



“TRF Limited Q4 FY2017 Results
Conference Call”

June 06, 2017



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TRF Limited
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Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY2017 results call of TRF Limited hosted by Emkay Global Financial Services. We have with us today, Mr. P. S. Reddy – Managing Director, Mr. Subhasish Datta - CFO, Mr. Anirudhdha Iyer – Executive Officer to MD, Mr. Chandan Dutta – Deputy Chief Finance & Accounts, Mr. Rajen Sahay – Head Corporate Communications and Mr. T K Srivastava - Company Secretary. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. John Perinchery from Emkay Global. Thank you and over to you Sir!

John Jose Perinchery: Good afternoon everyone. I would like to welcome the management of TRF and thank them for giving us this opportunity. I would now hand over the call to Mr. Reddy for his opening remarks. Over to you Sir!

P.S. Reddy: Thanks Mr. John Perinchery. Good afternoon everyone. Just to give you the highlights of the performance for Q4 as well as for the whole year of FY2017. On standalone basis for the quarter ending March 2017 we reported an income of Rs.174.07 Crores as against Rs.267.19 Crores in the corresponding quarter of the previous year. The income from the operation for the year ending March 2017 was Rs.519.78 Crores compared to Rs.553.24 Crores during the corresponding period of the last year. The net profit after tax after accounting for comprehensive income on standalone basis for Q4 2016-2017 is Rs.3.95 Crores compared to a profit of Rs.15.72 Crores in Q4 of FY2016.

For the overall year ending March 2017, the net loss after tax after accounting for comprehensive income is Rs.29.22 Crores compared to a loss of Rs.12.38 Crores during the corresponding period of FY2016. On consolidated basis, the income from operations for the quarter ending March 2017 is Rs.313.57 Crores as against Rs.402.18 Crores in Q4 of FY2016. The income from operations for the whole year ending March 2017 was Rs.1010.93 Crores compared to Rs.1013.05 Crores during corresponding period for the FY2016.

The net profit after accounting for income on consolidated basis for the quarter ending March 2017 is Rs.9.67 Crores compared to a profit of Rs.0.42 Crores in the quarter ending March 2016. But the whole of the year ending March 2017, the net loss after accounting for comprehensive income on consolidated basis is Rs.35.26 Crores compared to a loss of Rs.40.68 Crores for the year ending March 2016. The performance during the year has been impacted by the increase in cost of the projects, deferment of orders by customers and delay in supplies by the vendors thus impacting overall performance of the projects.

As I mentioned in previous calls, the company had taken up drive for collection during the year, which helped to reduce the trade receivables on standalone basis by Rs.91 Crores from Rs.539 Crores as on March 31, 2016 to Rs.448 Crores as on March 31, 2017. As a result the company was able to reduce the term loans by Rs.44 Crores during the year. The total borrowing of TRF India stands at Rs.381 Crores as on March 31, 2017 compared to Rs.417 Crores as of March 31, 2016.



The consolidated borrowing of the TRF group stands at Rs.561 Crores as of March 31, 2017 compared to Rs.620 Crores as on March 31, 2016. During the year, the company has successfully manufactured a 140 tonne barrel reclaimer with a length of about 36 meter and diameter of 5 meters at its work for the first time. The company has also developed new products such as Flip-flop screens, traveling plough feeder and ring granulators and submitted application for three patents. The focused efforts have enabled the company to achieve record order booking of spares amounting to Rs.85 Crores during the year ending March 2017. The previous best was Rs.75 Crores during the year 2013-2014. This is despite slowdown in key sectors such as power. There has been a net cost increase of about Rs.34 Crores in projects during the year. It is primarily due to engineering changes and cost increases and the cost increases at the right work.

During the year, the company was able to collect retention amount of about Rs.39 Crores for the projects for which we have has been done PG test. This is largely from the three projects. There are two major projects, which are in an advanced stage of completion where made the retention amount due is about Rs.70 Crores. The market conditions continue to remain challenging and grim. Finalization of orders is taking longer time than expected by the customers; therefore, the same is affecting the order book of the company. However, the measures taken by the company to improve share of spares and services should help to improve the performance in future.

