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Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051

Dear Sir/ Ma'am,

Sub.: Transcript of Q1 FY22 Earnings Conference Call

Symbol: JASH

We are enclosing herewith the transcript of the conference call with the Investors held on Friday, 13th August 2021.

You are requested to take the aforementioned information on records.

Thanking You,
Yours Faithfully,
For JASH Engineering Limited



Tushar Khandwade
Company Secretary & Compliance Officer
A – 30144
Encl.: A/a





“Jash Engineering Limited
Q1 FY22 Earnings Conference Call”

August 13, 2021

**MANAGEMENT: MR. PRATIK PATEL - CHAIRMAN AND MANAGING
DIRECTOR, JASH ENGINEERING
MR. TUSHAR KHARPADE – COMPANY SECRETARY,
JASH ENGINEERING
MR. SHUBHAM DOSHI - FINANCE EXECUTIVE, JASH
ENGINEERING**

Siddesh Chawan:

Good evening to all the participants on this call, before we proceed to the call. Let me remind you that the discussion may contain forward looking statements that may involve known or unknown risk, uncertainties and other factors. It must be viewed in conjunction with our business risk that could cause the further research performance or achievements to differ significantly from what it is expressed or implied by such forward looking statements.

Please note that we have mailed the results, and the same are available on the company's website. In case if you have not received the same, you can write to us and we will be happy to send the same, over to you.

To take us through the results and answer your questions today, we have top management of Jash Engineering Limited represented by Mr. Pratik Patel - Chairman and Managing Director and his entire team. We also have Ms Harshita Gandhi - Finance Head of Rodney Hunt.

We will start the call with brief overview of the quarter, gone past, and then conduct a Q&A session. With that said, I will now hand over the call to Mr. Pratik Patel, over to you sir.

Pratik Patel:

Good afternoon everyone. I'm Pratik Patel to those who don't know me. With me is Mr. Tushar Kharpade who is our company's secretary and Shubham who is assisting Dharmendra in finance and new young chartered accountant who is also looking up after financial aspects of Shivpad. Also with us is Harshita from Rodney Hunt in America, she's our CFO in Rodney Hunt. It's a very early morning, but she said she will be joining on the call. Coming to our presentation, I would like to say that the beginning of the presentation is routine so I would not like to go through the same again and again because most of you may have it available with you. It is also available for download from the NSE, so I will directly go on to the aspects related to the quarter wise performance.

So, on the standalone performance of the three main company Jash, Shivpad and Jash USA. These are the three main companies which are contributing to the turnover. Mahr Maschinenbau and E&M are very insignificant, so we are not dealing in these two companies here. Jash Engineering has shown improved revenue as well as EBITDA in the first quarter. Shivpad has been nearly the same as last year first quarter. However Rodney Hunt, Jash USA we had improvement in the revenue, but there has been an increase relatively in the loss, subsequently I'll go into why that happen. So, when we see the consolidated financials, here you can see that on the consolidated. Our profit after tax are in losses but this compared to last year, it is a little bit lower. I would like to say that the first quarter for the company, every year is a little bit below, however for the last year and this year it has been low mostly because of COVID. So, though

we were not affected a lot in production by COVID but most of the contracting companies who buy from us they were affected hugely and as a result that most of the products manufactured by us, we were not able to bill because they were not in a position to lift that material. So, the revenue which you see Rs.47.1 crores on the consolidated is a result of the reduce off take in the Indian as well as in America. The quarterly consolidated income statement, you can see that, as compared to last year, there has been some minor improvements in EBITDA as well as in case of PAT and PAT margins.

Our order book position is quite healthy it is improving month by month. We are now close to Rs.294 crores orders outside India and in Rs.174 crores orders within India to a combined total order position of Rs.468 crores. All the subsidiaries are also have reporting healthy order book position. Shivpad as well as Jash USA, both has all time high order book position as of now. Our order pipeline also remain strong, we have already initiated orders of around Rs.43 crores which is nearly equally shared between India and outside India, and we have a very good on a pipeline and getting the orders under negotiation, The order under negotiation, currently are close to Rs.62.7 crores, in this Rs.62.7 crores I am not considering big budget orders amounting to another Rs.70-80 crores, which then go here and there, so I have kept those out the orders under negotiation, if we add those orders than orders under negotiations would be currently close to Rs.125 crores.

