

16.05.2024

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 Q4 FY24 Earnings Conference Call

Symbol: JASH

We are enclosing herewith the transcript of Q4 FY24 Earnings conference call with the Investors held on Friday 10th May 2024.

You are requested to take the aforementioned information on records.

Thanking You,
Yours Faithfully,
For JASH Engineering Limited

TUSHAR Digitally signed
by TUSHAR
KHARPA
Date: 2024.05.16
14:14:59 +05'30'

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





“Jash Engineering Limited
Q4 FY24 Earnings Conference Call”

May 10, 2024

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

MR. DHARMENDRA JAIN – CHIEF FINANCIAL OFFICER

Siddesh Chawan: Good evening, everyone, I am Siddesh Chawan from Ernst & Young, Investor Relations. And I would like to welcome you all to the Jash Engineering Q4 FY24 earnings conference call.

I would like to indicate that all participant lines will be in listen only mode. And there will be an opportunity to ask questions after the opening remarks conclude. Should you need to ask the question, please select the raise hand option under the reaction tab of the Zoom application. We will call out your name and then request you to unmute yourself to ask the question. While asking please begin with your name and your organization.

Please note that the conference is being recorded. The recording will be made available on the website within a day and the transcript of the calls shall be made available subsequently.

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.

Before we begin, I want to remind everyone about the safe harbor related to today's earnings call. Comments made during the call 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 risks that will cause future results performance or achievements to differ significantly from what it is expressed or implied by such forward looking statements.

After the end of the call, if you need any further information or clarification, please do get in touch with us.

With that said, I will now hand over the call to Mr. Pratik Patel. Over to you Sir.

Pratik Patel: Good afternoon, everyone. Welcome to our investor presentation post announcement of our results for this year. I would like to present brief PowerPoint show in which we explain what we have done and what we intend to do in the next year.

Those who are new to the company, I would like to inform you that we are a company making equipment for water wastewater treatment plant and pumping station, conveyance lines and we have six manufacturing unit, earlier we had five manufacturing unit, the sixth manufacturing is now being inaugurated in UK Glasgow on the 31st May, this is the unit belonging to Waterfront which we acquired recently. So, with this the six-manufacturing unit and 1075 employees, we are doing business in more than 45 countries and our consolidated revenue for FY24 was Rs.522 crores.

This shows the stages how the company has grown and evolved over a period of time, the latest addition which you can see in 2023 is about acquisition of Waterfront. So, within this

acquisition now we enter the UK market and we are very hopeful of our bright future in UK and we intend to do in UK what we have done in America. So, the acquisition is nearly on the same pattern, except that Waterfront was an operating company and we have taken over an operating company for the first time.

We acquired many companies over a period of time starting from Sureseal which was water hammer control & Valve manufacturing company, Shivpad which is processing equipment company, Mahr Maschinenbau which was in screen business a very well-known brand worldwide, Rodney Hunt which was a gate company and one of the very old gate companies of the world and Waterfront which is again a gate company. The acquisition of all these companies have been done with an intention to either grow their product portfolio, or acquire brands so that we can increase our export the international market. I believe that our acquisition of Mahr Maschinenbau and Radney Hunt has proved quite successful because today our business out of India is close to 60%.

Coming to the six plants which we have, we have been every year adding on our manufacturing capability. So, this year we added up a new fabricated plant in unit II for stainless steel products and this current year we are adding in Glasgow at Waterfront a new facility. So, with all these facilities which we own now, our turnover potential has come to around Rs.800 crores. So, we are committed to build facility as we grow, with Rs.800 crores facility we would be able to sustain till next year. However, once we again add new facilities in SEZ next year we intend to take this capacity up to Rs.1000 crores in a year or two.

This is a slide showing various types of facilities which are in house and which shows that most of the critical facility which a product company like us needs has been invested upon and is available with us.

As you are aware, we are a water industry company making equipment for water, wastewater treatment plants, pumping station, conveyance line, desalination and so on. Most of our products are shown here and we ever predominantly as of now, in water control gates and screens. These two products contribute to more than 70% of our annual revenue. However, we also have various other products like screening conveying equipment, knife gate valves, special purpose valves, bulk solid handling valves which contribute another 10% and then process equipment and hydropower equipment and screw pumps etc. bring another 10% over business. New products which have introduced for secondary treatment like diffuser, aeration systems, mixing and aeration, decanting, turbo blower are now being launched in India. It is German products so it takes time, but we hope that as India proceeds towards reuse of water, all these products would become a wide integral to our future growth.

