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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 period ended December 31, 2021 held on January 28, 2022.

Please take the above on your record.

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

T D Power Systems Limited Bangalore

N. Srivatsa
Company Secretary

Encl: A/a

TD Power systems Limited

Q3 FY22 Earnings Conference Call Transcript

January 28, 2022

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 and operator pressing Star then zero on your touch tone phone. Please note that 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, everyone. And thank you for joining us on the Q3 and 9M FY22 earnings conference call of TD Power Systems Limited. We have with us Mr. Nikhil Kumar, Managing Director; Mrs. M. N Varalakshmi, Chief Financial Officer; and some of their colleagues in the management team on this call.

We will begin the call with brief opening remarks from the management following which we will have the forum open for an interactive Q&A session. Before we begin, I would like to mention that some of the statements made in today's call may be forward looking in nature and may involve risk and uncertainties. Documents related to the company's financial performance have already been emailed to all of you earlier.

I would now like to invite Mr. Nikhil Kumar to make his opening remarks. Thank you and over to you Nikhil.

Nikhil Kumar: Good morning everybody. Thank you once again for joining us today on our earnings call. I trust all of you would have received the results and investor presentation. Now I'd like to discuss with you TDPS'. financial performance for the quarter and nine months ended 31st December 2021.

Standalone: Our total income on a standalone basis for nine months was INR 5.13 billion versus INR 3.37 billion for the same period in the previous year. Profit after tax and comprehensive income for nine months was INR 314 million versus the profit of INR 81 million for the same period in the previous year.

Manufacturing revenues for nine months was INR 4.93 billion versus INR 3.24 billion. Exports and deemed exports contributed 51% of manufacturing revenues. Our manufacturing order book including our Turkey operations, stands at INR 10.01 billion, out of which INR 3.46 billion in regular manufacturing business INR 6.39 billion - railways business and INR 0.16 billion is the Turkey business. Export and deemed exports excluding large traction order is about 55%.

Order inflow: We are very happy to report a big increase in the nine months order inflow for TDPS India from INR 3.07 billion last year to INR 4.12 billion this year for nine months, an increase of 34%. Order inflow from exports and deemed exports is INR 2.42 billion about 60% of the total order inflow. Projects business revenue for nine months is INR 0.13 billion, which is INR 0.1 billion increase the same period in the previous year. The order book for the projects business stand at INR 0.16 billion.

Consolidated: Our total income on a consol basis for nine months was INR 5.86 billion versus INR 4.38 billion for the same period in the previous year. Profit after tax and comprehensive income for nine months was INR 378 million versus a profit of INR 295 million for the same period in the previous year.

Profits have been impacted due to a foreign exchange translation loss of INR 6.93 crore which is notional loss from our foreign subsidiary, Turkey, due to a sharp depreciation of Turkish Lira to the Indian rupee from 8.84 Turkish Lira to Indian rupee at the beginning of the year to 5.51 Turkish Lira to Indian rupee at the end of this quarter, a drop of 38%. This is important to know that TDPS Turkey has an actual operational profit of INR 37.26 million. Our consol order book is INR 10.21 billion. We continue to maintain a strong cash position of INR 2.13 billion.

Now let's talk a little bit about the **order book, market situation and guidance**:

The total order inflow up to end of Q3 was INR 412 crore versus INR 316 crore in the same period last year. Once again in the previous quarter, we have seen strong order inflows from all segments of our business. In particular, we have seen strong inflows from steam, gas engines and gas turbines. In the case of gas engines, we are also getting a good number of orders from our second major customer located in Germany. We're also happy to report another order from solar gas turbines for two more machine for the mobile power units, the shale gas industry.

In the case of hydro, we have finalized a number of large orders in the beginning of Q4 and these will help boost the number of our order book for Q4. Overall, the trend is positive and ensure that we will have a strong FY '23.

In the case of new segments with very active inquiry pipeline of about INR 2.25 billion to synchronous motors, and about INR 0.5 billion for large induction motors. We hope to get a good share and we're very active in these segments. These orders will also boost the revenue for FY '23.

Last quarter, we announced the order for the repair business in wind generators. We are pleased to report that we have successfully dispatched machine which has also been successfully commissioned. With this success, we are most certainly going to get a number of machines in this quarter and we are in active negotiations with a number of customers. We have successfully tested the traction motor for Indian railways. And we'll be calling for the customer final performance testing in March. Two projects two is on track.

