



WPIL Limited

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Date: February 18, 2025

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 Q3/9M–FY25 Earnings Conference Call of the Company held on February 12, 2025.

Thanking you.

Yours Faithfully,

FOR WPIL LIMITED

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





“WPIL Limited
Q3 FY '25 Earnings Conference Call”
February 12, 2025



**MANAGEMENT: MR. PRAKASH AGARWAL – MANAGING DIRECTOR
AND PROMOTER – WPIL LIMITED
MR. K. K. GANERIWALA – EXECUTIVE DIRECTOR –
WPIL LIMITED**

MODERATOR: MR. DEVESH KASLIWAL – ANTIQUE STOCK BROKING

Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY '25 Earnings Conference Call of WPIL Limited hosted by Antique Stock Broking.

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 star then 0 on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Devesh Kasliwal from Antique Stock Broking Limited. Thank you and over to you, sir.

Devesh Kasliwal: Thank you. Good evening, everyone. On behalf of Antique Stock Broking, I welcome you all to Q3 FY25 Post-Earnings Conference Call of WPIL Limited.

To discuss the results, we have Mr. Prakash Agarwal, Managing Director and Promoter, and Mr. K. K. Ganeriwala, Executive Director. Without any further delay, I request Mr. Prakash Agarwal to start with his opening remarks. Thank you and over to you, sir.

Prakash Agarwal: Thank you. It's a pleasure to welcome you all to our Earnings Conference Call for the third quarter and 9 months of FY2025. Let me first start by thanking our host, Antique Stock Broking, for hosting today's earnings call.

To take you through the financial performance of the company, I am followed by the operational highlights. For the quarter under review, consolidated revenue from operations reached INR3,816 million. EBITDA was INR481 million with EBITDA margins at 12.6%. Profit after tax amounted to INR371 million with PAT margins at 9.72%.

For the 9 months under review, consolidated revenue from operations reached INR12,350 million, representing a growth of 15% year-on-year. EBITDA was INR2,127 million with EBITDA margins at 17.22%. Profit after tax amounted to INR1,503 million with PAT margins at 12.17%.

On a standalone basis, quarterly revenues were at INR2,175 million with EBITDA increasing to INR328 million and EBITDA margins at 15.08%. Net profit was INR203 million with PAT margins at 9.33%. For the 9 months under review, standalone revenues from operations reached INR7,867 million, EBITDA at INR1,364 million and EBITDA margins stood at 17.34%. Net profit grew to INR978 million with PAT margins at 12.43%.

As of December 31, 2024, our international order book stood at INR5,482 million while the domestic order book for the project business was at INR25,900 million and domestic products order book was INR3,988 million.

On the operational front, the pump division maintains a positive outlook supported by a robust inquiry pipeline, particularly for drainage pump orders from Thailand, which are in advanced stage. Meanwhile, the project division saw revenues rise to INR5,720 million in 9 months FY25 compared to INR4,740 million in 9 months FY24.

Project execution momentum slowed down in the quarter as outstandings drastically increased. Despite these challenges, project construction remained on schedule with expectations of revenue recovery in the next fiscal year, following key announcements in Budget 2025. We also expect the pace of new tenders to pick up going forward and we expect to see good growth in this segment next fiscal onwards.

On the international front, WPL's revenues increased to INR4,540 million in 9 months FY25 compared to INR4,310 million in 9 months FY24. Gruppo Aturia is witnessing strong traction in the MENA region, driven by revival of postponed contracts following geopolitical stabilization.

WPL South Africa has strengthened its market position, further benefiting from Eigenbau acquisition which is set to execute large contracts over the next 24 months. In a strategic move, WPL has also entered into an agreement to acquire a 55% stake in Paterson Candy International Africa, further reinforcing its presence in Southern and Sub-Saharan Africa, with combined revenues expected to exceed INR1 billion. Additionally, Sterling Pumps and United Pumps continue to maintain strong order books, while WPL Thailand is benefiting from significant investments in the country's water infrastructure.

As part of a long-term growth strategy, WPL has made three key strategic acquisitions in FY25 to develop an international turnkey project division. These include Eigenbau in South Africa, which focuses on water and wastewater solutions with an estimated revenue of INR700 million, MISA-SRL in Italy, a provider of pumping solutions across Europe and MENA, specializing in the irrigation and drainage sector with revenues of INR900 million, and Paterson Candy International, which specializes in water and wastewater treatment solutions, positioning WPL to benefit from South Africa's infrastructure expansion with revenues of INR2,150 million.

These acquisitions would contribute over INR3,750 million in revenue and significantly enhance WPL's turnkey project division, which recorded FY24 revenues of INR8,000 million.

Now we can take the questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Saloni Modi from Finavenue growth fund. Please go ahead.

Saloni Modi: First of all, congratulations, sir. I want to ask, why the PAT growth is lesser than September 2022 quarter? What is the reason behind that?

Prakash Agarwal: One of the major reasons was the slowdown in project execution, which normally picks up in this last quarter. There was a big slowdown in funds disbursement for the Jal Jeevan mission, which affected us, as our outstandings grew drastically and we were not receiving payments. So, we had a low execution quarter and we hope this picks up in the next quarter and in the next fiscal.

Saloni Modi: One more question from my side, sir. I think major cash is blocked in receivables. So, what is the reason?