These products are used in water intake, stormwater pumping, water wastewater treatment plant, irrigation systems, desalination, power plants, paper and pulp plants, petrochemical plants, steel plants. In industry wherever you need a lot of water as process requirements,

we are there in those types of industrial plants, other than that major of our business is in municipal and irrigation.

As I said before, 60% of our product portfolio comprise of water control gates, 15% comprise of screen, 15% comprise of valves and 10% comprise of miscellaneous equipment. This vary little bit every year here or there depending upon the type of projects which we get. But this mix is something which would not vary more than plus minus 5% in the coming year.

When we started on our journey, we had decided that we should not be India centric, Instead, we should be more focused towards business out of India. I am glad like to inform you that this year our revenue out of India is nearly 60% of our total revenue. We are doing business in Europe and Africa, we are doing business in USA, we are doing business in Middle East and in FAR and Southeast Asia as well as in India. We continue to expand our markets by entering new markets this year we have entered into Vietnam and we also aim to enter into Laos, Cambodia and Indonesia.

One of the key factors contributing to our growth is that we are approved by most of the clients and consultants in India and outside India as well. This business is based on approval, if you are pre-approved in a project, the contractor will come to you to buy your equipment. And so pre approval is very critical to grow. I am glad to say that in which ever market we enter we are approved because of our credentials and our past performance in the varied markets. This shows our approvals in the international markets the list is much bigger, we have used here only a few names which we may have better recall but other than these consultants and contractors we are approached by many other big international players as well.

Coming to the purpose why we are here today I am pleased to announce that the three performing companies that is Jash Engineering, Shivpad and Jash USA or Rodney Hunt have together achieved mix type of results. The revenue growth in case of Jash Engineering and Rodney Hunt has been excellent. Jash Engineering has shown 25% revenue growth and Rodney Hunt has shown nearly 30% revenue growth. In case of Shivpad we had some setbacks, the setbacks were not because we had poor order book position, setbacks were because the projects for which we got the orders had got delayed in the execution and so we could not produce equipment and deliver within the year as planned or envisaged. So, on the revenue front overall we have done good, in case of Shivpad we do expect that this year we will overcome the shortfall and again be on the path of fast growth. Coming to profit after tax, the profit after tax in Jash has grown significantly by 23% and in the Rodney Hunt there has been stupendous growth of over more than 110% in profit. In case of Shivpad the percentage has reduced because the revenue is reduced. However, we believe that we have a good chance of recovering on PAT also in Shivpad this year.

Coming to the consolidated financial snapshot we would like to show you that over the years we have been doing consistently. Some years we have grown very fast and some years have

been moderate. But I would say we are growing at a CAGR of more than 15% year on year. We expect this growth to continue in future also. Our gross profit also as you can see is improving significantly as well is our gross margin and profit margin. In FY24 our gross profit margin has been 59.7%. The EBITDA and EBITDA margin also shows much improvement in this year, last year was 18.6% this year is 20.2%. As I have been informing all the investors over the last few years, we are quite hopeful of increasing our EBITDA margin up to 23-24% in time to come to come. Coming to profit before tax there has been a stupendous increase of 47% in profit before tax as well as 29% increase in profit after tax. Our ROE also is quiet good at 19.7 with the increasing base of reserves surplus and cash position of the company out it is dipping little bit however, I consider that our ROE is also quite good.

Coming to our performance, I am glad to inform that in in comparison to FY23 there has been a slight increase in our PAT margins. This was 12.5% last year and now this year is 12.8%. As already informed by me before that we expect PAT margins to grow between 12-14% in time to come. I am quite confident that if we keep on growing like this, we will be able to deliver on the expected lines. The earnings per share also have increased significantly, last year it was Rs.43 per share and now this Rs.55 per share. This is a consolidated balance sheet, you can see that the shareholders fund is also increasing significantly nowadays.

Coming to business outlook in the next year our order book position is quite strong. All three companies of the group Shivpad, Rodney Hunt and Jash Engineering have strong order book position. Our combined orderbook is Rs.816 crore of which business outside India is Rs.551 crores and within India is Rs.265 crores. This Rs.816 crores does not include the current order booking of Waterfront UK. This current order booking is close to Rs.30 crores and we hope that when 80% of this order book of Waterfront is added to the combine orderbook we are looking at something like Rs.225-235 crores as our combined order book including Waterfront. Consolidated order pipeline is good we have a lot of orders in the negotiation and we have also a lot of orders which are already negotiated. As on 1st May our orders which we have already negotiated and which we expect to receive are of Rs.31 crores and orders under negotiations are also around Rs.33 crores and this does not include marquee big orders which are under negotiation The reason we do not enter very big orders which are under negotiation is single order could be more than Rs.30-50 crores and it will skew what we have shown here, even if it goes ahead by a month it will show that instead of Rs.80 crores we have only got Rs.30-40 crores orderbook positions. So, what we show in order pipeline is generally moderate size order and not large ticket orders which are under negotiation.

