



# WPIL Limited

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To  
BSE Limited  
PJ Towers,  
Dalal Street,  
Mumbai- 400001

**REF: REGULATION 30 OF SEBI (LODR) REGULATIONS, 2015**

Dear Sir,

With reference to above, enclosed herewith is a Transcript of Q1–FY25 Earnings Conference Call of the Company held on August 08, 2024.

Thanking you.

Yours Faithfully,

**FOR WPIL LIMITED**

**[K.K. GANERIWALA]  
EXECUTIVE DIRECTOR**



**WPIL Limited**  
**Q1 Financial Year 2025 Earnings Conference Call**  
**August 08, 2024**

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**Moderator:** Ladies and gentlemen, good day and welcome to the Q1 FY '25 Evenings Conference Call of WPIL Limited.

As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*”, then “0” on your touch tone phone. I now and the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you, ma'am.

**Purvangi Jain:** Good evening, everyone. My name is Purvangi Jain from Valorem Advisors. We represent Investor Relations for WPIL limited. On behalf of the company, I would like to thank you all for participating in the company's earnings call for the 1st Quarter of the Financial Year 2025.

Before we begin, let me mention a short cautionary statement:

Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's belief as well as assumptions made by, and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions.

The purpose of today's Earnings Call is probably to educate and bring awareness about the company's fundamental business and financial quarter under review.

Now, let me introduce you to the Management participating with us in today's earnings call and hand it over to them for the Opening Remarks. We have with us Mr. Prakash Agarwal – Managing Director and Promoter; and Mr. KK Ganeriwala – Executive Director.

Without any delay, I request Mr. Prakash Agrawal to start with his opening remarks. Thank you and over to you, sir.

**Prakash Agarwal:** Thank you, Purvangi. And good evening, everyone. It is a pleasure to welcome you to our earnings call for the 1st Quarter of FY '25. Let me first take you through the financial performance of the company, followed by the operational highlights.

The quarter under review, consolidated revenue from operations reached Rs. 363 crores, reflecting a 12% year-on-year growth. EBITDA was Rs. 60 crores, it was flat year-on-year. EBITDA margins for the quarter was 16.61%. Profit after tax amounted to Rs. 43 crores with a year-on-year growth of 7%. And PAT margins were reported at 11.89%.

On a standalone basis, the company had a much stronger performance with revenue growing by 31% year-on-year to Rs. 239 crores, EBITDA growth of 37% year-on-year to Rs. 40 crores, and EBITDA margins reported at 16.67%. The net profit also grew by around 39% to Rs. 31 crores. The domestic order book on the projects business stood at round Rs. 3,914 crores and for the product business it was around Rs. 400 crores.

On the operational front, domestic business experienced robust growth driven by the projects business, which grew by 40% year-on-year, reaching Rs. 184 crores. Momentum and project execution remained strong with robust growth anticipated post monsoon season in the second-half of the year. Numerous projects are scheduled for commissioning over the next four months, further strengthening the company's position in the sector. Notably, significant revenues have been achieved in the eight projects of Madhya Pradesh Jal Nigam, with three projects plan for commissioning in the upcoming four months.

The domestic product business maintained stable revenue year-on-year at Rs. 55 crores. The outlook for the product division is including mainly driven by our product portfolio expansion and robust market presence. Particularly the Navy order execution is on track with the type testing starting for various models.

Internationally, the order book has grown to Rs. 484 crores with a positive outlook across all segments. A new contract for water transfer pumps for Gruppo Aturia enhances the year-end outlook with promising visibility. WPIL South Africa performance remains steady with new opportunities emerging in the water sector post South African election. Both Sterling Pumps and United Pumps Australia have recorded order books and are expected to grow strong revenue growth in FY '25. While WPIL Thailand continued their strong performance contributing to the overall positive international business outlook.

With this, I would like to take your questions, please.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. The first question is on the line of Deepak Purswani from Swan Investments. Please go ahead.

**Deepak Purswani:**

Congratulations for better execution. Sir, firstly wanted to check it out on the pump business. If I were to look in Q1, our revenue has actually declined to the extent of Rs. 178 crores. But our Indian operation has shown improvement at Rs. 55 crores, which means our international revenue has declined. So, if I were to do some back of the envelope calculation, I think there has been decline in revenue for the South Africa business even after adjusting for the

discontinued operation. Can you throw some light on the pump business in the international, how should we look into it and the growth trajectory of this business? In the Australian business, we have seen the growth on the year-on-year basis because order book has declined to some extent. So, if you can throw light on the overall international business, that would be really helpful.

