



“Jash Engineering Limited
Q3 FY21 Earnings Conference Call”

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LIMITED**



Diwakar Pingle:

Good evening friends, welcome to the Q3 FY21 earnings call of Jash Engineering Limited. We have sent out the presentation, it's also available on the company and exchange website. I am sure all of you have gone through it. To give you the highlight of this quarter gone past we have Mr. Pratik Patel, the Chairman & Managing Director and Mr. Dharmendra Jain, the Chief Financial Officer. We will start the call with a brief overview of the quarter gone past given by Mr. Patel after which we will open the floor to Q&A. I will now handover the call to Mr. Patel. Over to you sir.

Pratik Patel:

Thank You Diwakar. Most of you already know the company so will directly come to performance. We expect to cross more than \$40 mn at lower side and \$50 mn at higher side and have also addition in the EBITDA. So, what you see negative, we expect to see positive at the end of the year. This shows the consolidated income statement. As you can see our EBITDA margin for the quarter is increasing and since this year, we expect significant addition to come in the last quarter much more than what we had in last year. We believe that our EBITDA margin will remain same or improve. So, by the end of the year as a result of improved EBITDA in the last quarter, we should also be able to show much better performance.

Our PAT margin in the last quarter which has gone 12.5% on the consolidated side, we expect at the end of the year much higher than what we have shown last year. I would not like to comment on where we would be but we would be significantly much more improved than what we shown last year.

You can see our consolidated order book as on 31st January is robust Rs.418 crores is our order book, out of which exports is 264 and domestic is 153. All the subsidiaries have good order book position. So, there is no cause of worry on that side. The order which are in pipeline it comprises of two things, one is already negotiated , these order which are already negotiated we will be getting in 2-6 weeks' time and mostly when it is said already negotiated means until something drastically goes wrong, we are supposed to get those order. Under negotiation are the offers where we have already initiated talks with our clients and where one round of discussion or second round of discussion is going and we expect these orders to be finalized sometime by end of March. So, based on what we have achieved till now, based on what we are looking at, possibility of what we can achieve there is always little bit uncertainty due to client's situation. We have learned our lesson and we would not like to just bill for the sake of billing. We do not like to know days bill just because later on no one is ready to give payment on time. So, if the clients are able to open LC in time than we expect this year to do around Rs.305 crores in combine sales. It could go higher also or it could go little bit few crores lower also depending upon our client's

ability to open LC and in case of Jash USA we are expecting to do Rs.110 crores and break even at \$15 mn. So, this is what we have expected this year. Shivpad we will do around same as we did last year. So overall we are looking at combined sales of Rs305 crores to make sure it gives us a substantial improvement in PAT from what we have showed last year.

Like to dwell on few other developments, in the month of January we bagged three orders for Desalination projects in India. Few years back we were never listening about Desalination projects in India it was always Desalination in Middle East but slowly day has come and India also will have to move for Desalination projects because water scarcity is looming. These three projects we have got order worth Rs.15 crores all the projects have come to Jash because of our reliability, credentials and also because we have done similar projects in Middle East. We expect in time to come consolidate position in India as well as on the strength of this project already received by us, we hope that we would be able to show much stronger reference list to our clients in middle east and get new order from them also.

One good development has been in case of Mumbai Municipal Corporation of Greater Mumbai. Six projects bids have already been opened and at the same time MCGM is also pursuing storm water pumping stations. All these projects which MCGM is doing, if they are not able to do it in 2021, then we are looking for at least Rs.100-150 crores worth of orders from the coming 2 years' time from MCGM. Now why this is important? If you see every year what we are doing MCGM for last 5-6 years is very small Rs.2-3 crores. This we expect to go up to Rs.40-50 crores from 2022, so this is an addition to what we are doing all over India. We expect MCGM alone to push up our domestic sales by up to 40% in next 3 years' time and that is significant. Last time I said that we are going for new product addition this was supposed to be added last year but because of Covid we could not do so, however we have taken a decision to go ahead strongly on disc filter projects. The first disc filter is already come, we are doing costing etc. To find out what price differences we will be able to offer India when it is manufactured in India, presently it looks very promising to us plus we hope to get some order in fact in the first 2 weeks of our startup marketing activities we have already got in Approval in Rajkot Municipal Corporation for our brand. We hope to get at least 10 cities approval within this financial year for the disc filter business. Also, we hope to offer indigenous built disc filter in India within this calendar year i.e., 2021.

