19.02.2025

To,

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

Dear Sir/ Ma'am,

Sub.: Transcript of Q3 FY25 Earnings Conference Call

Symbol: JASH

We are enclosing herewith the transcript of Q3 FY25 Earnings conference call with the Investors held on Thursday 13th February 2025.

You are requested to take the aforementioned information on records.

Thanking You,
Yours Faithfully,
For JASH Engineering Limited

Tushar Kharpade Digitally signed by Tushar Kharpade Date: 2025.02.19 11:12:30 +05'30'

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

“Jash Engineering Limited
Q3 FY25 Earnings Conference Call”

February 13, 2025

MANAGEMENT: MR. BHUVANESH PANDEY - CHIEF OPERATING OFFICER

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 to the Jash Engineering Q3 FY25 earnings conference call.

Before we begin, I would like to inform you that our Chairman and Managing Director, Mr. Pratik Patel, will not be joining today's earnings call, due to unavoidable commitments. However, we have with us Mr. Bhuvanesh Pandey, Chief Operating Officer, and Mr. Dharmendra Jain, Chief Financial Officer, who will take us through the results and address your questions.

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

Additionally, please note that this conference is being recorded. The recording will be available on the company's website within a day, and the transcript will be shared subsequently.

Before we proceed, I want to remind everyone about the safe harbor to today's call. Some of the comments made under during this discussion may contains forward looking statement that involve known or unknown risk, uncertainties and other factors. This should be viewed in conjunction with our business risk which may cause actual results, performance or achievements to differ significantly from what it is expressed or implied. If you require any further information or clarification after this call, please feel free to reach out to me with that said, let me now hand over the call to Mr. Bhuvanesh Pandey. Over to you, sir.

Bhuvanesh Pandey: Good evening, everyone. Let's begin with the presentation. Many of you are already familiar with this slide: we have six manufacturing units and employ over 1,000 people. We achieved a consolidated revenue of Rs. 522 crores, which you are all aware of. This is the company's evolution map, which is likely familiar to most of you. As you know, our most recent acquisition was Waterfront, which we acquired last year, and we are working to develop it. This slide shows the current facility status of Jash and the group company.

The presentation slide shows the various product that we have in the company through different functionaries and have all those things. So, water intake systems, fabricated gates, screening equipment, knife gate valves for different purposes, even special purpose valves, the bulk solid handling valves, various process equipment, hydro equipment, pro filtering equipment. So, these contains the entire band of product that Jash and the subsidiary companies are manufacturing. The product range continues. The slide shows the application of products where we are utilizing this product group. And it's like the intake system, strong water, wastewater, irrigation, steel, paper and pulp, and so covering majority of areas that are used for water and related industries.

These are the product offerings with the kind of percentages we have. So, our major chunk of product is related to water control gates, and this includes the gates and all ancillary equipment which is included in the gates section. Then the next is screening equipment, screen and the complete screening range of equipment, which is around 20%. Then we have valves and then the remaining set of equipment are considered as 9% of the overall revenue share.

Then we consider the overall world market, how we are placed up. This is one of the efficacies of what we do the businesses we are spread across the globe, doing business in majority of the bigger countries. This shows the spread of the revenue what we do.

Major plants, these are all domestic clients, and then then we also do international business, so showing the entire set of international. So, we have even more but these show only the major clients that we have.

Dharmendra Jain: Good afternoon, everyone. This is nine months performance, our revenue increased by 44% as compared to last year for standalone Jash Engineering. This is our standalone performance. Shivpad grew drastically by 201% is triple the turnover of what is compared to last year and 35% growth in turnover of Jash USA. Same way profit after tax also increase in Jash Engineering from 13% to 16%, Shivpad from 3% to 15% and Jash USA is around same 3% of the profit after tax.

This is consolidated revenue, overall performance, 46% increase in the turnover of nine months. Same way gross margin is around same 61%. EBITDA margin is also same 20%. Profit before tax slightly increased from 11 to 13% and profit after tax also increased from 9% to 12%.

This is quarter wise performance. EBITDA and PAT margin is very good, particularly in Q3. This is the consolidated order position as on 1st February, approximately Rs.933 crores. This is our order pipeline classified as negotiated & under negotiation pipeline, and we have negotiated approximately Rs. 26 crores worth of orders.

This is our outlook for 2024-25, as previously stated. We have set a target of Rs. 675 crores in consolidated revenue for this year. Given the output from the first nine months, we have a good chance of achieving this target.

This is commentary from Pratik Sir. We are seeing a 46% increase in revenue and an 83% increase in PAT margin. We are in the process of reviving Mahr Maschinenbau and expect to achieve Rs. 4-5 crores this year. Our consolidated order book stands at Rs. 933 crores, and we anticipate carrying forward orders of more than Rs. 825 crores this year. Our Chennai plant is set to inaugurate in May 2025, SEZ Pithampur in December 2025, and we expect the USA plant extension in January 2026 and the office building in Houston in February 2026.Thank you.

Siddesh Chawan: Thank you, sir, we will now begin the question and answer session. A gentle reminder to all the participants to ask question, please select the raise hand option under the reaction tab of the Zoom application.

Let's take a first question from Mr. Dilip Sahu. Please unmute yourself and go ahead.

Dilip Sahu: So, I have two questions. First question is regarding the comment by Pratik bhai on Mahr Maschinenbau, it says you are reviving it. So, what exactly reviving means? Are you going to open a manufacturing facility in Austria or you are restarting the team in Austria, or going to relaunch it in the US? Can you just elaborate on the on that statement?

Dharmendra Jain: Actually, we are going to start the turnover in the Mahr Maschinenbau. We will be taking the order in in Mahr Maschinenbau which was earlier, taken in the Jash Engineering limited. Currently it has no turnover, and it is like no transaction company presently. So, we are going to revive, because there are installations in the UK and other places. This will help us create a track record for Mahr Maschinenbau again and we aim to take out of India order in Mahr Maschinenbau itself to maintain that old company.

Dilip Sahu: But if I understand correctly, you don't have anybody in Austria, right?

Dharmendra Jain: Mr. Mahr, the former Managing Director of Mahr Maschinenbau, has agreed to oversee these matters. We will manufacture in India or in the UK, our Waterfront projects

Dilip Sahu: Okay.

