



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

1. 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, wastewater 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 (up to 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 wastewater so as to improve water quality.

2. 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**)
 - 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 human consumption: (**Water control gates, Process equipment**)
 - long distance water transmission lines to cities and homes: (**Energy dissipating valves**)
- b) Human wastewater and Industrial wastewater cycle: This comprise of various applications as under and products used in these applications are mentioned in brackets -
- pumping stations to collect and pump wastewater to distant sewerage treatment plant: (**Water control gates, Screens, Knife gate valves & Archimedes Screw pumps**)
 - wastewater transmission lines to take water to distant plants: (**Water hammer control valves, Knife gate valves**)

- sewerage treatment plant where wastewater 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 wastewater 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**)

3. How is annual sales broken up for each of above applications / use?

S.No.	Segment	% Sales
1.	Human Drinking water cycle	10-15%
2.	Human wastewater and Industrial wastewater cycle	60-70%
3.	Storm water cycle	5-10%
4.	Industrial use	10-20%
5.	Renewable energy generation	5-10%

4. Who is the buying entity for each of above applications / use?

- a) Human Drinking water cycle: The direct buyer is an EPC contractor and end buyer is City/ Municipal corporation / Government Board.
- b) Human wastewater and Industrial wastewater cycle: The direct buyer is an EPC contractor and end buyer is City/ Municipal corporation / Government Board.
- c) Storm water cycle: The direct buyer is an EPC contractor and end buyer is City/ Municipal corporation / Government Board.
- d) Industrial use: The direct buyer is an EPC contractor and end buyer can be either Public sector company or a Private company.
- e) 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.

5) How is annual sales broken up for each of the products?

The 7 major product groups are now as under and their annual consolidated sales including exports (Exports figures in brackets) in year 2019-20 were as under:

S.No	Product Groups	Consolidated Sales	Exports
1.	Water control Gates / Equipment	127.2	99.5
2.	Screening Equipment	44.8	3.72
3.	Knife gate valves & Bulk solids handling valves	41.8	22.4
4.	Treatment Process Equipment	31.2	0.97
5.	Water Intake Equipment	13.4	-
6.	Renewable Energy & Pumping	5.8	-
7.	Water hammer control valves	7.0	-
8.	Miscellaneous	7.2	-

(All Values in Rs. Cr.)

The consolidated sales is Rs 278 crores and the export sales out of India amounts to. Rs 127 crores i.e., say 45.85% of all sales. Miscellaneous sales comprise of sale of casting, service charges, job work etc.

6) What turnover can the company achieve with its present infrastructure?

The maximum turnover achievable from each of our units is as follows:

- a) Unit 1 Cast Products Plant – Domestic : 70 crores
- b) Unit 2 Fabricated Products plant – Domestic : 125 crores
- c) Unit 3 Cast Products Plant – Exports : 75 crores
- d) Unit 4 Fabricated Products plant – Exports : 100 crores
- e) Shivpad, Chennai : 30 crores
- f) Rodney Hunt, Orange USA : 100 crores

There will be some minimal capex of 5-7 cr every year This additional investment of Rs 20-30 crores over next 4 years is required for machinery upgradation, additional capacity creation in some products, new product development etc.

7) Could you give us a broad estimate of the revenue contribution from the various segments by year 2024-25?

The major product groups and approximate revenue contribution of each product group by then is expected to be as under:

- a) Water control Gates / Equipment : 40-45%
- b) Screening Equipment : 10-12%
- c) Knife gate valves & Bulk solids handling valves : 12-15%
- d) Treatment Process Equipment : 8-10%
- e) Others* : 14- 20%

*Others include water intake equipment, renewable energy & pumping, water hammer control valves, disc filters and other products.

Invent collaboration will result into new product addition once Disc Filter manufacturing is successfully established. These new products will be added in year 2021-22 and these too shall be established by year 2024-25.

8) What is present estimated annual sales for each of these products in India and worldwide?

