



JASH ENGINEERING LTD

Contributing to a sustainable environment worldwide

Investor FAQs

**SOME OF THE KEY QUESTIONS THAT MAY BE ASKED BY
ANALYSTS/INVESTORS**



SAFE HARBOUR

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INFORMATION ABOUT JASH ENGINEERING LTD., INDIA

MARCH 2022

1) INFORMATION ABOUT THE BOARD OF THE COMPANY:

The Board comprise of total 8 members of which 2 members are from promoter family (Pratik Patel & Suresh Patel) , 1 member is our German partner since 1995 (Axel Schuette) and balance 5 members are Independent Directors. Brief details of the German Director and the Independent Directors is given hereunder:

- **Mr. Axel Schuette** has wide business experience in many countries and is on the board since 1995. He has experience of over 37 years in the Engineering Industry and is an expert on Knife gate and bulk solids handling valves.
- **Mr. Vishwapati Trivedi** is highly experienced ex-public servant who has served in various Administrative Departments of Govt. of India. He has been Technical Assistant to Executive Director, International Monetary Fund, USA, Managing Director - MPFC, CMD - Indian Airlines Ltd., Secretary to the Govt. of India - Ministry of Mines, Chairman - Inland Waterways Authority of India, Secretary - Ministry of Shipping.
- **Mr. Durgalal Tuljaram Manwani** has over 35 years of experience in precision manufacturing companies. He is also a visiting faculty member in various management institutes across India. He has worked in HAL, Nucon, Fluidomat and is presently Managing Director in Quantile Analytics Private Limited, Indore.
- **Ms. Sunita Kishnani**, has wide experience in software and internet based businesses. She has worked with Easymedico, a pharma retail unit of Vinilok Solutions Pvt. Ltd. as a whole time Director (Marketing) and presently is Chief Marketing Officer in Systematix Infotech P. Ltd. , Indore.
- **Mr. Brij Mohan Maheshwari**, is acting as Corporate Adviser & Practicing Advocate at the Honorable High Court of Madhya Pradesh (Indore Bench) mostly on corporate matters. Mr. Maheshwari has worked as a Company Secretary of Alpine Industries Limited from 1990 to 2003.
- **Mr. Sunil Choksi**, has over 42 years of experience in Quality Control Management and is currently the Managing Director of Choksi Laboratories Limited, a listed company on BSE.

This diversity of knowledge and experience of the board helps guide the management in its approach to business.

2) INFORMATION ABOUT KEY MANAGEMENT TEAM:

Only 2 members of the key management team are from promoters and rest of all the team members are professionals. The management comprise of young as well as experienced team of people with requisite domain knowledge as well as diverse experience. They have been working in the company for a significant period and have capability to lead the company in its next stage of growth. Most of these people also own shares of the company and have ESOP so that they are committed to the company for longtime.

- **PRATIK PATEL, Managing Director : (Promoter Director)**
Qualification: BE-Production , MBA-Finance, Age 56 years
Experience: 30 years at various positions in Jash Engineering Ltd.,
Looking after overall growth, development and strategy for the company and also international marketing.
- **SURESH PATEL, Executive Director: (Promoter Director)**
Qualification: BE-Civil, Age 77 years
Experience: 50 years at various positions in Jash Engineering Ltd. & Jash Precision Tools Ltd.,
Looking after technological improvements in manufacturing and product design.
- **BHUVANESH PANDEY, Vice President - Operations:**
Qualification: BE-Electrical, DBM Age- 42 years
Experience: He has wide experience relating to P&L handling, PPC, SCM and Purchase, Manufacturing, HR, Design and Quality. He started his career with GE as a Design Engineer and then worked with multinational companies like ABB and Andritz before joining Jash Engineering. He has varied experience of Design, Planning, Purchase, Production, Maintenance, Quality, Stores and has headed Operations for around 8 years. He was also responsible for P&L in the past company. He has a Level 2 certification from Tata Quality services for welding.
Looking after overall operations in all the 4 plants in Indore and also involved in improvements at all levels in the organization including implementing SAP.
- **DHARMENDRA JAIN, Chief Financial Officer :**
Qualification: CA (ICAI), CMA (ICWAI), B.Sc. Age 49 years
Experience: He has over 25 years of experience in finance & accounts and taxation.
Looking after overall Financial, Accounting, Commercial and Purchase operations in the company as well as in Shivpad.
- **SANJAY SHARMA, Vice President- Marketing & Sales :**
Qualification: Diploma in Mechanical Engineering & MBA in Sales & Marketing, Age 52 years
Experience: He has over 30 years of experience working with Sulzer , Wilo pumps, Kirloskar Brothers etc.

Looking after domestic marketing and sales of all products of the company including customer relationship.

▪ **DURGESH TIWARI, Head of Engineering – Indore :**

Qualification: BE(Mech), PG certification in Management-Strathclyde University Glasgow, Age 51 years

Experience: overall 30 years of extensive experience in the area of Design and Engineering, Repair and Refurbishment services, Strategic Planning, Project Management, Cost control and Business Development in reputed organizations like Bhabha Atomic Research Centre, Sulzer Pumps, Weir Minerals and Colfax corporation covering nuclear and manufacturing industry.

Looking after Engineering and design for all the products of the company.

▪ **ANIRUDHA DONGRE, Group HR Head – Indore :**

Qualification: M. A. (Social Work), MBA (HR) , Age 50 years

Experience: overall 26 years of extensive experience in the area of HR in reputed organizations like Indo-Rama Synthetics India Ltd.—Pithampur, L&T Case Equipment Pvt. Ltd.-Pithampur, AVTEC Ltd. Indore, Saud Bahwan Group. Muscat, Sultanate of Oman, Punj Lloyd Ltd., Banmore, VE Commercial Vehicles Limited, Gurgaon.

