

February 17, 2025

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

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

NSE Symbol: **WABAG**BSE Scrip Code: **533269**

Dear Sir/Madam,

**Sub: Transcript of the 'Q3 & 9M FY25 Results Conference Call'**

Please find enclosed the Transcript of the 'Q3 & 9M FY25 Results Conference Call' held on Tuesday, February 11, 2025, post declaration of Unaudited Financial Results (both standalone and consolidated) of the Company for the quarter and nine months period ended December 31, 2024.

This intimation is filed pursuant to Regulation 30(6) and 46 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Transcript of the 'Q3 & 9M FY25 Results Conference Call' is also available on the Company's website at [www.wabag.com](http://www.wabag.com).

Kindly take the same on record.

Thanking You,

For **VA TECH WABAG LIMITED**

**Anup Kumar Samal**  
Company Secretary & Compliance Officer  
Membership No: F4832

Encl.: As above

Sustainable solutions, for a better life



# “VA Tech Wabag Limited Q3 & 9M FY25 Earnings Conference Call”

**February 11, 2025**



**MANAGEMENT: MR. RAJIV MITTAL – CHAIRMAN AND MANAGING  
DIRECTOR, VA TECH WABAG LIMITED  
MR. SKANDAPRASAD SEETHARAMAN – GROUP CHIEF  
FINANCIAL OFFICER, VA TECH WABAG LIMITED  
MR. SHAILESH KUMAR – CHIEF EXECUTIVE OFFICER,  
INDIA CLUSTER, VA TECH WABAG LIMITED**

**Moderator:** Good evening, and welcome everyone to this Earnings Call Post-Announcement of Q3 & 9M FY25 results of VA Tech Wabag Limited.

On the call today from the Management Team, we have Mr. Rajiv Mittal – Chairman and Managing Director; Mr. Skandaprasad Seetharaman – Group Chief Financial Officer; and Mr. Shailesh Kumar – Chief Executive Officer, India Cluster.

Kindly note that during this call, the Company may make certain forward-looking statements concerning the business prospects and profitability, which may be subject to risks and uncertainties, and the actual results may materially differ from those in such forward-looking statements.

This conference call will be archived, and the transcription will be made available on the Company's website. The Company's Results Update Presentation has been uploaded on the Website and Stock Exchanges, which provides an overview about the core offers and analysis of the results for this period. We trust that you had an opportunity to look through the same.

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 touchtone phone. Please note that this conference is being recorded.

We will start with the "Opening Remarks" from the Management, post which we will open up for the interactive question-and-answer session.

I now hand it over to Mr. Mittal to take you all through the "Key Business Highlights". Over to you, Mr. Mittal.

**Rajiv Mittal:** Thank you. Good evening, ladies and gentlemen. We extend a very warm welcome to you all to this Earnings Call, Post-Announcement of Q3 & 9M FY25 results of VA Tech Wabag Limited. Your continued support and engagements are crucial to our growth journey, and we appreciate your presence today.

Joining me today for this Earnings Call is Mr. Skandaprasad Seetharaman – our Group CFO; and Mr. Shailesh Kumar – our CEO for India Cluster.

I would like to begin with the great news. India Rating and Research, a Fitch Group Company has upgraded Wabag's long-term rating to Ind AA- with a 'Stable' outlook. This milestone further strengthens stakeholders' confidence and reaffirms our position as a trusted global leader in water technology.

We continue our growth trajectory into our financial performance over the past 9 months, reflecting our focus on delivering profitable growth through expanding our presence in

international markets, strengthening our foothold in Industrial segment, advancing our expertise in cutting-edge water technology projects, growing our engineering and procurement business, and enhancing our focus on long-term O&M contracts.

Consistent with our strategy, nearly half of this 9 months revenue has come from international geographies. Our Operation and Maintenance business contributed 19% and we continue to maintain a healthy revenue mix of about 70-30 between Municipal and Industrial segments. As a global leader in advanced water technology, our order intake is primarily focused on desalination, water re-use and re-cycle effluent treatment projects.

With our continued focus on emerging markets and efforts of our agile go-to-market teams, we have secured 4 significant orders in the last quarter, 2 from Middle East, 1 from Africa, and 1 from India.

