

29.05.2023

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 Q4 FY23 Earnings Conference Call

Symbol: JASH

We are enclosing herewith the transcript of Q4 FY23 Earnings conference call with the Investors held on Tuesday, 23rd May 2023.

You are requested to take the aforementioned information on records.

Thanking You,
Yours Faithfully,
For JASH Engineering Limited

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





“Jash Engineering Limited
Q4 FY23 Earnings Conference Call”

May 23, 2023

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

MR. DHARMENDRA JAIN – CHIEF FINANCIAL OFFICER

Siddesh Chawan:

Good evening and welcome to the Jash Engineering Q4 FY23 earnings conference call. Before we proceed to the call, let me remind you that the discussion 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 risk that could cause the future result performance or achievements to differ significantly from what it is expressed or implied by such forward looking statements.

Please note that we have mailed the results, and the same are available on the company's website. In case if you have not received the same, you can write to us and we will be happy to send the same, over to you.

To ask questions, please select the raise hand option. We will call out your name, and then request you to unmute yourself and ask the question. Please note that questions on the chat box will not be monitored on an active basis.

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

We will start the call with brief overview of the quarter, gone past, and then conduct a Q&A session. With that said, I will now hand over the call to Mr. Pratik Patel. Over to you Sir.

Pratik Patel:

Good afternoon, everyone. I will start with the company overview and then onwards go on to the financial. So as many of you already know we have five manufacturing units and this year our consolidated revenue has been close to Rs.415 crores. We are basically a company making equipment and supplying the equipment to water, wastewater and dissemination and stormwater application for pumping, conveyance, treatment and so on story etc. And we have a global presence with a company in Hong Kong, a company in Austria, a company in America and this is the 50th year of our operation and we have reached this state through various acquisition, technical collaborations we have done over the years and by increasing our capabilities by way of new plants. The latest in 2023, we have joint venture with Invent of Germany to manufacture range of aeration and mixing equipment before that we have also tied up with Invent for making dis filters through technical collaboration from JV which enable us to establish their mind equipment in the Indian market which would help us in the last stage of the equipment process.

So, over the years we have acquired companies like Sureseal which is in the water conveyance taking care of water pipeline, Shivpad which makes equipments required for primary and secondary treatment, Mahr Maschinenbau which is world's renowned company in the screening equipment and Rodney Hunt in America for their line of water control gate business. With these four acquisitions we have made a wide range of product portfolio which

help us in getting line share of most of the projects. Doing incremental investments over the years, we have reached a turnover potential in our existing facility of Rs.600 crores plus. So, today we have inhouse capability to achieve a target of Rs.600 crores in revenue and this also is on account of small edition we are doing currently which would be commissioned in September. So, all these makes a company sure for next two to three years of growth. We have invested in one of the most comprehensive plant capabilities so that we can do most of work in house. These capabilities are not only in India but also created in America, So that Rodney Hunt which is our acquisition in America can also cater to most of growing demand in America.

The products that we make, as I already said before are going into water, wastewater stormwater and drinking water applications whether it is pumping, conveyance or treatment. We also offer for desalination project and these products water intake gates, heavy fabricated gates, coarse screening equipments, fine screening equipments, screening conveying equipment, heavy fabricated gates, knife gate valves, bulk solid handling valve, process equipment, hydro power equipments, screw pumps and filtering equipment. So, these range of products are quite comprehensive and results into our getting a lion share of our most of the projects. These products are used in water intake system, storm water pumping station, water and wastewater treatment plant, irrigation, power plants, paper and pulp, petrochemical, steel, cement and lot of process industries. In the FY23 60% of our business revenue has come from water control gates business, 16% revenue contribution is from the screening business, 8% is from the valve business and 16% is from other businesses which is hydro power screws, pumping screws, process equipment, & disc filter and other equipments.

