TRF LIMITED

Ref :SEC:152

Date : June 23, 2021

The Secretary, Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001.
Maharashtra, India.
Scrip Code: **505854**

The Manager, Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra-Kurla Complex, Bandra (E),
Mumbai - 400 051.
Maharashtra, India.
Symbol: **TRF**

Dear Madam, Sir,

Sub: Announcement under Regulation 30 (Listing Obligations and Disclosure Requirements) Investors' Conference Call of TRF Limited ("Company") - Transcript

This has reference to Regulation 30(6) read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (the 'Regulations').

The Company had organized a conference call with the Investors on June 16, 2021 post declaration of its Audited Standalone and Consolidated Financial Results for the quarter and financial year ended March 31, 2021. A copy of the transcript of said Investors' meet is enclosed herewith.

This is for your information and records.

Thanking You,

Yours Faithfully,
For TRF LIMITED

Subhashish Datta
Company Secretary & Compliance Officer

Encl: As above

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A TATA Enterprise

TRF LIMITED

"TRF Ltd
Conference call to discuss the FY21 results"

June 16, 2021

ANALYST:	**MR. AYUSH BANSAL - EMKAY GLOBAL FINANCIAL SERVICES**
MANAGEMENT:	**MR. ALOK KRISHNA** **MANAGING DIRECTOR**
	MR. N.S RAGHU **CHIEF FINANCIAL OFFICER**
	MR. SUBHASHISH DATTA **COMPANY SECRETARY & CHIEF COMMERCIAL**

Alok: Good afternoon everyone. I'm Alok Krishna, Managing Director of TRF. At the outset, we offer our positive thoughts and best wishes to all our stakeholders as the ongoing COVID-19 global health pandemic continues to cause unprecedented disruptions to our daily lives and business.

We remain deeply committed to the health and safety of our employees and the communities we operate in. We hope you, and your loved ones, are safe and healthy. The past 15 months have been dramatic and stressful in a way we have not experienced with it. We are collectively facing overwhelming challenges and hardships. The human toll alone is difficult to accept and vulnerabilities in healthcare and social safety nets across the globe have been laid there.

At the same time, we experienced the new normal that we could not have imagined, from scientific breakthroughs to new ways of learning, living and working. The spread of the COVID-19 pandemic created uncertainty, disruption and volatility to our business during the financial year 2021. Global growth trounced 3.5 per cent year-on-year in 2020, the deepest global recession since the great depression.

India's GDP for financial year 2021 is estimated to have contracted by around 7.5 per cent on a year-on-year basis. Poor visibility on a timeframe for a cure, or prevention, further complicates assessment of its impact and our ability to prognosticate potential recovery. However, witnessing the Herculean efforts, resource commitment, and a collective bill of political, medical and social stakeholders across the globe to surmount this challenge, gives us a hope that this crisis will also be behind us sooner than later.

In the backdrop of the pandemic and emergency lockdown regulations enforced by the central & state governments, the company has gradually resumed its operation after the lockdown regulations were lifted in June 2020, and continue its manufacturing operations at its works plant at Jamshedpur, Jharkhand, and all the projects at customer sites.

Protecting the health and safety of our employees was our key focus from the outset of the pandemic, and continues to remain our top priority. With the further resurgence of the second wave of COVID-19, we have reinstituted all necessary safeguards and precautionary measures to minimize its impact.

Work-from-home continues to be the default mode of working across all service functions and we are not rushing to bring people back to office. Roster systems have been introduced in the manufacturing area. Our clear focus is on raising the awareness of our employees and their families through regular communication, and safeguarding well-being by promoting vaccination.

Going forward, we intend to comply with our manufacturing and execution plans and to make all efforts to improve our cost structure and preserve cash, which remains the key focus in the current context of our business, as in the last year. The company will continue to monitor the impact of COVID-19 and any material changes to future economic conditions.

The Board of Directors of TRF Ltd at its meeting held on May 31, 2021 had approved the standalone and consolidated financial results for the quarter, and financial year ended March 31, 2021. I would like to present the TRF's performance. On a standalone basis, the company recorded a turnover of ₹114 crore for the financial year 2021 against ₹186.41 crore for the financial year 2019-2020. The company incurred loss after tax of ₹67.96 crores for the financial year 2021 against ₹132.46 crore for the financial year 2019-2020.

On a consolidated basis, the company recorded a turnover of ₹114 crore for the financial year 2021 against ₹186.41 crore for the financial year 2019-2020. The company incurred loss after tax of ₹65.51 crore during the year ended March 31, 2021 against ₹132.47 crore for the financial year 2019-2020.