Looking after HR of the whole group.

▪ **ASHISH DHARWA, Group Procurement Head – Indore**

Qualification: BE & MBA, Age 52 years

Experience: overall 28 years of extensive experience in the area of Purchase in reputed organizations like Blast Carboblocks Pvt. Ltd. Mumbai, Crompton Greaves Ltd. Pithampur, Topsun Corporation China, Kirloskar Brothers Ltd. Dewas.

Looking after Purchase of the company.

▪ **TUSHAR KHARPADE, Company Secretary:**

Qualification: CS (ICSI), B. Com, from DAVV, Indore Age 37 years

Experience: He has an experience of 8 years in corporate laws, secretarial and legal work, FEMA compliances and project financing.

Looking after all secretarial matters pertaining to the whole group.

▪ **SURESHKUMAR – Head Shivpad Engineers Pvt. Ltd. Chennai :**

Qualification: BE (Mech), PG Diploma in Marketing Management, Age 55 years

Experience : He has wide experience of 26 years of Industrial marketing (both Domestic & International) experience in rotating equipment namely industrial Pumps & Valves, HT< motors, Hermetic Compressors, Anti corrosion coatings by working in various higher positions Regional Manager/ Zonal Manager/ Chief Manager/ General Manager & Country Head (All India) with leading corporate conglomerates in India.

Looking after domestic and international marketing and sales of all the Process equipment product line of the company including customer relationship as well as Operational activities in Shivpad, Chennai.

▪ **RANJIT NAIR – President Rodney Hunt , USA :**

Qualification: BE (MECH), MBA (University of Hartford) Age 46 years

Experience: He has worked with wastewater companies in USA & Canada and he was Vice President – Sales and Marketing at Headworks Inc, a top tier manufacturer of bar screens. He has a wide experience of 20 years of North American municipal equipment sales and also holds a patent in anaerobic treatment of municipal wastewater”

Looking after domestic and international marketing and sales of all the Rodney Hunt product line , Mahr screen product line and Jash Schuette Knife gate valves product line including customer relationship in North America.

▪ **ROB KIBLER – Head of Engineering – USA :**

Qualification: Engineers, Age 69 years

Experience: He has wide experience of 47 yrs. in the field of Product Design, Project Engineer, QA Manager, Lead Sales Manager, Value Stream Manager for Gates, and knowledge of foundry technology, fabrication technology, gate installation.

Looking after Engineering and design for Rodney Hunt product line of the company.

▪ **HARSHITA GANDHI, Chief Financial Officer – RH, USA :**

Qualification: CA (ICAI) , US CPA, B.com , Age 29 years

Experience : Having a Experience of Credit Relationship Manager at HDFC Bank Limited includes , Sales, Decision Support and Legal team for credit requirement of Corporate Customers (Emerging Corporate Group), Analyzing the Financial statements and CMA of Companies, Preparing the Credit Assessment Memorandum, completing post sanction formalities, Servicing the customer in terms of various credit facility related requirements

Looking after overall Financial , Accounting , Commercial and Purchase operations in Rodney hunt, USA.

In addition to these key management people there is adequate team at middle level to execute the vision of the management team.

3) WHAT PRODUCTS COMPANY MANUFACTURES :

The products manufactured by the company can be divided into following broad categories :

- Water control gates & Equipment : These are varied types of gates used to isolate & control flow of water in various applications.
- Screening Equipment : These are varied types of screens used to remove floating waste from water in various applications.
- Knife gate valves and Bulk solids valves : These are varied types of valves used to handle solids and solid-liquid mixes in various applications.

- Treatment Process Equipment : These are varied types of equipment used in the process of water, waste water and effluent treatment.
- Water intake Equipment : These are varied types of gates and screens used in river / sea / reservoir water intake station for Industrial , Irrigation and Desalination plants.
- Hydropower Screws : These are used for generating renewable energy using low heads (0.8 m to 6 m) of water in various applications.
- Archimedes Screw pumps : These are used for pumping high volume of water (upto 8 cubic meters per second) for low heads (0.8 m to 6 m) in Terminal sewage pumping station and storm water pumping application.
- Water Hammer Control valves : These are varied types of valves used in long distance water transmission lines to prevent water hammer.
- Disc Filters : These are used to reduce the total suspended solids present in treated waste water so as to improve water quality.

4) WHERE ARE THESE PRODUCTS USED :

a) Human Drinking water cycle : This comprise of various applications as under and products used in these applications are mentioned in brackets -

- Collection / storage of water in dams and reservoirs : (Water control gates)
- Intake systems to take water from dams and reservoirs: (Water control gates & Screens)
- Intake systems to take saline water from seas : (Water control gates & Screens)
- Pumping stations to pump water to distant cities : (Water control gates & Screens)
- Pumping stations to pump saline water to desalination plant : (Water control gates & Screens)
- Water transmission lines to take water to distant cities: (Water hammer control valves)
- Water treatment plant where water is treated and made fit for human consumption : (Water control gates, Process equipment)
- Long distance water distribution lines to cities and homes : (Energy dissipating valves)

b) Human waste water and Industrial waste water cycle : This comprise of various applications as under and products used in these applications are mentioned in brackets -