Market situation: Now let's talk a little bit about pricing and the effects of raw material prices on our cost gross contribution. The worst part of the impact of raw material prices was in Q3. From Q4, we will see better gross contribution with the new prices filtering in. In Q3, we had some very good orders in the aftermarket business which helped contain the impact to a large extent. The biggest negative impact that we have taken in Q3 from the Indian market customers. But as mentioned, we will see return to around 30% in Q4, and 31% to 32% by H1 next year. The market continues to be buoyant with the number of orders in the pipeline. The main focus of the management is to improve the gross contribution to 32% or better. More aftermarket business in wind and repair the existing fleet can increase the gross contribution better.

All our export customers have given us price increases in fact to offer chances this year and the impact will be seen immediately. Other contracts are protected with price variation clauses and some of our customers have extended the relief beyond the contract since some raw material price increases are not being reflected in the indices that the PVC classes are based on.

Guidance for this financial year: Manufacturing business, a top line guidance of INR 6.97 billion indicated in our previous call remains unchanged. However, we are happy to now improve our guidance for profitability with EBITDA margins ranging between 11.5% to 12%. And we're also happy to announce that we will be having a PBT on a consol basis, including accepting income of minimum INR 720 million plus compared to INR 553 million last year, representing a growth of at least 30% in these difficult times.

TDPS Turkey: Our top line would be around INR 0.8 billion. Total manufacturing top line between INR 7.7 billion to INR 7.8 billion. Projects business, we have a top line of INR 0.25 billion. All our subsidiary that will be profitable except the US subsidiary which will be breakeven on EBITDA basis. We're also giving our first draft guidance for next year. We'll have at least a 10% increase in the top line of TDPS India and improvement in the gross contribution to 31% to 32% as mentioned earlier.

This brings me to the end of my initial remarks. I'll now be happy to address any questions that you may have. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on your touch tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handset while asking a question. Anyone who would like to ask a question please press star and one at this time. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Himanshu Upadhyay from O3 capitals. Please go ahead.

Himanshu Upadhyay: Yes, the first thing was on this Turkey business. The loss what we have taken, the translation loss, in one of the older calls, we had stated that we have not brought back the money from Turkey. So, this translation loss is on our cash what we were holding in that country, or it is on the P&L side, the translation loss you're telling? Just can you elaborate on that part and how much would be on the cash which we were having a debt subsidiary how much has been the translation loss and what is the value of that cash currently?

M.N. Varalakshmi: Actually, the translation loss is on the current assets of the company and this translation loss is because we converted from Turkish Lira to Indian rupee, but actually all our contracts are in euros. So, when we bring back the money to be in euros and this loss will be wiped off.

Himanshu Upadhyay: And one thing on the order book, when we see the current order book of this year for FY'21 Okay. So, consol is INR 1,020 crore versus December 20 was INR 1,067 crore. So, there has been decrease in domestic railways which is okay but we are not seeing significant increase in the order book as of now versus last year. The biggest jump is in the domestic from INR 93 crore to INR 150 crore. So, can you elaborate on what gives us confidence on the growth what we are having because the order book currently is not showing that remarkable improvement. So, some idea about the Indian orderbook.

Nikhil Kumar: The Indian railways business will be decreasing every year by about Rs.100 crore. If we basically look at order book will decrease because we are executing every year. So, from the railway business we will have a decreasing order book because it's a fixed contract for eight years. And so, the other part of our business to manufacture the generator business that we are seeing an increase in the order book as already mentioned of about 35%. So, there is an increase in the overall executable orders in the generator business. As far as the railway business is concerned, we will do what we're supposed to do every year we're supposed to do INR 120 crore and we will do INR 120 crore from that. And that will keep decreasing, that will keep decreasing every year until we add a new customer which we are in the process of adding Indian railways as a new customer. So, until we add this new customer that large order will keep reducing in value year on year.

Himanshu Upadhyay: And one more thing in the order book the exports and the deemed exports remained flattish. So, even Turkey has come down from INR 76 crore last year to INR 15 crore. So, can you elaborate on outside India, what is happening and how are you looking at the order book in outside India? Yes, domestic has done pretty well but exports, how should we look at and Turkey, these two entities for FY'23.

Nikhil Kumar: Exports have been flat, big increase is taking place in the domestic market. That's correct. Turkey as we as we told in the last call, there is a big decrease in the Turkish business, and we don't expect the Turkish business to contribute significantly in FY'23. So, we had about INR 80 crore, we have INR 80 crore this year. Next year it could be as low as INR 25 crore. So, we don't expect a big change in the Turkish because we don't because there's a big problem in the Turkish market due to the devaluation the Turkish Lira. Most of the power plants and projects that come up in Turkey are with Euro funding or with dollar funding and with the sharp depreciation in Turkish Lira to the extent of almost 40% it is very hard for borrowers to secure funding with the extent of depreciation which has taken place and then therefore, that impacting the project in the Turkish market. So, until we see some stability in the exchange rate or improvement in exchange rate and some stability in the Turkish market, we expect the business to be quite subdued.

