

25.02.2022

To,

The Manager
Listing Department
National Stock Exchange of India Limited
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051

Dear Sir/ Ma'am,

Sub.: Transcript of Q3 FY22 Earnings Conference Call

Symbol: JASH

We are enclosing herewith the transcript of Q3 FY22 Earnings conference call with the Investors held on Friday, 11th February 2022.

You are requested to take the aforementioned information on records.

Thanking You,
Yours Faithfully,

For JASH Engineering Limited


Tushar Kharpage
Company Secretary & Compliance Officer
Encl.: A/a





“Jash Engineering Limited
Q3 FY22 Earnings Conference Call”

February 11, 2022

**MANAGEMENT: MR. PRATIK PATEL - CHAIRMAN AND MANAGING
DIRECTOR
MR. DHARMENDRA JAIN – CHIEF FINANCIAL OFFICER**



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 future 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 ask questions, please select the raise hand option. We will call out your name, and then request you to unmute yourself and ask the question.

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 Mr. Dharmendra Jain – Chief Financial officer.

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:

Thank you Siddesh. Warm welcome to all the investors who are attending this conference. I will start brief presentation so that those who are new know what is happening in the company and what the company is all about. Those who are new to the Company, we are manufacturing company making products for water, wastewater and allied products to water and waste water industry. We are not an EPC contractor. We have manufacturing plants at 5 locations and have around 800 employees and we sell under our main brands which are Jash, Jash Schutte, Shivpad, Mahr Maschinenbau and Rodney Hunt. The company has evolved over a period of time through acquisition and collaboration. Our motto has been we should be number one, two, three within whatever business we do in India and we would like to be globally within the first 10 in most of the businesses which we do. We went into various acquisition as well as collaboration. Our main acquisition has been Sureseal, Shivpad, Mahr Maschinenbau and Rodney Hunt and with be these four acquisition we today have won worldwide product branding as well as approvals.

Presently the company has invested in manufacturing facilities which can give a potential turnover of around 500 crores plus and we are constantly investing in increasing our capabilities so as to easily do ~400 crores turnover. The issue here is because our business is very much towards the last two quarters the facility has to be big enough that bunching up of all business in the last 2 quarter can be done and as a result we have created huge infrastructure looking to the type of business scenario we having and this is what we are doing presently.

We have one of the best capabilities in the world in our line of business having invested in best of machinery and best facilities and this is ensure that our clients worldwide can repost with us when they have critical projects. I believe all this information is available and if someone wants it they can always write to us.

So I will directly go on to the financial results of the company for the quarter as well as for the nine months. When we talk about standalone performance there are three main companies which are contributing to the turnover, one is Jash another is Shivpad and the third is Jash USA or Rodney Hunt USA. When we talk about Jash Engineering, we had a significant improvement in revenue in this nine month period with minor improvement in profitability. On Shivpad we have been nearly the same in revenue maybe little bit less and profitability also is affected at Shivpad because the revenue has been less. As far as Rodney Hunt is concerned we have significant growth this year in revenue in Rodney Hunt in nine month. You can see from 59 crores to 91 crores. As a result of this growth, the losses in Rodney Hunt has gone down from last year 5.9 crores to this year 2.1 crores nine months December 31. I believe all three companies are doing good and we come near to 31st March I'm sure we'll be able to give the results as projected by us.

Consolidated financials snapshot, you can see we have around 23-22% increase in our revenue compared to last year, nine months. What has been worrying was that the EBITDA margin went low and reason for hat has been unprecedented price rise which was faced last year and which is now stabling and coming down. But the orders were taken before and the prices rise took place immediately and because of which it has stressed our EBITDA margins. Gross profit and gross profit margin have little bit improvement because of some tax and higher growth. Overall profit after tax has improved. Between of this year that is in April 2021 we were expecting that we would have significant improvement in our PAT based on the market scenario. However, this price rise started happening from May, June and that has really affected our growth in improvement in profit after tax. However, inspite of the pressure we have still done relatively good because of the higher growth.

That was for nine month, this gives you quarterly what has happened in the third quarter versus last year third quarter and in the second quarter. Overall, you can see in EBITDA has small improvement but other than that you can see that we have improvements most of the places.

The Company as of now has very healthy order book position. The total orders with the Company as on 1st February 476 crores and of this orders within India is 191 crores and order outside India is 285 crores. Most of the subsidiaries have been doing good. Shivpad also has a good order book position as Jash USA. So our order book position is quite sound and there is no cause of worry among this aspect. Most important is our consolidated order pipeline as on 1st February the company has

already negotiated orders of 85 crores out of which 82 crores are outside India. Out of 85 crores I understand close to 75 crores worth of orders have already come in between 1st February and 10th February. Some 10 crores of orders also will be coming in by the end of this month. Under negotiation he have outside India 78 crores worth of orders, within India is 33 crores, the total is around 111 crores which would be finalized hopefully within February and March. And we are quite confident of grabbing over 35-40% of these jobs.