- Pumping stations to collect and pump waste water to distant sewerage treatment plant: (Water control gates, Screens , Knife gate valves & Archimedes Screw pumps)
- Waste water transmission lines to take water to distant plants: (Water hammer control valves, Knife gate valves)
- Sewerage treatment plant where waste water is treated and made fit for disposal or in some cases for human consumption: (Water control gates, Screens, Knife gate valves , Process equipment, Disc filters)

- Outfalls of treated water to sea or rivers: (Water control gates)
- c) Storm water cycle : This comprise of various applications as under and products used in these applications are mentioned in brackets -
- Pumping stations to collect and pump storm water to sea / river / treatment plant: (Water control gates, Screens , Knife gate valves & Archimedes Screw pumps)
 - Storm water treatment plant where storm water is treated and made fit for disposal to river / sea or for other uses: (Water control gates, Screens , Knife gate valves)
- d) Industrial use : This comprise of products sold in Thermal power plants / Cement plants / Petrochemical plants / Tanneries / Bulk handling terminals / Paper and pulp plants / Rayon plants etc for following use -
- Collection / storage of water in dams and reservoirs : (Water control gates)
 - Intake systems to take water from dams and reservoirs: (Water control gates & Screens)
 - Pumping stations to pump water to distant cities: (Water control gates & Screens)
 - Water transmission lines to take water to distant cities: (Water hammer control valves)
 - Water treatment plant where water is treated and made fit for industrial use: (Water control gates, Process equipment)
 - Effluent treatment plant where waste water is treated and made fit for disposal or in some cases for reuse: (Water control gates, Screens, Knife gate valves , Process equipment)
 - outfalls of treated water to sea or rivers: (Water control gates)
- e) Renewable energy generation : This comprise of various applications as under and products used in these applications are mentioned in brackets –
- Canal based power generation : (Hydropower screws , Gates)
 - Run of river based power generation : (Hydropower screws)
 - Outfalls of Sewage treatment plants based power generation : (Hydropower screws, Gates)
 - Outfalls of Sewage treatment plants based power generation : (Hydropower screws, Gates)
 - Outfalls of Power plants based power generation : (Hydropower screws, Gates)
 - Replacement of water wheels and other old technologies for power generation : (Hydropower screws, Gates)
- 5) HOW IS ANNUAL SALES BROKEN UP FOR EACH OF ABOVE APPLICATION / USE:**
- Human Drinking water cycle : This comprise 10-15% of total sale.
 - Human waste water and Industrial waste water cycle : This comprise 60-70% of total sale.

- Storm water cycle : This comprise 5-10% of total sales.
- Industrial use : This comprise 10-20% of total sales.
- Renewable energy generation : This comprise 5-10% of total sales.

The break up of sales vary from year to year by +/- 5% to 10% based on types of projects coming for execution in any given year.

6) WHO IS BUYING ENTITY FOR EACH OF ABOVE APPLICATION / USE:

- Human Drinking water cycle : The direct buyer if an EPC contractor and end buyer is City/ Municipal corporation / Government Board.
- Human waste water and Industrial waste water cycle : The direct buyer if an EPC contractor and end buyer is City/ Municipal corporation / Government Board.
- Storm water cycle : The direct buyer if an EPC contractor and end buyer is City/ Municipal corporation / Government Board.
- Industrial use : The direct buyer is an EPC contractor and end buyer can be either Public sector company or a Private company.
- Renewable energy generation : The direct buyer is a Private developer for small projects and EPC contractor in case of large projects doing turnkey job for either Public sector company or a Private company.

7) HOW IS ANNUAL SALES BROKEN UP FOR EACH OF ABOVE PRODUCTS :

The 7 major product groups are now as under and their annual consolidated sales including exports (Exports figures in brackets) in year 2020-21 as under:

Water control Gates / Equipment	Rs.174 Cr (Rs.136 Cr)
Screening Equipment	Rs. 36 Cr (Rs. 5 Cr)
Knife gate valves & Bulk solids handling valves	Rs. 23 Cr (Rs. 5 Cr)
Treatment Process Equipment	Rs. 25 Cr (Rs. 2 Cr)
Water Intake Equipment	Rs. 16 Cr (Rs. 0 Cr)
Renewable Energy & Pumping	Rs. 6 Cr (Rs. 6 Cr)
Water hammer control valves	Rs. 9 Cr (Rs. 0 Cr)
Miscellaneous	Rs. 10 Cr (Rs. 0 Cr)

The consolidated sales is Rs. 299 crores and the export sales out of India amounts to Rs. 154 crores i.e. say 52% of all sales. Misc sales comprise of sale of casting, service charges, job work, MEIS licenses sale & Scrap sales etc. In future products from Invent will become the 8th major product group.

8) HOW IS THE TYPICAL ORDERING PROCESS STRUCTURED :

We are in business of supply of equipment to projects which in turn are executed by EPC contractors for city / state / water or sewerage boards / jal nigams / industries.