Phase 1 expansion at SEZ nearly reached its end by May/June 2021. Phase 2 expansion has also started and should be over by November and once Phase 1 & 2 expansion is done in unit 3 than the dependency of Unit 3 on Unit 1 which is

domestic production unit will be very less. This is important because when the Indian business pick start in a huge way because of increased focus of government on water and waste water, when that happens, we would not be torn up between whom should we supply to domestic or to export because both these two facilities would be separated and they can independently cater to their markets. At the same time at Unit 1 and Unit 2 we are doing progressive improvements in our infrastructure and all these should also be completed by May June. All these we have done till now without taking any loan. This year loan of GECL around Rs.11 crores is approved now and we hope to get disbursal from March onwards, that would also help in resuming this expansion very fast. So, I would like to sum up by saying that the quarter was not that good according to us but it was still good because the performance has improved. In this quarter we expect US operations to show a much higher growth in the last quarter because everything is bunching up with the last quarter and once all that happens than we should be able to do much better performance compared to last year. Worldwide as well as with India we see much improved demand perception. We are quite seriously embraced in Hongkong and Singapore for big projects and if everything goes as per our plan, we hope to add significant order in next 2-3 months. So, I would say going forward we have much better outlook for year 2021-22 and everything looks perfect in spite of Covid pandemic going on. We also expect Covid related issue to slowdown and things to return back to normal by the end of this calendar year.

Diwakar Pingle: Thank You so much for that opening remark. First question is from the line of Zaki Nasser.

Zaki Nasser: Congratulation for your wonderful performance for the quarter Sir. Namaste Dharmendraji. Pratikji you had sales breakup in the beginning which add up to Rs.335 crores. Individually Jash Rs.220 crores, Shivpad Rs.20 crores and \$15 mn from Jash USA. Do you think this would be on positive side cap on the topline?

Pratik Patel: We have already revised 305 in this presentation.

Dharmendra Jain: We have revised in last quarter only because of some set back in last first two quarter. So, we have revised this one and we have revised 305.

Zaki Nasser: Pratikji what you have given in the beginning individually Jash, Shivpad and Jash USA this ad up to 340.

Pratik Patel: I know that but journey over a period of time. In Q1 there was no output, Q2 and Q3 the things have slowed down that is why we have revised in the last presentation also

and these 305 figures were from the last September Investor release. We were then also hopeful that of 305 because we had orders in hand, we have approvals in hand and we were then also hopeful of 320+. Even today we are hopeful but I would not like to confirm that it is 100% possible. So, we keep our figure cross as I said that 2 years back to get the deal done, we gave Larsen & Toubro material worth Rs.7.5 cores and I am still after them for getting Rs.4 crores. So now we have taken a policy decision that we will only give if we get the payment otherwise, we will keep the material in-house and only give when they are willing to pay. The urge for billing is not therefore on me anymore after this experience.

Zaki Nasser: Dharmendraji what would be the net debt on your book, consolidated as of now and there was a transaction between Jash USA whereby we took their debt on our book. What would be the net debt as of today?

Dharmendra Jain: Net debt size would be as we have only paid USA loan in October itself. So, we have not increased our working capital whereas we have reduced working capital by Rs.5 crores. Rs.7.5 crores is axis bank loan, long term and Rs.3.45 crores is from HDFC and Rs.2 crores from SIDBI . So, 12 cr long term and 55.5 is the working capital limit.

Zaki Nasser: Dharmendraji That is consolidated.

Dharmendra Jain: Yes, because other than that there is no loan.

Diwakar Pingle: Thank You Zaki so much for that, the next question is from the line of Dilip.

Dilip: Mr. Pratik it's a great result primarily because of the profitability we have maintained in these difficult times. I hope this becomes the new standard in term of gross, EBITDA and PAT margins. You have exceeded 12% that you have committed sometime back. So, my one question is there some one-off inventory gain or any specific project order that has bumped up the percentage profit. Question two is more logistic book keeping question, when you come up with an order book for a month, say in month of March do you also take in the pending order book billed in January – February because we get YTD till December in the quarter result. What happens to the billing in January – February when you come with the March report, does the pending order also include billed in January – February.

