



An ISO 9001 Company

May 29, 2025

National Stock Exchange of India Limited,
Exchange Plaza, Plot No. C/1, G Block,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051

BSE Limited,
Floor 25, P J Towers,
Dalal Street,
Mumbai – 400 001

NSE Symbol: **WABAG**

BSE Scrip Code: **533269**

Dear Sir/Madam,

Sub: Transcript of the 'Annual Investors Meet 2025 and Q4 & FY25 Results Conference Call'

Ref. Regulation 30(6) and 46 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Please find enclosed the Transcript of the 'Annual Investors Meet 2025 and Q4 & FY25 Results Conference Call' held on Friday, May 23, 2025, post declaration of Audited Financial Results (both standalone and consolidated) of the Company for the quarter and year ended March 31, 2025.

The said transcript is also uploaded on the Company's website at www.wabag.com.

Kindly take the same on record.

Thanking You,

For **VA TECH WABAG LIMITED**

Anup Kumar Samal
Company Secretary & Compliance Officer
Membership No. F4832

Encl.: As above

Sustainable solutions, *for a better life*



VA TECH WABAG LIMITED

CIN: L45205TN1995PLC030231

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“VA Tech Wabag’s Annual Investor Meet 2025”

May 23, 2025



MANAGEMENT:

MR. RAJIV MITTAL – CHAIRMAN AND MANAGING DIRECTOR

MR. S. VARADARAJAN – WHOLE TIME DIRECTOR & CHIEF GROWTH OFFICER

MR. SKANDAPRASAD SEETHARAMAN – CHIEF FINANCIAL OFFICER

MR. SHAILESH KUMAR – CHIEF EXECUTIVE OFFICER, INDIA CLUSTER

MR. ROHAN MITTAL – HEAD STRATEGY & BUSINESS GROWTH, GCC

Savli Mangle:

Thank you, everyone. Ladies and gentlemen, a very warm good evening to you all, and a very warm welcome to VA Tech Wabag's Annual Investor Meet 2025. Thank you again to all of you for taking time out today to be part of this wonderful occasion.

A little overview about the Wabag Group which was founded in 1924. Today, as we speak, VA Tech Wabag is a pure play Indian multinational in the sphere of water technology. As a market leader in the water sector, its operations are spread across four continents and over 25 countries.

Wabag is ranked among the top three Global Private Operators and Global Desalination Players. The Company successfully delivered over 1,500 projects over the past 25+ years across drinking water treatment, wastewater treatment, recycled reuse, desalination and industrial water treatment for marquee clients in the municipal and industrial sector.

As a group, Wabag has a policy of remaining asset-light and is focused on technology and innovation to deliver sustainable solutions to its customers worldwide. From ground breaking technologies to comprehensive water management systems, the Group has played a pivotal role in shaping the landscape of the water sector, while resiliently weathering the ups and downs of the markets over decades.

The brand, Wabag, it's a century old legacy in delivering innovative, affordable and sustainable water solutions, touching billions of lives across the world. It is our pleasure to host all of you for this informative and interactive session with the senior management of VA Tech Wabag.

From the leadership team today we have Mr. Rajiv Mittal, Chairman and Managing Director; Mr. S. Varadarajan, Whole Time Director and Chief Growth Officer; Mr. Skandaprasad Seetharaman, Chief Financial Officer; Mr. Shailesh Kumar, Chief Executive Officer, India Cluster; and Mr. Rohan Mittal, Head Strategy & Business Growth, GCC.

Before we begin, I would like to add the presentations and discussions during this meeting may contain certain forward-looking statements about the Company and the Group which are based on beliefs, opinions, expectations as of date. These statements are not a guarantee of future performance and may involve risks and uncertainties that may be difficult to predict.

So without much further ado, I would like to now request Mr. Rajiv Mittal to kick off the proceedings. Thank you so much. And looking forward to a wonderful, interactive and informative session. Over to you, Mr. Mittal. Thank you.

Rajiv Mittal:

Thank you, Savli. Good afternoon, ladies and gentlemen, and thank you for taking time to come and be with us, share your views, share your comments and we also get your expectation and suggestions. This is something we do once a year where we come face to face with all of you, but other three quarters we do it on a con-call and we find this very helpful that we could interact with you personally and take your comments, suggestion on board.

As we do every time, we do a small presentation to give you what has been our strategy. And also, for people who are first time coming to this session, to give them a little bit about the Company and the strategy of the Company which we have adopted about three to four years back. Then of course our CFO, Mr. Skandaprasad Seetharaman, he will go on to go with the financial numbers and some of the commercial issues. Then Mr. Shailesh Kumar, who is our India Cluster CEO will talk about India business, India cluster business. And Rohan, who is Head of Strategy for GCC countries, he will talk a few slides on how the GCC business is shaping us. Because going forward, we recognize that MEA cluster, which is one of the three clusters we have, is going to be the next growth engine. We are moving towards it and the expected results are coming, unfolding which we are sharing with you. So we are very bullish about this MEA sector going forward. And this will help us to reduce the reliance on India cluster.

So let's start with the presentation. This is a standard statement Savli has already created. And this will be the agenda of our presentation, as I explained to you. Little bit about the Wabag Group we will talk about:

As some of you would know, and last year we mentioned it, we feel very fortunate that we are the ones who get a chance to celebrate the Centenary year of the Group.

We have just completed 100 years and we have been celebrating, and also giving the thanks to all the stakeholders across the globe. That thanks giving session we have finished in all four regions where we are; Asia, Europe, Middle East and India. So we have had four events which we have used to give our thanks and appreciation to all the stakeholders who have enabled us to reach this milestone.

I think this is again a slide which gives a little bit details about the Group. And I think as most of you know, and Savli mentioned, we are a pure play water Company. There are very few companies who have this profile of what we have, not only in India, but globally. We are a one-stop-shop in terms of water. But other than water we do not do anything and neither we aspire to do anything. We are happy to remain a pure play water Company. We see more than adequate opportunities there, which is growing every day, both India and globally. So, we are very convinced there's enough business to grow and meet the aspiration we have without diversifying into other areas, which is not our core strength. We are best in water and we want to use that strength in our future growth.

Sustainable solutions, you all come from investment community, you know sustainability is a big topic. Clean, green all these are big topics, circular economy, and this is where your Company is right in the thick of such things where our business is only doing that. We do not have to do any special effort to be in this sustainability, circular economy, resource recovery, reducing the greenhouse gases, climate change. Exactly we do this for our living, this for the business which we run. This is very important that you know this. And there are lots and lots of

funds which are specialized funds who are approaching us with a view to invest in this kind of companies, which they do not find many. And we also see that there are lot of investors who are focused on these topics.

We are an Indian multinational with presence in over 25 countries, close to about 2,000 employees globally. Most important is, we are a technology Company. We invest in our R&D, not many companies in India do that. We have been doing it for ages and we continue to do that. We do both in Europe and in India this development exercise. And this has worked very well for us. Today we have more than 125 IP rights, which we use it for our proprietary projects. We do not license it, we do not sell it, it's only used for projects where we are working on it.

Our order book is very robust. You will see it in our financial presentation also. It gives us a clear visibility of next three - four years so that the predictability is there, we do not have to book orders to give the revenues and the bottom line and the cash flows. We have enough order to execute over the next three to four years.

I think another important thing which we feel very proud of is Manufactured Water. Last time also I briefly explained to you what is manufactured water, because you would say that manufacturing water is the bottle what you have on your table. To me, this is not manufacturing water, this is bottling water. They do not manufacture water, they bottle the water. And then what is manufacturing water? Only God has proprietary rights to manufacture water, whether it comes from our glaciers or it comes from a rain, this is the water which is God-given.

Now question is, can we support the almighty in meeting this increasing demand or we are going to load God and keep praying to give us more rain and more glacier water? So, we have taken a position that being a water manager, it is our equal responsibility to find alternate sources of water. It cannot be only the glaciers, Yamunotri, Gangotri water that we get, or the rain water that we get that is the only water we can get. We say that let's work on water, which is normally not usable, not potable, and make that potable.

So what is that water, which is today, water is there but it cannot be used. One simple example is, we heard and we listen to it, water - water everywhere but not a drop to drink. That's the big ocean, sea. India has a 7,500 kilometers of coastline. And this water, the sea water is a perennial source of water. It's completely drought proof, even in drought you will have sea water. Now only you need technology to convert this salty water or sea water to a potable sweet water, which can be made potable. And that is what, today your Company is globally top three to convert this water to a drinking water.

