

22.11.2021

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 FY22 Earnings Conference Call

Symbol: JASH

We are enclosing herewith the transcript of Q2 FY22 Earnings conference call with the Investors held on Friday, 12th November 2021.

You are requested to take the aforementioned information on records.

Thanking You,
Yours Faithfully,

For JASH Engineering Limited



Tushar Kharpade
Company Secretary & Compliance Officer
A – 30144
Encl.: A/a





“Jash Engineering Limited
Q2 FY22 Earnings Conference Call”

November 12, 2021

**MANAGEMENT: MR. PRATIK PATEL - CHAIRMAN AND MANAGING
DIRECTOR
MR. DHARMENDRA JAIN – CHIEF FINANCIAL OFFICER**



Siddesh Chawan:

Good evening to all the participants on this 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 research 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.

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 evening, everyone. I am Pratik Patel; Managing Director of Jash Engineering Limited and I'm pleased to present our half yearly results. I will start with the small presentation and then go over to the financials. To those who are new to the company I will briefly go through some details about the company so that you can know. We are a product manufacturing company not an EPC company, we manufacture product for water wastewater, treatment plant pumping station conveyance, etc. and these products are also used wherever water is required in huge quantity in industries like in steels plant, paper and pulp plant, petrochemical plant, fertilizer plants, etc. We have five manufacturing units with around 800 employees the group comprise basically of three major companies or brands which is Jash, Mahr Maschinenbau and Rodney Hunt. Mahr Maschinenbau is in Austria, and Rodney Hunt is in America. We had last year consolidated revenue of Rs.302 crores and we have together with this three company more than 350 years of cumulative experience. We are approved by most of the municipal authorities and boards in India and also out of India.

The company has gradually grown over the years from what it was earlier by acquisition, by collaboration and by expansion. Today, the company has within its fold lot of different products which have come from collaboration from Schutte Group; Germany, Weco; Germany, Hollung; Sweden, Mahr Maschinenbau; Austria, Rodney Hunt; America, rehart; Germany and now in recent times with Invent of Germany.

Over history of last many years we acquired few companies in India as well as out of India as shown on the screen. The reason for acquiring this company wants to get brand names as well as get technology in some cases or new product addition. And with this, today we have a basket of products which ensures that we are able to offer a very big package for wastewater industry.

Over the years we have invested in enough manufacturing facility then we can achieve a turnover of close to 500 crores plus in these five manufacturing facilities. Certain investment is ongoing. We are investing incrementally so that our capacity grows as the business is growing.

We have over a period of time invested in capabilities which are today one of the best in the world in industries like us. So, over a period of time most of these facilities have been invested on and these are in house reducing our dependency on outside vendors. Today we can do some of the biggest gates in the world, some of the biggest knife gates valves in the world, biggest screens in the world as well as biggest screws in the world.

So I have kept it brief because last time when I explained all the products and everything there was less time left for question and answer. So looking to that I'm directly going first to the performance of the individual companies and then the consolidated results and there after what all developments company has done in the last 3-4 months, and then I will take questions. So, revenue on standalone in Jash Engineering Limited has increase and there has been a minor increase in PAT also. However, the proportion of increase in PAT and revenue is not the same and one of the reasons for that is increased cost of raw materials as well as increase logistic costs etc. In case of Shivpad also the issues the same our revenue has increased, however, our PAT has reduced marginally and the reason for reduction of PAT is the same, increase in cost of materials. As far as Jash USA is concerned even though the revenue has grown significantly, we are still in loss and our loss has increase little bit. The reason for the increase of these loss is increase in costs on manpower employees, because the addition of manpower has not resulted into proportionate increase in turnover. This is expected to come in the second half of the year to make companies relatively look better in operation.

So, consolidated financial revenues, as you can see, the revenues have grown by more than 15%. However, our EBITDA has gone down on account of Rodney Hunt. The gross profit margin has improved because of the product mix, but at the end of the year, we expect the gross profit margin to be somewhere around 60% because six months does not reflect the whole year so I would say 62.8% gross profit margin may come down to 60% because of increase in cost of raw materials as well as other factors. Our profit after tax has gone down, the reason as I said is various issues like cost increases as well as increase in manpower cost.