Bhuvanesh Pandey: Mr. Shau, I would like to answer your questions in a different way. As my colleague Dharmendra explained, you have seen, we have acquired Waterfront in UK, Glasgow. So, we are definitely trying. Currently, they are doing the gates business, and we are trying to revive and startup with a screening business there. So, Jash, or the ancillary group of Jash, any subsidiary, are doing screen business in the name of Mahr Maschinenbau. So, as you are already aware, so Mahr Maschinenbau basically is based out of Austria, and Mr. Ganot Mahr is still the MD of Mahr Maschinenbau. So, recently, we already had a discussion, and Ganot was with us in Glasgow to discuss with Scottish water and the other people to land up in some framework agreements. And I would like to share an official information that we have started an agreement which is still to be legalized, but we have already framed up a document with Galliford Try, who are one of the biggest contractors in overall UK and they have owned Ham Baker Engineering services. You know, Ham Baker UK have already died, and that was the opportunity that Jash acquired Waterfront just to take up that opportunity to grow up. So, Mahr Maschinenbau we are looking up an opportunity. We have already started giving in quotations against the screens to be quoted in Glasgow, UK, and of course, in US also we have supplied screens two years back. And so, as we are selling in Mahr Maschinenbau name, so this will be the way Mahr Maschinenbau will get revived in totality. So of course, there will be no manufacturing facility in Austria. We are not thinking of that.

But yes, Ganot will operate from Austria only, and the orders will go through Mahr Maschinenbau.

Dilip Sahu: Sure, so understand correctly, you are going to reload the marketing part of selling into UK and Europe. That's what you're trying to do, right?

Bhuvanesh Pandey: We are already doing. The only change is with the acquisition of Waterfront. So, Waterfront was up to now not doing any screening business. They were doing HDP as we have acquired Waterfront. So, we have started selling up bigger pen stocks, bigger other products. We also sold knife gate valve there. So, this is just the beginning, I would say just to foray into the market and screen is one of the biggest businesses, and we just have Huber as competitor. Huber is the only company there in UK who are doing screens as a business in a very mass level. So, to enter into framework agreements and other things, yes, Mahr is one of the biggest marketing brands, which we will introduce in UK and so do in US.

Dilip Sahu: Sure, sure. My second question is, the impact of this Trump tariff on metals, that 25% tariff across board. I am just trying to understand the business model currently we have in US, and how is this going to be impacting our costing, from what I understand that both Shivpad and Jash India ships out to Rodney and of certain products, which are basically a long gestation period, are done locally and short gestation is what you ship out from India. So, two sub questions. One is, how much currently the standalone business at Shivpad path does with the Rodney and assuming that we do $35 million this year, what will be India component? And the second question is this going to impact our profitability in our future? What is risk mitigation that we are trying to do?

Bhuvanesh Pandey: Okay. Actually, I will say, this is a cloud which is roaming around with the Trump coming into the government taking up the complete scenario. But to clear everything, I would say we don't have any impact with the Trumpian tariff system, number one. Number two, to clarify one of your question, we don't export anything from Shivpad to Rodney Hunt. We are only doing gates and certain part of screens that we sell it to Rodney Hunt, we stock knife gate wise that we are sending from here, which is like once in a year or once in two years, and we keep stock there. So as far as Rodney and is concerned, we only manufacture gates in India and sell there. There is nothing Shivpad involvement there.

Now to answer to your second question, how it will be affecting in totality. So, as you have seen the facility, I would like to brief you that we have around 70,000 Sq.ft of manufacturing facility under the shed, which we are operating currently in orange, which is based out of Massachusetts and then in another few months, we are also planning to expand another 45,000 square feet to make sure that we cater to majority of requirements to be done from US, in case there is any effect or impact that we foresee. If you see BABA act the build America Buy America, which is coming out of US till 2029 that's what we see and it has been in the previous era. If you see, they have a law that by 2029 we have to manufacture more than 95%, I mean procurement of raw material to manufacturing to be done 95% in

US. So, we are already geared up in advance to that we are already doing manufacturing in Massachusetts in Orange. As already explained there, we are also planning an expansion in Orange which will easily cater to around $25 million to be produced from Orange. Apart from that in Houston, we are already building an office which was shown in the presentation and another 45,000 square feet of land is already procured. And then we are planning to do it in 2027 wherein we will be building another manufacturing setup in Houston. So currently, to deal with $35 million, I don't think there is any problem. And I am talking about only US manufacturing products.

Dilip Sahu: So, I just want to go back and say out of the $33 million will do this year, because obviously, from the current quarter numbers, the profitability of US business is far higher than the standalone business in this quarter. So, I am just trying to figure out whether this $33 million how much will come from India. Is there any component?

Bhuvanesh Pandey: Yeah, we have a very clear component. As of now, we are trying to do around $15 million from US and the balances from India. But just to explain exactly how the component is. So, when you talk about an Orange component or the US component of $15 million, the $15 million is bifurcated as actuations, hydraulics and other things, are around $3 million, wherein there is no manufacturing component involved from US. Then there is an after market business which is around $3 million, wherein you don't majorly involve any manufacturing capacity. So, it's like around $6.5 million gone. So out of $15 million, you are currently doing something between nine to $10 million from Orange. And with the expansion of facility, you always have the bandwidth to do around $30-35 million. So, you can do another $25 million which is a very big business. You are not thinking of doing it in next 2-3years. In order to reach the target that we have anticipated moving around next year we are targeting something like $40-45 million being done from US facility. So, unless and until you reach anything more than in excess of $60-65 million, we don't think there is any need of further expansion into that and with the Houston facility coming up that will easily add to another $10 million from there, which we are planning in 27-28. So, you can easily understand from that entire setup of strategic planning that by 2029 we will be easily able to do something like $50-60 million easily from US. So, you don't need any further expansions.

Dilip Sahu: Thank you.

Siddesh Chawan: Next question is from Mr. Naveen. Please unmute yourself and go ahead.

Naveen: Thank you for the opportunity. In the last conference call, we were guiding for a closing order book of close to Rs.850-1000 crores. and in this results presentation, we have guided for around Rs.825 crores, are we seeing any change in the business environment for us to sort of reduce this guidance.

