

16.8.2024

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 Q1 FY25 Earnings Conference Call

Symbol: JASH

We are enclosing herewith the transcript of Q1 FY25 Earnings conference call with the Investors held on Friday 9th August 2024.

You are requested to take the aforementioned information on records.

Thanking You,
Yours Faithfully,

For JASH Engineering Limited

Tushar
Kharpade

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by Tushar
Kharpade
Date: 2024.08.16
11:53:17 +05'30'

Tushar Kharpade

Company Secretary & Compliance Officer

Encl.: A/a





“Jash Engineering Limited
Q1 FY25 Earnings Conference Call”

August 9, 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 Q1 FY25 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. 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 this 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 this investor conference and thank you all for spending your valuable time and attending this. We will give a brief overview of the company and then we will go on to the financial of Q1FY25.

As most of you are aware, we are a manufacturing company making equipment for water, wastewater treatment plants as well as for industries and our company comprises of six manufacturing units located in India, USA, and UK. We have around 1,000 employees and last year we did a revenue of around Rs.522 crores. We are approved by most of the municipal authorities in India and abroad. This is a business of brand approval. It is very critical that your brand should be approved, and we are approved by most of the authorities worldwide.

The company has grown over the time by the process of acquisition and process of technical collaboration. We acquired companies like Shivpad, we acquired Rodney Hunt, we acquired

Waterfront and also Mahr Maschinenbau. All these companies were acquired over a period of time for different reasons. Surseal was acquired for bringing the product under our control, Shivpad was acquired to help to the treatment process equipment and Mahr Maschinenbau was acquired to get international known brand as well as to get best screen technology in the world, Rodney Hunt was acquired get the brand which is respected everywhere and in many parts of the world and Waterfront was acquired very recently two months back to focus on the UK water business which has huge potential.

The current facility which we have is doing a turnover potential of close Rs.800 crores. We are adding to it so that in year or so we reach Rs.1000 crores capacity. However, using the current capacity, we would be able to address requirement up to next year.

Another reason why we are what we are because of our capability in the plants. We have been investing heavily for the years in getting one of the best manufacturing facilities in our type of industry. We have mostly everything in house and this gives us strength whenever critical projects are there.

To give view of the products that we make, our main product is water control gates. Water control gates comprise of heavy fabricated gates and water control gates. We do coarse screening equipment as well as fine screening equipment which is required basically for pumping station and treatment plant. We do knife gate valves, special purpose valves, bulk solid handling valve, etc. which are used both in water, waste water treatment plants as well as well as in industrial plants. We also offer wide range of process equipment which help in the process of treatment of water or waste water. In addition to this we offer pumps as well as hydro power generator which generate electricity at low watts. In line with the requirement of National Green Tribunal and Pollution Control Authority to treat water and clean it to the level that it is very clean. We have been working in collaboration with Invent of Germany to make disc filter and we have started production of this equipment. Finally, we have a recently added a range of equipment which can be used for secondary and tertiary treatment, and this comprises of Diffuser, Mixing and Aeration equipment, Decanting equipment and Turbo blower. I am pleased to inform that we received our first order for three number turbo blower worth Rs.2 crores this week .

Our equipment is used in water intake systems, storm water pumping stations, water & wastewater treatment plants, irrigation systems and most of big industries which comprises of power plants, paper plants, petrochemical plants, steel plants, chemical plants.

Water control gates is our biggest product group and it contribute 49% to our revenue in Q1, Screen was the second group which contributed 30% and all balance equipment contributed 7%. On an average this contribution would remain the same and it could vary plus minus 5%, most depending upon which project is being executed at that point of time.

To give you total overview of what we do, in the first quarter we had a revenue of Rs.114 crores out of which Rs.76 crores was outside India and Rs.39 crores in India. We are globally quiet spread apart, we do a lot of business in Europe, USA, Middle East and Far and Southeast Asia. In our type of products brand approval is very difficult. Our company brand products are approved by most of the large contracting companies and consultants in India as well as outside India.

Having explained about the company I have to now come on to the standalone performance of the group company. I am pleased to inform you that we have had significant growth in revenue this in Q1FY25 in all the three group companies and at the same time we have good improvement in profitability in Jash Engineering as well as in Shivpad. In standalone they are profitable in Q1FY25. We had some issues at Rodney Hunt, even though the revenue has increased significantly our profitability has not improved in Rodney Hunt because of some legacy orders were not very profitable. However, we hope to get this resolved because the new orders at Rodney Hunt are quite profitable and we should be able to improve on this in the coming quarters.