Himanshu Upadhyay: Okay, and one small question last and I will join back in the queue. With the significant depreciation in Lira of Turkey, how competitive is it for manufacturing base versus India currently now? Because from India, we were exporting to European Turkey was basically manufacturing was for Turkey only but with the significant reduction, do you think it becomes more interesting?

Nikhil Kumar: No. It's also we also have 20% inflation. So, you're increase in costs, are going up 20% per year. It's not possible it compensates the drop in the exchange rate.

Himanshu Upadhyay: Okay, okay. So, that facility will have to be used only for Turkey and whenever they revival in Turkey happens, then that facility becomes the source of growth for us, so that we need to under stress. Okay, okay. Thank you from my side.

Moderator: Thank you. The next question is from the line of Nikhil Upadhyay from SIMPL. Please go ahead.

Nikhil Upadhyay: Yes. Two-three questions. If we look at it in the commentary, you mentioned that this quarter, our gross profit margin was around 30% versus Q2 and some of the repair business supported us in terms of having a better gross margin. And in the last call, you had mentioned that once this build has been ordered, repaired, we are able to deliver, then a large part of our market will get open which we were not playing earlier. So, if we add the orders which probably when can provide with the price increases and all if we say 31% 32% gross margin, it looks a bit weaker. So, do you think that the cost inflation could sustain at a lot higher rate then what price increases we have, we can that's why the mix of it, we'll keep it at 31% 32% or how the price increase versus the commodity and better margin order mix is playing out for probably us next year this is this quarter is.

Nikhil Kumar: So, I've given it a tentative guidance. It could be viewed as being very conservative. And I'll be happy to improve this guidance in the upcoming calls as and when we see there's a better visibility of the business. But yes, you're right, there is a lot of scope for improvement. And we are aware of that, and we are working towards not just limiting the gross contribution towards 31% 32% but we're working towards increasing it and hoping it to be better than that. And I'll be happy to report better numbers in the quarters to come but at the moment we are placing the number a little bit conservatively.

Nikhil Upadhyay: Secondly sir even last quarter and even if we look at our presentation order breakup, the export market still seems to be bit weak and even in Q2, you mentioned that a lot of growth is coming from domestic and export. How is the enquiry pipeline shaping up in export market?

Nikhil Kumar: Actually, export market is it's quite good. We have a lot of good orders coming in from Q4 in the export business. You know, the month of December tends to be very quiet for the export markets due to Christmas New Year and everything. So, we do see some slack in the export order booking in Q3. It's happened every year. But it can't reveal we have good number of orders which were picked up in Q4 and we will show a growth in export business by the end of the year. So that's for sure.

Nikhil Upadhyay: Okay, and last question sir in terms of the new initiatives like the traction motor and wind turbine repairs, or how's the business shaping up there? You mentioned that the order pipeline is pretty good but in terms of references and everything, if you can just share how you how do you see the business shaping up?

Nikhil Kumar: I've mentioned that in the commentary a little bit, I've mentioned that we have-- we are even number of active negotiations with a number of customers who own these old wind generators. So, it's going well, we will pick up some orders for sure in the next couple of weeks. And for the synchronous motor business, we have a very active inquiry pipelines under negotiation of about INR 225 crore. We are actively involved in multiple negotiations with multiple customers. So, we will get some success in this area too. And in addition to that, about INR 50 crore of business, in the large induction motors. Once again, inquiries are very active. And we will get a portion of that also. Now, how much exactly we're going to get, I'm not going to be able to we should get a good share is all I can say and we are very active and quite aggressive to pick up the orders.

Nikhil Upadhyay: And any pricing competition? So, how is the competition behaving in terms of price going there.

Nikhil Kumar: Pricing competition is there but we are also you know, in the segments where there is a certain value given for the technology and for the technical ability of the player. So, we don't have a situation where there are 20 players or 12-15 players in the market. There could be two, three in every sector that they are working on. So, competition to that extent is limited.

Moderator: Thank you. Anyone who would like to ask a question, you may press star and one. The next question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: I wanted to understand one thing that, you know, we have guided for 10% growth on standalone and at the same time, we have, you know, significant inquiry pipeline on new initiatives aftermarket also will kick in, hydro also from your opening remarks seems to be coming back. So, is this all factored in your guidance?