The complete process from generation of project to ordering in our business is as under:

- The city / state / water or sewerage boards / jal nigams / industries / government nominates a consultant for a project. This takes 2-3 months.
- This consultant prepares a draft tender and specifies the products and its specification. At this stage we visit the consultants to technically tighten the product specifications, if possible, so that only good companies can comply. We also furnish him with budgetary prices after knowing by when this project will materialize. Depending upon size of project, preparation of draft tender can take 2-4 months.
- The draft tender is submitted by the consultants to city / state / water or sewerage boards / jal nigams / industries for their approval. We visit the project authority / end user to further influence the brand selection for every equipment so that only good brands are qualified for supply to the project. Depending upon size of project, approval of draft tender can take 1-2 months.
- Upon approval of project tender documentation, a tender is called and a pre-bid date is fixed. The company reviews the tender and if anything is not suitable then it tries to seek modification in specs using favorable contractors. After the prebid , the finalized tender is then called out to bid within a certain period. Depending upon size of project the whole process can take 1-2 months.
- The invited bids are then opened and the job is awarded to the lowest bidder provided he is meeting the tender specs. Depending upon size of project this can take 1-3 months.
- Once the contractor gets the order, he will prepare the general process drawings and submit the same to government. After this he will call the equipment suppliers like us and negotiate the order with us. Depending upon size of project this can take 1-3 months.
- Once the order is placed on us, we are required to submit our drawings which are to be approved by the consultants / project authority. Depending upon size of project this can take 1-2 months.
- After getting approval of our drawings we need for delivery between 4-6 months for projects to be executed in 1 year and between 8-12 months for projects to be done in 1.5-2 years.
- So depending upon size of the project it takes anywhere from 12-24 months from the time the project is conceived to the time we deliver the material.

For nearly 40% of the jobs (small orders Rs 5 - 100 lacs) we get about 4-6 months for supply and for nearly 30% of jobs (medium orders Rs 101 – 500 lacs) we get about 5-9 months for supply. For large orders worth above Rs 5 crores, which are nearly 30% of the jobs, we get about 6-16 months for delivery. For medium and large projects, the delivery is done in lots and is spread over multiple lots during the whole period in a way that the first lot is delivered in 4-5 months and the last lot is delivered by the end of the agreed delivery.

9) WHAT TURNOVER CAN COMPANY ACHIEVE WITH ITS PRESENT INFRASTRUCTURE :

The company has achieved a consolidated turnover of Rs. 299 crores in 2020-21 and has projected to achieve a consolidated turnover in excess of Rs. 340 crores in 2021-22 . With the commissioning of new CI Gates manufacturing facility at SEZ Unit 3 for export by April 2022, the company shall be safely be able to achieve consolidated turnover of Rs. 400 crores.

However the company aims to invest in a new SS Fabricated products facility at Unit 2 by June 2023 and a new production facility for process equipment at Shivpad, Chennai by January 2024. The company aims to invest between Rs. 20-25 crores in 2022-23 and 2023-24 for these 2 expansions. Once these expansions are done then the company shall be in a position to achieve consolidated turnover of Rs. 550 crores from all of its facilities.

The company is also contemplating investment in a new manufacturing facility in Houston, USA for Gates and Screens by March 2025. The company aims to invest Rs. 20 crores on this facility and establishment of this facility will ensure that Rodney Hunt can eventually scale up in USA to achieve Rs. 300 crores in revenue. With its various production facility in India and USA, the company along with its subsidiaries can achieve consolidated turnover of Rs. 750 crores as under from its various facilities after above planned round of investment is done :

- Unit 1 Cast Products Plant – Domestic : Rs. 75 Cr
- Unit 2 Fabricated Products plant – Domestic : Rs. 175 Cr
- Unit 3 Cast Products Plant – Exports : Rs. 100 Cr
- Unit 4 Fabricated Products plant – Exports : Rs. 100 Cr
- Shivpad, Chennai : Rs. 50 Cr
- Rodney Hunt, USA - Orange / Houston USA : Rs. 250 Cr

10) WHAT WILL BE THE ESTIMATED BREAKUP OF CONSOLIDATED TURNOVER OF Rs. 700 CRORES PROJECTED BY 2026-27 :

The 8 major product groups by 2026-27 and projected turnover of each product group by then is expected to be as under :

- Water control Gates / Equipment : Rs. 275 Cr
- Screening Equipment : Rs. 100 Cr
- Knife gate valves & Bulk solids handling valves : Rs. 75 Cr
- Treatment Process Equipment : Rs. 75 Cr
- Water Intake Equipment : Rs. 75 Cr
- Renewable Energy & Pumping : Rs. 25 Cr
- Water hammer control valves & Air vessels : Rs. 25 Cr
- Disc Filters : Rs. 25 Cr
- New products to be developed in next 3 years : Rs. 25 Cr

Invent collaboration will result into new product addition once Disc Filter manufacturing is successfully established in 2022-23. These new products are already earmarked and will be added in year 2023 and 2024 and these too shall be established by year 2025-26.

11) CAN COMPANY NOT REACH RS. 500 CRORES TURNOVER IN 2 YEARS i.e. 2023-24:

A company like ours and the business that we are in have certain advantages like high entry barriers due to high capital requirement, long time required in registration and approvals with all users, highly skilled and experienced manpower requirement and higher margins. Businesses like these cannot be easily scaled up very fast and any rapid growth will result into capability mismatch finally resulting into margins deterioration. The company is aiming for margin improvements and does not want to go as of now on a path of high growth with sacrificing of margins.

To reach Rs. 500 crores turnover not only we have to build up our infrastructure by investing about Rs. 20-25 crores in our various facilities but also built up our team to handle 500 crores business. We are a custom engineered products company and not a mass production company and, in such business, building team takes time. Hence even if investment of Rs 20-25 crores can be done in one go it will not be advisable to do so as pace of building infrastructure and pace of building a team is different. Ideally we will like to invest gradually in both ie in infrastructure as well as in team building so as to be ready to cater to a Rs 500 crores business without stretching the entire operations.

We are targeting annual growth between 15-20% and expect to cross Rs. 500 crores turnover in 3 years time that is by 2024-25. Hence it will not be prudent for us to target Rs. 500 crores turnover in 2 years time i.e. by 2023-24.

