

21.11.2024

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 Q2 FY25 Earnings Conference Call

Symbol: JASH

We are enclosing herewith the transcript of Q2 FY25 Earnings conference call with the Investors held on Thursday, 14th November 2024.

You are requested to take the aforementioned information on records.

Thanking You,
Yours Faithfully,

For JASH Engineering Limited

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Tushar Kharpade

Company Secretary & Compliance Officer

Encl.: A/a





“Jash Engineering Limited
Q2 FY25 Earnings Conference Call”

November 14, 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 to the Jash Engineering Q2 FY25 earnings conference call.

I would like to indicate that all participant lines will be in listen only mode and there will be an opportunity to ask questions after the opening remarks conclude. 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 this conference is being recorded. The recording will be made available on the website within a day and the transcript of the calls shall be made available subsequently.

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

Before we begin, I want to remind everyone about the safe 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. Thank you for sparing your valuable time and attending this investor conference. First of all, I would like to wish you all very Happy and Prosperous New Year. I hope that in New Year our results bring good fortune to everyone with that, I would now like to start the presentation.

To most of the investors who have already attended similar presentation, they are aware of what all we want to say but, for those who have started relationship recently, we will just like to highlight some of the details about the company. We are a manufacturing company making equipment for water, waste water and for industrial use. We are headquartered at Indore, but we have six manufacturing unit four in Indore, one in US and one in UK. We have around 1075 employees. We are principally prominently exporting most of our products, as well as supplying within the country. All these products which we manufacture have to be pre-approved by the user and for that, you need approval from all the municipalities, as well as cities worldwide and we have fairly good approvals available today worldwide.

This is our 51st year. We have grown over time, either through technical collaborations with good companies worldwide or by acquisition of companies so as to be in a position to use their approvals and use that to supply our products. So, this chart shows our various acquisitions which we have done on the way, and various main incidents which has been useful in this company achieving what we are today.

Over the years, we have acquired various companies like Sureseal for water hammer control products, Shivpad for treatment process equipment, Mahr Maschinenbau for screening technology as well as for brand. Rodney Hunt in America for technology as well as brand and for its plant and recently, Waterfront in UK to tap the growing UK market using the Waterfront brand. Waterfront was finally acquired by us in 2024 April, but the agreement was signed in 2023 and that's why 2023 is shown here.

We have six manufacturing facilities, as I have already told you, and this six manufacturing facility can easily contribute to around Rs.800 crore in manufacturing revenue. In addition to this facility, we are putting up two more new facility this year. When I say this year this would be commissioned in FY26. One of these facilities would in Chennai and another would be at SEZ Pithampur. And once these two facilities have come online, our capability will increase to Rs.1000 crores.

We are a company which rely a lot on manufacturing in house, because we are not in mass production, we are in custom engineered products. Having facility in house helps us in meeting varied requirements of the client, as well as delivering in time, and so we have invested in a wide range of facility which are unparalleled in our industry.

Just to give an overview of the products which we make, the company's principal product is water control gates, which contributes significantly to our revenue. We are amongst the leaders in the world in this line. We make water control gates, heavy fabricated gates. We also make screening equipment, coarse as well as fine screening equipment, screening conveying equipment. We make knife gate walls, which we also export significantly. Special purpose valve for water hammer control and related aspects of water business. We also have a very strong range of bulk solid handling valves. Along with these products, we do process equipment which is coming from Shivpad range and equipment to generate renewable energy using low heads of water. We also do screw pumps for flood control, and we do disc filters for producing very high quality of water after treatment of sewage.

Recently, we have signed with Invent of Germany to offer in India a complete range of secondary treatment equipment, comprising of aerators, diffusers, mixing and aeration equipment, decanting equipment and turbo blowers.

All the range of products which we make are used in various aspect of water, wastewater as well sea water. And in industries, most of our equipment are going into water intake systems, storm water, water and wastewater treatment plant, irrigation systems, as well as in industries

which are large plants such as power, paper and pulp, petrochemical or chemical and steel plants.

As I said before, water control gates is our main business and main product. It contributes 59% over revenue. Thereafter we come screening equipment which contributes close to 22% over revenue, then the valves, including the bulk solid valves, as well as knife gate valves and whatever control valves which contribute 10% to our revenue. And finally, 9% of revenue comes from process equipment and pumping and generating equipment.