During the year under review, the company divested the entire stake held by Dutch Lanka Trailer Manufacturers Ltd, Sri Lanka, which is a step down wholly owned subsidiary of the company, in Tata International DLT Pvt Ltd, a 50/50 joint venture company of Tata International Ltd and Dutch Lanka Trailer Manufacturers Ltd. Hence, Tata DLT ceased to be a joint venture of the group with effect from January 2021.

Looking at the performance of the subsidiary Dutch Lanka Trailer Group, the turnover for the financial year FY 2021 stands at ₹43.52 crore against ₹56 crore in FY 19-20, and the profit/loss before tax stands at a loss of ₹1.13 crore in FY 2021 against a profit of ₹1.12 crore in FY 19-20.

On the project front, we have successfully completed several projects during the year. On the external projects front, we completed projects of BHEL at Meja, Wanakbori, and two out of the seven circuits at Nagarnar NMDC site were completed, while the ship unloader was commissioned at IFFCO, Paradeep.

At the NTPC Nabinagar Power Generating Company, NPGC project, the first rake of bottom discharge wagons was unloaded at the track hopper while the commercial operation of the second unit of 660 megawatt commenced through the coal handling system provided by TRF. Some of the noteworthy projects that included for Tata Steel are erection and commissioning of wagon loader at West Bokaro, it's a colliery booster pump house and pipeline work for in-pit slime dam at iron ore mines, Joda, and refurbishment of wagon tippler at Tata Steel, Jamshedpur.

So, effective engagement with Steel Authority of India Ltd, Bokaro, we achieved a major breakthrough by resuming supplies and liquidate finished goods worth ₹500 crore lying with TRF for more than two years. We reduced overall inventories by around 30% as compared to FY 20.

Despite significant challenges, the company has been able to recover over ₹150 crores during the year under review. We are in continuous engagement with our key customers like NTPC, BHEL, NMDC, BDC etc. for expediting collection of old critical debtors. We have been able to realize a considerable amount of retention money from NPGC, Nabinagar, and recently from NTPC, Barh.

But on the whole, we experienced delay in customer payments. Due to the pandemic, some customers endured financial difficulties. We are, however, continuing to pursue with them. This has resulted in reduction in BG exposure by nearly ₹40 crore, which is 16% as compared to March 20. Our deep focus on austerity measures and aggressive pursuit of cost reduction helped us to identify and squeeze all unwanted spends. Overall, we achieved nearly 22% reduction in fixed overhead cost, compared to last financial year.

Going forward, the company plans to expedite the execution of all major projects based on priority, and concentrate on deeper engagement with Tata Steel and securing such orders, which will help improve effective utilization of its production capacity and deployment of human capital in design engineering and project management areas productively.

This will help in mitigating the commercial and financial risk with better capital turnaround and cash flows. We will continue our focus on A, cost reduction as a business priority, B, remaining a responsive organization to meet customer's need by improving our delivery performance, and C, exploring options for further restructuring of subsidiary, and D, giving impetus to improve employee engagement, motivation and thereby enhancing productivity levels. We seek shareholders' relented support in our turnaround journey. Thank you.

Ayush: Thank you, sir. We will be opening the Q&A session for participants. Anyone who has a question, please use the "raise hand" option. Once the participant is called out, please unmute yourself to ask a question. Yes, please go ahead.

Participant: Hello.

Ayush: Yes, please go ahead.

Participant: Yeah, my question is for Mr. Alok Krishna.

Alok: Yes, please go ahead.

Participant: Sir, you mentioned that we seek shareholders' relentless support. Can you hear me?

Alok: Yes, please go ahead.

Participant: Yeah, yeah. Sir, you mentioned that we seek shareholders' relentless support in our turnaround journey. Sir, we have been supporting you for the last ten years. But sir, when it comes to certain disclosures, the company is reluctant to share with shareholders like us, who have been with your company for the last ten years, and who have seen the market capitalization come down by 90%.

Sir, my simple question to you is that when is the company turning around, and sir, what can we expect in the next one, two, three years, you know? If you can throw some clarity or throw some light on this, where is this company headed sir, because 65 crore of loss last year, and who knows, probably this year also, we could end up in loss. So, when can we expect this turnaround, which we have been expecting for the last now five years, you know, and for the last ten years we have been patient? So sir, if you can give some idea about the future, we'll be really obliged.

Alok: No, it is a very, very relevant question. And if you look at our journey, especially in the last one year, if you look at our losses, we have reduced our losses by almost about 50%.

Participant: Okay.

Alok: And if you look at our EBITDA performance also, we have made an improvement in our EBITDA by almost about 65%. And this is in the backdrop of such a challenging year. While the company had been passing through some very difficult times, the onslaught of COVID-19, actually it caused much more pain to the company in our fledgling, I would say, recovery.

Despite the challenges, we have put our best effort, and if you look at some of the numbers, which we have presented this year, other than the DBT and the improvement in EBITDA, I mean we continue to be in losses, but there has been a significant improvement.