Bhuvanesh Pandey: There is no change in the business environment. As you see, the theoretical message shows in excess of Rs.825 crores. So that doesn't mean that it is restricting us to Rs.825, crores, this is always a projection. So, projection can go up to Rs900 crores. So, it's a very fragile kind of world when you talk about marketing and then we have around one and a half months left, so order, book position is extremely good and as you saw it's more than Rs.900 crores plus. We are going to execute further Rs.200 crores sales. So, it's very clear that we are going to be more than Rs.830 crores. But when you think about whether we will be Rs.830 crores or whether it will be Rs.950 crores, it will be just a matter of one and half months and we will very clear. But there is no change in the business scenario, or there is no change in the order book position. It's going higher and we have a very good order book.

Naveen: We were expecting few large orders. Any update on the same.

Bhuvanesh Pandey: Large orders means we have got a good order from Malaysia, which is like Rs.7 crores order is expected to come. We have already negotiated, and everything is done. So, Singapore Pratik Sir is already going, and he has already negotiated a big order. So, it's just in the pipeline to finalize and strike the deal, that's already in the pipeline. In our kind of business, we are not losing such orders, which are already it's a matter of the policies and the inking of the document, that's it.

Naveen: And my second question is, how is the integration with the Waterfront going, and what is the outlook for the next financial year?

Bhuvanesh Pandey: So, waterfront business has started good. I would say, though we cannot expect profitability right from the first month of first year, but then the business is going well. We already acquired, as you seen and we already acquired another shed to start the manufacturing facility. Now this year we have sent CNC machines, testing facilities and all those things from India, and now the setup is complete. So up to now, what was happening is we were sending gates and the other equipment that to small ones from India and Waterfront model was manufacturing SDP pen stocks there and selling. Waterfront was previously known only for SDP pen stocks and just selling up as a trading and now after we acquired that, the business is growing up. As you saw, we acquired at $2 million, and currently we have already done $2 million in the sales, and we are projecting anything above $3-3.2 million in sales. The open order book, we are expecting anything between $3-4 million. The band I am seeing very highs as there is a thing called AMP, Asset Management Period and Waterfront or let's say the entire UK is going up with AMP now. So, this AMP period is something where, in the entire UK slows down in the business, because there is a complete approval of the asset management and the funds and everything from the government side towards the water business. So as far as water business grows and Waterfront, we see a very clear vision how it has to grow. Pratik Sir has already framed up the vision reaching $10 million in next four years, and we are up to that. If we are having an order book of around $3.5 4 million this year, we are very clear next year, our target should be crossing $4 million in sales, and so is the next years. Another thing, just to give you an idea, the UK business goes on frameworks. So, Waterfront was only on Scottish water framework. Framework is very difficult to get as far as the new entry of business is concerned. So, Waterfront was an extension framework with Scottish water. But in last few months, we are into seven trends, which is the second biggest framework authority business into UK, and we have now been just as recent as three weeks, we have been now accepted as the supplier chain partner in united utilities, which is the fifth biggest in UK. So as far as we are going up, we see a big development in the business. We are very clear on the vision of achieving $10 million in 4 years as the revenue for Waterfront and we see very clear picture for Waterfront as growth.

Naveen: Thank you. I will get back in the queue.

Siddesh Chawan: Thank you. We will take the next question is from Mr. Niteen Dharmavat. Please unmute yourself and go ahead.

Niteen Dharmavat: Thank you for the opportunity. So, my first question is what capacity utilization we are running currently.

Bhuvanesh Pandey: So, you are talking about the entire consolidated. So, capacity utilization we are at around 60% but at the same time you will see we are expanding the facility. So, just to give you an idea we are setting up a new plant in Shivpad which my colleague Dharmendra explained, we are going to inaugurate in this May, currently in coming next 2-3 months. We have also started infrastructure for development and expansion of the SEZ plant which we have in Indore. So, Indore we have four unit and we are expanding another export unit as SEZ V as export business is growing. So, that is coming up and that will be done by end of this year. We are expanding our Orange facility, which is based out of Massachusetts, as I explained just now with the BABA clause coming up and expanding US business, we are expanding that facility. We are also coming up with the Houston plant which is again a big investment. So, we are very clear that the investment will also help us ramping up the potential capacity. So, we don't see any capacity constrain. If we have grow up the business, we are already investing into that to expand the capacity.

Niteen Dharmavat: No, if we are expanding in US also for the manufacturing, will there be the impact on our margins, because the US manufacturing will be at a higher cost, if my understanding is correct. May you like to explain that?

Bhuvanesh Pandey: Yeah, I can explain that. See initially, our operation overheads were very high in US. We are not increasing extremely high the manpower. Our current manpower in US is 60, which has just increased by another five in last 3-4 months. So, we are not tremendously going to increase the manpower by another 20-30-50 people. So, we don't see a major increase in that, the operational expenses are not going to increase, because whatever are there are already stabilized. So, with the increase in the revenue, that will definitely only help us reducing the operational expenses.

Dharmendra Jain: Nitin, I also want to add that if we book any orders for local manufacturing in the USA, our suppliers there will estimate costs based on their actual expenses in the USA. This means that the margins will be calculated accordingly. Therefore, for any projects in the USA, including those in BABA, we will receive an additional price for local manufacturing.

Niteen Dharmavat: Okay. So, margins will to maintain even if manufacturing is in US.

Dharmendra Jain: Yes.

Niteen Dharmavat: Okay, my next question is, what is the revenue guidance that we have for the next financial year and the EBITDA guidance for next financial year. Or what is the target that we are keeping internally for this two.

Dharmendra Jain: Our target for the next two years is approximately Rs. 1000 crore. We have clearly stated that our EBITDA will be between 12-14%, without factoring in the potential impact of rupee depreciation. Currently, the effect of rupee depreciation is favourable, and if this trend continues, it will definitely increase our profit after tax margin.

Niteen Dharmavat: Okay.

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

Dikshant Boolchandani: Congratulations, management for good numbers. So firstly, we are looking at an order book of Rs.933 crores, as per the last update. I want to know that what is the key growth driver for us going forward, because as I understand around 40% of our book is US and 35% is India, around 23-24% might be the rest of the world, and 2% is around UK Waterfront. So, what's the growth driver for us right now?