So this is called manufactured water, we are not bottling it. We are manufacturing water. We are bringing water from a non-usable non-potable source and making it potable. That way we are reducing our reliance on groundwater, rainwater, and that is what we are proud of. And that is what is expected of a water manager to reduce the water stress.

What is the other source which is giving you manufactured water? All the used water which goes from our houses, from our offices, from your washrooms, from your kitchens, from your showers, this water is not used. So far it was just dumped, open drain, you have rivers, you have sea, it just enters there. There is this Ganga cleaning program, who polluted the Ganga that we are now needing to clean it, it is us, humans, who have polluted the Ganga. When Ganga emerges from Gangotri, is the absolutely crystal clear water. Now, on the way we are responsible to put all dirty things into the river, and we ourselves have polluted it.

Now since we ourselves have polluted it, then it is also our own responsibility to clean it. And that's the work which we have taken, there are many projects going on, last time also I told you, we have number of projects, more than a dozen projects where we clean Ganga. And Ganga cleaning is not taking the river water and clean. Cleaning means you do not allow dirty solid waste or liquid waste to enter the river. And Ganga will remain clean as it is at Gangotri. So that is the job we do. We tap all those streams which are entering Ganga and making it dirty. We take it to a treatment plant and clean it.

And what we do? We just do not clean it and dump it again. I had told many years back, 15 years back, that water is too precious to be used once. Let's understand it's not an infinite resource. Water is a limited resource. Use it with respect. Conserve water. And that is the reason I said, it's too precious to be used once, it has to be reused. And I always say it's used water, it's not waste. The moment we say waste, our grace thinks it's a waste, let it go. I do not say it's waste; it's just used. You have used it, you want to reuse it. And that is the technology we are top globally again where we have technologies to get potable water, I repeat, potable water from used water.

There are many plants globally. We were the first Company globally to have a direct potable reuse. This is in Namibia's capital city of Windhoek, 25 years back and people last 25 years for generation have been drinking this water and they are healthy. So that clearly demonstrates you have a technology, it's been tried, tested and used. And that is the next alternate source of water we have created. Again, drought proof, as long as we all are there we will continue to use water, whether we brush our teeth, we wash our face, we take a shower, we use our washrooms, kitchens are used, water will be produced. And that water is an asset, I repeat, is an asset. It's not waste. And that has to be reused.

And that we have demonstrated. Even recently, a couple of weeks back we were in Paris where the biggest Water Expo happens. And that's where we got an award for one of our projects in Ghaziabad, which is a water reuse project. At a global forum our project in India was recognized and awarded. And that is where the globe is going to and that is what we mean by manufactured water, okay.

Again, you see Sustainable Development Goals (SDG) are there. You know UN had come up with SDG goals and water is right in the thick of the things. And that's where your Company has

those sustainable goals, is our goals and also ESG. We do not have to do again something special. Our normal business will take us to meet the SDG goals and also ESG goals. And that is whether we are in our projects or in our service business or operation and maintenance, we try to reduce waste, reduce the power consumption, recycle and recover most of the water and solid waste so that it's completely a circular economy with a resource recovery and not generate more waste.

The next one is our Board, the top row. You see Mr. Varadarajan here. And the second one is our senior management team, Skandaprasad, our CFO is here; Shailesh, our CEO India Cluster is here; Mahmut could not come, he is heading our Europe Cluster; and then we have Rohan who is handling the Strategy and Heading the GCC business.

This is our client. And as you would see, most of the names you would expect are there, whether they are industrial clients or municipal clients globally. But more important, I want you to see at the bottom of the slide, you see the funding agencies, the ADB, World Bank, IFC, KfW. All these agencies when they fund you, I am sure you know they are very elaborate due diligence process, legal, environmental. All that they do and see the governance of the Company, the management before they put any money into it. And that's something we have won the confidence of such global multilateral companies or funding agencies who have funded us either in terms of loan, or in terms of debt for our special projects, or just funding the projects to the government. So we have worked with all of them and most of our projects today are funded by one of these agencies.

Next slide, you will remember this, this is after some time, about four - five years, we had given you guidance. And this is the guidance we have not given for one year, because we believe the project business is not a quarter-on-quarter or year-on-year business, it is at least a medium term and that is the guidance we gave you last year same time, same room for next three to five years. And you have seen, and I will show you the guidance which we have given for next three to five years where we stand with respect to the performance we have achieved in the very first year.

Now these are the slides which talks about our long-term goals. And today, as we have discussed earlier, we are a global leader. We are not a national leader. Today, at the global level, we are recognized. We started as a small startup with six guys 27 years back. And 27 years we have become an institution, a corporation with a global recognition and global footprint. More than 25 countries we are present. And today we are growing that market. We are coming out of markets which are stagnant and are not growing. And mainly we are focusing on the emerging world.

We are today the most valued Company globally. We try to create wealth for all the stakeholders. Collaborate, as I said, with multilateral agencies and other partners. And try to increase the institution holding in the Group. We always aim for growth. Growth is just not growth of top line or bottom line, we call it profitable growth, which means that our profits should grow faster than our top line. And that you have seen in the last three to four years, we have consistently

demonstrated that our bottom line is growing faster than the top line. And that is what we want to continue to focus on.

We talked about sustainability and circular economy. I will not repeat that. We also talked about how we advocate efficiency improvement with our R&D, new technologies, which reduces the life cycle cost of producing water and develop both proprietary processes and equipments. And obviously, our business is all about human asset. We say we always have two assets only; you know we are an asset-light Company so we do not believe in asset ownership. But our two biggest assets which keeps us going; one, of course is our technology basket. That gives us a huge advantage in the market where we have proprietary technology. We do not have to go and scout for new technologies, buy technologies, collaborate with somebody, license from somebody. We have most of these technologies that are proprietary to us. The second asset we have in the Group is our human resource. Because all the knowledge and experience resides in people. So, for us that human asset is very important, very precious for us, and we do everything to keep them motivated, keep them engaged. And hence, we also did a survey and we are rated as one of the employer of choice.

The next one is our strategy, which we told you before also, Wriddhi. And this is what we implemented it from FY'22 onwards. So FY'22, FY'23, FY'24, this is the fourth year, and you have seen the performance since we implemented this strategy how the things have changed, how the complete turnaround has happened. So we believe in it, we are on it, and make sure that we stay on it another at least few more years to come, till we find something better to do.

It's very heartening to say that we are in our centenary year, looking at our cash position and the performance which has been the highest ever, historical best fourth quarter, historical best annual performance, the historical best order backlog, historical best cash. We have almost close to Rs. 1,000 crores gross cash in our balance sheet. We have more than Rs. 700 crores net cash. We have more than Rs. 350-odd crores free cash. So, in the last three - four years I have been telling you we are conserving cash to invest in our finance projects like HAM or BOOT, which we have done already four - five projects.

So this year with such a fantastic performance and having so much cash, our Board had no hesitation in saying we can afford and we should reward our shareholders. And they have agreed to give 200% dividend after four - five years. And we are happy that this is happening in our Centenary year. So, very pleased with the decision on the Board. And I am sure this will go for voting where you all will have to do, and you will be kind enough to vote for it so that we can share this dividend with our shareholders.

So with that, I would like to pass on to our CFO, Mr. Skandaprasad, for his financial performance.

Skandaprasad S.:

Thank you, Mr. Mittal. I will quickly take you through the slides relating to the strategy and finance which will cover our performance in line with our strategy, in line with our medium term outlook, and also a snippet of this year's performance. So this was the strategy that we brought out and explained to all of you over the last three - four years.

The five broad pillars:

Go-to-market, building teams that will go to market on an agile way, nimble way and develop projects.

O&M, looking at building the O&M to 20% of overall revenues, which will give stability predictability, cash flows, low risk, low asset model.

EP, industrial and international, primarily the margin and EBITDA kickers which will, EP derisking us from construction, industrial giving us technology appreciation, international giving us geographical diversification, and all of these helping us climb the margin ladder.

Fourth is partnerships, being asset-light, we did not want to own things which we do not need to own. People, technology, this we would like to have on books but not assets on our books, while not compromising on the business. So, we work on construction partnerships to help in our EP projects, financial partnerships to ensure we remain asset-light but relevant in the capital projects market. And technology partnerships wherever required to use technology other than what we proprietarily own more than 125 IPRs. So we collaborate to ensure that we are able to succeed in the strategy without having to compromise on our RoCEs.

Global delivery centers, we are spread around the world in over 25 countries. That means a hub-and-spoke model is important to be implemented. Having excellent centers in regions which are competitive and having execution centers where the jobs are actually executed on the ground. We have found a way to make this a good mix to establish engineering proposal procurement centers, while putting the construction team and the front facing sales team on the ground to get us jobs and execute the jobs.

