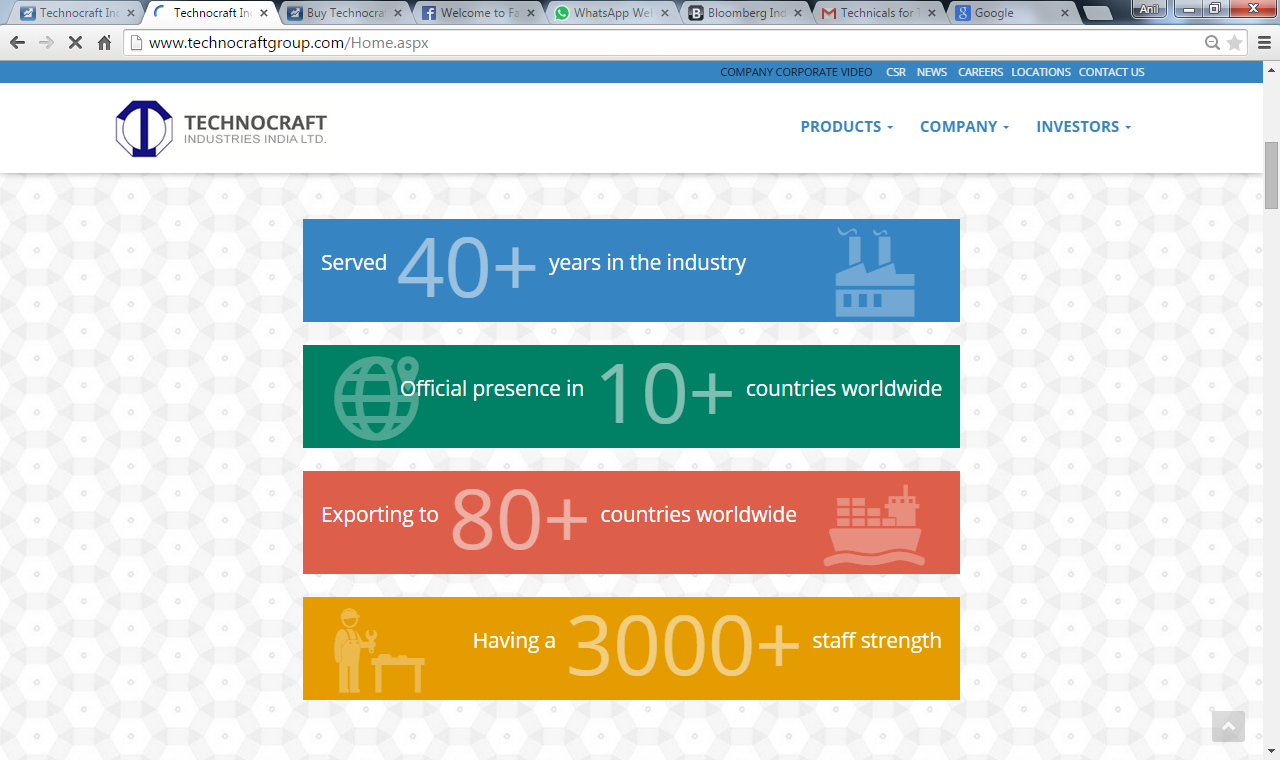
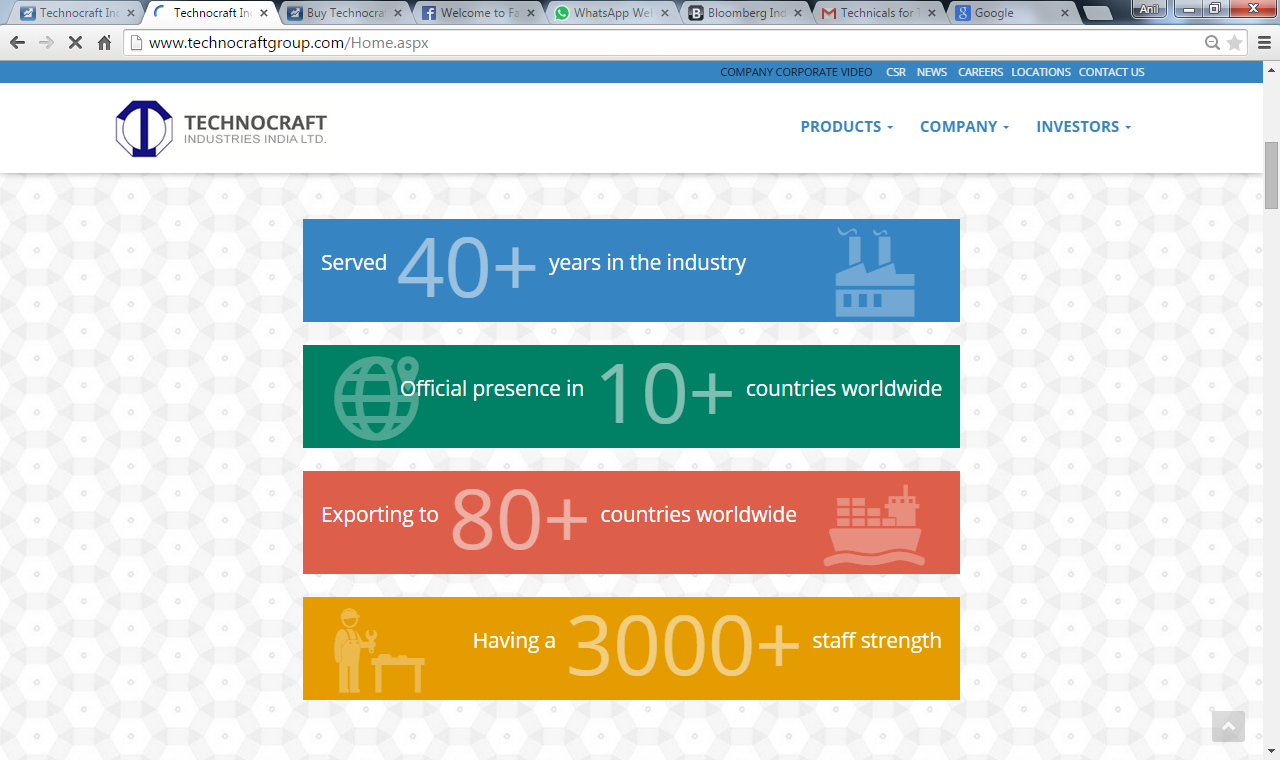
ROE % 16% 16% 16%

