

21.08.2023

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 Q1 FY24 Earnings Conference Call

Symbol: JASH

We are enclosing herewith the transcript of Q1 FY24 Earnings conference call with the Investors held on Monday, 14th August, 2023.

You are requested to take the aforementioned information on records.

Thanking You,

Yours Faithfully,

For JASH Engineering Limited

Tushar Kharpade

Company Secretary & Compliance Officer

Encl.: A/a





“Jash Engineering Limited
Q1 FY24 Earnings Conference Call”

August 14, 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 Q1 FY24 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, 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 the 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 the 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. Thanks for sparing the time and attending this investor presentation for Q1 FY24. I am not in India, so I am doing this from Europe where I am presently on tour. I hope that I am able to answer most of your query even though I am little bit not very good at doing this zoom presentation when I am not in control. So, to begin with, first of all, I would like to I am pleased to inform you that this is the 50th year of the company and we are celebrating the 50th year on 29th of September 2023 and we would request all of you who can visit us during that time to participate in our celebrations.

As most of you who have been with us on our journey know we are a manufacturing company. We have five manufacturing units as of now with 950 employees, consolidated sales of Rs.415 cores our major business is out of India we export to various countries globally. Together with all our subsidiaries we have 350 plus years of experience and we are approved by most of the municipal authorities in India and also out of India.

The company is continuously evolving, over a period of time we have joined hand with various partners and we are also joined hands with various technical collaborators to reach where we are today. In the process we have also acquired various companies like Sureseal in 2009, Shivpad in 2011, Mahr Maschinenbau in 2014, Rodney Hunt in 2016 and now we are in the process of acquiring Waterfront in UK. The reason for all these acquisitions was

either to increase the market or to get a brand name which is live and, in many markets, so that we can add to our branding in international market.

We are also continuously investing every year on an average we have been adding some major facility and the purpose of that was only to ensure that we have Rs.600 crores plus manufacturing capability. And now we have plans to invest for the close Rs.100 crores in ensuring that we double our turnover from Rs.500 crores this year to Rs.1000 crores in four to five years' time.

One of the key features of our company has been that we have most of the facilities required to produce our equipment in house. There are very few companies who have this capability and this ensures that we can deliver very fast when required or we don't get stuck up because our vendors are facing problems.

I would like to give a brief overview of the products we are making gates, gate is our biggest line of business. We produce gates for all types of operations from treatment plant to pumping station from dams to canals, etc. And we see a good moment in future so we are adding further products into our water control gates product line. Coarse Screening equipment we have one of the finest Coarse Screening and Fine Screening equipment range in the world. And from Fine Screen such as drum screen, steps screen brush screen, perscalator screen, to screw screen such multi-rake screen, mahr multi-rake screen, suspended rack screen, brand rake screen etc.

We also have a very wide range of screening conveying equipment and about a good range of Knife Gate Valves which I would consider amongst the best range today available in the world with any company. Bulk Solid Handling equipment also we produced in collaboration with Schuette with last more than 25 years and special purpose Valve an Air Vessel these are the products coming from Sureseal line to which we have added Air Vessels.

Acquisition of Shivpad brought us a big range of process equipment which comprise of Detritor to remove grit, aerator to improve the quality of water, clarifier, clarifloculator etc. We are also amongst the biggest in Asia now to produce Hydropower equipment which is in the form of Archimedean Screws, Screw Pumps for floodwater pumping and the latest addition is this Disc Filters which is required for secondary treatment.

Most of our products are basically water based, I would say 95% of the products are water based which means wherever water is required, we are supplying our products be pumping station, treatment plant, holding ponds, dams or industrial projects where huge amount of water is required such as in power, paper & pulp and steel plants, petrochemical plants, etc. As I said earlier, water control gate is the biggest contributor to our revenue, 57% of our revenue in this quarter has come from sluice gate, 13% of our revenue in this quarter has come from screening equipment, 23% of revenue has come from the valves and 7% of our revenue has come from process equipment and also screw generators and pumps.

As we grow, you will observe that most of our revenue is now started to come from outside India. In this quarter, our revenue within India is around Rs.27 crores and revenue outside India is around Rs.36 crores. Now, this is how we would like to go forward and ensure that revenue outside India is close to 65% and revenue within India is 35%. We also export worldwide so we are not only concentrated in some places, depending upon which consignment goes in which quarter the proportion of one zone to another zone may change from time to time. But the fact remains that we are very well established in far and Southeast Asia, Middle East, Europe and Africa and USA.