Bhuvanesh Pandey: See, growth driver is not related to geography, not completely related to geography. So, first of all, let me explain there are four basic growth drivers for our business. Number one is reuse of water. So, you see, there is a very strong stress across the globe on reuse of water. Singapore is the biggest example, who are building up billion dollars of investment into reuse of water infrastructure. So, we are supplying gates, screens and everything, because the pure water, the portable water, is really not available to them. So, this is not only Singapore, but also across the globe, which is happening, that there is a strong emphasis on reuse of water. Second is desalination. So, you see coastal countries, islands and all those where there is a low rainfall, they are continuously moving towards desalination, even in India. It's not only outside India, India also Chennai, Surat and all such states, are moving towards desalination, which is an extremely high business. The world's 30% of desalination businesses in Saudi Arabia. So, we are already participating on 26th and 27th in MENA desalination exhibition. So, we have already started penetrating Middle East market. So, you have seen that our Middle East capture was quite less so with the desalination projects going up and we are one of the leaders into desalination equipment supply. So that will become one of the biggest focuses and one of the biggest future growth potentials for us. If we see third flooding you would have seen in the news, not only in Chennai, Dubai and many other places where flooding has become a big, big criteria for getting into systems. So, stormwater pumping stations, stormwater flooding has become such a big potential that this will bring at least 15-20% rise in the overall potential of the business, stormwater is such a big thing. And the final thing is rising sea level, which is now a Minas to the complete globe everywhere you have seen Jakarta rising around 400 to 500 mm within the next two years, Singapore has been forecasted as rising up to one meter by FY27-28 they are already working on that. So, rising civil levels are major problem, including India you have seen. So, these are the four major business growth potential which I see and which everyone knows, which will be a key to success of growth for Jash and the complete subsidiaries. When you talk about the country wise location, US has anyhow enormous business potential. Waterfront we have just entered, if you see UK, the overall growth potential for next five years, they have declared as $170 billion. This is the kind of investment that they are going to do in water business. So even if we get 1% of that business, that will be big enough amount for us. Same as Middle East business as I told you, we are continuously trying to move. Prateek sir is already moving around there continuously and still he will be there next week in Middle East. So that is the kind of business opportunity that we are looking for. So, there is no dearth of business that we look

Dikshant Boolchandani: So, I understand as a product, we are looking at various products with desalination as a key product. But like, where is our efforts more focused on as a market? I understand you mentioned Singapore and Middle East, but if you could just give us a couple of geographically, what we are also looking as plus our product efficiency. If you could give us one more step of clarity.

Bhuvanesh Pandey: Sure. So, we are globally the biggest suppliers of water control gates. As a product range, one of the biggest thing is we offer a very big product reach that nobody in the globe can offer as a combined together, as Jash offers under the umbrella. So, you want geographically. So let's start with US. This year, we are targeting anything more than $33 million as a revenue right. US has a big potential in next four to five years, we target around reaching around $60-70 million in revenue. Market potential if I talk about there are major players, if you see Suez, there are headworks, if you see RW Gates, they are already doing a big business of around $30-35-40 million in their field of business. So, we know we have a very big market potential. Our marketing is already working, seeing the potential we are already expanding into that market, right. Coming on to UK. We have just started, as I told you next four years we have to reach $10 million, we are already on to that. If you see we acquired at $2 million, we are already targeting something about $3.5 million, just in a span of 9-10 months. And next year we are opening up with an order book of anything more than $3.5 million. So, we see the businesses is there, we are into marketing, we are adding people there. So, in UK, we were having 13 people we have added marketing people based out of mid of England, we have already added five months back, he has started producing results. Since England is a big area, UK is divided into four zones, so, you have England, you have Wales, you have Northern Ireland, and then you have the complete England Portland. So, we have to cover South of England, so we are already into search of that person who will cover. So that's where UK market is into. Talking about Far East, Middle East, Pratik sir is already into those things, the complete export team. We are expanding the export team; they are into those business. Europe we already tied up with Invent. Europe we already have business. So, we are expanding into those business. So, the globe is not really short to expand our kind of business. And since the water business potential, is growing very high, you would have seen PM Modi stating about requesting more than Rs.500 crores into water business and then all these projects like Amrut, Namami Gange, Narmada, all those things will bring a strong emphasis on the water business that needs to grow. So that's really not letting us go down into those business.

Dikshant Boolchandani: Got it.

Siddesh Chawan: Thank you. We will take a next question from Mr. Salil Desai. Please unmute yourself and go ahead.

Salil Desai: Thanks. My question is on the order book that you disclose. So, for the last three quarters now we are in the range of more Rs.930-940 crores. There has been no increase in the order book. So given these numbers, how should one think of revenue over the next couple of years? Although you have given revenue targets, but orders on hand don't really kind of match up with your aspirations on your target. So, it would be great if you can explain how this group move.

Bhuvanesh Pandey: So, you're seeing the order book position at the same time you would appreciate that the sales are increasing, and as explained in the presentation, sales have gone up by 45%. So, the gap is something if I would have done the sales, let's say 15-20% the order would have crossed Rs.1000 crores by this time. So, we are continuously on the sales as well, and with the increasing market potential as we explained next year, we are targeting something between $40-45 million in US and around $4.5-5 million in UK, plus Middle East exposure going up that will definitely increase the order book position. But at the same time, when we are looking at sales, let's say touching around Rs.800 crores next year, you will always see that that gap is the same. So, if you have to consistently grow by 20-25-30% we will always see that the order book is always Rs.900 crores or Rs.850 crores but you have to always take into mind that the sales is continuously increasing.

Salil Desai: In fact, sir exactly, that is my confusion. So, if let's say you are not very short cycle products company, it takes at least 3-6 months from an order to revenue conversion. If my orders are not growing 20%, this quarter you have grown 45% but how can I figure out if you grow 20% next year also if there are orders enough or not on hand, that's where the confusion is.

