12.05.2025

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 FY25 Earnings Conference Call

Symbol: JASH

We are enclosing herewith the transcript of Q4 FY25 Earnings conference call with the Investors held on Tuesday 6th May 2025.

You are requested to take the aforementioned information on records.

Thanking You,
Yours Faithfully,
For JASH Engineering Limited

TUSHAR KHARPADE Digitally signed by TUSHAR KHARPADE Date: 2025.05.12 18:09:35 +05'30'

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

“Jash Engineering Limited
Q4 FY25 Earnings Conference Call”

May 6, 2025

MANAGEMENT: **MR. PRATIK PATEL – CHAIRMAN & MANAGING DIRECTOR**

MR. DHARMENDRA JAIN – CHIEF FINANCIAL OFFICER

Siddesh Chawan: Good afternoon, everyone, I am Siddesh Chawan from Ernst & Young, Investor Relations and I would like to welcome you to the Jash Engineering Q4 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 question after the opening remarks conclude, should you need to ask a question, please select the raise hand option under the reaction tab of the Zoom application. We will call out your name and 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 company's website within a day, and the transcript of the call 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 harbour related to the 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 risk that will be caused future result performance or achievements to differ significantly from what it is expressed or implied by such forward looking statements. After the end of this call, if you need any further information or clarification, please do get in touch with me. With that said, I will now hand over the call to Mr. Pratik Patel, over to you, sir.

Pratik Patel: Good afternoon, everyone. Thank you for sparing a valuable time and attending this call. We would go ahead with the format, which is new. However, I would just like to give a caution. We have lot of stormy weather just now here with huge rains and so in between, if there is an interruption, please excuse us for the same.

I am pleased to inform that we had a very good financial year from most visible parameters, I would say, except on the EBITA and PAT portion. However, we are working on strengthening on those parameters in this financial year. We are quite confident of improving on those parameters in this year as we go forward, and we are also quite committed to ensure that in the long term, all these parameters which influence the investors are taken care of.

In the beginning, I would like to just delve on some growth journey of the company. Over the last many years, we have been strengthening company at various level. We made a strong foundation for the company. Thereafter, we emphasized on growing by ensuring investments in plant and machinery and things like that. Further on, the phase III, we scaled up our operation globally by going for strategic acquisitions, which today are bringing us revenues of close to 60% of our total turnover. And finally, I would say we are at phase IV, where having built everything, we are now looking to expedite and increase our order book, our revenue and also our various parameters in time to come.

I would just like to show about our growth in the beginning, so that you get a clear idea of what we were in 2017 versus what we are today in 2025 we have had been growing revenue wise at the CAGR of 21% over these 7-8 years. And as far as profitability is concerned, we have been growing stronger profitability wise. However, this year, when we say this year, it is on the financial year 2025 we have a drop in our EBITA as well as in PAT. Drop in EBITDA is by 2% and drop in PAT is by 1%. As we move forward, we explain why this has happened, but overall, I would say that we have been improving over the years, and this year, from that point of view, has also been an excellent year for us.

If you see all the ratios, whether it is return on equity or return on capital employed or debt-equity or debt to EBITDA, we have been improving at all levels. Year on year there has been improvements, in between there has been some dips in some years due to maybe COVID or some other purpose, like in FY18, it was Rodney Hunt acquisition. But other than that, the company has been slowly and steadily improving at all parameters. This is what we show when we show these trends in last eight years. At the same time, when we started all this journey, we started with the market cap of Rs.170 crore in March 2017 and today, at the end of eight year, we have reached a market cap of close to Rs.3500 crore, which mean CAGR of close to 47% and we are committed to maintain such growth and create such value in future as well. The company is also quite profitable and also having a very positive trend as far as dividend payout is concerned. The dividend payout this year, once we get the approval at AGM would be 15% which is equivalent to 100% dividend declared on par value of the share.

Coming to financial snapshots for year FY25, our revenue has grown year on year by 43%. Our gross profit also has grown by 34%, our EBITDA is up by 31% profit before tax is up by 29% profit after tax is up by 30% and even earning per share has been up. The revenue composition is quite diversified, but water control gates is still our predominant product and followed by screening equipment, followed by valves, hydropower and process equipment and others. When we talk about our market spread, I would say we are also quite uniformly spread, we have 37% in India, 40% in America, and balance in rest of the world.

Next coming to standalone performance, the revenue of Jash Engineering as standalone revenue has improved by 37%, the PAT also has improved by 38%, as a percentage PAT last year and this year has remained the same. When we talk about Shivpad, the revenue has grown by 118%, the PAT has grown by 251%, percentage of PAT also has grown positively for Shivpad this year. However, when we come to Rodney Hunt in spite of having a year-on-year growth of 29% the growth in PAT of 9% is not comparable to last year 9% PAT margin. This year, the pat margin has gone down, the result for the pat margin having gone down is our execution of Kansas city project, which is a very big project, which we have taken. However, due to people problem we do not have enough manufacturing manpower in our plant, and we are not able to ramp up the production capacity fast enough as a result of that, we have not been able to execute this project smoothly with lot of cost overheads and so the PAT margins in Rodney Hunt and has come down this year. Waterfront, which is the company, which we acquired last year, we are now building that company up. So earlier, we had 11 people in the company, now we have touched around 18 people, and we will be adding a few more people now in that company. However, when we added people, the revenue has not grown in proportion to the growth in number of people and that is very normal, because when we get people, they take 6-7-8 months' time to understand the company, understand the product, and then approach the market to improve the revenue. So, we are quite hopeful that we will be able to turn around Waterfront also, and in this year, we expect to break even at Waterfront.

Coming to our consolidated order book position. We have a very healthy order book position in most of our companies, and we have combined order book as of today Rs.838 crore in which Rs.546 crore orders are for projects outside India and for projects within India, we have Rs.292 crores. Shivpad operations is getting merged with Jash Engineering in this year, and we have recommenced Mahr operations in Austria. So, this year we expect Mahr also to start contributing to our revenues for the year.

Our consolidated order pipeline for the month of May also is quite good. We have already negotiated orders worth Rs.59 crores, which we expect to receive within next 4-6 weeks, of which Rs.44 crores are outside India and Rs.15 crores are within India. Orders under negotiation in this month are around Rs.78 crore. We have quite a good track record of converting orders and so we expect a significant quantity of these orders of Rs.78 crore to come into our fold.

For the year 2026 we are projecting combined revenue of Rs.860 crore, out of which Rs.540 crore would be outside India and Rs.320 crore would be within India. We expect growth in all the companies, Jash Engineering, Jash USA as well as Waterfront. Though in Waterfront, we have mentioned Rs.50 crore, but our internal targets is for Rs.55-65 crore. The reason we have shown less in Waterfront is because of the uncertainty in growing a company in which we have just entered recently, but we are quite hopeful to easily cross Rs.40 crore and take the turnover in excess of Rs.50 crore in Waterfront.