We are quite spread in world market. Today we are not only based in India, but also outside India. I'm glad to inform that our business outside India today is more than what is in India. We are well established in Middle East, in Europe, in America, in Far and Southeast Asia along with India. We also have wide approvals of contractors and consultants in India and also outside India.

Coming to the financial performance for the year, I first like to dwell on standalone performance. The standalone performance in case of Jash revenue is Rs.281 crores in FY23 with the increase in profitability from Rs.24.8 crores to Rs.40.8 crores. In case of Shivpad revenue has grown from Rs.23.6 crores to Rs.27.2 crores with PAT of Rs.4.9 crores which is a significant increase over last year. In case of Rodney Hunt the revenue has grown from \$17.8 million to around \$20.4 million and a profit after taxes around \$1 million in FY 23.

This shows the consolidated figures for the year so from Rs.373.6 crores we have achieved Rs.415.2 crores. If you remember at the beginning of the year, we had said that we are targeting around Rs.420-430 crores. We are little bit short of our projections because up to Rs.20 crores in revenue has been reversed by Deloitte because the material had not reached

sites. So, after the reversal of the revenue is Rs.415 crores and profit before tax is Rs.56.5 crores and profit after tax is Rs.51.2 crores ,so there has been a significant improvement in profit after tax and one of the main reasons has been the reduction in raw material prices which last year and gone very high but this year it has gone down as a result of which the operating margin improvement is there, we are back to 18% plus of operating margin and we have given guidance of long term operating margin going about 20% over a period of time. So, we are on back on track one year was bad because of Russia related supply prices which I think is now quite stabilized.

In the Q4, this has been a story year after year that Q1 is bad, Q2 improve, Q3 is good and Q4 is excellent. So Q4 this year also has been excellent for us, we have achieved revenue of Rs.173.9 crores, and a EBIDTA margin of Rs.23.5 crores in Q4. I've been always telling that EBITDA margins higher than 20%, going up to 22-23-24% is possible for us and our Q4 performance shows that such type of EBITDA margin is achievable. We just hope that the quarter to quarter business stabilizes as we spread our market and once that happens, we are looking forward to having high EBIDTA margin in the range of 21% to 23% annually.

Coming to the business outlook, our consolidated order book position as of 1st May is Rs.688 crores which has also already significantly increased in the last 20 days, of this Jash Engineering has Rs.395 crores, Rodney Hunt has Rs.233 crores and Shivpad is around Rs.10 crores in order in hand. The orders outside India are Rs.443 crores and orders within India is Rs.195 crores, which is very good sign because export gives us higher margins and bring stability which is very important in the current year because this year is going to be the year of elections in India with many states going for election. As our business outside India is more to be more this year, we are sure that we can overcome all the hiccups which we will have because of the elections in various states this year.

Our order pipeline also is quite strong. We have already negotiated orders worth \$55 crores for the month of May and under negotiation the orders are already close to Rs.60 crores. Generally, our ratio of success for orders to be negotiated is more than 70% and we are quite hopeful that a larger chunk of this business will also come to us. As I said we already have Rs.638 crores order book as on 1st May. In view of strong order book position, we are projecting a combined revenue of Rs.515 crores on the consolidates side of which Jash Engineering is expected to achieve Rs.345 crores, Rodney Hunt is expected to achieve Rs.200 crores and Shivpad is expected to achieve Rs.30 crores. The revenue within India is projected to be Rs.220 crores and revenue outside India is projected to be Rs.295 crores. The intercompany sales are adjusted and so the combined revenue would be Rs.513 crores for the year, we are quite hopeful that we would be able to achieve this figure.

Just to share your highlights of the year I'm pleased to inform this is our 50th year 29th September is our foundation day and on 29th September 2023 we will be commissioning various new facilities, which includes a new stainless steel product plant in unit II, extension

in the corporate office as we are building one more floor because of the Jash Invent JV where we have to induct new people for the new product line. Also, for employees we are setting up turf cricket facility and as a social responsibility we are making a dense forest with lake and public canteen opposite our unit I facility. Informally, I would like to invite all who would like to visit us during September for this function. Formal invitation will be sent soon.

