

11.02.2023

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 FY23 Earnings Conference Call

Symbol: JASH

We are enclosing herewith the transcript of Q3 FY23 Earnings conference call with the Investors held on Monday, 6th February 2023.

You are requested to take the aforementioned information on records.

Thanking You,
Yours Faithfully,
For JASH Engineering Limited

TUSHAR KHARPADE
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TUSHAR
KHARPADE
Date: 2023.02.11
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Tushar Kharpade
Company Secretary & Compliance Officer
Encl.: A/a





“Jash Engineering Limited
Q3 FY23 Earnings Conference Call”

February 06, 2023

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

MR. DHARMENDRA JAIN – CHIEF FINANCIAL OFFICER

Siddesh Chawan:

Good evening and welcome to the Jash Engineering Q3 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 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:

Good afternoon, everyone and I thank you for sparing your time and attending this investor meet. I would first like to go to a small presentation, which some of you must have seen before and the new entrant would like to know more about the company. That's why we go to that presentation very briefly. And then I will go on to the financial results for the nine months ending 31st December.

As many of you know, we are a manufacturing company not an EPC company. We manufacture equipment for water, wastewater treatment plant, conveyance, pumping station etc. That also includes storm water and solution. We are based in countries, we have a manufacturing plant in America and in India, the Austria plant has been closed. We have around 850 employees and we are supplying our equipments to more than 40 countries worldwide. We are also approved by most of the authorities in these countries. It shows how the company has evaluated over a period of time. Today based on acquisition which we have done, the company is on a very sound putting product wise as well as market acceptance.

These are the acquisition which we have done, Sureseal, Shivpad, Mahr and Rodney Hunt. And all these acquisitions have led to increasing the product bouquet which the company offers as well as establishing ourselves into new markets.

We have 5 plants presently and combined turnover capability of these 5 plants is close to 500 crores. We are under taking expansion in unit II presently, Unit III expansion was done a few months back and Unit II is now undergoing. With these expansions we are in a position to increase our turnover potential from 500 to 650 crores in the coming years. We have invested in one of the best manufacturing facilities as well as capability in our line of business and this would help the company in time to come.

Most of the products we make for water and wastewater related industry and water control gates, heavy fabricated gates, screening equipment, screening conveying equipment and knife gate valves and special purpose valves, bulk solid handling valve all these form bulk of our products and in addition to that we also do process equipment, hydro power equipment, screw pumps, filtering equipment and these are the new gen products. And with this the company today is in the position to offer a wide range of equipment, which none of our competitor can offer from a single source or single company. Our products are used in these applications in India as well as outside India, it is industrial as well as for municipal and for irrigation.

For the nine months ending 31st December, 46% of all businesses come from water control gates, 30% of businesses come from the screening products, 15% of the business have come from valve and 9% of our business has come from other miscellaneous product which is process equipment as well as hydro power and pumping equipment.

I am glad to inform that when we embark on our vision of becoming a global company, we accept that we will bring more than 65% of our revenue from outside India. We are nearly in line with that of the total revenue of 233 crores, 126 crores revenue is from outside India. We supply to projects in Europe, USA, Middle East India as well as far and Southeast Asia. And in the screen, we have shown you the amount of business we are doing in various sectors of the world. We are proved by most of the clients and consultants in India as well as outside India and this gives us a very strong strength of ensured business potential worldwide.

Now, coming to the financial performance of the company. First, I will go through the standalone for the three major revenue earning companies of the group. Jash Engineering Limited is the biggest company of the Jash Engineering and it owns all the other companies and 100% subsidiaries are Shivpad as well as Rodney Hunt. Jash Engineering has improvement in its turnover as well as in its profit after tax. The profit after tax improved significantly because of reduction in raw material as well as improved order intake of high value-added product. In case of Shivpad also we have seen significant improvement in turnover as well as in profitability. However, in Rodney Hunt the turnover did not grow as expected even though we have a very high order book position in Rodney Hunt and as a result of that, we have some increase in losses over last year, they are minor

\$0.2 billion but we are sure to work on this, since we expect in the last quarter to achieve revenue of more than \$20 million. So, from \$12 million now, we expect to achieve more than \$20 million by the end of this year and once we do that even Rodney Hunt would be quite profitable.