We have secured a significant consortium order worth approximately INR 3,251 crores for 200 MLD Al Haer Independent Sewage Treatment Plant in Riyadh, Kingdom of Saudi Arabia. This project is being developed by Miahona Company in partnership with Marafiq, and N.V. Besix S.A. for Saudi Water Partnership Company, the principal off-taker for water and wastewater projects in Kingdom of Saudi Arabia.

Wabag is a technology partner and also leader of consortium, will design and build the plant while consortium member, Mutlaq Al-Ghowairi Contracting Company will undertake the scope of laying the transmission pipeline and construction of reservoirs.

We were awarded this repeat order by Miahona Company Consortium, a respected client, recognizing our 4 decades legacy in Middle East, our technically superior proposal and our proven execution capabilities. This order win, marks another key milestone for us in Saudi Arabia and reinforces our leadership position in Middle East region.

Wabag has further strengthened its O&M portfolio by securing 7 years operation and maintenance order worth approximately INR 121 crores for BAPCO Refining Industrial Wastewater Treatment Plant in the Kingdom of Bahrain. With this order win, Wabag has reinforced its technological excellence and unwavering commitment to deliver world-class water solutions to the oil and gas sector globally.

We have secured a prestigious design, build and operate order in Zambia, worth approximately INR 700 crores from Lusaka Water Supply and Sanitation Company. This project is multilaterally funded by the European Investment Bank and KfW of Germany. The engineering procurement and construction phase will be completed in 36 months, followed by 24 months of operation and maintenance.

We have recently, also secured an order from Chennai Petroleum Corporation Limited towards design, engineering, supply, fabrication, installation and commissioning of desalination water pipeline, will further strengthen our industrial water portfolio. The project is worth INR 145 crores to be completed in 12 months.

During our Q2 call, we had informed you all that Wabag is a preferred bidder status for projects worth approximately INR 3,500 crores. We are pleased to report that we have already secured 75% of these opportunities into confirmed order. We remain on track with our target and expect more orders in the coming months. With a robust order book exceeding INR 14,200 crores, we maintain a healthy mix of 58% EPC and 42% O&M projects, and a 40-60 split between domestic and international projects, with most contracts having secured payment terms. Further, our strong order book and pipeline visibility instills confidence in our ability to continue to grow and create long-term value for our stakeholders in the years to come.

Looking ahead, we are further enhancing our presence and efforts in the emerging markets like Middle East, Africa, Indian sub-continent, Southeast Asia and CIS countries.

I would also like to share some updates on our key project. Our prestigious 400 MLD Perur Desalination Project in Chennai, funded by JICA is progressing well. Engineering activities are in the advanced stage, deliveries of equipment's have commenced, and civil work is progressing in full swing.

Year 2024 marks a milestone for Wabag as we celebrate our 100<sup>th</sup> anniversary. We commence the centenary celebration with a grand event in Vienna in August 2024, followed by mega event in Riyadh in September 2024 and in Delhi in November 2024. The grand celebration to conclude the series of centenary events, we held across the world will be hosted in this month in Chennai, where we will honour our customers, business partners, bankers, stakeholders for their unwavering support.

As we move forward, Wabag remains steady fast on its commitment to build on its century-old legacy, driving excellence in water treatment sector. By integrating innovation, cutting-edge technology, and strategic resilience, we continue to develop advanced sustainable solutions that address the world's growing water challenges.

Our expertise in high technology water treatment enables us to provide state-of-the-art systems for municipalities and industries, ensuring access to clean water and safe water.

With strong focus on sustainability, digital transformation and operational efficiency, we are well positioned to expand our global footprint, foster long-term partnerships and contribute to a water-secure future for generations to come.

I extend my sincere gratitude to our investors, partners and stakeholders for their continued trust and confidence in Wabag. Your support drives us forward as a global leader in the water sector.

Now I hand it over to Skanda to take us through the “Financial Highlights”. Over to you, Skanda.

**Skandaprasad S.:**

Thank you, Mr. Mittal. Good evening, everyone. I hope you have had a chance to review our Result Update Presentation, which has been shared on our Website and with the Stock Exchanges.

I would like to reiterate and share the happiness expressed by Mr. Mittal about the upgrade of our long-term rating to AA- with a ‘Stable’ outlook. This upgrade strengthens our market perception, increases business opportunities and reinforces stakeholders trust, positioning the Company for sustainable growth and success. It is worth noting that we are already rated highest in the short-term rating at A1+.