Coming consolidated sales outlook for FY24-25. I am pleased to inform you that we are expecting close to 30% growth this year and achieve a combined revenue of Rs.675 crores.

This in case of Jash Engineering, we are targeting Rs.460 crores including the revenue from Shivpad, Shivpad is being merged with Jash Engineering. The merging date permission has yet not come but when the permission comes it could be from 1st April 2024. So the combined revenue of Jash Engineering along with Shivpad is projected to be Rs.460 crores and that of Rodney Hunt is projected to be Rs.280 crores, which also is close to 30% over last year and Waterfront we expect Rs.40 crores revenue. The overall revenue of the company, Waterfront is expected to be Rs.50 crores however since we own only 80% of the company, we have some Rs.40 crores.

During the year FY24 we have done a lot of activities as well as a lot of activities under our CSR. We made a canteen with a dense forest along with the water recharging pond of more than 40,000 square feet. And I am glad to inform you that this facility has become very good for the industrial sector, where we are located and have become of the key point where all industrialist, all workers, staff can come eat and have a good time. We also were awarded the National Energy Conservation award or our foundry in 2023.

Subsequent to that we had a lot of interaction with the government and I am pleased to inform you that base on those interactions the government has now in their new small hydro policy approved our technology for all the hydropower plants. This should bring to us great revenue growth in our screw generator business in future. We are doing a project with Tata project for Nuclear Power Corporation in Chennai and Tata project has awarded us for the best quality on this project.

Coming to highlights FY24 we have inaugurated a new plant for making and assembling stainless steel products. This was commissioned in September 23 and team in production sometime in December 23. This year will be the year when we will be able to harness the full potential of this plant because we will have the plant in operation for 12 months.

One of the trademarks of Jash has been that we are investing in facility enhancement every year in each of our units. We are invested in CNC machines, in cranes at various places so that we are able to rapidly grow as our business expand.

I am pleased to inform that the company like Jash is able to grow only because of our employees. And in view of that we keep on building infrastructure within the campus so that our employees feel committed to the company and feel that the company cares for them. In line with this we have invested on our sports turf at unit II in which we have a Turf League season also and this same turf is used for training for our Jash Premier League which is now entered season six.

Under corporate social responsibility, we are investing 2% of our profit under CSR. And every year we personally ensure that money invested is taken care of by our proper supervision by company employee. We are helping in education of weaker students, tribal students, infants and orphaned students. We are also helping engineering college BVM

College, Gujarat by building digital lab which would be costing more than a crore rupee and every quarter we are committed to give Rs.11 lakh for this lab.

One of the key parameters of our growth over the years is that every year we aim to develop or add 2-3 new products. Last year we have already Vortex mechanism with Grit Classifier. The combined screening and Grit removal system, this is for small treatment plant you don't have to go on civil work and you can have a complete small package plant to remove grit and screening and this is the first plant which we have made and we hope to further do lot of development in this business.

We also made first set of bladder vessel which is required for water hammer control. And also, the completely new design of disc filter, this disc filter was co-developed by Invent and Jash and the first concept disc filter was made completely in India. This would be put into the field for trials and once the trials are done this would be than launched in the world market by Jash in India and by Invent outside India. The production will be done in India.

We will show few slides showing at some of the prestigious jobs which have done through the year. This is a travelling band screen which is for the nuclear power plant in Chennai. The whole mock up is to show how the screen would be installed at the site and to show screen operation to client that has come for inspection. Similarly, this is another type of screen for the same project we have to supply 16 and 16, that is 32 such screens to Tata projects for and NPCIL project in Chennai. What is very important is that NPCIL as well as Tata projects have appreciated the quality and the pace at which we deliver and this has open doors for us for future screen business in NPCIL. As you may be aware, the government of India is focusing a lot on growing nuclear energy and huge investment is planned. So, this augurs well for the company since we have done this project now.