One of the biggest needs in our business is approvals, approvals by big clients' approvals by big consultants. We are approved by most of the clients and consultants in India as well as out of India. So in the international market also now we are very well known and this can be seen from all increasing business prospects in the international market.

Coming to the financial performance of the company, we are pleased to announce the results for quarter one. However, those who have been tracking this company so far, are aware that financial results in quarter one is always very subdued. We have been trying to improve this but because most of the revenue is coming from those countries which were some times are ruled by British government, where April to March is the financial year. As a result of that our turnover gets affected in quarter one where everything is slow, starts picking up from quarter two, reaches a peak in quarter four. So, I am sure that whatever the results you see today as to be seen in that perspective and also the fact that we have been warning about this since last four or five years when we were having the investor conference. Coming to the the revenue of most of the performing companies in the group has grown, Jash Engineering has a significant increase in revenue, Shivpad have 10% increase in revenue and Rodney Hunt at significant high percentage of growth in revenue. That improvement also is there. So Jash have some improvement in profitability, Rodney Hunt losses vis-s-vis past year's same quarter has reduced a little bit and also that of Shivpad have reduced little bit. This augurs well for future because as I have already said, quarter two onwards everything becomes better and better.

If you see the consolidated financial figures, you will observe that the revenues have gone up significantly in the first quarter. Gross profit margins have reduced little bit, but the gross profit has gone up and same as in the case of EBIDTA which has also gone up marginally. As far as profit before tax is concerned, there has been losses, but in comparison to last year the losses are less. So, as well as for profit after tax. So, this I would say signifies that there is an implement even in the first quarter.

Showing a consolidated income statement. When we go on to the PAT margin, you will observe that in Q1 our PAT margins last year were much lower in comparison to this year, which shows that even in the first quarter, we are now able to get some improvements done. We hope that it is everyone's concern that we saw always losses on the first quarter and we

are working on it to ensure that we have more than more billing in quarter one so that the losses are reduced.

Coming to business outlook. I am pleased to inform that we have a very strong order book position. Our cumulative order book position including those of subsidiaries has reached Rs.829 crores, which is the highest so far out of this Rs.238 crores is business within India and Rs.591 crores is projects outside India. This augurs well in the long run, because this will ensure that our profitability improves because margins outside India are better. Also, projects outside India are completed mostly within time. And this ensures that we are not hit by reduced margins due to stock blockage. Our consolidated order pipeline also is quite good. We have shown only for the month of August, but overall, also we see a very positive in flow. We are negotiating some very big orders which have come through can ensure that our order book position will cross over Rs.1000 crores by the end of Q2. We still maintain the same sales outlook. At the beginning we had informed that we are looking at anywhere between Rs.500-525 crores as a consolidated sales for this year, which is more than 20% increase over last year. As of now we still feel very confident of achieving that and the movement in the business, international as well as domestic is still small and I see no reason why we should not achieve anywhere between Rs.500-525 crores revenue this year.

I would like to believe about some other developments. We are adding up on to our existing head office building by making one more floor where we'll be housing our new design teams and also the new Jash Invent office. Jash Invent will start operations by end of this year and so we are building an office or dedicated to that team. At unit II we are setting up a very big facility to produce stainless steel products. The existing facility would be shifted here because this is somewhat bigger area and this will ensure that we have very high level of segregation in comparison to SEZ it was not as good as SEZ before, but now with this expansion the segregation of carbon steel and stainless steel would be as good as that we have at SEZ plants. Already we have very good facilities but we are improving upon that by addition certain equipments even in each of our plants, and this would ensure that by the end of this year, we are one of the best and most equipped manufacturing facilities in the world for our type of products. Finally, I would like to informed that we are progressing quite well in the process of acquiring 80% stake in Waterfront Fluid Controls UK. We hope most of the legal financial and tax divisions would be over by August end and we will be able to sign the agreement in September and ensure complete acquisition of 80% share by December of this year. I would like to inform that acquisition of Waterfront could be quite positive for us for the UK market. In the UK market as of now the largest player that was Hambaker has closed down because of bankruptcy. This opens a very good window for us to go ahead and grab the British market. British market is close to around Rs.250 crores of which Hambaker was close Rs.150 crores. So, we believe that by acquiring Waterfront and bringing a same model, which we had in America, we will be able to acquire a large portion of the market

which Hambaker has vacated and that's why I am quite positive about our acquisition of Waterfront Fluid Control bringing us good fortune in future.