This company is primarily now an export based company with more business coming from outside India. Presently, we do close to 60% of revenue outside India. And we are fairly spread everywhere in the world. We are in Europe, in USA, in Middle East, in Far East, as well as in India. The revenue in every geographical area varies from time to time based on where projects are more or where projects are less, but this shows that we are in many areas worldwide.

As I said before, you have to be approved to be in this business and we are approved by most of the clients and the consultants, in India and also outside India, and that is one of the reasons for our sustained growth and good performance.

Coming to the financial performance of the quarter, as well as for the half year, I would like to inform that we have had significant growth in our revenue in most of the operating companies, such as Jash Engineering, Shivpad and Jash USA, Rodney Hunt. In Jash Engineering, we have had a growth of 73% in Shivpad we had growth of 133% in revenue. And in Rodney Hunt and we had a growth of 49% in revenue. There has been improvement in PAT of Jash as well as in Shivpad. However, the PAT of Rodney Hunt has deteriorated, but I assure, this is momentarily because in the next quarter, we are achieving significant revenue growth which would improve the PAT performance of Rodney Hunt.

The Consolidated in revenue have increase 61% as compared to last year, same period, and gross margin improvement by 59%. EBITDA has improved by around 13% compared to last year, and we have seen profit before tax growing by around 272% and profit after tax growing by 212%. This shows the consolidated income statement, as you can see from the PAT margins quarter by quarter, we are showing improvement in our performance and we expect to carry this forward in the coming quarters.

This is consolidated balance sheet. Coming to our business outlook. Our order book position is quite strong. It stands at Rs.873 crore as of 1st November. So, we had significant dispatches taking place in October, and that is why the combined order position has come down in the month of November. It used to be around Rs.950 crores, which is now Rs.873 crore because of significant dispatches which has taken place in America in the month of October. In the month of October in America, we have achieved revenue in excess of USD 9 million. Our consolidated order pipeline continues to remain strong. We have already negotiated orders

were Rs.27 crore and further orders were Rs.57 crores are under negotiation in November. We hope that the order book will always remain strong based on what we have been seeing, type of business opportunities we are facing worldwide, and so we have no concern on this aspect.

At the beginning of the year, I had projected a combined revenue of Rs.675 crore as against Rs.522 crores, which we had achieved last year, this is close to I would say, 30% growth. From the performance of H1 I would say it looks that we are on line to achieve this turnover of Rs.675, crore and if everything goes in our favor, then we can surpassed this as well.

At the end I would like to say that the. results for H1 have been quite significant and has shown improvement in all major financial parameters. The revenue grew by 61% and the profit after tax has grown by 212%. This strong performance, which is growth in revenue as well as growth in profitability makes me confident to say that our yearly projected revenue of Rs.675 crore would be met. At the same time, we will be able to ensure EBITDA margins between 21-23% and PAT margins between 12-14%.

Coming on to Rodney Hunt I am sure that when you see the H1 PAT, it would be seen as a concern, but I assure that everything is progressing well, and we are in line to achieve revenue in excess of USD 33 million in Rodney Hunt, as against 26 point odd million achieved last year. In fact, in the month of October as I said before, we have already achieved more than USD 9 million revenue in Rodney Hun. So that the total yearly revenue at the end of October is close to USD 19-20 million.

I have also pleasure in informing that the integration between Jash and Waterfront is going smoothly, and we are now putting processes, systems in place which will ensure that the operation of Waterfront is done in same way we do at Jash and also at Rodney Hunt. And in view of this, I am now quite confident that Waterfront also, we would be as successful as we are in case of Rodney Hunt. The only difference between Waterfront and Rodney Hunt would be that Rodney Hunt beginning 3-4 years for painful this would not be so at Waterfront. We don't expect to have same level of pain as Waterfront.

Coming to other aspects, I would like to inform that we are refocusing our efforts in Middle East, so as to grow faster in that market. As well as we are now trying to enter new markets. We have been quite successful in Vietnam, and now we are expecting business in Cambodia also. So, we are always on the lookout for new markets. This year, we are refocusing, as I said in Middle East and in Southeast Asia and Far East. In Southeast Asia we and in South Asia we are looking at Indonesia as a major market for us, followed with Vietnam and Cambodia in time to come.