Standalone order book as on April 1, 2017 is Rs.729 Crores of which Rs.413 Crores is project order and the balance comprises products, spares and services.

We have also shared the performance of our subsidiaries. The turnover of York Transport Equipment (Asia) Private Limited for the quarter ending March 31, 2017 is Rs.121.09 Crores compared to 112.05 Crores for the quarter ending March 2016. On a consolidated basis for York group for the year ending March 31, 2017, the turnover is Rs.414.86 Crores compared to Rs.390.75 Crores for the year ending March 2016.

The profit before tax for the quarter ending March 2017 is Rs.0.03 Crores compared to Rs.17.97 Crores for the quarter ending March 2016, but the whole year the profit before tax for the York group is Rs.2.35 Crores compared to Rs.13.30 Crores for the year ending March 2016. For Dutch Lanka Trailer Manufacturers Limited, the turnover for the quarter ending March 2017 is Rs.10.34 Crores compared to Rs.17.91 Crores for the quarter ending March 2016. For the whole year of ending March 2017, the turnover is Rs.55.01 Crores compared to Rs.43.89 Crores for the whole year ending March 2016.

The profit before tax for DLT Group is Rs.3.34 Crores for the quarter ending March 2017 compared to Rs.2.34 Crores for the quarter ending March 2016. Please note that for the quarter ending March 2017, the profit from sale of land of Rs.4 Crores has been considered. But the whole of year ending March 2017, the profit before tax is Rs.4.83 Crores compared to Rs.2.24 Crores for the whole of year ending March 2016.



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The turnover of Hewitt Robins International for the quarter ending March 2017 is Rs.8.45 Crores compared to Rs.6.49 Crores for the quarter ending March 2016. The whole year ending March 2017, the turnover of HRIL is Rs.27.72 Crores compared to Rs.29.12 Crores for the whole year ending March 2016.

The profit before tax of HRIL for the quarter ending March 2017 is Rs.2.22 Crores compared to a loss of Rs.0.89 Crores for the quarter ending March 2016. For the whole year ending March 2017, the HRIL group has reported profit before tax of Rs.4.53 Crores compared to Rs.1.24 Crores for the whole year ending March 2016.

As regards for Adithya Automotive Applications Private Limited, the profit before tax, which is considered as a part of Ind-AS accounts is Rs.2.57 Crores compared to Rs.3.07 Crores for the quarter ending March 2016.

For the whole year ending March 2017, the profit before tax is Rs.10.04 Crores and whereas the same for the year ending March 2016 was Rs.8.12 Crores. As you know for the purpose of Ind-AS, the turnover of Adithya Automotive as well as the turnover of Tata DLT is not considered in the consolidated accounts.

Going forward the company is trying to close the projects, which are in an advanced stage, reduce the cost and cycle time to improve order book and share of revenue from products, spares and services, collect retention amount, build capability to strengthen the TRF group. With this, I open the session for question and answers. Thank you.

Moderator: Thank you very much. Ladies and gentlemen we will now begin with the question and answer session. We take the first question from the line of John Perinchery from Emkay Global. Please go ahead.

John Jose Perinchery: Sir, what is the status of restructuring proposal that is lying with Bank of Baroda that is my first question and is there any proposal for consolidation with any of the Tata Group Companies in light of the statement made by Tata Chairman recently that all businesses, which are related to one particular segment should be forming part of one particular company?

P.S. Reddy: I think to respond your first Mr. Perinchery that restructuring proposal, which you are stating, which is lying with Bank of Baroda that was a part of the BIFR proposal, which was shared with all banks. All banks have agreed to the restructuring proposal, but unfortunately BIFR has now been abolished. Right now we have the new insolvency code to which we do not have to apply, as per our advisors.

John Jose Perinchery: Okay Sir, but where exactly is the proposal standing then, would it just, you mean to say we have to apply again or something like that?