We have experienced consistent rating and outlook upgrades over the last 4 rating cycles which reflects Wabag leadership in the water treatment sector, strong revenue visibility, continued focus on profitability and cash, and an asset-light approach.

Before diving into the numbers, I am pleased to highlight that we continue to progress on our profitable growth trajectory, with PAT growing at a rate faster than revenue, in line with our long-term strategy. This reinforces the resilience of our business model, our strategic focus on high-margin projects and our disciplined execution approach.

Further, with a strong order book as of December 2024 and robust pipeline visibility, we are confident in our ability to sustain revenue and profit expansion, while maintaining our net cash positive position as we enter the last quarter of this fiscal year.

Now let me quickly walk you through our “Performance Highlights”:

Our consolidated revenue for the 9 months ended December 31, 2024, stood at INR 2,138 crores growing over 11% year-over-year. Standalone revenue for the same period stood at INR 1,835 crores.

Our consolidated EBITDA for 9M FY25 stood at INR 289 crores which grew by around 11% year-over-year. Standalone EBITDA for the 9M FY25 stood at INR 264 crores. We have successfully maintained healthy EBITDA margins, aligned with our medium term outlook. This is a direct reflection of operational efficiency and disciplined product execution, a well-balanced mix of EP, industrial and international projects and a growing contribution from our high margin O&M business.

Consolidated PAT for 9M stood at INR 196 crores with a PAT margin of 9.2% growing at over 13% year-over-year. Standalone PAT for 9M stood at INR 172 crores. As part of our strategy to

reduce our exposure in the European region, we have divested 3 European subsidiaries in the last 2 years which has further enabled us to channelize our focus and resources to the emerging markets. On like-to-like basis excluding European divested entities, our consolidated EBITDA for 9M grew by 14% year-over-year, and the consolidated PAT for 9M grew by 17% year-over-year.

We are proud to report that Wabag has remained a net cash positive company for 4 consecutive years, and this quarter marks the 8<sup>th</sup> consecutive quarter of maintaining a net cash positive position, driven by our disciplined cash flow management and prudent debt control. As of December 2024, our net cash position stands at INR 262 crores, excluding debt on HAM entities which is transitory in nature.

Considering asset-light strategy, our net cash stood at INR 379 crores. We closed 9M with a gross cash position of INR 659 crores. Our strong cash reserves enable us to infuse necessary funds into projects, expediting execution timelines. You would remember that we have secured the approval of shareholders for borrowing limits up to INR 6,000 crores to meet the next wave of growth and order book expansion.

We already have bank limits tied up for INR 4,000 crores, which we expect to increase to INR 5,000 crores within this fiscal year. We are currently in final discussion with our bankers and we believe that the credit rating upgrade will further help us in this process.

We remain steadfast to our asset-like model delivering a Return on Capital Employed (ROCE) of around 18%. We continue to create long-term shareholder value generating a Return on Equity (ROE) of 14.5%.

With the recent order win of Al Haer 200 MLD Independent Sewage Treatment Plant, the order book now stands in excess of INR 14,200 crores, and is well diversified across Engineering and Procurement - EP, Engineering Procurement and Construction - EPC, and long-term Operation & Maintenance - O&M contracts.

With adequate payment securities, our order backlog is robust and provides clear revenue visibility for the coming years. International business continued to remain robust with 48% of 9 months revenues, delivered by overseas projects. International projects now constitute 40% of the order backlog, reaffirming Wabag's strong global presence.

O&M business continued to grow, now making up 42% of the order book reinforcing our focus on stable long-term revenue streams. We will continue our emerging market focus on advanced technology projects, particularly in desalination, recycle and reuse and effluent treatments. We take this opportunity to express our heartfelt thanks to the bankers, investors, fellow Wabagites and all other stakeholders for the continued support extended to us.

With this, we now open the floor for the interactive question-and-answer session.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press “\*” and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press “\*” and 2. Participants are requested to use handsets while asking a question.

Ladies and gentlemen, in order to ensure that the Management is able to address questions from all the participants, please limit your question to 2 per participant. If you have a follow-up question, I will request you to re-join the queue.

Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Nidhi Shah from ICICI Securities. Please go ahead.