Our infrastructure and production facility enhancement in Unit 1 & 2 and, SEZ Unit 3 is going as per schedule now. We expect complete expansion in Unit 3 which is Phase 1 and Phase 2 to be completed by November 21. As already informed by me before once this expansion is completed, this export unit would become major independent of Indian production facility, and then we are guided by what is amount of business from India and whether it affects our export production or not. In case of Rodney Hunt, our order book position is quite strong. We are close to now around \$20 million in orders at Rodney Hunt and as result of that, we have to enhance our facility Rodney Hunt to be able to cope with this order inflow. A small investment Rs.2 crores is planned for balancing of facility and once this is done, then Rodney Hunt will also be going to be able to significantly contribute to the production for make in America projects in year to come. I am glad to inform that in India new waste water treatment projects are coming up in most of the big cities, and these are significant size project, these are not small size project and once these projects are coming in, it will ensure that a lot of new business will come even from the domestic markets to the company. Our export order also is quite strong and we hope that we should be able to cross 65% in sales as well as in order booking of the consolidated figures for exports.

Overall, I would like to say that effect COVID on infrastructure projects has been very high in the first quarter of the year but we see that things are gradually coming back to

normal. And if this continues then we expect everything to stabilize by next month and with that we are quite confidence to meet the forecasts that we made for the current year, in the India market. In the end I would like to say that we are able to show some improvement compared to last year first quarter. The revenue growth has been 41%, the increase in EBITDA is 129% and reduction in PAT loss by 21%, as I said before the reason for the losses are poor off take of finished material in second wave, from March to July India was affected by the second wave of COVID and most of the projects suffered especially for those contracting companies which has offices in one city and projects in another city, they have bigger hit because of this. In America our payroll has increased, the reason for increase in payroll is that we are now targeting \$20 million in sales this year in America and so we have to increase our team, not only that the revenue did not increase in proportion. So, when I am saying that we are targeting \$18-20 million sales, in this yea in America our product sales should have been between \$4-4.5 to \$5 million whereas it is much lower and that is why the payroll costs keep us away from profit when the sales are not enough and that is been the biggest issue for higher losses in America. Though, as the quarter progress and again in third quarter we expect to be back in profit in America by third quarter. There have been some additional costs which we have incurred because of freight and also because of the change in treatment of commission that we make to our Labs. However, we are quite sure that this is not a recurring phenomenon and we are quite confident of bringing Rodney Hunt to be profit by Q3. Our production in India as well as America has not been affected greatly by the COVID. In India in our company we have quite a high rate of vaccination, I would say above 96% above 2 doses and the city of Indore also by the end of next week is targeting completion of 100% vaccination, at least for 1 dose. And so we do not see a great effect of third wave atleast in India operations. In America also we did not see any great effects, because in spite of a very high level of infection in America, the operations are still going on smoothly. And at the end I would say that looking to overall order position and the pipeline which we have and the improving demand situation worldwide, I'm quite confident of achieving targets and have quite a good performance in this year. Thank you.

Siddesh Chawan:

Thank you sir. We will now begin with a Q&A session. So, the first question is from Naveen.

Naveen:

Thank you for the opportunity. This is with respect to the domestic order book, like you indicated that due to lack of approvals our execution and the domestic market was impacted. How is the situation right now, are we seeing pick up in the execution of orders.

Pratik Patel: There are 2 issues in your question, one was approval. Approval has picked up, so we are not facing any more problem about having enough for approval. However off take has not picked up as yet, so the reason off take has not picked up as the sites are slowly coming online at many places because of the corona the worker has gone away. Slowly things are improving and as you know our products goes mostly in water wastewater treatment plant where civil work is very great proportionately and during the monsoon these also little bit slows down. So once the month of August is over, we expect the off take also to improve significantly. This is recurring phenomenon year after year monsoon, however COVID was one of the reasons why approval has slowed down but this is now at par, we are now opening.

