

05.09.2025

To,

The Manager Listing Department National Stock Exchange of India Limited Bandra Kurla Complex, Bandra (East) Mumbai – 400 051 Symbol: JASH	The Manager Listing Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. Scrip Code: 544402
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Dear Sir/ Ma'am,

Subject: Understanding the Rodney Hunt Inc. / US Business with the Current Tariff Scenario

We are pleased to enclose herewith a detailed note titled "Understanding the Rodney Hunt Inc. / US Business with the Current Tariff Scenario".

This is for your information and for the public at large.

Thanking You,

Yours Faithfully,

For JASH Engineering Limited

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

UNDERSTANDING THE RODNEY HUNT INC. / US BUSINESS WITH THE CURRENT TARIFF SCENARIO

We refer to current tariff scenario between India and US and understand that this is creating lot of uncertainty within the investing community on its repercussion especially related to our US business. We are hence explaining hereunder in detail about our US operations, the effect of Tariff on US operations and what we plan to do to mitigate any repercussion to the overall business of Jash Engineering on account of the tariff fallout.

1. What does Rodney Hunt Inc, USA do?

Rodney Hunt is an approved / pre-qualified manufacturer for Water or flow control gates with most of users in USA and some outside USA.

When Rodney Hunt gets an enquiry for water or flow control gates required for any project, they first review where this product can be or has to be manufactured ie whether in USA or in India.

The decision to manufacture in USA depends on following:

- Orders requiring short delivery lead times of less than four months: The time required for freight from the plant in India to the project site in America on an average varies between 70 to 85 days or more. This leaves only 35-50 days for production in India and this period for production is grossly insufficient for custom built products. Hence there is no option but to make products of such short delivery orders at our American manufacturing facilities.
- Baba act / other similar legal requirements : BABA act (Build America , Buy America) was brought by President Joe Biden in November 2021 to ensure that "none of the funds made available for a federal financial assistance program for infrastructure maybe obligated for a project unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States".

As of October 25, 2022, effective date, the final FAR rule changes the domestic content threshold to 60% immediately, then to 65% for items delivered starting in calendar year 2024 and then to 75% for items delivered starting in calendar year 2029. Hence to qualify as a US manufactured product, the cost of the components of the manufactured product must be greater than 65% of the total cost of all components till 2028 end and to be 75% by start of 2029.

Hence currently 65% of value addition has to happen in USA and so when we are supplying products to projects coming under BABA act , we have no option but to manufacture at our US manufacturing facilities.

- Capability of US facility to make the required product in US : After evaluating above two requirements we also have to evaluate whether we can make these products in US manufacturing facility with its constraints of manpower and capacity. This may lead us to decide whether to quote or not against a specific enquiry.
- Where the material is to be delivered : If the material is to be delivered anywhere out of USA then preferably the manufacturing will be done in India and material will be shipped directly to site from India.

2. How are orders taken by Rodney Hunt Inc :

Once a decision is arrived at to quote for a project based on manufacturing in India or USA then estimation is done appropriately and price offer is then given by Rodney Hunt USA to its clients.

For products to be offered from India , price of product manufactured in India, freight cost to USA , import duties (if material is going to USA), freight cost to site, installation supervision charges, US operation overheads and profit of US operations is added in the quote. Profit margin to be added for US operations depends upon type of competition and criticality of product.

For products to be offered from USA , cost of product manufactured in US facility , freight cost to site, installation supervision charges, US operation overheads and profit of US operations is added in the quote. Profit margin to be added for US operations also depends upon type of competition, criticality of product and higher risk in manufacturing in US with limited facility.

The order in both the cases ie whether made in USA or made in India, is always taken by Rodney Hunt Inc, since they are the approved supplier for the project.

For the product is to be procured from India for US projects, Rodney Hunt will place the order on Jash Engineering. The actuating system for these products will mostly be purchased by Rodney Hunt from US supplier that is specified on the project. On the order value placed on Jash Engineering , import duty / tariff as per applicable rate will have to be borne by Rodney Hunt.

For the product is to be procured from India for projects outside USA, Rodney Hunt will place the order on Jash Engineering asking it to send the material directly to site from India. On the order value placed on Jash Engineering , import duty / tariff as per applicable rate in the country where the product is to be delivered will be borne by Rodney Hunt and is considered in their pricing.