If you look at the project on the project front, the amount of project that we have delivered, it is quite significant. And most of the projects, we had to incur the lockdowns or the slowdown because of the initial period and labor migration, all those standoff challenges were there. We had a huge amount of challenges to face in terms of disruption in the supply chain. Nevertheless, the company, the management, we were all very much focused.

One of the ways by which we tried to bring about significant improvement is how we can improve the cash flows. And while our turnover was just about ₹114 crore, if you look at the total collections that we made, was over ₹150 crores, right? So, we were able to realize some of our working capital, which was blocked in terms of inventories. So, there was a huge exercise, which was undertaken, engaged with the customers who helped liquidating some of these inventories.

The journey continues. It is our sincere endeavour that how quickly we can come back into a EBITDA-positive position, and there was a need to reprioritize our priorities in terms of taking up orders, which have a shorter turnaround and which are not fraught with too much of risk.

So, these initiatives, they have started yielding the results and we are quite confident that in some time to come, you will be able to see the company to be much more healthier than what it has been in the past.

Participant: Fine, sir. Good to hear these positive comments coming from you, sir. I had two questions more. One is, what is the net consolidated debt of the company, because the finance cost is at 38 crores, so what is the net consolidated debt, one. And secondly, in the last quarter we did a revenue of about 60 crores. So, this year, can we expect about 250-300 crores of top line?

Alok: So, on the net…you said net debt or gross…?

Participant: Net consolidated debt.

Alok: Yeah. I am requesting our CFO. May be he can take on that. Yeah. Mr. Raghu, you are there?

Raghu: Yeah, just a minute, sir. We have a consolidated debt of almost ₹199 crores of the short-term borrowings. So, around ₹240 crores is the net debt for the consolidated business.

Participant: Sir, ₹240 crores of debt, so why is the finance cost ₹38 crores?

Raghu: Pardon?

Participant: Then in that case, why is the finance cost so high? ₹38 crore is the finance cost.

Raghu: Yeah.

Participant: So what are we paying, 14% on the debt?

Raghu: No, no, no, no. So, see, what you need to also realize, the actual finance cost is much less. We are effectively having a finance cost by way of provision for the MSME vendors, for the delayed payments which we are making.

Participant: Okay.

Raghu: So this is actually not a…these are more of provisions in the books. We are not actually paying this interest.

Participant: Okay. So, ₹250 crore is the net consolidated debt.

Raghu: That's on the higher side. So, what you're looking at is on the higher side. These are actually not finance costs. It's not a cost which is being paid to a bank.

Participant: Okay, okay, fine.

Raghu: Maybe do the accounting. You are aware of this. So, the provision for the MSME is a statutory one.

Participant: Okay.

Raghu: So we have to make those provisions. These are not paid.

Participant: Okay, fine. Sir, my second question was on the expected turnover for the current year…

Alok: Just to add on that borrowings, you know, you'll be happy to know that despite the challenges, we were able to reduce our borrowings by almost about 15% during the year.

Participant: Right, right sir. Sir, my second question was on expected turnover for the current year because last quarter you did quite well, ₹60 crore compared to ₹50 crore, in the last quarter of 19-20. So, can we expect a ₹300 crore top line in the current year, if things are improving now?

Alok: The…

Raghu: Sir, sir, if you may allow me.

Alok: Okay.

Raghu: Sir, we generally will not give a forward-looking statement around this, that is number one. Number two is, last quarter was a good quarter because we were able to work in somewhat near-normal circumstances. Again, current quarter, because of the COVID impact, we are very badly impacted. So, we will not give you any forward-looking statement around this, but this is…I just wanted to pre-empt Alok sir, we're mentioning this. Sir, you may want to reply, you can add to whatever I have said.

Alok: No, I just wanted to add to actually Raghu's…you've already mentioned it, in the sense, whatever momentum we were able to generate at the end of the quarter four of last financial year, most of it we lost. As soon as the new financial started, and all of us, we are aware this time the impact of COVID was much more lethal, much more deeper, and it has really disrupted in a big way. It has really disrupted in a big way. We all know, I mean we have a huge dependence on oxygen.

Participant: Right.

Alok: Anywhere, whether it is manufacturing, whether it is project site construction activity, oxygen is the lifeline, just like human. But we are conscious that the priority of oxygen would have been to save human lives and not to, you know, divert it into an activity which could have waited for some time.

So, I think the government also took the right decision in those areas. So, it has impacted. We are now, gradually we are now trying to come back, because you will understand that once these disruptions happen, the supply chain is so intertwined, I mean it is not just TRF on a standalone, but we are completely integrated with our supply chain partners.

Participant: Right, right.

Alok: So, there is a huge dependence on how quickly they can come back. While we may say that okay, we are better prepared, but we have to also see that many of our supply chain vendors and partners, they may not be all that lucky, okay.

