

19.11.2022

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 Q2 FY23 Earnings Conference Call**

**Symbol: JASH**

We are enclosing herewith the transcript of Q2 FY23 Earnings conference call with the Investors held on Monday, 14<sup>th</sup> November 2022.

You are requested to take the aforementioned information on records.

Thanking You,  
Yours Faithfully,  
**For JASH Engineering Limited**

TUSHAR  
KHARPADE

Digitally signed by  
TUSHAR  
KHARPADE  
Date: 2022.11.19  
13:59:25 +05'30'

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





“Jash Engineering Limited  
Q2 FY23 Earnings Conference Call”

**November 14, 2022**

**MANAGEMENT: MR. PRATIK PATEL - CHAIRMAN AND MANAGING  
DIRECTOR**

**MR. DHARMENDRA JAIN – CHIEF FINANCIAL OFFICER**

**MR. AXEL SCHUETTE- DIRECTOR**



**Siddesh Chawan:**

Good evening and welcome to the Jash Engineering Q2 FY23 earnings conference 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 result 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. Please note that questions on the chat box will not be monitored on an active basis.

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, Mr. Dharmendra Jain – Chief Financial officer and Mr. Axel Schuette- Director

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 evening, everybody. Thanks for sparing your time and attending this call on the first half yearly/second quarter results of Jash Engineering Limited. I am pleased to present to you financials of the quarter. I will directly go to the financials because the standard presentation format also has details about the product and about the Company. So, rather than going through the same I will go from the products and the market share of the products.

I will start from this slide so that it gives you an idea of what we have done in the H1 2023. Water Control Gates business is around 42% in H1 as compared to FY22 when it was 50%. 50% was for the full year whereas this year half yearly as of today is 42%. Screening Equipment has substantially increased, earlier it was 25% it has gone to 34%. Valves is nearly the same last year was 14% as of now it is 13% and other equipment which is comprising of Process equipment, Hydropower and pumping items these is around 10% now and it was last year around 11%. So, this shows that we are still maintaining our products spread. At the same time Water Control Gates is

going little bit down which is a good sign because it is allowing other products to grow in our product kitty.

This slide shows the spread of our market. We have spread in Europe, Africa, USA, Middle East and Far & Southeast Asia. The export market is growing for us gradually and we have achieved around Rs.48.5 crores revenue from exports in the first half year.

Coming to the financial performance, we move to the standalone performance on Jash first. We have had a growth from Rs.80.6 crores to Rs.105 crores which is a significant growth, in percentage terms it is close to 30%. We have significant improvement in PAT in the standalone, the reason for that is the raw material prices have stabilized, there has been high growth and the third is we have had few orders with significant improvement in profitability. So as a result of all these three parameters, we see an improvement in PAT more than 300% over last year in first half. In case of Shivpad also, we have had a good increase in revenue and also in PAT. The reasons are the same for improvement in PAT, the raw material prices have now stabilized, and we are executing orders which are taken more at higher raw material pricing. In case of Rodney Hunt our revenues have gone down. However, it is not a very significant issue for us because the Jash Engineering in the end of September sent a lot of material to Rodney Hunt which they could not mix, so it has come in the standalone but it has not gone into Rodney Hunt, that is why it is not into the consolidated revenue. If those revenue could have been added than Rodney Hunt performance would have been much better than what it appears now.

On the consolidated, we have compared to last year there has been a 12% improvement in consolidated revenue. Our gross profit margin also has improved though not very significantly, it has improved by 3.2% and there has been a improvement in EBITDA also, which is quite significant as I said with the raw material prices going down EBITDA improvement is there. Profit before tax last year at this point of time we were in loss, however I am pleased to inform that we are now in profit from the second quarter on the consolidated level as well as profit after tax has been positive in comparison to what we had last year. I would like to say that generally we have revenue of Rs.123 crores and our projection for the year is Rs.430 crores. So we expect further improvement in our EBITDA and margins as well as in profitability because more than 2.5 times of our first half revenue will come in the second half and that should improve financial situation significantly because of overhead remaining constant, raw material now being low and orders with profitability increasing. As you can see EBITDA margin for Q2 has seen a remarkable improvement over Q1 and when you compare it to financial year Q2 also it is quite improved. We are quite confident that in the next second half of this

financial year this will further improve significantly because of income expectation of Rs.430 crores, which 2.5 times of what we have achieved in the first half. PAT margin also are improving and we are expecting PAT margin this year to be more than 10% on the total revenue basis.