Bhuvanesh Pandey: So, let's say I have to do a Rs.800-850 crores next year, starting with Rs.850 crores order book will always claim that I'm doing Rs.800 crores next year. Number one for the next year, I am trying to explain you more deeper, so that you get an idea. So, with an open order book of Rs.850 crores, I am easily targeting Rs.800 crores for the next year, which is not a problem. Now, when I am seeing that I am increasing at $10 million on the on the US side and around $2 million on the UK side, I am already adding around Rs.150-200 crores on the order, apart from the current business that that is already happening, plus increase in Far East, Middle East, Southeast Asia, will always punch in more orders and this is a growing business. Plus water business is already expanding, as I explained in my previous conversation, that the water business is continuously growing up, so the orders will anyhow pour into plus we have also expanded our product range, you would have seen that we also tied up last year. We already had the technical collaboration with Invent for the disc filters. So, disc filter was not growing up as a market in last one year. Now, in last two months we received these orders worth around Rs.3.5 crores for disc filters only, seven disk filters and another, orders worth around Rs.3 crores are in pipeline from Malaysia, so that's one. Then we are also expanding into aerators, mixers, recanters and this kind of business. So, with the product expansion, you are also expecting more orders to plunge into.

Salil Desai: So, sir you are saying that for Rs.850 crore revenues next year, you have more than sufficient orders on hand today to get new orders, the conversion should happen.

Bhuvanesh Pandey: No, you have too always. You have to yearn for more orders otherwise the same question arise next year that you are still Rs.800 crores, so next year you will have an open order to go more than Rs.1000 crores or something like Rs.900 crores

Dharmendra Jain: Salil exactly Rs.850 will not convert into next year revenue, but also whatever we booked in first six months, also convert into the revenue. So definitely we are more than comfortable with the order booking. There is no chance for plugging up the revenue target of next year.

Salil Desai: Got it, sir. Thank you so much.

Siddesh Chawan: Thank you Salil. We'll take the next question from Mr. Parikshit. Please unmute yourself and go on.

Parikshit: Hi. Thanks for the opportunity, and congratulations on a good set of numbers. So, one of the things that you have highlighted in today's call is about how we expect to do more manufacturing in the US. And you have already tackled how your margins will not be impacted, because you will be competing with the prices of all the players who are also manufacturing in the US, and I appreciate that. But the reason I thought that we were growing as fast as we were growing is because we were gaining market share because of the cost arbitrage we were able to have because of our manufacturing base in India. So, if we increase the amount that we are manufacturing in the US, won't we lose a right to win or at least right to win as fast?

Bhuvanesh Pandey: No, there is no problem, as Dharmendra explained. First of all, there is no marginal difference in the profitability there. Second, you will always win more orders when it comes to lead time. There are certain orders which currently you may or may not be processing because you always have to consider the transportation, which is like 8-12 weeks, as a conversion factor. So, the moment you are able to do those things there, you will always have orders in the tone wherein the delivery requirements are 12 weeks, 14 weeks, 16 weeks. So currently we are doing lesser orders there, where in delivery are tight, which our competitors, when you talk about Whipps, Waterman & RW Gates are easily able to convert those things. Now, with the complete expansion of the facility there, you will always have the leverage to do more things there, which will always leverage you on the operational cost as well.

Parikshit: Yeah. So, if I am understanding you right, you're saying that you are developing a manufacturing base there, but that is for the short lead time items, the long lead time items will continue to manufacture out of India.

Bhuvanesh Pandey: No, I am not saying that. Let me clarify you. We are just undergoing a US Army project, which is Cancer city, I would say from an Indian aspect also, this is one of the biggest projects. So, there is no dearth of technical know-how, or the facility impact there. We already have all the facilities there to give you an idea and appraise you. We have the CNC machines there, we have the laser cut that there, we have the water gates there and all facilities are there. Just to ramp up the facility to make sure that we are adding up to the revenue from Orange let's say US. And second thing to make sure that there is no impact or cloud, which is hovering around if at all, BABA ad comes into a full-fledged implementation so just to make sure. See where we are manufacturing there, we will face competition from the local people only. So, the cost of manufacturing will be the same when you are competing there. Currently you are manufacturing from India than transporting, logistic cost and all those things, plus CHA handling and all those things are coming into impact. So, we are there competitive, but we have margins in the US project. You see when we acquired, we had losses for 3-4 years continuously in US, and then we came into profit, because the revenue projections and the actual revenue realizations immediately increase, when I say we are doing $45 million next year, we are doing $50 million next to next year. So definitely, when you have more orders and current we have order book of more than $45 million in US right now. So, we are very clear that we are not in dearth of orders and profitability is not going to get impacted. On the contrary, we are adding more facilities to make sure that we are not in dearth of manufacturing aspects

Dharmendra Jain: Parikshit, adding to Bhuvnesh's comment, we are planning to expand our operations. If new regulations in the U.S. post-Trump administration favor increased manufacturing within the country, we are prepared to manufacture there as well. We plan to expand our Orange facility next year. If additional capacity is needed, we already have a plot in Houston and can begin construction on that plant within one to two years. Our expansion plans will depend on the political landscape and upcoming U.S. manufacturing policies, including BABA and other relevant regulations.

Parikshit: Make sense. Thank you so much.

Siddesh Chawan: Thank you. We will take the next question from Mr. Dheeraj Singh. Please unmute yourself and go ahead.

Dheeraj Singh: Thank you for taking up my question. Sir, the first question is we have seen a very good growth from Shivpad Engineers. So, could you please explain how this growth has come from this equipment, exactly this growth has come. And how do you see going forward?

Bhuvanesh Pandey: So Shivpad, as you see, process equipment. So, process equipment I already explained in my previous conversations that cleaning, reuse of water can be bigger impact on the entire society and the Eco structure. So that's how companies like Enviro, Wabag, L&T are emphasizing on making up new sewage treatment, plant pumping stations and basically water and wastewater treatments. So, process equipment is going to get a bigger head with our kind of infrastructure. And as I told you, we have already established a plan. Currently we were not having any manufacturing facility in Chennai. So now we, are inaugurating a manufacturing facility that will be a state of art facility in Sipcot, and that will be that will be catering to the entire stainless process equipment in India outside, as well as we are going to manufacture and cater to screening requirements from there, that's the screen equipment is also going to be manufactured that will be supplied to the south part of India. So, process equipment that is how it is going up. Currently, there is a very good order book position in Shivpad. So, we apparently see a very good growth in Shivpad, Chennai.

