

09.02.2024

To,

**The Manager
Listing Department
National Stock Exchange of India Limited
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051**

Dear Sir/ Ma'am,

Sub.: Transcript of Q3 FY24 Earnings Conference Call

Symbol: JASH

We are enclosing herewith the transcript of Q3 FY24 Earnings conference call with the Investors held on Monday, 5th February 2024.

You are requested to take the aforementioned information on records.

Thanking You,
Yours Faithfully,
For JASH Engineering Limited

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





“Jash Engineering Limited
Q3 FY24 Earnings Conference Call”

February 5, 2024

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

MR. DHARMENDRA JAIN – CHIEF FINANCIAL OFFICER

Siddesh Chawan:

Good evening, everyone, I am Siddesh Chawan from Ernst & Young, Investor Relations. And I would like to welcome you all to the Jash Engineering Q3 FY24 earnings call.

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

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

To take us through the results and answer your questions today we have the top management of Jash Engineering Limited represented by Mr. Pratik Patel - Chairman and Managing Director and Mr. Dharmendra Jain – Chief Financial officer.

Before we begin, I want to remind everyone about the safe harbor related to today's earnings call. Comments made during the call may contain forward looking statements that may involve known or unknown risk, uncertainties, and other factors. It must be viewed in conjunction with our business risks that will cause future results performance or achievements to differ significantly from what it is expressed or implied by such forward looking statements.

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

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

Pratik Patel:

Good afternoon, everyone. Welcome to our investor conference for the quarter ending December 2023 for current financial year. I would now like to start by giving a small presentation which we have prepared.

It is for people who are new just to give you all an idea about the company. We are a company in the manufacturing sector making equipments for water, wastewater, effluent, sewage water, etc. treatment as well as pumping in conveyance. We have operations in 4 countries i.e. India, USA, Austria, Hong Kong. We are on the verge of starting operation in UK as well. We have 5 manufacturing units with around 950 people and we are supplying these equipments to various government bodies through the EPC contractors. We are basically focused on exports and exports to 45 countries. And we are approved by most of the authorities who are using these products worldwide.

The company has grown over time by investing in new technologies as well as new acquisitions. We have done acquisitions in India, also outside India, in India required Sureseal and Shivpad, outside India we acquired Rodney Hunt and Mahr Maschinenbau. Currently we are in the process of acquiring Waterfront in the UK. All of these acquisitions were done with a reason. The acquisitions in India were done with a view to improve product reach. The acquisitions outside India were done with a view to get recognition for the brand. All of our products are sold based on approval. So, if you are approved then only you can sell these products to the treatment plant or pumping station. So, to get the approval and get international renowned brands Mahr, Rodney Hunt and Waterfront are result of that.

Currently we have 5 manufacturing facilities, out of which 4 are around Indore and one is in America. We are in the process of building one plant in Chennai and with the acquisition of Waterfront we will have 1 plant in Glasgow. So, in a short time within this year we will have two more manufacturing facilities. The current potential from all these facilities close to Rs.700 crore. We are adding new facilities and that will ensure that over time you will be able to build a manufacturing capabilities upto Rs.1000 crores. We have invested mostly in all the manufacturing facility which is required to produce this product. So, most of the facilities in house very rarely we have to go out and that do when the order booking is much beyond our manufacturing capabilities.

As I had already pointed out we made a lot of products for water, wastewater business. We make Water intake Gates, Heavy Fabricated Gates, Coarse Screening Equipments, Fine Screening Equipments, Screening Conveyance Equipments, various types of Valves like Knife Gate Valves, Bulk Solid Valves Handling Valves and Special Purpose Valves and we also make process equipment which is subsequent to intake. So, all the types of process equipment required for primary treatment and secondary treatment are also made by us. We also hydro power equipment which can generate electricity, renewable energy at a very low rate and Screw Pump for storm water pump. These are the products from Invent range, which we are launching this year. And these are all used in secondary treatment. Most of our product go into varied application it for irrigation, storm water, drinking water or for wastewater. And in the industrial wherever huge quantum of water is required. Generally, such water is required in a nuclear power plants, thermal power plants, paper & pulp plants, petrochemical plants, steel plants, chemical plants etc.