- Prakash Agarwal:** The same reason, the Jal Jeevan mission where most of our projects are executing, the funds have been blocked for the last 6 months and now in this budget it has been cleared and we hope our receivables will be cleared shortly.
- Saloni Modi:** Okay. Thank you, sir. Thank you so much. All the best for your future.
- Moderator:** Thank you. Next question is from the line of Deepak Purswani from Svan Investments. Please go ahead.
- Deepak Purswani:** Hi. Good evening, sir. Thank you for the opportunity. I just wanted to check it out as you mentioned about the project execution slowing down because of the receivables. Incrementally, what we are also noticing in the JJM scheme, most of the other players have also started receiving payments from January onwards and then there has been a pickup in the execution.
- So, just wanted to check it out how has been the status with us? Have we seen any improvement in the payment and what is the current outstanding in terms of the receivables?
- Prakash Agarwal:** Factually, what was very clear from the budget, the budget allocation was about INR70,000 crores from the center and the revised estimates show INR20,000 crores. So, there was a big gap in funding in last fiscal. So, this has obviously affected the projects which are under the scheme.
- Some states have put in the state funds. So, depending on which states have given state funds and how much funds were disbursed, some people have received payments and we also have received payments from the state funds.
- Now, the most important thing is that with the budget clarification and fresh allocation for this year, now these projects are expected to gain momentum. So, we are expecting our receivables to come down rapidly and execution to pick up in similar fashion.
- Deepak Purswani:** Sir, how much is the current outstanding receivable at the current juncture?
- Prakash Agarwal:** Receivables is close to about INR400 crores.
- Deepak Purswani:** For the JJM scheme?
- Prakash Agarwal:** For the JJM scheme, yes.
- Deepak Purswani:** Okay. And secondly, sir, on the budget front, there has been a lot of emphasis, but there has been also put on the nuclear reactor side, right? And I think we earlier had some expertise on the nuclear pump side. So, in that context, how should we see opportunities emerging for us in the Indian market?
- Prakash Agarwal:** We have divested out of the nuclear sector because we feel that it is -- the timeframes of these nuclear projects and cost-benefit analysis did not favor it. So, we are happy to be outside this sector.
- Deepak Purswani:** Okay. And so, thirdly, on the international turnkey project, where we mentioned that aggregating all these acquisitions will provide us a revenue to the external of INR370 odd crores. If you can

also throw some light in terms of the, how does that market operate in terms of the PG and LD conditions, how they are different from the Indian market, whether these are little stringent than the Indian market or easy? And what is the margin profile for all these acquisitions at the current juncture, and how do we see this ramping up over a period of time?

Prakash Agarwal: So, our focus in building the international business division is, we as a company believe in offering flow solutions. So, in the domestic market, we were offering products and turnkey solutions. And in all our markets, we wanted to offer the same.

Therefore, we are presently operating in five major geographies. One is Europe, one is South Africa, India, Thailand, and Australia. So, in Thailand, we are already offering project services. And now, in India, we were offering. Now, we are offering in South Africa, and we are offering in Italy.

So, what it does is, it creates both. It creates visibility for our products, as well as, gets us closer with the solution model to our clients.

Deepak Purswani: Okay. And how does the margin profile look like for these acquisitions at the current juncture?

Prakash Agarwal: It would not be fair. These are very strong companies with very strong margins, going forward. So, the presence of these companies, they are 100 years old. They have very close relations with the clients. So, it should be better than Indian markets.

Deepak Purswani: Okay. And, sir, finally, on the execution part, I mean, should we expect improvement from the Q3, Q4 onwards with a better payment from the government agencies? Or how should we look into it? And how should we look from the order inflow perspective?

Prakash Agarwal: So, you will see, obviously, it will improve. It is -- we were doing very well in the second quarter. And in September, we were expecting funds. So, our outstandings were rising and we were expecting funds. But that has got postponed till this budget. So, we got affected one quarter.

I think we will be back to normal. If not, in this quarter, it should be improved and next quarter onward, it should be ramped up.

Deepak Purswani: And, sir, just continuing on that part, earlier we were mentioning this year we would be doing execution more than the last year. I mean, last year we did INR800 odd crores or so. This year, should we expect that we will do some kind of growth over that?

Prakash Agarwal: We are, say, as you can see presently, we are already in 9-month period --we had a very good first and second quarter. So, third quarter was a bit subdued and fourth quarter should be better. So, we should exceed last year.

Deepak Purswani: Okay. Thank you. Thank you and wish you all the best.

Moderator: Thank you. Next question is from the line of Saket Kapoor from Kapoor & Co. Please go ahead.

Saket Kapoor: Namaskar, Prakashji. Namaskar, Mr. Ganerwalaji. Thank you for this opportunity. Firstly, sir, as you mentioned that, traditionally Q4 is among the largest of the quarter in terms of the pace

of execution. But, since the budget has commenced and the disbursement and all the fillers will happen, I think so, in the month of March. So, how likely --as you already mentioned that we will be above the last year number.

But, what is the current understanding as on January and February month in terms of the receivable amount moving in which direction? It was INR400 crore receivable number which you mentioned. How has that quantum moved in these 40 days of this quarter?

Prakash Agarwal:

It will improve. You see, we are not drastically concerned about this. We have the clear dues from the clients. The clients were affected by this budget allocation which is now resolved. How soon it will be disbursed will --maybe affect us in March.