For the product to be manufactured in USA there is no imposition of import duty / tariff. However, if these products constitute of some components which are imported into

America, then these components would be subject to tariff and import duty / tariff as per applicable rate will have to be borne by Rodney Hunt.

3. What is the applicable rate of tariff on our products ?

Our products are mostly made of Iron and Steel. There are currently two types of tariffs imposed by the Trump administration as under:

- Reciprocal tariffs (applied on a country-by-country basis), and
- Tariffs on iron and steel (applied to most countries).

We are affected by the iron and steel tariff, which was set at 50% starting from June 4, 2025. Only iron and steel products coming from UK have reduced tariff of 25% and all countries other than UK currently face 50% tariff. This tariff was put in place in order to boost iron and steel manufacturing in the USA.

The reciprocal tariff is an additional cost; however, since we are already facing a 50% tariff on iron and steel, the iron and steel industry is exempt from the reciprocal tariff...as of now !

4. How does tariff affect the cost of products or components sent from Indian plant to USA ?

On the products or components that Jash would send from India to USA , Rodney Hunt would be required to pay the applicable tariff (iron and steel tariff / reciprocal tariff, as applicable) while getting the material released from customs. This will increase the cost of Rodney Hunt and accordingly the price at which they will sell the product in US.

For orders already taken, Rodney Hunt would mostly be required to absorb the increased duty / tariff as many of their clients may not be ready to accept any deviation to order price.

For new enquiry, Rodney Hunt will add the incidence of duty / tariff and quote to their client and so the duty will be passed on to client. However if the duty / tariff rate increases again then Rodney Hunt will have to pay the increased duty / tariff and if the duty / tariff rate reduces then Rodney Hunt will make a saving.

5. Will tariff make Rodney Hunt uncompetitive in America against other International Manufacturer's ?

This question will come in play only when BABA act compliance is not stipulated thereby allowing for importation of the product into USA.

If importation is allowed, then there are two situations :

- For products made of Iron and Steel, 50% tariff will be applicable to all countries except UK. In that case, most International non-American manufacturers would not be more competitive than Rodney Hunt. That is because Rodney Hunt is buying from Jash which has the benefit of higher scale of operations and lower cost of production in India.

- For other products not made of Iron and steel or in case 50% tariff on iron and steel is removed in future , then reciprocal tariff will be applicable. This will vary from country to country as per the reciprocal tariff imposed by US on that country. Hence for products coming from India, the purchaser will have to pay 50% reciprocal tariff. At 50% tariff on India, Rodney Hunt will not be competitive against products coming from UK & Europe as the reciprocal tariff on them is 10% and 15% respectively. However, if the reciprocal tariff for India in future becomes 25% as against 10% and 15% applicable to UK and Europe, then it will make us competitive against UK & European manufacturer's.

6. Will tariff make Rodney Hunt uncompetitive in America against other American Manufacturer's ?

This question will come in play only when BABA act compliance is not stipulated thereby allowing importation of the product.

As already mentioned above we are affected by the iron and steel tariff, which was set at 50% in June 2025. This tariff rate on Iron and Steel is applied across the board for any product made of iron and steel and currently coming from anywhere in the world, except UK.

As soon as the 50% tariff was applied to iron and steel, all the iron and steel suppliers in US jacked up their prices substantially to benefit from this tariff. Hence the iron and steel prices presently in US have become nearly 40-60% more than that in India.

As a result, if Rodney Hunt imports iron and steel products made in India, then even with 50% tariff, the products from India will still be competitive. Due to the now higher raw material prices in US and due to our carrying out work of estimation, project management and detailed engineering design using 25 to 35 Engineers in India, the products made in India will still continue to remain competitive in USA, even after imposition of 50% iron and steel tariff.

7. What amount of revenue of Indian operations will be subject to the Iron & steel tariff imposed by America?

In 2024-25, we achieved a total revenue of approximately \$34 million at Rodney Hunt Inc USA. This revenue comprised of :

- Equipment manufactured at our Orange, Massachusetts plant, including overhead and profit. This was worth \$9 million.
- Bought out components required for gate operations and mostly bought from USA. The related revenue for this was worth \$5 million.
- Equipment manufactured at our Indian plants and billed to RH, US. This was worth \$10 million. After adding overhead and profit on these, the sales value for RH becomes \$20 million.