Coming to balance sheet, here I would like to point out that the inventory is being too high and the reason for that is whatever Jash Engineering has billed to Rodney Hunt it has come in our revenue but in case of Rodney Hunt it has come in stock in transit and that is why it is going into inventory.

Our consolidated order position is quite strong and our business outside India is significant now, which is close to 2/3 of our total order book. Order book at all our subsidiaries is significantly higher, Jash USA has Rs.283 crores order book and Shivpad have Rs.16 crores order book, which compared to what it was before is quite better. Our order pipeline is also quite strong, infact in the coming few months most of the big projects which were awarded in India are going in finalization and we expect that in the next 4-5 months, we would have significantly higher order booking than what we had over the last few months.

We still maintain the sales outlook which we have projected in the beginning of the years. We are quite confident of total revenue being close to Rs.430 crores, if everything goes right, we can exceed little bit. So, I would say between Rs.420-440 crores is the range in which we are expecting to close this year. However, by the end of December we will be in a position to give a better projection on the combined revenue for the year but we still maintain between Rs.420-440 crores should be our revenue for the year.

Coming to other developments, I am pleased to announce that Rodney Hunt order booking is significantly improving. We have now crossed \$37 million dollars in revenue in order booking as on 30th September. In the last month we have already got close to \$3 million order and negotiated few orders which are expected to be received soon. So, Rodney Hunt is becoming stronger and stronger and we hope to become number two by next year in American market. We have already shortlisted land in Houston and this land in Houston we would like to set up a new plant in America and hopefully this plant will be completed by 24-25 further enhancing our capability in America. In America new act is coming BABA which is build America bid for America and with this act more and more professional percentage has to be added in America and this plan will help us in achieving that. As the Company is growing, we are strengthening our manpower team in Houston as well as in Orange. Houston has significantly improved and now we have got a good team in place to meet next year revenue target of \$26 million. Orange is still a matter of concern

because we are not able to easily find people for work in Orange and that is one of the reason why we are investing in the new plant in Houston. With Invent we are entering into a 50% JV to make balance range equipment, we already produce Disc Filter in technical collaboration with them, but other products in which Invent as very big market share worldwide, they were not okay to go with the technical collaboration because that would have meant they would have lost their technology. So, now they have proposed to us going for a 50% joint venture and we have agreed because if this product is successful, it will lead to a lot of improvement for revenue of Jash. The product will be manufactured by Jash Engineering Limited and marketed by the joint venture Company. We have already commenced new expansion for a new SS product plant at unit 2 and for a new facility for Shivpad at Chennai. If all these three facilities, the one in Houston, the one at unit 2 and the one Chennai Shivpad are coming through in the next two years by 2025-2026 then the Company's quite confident of meeting revenue targets in excess of Rs.650 crores with the enhance production capability.

Finally, I would like to say that we are doing good, the first half results are quite encouraging as can be seen the revenue growth on the consolidated basis around is 13% and EBITDA growth is quite significant. As I already mentioned before it is the raw material presence which has stabilized and gone down and execution of orders at good margins as well as execution of orders at new price increase. This has resulted into improvement. The growth in standalone revenue is also significant but it would have been much better if in the first half the dispatches from the subsidiary company could have been accounted for. However, this will be accounted for in Q3 and we expect that should significantly improve the performance of the subsidiary company as well as the consolidated results of the main Company.