Pratik Patel: No. So first I will answer on the second question, when we say our order book as on 31st January it reflects all the order which have received and taken in our SAP system by 31st January but when we report on the figure it is on 31st December. The revenue, profit and everything is related to 31st December however order book is 31st January.

Dilip: Understood.

Pratik Patel: So that is one, two you are saying why so high profit in this quarter. If you remember in the beginning, I said we are reviewing our costing at the start of every year and this financial year we expect our PAT margin to improve because overall order profitability has improved and also more orders are coming from exports where the margins are higher. So just to give you an idea in the last quarter which is from January to March we expect to do in exports close to Rs.40 crores out of around Rs.100 crores. So out of Rs.100 crores we expect to do in the last quarter around Rs.40 crores, so when 40% of your business is coming from exports in the last quarter obviously you are expecting improvement in profitability. So, when you see the third quarter result is more because of business coming from exports and high value-added products coming in. However, on the annualized basis this year our order booking has been at a higher margin compared to last year and as our focus on exports grow this will keep on happening. So, the ultimate it is to show consolidated PAT above 12% in 2-3 years' time. If we can do early, we will do but the long-term aim is that consolidated PAT should be above 12% in three years' time and we are working on it and the results are the reflection of that.

Dilip: Thank You.

Diwakar Pingle: Thanks, Dilip, the next question is from the line of Aayush Agarwal.

Aayush Agarwal: The first question has two parts to it, first is we see that on the sales quarterly run rate in USA business we have turned profitable like massively profitable which wasn't there before as we were guiding that \$15-16 mn is the run rate at which it will become breakeven. So, what really happened in the USA business that we turned so much profitable. The follow up to this would be that we see there is a bump up in the other expense and employee expense, so if you could tell me what that is for and then I will go with my second question.

Pratik Patel: So, in case of USA, it is not surprising to us, so our ramp up of USA operation is taking place. We have enough orders in hand in USA to achieve more than \$50 mn in sales. Our target initially was to achieve \$17 mn in sales but everywhere you can see the decision making is getting delayed and same is happening also in USA. So, the approvals etc. came too late not allowing us to produce and ship in time so that they reach site before 31st March in America, so that is why we are talking about \$14-15 mn but this was not surprising this was there from the beginning infact our growth in the subsequent year is going to come from US. We are targeting to reach around \$30 mn in 3-4-year time. So, we are taking about Rs.225-250 crores from US operations

in 3-4 years' time. So, it is a gradual build up from 11 to 14-15 is not something which has happening out of way it was planned and it is happening. That is one, two is regarding the first question that you asked was regarding cost of manpower in US.

Aayush Agarwal: If you look at year on year, last year also we did Rs.20-21 crores from US. This year also Rs.22 crores from US we were able to get good profitability from US, so is this a sustainable run rate.

Pratik Patel: It is sustainable.

Aayush Agarwal: The second part was the hike in other expense and employee expense what's the breakup that has led to increase.

Pratik Patel: If you see on the annualized basis the employee cost has not grown more but because the reason, I am telling you this, in the last quarter you will see increasing turnover and the manpower cost per month remains the same. So, on the annualized basis you will not feel big if you are in India there will always be year on year increase in manpower cost but at end of 31st March if you see because of increase turnover in the last quarter the manpower cost increase will not significant.

Dharmendra Jain: But definitely we have increased 2-3 senior level person in US as well as in India, so some level the cost has been increased by that reason.

Aayush Agarwal: So my second question would be that you have mentioned that you are seeing some good visibility from India and in the past concall it was mentioned that the focus would be on export. So what changes you are seeing on the ground so that you are very positive about business in India now. That's it from my side thank you.

Pratik Patel: I have been only mentioning business from Bombay these projects are hanging fire for last 8 years. Finally, they have seeing the light of the day, so Bombay projects alone has for the company potential of more than Rs.300 crores and we are targeting from those Rs.300 crores to get between Rs.100-150 crores, so Bombay alone will result into improvement in domestic business. I have not factored in improvement taking place because of government led initiatives all around India, only Bombay I have factored in. If Bombay goes as per projected should give us this 40% growth every year in domestic business.