Finally, I would like to say that our new plant in Chennai is progressing well, though it is delayed by a few months, but it's progressing well, and we will be commissioning this plant in next year. As well as in Pithampur we have started groundwork on the new plant for SEZ

unit IV and these two we hope to commission in next financial year. With these two plants coming online in FY26 we would be in a position to ensure that by FY28 we can double our revenue to Rs.1000 crore. When I say double our revenue, I am comparing with our revenue last year of Rs.522 crore to Rs.1000 crore in four years' time.

As you can see, we are continuously improving our market capitalization. And we also have a good investment by our employee in the company. As of today, 231 employees have ESOP in the company out of 350 odd staff. So, this augur well for future because they are committed to the company.

With this, I would like to bring this presentation to an end. And I would like to take questions from you.

Siddesh Chawan: Thank you. We will now begin the question and answer session. The first question is from Sagar Tanna. Please unmute yourself and go ahead.

Sagar Tanna: Thank you, Sir, for a detailed presentation and outlook you mentioned about to start a JV or some technology tie up for diffusers, decanter, blowers, etc. Can you give more details about this, and what is the kind of market size that we expect in this product category?

Pratik Patel: So, whenever you start a new business the first few years is little bit difficult. Invent has the best technology in the world, unfortunately, they are also costliest in the world. To sell costly products in India takes lot of patience and time, and we have been investing last one year on that. These products have huge potential, we have already got preliminary orders for these products. The orders are not significant, they are to the tune of around Rs.2.5-3 crore but it is a beginning. We expect, once all these products are kicking in well and are established, we expect these products to bring anywhere between Rs.25 -50 crore to our revenue.

Sagar Tanna: So is this a technological tie up or a joint venture or just import distribution kind of arrangement.

Pratik Patel: This is joint venture as well as technological tie up.

Sagar Tanna: And sir, this Rs.25 crores that you are saying is largely for the domestic market. Is that correct?

Pratik Patel: Exactly. Rs.25-50 crores I would say the potential is much higher. But because this is a premium product, how successful we would be able in mass marketing, I cannot assure today. So, as time goes and as contribution of Indian production to the total price increases, we will know how competitive and how successful we would be.

Sagar Tanna: Where are these products used, and who are our major competitors in these products.

Pratik Patel: Most of the competitors are not from India, they are from outside India. They are like Xylem and I would say, mostly these products competitors are outside India, and we hope to indigenize these products in time to come, so that we are competitive.

- Sagar Tanna:** Sir, how large would the market be currently, today in India for these products.
- Pratik Patel:** It's more than Rs.300-400 crores.
- Sagar Tanna:** Rs.300-400 crores, got it. Thank you so much, and all the best.
- Siddesh Chawan:** Thank you. The next question is from Mr. Naveen. Please go ahead.
- Naveen:** Pratik Sir, congratulations on very strong execution. My first question is regarding the operating margin. Apart from the operating leverage, are we seeing any impact of the lower raw material prices on a margin?
- Pratik Patel:** I would say lower raw material prices doesn't affect our margins much, it helps, but it is the order mix as well as criticality of the project which guides the margin. As I have been telling all the time, critical projects help us in getting better rates from our clients. And the raw material, if you see actually is around 30-35% in the total price of the product. So, in 30-35% if there is a differential change of 10-15% it does not affect greatly. So, the improvement, which you see is on account of better product mix, higher margins on sales, and higher revenue.
- Naveen:** Understood. The second question is, how is our bid pipeline looking, and are you seeing any slowdown in the bid activity?
- Pratik Patel:** There has been no slowdown. You see 1-2 months there may be some changes because it all depends upon in which month in which country projects have been awarded or not awarded. But if you see chart of our order inflow you will observe that it is always on the upside, it is going up and up. So, we don't see, basically any major hiccups in our order book.
- Naveen:** What are you expecting us to close this year in terms of order book?
- Pratik Patel:** As I said, our order book is close to Rs.850 crore on 1st November. And if we do meet our projected revenues for the year, which is Rs.675 crore, it means that we will deplete close to Rs.400 crore from that Rs.850 crore to reach something like Rs.450 crore. In the next four months, we expect to achieve additional order book of Rs.450- 500 crore. To close the year, between Rs.850-1000 crore.
- Naveen:** Thank you, sir. That's all from my end.
- Siddesh Chawan:** The next question is from Mr. Amit Kumar, please go ahead.
- Amit Kumar:** Congratulations on the great set of number sir, and I have couple of questions. First, what is the market size of water control gates in India and in the world. And what is our share in India.
- Pratik Patel:** So, the first question, market share of our company must be more than 65-70%. The complete market in India, I would say between Rs.200-250 crore
- Amit Kumar:** And global market size.