Overall I would like to say that we expect very strong demand for our products worldwide. We are with talks in America, in Europe in Southeast Asia as well as in the Middle East for many projects. And once we get some of these jobs then we will be ending this year on a very high order book position. So, I'm quite optimistic about our next year also being so strong because we have a very good order pipeline. Thank you.

**Siddesh Chawan:** Thank you Sir. We will now begin the question-and-answer session. A gentle reminder to all the participants to ask question please select the raise hand option. The first question is from Niteen Dharmawat, please go ahead.

**Niteen Dharmawat:** Thank you for the opportunity. Sir, we have announced, this new investment in the USA so what kind of Capex we have planning for this.

- Pratik Patel:** For land close to \$5,00,000 and for plant \$2-2.5 million in the first phase.
- Niteen Dharmawat:** Okay. And this will be in which financially year, next financial year entire amount or will it be spread over multiple years?
- Pratik Patel:** It will spread over 2 years. In US it's not possible to build up things so fast as we do it in India. So, this investment would be spread over two years.
- Niteen Dharmawat:** Will it be all internal accruals or will we be raising some debts also for this?
- Pratik Patel:** We are working on to two options. One option is, that someone makes the plant for us and gives to us on a long-term lease of 10 years that option has also been investigated and the other option is we go for long term financing.
- Niteen Dharmawat:** Got it. Our earlier investment in Rodney Hunt wherein we had the plant also but we discontinued and got all the operations to India in terms of manufacturing. So, now we are going back again to use it for manufacturing. So, is there any change in our thought process wanted to understand it from that perspective?
- Pratik Patel:** No, there has been no change. There is already manufacturing facility in America were close to 30% of our revenue is coming from, however this plant is in Orange where it is not easy to get vendors, engineers, any type of people because it is around one and a half hour away from Boston, in the rural area. That put restriction on how much you can grow in Orange. So, the reason for putting up the plant in Houston is that in Houston you can easily get technical type of labors and because our office is in Houston. And Houston land is quite economical, so by putting up our facility in Houston we ensure that we do not get stuck if we don't get your people in Orange. If we find that the problem in Orange of people is continuing than eventually, we may close down Orange facility and instead of having two plants we may have only one plant in Houston. And the office will be shifted to the plant, presently we are in an office building where we have significant rent which will also get offset, if we shift the office to the plant in Houston.
- Niteen Dharmawat:** I got it. Thank you and all the best.
- Siddesh Chawan:** Thank you. The next question is from Jiten Parmar, please go ahead.
- Jiten Parmar:** Good evening Pratik bhai and the entire Jash team. Congratulations on the decent set of numbers and we know that majority of our revenues come from the second half. Now my question is on Rodeny Hunt, will it be profitable this year. I mean, in those operations in Rodney Hunt.
- Pratik Patel:** We were already profitable last year and this year we will improve on that.

**Jiten Parmar:** Perfect and this capex which you mentioned, the mode of which is still not decided. If it is being done by us, then how much of it will be through internal accruals and how much will we be looking at financing or will we do a complete long term loan, can you throw some more color on that.

**Pratik Patel:** As of today, we are not in a position to be very specific about it. The reason for that is I had informed you last time that in Orange we have 45 acres on which close to 20 acres are going for land development as a riverfront township. So, if that deal comes through, it will eventually get us \$9 million in four years time, starting with \$1.5 million from next year. So, that is coming through we may not have to go anyone to raise funds. So, we have 3 options, Orange land sale or we have lease someone producing the plant for us and giving to us on a lease for which also we have people who are ready and the third option is we do it ourselves raising a loan from a bank. Now what option we go for is dependent upon how soon we would like to make the plant ready. And then we will engage over the next six to eight months depending upon how we see the US market as evolving.