This is the consolidated income statement in which you can see that half yearly EBITDA margin has gone down also our PAT margin has reduced because of the increased losses and we believe what we see in this half year is somewhat reflective of what it was last year, however in the next six months, which is the time when we always give more than two times of what we have done every first year, we hope to improve upon this and give satisfactory results.

This is the consolidated balance sheet. These details are also available on the NSE website so that if someone has any questions after studying the same, they can ask me on the balance sheet also.

Coming to business outlook, we continue to maintain our healthy order book position. As on 1st November our combined order book position within India and outside India stands at 475 crores as can be seen in our business outside India is growing, the order book is 284 crores for business out of India, out of which American business is close to 120 crores. All our subsidiaries are reasonably good order book position and we expect even the subsidiaries to perform good in this year. Those were orders before this slide consisted of orders which are already received. This shows the orders which we have already negotiated in the month of October mostly is around 25 crores and orders under negotiation basically most of these will be negotiated within November and you can see there is a very strong pipeline. In case of November generally because of festive season some of the negotiation has reduced in volume because of a lot of holidays in the month of November however we hope that as we move forward there should significantly improve.

Regarding other developments in the company in the last 3-4 months, our team of engineers visited Germany to take training with Invent for the disc filter manufacturer. Based on the training we will be making the two disc filters in India and we expect to deliver these two in February or March. However in this two disc filter 65% of the content is indigenous and balance 35% is coming from Germany. During this visit our people also took training on manufacturing of disc and it is the disc which is the heart of this machine. Manufacturing of disc is little bit complex and that is why for the first two machines we are importing the disc. However, once these two machines are made and due to the training which we took in Germany for manufacturing of disc, we should be able to make disc also indigenously from next year. And once we do that the input content will come down to less than 5%, making our product one of the most competitive product in the market. During my recent visit to Germany, we also initiated talk with Invent for the second collaboration for Mixers/Aerators in India in which they are the world leaders and we are quite hopeful to sign this agreement in the beginning of next year, early 2022. However, during the visit there was an agreement that we should start developing some of the components requiring this product for Invent Germany for the world market. In the last few weeks

after my visit we have already received orders from Invent for these components, worth around Rs.2 crores and upon successful supply of this component we can expect regular annual business of close to 15 crores for these parts. The big advantage is we develop these components for Invent for export but at the same time when we are to launch these products in Indian market most of the components would have got develop and that would help us in Indian market. So this has been a win-win situation for both of us and I hope once the agreement this time we will be strongly going forward in the Indian market.

The company also is exploring new markets and in this process we had visited Spain, we now expect to get an order of around 3 crores from Spain. Spain is an important market and it cannot be ignored anymore because Spanish EPC contractors are very active in the world market and have been taking up orders left, right, center and that in South America as well as in Middle East and in Far East Asia as well in Vietnam, etc.

The company is doing quite well in the existing strong export markets of Southeast Asia as well as Far East, and in the last 3-4 months we have taken orders close to 10 crores in this market. So overall I would say for us markets outside India also we are doing quite well and in America also we are quite well. So, for the export business the company is quite established now. When it comes to India we expect that post Diwali things to start moving aggressively in the Indian market and we expect our business prospects in improve after the Diwali.

Overall I would like to say that even though we have deliver revenue growth of 15.8% year on year, it is not as what we expected, we have got finished goods were 22 crores lying in our plant which was not picked up by the client as they could not open their LC or they could not pay to us as a result we were not able to deliver. However, this has to be seen in the context that our opening stock was 7 crores and our finish goods are 22 crores. So, around 15 crores worth material should have got billed, if that would have got billed than the growth would have been significantly more than what we are shown today. The PAT margin is reduced by 1% and the reduction in PAT margins as I said earlier is because of increase in employee costs and other expenses. I would like to tell here that historically we have been very strong in the second half and you may have seen it last year as well. Last year we had achieved 208 crores revenue in the second half and this year also we expect to cross revenue more than 208 crores in second half and with that we expect to achieve the revenues as projected by us in AGM or in previous meetings. In the end I would like to say that as a company we are in quite a healthy position in spite of COVID, in spite of all the appeals going on in the raw material and the transshipment and shipping costs, and we expect at the end of the year to come out with satisfactory results, at least that par with last year. Thank you.