If you see our major business, it comes from Water Control Gates and 61% of our revenue comes from that business. Screens contributes to 15%, this is based on earning for 9 months, on a yearly basis there may be some changes. Valves contributes 17% and all other equipments is 7%. So, Gates remains our main business but Screens and Valves also significantly to our revenue mix. We are doing business mostly outside India as well as India but our target is to have more than 65% revenue coming from outside India. As of now we are somewhere around 58% but we are confident that in 1-2 years we will reach 65%. The

major market outside India is Far East, Middle East, USA and Europe. We are still weak in Africa, but we are building resources to go strongly into Africa's as well.

I already mentioned that most of our business is related to approvals and for that we should be approved by consultants as well as the end clients and also by the contractors. We are mostly approved in India and outside India by all the leading EPC contractor or consultants. And as a result of that we get easy acceptance for new projects worldwide.

Coming the main topic of this meeting we have announced already our results and also posted on Stock Exchange. The nine months Jash Engineering revenue on standalone basis has grown by around 25%. Shivpad, unfortunately our revenue has gone down and we will work hard to catch up on the shortfall in Shivpad, the revenue has gone by 54%. However, in Jash USA our revenue has gone up by 28% as a result we have been able to give wider good performance on the profitability. The profitability at Jash Engineering has gone up, profit after tax has gone up by close to 25%. The profit after tax of Shivpad has gone down by 93%. But most importantly the profitability in Jash USA has gone up by 28%. So more than 200% because last year we were in losses. This August we did well because once Jash USA is performing well than we expect that on the consolidated basis the company performance will significantly improve.

The consolidated revenue has grown by around 25% in nine months, as well as profit has gone by around 27%. So, it is as gross profit, profit after tax and profitability is concerned. The PAT has significantly grown by 50% and we expect that this turnaround in profit after taxes is on account of USA and as US Operations improve, we hope to give much better performance on the end of the Year. This shows our consolidated income statement. As you can see, there is a significant improvement in EBITDA margin, as well as some improvement in PAT margins at the end of nine months. We expect this as I've already mentioned, twice before we expect these to significantly improved at the end of this year because those who are investors must be knowing that in the last quarter we do maximum revenue and with the fixed costs of salary, wages and other expenses, higher proportion of our margins comes in fourth quarter.

Coming to our order book position, as on 1st February our total order book our position was Rs.851 crores out of which Rs. 583 crores are orders outside India, orders within Indian are Rs.268 crores. We have Rs.440 crores order book in Jash Engineering, Rs.380 in USA and Rs.31 crores in Shivpad. Overall, I would say all the companies it just really getting clear and editing in us and for the most part. So overall I would say all the three companies have good order book position. We were little bit lagging in execution I Shivpad because of the delayed approval but now we hope to catch up in the last quarter.

Our consolidated order pipeline also is quite strong, already negotiated orders worth Rs.53 crores and other orders which are under negotiations are close to Rs.34 crores. The order under negotiations is expected to be negotiated in next 1-2 weeks. So, we are looking at a

very strong order book position at the end of this financial year. We still maintain the projected sales output which we had informed at the beginning of the year. Then I told that we expected to achieve combined consolidated sales of around Rs.515 crores have been in spite of the Red Sea problem which we are facing resulting in to delay delivery to USA and UK. We are quite confident of achieving Rs.515 crores in revenue. However, if things move in our favour we can easily surpass by 5-10%.

I am glad to inform that Rodney Hunt has become profitable in third quarter. Last year it had become profitable in the last quarter. So, we are improving our performance at Rodney Hunt. This year we have targeted \$26 million revenue and we would achieve this easily. In fact, the Red Sea situation makes us a little bit nervous but if it was not so than we could have achieved at least \$28 million revenue in Rodney Hunt and shown a growth of 40% in this year. However, we keep our fingers crossed if things improve, then we should be searching something like \$27-28 million in US revenue this year.