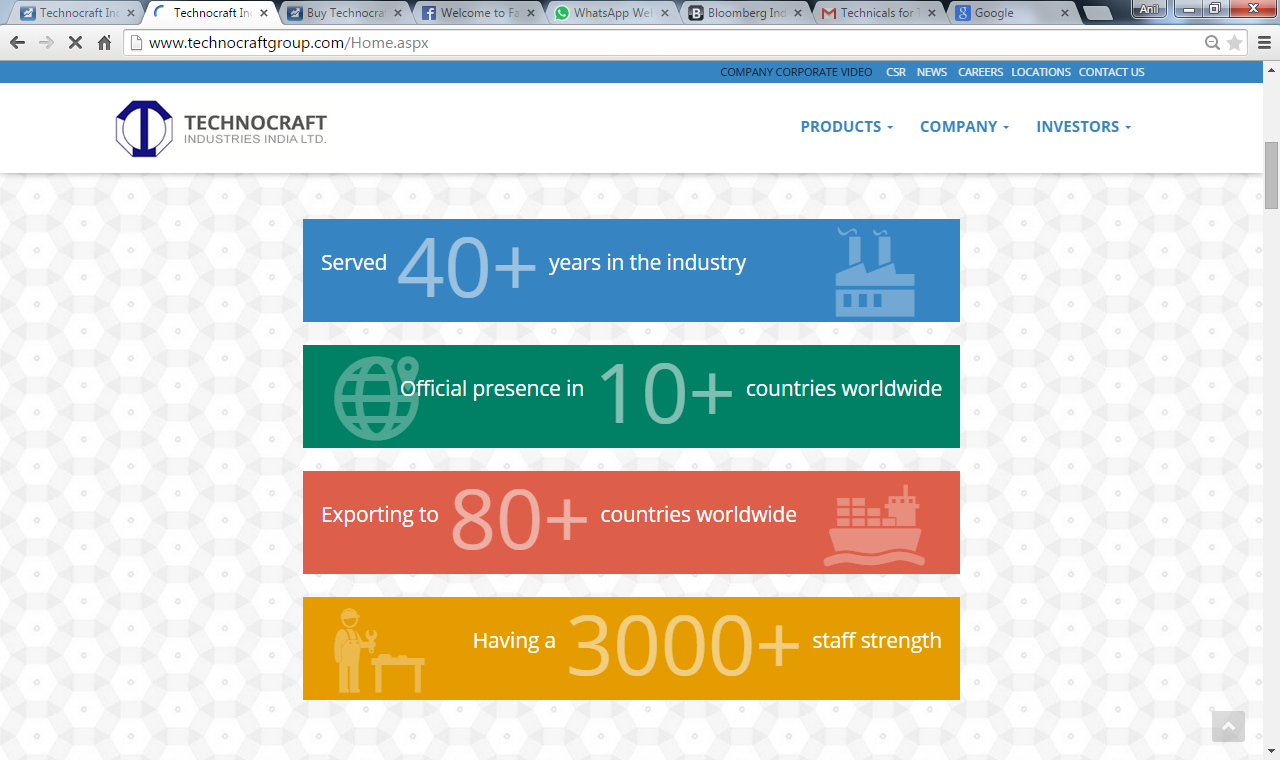
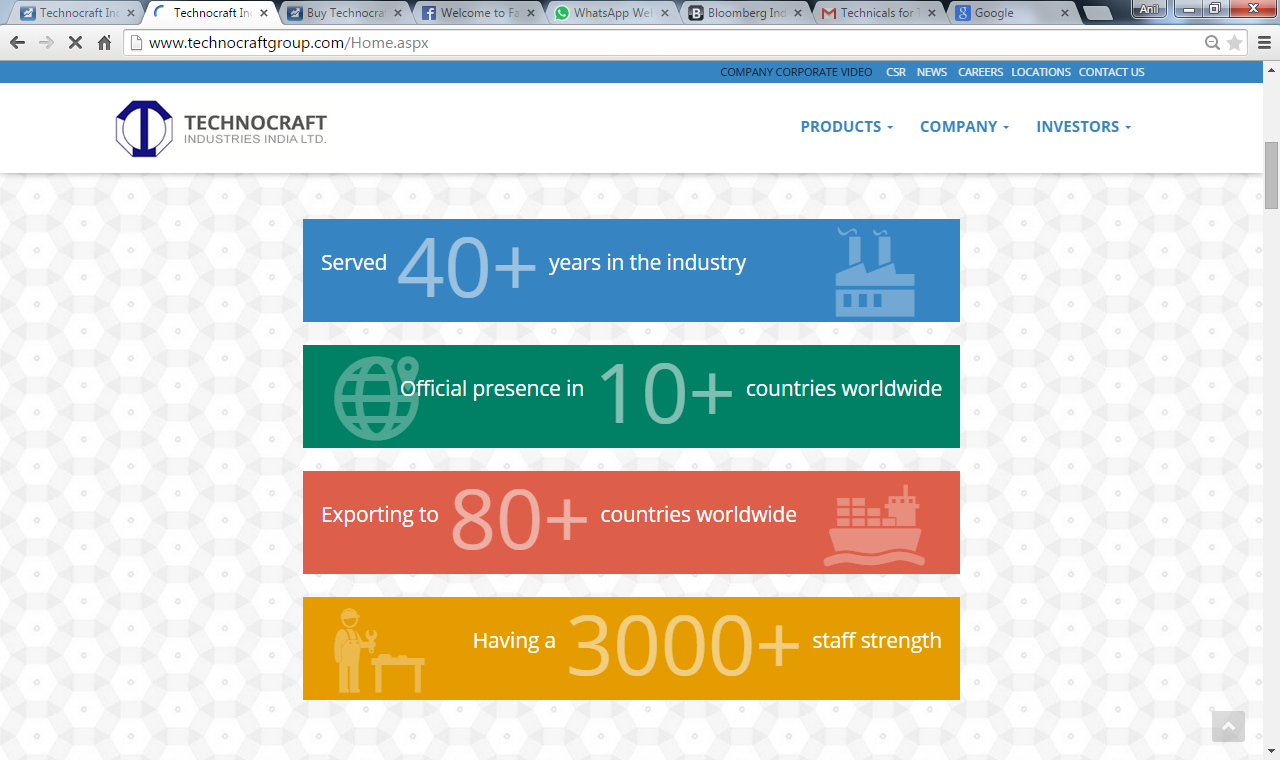
**BACKGROUND**