Coming to strategic updates, I am pleased to inform you that when we do the mapping of business, especially in the water industry, we see a potential today of close to Rs.1500 crore worth of business from drinking water, irrigation water, wastewater, used water, desalinated water, storm water, rising sea water and industrial water. Now what does that mean? That means that on the basis of this Rs.1500 crore market potential, for which today we are only doing Rs.275 crore so if this Rs.1500 crore plus market potential comes into being, we can expect the growth in excess of 18% on the domestic market. This Rs.1500 crore, we expect to come in few years' time, as the government focus on infrastructure related to roads, railways, airports etc. slow down because lot of capacity has been built up, we expect government to start focusing on wastewater, which is going to be at a crisis mode in years to come. And when that happens, we expect a huge growth in the wastewater business, in the drinking water business in India, resulting into a tremendous growth for us, much more in excess of 18% in time to come. Similarly, due to the focus of renewable energy and the investments to power infrastructure that is cement, power, coal, etc, we expect overall domestic growth in the next five years to be in excess of 15%. At the same time when we talk about exports, our subsidiary in USA, UK and Austria are expected to do good. The business within those territories is already good, and we expect our subsidies also to grow by over 18% in the next five years. However, the direct export from India, this also is growing, and this is expected to grow by 15%. This could grow higher, but the reason we have taken 15% is due to lot of crisis in Far East and Southeast Asia on account of what is happening with China. So, to offset that, we are already entering into new countries, and we continue to enter into new countries so that we spread our risk and are not too dependent on Southeast and Far East Asia, we expect growth of 15% from these regions. And as a result of that, the total export also should be growing to the tune of 15% year on year. In short, I would like to add that growing 15% every year for us, after all that we have put together is not a very hard task and should be easily achievable.

One of the key question troubling most of the people is the US tariff. We are given a circular to NSE in which we are clarified our position. However, I would like to take this occasion to reinforce what we have stated in our letter on NSE. Out of Rodney Hunt USD 34 million revenue, the purchases from India were only 31% so of those purchases, also only Rs.30-40 crore is subject to new US tariff. Now if the tariff of 25% stands, that will cost us Rs.8-10 crore. We are in talks with our client on how we can pass on. In some cases, we will be able to pass on, in many cases we will not be able to pass on. However, we expect that in time to come, this would stabilize. Also, we expect the government of India to arrive at some conclusive figure with US government on the scope of tariff. And once that happens, we expect the tariff levels to come down for us also. However, irrespective of what is happening in future, what we are doing, we are already increasing our capacity in Orange, we have more than 400,000 square feet, of which we are using only 90,000 square feet. We will renovate 60,000 square feet more and add it to our manufacturing capacity. However, Orange problem of getting people and so we have already planned for a new plant in Houston. This may happen in 2027 however, I am going there this month, and it is possible, based on the US business potential, we may expedite this and execute this plant in 2026 as well.

Coming to the tariff, I would like to clarify that tariff is not as big a risk as the US BABA act. US BABA Act requires for Federal projects 55% local content, and this will rise to 75%

by 2029. Keeping this in mind, we had already drawn expansion plan so that by 2028 we have enough infrastructure in America to cater to projects needing BABA act compliance. So, we were already doing this, but tariff would force us to expedite it. And that is why, when I am going this month, we will be taking a decision on how to go ahead further.

Next, coming to Company overview as many know we are an equipment manufacturer. We have more than 45 countries where we are supplying our equipment, and we have six manufacturing facility. We have a very comprehensive product portfolio. The growth is coming mostly from exports; however we are growing also in domestic market by quite a high percentage. We are approved by most of the authorities, and we seek more and more approvals worldwide. Our strategic acquisitions done over the period of time internationally has come well, and these are helping us push our roads. The acquisitions which we have done nationally as well as internationally, are these, and all the acquisition I would say, are now bearing results, except Waterfront. It is a very recent acquisition, and I am quite hopeful that even in case of Waterfront, we would give good results in time to come.

We have a global footprint manufacturing in six different facilities in India, US and UK. So we have infrastructure to produce more than Rs.800 crore per year, and in this year, we'll be adding two more plants. So, by the end of this year, we would be well positioned to produce more than Rs.1000 crore worth of equipment in our plants.

All the balanced slides I would not like to go through, because these are for information purpose that would spare us time to start taking questions. So, I would like to start with taking questions so that we can have more constructive discussion.

Siddesh Chawan: Thank you, sir. We will now begin with a question-and-answer session. We will take the first question from Mr. Raman Kerti. Please unmute yourself and go ahead.

Raman Kerti: So, I just have few questions mainly with respect to the tariff situation and US business. Sir you said about Rs.30-40 crores is subjected to out of the Rs.293 crores business which was done from the US unit in FY25 only Rs.30-40 crores is subjected under tariff, which means, which makes it around 10-15% of the total revenue of US business. So, I want to know can we expect, on an entirety basis, the US revenue impact will be around 10-15%.

Pratik Patel: Now understand, the revenue from India to US is only 31% of US revenue. So we have this year like given around Rs.90 crore worth of material to US. Out of Rs.90 crore worth of material only Rs.30-40 crore worth of material will be subjected to tariff. Because from US, we also do business outside US that would not be subjected to tariff. So, we also do lot of services through our project management, design engineering and those services also would be out of tariff.

Raman Kerti: Okay, understood.

Pratik Patel: Actual tariff would be on 30-40% there too, because this has come out of blue, we may be not able to take care of absorbing everything. We will talk to people, if we cannot, then we may have to absorb so that is why we said the hit would be 8-10% due to tariff.

Raman Kerti: Yeah, Understood. Sir, my second question was respect to the Rodney unit. So currently it's 90,000 square feet, is operational, out of operational facility. And in within those 90,000 square feet, we did around Rs.230 crores plus of revenue. Now you are expanding it by 60,000 square feet more. So can we expect the maximum potential from Rodney unit to be around Rs.350 crores.

Pratik Patel: It is already projected for this year. USD 40 million which is like into 85 would be something similar towards figures you are telling see, the stress at Rodney Hunt Orange is not revenue, the stress at Rodney Hunt Orange is people.

Raman Kerti: Okay.

Pratik Patel: We have not been able to get manufacturing people there, otherwise why should I have 400 square feet of shade available and still look for Houston. We are looking for Houston because in spite of our doing all the efforts, we have not been able to get enough people to work in the plants in Orange.

Raman Kerti: Okay

Dharmendra Jain: Out of 34 million, we do 60% from India and not 100% from US.

Pratik Patel: 60% is including overhead, so its 30% only otherwise, people will not understand it.

Raman Kerti: Sir only for follow up with respect to this. So, you are basically saying the only reason why you are not able to scale the US business is because of less availability of manufacturing employee

Pratik Patel: Yes, and in Orange.

Raman Kerti: Yeah, Orange. So given that, if there are enough manufacturing employment created in Orange, what will be the maximum potential in probably next 2-3 years from the US unit, can we expect?