**Jiten Parmar:** Perfect

**Pratik Patel:** For land we are going with internal accrual, so that we can block the land.

**Jiten Parmar:** Okay, perfect. So, thank you for that. The question is on other capex, let's say for you know the remaining six months and next year capex with other plants. How much would that be, if you have any idea on that

**Pratik Patel:** Chennai as well as Indore put together will be is within Rs.20 crores but that is for this year as well as next year. Rodney Hunt would be next year and year after that.

**Jiten Parmar:** Okay, so Rs.20 crore over the next 18 months is what I can assume.

**Pratik Patel:** Yeah, that is for Indian operations, and for export operations it would be something similar Rs.15-20 crores but over the next few years.

**Jiten Parmar:** And you mentioned some new SS products, will they be done out of Indore.

**Pratik Patel:** They will be done out of Indore and also out of Chennai for Southern markets.

**Jiten Parmar:** Okay. So that is included in that.

**Pratik Patel:** Yes.

**Jiten Parmar:** Thank you so much and it's really a pleasure to see the company growing steadily and becoming stronger by the day. Best of luck. Thank you.



- Siddesh Chawan:** Thank you Jiten. The next question is from Sanjay Shah. Please unmute yourself and go ahead.
- Sanjay Shah:** Good evening, gentlemen. Schuette Sir would like to welcome you at Indore, thank you for coming and joining us to the call.
- Axel Schutte:** Thank you.
- Sanjay Shah:** Pratik Sir we are excited to listen from you and have you portrayed robust performance targets and optimism on the demand side. Can you highlight upon the challenges what you foresee because what we have seen in past few years about logistics, raw material, labor. So how do you see that coming ahead and how do you foresee and how do you are ready to face the challenges and go ahead, including the management bandwidth.
- Pratik Patel:** The challenges of past I would say most of them has gone, the biggest challenge was the volatility in in raw material prices, but that is gone. Stability in the economy has been there so contractors are stronger now, so on that aspect we have no worries. But on the logistic there is still a problem when we are talking about exports, it has still not come back as we expected. However now the biggest challenge I face is manpower in India, with the economic situation improving, we have more resignations coming in and train people are being snapped up by bigger companies and so on but that I believe will happen every time when the economy is on fire. So, we have to be ready for it but it is a challenge. We are again coming out with ESOP for those people who could have not taken it last time. So, we hope that would result in improve stability but we cannot be sure of.
- Sanjay Shah:** Right Sir. We are targeting 10% plus PAT margin currently at the year end. So, how that result or profit take into account the currency advantage we have right now, we are already near to 80 and we use to talk when it was around 75-76. Can you highlight how we are getting on it?
- Pratik Patel:** With costing we are still at 74-76, so when I say we expect higher profit margins or PAT, currency also is one of the factors in that. Though for some people, exchange variation may come in other income, but it is basically our revenue because we have consider at lower rupee value versus dollar when we have bid for the project.
- Sanjay Shah:** Sir our Singapore order which was languishing due to COVID and they are back dated orders. So, have we started on that and how.
- Pratik Patel:** This year we will be delivering around Rs.25-30 crores from the Singapore orders and these orders which were not only languish but had become a little dicey cost wise

for us because of increased costs and delays, are now becoming profitable because of raw material prices coming down and because the dollar has become strong.

**Siddesh Chawan:** Thank you. A gentle reminder to all the participants to ask question please select the raise hand option. The next question is from Zaki Nasser, please go ahead.

**Zaki Nasser:** Good evening, Sir and congratulations on very healthy set of numbers. Welcome to Mr. Schuette to India. Sir, region wise where do you see buoyancy in terms of orders coming in, if you see the Americas or if you see Middle Eastern Market, Europe versus Southeast Asia and India. I just want you to give a little brief on these four / five regions we have.

**Pratik Patel:** So, America is very strong as I said we are already closed the end of September at \$37 million order booking and as of now is close to \$40 million, so America is very strong. The Southeast Asia would be number two where we are more than Rs.100 crores booking. Then we'll Middle East and then will come Europe.