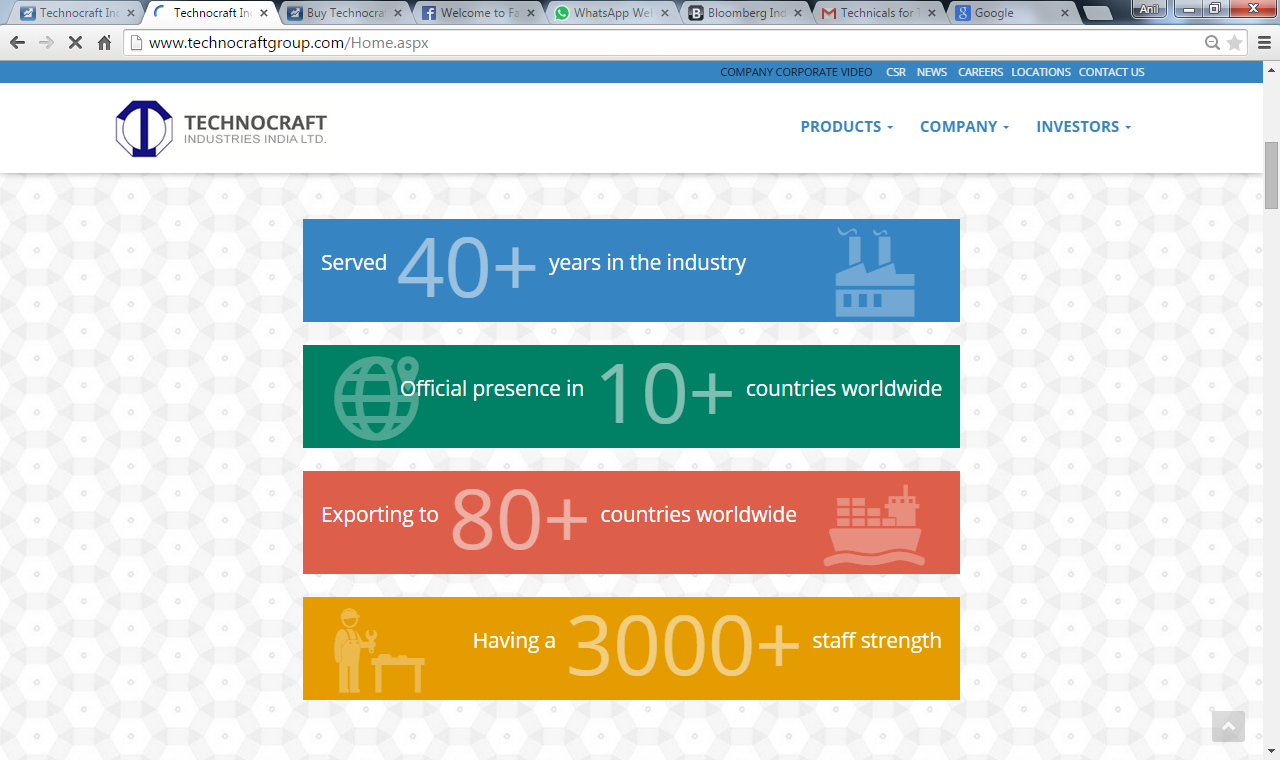
Technocraft was established in 1972 by two brothers Mr. S.K. Saraf and Mr. S.M. Saraf. The brothers, who are IIT Graduates & Technologists, had started with the aim of manufacturing high precision and sophisticated Drum Closures Products. Until 1976 Technocraft focused on the domestic market. India was not recognized as reliable export nation during those days, against all the odds, the company launched a major export drive in 1977.

“Technocraft” was recognized as an export house by Government of India in 1979. “Technocraft” initially captured the Middle East export market. Gradually Technocraft moved to USA and Europe. Since customers in USA and Europe were used to buy Drum Closures from the Company’s competitors based in Europe and USA, on a very short notice, Technocraft established several foreign subsidiary companies for facilitation of the stock flow to their customers in Europe and USA.

Technocraft as a group has been a predominant player in the precision engineering sector & it has done a forward integration of Tube Division by producing high precision scaffolding systems for building construction. The cotton yarn division has also forward integrated its operations by production & export of Garments through its subsidiary. Technocraft has been constantly upgrading its capacity & improving its standards to meet the ever increasing expectations of its customers. The strategy adopted by the company comprises of growth through constant innovation, enter new categories, and focus both on domestic as well as foreign markets.

**TECHNOCRAFT AT A GLANCE**

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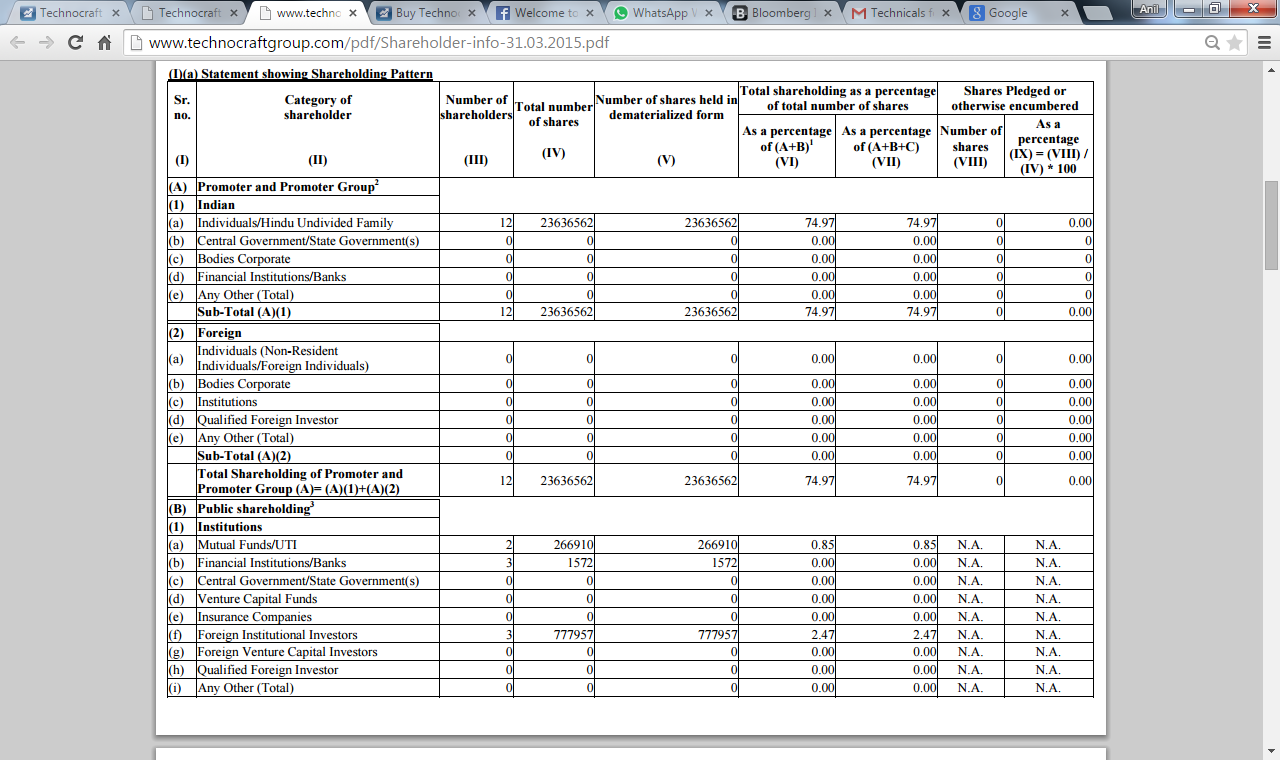
**MANAGEMENT PROFILE**