In case of Reliance Jamnagar, we have given the first one millimeter opening traveling travelling band screen in India. And once this is installed Reliance aims to go for seven further screens like this. We also made some of the biggest ZVV zero velocity valves of 3.25 meter for NVDA project of Kalpataru in MP. This show that 2.2-meter diameter knife gate while which we produce for Bhandup pumping station in Mumbai. This was done for SMC infrastructure.

For the coming year I am pleased to inform that we are inaugurating on 31st May a new manufacturing facility in Glasgow, the hall which you are seeing presently as an empty Hall, all the machineries have reached now in the UK and is on the way from port to this facility and 31st May most of this equipment will be installed and in this plant, would be commissioned in the first week of June.

As I said that we give a lot of attention to our employees. We are setting up along with the turf a restaurant, which will be run under lease where our staffs and employees can eat at a discount and the lease rent would be used for various employee engagement activities. This

is not a business activity for us. We are wait we are looking forward to the lease rent, which can not only help our people with the employee engagement activities, but also help our staff to relax and enjoy in the evenings and help the company in taking the guests visiting it for lunch or dinner.

The Shivpad manufacturing plant is at an advanced stage now and we have grown over the ground and the installation of PB has started. We expect this plan to be commissioned in December 2024 and most of the equipment required in the plant has been order and this will start arriving from September October. So that we can commission the plant on December 2024

As I said before, this year we have achieved 60% revenue outside India. We are growing fast in export market and have already run short of manufacturing facility in SEZ. We are now planning to build next year one more plant in SEZ so as to increase the capacity of unit IV. We have already been allotted the land just in front of unit IV and once the documentation and everything is over, we will we plan to start construction by the end of this year and have the plant ready in 25-26.

In the end, I would like to inform you that we have had overall improvement at every parameter. Our revenue has grown by 26%, our profit after tax has grown by 29% and our earning per share has grown by 28%. However, what is most important is that whatever we are promised, we have achieved not only we have achieved, but we have exceeded on the guidance given by us. Also, what is very important is that Rodney Hunt is finally in a position to deliver as what I had projected many years back. I had always maintained that Rodney Hunt would be the main savior for just in the long term and today it is coming true. Due to improvement in Rodney Hunt, we have been able to give consolidated PAT margins of 12.8% in this year itself. As Rodney Hunt improves further this year add \$26.5 million revenue in Rodney Hunt, next year we are projecting \$35 million revenue in Rodney Hunt. We already have order book of \$43 million in Rodney Hunt. So, it means that next year also Rodney Hunt would grow by more than 30%. Hence, improving profitability our Rodney Hunt will need to improving consolidate PAT margins for the company. And in years to come I am quite confident that with varied investment in companies like Waterfront or new plant in Chennai or new markets within USA, the confidence of the US client to go with us etc. As well as my very strong order book position of more than Rs.850 crores would enable us to easily achieve the projected revenue of Rs.675 crores while maintaining the PAT margins in the range of 12-14%.

Some time back I had also informed that we have new drivers for growth. These drivers are new markets and countries which we aim to enter, new products which we are launching every year and very strong order pipeline on account of environmental and weather disasters taking place worldwide and rising sea levels which is a big threat to many countries. All these should enable us to grow fast in the coming years. And we aim to now double our

revenue to over Rs.1000 crores FY28 that is in four years time. We are quite confident about achieving this and also we are confident that we will keep on improving on the margins. Thank you.

Siddesh Chawan: Thank you. We will now begin the question and answer session. Gentle reminder to all the participants to ask a question please select the raise and option under the reaction tab of Zoom application.

The first question is from Mr. Navin. Please unmute yourself and go ahead.

Navin: Pratik sir congratulations a very good set of numbers. Sir historically we have been guiding for around 15-20%. For the first time we are guiding for more than 30% revenue growth. So, what is giving this confidence and what do you see as risk to this growth number?

Pratik Patel: Navinji Rs.815 crores order book is already in hand. So even if I do Rs.675 crores, I will be making many clients unhappy because I will not be able to deliver to them. So ideally, I would say the company should be targeting for more than Rs.700 crores this year. I would say conservatively Rs.675 crores are targeted, this is conservative according to me. If everything goes right, see most of the time we are dependent on EPC contractor, we may produce an email not a delivery. So, in spite of having orders, we may not achieve the desired targeted revenue. But the difference between what we have today that is Rs.815 crores plus say around Rs.20 crores of Waterfront and what we are projecting Rs.675 crores is so great. The difference is close to Rs.115 crores. So, the possibility of not achieving Rs.675 crores I would say is very rare and can happen only if something goes wrong worldwide like a war or some other global crisis etc.