**Zaki Nasser:** What about India?

**Pratik Patel:** I would say India order booking would be stronger than everyone else.

**Zaki Nasser:** So, you will see that government's loosening their purse strings in terms of the municipal bodies.

**Pratik Patel:** It has already happened. So, the 13 projects in Pune have been awarded, in Bombay 7 big projects have been awarded, in Bangalore projects have been awarded, in Hyderabad has been awarded. So, now they are all into execution. Until we have not gone into execution we should not be optimistic but today we know they are all in execution and all the contractors like to freeze the orders so that they are isolated from future price rise. So, we expect the next 6-7 months huge intake of orders from India.

**Zaki Nasser:** India margins would also improve in terms of comparative kind

**Pratik Patel:** Yes because these projects are huge I would say that the margin will be better because the small competitors will not be there.

**Zaki Nasser:** Thank you and best wishes for the year.

**Siddesh Chawan:** Thank you. The next question is from Mr. Navin, please go ahead.

**Navin:** Thank you for the opportunity, Sir. Congratulations on very good set of numbers. This is with respect to the standalone we have posted a very healthy growth and you

commented on the consolidated basis because of some issue. Is there anything in particular you like to highlight?

**Pratik Patel:**

So, we deal in end of September close to Rs.12 crores for Rodney Hunt which was a Qatar project and the material inspected and ready in middle of September, but the client could not lift it. So, from our side the revenue has materialized but from Rodney Hunt side it has not materialized because it was FOP in Bombay. So, the shipping was to be handled by the end client technique and that is why it has come in our standalone revenues but it has not come in Rodney Hunt revenue. And that is why the difference you see, standalone has improved but Rodney Hunt has not improved because they could not take it in their revenue. In addition to that Rs.10 crores of order which we have billed already in September, were not taken in consideration in revenue by Deloitte because they insisted that we should have certain documentation showing it has been delivered at site. And since it was not delivered at site on 30th of September, we could not take it in revenues. So that will be now taken in the October revenue. So, if that would have been there than this figure would have been much better. However, we have to follow as per our auditors and it's okay for us.

**Navin:**

With respect to the margins last year, we got impacted due to higher raw material prices and this year we are seeing the benefit of that lower raw material prices hitting us. So are these margins sustainable.

**Pratik Patel:**

Yes, until there is another shocking price rise because of some reason. I think the reason given was the Russia Ukraine war, which I never understood why was the reason for the price rise but I didn't see anything as of now going wrong, that can affect us.

**Navin:**

And with respect to the competitive landscape in India, you said the Indian market is looking up. So, do you see any new players who start participating in the Indian market.

**Pratik Patel:**

I strangely see a problem, I see that the European companies or the American companies, which had come in a very strong Indian market, thinking that they can rule the Indian market, they are now being sold one by one. So many of my international competitors who have come in India are there for sale. So, I have not too much worried about competition within the Indian landscape because this competition could have come from large international companies, and they are in bad shape from last 2-3 years and so I am not too much worried about Indian competition now.

**Navin:** So, probability of winning orders, we had a large market share now. So, with lesser competition our probability of winning these orders will go up.

**Pratik Patel:** This I would not say because there are always foolish people who go down in price and take the orders and that is why they are today in this position. So, I never know who will like to try the same thing again. But yes, overall, I would say that if wise people are there in the market, then our probability of getting better margins improves.

**Navin:** With respect to the Invent JV, could you elaborate that would you be only manufacturing or we have an opportunity to market the product in any geography

**Pratik Patel:** So the JV Company would be doing the marketing but Jash Engineering would be doing the production. So, JV Company is not going to produce they're only going to do marketing and after sales service.

**Navin:** Okay understood. Do Invent have a manufacturing base anywhere outside India or entire manufacturing will move to India?

**Pratik Patel:** No, they have manufacturing base in Germany, but they are becoming slowly more and more dependent on us. Mr. Marcus Hoefken will also join our board in the coming time.