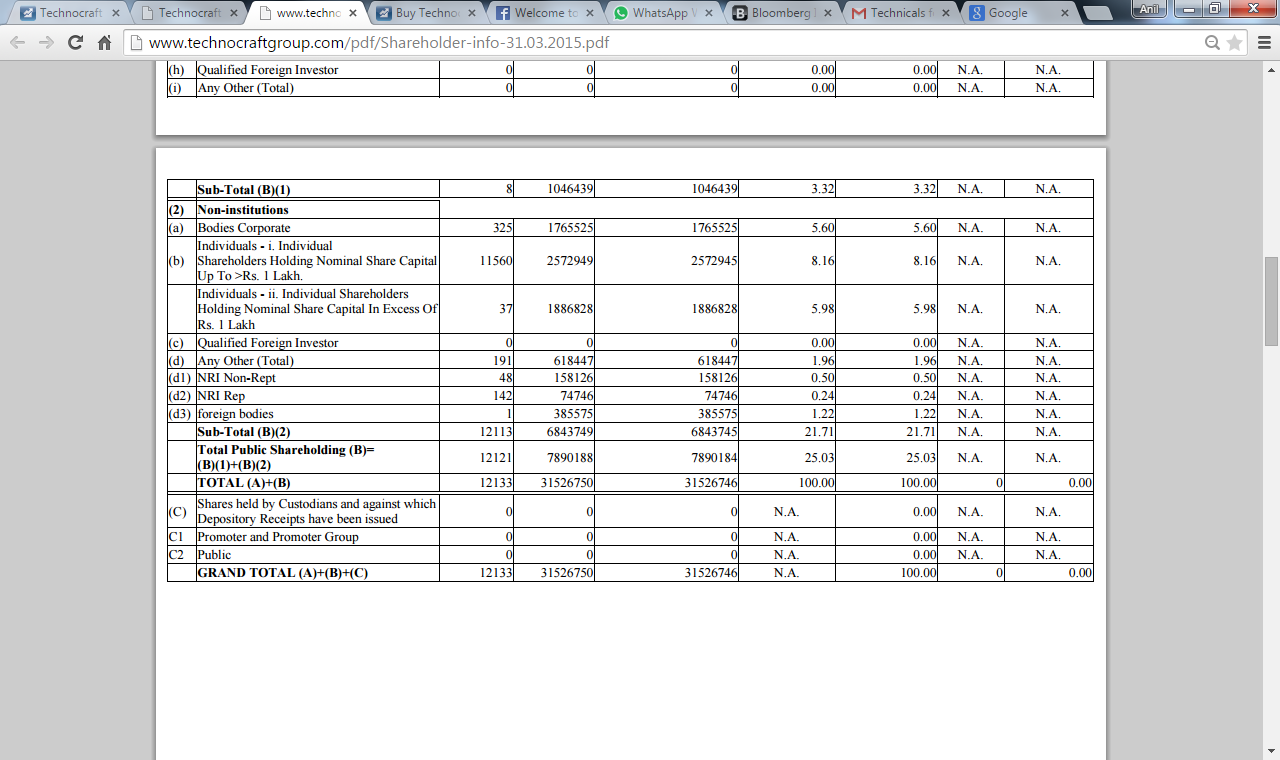
**Mr. Sharad Kumar Saraf**

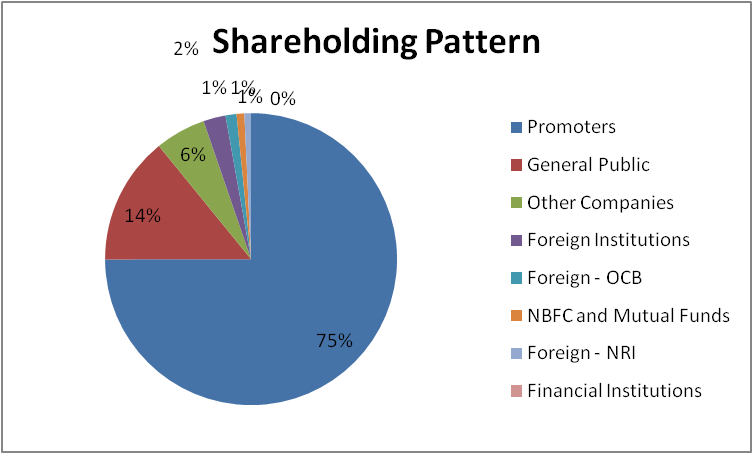
Chairman cum Managing Director, aged 60+ years, is holding a degree in electronics engineering from the prestigious Indian Institute of Technology, Bombay. After graduating from IIT in 1969, underwent one-year Industrial Training in Germany in 1970. Promoted the Technocraft group in 1972, and has since been instrumental in the overall progress of the organization, handles all the commercial aspects of the company.

**Mr. Sudarshan Kumar Saraf**

Co-Chairman cum Managing Director, also aged 60+ years, holding a degree in Mechanical Engineering from the prestigious Indian Institute of Technology, Bombay. He founded the group and has been instrumental in the growth of the group to its present size starting from almost scratch. He directs all the engineering operations of the group.

**SHAREHOLDING PATTERN**





**FUTURE PROJECTS**

* **S&F: On high growth path**

The scaffolding division comprises scaffolding, formwork and towers. Technocraft provides end-to-end solutions with all components and an entire system. This is a quality-driven business requiring certifications in different countries: in Germany DIN issued by SIGMA, in Australia work cover certificate, in the USA a certificate from a welding society, etc. Such certificates reassure customers in all countries and add value to products. Most clients in developed countries prefer producers with such certificates. As Technocraft possesses all such certifications, it is easy to capture any opportunities in the market. Looking at the ramp-up in infrastructure and construction, contractors have started adopting newer technology, advanced concrete and better management tools, key growth drivers in this segment. Scaffolding is a temporary structure used for support in a wide variety of purposes such as construction or repair of buildings, other large structures, bridges and erection of boilers in power plants. It is common to see scaffolding being used for repairs, to access high objects, for window cleaning in tall buildings and more. Although it can be made from wood and bamboo, yet globally scaffoldings are primarily made from metal pipes or tubes, easy to assemble. The major advantage it has is that it helps speed up construction and lower costs.

The Indian market for scaffolding is estimated at INR 15bn, with global production and consumption of steel scaffolding rising rapidly every year. The other product is formwork, temporary or permanent moulds into which concrete or similar materials are poured. Formwork is built using easy-to-produce timber and plywood, or moisture-resistant particleboard. Formwork is still used extensively where labor costs are lower than the cost of procuring re-usable formwork. The company has ventured into manufacturing sophisticated engineered formwork systems for building, construction and infrastructure projects in India to capture the great growth potential in this market. Engineered formwork systems are built of prefabricated modules with a metal frame—usually steel or aluminum— and covered on the application (concrete) side with material having the required surface structure (steel, aluminum, plastic, timber, etc. Growth in railways, roads, bridges, dams, airports, power plants will drive growth as they are key users. The tower division was started in 2010 to manufacture and supply towers for telecommunications, wind-turbines, power transmission & distribution, and other industries. With strong technological support and state-of-the art manufacturing plants and a workforce of engineers and designs validated by the Structural Engineering Research Centre, the Indian Institute of Technology, Chennai, and the Central Power Research Institute, this division is on the growth path. The company’s focus is on raising capacity utilization and gaining critical size.

* **Expansion in China for market share**

The China market is one of the top-three markets for steel drums, with great growth potential. Sensing this opportunity, many international manufacturers entered the China market and increased production there. The quality of some large producers in China such as Nanjing Guli has not been approved internationally. The globally-accepted technology utilized by Technocraft helps it capture market share. It operates its drum closure business in China through its subsidiary, Anhui Reliable. Further, it plans to increase capacity in key growing markets such as China by 20% to 7.2m sets in FY15, with capex of INR 60m, as its building and infrastructure would enable it to tap the lucrative China market more efficiently. This would show in future revenue. We believe the company’s China operations could drive growth in drum closures, its major contributor to earnings, and help it expand market share from 6% and 36%, respectively, in China and globally (excl. China).