Aayush Agarwal: That is amazing and that it from my side.

Diwakar Pingle: Thank you Aayush. The next question is from the line of V P Rajesh from Banyan Capital.

V P Rajesh: Mr. Patel first question is that with all the order that you are expecting to have by the end of this year, when do you go for next capex because your capacity is only up to Rs.500 crores. So, do you start to build more next year?

Pratik Patel: We have initially informed you that from Rs.20-25 crores we aim to inject capitalized expansion in next 3 years' time, so 1-1.5 year has already gone and other 1.5 year is remaining. So, this capex would be done by end of 2022, Dec 22. All these projected worth of Rs.20-25 crores worth of capex would be completed and after completion of Rs.20-25 crores worth of capex we should be position to deliver from plants output worth of Rs. 500 crores to production. So as of today, we don't foresee any need to capital expansion after this phase of expansion is over.

V P Rajesh: Ok and my second question was this desalination project which you have gotten, who are they from the private player or the public player?

Pratik Patel: End clients are always government as you are aware in India. So, one is desalination project in Chennai that we have got from Dectom, it's a private company called Dectom. Second project is Dahej desalination project which we have got from Larsen and Toubro, third project is Udangudi power plant where we have got it from BHEL.

V P Rajesh: Ok thank you.

Diwakar Pingle: Thanks V P. The next question is from the line of Amitabh Chakrabarty.

Amitabh Chakrabarty: Basically, I want to know more about our new product i.e., disc filter. What is the potential in India and second would be that you explained little bit more on the Rodney Hunt, how much we can go from \$15 mn to because the whole thing this year actually is \$-3 mn becoming zero or plus? So that showing you are breaking even, so from next year from \$15 mn where you can go in Rodney Hunt before that the new product disc what is the potential in India

Pratik Patel: So, disc filter is used to remove suspended solid from water. So, when the treated water is going out of the plant today it looks little bit brownish. Now as per the new National Green Tribunal and pollution Control rules the water has to look as clean as clean as mineral water. I am not saying you can drink it but has to look transparent and to ensure that you have to invest in disc filters or rapid sand filter which will remove all the suspended solid from the water and bring it below 5 ppm. Now for that, as per the order passed by National Green Tribunal and approved by Supreme Court India is supposed to invest in these machines or the whole project which are null in past plus all the new project which are coming. If it happens as informed by NGT and Supreme Court than we are looking at Staggering business of over 1000

machines but we have to be practical we are in India the Corporation, the Municipal Commissioner, the Collectors cannot be thrown to jail if they do not comply with this. So, wherever the corporation has money, Big cities, rich corporation in Ahmadabad, Surat etc. they invest and I expect this business to be of 200-300 machines from next year and going up to 400-500 machine in 3 years' time. Now when I say machine the cost of the machine could be anywhere from Rs.60 lakhs to Rs.1.5 crores depending upon the capacity. So, disc filter as a business we are hopeful of Rs.100-200 crores potential in the coming years of which we want to be number one manufacturer in India and first to start in India. So that is disc filter. Second is Rodney Hunt, so Rodney Hunt is \$14-15 mn now and we are projecting to take it over \$30-35 mn in 3-4 years' time. So, where this \$35 mn is coming from. So, when we acquired Rodney Hunt and they closed down in 2017 their turnover was \$33 mn. So, we are still far behind and we have lot of catching up to do and this will do in next 3-4 years' time.

Amitabh Chakrabarty: What would be our market share that time. We will be fourth.

Pratik Patel: When we do above \$30 mn we will be either number 1 or 2 in America.

Amitabh Chakrabarty: But the third is going you were telling last time.

Pratik Patel: When we reach \$30-35 mn out of the 4-5 present big players one has to shut shop. It is not possible that everyone will be able to survive and we increase our sales which was zero 3 years back to \$35 in 6-7 years' time someone will suffer and someone will close shop.

Amitabh Chakrabarty: Ok, so \$14-15 mn we are breaking even and how the profitability would be moving then.

Pratik Patel: So, the profitability as we increase our sales in America without increasing the manpower too much our profitability will become much better than what it is now but I still doubt whether our profitability in America would exceed that of India, it may not but we are looking once we cross \$20 mn plus in sales we are looking at least 8-10% PAT from America as well.