If we get disbursed this month, it will help us in March. But, surely, as we go forward, things will improve and receivables will go down and execution will ramp up. It is a matter of time now.

Saket Kapoor:

Okay. And, sir, if you could just give us some more color on this, now the international business, I think so, that part of the story should be insulated from what the judge-given mission scheme and the receivables impact are. So, when can we see the ramp-up from that part of the story and the bid pipeline, the opportunity which you are eyeing with the current acquisition?

I think so, sir, earlier the order book which you used to provide for international, it was only for the product business. But now, going ahead, a good portion of it will be also in the project business. So, if correct me there also, sir, my understanding is correct. And if you could give us some more color on the bid pipeline, the opportunity there?

Prakash Agarwal:

So, as I tried in this presentation, I have shared one slide. Now, in this, to clarify, Eigenbau has already been, sort of in our company and we are already taking those --recognizing the revenues from this quarter. And it will ramp up and you will get -- I will be able to describe it more clearly from next presentation. And we will be giving a year-end presentation on that also.

MISA was acquired in January, so, you know, we will have one quarter of performance. And PCI, the transaction will take, as I have said, till first quarter of FY26. So, I think surely, as these companies' transactions are completed, you will see them. And surely by middle of next year, you will have full color of all these transactions, the order books and how the revenues are looking.

Saket Kapoor:

Right, sir. And, sir, when did you start feeling the stress in the system in terms of the receivables? You mentioned about quarter 2 being -- quarter 2 was a good quarter in terms of operations performance.

Prakash Agarwal:

But you saw, in quarter 2, we mentioned also this, that we were concerned with this in quarter 2. And that quarter, we were concerned and we were hoping that things would improve in the second half. Now, that was -- we were -- you see, we had elections and we had an interim budget.

So, that interim budget, they did not do anything about it and that shifted to the full budget this year. So, this -- that we lost that period. It's a bit out of our hands, I mean, it got postponed. But the good thing was, it was well recognized in this budget and should be normalized soon.

Saket Kapoor:

Okay, one small point and I'll join the queue. Now, firstly, sir, the purpose of the presentation and all are always to give us an understanding. And I think so, since our results, the time that, the lag time which it takes to upload your presentation, it hardly provides us with 20-25 minutes of time to go through the entire presentation before the call commences.

So, we would request the team, whoever looks after the preparation of the presentation, to be slightly ahead of time, giving us at least an opportune time to go through the presentation. As you mentioned that, going ahead, you will be giving us more information on the international business part and what things may look like.

So, requesting you to give us the presentation in time, adequate time to us to go through it in detail and then put forward the questions. That was a humble suggestion from my side. And I hope you will, yes.

Prakash Agarwal:

What happens is that, the board meeting length varies. So, it's not the team, it's the board meeting length, the discussion sometimes extends and that affects the result publication and post the results only we can share this presentation. And those numbers need to be then filled up. So, you know, it's an administrative process.

Only thing we could do is have it on the next day, which we will review next time.

Saket Kapoor:

Okay. And the capex part, sir, how much have we built on building the capabilities for the next 9 months and for the next quarter, how much are we spending in building up our capabilities for better execution?

Prakash Agarwal:

Capex is not significant. So, it's not a discussion subject. Very insignificant.

Saket Kapoor:

Okay, because earlier you have put forward a message to us that we had sufficient order and now we are beginning -- we are developing the...

Prakash Agarwal:

Sorry, it is not through capex, capability. Project execution to, as the volume grows, the number of personnel we have to recruit, train and develop and processes, that is a challenge, you know. So, that capability as a company, if you are operating at INR200 crore, INR500 crore, INR800 crore level, you need more trained people. So, that evolution of competency has taken time, not capital expenditure, not capex.

Saket Kapoor:

I will join the queue again. Thank you, sir.

Moderator:

Thank you. Next question is from the line of Ravi Anand, an individual investor. Please go ahead.

Ravi Anand:

Good evening, sir. Sir, we are expanding in South Africa. Do we have any plans of expansion in other African countries as well?

- Prakash Agarwal:** Yes, this company, if you see in my report, through this APE and Eigenbau, they cover most of Africa. And Africa, if you say, sub-Saharan Africa is sort of central, east, west and south. Southern Africa, we hope to cover from our Italian company called MISA, which is already having a strong presence there. So, all of Africa should be reasonably covered.
- Ravi Anand:** Right, sir. Secondly, sir, how many domestic projects are expected to be commissioned in the next 3 to 4 months?
- Prakash Agarwal:** 5 projects are in advanced stage, in the next 3 months should be commissioned.
- Ravi Anand:** Right, sir. Sir, this Indian Navy project, have the trials been successfully completed, sir, or will it take time?
- Prakash Agarwal:** Majority have been done, 80%-90% trials have been completed and most have gone into bulk production already. So, the project is moving well and on schedule.
- Ravi Anand:** Right, sir. Last question, sir. This business that we had sold to Nipio in December of '23, there was some security money which was left, I think about 10% or something. Have we got that back in our accounts, sir?
- Prakash Agarwal:** No, that is put in escrow and that time frame was 3 years. So, one year, I think more than one year has passed.
- Ravi Anand:** Right. Thank you, sir.
- Moderator:** Thank you. Next question is from the line of Devesh Kasliwal from Antique Stock Broking. Please go ahead.
- Devesh Kasliwal:** Thank you. Greetings, sir. My first question was on the cash on books. So, post the sale of the nuclear pumps facility that we had, so after that we had a cash on books and out of that we have around, utilized around INR300 odd crores. So, any additional acquisitions that you are looking for in these regions to expand internationally or this will be utilized more towards the India business?
- Prakash Agarwal:** So, we are looking at more acquisitions in Europe. We are primarily looking to -- so this project was one idea which we are doing. Similarly, we are looking at product expansion and we are in advanced talks and we will keep updating on that.
- Devesh Kasliwal:** Okay. And another question on that front. So, you mentioned in the presentation that these acquisitions will add around INR400 odd crores of revenue to the turnkey project division. But from a longer term perspective, like down the line 4-5 years, do these geographies provide us enough opportunity to maintain our margins as well as grow like at a CAGR of around 20%-25% at least?
- Prakash Agarwal:** Sir, these are very, very promising geographies. As we had outlined in our business strategy, the three areas which have tremendous scope for water infrastructure growth were India, Africa and the MENA region, Middle East, North Africa. And now we are present in all three. So, we are