Nikhil Kumar: As I said, I've given initial guidance. It’s little bit, there are a lot of things in the pipeline, there are a lot of initiatives that we have started, we are actively involved with number of opportunities and we're not targeting this 10% increase in our top line for next year. That we are saying that as of today, that's the minimum increase that we're going to have compared to the previous year. We click one or two big orders, we clicked something it could be happy to report the huge increases. Potential is there, it's very, very there, it's very much there but it's not yet on hand. And the moment they knitted on hand I'll be the first person to report it to the market. I'm very happy to do that also. What we are projecting right now is what we see as a very clear visibility of our as of today of our business for next year. But as you mentioned and as others also have mentioned, there is a scope for a much wider and much better growth potential.

Dhwanil Desai: Second question is slightly, you know, slightly more at the industry level, as we look at the way the power crisis is going on there and, you know, even most, you know, hard and proponent of UFC, which of Europe is now turning to convention fewer. So, in that context, how do you see that helping us you know, is this something like that happening in India? Or do you see more demand for a larger unit or because of those changes? Any thoughts on that?

Dhwanil Desai: So, Vinay my question was that in Europe because of the power crisis that is happening there. They are turning back to conventional fuels and, you know, is something like that happening you know is it having the rub off effects in India, here coal prices are moving up. So, are people thinking more about larger you know thermal capacity more conventional power more capital of larger capacity or is that something that kind of dynamic shaping up in India?

Vinay Hegde: No, actually, you know, as far as you know, our knowledge is concerned, nobody's looking at some large conventional power plants but many of them are shifting into biomass, garbage burning and gas in business. So, that is getting reflected in a big way in Europe also and even in Russia, we are getting a lot of orders for the gas engine which is not conventional. According to our information, more and more people are going away from the conventional power plants, what I mean is coal-based power plants.

Dhwanil Desai: Sir, my last question is on the you know, the new initiative. So, I think, Nikhil, you talked about the synchronous motor this induction motor large induction motor think if you can give us some sense on you know, what is the market and market how large that is? Who are the players basically the dynamics of that industry and market that would be helpful?

Nikhil Kumar: Yes, we are basically in the induction motor business, we are looking at the sizes around three to larger than three to four megawatts. We're not competing in desires slices below three to four megawatts. So, in these larger sizes, that our applications are of course, industrial uses large and large pumping stations and for irrigation projects and competition is again limited to three four major players like BHEL definitely they're competitors in this market. The market that we are going after the size could be around INR 200 crore of the induction motor business and approximately the same for the synchronous motor business. So together, you can say, we are addressing a market of about INR 400 crore.

Dhwanil Desai: Okay. And in both these businesses, currently, we will only tap the domestic market, right I mean, international market is not on the radar.

Nikhil Kumar: At the moment we are targeting the domestic market but we have also started quoting for a few jobs in few jobs selectively in the international market. Let's see how it shapes up.

Moderator: Thank you, ladies and gentlemen, in order to ensure that the management will be able to address questions from all participants, we would request you to limit your question to two at a time. Should you have a follow up question, please rejoin the queue. Thank you. The next question is from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

Ankit Gupta: Good morning and my question Nikhil, basically is on the new initiatives and so apart from the ones which we have mentioned, like induction motors, synchronous motors, batteries supply and the refurbishment of wind generators, any other new or any other new initiative that we are looking to launch in the next year or in FY ‘22?

Nikhil Kumar: Yes, there are a couple of more. We're working on a few more, but we I don't want to announce it until we get our first order. That being said, there are two more major initiatives that we are working on. And we are bidding for in the market with this with the products and let's see that we should get some success in the next couple of months and we should be able to announce it soon after we do that. But there are two other major initiatives.

Ankit Gupta: Okay, and approximately, how big can this initiative be if you can throw some light?

Nikhil Kumar: All this information will come later please.

Ankit Gupta: Sure sir. And on the margin can mature on the kind of new products that we're launching and refurbishment of the consol the contribution will be low, but it does mean that you know the competition and the space regulatory index and the demand also regarding some of our major segment that we cater to, is structurally over the next two three years if the demand remains strong and we get traction in the new initiatives, our gross margins can move to grow 34% 35% in two-three years.

Nikhil Kumar: That is definitely the goal of management. That is one of our major goals to improve the product mix, and to improve the pricing, let's pivot the mix going after certain segments where the technology is better, prices are better. And aftermarket business all put together, the goal of the management is to bring to 35% of the next few years. It's not just the top-line oriented goals that we have but we're also focusing a lot on how to improve the gross contribution.

Ankit Gupta: And last question on the steam side, on domestic steam side, I think if I remember correctly, during the last cycle, for steam forecasting market, the market size is around only INR 450 crore given what is happening currently on the power side and you know, the inquiry pipeline, we have do you think we can surpass that earlier or it's still too far at this point of time.