Amitabh Chakrabarty: Ok, that is useful and this \$20 mn is possible in FY22.

Pratik Patel: No, we are targeting \$18 mn next year and \$20-21 mn in year after that.

Diwakar Pingle: Thanks Amitabh. The next question is from the line of Piyush.

- Piyush:** Sir I am new to the company, just wanted to understand your Rs.400 crores of order book right now. What is the timeline for the execution of this order book?
- Pratik Patel:** 1.5 year minimum
- Piyush:** Ok, so this is general book to bill ratio. Whatever order you have that get executed over period of 2-2.5 year.
- Pratik Patel:** No in this case I am saying 1-1.5 years because there are some orders which are long gestation. These orders were supposed to be executed early but because of Covid these are order from Singapore and Singapore all the construction activities are still under stand still. Singapore order has shifted by 7-8 months now.
- Piyush:** In normal case order book correspond to 1 year.
- Pratik Patel:** 1 year, max I would say 15 months.
- Piyush:** Based on the present order book and the trajectory you say, so what is the kind of sales growth you see for next 2-3 years. Are you constrain by any other factor i.e., working capital?
- Pratik Patel:** Working capital, we are not constrained by capacity the only thing we are constrain is capacity of our clients to lift the material in time after payment.
- Piyush:** Ok, so is it safe to assume with the current order book and the number of orders and kind of view you see that we can easily grow at 25%.
- Pratik Patel:** No, growing 25% is ruled out but I would say our target is between 15-20%. Why I say 25% is ruled out because I am dealing with EPC contractor and they are not in a very sound financial condition. So, I cannot be very aggressive with my sales. That is why I said if they are giving the money then I'm producing and delivering otherwise, we would be conservative in dealing with our clients.
- Piyush:** What would be the difference in the working capital cycle for exports v/s domestic.
- Pratik Patel:** Presently it is nearly the same, infact in the export it is little bit more because in export the transit time get added up and transit time to America could be as high as 6-7 weeks.
- Dharmendra Jain:** More than 50% is US exports.
- Diwakar Pingle:** Thank You Piyush, the next question is from the line of Ravi.

Ravi: Congratulations on the good set of numbers. I wanted to better understand the US markets. In terms of what is the size of market and where do we cater whether industrial side or municipal water side.

Pratik Patel: The size of US market for Water Control Gates has been consistently between \$125-150 mn for last many years. We all expect that because of the focus of Trump on make America great again lot of investment started taking place in America to improve the American infrastructure. This should result in increase of these from \$125-150 mn to \$175 mn in times to come. This is I am talking about only Water Control Gates. Now because Rodney Hunt was in loses, we did not go aggressive for the Screen businesses in America. The Screens business in America is also between \$125-175 mn and Mahr which our company now in Austria, Mahr is a very strong brand name in America. Infact our president in America Mr. Ranjit Nair is also an ex-employee of Headworks which used to manufacture Mahr Screens in America. So, the target is once we have broken even in America than we will also launch our Screening portfolio in America and the Knife Gates Valve business in America. So eventually we are looking at business of between \$250-350 mn for Knife Gates Valve, Screens and Gates in America. In case of Gates, Rodney Hunt brings to us very strong foundation because of which we can target number 1 or 2 in 3-4 years' time but that is not so in case of Screens and in case of Valves. So, I would say that we look forward to \$30 mn business from Rodney Hunt and may be \$10 mn business from Screens and Valves in next 3-4 years' time and so as to touch \$40 mn business in 4 years' time from America. That market is big, American market for Screens and Knife Gates Valve is big but we do not have the sales strength as we have with Rodney Hunt.

Ravi: Thank you Sir, that was useful. In terms of if you could name 2-3 peers who would be in same space would be helpful.

Pratik Patel: In case of Gates there are 3-4 companies. One is Hydro Gate another is Waterman third is Paques, fourth is R W (Ross Whips) Gates. In case of Screens there are many companies also. If you go through our RFQ we have given that details there.

Ravi: Broader question in terms of typical project say of Rs.100 crores, what would be size of buy of equipment's in that particular project?

Pratik Patel: Depend upon where our name is approved. So, suppose we are talking of in India in Rs100 crores project around 65% would be civil work and 35% would be electronic mechanical and chemicals work, out of that Rs.35 crores we would be doing something like Rs.15 crores.

