



Jash Engineering Ltd. announces FY20 results

Consolidated Revenues of Rs. 2,856 million; up 12.2%

EBITDA Improves 55%; PAT improves 161%

Announces total Dividend of 24%

25th June 2020, Indore, India – Jash Engineering Ltd. (NSE: JASH), a leading manufacturer of water treatment and flow control equipment, today reported its results for the fourth quarter and fiscal year ended on March 31st, 2020.

Commenting on the results, Mr. Pratik Patel, Managing Director, Jash Engineering said, *“We are pleased to announce strong performance in this fiscal with consolidated revenue growth of 12.2% and EBITDA growth of 55%. Our US subsidiary Rodney Hunt’s operations are improving and losses at US operations are down to USD 0.48 million in FY 20 from USD 1.53 million of the last fiscal. We expect the US operations to be in the black from FY 21 which will have a positive impact on our margin momentum. We continue to have a healthy order book on the back of robust demand environment for our products globally. The overall business outlook looks promising and we remain confident of positive performance going forward.”*

Financial Summary

₹ in millions	Q4FY20	Q3FY20	%QoQ	Q4FY19	%YoY	FY20	FY19	%YoY
Revenue	923.7	770.9	19.8%	844.1	9.4%	2,856.4	2,546.9	12.2%
EBITDA	169.2	152.6	10.9%	161.7	4.7%	459.0	295.6	55.3%
EBITDA Margin	18.3%	19.8%	-147 bps	19.2%	-83 bps	16.1%	11.6%	446 bps
PAT	100.8	74.0	36.2%	63.9	57.7%	201.0	77.0	161.1%
PAT Margin	10.9%	9.6%	131 bps	7.6%	334 bps	7.0%	3.0%	401 bps

FY20 Highlights:

- Revenue for FY20 at ₹2,856.4 million, up by 12.2% YoY from ₹2,546.9 million in FY19
- EBITDA for FY20 at ₹459.0 million, up by 55.3% YoY from ₹295.6 million in FY19
- EBITDA margin for FY20 at 16.1% up by 446bps YoY from 11.6% in FY19
- Profit after Tax (PAT) for FY20 at ₹201.0 million, up by 161.1% YoY from ₹77.0 million in FY19

Q4FY20 Highlights:

- Revenue for the quarter at ₹923.7 million, up by 9.4% YoY from ₹844.1million in Q4FY19
- EBITDA for the quarter at ₹169.2 million, up by 4.7% YoY from ₹161.7 million in Q4FY19
- EBITDA margin for the quarter at 18.3%, down by 83bps YoY from 19.2% in Q4FY19
- Profit after Tax (PAT) for the quarter at ₹100.8 million, up by 57.7% YoY from ₹63.9 million in Q4FY19

Jash Engineering Limited provides Company Update amid COVID-19 pandemic

Jash Engineering Limited has been taking all necessary measures and monitoring the situation closely in the wake of COVID-19 outbreak. The Company is providing an update related to the impact of the pandemic on the business and its response to the current situation. The Company has been adhering to the guidelines laid out by the Government across its facilities and offices and continues to prioritize the safety of all its stakeholders while maintain business continuity.

Effect of Covid19 on Company Operations

Impact on Q4 FY20

1. Client inspection activities for finished goods had relatively slowed down from February on account of Covid19 related anxiety thereby affecting sales from mid-February onwards.
2. The entire operations in Indore & Chennai were shut down from 22nd March and in US operations from mid-March. This affected consolidated sales to the tune of about 20 crores. Most affected were sales in India as in India maximum sales invoicing takes place in the month of March.
3. As a result of above the standalone as well as consolidated sales has been lower than projected sales and so even the PBT will be lower than projected.
4. The Company has discharged all its liabilities towards its employees (Permanent, contractual, casual) during this shut down period in March.