Pratik Patel: As I said after 2-3 years, you come to know what is possible, what is not possible. In Orange, in spite of having 400,000 square feet shade, we will not be able to utilize all 400,000 square feet shade, because we are not getting people. The situations in changing so drastically that overnight or in next one year, people will be available. It's not going to happen, and that is why if we have to go for growth in US, we will have to set up a plant in Houston where more manufacturing industries there. In Orange and surrounding areas, most of the manufacturing industries have disappeared for last 20-30 years now. So, people are just not available, even if you see the type of people I have today, maximum people are 55-70 years of age, so it is not possible that this scenario will change overnight, and that is why we are planning for

Houston. So, as the company is growing this year revenue, we will be able to meet from Orange and its expansion, but down the years we will have a bank on Houston to bring additional revenue.

Raman Kerti: Okay, sir. Thank you.

Siddesh Chawan: We will take the next question from Akshay Deshpande. Please unmute yourself and go ahead.

Akshay Deshpande: Good afternoon, sir. Akshay Deshpande, this side from Ashika Institutional Equity, I just had a couple of questions. So, in this quarter our gross margin has taken a hit. So is this a onetime thing or is this trend going to continue for FY26.

Pratik Patel: See from beginning, we have been telling that we have certain orders which are stressful. Now, what are those orders? In case of Jash Engineering, we had a Rs.50 crore order from Tata Projects for Nuclear Power Corporation of India. This project has been executed now, except for the services portion that is installation, etc. the manufacturing portion has been completed. However, this order was taken from day one at a loss, and this I've been telling from beginning, the reason we have taken this order at a loss was to prove to companies like Tata projects, Larsen & Toubro etc. that we are the best company to do such projects. This order was cancelled on our competitor and then given to us once we agreed to do it at the lower price, not lower price than competitor, same price as competitor because they were not able to do it. Now, one and a half year in row we have been selected as the best vendor by Tata projects. We have also been requested by NPCIL that we should seriously pursue their future projects and lot of projects are coming with NPCIL due to government focus on renewable energy. So, we knew that this is going to be a loss-making job and still, we have taken it. In spite of that, the PAT of Jash Engineering has little bit improved, like 14.1% versus 14.16% or something like that. So there has been no hit on the PAT in spite of doing a Rs.50 crore job out of Rs.225 crore local revenue at a loss. Coming to America, we had a Kansas project which we had taken from which we learned our lessons and that is why the next big project we are expecting of more than USD 20 million for Manhattan, when we were asked to do the production in America we declined to take that project because we had realized that it is easy to take a project, but very difficult to get people to execute such big jobs and so we declined that job. But Kansas project will come to an end in next few months, and once that happens, then we will have no more such projects in America. Coming to waterfront, we acquired Waterfront with their team. So, from 11 people we have gone to 18 people now. So, we are adding people with a view to increase revenues in future. We are also taking part in exhibitions, we have started advertising, we are quite confident that this year our revenue will go from Rs.30 crores or to Rs.50 crores or even up to Rs.60 crores. But today we have to invest on people, today we have to invest on everything to make it happen. And that investment has result into Rs.5 crore loss. So, if that Rs.4.5-5 crore loss was not there then the profitability of the company would have gone to Rs.90-92 crore level which is what at least some people expected. So this is not consistent policy of the company to do at a loss. This was done because the company is in a strong position and when the company is in a strong position, it does not take some risk to expand for future business, then it's not worth doing business, and that is why we took this calculated risk and this is a one-time thing only.

Akshay Deshpande: Understood, sir. Sir my second question, how do you see the Chennai factory performing in FY26, are we going to fully ramp up or it is going to be in stages.

Pratik Patel: It has to be in stages. Production will start in first week of June. Because we had no production facility, so by the time we build a team and set up and get everything smooth and running, it will be November, December. So this year, the improvement in revenue will not be staggering, but we expect that two to three years down the line, this plant to fully come online and deliver more.

Akshay Deshpande: Understood sir, and just a follow up what is the maximum revenue potential coming from the Chennai factory.

Pratik Patel: I would say, if we are able to run on three shift basis, on an average 4-5 times of our investment can be the revenue. So, if you are investing Rs.30 crores, and if you are able to run three shift, which generally we are able to do on the third or fourth year, then we should be able to get revenue of close to Rs.120-150 crores.

Akshay Deshpande: Understood. Thank you.

Siddesh Chawan: We will take a next question from Sahil Doshi. Please go ahead.

Sahil Doshi: Hi sir. Congratulations on exceeding your full year revenue guidance. Just on the margin front the expectations was that as the Rodney Hunt scale up happens overall at a company level, we could go to 14% PAT margins at some stage. However, this year, on a Y-o-Y basis if I see though you explain it in your previous answer as well, we have seen some decline. So on a gross margin basis and a margin basis, how should we think about the company over the next 2-3years?

Pratik Patel: So, we are still committed to take the EBITDA margins in 21-24% range and PAT margins in 12-14% range. In spite of all the risk we have taken this year, the PAT margin is at 12% on consolidated level, not on the standalone level. Standalone level is 14%, 16% and 7% in case of Rodney Hunt. In case of Rodney Hunt to reach 14% is not going to be easy. However, the reason we are quite confident of reaching 12-14% PAT on consolidate level, the reason for our confidence comes from that we would be able to improve our operations in Indore that is Jash Engineering standalone, along with Shivpad and also improve on Waterfront, which is so negative. So even if Rodney Hunt gradually goes back to 8-9-10%, Waterfront becomes 7-8-9% and Jash and Shivpad operations are performing well, then we expect EBITDA as well as PAT to improve. Our general guidance, target for PAT is 12-14%, it may not be possible every year to do 14% but we can do between 12-14% based on the type of orders we take, the type of export jobs we get, the type of complexity and the type of margin which we get from order to order. At the same time EBITDA also would be between 21-24%.

Sahil Doshi: Understood sir and reason which we see a massive decline of almost 800 basis points in this quarter in gross margin, is purely on account of this execution of Tata project. Could you quantify that.

Pratik Patel: There are two projects, one was Tata project, and another was a project for Suez, but the reason is that only.

Sahil Doshi: Okay, so normal steady state gross margin should be said around 58-60% is how we should envisage.

Pratik Patel: Between 55-60%.

Sahil Doshi: Okay, understood sir.

Pratik Patel: Some projects or some years we get all projects with very high margins or in some quarter, we execute a project with very high margin. And when that happens, it will jump out of you, but on an average in the yearly basis, as I said 12-14% PAT and 21-24% EBITDA is what our target.

Sahil Doshi: Understood. And second Waterfront, sir, last year, you had commented the target was to take it to Rs.200 crores odd in four years.

Pratik Patel: Rs. 120 crores

Sahil Doshi: Okay. Basically 18 million GBP is what you had targeted.

Pratik Patel: 12 million GBP. 15 million was a revenue of Hambaker when it closed down. The biggest company in UK had a revenue of 15 million pounds and we believe that four years down the line, it is possible for us to reach 12 million in revenue, but that is our projections, and we are working on it. So, in the current year though, we have set 4 million we have been conservative based on various parameters, we are expecting to do close to Rs.5.5 crores, and then take this Rs.5.5 crores to Rs.7-7.5 crore next year and then the explosion will happen, because then you have spread yourself in the market, the team is there and all has been set up to grow. So, we expect that the first two years will be tough, but then after, we will be able to grow fast.