Siddesh Chawan: Thank you sir. We will now begin with a question-and-answer session, gentle reminder to all the participants to ask question please select raise hand option. First question is from Mr. Navin. Please unmute yourself and go ahead.

Navin: Thank you for the opportunity. In your commentary and presentation you spoke about entry into the Spanish market and into the European market, if you can give some color of the size of the market and for which products are you qualified for?

Pratik Patel: So, in case of Spanish market these are EPC contractors, so they need screens, gates and knife gate valves and we have already given big offers to them, at the same time we already negotiated a order of 3 crores knife gate valves for a project in Saudi Arabia. So this Spanish contractor will be supplying to Saudi Arabia but buying from Spain. When I'm talking about Invent, it is a collaborator; we will be manufacturing products in collaboration with them for the Indian market as well as most probably for the Asian market. The components which we are supplying to them, it is not being sold to third party it is being sold to Invent and Invent would be selling it further. So these are only components not finished product. Finish product they will buy from us only when we meet their quality expectation.

Navin: Thank you Sir. Leading on to your Invent collaboration is there any possibility of taking this forward as in exploring the low cost manufacturing base of India

Pratik Patel: That is the target but as I said it is a German company, until they see our finish product quality, until they have real confidence in us they will not go ahead. So we have just started, we have started with making components for them, we are making the complete machine early next year. Once they are confident of what we are able to deliver, what we are able to give performance as a quality then only those discussions will start.

Navin: And regarding the orders from Singapore, there has been some delay in execution of those orders any update on the same.

Pratik Patel: Singapore government has a very rigid stand on COVID, so they reduced the number of people who can stay in a room at project sites to 50%. Similarly they've put very strict provisions in place and as a result of that execution of project in Singapore has tremendously slowed down. However, the government has also realized now that all these measures is not help and COVID is still there in Singapore. So they are now opening up slowly and we expect that Singapore business will come on stream from next year. When I say next year I'm talking about January 22. But yes, the projects

have been delayed the execution of those orders have been delayed, they will be coming in next year.

Navin: Thank you so you get back in the queue.

Siddesh Chawan: Thank you. Next question is from Mr. Deepan. Please unmute yourself and go ahead.

Deepan: Thanks a lot for the opportunity and good evening everyone. So, firstly wanted to understand US government has announced a strong spending on infrastructure. So are we seeing strong visibility of these orders improving in the US market for us?

Pratik Patel: Yes, the amount of money which they have put for the water industry is around \$55 billion. However, announcement of budget does not mean that we are going to get that business immediately. I believe this business will come in 2023 because now it would go into states and cities and from there projects would be made and then the tenders would be coming out and by the time tenders are awarded and the contract start talking to us it would be something like 2023.

Deepan: Okay. So, initially we have targeted US market to close with around \$20 million revenues for FY22. So are we still on track for that kind of revenue delivery?

Pratik Patel: Yes. Our recent review of the business in America shows that on the lower side we are expecting \$18 million on the higher side we are expecting \$20 million.

Deepan: Okay, so that means we will be profitable in US market by this year end.

Pratik Patel: Yeah, we expect to be.

Deepan: Okay, thanks a lot.

Pratik Patel: However, I would like to say in our expectation to be \$20-25 million company next year, we have increased few people and that is a small worrying because if after increase of these people if we don't reach \$20 million in sales because of any reason then the cost has been incurred but the sales will not come. So we are working hard to ensure that we have sales more than \$19 million and our profitable.

Siddesh Chawan: Thank you Deepan. The next question is from Zaki Nasser. Request you to unmute yourself and go ahead.

Zaki Nasser: Pratik bhai it's a commendable performance in light of the difficult situation. We realize how the input prices are behaving, I mean it's very volatile. Sir, you have given that in full year you will achieve what you stated in the AGM that will be around 320-325 crores.

Pratik Patel: It was 350 crores.

Zaki Nasser: Yes. So you are still confident of the 350 figures.