P.S. Reddy: We do not have to apply, we do not see as far as BIFR was concerned it was mandatory for us to apply. Since the negative net worth has eroded the company had to necessarily submit the



restructuring proposal and today since BIFR has been abolished there is no such requirement, but we are going ahead as per our plan of restructuring.

John Jose Perinchery: And Sir what about proposal for consolidation in light of the statement?

P.S. Reddy: As of now it is too early for us to react to this because as of now there is no discussion on this, However, if there is any development then we will intimate.

John Jose Perinchery: I will come back with further questions.

Moderator: Thank you. We take the next question from the line of Nimesh Shah from Jamish Investment. Please go ahead.

Nimesh Shah: Hello Mr. Reddy. My question to you is that of the previous calls, it was stated that we would receive some of the money that we had lost in subsidiaries. So we are going to recover those amounts what is the status of this? Number two, operationally when do you think the company should start stabilizing because there is some uptake now in infrastructure spending in the nation?

P.S. Reddy: To respond your first question is not clear to me in terms of what exactly we mentioned about recovering losses from subsidiaries. If I remember, we had mentioned that subsidiaries at the end of the Q1 of last financial year had done very well. If I remember we also did mention that some of our subsidiaries were impacted by the demonetisation in the country exactly. So, I am not able to get what you are referring to.

Nimesh Shah: I may not have put it correctly so there were some write-offs and it was expected some write backs would start resulting. I also do not remember this, but there were write-offs and we were expecting write backs of at least some amount.

P.S. Reddy: From subsidiaries point of view I am not getting you

Nimesh Shah: From the main companies in?

P.S. Reddy: From the main company point of view, if I may recollect maybe we must have said that as per our provision policy based on the ageing of the debtors we provide for it and as and when we collect we write back. It is exactly now clear in terms of when you talked about the write back is it related to the debtors or you are also referring to some of these cost increases in projects during the course of execution?

Nimesh Shah: The debtor was specifically?

P.S. Reddy: Let me just complete...

Nimesh Shah: Okay please.



- P.S. Reddy:** During the course of the execution of a project, when there is a work beyond this the project executed you will incur the cost, which is included in the project cost when the job is done, but the revenue recognition happens only after the change order is issued by the customer. So, during that intervening period, you will have cost increase, right? So, between these two I am not very clear which one are you referring to?
- Nimesh Shah:** I am referring to amounts, which have been written off?
- P.S. Reddy:** No, I think the provisions are actually not written off. The provisions are made as per the policy and as and when we collect the write back.
- Nimesh Shah:** Any write backs expected?
- P.S. Reddy:** Write backs are expected, right now we are working with the customers some of them are in an advanced stage, so may be at the end of Q1 we may be in a position to give you some idea about it.
- Nimesh Shah:** The second question in terms of operational stability?
- P.S. Reddy:** In terms of operational stability, the challenge for us is that we have been having the challenge of project cost increase, which you remember over the past couple of calls I have been mentioning. But whereas if you look at our products, they continue to perform and given us the contribution, which is as per our plan. Even if you look at the segment results at this time, which we have shared, between the projects and products if you see on the segment basis for the year-ending March 2017 projects and services has a revenue of Rs.382.67 Crores whereas for the last year March 2016 the revenue was Rs.431.18 Crores whereas the products and services the revenue for the year ending March 2017 is Rs.276.1 Crores compared to Rs.267.08 Crores. There is a marginal increase in revenue from products whereas there is significant drop in the revenue from projects and services. But when you go to the segment wise contribution, projects and services has a negative contribution of Rs.47.56 Crores for the year ending March 2017 compared to negative contribution of Rs.21.63 Crores for the year ending March 2016, but same for products and services is Rs.42.01 Crores for the year ending March 2017 compared to Rs.35.88 Crores for the year ending March 2016. So, there is a 20% increase in the contribution from products whereas there is increase in loss from projects, are almost double, actually. The challenge is these projects, which are I would say the legacy projects, which hopefully we have already closed last quarter ending March 2017 one project, we have completed the PG test in another four months or so we should be vacating the site. So, there are two projects of which one should have got closed by March, but for the reasons within the control of the customer not with us. So, there is some delay; hopefully in the next three to four months that also should get closed. That leaves us only one legacy project, which we are hoping that in the next four months we had some issues related to the products. There have been some failures related to the supply items like gearboxes, which we are now arranging ourselves. So hopefully with the next six months that also should get closed, so once we do this our risk of significant increase in project cost will be mitigated to a large extent. That leaves us only with one major project involving civil and structural work, at NTPC Nabinagar. Other than this we would have product driven projects like we have at NMDC Nagarnar where we are doing