On a consolidated basis we have been able to increase our revenue to Rs.116.3 crores from last year Rs.65.5 crores. And similarly, we have been able to improve our gross profit as well as EBITDA. Profitable before tax is also improved when you see what was last year and after tax we are making some minor profit this year. This is the first time after long time, in quarter one, on consolidated basis we have shown some profit. I think this is a brand which will continue in years to come because the turnover at consolidated level is now reaching a stage where every quarter also, we will be able to make profit.

As you can see, our PAT margin in Q1FY24 was -5.1% it has now come to zero which shows that this quarter we had significant improvement in various parameters starting from income growth, EBITDA & EBITDA margin to PAT& PAT margin, etc.

I am pleased to inform you that we have a very strong order book position. Our consolidated order book position as of now is Rs.939 crores. And in this we have also considered 80% of Rs.26 crores total order booking for Waterfront. Our order pipeline is also quite strong. We have already negotiated in the month of July for Rs.60 crores which we expect to receive within August. And various orders worth for Rs.43 crores is under negotiation, which would be finalized within August and some of them will also come in within a year. At the beginning of the year, we have projected that we would be able to do Rs.675 crores combined consolidated revenue and I am pleased to inform you that we are in line with that target. In fact, we stand a chance of overachieving and going up to Rs.700 crores or more. However that depends upon our client lifting the material the last month, a year that is in March. However, I will reiterate that we are on track to achieve whatever we are projecting and improve upon our performance significantly.

We are building up new plant in Chennai, this plant is of 60,000 sq feet and this will be ready by end of year or early next. This is being built at an approximate cost of Rs. 20 crores and once manufacturing is stabilized it should be able to deliver up to Rs.100 crores from this plant. Similarly, we have taken land for one more plant in special export zone as expansion for unit 4 and this plant will be of 64,000 sq feet and work will be started in September October this year. We will be commissioning this plant by next year end. The tentative cost of this pant including of land will be around Rs.23 crores and once this plant is ready, it should also be able to contribute up to Rs.100 crores to our revenue.

In this financial year we are planning to invest around Rs.29 crores in our various facility shown here. Once this investment is done it will significantly add to our output as well as profitability because some of the machines and equipment which we have got is also going towards picking short term means of the company. So, we are quite comfortable with this investment and investment will tremendously impact our performance and output from all the units.

I am pleased to inform that July month, in the month of July we were able to book orders, when I say book order this were registered in our books and have arrived in the company worth Rs.107 crores of which around Rs.59 crores were for projects outside India and Rs.38 crores was for projects in India. This is one of the highest monthly orders bookings in Jash.

I am also pleased to inform you that in the board meeting conducted yesterday, we have decided to split the share of Rs.10 into five shares of Rs.2 each as well as go for direct listing of shares on Bombay Stock Exchange, currently we are only listed on National Stock Exchange but we are getting advice from various investors that we should also be listed on Bombay Stock Exchange, so we have taken a decision that we will list on BSE also.

In the end I would like to say that we have quite a good Q1. Oure revenue growth have grown 78% in Q1FY25 compared to last year. We also have also show minor profit as against significant losses. In the first time we have been able to show some profit in Q1 and this is significant Improvement according to me in various company's development. All our subsidiaries as well as our company had significant growth and I believe with the robust order book position of Rs.939 crores which we have we are quite confident of improving our performance in this year in line with the expectations.

I would like to highlight that the company is facing good opportunities from new business which are reused waste water, desalination, storm water, flood situation and rising sea levels. In fact, I would like to inform you that one of the large orders which we received last month in July from Hongkong which was worth Rs.34 crores which is a project for flood prevention and rising sea level. In last quarter we have given offers worth Rs.6000 crores to Singapore for flood prevention as well as rising sea levels which show the potential which climate change brings to the company because of rising sea level and frequent flood problem. In

India also we faced in 4-5 places flooding problem. All these gives huge potential for growth in time to come.

In the end, I would like to sum up by saying that in FY25 we should be able to achieve whatever we are projecting with good possibility of over achieving.

Siddesh Chawan: Thank you, sir. Now we begin with our question and answer session. We wait for a moment until the question que assembles.

First question is from Mr. Dilip Sahu. Please unmute yourself and go ahead.