Participant: Thanks sir, yeah.

Alok: But we have to wait and we have to see that all of us to come back together, and definitely, it will be our endeavour that how we can bring the company back to its normal state of operations.

Participant: Fine sir, fine. Anything you would like to mention on order book position sir? At least we can get some idea how are the orders on hand right now?

Alok: We have over ₹200 crores of orders.

Participant: Okay, okay.

Alok: Projects and services, and what we call as our products and spares. So, from an order book perspective, I would still say that it is a healthy state. It is only that the challenges of supply chain and how much we are able to therefore execute.

Participant: Fine sire. Thank you so much and all the…

Alok: Last quarter you saw we were able to execute well, right.

Participant: Right.

Alok: After four or five months of struggle, we were able to align, realign everything and as we all say, that looks like, you know, all the stars, they came together, right.

Participant: Got it, right.

Alok: I'm not so gung-ho in quarter one.

Participant: Okay, fine sir. Yeah, all the best to you, sir.

Alok: Thank you very much sir. Thank you.

Participant: Thank you. Thank you.

Ayush: Thank you. A reminder that once the participant is called out, please unmute yourself to ask a question and mention your firm's name as well. Next question is from Himesh. Please go ahead.

Himesh: Hello. So I'm an individual investor. So I just want to know…

Alok: We are not able to hear you Mr. Himesh.

Himesh: Are you able to hear me now?

Alok: Not with the…

Subhashish: Maybe a little bit louder?

Himesh: Yeah, I just wanted to ask you, are you looking at anymore divestments at any of the… any other joint ventures or subsidiaries?

Subhashish: Mr. Himesh, we separate our portfolio against, for the same period, yeah. So, there are certain things. So, [Unintelligible 00:23:35] we'll come back also.

Himesh: Okay, and the second thing that you know, now as far as just, you know, the future orders are concerned, are we going to be looking more like, you know, our parent company Tata Steel for orders, or are we also going to look at other companies like NTPC and BHEL? So, I just wanted to know, you know, where are we looking at business now?

Alok: Let me take that. So, Mr. Himesh, you can understand it is all about managing the risk.

Himesh: Right.

Alok: In the past, a large portfolio of our exposure was in these spaces. I mean we were more like EPC partners than anything else, and these projects are fraught with its own set of challenges, right. So, definitely there is a need that we do a portfolio restructuring in such a way that, you know, we have, let's say a capital adequacy and our cash flow situation is much more improved at a much lower risk. To that extent, we will take any action and even if it means that we will be looking towards more from Tata Steel, that is also a distinct possibility.

We are not going to draw any line. I mean if you look at my order book position even today, we are almost about 50/50. And if you look at the flow of new orders also, we are almost around the same proportion. You know, give or take five per cent here or there, but we have been participating in all these NTPCs or, you know, public sector orders, as much as we will be participating for orders of Tata Steel.

But definitely we will be looking at our risk profile, our underlying risk, and we will be taking decisions by which we do not lose money. Our primary objective will be to generate incremental cash flows, not just on the paper, but cash flow. That is the whole idea.

Himesh: Okay. Okay, and just a last question, so what do you think will be the normalized margins for the company, because you know in the past, we've seen because of a lot of delays and other issues that we've actually, you know, lost money, like you know, we call it for a lack of…so, what will be the normalized margins for the new business that you now, you must secure?

Alok: It depends. See, it will depend. I don't think there will be one single number. It will depend, and like any other company, you know, wherever we are a OEM kind of a thing, where we have some advantage, the margin maybe higher. Wherever we have to play, let's say in a very, very competitive environment, the margin would be very, very low. But again, what we are trying to see is that we don't place a bet on something where eventually we will be losing money, right.

Himesh: Right.

Alok: So, maybe we are not interested in volume now, because by volume, if we lose money, I don't think we can come back to the shareholders and say, "Oh, see our top line has been great but we've lost money."

Himesh: Right.

Alok: So, we are focusing more on how we can just generate whatever little we generate, but we generate. We do not lose.

Himesh: Okay, okay. Thank you so much and all the best, sir.

Alok: Thank you. Thank you, sir.

Ayush: Thank you Himesh. The next question is from Jesal. You may go ahead.

Jesal: Good afternoon. This is…I am from NVS Brokerage Pvt Ltd, BSE/NSE member. Sir, I wanted to just understand that you have said that you know, we are on journey to now, you know, the turnaround or recovery, whatever we may call, but if you can just throw some little more, I would say that little more detailed map, if you can road map, if you can lay down that how, you know, we propose to actually turnaround in terms of say, more engagement of the manpower, because there was excess manpower, or maybe the orders which were lost banking had been down completed, and the new orders with better margins are generated.