this project for BHEL or we have project. These two projects there is no civil and structural work for this. These are largely the product driven projects. Historically we are seeing that in product driven projects the risk of cost increases is very minimum. So, this is the challenge we have and hopefully in the next two to three quarters I think the risk of cost increase in the projects should be hopefully we should be stabilizing and minimizing to a great extent. So, as a result the contributions and the products we should be in a position to reflect better results.

Nimesh Shah: No, but this year 2017-2018 we still have the overhang of those legacy projects.

P.S. Reddy: I would say two large projects are there out of which one project is actually waiting for the PG test, so what is virtually over accepting may be very small, which will emerge during the PG test, otherwise I do not see any major risk that leaves us with one legacy project, which also in the next four months I guess we should be in a position to bring it to a reasonable level to conduct the PG test.

Nimesh Shah: How much do you think these legacy projects will hit us in terms of the balance sheet this year?

P.S. Reddy: This year as of now we do not see any huge cost increases, but what happens is that when you are performing the PG test suppose if there are certain failures of certain items would be a motor or gearbox where the warranty is already over there you will be incurring extra cost, which is in a very difficult to foresee and forecast at this moment.

Nimesh Shah: So, do we have a mitigation plan going forward and how do we get back on serious profitability and revenue?

P.S. Reddy: As I said that within the projects we said that historically we have been facing challenges with the projects, which are having the civil and structural component. So going forward our strategy is to minimize the civil and structural driven projects until unless there is a back-to-back contract that is one. Second as I mentioned earlier, the product driven projects till now have been profitable for us, so the focus is on maximizing the share of revenue from product driven projects. Third, we have said that we are trying to within the business makes projects in products, we are trying to improve the share of proportion of products. Within products we are also trying to improve the share of revenue from spares and O&M services. So therefore, there is a plan to improve share of products compared to projects, which you can see from the results of last year itself and within the products we are also trying to improve share of revenue from spare parts and services. So, at a overall level, these measures should help us not only to reduce cost, but also improve profitability.

Nimesh Shah: So, do you think year 2018-2019 we should have absolutely you are without any legacy issues and?

P.S. Reddy: No, we still have legacy issues that is what I mentioned, there are still two legacy projects, which are still there, which we should be now closing this year definitely.

Nimesh Shah: Thank you.