**Nidhi Shah:** Yes, thank you so much for taking my question. Firstly, I would like to congratulate you on the robust order inflow that we have seen this quarter. So, my first question would be on the budget. Recently in the budget, it was announced that the Jal Jeevan Mission Project will be moved till FY28. Regardless of this, we see minimal activity in this past year in Jal Jeevan, do we expect any tenders to open up in this space soon? How do we expect this to pan out, sir?

**Rajiv Mittal:** Okay, a good one. Just to reconfirm, we had spoken this in earlier quarters also. See, directly a Jal Jeevan Mission Project is not in our domain area, because these are basically rural water supply, which consists of mainly laying thousands and hundreds of kilometers of pipeline.

As we have told you earlier that strategically we have moved away from sea. We are more into engineering and specialized procurement. So, this is not a focus area for us, unless there are projects where the groundwater which they are extracting or the surface water which they are taking, needs some advanced treatment. Yes, we will take part, but most of the projects are basically boreholes, some minimum treatment, disinfection, and then laying kilometers of pipeline. So, it is not in our direct domain area.

**Nidhi Shah:** Thank you. My second question would be on the execution on 2 plants, Chennai and Bangladesh. So, in Chennai, we can see that the execution has picked up this quarter. So, how do we expect the execution to pan out for the remaining quarter of the year in FY26? And similarly for Bangladesh, you had mentioned on the last call that there were temporary disruptions, but the project is back on track.

So, we saw a lumpy execution of this in Q2. But in Q3, again, we are seeing that the execution is significantly lower. So, would we expect the execution of this project to happen in such a manner itself or can we expect these numbers to change in the remaining quarter and then FY26?

**Rajiv Mittal:** Okay. So, as Mr. Shailesh Kumar is with us, I would allow him to respond to your India Cluster question.



**Shailesh Kumar:** So, 2 projects we talked about. 1 is our big desalination project that we are executing. As Mr. Mittal said, project is progressing well. We are getting more and more robust in terms of project outcome.

On every compartment, we are working well, engineering, procurement, and construction. It is in advanced stage of construction. So, for the next year, the numbers what we are talking about or what earlier we talked about, it would be on that line only. We do not see any change on that. So, it is steadily progressing, and we are seeing the end of the project as we had initially started.

Coming to Pagla Project that we are talking, yes, initially, we saw some impact because of the geopolitical situation that was emerging there. But we are coming to grips with that. We have tried to overcome that situation. Things are getting normal there. And going forward, we would be again aligning some derailment, some initial movement away from this. Expected project schedule was there, but we are getting back on track, normalcy is returning and next year, we would be getting aligned with the number what we had projected.

**Nidhi Shah:** All right. Thank you so much for taking my questions. I will join the queue for further questions. Thank you.

**Moderator:** Thank you. The next question is from the line of Anupam Goswami from SUD Life. Please go ahead.

**Anupam Goswami:** Hello, sir. Sir, my first question is on the margins. We have seen margins dipping about 200 basis points from the last YoY and also QoQ. What could be the reason in this? And going forward, how do we look at?

And also from the execution point of view, where do we see execution picking up now that the order book is pretty much in full and pretty robust? Where do we see the growth in the numbers coming? That is all, sir.

**Skandaprasad S.:** Okay. Anupam, your first question on margins, we had spoken in the past. I would reiterate, we are a project company. Please do not look at us quarter over quarter. There are a mix of projects, EP, EPC, margins will sway, but we will remain in that window, which we have committed for, from a medium-term outlook. So, you would see the 13% to 15% window remaining clear. You see the 9 months number that we have last year to current year, we are at 13.5%. That remains steady.

We have also grown our top line by more than 10% now. So, execution is also picking up. Mr. Shailesh just mentioned about the 2 top projects, which are getting into the peak of execution, like in Chennai, the deliveries have commenced, civil work is in full swing. Pagla, next year, you will see expansion. You have seen us announce the Al Haer project in Saudi Arabia. That's

a large project which will also start execution. So, already you are seeing that the top line is growing, and in the next year, you will see that it will expand meaningfully.

I think I have answered both your questions.