**Navin:** Okay, that's all from my end.

**Siddesh Chawan:** Thank you. The next question is from Alisha, please unmute yourself and go ahead.

**Alisha:** So firstly, a clarification on Rodney hunts, you said that while we have billed it but customer did not take it in time. Is this because of dealing in shipment or was it that the customer has not taken the material.

**Pratik Patel:** The customer was to arrange from Bombay to Qatar and he could not arrange it. So, Rodney Hunt brought from us, took it to Bombay but from Bombay from Bombay he could not pick.

**Alisha:** So in the last quarter, we were saying that about Rs.100 crores worth of orders we at a lower margins because of raw material escalation. Is most of that executed or are we sitting with some orders in our order book that are at lower margin because of the raw material fluctuation?

**Pratik Patel:** So, most of those orders were Singapore and export also domestic. I would say 80% was export 20% was domestic. Now with the increasing dollar value, and stabilization of the raw material prices, I would say those orders are also now reasonably profitable.

- Alisha:** Okay, so we can go back to the kind of margins that we were making.
- Pratik Patel:** Yes.
- Alisha:** Sure and also the capex that we're doing in Houston plus Shivpad plus unit 2, this can give us a revenue of about Rs.650 crores that is the target. Are we expecting to hit this revenue in FY26?
- Pratik Patel:** That is the target.
- Alisha:** Yeah, that's just I wanted to confirm. Thank you.
- Siddesh Chawan:** The next question is from Mr. Faizal, please go ahead. S
- Faizal:** So, what is driving you as a promoter on this company because you have been able to grow almost every year and what is the inner ambition that you have to make this company because finally, it's always the leader or the jockey or who's able to make the horse or the company succeed.
- Pratik Patel:** I think it's not only the leader is also the team.
- Faizal:** Once your thought processes is clear about where you want to be then you actually create the cavalry, the infantry and the army. So, it's very important to know what exactly drive you toward this company and success.
- Pratik Patel:** It is very clear, you want to be number one in our line, in the water control gates business I want to be number one, and it is driving us to grow the business and acquire the Company in the similar sector. We have ambitious targets which makes us the number one company in the world in this business. But other than that, as I said we have a very good team and product range, and until we don't do something quite foolish we should be in a good way in the years to come.
- Faizal:** And what are the three biggest pain points you see towards reaching the target that you have?
- Pratik Patel:** Manpower, Manpower and Manpower
- Faizal:** So what are you changing about it? How are you actually doing some changes
- Pratik Patel:** So, there are 2 problems which Company of our scale faces. One is identity, even if I pay very well I would never be a Tata or Mahindra or Larsen & Tubro. So, people who were looking for that type of association with the Company they will always discount us. So, they may work for few years and then they will like to join big Company, so that is identity which we cannot create, which they have created over a time. Second, capability to pay, now capability to pay for bigger Company could

always be high. And the first pay that they may get may be better than mine. So these are the two limitations which are not very easy for me to overcome. What are we doing is we are improving our compensation package, we are improving our benefits which the Company give and we are also giving ESOP. Is it enough? I don't know that because there are multiple reasons to drives individual when he makes a decision. Some say we have work 6-7 years and we are looking for a change. So, that is something which I cannot overcome. But, yes we in our way try to ensure that people stay with us as long as possible. Also, because of Covid if you go and take interview in any colleges you will be shocked, they have not gone to college for 2-3 years. So there is all a sudden very big vacuum in the market with new engineers have not come and more and people are going for bigger company. So it is a challenge, but the challenge was not only faced by me, it is faced by many peoples and we all have to find out a way out of that.

**Faizal:** Thanks a lot.

**Siddesh Chawan:** Thank you. The next question is from Jiten Parmar, please unmute yourself and go ahead.

**Jiten Parmar:** So, I wanted to ask a bit more on the Invent. How big it the market size and how big is this opportunity with the JV we have done.