**Prakash Agarwal:** So, international business is very strong, actually. As I mentioned, I think the 1st Quarter is nothing much to read into, just the quarterly maybe sales shifting to the next month. Gruppo Aturia, as I mentioned, has received some large water transfer orders and for pump orders, and this should give it a good year end second-half because these orders are about six months execution period so it should be executed in the second half. Whereas South Africa and Australia look very strong, both had very good order books. Australia actually should improve on last year because last year the jobs were lying at various stages of inspection, but they have started dispatches and things are really looking up there. So, very positive. No concerns at all.

**Deepak Purswani:** So, would it be fair to say our international pump business will grow in the double digit during this year?

**Prakash Agarwal:** It will surely grow significantly this year.

**Deepak Purswani:** And then, sir, in terms of the segmental reporting, just wanted to get the sense, has there been any regrouping of number during this quarter? Because pump division margin appears to be at 38% at the EBIT level, whereas despite the decline in revenue, there is an unallocable expenses has increased to Rs. 36 crores versus Rs. 23 crores last quarter. So, just wanted to understand has there been any regrouping in the reporting?

**Prakash Agarwal:** I think there are marginal anomalies, but normally the product you see, I think the results are before the unallocable expenditure including the international. The international margins are good, so nothing we see there.

**Deepak Purswani:** Sir, on the sustainable basis, what is the EBIT margin we should be looking at in the pump division?

**Prakash Agarwal:** I think overall we plan for, as we mentioned, the businesses to be in the range of between 15% and 20%. So, I think that's the range we should look at, maybe the shifts sometimes depending on certain dispatches. Suppose more spares are dispatched in quarter or some large contracts are executed in a particular year, but normally they tend to be between, the pump margins would be higher end of that 18% to 20%, and the project should be between 15% to 18%.

**Deepak Purswani:** And thirdly, sir, on the acquisition side, I mean, any update on the acquisition from the sale proceeds of Rutschi, especially in the last con-call we mentioned there is some target we are looking into the core industrial pumps. So, just wanted to check if there is any update on that?

**Prakash Agarwal:** So, we are in various stages of the process. Some are in introductory discussion, some are in a bit more advanced discussions. And we will be updating, and we expect good results this year.

**Moderator:** Thank you. The next question is from the line of Tej Patel from Niveshaay. Please go ahead.

**Tej Patel:** You had a great execution on the project side, congratulations for that. So, sir, currently for the projects business, what would be the spread between, let's say, the irrigation order book and let's say the non-irrigation order booking, I mean, the one which is towards the water supply and sewage versus the irrigation order book, what would the split between them?

**Prakash Agarwal:** Right now, I think that in the projects business there is a big focus on the water supply segment. And we expect the irrigation sector to grow going forward. But today, with the government thrust on the Jal Jeevan in the past, our order book is still majorly in the water supply segment, which is close to about 80%, I think.

**Tej Patel:** And sir, pardon me if questions sound repeated, but I am new to understanding your business. So, towards the pump side sir, how much of our pumps would go to let's say, end user industry would be water, how much would be let's say some would be towards solar or some would be let's say towards nuclear. So, can you give a split between the end user industry for your pumps?

**Prakash Agarwal:** Very difficult because we primarily work with three areas, for us it is basically municipal which is water supply, sewage and drainage in one segment. Second, industrial segment which includes power plants, mining, oil and gas, steel, etc. And third is irrigation. So, we see that say today it would be 40% water and 30%, 30% for the others.

**Tej Patel:** And sir, I mean the location have not changed, but with the traction, how traction you are seeing on ground related to let's say the water supply and sewage, for both of your segments, the pumps as well as the projects business particularly for the India business? Because as far as I remember, in the last call you told that irrigation business has slowed down, but the water supply has started coming up. But after this budget there's a lot of traction we are hearing from the irrigation projects as well, new tenders are coming up. So, how much inquiries are you getting in your pump business? And what do you see, on the tender side, for both irrigation and water supply?

**Prakash Agarwal:** We are seeing both the sectors are performing well. As you said correctly, irrigation will be the thrust I think for the government in the medium term now, because water supply was the thrust in the last three, four years. So, I think the government has done well on the water supply side. And now it will be back to irrigation. But we see good demand in both water supply and irrigation going forward.

**Tej Patel:** Sir, I get it when you say good demand. But let's say, compared to let's say two, three years back, right, government policies came in, now execution is happening. So, how much traction you are seeing right now compared to two, three years back in terms of water supply and irrigation goals?

**Prakash Agarwal:** We are getting better only than last two years. It is going to be better than last two years.

**Tej Patel:** And sir, any growth expectation there that you are expecting for this financial year?

**Prakash Agarwal:** As we have mentioned that we should see good growth, especially backed by project execution, as we have seen in the 1st Quarter.