Dilip Sahu: Thanks for the opportunity. Thank you for the very elaborate FAQ. I think that makes this concall call almost redundant. I just had one question; this is regarding US business. I understand it's predominantly gates business and we have been contemplating of introducing screens there for some time. So can you give us some idea about when we are going to introduce and what kind of pre-launch activities we are taking right now.

Pratik Patel: So yes, you are right US business is predominantly gates and I am pleased to inform you that in US we have reached now order book of \$47 million. We are going by far in gates in US. We have concrete plans to introduce the screens in the US market and in fact we have already manufactured and sold screens in US from our US plant. However, when Rodney Hunt was in losses we had to let go of people because introducing any product in US takes a lot of time, money and effort. We want to restart the manufacturing of the screen in US but before that we have to put team in place. Our plan is by the end of this year to start putting people in place first and then going for approval as well as for marketing of the product. One of the advantages we have is the Mahr Maschinenbau, it is known by everyone in America and Mahr has done significant business in America through companies who have used their technology. So, we are a well-known brand and it should not take us a lot of time to get the reestablished in the US market. The only matter of the company taking a call when we have to go ahead and build up a team to aggressively pursue.

Dilip Sahu: Yeah, so I was more trying to understand, the certain size of screens, registrations, qualifications and those kinds of stuff. And do we have the manufacturing capability of manufacturing in our set or we need to import it from India?

Pratik Patel: Generally, product like screens have been manufactured in America. We have resources in our Orange unit. We will have to invest a little bit more in Orange to increase from the existing shade to the other shades which are bold and which needs to be upgraded. But we can do that in Orange and we have a plan to invest in new plant Houston in next 2-3 years. So eventually screen should be manufactured in Houston because gates business is going very far and that will like to concentrate more on Orange.

Dilip Sahu: Sure. Yeah, that's my question. Thank you.

Siddesh Chawan: Thank you. The next question is from Mr. Navin. Please go ahead.

Navin: Pratik Sir, thank you for the opportunity and congratulations on good set of numbers. So, my question in continuation with the last participant when you look at the last financial year, nearly 83% is coming from gates. So apart from US, are we not pushing other products.

Pratik Patel: I think we are seeing valves and everything else in every market but if you see Rodney Hunt, Waterfront as well as Jash were predominant is always gates company. The addition of screens, valves are all being subsequent to gates, so if you see from that point of view 50% of our revenue come from gates and 50% come from other businesses. And all these other businesses are post the gate business. So, we have been able to diversify ourselves in other businesses also in very good manner over a period of time.

Navin: Understood. My second question you briefly spoke about the opportunity in Singapore, and you said set a number around Rs.6000 crores. Is that the addressable order or you have put in bids for Rs.6000 crores for us or it is a total size.

Pratik Patel: Rs.6000 crores is the equipment which we have offered for budgetary purpose in Singapore. These projects will start coming from next year and will continue for next 15 years. Singapore intends to put infrastructure in play by 2040 for the future up to 2100. So, because they have financial resources, they are investing so that are 50 years ahead of the requirement. So, this business to us will start coming from next year onward for next 10-15 years.

Navin: In the last two monthly updates we have seen some of the order wins in Southeast Asia, particularly Thailand. If you could comment how are the products and acceptance in that particular market and what is the scope of growth there.

Pratik Patel: One problem throughout the world is depending upon political status in every country. Some countries go down some countries come up, Thailand for a long time had some political problems because of which most of the projects were stuck in Thailand. Now with the elections and the new government coming into Thailand, infrastructure projects have started moving again. And as a result of that, we have again become aggressive in Thailand and we have received already now orders worth more than \$2 million. This year we expect to receive total orders worth \$3-4 million from Thailand alone. So, the market was always there it was the political situation which to ensure that the business was not coming.

Navin: Understood, the last question from my end is you spoke about some impact of the legacy orders in Rodney Hunt which impacted the margins. So have you seen that legacy run off or in future quarters also there will be some impact.

Pratik Patel: The impact will be lesser in future for us. The reason the impact is higher in Q1 because the total revenue in Q1 is low. So, this year we are expecting \$35-36 million on the lower side and higher side could \$38-39 million revenue in Rodney Hunt. So, if you are talking of 36 also, then when we do around \$4-5 million in Q1 means we are doing well. The legacy orders

are worth \$5-6 million out of the order book of \$47 million. So, as every quarter execution increases the deformation of legacy order on the profitability will reduce.