On the consolidated figures we have had increase in revenue from ₹214 to 241 crores but this has resulted in improved gross profit margin as well as EBITDA margin and our profit before tax. Profit before tax and Profit after tax has significantly improved, along with other income, more than ₹22 crores has been our comprehensive income for the 9 months period. This is the consolidated income statement which shows quarter wise performance as well as performance in ending 9 months and as you can check our 9 months ending 31st December, our EPS has significantly improved, nearly doubled than what we have achieved last year same time.

Coming to our business outlook, I'm pleased to say that our order booking is quite strong it is nearly 720 crores today with more than 471 crores of orders outside India and 249 crores of orders within India. Considering the two subsidiaries which are our major contributor to the turnover. Rodney Hunt has also had a very good order book position, ₹269 crores and Shivpad have ₹12.47 crores order book position. Overall, I would say that we have a very strong order book position which should be able to get us even through the next one financial year 2023-24. And so, I'm happy to note that the company is on a very strong footing now, we have not too much worried about the recession, which is expected globally because our order book position is sound.

Our order pipeline also is quite strong. We have already negotiated orders for ₹33 crores and orders worth around ₹25-26 crores are under final negotiation. These order also we expect to get finalise within next few weeks. And so, we have a strong order book position backed by good order inflow in the coming months.

We still maintain the same sales outlook which we had projected at the beginning of the year. We see some challenges in maintaining that so it's possible that ₹430 crores may go down before ₹20 crores or so but that should not be a major deviation in that.

Coming to the developments I would like to tell that the order book position of Rodney Hunt today is close to \$33 million. So even when we do close to \$9 million in the next three months, we would still be having pending order book position of \$22 billion plus few million which will be added in the current two months. In Rodney Hunt we have already bought the land in Houston and part payment has been given and all the payment will be made by March.

The agreement with Invent of Germany has been finalized and I'll be going to Germany in the end of this week to sign the agreement and also to take this business forward.

The work on new product line in unit II is progressing well and we will commission this in Q3 of this coming financial year. At the same time in Shivpad, most of the approvals are in process some of the approvals we have already got. So once all the approvals are received, we will float the tender for construction of the plant, this plant construction would be started in April 2023 and we hope to complete the plant by 2024 March. The company has also granted 2,45,600 options to the eligible employee under Jash ESOP scheme of 2019 with this grant close to 200-280 people in the company would be the shareholder. This would be best for the company because if the staff are committed and they see creation of wealth for themselves by better output and better vigilance in the company it will benefit all shareholder.

I am pleased to inform that the company have backed an award which is from the independent agency ICAI for excellence in financial reporting or financial year 2021-22 and this was for companies having turnover of less than 500 crores which is quite a prestigious thing for the company because ICAI is very renowned institution of chartered accountants and if they consider us as being good in financial reporting, I would say that we are doing something good.

During the 17th Pravasi Bhartiya Divas organized at Indore, the government of India has selected our plant after due diligence and visit by top ministry of external affair people that this is the company which should be showcased to the visitor and in this progression the President of Guyana visited our company. The foreign minister of Panama was also suppose to visit our company, however she could not make it as she got delayed elsewhere but the president visited and Guyana now is looking forward to using our product for their energy needs because the country is growing and they need lot of gates and other equipment for sustenance and someone from our US office will be visiting Guyana shortly to take this forward.