- Moderator:** Thank you. We take the next question from the line of Sunil Kothari from Unique Investment. Please go ahead.
- Sunil Kothari:** Thank you Sir! Broadly we are trying to curtail losses or cost increase from the past projects and recover the money. What about future, can we bid new projects now or we are not allow to bid?
- P.S. Reddy:** We are bidding for new projects.
- Sunil Kothari:** But focus is only product related not EPC or ...?
- P.S. Reddy:** As I said the focus on product driven project does not mean that we do not take up EPC projects. In EPC projects we are looking at a back-to-back arrangement with proven vendors, so that the risk, which we had faced in the past could be mitigated right at the beginning.
- Sunil Kothari:** We are catering to majority of the infrastructure sector of the country, power and so many things, what is your feel, are you seeing any major change happening, you are getting any further new enquiries for any products or projects, what is the gut feel, do you see next two, three years will be back on our original glory of very high growth and reasonable margin?
- P.S. Reddy:** Yes, I think it is like this, it is a very difficult to foresee the three-year period because if you look at last three years the capital good sector has been severely impacted right and if you have noticed for the period between April 2016 and January 2017, the capital good sector there is a negative growth of -15% whereas if you have seen for the previous financial year ending March 2016 the growth was about 1.5%. So, there is a big change, but we are seeing that yes there is a light in the infrastructure growth we are saying that investment there is a momentum. Hopefully this momentum in the infrastructure should carry forward may be four to six quarters down the line should improve the demand for sectors in which we are operating steel, ports, mines, we should be able to see, but in case of power sector just now there is a challenge though there are nearly seven to eight large enquiries, which are there in the pipelines for a value of about Rs.2000 Crores the time that is being taken by the customers in converting these enquiries into orders is much more than what it used to be in the past that is one of the challenge we are facing just now.
- Sunil Kothari:** In this type of situation, are we thinking or can we change our product range or tie up with other Tata company, is there any other remedial measures to grow on or it is just you have to accept this situation, we have to just wait for recovery?
- P.S. Reddy:** Growth, whether in the project business or product business, just now is limited because of economic issues, it is not because of any other reason. You have seen between 2008 and 2012, there were large number of power projects and demand was huge for the material handling equipment. It is only after coal-gate that economic condition deteriorated and now we have a lot of other issues. We are hoping that the market will recover; whether the recovery would happen over the next 18 months or 24 months is very difficult to foresee at this moment of time, but I can only say that the enquiries that we have today for projects is more than what it was I would say be two years ago.



Sunil Kothari: My worries, we are carrying huge fixed cost if you look at employee cost is Rs.100 Crores, finance cost is Rs.60 Crores or any other expenses, so almost more than Rs.200 Crores plus is our fixed cost, so if we are not be able to increase our revenue or topline it will be very difficult. You do any product bid, but if it is not office site, this type of cost structure you would not be able to, I am really not able to understand how we will be coming out from the situation, so please let me know if you can?

P.S. Reddy: I think you are looking at the consolidated?

Sunil Kothari: Yes, I am looking at consolidated.

P.S. Reddy: I think just to confirm others to TRF fixed cost if you look at TRF fixed cost alone then cost is under Rs.60 Crores and the finance cost is about Rs.44 - 45 Crores. The other overhead cost is about Rs.30 Crores, overall is about Rs.145 Crores. That is the range in which we are in. Now, we are putting our efforts to in terms of each of these major overheads. We are looking at possible ways of trying to reduce the overheads, which is very important for us. In the short-term we need to reduce overhead and at the same time as I said that while we may not be able to increase the revenue significantly because we are trying to lower share of business from projects, but we are also trying to improve the profitability by focusing on the products and within the products focusing on the spare parts and services. There is a two-pronged approach. So, there is an aggressive cost reduction that is happening and there is also an effort to change the business mix through improved profitability.

Sunil Kothari: So, basically this product business, which is at present roughly Rs.275 Crores, can it become Rs.500 Crores, Rs.600 Crores business then it is a logical to accept that then you will be able to compensate for this cost and fixed cost and all these things?

P.S. Reddy: Just to take you back if it was 2010 kind of scenario if it is going to same kind of demand comes back, Rs.100 Crores is not difficult to achieve kind of target.

Sunil Kothari: So basically, we have to wait for this recovery in economy?

P.S. Reddy: Absolutely, we have to wait for the recovery.

Sunil Kothari: Thank you Sir!

Moderator: Thank you. We take the next question from the line of Vimesh Zaveri from Axis Capital. Please go ahead.

Vimesh Zaveri: Good evening Sir! My question is currently how much of retention money is stuck?

P.S. Reddy: The retention amount is Rs.284 Crores as on March 31, 2017.

Vimesh Zaveri: And Sir how much are we expecting to be recover if you have some timeline in the next one or two quarters only?