What kind of a…you know, I mean this thing, again, the first quarter had seen some lockdown, so I'm sure that you will have also, must have been impacted, but we just want to understand little broader details that what kind of a roadmap to turnaround we are likely to have, and when are we going to see, at least you as a company, breakeven, if not you know, make profit, but when do we see the breakeven, either in the current year or some more time is going to go?

Secondly, to take care of the, you know, I mean accumulated losses of earlier years etc, are we planning to pump in some more capital, maybe by real, for rights issue or any other issue or something, or what is the, your plans for you know, like more beefing up more capital?

Alok: So, may I request Subhashish? You go ahead and then I'll try.

Subhashish: Yeah. [Unintelligible 00:29:01] a problem. See, the first one is that that our focus is to complete its all the legacy projects as far as possible, so that whatever [Unintelligible 00:29:16] and as our MD has mentioned, we are willing to do that. We have completed most of our legacy projects. However, there are [Unintelligible 00:29:31] and Nagarno, that also [Unintelligible 00:29:38] suppose something leftover, then that will be the next financial year. That is our first priority.

Other legacy project is from the customer that whatever the customer [Unintelligible 00:29:52]. We have also time to complete it, so that once a legacy project will be over, then we are [Unintelligible 00:30:01] content that whatever [Unintelligible 00:30:04] that we should be that profitable and all these profiles and these things. So they are [Unintelligible 00:30:11] making money. This is our number one.

Second, is that regarding this rights issue. As you know, that it is only the promoter who is to take a call. So, we are not in a position right now to submit up the right issue. If suppose there is any proposal of such metric, definitely we'll come back.

Jesal: Yeah. So legacy projects, which were the loss-making units, is it over or you feel that there's still more some time to go before the end of the, you know, I mean legacy projects as loss-making projects are executed completed or we're completely out of that?

Subhashish: No, so we are in the advanced stage of completing the legacy projects.

Jesal: Okay.

Subhashish: Yeah.

Jesal: Okay.

Alok: Some of the projects, we have, Mr. Shah, some of the projects we have been able to complete, but you can understand that completion of one partner is not good enough.

Jesal: Correct.

Alok: So there are dependencies. In many of the projects, we have completed our scope of the contract, but we'll have to wait for others.

Jesal: Okay.

Alok: But I can only assure you, at least there will be no further cost, which will be incurred on those projects, and there are just a handful of projects which also, with the COVID impact now coming down, we have plans to finish them off as quickly as possible, possibly during this year itself.

Jesal: Okay. Normally sir, your project executions are short-term, in the sense like, six to nine months or within the year?

Alok: Oh no, no, no, no.

Subhashish: No, no, no.

Alok: The projects that we are talking about maybe running for the last six years, seven years, eight years.

Jesal: Oh, oh I see, I see, okay, okay.

Alok: So legacy is about really legacy.

Jesal: Ha-ha, okay, okay.

Raghu: So just to add, now we are not taking that sort of long projects, projects with long gestation. We are doing lot smaller orders is what we are taking, but the legacy is something where we still have to complete certain projects which will take time.

Jesal: Correct.

Raghu: So may move or spill over into the next financial year also.

Jesal: Okay.

Raghu: That's what we wanted to highlight.

Jesal: Yeah, so in terms of the now new project as well as whatever exercise you've done, and you are continuing to do, to turnaround the company, do you see that at the end of March 22, we can see at least maybe breakeven, if not make profit like on a, at least on a this thing, equity level?

Raghu: We would not like to comment on that. You are aware, we would not like to comment on that.

Jesal: Okay sir, can I say it the other way around? Can I just ask other way around?

Raghu: Yeah.

Jesal: What is the internal target that when do you feel that come…?

Raghu: No, so that's what, that's what. So, these are price sensitive information. We don't give forward-looking statements. Our intention is to try and at least build on EBITDA-positive. So maybe if not this year, next year we'll surely become EBITDA-positive. But this is not a statement from our side, okay.

Jesal: Okay, but are we, or do we expect any kind of, you know, like impairment or research charges etc. in the current year or so?

Raghu: As of now, probably the answer is no.

Jesal: Okay.

Raghu: But we may still have something. As things evolve, if things worsen, then we may have certain things. As of now, the answer would be probably the chance of some major impairments coming through is less.

Jesal: Accepted, accepted. Thank you very much sir and all the best to you in your…

Alok: Thank you. Thank you Mr. Shah. Thank you.

Jesal: Yeah, thank you.

Ayush: Thank you. The next question is from Aditya. Aditya, you may go ahead.

Aditya: Sir, thank you very much for giving me an opportunity. I just wanted to know about, you mentioned about this order book of around ₹200 crores. So, what will be the legacy order out of these trends? What will be the incremental order, which maybe completed say within say, 12 to 18 months?