Dharmendra Jain: Dheeraj, in FY23, we have already achieved Rs. 27 crores in Shivpad. Last year, our turnover dropped due to missing out on one or two significant orders. However, we have recovered from that setback and are now in a strong position to perform very well this year.

Dheeraj Singh: Got it, sir. So, my second question is, as you said, we have recently commercialized disc filter. So how do you see the margin profile in this in this particular segment, and how do you see the growth of this particular division?

Bhuvanesh Pandey: Are you talking about disc filter, can you come up with a question again,

Dheeraj Singh: We have sold some disc filter, maybe 7-8, whatever the number we have said recently. So I just wanted to know what is the kind of margin profile, EBITDA margin profile that we see in disc filter and how do you see this going forward for FY26 the sales from disc filter.

Bhuvanesh Pandey: So, let me explain you initially when we made a technical collaboration with Invent three years back. So, we started with disc filter, we had few orders, but then the order went down because of the cost. We were importing almost 85% of the overall product, only minor fabrication we were doing for disc filter here. So, our costing was extremely high. So just to give you a very rough example, let's say, if you are manufacturing let's say an eight wheel disk filter, it was costing us around Rs1-1.5 crores. So now, in last 2-3 years going to this thing, despite Enviro, Wabag, very reliable customers to us, they were saying your costings are very high. So, we discussed internally with Invent, and then we completely localized all these productions. So currently eight wheel disc filter is around just Rs.45-50 lakhs. So, you can understand that we have reduced 50% of the entire pricing, not even cost. Cost is going much down, 98% of the products utilize in this complete equipment is now localized, indigenized, including fabrication, all forges, machine and everything. The main part is the filter mesh, which was imported from Germany, that also we have localized, although it is coming from Germany, but I would say less than 50% cost. The machine, which was required to make the filter mesh we have already procured inside and we have started manufacturing it in house only. So, all these prices have come extremely down. That's why I told you, recently few months back we received orders for seven disc filter, we already have orders from Malaysia now for three disc filter, and now disc filter business is really going high. So, EBITDA margins and PAT margins on this particular project wise, this will go high. We have around 20-25% of margins on these projects. Previously, we were doing zero-zero, even initially just to develop and launch the product in India, we sold in losses just to make sure that we develop this product. In this product group, we have no Indian manufacture as competitor. Just to give you an information, we have other competitors Xylem-Aerobic, Nordics, Siemens, Premier Tech all these things, and no one is manufacturing in India. So, we have a strong advantage on even localization of disc filter, so any of the margins have to go up. Hope I have answered your question.

Dheeraj Singh: Yes, Sir clearly. That is amazing, thank you. My last question is in recent times many water EPC companies are talking of significant growth coming from Saudi Arabian countries. So, do we see any manufacturing facilities coming from there in next 2-3 years.

Bhuvanesh Pandey: This is a dicey question. Just one and a half months back, I was in Riyadh discussing with certain people I met the authorities. So, I would say it's in the thought process. Nothing materialized, but we have already thought upon that. So, nothing concrete to it's not good to comment here, but we have already thought on that.

Dheeraj Singh: Great sir. Thank you that answer my question.

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

Kunal Mehta: Good evening, Sir and congress for the good set of numbers. My first question is, can you just to give some guidance on the working capital days with the impact of the BABA Act coming in, how would the working capital day of the cash conversion cycle will be affected?

Dharmendra Jain: Our working capital has been stable over the last two to three years, with debtor days around 100-120 and inventory days around 120-140. With the implementation of the BABA Act, we are already engaged in projects under this act, which typically offer very good margins. As a result, there hasn't been much change in our working capital cycle, and it is expected to remain around 150-160 days.

Kunal Mehta: That will be the same for the next three years.

Dharmendra Jain: I will not be able to say for 3 years but yes for 1-2 years there is no change.

Bhuvanesh Pandey: Okay, and Sir Rs.110-120 crore capex that is lined up, part of it is already done. So that will all be done through internal accrual or will there be some debt that will be taken by the company?

Dharmendra Jain: Last year, we have taken around Rs. 110 crore, and we are aiming for a similar amount this year. However, if we encounter any liquidity issues, we will consider taking a term loan for further expansion. Generally, we have not taken any loans.

Kunal Mehta: Okay, so it will be partly internal accrual?

Dharmendra Jain: Partial from internal accrual and partial from term loan.

Kunal Mehta: Okay. Sir, my last question is, maybe from your internal research you would have gauge the size of the Middle East market because, what is the market size for Middle East, that is Saudi and UAE and all those regions. So, any guidance on that how big the market is over there?

Bhuvanesh Pandey: So, when you talk about the entire Middle East, Middle East is a very big market. So, let's give you a very small idea in short Middle East when you talk about Bahrain, Cyprus, Egypt, Palestine, Lebanon, Kuwait, these are all US funded places. So, you have very tight margin projects coming up because there competitors can be India, China, Vietnam, anyone can go. But when you talk about markets like UAE, Saudi they are very good margin projects, and normally with Waterfront as an acquisition and Jash going very strong, we have good margins. So, if I talk about gates, screens, knife gate valve business only these three business, and I am currently not talking about the process equipment and other products that we have, we see that it will be around Rs.400-500 crore business in the coming future years. Currently, there is a very huge potential, desalination market itself is around Rs.300-500 crore, very huge market, but you just cannot explore also market, then political scenarios and all those things taking place and that's why I told you, we are also considering building up a manufacturing facility in Saudi but that's not very concrete. We will see exactly what happens, but the market is extremely big.

Kunal Mehta: Okay Sir. Just one application based question. So, there's a lot of cloud shedding that happens in all these countries because of shortage of rainfall. So, any application of our products in cloud shedding technology.

Bhuvanesh Pandey: Not exactly in cloud shedding, but as I told you the moment you talk about flooding, the rising water levels these all comes into the same scenario where there is a cloud shedding and then there is an excess rain in one area, and then that leads to storm water and flooding into the entire area. So, our products are just good to go like that there. So that's an opportunity in disguise.

Kunal Mehta: Okay. And this just one last question, Sir the approval system for different countries is different, for Middle East we have to penetrate more. Do we need extra level of approval of our products to be certified?