- Pratik Patel:** Global market is very big. Only in America, it is close to USD 200 million. I would say in the English speaking world, where we can go and compete, it is at least USD 0.5 billion.
- Amit Kumar:** USD 0.5 billion marketplace, okay.
- Pratik Patel:** In UK is close to 50-60 million pounds. In America is USD 200 million and in rest of the English speaking like Canada and Middle East and Southeast, etc, is another Rs.300-400 crores.
- Amit Kumar:** And how do you measure the capacity, is it an mtpa or units? If you could give some insight.
- Pratik Patel:** There is no measure for capacity. You can make 2000 gates of 500 mm size, and you can make 3 big critical gates of 3-meter size and the value would be the same. So capacity, in our case cannot be calculated on the basis of units.
- Amit Kumar:** Okay, and second is on EBITDA there is a lot of fluctuation in EBITDA. In first quarter, I can see 4.5% EBITDA margin. Now it's 20% and that's very good. So just wanted to know, can we maintain this EBITDA 20%. If you can give some insights on this.
- Pratik Patel:** I informed that we will be at the end of the year, it would be between 21-23%. If you see our EBITDA last year was also on consolidated basis close to 19%. So, you should not go quarterly. First quarter is always weak, second quarter is strong, third is stronger and fourth is strongest. That is how our type of industry performs. So, you cannot compare on quarterly basis, though I am sure every investor likes to do that. But being the type of business we are in, type of industry we are in, quarterly comparison would be little bit difficult. But if you see last year, we ended with EBITDA between 19-20% and this year we are targeting between 21-23%
- Amit Kumar:** And what was the reason in Q2 lower EBITDA, high raw material cost of some other reason.
- Pratik Patel:** Lower revenue.
- Amit Kumar:** Okay
- Pratik Patel:** The fixed cost remains same in our type of company. So, in the last quarter, the revenue will be nearly 40% of the total annual turnover. So, the EBITDA will definitely improve then, whereas in the first quarter we have 10% of the annual turnover, so the EBITDA goes down.
- Amit Kumar:** Okay. And do we have any dependence in raw materials on China, or any country?
- Dharmendra Jain:** No.
- Amit Kumar:** Thank you, sir.
- Siddesh Chawan:** Thank you. The next question is from Mr. Tej Patel. Please go ahead.
- Tej Patel:** Thank you so much for the opportunity. My question was on the US business. I mean, we are probably majorly into gates for the US business, and our gates majorly go into dam. I am just trying to understand what is the policy there, which is driving this huge capex and huge

order inflow for us. And if you could probably give a name of the policy, the bills that is driving this growth and does it have any impact of leadership changing there or do you see this capex going on?

Pratik Patel:

So, first of all, Trump makes no difference to the policy. The BABA Act in America has already been passed. So, the BABA Act says that up to 2029, 65% of the contribution has to be coming from America. We have plant in America and so we can easily produce and supply equipment complying to Baba Act. Baba is Build in America and Build for America. After 2029, 95% of the equipment has to be produced in America. So, industry has 4-5 peers to ramp up production capacity within America, so that they can supply up to 95% after 2029. However, this Baba Act supply only to projects which are funded by Washington. If a city is doing independent funding, they don't need the funds from Washington they don't have to comply to Baba Act. So, this act is not universal, this Act applies to few cities who need fund from Washington. Coming to your question about how Trump coming affects us? Well, it may affect, we don't know. But as I said, we already have manufacturing facility in America and we are growing that manufacturing facility. We are expanding in America also in 2026 and in 2027 we aim to put up a new plant in America to address requirement after 2029. So, I am not too much concerned about that. The market in America is not driven by any act. When you say it is dam, no, we don't do only for dams. Dam is around 20-25% of our total revenue. Other than dam, we do water, wastewater treatment plant, pumping stations and this is our major revenue. And this is going to happen irrespective of whether population is there or not there because America has not for last 20 years invested on its own infrastructure.

Tej Patel:

Got it. So, Sir what I was trying to understand this major capex which is going on in US is other bill of USD 11-12 billion bill that they pass for water? Is it that only, right?