**Tej Patel:** Sir, what would be your current bid pipeline in the project basis?

**Prakash Agarwal:** Sorry?

**Tej Patel:** Your bidding pipeline.

**Prakash Agarwal:** Bidding pipeline, right now the water supply projects, and all irrigation projects also were slowed down in the 1st Quarter. So, we see a pickup now. I think the budget has allocated the resources and I think post next two months we will see a lot of tenders coming out.

**Moderator:** Thank you. The next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

**Darshil Jhaveri:** Sir, I just wanted to understand our current order book, what is the execution time for our current order book, like both domestic and international?

**Prakash Agarwal:** So, the current execution product business in both international and domestic are pretty short term, so say four to six months is a typical order time. So, the backlog is less than a year's time. But for the project, tentatively a project is roughly between 24 and 30 months. So, you can take that as an idea for that. Our order book, as we have mentioned is about Rs. 2,400 crores, contracts.

**Darshil Jhaveri:** So, sir, just wanted to understand now like in the current like Q1, I can understand with elections and everything, maybe the growth momentum could not come out. But now going forward, how do you see the rest of the year panning out? What kind of revenue growth could we have in the current year, sir?

**Prakash Agarwal:** I think what we have done in the 1st Quarter is an indication. I think our project execution should be robust post the monsoon season, especially in the second-half of the year in the winter months. And we see constant growth ahead, especially because the order book is strong and you are under pressure to actually execute.

**Darshil Jhaveri:** Sir, would you like to quantify that? Like maybe like around 15%, 20% growth is something you could?

**Prakash Agarwal:** I think I would not like to, but I can say that the 1st Quarter is a good indication about how we are doing.

**Darshil Jhaveri:** Sir, I just wanted to understand maybe from an international standpoint like how do we look at the business currently in international terms? Because maybe it looks on top of it like there's some mellow down, you were saying some revenue shifted to Q2, could you quantify that, how is it looking on the international side?

**Prakash Agarwal:** No, it's absolutely in line and we have no concerns on international business. I described that our European business has got a good order book and is looking at a good year ahead. And South Africa, Australia, Ireland all are good. So, generally in our business the other book, we mean there's sometimes a concern if there is no backlog. And that not being the case, we are confident of the performance. The order book internationally also has gone up from about typically Rs. 450 crores to Rs. 485 crores. So, that's a good indication.

**Moderator:** Thank you. The next question is from the line of Ravi Naredi from Naredi Investments. Please go ahead.

**Ravi Naredi:** Sir, in quarter one, we did more works in project in pump division. So, what is our expectation in financial year '25? As I joined late, if you replied earlier, I am sorry sir.

**Prakash Agarwal:** So, I think that we have had a good, on the standalone domestic business we saw a good growth in the projects business. And overall, our business grew by around 30% revenues. So, we are confident of our good performance this year, especially in the domestic business, supported by our project execution.

**Ravi Naredi:** And which sector we have more margin, projects or pumping?

**Prakash Agarwal:** They are all settled. You are saying we will, in products also we are expecting good growth. Our order book is at a record high in domestic products business. Internationally also our order book has gone from Rs. 450 crores to Rs. 480 crores. So, all parts of our business look good. But as a percentage of revenue, the projects will have a significant impact.

**Ravi Naredi:** And sir, in Financial Year '24, last quarter, our debtors and stock raised to Rs. 230 crores and Rs. 59 crores, respectively. So, what is our target for Financial Year '25?

**Prakash Agarwal:** It will go back to a normalized level. We had accelerated last quarter, and I think we are hoping to have a more balanced revenue in this year, as we have seen in the 1st Quarter. So, we expect more balanced revenue, which will lead to a normalized level of debtor and inventory.

**Ravi Naredi:** And sir, can you give business commentary for next three years, where you see the company?

**Prakash Agarwal:** I had made this statement a year ago that we have reached a very good mature business model for all our businesses, international, our domestic product and our domestic project. And now all of them are growing with this inherent strength. So, I think we see good growth and lots of opportunities in all the sectors we are working. And we strengthened our balance sheet with the sale of Rutschi, which was working in the nuclear business, which we sensibly thought is quite cyclical. So, we wanted to get into more consistent businesses. And the strengthening of our balance sheet and maturity of our business model should give us good growth and the ability to capitalize on the growth going forward.

**Moderator:** Thank you. The next question is from the line of Nitin Gandhi from Inoquest. Please go ahead.

**Nitin Gandhi:** Sir, can you share, if possible, margins which are each segment wise, construction, product international, at least for the order book?