Now, against this strategy, over the last four to five years this has been the performance. We have been able to reach every metric that we envisage to reach, whether it is industrial where we said that we will be around 30% of our overall business, we are at 28%. Industrial International we said we will progress over the four - five years to get to 50% or more. We are well on track. We are at 41% in terms of average. EP, we said we will derisk ourselves from construction. More than one-third of our EPC revenues come from EP denominated projects.

O&M, we are on track to get to the 20%, which is our medium term target to have O&M revenues at 20% of our overall revenue. And you can see all the return metrics, RoCE, RoE, EBITDA, PAT, all of them have near doubled or more than doubled. We have generated free cash flow,

as Mr. Mittal mentioned, in this year of Rs. 353 crores. Gross cash position we ended with of almost Rs. 1,000 crores, and a net cash of Rs. 700 crores. So this strategy has been successful, very successful for us to get to a position which we envisage which puts us in a very good track for further growth.

This is a summary of the Q4 and FY'25 results. This year has been a historic high on every single metric that you see on the screen, whether it is quarter or year. Highest ever order book position, highest ever sales, highest ever EBITDA, highest ever PAT, highest ever net cash, and higher ever free cash flow. And on the return metrics we have delivered that 15% on RoE, while continuing to remain operationally efficient by delivering a working capital days of 110.

Our PAT at 9% and EBITDA at 13% is in line with the medium-term outlook that we had given to all of you. And with this you can see that even externally our credit rating has been upgraded to AA from A. Especially, I would believe that you all understand from an EPC company's perspective a AA is gold standard. You would require a lot of things going your way and discipline to get to a AA. Usually it is an A or lesser when it comes to EPC companies.

We also did the non-binding equity partnership to establish a municipal platform for capital project investments, again, in line with our asset-light strategy while remaining ready and relevant for accessing HAM jobs without having to go for each job to a new investor. The year we had an order intake of around Rs. 6,000 crores, and we are a preferred bidder in jobs worth Rs. 3,000 crores as we speak.

This is our closing order backlog position, and here you can see, whether it is from an EPC - O&M mix, municipal - industrial mix, and India - RoW mix, and the growth year-over-year, it is very satisfying, we are on the right track. We would like to keep the RoW more towards the 50%, which we are working. The municipal - industrial in the 70:30 band, again, we are working towards that. And the EPC - O&M backlog, the 43% O&M gives a very strong predictability for future revenues. And close to Rs. 7,000 - Rs. 8,000 crores of EPC backlog will be very well enough for the next two to three years of revenues.

Now, this was the medium term outlook that we gave last year, which is a multi-annual outlook. As an EPC Company, there's no point of us giving you an annual outlook. We believe in decadal views for a business like this. So, on a three to five years scale, on the first row you see what were the targets that we gave. On the second line you see what we have performed against those targets. And you can see almost on every single parameter we have either achieved, surpassed or in the direction of the target that we have given. I think it is important also to understand that this is a five year range that we have given and right in the first year we have been able to strike in most of the parameters that we gave you as a target.

This is an important slide which shows the transition for us, from years of being net debt we moved to a net cash Company. But that was not enough for us. We wanted to keep improving

on the net cash position. And here you can see over the last five years, from a net cash positive position of Rs. 44 crores that we had in March'21, we are today at Rs. 705 crores which is a 16x improvement over a five-year period. Clearly demonstrating the kind of changes we have brought in, in-line with strategy, whether it is how we execute, how we collect and what kind of quality of jobs that we are taking. All of these are demonstrated in a single slide, which is the most important metric for us because sales, margins, orders these are all consequence. I think the business is strong enough to do it. But this is where the real operational efficiency indicator is.

Thank you very much. I will now leave the dais to Mr. Shailesh to take you through the India Cluster presentation.

Shailesh Kumar:

Thank you, Skanda. Good evening, ladies and gentlemen. I would be covering basically three aspects. The prospects potential of the Indian Cluster market where we operate in. The second aspect which we would be talking is our robustness, agility, our strength, our competitive edge. That is what helps us in performing better. And I will also give you an update on some of the key projects that we are executing.

So first of all, as we marched towards the fourth largest global economy, both sectors, social sector and industrial sector is definitely powering the economy. And as a part of that, we see a lot of potential. The government's flagship program of Namami Gange, Jal Jeevan Mission, then AMRUT, Swachh Bharat, all are throwing immense potential for us. And we are working on many facets of it to come to our way in terms of delivering the business on them.

While we are working on the social sector, industrial growth is at its peak. Today, the country's power generation capacity is around 240 gigawatts, and in the next five years we are going to add something like 80 gigawatts. And as you all know, the power sector is a water guzzler. In the next three four years a humongous amount of investment is going to happen. We have started talking to people. People have started talking to us. And we see a lot of prospects in power sector.

As we all know, by 2050 India's energy demand is going to double. And from that point of view, the refining and petrochemical sector, that also is poised for around 25% growth. Today, the country has a refining capacity of 80 million metric tons per annum, which is going to go to 98 million metric tons in next four or five years. And that is again fueling demand for water. And that dovetail with petrochemical, what we see in refining and petrochemical sector is propelling the demand. And that is water, desalinated water, and effluent treatment, all are taken into ambit in terms of refining petrochemical prospects.

Then, as Chairman talked, water is precious to be used only once, and we are seeing a lot of interest in this aspect. Many of the industrial projects are talking about water reuse. And we have delivered our project. We are the one who have delivered these projects, demonstrated our capability multiple times, and we are very much in forefront to capture market in this sector.

Then we remain focused on the way market is shaping up, whether it is bio CNG, whether it is hydrogen, whether it is semiconductor, that remains on our horizon, that remains on our radar. And as it progresses, hydrogen sector is evolving, we are connected with this sector and we look at the prospects in this.

In terms of India Cluster manages some of the more geographies across the globe. Indonesia is another country where after India that is a sweet spot for global growth. And we have lot of prospects there and we are working in that country. We are looking at, we are connected with the people, and we see some of the prospect coming in that sector.

Singapore, we are very much there. You know Singapore has its own success story, the way they have reused the water for potable purpose. And they are going to go from 40% to 55% of Singapore's water is going to be reused from the present capacity of 40%. And that is the aspect which will fuel demand for prospects for our interest.

Vietnam is another country which is growing, and correspondingly water sector demand is there. And this, again, is the market that we are focused on.

Malaysia, another country which is under responsibility of India Cluster, and we see that there is a growth prospect and growth is to the scale of 4.2% in this market.

So, all are throwing opportunities. We are working closely in this. Beyond, we are working also in Russia where present geopolitical situation it has and the interest rate. There are prospects, we are working with customer. There is a gestation period considering the fluidity there. But we remain focused in that area also.

In terms of number, this is our interest, Rs. 35,800 crores of market prospect what we see is of our interest, which is of our relevance. And out of that, around Rs. 24,000 crores is municipal and Rs. 11,000 crores is industrial. And what you can see, the breakup of it is different components of it. So, as we have always been talking, we are very selective in choosing the project. We have a very robust risk assessment of the prospects that we look at and we accordingly bid for it. But these are the numbers and the market potential, which is there in this market, or of our interest. And we would be chasing most of these prospects in the coming days.

Now, beyond market prospect, in terms of our competitive edge, the agility, the robustness of Wabag. Be it water sector, any sector, the biggest differentiator for an EPC Company is the people; and to be precise, engineering people. They create value, so what AI is, yes, we all talk about artificial, but we have actual intelligence of more than 1,000 engineers who are working with us and they are real value creators. They are the ones who create that differentiator, and we are proud of that technological prowess that they have, they are our jewel in the crown. And that is what is our edge what we have in the market.

Then we have those people, we have innovation, as Chairman talked with R&D and the patents, they come as an inherent part of our solution. And we create value out of our value engineering.

There are prospects, market organizations who work in this. And for an EPC Company, it's very important that we learn from our own projects and continual improvement is a part of our life. And full life cycle is that, we are so confident of our capabilities that we take long-term responsibility of O&M. That is our strength. And over those 20 years we learn and everyday improve on our project delivery. And that is what is our differentiator.

Nobody takes such a long view of the project, and nobody has that deep strength, deep capability, deep confidence in itself the way we have that we take such a long-term view of the project. And that not only gives us an edge, that also bestows responsibility on us that the quality of project that we deliver. And that wins customer satisfaction. So that's our competitive edge.

Yes, we are present in 25 countries, and we bring best at all location. We bring the best practices, best learning out of all locations. We are managing more than 50 sites in terms of O&M in this country only. And all these sites give us a lot of learning, which is a privilege of very few of the organization. That is what is our edge.