Pratik Patel:

Yeah.

Tej Patel:

Okay got it. Another question is, you already said, because of lower offtake in USA, the first quarter is generally negative there. But if I look at the standalone numbers, the margins are quite amazing and let's say 28%. So, just wanted to understand being the nature of the business is same, but why the off take in America starts after Q2 and in India it start from Q1 to Q4 where the American business start picking up Q2.

Pratik Patel:

It depends mostly on the projects, but if you see internationally, most of our projects are operating in the same manner. So, our off take not only in America, in India or in Southeast Asia or in Middle East, everywhere is low in Q1. One of the reason is wherever the financial year ending is, quarter is March, everyone is targeting to supply as much as possible by March. And so the next quarter after March becomes weak, because it is like we have done so much and now it's a relaxing period for everyone in decision making, in doing the inspection and so on. So, Q1 always is historically we Q2 improves, but in Q3 and Q4 we achieve maximum revenue. As I said, only in the month of October we have achieved

revenue more than USD 9 million in America, which is equal to six months revenue. Was it produced in October? No, it was produced in September and before. So, you cannot base that there would be uniform every year, every quarter. It will not be because of the type of industry we are in.

Tej Patel: Got it. Got it.

Siddesh Chawan: I will request you to get back in a queue as there are other participants waiting in the queue. Thank you. The next question is from Sahil Doshi, please go ahead.

Sahil Doshi: Hi. Good afternoon, Sir, and thank you for the opportunity. My question pertains to Rodney Hunt. You had said in the last call that there were certain orders which were lower margin. So, is that impact largely over now or and could you illustrate a little more on that?

Pratik Patel: No, that impact is not over. That is an order which would be under execution till June 2025. So, we have done around 30% of that job.

Sahil Doshi: Understood. So, we were hopeful that if we get to Rodney Hunt, margin should come to around 10-12% or more. So, when do we envisage, given this play, because H1 is also being muted relatively and even you are carrying certain low margin orders. So, are we confident of achieving this number in this year?

Pratik Patel: Low margin order, totally pending is USD 6 million out of an order book of more than USD 40 million. So, last time also I told it is not a point of concern for us. In fact, if you see like that, the Tata projects of Nuclear Power Corporation of India, which we are doing also, is a negative, not low margin it is a negative job for us, and we have done major part of that job this quarter and still we have shown very good performance. So, it depends upon what is the quantum of low margin or loss based job in your overall order book position and when is it going to be manufactured. If it is going to be manufactured over one year time, it loses relevance because you will have only 2-3-5% low margin jobs to be executed in one year time. So, the intensity of loss or intensity of problem coming on account of that is spread over one year.

Sahil Doshi: Understood. So, just to get clarity here in terms of Rodney Hunt did we say that 10-12% margin aspiration is likely to be maintained? Is that correct?

Pratik Patel: Definitely. So, as I said in October itself we did USD 9-10 million. So, in September, we did it USD 10 million and in October we did USD 9-10 million. We are now looking at revenue anywhere between USD 33 million to as high as USD 36 million in comparison to last year we did \$24.6. So, you can imagine we are looking at a quantum jump in revenue. When you achieve quantum jump in revenue definitely overhead will go down significantly, and when the overheads goes down significantly, the profitability improves and increases. We still are not very happy with what we are doing in America. We have a lot of ground to cover. But the fact is, we are improving year by year, quarter by quarter and I can assure you, last year

we did around 8-9% PAT and we have already achieved 8-9% last year, and this year, we hope to improve on it.

Sahil Doshi: Got it, very well appreciated. So just the second question is more on the large orders which we were hopeful in the USA. Just wanted to check on the status of that and some of the other large orders which you have commissioned in Hongkong and other geographies.

Pratik Patel: The first order has already come in October; the second order is expected to come in December. Most of these orders are in the pipeline and they will come.

Sahil Doshi: Thank you so much, sir, and best wishes to the team.

Siddesh Chawan: Thank you. The next question is from Dikshan Mulchandani.

Dikshan Mulchandani: Congratulations on great improvement Sir, in our margins, and I understand that we are focusing on having more presence in US, and as we are making sure that we have so much more of relevance in US. Would you paint us a picture of who is our ideal client? So, its an EPC contractor that is.

Pratik Patel: Yes.