Naveen: Historically if you've seen that our domestic execution has been hovering between 100 to 150 crores. Is it because of the weak domestic market or anything to do with our capacity constraint?

Pratik Patel: Both, the domestic market has been weak for last two years, at least I would say, or maybe last 2-3 years the domestic market has been weak but capacity constrain also was a bigger issue. So, we had a choice either we do domestic business or do more export business and as we wanted to do the export business more we were not as aggressive on the domestic business. However, once our complete export facility is ready, and is separated from the domestic constraints, thereafter we can also focus on domestic business aggressively. And now projects also are coming

Naveen: By projects you mean industrial segment.

Pratik Patel: Not industrial segment, I mean municipal waste water and water segment. Industrial will come but I don't think it will come in this year, it will come mostly next year.

Naveen: Got it. The US government recently has announced increased spending on creating water and waste water infrastructure. What would that translate to us in terms of order book and how do you see that.

Pratik Patel: See they have announced \$3 trillion investment of which \$55 billion is for water industry of the \$55 billion, I believe that by the time tender comes in and jobs are awarded to contractors and contractors start talking to us, it should be 2022 end. We are quite confident that in this \$55 billion investment in water infrastructure is done by the Americas government, in next 4-5 years then we should be easily able to more than double our business, in the same time in America. So, if it goes as normal, we are

targeting \$35 million in sales in 3-4 years time, but if this investment come to us as planned than we can expect between 45 to 50.

Naveen: Got it sir. I have more questions I'll get back in the queue. Thank you.

Siddesh Chawan: Thank you Naveen. The next question is from Bipan Narayan.

Deepan Narayan: Good evening everyone and thanks a lot for the opportunity. Firstly, I would like to know this large water treatment a project in domestic market announcement has mentioned in our presentation. So, will it help the growth of the domestic market and also large projects means it will be more margin attractive than our typical domestic orders.

Pratik Patel: Large projects always result into bigger products and bigger products means as an edge. So where given edge our margin is obviously better, that is point number one. Second is the number of new projects coming up in India will definitely result in increased domestic revenue for us. However, these projects which we are talking about mostly would be awarded in this year and ordering for that will be done in next year.

Deepan Narayan: And in terms of US business as you say this Q3 I think we'll be reaching a profitable position, overall full year we will be in profits right, so that can help in our getting larger orders in the US market.

Pratik Patel: Larger orders in the US market is dependent on two things. One is the clients generally like to give jobs to profitable company and second client like to take a bank guarantee for contract execution. Now, we were not able to give bank guarantee earlier, because no one earlier was willing to open up this facility for a loss-making company. However, we were talking to the Indian bank, they are willing to give guarantee on the basis of which, we would be able to get guarantees opened up in America banks and these in principal agreed by our bankers and we are expecting in a month or two, this to become fruitful. Once that happens, then we were able to give bank guarantees, our DMP rating as well as our bank rating has improved significantly. So, we are quite confident that these two parameters would now not be hindrance to our future growth.

Deepan Narayan: Okay that's great to hear, sir. Lastly, any updates on our new products scale up like our disc filter kind of products, any updates on the scale up of those products.

Pratik Patel: We have already got orders as I said last time for 2 disc filters. Our team is going to Germany next month and would be completely indigenously produced in India. We

are now bidding on a project where more than 30 disc filters are going to be required. Pune is coming out with 13 projects where more than 30 disc filter would be required. So, we have now started the process of aggressively bidding for disc filter business throughout India and we expect breakthrough as soon as these projects are awarded.

Deepan Narayan: Okay, thanks a lot and all the best.

Siddesh Chawan: Thank you Bipan. The next question is from the Rahul Ramakrishnan.

Rahul Ramakrishnan: Hello sir. I have a question regarding our size. So, are there any restrictions on us when it comes to bidding for orders, like when it comes to the size of our products, that's what I meant like, are we not allowed to bid into certain orders, just because we are the small company, is there any constraint on us in those terms.