moving as per our strategy and these are the most prospective regions for water infrastructure growth.

Devesh Kasliwal: One last question on the domestic front. So, this, like we have seen, if you look at the last 2 years as well, March has been a very strong quarter for us, like in terms of revenue recognition, there have been delays from multiple states multiple times and we have been very cautionary overall on which states are we executing projects in.

So, on the domestic front, are you looking to expand your geographies to more states in the Jal Jeevan Mission post this entire receivables issue is sorted out?

Prakash Agarwal: Of course. I think we see, as I have mentioned in our thing, next year onwards we see great traction because we have built up lot of competencies, our order books have come in control, these older projects are nearing completion and we have built very good qualifications for future jobs.

And I expect that next year there will be, say this financial year as per the budget and the outlook, we see good investments in water infrastructure across the country.

Devesh Kasliwal: So, no compromise on the margins as well on both the sides, domestic as well as..?

Prakash Agarwal: I think it was -- this is a cash flow issue, we could keep executing and client is very happy but we are reaching our end of fiscal tolerance.

Devesh Kasliwal: Okay. Thank you so much, sir.

Moderator: Thank you. Next question is from the line of Sonam H. Udasi from Tata AMC. Please go ahead.

Sonam H. Udasi: Hello. Thank you for taking my question. Just wanted to hear your thoughts because in the earlier cycles as well, we see sometimes governments not being able to pay up on time. You mentioned that you have reached your fiscal tolerance on that. So, going forward, how do you want to sort of save yourself from this because ultimately a working capital issue means no profit, at the end of the day, you get delayed money.

Prakash Agarwal: I suggest we don't read too much into this. I think it is very clear that this is a short-term problem brought about by the interim budget there. So, the government did not address this issue in the interim budget when they came into power in July and this has been addressed now. So, I don't want to read more. However, I am confident that things will be normalized very shortly.

Sonam H. Udasi: Okay. Thank you.

Moderator: Thank you. Next question is from the line of Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave: Thank you very much for giving me an opportunity. Sir, I have just two questions. One is on the non-government side domestic demand from the private sector, is there any slowdown there or is there a pickup there? What are you seeing on that front?

Prakash Agarwal: Actually, our product business is doing exceedingly well this year, as our numbers show. And order book is also good. So, it's a little bit of state elections and government budgets which have a little bit affected these investments but I don't see any effect even in government or non-government areas going forward.

We see steady demand. I would not say it's accelerated or anything abnormal, but steady.

Agastya Dave: Alright. Sir, I'm again sorry to repeat the question on the Jal Jeevan mission, but let me -- I just wanted to clarify certain things that I saw in the budget, in the documents. So, one was, last year, they actually, even in the July budget, a provision for INR70,000 crores were actually made and the government only spent INR22,000 crores. And this year, the provision that they've made is around INR69,000 crores.

My question is that if I look at the 2 years, there was a promise from the government, if I can use that word, that they would be slowly approaching INR1 lakh crores because there is a lot of work that needs to be done. INR1 lakh crores of annual allocations.

But they've stopped at INR70,000 crores. And if I look at the 2-year average number, instead of INR70,000 crores average for every year, if I take INR32,000 crores and INR70,000 crores, it's substantially below that number, right?

Prakash Agarwal: Let me intervene here. You missed the critical part that the Jal Jeevan mission had expired in 2024, as per the document. First thing was the finance minister this year extended it till 2028. So the allocation without the extension of the scheme was not possible. That was the hurdle.

Agastya Dave: Okay. So even if I take that...?

Prakash Agarwal: Now it is extended till FY28 and this year's allocation on FY28 is about INR67,000 crores. So now there is no ambiguity on that. The extension of the scheme, the Jal Jeevan was supposed to finish in 2024, so the funds could not be disbursed. Now it is extended till 2028, which allows clarity there.

Agastya Dave: Okay. So, sir, my question was that when the allocation for INR70,000 crores was made... So let's keep it at INR70,000 crores, the wrong number. When the allocation for INR70,000 crores was made by the government, projects were subsequently awarded by them.

So the INR70,000 crores number that we are seeing, in this already order books have been filled up, you already have outstanding orders, everyone does. But the payments have not come in. Now they have not increased the number taking into consideration future projects.

Prakash Agarwal: Out of the INR67,000 crores, we do not know how much will go. Most of it will go to fill up the gap for last year and only little bit will be into...