The company have already met investors and are issuing new preferential shares worth Rs.42 crores to investors as well as warrants to promote and employee this month The purpose of raising these funds in America we are seeing great traction and bigger orders. The last big order we received in America was more than \$10 billion value which was received in the month of September's and all such big orders need of bonding to be given. Now, as of now, we have accumulated losses in America, which does not allow the banks to heal bonding without deposit and so we have to give close to 45% of the bond value as a deposit. And this hampers our taking orders because we cannot easily give 45% deposit. So, the main purpose of raising this Rs.42 crores was that we'll likely use \$3-4 million out of that for bonding purpose and balance in building our new facility is in Orange as well as Houston plant.

Looking at very strong growth prospects in export market and also looking at what we found out in UK, we feel we need to increase our manufacturing capabilities and units 4 at Rodney Hunt plant and so we have now applied for a new plot of 2.75 acres at the cost of Rs.2 crores, opposite to unit 4 and we will acquire this lot and we aim to build a new manufacturing facility at this plot. The construction already started in the middle of this year, and this plant will be commissioned by a middle of next year.

Regarding Waterfront UK I am pleased to inform you that most of the official formalities have been completed and we are now expecting final approvals anytime now. If we get final approval in the first half of February, then we will be able to wind up this acquisition by February or in March to make Waterfront a subsidiary of Jash Engineering Ltd. Thereafter. Our CEO Mr. Bhuvnesh Pandey had been to Waterfront UK with the view to see what things need to be done before we take over the company and complete reorganization of the Waterfront is planned along with additional in capacities so that we are able to expand rapidly in UK. I am pleased to inform that because of proactive step which we have taken, we should be in a position to inaugurate that expanded facility in June 2024.

I would like to sum up by saying that we had a robust growth in this quarter. Our revenue increased overall by 28% in the first 9 months and our EBITDA also increased by around 39%. Also, as I already informed before the consolidated order book position is strong Rs.851 crores, with Rs.583 crores of projections outside India. We also have a strong order pipeline and I expect to end this financial year atleast by Rs.800 crores in order book. If you see this Rs.800 crores order book on what we have projected for next year. Next year we are projecting revenue between Rs.625-650 crores. So, having Rs.800 crores order book end of this financial year or beginning of new year is a very good sign for next year as well. As mentioned below I am confident of achieving Rs.515 crores projected revenue. If everything goes favorable to us, we will significantly surpass this figure.

At the end I would say that from my side I am bullish on the way the company is performing and I am happy to say that international market also looks quiet dynamic on the water business. Today our market capitalization of close to Rs.2100 crores and most important is out of more than 325 staff, now 221 staff has opted for ESOP. This augurs well for the company because most of the staff I understand or believe would like to stick with the company and participate in the growth of the company because the company is also helping them to increase their worth and with such a strong team of people to support the management, I am looking forward to very good future of this company

Siddesh Chawan: We will now begin the question and answer session. Gentle reminder to all the participants to ask question please select the raise hand option under the reaction tab of Zoom application. We will now wait for a moment until the question que assembles.

Mr. Sanjay Shah please unmute yourself and go ahead.

Sanjay Shah: Good evening gentleman. Congrats on great set of numbers. Pratik Sir, regarding the order flow which have cited is very optimist, can highlight upon which are the region or which are the verticals where the order flow is coming from and where we anticipate even further more growth coming from which each area. Like you last time talking about the rising sea level, can you highlight upon that.