Yes, we have a diverse portfolio, industrial, municipal, desalinization, tertiary treatment. So this helps us in getting over the cyclicity of the business, or none of this works in a complete 3D way, as you know business has its own cyclicity. But since the portfolio is so diversified that our predictability, our horizon is very clear that we work on either of the areas to remain intact on our promises.

Digitization and AI driven, we keep our ears and eyes open so that we continue to create differentiator. We have embraced this AI. We have developed a solution for our customers. We are working on B2B as well as B2C. And when we are working in B2C, we have couple of applications developed on AI which is creating value for our customer and for ourselves.

Yes, we talked about new energy frontiers. That is what is the agility in us. While we continue to work on these projects, but any of that hydrogen, bio CNG, those prospects our team is very well geared up and equipped to look into that, and that is what is the wide range what we have in terms of our capability.

And as Chairman said, people are our biggest asset and Great Place to Work institute has certified that, yes, they see the enthusiasm of people working with us. And they proudly take forward the mission every day they work with us.

So that's on our competitive edge. Now, I will give you some of the highlights of the projects that we are working on.

This is our gargantuan project that we are working, Perur desalination project. I will leave you with a video and maybe Chairman will explain. That is another aspect that even the management and the Chairman, he is on the forefront when this line was being laid, right throughout the night, right from 4:00 AM till 24 hours, he was on site to ensure that it goes smoothly. And that is the wide range of our capability what we have.

So this is the project. As most of the orders have been done, engineering is done, most of the supplies are intact and progressing well. And some of the site construction is happening and that video will tell you what is the stage of the project in which we are. And this is one of the biggest projects of Asia in terms of capability and the scale and the magnitude. And this is real infrastructure scale project that we are constructing.

This is a project we are working on in Bangladesh. It is progressing well in spite of the turmoil that we saw in political situation, we have got over that. Now the project is smoothened, engineering is matured. We have started supplies. We have started the field work. Piling work is doing. So, challenges are part of our life, but we are getting over it every day. And in spite of the political situation there, we are finding our way to deliver this project.

This is another project, we are working in Nepal, progressing well. By next year we are going to complete this project and well on track in Nepal. So beyond India, these are the some of the geographies that we are working on. And this is another water treatment project which we are working in CIDCO area, and this is also progressing well.

So that's the brief about the projects. And now I will leave you with a video which you will see that the magnitude that we are creating as a team.

Rajiv Mittal:

This is the toughest job in building this plant because this is 20 meters into the sea, into the bed. First we have to create a trench where it has to sink exactly into that trench. So it's all GIS controlled. You see number of boats and number of divers which are ensuring that it sinks into the trench. You see the number of boats which are helping. You see from this side the pipe has already gone under sea, the block is going down, this is sinking. And it's going to the sea bed so that the boats can still go without affecting the pipe, it's not going to be hindrance. This is a mammoth construction. I only request you all to find some time during the next six months, please come and witness what is going on. Such things can also happen in India. It is a mammoth construction work. You can see, not only in the sea but also on the shore. Tremendous work is going on and this is Asia's largest desalination plant and Chennai is going to be India's and Asia's desal capital. Almost 40% to 50% is already being served, and with completion of his plant, it will be almost 70% - 75% of the population which will be served. I will pass it on to Rohan to take you through the Middle East operation.

Rohan Mittal:

Good afternoon, everyone. So, Middle East is, as stated in our strategy Wridhhi, it is a growth engine for Wabag. We have been focusing in the last two - three years, we have been working

hard to grow in the market. We have a robust team. We have applied all the strategies that we had laid, all the five. And we are seeing that, the fruit of applying this strategy Widdhi. GCC as a market is very promising in which Saudi is contributing a lot. Also Africa, Africa is seeing a lot of light due to the funding from various institutions, whether you call it JICA, you call it funding by IFC, you call it EDRD, we are getting a lot of funds in Africa which is giving us a lot of security.

So Middle East, yes, water consumption, it's a growing economy. Rapid urbanization is going on. We are seeing a lot of water demand. By 2025 we expect 62% that the water demand would go up. So this is something really for a water Company, we have seen that there's a lot of projects over there, technologically advanced projects, not just projects that are mundane. They are also not just looking at building projects, but being more advanced, more digitized. So these are good projects that we are seeing in Middle East. So, 63%, as you know, there is no perennial source in maximum of the countries in Middle East. Saudi and UAE are becoming self-reliant by desalination and reuse.

The Green Riyadh Initiative, we have seen a lot of our STP treated water. We have executed many projects over there, Marafiq, Jeddah, all of this water goes for development of the country. With the Riyadh Green Initiative, all of this water goes for watering the crops. So we are seeing an initial push on reuse in Saudi a lot, which is a good thing because they have so much of desal water that is getting treated through waste.

Africa, like I said, we have a lot of investments. PPP projects, EPCF project, not only that, we are also focusing on those countries that are very secure, which is in the northern sides. We are predominantly in Tunisia, Senegal where we have done two desal jobs, one is nearing completion, the PGTR is over. Other we are executing, it's in its final stages, Senegal. And we have recently, in the past year we had won a job in Zambia which is one of its kind. It is the first STP in the country which your Company is building.

Now, obviously, Saudi is the main country that as a cluster we are focusing. Saudi is a place where we see a lot of investments going, not just in water but in other sectors. We all know the new cities that they are developing NEOM you call it, Qiddiya you call it, the whole industrial belt in Jubail, Ras Al-Khair, all these are guzzlers in water because of the industrialization. And we see a lot of scope in securing better technological projects in those belts.

UAE, yes, so Dubai, Abu Dhabi, there have been projects in the past. They are coming to an equilibrium. But we are seeing the other Emirates, Fujairah, Ras Al-Khaimah, we are seeing a lot of promising projects that have started to come up, especially with the focus that they want to develop Ras Al-Khaimah and Fujairah a lot. Ajman, Sharjah, yes, we see few projects, but these two Emirates are promising now.

Africa, yes, it's the focus. All the projects get a lot of backing, a lot of funding from all the institutions, as I told earlier.

So this is the market size that we are interested in. These are all in USD million. So if you can see, the total market size that we see in the next two - three years coming as RFQs, consultants getting appointed, this is the market size that is actually moving. So, \$4.6 billion is the market size. And in which Middle East has around \$3.2 billion. Obviously, desal and wastewater both are in focus due to various sustainability goals, NEOM is also looking to do more sustainable business. Africa, yes, it has been a stable market, a very good market for Wabag. We have been present there for many years. And now we see a lot of traction, lot of movement in the market.

So what is helping us to expand in the market? Your Company has always been a front runner in the market. We are present for the past four years in countries like Saudi. We have done some strategic jobs. We have done some good technological jobs. We have worked with the best of the customers. We are number three in desal, we are number three in O&M. The brand is well reputed. So it was not very difficult for us to venture into the market with such a big brand. So, our strategy, we are looking to grow sustainably. We are not looking to take projects that increase the risk. We are selecting our projects, we are not going for those projects that are very aggressive. Yes, Middle East is competitive, but we know how our technology is supporting us. All these jobs that we are winning is on a technological edge. So that is our focus in the cluster.

New market, yes, while we are very focused on markets in Africa, Tunisia, Senegal and in Saudi, we are looking to venture in new markets. Like I told you that Fujairah and Ras Al-Khaimah are looking for rapid expansion, urbanization, new hotels getting built, resort, people moving to these Emirates, we see a lot of water demand. So this is good. So, now we feel that UAE has a lot of potential. So this is a market that we are focusing in.

Kuwait as a market, it's one of the most water-stressed market in GCC. But we are not seeing a lot of decisions being made. It takes a lot of time to make any decision in Kuwait, whether you call it on the projects getting released or it getting retendered. But the market has potential because it is the most water-stressed.

Jordan, yes, we are seeing a lot of traction in Jordan. We have three projects in which one major project is, we are keeping an eye on it. Morocco, there is a lot of water scarcity. We are seeing a lot of movement in Morocco where we are also now focusing. Uzbekistan, Kazakhstan are these countries where even players from GCC are focusing. This market has a lot of promise. Wastewater treatment, you call it, big projects are all coming there. All are \$500 million plus, we have at least three - four projects. So this is a very, very promising market that we are looking to venture into.

So, glocal strategy. Globally we are doing things, but we do not forget that we have already a base in India. We have our strengths which we are using to our advantage in the market. We

have built an onshore and offshore team which gives us a very good competitive edge over others. So this has been our strategy in Middle East. We are putting our frontline runners. We are recruiting guys in business development.