Navin: So, my second question is there is lot of talk of reuse of water, especially in India like cities in Bangalore, which went through a bad face this summer. So, how are we equipped to cater to this demand and how is this demand outside India also is there a market for the product like this.

Pratik Patel: In Singapore to us water reclamation project. I already informed we are doing more than Rs.100 crores business. That is a water reclamation project where shit water is converted into drinking water. Bangalore is the first city you will see over the years many cities joining Bangalore in the same situation. Reuse is going to become a critical parameter for India and many cities of India in the next 3-4 years. You will be surprised at the type of crises many cities in India would be facing and all of us would have to think of reuse. Putting aside the past dogmas of using wastewater for process or drinking.

Navin: Do we have equipment catering to this.

Pratik Patel: The Invent product line and the existing product line also caters to that, but the invent product line specifically caters to that. So, I have been projecting all the time that the market for

reuse will become very exciting by 2027-2028 or 2028-2029. By that time we will be well established with these products and we aim to be a market leader for the Reuse business.

Navin:

Thank you, Sir. I have more questions will get back in the queue.

Siddesh Chawan:

Thank you. The next question is from Mr. Dilip Sahu. Please unmute yourself and go ahead.

Dilip Sahu:

Congratulation Pratik bhai. I think the guidance is superlative and I am sure we will achieve it. I have basically three questions one is regarding UK. If I remember last quarter, I think you had a business meeting and the UK team was here. So can you give us some brief about you know how the marketing momentum in UK we are trying to build because they had their own share of problems and we have gone through now. I am sure the whole reorganization part.

Pratik Patel:

So, UK we started projecting four times growth in four years. So, something like this year they have done 3-3.3 million pounds, and we expect to do 12 million pounds in four years. Well that is old news, now we are on the verge of resetting the targets and instead of 4 times in four years, we are talking of 5-6 times in four years.

Dilip Sahu:

Okay, so 5-6 times means Rs.200 crores in four years.

Pratik Patel:

Yeah, we are planning 18-20 million pounds like Rs.200 crores in four year time. So, from Rs.35 crores today.

Dilip Sahu:

So, around Rs.250 crores 3-4years back to around Rs.1000 crores 3-4 years from now. So that's 4-5 times jump Jash will have in a matter of 6-7 years. If I remember the first time, I met you in 2019 we were doing our Rs.250-270 crores, if you remember. So, it's a big jump and in the process, we have been manufacturing assets outside India, we have created financial assets outside India. So, for Rs.1000 crores truly multinational multi locational company, how do you think the organization will look like. What is that you are going to have in Indore. Obviously, the management team is in Indore but apart from management team both in terms of the engineering, skilled design engineering pool, manufacturing competencies in non Indore locations. So, how do you think the Rs.1000 crores out of its Rs.600-700 crores coming outside India will look very different than the Jash we knew five years back right. So, how is it going to look like.

Pratik Patel:

See we are not growing suddenly, we are growing gradually year on year. We are gradually adding manufacturing facility we are also gradually complementing our team by recruiting people as the company grows and becomes more profitable our capacity to pay and capacity to attract talent improve. So, I do not see any big issue, yes manpower is a problem in India today but it is also due to COVID but I believe that from next year onwards all the new batches coming out from engineering colleges would again have good people and the talent pool available will improve. So, we do not expect any big issue in manpower or capacity planning etc. in the coming years to be an irritant to our achieving Rs.1000 crores. Market

is not a problem. The problem is only going to be the talent and capacity, capacity we can build because we have money but the talent is something we have to attract and we are doing everything to do that. ESOP, turf cricket, restaurant, employee engagement activities, good campuses are all part of that.

Dilip Sahu: Yeah and talent has been our core focus area for such long, every time I talk to you. So, is there something like you are looking at some place like a Bangalore or where talent is in abundance to have a center of excellence or something like that

Pratik Patel: No, unfortunately for the type of business we have the talent has to be where the plants are.

Dilip Sahu: Yeah, sure. My last question, we have been basically a gates, valves, screens company. And in this in this presentation shown a lot of products which are very different, so how much do you think apart from gate, valves and screens, which is 90% of our product line today. How is the product mix going to change and how is that going to impact the profitability.

Pratik Patel: So, 10-15% new products will contribute once they get stabilize. For new product to launch is very easy, for new products to capture the market and become a dominant player takes time, 4-5 years. So, all these products which we are launching will in years to come become a dominant product on their own and we hope that all these new products will be able to get us close to 10-15% of additional revenue in the next four years time.