Vinay Hegde: Yes, see basically as we told in the last call also there is huge demand for the steam turbine generators, especially for the Indian market. And it all mainly it is coming from the distillery and waste disposal plant and garbage burning plants. And you know, these are all small in the range nowadays, and it is not 40-50 megawatt and we have close to 95% market share and definitely we have a plan to reach INR 250 crore on the steam turbine generator business alone. So, that is the market for another maybe close to 75 to 100 machines, which are below two megawatt mainly low voltage where we are not there. So, that we have not considered.

Ankit Gupta: But leading the revival will happen across other industries as well for putting up more capital power plant given how currency depreciation was on the power side and which might actually get worse over the next year or so.

Vinay Hegde: Yes, there are a lot of, you know, Greenfield projects are coming along with the Brownfield projects. So, a lot of expansions are also taking place in the steel and cement industries. So, there is a good demand.

Nikhil Kumar: So we are seeing the domestic market is very active and very vibrant. There is a lot of momentum in India and this is going to continue, this traction is going to continue. Market is in expansion mode right now.

Moderator: The next question is from the line of Shivan Sarvaiya from JHP securities. Please go ahead.

Shivan Sarvaiya: Good afternoon, sir. A couple of questions. So, while answering the previous participant, you said that there is a potential is very high for good inflows coming in, but these are not in hand currently and hence the conservative stance. So, sir is it that there are certain risks that you foresee that would result in these orders not coming our way and hence the conservative stance?

Nikhil Kumar: No, that's not the way to look at it, you know, we are to show this 10% growth, right. So, if we are going to do it, 80%, they will do the, say INR 700 crore this year, we're saying that we will do, let's say INR 775, minimum next year. We are factoring in some amount of business which is going to come from the new segments and growth from the existing segments. That's already been factored in. Now, beyond beyond the INR 775 crore, we're talking about INR 800 plus INR 850 crore, which we are certainly targeting from the management point of view, we need to pick up some more, we had more success in some of the things that we're doing. And that is the on top of INR 775 crore, you know, on top so that's what we have not yet got a clear visibility, but the moment we do because we're actually building a number of projects which could result in this kind of number. So, that's pretty good situation. It's not like we had not factored in some business from the factors, we have and that's how we come to INR 775 crore.

Shivan Sarvaiya: Okay. And in terms of the capabilities to get into these newer segments, we currently possess them.

Nikhil Kumar: Yes, of course, we have the capability of making all these products and customers, you know, the thing is that we are going after the domestic market. So, sectors are once against steel, cement, sugar, food, chemical fertilizer, all these customers most of them, all of them, I would say already have TDPS generator, size could be five megawatt could be when 30 megawatt 40 megawatts. So, it's a situation where the entire, let's say entire steel plant or the entire cement plant is running on the power of our generator. And now, this power which has been produced, our generator has to be used to drive some motors. And we say, okay, we want to make the motors also know, people know that we can do it. Customers are, you know, technical people, they understand these things. So, we don't see any obstacles from that point of view, there is a market and we're going after it. And we have a reputation in the market for producing large electrical machines and people understand that.

Shivan Sarvaiya: Correct, sir. Got it. Got it. And sir the next question was from a generator business perspective, could you just make us understand the addressable market size in India and the addressable market size that we could cater to from an export perspective?

Nikhil Kumar: Yes, that's a different question. It's a bit complicated. There are different sectors different, different. You know. So, I think that's beyond the scope of an earnings call. We can talk about that separately.

Moderator: Thank you. The next question is from the line of Rahul Jain from Credence Wealth. Please go ahead.

Rahul Jain: Sir just one question with regards to the new initiatives. You had mentioned in the previous call about 10 megawatt or 15 megawatt generators being supplied for gas turbines for the US shale gas free market. So, given the oil prices, the way they are moved up in the last one quarter, do we see now increased pipeline and the exploration in the kind of you know, momentum in terms of the way customers are approaching us?

Nikhil Kumar: We have got a total of 14 machines right now for the shale gas business. So, 14 machines of 15-megawatt size, it's a big, it's a big chunk of business. We have a meeting with their top management in the next couple of weeks and we get a good forecast of what the business situation is like, especially because of the CapEx revival in the oil industry also. I can't give you a clear answer right now. Probably next earnings call we will be able to give you a better perspective.

Moderator: Thank you. The next question is from the line of Rohit Balakrishnan from iThought PMS. Please go ahead.

Rohit Balakrishnan: Hi, Nikhil, good afternoon. Good number, Nikhil just wanted to understand on this base to energy in India, anything that you see any movement that is happening, it's been February but that will be during but just wanted to get a sense from you how you're thinking about that space, is there something that it's not next year, but probably the next couple of years, something's going to happen the moment so, that was my first question.