And that is the next point, team development. We have put in a lot of effort in developing and building a local team, local sales and marketing team, a local execution team. The market demands us to build a local team because of the localization that is their target. Saudi is very aggressive on it. We are seeing even Middle East being starting or UAE starting to get these local content. So, this is something that we are focused on.

So, also a big part in the Middle East are the O&M jobs that are coming up. The old O&M jobs what were built in the past, they are not performing to its capacity and quality. So we are seeing that NWC, a well-known client in the region, he has come up with a program called LTOM where your Company is qualified to bid on these all. There was a first package that came in where there were nine projects. These projects are huge with a 20-year O&M, so that is something that we fancy our chances to increase our O&M portfolio in the Middle East, because this is something that they are looking to improve the plants, there is a rehab portion, plus there is 15 - 20 year O&M portion.

EP, yes, we are already doing an EP job with Aramco, where SAPCO is our EPC. This is a 20 MLD Ras Tanura, it is very technically advanced project. And we all know Aramco, they are very choosy, they are very stringent, very careful when they are selecting a contractor, a vendor. So in this project we could see that they had immense regard for what we have done in the past in Jazan for them. And the treatment scheme that we gave, they really liked it. It's a 12-barrier stream where we are treating a cocktail of nine plants, all the worst of the effluent is getting mixed and we are treating it. So like I say, they are also moving towards sustainability. So this is a project where that shows that.

Technology know-how. So, we have always been a technology Company. And what you would say, how is Wabag competitive with so many Chinese players in the market, so many old players. So today, the technologies that we have are really, which we use for our captive use. Like few examples flap walls, or you take it NEREDA that we have already supplied in Jeddah, we were confident enough to go with that and we were more competitive even though they quote at lower margins because of these technologies. So this is an advantage that your Company has. We are not aggressive as them, but we use our technology for a competitive edge.

So, the Al Haer STP, this project we had bagged in the last year. Obviously, it was a finance project, it took its time to come to us. Because Miahona was doing the financial closure, but we did not wait for it, we went ahead proactively. We have a relation with them, and we have completed the basic engineering. The project now, it is financially closed, and we are executing it on full fledge. The basic engineering package is approved. The site and office is mobilized. Some excavation has started. So, this project is underway.

This is our project in Senegal where we are doing the EP in Africa where our partner is Eiffage, a big French Construction Company. Ordering is complete. Major equipments are delivered. Installation is going on. We expect Q2 FY'26 for this project to come to its close with PGTR handing over.

This is Ras Tanura. Capacity would be small, but as a project it really excites us as a technology Company to do a project of this caliber, and that too with a good client like Aramco. So, this engineering is about to be completed in Q1, this quarter it should complete. We have placed major orders, so pre-commissioning construction activities is going on, but we are talking about commissioning, pre-commissioning proactively with the client.

So this is, we would say, an entry project. This is Bahrain O&M. This is a WWTP. We have also got a industrial job in Bahrain where this is the first O&M from our inception in getting an industrial client in Bahrain. So that is also there, but this is another bigger one. AMAS. We are very proud of this project. This is a showcase project for us. We have built this project. The customer is extremely happy with us. And we have been getting repeat orders. We have completed the five year contract. We have proved our performance, treated quality is fully compliant. This has a solar dryer with 90% accuracy and everything is achieved in it. The main important part is that we have achieved 0.6 million safe hours from the inception of this project without a LTI. So we are very proud of this project.

With this, we open the floor for interactive Q&A. Thank you.

Savli Mangle:

Hi. Thank you, Rohan. We will now take questions. Please state your full name and the name of your organization as well. Thank you.

Chirag Khasgiwala:

Yes, hi. This is Chirag Khasgiwala from Neo Asset Management. So I have few questions. So first is regarding the Middle East opportunities. So as you are increasing more and more exposure towards the international market, so what stops you from achieving, let's say more than 20% CAGR in revenues and maybe more than 15% margins? And just aligned to this, so in the Middle East, so since oil prices are going down so is there a possibility or a risk that the funding might get delayed in these projects because of those? And secondly, any update on the Norfund JV, any successful orders being received over there?

Rajiv Mittal:

The first thing about margins, why cannot we go for higher margins? Yes, as they say, dil maange more, we can go for higher margins, but we also have to sink in with the reality. We are not the only player in the market. We do not want to go for higher margins and lose business. Because we have to see what is sustainable, what competition is doing. Because the competition is even lower margin than us, but their overheads are much higher than us. So even with the higher margin, because our overheads are less, we are competitive in the market. So we want to keep that situation. And we are guessing each time what competition is going to do, and tactically we

are placing our price sometimes just less than 1% lower than the next bidder. So we are not leaving a lot of money on the table.

So, it is all competitive bid and we have to ensure that we are the lowest bidder. And for that a lot of work the team does to see that we are not leaving a lot of money on the table. Because most of the European companies work with the single digit margin, for them 3% - 5% margin is a good margin. In India, if you talk about 3% or 5%, somebody will throw us out of the boardroom. So we have to go to a double digit already. Now, should we go higher double digit, should we go to 20s? Yes. If the market has that potential to get it, of course we will go, of course we will not leave the money on the table. But that has to be seen as a continuous effort and a development what we do.

Chirag Khasgiwala: Sir, can the top line grow more than 20% CAGR with the more international exposure?

Rajiv Mittal: The top line can go infinite if you are willing to take a hit on the bottom line, okay. But as we had announced a couple of years back, we are not going to focus on top line, we are more focused on bottom line, and more especially on cash. So even if you have seen our cash to profit ratio, it is 1.2X. That shows that it's not only a book profit, it's actually the cash we have generated for that profit, 20% more than the book profit. So that's the business we want to do. We do not want to just have a book profit. So this is very clear. Our targets are clear. I hope you agree with our strategy that top line should be incidental what we will get. But if we remain top line focused, we can go and book orders with the 3% - 5% margins. But we are not going to do that.

Skandaprasad S.: So on Norfund, the Norfund led consortium. Right now the due diligence is on, technical is largely done, financial is majority done. And we have already started discussing with them on the legal and the contracting part. In the next few months, we should be able to close that formally. But in the meantime, of course, we continue to scout for good capital projects. And now that this is only a formality to take it to a conclusion, our partners are also looking at projects which can be brought into this platform, so that the platform can start running from day one.

Chirag Khasgiwala: The Middle East funding getting tight because of oil market going down, is that a risk?

Rajiv Mittal: See, this oil is a very temporary phenomenon, because of the disturbances of the geopolitical and the US creating those disturbances. We strongly believe that it's a very, very limited time phenomenon. And the oil prices have not gone substantially down, marginally down. And today the cost of production of oil, especially in Saudi Arabia, is far, far lower than what they sell. So there's enough money on the table for the government to invest in infrastructure.

Also you must note, yes, today in Saudi most of their infrastructure development is on a private finance projects. So they are not putting a lot of their money into this project, it is the private sector who's putting the money, and they get revenue over the next 25 years. So the oil prices

today will have no impact on the projects going forward. Their affordability over the next 25 years to repay, that is important.

Participant:

First of all, hearty congratulations to what the management has achieved. It's commendable to have Rs. 1,000 crores in EPC business from where we started. So, congratulations on that. Just two quick questions. First, how is a Blue Seed venture panning out? Are we evaluating some good opportunities there where we can continue to have those IP-related edges? That's part one.

Second part, again, related to the funding. But what we are seeing is that the World Bank, IMF, which was so far considered like gold standard of funding, there was no doubt of payment, but US tightening everywhere, do we see any impact that could flow through to these agencies? And if yes, how are we going to protect ourselves in that case?

Rajiv Mittal:

Good. Let me first talk about Blue Seed. I think it's a purely initiative we have taken that what we have got from the society, we want to give it back, especially in our Centenary year. Today, when I started, there were some people, I did not have enough wealth, I did not have enough courage, but somebody held our finger and told, go ahead child, we are going to support you. So we got lot of support, whether it's from financial institutions or from our clients, encouraged us to grow. And we thought it's just appropriate to give back what we have received from the society. So, this initiative is to give back to the society, that we helped these young budding entrepreneurs who have a brilliant idea and are been working on it, but they do not have money.

So we have developed this initiative to have a pre-startup and startup money. It's more than the money, it's not that we are one of the biggest people who are going to invest in this initiative. But what we are bringing value to this is to these entrepreneurs, our technology guys are going to work along with them. Once we select a few companies where we are going to invest, our technology guys are going to work with them to fast track their development and guide them to have a product which is marketable. Once that prototype is done, we are going to open them our 25 offices around the globe for marketing. So this is what support we want to give it to the youngsters who have these good technologies.