Over all I would like to say that the performance of Rodney Hunt is rapidly improving. Our clients in America also feel now that we are there in the race and you will sustain our operations. Initially they were thinking that when a German company could not run Rodney Hunt how would Indian company run Rodney Hunt and this was a very big question mark. In the last four or five years we have proved that we can run Rodney Hunt not only can we run Rodney Hunt, we'll grow the company and make the company number one again in America. It should be noted here that when we acquired Rodney Hunt or when they close down the turnover of Rodney Hunt was close to \$33 million in 2017. We started from zero this year we expect to be around \$18 million and may be minor profits in Rodney Hunt. However once our clients have realized that we are there to say they have started placing large orders on ours. Within the first 10 days of February, that is after 1st February we have received today 3 big orders in Rodney Hunt and the good part is we received an order for Qatar in America. So not only now the clients are comfortable for the US market they're comfortable to place order on Rodney Hunt for markets outside America also. In addition to this, three orders we have already and we are negotiating a very big order of \$5 million plus for large cast iron gas project in Kansas and this order is also under final stages and we expect to receive this order by February. We are quite confident because the negotiations are at an advanced stage. In September I visited Acciona in Spain and Acciona one of the large EPC contractors doing a lot of projects worldwide. Spanish contractors nowadays are very interested in the world market and we would be quite fortunate as we good relationship with Acciona and with that in mind my visits to Acciona took place. We have got now the first order for Laguna project in Philippines. And we have already voted to Acciona for various other projects in Vietnam and other countries. I hope that once we received this first order in a nice way, the confidence in us will increase and that will allow them to go for our other products like gates, which we are very strong in as well as in screens. We are been doing expansion every year and we are not believing in big bang expansion. We do expansion in phases, so that as business increases our capacity are increasing. Big investment has been on SEZ unit 3 where we have set up a complete caste iron gate manufacturing facility with one of the biggest test bench in the world and this facility would be inaugurated by us in early April when we expect our foreign

Directors, including Mr. Axel Schutte and the new collaborators Invent Germany, Mr. Marcus Hoeffkin their MD to visit us and also signed the new agreement for new products which will offer an Indian marketing competition to GE and Xylem.

So would like to add by saying that the overall nine month performance has been relatively encouraging. The growth we delivered which is of 23% is still not as per our expectation but by the end of the year we hope that what we seen the last quarter a huge increase in revenue that may allow us to reach the desired target for the year. As already pointed out by me our EBITDA margins have reduced by 3% though this could have been higher this EBITDA margin reduced because of the increased input material costs but at the same time revenue has increased and as a result a little bit offset of overhead have taken place to the restrict the reduction in EBITDA margin to 3%. PAT margin have slightly improved and however this is also not we wish for, we wish much higher improvement but we are constrained by the raw material prices. Our revenue target was intimated to everyone earlier and consolidated revenue target was around 340 crores on the lower side and maybe on the higher side it may go to little higher. It all depends upon our clients taking delivery by making payments. I have been nowadays a little bit skeptical about delivering material in to client without taking the payments because it would result into a lot of trouble later on. And so if we are in reaching 340 crores as consolidated revenue then I will not like to take any further risk just to increase our revenue figures. However, we are very confident of achieving 340 crores and in the last year as I said we have achieved 128 crores and this year we already have added enough new facility to raise these 128 crores. So, achieving 350 when we have already done 210, so doing another 140 crores is very feasible because we have already done 128.5 crores last year and since last year, many new facilities have been added. So the projector turnover of 340 crores looks quite possible. As already informed before our order is quite healthy, 476 is already in hand and after that we have already negotiated in first 10 days of February around 85 crores of which already 75 crores orders have coming. So I believe, even if we achieve 340 crores turnover this year we are looking at a very healthy backlog of orders on 1st April 2022. If everything was right, I believe we should have 450 crores or extremely high is 500 crores order booking on 1st April 2022. The good part about that is most of the orders that we are getting since last 3-4 months are with new raw material prices. So in next year, I believe most of the orders I would say 70-75% of the orders would be executed at a higher raw material price considered already in our estimate. So we will be back on track next year with improved profitability because the material price shock which we have got this year will not have to that extent in next year.

Small point I would like to bring the notice is about the promoter shareholding. The promoter shareholding of 53% does not include Mr. Axel Schutte. He owns 7% of

the company and he is with the company for more than 25 years now. So the promoter shareholding is what we have given to stock exchange and SEBI. If you see clearly the promoters are holding his close to 60% plus. Thank you, with this I will open to take questions from participants.