I'm also pleased to inform that the president of Guyana visited us on 10th of January and they expect to do significant business with us because the land level in Guyana is under sea like in Netherlands so they would be needing lot of our products and our US offices are working on that. I'm also pleased to inform that this year we got an award from Institute of Chartered Accountants of India for excellence in financial reporting for FY21-22 under the category manufacturing and trading sector for 500 companies. It makes us immensely proud of the fact that we are appreciated for our reporting. Since COVID we were not able to do a lot of things which we generally do to increase our marketing activities worldwide. This year we have restarted the training programs and we conducted training for our business associates in and around Asia, along with UK and many people visit us and we trained them on all the products, so that they can go and successfully market our products in the world market. One of the big highlight of the year is receipt of the largest order in the domestic market of Rs.48 crore, this is a very prestigious draw from Nuclear Power Corporation of India for Kudankullam project, the order is from Tata project. It involves 36 screens and the technical feature of this order is that these screens are seismically designed after the Fukushima in Japan this has become a norm so these screens can withstand seismic shocks and are designed to meet all earthquakes and tsunami capabilities.

We also continuously upgrade our facilities for thread rolling machine, which will give us output which is more than 10 times of what we get on the conventional machines. We also invested on CNC press back in our unit II. At America we invested on a laser cutting machine as well as a long lathe, these 2 facilities will ensure that our outsourcing reduces and we can do more value addition from the American manufacturing facility.

I'm pleased to inform that we have purchased land in Pearland Texas for our second plant. At Orange Massachusetts we have a problem of getting manpower for the increasing amount of orders which we are getting in execution of those orders. And so we have decided to set up a second plant in Pearland Texas. The land has been purchased and registered in our name now and we are preparing plans for making this plant next year.

We invest 2% our net profit every year on CSR activities. And this year we already learned around Rs55 lacs investment on various social causes which are highlighted here. We generally try to do social work related to young girls, orphans, weaker section of society so that they can be educated and we help in local sustainability for tribal areas, so that these things could help in upliftment of their families and of their life. We do quite well in this and over the years many of our initiatives have given good results.

This year we are building new products like air vessels and this is becoming an established business for us. We also did special projects like Sevier dam project in America, the hydraulically crest gates for Sheboygan in America, the Pontoon gates for New York and various dam discharge gates and so on.

For FY23-24 I already had informed we have joined hand with Invents to produce their mixer, aerators and also market that turbo blowers in the Indian market. I am pleased to inform that we have decided to acquire 80% of shares of Waterfront Fluid Controls. Waterfront is already working with us for last 8-10 years and today we have a very exciting opportunity in UK market to create and what we have done in America with the Rodney Hunt. Our largest competitor in UK Hambaker got bankrupt and closed. The Company was doing close to Rs.150 crores in revenue. We hope that joining hands with Waterfront Fluid Controls will increasing their capability, giving our designs and doing some production in India and some production in UK, we would be able to rapidly corner the market share of Hambaker which is available to grab because they are no more in the marketplace. I think we have a fair chance to increase the revenue of Waterfront from Rs.28 crores this year to around Rs.100 crores in next four to five years' time. Once we do it we will be the largest water control gates company in UK.

We are also adding to our office building as I already said before and this construction also would be ready in end September. Similarly, we are building a new plant of around 28,000 square feet this plant was Mr.Marcus Hoefkin and his Excellency Dr. Morhard, had inaugurated along with Mr. Silawat, Cabinet Minister of Wates Resources and this is now at an advanced stage and will be commissioned in September 23. We are also starting work on Shivpad fascility in Chennai this plant will be started in July and would we commission sometime in 2024-25.

