TD Power Systems Limited
(CIN -L31103KA1999PLC025071)

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February 13, 2020

The Corporate Service Department	The Listing Department
BSE Limited	**The National Stock Exchange of India Ltd**.
P J Towers, Dalal Street	Exchange Plaza, Bandra- Kurla Complex
Mumbai – 400 001	Bandra (East)
	Mumbai 400 051

Sirs,

Sub: Disclosure under Regulation 30 of SEBI LODR - Transcript of Analyst & Investors call

With respect to the above subject, please find attached transcript of Analyst & Investors conference call relating to Un-audited Financial Results of the Company for the quarter and nine months ended December 31, 2019 held on February 07, 2020.

Please take the above on your record.

Yours faithfully,
For **TD Power Systems Limited**

N. Srivatsa
Company Secretary

Encl: A/a

TD Power Systems Limited

Q3 & 9M FY20 Earnings Conference Call

February 07, 2020

Moderator: Ladies and gentlemen, good day, and welcome to the TD Power Systems Limited Earnings Conference Call. As a reminder, all participant lines will be in 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 '*' and then '0' on your touchtone phone. Please note this conference is being recorded. I now hand the conference over to Mr. Devrishi Singh of CDR India. Thank you and over to you sir.

Devrishi Singh: Thank you. Good morning and thank you for joining us on this call to discuss financial results of TD Power Systems Limited for the quarter and 9 months ended 31st December 2019. We have with us Mr. Nikhil Kumar, Managing Director and Mrs. M.N. Varalakshmi, Chief Financial Officer from the management team on this call.

Before we begin, I would like to mention that some of the statements made in today's discussion maybe forward looking in nature and may involve risk and uncertainties. Documents relating to the Company's financial performance have already been emailed to all of you earlier.

I now invite Mr. Nikhil Kumar to provide key highlights of the Company's performance for the 9 month ended 31st December 2019. Thank you and over to you sir.

Nikhil Kumar: Thank you. Good morning everybody. Thank you for joining us today on our earnings call. I trust all of you would have retrieved the results and investor presentations.

Now I would like to discuss with you TDPS's financial performance of the 9-months ended 31st December 2019.

Standalone: Our total income on a standalone basis for 9-months is Rs. 346 crore, an increase of 22% versus Rs. 283 crore for the same period last year. Profit after tax for 9-months is Rs. 9.24 crore versus a loss of Rs. 4.5 crore for the same period previous year. The Company had adopted the revised tax structure and has made tax provisions accordingly. Manufacturing revenues for 9 months is Rs. 328 crore versus Rs. 262 crore, an increase of 25%. Exports and deemed exports contributed 61% of manufacturing revenue. The total manufacturing order book including our Turkey operation and our railway business stands at Rs. 1,095 crore, out of which Rs. 290 crore is India manufacturing, Rs. 736 crore is the railway business and Rs. 69 crore is Turkey. Exports and deemed exports including Turkey but excluding the railway business is 74%.

Order inflow: Our total inflow for 9 months is as follows; including TDPS Turkey which is now clubbed together, in the future we will be clubbing our Turkey business with the manufacturing business. Our total order inflow is Rs. 419 crore for 9 months compared to Rs. 370 crore the previous year same period. Q3 order inflow for the current year is Rs. 186 crore versus Rs. 131 crore for Q3 of this year versus Q3 of last year. Project business for 9 months is Rs.10 crore versus Rs. 13 crore the same period last year. Our order book for the projects business stands at Rs. 35 crore.

Consolidated: Our total income is Rs. 375 crore versus Rs. 268 crore the same period last year, an increase of 40%. Profit after tax and other comprehensive income is Rs. 10.53 crore versus a loss of Rs. 12 crore last year. We continue to maintain a strong cash position of Rs. 152 crore.