Hence, for Indian operations, revenue worth \$10 million coming from components and products produced in India for the American market would be subjected to 50% iron and steel tariff. However as explained above in point no.6 , Rodney Hunt would still continue to be competitive in comparison to US manufacturers while supplying these products worth \$10 coming from India.

8. What would be the effect of tariff in the current year ?

Tariff will affect only those orders which Rodney Hunt had already received from their clients and for which Rodney Hunt had placed orders on Jash for supply of products / components. Since these orders are placed on us by our US subsidiary Rodney Hunt and not directly by the end client, the incidence of tariff will have to be borne by Rodney Hunt when we supply these products / components to them.

We are anticipating an impact of a minimum \$ 2-2.5 million to Rodney Hunt bottom line assuming we can transfer \$0.75 million in impact to customers. We are working on ways to reduce the hit to bottom line but it is a tough task for Rodney Hunt.

We also expect \$ 2-3 million impact on top line of Rodney Hunt as we are no more aggressive in taking orders due to unpredictable policies of Trump administration.

On the consolidated front, the fall in profits of Rodney Hunt will definitely impact the consolidated bottom line of Jash Engineering but this too will be partly compensated by the fall in Rupee rate against various international currencies in recent months.

On the consolidated front, the shortfall in revenue at Rodney Hunt will be met by increased revenue from Indian market and the additional revenue coming from impending acquisitions within this year. As a result, we do not expect any substantial reduction in our top line for the year 2025-26.

However as a result of chaos created due to this sudden imposition of tariff, we are compelled to revise our consolidated bottom line projection from Rs. 100+ crores to Rs. 80+ crores while keeping the consolidated revenue same as Rs. 860 crores.

9. How do you aim to overcome the possible reduction in the top line and bottom line of Jash in future due to this problems faced by Rodney Hunt.

As soon as we realised in mid June 2025 that we would be entering into a prolonged period of tariff uncertainty with US, we decided as under :

- To shore up our Indian operations by adding new allied products and markets to our current line of business. In line with this, we aggressively followed up on the acquisition of Indian operations of Westec USA which can add up to Rs. 60 crores to our top line, bring new products and markets and also help fill the capacity of the new plant opened in Chennai. Preliminary deal with Westec, USA was agreed between the two companies in

July and financial and legal due diligence is already done in August. We expect to wrap up this acquisition by September/ October 2025.

- Strengthen our operations in other international markets where we foresee rapid growth. In line with this, we decided to acquire a company in Midlands UK so as to improve our offering in UK and have a manufacturing and service base in Midlands, wherein most of the large water utilities are located. Preliminary deal was agreed between the two companies in August and financial and legal due diligence will be done by Oct and we expect to wrap up this acquisition by Dec 2025.
- To build the Houston manufacturing facility first instead of the Headoffice which was earlier planned to be built. We have now redrawn plans so as to be in a position to commence the building of plant in Houston by early 2026 and commission the plant by 2026 end. Commissioning of this plant by 2026 end will ensure that we can ramp up production in US and stabilise the short fall in topline from 2027 onwards.
- Set up a base in Saudi Arabia to be integral to the huge growth in middle east in next 2 decades. Since last few years Saudi Arabia has been promoting investment and manufacturing in Saudi Arabia to get access in its market. As we were over focussed on US market we were hesitant to enter into Saudi market by setting up a manufacturing facility in Saudi Arabia.

However due to the tariff situation we decided in July to once again review this possibility and so deputed our Mr Sanjay Sharma, VP Sales and Marketing to Saudi in early August. Based on his feedback we are now contemplating to set up a plant in Saudi Arabia to cater to the growing market of middle east. We aim to start work on this plant in early 2026 and commission the plant by early 2027.

Hence, the two acquisitions in 2025 will partially shore up the fall in top line due to US tariff related business environment in 2025-26 and possibly in 2026-27. The Houston and Saudi Plant will lead to increased revenue from 2027 onwards helping stabilise and grow our top line in future.

The fall in bottom line is restricted to current year and is principally due to Rodney Hunt not being able to pass on the incidence of tariff to our US clients. All the new quotes are now being given based on the currently applicable tariff and so all the new orders would not be subjected to any fall in bottom line. So next year onwards we should be back in line to meet 12-14% range for consolidated profit.

Regards,

For Jash Engineering Ltd., Indore, INDIA
PRATIK PATEL