We have done already three sessions. One we did it in-house. Other thing we did with WASH Initiative from Hyderabad. And the last one we did it with IIT Madras. And today, we have selected almost half a dozen companies where we have found that they are investable. Already two we have put up to the Board and got in principle, okay, we are starting the due diligence. And in another three we are doing little more work, maybe in next quarter we will have another three which will go to this.

So, I believe in next two quarters we will have at least five or six companies where we are starting to invest and work with these young budding entrepreneurs or technocrats who have this thing. And we will help them to make this commercially successful. So that is about Blue Seed.

Second you talked about, with Mr. Trump. One thing is clear, with US money or without US money, this is clearly a priority sector funding. And these multilaterals are not funding any commercial cause; they are funding a social cause. And our strong belief is not only World Bank who's putting the money, but it's also Asian Development Bank, JICA, Japanese Bank, German KfW. This is not going to come down at all, because every organization has a target to meet, to support the social funding. And we have only seen this funding has gone up year-on-year and we believe that will continue to happen.

Mihir Dhani: This is Mihir Dhani from Sharekhan. Sir, in the RFQs which are going to come in Middle East in the next few years, how much do you all expect to win the order book size? And typically what has been the win rate in Middle East for you all?

Rohan Mittal: So RFQs getting, moving in the Middle East, we are seeing a lot of them. There main clients where we see a lot of traction, one is obviously Saudi Water Authority where we are seeing many projects getting finalized. Second is SWPC. Now these are PPP projects where one of them we have won already, Al Haer. We are seeing a lot of traction in the market, especially from SWPC. They have already announced a list of jobs that would be out in the market and they are going as per their plan. They have also told which job would be out.

So even though they have a longest duration of first pre-qualification, then the tenders coming to the pre-qualified developers. So, we are seeing a lot of traction in that. So, if you see the numbers, we have shown 4.6 billion. But some of this is in the ideation stage, in PQ stage. Okay, so our win rate in the market has been 25% - 30%. These are some projects that we decide that, okay, because being PPP we have seen some projects do carry their risk. Some clients like Miahona look Wabag as adding value in CAPEX, OPEX, that's where we thrive on. So our win ratios are generally 25% - 30%.

Mihir Dhani: In the region?

Rohan Mittal: Yes.

Mihir Dhani: Another question was, can you all give an order book guidance for FY'26?

Rohan Mittal: Order book, yes, we have internal targets. The only issue with Middle East is that many of the customers, NEOM we are not seeing a lot of movement, the budgeting they are going through their clearance. So somewhere around at least we believe that \$300 million - \$400 million we could do in the Middle East.

Mihir Dhani: Okay, got it. And Company wise?

Skandaprasad S.: See, you already have a medium-term outlook that we have given, and at least a 3x of our revenues is what we would like to maintain our order backlog position at. And we are today at 4x. So if you consider the CAGR, plus the 3x of backlog, I am sure it's a simple math, you would

know what kind of booking that we are targeting and what kind of backlog that we are aspiring to be over the next three to five years.

Mihir Dhami:

Okay, alright. Thank you.

Ramesh Bhojwani:

Sir, Ramesh Bhojwani from Mehta & Vakil. First and foremost, my heartiest congratulations on 100 successful years of a 100% Indian Company which is a multinational in true sense, spirit of the word and action, 25 countries and 125 plus IP rights with 1,500 plants. The audio video which you showed us for the 400 million liters per day desalination plant in Chennai, I believe, will become a showcase capsule for many states in India as well as outside going forward. Of course, you also indicated to us a 260 million liters per day desalination plant in Mumbai. So the Maharashtra Government is very proactive despite having good rainfall and having a sea coast.

But two thoughts came to my mind. We have a 7,500-kilometer coastline. At the same time, the second highest rainfall comes in Cherrapunji, Assam. But that whole water goes away into the sea. The anomaly and the irony of a situation of two excesses. Now the thought which came to me was, sir, you mentioned you are having 110 days working capital cycle, can that be, I mean, you have an 80% order from municipalities, so municipalities take a longer period of time to pay. So can this 110 days of working capital cycle, can it be compressed say by 10%?

Rajiv Mittal:

See, you have seen this year our cash has increased, our working capital cycle has substantially reduced from the past. So already we are on the job doing exactly what you expect us to do. And definitely answer is why it cannot be reduced, it should be reduced, it must be reduced.

Now you talked about municipal corporations take a lot of time to pay. I want all of you to note, though we have said multiple times, we do not work with municipal corporations' payment guarantees. We do not work with them, because they are not credit worthy to work with them. Because in India water is a state subject, we are forced to take contracts from them. But the payment guarantee does not come from them.

It comes from multilateral institutions, as per our Constitution, only Ministry of Finance, Central Government, is allowed to sign this multilateral loan agreement, so the guarantee is from the central government, not from the state government. And the multilaterals which they fund these municipal corporations or state cannot be siphoned off this money, which they used to do earlier. Now it is in a dedicated escrow account and only has to be used for a project. And every quarter they have to give a disbursement statement to the funding authority for them to release the next tranche.

So our payment security is not municipal authorities, it is the central and the multilateral funding agency. Shailesh mentioned you about Bangladesh. Now we know in last six months the amount of disturbance in Bangladesh. But the project is on. Yes, it little bit slowed down, but the project is not cancelled or suspended because it is funded by World Bank. So Bangladesh cannot

unilaterally cancel this project because the World Bank is involved. If it was not backed by Multilateral Funding, they may have cancelled it. But it is World Bank, so the project is on.

So that is the reason, 95% of our order book is funded from multilaterals or sovereign guarantee like Namami Gange. It's not again a state guarantee. We may be working for Bihar, we may be working for UP, Uttarakhand, but the guarantee comes from Namami Gange, which is Central Government, Jal Shakti Ministry, and backed up by World Bank. So that is the difference you must know. Short answer is, yes, working capital has to come down, must come down.

Ramesh Bhojwani: Wonderful. Excellent. Thank you very much. All the best.

Rajiv Mittal: Yes, gentleman here, please.

Navaz: This is Navaz from Dalal & Broacha. I have two questions. Firstly, there is on the other expense item, this is a book keeping question. The other expenses have been negatives of Rs. 13.5 crores. Can you explain this item? There is a first question. And secondly, any update on the Saudi Arab project of Rs. 2,700 crores which went for rebidding, is there any chance of that coming back, or at least part of it coming back in the near future?

Rajiv Mittal: I think Skanda will answer you on the other expense, negative.

Skandaprasad S.: See, the other expense negative that you see is primarily because of the ECL provision, so the provisions for receivables which are reversed. You know the quality of the order book and quality of receivables have been improving. So whenever we are able to collect, and you have already seen the free cash flow generation which has come through, the cash that we have closed with, all of this have helped us recalibrate our provisions. And that provision reversal comes through in the other expenses. So that is what has happened during Q4 and that's why your overall other expenses is negative. Other than that, there is no inordinate increase or decrease in the other expenses.

Navaz: This reversal has happened based on items that has happened in last financial year itself or the previous financial year.

Skandaprasad S.: No, it could be accumulation of provisions. We recalibrate our provisions every quarter. There could be addition or there could be release. But you can see that our receivable days have come down, our working capital days have improved. So, obviously, my provisions also will get reversed because I do not have that kind of age in my receivables, right? So that reversal has to come to P&L. And it gets booked in other expenses. And that is why other expenses as a number shows as negative. But there are two parts. If you take out the ECL provisions, the rest of the other expense, which is our overheads and things, there is nothing inordinate in that, that's fairly the same or normal increase year-over-year.

Rajiv Mittal:

Regarding your second question on this Saudi order, I think there was always a talk of town when this order was postponed. We always told the project is getting postponed, but some or many of you, and the media started talking about cancellation. So, I do not know, English is always a funny language, whether we call it cancellation or postponement. But it turned out to be right what we told. It was only the government was recalibrating. I think you all have read in the newspaper the strategy which was developed for Saudi Arabia by McKinsey was thrown out of the window by the Saudi Government few months back and contract of McKinsey, you can go through Google and see, was terminated, and McKinsey was blacklisted in Saudi Arabia saying that you have advised us wrongly on the strategy.

And they started their own consulting firms from Saudi working on this strategy. And lot of these projects came back, some with small changes, some with big changes. And our project in question what you are asking came back with very minor, not even small, minor changes. You will be happy to know, we have rebid it, there were five bidders. And we are confident that the evaluation is going on. We will remain a preferred bidder. We are keeping our fingers crossed and we are very confident and hopeful that we should be able to share a good news with you very soon, not in months, maybe weeks.