In the end, I would like to say that as always, the first quarter is subdued with us. Materials which are ready also not delivered in the Q1. However, this has been continual every year. We had 18.3% growth in standalone but our subsidiary who were not able to achieve a large growth as we had envisaged. However, we are quite confident that in Q2 we will be able to present to you an improved performance. Overall, as I said Q1 profitability vis-à-vis the same period last year is on the improvement side and so we expect if the same performance comes in Q2, then overall we would have a much better year this year.

I would like to say that our shareholding pattern has good addition of employee trust, more than 231 employees out of close to 350 odd employee, this I am talking office staff of the staff and not workers have now co-owners in the company, they have stocks in the company and the employee having stocks is gradually growing. And I expect that more than 80% of employees would have stock in the company resulting into more commitment by them and also increasing their worth and similarly their faith in the company for future. Thank you.

Siddesh Chawan: Thank you. We will now begin to Q&A session. Gentle reminder to all the participants to ask question please select a raise hand option. We will wait for a moment till the question queue assembles? Navin please unmute and go ahead.

Navin: Thank you for the opportunity. Pratik sir this is with respect to the business environment. We have seen a very good order inflows. How are you reading, where is this orders coming from and what is your outlook for the future, especially in the US market?

Pratik Patel: So if you had seen the press release which we had given out of close to Rs.112 crores orders, which we received last month, close to Rs.85-90 crore worth of orders are from US. We are quite bullish about the US market. I believe sooner or later US market will become bigger for us then all markets. We also see quite a good improvement in Far East and some improvements in Middle East. So, I would put it like this that as far as business sentiments are concerned export will drive the company but at the same time we have also very strong solid order book position within India and that also is improving from time to time. So, I am quite confident that we would generally not see any set back during the next year which is the election year because of our order book position would be quite strong by then. So, I want hopeful of very strong order inflow in coming years.

Navin: With respect to India, do you see any pickup in orders on the industrial side also.

Pratik Patel: Orders in the industrial sites are increasing but not in proportion to the municipal this business is still quite low.

Navin: Thank you. I'll get back in the queue.

Siddesh Chawan: The next question is from Mr. Sanjay Shah. Please unmute yourself and go ahead.

Sanjay Shah: Thank you, sir. Thanks for opportunity. Need to understand from you off laid we have been reading about flood which becomes a very big concern to the world at large. So, what opportunity they threw to us as a Jash Engineering. Can you highlight upon it.

Pratik Patel: So this has become a big issue in the recent time and it is on account of climate change. If you see every city gets rains, which are huge in comparison to what they have been getting in the past, and these rains fall within a short time one day or two days leading to flooding in the cities. So, this is all account of climate change. However, there is another issue also on account of climate change, which has become very critical and that issue is about the sea level going up. Sea level are going up. I was invited to Singapore by the consultant Royal Haskoning. And Singapore expects the sea level to be 800 mm going above from present 800 mm by 2100 which will mean that many of the low lying areas of Singapore will get flooded. So they have already started working on flood barriers and they are in talks with us and companies like us to offer solutions, which would ensure that they do not have flooding. For your knowledge Jakarta is sinking 8 inches every year. By 2030 the greater part of Jakarta would be below sea level. Now just imagine in that case when rain comes the rain water does drain out. The same happened in Bombay many years back that there was high sea levels and excess rain came as a result of which the water could not drain out of the city and that resulted into lots of deaths and lots of damage to the property. Though it is not a good thing but for us it opens up a huge business opportunity. In Kula Lumpur and in Malaysia we have supplied in the recent time big flood prevention pumps, which can push out water to the tune of 6000-8000 litres per second. This type of equipment more and more will be required. Flood barriers will be required more than more. In fact, we are in the race to get a very big job in the US which is flooding by Hudson River in New York and Manhattan and we expect that job to come through by October if everything goes as per the plan. And that will that job will be one of the biggest in our history and that is on the account of flooding. So flooding is becoming a very big issue. Only problem is to tackle that issue governments cities will need money. After COVID I think some cities will take a lot of time to recover and so as and when they recover financially, they would have to start investing into flood protection systems. Otherwise, those cities would have lot of losses in future and lots of debts. So, in short it presents Jash Engineering and companies like us a very high potential in future.

Sanjay Shah: That was on my side and welcome Mr. Schuette and Jash team for concluding. Thank you for an opportunity.

Siddesh Chawan: The next question is from Mr. Dilip Kumar Sahu, please unmute yourself and go ahead.