**Prakash Agarwal:** I think all our businesses are operating in the range of 15% to 20% at an EBIT level. And because they are well supported by, like the product businesses are well supported by aftermarket in India as well as international. And in the projects also we are very selective in the orders we take, and also we expect the O&M contracts to help improve margins. So, I think margin focus is inherent for our company. So, between 15% to 20% is our target.

**Nitin Gandhi:** But O&M will have a higher margin, right?

**Prakash Agarwal:** So, that's what balances off. If you took the division as such, the construction revenues versus the O&M margins, and whereas the aftermarket and new product margins in product, so they will balance off. But there will be periods where you will have very high margins where the aftermarket is high. And then when the revenue of new products goes up, it will balance out.

**Nitin Gandhi:** Now for construction generally the order book gets exhausted within six months, right, two quarters?

**Prakash Agarwal:** Products, not in construction. Construction, our time frame for a typical project is about 24 months to 30 months.

**Nitin Gandhi:** But in products it take six months?

**Prakash Agarwal:** Products is shorter cycles, yeah.

**Nitin Gandhi:** And the international business normally gets executed for?

**Prakash Agarwal:** See, they are also products so they will be same.



**Nitin Gandhi:** And as far as intangibles are concerned, which are significantly high, Rs. 100 crores almost, what's your strategy? Are we going to write-off or how are they going to happen?

**Prakash Agarwal:** Sorry, I am not aware of intangibles.

**Nitin Gandhi:** Goodwill intangible assets are there.

**Prakash Agarwal:** There is nothing to write it off.

**Nitin Gandhi:** So, you are going to value every year and correspondingly charge it?

**Prakash Agarwal:** We are doing it every year and these are all good goodwills. I should say that goodwill is far, far better than this goodwill, which is appearing in the books of accounts.

**Nitin Gandhi:** Now coming to your CWP is Rs. 14 crores, this project which are for commissioning in next whatever time frame which are undergoing, how much more money is to be spent? And what is likely asset turnover after implementation of commissioning of those projects?

**Prakash Agarwal:** Sorry, that's not available with us. But yes, it will be positive. Obviously, the commissioning of projects will lead to a lot of margin release. So, it is a positive that we are getting.

**Nitin Gandhi:** How much money is yet to be spent?

**Prakash Agarwal:** I am sorry, it's not easy for us to quantify that. So, it's quite a lot. A lot of projects we are working on. And we expect this commissioning, the good thing from our point is, once it goes for commissioning the O&M periods will start soon, so that will lead to O&M revenues.

**Nitin Gandhi:** Can you share your CAPEX guidance for the next two, three years?

**Prakash Agarwal:** Not significant.

**Moderator:** Thank you. The next question is from the line of Vineeth Lambu from HSBC Asset Management. Please go ahead.

**Vineeth Lambu:** Sir, typically these operating and maintaining contracts are recurring or every year you have to bid for these operating and maintaining contracts?

**Prakash Agarwal:** So, these contracts are mainly from 10 to 15 years. So, once you commission the project, you will have a 10-to-15-year O&M contract, some are 10 years, some are 15 years, fixed time.

**Vineeth Lambu:** So, these O&M contracts are basically included when you bid, or you have to bid it separately?

**Prakash Agarwal:** They are separately entered into, so there are construction parts and then there is an O&M phase. Some amounts are specified, the capital expenditure and the O&M expenditure is specified at the time of building.

**Vineeth Lambu:** So, you do not bid for the O&M contracts or other --?

**Prakash Agarwal:** So, as soon as the contract is finished, it will go into O&M. You will find it automatically goes into O&M.

**Vineeth Lambu:** I got it, sir. As you said, most of the O&M contracts are in book. When you initially bid for the project, when the construction is completed, so those are the O&M products, O&M which you maintain?

**Prakash Agarwal:** Yes.

**Vineeth Lambu:** My question is, do you separately bid for any operating and maintenance?

**Prakash Agarwal:** Not as of now. This is an area where we are further down the line, once we have done significant amount of these O&M contracts, we will bid for separate standalone.

**Vineeth Lambu:** And I want to know the projects which you have bid, what would be the concentration of state wise, like if there is any concentration towards particular state if you can give me per se right now order book, whatever?

**Prakash Agarwal:** We are operating in various projects across the country. In Jal Jeevan, there were five states which were lagging behind, and they needed to address. There was a big gap in Jal Jeevan connections, which was two of the states we were working, Madhya Pradesh and West Bengal. So, that was our focus because they were the deficient states.

**Vineeth Lambu:** Okay, they are the water deficient, supply deficient states?

**Prakash Agarwal:** So, now in irrigation we will have a separate focus for the states, which need more irrigation.

**Vineeth Lambu:** What are the size of projects you bid for? Any typical size, any range like?

**Prakash Agarwal:** I think we are in the mid size group, somewhere between Rs. 300 crores is our rough benchmark. Rs. 250 crores to Rs. 300 crores, maybe Rs. 100 crores or Rs. 50 crores less.