Alok: Right, about 60% is legacy orders.

Aditya: 60% is legacy order.

Alok: Yeah.

Aditya: Okay, and…

Alok: Out of that, out of that we definitely see that a major part of it, what we want to do Mr. Kulkarni, I would also want to say that some of these legacy orders may be fraught with lot of dangers. So, as we, you know, kind of as to safeguard the shareholders' wealth, we would not want to go ahead with some of these high-risk projects, till such time that there is a clarity on cash flows.

Aditya: Okay, so what maybe the amount of these projects? ₹40 crores?

Alok: About ₹50 crore. ₹40 to 50 crore is what we are watching very closely. We are engaging with the customers, right, and in my speech I mentioned Mr. Kulkarni, we had a similar situation with one of our key public sector units. We engaged with the company directly and that has helped us to liquidate more than five crores of inventory, and we continue to do that.

So, we will, to safeguard the wealth of our shareholders, in whatever way possible, we will engage with the customers and we will work out solutions, which is value-generating for the shareholders. Otherwise, we will not waste the money on some of these projects.

Aditya: Okay sir. And I just wanted to know about, out of these ₹114 crores of turnover, which we did last year, what was the part of Tata Steel? Was it around ₹40 crores, ₹40-45 crores?

Alok: Anirudh, you can give the numbers?

Subhashish: Yeah, it is around, it is around ₹50 crores is that.

Raghu: 50 crores is that. Actually sorry, I was speaking on mute. It's around ₹50 crores is around is from Tata Steel, the balance is from outside, external projects.

Aditya: Okay. And sir, what is the amount which is blocked in the bank guarantees or performance guarantee, and which may be able, we will be able to recover within say next three months, six months or one year?

Raghu: No, so the bank guarantee numbers are larger, but this is a long drawn process till the PG test etc. are not completed, we will not get our moneys, the bank guarantee release. What we have taken up is, we've tried to engage with our customers and reduced our exposure on the various, I guess the various orders which we have, but till the projects don't get completed, the bank guarantee exposure still remains.

Alok: But Raghu, just to add that yes, with all our efforts, we were able to reduce almost about 16% of our bank guarantee.

Raghu: No, so that's it, sir. I did not want to give the full number, but the exposure still remains. We have reduced our exposure, but till the projects get completed and the PG tests etc. are completed to the satisfaction of the customers, the exposure still remains to certain extent.

Aditya: Okay sir, thank you very much.

Ayush: Thank you. A reminder to the participants, anyone who wishes to ask question may use the "raise hand" option. Yes, you may go ahead. Please mention your name and your firm's name.

Tinkesh: Hello. Is it audible?

Ayush: Yes, you are.

Tinkesh: Hi, this is Tinkesh Punjabi, individual investor.

Alok: Yes, Mr. Punjabi, go ahead.

Tinkesh: Thank you for the opportunity, sir. Sir, I request you, please share competitive edge of TRF Ltd.

Alok: Sorry, can you repeat your question? It was not very clear.

Tinkesh: Sir, my question is on the competitive edge of the company. Could you please enlighten a few points?

Alok: So, you know, I would not say competitive edge, but the model of TRF is one-stop solution. So, we have a quite advanced design and engineering capability, which is supported by an integrated manufacturing and subsequently, we are able to do, you know, large-scale projects. So, from design to manufacture of equipment to let's say, erection and commissioning, the entire solution is available under one roof.

And from an expertise' perspective, definitely TRF has a huge amount of established base, as far as bulk material handling systems are concerned. So, large power projects, large steel plants, you know, the material handling systems are generally supplied by TRF. So that is a big advantage for TRF in terms of you know, the kind of expertise in design, manufacturing, erection and commissioning of bulk material handling equipments are concerned.

Tinkesh: Okay. Sir, second question is about non-core assets company has, could you please give few updates on non-core assets including lend back, if any?

Alok: No, we don't have, we don't own any lend back as on date, but yes, we have been looking at how to monetize some of our non-core assets.

Tinkesh: Sir, could you please identify your step down subsidiaries which are ESS?

Alok: Sorry, can you repeat?

Tinkesh: Sir, could you update us with company [inaudible 00:41:49] or poor assets?

Alok: I, at least I'm not able to…Raghu, could you get it?

Raghu: I'm not.

Subhashish: See, Mr. Tinkesh, see we had the operating subsidiaries as on date in Sri Lanka. They had a factory in Sri Lanka and from there they are manufacturing trailers. So, they had a factory based on the land in Sri Lanka. So that is the operative subsidiaries as of now.

Tinkesh: Thank you sir.

Ayush: Thank you. The next question is from Jigar. Jigar, you may go ahead.