Navin: Thank you. So that's all from me. I joined back in the queue.

Siddesh Chawan: Thank you. The next question is from Mr. Tej Patel. Please go ahead.

Tej Patel: Thank you so much for the opportunity and congratulations on good execution this quarter. So, this quarter we have done Rs.100 crores and probably this quarter being our 10% of the total year revenue, so was there a delivery issue last quarter which is executed this quarter and the number have come in this quarter or this Rs.100 crores sales is fully delivered in this quarter.

Pratik Patel: Generally manufacturing and delivering these are two different things. We have manufactured but not delivered in the same month because of the process involved in inspection as well as the payments from client. So, yes, sometime do happen that we manufacture in the early quarter and we deliver in next quarter. But the same thing also happens in this quarter. So, whatever we have dispatched in this quarter it is we have not been able to take in revenue of Rs.18 crores because of the norms of only booking revenue when revenue recognition takes place. So that is going to happen every quarter to quarter. The growth has been there in this quarters and it is not only because of what has come from the last quarter.

Tej Patel: Ok got it. Thank you and my second question is you already mentioned the about the market choice in your FAQ but to understand it in better way. So, let say Rs.100 rupees is spent on a water treatment plant or wastewater treatment plant. How much of it would be for let say for civil cost, how much would it be spent for let say the pipeline and the networking work and how much of it will be spent for the equipment part.

Pratik Patel: So, first of all we cannot have a common denominator for all type of projects. The water treatment projects have different costing, wastewater has 3-4 times higher costing for the same capacity. Pumping is separate and pipeline is separate but I have number on the treatment plant. So, on the treatment plant whether it is a water treatment plant or waste water treatment plant. In water treatment plant 75% would be civil and 25% would be electrotechnical equipment. However, in wastewater treatment plant 65% will be civil and 35% electrotechnical equipment. In 35% electrotechnical equipment our contribution, if we get all the job would be anywhere between 5-10%.

Tej Patel: Ok, got it. Sir one more question what I have observed is almost 85% is from the export business and almost 15-20% is still domestic. So, I am not getting it why there such a huge gap, this information is given in your investor FAQ. So, I am just trying to understand why is there such a big deviation and why gates are not a huge number in the domestic market.

Pratik Patel: It is dependent on investment and the day the Indian government start investing in wastewater treatment plant as we are deficit of more than 50% today. The day Indian government started investing in water treatment plant, wastewater treatment plant it will go up. So, in the world market they are investing and that is why we have high part there. However, in India it is not investing enough. I cannot generate the market if projects are not coming.

Tej Patel: Okay. So, you talked about Singapore Rs.6000 crores equipment budget that you received for the equipment. Now in a similar situation in this budget our finance minister pointed out this point about flooding and have put up a budget for it. So, have you started seeing any inquiry from the domestic market and how is been traction.

Pratik Patel: So, the government has announced two scheme to elevate protection. And also, investment in 100 cities. In infrastructure of water wastewater. So, these are just announced, by the time this will come on paper and on the ground, it will be sometime next year. So, the process of tendering, process of selecting the consultant, the technology, and then rendering is generally 1 year process. So, I will see more business coming from next year onwards for all these announcements.

Tej Patel: Okay great. Sir one more question on the shareholding, if I see recently your shareholding also has been continuously decreasing since FY21 from 13% to 11.2% also considering you did a preferential in between and if you see your family has also been continuously taking out their share and have probably sold everything in this quarter and Mr. Axel who has been associated our company since so long has also sold his stake, so what is the reason behind it if you can elaborate on this

Pratik Patel: They are no more as a promoter in the company that is why they are selling. And Patel family have taken permission to from SEBI as well as NSE to sell 2% of the stake. This was taken 2 years back and slowly we are selling 2% of our stake despite of selling all these stakes on an average our family stake is still more than 42-43%. Along with our stake Axel Schutte who has been with the company for 30 years has 6-7% stake, he is also selling his stake slowly but together we still have more than 50% stake.

Tej Patel: Sir any particular reason. I mean investment in something else or it is all for some personal reasons..

Pratik Patel: So, 2% stake permission which we have taken is for my son who is in USA. So, I have the only option is to sell shares to buy my house. My selling shares of Rs.8-10 crores is not going to affect the company because the family has close to 43%. So, selling 1% how does it affect.

Tej Patel: Okay. Thank you. And for this Shivpad plan which is coming up in this end of financial year. Earlier for the process equipment was it manufactured in house or was it outsourced.