In the end I would like to say that we have had a quite healthy growth and improvement in all type of numbers like revenue, EBITDA or profitability. The main reason for profitability is better order profitability, high value addition order and reduction in raw material prices. Though the raw material prices are still going up and down but we have overcome whatever happened last year and so in future I can assure that we would be able to do better. Our subsidiary companies are also doing good and as we all are aware that Q4 of the year is where we do most of our revenue. So, in Jash as well as in our subsidiary companies the most of the revenue would be done in Q4 and on account of that we are looking forward to good improvement in our performance. I would like to state here that as

said that ICAI award which we got shows that we have good governance, there are good reporting and it is part of our culture and we continue to keep ourselves align with the best practices. And if any of you feel that we should be doing something more we are open to the suggestions because I believe that the more transparent you are, more positive you are in your reporting the shareholder as well as all the stakeholder are better placed in our company. We do not want something like what happened currently, you are all aware what happened and something like that happens with us and so we are very vigilant and we will try to be more vigilant and transparent.

years Finally, I would say that our domestic market is very strong, it is something which I have not seen over last 7-8 years. Finally it looks like domestic market is also coming in line with the global market, so in years to come we are looking at very strong domestic order book position and this should propel the company along with our total export position which is also becoming stronger. So, I would say as a result of strong domestic market and our strong presence in global market we are now on verge of further growth with increased profitability. Thank you.

Siddesh Chawan: Thank you. We will now begin with the question and answer session. Gentle reminder to all the participants to ask question please select the raise hand option. We will now wait for the movement until the question queue assembles. The first question is from Mr. Navin. Navin, please unmute yourself and go ahead.

Navin: Thank you for the opportunity. First of all I want to congratulate Jash team for winning the ICAI award. My question is I wanted to understand the competitive landscape in USA in the wake of rising interest rates.

Pratik Patel: In USA the rising interest rate does not only affect us, it affects all our competitors. So, for us it's not a big issue. The rising interest rate definitely affects the execution of the project because of the rising cost some projects may get deferred or announced for execution later on or some may slow down but, on an average, it is same for everyone not only for Rodney Hunt. So, I would say that rising interest rate does not put us at a disadvantage vis-à-vis our competitors.

Dharmendra Jain: At present we do not have any loan in USA, so there is no such burden on us. If we take it will be equivalent to others.

Navin: My question was more in respect to the competitive landscape, does it change because the USA companies compared to us won't be that competitive.

No, there is no such change because when you supply from India to America you are building up a normal cost and then on that they are adding up overhead and margins and import it. I think that does not affect us much.

Navin: My second question is I want to understand what is the finished goods inventory at the end of the 9 months. Are we sitting on lot of finished goods inventory considering our execution for the first 9 months.

Pratik Patel: Let me tell you there were 2 things which I would like to explain here. One is finished goods and one is goods which are being delivered but has not reached as per import terms. So, we have delivered material worth Rs.14 crores on 31st of December which has not been considered in our revenue because they have not reached the site. In addition to that I am talking of Jash Engineering standalone only. In addition to that Rs.19 crores worth of finished goods are lying at our plant dually inspected because of the payment reason or because of clearance from the client to dispatch. So Rs.33 crores is the amount of finished goods which are either ready with the plant or in dispatch, this is for standalone. The same position is in Shivpad and Rodney Hunt would be around another Rs.6-7 crores.

Navin: You also spoke about changing India landscape and you will see order book traction going forward. Could you speak more about it, is it any particular municipality or across.

Across Bangalore, Hyderabad, Pune, Bombay, Delhi, Kolkata and Chennai. So, these cities alone has announced so many projects and the orders are being placed fast now because everyone knows election is coming and they want to place the order so that they don't get into the hold by the election commission for placing order before election. So, as result of that we are seeing a huge traction in the domestic market which I have not seen for last 15-20 years.

Navin: Is it possible to quantify approximately.

Pratik Patel: I believe that the businesses that we will get from all these projects which have been announced and which have been already ordered should be on an average 100-150% more than what was our domestic turnover in last few years.

Navin: Thank you sir. That is all from my end, I will get back in the queue.