Pratik Patel: As I said to Deepan we did the review for America, at the same time we did the review for India. So we still feel today confident of crossing 330 crores and hopeful that we will touch 350 crores. At the end of the day it is not in my hand because if the customers are not able to open LC and these are the days where you cannot give them material without payment security. So we would be producing material because we have got the advances and we are reviewing the status of the projects on field. If we feel the projects are going well the customer is going to lift the material we will produce. However we will not deliver it we are not getting money. We have become a little bit strict because many EPC contractors are in a bad shape. So exactly 350 is something I cannot promise today but I would say lower scale 330 higher scale 350.

Zaki Nasser: Fantastic sir.

Pratik Patel: Order booking is there, it is not a matter of order booking it is a matter of being prudent on delivery and getting such financial.

Zaki Nasser: Yes. But I think how the performance has been I think we are confident of 350. But sir, what would your call on the margins because material prices are too haywire, frayed.

Pratik Patel: So during the last AGM, I was confident of improving the margins. In fact every discussion prior to today, I was confident that these price rise is going to be momentarily and it'll come down. However, I attended a meeting of CEOs of Indian Valve and Actuator Manufacturers Association, and the consensus there was that this price rise is going to stay about two minutes of next year. If that happens, definitely all companies in the engineering sector would see a reduction in margins. I also earlier was expecting our margins to go from 10 to 12%. Well, I have sober down and I don't think it is possible now to go to 12%. However, if we are within 340 crores range, then I expect same performance as last year.

Zaki Nasser: Same performance means in terms of margin?

Pratik Patel: No margin increase, maybe the same percentage of PAT.

Zaki Nasser: Fantastic sir.

Pratik Patel: So, 2% margin increase which I was expecting, I would say is not possible now.

Zaki Nasser: Okay. And Pratik bhai your new product, your disc filters which I think is very exciting. Could you just give us a bit of insight into that and the size of the market and how maybe no other company in India would be able to manufacture the same thing because of the technological barriers.

Pratik Patel: I would say we would have an edge over others because we will be manufacturing it first but other companies will also have to come in. As soon as we manufacture and launch it in an economical price range they would be forced to follow. So it is not that we would always be the only player, there would be other players. It all depends upon who moves fast. We have already been slow. COVID took our one and a half year away otherwise this product should have been manufactured in India and launched in June-July 2020. So we are already slow, but at the same time others are also slow because of COVID no one wants to go over investment, no one wants to go for taking some steps where money's is involved and don't know what is going to happen. As far as COVID is concerned in India, I would say it is quite stabilized. We have to live with it, we all have understood that is not something which is going to vanish and in view of that the projects have to start, the momentum has to come in and that has happened in the industry. So, if this continues and this is a very good business potential as a product, I expect these products worth 40-50 crores every year now and slowly this business to go over 150 crores, out of this we expect ourselves to have 20-25% market share because we are the first of the block .

Zaki Nasser: You're finding your input prices stabilizer for stainless.

Pratik Patel: No they're still volatile and it will continue to be so as far as indication which I got in that meeting, it continued to be slow till March to June.

Zaki Nasser: If I may ask another last last question. What about the frets are you getting bookings easily? I believe the rates have fallen and stabilized a bit now.

Pratik Patel: Not really. They have stabilized but not fallen but booking is still difficult. So what was earlier possible for Hong Kong now all is delayed by 3-4 weeks and same in America delayed by 2-3 weeks. So easy availability of containers is not there, the cost also has increased tremendously. As I said cost of freight is not very critical to us because our value per consignment is very high but anyways it is hitting us.

Zaki Nasser: Thank you and best wishes for the remainder of the year.

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

Dilip Sahu: I got two questions. One is regarding the order book, in the last 18 months order in your transplant have to give monthly or order bookings. It looks like there was a big spike in September, October, November last year. And now does kind of come down to 20-25 crores on a monthly basis. So, do you think it was kind of a pent up demand that played out and now we kind of stable at this range or is there a reason for us to believe that will go to 30 crores plus kind and where is that belief coming from? So that's my first question.

Pratik Patel: I would say 25-40 crores is something which is possible every month. But you cannot say every month 40 crores, you cannot say every month 25 crores because we are in a project type of business where it all depends upon our contractors getting the jobs and then negotiating with us. So, what do you saw during that last 3-4 months in September period or August to September, October, November 2020 has nothing to do with pent up demand because it's very difficult, sometime in one month I may get a 20 crores project and in that month we will get 35-4-50 crores order booking. So it's not like a consumer product where a sustained demand is there, this all depends from project to project and when that project is being negotiated by our client.