Sahil Doshi: Sure. In terms of profitability related to that, are we seeing any setbacks from our acquisition or everything is as on plan in terms of the Waterfront, if you can inform

Pratik Patel: First second layer, we always do very positive. I would like to break even in first year, but after having acquired when we go for recruitment of people, we expect to get people within the month, but we don't get it. It takes 5-6 months sometimes. So, our expectation is one thing, what actually happens is different but as I said, from this year, we expect to be breaking even and making profit. So, first year is always a touchy, second year could be touchy but this year we are feeling that we will be able to do it.

Sahil Doshi: Sure, sir. Best wishes, sir. Thank you so much. Thank you.

Pratik Patel: Thank you, Sahil. We will take our next question from Tej Patel. Please go ahead.

Tej Patel: Thank you so much for the opportunity. And first of all congratulations to the entire Jash team for a very consistent growth. So, sir, my question is again on similar to the previous participant, I know you explained the reason for falling gross margin was due to 2-3 projects, that is Tata Nuclear project. But is it possible for you to quantify it? The reason I am asking is because as far as I remember two calls back you mentioned that about Rs.50 crores from NPCI was already executed in Q2 and Q3. And about Rs.10-20, crores of more order which we which we received.

Pratik Patel: That order is still not started. Rs.20 crore is still not started and the last of the supplies were done in Q4

Tej Patel: Got it. Is it possible for you to quantify this low margin order? I mean, what portion of the revenue was probably the low margin business which led to this decline in gross margin?

Pratik Patel: Rs.50 crores Tata project, Rs.15 crore Suez, so around Rs.65 crores.

Tej Patel: Got it. And sir how much was the Waterfront contribution in this quarter revenue.

Pratik Patel: Waterfront the whole year contribution was less than Rs.10 crore.

Tej Patel: In this quarter was how much.

Pratik Patel: Whole year is Rs.10 crore, this quarter it Rs.2-3 crore, I don't think more than that.

Dharmendra Jain: Out of total Rs.70 crore revenue, Rs.11 crore we have sell and have acquired Waterfront.

Tej Patel: Got it. Sir my other question was, I just wanted to know the tariff impact you already explained the reasons, but I was looking at this, so correct me if I wrong, major order in US is driven through the bipartisan law that was passed, let's say two years back about a USD 55 billion improvement in water infra. But after the Trump coming in you do you anticipate there could be cuts in this bill because I was looking online and there were possible cuts to this water infra spend. Do you envisage it from the demand perspective in the US what is your outlook on the same.

Pratik Patel: It's going to increase; it's not going to reduce.

Tej Patel: Okay.

Pratik Patel: So, what Trump is trying to do is increase and improve the infrastructure in America. And if you have to increase and improve the infrastructure in America you will have to invest lot of money on highway, roads, projects like airport and military bases things like that. So all this will call for investment where water is an essential part.

Tej Patel: Got it. And, sir, if you could just quantify, Kansas was also one of the reason deterioration of margins at Rodney Hunt. So what was the quantum of that and what value is still left to be recognized?

Pratik Patel: I think we have done around 65% of the project 35% is still pending. The project was around USD 7-USD 8 million

Tej Patel: Okay, got it. What was the EBITDA margins that we closed for Rodney Hunt in this financial year.

Dharmendra Jain: It is 10%

Tej Patel: Okay, got it.

Pratik Patel: So PAT was 7% and EBITDA was 10%.

Tej Patel: Thank you.

Siddesh Chawan: Thank you. We will take the next question from Sushil Dhoot. Please unmute yourself and go ahead.

Sushil Dhoot: Sir, wanted to check of the expected revenue that you are likely to book in FY26 which you talked about, and which orders you have in hand. Are there any orders that you would like to flag out right now in terms of where margins may not meet your expectations. Like, how you had orders in Kansas, and as far as the Tata and Suez is concerned, are there any other orders in the existing order book that are any red flags?

Pratik Patel: So, in Jash, there is no more there, may be few crores, but not any major. In case of Rodney Hunt, it is Kansas balance execution of around 30-35% which is pending, so maybe USD 2-USD 3 million. And in case of Waterfront, this is a new ball game. So Waterfront, we don't do business at a loss, but we are trying to grow, and when you are trying to grow, sometimes you have to take orders at low margins also. So these are the only three things, we don't see other than that any major change in strategy just now.

Sushil Dhoot: Right. And my second question is sir, on the capex that you were likely to do in FY26 coming year and the next year, particularly because we are looking at a new plant, you said, in Houston, so I am just trying to understand what could be the capex for each of these two years?

Pratik Patel: So, in Houston we are setting up first an office. It's around USD 4-USD 4.5 million. We will be investing USD 1.5 million in Orange, that is to innovate an existing plant of 60,000 square feet. So around USD 6 million you can say we are going to invest in America this year. We are going to invest around USD 2 million in the Pithampur plant, which will be commissioned in December or January, and may be few crores in the Chennai plant which is to be commissioned at the end of this month. We are also very tentatively planning to set up our plant in Saudi Arabia, but that may not call for investment more than Rs.5-6 crore, because we go for rental facility.

Sushil Dhoot: Okay. And in Houston, you said the office is going to cost around USD 4-4.5 million.

Pratik Patel: It's our own building. We are building an office which will cater to future growth and cater to a company which is USD 75 million in revenue. And it has the office and plant both. First, we are building the office, and then behind the office we are going to build the plant.

Sushil Dhoot: Got it, sir. And last question, given the likely big push of inflation coming through in the US and since, not only do we have US based operations and plants, but we also have exports to the US from India in aggregate, have you factored in that likely increase in inflation when you give your EBITDA guidance of 21-24%.

Pratik Patel: The inflation and local domestic inflation will not affect my costing too much. It will affect may be the salary and the wages, yes and that is what is always considered while we are doing our estimates.

Sushil Dhoot: So 21-24 seems fairly confident as far as this particular year is concerned.

Pratik Patel: 21-24% I said, is our guidance not for America, that is our consolidated guidance.

Sushil Dhoot: I am saying, given the fact that in the existing order book, we have very little which is low orders, where there is red flags, and the fact that in the cost, you already factored in a little bit of increase in costs as far as US is concerned. Keeping both these things in mind, 21-24% aggregate EBITDA margin seems to be reasonable, right?

Pratik Patel: Yes, it seems to be possible. Mind well that Rs.8-10 crore of tariff implication also is going to come this year.

Sushil Dhoot: Yeah, assuming, of course, that the tariff goes through the way it's expected to go through.

Pratik Patel: I have no prior information on that.

Sushil Dhoot: Sure. Thank you, sir. Nothing else.

Pratik Patel: I would like to add here that time is not a constraint for me, because we started early, 3 o'clock instead of 4 o'clock. Generally, if there are more questions I will be able to answer if we can go beyond four, if it is possible.

Siddesh Chawan: We will take a next question from Deekshant Boolchandani. Please unmute yourself and go ahead.