Siddesh Chawan: Thank you Navin. Next question is from Mr. Dilip. Please unmute yourself and go ahead

Dilip: Pratikji two questions. One is our pending orders outside US and India is around Rs.200 crores. Rs.220 crores from USA and Rs.470 total. This is very large chunk and I have never seen in last 5-6 years such big outside USA and India. So can you give some colour how much is from Singapore and Hongkong. And we have seen Singapore orders going forever and so is Hongkong. Please can you give some colour on the executability of this order.

Pratik Patel: So, can I answer question by question otherwise with too many questions I will forget. So let me just tell you here, from Singapore we have around Rs.100 crores worth of orders. Execution of those orders have started, this year we will be supplying close to Rs.10-15 crores worth of those orders and in the next 2 years all those orders will be executed for

Singapore. Hongkong is going very strong all the orders in Hongkong are being under execution and there is no delay in Hongkong. The good thing which has happened in Hongkong is one of the competitor has closed shop. So, the order which we lost in 1 year have come back to us whether we can give or not. So in Southeast Asia, we are still very strong and we are doing well. In in US, what we saw order position is shown separately for US. So Southeast Asia, Middle East and Europe together also has a very strong order book position close to Rs.150 crores.

Dilip: So, other totals Rs.200 crores, actually in Europe, Southeast Asia and Middle East

Pratik Patel: Yes, something like that. Some is also from Africa and like that and other countries but ya the total is Rs.200 crores of which Singapore is close Rs.200 crores, Hong Kong would be Rs.30-40 crores, Rs.20-30 crores will be from Middle East and Rs.20-30 crores is from Europe and Africa.

Dilip: Sure so that's good. So, we are truly an international company now across the globe.

Pratik Patel: In 2 more years, yes. In 2 years we would be an international company but we are reaching there.

Dilip: Second question is, we had some issue regarding the size of the balance sheet USA Rodney Hunt and I remember last quarter or last to last quarter, you were talking about a \$20 million deal where we had to take guarantee from a partner. So, is that still a problem and is that still a facing issue in bidding for large client.

Pratik Patel: If I am able to sell Orange land than we have a very good way out but other than that we are in talks with someone who is willing to fund us and when I go to US next week we will be having final talks with him. So, if he agree to do what he has agreed already than I think we have a way out.

Dilip: Sure. So, we are dependent on this monetizing the land in Orange.

Pratik Patel: Monetizing the land in Orange brings us enough surplus money that will not be dependent on anyone. However, for getting the bonding we will still be dependent on someone because none of us are a US citizen so we'll be dependent on a US citizen and one person has decided to come forward with giving his social security number etc and also giving a bond based on our giving him some financial benefits.

Dilip: Sure. Third question is regarding the capacity. I know we are already in the middle of 23 and I think most of our investment cycles are over right, we have already done whatever expansion we needed to do. So, what is the next leg if you are saying that we are going to get a large chunk of business from India in next 24 months, what I understand our capacity to produce is around Rs.600 crores

Pratik Patel: It is around Rs.500 crores now. Two plants we are building up, one in unit I and one in Chennai and with that we will be reaching Rs.650 crores.