Pratik Patel: So, Rahul I would like to add here that in the water control gates business, screens and knife gate valves business we are considered to be in top 10 companies in the world. So, we are not a high turnover company but business is where we exist, we are known as the big company. So, this is not a limitation with us, neither the size of the product is limitation neither the size of the order is limitation. The biggest order we are doing for knife gate valves in Singapore is around 65 crores, so in that the size of the order as well as the size of the product is not a limitation for us.

Rahul Ramakrishnan: Thank you so much sir. My other questions have been answered. Thank you and all the best.

Siddesh Chawan: Thank you Rahul. The next question is from Ashish Rampuria.

Ashish Rampuria: Thanks. Pratik ji because companies today or at least in Q1 did not pick orders right. Do we have a delayed pickup penalty clause or do they compensate us in some form or the other.

Pratik Patel: Unfortunately, no.

Ashish Rampuria: Okay, is it because the industry is like that, so I'm just seeing it from a holistic perspective, since I think in a year or two, we will also come to our current peak capacity utilization hopefully. Would you be thinking on such terms because companies will sort of give orders, and then it will block our working capital, our capacity etc. Would you be thinking on those terms, going forward to include some of the clauses which will sort of compensate us for delayed pickup of deliveries.

Pratik Patel: Ashishji I would love to have those thumbs. However, in the Indian context, it is not possible. This is one of the reasons why we decided to venture out of India aggressively, because in India the project gets extended to number of reasons, sometimes not even in the control of the contractor itself. So, even though we have seen the contractor wanting to complete the project but the government system does not allow things to move smoothly everywhere. And so, this is beyond our control and hence our focus on exports.

Ashish Rampuria: Okay, understood. Fair enough. Secondly, on the US thing if I heard you correctly, you said the opportunity for water investment would be \$55 billion. So even if I just take a 10% to be spent on products than that means it's a \$5 billion opportunity, then why is it we're talking about only incrementally \$20-25 million every year. Why not a higher number given Rodney Hunt was the market leader and even right now also we are targeting a \$18-20 million in a \$150-160 million market. So, why can't we aim for higher market share of this incremental \$5 billion, at least.

Pratik Patel: So, out of the \$55 billion no concrete figures are available on what type of expense would be done on what type of jobs. Say, if they are just laying pipeline than may be I have a very insignificant role to play, but if they are looking for treatment plant than we have a big role to play. So it all depends upon the breakup of this \$55 billion. So, today I can only say that yes, the demand will increase, but the demand will increase how, is still not clear from what the government has announced.

Ashish Rampuria: Okay, fair enough but if assuming if it is relevant for the products that we play in as Rodney Hunt and as Jash would it be fair to assume we will be among the front runners, if not the top player itself.

Pratik Patel: Rodney hunt would become the front runner. As I said before, these are just, I think last this week announced by the government. So by the time these projects are finalized, given to the project executing authority, consultants are appointed, bids are prepared, bids comes out in the market, people bid for the projects, jobs are awarded. It should be not less than one and a half year. And because of that, I would say most of the things would be coming to the manufacturers who are last in the chain, would be coming sometime from 23 onwards. Now by 23 onwards, I hope there that Rodney Hunt would be \$25-30 million company. And once we reach that stage, we would be the top two or three companies in the line of business in America. So we expect significant amount of business to come once we are profitable, once we are in a position

to be financial guarantees and once we are recognized as someone who is not going to run away.

Ashish Rampuria: Okay, fair enough. My last question, linked to all of it we see we have Rs.450 crores order book based on the opportunity you spoke about from the largest cities right plus theoretically US also might give a significant opportunity two years down the line. What are we thinking in terms of capacity expansion, down the line.

Pratik Patel: See, the capacity expansion is already ongoing and we already have plans for the next year. Today the board has also approved buying of land in Chennai for Shivpad. So, the capacity expansion is going on as per the plans. We are not trying to build huge capacity in one go, we will be doing it in stages, so that we don't have over capacity and then not enough business to run for all the people involved. So I believe capacity buildup is in plan to achieve Rs.500 crores turnover as projected by us in 4 years time.

Ashish Rampuria: This is in the existing units so are we thinking of picking up the land and setting up a new unit.

Pratik Patel: In Indore existing unit, in America existing unit, only in Chennai we are taking up land and doing it.