Navaz:

Okay. Thank you so much.

Anupam Goswami:

Hello sir. Anupam Goswami from SUD Life. Sir, my first question is on the gross margin decrease that we have seen in Q4. If we avoid the other expenses, just at the gross margin level we have about 500 basis points came down. What is the reason for that, first? And in India, with our peers, which are not of course at our size, but do we see any competition from them in projects in India?

Skandaprasad S.:

So, second question first, I do not know who are my peers because we do not see any of the Indian competition when we go for bidding the kind of projects that we are bidding. We are completely a different Company; we focus on technology. We are not a contractor. Our strength is EP. Our strength is technology. We like to call ourselves as a technology system integrator. We are not an engineering procurement and construction contractor. And hence, I will leave it there. And then we will see, we will see over a five - seven years period who's there, who's not there, who's performing, the way it is.

Second, on the gross margins, as you know, this broadly depends on the mix of projects. And that's why we gave you a range of guidance, EBITDA between 13% to 15%, when it is more of EPC where construction will pass through our books, it will be closer to the lower end. And when there is a higher mix of EP, it will be closer to the higher end. So all this is driven by the mix of projects. But every project we take, you need to understand that we have certain sieves through which we pass the project. Payment security, advanced technology, margins which meet our threshold, and also being in the emerging economies. So all the projects, the key projects especially that we have, all of these have passed this sieves. There are no projects with low

margins below our strategic margin targets. It's only the mix of projects, but you will see this swing between 13% and 15% depending on whether it is more EPC or more EP.

Anupam Goswami: Sir, we had targeted to reduce our EPC's C part in our orders. So, should we say that Q4 was a little reverse to that or there would be more EPC happened? What sort of mix are we looking at, as minimum as possible how do we take that mix?

Skandaprasad S.: Mathematically, statistically you are right, but I will not evaluate the Company on a quarterly basis. Look at it on a multi annual. If you see the figures that we presented on strategy, on a five year basis we still have one-third of our EPC coming from EP. So there may be a year where I will have 80% of my EPC coming from EP revenues. There will be year where it will be the other way. So that's why we have given you a range and we are in that range. But yes, you are right, in Q4 projects like Perur, Pagla, all of these which are EPC heavy, into execution you saw the pipe sinking, you see the amount of construction that is going on. So the quantum of EPC projects is higher in Q4, but you have to see it over a two to three-year period where you will see these margins normalize.

Rajiv Mittal: And we cannot completely eliminate EPC because some places client requires a single point responsibility, like the very mega project like Perur, 400 MLD desal, it's JICA funded. They are not allowed to break up the EP and C. So we had to take a total responsibility of C also, including the marine work, which is a very complex, I would say, very technically challenging work. We have taken that and we have shown you how successfully we have completed it. It's not that we do not have the skills to do the C. We have the skills, but we want to refrain from it to improve our valuation, improve our cash flow and reduce our delays. Because most of the delays happen in C because of RoW, and those things we want to reduce it. So it's by choice, it's not by compulsion.

Anupam Goswami: Thank you, sir.

Rajiv Mittal: Yes, next please. Gentleman.

Vikram: This is Vikram from Prodigy Investment Management. So my question was on the market size to restrict that you showed us. So out of the Rs. 70,000 crores opportunity, combining both the clusters, what percentage share would you expect to capture or would you be targeting for the next 5 - 10 years?

Rajiv Mittal: See, Rohan did mention that about one in three, 25% to 30% has been our hit ratio. So we do not see that why we should be very different in this coming year. So we can technically take it that at least 35% we should be able to get that.

Vikram: And this is over how many years, over 5 years - 10 years this market size opportunity of Rs. 70,000 crores?

- Rajiv Mittal:** See, it is something every year you will have something coming in, something getting done and something is replacing. So, whatever we bid as a project we will bid anything between Rs. 15,000 crores to Rs. 20,000 crores every year. Of which we should be able to take 30% to 35%.
- Vikram:** Okay. That is all. Thank you.
- Rajiv Mittal:** Next please.
- Participant:** Good evening. Sir, many congratulations on the delivery. Although we started on a week leg initially, the fourth quarter has been really, really what you had promised. Sir, my question is, could you speak a little in detail about the factors that could hamper our margins or could support our margins going forward? Or what initiatives we have taken to improve our margins or would be taking?
- Rajiv Mittal:** I think we can talk about it for next 15 minutes. It's definitely not one of the factors, okay. It starts right from our business development efforts. To improve the margin, we have to develop a project. We cannot bid a plain vanilla project and expect to be L1 and improve the margin, you know that. So if we want to have a margin improvement, we have to develop the project. We have to ensure that we limit the competition. We have to ensure that we have competition what we like. We do not have a competition which we do not want to compete.
- So, all that needs a huge marketing effort which is what Skanda showed you that go-to-market teams we are developing, technology we are advocating to our client and consultants. Because these are some of the things which put barriers to some of the companies which we do not like to compete, if it is a plain contractor, we do not like to compete. We would like to compete with companies of equal capability. So this starts from there.
- Then obviously during bidding, it's all how smart you can structure your bid, conceptualize your bid, select the right technologies, do the value engineering, and put in a price. And post that, its tremendous effort goes into value engineering. This I believe is our strength and will remain as our strength where we improve the margin during execution.
- Invariably, most of the projects from the sale to execution, we improve the margin. And it's all because the way we execute the projects, the way we control our margins, the way we do value engineering, the way we do our procurement, control the cost at site, a number, number of factors which go in margin improvement. That in fact itself is one of the big topics in the Company which is continuously debated, discussed and improved quarter-on-quarter.
- Devesh:** Hello sir. Devesh here from Finvest Capital. I was asking about balance sheet. Sir, in your balance sheet, if you could give clarity about loans and advances which have increased to Rs. 800 crores, so if you could clarify on that.
- Skandaprasad S.:** Rs. 800 crores?

Devesh: Yes, loans and advances in your balance sheet have increased to Rs. 800 crores.

Skandaprasad S.: No.

Devesh: Maybe you can answer that.

Skandaprasad S.: No, I would like to see it.

Rajiv Mittal: But anyway, I think forget about the number, you can say what is the loans and advances.

Devesh: Yes, if you would just give that.

Skandaprasad S.: See, loans and advances has only two components, whatever we give to our subsidiaries, whatever we have given to our HAM SPVs.

Rajiv Mittal: And our suppliers and contractors.

Skandaprasad S.: Yes, that's what we have in that. So, if you take the supplier advances, those are in the normal course of business. Apart from that, some of the investments into our SPVs will be structured in this form. Legally, it has to be represented there. But I do not recollect anything else that is inordinate. But yes, we can take it offline. You show me the number, I can explain it to you with example.

Rajiv Mittal: During the dinner break you please talk to Skanda, show the number, we can give you a detailed explanation.

Devesh: Okay sir. And my second question was, you have been mentioning about the free cash flow increasing and also borrowings getting reduced if you have free cash flow. So you were mentioning about the bottom-line impact, you have to increase the bottom line more than the top line. So do we aim to reduce your borrowings in coming forward times?

Skandaprasad S.: We have reduced our borrowings. We use only short term, wherever it is required. But if you would see, if you have Rs. 1,000 crores cash and Rs. 700 crores net cash, I mean, Rs. 200 crores to Rs. 300 crores of borrowing to run a Rs. 3,500 crores business is just transitory in nature, right. So we do not have any long-term borrowings today, we have only working capital. Only working capital for the bridge, that is all we have. And our continual endeavor has been and will continue to be reducing the borrowing usage, because as the organization keeps increasing the accruals, our need to borrow will be lesser. Our dependency on banks is only for the non-fund limits. That's the lifeline of the business, guarantees, LCs, and that's what we want the banks to do, which we have sufficient lines for. When it comes to funded limits, we will use it to the minimum levels. And as we have accruals, our endeavor is also to see that that is reduced to as less as possible.

Devesh: Okay, sir. Thank you. Thank you. That's it from my side.

Rajiv Mittal: Anybody else? Yes, please.

Omkar: My name is Omkar, I am an individual investor. First of all, congratulation to you. 100 years of Wabag and Rs. 100 crores of net profit in Q4, it was an amazing achievement. So congratulations to you and entire Wabag team, first of all. I am having two questions. As very much mentioned in the presentation where you are a preferred bidder for a Rs. 3,000 crores order book, so that order includes one of that big order of Saudi Rs. 2,700 crores. Apart from that Rs. 3,000 crores or that Rs. 3,000 crores preferred bidder you are already including that Rs. 2,700 crores in that Rs. 3,000 crores? That is point number one.