Deekshant: Good evening, sir. So the first question is, basically, we have seen a big number increase in our change in inventories for this quarter. While you have alluded to some of the points here, can you please elaborate on why we are seeing this in our consolidated results for this particular quarter?

Pratik Patel: Can you please repeat once again I did not get it.

Deekshant: So, in this particular quarter, on the consolidated revenues, we are seeing an increase in our change in inventories it's around Rs.28.7 crores. You have alluded to some of the things regarding the Tata plant and Suez, but can you just give us a little bit more color on what is the reason for this change in inventories?

Dharmendra Jain: Basically it for quarter because we have Rs.35 crore reversible part of debt that's why it's increase in inventory.

Deekshant: Sir, can you just give us some reason that why this has happened because of the same quarter last year, this was only around Rs.4.86 crores, and this quarter it is around Rs.28 crores on consolidated results.

Dharmendra Jain: It is Rs.20 crores decrease in inventory. Last year the Inventory was very high that's why it's not reflecting that way. So that why it's different this quarter but definitely we will give in detail your answer if you give us the mail.

Deekshant: Sure, I will send an email no issues on that. But the essence of asking the question is, the change in inventories, what is happening fundamentally in the business that is reflecting in our sort of numbers here, is there something fundamentally happening?

Pratik Patel: Improvement

Dharmendra Jain: Because the change in inventory is positive, they will definitely use the stock in the consumption, so it is a positive sign, no problem. But definitely we will clear in detail that why the difference in figure in both the fourth quarters.

Deekshant: Thank you, sir. The company has been doing well, it's just that for these numbers there were no notes to accounts linked that's the only reason I ask nothing else there. Sir, second question is while we are being conservative on our guidance and we have always outperformed that guidance, that is the very good thing about our management, my question is really that while we are seeing Rs.860 crores revenue target, can this be close to around Rs.950 crore realistic.

Pratik Patel: I would say you are putting in a soup, when the order book is of Rs.800-830 crores than Rs.860 crore can be easily achieved. Now, Rs.950 crore should also happen or not depends on so many parameters. The world is in crisis today, I do not know what is going to happen. So, it is better to be conservative and then not try to justify why did I say something like that. So, I would say Rs.860 crore is really possible. It can increase to 900 but I cannot guarantee, I am not Trump, I am not Modi. I don't have any controls.

Deekshant: Sir, you are being too kind. You have always outperformed.

Pratik Patel: The situation is not in our hand.

Deekshant: I agree. No, questions about it Sir. But Sir, in Middle East you are working a lot of the desalination part and in the last quarter also when you were in the exhibition, we were being told that Middle East is becoming a focus for us and now also we are looking at a capex there. Can you just give your over the head thoughts on, how is the strategy because desalination seems to be a very big opportunity for Jash. Is that right?

Pratik Patel: It would be, but you have to see out of several water business, desalination is one of that. So, the biggest opportunity always would be in wastewater, then desalination and then others. So yes, it is an opportunity. However, it is not an easy market it is very tough to enter, and we are trying our best to enter. So as we become more and more successful in desalination we should improve. In fact in this week, we have a visit from IDE, which is a very strong term in Israel in desalination technologies. So, we are working hard but it takes time.

Deekshant: Of course. Thank you.

Siddesh Chawan: Thank you. We will take the next question from Parikshit please go ahead.

Parikshit: Thank you for your opportunity and congratulations on getting your wonderful revenue numbers. From a margin perspective, you have explained everything, so I don't want you to repeat all of that, just understanding that the leftover pending order that is going to create the poorer gross margin, should we assume, that will get completed in Q1 or will it go through the entire year?

Pratik Patel: As I said, it will not go through entire year. It has to be completed in Q1, Q2 we are already under lot of stress to execute it. These orders are delayed now, the Kansas project order is delayed by more than 7-8 months now. So, we are already has done a lot of stress. This has to be executed in first two quarters

Parikshit: Perfect. So in that case, what I would like to understand is that this year, even with all of these stress orders you have given a 12% PAT and for the subsequent year, also you are guiding from 12-14%. And that fine you want to create some buffer and that's all right. I am just trying to understand that going forward we are not going for these stress orders. So fundamentally, our order mix and our overall gross margins should be better than what we have been surpassed because of these orders. Is that a fair assumption?

Pratik Patel: It is not a fair assumption, according to me. See, every company has to balance growth along with profit. Now, when we are trying to grow, the growth comes on the basis of big jobs and sometimes when you are bidding for big jobs, you have to be little bit more aggressive than normal jobs. And as a result of that, you may have to compensate on the profit somewhere. So, you cannot have growth at higher profit, it is not always possible. Sometimes it may happen, if you are very lucky. So if we intend to grow 20-25% year on year, then we may also have to take some jobs with lower margins. We will not have to take any jobs at loss, as we had done last year. But with lower margins, almost is possible. So that is why we have to give a guidance of range, 12-14% is a range. If everything goes right, we may be at 14%. It doesn't go right; we may be at 12%.

Parikshit: Wonderful. So the other thing you mentioned, which I didn't quite catch fully, was that something about China and how that might impact your exposed to Southeast Asia and Far East Can you elaborate on that?

Pratik Patel: We have a very big business in Hong Kong. Our order booking in Hong Kong is more than Rs.60 crores as of now. If something happens between Taiwan and China, there will be lot of stress everywhere. So that is why there are 3-4 pressure points in the world just now. One is India-Pakistan, another is China -Taiwan and another is in Middle East. We don't know how this pans out, and that is why I said we have to be little bit conservative, because if something happens the projects will come to us, and still deliveries can stop I don't know.

Parikshit: Perfect. All right, thanks.

Siddesh Chawan: Thank you. We will take the next question from Darshil Zaveri.

Darshil Zaveri: Hi. Firstly, sir congratulations on a great set of results. So just wanted to ask a bit about our increased depreciation. So, is this due to the Chennai plant coming in which around Rs.7 crores this quarter. So, this would be a new normal for us in terms of depreciation.

Dharmendra Jain: There are two to three reasons for the increase in depreciation. First, the addition of Waterfront has contributed approximately ₹2 crore. Similarly, in the USA, we had an asset classified as 'held for sale,' which has now been converted into a business asset, leading to the write-off of four years' accumulated depreciation. This has resulted in an impact of around ₹1.5-₹1.75 crore. Additionally, new capital investments in India have influenced the business by approximately ₹5-₹8 crore. Overall, the annual increase in depreciation amounts to ₹6.25 crore, with a major portion around ₹5 crore coming from these additions.

Darshil Zaveri: Okay. So, one off is around Rs.3-4 crores.

Dharmendra Jain: Particular quarter is Rs3-4 crore, but I am saying for full year

Darshil Zaveri: Okay, fair enough, sir. And just wanted to maybe ask about like, when we are saying about our growth. So with Rs.830 crores order you mentioned it before, just a very hypothetical in a very risk scenario.

Pratik Patel: If everything goes right in the world, I can do more than Rs.900 crores. If it doesn't go right, I will still do more than Rs.800 crores.

Darshil Zaveri: Yeah, that is what I just wanted to ask. Okay, that's it from my side. Thank you.