Ashish Rampuria: Okay, fair enough because I think last to last call Dharmendra ji or somebody had mentioned that we're also evaluating some land near to the SEZ unit that we have.

Pratik Patel: Yes, but we are not going to invest in that land this year, we are just trying to block that land, because the investment on plant and machinery on that land would be done in 2023 So I don't want to put money into that investment of know.

Ashish Rampuria: Okay, fair enough. So, whatever might happen will happen two years down the line nothing in terms of major capacity expansion over next one and half to two year.

Pratik Patel: Major capacity expansion is already ongoing, last year we did close to Rs.10 crores, this year we are doing Rs.10 crores and next year there will be doing Rs.7-8 crores. So we already broad based this plan earlier for investing Rs.25 crores approximately in three years time and we are doing it.

Ashish Rampuria: I am aware of it. This were allowance 2-3 years ago.

Pratik Patel: So that is ongoing and that will increase our capacity to Rs.500 crores.

Ashish Rampuria: Rs.500 crores every year. Okay, thanks a lot and all the best.

Siddesh Chawan: Thanks, Ashish. The next question is from Zaki Nasser.

Zaki Nasser: How are you sir. I think Jash has taken off well in the first quarter I mean compared to the previous first quarter, of course there was a major lockdown. I think this quarter also we faced some lockdown pressures, but do you do you see any change in the nature of the incoming orders, which you are getting post COVID the preferences of the government, and also what about the cost of inputs, where do you think that is headed.

Pratik Patel: It has headed north. I don't know till when it will head north but it is affecting most of the manufacturing companies in some way or the other. The companies were who have no value addition have affected more than companies who have high value addition are affected less, but everyone is affected. As far as COVID is concerned, the type of order has nothing to do with it. So, the type of order, the type of products, the type of demand still is the same whether there is COVID or no COVID. In fact, now I don't know why but we see a great number of projects all of a sudden, coming out. So, whether it is because the government wants to invest more on infrastructure, I really don't know, but all of a sudden we are seeing in each bid city coming out with number of projects simultaneous.

Zaki Nasser: And Pratik bhai, we are already in the middle of the second quarter. I mean, do you foresee the year panning out as planned, or do you see a bit of a hiccup on the way because of the lockdowns.

Pratik Patel: As of now I don't see any hiccups. You should remember that the type of industry we are in our progression per quarter is the same, the first quarter is always weak, the second quarter improve a little bit, and from the third quarters things starts improving and the fourth quarter is like a rocket, only if you have enough capacity build up. So, we have been over the years building up capacity in way, that in the fourth quarter we can do may be 3-4-5 times what we do in the first quarter.

Zaki Nasser: Okay. So, I mean with the kind of orders we have on hand 400 crores odd, I mean broadly within an error 5%, what do you expect the year to pan out, 370-380 types.

Pratik Patel: I don't think 370-380 is possible, during the last meeting and the investor call I said that we are planning to be 340-360 and I hold to that. I also want 380 but we have to be practical looking at all the chaos around us.

Zaki Nasser: Thank you sir and best wishes to team Jash.

Siddesh Chawan: Thank you Zaki. The next question is from Dilip Sahu. Please go ahead

Dilip Sahu: Pratik bhai broadly two questions, one about India large business that you talked about around 80 crores, which is not factored in. You know what kind of competition we seen that 80 crores of business and is there somebody outside India keen on those kinds of businesses, because I understand, as far as Jash is concerned we are the largest in India for projects bigger than 10 crores. So that is question number one is the competitive landscape in large government Indian tenders. The second question is regarding US, in terms of the total addressable market, how much you would have covered in terms of registration and market reach. So are we fully covered, or if it not, is it because of lack of people on the ground. So that's the second question.