Pratik Patel: So, Sanjay bhai our standard business as you can see is mostly water, wastewater. However, in future more than water and wastewater there are 23 new types of businesses which will be helping our revenue to grow fast. What are these three, one is stormwater, storm water is a result of excess rain at any given day in any of the city and then the results into flooding of the city. The second is going to the rising sea level and the third is going to be reuse, so you will be required to reuse the water either disseminate it and use or either reuse water for survival of the human race. So, these three are going to be the future for all water industry. Coming to storm water you might have seen lot of higher rainfall concentration is taking place resulting into to flood and this is happening everywhere. So, most countries in the world are investing a lot of water into their ability to pump this excess water out so that shop, establishment, and businesses don't get so much important. When we talk about sea water

rising levels, now I do not know how many people are aware how critical this situation is going to become, just to give you an idea we are working simultaneously on many projects related to this worldwide. In fact we are expecting a good job in America, which is still under negotiation but recently we are given a budgetary offer to Singapore. Singapore is expected to be 100 mm below sea level by 2100 and for that the preliminary offer given by us for equipments is 900 million Singapore dollars. We are talking about something like Rs.6000 crores. This is not going to happen very soon. This is all at the planning stage, but this is the extent of equipment required just by Singapore. There will be many small countries like Maldives etc. which will manage. I don't know also whether you are aware that Kalimantan is being developed as a new capital in Indonesia. Jakarta by 2030 would be under one feet of water. So, all these types of events are going to result in good boost to our products in time to come. How soon they will come, I am not in a position to predict because it all depends upon the financial capabilities of each country. But for reuse, dissemination and for storm water most of the cities have started preparing, so sea water issue is down the line, but this is concurrent. In next 3-4 years many of the cities will be investing in all this.

Sanjay Shah: Great sir. So, my second question was regarding we have not talked about our disk filter opportunity and can you even highlight about UK acquisition. How do you see the future and what do you see the current first year itself.

Pratik Patel: So, under disc filter last time I said in this month, February, we'll be developing a new disc filter which is highly efficient and cost effective. For that we will be doing the trials of disc filter in the coming months and if there is successful, we look forward to at least Rs.15-20 crores of revenues from disc filter business every year. And this will grow up because every plant existing or future in India that would have invest on this type of technology to make the water as clear as possible. So, the current government also focused on that and new investments are being planned in water, wastewater treatment. I recently read an article which say that India has only 1300 sewage treatment plant as against 20,000-30,000 sewage treatment plants in China. So, imagine the gap that we have and once all of those treatment plants are coming, they all have equipped with disc filter, so we look for huge growth in business in time to come.

Sanjay Shah: Sir what about Waterfront UK.

Pratik Patel: Waterfront acquisition will be done in this month or maybe in March and once that is done we are looking at a very high growth. Waterfront team is now in India and within our office to strategize on how to reenter the UK market for the Mahr screens. Mahr has more 70 screens in UK and Mahr before winding down their business or scaling down their business was for doing very well in UK. Our CEO Bhuvanesh Pandey was in UK and our initial reading of the market is that we can easily scale up 4-5 times in 4 years with our UK operations.

Sanjay Shah: So, what should we expect in the first year itself.

Pratik Patel: First whole year I would say Rs.50 crores revenue, next year we can expect Rs. 50 crores revenue from UK and we will like to increase. This year is around Rs.30 crores, from Rs.30 crores to Rs.50 crores to Rs.70-75 crores and then to Rs.100 crores something.

Sanjay Shah: Thank you, Sir.

Siddesh Chawan: Thank you Sanjay Shah. Next question is from Mr. Ritesh Patel. Please unmute yourself and go ahead.

Ritesh Patel: So, I am new to understanding the company and industry as you now. So, correct me if I am wrong. So, since we have such a huge and diverse set of products, so I just wanted to get an idea of what the markets size of the products. So, I know like in the FAQ of the industry is given and the markets around Rs.15000 to 20,000 crores, but when I look at the reports, they say that the global market size for the equipments that we cater into is more than Rs.2,00,000 globally, but then we are estimating of Rs.15000-20,000 crores. So, in terms of percentage what portion of the total equipments in water are we making? What is this market say globally, in India and rate number if possible if you could give.