Dilip Sahu: Yeah, okay. My second question was regarding some of the government led projects, particularly in Western India, the tendering process was on and there were large scale projects. So, in next financial year, is it expected to close or how do we see India business because, somehow for various reasons and particularly for COVID this has been on a very low key for last two years.

Pratik Patel: So, business in Mumbai I think we are very engaged now with drug case and something all other than projects. So, I do not know what is happening in Maharashtra and what is happening in the government but no one is talking about projects anymore in Bombay. So, in Bombay projects is what you are talking about.

Anyway, there have been tenders, so one fine day they will be decided, we keep our fingers crossed that they are decided within next 6 months. However there is a rumor that some of those projects may be abundant and retendered. So, you still don't know what is going to happen on Maharashtra because once what was looking very fast and very rosy is now very blurred. However, India wide I can tell you that huge volume of projects have started coming out and the government has also started releasing funds for these projects. So, I believe the investment with the government doing of COVID now has now gone down. As a result government is again able to put money into the projects which they have already announced and they have also come out with new AMRUT scheme, so I am quite confident that Indian will again for the water business, will again be throbbing.

Dilip Sahu:

My question was regarding the order book. As per your initial comment we end up doing 330-340 crores. So, we will be still left with 170-180 crores assuming that we continue 20-25 crores run rate and around 200 crores plus of order which got already booked this year. So, can you tell me what is the reason we are not able to bill it out because we started with a 400 crores plus order book. We have been booking at around 20-25 crores every month. So, which essentially means 100-150 crores of orders, which was already there in the beginning of this year will be carried forward to next year. What is the reason is it like the contractual obligation or is it a payment issue, can you just please tell us.

Pratik Patel:

So, first of all when we book an order, it doesn't mean it will definitely build in next 3-4-5 months, it depends upon the size of the order and the type of the project. Some of the projects like in Singapore from beginning they were supposed to be of 2-2.5 year. So, if we have moved around at 80-100 crores worth of orders they would have taken anyway 2-2.5 year to execute. So from the start of delivery to the end of delivery it would have been 2-2.5 year. So that depends on the type of the project and the size of the project. When the projects are smaller in size the execution is faster but when we are talking on multibillion dollar projects, it goes over 2-3 years. So I would say, for a company of our type looking into the dynamics of the market, we should always have 8-9 months of order book in hand. So on 31st of March, I will come later with those figures but as I said we should start with 8-9 months of order book so that we are able to meet our targets and when we ended 31st March we are projecting to have order book of close to 300 crores. So if we close between 250-300 crores on 31st March 2022, so that we have a comfortable position next year to achieve close to 375-425 crores turnover.

Dilip Sahu:

Sir, we had around 450 crores of order book in May or June if I remember and we are billing 330 crores which means 120 is still not getting billed by April of next year.

Pratik Patel: Can we expect around 100-150 crores by that time additional orders in four months. So, we are targeting 275-325 crores order book in hand on 31st March 2022. That much we need because some projects may get delayed and it will go out of production. So that is why we need 8-9 months order in hand.

Dilip Sahu: Thank you. My last question, if you permit me is regarding, as you rightly said the prices are very volatile of raw material. Logistics is going haywire and manpower cost inflation is very high and getting skilled manpower is very difficult. So in our contracts, is there any escalation, is there a pass through mechanism that we have between or all are fixed price project for us?

Pratik Patel: So, for us they are fixed price project. For our clients, dealing with government there might be a price rise. So wherever the client have delayed or wherever the delay inordinate or they are not given us advances we are renegotiating, but I will frankly tell you the quantum of renegotiation on the complete like 400 crores if you are talking about would less would be less than 40 crores.

Dilip Sahu: Thank you.

Siddesh Chawan: Thank you. A gentle reminder to all the participants to ask question please select the raise hand option. Next question is from Sanjay Shah. Please unmute yourself and go ahead.

Sanjay Shah: Good evening to all of you. Pratik Sir my main question was regarding, what exports we do out of that whatever is sent to our customers, what are the raw material and logistic cost agreement with them, are they pass on especially in exports. Do we send it on CIF way or FOB?