12) WHAT IS ESTIMATED ANNUAL SALES POTENTIAL FOR THESE PRODUCTS IN INDIA :

India is still not able to meet the full demand of treated drinking water in most of its cities and is not able to treat more than 50% of waste water generated in its city and villages. Hence the real need for these equipment is very high but the actual demand is dependent greatly on government spending on water / waste water / storm water infrastructure and investment in various industries. Similarly on the industrial side India lags a lot on per capita demand for Power, Steel, Paper, Cement, Petrochemicals and other daily need materials and as the country develops and progress the per capita demand for these products will increase leading to substantial addition in Industrial use of our products.

Tentative present annual requirement on the basis of last 10 years of market demand can be considered as follows :

- Water control Gates / Equipment : Rs. 75 Cr
- Screening Equipment : Rs. 75 Cr
- Knife gate valves & Bulk solids handling valves : Rs. 125 Cr
- Treatment Process Equipment : Rs. 125 Cr
- Water Intake Equipment : Rs. 150 Cr
- Renewable Energy & Pumping : Rs. 50 Cr
- Water hammer control valves & Air vessels : Rs. 50 Cr
- Disc Filters : Rs. 50 Cr

The total annual business for all these products in India will be about Rs. 700 crores and this can grow easily to Rs 1000 crores if the governments (National and in states) are serious about investing in town and city infrastructure to improve the status of environment.

13) WHAT IS PRESENT ESTIMATED SALES FOR THESE PRODUCTS WORLDWIDE :

It is very difficult to project estimated annual sales for these products worldwide since the same is also guided by intention of all government to improve water and waste water infrastructure and availability of funding.

However we can give an estimate of North American requirement and the requirement for the Rest of the world less India can be considered to be same as that. The tentative requirement of these products in North America is as under :

- Water control Gates / Equipment : Rs. 1000 Cr
- Screening Equipment : Rs. 1000 Cr
- Knife gate valves & Bulk solids handling valves : Rs. 1250 Cr
- Treatment Process Equipment : Rs. 1000 Cr
- Water Intake Equipment : Rs. 750 Cr
- Renewable Energy & Pumping : Rs. 500 Cr
- Disc Filters : Rs. 500 Cr

So if the North American market is of Rs. 5000-6000 crores then the rest of the world market can be assumed to be equal to this and hence the total market in the world will be about Rs. 10,000 to 12,000 crores. However English speaking markets may be only 65% of the rest of the world market and it is only these markets where company will focus in future. So broadly speaking company has access to about Rs 7500-8000 crore market.

14) WHO ARE COMPETITORS FOR THESE PRODUCTS IN INDIA :

The major competitors (Indian companies / International companies) in India are as under :

- Water control Gates / Equipment : Indian Valve Company, Yeshwant , Durga Engineering, Oriental Casting, Bharat Industrial Corporation.
- Screening Equipment : Johnson, Huber , Eurotek, Gujarat Apollo, Triveni Engineering.
- Knife gate valves & Bulk solids handling valves : Fouress Engineering, Bray valves, Orbinox Flowlink, Galaxy.
- Treatment Process Equipment : Emico-KCP, Triveni Engineering, Voltas, Parchure.
- Water Intake Equipment : Triveni Engineering, Gujarat Machinery Works, MacMet.
- Renewable Energy & Pumping : WAM group- Italy , Spaans Babcock - Netherland
- Water hammer control valves : Delta valves , Durga Engineering.
- Disc Filters : Aquaerobic-USA, Nordic-Denmark, Siemens – USA, Premier Tech.

15) WHO ARE COMPETITORS FOR THESE PRODUCTS OUT OF INDIA :

The major competitors out of India are as under :

- Water control Gates / Equipment : Hambaker-UK, Fontaine-Canada, Whipps-USA, Waterman-USA, RW Gates-USA, Hydrogate-USA, Orbinox-Spain, Muhr-Germany.
- Screening Equipment : Miand-Italy, Huber-Germany, Headworks-USA.
- Knife gate valves & Bulk solids handling valves : Bray valves-Canada, Orbinox-Spain, Erhard-Germany, Stafzo-Sweden, ITT Valve -USA, CMO-Spain.
- Treatment Process Equipment : Sismet-Turkey, Misc small local players
- Water Intake Equipment : Passavent-Germany, Hubert-Netherlands, Perrier Sorem-France
- Renewable Energy & Pumping : WAM group- Italy , Spaans Babcock – Netherland, Landustrie-Germany, Andritz-Austria
- Disc Filters : Aquaerobic-USA, Nordic-Denmark, Siemens – USA, Veolia- France

16) WHICH GEOGRAPHIES THE COMPANY OPERATES IN & WHAT BUSINESS COMES FROM THESE GEOGRAPHIES :

The company operates globally in over 40 countries but its market is divided under 3 broad geography with each geography contributing business as under –

- India : 48 %
- North & South America : 34 %
- Rest of the World : 18 %

However the American subsidiary is growing and this will ensure that North and South America will contribute significantly between 30% to 40% to the annual consolidated turnover of the company within few years time. Business from Rest of world is also growing and is expected to contribute between to 15% to 20% to the annual consolidated turnover of the company within few years time.

In next few years time, the company is aiming at 40-45% turnover coming from India, 35-40% turnover coming from North and South America and 15-20% turnover coming from Rest of the world. Eventually the company is aiming at relatively uniform spread between all geographies so as not to be too dependent on any one geography. This will spread the risk faced if something goes adverse in any one geography due to factors beyond company control or due to some competitor.