Dilip Sahu: And you are going to launch it across the globe both in UK and US.

Pratik Patel: Some of the product yes, not the Invent product because we have the mandate only for India. However, Invent will be buying from us and selling it themselves globally.

Dilip Sahu: Thank you.

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

Rahul: Thank you for a comprehensive presentation. My name is Rahul Jain, I am from JM financial. So, my first question will be, so your current capacity has a potential of doing around Rs.800 crores of turnover. So, you have already guided for Rs.1000 crores of turnover by FY28. So, how do you plan to achieve this level of revenue on our current manufacturing base, specially the growth for FY26-27 will be crucial on your current assets.

Pratik Patel: So, in this year, in December one plant will come online in Chennai and in May a plant to come online in UK which means I have two plants being added this year and one plant which will be added next year sometime in October November. So, with these three plants, we will exceed Rs.1000 crores manufacturing capability.

Rahul: Got it Sir. So, the point you mentioned which will be coming it next year October November which one is that.

Pratik Patel: The SEZ plant, the extension of unit IV in special export zone Indore.

Rahul: Got it Sir. My next question is who is your competition in India and overseas if you can just mention or highlights a few of them.

Pratik Patel: There are so many products and each product has different competitors so for gates, by the way gates we have more than 70% market share in India. So, there are very small companies turnover wise who are our competitors. However, my request to you would be because of the time constraint that we have our frequently asked questions, which is on our website also and if you go there, you will get all these details which you are seeking like who are our competitors for various products in India outside India, what is the potential revenue from different products etc. everything is in that FAQ. So, that will help you to know more about the company and also at the same time answered your question.

Rahul: Ok. So, my last question is what is it current capacity utilization.

Pratik Patel: We are not a mass production company, we are discrete manufacturing company. What it means is that the same plant can deliver much more provided I can produce it and someone will buy it. If you see our revenue quarter by quarter, generally in the first quarter revenue is 10%, in the first half the revenue is 30%, in the third quarter the revenue is 60% and the last quarter the revenue is 100%. So, 10-20-30-40 quarter by quarter, this is how we grow. Now I would love that every quarter I have 40%, then my same plant would be having capacity of 160% instead of 100% today. So, by just adding people I can increase the capacity of the plant, if no one is going to take the delivery in quarter one what would I do with all those people. So, in case of companies like us in discrete manufacturing, you cannot say what is the capacity. The capacity is dependent on my utilizing all the three shifts throughout the year. Is it possible? Yes, it is possible. Can I do it? No, I cannot do it because the EPC contractors and the whole system is geared for taking delivery in the second half of the year.

Rahul: Got it. So, whatever capex plan for FY25-26 in terms of amount how much you will you be investing in just next two years.

Pratik Patel: Every year somewhere between Rs.20-25 crores. So, every year we will be investing Rs.20-25 crores to add some facility and this will keep on happening for next 2-3 years.

Rahul: Got it. Thank you.

Siddesh Chawan: Thanks Rahul. The next question is from Mr. Bhavya, please unmute yourself and go ahead

Bhavya: So, thank you for the opportunity and congratulations on a great performance. I have two questions. The first question is, we have grown really well in the Southeast Asia market. So just wanted to know what do you think is the outlook going ahead and how is the order book look in accordance with Southeast Asia?

Pratik Patel: The orderbook is still great. We have more than Rs.100 crores of orders for Southeast Asia.

Bhavya: Do you envisage more orders coming because you had spoken about Singapore