* **Export-oriented, focused on domestic demand**

Earlier, scaffolding was 100% export driven, now, though, with mounting demand in the domestic market especially in infrastructure, the company is focusing on capturing opportunities here. Growth in scaffolding is correlated worldwide with that in infrastructure. Looking at the Indian government’s focus on rapid infrastructural development across the country through constructing railways, roads, bridges, dams, airports, power plants and many more, construction is now growing rapidly. Keeping pace, contractors have started adopting newer technologies, better systems, advanced concrete and better management tools. Infrastructure is expected to register a robust growth during FY14-16, which would act as a catalyst in boosting revenue in this segment. Most revenue comes from overseas markets. Technocraft has a 40-45% market share in North America, 50% in Australia and 10% in South America. At present, the North American market brings in 60% to scaffolding revenue, South America 20% and Australia 15%. Technocraft is focusing on increasing its market share in South America by expanding in the larger Latin American markets of Brazil, Argentina and Venezuela. Its present capacity is 24,000 tons, with utilization improving from 73% in FY10 to 82% in FY14, a 3% CAGR in production volumes. The contribution of the tower and formwork division in sales volumes is increasing yearly but the 25% revenue CAGR over FY10-14 was mostly supported by increasing realizations, which have come at a 22% CAGR.

* **Growth in other segments**

To increase its reach and for synergies, TE acquired a controlling stake in Swift Engineering. Headquartered in Calgary, Canada, Swift provides EPCM services to the oil & gas sector, process studies, piping, mechanical, electrical, civil/structural designing, and procurement support. The Swift acquisition has broadened TE’s services to the larger international arena. The Canadian and US oil and gas industry is likely to grow well in the next 3-5 years because of oil and gas finds in Alberta, Canada, and the southern US belt. TE operates in North America through its subsidiaries, Impact Engineering Solutions (general engineering services) and Swift (EPCM services to the oil and gas industry).

* **Yarn**

In 1997, Technocraft entered textiles, setting up a 100% export-oriented cotton yarn spinning mill (15,000 spindles). At present, the plant has 61,100 spindles and capacities of 1,000 kg/hr. Products comprise 100% cotton ring spun yarn, super-carded and super-combed for knitting and weaving. A 15-MW coal plant gives it the required power.

At present, Technocraft exports 70% of its products to Europe and Asia, with the rest going to LATAM countries. The yarn division registered a 9% CAGR during FY10-14, fuelled by a 7% volume CAGR. Fluctuations in commodity prices led to the fluctuating EBIT margin. The company plans to modernize its spindles (INR 120m capex), which would result in reduced labor cost and downtime. The altered machines would make value-added yarn, resulting in higher realization per kg. With an in-house spinning mill to control the quality of yarn from the beginning, Technocraft offers quality fabric to customers.

* **Garments**

Technocraft manufactures premium active-wear. Products are custom knit, dyed, finished, cut, sewn, decorated, packaged and distributed. The company has access to the latest trends in European markets, thus offering quality products and the latest fashions at Indian prices with short lead-time. Increasing retail penetration, a growing service class and an increasing share of designer wear are key growth drivers in this segment.

* **Scaffolding offers attractive value.**

In past years, Technocraft has taken significant strides in the global scaffolding market. It has adequate stock in hand to ensure quick delivery when demand arises. Domestic demand is on the upswing because of the emphasis on infrastructure development expected, large constructions, etc. Niche products, good domestic demand, a stable global market and decent margins augur well for Technocraft in the medium term. The above factors are expected to drive scaffolding revenue at a 35% CAGR over FY14-17. The stable EBIT margin should cross 14%. We expect the S&F division to emerge as a key growth driver. The overall outlook is positive on the basis of the capacity expansions, better utilization, changing political conditions and mounting demand. With its geographical expansion in American markets, product range to capitalize on domestic growth and focus on greater capacity utilization in the tower division, this segment is poised for growth.

**BIG BROKERAGES VIEW ON THE COMPANY**

* Sharekhan has Recommend book profit: We recommend investors to Book profit in the stock as the challenges ahead of the company are structural in nature and could take some time to recede.

**TECHNICALS**

Company: **Technocraft Industries**

Price as on 08-June-2015: **172**

Target: **190-194**

Time Frame: **1 month**

**BOLLINGER BANDS**

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The prices are hovering around the lower levels on the Bollinger Bands, the bands are widening due to increase in volatility. This indicates that the stock will end its downtrend and will slowly go in green.

**MONEY FLOW INDEX**



As per the Money Flow Index the stock was under a selling pressure and is near the over-sold area, and hence the traders will reduce all their short positions and traders will start buying fresh positions in the stock.

**MACD**

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The divergence as per the MACD indicator is at -3.55 which have recovered of -3.86 and is also expected to go into positive number.

The MACD (Blue line) is below the EMA (red line) and is expected to see a cross-over of the red line which would indicate the stock price will move up.

**EXPONENTIAL MOVING AVERAGE**

The 20 Day EMA is much below than the 50 days & 90 days EMA which is making the stock looking attractive to buy at current levels. The stock price will move up as the 20 day EMA will move closer towards the 50 day & 90 day EMA.

**Conclusion:**

Considering all the parameters, the recommendation is provided in the table below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Advise** | **Price as of 08-June-2015** | **Target** | **Time Frame** |
| **BUY** | **172** | **190-194** | **1 Month** |

**FUNDAMENTALS**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **Technocraft Industries** | | **NIFTY** | |
| Average Monthly Return | 2.19% | | 0.71% | |
| Monthly Standard Deviation | 14.96% | | 4.98% | |
| Annualized Return | 29.67% | | 8.81% | |
| Annualized Standard Deviation | 51.83% | | 17.26% | |
| Highest Monthly Return | 55.41% | | 11.72% | |
| Lowest Monthly Return | -29.37% | | -10.81% | |
| Months of Positive Return | 34 months | 57% | 32 months | 53% |
| Months of Negative Return | 26 months | 43% | 28 months | 47% |
| CAGR | 13.84% | | 7.00% | |

|  |  |
| --- | --- |
| Beta | 1.43 |
| Alpha | 1.18% |

**CHARACTERISTIC LINE OF THE STOCK**

Return on Technocraft = 1.18% plus 1.43 \* Return on NIFTY

Next year if NIFTY Returns the following then the stock return is predicted using the Characteristic line

|  |  |
| --- | --- |
| **NIFTY** | **TECHNOCRAFT** |
| -10% | -13.10% |
| -5% | -5.96% |
| 0% | 1.18% |
| 5% | 8.32% |
| 10% | 15.46% |
| 15% | 22.60% |

**STOCK PERFORMANCE VS NIFTY**

Thus the stock has outperformed the NIFTY over the past 60 months of the analysis period.

|  |  |
| --- | --- |
| Average Annual Growth in the Size of the Balance Sheet | 6.52% |
| Average Annual Stock Returns | 13.84% |