Siddesh Chawan: Thank you. We will we take the next question from Samarth Nagpal. Please go ahead.

Samarth Nagpal: Hi, Pratik, sir. Congratulations on a really good set of numbers. So, I think most of the questions have been answered. Just a couple of questions quick ones. Middle East a couple of years back, you gave an idea about how big the Southeast Asian market could be for Jash and the kind of orders we were getting. And this time we have a very small bit of business from Middle East. But you have also alluded to that they are making certain investments over there. So how do you see the market in Middle East for the coming year.

Pratik Patel: Saudi Arabia is investing USD 100 billion in new cities. Every country in Middle East is trying to diversify out of oil. So huge investment in Middle East, I would say total investment in Middle East will cost USD 200 billion in infrastructure is going to happen, and for that lot of water, wastewater, desalination, all type of facilities would have to be created. So we are trying to enter the either in Ras Al Khaimah or in in Saudi with a plant because everyone wants to make in their own country, otherwise you don't get the orders. So, we would be assembling it in Saudi Arabia or something like that and we are working on it. The decision would be taken. We are visiting in next two months, and then we will take the decision on how to go forward.

Samarth Nagpal: Just to follow up on that. As you mentioned that when you enter these new countries, approval is a big step, and then to enter is a difficult thing. So I think that we have crossed that first hurdle of being approved over there. So for us to do well over there, the next step would be expansion or whatever thing we feel is good for the operations, right sir.

Pratik Patel: Exactly.

Samarth Nagpal: Yeah. Sir one quick question. I mean, on the Indian side of the business, in the past you have also stated that the government push in terms of wastewater, has still not come and it is yet to come. So are we seeing any traction in terms of government orders, in terms of Jal Jeevan mission also, there's been a lot of emphasis. So are we seeing that thing on the domestic front any uptake on government orders as well.

Pratik Patel: So, if you see our results, you must have seen that domestic business has grown tremendously, just to give you some examples, I had said before also we were doing annually Rs.5 crore rupees in MCGM as against that, we have now already orders worth more than Rs.100 crores in Bombay. So this year, we think the domestic will surpass exports. It is the number of orders, the whole of last year we did Rs.55 crore worth of gates in the domestic Cast iron gates in the domestic market. We today have Rs.135 crore already in hand, so domestic market is already booming. In fact, we are now facing resource constraint, capacity constraint in the domestic business.

Samarth Nagpal: Okay, sir that is good to hear also on the domestic part as well. I think that these were the two questions which I had. And any new products in pipeline that we are developing, particularly for the domestic market, any new products in pipeline or we would be operating with the existing products only.

Pratik Patel: We don't have any new products; we will be reinforcing the existing products. However, we are looking at two acquisitions one in UK, one in India, and we will come to know about it in next two months' time. So additional products will come from that acquisition if it goes through.

Samarth Nagpal: Sure, thank you Pratik sir and hope that we have a great year ahead. Thank you for your time, sir.

Siddesh Chawan: Thank you. We will take the next question from Dilip Sahu please go ahead.

Dilip Sahu: My question was regarding the manpower constraint in US, whether it's tariff for whether it's BABA act 29 one thing is very clear that our manufacturing in US will only grow exponentially by 2029 to 70-80% and with the natural growth of 15-20% of market there, it's going to be multiples of what we are doing currently. So, manpower is not something that gets address by itself within 1-2 years. So whether its Houston or Orange we will have that problem, and it will only become bigger. So how do we ensure growth, US is going to be 30-40% or more of our total revenue. How do we address this problem over next 2-5 years perspective.

Pratik Patel: I have no fix solution. Trump wants everything to be made in America, but when I have USD 40 million order book in America, I don't know where to find people to make it right. So, for us problem is more location specific, rather than US specific. It is still possible to get people in Texas, because there is a lot of Mexican people and other mixed communities there, but it is not possible to get people in orange, because manufacturing industry has sort of disappeared from that area in last 20-30 years, not today. So when there is no manufacturing, sort of backup and plan, in fact we are aware that some like Kenna metal which is located nearby is going to close down in Massachusetts. So many manufacturing industries are closing down instead of growing. So manpower is going to be a problem in Massachusetts, but I don't think it should be a problem in Houston as of now we don't see but it is only when we set up a plant, then start to seek people to cooperate then we come to know better.

Dilip Sahu: Sure.

Pratik Patel: 2-3 years down the line, what will happen I cannot say now but yes, we expect to have it that is why we are investing.

Dilip Sahu: Yeah. Sir, I remember having in the first few years 2017, 2018 and 2019 the problems that we had with Rodney Hunt in scaling up. So, if we are going to start up a new plant in Houston, do you expect in 2026, 2027 or 2028 whatever it is the initial 2-3 years to be problematic into some margins?

Pratik Patel: I don't think so. The reason is we are already based in Houston. We are team of 25 people in Houston, so it's not as if we are doing blind. Now it is about setting up a client because we cannot do it in Orange. If we can do in Orange I will not like to do in Houston. Why spend USD 3-4 million more in a new plant when you already have plant in Orange.

Dilip Sahu: Sure. My last question, sir is regarding the Kansas size and complexity of projects, and I heard you saying that we have denied one order of a similar size and complexity.

Pratik Patel: That four times bigger than Kansas.

Dilip Sahu: Yeah. So, is that a concern that we are refusing orders? I mean, I understand that somebody is taking it, somebody is executing it.

Pratik Patel: If I had taken that order I would be answering more tougher questions. The problem is, it is easy to take an order but very difficult to execute if resources are not there. Most of the companies in the world have gone in problems when they had no resources and overbook themselves. We try to avoid it. Kansas taught us of lesson, after Kansas I will not take such risk in US until I have a good organization set up to execute.

Dilip Sahu: Sure. Thank you, sir. All the best.

Siddesh Chawan: Thank you. We will take the next question from Nitin Dharmawat. Please go ahead.

Nitin Dharmawat: Thank you for the opportunity. Sir, I have only one question. So what is the dollar and GBP conversion rate that we assumed in our calculation considering that we have now significant revenue coming in from the overseas market and there is a currency risk also involved, considering the changes which are happening globally. So just wanted to take a view what is the rate that we have taken today.

Pratik Patel: So generally, when we are bidding for a project, we allow for 4% variation in rate. However, when we are negotiating a project depending upon how tough the negotiation is and how much the margin stress is there, we may reduce it to 2-3%

Nitin Dharmawat: Got it sir. Okay. Thank you so much. Wishing you best.

Siddesh Chawan: Thank you. We will take the next question from Harshil Solanki. Please go ahead.

Harshil Solanki: Hi team. Good afternoon. I had a question; we had supplied a pilot of 20 conveyors of solid waste management. So how is it doing and do we see any future potential in the medium term for us.

Pratik Patel: We do see future potential. However, the projects awarding by the cities for solid waste handling is quite slow presently as a result of which next line of jobs are expected to come slowly, but we have already diversified from solid waste to solid handling, and we are starting to get orders in that. So, the business is growing, though, not as fast as fast as envisage but it is going.