In the end, I would like to state that though we did not have the revenue growth of 15% which we expected still we around 11% revenue growth with a good growth in profitability by around 60%. The raw material prices as I said before have stabilized the quantum of export orders with higher margins is going to increase this year. And as we are expecting a higher turnover our overhead are also supposed to go down. As a result of all of this I'm quite optimistic of improving the profitability further from what we have achieved this year. We expect 20% growth in revenue this year to touch Rs.515 crores. Since our order book is very strong this is easily achievable.

In the end I would like to say that internationally as well as domestic, our markets are very strong, the projects are coming quite a lot and we are quite confident of maintaining this growth in the current year as well as in the year after. I would like to further add that this year we had given the second ESOP to the employees and today 231 employees out of around 300 staff are shareholders in the company and this is a very strong motivation for

them to give their best for the company because any increase in the worth of share of Jas results into their worth getting increase.

Thank you. I hope that I have been able to explain what the company is doing and what is the way forward. And I am now open to any questions which you may have.

Siddesh Chawan: Thank you sir. We will now begin a Q&A session. First question is from Jiten Parmar, please go ahead.

Jiten Parmar: Good evening Pratikji and whole Jash team. Congratulations on the excellent set of numbers, especially on the margins front very good surprise. And it's good to see, all the initiatives which our company had taken bearing fruit. I have few questions. One is, what is the cost of the Waterfront acquisition and what will be the source of funds for that.

Pratik Patel: So, the valuation is a 2.5 million pound, 80% of that would be around 2 million we give partially 30% for which we are doing downpayment and 70% we are issuing to them shares of Jash Engineering.

Jiten Parmar: Okay. And my second question is what is the capex plan for FY24 and FY25.

Pratik Patel: In the three years we are expecting to invest close to Rs.100 crores so that by 2029-30 we can reach Rs.1000 crores in revenue.

Jiten Parmar: Thank you. And my third and final question is basically on the tax rate, our tax rate is low. So, what could be the reasons for that

Pratik Patel: Because there are two plants in special export zone, where there is very low tax rate. For the new plant there is no tax and for first five years and later on there is 50% tax rate.

Jiten Parmar: Okay, so this will continue for some time.

Pratik Patel: This will continue for some time. In fact, in 2025 we also expect to set up one more plant in SEZ to cater to the increasing business coming from Waterfront.

Jiten Parmar: Great, thank you, sir. That's all for now. If I have any more questions, I will come to you.

Siddesh Chawan: Thank you Jiten. The next question is from Mr. Naveen. Please go ahead.

Naveen: Thank you for the opportunity. Sir, my first question is on the Waterfront. If you could give a background about the company and the capability in terms of what products can be manufactured and marketed there. And what will be the capex required to scale this acquisition.

Pratik Patel: So, Waterfront is doing around 27-28 crores in revenue with profit before tax around 10% so, it is a profitable company point number one. Point number two Waterfront already produces gates but they also buy from us and sell in the UK market. Waterfront is quite well established in UK but there scale is small. From Jash what we intend to do is we will be investing together close to Rs.5 crores and in this Rs.5 crore we will be investing in facility

to make stainless steel fabricated gates in Scotland at Glasgow. The current owners of Waterfront have already signed a leased deed for taking it and we will be giving them designs for those products which they want to make immediately and supply and long gestation jobs will be done in India. So, the model will be same as Rodney Hunt, the designing will be done in India manufacturing will be done in UK or in India depending upon the lead time available.

Naveen: My second question is sustainability of margin. The margins can inch up from here also, but we have seen the rupee depreciate quite a lot last year. So, in that backdrop if there is any rupee appreciation against the dollar, what kind of margin impact it will have.

Pratik Patel: If you have heard us before, generally when we are doing our estimation we put the difference of Rs.2-3 or maybe Rs.4 between what is the current rate and what we consider. So, if there is a minor depreciation of 2-3-4% it doesn't affect us.

Naveen: That's it from my end. I will get back in the queue. Thank you.