**Moderator:** Next question is from the line of Subhankar Ojha from SKS Capital & Research. Please go ahead.

**Subhankar Ojha:** Sir, just quickly, with respect to the use of the cash, in the last conference call you did talk about the use of the cash to be decided in the coming few months, few quarters. Is there anything

that we have to report at this point with respect to use of the cash, are we going to do some sort of inorganic growth or going to deploy in the projects business?

**Prakash Agarwal:** So, our focus is to focus on inorganic expansion right now. We are looking at targets and we hope to be successful, because we lost revenue after the sale, so we look to increase our international revenues by more acquisitions.

**Subhankar Ojha:** And with respect to the order pipeline, I know that you did answer about this to a earlier question. So, are we targeting a particular amount of order book to come in the current financial year, end up FY '25, do we have a target internally?

**Prakash Agarwal:** You see, our project execution has picked up in the 1st Quarter, and our order book has to be commensurate with our project execution. So, as soon as the monsoons are over, we are looking at a robust construction phase. And simultaneously, we are looking at commissioning of quite a few projects. Once we achieve these two, we will be again aggressive on order contracts, new contracts.

**Moderator:** Thank you. The next question is from the line of Vinay Nadkarni from Hathaway Investments. Please go ahead.

**Vinay Nadkarni:** Sir, just two questions I had. One is, can you share us the actual EBITDA margins in product and projects for domestic business for the current quarter? Because the blended margin you have given is 16.7%, but do we have a separate for product and project?

**Prakash Agarwal:** I think the 16% and 18%, the product is about 18% and project was 16%.

**Moderator:** And how were they in the Q1 of '24, more or less the same or?

**Prakash Agarwal:** The product has improved and the project was same.

**Moderator:** Can you spell out the numbers?

**Prakash Agarwal:** The product was 14% to 18%.

**Vinay Nadkarni:** And project?

**Prakash Agarwal:** 16% both quarters.

**Vinay Nadkarni:** One last question, because we are so heavily dependent on this Jal Jeevan mission, in the third term of this government, do you see any slack in the Jal Jeevan? Or do you see it continuing? Of course the pending contracts you will complete, but thereafter do you see any change in thinking?

**Prakash Agarwal:** So, I would like to clarify there that we are not dependent on Jal Jeevan mission. The water space is very large. It includes irrigation, it includes industrial water, it includes urban water and it includes rural water. The government's thrust in the last two years, more than anything else, last two, three years was the Jal Jeevan because it was lagging behind in rural water supply. However, per year there is a significant amount of investment in the water sector in either rural, urban or India. So, the opportunities remain. Our order book became a big focused on Jal Jeevan because of the government's thrust to align with the government's thrust. And now we are looking at urban opportunity, irrigation opportunities, and Jal Jeevan I think also we will be continuing for some time.

**Vinay Nadkarni:** Is there any split possible to be given between irrigation, urban and rural?

**Prakash Agarwal:** It will depend on the government's focus.

**Vinay Nadkarni:** But irrigation and urban is also government?

**Prakash Agarwal:** There is a lot to be done. If you see the entire amount of irrigation capacity which has to be created in the country, there is a huge amount to be created, similar for urban and similar even now for Jal Jeevan. So, it will be the government's focus from time to time will decide the trajectory.

**Vinay Nadkarni:** But you do not see any slack happening in the project business?

**Prakash Agarwal:** We are operating at about Rs. 800 crores revenue from this sector, which is quite small.

**Moderator:** Thank you. The next question is on line of Saket Kapoor from Kapoor & Company. Please go ahead.

**Saket Kapoor:** Firstly, when we look at your project order book, I think so you mentioned Rs. 2,914 crores as the closing order book. So, I think so there are not a large number of orders that we have booked for the 1st Quarter because of the Code of Conduct underway. So, if you could just outline to us what now taking into account the capabilities that we have built in handling projects, what should be our closing order book taking into account the space and the amount of work that is available, now how much can we garner as a closing order book on a consistent basis?

**Prakash Agarwal:** We are not overtly focused on growing our projects business. We want to be a complete solution provider. So, our projects business is one of the engines for us. We are not a pure EPC company. With that in mind, we have got our projects business revenues were at about Rs. 800 crores last year and our construction contracts as of today are still about Rs. 2,350 crores, the rest of the gap is O&M contracts, Rs. 500 crores something. So, if I take that, it's still nearly three years backlog. So, we have sufficient order backlog and there is sufficient opportunities.