Market situation and Guidance: This year, we have seen strong order inflows in all segments of the business from India as well as some exports. In particular we had seen heavy order inflows from the gas engine business export and steam turbine side domestic. We have seen the domestic market ordering in steel, waste heat recovery in cement primarily, distillery including ethanol business and paper and to a smaller extent we are seeing some business in sugar cogeneration. We think that the domestic market has bottomed out and signs of consistent recovery are clear and emerging. For us, the hydro business is flat at the moment in terms of order inflows, but there are some big orders in the export market and we are waiting strongly for them and we are hopeful to secure a few of them.

Our Turkey manufacturing business deserves special mention. We have almost 10 million order inflow and our factory in Turkey is running at full capacity. They have taken orders in geothermal, hydro and biomass. We hope to have consistent volumes in this market for 21-22, since the enquiry and order pipeline is very strong. We have secured breakthrough orders from a major US engine Company into TDPS India. We have received an order for 3 machines and we will then receive an order for 5 more machines, a total of 8 machines for different engine types. We will expect volumes to begin in 21-22 for this, since there is an 8 month qualification period after delivery of these machines, delivery of the prototypes is expected to be around May this year.

Our traction line for railways is running at Rs. 8 crore per month, starting from this month, confirmation of volumes at this current run rate for 20-21 has already been received from the customer and they are going flat out.

Let me move towards guidance: Manufacturing business, the outlook for this current year 19-20 is firm, as per our earlier guidance of Rs. 480 crore to Rs.490 crore. Q3 revenues as noted were in line with our guidance given in the previous earnings call. TDPS Turkey will end this year with sales of 3.2 million euros which is around Rs. 25 crore. As a total our manufacturing business has crossed Rs. 500 crore this year for the first time. We would like to put out our first guidance for FY20-21, the next financial year. Based out from the current order book and visibility, we expect manufacturing revenues to be minimum Rs. 600 crore up from

Rs. 500 crore this year including Turkey. All our subsidiaries will be profitable next year. We do not see any major changes in our fixed cost other than the historic frontline increases in employee related expenses and operating expenses. Investment for the next two years will be mainly in the area of robotics and automation. We have already installed and commissioned the third robot in TDPS. We are continuously keep adding automation and robotics to our production to keep our manufacturing at the cutting edge of technology. These investments however will be kept well under the depreciation numbers of TDPS. Projects business, topline at Rs. 34 crore, this business is decreasing and we are initiating actions to downsize and we will downsize that organization in line with the expected business. Subsidiaries, TDPS Turkey, TDPS Europe will make healthy profit this year. TDPS Japan and TDPS USA will make small loses, however netting of those small losses overall our subsidiary will show profit and will contribute positively to the Company results on a consol basis.

This brings me to the end of my initial remarks. I will now be happy to address all the questions that you have. Thank you.

Moderator: Thank you very much sir. Ladies and gentlemen, we will now begin the question and answer session. We have first question from the line of Kirthi Jain from Sundaram Mutual Fund.

Kirthi Jain: Sir, So first of all, currently at manufacturing, as per our computation is Rs. 490 crore, right sir?

Nikhil Kumar: I said Rs. 480-490 crore for India and 3.2 million euros which is around Rs. 25 crore for Turkey.

Kirthi Jain: What you have done YTD sir, as per our computation, eliminate intercompany and calculate, what is our number, YTD as per we have done?

Nikhil Kumar: So, YTD for India is Rs. 328 crore manufacturing and Turkey is 1.5 million.

Kirthi Jain: Okay. So we have done Rs. 340 crore and we are expecting kind of Rs. 150-160 crore kind of manufacturing in the Q4?

Nikhil Kumar: Rs. 155 crore to Rs. 160 crore in Q4 and around Rs. 11 crore from Turkey.

Kirthi Jain: So Q4 would be like a similar on a Y-o-Y basis, like last year Q4 was a very strong year, so, such kind of lumpiness can be there broadly. But last year we did a consolidated only….

Nikhil Kumar: Now we are seeing that Q2 and Q4 is where we have maximum sales and that is because of half year ending. Many of our customers are also have year ending in September. So there is definitely a pull from the market in Q2 and Q4. Q1 and Q3 tend to be depressed quarters for us. But what we do is we manufacture consistently throughout the year and then the peak of sales takes place.