Siddesh Chawan: Thank you sir. We will now begin with the Q&A session. To ask question I will ask all the participants to use raise hand option. The first question is from Naveen JR. Please go ahead.

Naveen JR: We have given a very positive commentary with respect to Rodney Hunt in terms of order wins. If I see that for the first nine months of the current financial year we added around 90 crores of orders but in the first 10 days we are in line to back close to 100 crores. So, if you can explain what has changed on the ground for us to back close to 100 crores in these 10 days.

Pratik Patel: First Naveenji you have to understand that America is entering in investment cycle. If you have heard me earlier in the water industry in America, the investment cycle stopped in 2000. There has not been much investment in American infrastructure in the last 20 years. The country has realized, the administration has realized that and they are now required to invest heavily to come at par with all other modern countries. And as a result we would see a huge boost in investment cycle in America. The new administration has already announced investment of more than \$50 billion in water infrastructure. So, you can see that all these will result in future also as well as current also new projects are coming up quite fast in America and that is one of the reasons why we have got all these jobs. However it is a matter of luck that all these jobs have come in first 10 days. We were expecting some of the jobs in January, some of the jobs in December. But overall, a huge potential is opening up in America for us.

Naveen JR: Thank you. To execute this order in Rodney Hunt we need to do any further capex?

Pratik Patel: Naveenji every year we are doing 10-15 crores capex. So, Rodney Hunt 65-70% of production is done in India and only 30-35% production is done in America. So, we will not be investing in huge capex in America and neither we will be incurring in huge capex in India, the capex of 10-15 crores between Indian and maybe America we'll be doing 1-2-3 crores every year not more.

Naveen JR: My second question is we have a very healthy order book and in the past also, but somehow that is not translating into higher sales. Apart from this external factors

which you spoke of, whether it's COVID or financial constraints with regard to the client, are there any internal factors that you want to highlight?

Pratik Patel: There are no internal factors as such, the biggest factor is been COVID. In Singapore we have more the 85-100 crores worth of order and nothing is moving because they have a very strict lockdown at sites. So on sites they are required to work with 1/3 of the workers and that has slowed down the projects in Singapore. However, I believe all economies have come to conclusion that you have to stay along with COVID and the norms are being relaxed and we expect Singapore also to open up in execution this year. But internally I don't see any problem for us if clients are willing to pay and lift the material, I don't see any problem in the achieving higher turnovers.

Naveen JR: One more last question from my end, this is regarding to Singapore itself. Recently they're awarded a large contract to Koh Brothers, so are we in line to bag anything from that particular order?

Pratik Patel: We are already executing 60 crores job with Koh Brothers in the same project. The first project was awarded to McConnell were we supplied the equipment and the second project was awarded to Koh where we have to order for around 55-60 crores for supplies of equipment. We have been working with Koh Brothers for last 20 years. And I know Mr. Francis Koh personally so are quite hopeful to get some jobs in this project also.

Naveen JR: Thank you, that's all from my end. I will get back to the queue.

Siddesh Chawan: Thank you Naveen. Next question is from Zaki Nasser. Please go ahead.

Zaki Nasser: Congratulation Pratik bhai and team Jash for the fantastic numbers in these times. I think this year you are more or less confident of achieving 340 also considering the increase in raw material prices, COVID disturbances and everything. I think that's a really commendable performance. Going forward, next year do you think, the world is coming out of COVID so how do you foresee your order panning out, your executions panning out in terms of the US, Asia, are you looking at Middle East. So, could you just give a brief on that because input prices will be volatile. So could you just give a brief outlook of what next year looks like to you sir, thank you.

Pratik Patel: On the input prices we are not worried now because all the estimates after September has been based on the new input prices. Infact on the input prices we are more confident because we don't expect the input prices to go any more up, it can go down

only now and that would help the Company because we would be costing at a higher price and we will be purchasing at a lower price. So input price hike is no more a big concern because next year 75% of the projects which we will be executing would be based on new prices, we still would have 25% of the jobs which would be based on old pricing. But because of the majority of the jobs is with new pricing I believe we will no more take the hit as we have taken this year, point number one. Point number two we are very strong in the Middle East, we are doing many project in Middle East. If you see outside India out of 285 crores we have more than 150-160 crores projects from rest of the world not only America. So 150-160 crores projects is in the rest of the world out of which 50 crores, approximately is in Middle East and Hong Kong. So we are quite strong in Middle East. I believe in most of geographies, Southeast Asia, Middle East and America we are doing quite good. Europe I think we are improving now, we have full time employee based in France and he's working quite aggressively now. And as Europe comes out of COVID and relaxes the norms I believe we are looking at good improvement in Europe also. So, we are quite confident of improving business in all major geographies. Coming to next year, I think we are targeting a turnover between 400-425 crores. However we will be very sure about that at the end of this financial year.