- Pratik Patel:** So, we are planning to enter Vietnam and last month we got a \$1 million order. I just completed a tour of Thailand, Singapore and Indonesia. We are entering Indonesia, Vietnam, Laos and Cambodia this year and I expect that these markets will also open up for me. In Thailand this year, we are projecting revenue between \$2-3 million. So yes, we are now going and becoming aggressive since the capacity builder is taking place, we are becoming aggressive and trying to enter more and more new markets in Southeast Asia.
- Bhavya:** Okay understood, my last question, you spoke about the disc filter. So just wanted to understand with the total Invent portfolio that we will have or we will develop, what kind of market are we targeting if that's possible to give a number in India particularly.
- Pratik Patel:** I would say, if we do everything right, we are looking at anywhere between Rs.75-125 crores.
- Bhavya:** Okay understood and when we do develop some product going ahead with Invent, will we be manufacturing some of their products for them to sell outside India like you mentioned.
- Pratik Patel:** We are already doing it. This year our export to Invent has been close to Rs.9-10 crores.
- Bhavya:** Okay. Thank you so much and all the best Sir.
- Siddesh Chawan:** Thank you. The next question is from Mr. Pratik Bhandari. Please unmute yourself and go ahead.
- Pratik Bhandari:** Thanks for taking my question. Just wanted to understand that you are giving the guidance on revenue front approximately 30% for FY25
- Pratik Patel:** Yes.
- Pratik Bhandari:** Then coming back to the fact that for FY28 you are given a guidance of Rs.1000 crore. So, does it mean in any way that we are looking at a slowdown in somewhere in FY26-27 because if the 30% has to be continued in terms of revenue growth, we will be talking more than Rs.1000 crores by FY28. So, just wanted to get a sense on that diameter
- Pratik Patel:** So, we cannot grow 30% every year. So, this year I am growing 30% doesn't mean that every year I am going to grow 30% however, we are quite confident of maintaining growth to achieve Rs.1000 crores in four years time. It is also possible we may do it in three years time, but it is better to be conservative in your guidance than fail in the eyes of investors.
- Pratik Bhandari:** So, is there anything specific that is leading to 30% growth in FY25.
- Dharmendra Jain:** Orderbook
- Pratik Patel:** Orderbook, Waterfront addition, so many things.
- Pratik Bhandari:** So, you don't see the contiguity of the same in FY26 and FY27, that's what I wanted to understand.

- Pratik Patel:** I did not say that what I said was we expect to reach Rs.1000 crores by 2028 but it could also happen in 2027 because our order is strong. But if I could predict the world three years down the line, I will be a genius. I cannot predict it, I do not know what may happen what may not happen. So that is why we give long term projection but in the short term I will give year-on-year growth projection.
- Pratik Bhandari:** Thank a lot.
- Siddesh Chawan:** Thank you. The next question is from Mr. Tej Patel, please mute yourself and go ahead.
- Tej Patel:** Thank you so much for the opportunity. So, I have two questions. The first one is regarding the overall industry size. So, referring to your investor FAQ it is given the total market for our equipment is around Rs.800-900 crores in India right now and probably Rs.14000 to 15,000 crore outside India. So, what I am trying to understand is the market really small because of the current market size of the wastewater and in the water sector as a whole and the increase in capex in the water sector recently. So, I wanted more clarity on what would be the total water and wastewater equipment in India and out of that what is our addressable market and growth rate that you are expecting in it.
- Pratik Patel:** So, Rs.800-900 crores was our addressable market in India. Now this can increase if the government increase the spending on water and wastewater. My belief is that they have built enough roads and Vande Bharat trains and train station by 2027-2028 and one fine day the government would have to really focus on investing in water and wastewater. Investment of water is going on Jal Jeevan Mission etc etc. This too should be taking down by 2027-2028. So, I believe we are at 30% of total capacity required in India today in waste water treatment and 70% is to be invested. So, the day state government, cities, center decide that now we have to focus on this the market size will increase many folds but projection of Rs.700-800 crores which is given in my FAQ is based on the way market is evolving today and not for future.
- Tej Patel:** So, I get your point but there are a lot of equipment used in the water and wastewater like for one of one of that is membranes.
- Pratik Patel:** We are not doing membranes.
- Tej Patel:** Yeah, I get it but so what I am trying to understand out of the total equipment, what percentage of the equipment are we dealing in
- Pratik Patel:** Close to 40-50%
- Tej Patel:** Okay. Sir, I also want to get your view on how was the bidding process. I mean, if you look at five years back, how was the capex going on in water and how do you see it now. So, do you see more projects coming in now.
- Pratik Patel:** It has increased at least five folds and still it is very low for the need of the nation.