Kirthi Jain: Sir, in terms of next year, sir order flow also looks healthy sir, at this point from the key customer for Q4 and Q1, any likely order flow also directly looks healthy sir, order flow momentum?

Nikhil Kumar: Yes. We have had a very good January already. It is in our expectations to be honest with you and we are seeing same kind of situation continuing into February and March.

Kirthi Jain: Okay sir. Sir, in terms of margin generally like, what is the PBT margin we would be targeting sir, because now, as per Ind-AS some of the forex gains because of our hedging policy comes below the line, what would be the PBT margin we would be targeting?

Nikhil Kumar: I have not pulled out that number as yet, Keerthi, because…

Kirthi Jain: With this year sir? You generally give the guidance, right sir?

Nikhil Kumar: Yes, So this year, you can take our gross contribution to be somewhere in the region of 30%-31%. And then you can do the calculation based on that.

Moderator: Thank you. We have next question from the line of Dhwanil Desai from Turtle Capital.

Dhwanil Desai: Sir, three questions from my side. First question is sir, this year on consol basis this quarter, our gross margins have slightly dipped and the copper prices has been going down continuously, so you know, I think probably you guide it for 30%-31% kind of a gross margin. That is considering the drop in copper prices or any copper remains hedged from our side?

Nikhil Kumar: Copper has just recently because of this coronavirus problem and the scare is like, maybe just to a couple of weeks old, it is not going to impact. So we have booked a lot of copper recently when the prices have dipped in the past two weeks, we booked a big chunk of copper which will start affecting the number. Once the copper comes into our production system, it could be somewhere around April-May and then the sales would take place a couple of months later. So it is not going to have any immediate effect on the bottomline.

Dhwanil Desai: Okay. But this 30%-31% number that you are estimating in irrespective of this drop in copper prices, right? Is that fair to assume?

Nikhil Kumar: Yes. That is fair to say that.

Dhwanil Desai: Okay. My second question is sir on the Turkey. I think you mentioned that probably this year we will close with 3.2 million euros kind of a number and so I think our turbine manufacture from India, in the recent call was talking about challenges in the Turkey market. So do we see anything like that on the ground for us, for our product, in that sense?

Nikhil Kumar: See, we have a manufacturing unit in Turkey. So we are not only looking at the steam turbine business in Turkey. In fact the Turkish market is actually pretty small for steam turbine. It is a large market for geothermal which is mainly driven by what is called an Organic Rankine Cycle Turbine, it is not a steam turbine. It is different kind of a turbine and it is a big market for hydro. To a smaller extent there is a market for biomass which is the steam turbine business. So you can say about 80% plus of our orders in Turkey have come from geothermal and from hydro. And both these segments are heavily promoted by the Government of Turkey because there is a lot of investment coming into this, because it is renewable and we have taken practically all the business in both these segments because we have a local manufacturing plant delivering local generators gives the power plant owner an additional freedom tariff, which makes it very attractive for him.

Dhwanil Desai: So I mean our outlook on Turkey remains quite positive in that sense?

Nikhil Kumar: Yeah. It is totally different. I mean, our outlook in Turkey is based on the renewable side of the Turkish market and here and we have products for both geothermal and hydro, so…

Dhwanil Desai: Okay, got it. And sir last question is, the next year's guidance that you are talking about of around Rs. 600 crore, now we will be doing around Rs. 480-490 crore this year in manufacturing side and we have the traction motor orders are starting next year ramping up at the run rate of Rs. 8 crore a month, you know we are talking about roughly Rs. 90 crore- Rs. 95 crore. So I mean, given the strong order pipeline and the enquiry that you have, the rest of the business, I will be expecting 10%-15% kind of a growth, I mean are we being conservative in doing Rs. 600 crore number?

Nikhil Kumar: You are totally right. I mean, I am being extremely conservative with Rs. 600 crore. I will upgrade the guidance next quarter.