Agastya Dave: So that will be around INR50,000 crores and again using wrong numbers. So that means only INR17,000 crores for the next year. So is that math or understanding correct?

Prakash Agarwal: I think it's an evolving area. But yes, it is very clear that Jal Jeevan Mission is extended to 2028. So the number of awards will become reduced going forward.

Agastya Dave: Right. That is exactly what I wanted to understand. And sir, is there any other project which the state governments are taking up to substitute the supply of such projects? Because again, the water problem has not disappeared. I was surprised to see in the budget, they have mentioned that 80% of the country is getting water through pipes in their homes, which I completely disagree with.

I can't see any data to support that part. So the work needs to be done. Why is the government shifting the priorities? That is something that I am unable to understand. And maybe center the government has also shifted a lot of infra projects on the state balance sheets. They are saying that we will support the states and the states have to do the capex.

So is there any talk at the state government level that they will be taking up the shortfall for whatever center is leaving on the table, they will take it up?

Prakash Agarwal: Water is a state subject. Water supply, irrigation, drainage are state subjects. Now the center has announced two schemes. One was Jal Jeevan mission for rural water supply and then there is AMRUT 2 scheme for urban water supply.

So these two schemes are extra schemes by which the Central government supports the state. Jal Jeevan was a one-off which was needed to support the rural water supply. And similarly for urban projects you are having the AMRUT scheme. So these are further -- then you have development financing, then you have state financing. But primarily this remains a state subject.

Agastya Dave: So one last request. If you get some clarification from the government, it would be of great help to everyone if you can post a press release on the exchanges, if there is some clarification on all of this because I am not very sure how the orders from the government will grow over a period of time or will there be a sharp degrowth even though all the receivables may be settled. But what about new orders?

Prakash Agarwal: Can I give you my views? For our company it will be well supported by the both fiscal, we will get the payment receivables and we will have enough sufficient tenders to bid for in our size. We are about INR800,000 crores revenues. So we have sufficient scope there.

Agastya Dave: **So our** temporary hiccup is what we have seen in this quarter, sir.

Prakash Agarwal: Sorry?

Agastya Dave: This is a temporary hiccup, what we have seen in this quarter.

Prakash Agarwal: 100%, that's what I have reiterated that we are completely confident that it will be normalized shortly.

Agastya Dave: Sir, thank you very much for your time and clarification, sir. Thank you very much. All the best, sir.

Moderator: Thank you. Next question is from the line of Vinceth Lambu from HSBC Asset Management. Please go ahead.

Vineeth Lambu: Sir, I just want to know, like already participants have asked just for my view. So what about the bid pipeline because like from last 3 quarters our order book is being going down as we are executing the projects.

So on that regard, I just want to have a clarity like what is the visibility, what is the bid pipeline looking like and how are the conversations going with the state agencies or central government agencies regarding it.

Prakash Agarwal: So as we had mentioned last quarter, we had expected a pickup in the new tenders in the third quarter, but now we expect it in this quarter and going forward, surely in next fiscal because there is a lot of pent up work which has not been tendered and we expect these to come to market very soon. So we are not concerned, exceedingly concerned.

Vineeth Lambu: Okay. And about this INR370 crores to INR400 crores which you have said that from the acquisition, so this is overall 2-3 acquisitions together or it was a recent acquisition which will be contributing to INR370 crores to INR400 crores revenues in the projects business and also this would be our share on our books or it would be on a company level, PCI company level.

Prakash Agarwal: So these are three acquisitions as explained in my sheet. Three acquisitions which we made over the last 6-7 months and consolidated they would turn out like this. Idea was to give a picture of what we are trying to do by these acquisitions and all of these will be reflected next year.

So yes, you are right. PCI would be the revenues would be what I have indicated, about INR215 crores was the revenue '23 and so I think we will consolidate the full amount but we will share the profit in 55-45.

Vineeth Lambu: Okay. Thank you. Thank you for the clarity and all the best for the future.

Moderator: Thank you. Next question is from the line of Samir Palod from AUM Fund Advisors LLP. Please go ahead.

Samir Palod: Mr. Prakash, thank you for taking my question. Sir, we got used to consistent performance from this company over the last few quarters and obviously this quarter because of just given related issues and outstanding, we were sort of negatively -- we were sort of surprised by the numbers but your business -- my point is your business is a little complicated to call especially on the project side.

Given whatever you are seeing and now dues being cleared up and possibly tenders coming up, what would be your best guess in terms of execution for FY26 and maybe FY27 if you have that visibility in terms of top line, going forward? You mentioned to one of the earlier participants that you should achieve last year FY24 sales numbers likely by FY25 but more FY26 and FY27, how are you seeing the growth in the project business?

Prakash Agarwal: Just to clarify that first is on the project business, we have done about INR575 crores in 9 months roughly and last year we did INR800 crores and the fourth quarter is quite good. As I said things are improving on the cash flow. But we have always maintained our fact that our business is not

quarter to quarter, earlier we used to have very good last quarter and last time we had a very good second quarter.

So it is dependent on, various factors and especially in because we are linked with government so, budgets and elections we are linked to that. Again in the Middle East, North Africa region we are affected by wars there. So our business is, the thing is, it can be postponed, it does not get cancelled.