- Dilip:** Yeah, which unless it is proper, like finely balanced and we have SEZ and domestic production. So, is that going to be a constraint in next two years down the line?
- Pratik Patel:** No. Fortunately we have separate plans for domestic market and separate plan for export market with this constrain is removed. Earlier constrain was export was also being produced in the domestic market. So, when the domestic market demand was there, either we have to bid for export or for domestic, so we had to sacrifice one of the markets. Today fortunately we are not in that position.
- Dilip:** Sure. Okay, thank you
- Siddesh Chawan:** Thank you Dilip. The next question is from Alisha, please unmute yourself and go ahead.
- Alisha:** Sir last quarter also you highlighted that there has been some delay in the supply at Rodney Hunt, material was inspected and the client didn't pick it up on time. This quarter also to some extent our consolidated revenues is impacted because of Rodney Hunt. Is there a particular client issue that we're facing?
- Pratik Patel:** There is no client issue. In Rodney Hunt 70% of the revenue comes from goods manufactured in India. And sending from India to America now has become a very cumbersome thing. What used to reach America earlier in 45 to 50 days at side today takes at least three weeks more and as a result of that we are not able to like in the month of January itself, Rodney Hunt would be billing more than \$3 million. So, all that is on account of transshipment and shipment delays. The client issue is there but it is very less because the shipment issue is the bigger one.
- Alisha:** Okay, sure. And how is the demand in the ex-US export market? You did mention that you know we already have order book in Singapore, Hong Kong etc but incrementally and you did mention that domestic is looking strong but how is the demand outside US in the other geographies looking.
- Pratik Patel:** One of the biggest competitor in UK have shut down. I think we are the reason for it shutting down or closing down. And that increases for us potential everywhere. As I said yesterday, we got a letter from his agent in Hong Kong that would you be able to finish those projects. Would you be able to help us out of this project because we are not going to get deliveries. So, this would definitely help us in building our revenues everywhere in UK, Middle East as well as in Southeast Asia. That company use to do 14 to 15 million pounds i.e. ₹150 crores approximately of revenue in water control gates.
- Alisha:** Okay. And in a previous quarter, we also mentioned that we had some amount of for lack of better word legacy order where the margins was slightly lower because of the RM inflation and the time they were picked. What is the update on that is all of that executed or can we expect some more pressure.

- Pratik Patel:** The execution is now starting we have not executed, but God has been great so Indian rupee has depreciated enough to ensure that all those orders are now in profit. The raw material rates also have gone down by the way and dollar has appreciated, so at the end of the day now we are back to square one and we are profitable.
- Alisha:** So in this 700 crores order book that we're holding, you're saying there will be very limited if any margin impact because of any previous orders also.
- Pratik Patel:** As I said, the impact would be very minimal. One of the prime reasons would be that the rupee has depreciated. So, where the raw materials started going up, we also started going down and as a result we have reached a stage where we were still little bit negative, but now the raw material rates have started going down and they have stabilized to a certain level. At this level most of those orders are now profitable. Some are immensely profitable, some less profitable but most of them are now profitable.
- Alisha:** Understood. So, we had an aspiration to do 10% PAT margin in this year and we continue to believe that will be achievable for this financial year FY23.
- Pratik Patel:** I think so, we should be able to improve all the delivery stakes. See now we have made a policy that if the client does not pay, we will not deliver the material just to get billing. So that may put a little bit spoke in our aspiration but other than that, I would say there's nothing wrong as of today we chose to less than 10% PAT. We expect 11% but let us keep our fingers crossed if you are happy at and I'm also happy at 10%.
- Alisha:** That's great. Thank you.
- Siddesh Chawan:** Thank you Alisha. The next question is from Mr. Nitin Dharmavat, please unmute yourself and go ahead.
- Nitin Dharmavat:** Thank you for the opportunity. So, you mentioned about the possibility of Rs.650 crore revenue with some expansion that you mentioned. So, this will be by which financial year.
- Pratik Patel:** Within 4 years' time.
- Nitin Dharmavat:** That is 2027 financial year.
- Pratik Patel:** By 2025-26
- Nitin Dharmavat:** Ok 2026, it is 3 years from now.
- Pratik Patel:** In 2027 definitely.
- Nitin Dharmavat:** Got it and this incremental revenue because of the competitor shutting down in UK. Have you included that as well in this or that is not included in the Rs.650 crore
- Pratik Patel:** No addition because of any acquisition of someone who has closed down or someone want to won is not included.
- Nitin Dharmavat:** Oh, got it. Thank you, I have only this many questions.