Pratik Patel: The market globally is very big but we cannot be in all the markets, we have restriction of all the language, so we can think only of the English speaking markets as addressable markets. Even though we do business in France, etc. but it's not an easy way of doing business if you don't understand the language. So, the addressable market for us would be all those markets which are English speaking, that is one. Two, we cannot also go with all of our products in all these markets. We have to go one by one otherwise loss is too high, just to give you an example, Rodney Hunt we produced in 2019 in America and sold things also in America but because the company was not doing financially and for Screens we have to engage 2 peoples costing the company \$ 300-400 thousand. So, we decided to close the Screening business in America until some time that we would be having enough resources to market Screens and invest on 2-3 peoples to go and market the Screens. So, in global market if we don't have resources it's of no use. So, I would say the market is very big however you address the market based on the resources you have. Resources in the way of financial resources as well as in the way manpower resources. Manpower resources within India and outside India. I believe we are looking for anywhere between 15-20% Y-o-Y growth and we would be increasing both these resources in proportion to achieve that growth.

Ritesh Patel: Ok sir, got it. What portion of these fund will be used for the bonding.

Pratik Patel: For bonding facility \$3-4 million. Our present plan is \$3 million we to be used for bonding facility, however if the order is very big and it needs more resources than we may use \$4 million also out of that for bonding. Just to explain to you regarding bonding, earlier the bank was calling for 100% fixed deposit now the bank has reduced to 45%. Once we are net positive we do not have any accumulated losses the bank will bring this down 45% further

to around 10-15% and once that happen than the deposit already would be able to take care of future orders.

Ritesh Patel: Ok, got it. One more question we were planning to commence the construction manufacturing facility at Shivpad. So, any status on that.

Pratik Patel: Shivpad facility construction has started the plant would be commissioned in September October this year.

Ritesh Patel: This plant will cater to process equipments only.

Pratik Patel: Exactly.

Ritesh Patel: If I am not wrong process equipment revenue was around Rs.40 crores in 2023 but Shivpad revenue was Rs.22 crores. So, what I am assuming is that Shivpad is manufacturing machinery and transferring those equipments to Jash Engineering who in turn is selling domestically, am I understanding it right.

Pratik Patel: We both are manufacturing in both places, so design in Chennai produced at Indore. So, depending upon where we have a supply and proximately depending upon which plant has that capacity we produce on that plant.

Ritesh Patel: Go it sir. One last question, so Rodney Hunt facility which will come in the next financial year. So, then what's the dependency on the Indian plant that is Jash plant for supply of in USA. So, how much it will reduce and how much Jash plant will be freed up, any idea on it.

Pratik Patel: Rodney Hunt plant will be producing only for those business which is short delivery or make in America. It is not being seen as a replacement of Indian operation. So, US operation will be never be more than 35- 40% of the total revenue.

Ritesh Patel: So, more than 50% of the US business equipment will be supplied by Jash after the facility it completed.

Pratik Patel: Yes

Ritesh Patel: Got it. Thank you so much.

Siddesh Chawan: Thank you. The next question is from Miss Alisha please unmute yourself and go ahead.

Alisha: Hi, good evening. Thank you for the opportunity, couple of questions. So firstly, for Waterfront like you said that team has already gone there to see what kind of incremental investments will be required any thoughts on what is the kind of integration costs we may have to incur, any one time costs or to expand the facility what kind of investments we are looking to do.

Pratik Patel: We are not looking at big investment, we are looking at an investment of around Rs.6-7 crore and we have been able to negotiate with Scottish Government a subsidy of 50% on that investment. So, after subsidy I can say Rs.3-4 crores is what we are planning to invest. The

manufacturing share has been taken on lease, so there is no big investment on construction, all these investments we're doing is in machinery only.

Alisha: So, this Rs.6-7 crores will cover this cost and any other integration related costs that you may have to incur.

Pratik Patel: No, this is all within Rs.0.5-1 crores.