So the opportunities exist but the scheduling obviously shifts in our business model. And secondly to further do this we have now built or we are in the process of building our international project business to balance this out, diversify the risk.

Like we have done a product business. If you see in a product business there is no question because it has been consistent throughout because it is well diversified. Similarly we expect a project business to be diversified.

Samir Palod: So if you were to be taking a guess what would FY26 look like?

Prakash Agarwal: We cannot take a guess now. We will keep updating you how things go. This budget has been announced. We have written -- said the same thing. If you see my second quarter presentation. I had mentioned that these concerns lie and we hope they will be resolved in the third quarter.

Now we hope they will be resolved in this quarter and next fiscal as per the official announcement in the budget. And we should see improvement which we will update you in the first quarter.

Samir Palod: And sir my second question is, Jal Jeevan Mission has now been extended but we have been discussing stuff like a lot of the incremental project ordering will not be as heavy as it was in the last 2-3 years. So do you see Jal Jeevan Mission in the next 2-3 years getting -- making -- transforming itself at some other kind of project or the state level or do you see a sharp reduction in the Indian project business that we have?

Prakash Agarwal: We are working in the water infrastructure project. There are urban water, rural water, drainage, there is irrigation, there is industrial water also there. Now here there was an interim scheme where there was a big shortfall in rural water supply. So the government came out with Jal Jeevan.

Jal Jeevan, please understand is a temporarily accelerated effect for rural water supply improvement. Now even if that is done there is a huge requirement for water infrastructure continuing in the country and we will be having sufficient work and I have mentioned this before that the opportunity in water projects is more than a lakh of crores, INR1.5 lakh crores.

So we are booking or executing INR800,000 crores with very strong qualifications. So I think there is sufficient business going forward.

Samir Palod: And sir in your international project business now that you have acquired a very good position in South Africa etc. and you mentioned about INR300 crores-INR350 crores of console project

related revenues from your acquisition. How is that business likely to grow and can you shed some light on what are the growth dynamics for those businesses and what margins do they operate and is there room for margin expansion given your involvement now?

Prakash Agarwal:

So we have -- we see very positive, as I said that our target areas from when building a business plan had been to work in India, Africa and Middle East, North Africa region. Now we are present in all the regions which are very high growth.

I think Middle East, North Africa and Southern Africa are even higher growth than India right now because they need tremendous need for water infrastructure there. So we are there. I think we will update you soon as the transactions continue because this is going to be completed in the first quarter. So as it evolves we will keep you updated.

Samir Palod:

Thank you. Thank you for answering my questions and all the best for the coming quarters.

Moderator:

Thank you. Next question is from the line of Janish Shah who is an individual investor. Please go ahead.

Janish Shah:

Thank you for giving me an opportunity. Just to get some understanding on the product business, basically for the 9 months it has grown by around like 7%. With all the traction which we talk about in the international market, could we get some sense as to how this business is going to shape up in next 12 months to 18 months?

That is one part. And I think you also mentioned about the international project business currently having a revenue of INR370 odd crores. And it has a better margin than what we have in India. And if you can give that, what kind of opportunity size or these acquisitions can deliver over the next 2 to 3 years, that would be helpful. Thank you.

Prakash Agarwal:

So regarding this international project division, the idea in this presentation was to explain a rationale and give a picture, a small picture about how it is playing out. Some of the main transaction of PCI will be completed in the first quarter. And we will be sharing numbers for the Eigenbau and MISA transaction in the year-end numbers.

So I think we should -- this is an evolving story, but I can say that the opportunity is very large. And once we share order book details and numbers of these companies, you will see. And so I think, we should be a bit patient till this transaction is completed.

Secondly, so I think the product business is doing very well, robust, incrementally growing across globally. India, we made a big jump and we see very positive feedback here.

Janish Shah:

Yes, but is it going to see, I think after we sold off RISC-V last year, the nuclear business, I think the product business generally was under a consolidation. And now it looks like that this year it will end up with a growth. So are we in for a sustained kind of a high double-digit kind of a growth in this business?

You're also seeing the margins in the business more, but more towards, more leaning towards the 20% to 24%. And do we see that, I mean, that sustaining with a higher growth trajectory in terms of the overall for next 2 years or so, that will be helpful?

Prakash Agarwal:

Our focus is on building our -- one area was as you have said and demonstrated is the international project business. Now we are also highly focused on the growing the product business. We are looking at multiple transactions because as after selling the business, we are trying to grow in different geographies and product lines.

And those discussions are active. And hopefully we should have some more feedback on that soon. Organically, all our businesses are doing well, as we have mentioned in, be it in Australia, be it in India, be it in South Africa, Thailand. So the only one which was affected a bit was Aturia because a lot of projects were held up, which are now cleared.

This Gaza Strip was creating a lot of instability in the region. That is sorted out. So hopefully all of them are progressing well. And inorganically, we are looking at a few discussions and hope to come back with some news.

Janish Shah:

So after these acquisitions, I mean, whatever is being acquired and in the pipeline, how will be the cash balances will remain with the company, just some understanding? And as you mentioned that there are some outstanding which are there with the government on the project side in India. How are the working capital looking like at this point in time?

And maybe over the next 6 months, how do you see the working capital shaping up? Is it going to get fixed up? Or when you already mentioned about the fiscal dollars, but then if you can just explain a bit more with the numbers --concrete numbers that you can. Thank you.