Zaki Nasser: Fantastic sir, and best wishes to you going forward sir. Thanks a lot and I just want to know one more thing about the disc filter in India. So that was a very interesting thing which was happening. I mean, what is the outlook on that, any developments.

Pratik Patel: The first 2 disc filters would be ready in end of March or early April. The German collaborators are visiting to evaluate our quality and how we have done the job. While we make these first 2 we will also be very clear about the pricey, the cost at which we are able to produce it and to the level of indigenisation that we'll be able to do in the subsequent machines. With that, we will be very clear about the strategy to follow. We are quite confident that disc filter will become one of the key products going forward.

Zaki Nasser: Thank you, sir. And what about the capex cycle in India's, after a lag of two years do you think that will look up the state government specifically

Pratik Patel: See government is investing a lot on water and wastewater which is our main business. Private industries and missing a lot on renewable energy as well as on cement which also contribute big business to our bulk solid valve business. So, I would say required capex is already going on, however the pace is very slow. So projects are supposed to come last year have still not come or still not awarded, but

projects are coming. Infact, I think we would have a much higher growth in India in the next 2-3 years than we are seeing today in export markets.

Zaki Nasser: Thank you. Thanks a lot and best wishes.

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

Dilip Sahu: Congratulations for very nice set of numbers. I'm particularly excited to see the development in US, I think it has taken us three years but it looks like we are much there. My question is, I was in the site in Rodney Hunt in a very large local team there. I assume they're very expensive employees. So what is the idea since you are manufacturing 75% in India and 25% in US. What is the ideal you want to do some rationalization in terms of cost or you want to do strong front end there, that's question one. The second question is in terms of our current gross net debt if you can tell us where we are.

Pratik Patel: The first part of your question I can answer easily, the second part of your question, I think Dharmendra can answer or he can give this information later on also. So the first question you asked was about America, now if you recall, during all the presentation, most of the investors have been worried about America but though I was not that much worried. Everyone was expecting America to be profitable sooner. Yes, it could have been profitable sooner, but to make it profitable sooner we would have been required to curtail the growth of the Company. In America when you add people, they are very costly but when you add people the results don't come immediately, result some later. Today we have a team and incidentally, one of my biggest problem in America was good quality manpower. Yesterday, two people one from India after two years on H1B because visa and everything has opened up, so now they have gone. Two more will go within a short time. And so now I have a team of people from India at each department of the company. However, initially we have to rely on people from America and in the marketing as well as in project management, you need a American face, it still costs a lot. I cannot do all these things sitting in India. We have to have people on the ground in America if we want to be an American company. And that is why all these people are there. Though if you see in production, we don't have many people out of 40 odd people we have in America, only 15-16 are in production. balance all are in marketing, in procurement, in engineering or in project management and finance. So the team today in America I believe this year we are projecting 18 million next year 21-22 million, but now I don't have to increase the team with the same proportion as before. So by adding few people, 3-4 people also I think we would be able to achieve additional turnover of \$3-

4 million. So whatever, we team we have increased going forward in years, the same growth in team would not be taking place.

Dharmendra Jain: Total gross debt is 166 crores out of which fund base is 71 crores and non fund bases is 95 crores. Non fund base is bank guarantee and LC and this is stable in last 2 years around 155 earlier and 160 in 19-20. So, it's hardly 166 crores more or less same, whereas the turnover increased more than 278-350 crores.

Dilip Sahu: Sure. So, the funded debt hasn't really gone up. It is pretty much what it was 2-3 years back.

Dharmendra Jain: Yes. 55.5 is working capital and 16 is the turnover.

Dilip Sahu: You were talking of 15 crores of investment next year and the working capital will go by another maybe 10 crores. So we will be pretty much in the same debt range.

Dharmendra Jain: We are repaying the debt also, so it may be lesser but not higher.

Dilip Sahu: Thank you.

Siddesh Chawan: Thank you Dilip. The next question is from Bhaskar Tiwari. Please go ahead.

Bhaskar Tiwari: Good evening sir very nice presentation. My concern to you is that the major chunk of Jash Engineering is coming from outside India, so why there is such a big gap in revenue from Indian markets and from outside market. Just for example, your January's order book is of 21 crores and 7 crores is from Indian market and 14 the restaurant foreign market. So, there is such a big gap in revenue from Indian and foreign markets.