- Pratik Patel:** It was outsourced.
- Tej Patel:** Okay, now everything will be manufactured from Shivpad.
- Pratik Patel:** Not everything will be manufactured in house. We will be manufacturing maybe 50-60% in house and balance outside.
- Tej Patel:** Okay. Sir, one more understanding that I wanted was we have been predominantly selling gates and screens and it always add big part of our revenue but we had always had process equipment and other equipment in our portfolio, so why it couldn't get bigger. Is it because of the problem of the market size or because we had limited production capacity or the capabilities in terms of manufacturing and can this get bigger in terms of if India put up more tertiary plants. You yourself saying there is more focus towards water and wastewater and with more plants coming in, can we see this process equipment and other equipment to grow big as a part of our overall portfolio or you still see gates and screens been predominantly having a bigger share in our total portfolio.
- Pratik Patel:** So first you have to understand the core of the company. The core of the company is gates, screens and valves business. So, whatever is core strength and whenever you get better recognition, whenever we can easily get order, you will always do more. Process equipment as you said as the government focus is more investment on treatment, process equipment will grow. But you have to understand when I acquired Shivpad it was a Rs.5 crores business and this is now a Rs.55 crores business, in 10-11 years' time from Rs.5 crores I have gone to Rs.55 crores. So, every product has growth cycle and that growth is dependent on how much we invest on it. So, we are now investing on the plant in Shivpad if the market is growing, we will also grow. However, we will not only grow in equipment we will also grow for screens, gates and valves raw material. If in the project valves, screens and gates are going to be costlier than process equipment than these items will be required obviously.
- Siddesh Chawan:** The next question is from Mr. Anil. Please unmute yourself and go ahead.
- Anil:** Good afternoon, sir. It is very good numbers from your company. So basically, you have written in your statement that the new opportunities are from wastewater treatment and reuse. Are we planning to enter into this new business, or our product business will have more opportunities because of increase in this new business.
- Pratik Patel:** Wastewater reuse is going to be the future not only in India but worldwide. And wastewater reuse, we already have started the Jash Invent product line, disk filter, aeration, mixing equipment, turbo flocculator, canisters, diffuser. All these are the equipment which will be required for reuse, not only for treatment but also for reuse.
- Anil:** Okay. So, we are not planning to enter this EPC business.
- Pratik Patel:** We are manufacturers and we will never get into EPC
- Anil:** Yes, okay. Thank you.

Siddesh Chawan: Thank you. The next question is from Mr. Sahil Doshi. please unmute yourself and go ahead.

Sahil Doshi: Thank you for the opportunity, sir. The question relates to the last concall. You mentioned there are orders worth \$50-60 million large, which are in pipeline and under consideration, particularly four of them, I think you managed to get the Hong Kong order. Could you possibly update on the other large orders and what stage are we on.

Pratik Patel: So, we expect one order to come in next two months time. That would be around \$5-6 million, and we expect another \$12-13 million to come in few months' time. The other big job in America is in trouble now because they want us to manufacture it in America, and it is such a big job there to take it for manufacturing in America may become very risky. So, we still have discussions with the client. The client decide that orders should be entirely executed in America, and we are not comfortable in taking a job of \$25-30 million in America, because our American setup is not big enough. We already have \$12 million order book in America, so any addition to \$12 million order book will put us in further problem, and our team is not strong enough in America to address these big jobs. So, this is still under discussion with the client. If the client is not allowing us to manufacture in India than in that case, we may have to regret execution of that job. But at the same time, I would say between \$5-15 million 3-4 jobs we are already working on simultaneously, so it doesn't matter. We have limited capacity, so we cannot take all the jobs. So, we would select job based on profitability and convenience of manufacturing.

Sahil Doshi: Understood sir. In related to this, in terms of the order from the America is there a change in policy where we are pushing more aggressively towards make in America, and structurally, can this derail our model in the sense where we part produce in India, and then market could possibly hinder margins as well as opportunity in America in the future.

Pratik Patel: Understand I cannot push anything. Is the government requirement for making in America than it has to be make in America. So, if the government allow make anywhere in the world than I will make in India. So, we cannot push the client to buy from where we want. We make in America only in two conditions, once the delivery timeframe required is very short. You know, nowadays 8-9-10 weeks are being taken to deliver to America. If the project is for four months that is 12 weeks, then I will rather make it in America or when the government insist it has to be made in America, than I will make in America for that project otherwise we will produce in India.