Alisha: And you mentioned earlier that Waterfront UK is continuing to post Rs.30 crores revenue. What is the kind of margins that they are doing, is it profitable or what is the kind of expectation we have that they will do this year or next year.

Pratik Patel: Waterfront is profitable definitely, but the margins are not something great. That is our job to convert that revenue as well as margins to a significant level in line with our policy. Our policy is to have net profit from any operation more than 10% and we are quite confident that as Waterfront revenue grow up the overheads will come down and with that we will be able to improve the profitability of Waterfall.

Alisha: So, by the time they do Rs.100 crores kind of revenue, they should be able to reach the 10% profit margins, which will be at least three years plus down the line.

Pratik Patel: Yes.

Alisha: Sure. In terms of capex, you said that there's obviously in unit 4 that we are incurring capex and in US also, so will this be enough to reach the Rs.1000 crores top line aspirational or after that also, we will need more capex.

Pratik Patel: Waterfront expansion in unit 4 and expansion in US will enable us to reach that number. Please understand that this year Chennai also is being constructed. So, Chennai, Waterfront expansion in unit 4 and expansion in America all this together will enable us to reach Rs.1000 crores.

Alisha: Understand. So, what is the kind of capex that we are looking at doing in FY25 counting all of this Rs.6-7 crores in Waterfront plus Chennai unit 4 etc.

Pratik Patel: So, this year in FY24-25 we are projecting investment of Rs.15-16 crores. Next year also we are planning investment of around Rs.25-30 crores. And maybe another investment of Rs.10-15 crores. So, investment of Rs.70-75 in the next 3 years will enable us to be reach from Rs.515 crores this year to around Rs.1000 crores.

Alisha: And just also wanted to check that we did do the fundraising that you mentioned that it is largely for bonding in US and a little bit on the capex, but now that more of our businesses could come from the international markets is there going to be an aspirational Rs.1000 crore topline. Is there need for any more fundraise or any incremental funding that we have to arrange for sake of working capital. Capacity looks like it's taken care of.

- Pratik Patel:** So, we do not expect investment working capital. The company is quite profitable, and we are able to take care of ongoing concern. For capex, also I don't think we will be required to go for more fundraise. The issue of fund raise will only come get phenomenal order needing huge investment in capacities or if go for another acquisition. As of now, nothing is there. So, I would say we don't look for any big capex other than what is already planned in the next three years.
- Dharmendra Jain:** Also, Rodney Hunt is a profitable, so we are releasing some money there also.
- Pratik Patel:** So, with Rodney Hunt becoming profitable, lot of pressure gone on working capital, funds, cash flow and everything. So, hopeful everything moves that way and we will not be taking fundraise just for that purpose.
- Alisha:** So, cash conversion cycle of 150 days is what we should be able to sustain it.
- Pratik Patel:** We intend to bring it down and the target is 120 days from 182 days.
- Alisha:** And one bookkeeping question, what is our effective tax rate because we were slightly lower because we had plants in SEZ this time, for nine months it's looking like it's a 20%. So, what is our effective tax rate gonna be for this year and next year going forward.
- Dharmendra Jain:** It depends, our one unit is 50% taxable and one unit of SEZ is 100% tax free. So, its around 21-22% effective tax rate. Here we are clubbing with the deferred tax also because you will see accumulated growth of current income tax as well as deferred tax. So, it's also contribution of deferred tax..
- Alisha:** Understood. So, these Rs.620 crores of top line aspiration for next year this is excluding Waterfront?
- Pratik Patel:** Its Rs.625-650 crores which including Waterfront.
- Alisha:** Got it. Since this you were mentioning at the start of the call, that there is going to be so much requirement in Singapore alone and obviously multiple countries will have requirements. Any increase in new competition that we have or any risks or challenges we are seeing in our execution which can probably deviate from that aspirational Rs.1000 crores revenue.
- Pratik Patel:** No, there is no such competition on the horizon as far as what we see from the current situation.
- Alisha:** Okay, great.
- Siddesh Chawan:** Thank you. The next question is from Mr. Naveen. Please unmute yourself and go ahead.
- Naveen:** Thank you for the opportunity, sir. My first question is on the UK market. I just wanted to know you spoke about the revenue potential. I wanted to know what the opportunity size for our products in the UK market is and how is the competitive landscape there.