- Ravi:** Thank You Sir.
- Diwakar Pingle:** Thank you Ravi. The next question is follow up from the line of Zaki.
- Zaki:** Partly it's been answered, it was about that disc filter but Pratik bhai between disc filter and screen filter I mean how do they complement each other or what's the difference.
- Pratik Patel:** Screens are in the beginning of the project, disc filter are in the end of the project. So, screens are used to remove material which is 3-4-5 mm things like rags, hairs etc. is removed by the screens. Food products, waste plastic, clothes everything which you throw into your garbage and goes into to waste water stream is coming on the fine screen installed at the beginning of the plant. Disc filter is not for screening that type of materials. Disc filter is for suspended solid which is invisible which are in few microns.
- Zaki:** Got it sir thank you. Pratik bhai in last call that is previous quarter you have indicated that as end of 31st March 2021 after executing everything in the current year we would have an outstanding order book of Rs.350 crores but with the healthy order flow do you expect this to remain above Rs.400 crores at the end of the year.
- Pratik Patel:** Today it looks like so. Maybe Rs.400 crores, plus minus Rs.10-25 crores.
- Dharmendra Jain:** Zaki your last time question is total of exposure Rs.150 crores out of that Rs.80 crores is funded based and Rs.70 crores is non funded based. Out of Rs.80 crores Rs.60 crores is working capital.
- Zaki:** That would be great. Order book of Rs.400 crores plus would be great.
- Diwakar Pingle:** Thank You Zaki so much for that, the next question is from the line of Ashish.
- Ashish:** Similar question to what V P Rajeshji was asking, so we are talking about capacity of Rs.500 crores and we are already seeing run rate of 30-35-40 and I am sure we are trying to do Rs.40 crores run rate per month and with the new filter we spoke about that we are estimating market of Rs.100-200 crores in a year. So, at Rs.60 lakhs to Rs.1 crore that market itself is Rs.100-150 crores and for the lion share of that again we are talking of Rs40-50 crores coming from there. We again spoke about the fact that we are growing in US. So, we definitely have a strong path or visibility from a growth perspective and we have a constraint in term of manufacturing capacity. So why is that we are not thinking about expansion of manufacturing capacity. So, is it

something I am assuming wrong in term of growth projection or do you think that debottlenecking will be very easy and can be done in 6 months or before?

Pratik Patel:

Let me clarify that we are expanding. So, we are already with this Rs.20-25 crores which we are investing now in the company. The investment is done in this year, when I say this year is 2021-2022. So, in these two years we will be investing Rs.20-25 crores and after making investment Rs.20-25 crores that would ensure that up to Rs.500 crores turnover we have no problem what so ever. But Rs.500 crores we are not going to reach in one year time, 500 crores we are trying to reach in 3 to 4 years' time. So, your investment should be in such a manner that as you pick up in sales the investment is matching up. I don't want to do a big capital expansion to the thumbs, so we are doing in stages investment every year Rs.8-10 crores in stages and then we will see a big change in the market we can also do another expansion. I have done twice the expansion, one with Siddanta in 1996 where he promise moon to the world and we did big expansion and there was no business that is how I have to go to exports. Similar thing also happened in 2008-2009, so now what we have done is we are not doing big bang expansion but we are expanding in a way that we are able to catch up with the market.

Ashish:

Pratikji on these 3-4 years I just want to sought of spend some time here. So, we are talking of the new filter, so the new filter even assuming 30-40% market share of the Rs100-150 crores is straight away adding Rs.30-40 crores to topline. You have the US market and now we have Bombay project that we are talking about. So, I personally given all the commentary that I have heard and the investor presentation that you have released seems to be very strong revenue visibility. My question is instead of 3-4 years don't you see this Rs.500 crores coming itself in the next 2 years because it is just about Rs40 crores run rate that we are talking about from a monthly basis.

Pratik Patel:

I would love to have that but I have now become practical. If you see each state government or even the central government they are really scared of funds. So, talking and naming in budget the investment project is one thing and actually that happening place is another thing. So, I would say if the business comes up, we can catch up very fast because most of the civil infrastructure would be ready by the end of next year. So, then if requirement is there that is machinery addition which can be done very fast. So, we are not so much worried. Now presently 40-50 machines are being imported in India, we are zero. This year we will start with production. This year my target is to get 3-4 machine out. The bigger business will happen down the line, next year you do not expect me to go from 4 to 40. I will be going from 4 to 20-25, I cannot become 4 to 40 in one year time.