- P.S. Reddy:** As I mentioned sometime back, the two major projects on which we are trying to complete the PG test during this year amounts to Rs.70 Crores and in the projects where we have already completed PG test in the month of February 2017 we have already received part retention and another about Rs.20 odd Crores is expected within a month or two.
- Vimesh Zaveri:** Okay.
- P.S. Reddy:** These three major projects itself is Rs.90 Crores out of Rs.280 Crores.
- Vimesh Zaveri:** My second question is that in the current projects order book of around Rs.413 Crore, how much is the low margin legacy? Anything is there in this?
- P.S. Reddy:** The one big project, regarding which I said we will be taking may be another one-and-a-half year or so or two years is NTPC Nabinagar. Barring that you have the product driven projects, which evoked in this financial year we should be in a position to complete them.
- Vimesh Zaveri:** Of the Rs.413 Crores NTPC Nabinagar would be around?
- P.S. Reddy:** It should be almost 50%.
- Vimesh Zaveri:** Any guidance on balance, future or the balance project order, what kind of margins we are expecting or?
- P.S. Reddy:** It is very difficult for us to give you any future guidance. I think as I have been mentioning in some of our conference calls that we are very clear that we will not take any order at a loss, so we have to have reasonable margins in order to recover from the current situation.
- Vimesh Zaveri:** True Sir, so anything but what we have in mind reasonable benchmark?
- P.S. Reddy:** Right now I think this information is sensitive and it is not in the public domain. I would only say that it should definitely be a high single digit margin in the project.
- Vimesh Zaveri:** Right Sir!
- Moderator:** Mr. Zaveri do you have any further questions?
- Vimesh Zaveri:** No more.
- Moderator:** Thank you so much Sir! We take the followup question from the line of Nimesh Shah from Jamish Investment. Please go ahead.
- Nimesh Shah:** You just mentioned in a reply to another gentleman that if situation like 2010 again come with order books again should start falling again right, you just mentioned that?



P.S. Reddy: Yes.

Nimesh Shah: With all this government talk of infrastructure spending, etc., and considering that our performance was tepid on account of extraneous reasons as well as internal situations. The internal situation now of course seems to have been resolved. Do you foresee any uptake in the extraneous situation to warrant some form of optimism in terms of government?

P.S. Reddy: Just now I said the immediate future three to four quarters continues to be very, very challenging, but because the enquiries, which are there in the pipeline they are taking longer time than expected, it is quite unusual. However, this is understandable because of uncertainties in the economic environment. But we are hoping that the growth that will now be same in the infrastructure sector. We are hoping that if this continues for another three to four quarters then I think the similar effect would be seen in other sectors like ports, mines ... you have also seen the National Steel Policy. So, we are seeing changes, but power sector is one where we are just now not very sure in terms of the current situation in which the sector is operating with a low PLF. So we are not very sure about how the situation would emerge in the next one to two years. But mines, ports and steel, I guess, in the next four to six quarters we should be in a position to see the measures that the government has taken till now the impact of those measures.

Nimesh Shah: We continue to have hope now.

P.S. Reddy: I think whether to have hope is not the issue, I think we will have to only appreciate that the capital goods sector is being badly impacted. If you see for the last one year, there has been a huge negative growth and so the investment cycle can only take off when the economic situation improves because all the companies would invest only and there is reasonable certainty in the foreseeable future and there is going to have reasonable certainty on the capital investment I think just now that certainty is not there.

Nimesh Shah: Fine. Thank you.

Moderator: Thank you. We take the next question from the line of Mehak Sethi from Almondz Global Securities. Please go ahead.

Mangesh Kulkarni: This is Mangesh Kulkarni here. I just wanted to know in the first question you have mentioned about that despite the dismantling of BIFR we are going ahead with our own restructuring plan. So, can you just highlight some of the plans because as shareholders we are not aware of these plans that is exactly what we are going and how we are trying to bring our net worth positive because the net worth is negative that is why we were under BIFR?