Pratik Patel: So, addressing the first question we are leaders in India we have more than 60-70% market share. Let's talk of projects in Bombay. Bombay has announced projects worth some 14,000-18,000 crores, which are under evaluation and award has already started. Now, whatever projects have been awarded, on those projects all the orders for our equipment has come to us. Generally, our site rate for big projects in big cities is above 85-90%, the reason for that is when big projects are involved, customers and contractors don't like to take risks, they will not go to someone else just because of 5-10% price differential because it can affect their project execution in a big manner. Other reason is as the project in terms becomes bigger, product size and the product complexity also becomes more and in such scenario, Indian companies' who are our competitors cannot manufacture or produce those products. When they cannot obviously our clients who are the contractors, who like to bring people from outside to compete with us. If they can compete with us, if they can compete with us, ok great but it is always possible because I have been telling from beginning, our another strength is packaging. We have too many number of products and we can make a strong package and take the whole job, so that someone coming with one product will not affect us a lot. So, I think these answers the first question. The second question is upon US, in US Rodney Hunt is 180 year old company. 180 year old company is generally registered everywhere to begin of marketing and follow up activities, only new projects it may happen if you were not been going any places for long time, you may miss out. But that is very rare and that is why we keep representatives, whose job is to go and get on registered for new projects where we may not be there. So, I would say it is very rare, but yes you need more even more feet on the ground, to be able to expand your revenue and sales. And it is always a touching question because the cost of manpower

in America is very high. So we are gradually increasing, last year we had 20 to 30 people, this year already we have 44 people in America. So, we are gradually adding up to ensure that we don't lose out on opportunities in manufacturing as well as in marketing.

Dilip Sahu: Let me just reposition the question, what I understand in US is we are mostly a valves and screens company, maybe most of valves. My question was, in terms of the product line.

Pratik Patel: It is not that easy. So for me to go into America and I can enter with gates because I have Rodney Hunt, I can enter with screens because I have Mahr and I can enter with valves because under Rodney Hunt branch we are able to sell valves also but other products would be very difficult.

Dilip Sahu: Okay. So, for some time you will be focused on only in screens and valves right and that's what would be our product line in US.

Pratik Patel: Not even in screens. We are presently focusing only on gates, the reason for that is, if I have to focus on screen, I need a dedicated person for screen for marketing. This is all out of adding costs, because Rodney Hunt was in losses, two years back we took a decision that you will not make effort on marketing the screens, until we get our company setup profitable and present. This year, once Rodney Hunt is in profit, we have now this week we are going to review Rodney Hunt operations, so we have taken a call we should refocus on the screen business. So today Rodney Hunt is only doing gates and to some extent valves, screen is on the back burner inspite of doing a very strong brand well known in America, it is all the best because as soon as I start marketing screens, I have to be ready with \$300-400 thousand expense. And loss making company you understand cannot go on only doing expenses for future.

Dilip Sahu: Perfect now I understand. So essentially what you're saying is the gates, for the time being, as we become bigger and more profitable screens will come and valves will come. That's what you're saying so.

Pratik Patel: Gates and valves we are doing. Gate in a big manner, valve slowly we are doing, in fact we are very hopeful if getting a few million dollar valve order in America also but screen we are not at all focusing. The person who was for screens left one and a half year back and we have not replaced it, so screen have now taken a call toward screen also, we will now start searching for a person and we hope to induct that person sometime early next year.

Dilip Sahu: So if I can ask one last question, we have taken senior people in the team, particularly in sales and business development. Are we seeing momentum in the in the domestic front.

Pratik Patel: Yes. Mr. Sanjay Sharma joined us in December, I think. I'm quite confident now of him after 6-7 months, and he had started doing also and I'm hopeful that with him on board we would be seeing improvement in domestic sales.

Dilip Sahu: Okay, thank you. Thank you for all your answers.

Siddesh Chawan: Thank you Dilip. Next question is from Sid Shah.

Sid Shah: Thank you sir for the opportunity. Like you were talking about before you know like, we are focusing on different markets in US, broader market in India. Could you give us a size of the approximate target markets that we have in India, US and even the rest of the world like in terms of exports, so what is the approximate size of market that we can actually target.

Pratik Patel: Since the market is quite big. In America alone gates presently is between \$125-150 million, that is water control gates alone. The screen market in America is also \$150 million and the knife gate valve market in America is more than \$300 million. So, if you want to know exactly the addressable market size, and then in our question and answer write up, it is given product wise what is the extent of market in the world and if you want I can mail to you.