Dharmendra Jain: Ashish our plan is expansion after 2 years and we have already searched for land already and we are going to apply for this land near to our SEZ plant. So, it is plan full expansion after 2 years.

Ashish: Dharmendraji then this suppose after 2 years what will be the lead time. Plant construction will take 6 months or 1-1.5 year typically.

Dharmendra Jain: Generally, 9 months.

Ashish: Basically, this is the thought process that after 3 years there will be some expansion in term of new Greenfield facility.

Pratik Patel: Yes, but generally takes 9 months to construct. So, we will study the market and if market is booming definitely we will not allow business to slip through our hand.

Ashish: Understood. My second question was in terms of from a domestic perspective, we know the fact that export give a higher margin but if you are talking about new projects of the Bombay and other areas would be see higher margins in those projects' Vesuvius the current domestic projects that we are getting.

Dharmendra Jain: Irrespective of city if the project is big, let's talk about Bombay if the project is big the equipment required would be big and when the equipment required is big and the volume is big there are not many players in India which can cater to that easily, for that reason competition reduces. In project of Bombay, we are mostly at 80-90% market shares. If you see the past, we have 80-90% market share projects of Bombay. So obviously our margins for such projects is better. So, whether it be in Bangalore, Bombay, Surat you get better margins. When you are doing projects in the city of Indore it's so difficult to get business in city of Indore because every tom dick and harry is bidding like any crazy guy and doing at foolish prices. So, all big cities big projects gives us better margins, small cities small projects do not gives us better margins.

Ashish: One last question, last couple of call you highlighted and you also alluded today also the fact that the company is not taking up the order. So, has this been solved and our payments more sort of normalized and more or less companies are now picking their orders that have given to us?

Pratik Patel: Most of the things have gone stream line only those projects which are stuck because of some dispute between government and contractor or because the financial liability of that project for that company has gone bad only than are facing problems. Otherwise, things have streamed line quite a lot.

- Ashish:** So, our L&T one was stuck.
- Pratik Patel:** We have got in case of L&T Rs.7.5 crores we have got Rs.4 crores already and we have been promised another Rs.1.5 crores next week.
- Ashish:** Thank you and all the best.
- Diwakar Pingle:** The next question is from the line of Vijay Sarda.
- Vijay Sarda:** Congratulation Pratik and team for a good set of number. I have 2 questions one pertains to Rodney Hunt, I think Amitabh have briefly touched on the same so I will continue on the same. You said on the Rodney Hunt you break even above \$15 mn and next year we are expecting \$20-25 mn revenue run rate to continue. So, from next year onward Rodney Hunt will start contributing to the number. Am I right to assume that?
- Pratik Patel:** So, let me clarify first of all this year we are expecting between \$14-15 mn in sales, next year we are projecting around \$18 mn in sales which increase to 21-22 to be increase to 26-27 and then to cross \$30 mn. So next year we will not be doing 20-21. We will be doing \$18 mn.
- Vijay Sarda:** On this \$18 mn we would be breaking even and make some profit there at least.
- Pratik Patel:** At \$18 mn I expect to have profit between \$0.5-1 mn.
- Vijay Sarda:** In terms of domestic the projects that you are talking about from the Bombay or local projects, what kind of margins those projects. Will fetch will that distort the current margin of 20% or will that be in line with that 20% margin.
- Pratik Patel:** As I just answered the last question, Bombay is big project let me just give you an idea the pumping station in Bombay are 30-35 meters deep. Generally, nowhere else may be in Middle East somewhere or Singapore you will have such big pumping station. So, when you have such big pumping station the screens, the gates, the valves they all required are of big fitting, very big size and so on. Bombay would need knife gate valves of 3m diameter maybe around 30 to 40 each valve costing Rs.3-4 crores and there are not many companies in India. 1-2 companies in India can do it and worldwide 4-5 companies which can do it. So, no one is going to crash the price just to get that job. So big projects give is better margins always, critical projects/products gives you more margin because the client will not take risk and we will also not take risk. So, margins would improve only if such type of projects are coming.