Thus the stock has performed better than the underlying business

**KEY RATIOS**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Key Ratios** | **Mar '10** | **Mar '11** | **Mar '12** | **Mar '13** | **Mar '14** | **Comments** |
| Debt Ratio | 26.72% | 28.47% | 18.80% | 19.08% | 21.45% | Firm is Reducing Leverage. |
| Debt/Equity Ratio | 36.66% | 40.01% | 23.26% | 23.68% | 27.53% |
| DPS | 1.75 | 1.16 | 1.16 | 3.5 | 5.85 | Increasing Dividends year on year |
| EPS | 12.65 | 10.24 | 4.84 | 23.55 | 28.43 | Last 2 years EPS has been outstanding. |
| Payout Ratio | 14% | 11% | 24% | 15% | 21% | Firm Follows a conservative payout policy. |
| Retention Ratio | 86% | 89% | 76% | 85% | 79% | Firm is retaining money for funding future exansion |

**GROWTH RATES**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Growth Rates %** | **Mar '11** | **Mar '12** | **Mar '13** | **Mar '14** |
| Revenues | 19.65% | 15.54% | 21.09% | 25.61% |
| Gross Profit | 14% | 27% | 48% | 25% |
| EBITDA | -1% | -18% | 82% | 15% |
| EBIT | -53% | -21% | 153% | 23% |
| EBT Post Items | -13% | -59% | 131% | 26% |
| Net Profit | -21% | -75% | 158% | 19% |

We can see that the Growth Rate in Profits are fluctuating a lot. After a big decline in 2012 the company rebounded in 2013 and has maintained much lower growth rates in 2014. Going forward if the profits once again grow at impressive rate it will have a magnifying effect on stock price

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Other Ratios** | **Mar '10** | **Mar '11** | **Mar '12** | **Mar '13** | **Mar '14** |
| Effective Tax Rate | 26.74% | 32.26% | 43.93% | 32.44% | 31.18% |
| ROE: NP/Equity | 10.39% | 7.64% | 3.49% | 14.85% | 15.77% |
| ROC:EBIT\*(1-t)/Cap Emp | 5.36% | 2.60% | 1.91% | 9.30% | 10.19% |
| Assets Turnover Ratio | 0.67 | 0.72 | 1.02 | 1.09 | 1.19 |
| Interest/Debt | 4.95% | 5.13% | 11.23% | 6.88% | 2.95% |

Asset utilization has improved over the years. Company has access to cheaper debt funds. Return on Equity can be much higher if Leverage is enhanced to magnify the effect of Return on Capital

**Growth Rates have been Very volatile as can be seen in this chart.**

|  |  |  |
| --- | --- | --- |
|  | **Standard Deviation** | **Indication** |
| Revenue Volatility | 4.16% | Competitive position of the firm. |
| Gross Profit Volatility | 14.15% | Raw Material and Manufacturing costs are volatile |
| EBITDA Volatility | 43.69% | Operating Expenses are volatile |
| EBIT Volatility | 90.64% | Above three leads to Operating Income Volatility |
| EBT Post Items Volatility | 81.07% |  |
| Net Profit Volatility | 99.63% |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Margins** | **Mar '10** | **Mar '11** | **Mar '12** | **Mar '13** | **Mar '14** |
| Gross Margin | 21.75% | 20.50% | 22.94% | 29.95% | 29.87% |
| EBITDA Margin | 13.31% | 10.87% | 7.81% | 14.38% | 12.93% |
| EBIT Margin | 8.36% | 4.06% | 2.81% | 10.56% | 10.34% |
| EBT Margin | 12.13% | 8.78% | 4.15% | 12.47% | 12.47% |
| Net Income Margin | 8.66% | 5.75% | 2.33% | 9.18% | 8.58% |

The firm has maintained Profit margins in Difficult years was growth was low this is indicative of efficiency of operations and a well run company.

The above graph shows that Profit margins slipped in 2012 but recovered the next year. The challenge is going forward the margins must hold if not improve for the firm to get solid stock price increase.

**From the above chart it is clear that there is cost pressure bogging down the EBITDA.EBIT and EBT Margin**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Cost of Capital** | **Proportion** |  | | |
| Market Value of Equity | 564.33 | 78.29% | Cost of Equity (Ke) | 7.98% + 1.18% = | 9.16% |
| Market Value of Debt ( BV Taken) | 156.5 | 21.71% | Cost of Debt (Kd) | 15% x (1-0.3118) = | 10.15% |
| **Total** | **720.83** |  | **Weighted Avg Cost of Capital** |  | **9.38%** |

Our 2 Stage DCF Model Shows the Value of Equity to be Rs 616 Crs which means the stock is currently slightly undervalued.

**COMPETITION AND PEER GROUP ANALYSIS**

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** | **Mkt cap/Total Assets** | **Market Share** | **Net Profit Margin** |
| Star Ferro | 25.35 |  |  |
| Mahindra Ugine | 5.25 | 3.00% | 26.00% |
| Electrosteel St | 0.1 | 7.00% | -34.10% |
| Jindal Stainles | 0.08 | 46.00% | -5.70% |
| **Technocraft Ind** | **0.87** | **3.00%** | **8.90%** |
| Usha Martin | 0.11 | 13.00% | -7.80% |
| Mukand | 0.13 | 10.00% | 0.10% |
| OCL Iron | 0.15 | 4.00% | -5.50% |
| Kamdhenu Ispat | 0.53 | 3.00% | 0.80% |
| Vardhman Steels | 0.14 | 2.00% | -2.30% |
| Metkore Alloys | 0.27 | 1.00% | 0.90% |
| Tulsyan NEC | 0.05 | 5.00% | -4.10% |
| Bedmutha Ind | 0.09 | 1.00% | -2.70% |
| SAL Steel | 0.07 | 1.00% | -20.70% |
| Shah Alloys | 0.12 | 1.00% | -49.20% |
| Varun Ind | - | 1.00% | -20.50% |
| Ramsarup Ind | -0.02 | 0.00% | -4033.90% |

* The market capitalization in this sector is generally depressed due to the fact that 12 firms have reported negative earnings.
* Here Technocraft Industries stands out. They also have a 8.9% net profit margin which in a tough environment is indicative of robust marketing and operational efficiency.
* Mahindra Ugine commands a higher market capitalization with lower sales turnover partly because of greater profitability.

Below is our 2 stage DCF Model using the formula approach to arrive at the intrinsic value of equity Inputs have been assembled by our intensive analysis above and we have no access to any inside information which may impact the stable growth variables.

|  |  |
| --- | --- |
| **Value Drivers** | **Present** |
| Revenue Presently | 1044.88 |
| High Growth period in Years | 10 |
| Operating Income Margin | 10.34% |
| Tax rate | 31.18% |
| Growth rate in Super Growth period | 20.63% |
| Depreciation to Revenue in Super Growth | 6.19% |
| Capital Expenditure to Revenue in Super Growth | 2.06% |
| Reinvestment in Working Capital to Revenues | 8.75% |
| Cost of Capital in Super Normal Growth Periods | 9.38% |
| Stable Growth Rate | 6.00% |
| Depreciation to Revenues in Stable Growth | 5.00% |
| Capex to Revenues in Stable Growth | 5.00% |
| Working Capital to Revenues in Stable Growth | 6.80% |
| Stable Growth cost of Capital | 9.00% |
| 1+h a calculation ratio | 1.102845 |
| PV Hg FCFF | 464 |
| PV TFCFF | 308 |
| VoF | 772 |
| Less: Debt | 157 |
| **VoE** | **616** |

Thus with a Market Capitalization of Rs 564 Crores and the Intrinsic Value of Rs 616 crores, appears to be a slight undervaluation in the stock.