17) WHAT SEPARATES COMPANY FROM ITS PEERS :

- a) **Approved Brands :** The business is based on brand approval from end users. The company markets its products under Jash, Jash-Schuette, Jash-Rehart , Mahr Maschinenbau , Rodney Hunt , E&M Jash, Shivpad and Sureseal brands. These brands are approved by major municipal corporations, sewerage boards, consultants and large EPC companies in India and abroad (US, Europe, Middle East, South East Asia and Africa).

The acquisition of Rodney Hunt in USA, Mahr Maschinenbau in Austria and E&M in Hongkong has ensured that the company has now access in all the principle markets that it is targeting through these brands.

Availability of internationally known brands like Rodney Hunt, Mahr, Schuette and E&M Jash ensures easy acceptance of company products in international market and faster approval in new markets worldwide.

- b) **Comprehensive Product Base :** No other peers or company in India or in world manufactures more than 3 products mentioned above under point 3. This diversified product base ensures that adverse market condition due to competition in any one product or by any one company will not severely affect company performance. This also allows company to package a project there by insulating it from price competition in any one or two products.
- c) **Diversified markets and Global reach :** Unlike most of its peers the company is not focused only on Indian market. Its markets are diversified with supplies in over 30 countries. Hence until there is a global recession or major global conflict, any set back or political upheaval in any one country or few countries does not affect its operations. To deleverage dependency on any one markets the company targets to

have between 30-40% business from its 3 major business markets of India , North & south America & Rest of World.

This focus of spreading the markets is helping exports grow and today company is in vicinity of achieving 50% sales from markets outside India. The company is presently on course with its target of achieving 60-65% sales from export markets in next 3 years time so as to reduce its dependency on Indian market which puts severe pressure on cash flows as well as on margins.

- d) Infrastructural investment : The company has put in place one of the most comprehensive facilities for manufacturing of these products and has created capacities and capabilities which are biggest amongst its peers. This ensures that when there are big projects or projects needing fast delivery or complex projects the clients prefer to opt for the company instead of its peers.

18) WHAT IS COMPANY RATIONAL FOR ACQUISITIONS / COLLABORATIONS :

The company rational for collaborations / acquisitions is as under :

- a) Collaborations : These are done for bringing in technologies of future in the country with possibility of manufacturing in India for the entire Asian market using well established network of the company. The company has to pay technology fees and royalty on every product sold for a period of time. Presently the company has following collaborations :
- Rehart, Germany : They are leaders in Archimedes screw pump and Hydro power generator technology.
 - Invent , Germany : They are pioneers in mixing and aeration technology and have a good technology for Disc filters. This is a company based on product research and development and tie up will allow easy access to technology for various products.
 - Stealth Valves , Canada : They offer technology for energy dissipating valves but the company has not been able to successfully push this technology in India.
- b) Acquisitions : These are done for bringing in new product addition with a view to scale up business or to acquire brands for the purpose of entrance into new markets. The company has carried out following acquisitions :
- Sureseal, Mumbai : They were market leaders in India with their Water hammer valves technology and had niche high margin product for water transmissions line. This acquisition gives us a foothold in the business of valves used in water transmission lines and opens up client connection for future expansion into Butterfly valves / Air valves / Sluice gate valves / Check valves etc. Tie up with Stealth valves for Energy dissipating valves was done to strengthen our niche offering in transmission lines business.

- Mahr Maschinenbau GmbH, Austria : Mahr was the first company in the world to develop mechanized screens in 1927 and is an iconic brand in Industry with atleast 25 copycats of its products worldwide. The company first entered into technical collaboration with Mahr to introduce their technology in India and within 2 years acquired this company in 2014. The acquisition was done to grow this business in USA (a 100 million USD market for screens) since Mr Mahr was not ready to invest time and money in doing this.
- Engineering & Manufacturing Ltd., Hongkong: This company was owned by Mr Mahr and this brand was used by him to sell in Hongkong market. As E&M had more than 70% share in Hongkong market we had to get this brand alongwith Mahr Maschinenbau and that's why this company was acquired.
- Rodney Hunt : By establishing Jash USA we had realized the huge potential that USA had for Water control gates. However on the basis of Indian brand we were not getting required success as getting approval for Jash brand was turning out to be a time consuming and costly process. Jash had worked before with Rodney hunt in 1980-86 period and so when this brand was available in end of year 2016 we took it over so as to bring more strength in US market. From Zero sales in 2017 we expect to cross 20 million in sales in 2022-23.

19) WHAT ABOUT SHIVPAD ACQUISITION & HOW IS IT PANNING OUT :

Shivpad was acquired in year 2011-12 and before acquisition in year 2010-11 its turnover was Rs 4.5 crores. Since its acquisition using Jash strength in marketing / Jash relationship within the industry / dedicated client base of Jash , Jash has managed to establish Shivpad brand all over India and it is now approved by most authorities / cities.

As a result the Treatment process equipment business from Shivpad / Jash has grown to Rs 35 crores in year 2021-22 and we expect it to become a Rs 60 crores business by year 2026-27. Shivpad products are now gradually being exported out of India and this too will lead to further growth in its business. In addition to this Shivpad will also bring innovation in product portfolio in next 2 years by entering into new relationship with international leaders so that it always remain in forefront in India with modern technology.

20) WHAT ABOUT MAHR MASCHINENBAU ACQUISITION & HOW IS IT PANNING OUT :

Mahr Maschinenbau was acquired in year 2014-15 and at the time of acquisition its turnover was less than Rs 5 crores with only few people employed. At the time of acquisition, Hongkong was the only market where Mahr Maschinenbau was selling screens directly. The prime reason for this acquisition was to get access to best screening technology in the world and acquiring the Mahr Maschinenbau brand as they were the first in the world to launch Mechnaized screens in year 1927 and had many technology patents.