Pratik Patel: So Tiwariji, if you see what is going to be in February would be still shocking for you because first 10 days of February is 85 crores order book, 82 crores is outside India only 3 crores from India. The reason we are more focused on businesses outside India is because we have better margin and we have better control over execution. If COVID was not there I would say outside India people are after us to deliver. In India it is reverse, in India we produce the equipment and then we are waiting for people to lift up. Even today in my plant 22 crores worth of finish goods are lying for Indian market which people have not lifted because they are not able to pay. So that is why our focus has been doing business outside India. The company is targeting to do 65% business out of India and balance in India and the reason for this

strategy is same that the businesses outside India give me margins, businesses out of India give me sustained turnover and no huge stock pile up.

Bhaskar Tiwari: Very nice sir. My next question to you is that I saw your interview on Indore Talk “Meri Kahaani Meri Zubaani”. On that purpose I want to ask you that who will after you run the Company because you said your son is not interested in it. So, who will be the major promoter after you?

Pratik Patel: I'm still not old, I am 58 so please understand that till 65 i.e. another 7-8 years I'm still going to be at the helm of the affairs, minimum. However, we have now a very sound and a very strong team in position. Dharmendra has been with me for more than 15 years now, he is my right hand in the company or financial and commercials he is looking after. Bhuvanesh who has come from Andritz, GE Elpro, ABB etc. Bhuvanesh is Vice President Operations and he is looking after all the manufacturing aspect today, in time to come Bhuvanesh will be going up and taking the mantle of CEO. So I believe Dharmendra and Bhuvanesh would be able to run the Company. In all the other options, now we have new HR and Group head who have come from Eicher Motors. We have new Group Purchasing head who has from Kirloskar, we have Head of Engineering who has come from Weir Minerals America. So we have over a period of time created a very strong team and these people who I have named are all part of the management. So I'm quite confident whether I'm there or not these people will take it forward, it is possible because they are younger than me it is possible to take it forward better than what I have done till date.

Bhaskar Tiwari: Sir very nice. One compliment from my side, from last few years there has been good changes in the management which is positively visible in the financial book. One more compliment is on the way you do acquisition is also good. You have made loss making Rodney Hunt into profitable Thank you.

Siddesh Chawan: Thank you Bhaskar. There is a follow up question from Naveen. Please go ahead.

Naveen JR: Thank you for the opportunity. So this is regarding Rodney hunt. Currently, if I'm not mistaken we are offering only gates as a product, are we started offering other products from our product portfolio apart from gates.

Pratik Patel: Naveen we had a problem, the problem was we were in losses and when you are in losses with so many people quilting you down from the bankers, to the investors, everyone. Our tendency to take risk reduces. We acquired Mahr Maschinenbau because Mahr Maschinenbau products are so well known in American market that is

why we acquired. But when we started doing loss, we clamped down on selling my Mahr products in America because for that we need another one or two guys. Same about knife gate valves, there is a big potential for knife gate valve and we already have good references for screens and knife gate valve America but if you want to go beyond half a million dollar then you need to investment one or two person. When you are already making losses, to invest two person on knife gate valve, to invest two person on screen would have made the losses more and so a decision was taken that until we are profitable we will no more invest for the new guys on these products. So obviously once I'm profitable, I would like to go ahead and invest for other products also. Incidentally our president in America Ranjit Nair was Vice President of Head Works which is a screen company which had collaboration with Mahr Maschinenbau. So, we already we already have one who have screen exposure, we already have order of screens but very few not many. We already know orders for valve again very few not many, we are doing orders worth \$300-400-1000 only. So yes the ultimate aim is the same thing we just made successful worldwide, that is screen, gates and valve as a package and we like to do that in America also.

Naveen JR: Sir, going by commentary if I'm not mistaken in next 3-5 years with the product addition in Rodney Hunt will that become your largest business center.

Pratik Patel: It will not become the largest business center but it would be equally good as India is.

Naveen JR: This is regarding your investment in unit II with regards to stainless steel products, which you have given in the recent commentary. Could you throw more light on what kind of products are going to get manufactured here and what is the potential size of the market.

Pratik Patel: So in unit II we are already making stainless steel screens and the part of unit II we are using for stainless steel screen which is around 35-40 crores market segment for us presently. Now, in the same unit II, we are also making carbon steel products. Now, the business of carbon steel products is increasing, business for stainless steel product also is increasing. So what we are doing now is we are setting up a different facility for stainless steel, where the current 35 crores business would be shifted as well as new business coming from Invent Germany disc filters, agitator, mixer etc would also be added up in that plant. Ultimately the stainless steel and the carbon steel facility in unit II, we expect will contribute close 200 crores to our turnover in the future. We are already doing 35 crores in stainless steel and we are doing around 65-70 crores in carbon steel that is around 100 crores. After this plant is done we should be able to do a potential 200 crores business in unit II.