It will depend on, one is that our execution capabilities, our profitability, the profitable it is, available is the contracts. These are the factors which will decide more. We are not looking at a straight line growth here.

**Saket Kapoor:** No, sir, my point was earlier you alluded to the fact that we are building our capabilities for higher execution, and we were constrained for not further booking order. Correct me there, two, three quarters back.

**Prakash Agarwal:** So, you can see that our typically order time should be two years. So, if our order book is Rs. 2,400 crores, we should be at Rs. 1,200 crores. So, that is what we were focusing on execution. So, once our execution which is already picked up, so we will review it. What I mean to say, it will be commensurate with the execution. If our execution increases by 20%, 30%, we will look at an order book matching that.

**Saket Kapoor:** Because you mentioned that our product order book is Rs. 400 crores domestic and Rs. 482 crores international, and the exhibition period is six to eight months. So, that gives an understanding that for this year we are closer to this, at least depending on the existing order book, we are closer to doing Rs. 900 crores for the product business part. Last year, I think so the mix was 1:1, so what likelihood should be for the current year in terms of the split between the product and the projects business?

**Prakash Agarwal:** The project business, as I indicated that the 1st Quarter is a good guidance of how it should be growing, which is our focus also to grow our execution to match our order book. And the product business is very positive. The domestic and the international order book has grown giving us good visibility there also. So, I think we are looking at an exciting year.

**Saket Kapoor:** That's correct, you already alluded that we are looking at it. My question was, if you take last year's split between the same, and this year if you have given us an understanding on the product segment that is to be executable over six to eight months, how should the mix be looking? Depending upon, as you mentioned that few projects from MP will get commensurate in three, four months. So, you have your canvas built for this year. So, if you could give us some more color that will help us in understanding what are we eyeing for this year. You have already mentioned about the margin profile, so that will just complete the story for us.

**Prakash Agarwal:** I do not want to give you that much forward-looking clear figure. Because I think this is the direction we are working on, the outlook is good, we are supported by a good order book and we will work towards it, both on the product and the projects. The point we were trying to make more is that the order book is not the concern, but it is a good guidance for growth.

**Moderator:** Thank you. The next question is from the line of Deepak Purswani from Swan Investments. Please go ahead.

**Deepak Purswani:** Sir, just wanted to check out some queries related to annual report. Firstly, in the Australian subsidiary, our stake has come down from 72% to 69.5%. Could you please give some sense why there has been some reduction in the stake for the Australian subsidiary?

**Prakash Agarwal:** I think our state has been, we have added most stake from our Singapore subsidiary, that is why. But the overall, I think, holding has increased only.

**Deepak Purswani:** Sir, as per the annual report, Sterling Pumps WPIL Limited is holding 69.5% in March '24 versus 72% in March '23.

**Prakash Agarwal:** So, I think we have got about 20% in Singapore subsidiary. So, overall if you take it, our stake has gone up actually. We have new investments in that because the business is growing.

**Deepak Purswani:** Sir, could you please repeat last sentence?

**Prakash Agarwal:** I was saying that our stake has grown because we are making more. We made fresh investments from Singapore into that company, so that state has actually gone up.

**Deepak Purswani:** Actually sir, in the annual report it is appearing that it has come down by 2.5%.

**Prakash Agarwal:** If you see both, you will find it. There are investments from Aturia Singapore into that.

**Deepak Purswani:** And secondly, sir, regarding some auditors comment in the annual report regarding some assessment on the capital gain tax on the Rutschi profit pursuant to Italian tax rule on participation exemption. Can you please clarify why there has been auditor comment on this? And if you can give some sense why this has been particularly raised in the annual report?

**Prakash Agarwal:** Yes, I think we are testing it what is the capital gain tax applicable. So, it needs a deeper study that was pointed out by the auditor, and we are doing that deeper study.

**Deepak Purswani:** But as per the current assessment, we are not expecting any capital gain tax on this part?

**Prakash Agarwal:** That's what the auditor has also mentioned, but they want us to do a deeper study to understand so that there is no risk. And we will inform you of the developments.

**Deepak Purswani:** And thirdly, sir, if you can also give some sense on the status of the cases under IPC 2016 where we have given lot of clients name mentioning there has been some exposure pending to them, for example, McNally Bharat Engineering total is Rs. 9.99 crores, IVRCL somewhere close to Rs. 4.3 crores. What is the status on this? And also, are these provided in the annual financial or these are yet to be provided?

**Prakash Agarwal:** All are provided in the annual financials.

**Moderator:** Thank you. The next question is from the line of Ganesh Shah, who's an individual investor. Please go ahead.