**Anupam Goswami:** Sir, and just next year, the execution would be far better, did you mean that?

**Skandaprasad S.:** Absolutely. It has to be, because we have such a large order book. The revenues will be a consequence because we have to execute these projects within a 2-3 year period, and all these revenues will pan out as far as EPC is concerned.

**Anupam Goswami:** Okay. And given our order book is currently skewed towards international 60%, do we see a margin in the top range? Let's say, you said about 13% to 15%. Do we see about 15% given international order book?

**Rajiv Mittal:** Inshallah.

**Moderator:** Mr. Anupam does that answer your question?

**Anupam Goswami:** Yes. I will join back in the queue. Thank you.

**Moderator:** Thank you. The next question is from the line of Tejas Shah from Unique Stockbrokers. Please go ahead.

**Tejas Shah:** Just wanted to understand on the Bangladesh project, I think the U.S. has stopped aid towards Bangladesh. Are we affected in any manner in that Bangladesh project?

**Rajiv Mittal:** Not at all. These are projects which are committed funding from World Bank, and committed fundings are not affected by any future decision which U.S. government or anybody will take. None of the multilateral agencies, unless there is something very serious, governance issue, they never cancel the already approved fundings.

**Tejas Shah:** Okay. And if you can throw some light on that Saudi Arabia order, I think, which got cancelled for some technicalities. If you can throw some light, I have missed out the earlier part of your conversation on this thing. So, if you can throw some light on that? And whether we can be able to bag it again or how is this?

**Skandaprasad S.:** See, first of all, there was no order cancellation. It was the tender which went into a re-tendering, because the client wanted to change scope, specifications, etc. The tender has been, as we speak, re-announced. We are working on the tender. We will have about 8 weeks to submit the tender. We will make the submission of the tender. And please let us be very clear in our mind, there was no capability issue, there was no technical issue. There was only a customer-related decision.

- Tejas Shah:** Okay, great. Thank you.
- Moderator:** Thank you. The next question is from the line of Kaushik Poddar from KB Capital Markets. Please go ahead.
- Kaushik Poddar:** Where this Jal Jeevan Mission had nothing in favour of your company. See, the recent Delhi election, what was talked about and promised by BJP is that there will be a cleaning up of the Yamuna riverfront. So, is it possible that there can be a big opportunity in such kind of cleaning up of the riverfront?
- Rajiv Mittal:** It's not only possible, it is. And we are already doing this Yamuna cleaning under the Yamuna Action Plan, we're part of Yamuna Action Plan 1 and 2, now 3 and 4 will come. We have built plants like Kondli. We have built plants like Keshopur, Papankalan and recently Rithala. All this is helping to clean the water in Yamuna by discharging treated sewage, rather than untreated sewage in River Yamuna. This is right in the center of our domain capability and this is the kind of projects we like to work on.
- Kaushik Poddar:** So, what's the kind of incremental tender that will be required to do the complete clean up?
- Rajiv Mittal:** We will not guess the number on how much the Government puts the money in Yamuna. How much money the government allocates for this budgetary allocation of Yamuna. Whatever they allocate, we will be a strong contender for that.
- Kaushik Poddar:** Okay and see, we see a lot of contracts that you get from the developing countries, but is it possible that you can go to developed countries and get some orders also?
- Rajiv Mittal:** Why to go to developed countries. It is a question of survival in developed countries. They already have the infrastructure developed. Now, what incremental you can get? Some renovation, some upgradation. You don't get green field, large projects what you get in the emerging market, where the infrastructure is developing. So, why go to a crowded market with no margins, no scope for innovation? We are very happy with our strategy of remaining in the emerging markets.
- Kaushik Poddar:** Okay, thank you. Thank you.
- Moderator:** Thank you. The next question is from the line of Sabil from Unifi Capital. Please go ahead.
- Sabil Dabhoya:** Hi, thanks for the opportunity, and congratulations on the recent order wins. Sir, previously we had called out that the Perur Desal, Pagla- Bangladesh, RIL, IndoSolar projects which are largely EPC nature of projects were to be executed in the second half, and we could see that margins have dipped a bit. So, how do we think about margin trajectory going forward from here on?

**Rajiv Mittal:** I think one of our friends had asked this question. Our CFO, Skanda replied to that question. Is it something specifically you want other than saying quarter on quarter, do not look at margins, because it is a mix of projects which determine the margin.