Dilip Kumar Sahu: You have fantastic orderbook, 4-5 years back when I became an investor in Jash, I never thought we would have orderbook pending of Rs.800 crores. Pratik bhai my question is regarding the UK acquisition. We are acquiring 80% and other 20% is going to be with, is there an option to buy that in future or its is going to be 80-20, that is question number one.

Question number two is, in the last concall you had talked about equity plus cash for this equation. Can you just let me know what would be the equity dilution we will be having in this acquisition.

Pratik Patel:

Can I reply to first two questions. If I remember well, your first question is whether we can take 100% of the equity. Yes that option is there in the shareholder agreement, that if they want to sell we are the first buyer. So that option is always there. The second question you had was which we are going to give you the payment to them. So, 20% of the agreed value, we are giving as upfront money, cash and 80% we are going to give as equity of the company of Jash Engineering and that would amount to dilution by around, I would say roughly 1.2-1.35%. In short, there is no significant reduction in dilution in our holdings.

Dilip Kumar Sahu:

Sure. So the next question was, we had a plan for Rodney Hunt of starting up a new facility, if I remember in Boston the new manufacturing facility, as well as moving on to a corporate office. So is that investment underway and can you give us some guidance on the timeline and the quantum.

Pratik Patel:

So, last week I was in Houston and I had gone to Houston for that only. What happened was when we bought the plot, we were not aware that there is a pipeline going from underneath it. Our surveyor came out with an Exxon Mobil pipeline going from underneath the plot diagonally which would have reduced the area of plant which we could have made. So, I was in Pearland city office and we had meeting with the top officials of the city. In the city plans also that detail was not there. However, it turned out that this Exxon Mobil pipeline has been abandoned for more than 40 years now. And Exxon has told that we can build around it because that pipeline is already broken in various places where it is passing through because people have constructed at various places on their plot where this pipeline was passing through in past. So now that worry is no more but because of that worry we were not able to make any plans of the size of the plant etc. Now that is resolved to a great extent unofficially, officially they informed us that they will clear it by end of August. So, once we have the official information we will need three months to develop our plant layout and plants architectural plans, and another three months for approval of the same from Pearland authority. So, I am looking to start the construction activities sometime in March 2024. And I had meetings with the contractors also and they have assured that the whole plant can be built within 10 months. So, we are looking at something like February, March 2025 for commissioning of that plant in Houston. As far as Orange near Boston, the existing Rodney Hunt plant is concerned I had a meeting with city officials of Orange town officials and the town is interested in investing money on building a broad walk on our plot fronting the river. So I had a discussion with them and I had requested that we can give the permission to build a broad walk provided they also bring sewage and water facilities alongside the broad walk. The town has verbally consented to do so. If this thing happens thing happen, the worth of the vacant area available would go up and it would be then converted into residential area

which is Riverfront Housing Development. And we are now looking for how the town comes back to us. If that happens, we expect over the next 3-4 years to sell or to co-develop in part without investing, so land would be our someone will develop and whatever is the asset sold we will get 20% of it. So, co-developing a big area for residences on the face of the river and this should gradually bring to us anywhere between \$6-10 million in time to come as the land gets developed. So, this investment of the land and investment in a new plant both are on, meanwhile in Orange we are already investing in new facilities to ensure that from Orange we can produce much higher than what we are producing today. Incidentally, we are also getting AISE certification in Orange and we will be the first company in America to have that certification in carbon steel for hydraulic structures. At the end both plants will remain. There will be the old plant at Orange and there will be a new plant in Houston.

Dilip Kumar Sahu: Sure, can I ask last question. This is regarding Mumbai Metropolitan large project that we got I think decided a year and a half back. As you indicated, it will take 2-3 years for the order placement to happen. So as the process got initiated.

Pratik Patel: We have already got two orders now. So, the process has already started, now they are on a very fast mode. I expect that all the 6-7 projects which have been awarded most of those orders. I think we have got two orders already hand, one is negotiated and is supposed to come anytime. So, overall I would say out of seven we have already got three and we expect further also balanced projects to come to us.

Dilip Kumar Sahu: Ok. Thank you

Siddesh Chawan: Thank you. The next question is from Alisha Mahula. Please unmute yourself and go ahead.

Alisha Mahawla: Good evening, sir. So, first question will we required to make any investments for Waterfront on the team side. I do understand that 20% will be retained but even in Rodney Hunt eventually we had to send people from here to build the team, will we have to make those kinds of investments in Waterfront.