Siddesh Chawan: Thank you Naveen. The next question is from Dilip Kumar Sahu, please go ahead.

Dilip Kumar Sahu: Good evening Pratik bhai. Two questions, one is, in the US business we have more than Rs.150 crore of orders which have come to my mind more than five months back. So, what is the difficulty in billing those out, consistently we have a huge backlog. So just if you can tell me what are the constraints of billing out number one. Number two, our non India business momentum seems to have slowed down quite rapidly in last six months. If you really look at the average order booking for last six months is around Rs.20-22 crores which is almost 50% of what used to be six months before that. So, is there any problem in US order booking market scenario, competitor scenario or the macros there.

Pratik Patel: I don't get how you arrived at this data. If you can share with me.

Dilip Kumar Sahu: I just took your updates to the exchange and took the non India business per month for last 12 months. And I saw for last six months average is around Rs.20-22 crores. Total of course is around Rs.42-45 crores but I'm only talking about the business outside India.

Pratik Patel: So, what happens is, as you are aware we are in project engineering. Project engineering means some big projects come in certain months, it is not going to come every month. But if you see the average order book position, of a year it is increasing. So, just if you're talking about America, America currently, I have as of date today, yesterday only I got a \$1.4 million job. America my order book position is \$36 million confirmed order in hand. Whereas this year, we are projecting revenues of only \$25-26 million. So, our order book position is quite strong everywhere. It could be that certain months is less but if you've seen year by year, it is increasing significantly. The second question is why if we have orders, it is not resulted into immediate revenue. The reason for that is when we get the job after that we submit the drawings. The drawings are approved by the client, we have to do a lot of coordination with

the city and civil drawings, before we can approve these drawings. One these drawings are approved then only we can proceed. So, many times on the projects, things get delayed and as a result, the prolonged drawing gets extended by 3-4-5 months. On an average what we have seen in America is the time taken for approval of drawing is anywhere from 2-3 months to 7-8 months.

Dilip Kumar Sahu: Sure, thanks. The concern is basically for example, in 1st April, our pending order is around Rs.600 crores plus and I understand Rs.100 crores out of that Rs.600 crore order is in Southeast Asia which may or may not get built, but Rs,500 crores plus of order as on 1st April. And without considering any new book and bill our forecast is Rs.515 crores which essentially meaning that for the whole year, the book and bill will be zero. So that's where I'm coming from, but I can understand you're saying that the cycle time is very high in our business.

Pratik Patel: It also happens, as I told you in past that we'll get some order in December and we will execute that in March. So out of Rs.638 crores, already Rs.100-130 crores of orders are for delivery next year.

Dharmendra Jain: If you see we are currently exporting 52%, we are targeting next year for 58%. And if you see our order booking on 1st May out of India is around 70%. So, we are regularly going for outside India business.

Dilip Kumar Sahu: Correct. All I was saying is if I just took last 12 months order booking divided between India and outside and I saw that last 6-7 months the average is around Rs.20-22 crores. If you are confident that's fine. That's all from my side. And all the best for the for the celebration on September 26. Hopefully see you there on September 29.

Siddesh Chawan: Thank you, Dilip. The next question is from Ashish Rampuria. Please go ahead.

Ashish Rampuria: Thanks. Hie Pratikji, one thing sort of while we have that sales cycle and that typically Q4 is the best and then Q3, Q1 and Q2 are typically not good for us. Given this order book and a lot of it is from outside India do you expect this time the volatility will not be that good and Q1, Q2 also should be decently good vis-a-vis Q3 and Q4.

Pratik Patel: I would wish, my experience is that it is not happening. It may improve little bit but each quarter is something that is dream. I don't think it will happen. But we are all striving to improve it because if that improves my capability to deliver more from the same facility much higher turnover lower comes in force.

Ashish Rampuria: But even with US orders, Pratikji you are not seeing possible to increase revenue in Q1.