Dhwanil Desai: Okay, got it sir. And sir lastly, so I mean, let us say, we grow our manufacturing division by around 20%. The cost on the employee side, and other expenses side, shall we assume in in line with inflationary cost. Is that the number that we should assume or should it be kind of any links with the increase in volume? How should we look at those costs?

Nikhil Kumar: I would say, see we have enough for production capacity for this entire Rs. 600 crore. So we are not going to add any major fixed cost onto our Company. We have historic trend line growth of employee related expenses between 4% to 6% and other fixed cost are maybe growing. We have kind of kept them flat because we have been able to look at productivity improvements and things like that. So approximately you can say 4% to 6% increase in the fixed cost overall, including employee related expenses and factory cost. That is the main goal of the management to keep it at that level, plus, minus one or two percent could takes place but we always trying to keep it less than 6%.

Moderator: Thank you sir. We have next question from the line of Rajat Setiya from Vriddhi Capital.

Rajat Setiya: Sir, how much did we do in the railway side in this year?

Nikhil Kumar: Rs. 34 crore will be done this year.

Rajat Setiya: And what is the expectation from the next year on the railway side?

Nikhil Kumar: Around Rs. 100 crore.

Rajat Setiya: And in terms of the continuity of that order, there were some news articles or humors about the order continuity.

Nikhil Kumar: There was one article that came out sometime back and there was a subsequent article which came maybe couple of weeks later. So the locomotive has passed all the tests and they are producing at full rate right now. They are producing 8 locomotives per month. So they are at full steam ahead and locomotive has performed really well.

Rajat Setiya: Right. So basically starting next year, we would be doing Rs. 100 crore every year from that order itself?

Nikhil Kumar: Correct. With potential for upside is also there, there is some discussion but let us see, right now it is Rs. 100.

Rajat Setiya: Okay. And in terms of gross margin, I am sorry if I missed it. They were little down in this quarter. So what really happened?

Nikhil Kumar: We had a few orders which contributed to that. We had one large machine that we had on the, 2-Pole**,** this larger machines about 60 MW, we had one machine that we sold at a bad price and that distorted the numbers little bit. But overall the other business is doing good.

Rajat Setiya: Okay, alright. And sir one final question, you mentioned that one Indian Company has given some 8 machines order to us. When will the delivery begin?

Nikhil Kumar: I didn't mention anything about any 8. I said this is a US based Company, US based engine manufacturer.

Rajat Setiya: And the delivery will be start from?

Nikhil Kumar: That would start from May, prior to 8 months of testing.

Moderator: Thank you. We have next question from the line of Lalaram Singh from Vibrant Securities.

Lalaram Singh: May I know the order inflow by domestic and exports, if you can explain that for this quarter?

M.N. Varalakshmi: Yes. Rs. 147 crore has come from direct and deemed exports and including Turkey and Rs. 38 crore from the domestic.

Lalaram Singh: And do you see that domestic order inflow to be much better than this in the coming few quarters?

Nikhil Kumar: Yes. It has gone to, see, in the worst years that we had, like maybe 2 years or 3 years ago, but I don't remember exactly whether 2 or 3 we had. Total domestic was something like Rs. 95 crore. And now we are running at around Rs. 40 crore a quarter, so it is definitely improved.

Lalaram Singh: I think in one of the, in recent past we have also done even Rs. 50 crore and even Rs. 60 crore a quarter there. But you are saying that Rs. 40 crore quarter run rate is something which we can maintain around that, we can also foresee a growth.

Nikhil Kumar: And I am quite upbeat about that. I am seeing a consistent order inflow and negotiations taking place, order inflow taking place with both our major customers in the captive power plant business, so there is no doubt that the captive power plant business is here to stay and every brownfield-greenfield investment taking place in this country, we are putting up a capital power plant. So this 10 MW to 50M business will continue in a big way in India.

Lalaram Singh: So you are referring to greenfield CAPEX also or is this cross driven temporarily by WHRS which has been put in the existing plants?