Jigar: Yeah, thank you for taking my question. Sir, had we passed an enabling resolution to do business worth approximately ₹450 crores from Tata Steel and the sales of ₹450 crores? So you think sir, this current year we may execute that much business with Tata Steel? That is my first question.

Alok: I'm requesting Mr. Subhashish Dutta to respond on that.

Subhashish: Mr. Jigar, thanks [Unintelligible 00:43:22]. As MD has mentioned in the opening remark that because of the COVID last year there was a tractor [Unintelligible 00:43:36] by Tata Steel and that like any other contractor of Tata Steel we were also affected because of the [Unintelligible 00:43:47]. However, this year, because of the steel industry operation [Unintelligible 00:43:53]. So they had net the capital with it and hopefully, that we need to also create [Unintelligible 00:44:03] so that when the opportunity comes, so we'll get the opportunity and if that makes a good, whatever that's possible. And we are working with that [Unintelligible 00:44:24]. Let's see that how it will be translated in this financial year. However, of course there is a challenge of the second wave of the COVID that we have to keep in mind.

Jigar But in a normalized year sir, should we expect in the vicinity of ₹400 crores business to be done by Tata Steel sir?

Subhashish: That was, that was the expectation. However, however it all depends about that that what is their capex token, how we can complete it. In that way we can complement to each other because they are also having a setup factory. It's another thing. So, all depend on that. But we are again to fact, as mentioned, and so we are having to enlarge [Unintelligible 00:45:18] Tata Steel because that big profile [Unintelligible 00:45:22] in cash flow, that will be definitely better as compared to the other external project.

Jigar: Sir, my second question is, would Tata Steel look at increasing a stake in the company and pumping in more money?

Subhashish: See, this is the promoter's call. At this juncture, we'll not be able to commit on how [Unintelligible 00:45:49]. However, if suppose there is something much, definitely we'll come back to you.

Jigar How their increased stake in Tata Metallic sir?

Subhashish: We cannot comment on that.

Jigar: Sir my next, one more question sir, are there any non-cash charges in the account sir, in terms of debtors write off or inventory write off in FY21?

Subhashish: As we had mentioned that last year though it was a COVID affected period but we had collected more than 150 crores [Unintelligible 00:46:31] active persuasion [Unintelligible 00:46:35] major customer. [Unintelligible 00:46:39] does not make any major provision in the papers and that is how that [Unintelligible 00:46:47], but going forward again, we'll continue to engage with the customer and let's see that how it will be translated into a connection.

Jigar: So there, sir, no non-cash charges sir in FY 21 in terms of debtors write off or inventory write off?

Subhashish: Not in a major way.

Jigar: Okay, and sir is ₹182 crores debtors outstanding that would be retention money outstanding sir?

Subhashish: That [Unintelligible 00:47:19] ₹183 crores, that is the main debtor, out of which around ₹130-140 crores will be [Unintelligible 00:47:27] business.

Raghu: So it's a mix of both…

Jigar: Sir, how do you, but…

Raghu: It's a mix of both the current debtors…

Jigar: 140 crores would be retention money.

Raghu: Yeah, almost around that.

Jigar: Sir, my last question sir…

Ayush: Jigar, thank you Jigar. Jigar, I request you to please come back in the queue.

Jigar: Okay, thank you.

Ayush: The next question is from Aditya. You may go ahead.

Aditya: Hello. Sir, I just wanted to know that now, looking at the up cycle in the commodity businesses where we are catering to, so, how do we see this as opportunity going forward, say, over the next three to six months? Are we looking or seeing more enquiries coming towards for the projects or the product supply? How is business environment going, looking, that's what my question is?

Alok: Yeah. No, so as I mentioned that you know, business environment had started looking up, but definitely there has been some kind of a setback with the onslaught of the second wave of COVID-19, right. But we continue to generate very healthy in-flow of enquiries and also fresh orders. Our challenge will continue that how quickly the entire supply chain comes back, recovers, and we are able to deliver.

Aditya: Okay, sir. Thank you.

Ayush: Thank you Aditya. The next question is from Venkat. Please go ahead.

Venkat: Hi, thanks for taking my question. You know, at times when a lot of competitors are in poor shape and many of them have chosen to actually withdraw from their field, you probably will get rising power after a very long time, and some of that can only happen when we also have balance sheet strength. So, given our barren state of balance sheet, what remedial actions are we going to take very quickly, and how do we see competitive environment?

Alok: Raghu, you will take it?

Raghu: See, from a balance sheet perspective, again, with this sort of a balance sheet, we need to, we were actually thinking earlier but Q4 was a good quarter. If that continued for one or two quarters, probably we would have thought and come ahead with some prospects or some capital raising thought would have come in, because at this sort of a position, it becomes very tough to actually think about raising some capital at this point in time. But we will, it all depends, and also it depends on the promoters, how they're looking at this part of it, because they'll have to underwrite the rights issue or anything of that sort.