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 wastewater generated in its city and villages. Hence the real need for this equipment are very high but the actual demand is dependent greatly on government spending on water / wastewater / 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.

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 wastewater 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.

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

S.No.	Product Groups	India	N. America
1.	Water control Gates / Equipment	75	1,000
2.	Screening Equipment	100	1,000
3.	Knife gate valves & Bulk solids handling valves	100	1,250
4.	Treatment Process Equipment	125	1,000
5.	Water Intake Equipment	75	750
6.	Renewable Energy & Pumping	25	500
7.	Water hammer control valves	15	
8.	Disc Filters	75	500

(All Values in Rs. Cr.)

9) Who are the competitors for each of these company’s products in India?

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

S.No.	Product Groups	India
1.	Water control Gates / Equipment	Indian Valve Company, Yeshwant, Durga Engineering, Oriental Casting, Bharat Industrial Corporation
2.	Screening Equipment	Johnson, Huber, Eurotek, Gujarat Apollo, Triveni Engineering
3.	Knife gate valves & Bulk solids handling valves	Fouress Engineering, Bray valves, Orbinox Flowlink, Galaxy
4.	Treatment Process Equipment	Emico-KCP, Triveni Engineering, Voltas, Parchure
5.	Water Intake Equipment	Triveni Engineering, Gujarat Machinery Works
6.	Renewable Energy & Pumping	WAM group- Italy, Spaans Babcock - Netherland
7.	Water hammer control valves	Delta valves, Durga Engineering
8.	Disc Filters	Aquaerobic-USA, Nordic-Denmark, Siemens – USA

10) Who are the competitors for each of these company's products out of India?

The major competitors out of India are as under:

S.No.	Product Groups	Outside India
1.	Water control Gates / Equipment	Hambaker-UK, Fontaine-Canada, Whipps-USA, Waterman-USA, RW Gates-USA, Hydrogate-USA, Orbinox-Spain, Muhr-Germany
2.	Screening Equipment	Maind-Italy, Huber-Germany, Headworks-USA
3.	Knife gate valves & Bulk solids handling valves	Bray valves-Canada, Orbinox-Spain, Erhard-Germany, Stafzo-Sweden, ITT Valve -USA, CMO-Spain
4.	Renewable Energy & Pumping	WAM group- Italy, Spaans Babcock – Netherland, Landustrie-Germany, Andritz-Austria
5.	Disc Filters	Aquaerobic-USA, Nordic-Denmark, Siemens – USA, Veolia- France

11) Which markets company operate in and what amount of business comes from these markets?

The company operates globally in over 30 countries but its market is divided under 3 broad geography with geography contributing business as under –

- a) India : 53 %
- b) North & South America : 32 %
- c) Rest of World : 15 %

In next few years' time the company is aiming at 35-45% turnover coming from India, 35-40% turnover coming from North and South America and 20-25% turnover coming from Rest of the world.

12) What separates the 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-Schuetter, 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, Schuetter 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 4. 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 anyone markets the company targets to have between 30-40% business from its 3 major business markets of India, North & south America & Rest of World.

The focus of diversifying across various markets is aiding growth in exports and at present the company is pretty close of achieving 50% sales from markets outside India. The company aspires to achieve 60-65% sales from export markets in next 3 years' time so as to reduce its dependency on Indian market.

- 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.

13) The Company has made a string of acquisitions. How are all of them panning out?

Shivpad

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 33 crores in year 2019-20 and we expect the momentum to continue. 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 remains in forefront in India with modern technology.

Mahr Maschinenbau

Mahr Maschinenbau was acquired in 2014-15 and at the time of acquisition its turnover was less than Rs 5 crores with only a 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 Mechanized 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 is done on a 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 then we will restart this business in USA.

Rodney Hunt

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 27 people in 2019-20 out of which 11 people are based in Houston office and 16 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. The manufacturing plant in Orange has 11 employees.