Nikhil Kumar: Right now, with mainly brownfield I would say, not so much greenfield. So it is waste heat recovery like I said, steel is also largely pretty strong. Distilleries including the ethanol plants and paper and to a smaller extent sugar cogeneration.

Lalaram Singh: Got it. And in Turkey you are saying that you are running on full capacity, so do we need to incur CAPEX to increase the capacity, to support the good demand?

Nikhil Kumar: No. We don't see the demand increasing dramatically from this level. We have a wait and see policy right now, one for the investments in Turkey.

Lalaram Singh: Can you throw some light on environment in US geography also?

Nikhil Kumar: US, we have seen, most of our development work has been done for the Shell gas industry and for the mobile power units for the Shell gas industry and lot of business that they got in the past two years was from that segment. But we have seen that in the past few months, especially with oil prices coming down, this business is again coming under stress. So we don't expect major ordering to take place in this business in the next year. However, having said that there are other industrial power plants, industrial size which is 10, 20, 30 MW which are required once again basically the heat recovery systems or wherever steam is used as a part of a process for paper, for chemicals, foods, those power plants are still coming up on the US and we see a strong pipeline sufficient for us to have good growth in the US compared to this year for next year. So while the Shell gas industry which I expect it to be driving a lot of the growth, that is not going to happen next year.

Moderator: Thank you sir. We have next question from the line of Vivek Kumar, Individual Investor.

Vivek Kumar: My question is on the gas engine and also, steam and euro part. How is the demand from the customer, now that yes, the owner has changed and because we read lot of article that is winning lot of the orders. So can you throw light on steam and engine demand from our old customer and also steam euro outlook?

Nikhil Kumar: Yeah. So as I said, gas engine we have had an extremely good order inflow. We have got big orders from Russia and we got big orders from Australia. So a really large volume orders. So that is driving the growth for us on the gas engine business. Inside Europe there is still steady demand, but the growth has really come from these two countries for us for the past few quarters and also will be for the next quarters because there are some more jobs under negotiation in these two countries.

Vivek Kumar: So, What percentage of that customer are we catering to like, the new owner, what percentage of his demand are we meeting?

Nikhil Kumar: The engine that we are talking about, the way we are supplying, you can say it is about 50%.

Vivek Kumar: Steam?

Nikhil Kumar: On the steam side, Europe will be about flat for us next year compared to what it was this year. We have supplied good number of machines, larger sized machines, 40 MW-55 MW and that we have a few more orders in the pipeline and it will remain flat. I don't see the growth taking place in this business in Europe next year.

Vivek Kumar: We have added few gas engine planes, you told two people you have added and you will update on the guidance regarding those, is the US Engine maker, the same thing that you are talking about, your last quarter, you have added two Indian planes.

Nikhil Kumar: I am not mentioning the name but it is based in the US, yes.

Vivek Kumar: So we have added another customer is what you said, so the talks are still going on, like on what stage is it?

Nikhil Kumar: Last time, I had said that we were expecting orders from this US based Company, we got those orders now. So we are very much into the qualification program for 8 engine types and the others big European customers that is not moving forward, that we expected, maybe it will happen next quarter, but we are pushing but it has not happened has yet.

Vivek Kumar: So you have given all this outlook for next year is Rs. 600 crore manufacturing, right?

Nikhil Kumar: Yes sir.

Moderator: We have next question from the line of Dhwanil Desai from Turtle Capital.

Dhwanil Desai: One question, I think we have Rs. 150 crore cash and we did buyback last year, but I think recently we gave a notification that we will consider interim dividend. So, are there any plans to utilize this cash through buyback or you think that the dividend has become a more attractive option, any view or thoughts on that?

Nikhil Kumar: So, we can't buyback for a year since the last buyback and still have some time for that. And we have discussed in the Board meeting yesterday about interim dividend. We will let the market know shortly.

Moderator: Thank you sir. We have next question from the line of Mayank Sheth, Independent Investor.

Mayank Sheth: Sir, a small suggestion I have. If after each Conference Call, we could forward the copy of the transcript in text form as a pdf file to the BSE and upload it in our Company's website that would be helpful for all the investors.