Pratik Patel: So, the competitive landscape is not very aggressive. For every of the product there are 2-3 companies, mostly not UK its mostly outside UK. So, I would say moderate competition. The landscape is if you look at gates, screens and knife gate valves and process equipments we are aiming at something more than Rs.1500 crores. But because this is the first year, we have to learn a lot. And that's why we have moderate target of increasing the Rs.30 crores revenue to Rs.120 crores in 4 years time. However, from the current exposure that our CEO had in UK, it seems that even this is a very modest target. So, if everything goes right as went Rodney Hunt we look at UK as becoming quite a big business for us in the time to come.

Naveen: And in terms of scalability Rodney Hunt we took some time but here we already have a management in place and they have indirectly invested in Jash. So how do you think the scaling up will happen here. And what are the lessons that we are sort of implementing what we learned from Rodney Hunt in in this acquisition.

Pratik Patel: So, first lesson is we already have some local team so that's why we have retained 20% shareholding with the management. Secondly, we are going aggressive with investment and in Rodney Hunt we have not taken manufacturing facility when we acquired the plant. Here even before we acquire the company we have already placed orders, expansion etc. and that is why the deal would be completed in March but the expansion will be done by June and the inauguration will be done in June because all the productive being decisions were taken so that we can go fast. As far as you are saying that to grow fast, I don't understand when we say Rs.30 crores to Rs.120 crores in 4 years, it is fast enough. It is more than that if we can do we will do but I think Rs.30 crores to Rs.120 crores in 4 years should be considered fast enough.

Naveen: And in terms of operations, will it be the same that we have in Rodney Hunt where majority of the product will be produced in India and ship.

Pratik Patel: Yes. So, 30-35% could be done in UK and balance 60-65% or something like that would be done in India. So, as I said, everything depends upon how fast delivery is required, what is the transportation cost involved, for what size of jobs etc. that will guide the decisions where to make it.

Naveen: My second question is regarding Rodney Hunt. Now we have a very decent order book, I want to understand is there any seasonality in execution of the same like in India the last quarter is a major quarter

Pratik Patel: It is the same in America also we have done around \$14-15 million and 3 months we are talking of doing \$28 million. So, not much difference, everywhere everyone is rushing to meet the deadline and the deadline is year ending which could be 31st December or 31st March.

- Naveen:** So, in terms of last quarter contributing the most will that sort of dependency will reduce any time or that will continue as 42-45% comes in the last quarter and its like a one day match.
- Pratik Patel:** So, it will not reduce a lot because Waterfront also year ending is 31st March now. So, all of our companies, we are keeping a common year ending for ease of accounting. And with that, even with people at the company people everyone is pushing to get at maximum revenue before the end of the year, and so I will say, even if there is an improvement that improvement maybe only 5-10% not more.
- Naveen:** We were expecting some orders from Mumbai.
- Pratik Patel:** They have come.
- Naveen:** And any clarity on Invent JV when it will start, the revenue potential and regarding any clarity on manufacturing.
- Pratik Patel:** So, our engineers are present in Invent Germany are undertaking training. They will be back in the second week of February and once they are back, we will be taking up all the subsequent steps required to produce that equipment.
- Naveen:** Do they have a manufacturing facility there or some after this JV will the manufacturing move to India and India will become the manufacturing base.
- Pratik Patel:** They have some manufacturing facility in Germany but 80% of their products are made outside their plant, they don't make it, they mostly assemble it. We already supplied Invent lot of components from India. So, if we do a competent job in quality and price then definitely, they would like to buy from us as well.
- Naveen:** That's all from my end, will get back.
- Siddesh Chawan:** Thank you. The next question is from Miss Suruchi Parmar. Please unmute yourself and go ahead.
- Suruchi Parmar:** Yeah, good evening, sir. Thank you so much for the opportunity. Actually, I am new to the business, so pardon me for some basic question. Just wanted to know like, how frequently our product needs to be replaced like you have water control gates and screens.
- Pratik Patel:** 20-25 years.
- Suruchi Parmar:** So, once you are done with a project so there is no requirement upto 20-25 years.
- Pratik Patel:** Yeah, at least in that plant.
- Suruchi Parmar:** Okay. So, what you see the market size in water control gates now.
- Pratik Patel:** It is quite huge. Worldwide is more than 10,000 crores.
- Suruchi Parmar:** Okay, and I guess we are one of the leading companies in water control gates.