- Siddesh Chawan:** Alisha, please go ahead.
- Alisha:** Hi, thank you for the opportunity again, just wanted to know by when do we now expect Rodney Hunt to break even because there was still some loss in this quarter.
- Pratik Patel:** Last year itself it has broken even. So, if you see our type of business in the first quarter, we have high losses in the second quarter, we may have small losses or we may be having small profits in the third quarter we make more profit and in the last quarter, fourth quarter, we make enough substantial profit to take care of the whole year. And it is true for Jash Engineering, it is also true for Shivpad, it is also true for Rodney Hunt. So, Rodney Hunt was profitable last year, itself last year we had a net profit of half a million dollars and this year we hope to improve upon further.
- Alisha:** And we were considering an inorganic opportunity, which I think was at quite advanced stages, any update on that or is there plans to close it in this financial year?
- Pratik Patel:** It is still on cards. We are discussing. We'll only go forward if we find it worthwhile..
- Alisha:** Any chance we can close it, any timelines will it be this financial year, next year assuming it is lucrative.
- Pratik Patel:** I am travelling for that only, let's keep our finger crossed.
- Alisha:** Okay.
- Pratik Patel:** I am leaving for Europe this week and one of the reason is that.
- Alisha:** Okay.
- Siddesh Chawan:** Thank you Alisha. The next question is from Sanjay Shah, please unmute yourself and go ahead.
- Sanjay Shah:** Good evening, gentlemen. Pratik Sir can you throw some opportunity what you see in US market especially for Rodney Hunt as far as the new orders are concerned. Now are we have graduated enough to beat for some big orders where which we restricted previously or we are not eligible, I may pardon. So, is there any opportunity see on that side and are we going for that.
- Pratik Patel:** We are bidding for a single job which is of \$18 million and we are the only Gate company which has been named in that project. So now slowly things have started changing, infact few multimillion dollar project we are already named now and we are able to bid for it. The results will come hopefully within the next 2-3 months and one those result comes you will understand that now we are going on to the top league in America for this type of business. So, I think we have reached a level where people are now relatively confident of going for us.
- Sanjay Shah:** That's great. Sir what are the challenges you see in doing business in US market especially from Rodney Hunt and how we are mitigating it.

- Pratik Patel:** Manpower is our biggest problem in America. We are not getting vendors, we are not getting fitters, we are getting nothing. We have a lot of orders and we sometimes don't know how to execute them because of the people problem and that is one of the reason why we are opening up a plant in Houston were we expect to have more people available for production.
- Sanjay Shah:** So, what will be the capex we will be incurring in Houston and by what time we'll be ready from that side.
- Pratik Patel:** So the plan is by September this year we will complete the expansion at unit II. By March next year we'll complete the expansion in the new plant in Chennai. And after this 2 works are done we start at the Rodney Hunt plant, sometime from next year we will complete it by March 2025. And the overall investment at Rodney Hunt would be between \$2-3 million barring the cost of land which we will be paying this year, which is around half a million dollar. Sanjayji we are not going to do big ban expansion anywhere, we will only do partial expansion and once the business starts coming in, and once we feel that we need to do move further then only we will do. So America we will like to cap at \$2 million.
- Sanjay Shah:** Thank you. Good luck to you all.
- Pratik Patel:** Sanjay, when we do the Houston expansion the plant in Orange we be still operating. Soeven if we do the Houston expansion smaller it will not affect output wise.
- Sanjay Shah:** Got it. Thank you.
- Siddesh Chawan:** The next question is from Mr. Dilip. Please unmute yourself and go ahead.
- Dilip:** Pratik bhai two questions. One is our investment considering that we will do 430 this year at around 500 plus next year. So, the way I look at is next 3-4 years, our investment is not going to be more than 30-35 crores on an average. Our cash flows will be far better. So, any plan on the dividend distribution policy. What is a policy we have on dividend distribution currently
- Pratik Patel:** I would like to take it gradually dividend distribution around 72% at par. We are not talking from point of view of the market value I'm talking of par value of share i.e. Rs.10. So, my intention is to increase the dividend over period of time to at least 72% of par value next 2-3 years. And then we can think if an investment requirement is not there than higher dividend in proportion to the earnings.
- Dilip:** Sure.
- Pratik Patel:** But for next 3 years we still need to invest gradually close to 45-50 crores.
- Dilip:** Understood. So our visibility is around Rs.7-8 for for the peak in next three years. So, it is a good thing that we are investing into a business and that leads to my second question.