Immediately within 6 months of acquisition we removed all the manpower and only retained Mr Mahr as MD of the company. All design work was given to an employee on contract basis and all production was shifted out to India. In Austria only product development is being done and any manufacturing work if required to be done is done on contract basis.

Mahr brand is now well established in India and is now approved by most authorities / cities. Using Mahr team many new products were developed and introduced and today as a result of this we do screening and screening conveying equipment worth over Rs 20 crores every year using Mahr technology. Over the years, using Jash strength in marketing, Mahr products have been additionally sold in additional markets of Middle east, Singapore, USA and UK.

US can offer significant growth opportunity for Mahr product due to popularity of the Mahr brand in USA but this calls for investment into a new team for promoting these products. Due to financial issues with Rodney Hunt we are now not focusing on screening business in USA but once Rodney Hunt is back in profits in 2021-22 then we will restart focusing on this business in USA. We expect USA to bring us revenues in excess of Rs. 15 crores to this business by 2026-27.

21) WHAT ABOUT RODNEY HUNT ACQUISITION & HOW IS IT PANNING OUT :

The agreement to acquire Rodney Hunt brand was done in September 2016 and the acquisition of brand after making full payment was done in January 2017. Marketing operations under name Rodney Hunt Inc. were started thereafter in April 2017. The manufacturing facility of Rodney Hunt in Orange, Massachusetts was acquired in August 2017 and the plant after reorganization and disposal of some machinery was restarted in August 2018.

From 4 people in January 2017 the Rodney Hunt team has grown to 44 people in 2021-22 out of which 16 people are based in Houston office and 24 people are based in Orange Plant and office. Houston office handles Marketing, Project management, Finance and HR functions and Orange office handles Design, Procurement and Spares sales.

By the fifth full year of brand acquisition and fourth full year after acquiring the manufacturing facility, Rodney Hunt has touched sales of USD 18 Million in 2021-22 and has broken even.

The manufacturing plant at Orange is currently in 4th year of its operation and this too is expected to breakeven in its 5th year of operation upon achieving sales in excess of USD 8 million by year 2022-23.

The North American market for these products is in excess of USD 125 million and Rodney Hunt by the year 2026-27 is expected to grow to over USD 35 million company. This will enable it to reclaim the 1st position in US market which it had held for over 50 years till 2015. By year 2026-27, the team in US is expected to grow to about 60 people with about 30 people in non manufacturing activities and rest in manufacturing activities.

The turnover generated from manufacturing in US plant will generally be within 30-40% of Rodney Hunt annual turnover and so will not call for investment in a huge manufacturing team in USA. Indian operations will continue to be a major manufacturing base for Rodney Hunt business in North America contributing around 60-65% to its annual turnover.

22) IS COMPANY CONTEMPLATING ANY MORE ACQUISITIONS :

The Company acquired companies like Sureseal-Mumbai, Shivpad-Chennai, Mahr Maschinebau-Austria, E&M Hongkong and Rodney Hunt-USA in the last 10 years to increase the product spread or enter into new markets. The company has immensely benefitted from all of its acquisition. The last acquisition of Rodney Hunt was done in 2017 and by 2022-23 the company expects even this last acquisition to be profitable and stable.

As of now the company is not contemplating any further acquisitions in the near future. The reason for this that the company will still take 2-3 years to realize the full potential of the acquisitions done till date and if the company is able to do this then too the company can increase its turnover substantially. Hence the present focus is to consolidate the operations in India and USA and make the company very profitable.

However the company is continuously getting feelers for acquisition from smaller and weaker companies around the world in Water control gates and valves business as well as in Treatment equipment business. If the company comes across any substantive proposition for making an acquisition and if this is attractive from point of view of growth or product addition then the company is open to evaluate and consider the same.

23) WHAT NEW PRODUCTS COMPANY PLANS TO ENTER INTO :

Company is planning for new product addition in collaboration with Invent AG., Germany from 2021-22. Invent is a world leader in Mixing & Agitation technology. The tie up with Invent will enable Jash to produce Disc Filters from year 2022-23 for Indian market and for possible export to surrounding countries. Later on in year 2022-23 other products from Invent portfolio like Mixers, Agitator, Decanters etc will be added up.

All these products are required in secondary treatment process of waste water. Demand for these products will pick up as implementation of new sewage disposal policy mandated by National Green Tribunal (NGT) & Ministry of Environment (MOE) starts becoming effective. These products can contribute Rs.50 Crores to company turnover by 2026-27.

Jash will have first mover advantage and product superiority in these products and will need nominal infrastructural investment of less than Rs 10 crores for their manufacture. These products will result into stronger package offering from Jash and average order size will grow 2 times. As a result marketing cost will come down, margin improvement will take place and turnover will grow.

In addition to products from Invent the company is also on the lookout for improvement in technology for the Treatment process equipment business.

24) WHAT STEPS IS COMPANY TAKING TO IMPROVE PAT :

In 2020-21 the Consolidated PAT of the company was little over 9 % and the company was aiming to increase this to 11-12 % in 2021-22. However the steep price rise in raw materials in the year 2021-22 made it difficult to maintain the existing PAT leave aside ensure a major improvement in same.