- Naveen JR:** Thank you Sir. That's all from my side and congratulations for good set of numbers.
- Siddesh Chawan:** Thank you Naveen. Next question is from the Dharma Venkateshan. Please go ahead.
- Dharma Venkateshan:** Good evening sir. Hope you are doing well and great. Pardon my ignorance if the question is already answered because I was a bit late to join the call. So, my question is regarding the Rodeny Hunt. In the previous quarters, we had experienced some kind of pressure on the employee cost as well as absenteeism in the US. So how is this looking in this quarter and future next few quarters.
- Pratik Patel:** This we cannot go quarter wise quarter because in this month or in January end to February, in my production plant in Orange, Massachusetts 80% of people were infected with COVID and they have to go home for seven days. So I think the manpower issue has nothing to do with water, it is general and the long term. Manpower is a problem in America it is not going to be solved so easily. One of the big options available to us was sending our key people from India to each department in America. However because of COVID we could not do that also inspite of getting HB1 approvals we could not send people. Finally yesterday 2 people have gone to America and they have already Massachusetts and more will go within next few months. So, slowly what we are doing is we are putting knowledgeable people in each department, so that one we have better control, two have better feedback of what is happening in America.
- Dharma Venkateshan:** Okay, that's great to hear. So, if I go through the presentation I can see that there is a considerable set of orders has been received for the US subsidiary. So in the coming quarters, we are confident to turn profit positive.
- Pratik Patel:** I already said that we are looking at \$18 million in revenue ~\$2,00,000 in profit.
- Dharma Venkateshan:** So, my last question is regarding the interest cost of the company. What is the percentage at which we are availing loans.
- Dharmendra Jain:** Average 7-8%.
- Dharma Venkateshan:** Okay, that is great to hear. Finally just a compliment from my side as an individual investor, the amount of effort the company takes to educate the investors and answer all our questions and provide notes and presentations and giving proper guidance and walking the talk, so this has been great from the company and I appreciate the

company for doing it. And I hope the company keeps going great from here. Thank you for the opportunity.

Siddesh Chawan: Thank you. The next question is from the Rahul Aurkandathil. Please go ahead.

Rahul Aurkandathil: Congratulations, first of all very good performance given the conditions. I'm sorry, sir, but I missed your initial remarks. Have you haven't given any guidance for FY 23?

Pratik Patel: Well I did not give the guidance for FY23 as such but when Mr. Zaki asked me I said that for FY23 we are looking at between 400-425 crores in revenue. But the final target for FY23 would be decided in first or second week of April, but the tentative target is between 400-425 crores.

Rahul Aurkandathil: Right. I believe some from all your facilities you are currently capable of doing revenue of about 500 crores, is that correct?

Pratik Patel: Yeah. Let me clarify one thing in the last quarter we'll be doing close to 150 crores which means if someone comes with equal amount of business in every quarter we are able to do so, however, that has not happened. So the first and the second quarter is always weak because of budget reasons and because of monsoon and all the load comes on the third and fourth quarter. So if I'm able to get consistent load, the same facility can easily do more than 500 crores. But I don't get a consistent load I get variable load which is more detailed towards the third and fourth quarter. As a result, we have to keep on expanding so that we meet this peak demand of the third and fourth.

Rahul Aurkandathil: I understand and one last question. I don't remember whether it was last concall or the concall before that but you mentioned that there is order pipeline from the Maharashtra government and that you're seeing a lot of orders being floated. Is there any update on that?

Pratik Patel: Zero, nothing. These tenders are called, these tenders are there, we don't know what is happening. Huge amount of projects in Bombay, minimum 14,000 crores to maximum 18,000 crores of tenders have been called for last six months nothing. And now once the elections are announced for local bodies, I don't think another 3-4 months is gone. In Pune 1500 crores worth of projects are already called for., have been tendered. They may take a while before election if they don't take a call before election it will be going away for 3-4 months. So, everywhere in India, you know this

is a situation, political decision making is very poor, so we keep our fingers crossed. Meanwhile, we focus on export markets.

Rahul Aurkandathil: Excellent. So that answers all my questions, all the best and keep the performance.

Siddesh Chawan: Thank you Rahul. So the next question is from Sanjay Shah. Please go ahead.

Sanjay Shah: Pratik, hearty congratulations and to all the team from Jash. I would like to give complement, for that maiden entry with the Acciona and my question was regarding that opportunity size with Acciona because what I saw, they are working in many countries across the globe, and especially they are even in India and other countries, US, Europe and everywhere across the geography. So what opportunity size you see in this associating with them.