And when you still look at a 9 months, we like to be seen as at least 2-3 year period Company, but even if you see us as 9 months, it is very steady margins. So, some quarters, nobody will ask us last quarter why did you do well on the margin. Now, if 1% or 2% is less in this quarter, we are getting this question. But at least see us on the 9 months period. Is our margins not good enough in the range what we have projected to you in the May last year?

**Sabil Dabhoya:** Sure sir, understood. And sir, second question was on the dividend policy. Sir, if we can elaborate on that part, please.

**Rajiv Mittal:** We have said in many, many quarters, you are the owners of the Company, you are the shareholders of the Company. Our shareholders decide what is the best return on capital on their investments they do.

As a Management, because they trust us in our ability, in our judgment, we take a judgment that investing money into the projects is far superior and gives us better return than giving a dividend. That's been our judgment and that's how we have worked over the last 3-4 years. Now, if our shareholders want dividend and say don't invest into this kind of Namami Gange, HAM Projects, we are fine with it. So, it depends where you get a better return on your capital.

And you have seen over the last 2-3 years, how the Company's performance has improved on every single matrix, whether it is EBITDA, whether it's PAT, whether it's cash, whether it's RoCE, whether it's RoE, on all fronts, the performance has improved and I think we are on the right strategy to give this kind of return to the investors.

**Sabil Dabhoya:** Understood. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Harshil Parekh from Acuitas Capital. Please go ahead.

**Harshil Parekh:** Hi, sir. Thanks for the opportunity. Sir, my question was, I would like to know what is the order bid pipeline where we are the preferred bidder? For example, as of 2<sup>nd</sup> Quarter, that amount was approximately INR 3,500 crores, out of which 75% of them are already confirmed orders. So, I would like to know that value as of Q3.

**Rajiv Mittal:** Yes, I think even after booking 75% of INR 3,500 crores, we still fancy our chances to a project in next 2-3 months in the range of INR 2,000 crores to INR 2,500 crores.

- Harshil Parekh:** Okay, sir. And sir, my next question was that earlier we have communicated that we aspire to grow our revenues by around 15% to 20%. And if I look at our 9 months revenue growth, it was around some 11%. So are we still confident of achieving that 15% to 20% growth in FY25?
- Rajiv Mittal:** First thing I want to remind you that these projections were not given for a quarter or 9 months or a year. This was given for a medium term, which is 3 to 4 or 3 to 5 years, in our personal meeting, which we did in May last year. On that front, we are very, very confident. And especially with the kind of order intake we have and the sector, which is looking up, I do not see we need to doubt the projections we have given 3 quarters back. So a short answer is yes, we are confident.
- Harshil Parekh:** Sure, sir. And sir, the last final question would be what is our like-to-like revenue growth on a 9-months basis, excluding the divestment of our subsidiaries?
- Rajiv Mittal:** I think this is given in our investor presentation.
- Harshil Parekh:** Sir, EBITDA and PAT growth is given, but revenue growth is not.
- Skandaprasad S.:** Revenue growth?
- Rajiv Mittal:** I think it is about 10%-11% we have given.
- Skandaprasad S.:** So, like to like revenue growth would be about 13%.
- Harshil Parekh:** Okay, sir. Thank you. Thank you.
- Rajiv Mittal:** 9 months to 9 months.
- Moderator:** Thank you. The next question is from the line of Jainam Jain from ICICI Securities. Please go ahead.
- Jainam Jain:** Thank you for the opportunity. So, sir, my first question is could you please give us some details on the recently won 200 MLD Saudi Arabia project? What is the execution timeline and what kind of gross margins can we expect from these orders?
- Rajiv Mittal:** See, it is a 30-months order execution timeline. We have already taken 2 months during the limited notice to proceed. Balance, we have 28 months to execute this project. And this is a very advanced technology sewage treatment plant, similar to the one we did a couple of years back in Jeddah, same technology. So, this is something very new for the Middle East market, and we are very confident after the successful operation of Jeddah, that is suitable for this climate and the region. And that is one of our success factors for this project. This also gives us a very large reference in the GCC market, which is anyway our target market for us. And we definitely see

that such projects give us huge exposure and confidence to the clients to consider us for future bidding also.