- Pratik Patel:** So, we are already at a half of that and if the continuous improvement in profitability is seen we will gradually increase to 72%.
- Dilip:** Sure. Yeah. 72% is Rs.7.2.
- Pratik Patel:** Yeah.
- Dilip:** The next question is India business while it's good that it's humongous and it will obviously give us a lot of leverage. My experience has been in the past the India business comes with a lot of problems working capital delay in decision making then the customers don't pick up and even large customers like L&T, there there's a back to back payment and the customers are you know, municipalities and all. So, is there some way management is thinking of de risking the receivables in this business.
- Pratik Patel:** See my experience is suppose you have got Rs.200 crores order in India, Rs.10 crores of orders will always get stuck, whatever you do may get stuck with good companies, may get stuck with good municipalities, may get stuck with bad companies any one. So, the risk which we think of is less than I would say 5-10%. So if there is a 5-10% risk of order getting stuck or delay, I say it is the fair risk in the type of business we are in. In infrastructure, you know, it's very tricky, the change of government also sometime result into huge chaos and that is why we decided to focus more on projects outside India and then in India. But these projects which have been announced are huge, this project have been placed on companies which are financially sound, but if it is L&T then you are right. We have to see all sorts of music from L&T because they're so big they don't listen or they don't care for small supplies.
- Dilip:** Yeah. So is there some way like selling out the receivables or bill discounting, something of that sort.
- Pratik Patel:** We have to do all those things, but one thing you should understand which helps us not getting export more than 5-10% is our orders are of suppose Rs.20-30 crores, may be delivered in 15 or 20 lots. So every time we are delivering material 1-1.5 crores and if you don't get payment for that you stop all subsequent activities. And so my exposure always get limited.
- Dilip:** Yeah. My only worry is that current deals that we are seeing in the market like the Mumbai deal they will be 50-60 crores each deal will be 30-40-50 crores.
- Pratik Patel:** The delivery would be going in 1-2 crores segment only. So my around Rs.40 crores order also maybe having 10-15 dispatchers. So, if someone does not pay me for first dispatch the worst thing I would have is material of first dispatch at my end and 50% production of the second dispatch is already done. So, my exposure would be 4-4.5 crores. That's why I said our general exposure in a very bad time also has never been more than 10% of the orderbook positions.

- Dilip:** Okay. Understood. Thank you and all the best.
- Siddesh Chawan:** There is one question on chat box from Bhavya Sonawala. “Given that the majority of your revenue is generated in the last quarter and any future capital expenditure will be based on the quarter performance. Do you consider this to be a risk? Is there any solution to this?”
- Pratik Patel:** I don’t think we have a very credible solution to this, the reason is, as you know most of our deliveries are capital goods and these are going to government or industry and as the year ending in most of the countries where we had is 31st March all the accumulated delivery take place in the last quarter. There is no risk as such as we have been 40-50 years all the 60% of our revenue come in last quarter. Because all the products are pre approved and all the designs are based on our product it is not possible that the project can be completed without work force and so we don’t see any big risk in delivering such big amount of order in the last quarter.
- Siddesh Chawan:** As it was the last question. I would request Pratik Sir for closing comment.
- Pratik Patel:** Thank you everyone for joining this meet. I am sure you would be happy with the result and I look forward to meeting you again when we are with the result for next quarter and financial year. I am looking to what we have achieved in the past in the last quarter and I am sure we all look forward to much better improved results in the next quarter. Thank you.
- Siddesh Chawan:** Thank you for joining us today. If you have any additional question you can reach out to us anytime. We wish you a good health and look forward to meet you again in the next quarter. Have a good day