Sahil Doshi: Understood, and just the last question was related to this announcement of a new property you have taken on lease with this commission next year, how much does our capacity overall increase by and does this give us more opportunity or the headroom for further large ticket orders and exports.

Pratik Patel: So, I had mentioned that once it is ready, it will enable us to add Rs.100 crores of revenue.

Sahil Doshi: Okay, sir. Thank you so much.

- Siddesh Chawan:** Thank you Sahil. We will take our next question from Mr. Bhavya Sonawala. Please go ahead.
- Bhavya Sonawala:** Thank you, sir. So just a couple of questions. First question you mentioned about Singapore having Rs.6000 crores, so just wanted to understand what will be our addressable market size or the orders we can bid for in that Rs.6000 crores.
- Pratik Patel:** Rs.6000 crores is our equipment, if we get 100% than we get Rs.6000 crores, just joking but as time goes, this can increase or reduce. What I wanted to convey that Rs.6000 crore is the type of demand which is going to come worldwide because of rise in sea level. So, Hong Kong has started investing, Singapore has started investing, many countries will start investing. The big project which we were expecting to get in America will also do.
- Bhavya Sonawala:** Okay sir, understood just another question, when we get an order for a gate, do most of these projects also have a screening element to it? So basically, just trying to understand, is it common for a project to have gates and screens both in the same project?
- Pratik Patel:** 60% of the project have gates, screens, valves and process equipment in treatment plants. However, if there is a flood prevention screens may not be there but for reuse, treatment generally all these products will go as a package.
- Bhavya Sonawala:** Okay, understood. Thank you so much.
- Siddesh Chawan:** We will take a next question from Mr. Samarth. Please unmute yourself and go ahead.
- Samarth:** Good evening, sir. Congratulations for a great set of numbers. Sir I am a new investor and just wanted to understand a couple of things on the Waterfront gate, I mean UK acquisition. How is the initial feedback? I mean, how the business is shaping up over there? I mean, we face some issues with Rodney Hunt but how is it at Waterfront?
- Pratik Patel:** So, Samarth this is only two months now and this is quite soon, but we know from Rodney Hunt we have learned a lesson. So, what we have done in Waterfront is, in this month itself, we have recruited one of the persons from India who will be now staying in UK. So, at Rodney Hunt we have learned that people trained in India and US helped us a lot in turning around the Company. And I hope that with those lessons learned we did right decision of sending someone this month, and he would be involved from beginning in the process of growing that company and people in that company.
- Samarth:** That's great, sir. One more question, you had laid out vision that in FY28 we might hit Rs.1000 crores. And, I mean, that is a little far place and we might hit a little earlier also, but the kind of feedback you have given from the market, water treatment, water reusage and then the flooding problem across the world, it might be that we might reach this sooner or later, while there has been some capacity expansion which we have planned. Do you foresee that in the next one to two years we might have a large capex coming up, or any other acquisition we might have to plan in order to absorb that demand.

- Pratik Patel:** No acquisition for demand, acquisition is only for the market. The existing demand has to be met by capex. We are investing this year Rs.29 crore, we are investing next year another Rs.23-25 crores. So, every year we are building up a new plant to increase our capacity. By the end of next year, we will reach Rs.1000 crores capacity. And as you said yes, it is possible we will be able to achieve Rs.1000 crores revenue, since today we can do it but when you prepare projections, you do not know what the market is going to react like. So, if we get consistent flow of orders like we are getting now, then yes, we will be able to achieve Rs.1000 crores fast.
- Samarth:** Sure, sir and just one final question, if time permits, we have said that SEZ 4 we are expanding our capacity, or we have got a parcel of land wherein we will be producing some stainless steel products for exports. So, is it from our existing line, or is it some new product range we are trying to bring for exports?
- Pratik Patel:** Its existing line
- Samarth:** Okay, sir. Thanks a lot, sir. That's it from my end. And all the best.
- Siddesh Chawan:** Thank you. We will take a follow up question from Mr. Dilip Sahu. Please unmute yourself and go ahead.
- Dilip Sahu:** Pratik bhai question regarding the large project MCGM had given around two years back, around Rs.25,000-26,000 crores, I saw some order coming from Welspun, which happened to get one of the projects. My question is, have all the orders, because our expectation was Rs.400 crores from that project as a whole, have all the orders got placed. And what is the percentage of win for us in that whole 7-8 projects.
- Pratik Patel:** So, out of 7-8 projects, we have already received orders for 6 projects, gates for 6 projects, screens for maybe 4-5 projects but not all orders are placed, and they are under process. The orders for gates are always placed first, because gate is the different installation and then comes order for screen, then we will come order for valve, and then will come for the process equipment. So, all these orders will be scattered over the period of 1-2 years' time. I would say, out of 7-8 projects, 90% of companies have led with Jash.
- Dilip Sahu:** So, we can say that in gates, we will have a market share of say 90% screens will be around 60-70% and valves will be 30-40% just trying to understand, how is the competitive edge?
- Pratik Patel:** As of now gates is close to 100%, screen is close to 90% and valves is starting.
- Dilip Sahu:** Okay, and the profitability of these projects are like our normal profitability of the company.
- Pratik Patel:** Yes, reason for that it is a big project. So, in big project small companies will not come
- Dilip Sahu:** Yeah sure, that is great to know. I was bit concern because they are large players maybe they will squeeze us out or something like that I thought.
- Pratik Patel:** They will always try, that is their job.