Dikshan Mulchandani: Can you just give us some sort of a color into what is this guy building? Why I am asking this, the context is that is he building a dam for a power project, or are they focusing more on water conservation or is it more for refining water, cleaning water to make sure that their drinking water is better,

Pratik Patel: It is uniformly spread. So, it could be water conservation or retaining water, holding water, it could be for industrial application, it could be for water, wastewater treatment plant and so on. I have no control over who will get the project and will place the order. So, this wide variety of projects are going on. Presently, the Kansas City project, which is a big project we are doing, if they are creating a manufacturing of flood barrier to isolate the complete railway system when flooding takes place. Similarly, we are doing some other project where they want to isolate the cities from flooding taking place. So, sometime it is for critical infrastructure, sometimes it is for cities, sometime it is for flood control, sometime it is for seawater increase prevention and so on. So, it all depends upon varied applications of the client and needs of the clients.

Dikshan Mulchandani: So just to expand a little bit on this. US has been known, especially the west and east coast, to have flood issues, and that is a great opportunity also for us. But which are the cities or states that we are really focusing on US because, as we have seen from your prowess of the execution that you guys are really focused on US right now, and I see that you can see clear gap there. So, what is it that we are really focused on right now from a larger perspective, 2-5 years down the line.

Pratik Patel: We cannot differentiate between cities or east or west, etc. It all depends on which city has money and which is coming with projects. New York City is one of our strongest client, as

is the state of Texas, and state of Florida. With Trump coming in I am quite hopeful that infrastructure would be his priority. He has been telling on and again, that American infrastructure is in terms and it is true, because we see countries like India building better infrastructure than America and in many aspects of the society. So, I am sure lot of investment would be happening. It all depends upon how strong each individual entity is, like each city is, depending on that they will spare their funds for projects. And whenever they spare their funds and the projects come, we will bid for it along with the contractor and try to get such projects.

Dikshan Mulchandani: Got it Sir. So just one final question. I know that we have been focusing on this, but is the larger idea to be sort of into the clean water tech business as well? Are we going to focus more on water purification businesses. I understand that it's not in our band.

Pratik Patel: We supply equipment and we don't do projects. So, if such a project is coming where they need equipment, and if we have those equipment, we supply but we are not interested in doing any trunky projects. We are not an EPC company and we do not have core competency in that and we do not want to enter.

Dikshan Mulchandani: Thank you so much, sir. Best of luck to you and the team.

Siddesh Chawan: Thank you. The next question is from Mr. Dilip Sahu. Please go ahead.

Dilip Sahu: Pratik bhai on the application of a product which is essentially waste water, storm water and sea water from sea level change, particularly from US and Southeast Asia, Singapore, Hong Kong perspective, do we have all the product lines that is required to give a comprehensive solution? That is, are we well equipped, that is question number one.

Pratik Patel: Well-equipped to manufacture? Yes. Do we have all the products? No

Dilip Sahu: So, those gaps in terms of not immediate future but in next 2-3 years perspective, do you think filling those gaps will be part of our agenda.

Pratik Patel: It means part of our agenda. But I would tell you like this, that the gaps exist in products which are more mass production type, which are more batch production type. And as you understand, wherever there is mass production, margins would be less. So, most of our gaps are in batch production and mass production type of products which are of comparatively lower margins. And we would go into those products only if we see that we can maintain our margins, and we can take these products out of India, where margins could be better.

Dilip Sahu: Understood. So, around a year we are discussing this, we had a couple of acquisition targets to fill in some of the gaps. So, is it kind of progressing?

Pratik Patel: Did not work out. We have no problem in acquiring companies if the rates are okay, but if they are looking at valuation same as Jash how can I acquire them.

Dilip Sahu: Thank you, Pratik bhai and hope for better good H2.