**Ganesh Shah:** You clearly have articulated the opportunity probably available in the products segment, especially in the international market and in the domestic market. Sir, you also mentioned the increase in the product portfolio. I mean, given the kind of opportunity size or probably the opportunity available, how are we positioned and where do we expect the product business to shape up like over a period of time? This business has been around like let's say in last year Rs. 900 crores, but given I mean the investments which is happening in infrastructure, especially in India and outside India, how do we see this business growing over a period of time, like over next three years? If you can give some color with it that will be helpful.

**Prakash Agarwal:** Yes, sir. I think our major focus is on growing our product business. In the product business, which you mentioned Rs. 900 crores, we lost about Rs. 200 crores of revenues with the sale of our nuclear business. So, we are looking to, first, recover that sales of Rs. 200 crores in products and then increase on it because our projects business is increasing. So, to maintain our balance portfolio, we will have to drastically grow the products business. That is our focus. And fortunately today we are having good organic growth and we are also looking at organic opportunities.

**Ganesh Shah:** But could we just get some sense as to how would be the growth trajectory look like for domestic and international business? Is the domestic business likely to grow faster than the international one or both are having a similar kind of an opportunity to grow? And what are the products and segments which you believe next two or three years will start, or will be a major growth driver for the company?

**Prakash Agarwal:** So, today, our growth in our domestic products business has a good growth going forward, which is driven by various, as I mentioned, our product portfolio expansion has helped, their market presence has helped. We have entered that Navy business, sewage and drainage business is looking good, and that is helping the domestic business grow. Secondly, internationally, our business is supported by the oil and gas where we made good entry in 2019. That is constantly growing on that penetration which we made. And we are looking at inorganic opportunities primarily internationally. Because all said and done, the international opportunity is quite large. In the pump space, India is roughly about I think 3%, or 3% to 4% of global pump business. So, I think there is a huge opportunity there, which we are looking at.

**Ganesh Shah:** And maybe the second question is on the projects business. You had clocked almost 22% EBIT margins in the projects business last year on a revenue base of close to Rs. 800 odd crores. This year, of course, you are indicating that the execution will pick up significantly. Do we think the margin trajectory will be maintained this year or it's going to have some effect? Largely I am asking this question because you also had some issues with the some of the projects in MP where you had to give up some of the projects. And is it going to have an impact? Then there

were certain delays also in terms of execution in the last year. Is it going to have an impact on the margins?

**Prakash Agarwal:** Number one, I think the margin which is pointed out by you is maybe not correct. I think our margin profile is roughly 16% for last year and that has been the trend. So, as we mentioned between 15% and 20% on an annualized basis. And secondly, I think we have an ongoing litigation regarding the MP project, and as I mentioned that the other eight projects are moving well with three projects planned for commissioning in the next four months. So, no such impact as of now. And our execution has picked up, last quarter we did about Rs. 360 crores roughly, this quarter we did Rs. 180 crores. These are cyclical performance. Considering that also it's very robust. And no such worries at all.

**Moderator:** Thank you. The next question is from the line of Jagdish Sharma, who's an individual investor. Please go ahead.

**Jagdish Sharma:** I just have one question which is a broad question. I just want to know, for the last two, three years our top line has been almost flat, but our margins have improved drastically. Going forward, what is our expectation in terms of our top line? And can we reach Rs. 3,000 crores top line in next three years? Which is doubling our top line from current top line.

**Prakash Agarwal:** So, we grew from about Rs. 1,000 crores revenues to Rs. 1,600 crores without the Rutschi business. And last year we increased by Rs. 100 crores on that, Rs. 1,700 crores. And we expect to be growing again. So, last year, because we sold that nuclear business, we had that drop. But I think we are steadily performing and growing.

**Jagdish Sharma:** So, Rs. 3,000 crores top in the next three years, will it be a possibility?

**Prakash Agarwal:** We do not want to quantify. I think we are more focused on parameters, as I mentioned clearly that we are focused right now on growing our product business to balance our projects growth. That is our main focus and that is going positively. If we can take some of these inorganic expansions internationally, it will give us a boost. So, very excited about how it looks and focused on it.

**Jagdish Sharma:** My second question is, sir, you told on the call that there is no significant CAPEX in the current year or two. My question is if that's the case, how would you believe that the company will grow at least in the double-digit margin? Because my thinking was like, if we could do double digit margin, we need some CAPEX, right? So, we are not doing any CAPEX but how do you see that actually?

**Prakash Agarwal:** We have sufficient capacity. I think most of our plants are working at very low-capacity utilization. So, we do brownfield expansion. It's not a significant investment needed. I think these are more, as we said, product development and market presence are critical in our



business. And we are very highly technologically focused because we have, with all our acquisitions in Europe and abroad, we have access to great technologies. So, using that technology, we are focused on product development, and with some Brownfield investments we are able to grow.