Sid Shah: Yeah, perfect. Thank you sir, I just wanted to understand like you were saying you know that we are the top 10 companies in the world in a lot of our products so just wanted to know if Jash can directly go to the US and market some products or will we always be looking to market it through Rodney Hunt.

Pratik Patel: Rodney Hunt is a subsidiary company. So, whether I do direct or whether I do with Rodney Hunt the cost to the company organization remains the same. However, I try to go and push Jash brand there is a resistance. Rodney Hunt has a very acceptable and well known name. And that is why he bought a brand Mahr Maschinenbau because Mahr Maschinenbau is worldwide very known brand. So, when there is a known brand there is no fun trying to push your own name, just because you like it.

Sid Shah: No it is more because of that, you were saying that you know we are not in profit for last couple of years and a lot of companies will be hesitant to partner with us or we're

not getting bank guarantees, and stuff like that. So, with Jash that wouldn't be a problem. So can we do it through Jash that is why I was asking that.

Pratik Patel: That would not be an issue after this year but pushing Jash. I took 4 years to get approval in New York city for Jash brand, four years and that's when we decided that it will take us ages to penetrate American market and we acquired Rodney Hunt.

Sid Shah: Okay, perfect. And so this expansion that you're doing in the US, that was not planned before right so that is an additional expansion that we are doing.

Pratik Patel: Yeah, because earlier we were relying on vendors but in the days of COVID we can see that we cannot rely on anyone but in America to get worker has also become very difficult nowadays.

Sid Shah: Correct.

Pratik Patel: Everyone wants to sit at home and take the money the government is giving.

Sid Shah: Yes.

Pratik Patel: So, the vendors don't deliver on time. So we have to invest on new laser cut machine in America, which is being sent from India. So we have bought a faster machine in India, and the existing machine from India is being sent to America, and some other infrastructure improvements are also being done in America.

Sid Shah: Okay. But overall, we are sure that the Indian manufacturing base on a cost basis is much more freight favorable. So, expansion in the US will be limited, it is more of our expansion will happen in India versus the US, right.

Pratik Patel: Exactly but you should remember that like Modi, Biden government also is promoting make in America. So where there is make in America you have no option but to make in America.

Siddesh Chawan: Thank you Sid. The next follow up question is from Naveen. Naveen please go ahead.

Naveen: In continuation with the last participant question. We are investing around Rs.2 crores of capital to increase our capacity in Rodney Hunt, how much capacity will it add and in terms of margin Indian operations are more profitable. So how much margin impact will be there for us producing in US.

Pratik Patel: Naveenji, first of all please understand, we take jobs in America only when it is made in America, or when the delivery is required very fast, anything I want to send from India or America, it takes on an average seven to eight weeks to reach site. And if project needs equipments is 8-10 weeks, we cannot do it from India. So only those type of projects we are doing in America, point number one. Point number two, the reason we are doing that, we are not able to rely on vendors, not only because of delivery but because of cost also, the vendors at that cost very high, saying that it has become expensive for them to get people and that is why the cost has gone up. So uncertainty of delivery was one issue another was, higher cost outside compared to what we were considered in our costing. So by investing on the laser cutting machine we expect to tremendously to cut down on our vendoring costs that we are facing today, and that could lead to some improvement of margins. But this investment is not being done because of to just improve margins in comparison India and etc.. this is being done to make the operation smooth in America.

Naveen: Got it.

Siddesh Chawan: Thank you Naveen. There are few questions on a chat board from Dhira Mittal. The question is with the background of the recent flood in many European countries and USA, do you see increased demand of Jash products by these countries as they will be spending in water infrastructure.

Pratik Patel: We are doing a lot of, if people remember a few years back there was flooding in Houston in Texas, that has given us at least \$4-5 million worth of order in last three years, then there was lot of flooding also in New Orleans. We are doing all those projects, million dollar jobs where we are supplying all the equipments for those projects, pumping station and so on. So, whenever there is a flooding situation investment will follow within 1-1.5 year. Obviously, we are there. If we are registered with those countries or our brand is on the approved list of the projects.