Pratik Patel: Mostly 90% of export jobs are CIF. So we cannot pass on, that is why I said we will take a hit of 2% in spite of increase in turnover. In our type of industry, if you cost is not growing too much but if your turnover is growing too much, then your profitability improves. So we were expecting a 1.5-2% improvement in our PAT this year. However, as a result of this type of costs increase because of logistics as well as raw material we would not be able to show this 1.5-2% PAT. So if we still achieve 340 crores we would have nearly the same PAT margin as before, and that means that we have taken a hit around 2-2.5% because of this increasing cost.

Sanjay Shah: So my next question was regarding what has been our talk since last many quarters or year was that we have been spreading our wings in across many countries. We have

been adding more products to our vertical supply to manage geographies. So will it be now possible for us to come out of this lumpy turnover business which usually we do in Q3 and more in Q4, so that we get a diverse understanding and risk free business assurance

Pratik Patel: Wherever year ending is 31st March and unfortunately 31st March is everywhere where the British were. So if you see Singapore its is 31st March, Hong Kong it is 31st March, Malaysia is 31st March , India is 31st March, so many other countries were British occupation was there in all those countries is 31st March is year ending. So everywhere the contractor behaves in the same parameter as trying to bill by 31st March. Those countries where 31st March does not exist like in America or some of the countries of Europe where December is the year ending. If the quantum of business goes to those countries, then only he will escape from this is 31st March error

Dharmendra Jain: If you see 19-20 it was good for quarter wise business but 20-21 and 21-22 also affected by COVID.

Pratik Patel: In the first and second quarter there has been COVID in both these years. Even in this year April, May, June was quite scary.

Dharmendra Jain: So, there may be chance in next year to improve these things if COVID will not come back again.

Pratik Patel: But improver doesn't mean radical improve and it will be still depended on 31st March. Yeah. Okay.

Sanjay Shah: That's good. So we have done very good order delivery in October month seeing your order flow chart. So how do you see that in November, December are they're equally exciting, you feel so or still it's uncertain.

Pratik Patel: Everything will start picking up from December. So December, January, February, March, we have to do more than 225-230 crores. And we will do it because this is how this industry works and more so now because all our clients and everyone could not do anything during COVID and as a result in June, July and then monsoon started. So everyone would be after us from December. So it will start zooming up from December and will go crazy by February, March.

Sanjay Shah: Great Sir. Thank you, that's from my side. Good luck to you all.

Siddesh Chawan: Thank you. There is a follow up question from Dilip Sahu. Please go ahead.

Dilip Sahu: Pratik bhai thank you for giving me a follow up. You talked about the investment in the US and that the cost has gone up but obviously, only future retail whether the investment is aptly put or not. My question is somehow if I look at last 12 months numbers, the US number has been good is 100 crores of booking which is to the same ballpark of \$18-20 million dollars. Do you have any other concern in terms of the quality of people or registrations or is there something that you are seeing because the order booking looks quite okay to me.

Pratik Patel: So you're rightly pointed out, US I do not worry about orders, my worries about execution. I do not still have a team like I have in India. Now manpower in the US has become a very critical issue, post COVID more so. However fortunately, we have applied for H1B visa for 3-4 of our staff, 3 had already got it, but were not able to go because of COVID. Now, one engineers visa has been approved, another has visa interview in mid December, he has an interview date in Chennai and Calcutta and once that is done then he will also be able to go in the middle of January. So, slowly these 3-4 people who we are projecting to put, from 2019 we are projecting to put them, they will finally go in 2022. Once these people are there then we would be more confident to have better results from Rodney Hunt, because then we would have people who have been trained in India with Indian mentality. So, today yes, you are right we still have a problem in US manpower wise. US manpower situation is very bad because of the money which government has given, no one wants to work everyone wants to sit home and enjoy. So I don't know when we will come out of that but we are sending our people and using those people I hope we are able to bring that company to a sustained growth level.

Dilip Sahu: Sure. And you have also had some senior management level in sales? So how is that playing out.

Pratik Patel: He has left. We also had a senior level person in operation; however he has also left. So, when I was telling you about this problem of manpower, this is so acute now people do not want to be in production, people do not want to take responsibility and so on. So this is a problem we are facing. So that is why the next team of people are going from our plant to the foreign manufacturing facility.