Pratik Patel: We may have to send one or two persons but not much because the Waterfront presently have only 13 people. So, at most I see Waterfront becoming a company of 30-32 people in four years time, when we are able to increase turnover from existing 3 million to close to 10 million. So, I don't see lot of addition of people, though there would be investment in Waterfront to the tune of 400,000 to 500,000 pounds. We have to share 80% percent, 20% would be shared by the current owners. However, for major part of that also we have already got a grant from Scottish Government which means that close to 40-50% of that also will be subsidized by the Scottish Government.

Alisha Mahawla: And this investment will be done in this year only FY24

Pratik Patel: Yes.

- Alisha Mahawla:** Okay. And you mentioned that there was delay billing because of some one client was it on the domestic side or export side.
- Pratik Patel:** Both side, Tata projects also and Koh Brothers and Sanli also in Singapore. So domestic also we had some delays and in export market we had some delays. Export market was as a result of our not being able to open performance bond because of the Reserve Bank of India strict norms which are not being accepted by Singapore banks and so on. But that has been resolved.
- Alisha Mahawla:** Is it possible to quantify how much revenue we lost this quarter because of these two projects delay.
- Pratik Patel:** I would say between Rs.15-20 crores.
- Alisha Mahawla:** And as of now have we got this money against these orders executed or still pending.
- Pratik Patel:** These products were already made. They could not be billed but now most of the issues are resolved, Tata project first lot is left and also Koh Brothers material is now leaving, it will leave within this month and also Sanli material will live within this month. Sanli had this problem of bank guarantee which I am not day to day aware of what is happening but it is my rough idea that within August we should be able to dispatch that also.
- Alisha Mahawla:** The reason to ask is just to understand that there is no bigger issue on our client side where there could be larger problem.
- Pratik Patel:** No, there are procedural issue. In case of Tata the problem was it is a NPCIL and jobs and NPCIL inspection is very vigorous and so could not be done in time because of lot of pressure they also had on the end of the quarter. And so the inspection got deferred to after the quarter that is in July, and then the inspection was done the first lot has left. The second lot also must be in the process of leaving. So, it's mostly procedural as far as banks are concerned everyone has their own position, no one wants to dilute and we are being tossed around by both the banks, the client bank as well as our own banks. But there is nothing major, it has eaten 6-8 weeks, but that's all nothing now.
- Alisha Mahawla:** And Sir comment on margins, either that the growth at the gross and PAT level is because last year there was some legacy orders or orders where margin was an issue because of our RM inflation, have we executed that and last year we did PAT margin of close to 12-12.5%, can we maintain that this year or do better.
- Pratik Patel:** We hope to better it no doubt but maintain that we will. The reason we hope to do better is that as the prices have stabilized now one, two the dollar rates or the foreign currency rates have appreciated. So, the margins which got hit is now no more an issue with us.
- Alisha Mahawla:** So at gross margin level like we did last year 57% than that should sustain right.

- Pratik Patel:** Yes. We are looking at Rs.500 crores revenue with around Rs.55-60 crore profit after tax. So, 12-12.5% profit after tax.
- Alisha Mahawla:** Okay, got it great. Thank you best of luck.
- Siddesh Chawan:** Thank you. Gentle reminder to all the participants to ask a question please select raise hand option. The next question is from Mr. Jiten Parmar. Please unmute yourself and go ahead.
- Jiten Parmar:** Good evening, Pratik Bhai and to whole Jash team, Dharmendraji and all congratulations on a fairly decent set of quarter numbers and of course the order book is something that gives us a lot of confidence. I just had one question basically on the Waterfront products, how much how much is it differentiated, I mean are they similar product products which we have or is there a difference. If you can throw some more color on that.
- Pratik Patel:** So, the product line of Waterfront, 90% of products are water control case the same as ours. Out of their revenue 30% of revenue is because of Jash. So, if they have 3 million pound revenue then more than 1 million pound revenue is coming because of the products which Jash supplies to them and they supply to the market. So, it is full synergy between Jash and Waterfront as far as products are concerned. But Waterfront did not have the financial strength and the marketing strength and product strength. When I say product strength, they were more of NDP gate manufacturer for stainless steel and all other type of gates, they were dependent either on Jash or someone else so now we will plug this gap by producing stainless steel gate for fast requirement within UK and for longest gestation period in India. So, the same model which we have for Rodney Hunt will be applied at Waterfront also. Only difference between Waterfront and Rodney Hunt is, Rodney Hunt we started from scratch. In Rodney Hunt we did the recruitment. Now when we do the recruitment, we are not aware about the factual position. So, we go by here said that this person is good and this person is not good and based on that here, we select people and then turns out that those people are not good enough. Here it is already going company and going profitable company. Because we have returned the promoters by giving them 20% share. So, they are in the industry and they know everything and hopefully they will not do the same mistake as we did in recruitment in Rodney Hunt. So, we took a few years to get that act right. They should be able to do it from day one.
- Jiten Parmar:** Right, so the curve which we had to go through in Rodney Hunt, basically scaling up curve will be far lesser in Waterfront is what I understand.
- Pratik Patel:** Yes.
- Jiten Parmar:** Okay and do they have any other accreditations or something which can open new
- Pratik Patel:** So, they are already part of Scottish Water Framework Agreement for water control gates. And now with Waterfront and Jash together we will be applying for accreditations with all the other water authorities in UK, there are 8-9 water authorities and if you get these