Pratik Patel: An EPC contractor like Acciona and other big contractors in world are individually capable of giving the company anywhere between 25-50 crores worth of busines. It all depends upon how well we execute their job, how well competitive we are and what advantages they see in doing business with us. One has to understand that Spanish manufacturers for our products are also very competitive and are not bad they are good. So it would be a fight but I am sure that with our scale we would be able to match them.

Sanjay Shah: Great. So my second question was to Dharam sir, what would be our tax saving from exporting from SEZ. What amount of export we can do from our SEZ unit and what's tax saving that will that bring to us?

Dharmendra Jain: In new unit we have 100% tax benefit and we have approximately 10 crores of PAT in that unit, so we are 30% of the revenue for nine months.

Sanjay Shah: So, at full capacity what turnover we can do export from that SEZ unit.

Dharmendra Jain: So, we can do approximately 75 crores turnover.

Pratik Patel: So, from SEZ unit IV where we have zero tax, we have the capability to do 75 crores. From unit III we have the capability also to do 75 crores after this expansion, however there the tax break is only 50%.

Dharmendra Jain: But profitability in that unit are lesser than the unit IV

Sanjay Shah: Okay, got it. Thank you and wish good luck to you.

Siddesh Chawan: Thank you, Sanjay. The next question is from Sid Shah. Please go ahead.

Sid Shah: Thank you for the opportunity, sir and congratulations to the team for such a great set of numbers. I had a question on Rodney Hunt like you mentioned that we'll probably end Rodney Hunt with positive profit. So, till nine months you've had a loss and I am hoping that by the year end we'll again end Rodney Hunt with a profit. So going ahead do you plan to add more people because like you were mentioning that to get into more products you need a bigger team. So do we see that we will be adding more people in FY23.

Pratik Patel: Let me clarify that we have achieve profitability at Rodney Hunt and also we are adding some equipments. We have just sent a laser cutting machine from India to Rodney Hunt and with that machine installed in April we believe that our fortunes would change for the better in Rodney Hunt. Output would also increase as well as profitability will also increase because presently we get lot of these things done outside, one. Two, even in FY20-23 we will not be pushing for knife gate valves and screens aggressively because we already have a big backlog for gates. Adding people for new products will come in only a year later not before because I would like to be financially very strong before taking any further risk by adding people.

Sid Shah: So, we expect to be profitable and yet we are not adding people right now but that doesn't mean that we are going to make losses this year, right.

Pratik Patel: The profit which we are expecting this year is not huge. We are talking about 150-250 crores but we have old carry forward losses which are huge. So I would like to do FY22-23 also on the same operational levels and give a profit of around \$0.75-1.25 million. And after having done that I would be more confident of investing on new people for new products. As I said we are already doing those products but they are at a very low scale \$200-300-400 thousand a year. If I want to bring this scale up and if I want to do few million dollars a year then I need separate team to push those products also. Presently I would not like to invest on them atleast for one more year.

Sid Shah: Got it and just another, since you said that we have the new orders at a higher level of commodity prices priced in, is there a possibility that going ahead we can have this clause embedded where we pass on commodity prices since a lot of our orders are maybe one year before or even multi year.

- Pratik Patel:** Its not possible and clients do not agree to that.
- Sid Shah:** Okay sir. Those were my two questions. Thank you so much and all the best.
- Siddesh Chawan:** Thank you Sid. The follow up question is from Dharmendra Ketan. Please go ahead.
- Dharmendra Ketan:** Sir, just the follow up on the previous question, so as we don't have escalation clause or kind of things in the contract, can we have back to back raw material booking as soon as we receive the order to mitigate the raw material prices impact
- Pratik Patel:** In 90% of the job there is no price escalation nowadays worldwide, very rarely happens. Yes, some of the clients do agree that they have delayed and when they agree that they have delayed than they are open to give some price escalation. However this mechanism of giving price escalation is not institutionalized, it is like giving a handout. So, in some of the projects we have gone ahead and asked for dollar terms, maybe I will say \$100,000 and then we compromise and take \$50,000-60,000 because in the contract it is not include.
- Dharmendra Ketan:** Okay, so basically can we have a back to back booking of raw materials like as soon as we receive orders on the current prices, can we have our raw materials logged in, so that even if it increases in the future, it will not affect us?
- Pratik Patel:** I can do it if I am financially very rich because the raw material and the input material are around 40% of the product costs. The advances which we get is only 10 - 20%, so can I bridge the gap if I was 100% back to back booking I need that much. So it is not easy and you cannot do that all the time with clients.
- Dharmendra Ketan:** Okay, its understandable. Thank you for the clarification.
- Siddesh Chawan:** The next question is from Sanjay Shah. Please go ahead.
- Sanjay Shah:** Sir, thanks for opportunity. So, this question is a worry point for many analysts and many investors to and that is regarding our lumpy business which comes in second half. So do you have any risk plans to show profit even in first and second quarter because usually we have 10% in first half and 90% in second half. So can you throw some light on what are management doing to derisk that model?
- Pratik Patel:** Sanjayji the problem is wherever British influence is there the year ending is the 31st March. In Europe the year ending is end of December in America it is open but