Nikhil Kumar: We will upload it to the Company website.

Mayank Sheth: Sure sir. So coming back to my questions. We indicated that we plan to downsize the project business. I would like to know would there be any one time expenses to downsize it, like we had in EPC business?

Nikhil Kumar: No, it is a small group of people and we will not have any cost like these, nothing close to that. It is just the gradual attrition of people and that is it.

Mayank Sheth: And any pending warranty commitment this season?

Nikhil Kumar: No.

Mayank Sheth: Okay. Then my sir second question is, over the last 2 years-3 years, our receivable cycles has increased. So for this year and the next year, what kind of receivable days we can expect?

Nikhil Kumar: You can approximately keep it the same but I don't see any reduction taking place in this because, money is still tight in India and when we export to some of our larger customers and since the volume of export is increasing to the larger customers, we do have long traded cycle with them, compared to domestic.

Mayank Sheth: And inventory days sir, any changes?

M.N. Varalakshmi: No. I think we will have to maintain this level of inventories because if we see the guidance that we have given for next year also, this level of inventories will be required.

Mayank Sheth: One last question sir. Given that euro INR is around 78-79, do we still expect the same EBITDA margin of 8%-9% this year and given this exchange rate, what could be the EBITDA margin for the next year?

Nikhil Kumar: We have booked lot of euros this year at a rate, average you can say 82 and we have discharged all the euros at that rate for the whole year. We have also booked fair amount of euros for next year at around 82. So all this foreign exchange gain comes below, it doesn't come into the cross contribution level. So yeah, we can maintain, we will cross, with a better factory utilization we will definitely cross 11% EBITDA margins next year.

Moderator: Thank you sir. We have next question from the line of Manish Bakshi, Individual Investor.

Manish Bakshi: Just one question on the current capacity that we have. Based on that capacity, what is the maximum revenue that we can get to, given that we are expecting Rs. 600 crore next year?

Nikhil Kumar: So Manish, you know, all along we have been taking about Rs. 700-750 crore, but we are, as I said in my earnings call speech, every year we are going to be investing and debottlenecking, adding robots, automation into the manufacturing system, so I feel that we could push this to Rs. 800-850 crore also in the future. So in the near future is going be no capacity additions and we are going to keep clocking the assets.

Manish Bakshi: Okay. And then other question I had was, between September and December last year, I saw on the BSE website that there is a lot of open market purchases from TDPSL Employee Welfare Trust**,** is this linked to the ESOP plan that you have launched or what exactly?

M.N. Varalakshmi: Yes sir, it was for the ESOP purchase only.

Manish Bakshi: Because typically, I see that normally ESOP lead to a dilution in equity. So are you buying it from the market and then giving it to your employees?

M.N. Varalakshmi: Yes, we are buying it into the Welfare Trust and will be then giving it to the employees and we are done with, completed the purchase.

Manish Bakshi: So that means our ESOP plan will not lead to any further dilution.

Nikhil Kumar: No, they are two parts to the ESOP plan. One part of the ESOP plan is where we have given ESOPs where we have purchased shares into the trust and those are given to the top management of the organization. We have another part of the ESOP, which is SARs and those would be an addition of shares. We estimate that to be something in the region of 300,000 shares to 400,000 shares additions.

Manish Bakshi: Okay. And they will be for what period?

Nikhil Kumar: 3 years.

Manish Bakshi: Okay. So 100,000 a year approximately?

M.N. Varalakshmi: Dilution.

Moderator: Thank you. We have next question from the line of Kishan Shah from Isha Securities.

Kishan Shah: So on the financial side, our capital work in progress is increased from Rs. 1.5 crore as of FY19 to Rs. 3.3 crore. So what is it exactly on account of?

M.N. Varalakshmi: This is some machines that we are buying for our (Inaudible 35.22 min).

Kishan Shah: Okay. This will be capitalized by this year itself or will anything forward to the next phase.