- Siddesh Chawan:** Thank you. The next question is from Mr. Salil Desai, please go ahead.
- Salil Desai:** Good evening, Pratik bhai. Couple of questions. The first was maybe Mr. Jain can answer this. First one is the debt levels have gone up from March until now. So, any reasons why we needed to borrow money when this cash on books?
- Dharmendra Jain:** No, actually the production is totally on higher side from September to December because our Q3 and Q4 is higher sales. So, our acquisition of stock increases during that time, that is why utilization of working capital increases.
- Salil Desai:** Okay, so by March this should again normalize.
- Pratik Patel:** Definitely.
- Salil Desai:** Okay. So, second question is Rodney Hunt. I am not sure if I understood this right. The first half of loss is higher than last year because of these legacy orders or that is not a concern, but some other reasons lead to this.
- Pratik Patel:** It is legacy order also, and at the same time we have had problems in getting people, because we have lot of orders for make in America, but we don't have enough people. And so, to get people, we have increased our salary as well as wages in Orange, Massachusetts, where the manufacturing plant is. So, it is a combined effect of everything.
- Salil Desai:** Understood, right. And finally, again, on a project specific profitability, the NPCIL margins you said, are on the negative side. This is again, because what you have taken it as the first set of orders in this application. Maybe you want to, build some markets there or how do you think of doing on some of these orders.
- Pratik Patel:** So, let's talk of NPCIL order. We look at around Rs.50 crore order, which is a loss of Rs.10-15 crore. It was not planned to be at a loss of Rs.10-15 crore, ultimately, we will see around 13% loss in that order. The reason for that loss is that we are not envisage the problems we will face doing a job with NPCIL, where at every stage, their involvement is there. So, we had not considered cost accordingly. Anyway, the reason we took that order was because NPCIL has huge plans, and this order also, we had bided initially at a higher price we had lost. They had placed order on someone else he could not execute, so, they came back to us, and we did it only to prove that we are better than everyone in India. We are different type of company and if we commit, we will do it at any cost and our quality would be better. They understood it, they have appreciated it, and that's why, out of the Rs.120 crore order which we had lost, we got first Rs.50 crore, and now we have got another Rs.20 crore. And few days back Tata projects and NPCIL team was here, and they are asking us to do more of that job. So, we have proved our point, but now we are not doing the future jobs at losses.
- Salil Desai:** Understood, sir. Great. Thank you very much.
- Siddesh Chawan:** Thank you. We will take the next question from Mr. Pritesh Jain. Please go ahead.

- Pritesh Jain:** Congratulations Sir on good set of numbers. My question is more related to the rising sea level issue. You know, in the previous con calls, you had mentioned that we are going to expect some order from Singapore side. So, any clarity on that side.
- Pratik Patel:** We have given our preliminary offers. See the projects will start coming from 2026 and they expect to complete the projects in next 20 years. So, everything would not move so fast I had given you a projection of what type of potential exist because of rising sea water level, but the projects are not going to come before 2027 or 2028.
- Pritesh Jain:** Okay, my second question is more related towards the solid waste management sector. So, can you throw some light on that and what is the current update on that side?
- Pratik Patel:** So, we have done the initial development of the products required for that. You know, India is a big solid waste handling issue. We are in a mess and if this country has to really do this Swachh Bharat Abhiyan, lot of solid waste management plants have to come all over India in every city, and some of our clients are diligently working on it, and we are supporting them. So, they have given their bids and they are waiting for orders to come. Once the order comes, they will be working with us to execute these orders.
- Pritesh Jain:** Okay, thanks. I appreciate.
- Siddesh Chawan:** Thank you. We will take the next question from Mr. Sumit Chaudhari, please go ahead.
- Sumit Chaudhari:** First of all, congratulations Sir, for this kind of number. My first question is, in FY24 more than 60% of our revenue come from water control gates and this quarter also, so we are not pushing other products.
- Pratik Patel:** It's not like we are not pushing other products. This is our principal product approved worldwide. So, if the projects are coming, mentioning our name, I would do it. It is not that we are not doing other projects. Other products also, revenue wise, are increasing year by year, but the growth in water control gates is higher.
- Sumit Chaudhari:** Okay, sir. Thank you
- Siddesh Chawan:** Thank you. We will take a follow up question from Mr. Tej Patel. Please go ahead.
- Tej Patel:** Thank you so much for the opportunity again. So wanted to get your idea on, I mean we have supplied gates and bigger type of gates for US, especially that goes into dams, but now looking into the recent opportunity for hydro power and PSP coming up, I mean in terms of capability we are capable of building those gates in India. And you have also talked about flood control gates in Singapore, you guys coming in. But then are we supplying those bigger gates for water control projects in India as well. Wanted to understand are we planning to supply the big gates to PSP, hydro and the flood control projects. Because I think one order we got for PSP probably two months back for Xylem. So, if we just can throw some light on, are you willing to participate in those kinds of projects.