P.S. Reddy: I will not be able to share the exact plan, which has been submitted because it is not in the public domain, but as I mentioned in my opening remarks that our focus is mainly on changing the business mix right from focusing more on profitable projects within projects as I said that you have clear distinct profitability difference between the projects, which are heavy in civil structural work versus



projects without civil structural work. The focus is more on maximizing projects without civil structural work that does not mean that we do not take a project with civil work. We will take up those projects provided we have a back-to-back arrangement, otherwise we will not take that risk. Second, we said that our focus is on maximizing the share of business from the product, within product segment you have equipment, you have spare parts and services. The focus is on trying to maximize revenue from spare parts and services. As I mentioned in my opening remarks for the year ending March 2017, we have record order book for spare parts at around Rs.85 Crores. This order book in 2013-2014 was around Rs.75 Crores. So, this itself reflects the efforts that is being put in. FY2017 the market conditions are more difficult than I would say in FY2014. So, in a difficult market, the efforts are maturing, the efforts are materializing in terms of reasonable order loads for spare parts. So, these are the broad measures in terms of improving the mix. The second effort is on cost reduction. Cost reduction including the claims and counterclaims with the customers and as well as the vendors and also the effort on building the capability of the team, which has been given a lot of top priority. Then we are also focusing on the new products. I think I have mentioned that company has developed a number of new products like flip-flop screen, traveling plough feeder and the ring granulators. The idea is that you improve your product baskets so that your opportunities for improving the revenue base increases and we have also said we are also looking at patenting our products, which is what we have done. We have filed application for three patents this year, I believe last year also we had filed a similar number of applications. So, the focus is on how do you enlarge your product base and how do you improve the product markets. This is the broad planning place to recover from the current situation.

Mangesh Kulkarni:

So how are we planning to strengthen our balance sheet like suppose to get a new order we will need to have some working capital cash and all those things, so what kind of fund raising plans and strengthening balance sheet plans are there for the company going ahead at a group level is there any discussion going on for this?

P.S. Reddy:

The discussion on improving the balance sheet as a company is there, we are engaging with the bankers, with the financial institutions, so there are number of effort that has been made to strengthen the balance sheet. At the same time as I said to improve the cash flow in the immediate term, the focus over the last four quarters has been improving collections and last year if you remember I think at the end of Q1 or Q2 investor call I mentioned that we sacrificed revenue with slow down on some of the projects just to make sure that we are able to improve our cash flow, which has what helped us to improve our cash flows both in Q2 and Q3 of last year particularly in Q3 of last year. So we sacrificed the topline and the profitability for improving cash flow that those measures will continue to take and we are also now focusing and engaging with the customers on improving the payment on, so we are now pushing some of these contracts through LC payment so that you are able to improve cash flow and that will not affect the customers. We are also trying to engage with some of the customers to secure retention money in lieu of bank guarantee, so these efforts are also being made to improve the cash flow.



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- Mangesh Kulkarni:** Sir, any discussions with the Tata group to increase their shareholding so that we will get funding and we will be able to sustain this period?
- P.S. Reddy:** This is a very sensitive information, which is not in the public domain. At this moment of time I think I will not be able to comment on this, but as I mentioned earlier any such development as and when it takes place we will definitely inform. In fact any such restructuring would require approval from the shareholders. We will be taking your approval before we attempt all those or implement those plans.
- Mangesh Kulkarni:** Thank you.
- Moderator:** Thank you. We take the next question from the line of Narendra Mirpuri an Individual Investor. Please go ahead.
- Narendra Mirpuri:** Good afternoon. My queries have been answered, so thank you very much.
- Moderator:** Thank you. As there are no further questions from the participants, I would now like to hand the conference over to Mr. John Perinchery from Emkay Global for closing comments.
- John Jose Perinchery:** I would like to thank the management once again. Thank you all.
- P.S. Reddy:** Thank you Mr. John Perinchery.
- Moderator:** Thank you very much. Ladies and gentlemen on behalf of Emkay Global Financial Services that concludes this conference. Thank you for joining us. You may now disconnect your lines.