**Pratik Patel:** It could be more than Rs.100 crores plus business for us.

**Jiten Parmar:** Over what period.

**Pratik Patel:** Once you get established. So, I would say that we should be able to establish ourself as the leader in the market in 3-4 years time. You should not forget that there are many big companies like Xylem, Sulzer etc who are in this field but since we are producing it in India, we would have better edge over others.

**Jiten Parmar:** And is there a possibility for them to move some of their manufacturing to India.

**Pratik Patel:** I would say they are already buying significant amount from us. This year we will be supplying them equipments worth Rs.10 crores and this may go high. They have already offered us few machineries which they have because they are finding it difficult to have people in Germany to operate this machines. So, once the JV happens they will be more open to use Jash as their manufacturing source for their products.

**Jiten Parmar:** We talked about orders coming in from Indian players and from the India market. I remember in the past also we had issues of getting payment on time, is that changing

or what is the recovery mechanism, is that improved. If you can throw some light on that?

**Pratik Patel:** Overall in India it has improved but every year the Company is mentally prepared to be in one or another problem because you never know which contractor goes up or which contractor goes down.

**Jiten Parmar:** Our inventory days are quite high, 157 days for FY22, what is the optimum figure for that. I mean how many days is optimum or can we bring it down?

**Dharmendra Jain:** 100-120 days is the optimum but in September and December it always high

**Jiten Parmar:** Thank you so much.

**Siddesh Chawan:** Thank you. The next follow up question is from Sanjay Shah, please unmute yourself and go ahead.

**Sanjay Shah:** I would like to have some words from Mr. Axel Schuette regarding how it is market panning world over, especially in Germany, and how he sees opportunity in Jash.

**Axel Schuette:** The market in Germany is very tight. All the money over there to do business is stuck due to the fact that trade war is taking so much money away from us, so that all the trades are slowed down. So, it is not only in Germany it is same in France and England I see there is a drop in business and we are fighting first of all to get this coming year to survive there because nobody knows in the movement really how situation in the Germany will develop, specially the industry facing the problem of high electricity and gas prices. Nobody knows if the gas volume which we have is sufficient to feed the industry, so there are so many unanswered questions. Nobody can really tell you how the situation will develop. We expect lot of insolvency also coming up in next few months. So, the situation is not very pleasant in the movement. So, Europe will not be the driving force for business, so everybody out of Russia influence to be much better. We see that in America the situation is quite strong because they are far away, India is far away, China is far away but Europe, Africa are very much influenced by the Ukraine war. So, it is very unsafe at the movement to say how it is working.

**Sanjay Shah:** Thank you sir for updating us.

**Siddesh Chawan:** There are few questions on chatbox. The first question is, if pricing product range and increase in overall activity what kind of gross and EBITDA margin we are looking at by FY25 & FY26?

**Pratik Patel:** So EBITDA and gross margin would improve and as I said we are looking at PAT margin between 12-14% in FY25-26. When the PAT margin is 12-14%, EBITDA margin will be 20-21%.

**Siddesh Chawan:** Second question is could you provide more flavor on the capex program and order inflows at OEM or EPC contractor level in India and outside India both on state and central program.

**Pratik Patel:** First of all please understand that we do most of our business with EPC contractor and most of the EPC contractor work with cities and not states. It is the cities which they places the order. The funding would be coming from state and center but it is the city which places the order. And we do not do lot of business with OEM. We are not vendor to someone, we produce our equipment and sell under own branding to EPC contractor. So, that is on the order side. On capex as I said we expect to invest close to Rs.20 crores in this and next year in India and around the same value in America next year and year after.

**Siddesh Chawan:** Next question is. There seem to be a difference in book and bill ratio between India and US. And same is since we are expecting 1x Indian order book to revenue this year. Why it seems to be less than 0.5x order book to revenue for outside India order book.