Harshil Solanki: Okay, and if you can throw some light on our progress with the Jash Invent JV and specifically the disc filter.

Pratik Patel: Disc filter we are doing good we have eight machines order now. On Jash Invent we are still negotiating and discussing how to go ahead because of the Germans.

Harshil Solanki: Okay, got it. And last question would be, we have done an expansion at Shivpad, which is largely into process equipment manufacturing. So can we expect our revenue share from process equipment increasing going forward, so we can target a larger pie in the whole wastewater plant going forward.

Pratik Patel: Yeah, we already are doing that business, so increasing capacity would result into higher revenue and higher profitability in time to come. The buyer remains the same if there are projects, we will go with process equipment as well as our equipment and try to turn our maximum. So it all depends upon new projects coming. If new projects are coming, this Shivpad we will be able to do more and more.

Harshil Solanki: Got it, this was helpful. Thank you for answering my question.

Siddesh Chawan: Thank you. We will take the next question from in Envision Capital. Please go ahead.

Envision Capital: Sir, thank you for the opportunity. So the first question was, what is the reason for increasing provision for warranty and liquidity damages in this year, specifically in the second half.

Pratik Patel: So, the auditor has requested that we should create a provision for this contingency in case it becomes due. And the reason for that is based on past history, they have said that if there is any provision due to back charges coming from America, those provisions should be made at the end of the year so that if anything happens, we are secured.

Envision Capital: Sure, sir. Historically, this amount has been in Rs.2 crore range. In last 2-3 years, it has been annually around Rs.2 crore, and this year it's gone up to Rs.10-10.5 crore hence the question.

Pratik Patel: The provision is already high, and this time we are also incurring additional expenses. The actual expenses and back charges from the USA have increased, which is why the amount appears larger. In simple terms, these are rework charges.

Envision Capital: So, rework charges have increased and hence auditor has asked to provision for that. Sir, is this a one-time thing or such amounts will come every year now going forward.

Pratik Patel: So, it is a one-time thing, but some will always come every year. US is a very tough market if you don't deliver, instead of one lot you deliver in two lot, they will put back charge because they have to handle the material twice. So, all these back charges are coming on account of that, as your revenue increases from US, some back charge will always come.

Dharmendra Jain: Typically, a certain percentage is allocated in the books for provisions. However, this year, there are additional charges from the USA. As a result, the percentage for the provision has been increased compared to what was stated last year.

Envision Capital: Okay understood. And Sir next question was, historically if we see we have never done 21% to 24% kind of a EBITDA margin, so what gives us the confidence and what do we see currently that will enable us to do those kind of margins and just in continuation to this, does our guidance include other income in terms of EBITDA margin.

Pratik Patel: Yes, what is other income. Other income is generally price variation coming due to dollar or euro or foreign currency. That is business income, basically. And that is factored in when you are doing a job. So yes, margins include other income also number one. Number two you said that whether 21% to 24% is possible, I would say 21% to 24% was possible this year also if I was happy to do only 15-20% growth.

Envision Capital: Understood.

Pratik Patel: So, the margin is also in our type of business, I will say it's not mass production, it's discrete manufacturing. The margin is also a factor of total revenue. Now, if you want to grow 10-15% you don't have to take risk. You don't have to don't go aggressive and take orders at lower margins, but when you grow a 10-15% the other problem is, you seed marketplace. You allow your competitors to hold me one, two what you do is that your extent of procurement goes down. So, if I was buying steel 1,000 ton, I will buy only 1,100 ton but if I grow 43%, I was buying 1000 ton, I will be buying 1400 tons. So that will reduce the price of procurement for steel. This is just an off the example, so as your revenue to increase your bought out strength increases, you get better discounts, you are able to save more. So sometimes this is a cash 22 situation. We think we get more discount, we go aggressive, but we don't get the discount. But the fact remains that if a company revenue is growing, sometimes it will also put you a hit on the EBITDA or the PAT sometimes, depending upon the type of project which you have taken at higher revenue.

Envision Capital: Sir, if I may one more question. So, what is the reason for depreciation to have substantially gone up and is this a steady state number now going forward.

Pratik Patel: Somewhere it has already explained depreciation gone up because of Waterfront, because of some USA asset held sale is now transferred to the production assets. So we have write off 3-4 year depreciation for this year. So that's why depreciation amount has been increased. It will not come again and again. It will come proportionately.

Envision Capital: Thank you.

Siddesh Chawan: Thank you. Take a next question from Pritesh Jain from Investburg. Please go ahead.

Pritesh Jain: Thank you for the opportunity, sir. My question is more related towards orders in the pipeline. Last concall, we had mentioned that we are looking into secure orders from countries like Malaysia and Singapore. So is there any visibility from that side?

Pratik Patel: Yeah, we are already in talk. But those tenders are on delay, and now tenders are going to come two years down the line.

Pritesh Jain: Okay. And so one more question on the domestic side, as you said this year, our domestic revenue will overcome the global revenue international revenue. So is there any particular segment we are seeing the traction? Is it particular scheme or segment kind of.

Pratik Patel: So major revenue comes from sewage treatment plant. So storm water and sewage treatment plant, Bombay itself, is executing orders for close to Rs.30,000 crores. We have got many orders, and many others are still in pipeline, so all this will result into very high increase in domestic business.

Pritesh Jain: Okay and what will be the margin profile for all this business coming from domestic.

Pratik Patel: Because these are big projects, our margin profile would be on the positive side.

Pritesh Jain: Okay, got it.

Pratik Patel: Please understand. As you are aware, we are not in mass production we are in discrete manufacturing. But when you are in discrete manufacturing, our USP is we can make a gate of one feet by one feet, or 300 by 300 mm and we can also make a gate of 5 meter by 5 meter, which is close to 16-17 feet by 17 feet. So presently, we are doing a job in Bombay where they need a gate of 5 by 5 meter, which is going to cost like Rs.2.5 crore. Now there are only one or two companies in the world you can do it. So when some type of job we are doing, obviously your margin profile is going to be much better than a margin profile on a 3 feet by 3 feet gate, one feet by one feet gate, which may be 15 companies can do it. So bigger, the projects, more complex the project, more difficult the project the competition is less, and our margins is better and that is worldwide. That doesn't mean to say that within India it will not happen, it will happen in India also and it will happen outside India.

Pritesh Jain: Got it sir. Thank you.

Siddesh Chawan: Thank you. We will take next question from Kunal Mehta. Please go ahead.

Kunal Mehta: Sorry, if my questions are repeated. My first question is regarding the screen products. How are we going to enter & penetrate in US market. There was a mention about rebranding as Mahr screen for US market.

Pratik Patel: Mahr screen only what we sold in US market. It is not nothing to do with rebranding, the initial screens were also sold as Mahr screens. The question presently in US is what to do fast the screens would have to be made in America and we are already having stress in manufacturing in America. So, when I go this time, we will take a call how to go ahead.

Kunal Mehta: Okay. Sir, one question is on the working capital cycle, this year it has improved from the previous. It's about 120 days.