Dilip Sahu: The second question is regarding the Southeast Asian projects, in the past my experience of knowing Jash for 7-8 years has been that typically these projects get delayed and there is a little bit of complication. They are not really straightforward cases, right. So, this Rs.250 crores that we have got, and we are expecting a lot more, how is the payment, particularly Vietnam and in Thailand and Indonesia, and kind of regions, the cycle time and profitability. I mean risk of payment, I would say.

Pratik Patel: So, we are dealing with contractors and we get payment from the contractors, so payment is not an issue. The delay which you are talking of was mostly as a result of covid. Otherwise, all these countries are known to execute jobs very fast and in time. The debating of Covid, has come to an end now because of covid, countries like Singapore, Hong Kong, etc. put lot of terms on number of people that they stay in a confined area. Earlier all the workers are coming from India or Myanmar or Bangladesh, etc. and people are there to take the room, now only 2 people can stay together. So, as a result of all these lot of people had to leave from Singapore and slowly, they are leaving back to normal.

Dilip Sahu: Yeah, okay, that's all. Thanks.

Siddesh Chawan: Thank you. Sir, there are a couple of question on the chat box. I will read that question. This is from Alisha Mahawla from Envision capital. What is the revenue contribution from Waterfront in Q1 also, can we get some more details on legacy orders impacting Rodney Hunt and profitability if these orders were awarded in the last 1-2 years, as delays in execution impacted margins.

Pratik Patel: So, Waterfront is not more than Rs.7-8 crores.

Dharmendra Jain: Rs.3 crores.

Pratik Patel: Waterfront two months is only Rs.3 crores. Second question was regarding legacy order I have already explained to you the legacy order of Rodney Hunt is around \$5 million legacy order as compared to the total order book \$47 million. So, we can say 10% of the orders are legacy order and going forward we do not expect legacy orders to have weak effect on our profitability. The simple reason for that is every quarter the revenue will increase in compound, hence the percentage of legacy orders in that revenue will go less and less and so they will no affect the overall performance of profitability.

Siddesh Chawan: Thank you. We will take a follow up question from Mr. Sahil Doshi. Please go ahead.

Sahil Doshi: Thanks for the opportunity. Just want to check in terms of Rodney Hunt now earlier we had to give some advances for winning certain orders in terms of guarantees. How are we placed now and incrementally how does it place us because profitability is been improving because

Pratik Patel: Anyone will ask for performance bond but with the company profitability improving, the banks are willing to go down from 45-50% which they were asking us to deposit us as value for performance bond, the bank is now willing to consider 30%. I am sure that in a year's

time when we are more profitable and doing better at Rodney Hunt the banks will go down to 15-10% as well. It is the bonding that fixed deposit that we have to pay to get a bond.