Vinay Hegde: Yes. So basically, it is happening. And really, you know, it's mainly coming in the capital. and yearly there are 8-10 projects are coming, but it is not going in the same speed as other projects. It is slow, but there's a huge potential, you can say every district can produce a five megawatt minimum. So, there are project coming people are investing but it is not going so fast. So, there is huge potential in this segment and it is going to continue for next at least five to ten years. There are a number of projects are commissioned and running successfully in Telangana, Hyderabad, even Bangalore, in Noida, and Lucknow. So, there are projects coming everywhere.

Rohit Balakrishnan: Okay, got it. And Nikhil also, I mean, last year, I think we are working in order from the Navy for INR 20 odd crore, just wanted to understand is your inventory at that point of time, that's a repeat order, and probably the size may also increase. So, anything you'd like to share anything happening on that regard?

Nikhil Kumar: There are some models under negotiation, but nothing has come for announcement right now. There are some jobs in the negotiation with the Navy. Let's see it's a little bit slow and it takes a little bit of time for them to finalize but there are some active inquires.

Rohit Balakrishnan: Maybe last question in terms of slightly longer term and you see, given whatever you mentioned, in terms of warranty, both here in domestic markets and export markets, probably to some capacity in the next maybe 12 odd months or so?

Nikhil Kumar: We are going to increase the capacity utilization in Bangalore and we will continue to try to add incremental capacity with the existing plants. We're not thinking of a new plant at this point of time. Let's see next year or understand if we need to do that. But at the moment, we're not thinking of a new plant.

Moderator: Thank you. The next question is from the line of Faisal Hawa from H.G. Hawa and Company. Please go ahead.

Faisal Hawa: Sir, how do you see orders coming up from the wind energy segment? Because there are a lot of wind energy information which are now needing refurbishment also. And overall, with the whole switch to renewables, you see a whole lot of new order coming up?

Nikhil Kumar: Yes, there are a few big windmills in India. TDPS is not a major player in the wind business. We are we're still in the process of trying to acquire one or two customers which will take more time but wind business will also tend to be fairly risky business in terms of big swings up and down. So, at the moment, it really good in India, it also has a good potential. We're not in a position to report something exciting in this industry in this sector, although it's a big sector. But there is a there is a big market for India.

Faisal Hawa: And there is a tailwind also.

Nikhil Kumar: We don't have the competitive products sometimes or we're not willing to take on some of the risks involved with the contracts. That's the reason why we don't we not been successful in this business.

Vinay Hegde: And to add it to this, you know, the turbine manufacturers like Wescam or Siemens Gamesa they make their own generators.

Nikhil Kumar: Yes. And in the past, we had a number of wind customer would have all gone by rather than to admit.

Faisal Hawa: So, I made I read the last one was the other gentleman made.

Nikhil Kumar: What I was saying Wescam and Siemens Gamesa have their own generator manufacturing capability.

Faisal Hawa: Okay, completely we can tie up only to people Suslon who do not have their own?

Nikhil Kumar: Suslon also makes their own.

Vinay Hedge: They make their own.

Faisal Hawa: Okay, so the market, that market is a little difficult to penetrate.

Vinay Hegde: No, there are many incoming now like Adani wants to come so there will be opportunities but as Nikhil said, we are not really very aggressive because small machines and we had not a good experience in the past or none of our wind customers.

Nikhil Kumar: Every single one customer that TPS has had in the past 10 years has become bankrupt. So, it's not a winner, it's not been a very successful line of business for us.

Vinay Hegde: We have a wind customer in Germany where we started supplying last year. So that one or two, we choose the customers because we don't go behind everybody because there's a huge risk.

Moderator: Thank you. The next question is from the line of Adit Shah from Vibrant Securities. Please go ahead.

Adit Shah: Nikhil I have three questions. One is was there some postponement of deliveries given that we were saying there will be INR 200 crore of quarterly revenue for the next quarter three and quarter four? So, that is the first question. Number two is on other expense, I see that your other expense is I think INR 11 crore if I ignore employees, and historically that's been around INR 14-15 crore. So, any one-off item there? Because that has helped the margins. And the third question I had is on the competition in general, given that Crompton has been acquired by the middle group and obviously we have turned it around really well. Is there any other products which overlap with them and where there is a collateral competition because of because of that? These are the three questions.

Nikhil Kumar: So, there is no personal deliveries, we are still on track with our guidance what we have told you in the quarter-on-quarter there could be some spill over from one to the next but overall we are giving the guidance with respect to our yearly numbers. So, Varalakshmi can you answer the INR 11 crore other expense questions.

M.N. Varalakshmi: This is Very much in line with what we have budgeted. So, INR 11 crore to INR 12 crore will be the other revenue expenses.

Adit Shah: Okay, ma'am, all the previous four quarters INR 16 crore to INR14 crore has been close.