accreditations then it is given that you will get a huge amount of business with all these companies because you have the first set of refusal thereafter.

Jiten Parmar: That's all. Thank you and wish you all the best for this year and beyond and hope we have a long journey together.

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

Ashish Rampuria: Thank you. Pratik just one question from my side. I just wanted to understand we almost had a 30% increase in revenue on YoY basis. Despite that, in value term we had a less losses but I mean any reason why we are still not profitable is it because we are expanding and hence those sorts of costs are being part of the P&L, I am just trying to understand the reason for not being profitable despite 30% jump in revenue.

Pratik Patel: So, if you see in case of Rodney Hunt, since you do not have all those details, but in case of Rodney Hunt Deloitte has ensure that certain stocks which we had in America, they have asked us to revalue them and reduce the prices. The reason for that is they consider it as a slow-moving item. Myself, if you go by my experience, I will never consider them as a slow-moving item. Those were stocks which we are maintaining for our quick ship program. The quick ship program means that if someone needs a gate, he will come to us and if we have that in our stock, we should be able to supply that within 10-15 days. To do that from India is not possible, so you have to maintain a huge amount of stock in America. Now when you maintain a stock in America for any product, it happens that some years some size will be sold more some year another size could be sold more, but sooner or later most of that get sold. Now one can say that it is not sold for two years or it is not sold for three years, so it is a dead stock. I do not believe that but we are to sometime also as per what the auditors say and that has resulted into close to 500,000 reductions in stock valuation in Rodney Hunt resulting into major loss for Rodney Hunt otherwise Rodney Hunt would be nearly like breakeven. Similarly, you are aware that the more business we do in export the more profit we make, in the first quarter standalone Jash Engineering export has not been very high and that is one of the reason why overall product mix and export both have been not very favorable and that is why amount of profit which should have come has not come.

Ashish Rampuria: Got it. So, if I put it this way if you did not have those problems of revaluation of inventory, at what revenue run rate will be a positive. Will it be Rs.65-70 crores that we should be sort of by and large profitable in quarter.

Pratik Patel: I would say if we do Rs.80-85 crore we should be profitable.

Ashish Rampuria: Got it. Thank you.

Siddesh Chawan: That was the last question for a day. I will request Pratik sir for closing comments.

Pratik Patel:

Thanks for patiently listening me out. I would like to reaffirm here that we are as concerned about the Q1 result as you are. In spite of our warning everyone, people still expect Q1 results so improve and understand their concern and we are working on it. We do hope that by next year this type of seesaw would stop and I am putting pressure on my team also that we become much more aggressive in pushing our clients to ensure that the deliveries are plan are taken by them. It's not that we just produce and stock it because they are not willing to lift it because of whatsoever reasons. So, in the long run the company also understand the concern of all our investors and stakeholders and we are working hard to ensure that from Q1, Q2 we have more equal distribution in each quarter rather than this seesaw which is happening presently. Other than that, I would like to reaffirm here that we are in the front of the race. We are opening new markets and I am sure if all our decisions and strategy comes through, then this company would be doing much better than what they have been doing so far. I wish to reassure you that what do you see as increase in orderbook is not by luck or chance. I am quite hopeful that when we meet next time, I am able to do inform and announce much better orderbook position than what you have seen. And that will give you an assurance that our investment in Rodney Hunt finally is coming to maturity. 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 wish you good health. I look forward to seeing you again in the next quarter. Have a good day. Thank you