- Sahil Doshi:** Understood. Thank you..
- Siddesh Chawan:** Thank you. Follow up question is from Tej, please go ahead.
- Tej Patel:** Thank you for the opportunity. I have just one question. So, I had a confusion and just correct me if I am wrong. We had bought a land in front of our Chennai unit, and now we got a lease and these are two different parcels of land if I am not wrong.
- Pratik Patel:** One is in Chennai and other is in Indore.
- Tej Patel:** Okay, got it. So, what the land that we have acquired in Chennai, so Shivpad is built on that.
- Pratik Patel:** Yes.
- Tej Patel:** Okay, got it. Thank you.
- Siddesh Chawan:** Thank you Tej. There are few more questions on the chat box. I will just read it out. This questions if from Divyansh Gupta. Can you provide some commentary on the progress or performance with the Invent joint venture.
- Pratik Patel:** So, the invent joint venture, as I said, we got the first job three months back for Aeration mixture. We got the first job this week for Turbo blower and we are factoring one of the jobs for aeration mixture and diffuser in next 1-2 months' time. It is going in, but it is going slow.
- Dharmendra Jain:** First job is transferred to the Invent directly.
- Siddesh Chawan:** Thank you. Mr. Divyansh DivyanshGupta, please go ahead.
- Divyansh Gupta:** Hi, sir. This is on the Invent JV only. So, like Rodney hunt, we had some learnings when we had acquired and how we integrated. So, the Invent JV, as you mentioned, that the performance is slower than, let's say, what you would have expected. Are there any areas that you have realized as areas of improvement to accelerate or bring the performance to expectation levels or it's more customer demand driven. To put it differently, is it internal or external.
- Pratik Patel:** The issue is not related to customer the issue is related to Invent thinking. We believe that when we started the JV our aim was to capture a large market share in India. However, as we progressed, we got a feeling that Invent was not willing to move aggressively. It is a German company which is more interested on high profits rather than high volumes. And so, we have had difference of opinions on how to move ahead. We have finally decided that, okay, let us wait and watch and go ahead as Invent wants, and once their strategy is not working out, then we will have to tell them to go as per our strategy, which we are using from beginning.
- Divyansh Gupta:** Got it. And what is the timeline for evaluating this? Is this anything internally decided?

- Pratik Patel:** If we lose order after order because of their strategy than we are very far. So, I would say six months to one year.
- Divyansh Gupta:** Understood and just one follow up question on this thing. If I recollect properly, we would be manufacturing in the Invent JV which will happen through Jash, Jash will sell in India and JV will sell outside to Invent, or marketing rights are with Invent.
- Pratik Patel:** Yes.
- Divyansh Gupta:** So, let's say this slower performance, or their focus on higher margin for outside business is that on track and only the Indian business is struggling or it on both sides.
- Pratik Patel:** Jash Invent is the Indian business and because selling to Invent is done directly from Jash and not through Jash Engineering. So, component to Jash Invent is directly from Jash, product selling would be done outside India by Jash Invent, subject to Invent approval. And product selling in India would be done by Jash Invent through the common category, which we agree.
- Divyansh Gupta:** Got it understood. Thank you. Just one more question. not related to Invent JV, but let's say, with all the water scarcity are you seeing any ground movements of government.
- Pratik Patel:** Government announced scheme and project but as I said by the time it comes on the ground, it would be next year.
- Divyansh Gupta:** Got it Understood. Thank you.
- Siddesh Chawan:** Thank you. There are a few more questions on the chat box. This is from Mr. Abhijit. Sir, you have revised your sales guidance on the upside, any comments on the margins?
- Pratik Patel:** We expect to improve our margins of last year. Last year, we had around 12-125% PAT margin and we expect to improve it to 13-1305% this year.
- Siddesh Chawan:** The next question is from Mr. Pritesh Jain. Since majority of revenue comes from USA market, any change in presidency in USA will affect future order books or water infra related policies?
- Pratik Patel:** I don't think so. The policy put in place for making America or everything else would remain the same. Even today make in America, is not a very big portion of the business in America. But if Trump comes over president, they will push for make in America, but Mr. Biden is also pushing for it, so there will not be any difference in the policy what is now.
- Siddesh Chawan:** That was the last question, Sir. I would request you for a closing comment.
- Pratik Patel:** So, thank you, everyone for participating. I hope that I have been respectfully able to reply to whatever you ask. As I said before, we are on path of growth, not only growing but growing profitably as well. And I hope that every quarter coming forward, we will keep on improving and give a good performance result by the end of the year. As I already said, we are still on line to achieve Rs.675-700 crores consolidated revenue with a growth of at least



25-30% over last year. And we are also looking forward to have PAT margins in excess of what we gave last year, improvement over last year. So, with this, I would like to thank you all once again, and I request you to keep faith in the company. We are working hard to deliver and give results expected by our investors. Thank you.

Siddesh Chawan:

Thank you everyone for joining us today. If you have any further questions, please write to us and we will get back to you accordingly. Have a good day.