Prakash Agarwal:

So as I said that this, outstanding should come down very soon and that should normalize Indian cash flows. And our international cash reserves are still very strong. And we are very well funded with our cash reserves and cash generation for normalized, for these acquisitions. So only if you have a very large acquisition will we have to review where we stand on the cash position.

Janish Shah:

Okay. Thank you very much.

Moderator:

Thank you. Next question is from the line of Devesh Kasliwal from Antique Stock Broking. Please go ahead. Mr. Devesh, your line is unmuted. Please go ahead with your question.

Devesh Kasliwal:

So, sir, in our products business, the domestic products business, which contributes around 20 odd percent to the console revenues. So we have seen quite a good traction. And you have mentioned in the PPT that the order pipeline is also held in this segment.

So I wanted to know your approach on this. One, with regards to private and public companies that you're dealing with. So, as in, are you trying to shift a little bit of a focus from the public sector to the private sector?

And second, is there overall capex with sectors are seeing traction as in. So if you look at energy, oil and gas pumps, like given the entire Russia-Ukraine problem. So we are trying to like

downstream pumps are a requirement currently. So are you looking at acquisitions in this space or like product pipeline vertically integrating and adding more products? Or is it more towards focus on the project side, in terms of cash deployment, going forward?

Prakash Agarwal: Number one, our product cycle is linked between international -- most of our international business presently, which is to the tune of in 9 months approximately 453. And 215 is the domestic revenues. So about INR660 crores is product. And we've already got a good balance there between domestic and international, which allows us to diversify.

Further, in Indian market itself, we are quite diversified, be it in power sector, be it in oil and gas, be it in water, drainage, irrigation. So well insulated when we are not concerned by any sector and we see consistent growth going forward. And as the product lines are coming, for example, the Navy product line was added, sewage drainage product lines have been added. So those product lines are giving us growth.

But yes, I would highlight that one of the sector which is improving now is the thermal power sector. So we are seeing good demand for pumps in the thermal power sector, which is new.

Devesh Kasliwal: And more towards engineered side or just like generic products?

Prakash Agarwal: Yes, engineered. It's more engineered pumps, large pumps. So we are seeing that sector getting traction. And internationally, we are looking at acquisitions to keep building on competencies and geographies, more important geographies. We are wanting to add more geographies.

Devesh Kasliwal: Okay. So domestically, we are trying to add more products in the pipeline and internationally more geographies in our...

Prakash Agarwal: Domestically, we are all well geared up and we are seeing the growth in inquiries itself. So the products are already there, both internationally and India. Now it's more geography where we can grow internationally and in India, it is the growth of India will take care of it.

Devesh Kasliwal: Okay. Thank you so much. One last question. Cash on the books currently after this third quarter? And are we deploying any cash going ahead in the next two, three quarters? Or are we going to wait a little bit? Because receivables are also going to come. If this is a one-quarter blip that you're talking about, so we'll be sitting on a good amount of cash. So that is why I want to...

Prakash Agarwal: So we're looking at opportunities both. In India, we are not -- we don't find much. But internationally, first these transactions have to be completed and then more transactions we are looking at to deploy the cash there. So if we come across good opportunities yet, we are very conservative there in that respect.

Devesh Kasliwal: Okay. Thank you so much.

Moderator: Thank you. Next question is from the line of Avin Gupta, an individual investor. Please go ahead.

Avin Gupta: Thanks for the opportunity. I just had one question. Are there any projects in river interlinking announced in the budget?

- Prakash Agarwal:** Yes. We are one of the capable parties to supply these large pumps. We have supplied them in Telangana in the Kaleshwaram project. We have been successfully commissioned, which places us well-placed for projects which are coming in river linking in various states.
- Avin Gupta:** Okay. Thank you. Thanks a lot.
- Moderator:** Thank you. Next question is from the line of Abhishek Wani, who is a retail investor. Please go ahead.
- Abhishek Wani:** Good evening, sir. My question is that in this quarter, we have seen a substantial rise in material cost. So, can you just highlight any key supply-side concerns?
- Prakash Agarwal:** I don't see any such increase in material cost. Actually, material costs have gone down. Steel prices have gone down. So, we are getting benefits in that respect.
- Abhishek Wani:** And, sir, in case of river linking projects, can you just give a brief idea about the particular states where you are looking for project opportunities, like Maharashtra or Andhra Pradesh, Telangana?
- Prakash Agarwal:** Rajasthan, we are exploring some projects, some more projects in Telangana and Andhra. So, MP, I understand, they are also coming up with these large projects. So, we expect Madhya Pradesh, Rajasthan, Telangana and Andhra to have these projects.
- Abhishek Wani:** Thank you, sir.
- Moderator:** Thank you. Next question is from the line of Deepak Purswani from Svan Investments. Please proceed.
- Deepak Purswani:** Sir, on the international turnkey project, as you mentioned that strategically now we are placed in all three regions. So, just wanted to get the sense, I mean, over the next 3 to 5 years, what is the kind of scale which we are looking out to achieve in these kind of business and how should we see these businesses growing over a period of time? As you mentioned, there are a lot of opportunities in these regions and even growing faster than the Indian market.
- Prakash Agarwal:** We will elaborate on this, I think by the first half of next year, because the PCI transaction will be completed by the first half. So, first quarter. So, we will be sharing more and more details and then we will go into -- so let us complete this transaction first.
- Deepak Purswani:** Sure. And, sir, on the river linking front, I mean, if you can also give the broader sense, what is the quantum of the size which are coming up for the bidding over the next 6 to 12 month kind of thing and what are the size of opportunity we are looking at out?
- Prakash Agarwal:** I think it is not such a big area. It is part of the irrigation projects. So, you will have these, but these are very large projects, which take longer gestation period. The good thing is that these projects were long pending and they are now taking shape. But it is not that they will come in one shot. There are lots of clearances, lot of environmental clearances, civil works, etc. The good thing is the government is proceeding on these with a focused approach.