M.N. Varalakshmi: Some quarter there could be a little fight if they have some auto freight extra or something. But otherwise, it's very much in line with our target.

Adit Shah: Okay. And it's fair to assume that this entire employee costs and other expenses and benefits will grow at a low single digit is that fair assumption? Because given that there is so much of demand out there are we seeing communication and in general inflation of other cost items? How do you see that?

M.N. Varalakshmi: There will be a 5% to 6% increase in the cost which will be the inflationary cost. That's what it is.

Adit Shah: And will that add to any material is given in one cost overall?

M.N. Varalakshmi: Yes employee cost so, we are not having too much here we have done a lot of automations and things like that. So, we are not having too much of employees also. So, 5% to 7% inflationary cost is what we have.

Adit Shah: Okay. Thank you so much. Third question was on competition, particularly from Crompton Greaves

Nikhil Kumar: Crompton Greaves, we see them sometimes on the smaller machines on hydro. We don't see them on the steam turbine side. We will see them on the larger industrial induction motors and we will also compete and they're a big player in the Indian railways business.

Adit Shah: Okay. So, yes, so small hydro induction motors and Indian railways here are three areas where there is an overlap, is it correct?

Nikhil Kumar: Yes.

Adit Shah: Okay. And given what we have been saying about our ambitions in these areas, this is factoring in the fact that CG is now run by a new promoter and then well versus the past.

Nikhil Kumar: I don't understand the question. I mean, we have respected them in the past for their product quality and everything and we respect them now and they're a good company and we have to compete against them.

Adit Shah: Okay, okay. And if I can just squeeze in one more question, please. This nine month you said the order inputs INR 412 crore is it correct?

Nikhil Kumar: Yes.

Adit Shah: Okay. So, this means for this quarter, it is around INR 120 crore.

Nikhil Kumar: Yes.

Adit Shah: Okay. So may I know, were there any issues with the closing of orders given that we were doing INR 150 crore to INR 160 crore of bookings we every quarter, if I want to understand that?

Nikhil Kumar: The export tends to be a little bit slow in in December as mentioned earlier. So that's the only reason why Q3 tend to be a little bit lower. We have a strong order inflow in January already. And we will deliver the numbers what we are projected.

Moderator: Thank you. A reminder to all the participants if you wish to ask a question, please press star and one. The next question is from the line of Alisha Mahawla from Envision capital. Please go ahead.

Alisha Mahawla: Sir, just wanted an update on the other Indian railway project that we were bidding for, for which I think we've done some tests applies that they were going to test in the locomotives. Is there an update on that?

Nikhil Kumar: The update is that we have recalling because Indian railways for inspection sometime in March and we will offer two motors to them and after that, we will dispatch it. Then they have to monitor it on a locomotive and then there'll be six months testing after that we get if everything goes well we get to be an approved supplier.

Alisha Mahawla: Okay. So, maybe the outcome of this will probably be in H2 of next year or maybe early ‘24 depending on the delays etc.

Nikhil Kumar: By Q3 next year which will next financial year we should get the approval.

Alisha Mahawla: Okay, sure. And sir just also wanted to understand the order book that we have right now, this is an indicative timeline by when this has to be executable?

Nikhil Kumar: Except for the traction order which is long term contracts. All our orders will be executed within 12 to 14 months.

Alisha Mahawla: Okay and sir, for repairs heavy for this is primarily for the steam generators I believe that you were talking about last quarter, have we started this repair replacement business or is this something that will commence from say next quarter next year?

Nikhil Kumar: Number of repairs of our existing fleet is an ongoing business which is obviously we can repair our own generators. This has been going on for you know and I have been seeing an increasing trend of business because we have a large fleet which is also aging. And every year more and more machines come up for replacement and refurbishment. So, this will continuously be increasing business for us. The wind repair business as mentioned, we have delivered one and we're in negotiations for a number of new orders.

Alisha Mahawla: Sure and just one last question, you know all the new initiatives that we've spoken about whether it is with respect to wind or synchronize motor or the induction motor, most of which are like I said the pipeline is looking strong if we do manage to some of it in Q4 or early '23 supplies in one or two quarters or then like what is the lead time?

Nikhil Kumar: Yes, it will be six to eight months delivery time.

Alisha Mahawla: From the time we get it six to eight months of delivery.

Nikhil Kumar: Yes.

Moderator: Thank you. The next question is from the line of Himanshu Upadhyay from O3 Capital. Please go ahead.