M.N. Varalakshmi: Most of it will be capitalized by Q4. There will be a little spillover for Q1 next year.

Kishan Shah: Okay. And the investments also have increased from Rs.10 crore to Rs. 20 crore. So Rs. 19.9 crore. So what is that additional investment?

M.N. Varalakshmi: We have invested into NCD.

Kishan Shah: So could you tell the interest rate on that?

M.N. Varalakshmi: 8.6.

Kishan Shah: Okay. And there is no working capital as of now, right?

M.N. Varalakshmi: No.

Kishan Shah: Sir, borrowing is Rs. 65.8 crore…

M.N. Varalakshmi: We have a sanction limit of Rs. 90 crore. We will be hovering around this**.**

Kishan Shah: Okay. But there is no short term borrowings?

M.N. Varalakshmi: No.

Nikhil Kumar: We have a sanction limit of Rs. 90 crore and we are utilizing Rs. 65 crore and as the business goes up, we may utilize more. But we won't take an additional limit or something we will have with the bank.

Moderator: Thank you sir. We have next question from the line of Lalaram Singh from Vibrant Securities.

Lalaram Singh: I have one book keeping question. In this quarter the finance cost was Rs. 1.9 crore. Does that includes some forex element?

M.N. Varalakshmi: Yes, it includes because we have done hedging so we may…

Lalaram Singh: Yeah. What would be the quantum of that?

M.N. Varalakshmi: Around Rs. 45 lakhs.

Lalaram Singh: Okay. My second question is, in the working capital, can I get the payables figure separately?

M.N. Varalakshmi: It is Rs. 120 crore on consol basis.

Lalaram Singh: And in this quarter we have seen receivables, inventory both have gone down and so can I get the CFO figure for this quarter, how much cash did we generate from operations?

Nikhil Kumar: I think may be this question we can take it, you can just call us and we will give you the numbers. Give us some time to get this numbers for you.

Moderator: Thank you. We have next question from the line of Mayank Sheth, Independent Investor.

Mayank Sheth: Are there any plans to downsize our Japanese subsidiary and in case there are, what could be onetime expenses for that sir?

Nikhil Kumar: We have already downsized from 12 people to 4 people and we will keep this at 4 for some more time but even if we have to downsize it from this quarter down to 2, it is not going to be a major impact.

Mayank Sheth: I understand sir. Sir my next question, usually what percentage of our manufacturing sales comes from the customers that we added in the last 4 years to 5 years.

Nikhil Kumar: I don't have that number on top of my head right now, we will have to relook at that we…

M.N. Varalakshmi: Mayank, on an annual basis we can answer, maybe by March we will be able to tell you.

Nikhil Kumar: We can tell you that once again if you can call us we will do the numbers and have the number ready for you.

Mayank Sheth: Sure sir, One more question. Sir this is more the long term perspective. Has the Company taken any keyman insurance policy in your favor and what is the succession plan in case there is need any eventuality and immediate need for the second line of the management to take over?

Nikhil Kumar: There is a very strong succession plan on the Company. We have a very strong management team. Young, ambitious leaders are emerging and I don't see any problem for someone to take my position if the need ever comes. So I am very proud of our team.

Mayank Sheth: And have we taken any keyman insurance policy sir?

Nikhil Kumar: Yes, we have taken sir.

Mayank Sheth: What could be the approximate value?

M.N. Varalakshmi: I think we will take this call offline.

Moderator: Thank you. We have next question from the line of Rajat Setiya from Vriddhi Capital.

Rajat Setiya: Sir, seasonally our Q4 is usually the best quarter. What is the reason for this seasonality?

Nikhil Kumar: I wish, I had a clear answer for you for this. I would love it if we have 4 equal quarters.

Rajat Setiya: I mean, usually orders are tilted towards, I mean deliveries tilted towards Q4 or is it something just happening by chance?

Nikhil Kumar: Not by chance, it happens every year. So it is not by chance. But I guess everyone, all our customers also need to increase their own sales, so they buy from us. End users need to claim depreciation, so they want to install the machinery. So this is what happens I think if the bunching effect takes place in Q2 and Q4.