**Jagdish Sharma:** So, you are saying we will be able to grow with the current capacity itself?

**Prakash Agarwal:** Our main strength is our technology, so we have access to great technology.

**Jagdish Sharma:** So, what do you think of the cash you have in your hand, what kind of inorganic growth you are expecting?

**Prakash Agarwal:** We are looking at inorganic opportunities where we can. We want to grow our product revenue, so we are looking at companies in various geographies and various market segments at reasonable valuations which we can add to our group.

**Jagdish Sharma:** So, you are not looking in India, but globally, right?

**Prakash Agarwal:** Yes, there are more opportunities globally, because there are different segments also available globally, which will allow us to also increase our exports.

**Moderator:** Thank you, sir. The next question is a follow up from Saket Kapoor from Kapoor & Company. Please go ahead.

**Saket Kapoor:** Sir firstly, our order closing or our order book is as on 30th June or as on event date?

**Prakash Agarwal:** 30th June, obviously.

**Saket Kapoor:** And sir, what is our cash balance currently as on 30th June?

**Prakash Agarwal:** Sorry, it's not available with me right now, but the money which we got from the sales of Rutschi are parked in Europe. In India also we have good cash balance.

**Saket Kapoor:** Sir, just to summarize in a bit, your focus is currently on developing more on the product part and especially through acquisition in the international market that will aid to the product segment. This is what actually that currently we are pursuing in terms of the product business?

**Prakash Agarwal:** Yes, our focus is on the product segment. Our projects business is already growing, so we need to balance it

**Moderator:** The next question is from the line of Neerav Seth from Emkay Global. Please go ahead.

**Neerav Seth:** Two quick questions, Mr. Agarwal. On the domestic side, I am assuming that your product business does not have any execution challenges nor there any capacity constraints. And if you have to scale this up meaningfully, are we looking at any other big sectors that are coming up, which suddenly sort of provides a sort of a tailwind because in a way your solutions are being used in multiple industries? I am just talking about something like data centers or semiconductors, all of them are water intensive. I do not even know whether the pumping systems are required. But are you seeing a higher intensity of these industrial applications over the foreseeable future?

**Prakash Agarwal:** No, I do not see. Very frankly, the real growth is coming from industry. I see the growth coming more from municipal. India, urbanization is increasing, so we have a thrust on water supply, we have a thrust on sewage. I think the sewage capacity in India has to grow, both first in the big cities and then in all the urban areas, and then in rural areas. And I see drainage is another big area of growth. And very frankly, the municipal sectors are much larger than industrial in volume.

**Neerav Seth:** But are they appropriate in terms of your return on capital aspirations because of working capital requirements? And the fact they are tender based and therefore probably margin dilutive or something like that?

**Prakash Agarwal:** Yes, of course. I think maybe it's at least normal, but I think the sector do not look very attractive to the outside. But I think it's an important sector and when the pumps are becoming critical pumps, then the sector is quite, we are not talking domestic sector. We do not operate in the commoditized domestic agriculture sector below 5 horsepower. So, the sector which is ours is mostly 24/7 working or critical drainage application working. So, there is good growth and good margins.

**Neerav Seth:** Just one more question, so for our international business, and we have done acquisitions over the last 10 years and we have got fair amount of access to technology. And probably the follow up question. So, are there customer gaps or technology gaps what we are trying to address? For example, US is a big market that you have not tapped so far. Or is it possible to export the technology sitting here in India and tap the export markets? Just trying to gather your thoughts.

**Prakash Agarwal:** So, you are very right, and you made a very good point. US is a very important market which we are looking to enter. So, exactly that. Geographically we are more focused because we have access to all the technologies, most of the technologies. So, maybe some sector market presence improvement is needed. But geographical reach is more important. So, the US is a major thrust area for us.

**Neerav Seth:** Excellent. Finally if I can just pull in one question. Sir, as the promoter and operating MD, what are the few things that you are personally focused on at a company level? What things that you directly control?

**Prakash Agarwal:** Expansion, I think product development.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for the day. I would now hand the conference over to Mr. Prakash Agarwal from WPIL Limited for closing comments.

**Prakash Agarwal:** Thank you all for participating in this earnings call. I hope we were able to answer your question satisfactorily, and at the same time offer insights into our business. If you have any further questions or would like to know more about the company, please reach out to our Investor Relations manager at Valorem Advisors. Thank you. Good evening.

**Moderator:** On behalf of the WPIL limited, that includes this conference. Thank you for joining us. And you may now disconnect your lines.