However we still see a good upside to improvement in PAT over the next 3-4 years and can still improve the profit after tax by 4% to 5% in relation to its total revenue by taking following steps:

- a) Improvement in PAT due to increasing profitability of Rodney Hunt : Presently Rodney Hunt has no significant contribution to the consolidated PAT of the company. However in year 2022-23 we expect RH revenue to go above USD 20 million and at this revenue we expect at least USD 0.5 million in profit which should improve our consolidated PAT by 1%. As RH continues to improve its performance over the next few years we expect it to ultimately contribute 2-3% to our consolidated PAT within next 3-4 years.
- b) Improvement in PAT due to reduction in Manpower Overheads : Most of the top management has been put in place by the company by now. Improvement in revenue in coming years will lead to reduction in manpower overhead by at least 1% of revenue which can contribute about 0.75% to the consolidated PAT of the company.
- c) Improvements in PAT margins due to change in market and product profile : As exports business grow to over 60% of the turnover in next 3-4 years we expect improvement in PAT margins of upto 2% because the export business gives on an average 5-10% higher margin than domestic business.
- d) Also the company is adding new products which have higher value addition and relatively better profit margins. Higher Exports and better product profile together

should hence lead to at least 2-3% improvement in the consolidated PAT of the company. PAT

The above 4 improvements can lead to 4-5% improvement in the PAT of the company. In addition to this the company is constantly investing in upgrading its manufacturing efficiency and operational efficiency and this too should lead to reduction in costs as well. If these reductions are not passed on to the market to gain market share then this too shall help the company in improving its Consolidated PAT. We would like to achieve a Consolidated PAT of 13-14% of our revenue in next 3-4 years time.

25) WHAT ARE THE PAYMENT TERMS WITH CLIENTS :

We have no standard payment terms with our clients and payment terms depends upon the type of client, standing of the client, past experience with the client and where he is from.

For most of domestic clients, we prefer 10-20% advance and balance payment before delivery or payment by way of 30-90 days LC or a 30-60 days PDC. These payment terms cover about 70-80% of the domestic business. However there are certain companies where we also agree for payment upon receipt of material at site and these comprise about 20-30% of our domestic business.

For most export clients, we prefer 10-20% advance and balance payment before delivery or payment by way of 30-90 days LC. These payment terms cover about 50-60% of the export business. However there are certain companies, including our US subsidiary, where we agree for payment within 60 days upon receipt of material at site and these comprise about 50-40% of our export business.

In many of the domestic as well as export orders we have to give bank guarantee for claiming advance and we have to give performance bank guarantee of upto 10% for claiming final payment. However we have never faced any significant encashment of guarantees issued by us till now.

26) HOW IS THE WORKING CAPITAL CYCLE :

If we see Standalone working capital cycle of Jash Engineering Ltd. for Inventory & Account Receivables then it shows an increasing trend in last three years.

Account Receivables increased from 145 to 185 days. Account Receivables increased due to Rodney Hunt losses with concurrent payment of acquisition loan. However this will improve this year onwards as loan is now paid and the company is in profit because of which outstanding payments will start coming back. It should be noted that during this period Accounts payables days decreased from 175 days to 135 days.

Inventory days increased from around 176 to 200 days because of adding a new plant in FY 2019-20 in SEZ and also because delivery for some projects got stuck.

If we see Consolidated working capital cycle for Inventory & Account receivables then it was nearly same in last three year i.e. Inventory around 170-185 days & Account receivables 100-110 days. However during this period Account payable days have improved from 160 days to 120 days.

Also increasing export business will not result into a big improvement on the working capital cycle. Increasing exports will see improvement in Inventory as after manufacturing export consignments are not delayed in shipment. Also Account receivables may show minor improvement only as CIF delivery terms add anywhere from 2 to 7 weeks to delivery period.

27) WHY ARE THE RECEIVABLES HIGH :

Receivable depends upon the payment terms and type of contract. We generally are in business of supply of equipment to projects and as far as possible we don't do turnkey government projects. If we ever do such projects then these are mostly Small hydro projects for power generation. In such contracts a high amount of final payment is linked to installation and commissioning and if these activities get delayed then time frame of receivables can increase. Also sometimes time frame of receivables can increase when payment terms involve open credit and the client does not pay in time.

28) ARE THE HIGH RECEIVABLES PURCUSOR TO BAD DEBTS :

High receivables do not mean that the quality of receivables is bad.

The company every year accounts for bad debts on account of various reasons such as short payments received, deduction due to damages in received material, deduction due to rework on supplied equipment, free replacement of parts etc. However sum total of such bad debts generally do not account for more than Rs 200 lacs annually till now.

29) WHAT ABOUT COVID19 PANDEMIC & ITS EFFECTS ON COMPANY:

A high percentage of our business comes from water and waste water industry. In most countries of the world these come under "Essential Services". Projects and activities coming under essential services may slow down during crisis but never shut down or stop.

Most prominent safety measure against Covid19 is personal hygiene and public place sanitation. Everyone is being advised to wash hands frequently and to take

shower upon return from outside. Also huge amount of water is being used for sodium hypo spraying in public places and work places. So Covid19 is going to increase water usage and waste water generation which will obviously help our business grow.

Also as explained above the ordering process is so long that once a project has started there is a very rare chance that it can be shut down midway as many contractual problems may arise.

30) WHAT CAN BE THE SINGLE BIGGEST IMPEDIMENT IN FUTURE :

A company based on custom engineered products needs highly skilled and experienced manpower at key positions so that better control over all processes is there and mistakes are nominal. If company is not able to recruit intelligent and skilled manpower or is not able to retain these people then it could face problems.

We are amongst the best pay masters in our City and in our Business. We also offer a very nice working and social environment to our employees. In addition to this we have an ESOP scheme covering all employees. With all these we hope to be able to recruit and retain the best talent in the company.

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