**Dharmendra Jain:** Book and bill means, we have booked revenue here in India. So, it is around Rs.14 crores of amount which is billed to USA is around Rs. 12 crores which is billed by us but not billed by US

**Siddesh Chawan:** Mr. Devam Modi please go ahead.

**Devam Modi:** The final question is on book and bill, basically what I'm saying is that we have a pending order book of around 30 to 68 India to US but we are expecting revenues to be 50-50 this year. So it's like if you see the numbers it is like around Rs.210 crores of pending order book in India against which are expecting annual order execution of FY23 to be around Rs.410 crores and while a similar number is expected from say the export or outside India market, which is almost a Rs.480 crores order book. So what is the reason for that difference and why is the revenue to order book difference so large in terms of percentages.

**Pratik Patel:** So when we say order book, order book does not mean that those orders are available for manufacturing. In our system, we get the order than we do all the submitter, we take six weeks sometimes or maybe even 8 weeks and that submitter goes to the consultant and the client for approval and this may take time. So there is a lag between the receipt of order and the manufacturing clearance. And so essentially



does not mean that we have the order, so we are in a position to produce and this is the reason for lag. So, sometime the orders in India may get approval faster. So, this lag will always be there and on an average we at any given point of time a lag of 9 to 12 months in order book and sales.

**Devam Modi:** So the India side the lag is much lesser generally is what we have feel

**Pratik Patel:** Yes, you are right. India side the lag is much small because we are able to follow up I will say better and faster in India. Also because one of the reasons is Singapore and Hong Kong slowed down drastically, so we have huge orders from Singapore and Hong Kong but nothing happening there because of Covid, which is now changing but that was also one of the reason why we are working on order book in some countries but no revenue coming from those countries.

**Devam Modi:** And would the order inflows from the European and African region, especially the European region have gone up in the last couple of quarters mainly because of let's say some facilities over there are going slow or not able to match our competitiveness or something would that be playing out as we speak right now

**Pratik Patel:** I would say Europe is not a very big order contributor. The big order contributions in the Europe is from Invent who is buying from us and then assembling and selling the products. And this over period will increase because Invent is going to become more and more dependent on us as we cement our relationship with 50:50 JV.

**Devam Modi:** So overall in longer term, I understand what if the number of Rs.100 crores for the Screen probably relating to Invent but over a longer period of time what kind of opportunity can unfold over there, I mean what is Invent's current size and how much of it could be up for a 50:50 JV as per you

**Pratik Patel:** So, invent is growing on an average of 25-30% YoY presently. And their size this year would be around one 40 million euro which is around Rs.325-350 crores. As of current rate of growth they are growing more than 20% YoY. So, if the manpower problem, the electricity problem, the cost problem persist in Europe than it is possible that they buy more and more from us.

**Devam Modi:** And Sir the projects that you mentioned earlier in the call Pune 13 projects, Mumbai 17 projects, Mumbai 17 projects and even Bangalore and Hyderabad you said more projects have been awarded, what would be the size of these projects and what kind of order market does it sort of unleash for us?

**Pratik Patel:** Anywhere between Rs.200-300 crores worth of orders

**Devam Modi:** This is for FY24.



**Pratik Patel:** See, we are saying order income, doesn't mean it will result into revenue. So I'm saying in the next one year these projects which are announced, we as a Company have the potential to get between Rs.200-300 crore worth of orders. Execution may take another 1-2 years.

**Devam Modi:** Okay, sure. Thanks.

**Siddesh Chawan:** Thank you. That was the last question, I would request Pratik Sir for closing remarks.

**Pratik Patel:** Thank you everyone once again for joining us on this call. As I already said in the beginning we are quite hopeful for a good year this time and the various issues which were bothering us become stable and within our control. So I assure all my investors that we will maintain whatever we had projected in the beginning and there's a good chance we may improve on. Thank you.

**Siddesh Chawan:** Thank you everyone for joining us today. If you have any additional questions, you can reach out to us anytime. We look forward to seeing you again next quarter.