- Tej Patel:** Okay. So last question is our gates goes in dams also.
- Pratik Patel:** Very few, we don't focus on dam gates in India. We do that in America, but we don't focus that in India. Because the projects never get completed in India.
- Tej Patel:** Okay. So, what will be the replacement cycle for our equipment.
- Pratik Patel:** 25-35 years.
- Tej Patel:** Got it. Thank you.
- Siddesh Chawan:** Thank you. The next question is from Envision capital. Please go ahead.
- Alisha:** Hi Sir, this is Alisha from Envision Capital. So, two three questions actually more clarifications. You mentioned capex of Rs.20-25 crores every year. Will this number be slightly higher this year because there will also be incremental investment will have to do in Waterfront.
- Pratik Patel:** Waterfront investment is already done.
- Alisha:** We were supposed to make some investments to expand their capacity.
- Pratik Patel:** That is very less and machinery has already been dispatched from Indore. So, that is what I am going to commission that plant on 31st May. So, the investment is not critical and fortunately we also got 75,000 grant forms Scottish Enterprise and that will take care of more than 30% of our investment. Cash grant we have already received.
- Alisha:** Ok understood. And what is the kind of margin Waterfront is doing.
- Pratik Patel:** The margins at Waterfront are not great, because the revenue is not great. But we expect margin profile of Waterfront to improve over the years and come to the same level as Jash and Rodney Hunt in time to come. I would say now the margins are close to 3-4% and year on year we expect 3-4% growth so that in next 2-3 years time they have more than 10% margins.
- Alisha:** The 3-4% that you are saying is PAT level
- Pratik Patel:** At PAT level.
- Alisha:** Understood. In the presentation it says that the Waterfront orderbook currently Rs.30 crore. So are we expecting very significant inflows this year because we are talking of revenues going up 4-5x in 4-5 years
- Pratik Patel:** Every day we are getting big order.
- Alisha:** Okay. And like US this will also require bonding giving any kind of guarantee or anything like that which is limiting our growth in Rodney Hunt few years back. Will there be similar conditions in UK or Waterfront.

- Pratik Patel:** It will not be a problem because Waterfront is already a profitable company. Rodney hunt was not profitable company that is why it had problems.
- Alisha:** Okay. And there were some shares we had of Jash Engineering that we were to issue Waterfront, is there a timeline to that.
- Pratik Patel:** Its was done in April 2024.
- Alisha:** Okay, I will check that and thank you.
- Siddesh Chawan:** Thank you. Navin please go head.
- Navin:** Thank you for the follow up. Sir, we were expecting a large order from US any update on the same.
- Pratik Patel:** So, we are as of now working on three large orders. One in Hong Kong, one in Canada and one in America. All the three orders put together we are talking of more than \$50-60 million. Sine these are large orders, they are taking time. What is our possibility of getting these orders I would say more than 75% chance of getting all the orders. However, when will we get all these orders, I would say we need anywhere from 2-4 months time.
- Navin:** Got it. And final question is regarding tax rate. If we could comment what would be the tax rate going forward. Because we have seen a significant jump this year.
- Dharmendra Jain:** This year we only got 100% exemption in SEZ unit IV after that we will have 50%. So, at present our tax level will be 20-22% but later on its around 24-25%. In US we have already absorbed all losses.
- Navin:** Got it. Thank you that's all from my side.
- Siddesh Chawan:** Veena, please go ahead.
- Veena:** So, going ahead what would be the drivers for the margin to go to the level of 25% plus.
- Pratik Patel:** I did not say 25% plus. I said between 22-25%. We are in discreate manufacturing and what does discreate manufacturing mean is we have high overhead, until a certain level of revenue is not reached. At Rodney Hunt that high overhead use to put me in losses. Now that we have reach a certain level of revenue, we have been able to improve on our profitability. The same team would be be the CFO, the vice president engineering, the president and the head of manufacturing, they would be there but revenue will still be going up. The addition of people would be more on the lower salary level and that is why as the revenue start is growing for Jash, for Rodney Hunt, for Shivpad, for Waterfront our EBITDA margin would start improving. If we have the same policy for taking orders, we don't go very aggressively try to take every order than you will see that as the revenue increases for given company the EBITDA margin will improve because fixed costs would be covered faster.
- Ajay Surya:** What is the working capital cycle? Working capital cycle is high, how do we plan to reduce it?

Pratik Patel: On the working capital cycle what I can do is send a small PowerPoint presentation, explaining that our working capital cycle is not more. But in a minute if you want to understand I can explain that when 40% of your revenue is in last quarter then it will always look like our working cycle is more, but if you average it out through all the four quarters, then will realise our working capital cycle is not more than 100-110 days.

Siddesh Chawan: Sir, that was the last question Sir. Over to you for closing comments.

Pratik Patel: Thank you everyone for patiently listening to me out. If you have any questions you can write to me or Dharmendra I will be embarking on 20 days tour but in my absence, Dharmendra is there and he will reply to all the questions which you have. Once again assure you that we are steadfast in our resolve to meet whatever we tell, project or guide. And so don't expect any great surprise if we do whatever we have told. Because we have a history of achieving whatever we have said, with that I will like to bring this meeting at end. Thank you everyone.

Siddesh Chawan: Thank you.