- Pratik Patel:** Yeah, atleast in the English speaking countries.
- Suruchi Parmar:** Okay. So, in other countries we face problem because of language?
- Pratik Patel:** Mostly because of language and our not being present in those countries.
- Suruchi Parmar:** Okay, so are you planning something to expand there, or you are trying to do anything.
- Pratik Patel:** We are growing 25-30% in America, we are planning to grow 25-30% in UK. I think we already have planned a huge rate of growth in English in countries. Once we are satisfied ourselves in the amount of business, we are able to get in those English speaking countries then we will be forced to look for new markets. Most of the Asia is English speaking, we do good in Hong Kong and Singapore, most of the Middle East is English speaking we do good in most of the Middle East countries. Only in Europe, UK is English speaking others are Danish or Spanish or Portuguese or French. In Africa mostly its French, we have French employees who looks after that business. Other than that, wherever Spanish, Portuguese or French is there we have problems. So, our first focus is going to be only on those countries which are English speaking rather than trying to go everywhere. You must be aware what our is custom built product and in custom built products small miss understanding can cost the company a lot and if you don't know the language, the chance of making mistakes in business.
- Suruchi Parmar:** And this Rs.1000 crores revenue which you are eyeing is for which year 2027 or 2028
- Pratik Patel:** 2029
- Suruchi Parmar:** Okay. So, going forward like for this Rs1000 crores revenue in 2029, this will majorly come from water control gates, screens or the new area.
- Pratik Patel:** Mix of everything
- Suruchi Parmar:** Means storm water, rising sea level will also come
- Pratik Patel:** Yes.
- Suruchi Parmar:** So definitely water control gates will decrease.
- Pratik Patel:** I will prefer water control gates business go down so that I will get better product mix but we are in projects business so we never know some projects of water control gates may come or some of screens may come. So, it all depends upon what type of projects are coming and according to we will have to supply equipment. So, the wish is that water control gates is around 50% of our total revenue, valves and screens 20-20% and other equipment 10% but it is my wish. Ultimately whatever is being done in the projects worldwide we have to supply that.
- Suruchi Parmar:** Ok sir. So, the margin on all these products are similar or any particular product command good margins than the other

- Pratik Patel:** The margin depends on the criticality of the project and the size of the project. So, for the same product the margin maybe 10% somewhere and 30% elsewhere. So, it all depends upon the criticality, the size of the project, what type of competition is there etc. So, margin better does not remain same based on product, but it remains same based on product size, project criticality, and top norms of excellence.
- Suruchi Parmar:** Thank you so much for answering my question.
- Siddesh Chawan:** Thank you. That was the last question. I will request Pratik sir, for the closing comments.
- Pratik Patel:** Thank you, Siddesh. Thank you everyone for being present and listening patiently to us. I understand Mr. Sahu could not come online so if there are any question, I am still in a position to answer him. It is not 3-4 question. We are open to any questions you have and you can write to us it would be a pleasure to reply to you. And I hope when we meet next time, I am in the position to give better results than what we have been able to give this and with that I would like to close and say thank you to all of you.
- Siddesh Chawan:** Thank you and if you have any additional question, you can reach out to us anytime. We wish you a good health and look forward to seeing you again in the next quarter. Have a good day.