- Vijay Sarda:** Pratikji last thing is on the overall capex we have to do for this Rs.500 crores are we ready to do Rs.500 crores or need some capex in order to reach there.
- Pratik Patel:** The present capex which we are doing is required to reach Rs.500 crores. As of now we don't need than we have to see how the market progresses and how our position consolidates worldwide and then if we have to do another expansion, we will do it.
- Vijay Sarda:** Sir just last, these commodity prices increase or decrease whatever happen we don't have any risk on that because whatever we do is post getting the order, so we are not getting affected by all this variation in the commodity prices.
- Pratik Patel:** We are getting affected. Once an order is received and advance is received thereafter if there is a price rise your client is not going to pay for it. However, the commodity prices rise does not affect us too much the reason for that is the raw material involvement is only 30-35% and that also comprises of many different materials. So, when commodity prices go up it is not essential it will go up for all the 10-12 different material which you are buying. Average is there and there is a price rise but this price rise is not going to be sustain for next 1-2 years. So, steel prices went up now they have started coming down, so you get a hint for the time span during which you have done that procurement. So may be 2-3 months you are suffered but overall risk factor into mostly while we are doing our costing estimation.
- Vijay Sarda:** Thank very much.
- Diwakar Pingle:** We will take a follow up from the line of Ashish.
- Ashish:** Pratikji one follow up on this Mumbai tender what is the status. I read in the investor presentation 6 out of 7 has been opened something like that.
- Pratik Patel:** They have been opened. The way they are been opened I think it looks quite positive that it will go through.
- Ashish:** When it is open, are the bid prices sort of visible.
- Pratik Patel:** The technical bids have been opened, the commercial bid will be opened after 2 months. But out of 7 projects there are only 3-4 bidders in every project and Padmavati, Larsen and Toubro, Adani, GFR infra there are 1 or 2 more. So mostly the same players everywhere which gives indication to wise people that these projects will go through.

Ashish: We do a tie up typically at the bidding itself or once they win the bid sort of come and negotiate with us.

Pratik Patel: No, we give our prices because we are the approved made in most of the projects. So, we give our prices during the time of bidding and afterwards they will come back to us and renegotiate.

Ashish: So, all of them or most of them taken price from ups all Shapoorji Pallonji, Larsen and Toubro, Adani.

Pratik Patel: Yes. They all are our existing clients.

Ashish: Thanks.

Diwakar Pingle: That was the last question, we also have Axel Schutte with us who has joined us on the call. Schutte you want to say something.

Axel Schutte: Thank you first of all for attending this meeting with the shareholders. We had yesterday our board meeting which was very interesting to follow that all the targets which was set of course are little bit pressed by the Corona situation but in general and at the bottom line we have to congratulate the team of Jash and the guidance during the last year for this very good result they have achieved and the prospect of the coming year is also fantastic. The order booking position is best at the best I would say and the situation in America is improving. We have yesterday also a zoom meeting with the management and new team at USA. I am very much impressed with what is going there and we all have expectation that next year becoming much better than all the years before, even this year when we are coming out with a small profit and balanced results which is big improve from the last year. So, from that point of view Jash is on right track and we are all be happy to see that the share value of the company going up, that prospect we are quite happy and impressed.

Diwakar Pingle: Thank you Mr. Schutte and any closing remarks from Pratik Patel.

Pratik Patel: Thank you everyone for patiently listening me out. We at Jash are looking hard to ensure that whatever we have projected and whatever we have promised we would achieve. There has been some setbacks as Zaki said if we said 330-340, we would achieve and we are now talking of 305-310 but on account of Covid there has been a turmoil. India I would say not that much but abroad much more and little delayed execution of many projects. However, with the vaccine on horizon we are quite confident that we maybe in 6-7 months things will start coming to normal. Once they start coming back to normal the focus on infrastructure projects will increase and that



should make the company strong again in execution. So, let's hope in next two months we are able to achieve what we have set out to do and once we do that, I would be able to come back to you with much better result.

Diwakar Pingle:

Thank you sir and thank to this wonderful crowd for maintaining the order and going very orderly. Thanks, and have a good weekend till we see you next time and bye for now.