Pratik Patel: See everywhere it is the same. In case of US, generally the last quarter that is December quarter is very strong. So, most of the deliveries we do in December which gets reflected in January, February, March for US. But the deliveries as I already said all those countries

where British Empire was there, Middle East, Southeast Asia all these are 31st March is the year ending. So we will not have that much equal spread of order every quarter.

Ashish Rampuria: Okay. Second question is how do you see the domestic order book visibility. I think Bengaluru, Mumbai all were sort of had those projects about water resource, so do you think that is still continuing

Pratik Patel: Yes, it is continued and we have started receiving orders from Bangalore, Pune, Hyderabad, Mumbai for the projects which are already awarded. So, for the projects awarded they have started placement of orders and the domestic front is looking more rosier than export.

Ashish Rampuria: Excellent and do you think it is 2-3 year story, or do you think this is a more 4-5 years story on the domestic side.

Pratik Patel: I would say, on the basis of which projects are awarded it is 2-3 years story but have not even done today more than 50% of wastewater treatment. So, the need of the country exists. I believe that once Covid is gone all state governments and central government will refocus on investment on water, wastewater infrastructure, there is no option. Covid stop that for two years but now the funds are no more going towards Covid. So yes, there would be some slippage and stoppages due to the election year, this year and next year but there after again it has to pick up.

Ashish Rampuria: Got it. Thank you and all the best.

Siddesh Chawan: Thank you Ashish. The next question is from Shriram Kapoor.

Shriram Kapoor: Hi, thanks for the opportunity. Just a couple of bookkeeping questions to start with. Could you provide the product mix across gates and valves and things like that? Could you provide that for Q4 FY22?

Pratik Patel: Yes, not now but we can provide to you. You can write a mail to us and we will provide to you.

Shriram Kapoor: Sure, thank you. My next question is on your average execution cycle for existing order book. Over how long would this order book will be executed and does it differ between India, US and rest of the world.

Pratik Patel: Execution of order depends upon the size of the order and some time depends on when the client needs. So, the client may get a big order and he wants the whole project to be executed in two years. Some clients will say they want the delivery in six months and someone will say delivered to us after one year. So, execution is dependent on clients need, but I will say on an average 60% of the orders which we receive in year are delivered in that year itself.

Pratik Patel: Okay, understood. And just last question is, another bookkeeping question. If you could provide, I guess we can take this offline again, EBIDTA at the entity level, Shivpad, Rodney Hunt and standalone Jash engineering. EBITDA for FY23 could we receive that because

that was the disclosure that we used to get last year in the previous presentations. So that would be possible.

Dharmendra Jain: Please write the mail on what is required, and we would reply.

Shriram Kapoor: Okay, Thank you so much and all the best.

Siddesh Chawan: Thank you, Shriram. Next question is from Hardik Bari, go ahead.

Hardik Bari: Thank you for the opportunity, and congrats on a good set of numbers. So, if you know, if you could share some color on, it seems like we are in a great position. Obviously, there's a lot of demand and I want to understand little bit about the competitive landscape, where do you see some of the competition either in India or abroad, how we play along with some of the some of the major EPC players. And then secondly, I also wanted to just get your take on the acquisition strategies, obviously we had Rodney Hunt some time back, now we have the Waterfront producers in UK and are we still kind of looking at, opportunistic companies around or we okay for now and we want to scale these up and then we are looking to maybe come back in the fray for some more.