By the third full year of its acquisition i.e., by 2019-20, Rodney Hunt has touched sales of USD 11 Million and we expect the sales to grow at a good rate and help the company break even in 2020-21.

The North American market for these products is in excess of USD 125 million and Rodney Hunt is well positioned to be amongst the top three suppliers by 2023-24. The peer which sits on the top of the table currently does revenue in excess of about US\$ 35 million.

Indian operations will continue to be a major manufacturing base for Rodney Hunt business in North America.

14) What new products does the company plan to enter into?

Company is planning for new product addition in collaboration with Invent AG., Germany from 2020-21. Invent is a world leader in Mixing & Agitation technology. The tie up with Invent enables Jash to produce Disc Filters from year 2020-21 for Indian market and for possible export to surrounding countries. Later, in year 2021-22 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 2024-25.

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.

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

15) Is company contemplating any more acquisitions?

Company is continuously getting feelers for acquisition from smaller and weaker companies around the world in Water control gates business as well as in Treatment equipment business. However as of now the company is not contemplating any further acquisitions. The reason for this that the company will still take 3-4 years to realize the full potential of the acquisitions done till date and if the company is able to 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. Also, presently the company has no further management band width to handle any other acquisition.

16) What are the steps being taken by the company to improve PAT?

In 2018 the company had decided on taking following steps to improve the profit after tax by 4% to 7% in relation to its total revenue:

- a) Reduction in Manpower Overheads by 1-2% of revenue: This can happen when turnover of the company increases with relatively lesser increase in cost of manpower. For achieving this we need higher value-added products, large value products and annual growth over 12%.

Addition of Traveling bar screens, Disc filters, Screw Pumps and Hydropower screws will address the issue of higher value-added products / large valued products. Developing new markets out of India will address issue of higher annual growth.

- b) Reduction in various costs by 1-2% of revenue due to improvement in design function: This can happen by shortening the time to prepare drawings and reducing the mistakes in the drawings. Shortening time to prepare drawings gives more time to purchasing for economical sourcing and ample time to production without need for costly overtime. Reducing mistakes avoid rework and back charges or repair charges.

To address this issue the company has invested in automation software and in improving the quality of design engineers.

- c) Improvements in margins by 2-3% of revenue due to change in market profile: This can happen when exports business grow and become much more than domestic business. That's because the export business gives on an average 5-10% higher margin than domestic business.

The company is totally focusing on growing export business to North America & Europe. More people are now appointed in US operations to increase business and an employee has been appointed in France to increase the business coming from French speaking countries in Europe and Africa.

- d) Establishment of new plant in SEZ by year 2019 leading to improvement of PAT by 0.3-0.5% of revenue: The establishment of new plant will give the company a 5 year tax holiday with zero taxes and as a result there will be an improvement in profitability of the company.

This plant has been established and has started commercial production from August 2019.

Already an improvement in PAT performance can be seen as a result of gradual improvement in all the above-mentioned aspects. The company is also focused on commissioning SAP before the second quarter of this financial year and the same shall also help in better decision making and improve efficiencies. As a result of all these the company expects to have substantial improvement in PAT by year 2022-23.

17) What shall be the improvement in PAT as a result of above steps:

The present PAT of the company on consolidated basis is 7.0% in year 2019-20.

However, the company aspires to achieve PAT of around 12% on consolidated basis by year 2022-23. Explained below is how we aim to do so.

- a) By ensuring that Rodney Hunt is made profitable
- b) Improving profitability at Jash Engineering
- c) By ensuring that profitability of Shivpad is not compromised with increasing turnover
- d) Focus on operational efficiencies at Mahr Maschinenbau, Austria and E&M Jash, Hongkong

We realize that the biggest challenge to achieve the target of 12% PAT at consolidated levels is performance of Rodney Hunt. In view of this and as mandated by the Board, Mr Pratik Patel with his vast experience in Water Control gates business is actively guiding and monitoring Rodney Hunt operations on daily basis. This will have a big bearing on performance of Rodney hunt operations from year 2020-21.