Venkat: That's exactly the question Mr. Dutta, I mean at a time like this, if the promoters, they need to really make up their mind and then have communication going with the company, right?

Raghu: Yeah.

Venkat: Either, it doesn't even have to be a rights issue. Why? In case they are genuinely interested in this, as an operating company, we should have known it by now, right?

Raghu: So, they are very keen. They are very keenly interested in this. So, from a capital perspective, probably there will be issues around putting, pumping in further capital, but they are looking at ways and means of supporting the company. So, I would not like to tell you exactly how this is going to happen, but we are, the thought process is there of how to make this company a lot more competitive and turnaround from the position it is. That process is, the discussions etc. are on. We would not like to tell you because till, let something fructify, and then we will come forward and reach out to all the shareholders.

Venkat: Correct sir. What timeframe do you have in mind for this, because the opportunity is here and now, because you are probably one of the very few players with, you know, enough franchise value strength left in them to go across and break some huge opportunities that are coming. So, when do you think one can get?

Raghu: Please, please wait for some time. Let's see how things progress and we'll reach out to you as and when things, the appropriate calls are taken and then we'll surely reach out to the shareholders, all of you.

Venkat: Do you think it will happen before the next quarter call, sir?

Raghu: No, quarter will be a difficult one. So, can't comment on that. So, it would, I don't think it will happen so soon.

Venkat: This financial year maybe?

Raghu: I would not like to hazard a guess on this, because these are forward-looking statements as of now, so I would not want to say that at this point in time.

Venkat: Fair sir, thanks.

Ayush: Thank you Venkat. The next question…due to the shortage of time, this will be the last question. Someone named iPhone, you may go ahead.

[Pause]

Okay, as there is no response, Jigar, you may go ahead.

Jigar: Yeah sir. Sir, we were looking to say DLT Lanka I think in 2019 for approximately ₹150 crores, which was called off sir. So you think that'll fructify this year and we should be able to raise an amount in proximity to that sir, in the current year?

Raghu: So Jigar, when we were trying to sell, we were trying to sell Tata DLT and DLT together at around ₹137 crores, okay.

Jigar: Yeah.

Raghu: So, the markets have tanked after that because of the slump in the automotive sector and after that COVID has struck very badly, not only in India, in Sri Lanka also, and you would be aware…

Jigar: Things are looking up much better globally now sir.

Raghu: No, no, so things are pretty bad in Sri Lanka even now. And you would be aware that we have gone ahead and divested Tata DLT [Unintelligible 00:54:41] consideration of ₹24.5 crores.

Jigar: Yeah.

Raghu: So, you just… relatively a much smaller sum compared to what we were seeing at in FY 19. Okay, so the chance of getting that sort of amount in the current year is practically negligible, but we are actively engaged, engaging and looking at probably disposing off DLT Sri Lanka also. We'll come back to you as and when things fructify on that.

Jigar: Sir, what amount can be expected, approximately, I can understand the additional…

Raghu: So, that's what I said. So, if you saw that out of the chunk of the…

Jigar: Sir ₹110-15 crores?

Raghu: No, no, no, so that's what I am saying. So we've, so out of ₹150 we got, the major chunk should have come from Tata DLT. So probably it will again be, if at all we do something, we don't want to hazard a guess, will be around to the tune of another ₹20-odd crores.

Subhashish: I think Mr. Jigar, we appreciate that we are looking for the restructuring of the subsidiaries. Mr. Raghu has mentioned it that it is just a one-off option. Once we initialize this option, then we'll contact the shareholders for the approval. Right now, it is difficult to guess any amount at this juncture.

Jigar: And my last question sir, I mean only fear, I mean how do we correct the balance sheets on 11 crore equity, we have a negative ₹282 crores reserve sir. How does that get corrected?

Raghu: So we are, so that's what, we are looking at ways and means of doing certain things. These will take some time. So, things will happen. So, let's see. Please wait and bear with us. I think this will take some time. We may come…things will look up is what we are looking at.

Jigar: Okay sir. Thank you sir, and all the best.

Raghu: Thank you. Thank you.

Ayush: Thank you Jigar. Given the paucity of time, we come to the end of the call. On behalf of Emkay Global, we thank the management for the opportunity and request the management for closing remarks.

Alok: So, thank you. Thank you every one, all of our esteemed shareholders, Emkay Global for providing us this platform. We will continue to work together. We will continue to look forward by which we are able to improve the health of the company, and as I mentioned, we will continue to…we are quite thankful to our shareholders who have been there with us for many, many years, and we will look forward to their support in times ahead.

So, thank you very much and I wish everyone all the very best, best of heath, and please be safe and please be healthy. Thank you very much.

Ayush: Thank you everyone and we'll now end the call.

Alok: Thank you.