Pratik Patel: So let me answer the second question first. Acquisition is never planned, sometime it is dependent on when you get the opportunity. So, if Hambaker has not closed, I don't know whether I would have gone for acquisition of Waterfront. We were still working together. Me and Neil have been working together for so many years. We may have continued the same way but with the Hambaker company closing down, it is who seizes the market first. And that is why my approach to Neil was let us go strongly invest on manpower, investment on facilities, invest on producing products there so that we can seize the market. So, most of the acquisition opportunity comes out of blues, some we planned for but when we plan for an acquisition, I found out at least in India, they are all overpriced. And sometimes it doesn't make sense to go for companies which are not strong management wise, which are not strong market wise, but still, they expect huge valuations. So, we keep our hands away from such companies. Then first question on competition landscape, so let's start from market to market. Let's start from UK, UK our biggest competitor I believe would be AVK, as Hambaker closed down AVK is there now. So whoever is marches fast would be able to take major market share. In America as I said, as of today morning we have \$36 million order book position. I expect to cross \$35 million in revenue in America in 3-4 years time. So, from \$20 million to \$35 million I expect to cross in 3-4 years time. At 3-4 years time when I cross we will be the largest in the water control gate business in America. There are competitors but they do not have the edge which Jash has and once my Houston plant is ready our capabilities would be so much that we would be a big threat to most of the American manufacturers. So, in India we are quite strong and we have dominant market share, in Middle East and Southeast Asia also we have a dominant market share. So, on an average I would saying that we are within the first towards the choices available with the client.

- Hardik Bari:** Okay, thank you Sir.
- Siddesh Chawan:** Thank you Hardik. The next follow up question is from Dilip Kumar Sahu. Please go ahead.
- Dilip Kumar Sahu:** Partikbhai, your presentation talks about Rs.600 crore of revenue potential from existing facilities. So, can you just clarify is it the current as of now situation or you also include September. So, since its till 2026 all this investment you're talking about this year and next year, including the Houston one. Can you give a rough idea where it will look like?
- Pratik Patel:** So, we intend to invest in South, Shivpad around Rs.23-24 crores. We intent to invest around Rs.30-35 crores in Houston and the balance investment would be some Rs.5 crores investment in Waterfront. Around Rs.3-4 crores investment for acquisition of Waterfront because balance we are giving by way of stocks and one new plant possibly in 2025 in SEZ to making higher revenue coming from Waterfront to manufacture those products and so on. So, the complete plan is Rs.100 crores and out of that around Rs.8-10 crores is also for existing unit I and unit II upgradation.
- Dilip Kumar Sahu:** Yeah, so is it fair to assume that it will be asset turn of 2.5 times for us like it will give us Rs.250 crores of additional revenue.
- Pratik Patel:** If this investment of Rs.100 crores will result into additional revenue output of atleast Rs.400-450 crores.
- Dilip Kumar Sahu:** So, as on 2026 we will be looking at a capacity of 1000 crores all across.
- Pratik Patel:** Something like that but when we say capacity it do not means revenue.
- Dilip Kumar Sahu:** Of course, I understand certainly. The second question is this Waterfront it looks like, they were not partners if I heard you correctly. So you're essentially bringing in a marketing front to UK is it correct understanding.
- Pratik Patel:** No they already manufacture, they have a plant in UK where they manufacture, they also buy from us and sell it in UK market. So, they stock some of our products, they do projects work where they get the orders and place it on us, we supply to them and they supply to UK market. So they are already manufacturing.
- Dilip Kumar Sahu:** Sure. As of now we do Rs.20-25 crores I understand from UK.
- Pratik Patel:** They do Rs.27-28 crores with PBT of around 10%.
- Dilip Kumar Sahu:** As of now and this will add up to Rs.100 crores you are saying.
- Pratik Patel:** Yes. As I said Hambaker was doing Rs150 crores including exports, but they were definitely doing more than Rs.100 crores in the UK alone. Okay, so we have a good chance of addressing that market in the coming years.
- Dilip Kumar Sahu:** Thank you. All the best.
- Siddesh Chawan:** Thank you Dilip. Next question is from Alisha Mahawala, please go ahead.