Himanshu Upadhyay: Good afternoon again and for the opportunity, thanks. My question was as we are diversifying into different segments and more products, do we think we need to do some incremental CapEx in FY'23 or something? And earlier we had mentioned that till our facility for INR 1000 crore is feasible. So, we stand by that the thing? And secondly, on employee, do we need to increase our employees? Or do you think, again, the guidance remains the same what was historical that INR 2000 crore, we are fully geared up with the existing facility and the employee base and everything?

Nikhil Kumar: CapEx is the between INR 20 crore to INR 25 crore per year, this will be upgradation of our facilities, debottlenecking trying to improve the capacity, utilization, trying to improve the capacity incrementally, all those automations, the combination of all these things. And yes, we stand by the earlier guidance that we have INR 1000 crore, I'm not adding any major CapEx or major employee costs.

Himanshu Upadhyay: Okay, sir whatever incremental gross margin is coming, that's why we are coming to the higher EBITDA amount in which we think I 13% or 13.5% what we stated in the initial comments.

Nikhil Kumar: No, I didn't, EBITDA was 11.5% to 12% for this financial year.

Himanshu Upadhyay: No for the next year FY'23 what we were.

Nikhil Kumar: Yes exactly FY'23 will be better.

Himanshu Upadhyay: Okay. And see the new businesses what we are are coming with the traction motor and all those. So, will it be that at some stage once we cross an X amount we need to have a dedicated line for that type of business?

Nikhil Kumar: We had we already have.

Himanshu Upadhyay: Okay. So, there is a dedicated set up already so, that's why the CapEx is not required and this INR 20 crore to INR 25 crore is every year you are expecting or it is for FY'23?

Nikhil Kumar: Every year.

Himanshu Upadhyay: Okay, okay. So, from here on CapEx will be higher than depreciation in the next few years.

Nikhil Kumar: Yes, approximately INR 1 crore to INR 2 crore is not material.

Himanshu Upadhyay: Okay, and any inorganic opportunities in the business because today we are seeing that we are more diversifying into other sectors. Is there some inorganic opportunities which you visualize for yourself and not just in India, but let's say outside India also?

Nikhil Kumar: No.

Himanshu Upadhyay: Or you think you may not.

Nikhil Kumar: No.

Himanshu Upadhyay: Any specific reason why everything you want to do organic?

Nikhil Kumar: I think that is beyond the scope of the earnings calls conversation. We can discuss it offline.

Moderator: Thank you. We'll take one last question which is from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

Ankit Gupta: Thanks for the follow up. Nikhil, in your initial commentary, you talked about good traction on the gas side, if you can tell us how's the progress on, you know, another demand from both our customers, especially the new customers that you have?

Vinay Hegde: I didn't get what is that traction and?

Ankit Gupta: What is the traction or the business development progress on the gas engine side.

Vinay Hegde: Gas engine, you have to measure customer. And you know, there is a lot of curiosity, a lot of questions coming on the new business line. See, today, literally, we are in every electrical rotating vertical. So, in our business, when you start, you know, making a new product in a market, offering the product in the market, it takes anywhere between one to two years. So, these two customers, one is our major customer who is in Austria and we are expecting an increase in the business in the range of around 20% to 25%. And one more major customer with whom we started the relationship last year, we are going to get a significant amount of business and there is a big potential to grow. So, these things take time but in this, two customers we have already established, but when you know talking to the new products, even though Nikhil told that every industry in India has our generator, but still can go with the new product, then then there are some EPCs there's some approvals, factory audit and all those things. So, we have done with many of those things. And now, really in the market.

Ankit Gupta: Given the traction that you are seeing with the large customers on their side, and hopefully the new person also will see ramping up next year. Can we expect this business to touch you know, INR 170 crore to INR 180 crore in FY'23?

Vinay Hegde: INR 180 crore?

Ankit Gupta: INR 170 crore INR 180 crore combined for more data?

Vinay Hegde: Yes, it should be in that range. Already with one customer we are in the range of around INR 120 crore. Next year we should be in that range.

Ankit Gupta: So, and last question on the hydro side Nikhil hydro in FY '20 had reached around INR 160- 165 crore of revenue contribution from hydro side in a FY '21 when we want to really do. So given the inquiry pipeline and orders in hand, do you think hydro can come back to you know INR 1 crore plus kind of revenue for FY'23?

Nikhil Kumar: We will not give a definite number on each segment like that. It's a little bit too early, hydro will definitely be above INR 120 crore to what extent we can't say right now but definitely more than INR 120 crore.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

Nikhil Kumar: Thank you, everyone for this earnings call. Thank you for joining our earnings call. If you have further questions, please feel free to get in touch with our Investor Relations team. We look forward to interacting with all of you once again at the end of the next quarter. Thank you.

Moderator: Thank you. On behalf of TD Power Systems limited, that concludes this conference. Thank you for joining us, and you may now disconnect your line.

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