**ANNEXURE**

**Annexure 1**

Returns of the Stock and Returns of the benchmark index to arrive at beta, Alpha and other stock statistics using 60 months returns.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Technocraft Industries** | | | **NIFTY** | | |
| **Date** | **Adj Close** | **Returns** | **Growth** | **Adj Close** | **Returns** | **Growth** |
| Jun-10 | 47.40 |  | 100.00 | 5,312.50 |  | 100 |
| Jul-10 | 55.50 | 15.78% | 115.78 | 5,367.60 | 1.03% | 101.03 |
| Aug-10 | 54.15 | -2.46% | 112.93 | 5,402.40 | 0.65% | 101.68 |
| Sep-10 | 73.21 | 30.16% | 146.98 | 6,029.95 | 10.99% | 112.86 |
| Oct-10 | 70.03 | -4.44% | 140.45 | 6,017.70 | -0.20% | 112.63 |
| Nov-10 | 60.19 | -15.14% | 119.19 | 5,862.70 | -2.61% | 109.69 |
| Dec-10 | 61.49 | 2.14% | 121.73 | 6,134.50 | 4.53% | 114.66 |
| Jan-11 | 59.10 | -3.96% | 116.91 | 5,505.90 | -10.81% | 102.27 |
| Feb-11 | 45.79 | -25.52% | 87.08 | 5,333.25 | -3.19% | 99.01 |
| Mar-11 | 46.67 | 1.90% | 88.73 | 5,833.75 | 8.97% | 107.89 |
| Apr-11 | 50.77 | 8.42% | 96.21 | 5,749.50 | -1.45% | 106.32 |
| May-11 | 46.21 | -9.41% | 87.15 | 5,473.10 | -4.93% | 101.08 |
| Jun-11 | 43.53 | -5.97% | 81.94 | 5,647.40 | 3.14% | 104.25 |
| Jul-11 | 43.57 | 0.09% | 82.02 | 5,482.00 | -2.97% | 101.15 |
| Aug-11 | 32.48 | -29.37% | 57.93 | 5,001.00 | -9.18% | 91.86 |
| Sep-11 | 33.54 | 3.21% | 59.79 | 4,943.25 | -1.16% | 90.80 |
| Oct-11 | 33.24 | -0.90% | 59.25 | 5,326.60 | 7.47% | 97.58 |
| Nov-11 | 26.20 | -23.80% | 45.15 | 4,832.05 | -9.74% | 88.07 |
| Dec-11 | 26.59 | 1.48% | 45.82 | 4,624.30 | -4.39% | 84.20 |
| Jan-12 | 28.30 | 6.23% | 48.67 | 5,199.25 | 11.72% | 94.07 |
| Feb-12 | 29.76 | 5.03% | 51.12 | 5,385.20 | 3.51% | 97.37 |
| Mar-12 | 29.89 | 0.44% | 51.34 | 5,295.55 | -1.68% | 95.74 |
| Apr-12 | 32.89 | 9.56% | 56.25 | 5,248.15 | -0.90% | 94.88 |
| May-12 | 30.53 | -7.45% | 52.07 | 4,924.25 | -6.37% | 88.83 |
| Jun-12 | 34.48 | 12.17% | 58.40 | 5,278.90 | 6.95% | 95.01 |
| Jul-12 | 35.21 | 2.10% | 59.62 | 5,229.00 | -0.95% | 94.11 |
| Aug-12 | 61.28 | 55.41% | 92.66 | 5,258.50 | 0.56% | 94.64 |
| Sep-12 | 65.91 | 7.28% | 99.41 | 5,703.30 | 8.12% | 102.32 |
| Oct-12 | 70.65 | 6.94% | 106.32 | 5,619.70 | -1.48% | 100.81 |
| Nov-12 | 66.89 | -5.47% | 100.50 | 5,879.85 | 4.53% | 105.37 |
| Dec-12 | 64.73 | -3.28% | 97.20 | 5,905.10 | 0.43% | 105.82 |
| Jan-13 | 64.99 | 0.40% | 97.59 | 6,034.75 | 2.17% | 108.12 |
| Feb-13 | 61.21 | -5.99% | 91.74 | 5,693.05 | -5.83% | 101.82 |
| Mar-13 | 53.46 | -13.54% | 79.32 | 5,682.55 | -0.18% | 101.63 |
| Apr-13 | 56.36 | 5.28% | 83.51 | 5,930.20 | 4.27% | 105.97 |
| May-13 | 57.29 | 1.64% | 84.88 | 5,985.95 | 0.94% | 106.96 |
| Jun-13 | 56.36 | -1.64% | 83.49 | 5,842.20 | -2.43% | 104.36 |
| Jul-13 | 66.05 | 15.87% | 96.74 | 5,742.00 | -1.73% | 102.55 |
| Aug-13 | 61.74 | -6.75% | 90.21 | 5,471.80 | -4.82% | 97.61 |
| Sep-13 | 70.67 | 13.51% | 102.40 | 5,735.30 | 4.70% | 102.2 |
| Oct-13 | 80.36 | 12.85% | 115.55 | 6,299.15 | 9.38% | 111.79 |
| Nov-13 | 103.74 | 25.54% | 145.06 | 6,176.10 | -1.97% | 109.58 |
| Dec-13 | 93.73 | -10.15% | 130.34 | 6,304.00 | 2.05% | 111.83 |
| Jan-14 | 82.90 | -12.28% | 114.34 | 6,089.50 | -3.46% | 107.95 |
| Feb-14 | 77.78 | -6.38% | 107.05 | 6,276.95 | 3.03% | 111.23 |
| Mar-14 | 79.37 | 2.02% | 109.22 | 6,704.20 | 6.58% | 118.55 |
| Apr-14 | 92.96 | 15.80% | 126.48 | 6,696.40 | -0.12% | 118.41 |
| May-14 | 137.96 | 39.48% | 176.41 | 7,229.95 | 7.67% | 127.49 |
| Jun-14 | 176.42 | 24.59% | 219.79 | 7,611.35 | 5.14% | 134.05 |
| Jul-14 | 182.35 | 3.31% | 227.06 | 7,721.30 | 1.43% | 135.97 |
| Aug-14 | 192.61 | 5.47% | 239.49 | 7,954.35 | 2.97% | 140.01 |
| Sep-14 | 168.06 | -13.63% | 206.83 | 7,964.80 | 0.13% | 140.20 |
| Oct-14 | 202.38 | 18.58% | 245.27 | 8,322.20 | 4.39% | 146.35 |
| Nov-14 | 182.06 | -10.58% | 219.32 | 8,588.25 | 3.15% | 150.95 |
| Dec-14 | 163.78 | -10.58% | 196.11 | 8,282.70 | -3.62% | 145.49 |
| Jan-15 | 210.54 | 25.12% | 245.36 | 8,808.90 | 6.16% | 154.45 |
| Feb-15 | 226.83 | 7.45% | 263.65 | 8,844.60 | 0.40% | 155.07 |
| Mar-15 | 213.41 | -6.10% | 247.57 | 8,491.00 | -4.08% | 148.74 |
| Apr-15 | 224.69 | 5.15% | 260.32 | 8,181.50 | -3.71% | 143.22 |
| May-15 | 186.04 | -18.88% | 211.18 | 8,433.65 | 3.04% | 147.57 |
| Jun-15 | 176.25 | -5.41% | 199.77 | 8,114.70 | -3.86% | 141.88 |