- Deepak Purswani:** Okay. So, finally, on the product division, I mean, one, on the domestic side, it is growing at a better pace and in the international market, it is at a steady pace and just wanted to get the sense on the margin profile of this product business, if you can share your thoughts because there is a lot of volatility in the margin. If I were to look on the broader basis, I mean, this time again, this has come down to the 15%. How should we look into this business over a period of time?
- Prakash Agarwal:** Our margins are consistent. We are having roughly, if you take 9 months, last year, we had 17% consolidated margins. This year, we have 17% consolidated margins. So, I think we have lots of different parts of our business. So, to look in, we should look at the overall figure where our target has always been between 15% and 20%.
- Deepak Purswani:** Okay. Thank you. Thanks a lot. I wish you all the best.
- Moderator:** Thank you. Next question is from the line of Ravi Anand, an individual investor. Please proceed.
- Ravi Anand:** Sir, two follow-on questions. One is this liquefied natural gas, Infra, is being expanded by the government, going to double or triple shortly. Are we seeing any traction? Are we in this sector? LNG?
- Prakash Agarwal:** So, LNG transportation, which I think will be done in India, that is not a sector we are in. In Australia, we find LNG projects where LNG generation is done. Generation and compression are done. So, those terminals have our pumps.
- Ravi Anand:** Right, sir. Second question is that now we are expanding in newer geographies and also in Australia and Africa. So, do we have competition from Chinese companies or do we have barriers to entry there?
- Prakash Agarwal:** In our business, we don't see much Chinese presence.
- Ravi Anand:** Okay, sir. Thank you, sir.
- Moderator:** Thank you. Next question is from the line of Saket Kapoor, from Kapoor and Company. Please go ahead.
- Saket Kapoor:** Thank you, sir. Sir, when we look at the order book position for the product business, domestic is closer to INR400 crores and the international is closer to INR550 crores. So, what should be the execution rate going ahead for the product business, sir, both domestic and international, the pace?
- Prakash Agarwal:** I think the order book is not so critical in the product division, both international and domestic, because they are short duration. You can suddenly get a project and execute in next 4 months, 5 months. So, it's indicative that the businesses are strong and in line, the order books, but they are not -- it's very difficult to say. But generally, we execute orders anywhere between 3 months to a year.
- Saket Kapoor:** Okay, so this product also will have a part of a portion of the order book which is executable over a period of 1 year?

- Prakash Agarwal:** Some large engineered pumps are over a year. Most of it is shorter. So, spares are shorter duration like that. I don't think you should read into this about timeframes and execution. Projects is more relevant.
- Saket Kapoor:** Earlier, you were telling about the product that in 3 to 6 months, it used to deplete. So, whatever closing order book which used to present in the presentation, that used to deplete in the 3 to 6 months execution period. So, there is a difference now taking into account?
- Prakash Agarwal:** No, no. I think there is an understanding. It has always been the same. There will be different products with different cycles, but the product cycles are shorter, what I want to say. That means the project cycle is more relevant because those are -- so if you don't have the order, it is very difficult to do. But the products are fluctuating between this period, but shorter cycles.
- Saket Kapoor:** Sir, cash balance you did not alluded to. What is the cash on books on a consolidated level?
- Prakash Agarwal:** On a consolidated level, the cash is approximately INR550 crores.
- Saket Kapoor:** INR55 crores and wherein receivables are INR400 crores from the project business, domestic facing.
- Prakash Agarwal:** You said consolidated basis, our cash is INR550 crores. So, not a moving parts. So, don't try to, -- and in projects in India, yes, we have it, but there are different figures.
- Saket Kapoor:** Okay. And lastly, sir, we have this last year 1:1 mix in terms of the revenue profile between the pumps and the project business and taking into account wherein you also said that we will be closer to last year top line. So, this year also somewhat we will be closer to this mix or this mix will be more inclined towards the pump, the product side rather than the project side for the year as a whole?
- Prakash Agarwal:** I think it will be more towards the year as a whole, more on the product a bit.
- Saket Kapoor:** Okay, sir. Thank you, sir, for all the reply and we hope that our issues are being addressed at the earliest and investors have a better sense of understanding when we meet the next time in the conference call and we hope for better, more value added in the presentations are going as being alluded by you and all the best to the team, sir. Namaskar.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to Mr. Devesh Kasliwal from Antique Stock Broking for the closing comments.
- Devesh Kasliwal:** Thank you so much, sir, and team for allowing us to host the conference call. I would like to wish you very good luck for the fourth quarter and the financial year '26 coming ahead. If you would like to give any closing remarks or should I just, should we just end the call?
- Prakash Agarwal:** Thank you all for participating in this earnings conference call. I hope we were able to answer your questions 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 Valorium Advisors. Thank you. Good evening.

Moderator: Thank you. On behalf of Antique Stock Broking, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.