Siddesh Chawan: Ok. The follow up question is from Naveen.

Naveen: Thank you so this is with respect to disc filters. Is there any competing product like sand filters which can be used.

Pratik Patel: Sand filter can be used but it takes lot of space. So, imagine in a project in Pune or Bombay, if you need, maybe 50 square meter versus 10 square meter. No one will do for sand filter.

Naveen: Got it. But in terms of price if land is not a constraint, then the price wise is it much cheaper.

Pratik Patel: Price wise also it is not much cheaper, it is cheaper but it is not much cheaper.

Naveen: Ok. And one question regarding the logistics cost has gone up significantly in last few months, because of lack of containers, how's that impacted our margins.

Pratik Patel: See, that has impacted us in two ways. Recently, we have to send some material to Hongkong and it is lying in for three weeks now, because we're not making a ship. The ship which we have booked came and but went empty because it already had too much of load on it. So, it is affecting our delivery commitments, at the same time, the cost of container has gone up drastically recently. Now on an average the container has value of goods, in our case, anywhere from \$100,000 to \$150,000. So when you have \$150,000 or \$200,000 in a container, the container price has gone from \$1,000 to maybe \$200,000 - \$250,000, so you get a hit of around \$150,000 which looking to the overall amount of material in that container is not so significantly high. However it does hit the company by \$1,000 - \$1,500 per container.

Naveen: Got it sir. That's it from my side.

Siddesh Chawan: Thank you Naveen. The next question is from Dilip Sahu. Please go ahead.

Dilip Sahu: This is regarding the Middle East oil and gas sector, I remember, you're trying to get empaneled on one and a half years back through some consultant, any update on that Pratik bhai.

Pratik Patel: However its slow with all the types of conflicts going on in the Middle East. We have empaneled with Saudi Aramco, as I already told before, we are impairment in most of the Saudi municipalities also in Abu Dhabi, but we are not doing. In Oman we are, in Qatar we are, so we are mix bag of success. But, as a result of COVID all the travel is restricted. Now, we understand that people are willing there to go to office. So, we are now planning to re commence during from next month onwards, but without tools, without doing any meeting them, it is very difficult to get an implant or to get registrations.

Dilip Sahu: This 340 to 360 crores that we are guiding. I, know we already have 460 crores plus around 45 odd crores are on the table, so that's around 500 crores. So, is there some

risk that you're seeing in this 500 crores, or I mean can this 340-360 looks very conservative to me.

Pratik Patel: No, the reason is that some of the projects are not schedule to take delivery before next year. So, I cannot produce and keep that material that is one. Two is most of the projects in Singapore have been postponed by 6-8 months, nine months now. So, where you were expecting to start delivery in December this year, now they have postponed those things to June, July because of COVID. So, sometimes you may have order but you cannot produce because they don't need delivery before a certain time. In places like Singapore and Hongkong, we have another problem there lack of space. So they don't want some time delivery, before when they need it, they will ask you to deliver just in time on maybe one or two weeks in advance. Certain orders are going to be executed next year only.

Dilip Sahu: Ok. Thank you.

Pratik Patel: Someone has asked, what is the status of Mumbai tenders? So, Mumbai two have been awarded, third is in the process of award and 5-6 big jobs would be awarded before end of this year.

Siddesh Chawan: That was a last question. I now hand over the call to Pratik sir to for the closing comments.

Pratik Patel: Thank you for patiently hearing me out. I understand that the people are concerned about the result. What we have is Q1 is something which has been having over the years, it's not something new for me or our company because we expect such type of result in Q1, I am quite pleased with standalone performance of Jash Engineering in quarter one because we are profitable from quarter one itself, which is rarely the case. So, all in all, I see the results quite favorably. I don't know, how take it. However, we confident of improving quarter by quarter, but most of the improvements will start coming in from third quarter and fourth quarter is when we expect to have really good output at all levels. With that I would say that we are still confident on all the projection which we have made, and we are not worried too much of COVID as of now. So, I wish that all of you are safe and healthy and at the same time I wish that we also do the work and get projected and achieve the results that are forecasted. Thank you.