Pratik Patel: 120 days what we are targeting. Its around 150 plus, because of stock inventory increasing in America. We should be giving separate working capital requirement for domestic business and separate working capital for export business. In America, because we are selling maximum to our own subsidiary and that subsidiary gets the payment after 60 days of material reaching the site. So, the cycle increases for us.

Kunal Mehta: Okay, sir. And this is excluding the Rs.35 crores order that you mentioned that it was delayed this year.

Pratik Patel: It was not delayed. It was dispatched from our plant before 31st march but not received at the client's end. So, anything is not received on 31st March that is not coming into our revenue it goes in goods in transit.

Kunal Mehta: That is still under inventory, right. That's why I can adjust the inventory for that. Moving ahead, guidance for approaching 120 day working capital cycle, that would be the target.

Pratik Patel: In domestic it will be less than that and its higher in exports, so average of 120 days is coming.

Dharmendra Jain: 110 is our debtor day and around 110 is our inventory day, so 220 days this and approx. 70-80 creditor days. So, 220 less 80, approx. 140 days in India is the working capital cycle.

Kunal Mehta: And Sir every year there is some other borrowing costs which is a portion of the total finance cost. That is about Rs.2.5-2.8 crores in FY23 and Rs.2.6 crores in FY24. Can you please explain what is the other borrowing cost?

Dharmendra Jain: It is LC discounting, bank charges for renewal of the bank charges and bank guarantees charges. And this year we onboard one new bank, the first-time processing fees and deliver fees also included in the total cost. Other than interest, whatever charge by bank is the other borrowing charges.

Kunal Mehta: Okay. Thank you.

Siddesh Chawan: Thank you. Will take a follow up question from Raman Kerti. Please go ahead.

Raman Kerti: Hello, sir. I just have only two questions. One was with respect to the guided capex. You said USD 6.5 million in America, USD 2.5 million in India and USD 1 million for setting up operations in Saudi Arabia, right? Is my figures tally right?

Pratik Patel: Yeah, approximately.

Raman Kerti: Sir, and I just wanted to know that in this quarter we experience heavy depreciation rate. So, going forward in FY26 what will be the depreciation rate? Will it be Rs.25 crore for the entire year?

Dharmendra Jain: No, this year it is Rs.17 crore. So, it may be around Rs.15-18 crores depending upon which one we are commissioning.

Raman Kerti: Okay and interest expense will be around odd of Rs.15 crore.

Dharmendra Jain Yeah, interest expense is around Rs.13 crore this year. So it's slightly higher side Rs.14-15 crore.

Raman Kerti: Thank you, sir.

Siddesh Chawan: Thank you. We will take the next question from Tej Patel. Please go ahead.

Tej Patel: Thank you so much for the opportunity again. I am sorry, sir for bringing this question again. I just wanted to get more understanding, so, as per my understanding we send about 60-70% of US, volumes from India.

Pratik Patel: No, 60-70% is not there. Understand, suppose US has got an order, in that order manufacturing major material will be in India. In that there will be local American content, American overhead, American profit also. So, suppose I supply from India Rs.80 crore than when America does the billing it will be Rs.160-170 crore.

Tej Patel: Understood. I was asking from costing side, that the major portion is manufactured here and send there is what I was asking. So, I am not asking from sales perspective, I was asking from production perspective. Major production goes from India. So, my question is lets say going further, lets say two years down the line our plan is also to increase manufacturing in US, right? But have you mentioned that the overhead cost in US has always been higher and which has troubled us in past, just trying to understand, when we shift our portion of production more towards USA does margins take a hit because of higher overheads there.

Pratik Patel: So, the cost will also increase, it will not be as per India costing.

Tej Patel: Got it. So, my question was that, will we be able to easily pass on that cost.

Pratik Patel: Exactly everyone has to make in America. Everyone making in America would be making at same price levels.

Tej Patel: But then, right now our competition is it all US based companies or there is import competition also?

Pratik Patel: All US based companies but they are also importing.

Tej Patel: Okay.

Pratik Patel: So please understand what ever is going from India is not BABA act. Its is other than BABA act. BABA act products are not made in India by us and by them also, they also make in US and also make in US. It is only which is not under BABA act is going from India.

Tej Patel: Got it. And Rs.20 crores of nuclear order is still left to be executed; this is also loss making.

Pratik Patel: No, this is not at loss. Rs.50 crore first order was at a loss.

Tej Patel: Got it. That's all from my side. Thank you.

Siddesh Chawan: We will take a last question for a day from Deekshant Boolchandani. Please go ahead.

Deekshant: Thank you Pratikji. So, the domestic market that we are seeing, largely the type of product cycle that we are seeing is this deliverable between like 6-9 months or is it shorter timeframe.

Pratik Patel: It all depends upon the value of order and the complexity of the job. Most of the orders we can deliver within 3-4 months, the very big orders we can take up to one year.

Deekshant: So, one that we are seeking in Mumbai is that considered as a breakout or small order for us?

Pratik Patel: Mumbai, everyone wants everything overnight. If they don't want to install it is only required for being purpose.

Deekshant: Yeah. So that would be a faster cycle for us.

Pratik Patel: Most of the deliveries, if you consider Rs.838 crore which are in hand, I would say other than Rs.20-30 crore mostly everything has to be delivered within this year.

Deekshant: So from Q1 is significantly has been a weaker quarter for us. So now we can see profitability from Q1 as well.

Pratik Patel: I think last year also, we saw profitability in Q1, did we not.

Deekshant: Largely break even, not that much.

Pratik Patel: Yeah, but we are not doing major losses. So, we can expect this year also the same thing, break even or some profit.

Deekshant: Sir, largely in India, apart from Mumbai, what is the next market that we are seeing.

Pratik Patel: Everywhere, Delhi is going to invest a lot because no investment was done. Hyderabad has started, Pune has started, Bangalore has started, Chennai also is starting. So, all the cities are doing it.

Deekshant: Sir my last question is on human resources. I am sure our management, always looks at all the possible scenarios here. But taking people from India is that becoming a problem for the local government there.

Pratik Patel: Yes, it's a big problem.

Deekshant: And UK and Middle East that shouldn't be a problem.

Pratik Patel: That is not the problem.

Deekshant: Okay, so is there any scope that we take people from India to US so that we can ramp up our production.

Pratik Patel: Manufacturing is impossible. These are H1B, we already have 8-9 H1B in America. So every department we have literally one person from India, but manufacturing is impossible.

Deekshant: The costing does not support us.

Pratik Patel: No, we will not get visa.

Deekshant: Okay. Sir congratulations for delivering consistent results and wish you the best for our company. Thank you, sir.

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

Pratik Patel: Thank you everyone for attending this meeting. I am little bit surprised by the concern people have shown on the PAT and EBITDA margins, but I do understand the reason for same and that is why we will ensure in this year that even while we grow, we don't grow recklessly that the margins get affected. With that I would like to come to an end. Thank you.

Siddesh Chawan: Thank you. Thank you everyone for joining us today. If you have any additional questions, you can reach out to us anytime. We wish you a good health and look forward to seeing you again in the next quarter.

(This transcript has been edited, without altering the content, to ensure clarity and improve readability.)