generally it is also the end of December. Now the most of the countries where we operate is 31st March. This means that everyone wants to fulfill the budget before 31st March. So, in each of these countries, whether it is Singapore, whether it is Hong Kong, whether it is Malaysia, in each of these countries you will see major billing taking place even for their EPC contractors in the end of the year and which is third and fourth quarter. In tropical countries, you have rain season like in India, the rainy season is there from June to September partially. Now in this rainy season civil projects go on halt. No one likes to take delivery of equipments where the projects are not operating. So, these are the challenges for this type of business. Now how can we avoid them? We avoid them by going into businesses which are not civilly based, those are like valves, bulk solid valves. The business of bulk solid valves was started by me so many years back with a view of this only, however the product which we have now in our kitty which can be supplied throughout the year are not that much in proportion and so the major business is still lumpy and going towards the third and fourth quarter.

Sanjay Shah: So even next year, we will see the same 10%.

Pratik Patel: I would say with export increasing more and more it would improve but I would say that first two quarters at max go to 40% and 60% will come from the last two quarters.

Sanjay Shah: Sir, 40% is very exciting and good luck to you for that.

Pratik Patel: We have done in past.

Sanjay Shah: Okay, great. Thank you, sir.

Siddesh Chawan: Thank you, Sanjay. That was a last question sir. I would request you to for closing comments.

Pratik Patel: Thank you, Siddesh. I understand the concern of all investors in relation to Rodney Hunt, please be assured that I am quite confident that Rodney Hunt is going to be our future. The business in India does not grow as fast as it grows in America. So ultimately we have to depend on America for our future and we will turn around Rodney Hunt in this year and from next year onwards you will be pleased to see the advantages which the company produce. Jash is still producing 70% of what business comes from America are still producing in India. So, you will be pleased to see the advantages we accrue because of huge business coming from worldwide. It reduces

my raw material prices because I need in higher volumes, so I can negotiate better and it improve my efficiency in my plant because I can go for modern machinery which help in moving production faster. So all these benefits are coming because of Rodney Hunt and I'm sure in time to come this concern will go. If I see 70% of question were concern to Rodney Hunt. I think once Rodney Hunt is doing good all nerves would come down. So I assure you we are on track, Rodney Hunt would be on track and in future you will not have these may concern about Rodney Hunt. Thank you for all of you to participate patiently hear to me and giving us an opportunity to listen to you and answer whatever your worries were. I would say that with this I would like to end and we will see you next time when announce our results.

Siddesh Chawan: Axel sir would like to add something.

Axel Schutte: So once again what Pratik expressed regarding Rodney Hunt of course this was also our concerns all over the years and to keep on track to be following our strategy to turn it into a profitable market and in turnover and profits. This was one of the biggest concern all of us. I think that keep us busy. But as Pratik expressed very correctly, that the potential which America brings to Jash India as well as to America is so huge because he expressed in the moment we only are doing certain amounts of products there and there's still a huge gap of new products which we already have installed and developed at Jash India which are perfect for the American market as well. So we should as investor of Jash have no fear that this will bring us very good benefit for the years coming. Of course the start was not easy and we have to learn about America, how America is operating, how is the mentality of the people doing their work there, this also not very easy. But I think after so many years now working intensively on these problems and buying and investing in Rodney Hunt was the right step to for the future. And as me as a shareholder, I'm really more than interested that this thing's coming to a good end. And I'm sure the team which is also congratulation that you have installed the team, this was also one of my concern and I already discussed with Pratik so many years that you should install a management team which is able to run the company even without him because also his future is also as our own lives are limited. So it is a good sign that Jash is on track in all aspects and this is something which makes me very proud and I'm happy that I can accompany this company and also giving some support into this company since more than 25 almost 30 years now. So I'm still happy with the company, happy with the team, happy with owners and shareholders and with all the activities. So thank you very much. I wish you all the best and looking forward to seeing you in April in India, where I like to come and to discuss in the results of this business year. All the best to everybody and thanks to everybody.



Siddesh Chawan: Thank you all the participants for joining us today. If you have any additional questions you can reach out to us anytime. We wish you a good health and look forward to seeing you again next quarter. Have a good day.