- Alisha Mahawala:** Hi, good evening. Thank you for the opportunity Sir. Couple of clarifications, so the acquisition that we are doing Waterfront, Of the 2 million pounds 30% we will pay by cash and balance will be shares. Correct?
- Pratik Patel:** Yeah.
- Alisha Mahawala:** Sure. And we use to talk about some domestic acquisition also that we were evaluating is that still on the radar?
- Pratik Patel:** The valuation is not working out.
- Alisha Mahawala:** Okay.
- Pratik Patel:** They want to be valued at the same multiple which Jash is at presently. That doesn't make sense.
- Alisha Mahawala:** Sure. I understand. And on the on Rs.515 crores total revenue targets the next year is this including contribution that we will get from the Waterfront business also because we will complete the transaction by Q2.
- Pratik Patel:** We will complete the transaction by September.
- Alisha Mahawala:** So, Rs.515 crores includes revenue from Waterfront
- Pratik Patel:** Yes.
- Alisha Mahawala:** In that case, there's Rs.20 crores spilled from this quarter to next year, and there's going to be some contribution from Waterfront despite having a healthy order book then we are talking of very low execution happening.
- Pratik Patel:** We are talking conservatively, it could be more also but for guidance I am saying Rs.515 crore. We are doing due diligence and Waterfront just now. So, by the second quarter, I would be in a better position to give you more accurate guidance. So, Rs.515 crores when I say really it is not including Waterfront but if September comes through then we will give a revised guidance wherein it could be more or it could be the same
- Alisha Mahawala:** The full year had other income of Rs.13 crores what is the forex gain in this Rs.13 crores.
- Dharmendra Jain:** Rs.4-5 crores is the fluctuation.
- Alisha Mahawala:** So, on the margins front we used to talk of doing about 10% that on PAT level, obviously we have done better this year. Going forward how do we expect margins to pan out.
- Pratik Patel:** Margin I have already informed is the factor of 2 things. The more we do export business where we have higher margins our margins should improve. Second, overheads the more revenue we get overheads goes down. Process improvement also we are working on but that does not bring a lot of difference to the margin, it may bring 0.25-0.5%. But the bigger share comes from export business as well as overheads getting reduced. And as already you see acquisition of Waterfront results into more export business, growth in Rodney Hunt results

into more export business and so we are quite optimistic of achieving over a period of time 13-14% PAT margins which we have projected before. I think this year alone our PAT margin is close to 12%. So we are not far off 13-14% which I had predicted Before. If the raw material prices remain stable 13-14% is possible.

Alisha Mahawala: So, 13-14% is possible. On the working capital side the increase in the inventory and receivables is this on account of the order that have got deferred or is that a change in our working capital.

Dharmendra Jain: No, it's because of our target is around Rs.300 crores and we have Rs.20 crores reversal revenue. So, these are going to stocks, we have billed it but because of no recognition revenue we have to reverse and book it to stock that's why, few products are in pipeline which we have not completed, so these are in the stock.

Alisha Mahawala: So, I understand the increase in inventory days but even the receivable days are higher than what we use to work with earlier.

Pratik Patel: Receivable from America has improved. But if overall is higher, can you throw some light on it later on?

Dharmendra Jain: Yeah, we can give you exact reason, its because of mainly turnover going towards March will affect this receivable additional. So, because of major towards March it is higher.

Alisha Mahawala: Sir I understand that but this isn't a every year phenomena and last 2-3 years if we see our receivables days was closer to 100-115 days, which has now become almost 130 days. So just wanted to check

Dharmendra Jain: Yes, I will check it and revert to you.

Alisha Mahawala: Sure. Thank you.

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

Pratik Patel: So, thank you for patiently hearing to us. We hope that whatever we promised or whatever we project we would be able to meet. We have been doing it and so we have been little bit conservative in our promises if you remember we had given a for guidance for PAT between Rs.42-45 crores and we have done much better than that. But for reversal we would have also met our projections for total revenue. So, we try to give projections on conservative basis and try to improve upon it. Hopefully, this year too we will be able to do the same. And from quarter to quarter we will be with you again and we will keep you updated on what is happening with the company. Thank you.

Siddesh Chawan: Thank you sir. 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 in the next quarter.