- Pratik Patel:** We will not say no. If it is a private contractor, we will not say no if there are margins. We do not focus on Indian markets, because the problem is about margins. So, even such projects there are respectable margins, then we are willing to do. If a contractor thinks it is a fabricated product, anyone can make it and is going to talk on per kg basis, that's not our business. So, wherever criticality is there, wherever technology is involved, wherever someone is willing to give a price for technology, we would be interested to do business with them.
- Tej Patel:** Okay. Why asking because the recent hydro, let's say the gates which goes into PSP and hydro, those players are making like quite decent margin. So, for the same reason I was asking, because you also got an order from Xylem for PSP.
- Pratik Patel:** We will do once, if we see that we are getting margins, and if we see that the projects would get completed in a fixed time frame, we will definitely be interested.
- Tej Patel:** So, any pipeline on those projects?
- Pratik Patel:** I cannot tell you often like this, we are working with many clients now at what level they are, I would not be in a position to reveal today.
- Tej Patel:** Okay, no problem, Sir, got it. Thank you.
- Siddesh Chawan:** Thank you. We will take a next question from Mr. Gopinath. Please unmute yourself and go ahead.
- Gopinath:** Thanks for the opportunity and just I have couple of queries, sir. The first question is, if we see the last four months orders every month, we are receiving around to Rs.45 crores. So, are you expecting the same flow, or are you expecting some more orders in the coming months
- Pratik Patel:** So Gopinathji it is like this. We may get for 3 years or 3 months or 4 months, Rs.40-50 crore worth of orders every month. And all of a sudden, we will get another month of Rs.70-80-90-100 crore worth of orders. This will happen whenever any big order comes from any part of the world in that month. So, for example we are expecting a very big order from Technique in America. That single order is worth more than Rs.50-60 crores, if we get that order in that quarter, not only around Rs.30-40 crores of general orders are there. The Rs.60 crore order is also added up. So, in that particular month, the order booking will go up to Rs.80-90 crore. So, this will happen 2-3 times in a year. It all depends upon what is our capacity to take orders, whether we are willing to take the risk, whether we want to take such an order, and so on. So, in the month of October, we have taken an order in America, which is more than Rs.30 crores. So, it has just come in the first week of November. So, in the month of December, when you see my order intake of November, it may be more than Rs.60-70, crores. So, every month, we cannot say, it is not a commercial product or consumer item which is sold every month. Some month it may be more, some month it may be less.

Gopinath: Understood. Thanks. And the follow up question is, for FY25 we have given guidance for Rs.675 crores, and next year for FY26 maybe around 20% something like if you go by CAGR of 20% but FY26 or FY27 itself, we will be around Rs.1000 crores. So, just want to understand if we get some big orders, so we will be able to execute those orders with our current capacity, even if we have additional Rs.200 crores. So that will make us to Rs.1000 crores. So, in case if we get some big orders, how is the plan?

Pratik Patel: So, first of all, someone before asked me how many units you can produce in a year. So, in our type of business, in the same infrastructure which I have currently existing infrastructure, also I can produce Rs.1,000 crore I don't have to build two plants. The reason you have to build plants is clients place order on us, and when the product is ready, they don't take delivery, blocking scarce space under cranes in plant. So, one of the reasons we need spare capacity under cranes is because a lot of time we have equipment which is ready to shift, but the client is not willing to take because of various reasons. So even today, from the existing manufacturing capacity, it is possible for me to achieve Rs.1000 crore. So, if we get business and if people are willing to take away deliveries fast, we have no problem at all. We can do it. Even we can do it in FY27 or FY28 we can do it. No problem.

Gopinath: Sure. Got it, sir. Thanks. And just want to give one final thing. So actually, I mean individual investor and I used to attend the different type of conference calls, but the way you speak the transparency and the general theory, really, I would like to appreciate.

Siddesh Chawan: Thank you. That was the last question I would request, Pratik Sir for the closing comments.

Pratik Patel: So, thank you once again, everyone for patiently listening me out. I thank you for telling me that we are transparent. Well, we are honest whatever is there it is on the table. We don't try to hide anything, and we try to be as lucid as possible in our replies. However, if we have not met anyone expectation on their query, you can write it to me or Dharmendra or you can write to EY, and we will be glad to reply or explain in detail. Thank you.

Siddesh Chawan: Thank you everyone for joining us today. If you have any additional questions as Pratik Sir said, 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.