And I am asking for particular this financial year, my second question, what are we expecting in India, specifically in India what orders we are expecting? Because overseas we are doing very well from last couple of years, so any specific orders we are expecting from India in this particular financial year? And major orders will come in first half or second half?

Rajiv Mittal: See, I think the last one first, in India or why globally we focus on both industrial orders as well as the municipal orders. And municipal orders, again, I repeat, they have to be multilaterally funded or there has to be a sovereign backup for that. So, the orders which we have targeted for this year will include both. The industrial orders, mainly the industrial orders will come from the power plant which is getting revived, the thermal power plants, and also from oil and gas companies like IOCL, GAIL which we are getting, and we will continue to get that.

And municipal orders is regular run-of-the-mill for some of the states where we like to work, we want to work, from those states the municipal orders will also come. Now, if we target Rs. 6,000 - Rs. 7,000 crores of order, I think India should give us at least half of that, and half of it has to come from international. So that is the breakup what you are looking for.

Now on the Rs. 3,000 crores. We have maintained the number Rs. 3,000 crores and just now as I said, let's keep the fingers crossed for Saudi order, because a lot of people talked about it, various comments were coming, we did not respond to it. Let the results respond. We are very hopeful that what was due to us will come back to us. It's only a matter of weeks. We believe that we will be declared as a preferred bidder. And this we will be able to give you back more or less the same order of magnitude what you mentioned.

Omkar: So, I am saying that, as of now I am assuming that Rs. 2,700 crores is already with Wabag, I am just saying. But I am saying, apart from that any overseas orders, that Rs. 3,000 crores order is a part of some orders also or that order includes –

Rajiv Mittal: There are other orders, but as a conservative Company, we always report the numbers a little less.

- Omkar:** Thank you. Thanks for taking my questions.
- Aniket:** Sir, I am Aniket from YES Securities. It looks like that order backlog for Bangladesh and Zambia project has increased by almost Rs. 45 crores to Rs. 50 crores. I wanted to check is it mainly because of increase in currency? Is it because of currency depreciation or is there any increase in scope of work?
- Skandaprasad S.:** See, when it comes to Bangladesh, obviously there is a forex element which will increase the order backlog, you have seen from where we booked to now. In case of Zambia, we have also received a variation order which is about \$8 million - \$9 million, if I remember right, and that has increased the order backlog. So the scope in the Zambia order has increased, and in case of Bangladesh it is primarily because of the forex translation.
- Aniket:** Thank you, sir. That's it for me.
- Rajiv Mittal:** Yes, please.
- Yash:** Hi. This is Yash. I am an individual investor. Sir, a lot of us in the room are good with the number crunching and understanding the Company at a balance sheet, P&L level. However, I would want to know in these past 12 months, I mean, we got an opportunity to meet the management last year at the same place. So in these past 12 months what were those few key moments which added the feather in your hat at the Company level? And maybe a few two, three instances which you felt shouldn't have happened, have tampered the growth of the Company, if you could reflect on those thoughts.
- Rajiv Mittal:** I do not know, maybe my colleagues here. You want to start, what is that feather in your cap?
- Shailesh Kumar:** Yes. As I was telling you, the good part what we are doing is we remain focused on what we are doing. We never lose sight of what is the business, and we never lose sight of what we should be doing. The whole team we have activated in such a way that we are on the job, on the toes. And there is a lot of enthusiasm in the team. This is the buzz what we have created and that is what is helping us in remaining intact on our commitment.
- As far as the challenges are concerned, yes, that's the part of EPC life. Surprises will hit you. They hit us also. we are not insulated from them, but we know how to handle those surprises. There are many sites, many situations when it comes to you, it is about to knock you down. But we know how to handle this. This is what is our robustness, this is what is the differentiator what we have, and we continue our journey accordingly.
- S Varadarajan:** You are talking about a feather in the cap. Maybe as a CFO I expected him to say, you got AA rating during the year which we mentioned. And you also mentioned about you got certified as a Great Place to Work. And so as an organization your rating, and you also mentioned about an international award for reuse plant in Ghaziabad. So these are all possible feathers in the cap that

international or external agencies are certifying that you are doing well. What should possibly we have to learn and work on? I am not sure what is there. But there's so many learnings which we internally discuss. But what is that we should share here? I do not know.

But then we are working on many things, one is on succession plan, that's learning from the past. And so we have brought in our 250+ odd trainees, which we never did in the past, which is making the organization very young. We have done about 60 – 70 - 80 kind of fresh trainees from the best of the colleges. But this year we decided to go big and making the organization very young. And we are also working, we have engaged in an organization which is putting its search for the best talent which are very young so that we can give them a development path which is fast, and which is accelerated. This is learning what we have failed in the past and we are trying to learn from it and do something about it. So these are some things which I can look forward to.

Skandaprasad S.:

I think we are all used to see outcomes, the feather in the cap is an outcome, but what's not seen is those small changes every day that we do, the discipline that we have had. So I would not peg it on any single or two or three events. I think all of these are culmination of the discipline of the organization that. And it's not just this year, this has gone over decades, more importantly over the last five years where we have been very true and firm in our actions towards a strategy, and that's all the reflections that I heard, whether it is Great Place to Work, whether it is the Ghaziabad project being awarded.

I mean, for us, I would look at those small efforts that we do and remain true and committed to our strategy. And more importantly, what we did, we always had the confidence that this is what we would deliver on an annual basis. Maybe for you it took a year, we always were working towards this and this was the cycle of projects, right. I mean, if I could have delivered 30% in Q1, why would I deliver anything lesser? But that's the cycle of projects. We were always confident. We are very happy that we are able to come here one year later and show you that we have delivered what we promised. That's more important for me, the smaller steps which has led to what we internally thought we will deliver, and we have delivered that.

Rohan Mittal:

So, yes, I mean, the whole organization has been upbeat. I think we are all waiting. We did had some rough patch in the past, but now we are up and running. So the whole organization, all the departments, we are a very connected organization, we are very emotionally connected. We have people with us from 25 years. They are all looking to scale up. And everybody saw the opportunity this year, you would see that Middle East also, we are upbeat, we have got good jobs. So it's not just a single department, but the whole organization was really excited to do much better. Every year it's been the motto, but this year they have done a lot of hard work because they wanted the organization to perform.

I think that is one, and obviously you could see that we have got an award that substantiates that our organization is well connected. We call our guys Wabagites, and we have got the Great Place

to Work award. So that substantiates that our people have done a lot of hard work. We cannot single out any department, everybody has given their best. So I feel that we have seen a lot of fire in the belly this year and we expect to keep that momentum, keep that fire in the belly and do much better next year.

Rajiv Mittal:

We are running out of time, so I would say, one, you saw passionately we projected sinking of pipe for a largest desal plant, is definitely an achievement. Nobody has done that before, 2.5 meter, 1.2 kilometer for a 400 MLD twin pipe, sinking 20 meters under the sea, that is a major achievement. Winning about \$0.5 billion project from Middle East was also a great achievement. Starting execution in Middle East after a long, long time of a \$200 million project, we have not done in the recent past. We were always like a specialist contractor, not a general contractor, so that's another one which we see is something which we are very, very proud of.

I think another thing which we are definitely you want to call a feather in cap or something which we feel proud of that we are celebrating our centenary year, okay, that is something which not many individuals or Company have the ability to survive 100 years. We are happy that we have survived. We are live, kicking, performing, and celebrating our Centenary year.

Now some of the things which did go wrong, we did not expect it to go wrong. Somebody talked about the Saudi order. We did not expect to postpone because it's postponed by at least six months. Otherwise, we would have started the revenues this quarter of that order. Now probably we will go into the second quarter to start our revenues. That's fine, that's a thing you have to reconcile. But we are happy that we will get it back. So, some things like that do go wrong.

But I think the most important aspect of Wabag, we are a very resilient organization. We do not give up. Things can happen, mishaps can happen, accidents can happen, but we quickly get up and start running again. And this attitude that we can and we will is something very unique with Wabag. We do not accept the defeat. We do not throw our towels. We just fight till the last and make sure we are successful. And that's one of the great reasons why Wabag is successful. Again I say, we are a very resilient organization.

Yash:

Thank you and all the best, sir.

Rajiv Mittal:

Anybody else? Or should we break for dinner and then we can continue our discussion unless somebody wants to ask the last one? We can. Okay, let's break for dinner and we will continue our discussion. Thank you, gentlemen. Thank you, ladies.