Bhuvanesh Pandey: So, in short, let me tell you we are already one of the companies who are approved in `majority of countries, globally and with the kind of brands that we have like Invent, Mahr, Waterfront, Shivpad, Sureseal, Rodney, we are already globally available. So, we are not in dearth for approvals anywhere. Recently, we got Ashgal approval, which was very easily done, and we got it in 2-3 months because of the kind of brand, the kind of product quality and deliveries we offer. So, we don't see any problem there.

Kunal Mehta: Okay Sir. Thank you and all the best.

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

Alisha Mahawla: Hi Sir. Good evening. Thank you for the opportunity. My question was on clarification. We were mentioning that we are increasing our capacity in US, both in Orange and Houston, but earlier one of the reasons why we have to dial down our operations there was availability of skill manpower. Is that easing or now with the capacity that increasing? How are we looking at addressing this problem?

Bhuvanesh Pandey: So, Alisha, that is one of the rider that we see, one of the problem statement that we see, manpower availability and to be more precise, the skilled manpower availability is a serious dearth across the globe. I am traveling anywhere in Germany, US, everywhere skilled manpower is a serious concern, and we also face that in US, UK. As I told you, in UK also we are searching for Manpower since 4 months and not getting the right manpower. And same as in US, even in technicians, we are not getting the right manpower, but that's how the overall market scenario is. So, we will keep searching and getting the manpower.

Alisha Mahawla: Sure. But is that going to eventually impact our profitability because if the availability is so limited, the cost of that will also be significantly higher, which is also the reason why these entities, whether Rodney Hunt or Waterfront went into losses in the first place. So just trying to understand how we are going to do it differently this time.

Bhuvanesh Pandey: So, Alisha there is no effect in the profitability. Just to give you an idea, we are not searching for any senior position of the top-class people, we are already flooded with, and we have already filled all the positions which are required on the top class. If you see the entire top management is completely there in the place. So, whatever we are searching is worker level, technician level, junior engineer, junior management level people, so they are not going to impact much on the cost and thereafter also as I told you in my previous communication, we are not going to exponentially increase the manpower like we are not doubling the manpower either anywhere in any country. Like in UK, we are adding only two manpower, which is not going to impact much, not on the senior level. In US we are searching for welders, we are searching for machinist, so they are very cheaper, I mean $23-24. The only thing is skill requirement, that's it. So that's not adding anything that will affect the profitability of the business.

Alisha Mahawla: Understood. Also, can we just call out what is the revenue from Waterfront in Q3 or 9M FY25

Dharmendra Jain: We have generated $1.8 million over the past eight months since acquiring the Waterfront on May 1st. For the full year, we are planning to achieve around $3 million

Alisha Mahawla: 3 million in FY25?

Bhuvanesh Pandey: Yeah.

Alisha Mahawla: And what kind of margins would be doing in waterfront?

Dharmendra Jain: Its in loss presently.

Alisha Mahawla: What will the breakeven revenue or breakeven point be?

Dharmendra Jain: $4-4.5 billion will be breakeven.

Alisha Mahawla: Okay, thank you so much.

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

Dikshant Boolchandani: So, we have seen some marginal stake sale from Pratik ji and by Alex Schutte. So can we expect this to be continuing, or is this the peak of sale, and now they won't be any further sale of shares.

Dharmendra Jain: No, last quarter, he has clearly explained that he has some need of fund for his son in USA. That's why he has sell some quantity which is very less.

Dikshant Boolchandani: So, will this stake sale continue, or can we expect this to be this was it, and now we will not be seeing further sale.

Dharmendra Jain: It's one time and it will not continue.

Dikshant Boolchandani: Okay. Another question is on our margins and EBITDA margins. Sir had mentioned that we are targeting around 21-23% of EBITDA margin for the year. Are we still online for that for the whole year?

Dharmendra Jain; Yeah.

Dikshant Boolchandani: Okay. My last question is, we are looking around Rs.1000 crores in next two years, and we have been doing around 30-31% on our top line. Do we see the next two years to be better than 30-31% growth.

Dharmendra Jain: We are looking 20% growth in next two year.

Dikshant Boolchandani: Sir, if we are looking for Rs.1000 crores it has to be more than 30% of growth, right? If I are considering Rs.675 crores as what we make this year, then around Rs.1000 crores we are seeing, then it will be maybe around 30% or more.

Dharmendra Jain: It depends. We have targeted Rs. 675 crores, but we expect to exceed this amount. Our target for next year is Rs. 850 crores, and the following year, our target is Rs. 1000 crores.

Dikshant Boolchandani: Okay. Congratulations, sir and hope we surpassed all our targets. Wis you all the best.

Dharmendra Jain: Thank you.

Siddesh Chawan: Thank you. Next question from Tej Patel. Please unmute yourself and go ahead.

Tej Patel: Sir my question was, I wanted to get your view on despite a higher revenue base in this quarter and probably our most of the fixed cost same. There is no new facility which is started. So I am just trying to understand, why haven't our margins improved from lets say 23%, I mean if I look at the earlier quarter, we did about Rs.140 crore of sales and EBITDA of margin of 23% but this quarter, we did about Rs.180 crores of sales on a consol level but the margins were still 23% and for us to achieve, let's say Rs.675 crores top line with a EBITDA of around 21-22% we will need to close the last quarter at about 28-29%. So, I just wanted to know why the margins were low, and then will be able to achieve those high margins in the last quarter, so that we can close our full year at about 22% margins.

Dharmendra Jain: In the last quarter, we achieved over Rs. 240 crore, which is 50% of what we accomplished in the previous nine months. If we generate more revenue in the last quarter, we will definitely achieve higher EBITDA and PAT, as some fixed expenses remain constant and will not increase on a quarterly basis.

Tej Patel: Got it, but this quarter also commodity prices were stable, but then still margins were lower on a higher base. So, I just wanted to get a view on that side. I mean, did we execute any orders which are low margin, or was there anything like that?

Dharmendra Jain: It's not like that. If some orders dispatched this quarter have low margins, it will affect the overall margin. So, it depends on the revenue generated this quarter and whether those revenues have good or lower margins. However, we are looking at the year-wise margin, and we are confident that we will achieve what we are expecting.