**Annexure 2**

**FINANCIAL STATEMENT**

**CONSOLIDATED BALANCE SHEET OF TECHNOCRAFT INDUSTRIES (INDIA)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | | | | **Rs. In Crs** |
| **Sources Of Funds** | **Mar '10** | **Mar '11** | **Mar '12** | **Mar '13** | **Mar '14** |
| Equity Share Capital | 31.53 | 31.53 | 31.53 | 31.53 | 31.53 |
| Reserves | 352.39 | 390.62 | 405.79 | 468.42 | 536.87 |
| Networth | 383.92 | 422.15 | 437.32 | 499.95 | 568.40 |
| Secured Loans | 70.75 | 118.90 | 101.72 | 96.82 | 134.78 |
| Unsecured Loans | 70.00 | 50.00 | - | 21.58 | 21.72 |
| Total Debt | 140.75 | 168.90 | 101.72 | 118.40 | 156.50 |
| Minority Interest | 2.11 | 2.11 | 2.00 | 2.18 | 4.78 |
| **Total Liabilities** | **526.78** | **593.16** | **541.04** | **620.53** | **729.68** |
| **Application Of Funds** |  |  |  |  |  |
| Gross Block | 312.45 | 385.44 | 406.32 | 416.33 | 437.81 |
| Less: Reval Reserves | 2.74 | - | - | - | - |
| Less: Accum. Depreciation | 176.61 | 212.19 | 239.11 | 266.65 | 287.74 |
| Net Block | 133.10 | 173.25 | 167.21 | 149.68 | 150.07 |
| Capital WIP | 54.45 | 6.56 | 1.71 | 0.39 | 0.33 |
| Investments | 62.05 | 70.56 | 47.58 | 151.92 | 145.95 |
| **Current Assets** |  |  |  |  |  |
| Inventories | 105.96 | 169.29 | 118.58 | 141.75 | 179.37 |
| Sundry Debtors | 119.16 | 134.51 | 152.13 | 217.61 | 279.19 |
| Cash and Bank Balance | 8.33 | 71.02 | 22.26 | 19.39 | 42.72 |
| **Total Current Assets** | **233.45** | **374.82** | **292.97** | **378.75** | **501.28** |
| Loans and Advances | 149.39 | 149.96 | 135.20 | 61.29 | 78.86 |
| Fixed Deposits | 53.13 | - | - | - | - |
| Total CA, Loans & Advances | 435.97 | 524.78 | 428.17 | 440.04 | 580.14 |
| **Current Liabilities** | **70.46** | **82.18** | **96.34** | **109.52** | **122.80** |
| Provisions | 88.89 | 99.82 | 7.29 | 12.00 | 24.02 |
| Total CL & Provisions | 159.35 | 182.00 | 103.63 | 121.52 | 146.82 |
| Net Current Assets | 276.62 | 342.78 | 324.54 | 318.52 | 433.32 |
| Miscellaneous Expenses | 0.55 | - | - | - | - |
| **Total Assets** | **526.77** | **593.15** | **541.04** | **620.51** | **729.67** |
| Contingent Liabilities | 4.92 | 1.39 | 40.10 | 68.30 | 83.08 |
| **Book Value (Rs)** | **121.78** | **133.90** | **138.71** | **158.58** | **180.29** |

**CONSOLIDATED PROFIT & LOSS ACCOUNT OF TECHNOCRAFT INDUSTRIES (INDIA)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | | | | **Rs. In Crs** |
| **Mar '10** | **Mar '11** | **Mar '12** | **Mar '13** | **Mar '14** |
| **Sales Turnover** | **460.69** | **560.73** | **655.00** | **808.77** | **1,044.88** |
| Less: COGS | 360.47 | 445.77 | 504.72 | 566.57 | 732.76 |
| Raw Materials | 262.22 | 386.37 | 407.76 | 492.33 | 639.03 |
| Power and Fuel | 30.42 | 20.51 | 28.44 | 21.28 | 16.94 |
| Employee Cost | 34.50 | 37.54 | 47.81 | 52.96 | 74.10 |
| Other Mfg Exp | 24.81 | 33.35 | - | - | 5.06 |
| Stock Adj | (8.52) | 32.00 | (20.71) | - | 2.37 |
| **Gross Profit** | **100.22** | **114.96** | **150.28** | **242.20** | **312.12** |
| Less: S & A Expenses | 31.23 | - | - | - | - |
| Less: Misc Exp | 7.67 | 53.99 | 99.14 | 125.89 | 177.02 |
| **EBITDA** | **61.32** | **60.97** | **51.14** | **116.31** | **135.10** |
| Less: Depreciation | 22.77 | 36.47 | 32.72 | 30.89 | 27.09 |
| Less: Amortization | 0.04 | 1.76 | - | - | - |
| **EBIT** | **38.51** | **22.74** | **18.42** | **85.42** | **108.01** |
| Add: Other Income | 23.07 | 34.08 | 20.20 | 23.57 | 26.88 |
| Less: Interest | 6.97 | 8.67 | 11.42 | 8.14 | 4.62 |
| **EBT** | **54.61** | **48.15** | **27.20** | **100.85** | **130.27** |
| Items | 1.26 | 1.08 | - | - | - |
| EBT Post Items | 55.87 | 49.23 | 27.20 | 100.85 | 130.27 |
| Less: Tax | 14.94 | 15.88 | 11.95 | 32.72 | 40.62 |
| **Net Profit** | **39.89** | **32.27** | **15.27** | **74.25** | **89.64** |
| Less: Minority Interest | 2.03 | 2.04 | - | - | - |
| NP after Minority Interest | 36.18 | 30.23 | 15.27 | 74.25 | 89.64 |
| Less: Dividends | 4.73 | 3.15 | 3.15 | 9.46 | 15.76 |
| Less: Corp Div | 0.80 | 0.52 | 0.51 | 1.58 | 2.68 |
| **Retained** | **30.65** | **26.56** | **11.61** | **63.21** | **71.20** |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Investment in Working Capital |  | 215.16 | 271.76 | 302.28 | 299.13 | 390.60 |
| Incremental Investment In Working Cap |  | - | 56.60 | 30.52 | (3.15) | 91.47 |
| Revenues |  | - | 560.73 | 655.00 | 808.77 | 1,044.88 |
| Proportion |  | - | 0.10 | 0.05 | (0.00) | 0.09 |
| Capital Expenditure |  | - | 72.99 | 20.88 | 10.01 | 21.48 |
| Revenue |  | - | 560.73 | 655.00 | 808.77 | 1,044.88 |
| Proportion |  | - | 0.13 | 0.03 | 0.01 | 0.02 |

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**DISCLAIMER**

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