Impact on Q1 FY21

1. The shut down in Indore on 23rd March 2020 was abrupt as the city was placed under curfew by the collector at 12 AM with concurrent announcement of lock down for 3 days. A nationwide lockdown was subsequently announced by the Central Government on 24th March i.e. even before the 3 days lockdown announced for Indore city was over. Hence the company had no time to prepare for this prolonged lockdown and this resulted into complete closure of all activities for 3 weeks up till end of 1st week of April. Subsequently from 2nd week of April certain activities like Accounting & Finance, Marketing & Sales, Design etc. were commenced gradually through work from home after managing to shift computers to home of employees and linking them with company servers.
2. Eventually from 3rd week of April most of these departments were made partially functional on work from home basis. However, production activities in all the plants were at complete standstill till end of 3rd week of April.
3. From 29th April 2020, we resumed operations at SEZ Unit 3 & 4, from 11th May 2020 we resumed operations in Bardari Unit – 2, and from 13th May 2020, we resumed operations at Unit- 1. For the initial 10 days period operations were conducted with restricted manpower in line with permission given but eventually within 3 weeks of start of each of these Units we were operating at nearly 80% capacity. The US facility also commenced production activities in mid of April.
4. The head office operations commenced from 15th May 2020 with limited manpower and within 2 weeks we were operating at full capacity.

5. The migration of contract and casual workers has not been severe for the Company as the Company had paid everyone even during the closure period. About 5-6 % of these workers have still not returned back to work but as the Q1 period is generally lean period in our operations we will not be affected by this. Even if most of these workers don't return eventually then too it will not affect our operations as we can easily employ other workers for these activities.
6. As against Rs. 67.73 Crore consolidated order booking in Q1: 2019-20 the consolidated order bookings during Q1: 2020-21 is expected to be Rs. 55.13 Crores. This is not a big shortfall considering the disruption in our functioning in month of April 2020 and so we do not foresee a big effect of COVID19 pandemic on our business.
7. We expect to achieve consolidated sales of approx. of about Rs. 42 - 45 crores in Q1: 2020-21 as against Rs. 59 Crore in Q1: 2019-20. Considering the actual days available for production in Q1: 2020-21 and various constraints faced by us / our suppliers / our clients during this period, we believe that Q1 sales are quite reasonable and we should be able to overcome the shortfall in sales in the coming months.

Impact on FY21

1. Our current Consolidated Order book position at Rs. 351 crores is robust and with consolidated sales of Rs. 39 crores achieved till date, the outlook for FY 21 looks positive.
2. Consolidated Export orders at Rs. 212 Crores in our order book isolates us from the domestic fiscal problems faced by central and state governments which will definitely slow down some of the projects under execution in India.
3. Our export as well as domestic order pipeline is very strong and we are in final stages of negotiation with further orders worth Rs. 50 crores which we expect to close by the end of Q2 21. Finalization of orders by quarter end gives us about 6 months to execute pending orders before end March 2021. In view of this the Company expects middle teens growth despite losing an average of 1.5 months of production at the beginning of the year.
4. Present Order booking at US subsidiary is at USD 12.31 million and the momentum looks positive in the US market also. We expect to grow this business for this fiscal and this will enable us to breakeven in the 4th year of acquisition of Rodney Hunt.
5. The Company has already embarked on expansion at SEZ Unit 3 and plans to expand the facility in two phases. The first phase of expansion shall be completed by January 2021 and the second phase will be started immediately thereafter and completed by Sept. 2021. With this expansion the two SEZ Unit 3 & 4 will be able to increase export production output to over Rs. 150 crores from year 2022-23.
6. The impact of Covid19 pandemic, if any, on the company in FY 2020-21 will not be significant and in worst case scenario may affect sales by about 5% over that projected initially by the company.

About Jash:

Jash Engineering Ltd is an ISO-9001:2008 company dedicated to offering varied products for use in Water and Wastewater Pumping Stations and Treatment Plants, Storm Water Pumping Stations, Water Transmission Lines, Power, Steel, Cement, Paper & Pulp, Petrochemicals, Chemical, Fertilizers and other process plants. Headquartered at Indore, India. We have four well integrated state-of-art manufacturing facilities in India and one in USA. Together with its subsidiaries, Jash has a combined experience and history of over 350 years and installation references in more than 50 countries worldwide. Technical tie ups and acquisitions have ensured that from the start of Pumping station to the outfall end of a treatment plant, Jash can be a single source for supply of

most of the mechanical equipment required in a primary or secondary treatment project. Our team is there to serve our clients and help achieve the common goal of creating a sustainable environment for all time to come. Join us www.jashindia.com

For further information please contact:	
<p>Dharmendra Jain Jash Engineering Limited dharmendrajain@jashindia.com 0731-6732700, 0731-2720143</p>	<p>Binay Sarda Christensen Investor Relations bsarda@christensenir.com 022 4215010</p>

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