Tej Patel: And Bhuvnesh Sir, I guess you said about $175 billion bill has been passed in Europe for the next five year, right? It's an opportunity in Europe.

Bhuvanesh Pandey: Yeah.

Tej Patel: Got it and from out of let's say 20 odd references, we have got entry into the three references, right?

Bhuvanesh Pandey: Yeah

Tej Patel: Okay, got it again. We have signed an agreement with an EPC contractor. I forgot the name.

Bhuvanesh Pandey: That is Galliford Try in UK. We are on the verge of signing that. See, there are lot of legal things which takes time in UK. We have already had the meeting myself and our MD Mr. Pratik Patel have been in UK and then we already discussed in detail and their MD was there. So, Ham baker Engineering services have been taken up by Galliford Try, as one of the biggest contractors or let's say they are the biggest contractor in UK. They are already interested; they are already given in writing that before March we will be signing up this agreement. They are already listed in majority of frameworks so that pays the park for lot of business coming up through them.

Tej Patel: Perfect. Have we started shipping, I mean, selling screens in USA, because you were saying that we will start selling screens in USA, very soon.

Dharmendra Jain; Still not Started.

Tej Patel: Okay

Bhuvanesh Pandey: Definitely, we have sold screens in the past it's not that we have never sold screens. We have already sold screens, screens from India. We manufacture screens from US and have sold. So, screens is not that it's on a zero level. We have not done that ever, but it's something that our US market is currently focusing only on screens, the US market, only on gates and then as and when the opportunity is there, we will work on screens.

Tej Patel: So, screens there is still time to for us to enter to US markets with screens. I mean, a quarter or two more.

Bhuvanesh Pandey: Currently they are not focusing so big on screens, because already the market is so growing that you don't have dearth of orders. And we have just 60 people, out of which 25 people are in Houston, including marketing, project management, finance, all these people who are based out of there. So, we don't want to increase abruptly the manpower, the business is coming from gates the moment we start thinking of entering into screens, people will definitely do because Ranjith, who is the president marketing there, has his entire background in screen. He has 23 years of experience of screen only, he was the vice president marketing in Headworks. And Headworks position currently is very down and it is low on the business in the US market. So, we are just seeing an opportunity. But then, currently we are not doing but definitely it's not that we are not going to do it in screen business in the near future. So, we are definitely seeing an opportunity there.

Tej Patel: Perfect and sir when you said about $3 million would probably be the sales number for the UK business. How much would it be shipped out from India?

Bhuvanesh Pandey: So out of that, I would say 70-75% would be shipped out from India.

Tej Patel: And that will be the case when we reach $10 million also.

Bhuvanesh Pandey: No, we are already establishing manufacturing facility in UK. But definitely still I say 70-80% of the entire business would be coming out of India only because in UK you don't have any constraint, restraint, like BABA in US, or something like Pennsylvania and US. So still, we will continue to do it from India and that's why we are expanding our business in India. So, it's like still, I would say 80-85% range of things will go out of India for reaching to $10 million.

Tej Patel: And sir, last question, if I may, squeeze in. So, sir, what I understand is since you said, Huber is the only competitor in the UK market as of now. So, I assume asking screen would be a big focus area for us in the UK market, because probably, let's say even at a lower price you will be probably making good margins? So, let's say, on a $10 million sales, how much would be screen, and I am assuming the margins will be much better than the Rodney Hunt also, maybe because if Huber is the only player there.

Bhuvanesh Pandey: Yeah. So, screens business starting will not be an easy thing. With Ganot's support, who has already supplied screens in UK. With that reference, we are trying to build up things. I would say the screen business currently accounts for around 30-35% of our overall business. As the business grows, it's important to note that the UK operates on a framework system. Most water utilities in the UK run on this framework, so we won't secure business unless we are part of it. We have contractors, as we are trying with Galliford Try. So, through Galliford Try we can easily enter into, we have already quoted for screens. So, we see a very big business potential for screens in UK. But currently we are focusing on gates and screens we have started offering, so we see a potential.

Tej Patel: Got it. Thank you.

Siddesh Chawan: Thank you Tej. We will take a follow up question from Deekshant Boolchandani. Please go ahead

Dikshant Boolchandani: Sir, can you just give us a general timeline for order received to revenue recognize. Let's say we have received an order this quarter, how much time does it take for us to recognize it as well?

Bhuvanesh Pandey: So, it depends on the size and quantum of order. So, something between 4-7 months could be a general lead time but it still depends. Let's say US Army Corp order is there to be delivered in US, it can be one year. Currently, we are just on the verge of getting a radial gates order, which is a very big order. I would say in US value would be anything like $6-8 million and the lead time is 4 years. So, it depends on the size, the value and the quantum of orders. But in general way I would say anything between 4-7months would be the lead time for delivery time for small order.

Dharmendra Jain: So, for big order it would be like 1-2 years.

Dikshant Boolchandani: So, big order would be more than $3-4 million that's what we are considering.

Bhuvanesh Pandey: Yeah.

Dikshant Boolchandani: Okay, and Sir out of this Rs.933 crore order book, how long will it take for us to sort of consume this whole order.

Bhuvanesh Pandey: Consume this in the coming financial year.

Dikshant Boolchandani: As in, like the Rs.933 crore order book we have, how long will it take for us to consume the whole order?

Bhuvanesh Pandey: That may be 1.5-2 years and that depends.

Dikshant Boolchandani: Got it. Sir thank you so much.

Siddesh Chawan: We will take a follow up question from Alisha Mahawla. Please go ahead.

Alisha Mahawla: Thank you for the opportunity. Sir just wanted clarification as order for gates got canceled than any revenue will deferred in this quarter.

Dharmendra Jain: Around Rs.60 crores. Not deferred, it is not recognized.

Alisha Mahawla: Okay, thank you.

Siddesh Chawan: Thank you. That was the last question for today. I would request management for our closing comments.

Bhuvanesh Pandey: So, thank you all, we would like to thank you to keep patients and also keep us excited about having those things. Jash is already gaining good business, and we have good market potential to see and with all your support and all your availabilities, we definitely feel that we will be achieving this year's target and years to come up. So, thank you all for the support.

Dharmendra Jain: Thank you everyone.

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

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