Moderator: Thank you sir. We have next question from the line of Lalaram Sing from Vibrant Securities.

Lalaram Singh: Nikhil, may I know our market share in India? Have we gained market share and what would be your global market share excluding India and also if you can throw some qualitative comments on trends in the global markets within the products which were catering to and how our positioning has changed over the last couple of years, that will be helpful.

Nikhil Kumar: India we have a very high market share, I would say 80 plus percent, that continues to be the case. We haven't dropped market share, we haven't added market share. Globally different segments we have different market shares but I would say what all we could be want a 2%-3% global market share, in the products, in the ranges that we supply. The trends in the global markets, I would say that, overall, there is still a small shrinkage of the market taking place every year, but it doesn't affect us. Actually it improves our chances of success because there is pricing pressure for incumbent players in the global market and we are better prepared right now with larger installed base and more competitive pricing to be able to meet the price levels which is expected from the market. But I have seen that there has not been so much of a dip, overall shrink is on the market, in the past 1 year or 2 years, let us say 18 months, let us say compared to what it was at say 4 or 5 years ago where there was a dramatic 20% shrink is in the market. Maybe I see stable trends or more or less stabilizing trends taking place in the global markets also. There has been a lot of downsizing which has taken place from our competitors. Some of them are closed down. Most of them are in bad financial health. So, from that point of view we are very positioned to go aggressive and pick up more market share.

Lalaram Singh: Got it. So globally we are at 2%-3% market share, so which means that we have enough headway to increase our market share right?

Nikhil Kumar: Yes, we have enough headway to increase our market share. You know the engine business still continues to be a very large portion of the global business in our ranges and the Indian business is really good because it is same products, you keep making again and again and large volumes. But getting into the supply chain of a large engine make takes a lot of time and lot of effort. So we are, as I said we are already part of one and now we have added second one, which is not here a done deal in terms of asking qualified and in the supply chain, but we have that opportunity right there in front of us. That again will change the numbers dramatically. So, I think we will see as stand comes that you know we will improve our market share and these engine guys, they supply to large data centers, emergency power, all over the world. Sometime the gas engines were used as base load power also and distributed power. So the engine business is still pretty strong.

Lalaram Singh: Got it. One last question if I may. Is there any particular strategy which we have outlined to increase the gross contribution in our business on a permanent basis, whether be it product categories which themselves have higher margins or is there an element of service which can be included in our business.

Nikhil Kumar: We want to increase our gross contribution. So it is going to come from a combination of cost reduction, having products that need less material, some better currency hedging, some portion is going to come from increasing prices in some segments wherever we can, so it is going to be a combination of everything, everything contributing a little bit. And hopefully we should get to something like 32%-33% which I think would be extremely good situation for us.

Moderator: Thank you sir. We have next question from the line of Vivek Kumar, Individual Investor..

Vivek Kumar: Sir any update on wind, that is my first question. Second is, Rs. 600 crore from manufacturing and apart from that we would have these from railways, is this understanding is right?

Nikhil Kumar: Apart from Rs. 600 crore we will have, sorry?

Vivek Kumar: Like US business, like…

Nikhil Kumar: This is inclusive. All manufacturing business is included in this.

Vivek Kumar: Okay. And wind business, are we doing anything on the wind side?

Nikhil Kumar: No, we had one customer, Senvion, they went bankrupt, we have been able to collect all the money, most of the money from them. So it is a high risk business to be in the wind business right now in India.

Moderator: Thank you sir. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for closing comments. Sir, over to you.

Nikhil Kumar: Yeah. Thank you everybody for joining our conference call. There have been some questions that need further answers, so please go feel free to get in touch with us and we will happy to answer them. We look forward to interacting with you once again at the end of the next quarter. Thank you.

Moderator: Thank you very much sir. Ladies and gentlemen, on behalf of TD Power Systems Limited that concludes this conference call. Thank you for joining with us and you may now disconnect your lines.