Dilip Sahu: Okay, thank you very much.

- Siddesh Chawan:** Thank you. Next question is from Navin. Unmute yourself and go ahead.
- Navin:** Thank you for the follow up. I just wanted to understand like, is it possible to leverage our engineering team like we have a separate engineering team for Rodney Hunt, is it possible to have a similar setup for other clients and leverage our low-cost engineering team for drafting and design.
- Pratik Patel:** No, not possible because we have the secret to our product. We are not a third party engineering solution provider. Someone expertise and experience in our type of products and we have never tried to venture out with what you have suggested.
- Navin:** Thank you sir.
- Siddesh Chawan:** Thank you. There are a couple of questions from Dhruv on the dashboard. The question is, do you continue to hold the guidance of 350 crores on top line in FY22 and also like to know the guidance for FY23 on revenue, EBITDA margin, also on Rodney Hunt side.
- Pratik Patel:** So, as already told earlier to Zaki and others that we will continue from band of 330-350 crores, we are quite confident of so on the lower side 330 on the higher side 350 point number one and the margins for would between 9-10-11% depending upon what finally we end up with turnover. For the next year we are projecting to have orders 300-325 crores in our hand on 31st March 2022. If we have 300-325 crores of order in hand then we can target for turnover between 375-425 crores. I'm giving this wide range for a reason, every year we have been seeing that in March, April, May or March, April, May, June COVID comes back. In fact, today I was reading in newspaper that in Germany 50,000 new COVID cases have come today, I do not know Mr. Schutte is on the meeting, he will give his comments at the end but if this is going to continue where the stability, no one knows anything and that is why it is so very hard to predict what would be able to do because we are not in a consumer type of industry where everything gets sold every day.
- Axel Schutte:** As the COVID situation in Germany is very clear. I would say 50,000 new infections, most on in this population which have no vaccine received so far so that all people which don't like to get vaccinated and more than these people are also covering now the hospitals and German government is now thinking about to install the 2G system means only to the vaccinated and the released people are allowed anymore to attend restaurants, movies or what else. So, even from the social point of view, not an easy situation now, because the population is a little divided into those

people which got vaccinated and those people are not willing to get vaccinated. With the 2G policy, I guess that's more younger people which so far I'm not accepting that the vaccination is good measure to prevent them for getting activated by COVID that they will also go for vaccination. We have the hope that this rate of vaccinated population is increasing. Furthermore, most of the parts now are getting now infected by children in the age between 12 to 18 years. So also this is a part of the policy. The situation in general is not too bad. Yes, on one side it is of course 50,000 is a huge amount of infections but they said most of them are not vaccinated and we cannot help these guys and ladies which are not like to listen that this is necessary. So, what's happened we have now in the in the change in the political guidance Mrs. Macro has stepped back and the new government is not empower and we'll see what's coming on. We are more hurt in the German industry because of breaking chain and delivery chains and missing chips in this kind of business, so we have a lack of material which needs to increase the prices like anything else. This is more dangerous for us and the than the COVID situation. So, I don't know if it gets more lockdowns but I guess that is received also in Austria. Austria is discussing to get all people not vaccinated into a lockdown. So this is something which could happen but what then happen I don't know what social security will be in there. So not easy but is from the business point of view, there is no big influence due to COVID except the break in delivery chains. This is something which hurting us a lot and increased prices. Mr. Putin is adjusting the screw of gas deliveries and so these are kind of problems we are facing which we have to handle them.

Siddesh Chawan:

Thank you Sir. As there are no more questions, I will now ask Pratik Sir for the closing comments.

Pratik Patel:

Thank you, everyone for attending and sparing time to attend this presentation. I would like to assure all our investors that we are working hard to give results as per the expectations and as per the promises which we made a few months back. I personally believe that it is possible irrespective of what happens for in COVID or what happens elsewhere. I believe in India, at least up to March I'm not looking forward to any more disruptions and so it should be possible for us to achieve turnovers which we had projected and give satisfactory results to investors. However, we wouldn't be better placed I would say in January to give more positive idea of what should be the outcome. So I would say that let's wait till January and see how we are able to deliver. Thank you.