**Jainam Jain:** Okay, sir. And sir, what are the payment terms for this contract?

**Rajiv Mittal:** I think we can take it offline, because I will tell you the payment terms are good, because this is funded project. They also know it has to be performed, but you can connect with any of my team, because it will take a long time if I have to narrate the whole payment terms of the thing. So, we'll take it offline.

**Jainam Jain:** Okay, sir. And sir, the next question is on the 300 MLD Saudi Arabia order, which was cancelled a few months back. So, what was the reason for the cancellation? Like, was it an operational issue or it has something to do with the Wabag? And do we expect the tender to be floated again.

**Rajiv Mittal:** Yes, I think you were on the call when one of our friends asked this question, and our CFO responded exactly the same questions you're asking.

**Jainam Jain:** Okay, sir. Sir, what is the order pipeline looking like for India and abroad for Q4 FY25 and FY26? Like, are there any large tenders on the horizon for India? And what is your order inflow guidance for FY26?

**Rajiv Mittal:** We don't give order inflow guidance. We have already given guidance for the medium term on all the parameters. And to get all the parameters, order inflow has to grow at that level. Today, we have said, even in today's concall, that the market is very bullish, the sector is looking up, we are well placed, we are even preferred bidder. So, in short, I would say, it's looking good.

**Moderator:** Thank you. Ladies and gentlemen, please limit your question to 2 per participant. If you have a follow-up question, I would request you to rejoin the queue. The next question is from the line of Mihir Dhani from Sharekhan. Please go ahead.

**Mihir Dhani:** Sir, last quarter, you had alluded that the second half could see revenues of around INR 2,000 crores. So, after the third quarter, do you see a significant pickup in revenues in the fourth quarter?

**Rajiv Mittal:** Yes, our fourth quarter revenues are always a bumper quarter. In all the 4 quarters, always fourth quarter is the biggest quarter. And I don't have any doubt that this year would be no different.

**Mihir Dhani:** So, the guidance which you gave is maintained, right?

**Rajiv Mittal:** Yes, yes, obviously.

**Mihir Dhani:** Okay, all right. Thank you.

- Moderator:** Thank you. The next question is from the line of Eshwar from ithubt PMS. Please go ahead.
- Eshwar Arumugan:** Hi, sir. Thank you for taking my question, and congratulations on a strong order inflow this quarter. So, I would like to know how much would be the ratio of the bid we do for orders and how much would we have won? What would be the ratio, sir?
- Rajiv Mittal:** Shailesh will take this question.
- Shailesh Kumar:** If I tell you specifically, it varies on various conditions, many conditions that win and bid ratio. But generally, we have 30% to 40% is the range in which we are bagging the order and that is by any industry standard, very phenomenal. But it depends on very many conditions under which we are bidding. So, it may vary. But generally, in that range, we are strong.
- Eshwar Arumugan:** Okay, got it. Sir, can you talk a little bit about the R&D department, what they do? Because the CEO earlier alluded that the emerging market, there is a chance for innovation. And plus we have 125 plus IP rights. So, is there any more in the pipeline? What is the status of that department? If you can throw some light on that part.
- Rajiv Mittal:** I think this department still exists. They are still live and kicking and doing some good work. And they are continuously improving the existing technology, innovating new technologies, commercializing the pilot projects into a prototype. So, this is a continuous exercise. We do not stop this work. This is a good work. It gives us an edge in the market with advanced technology. We would like to be considered as an advanced technology, pure play, water company. Sorry, you are saying something?
- Eshwar Arumugan:** Your IP is in the pipeline. Sorry for interrupting, sir.
- Rajiv Mittal:** Yes, it is always there. We have a R&D director sitting in Vienna. He decides which of our developed technologies we need to apply for a patent or IP or a trademark. And accordingly, he is managing that on a day-to-day basis. So, it is not that we have a plan that 3 IPs this year we will take or 10 IPs we will take. He takes a decision based on the type of the project, type of the technologies we do.
- Plus, this being a centenary year, we have come up with an initiative called Blue Seed. This is to help the new startups with the pre-seed and seed capital to encourage them, develop them, not only by giving money, but also sharing with them the water technology knowledge, help them to perfect their technologies, and also help them in commercializing, because we are present in 27 countries. So, we can also help them in marketing in those countries.
- Eshwar Arumugan:** Okay. Thanks a lot, sir, for taking my questions. That's all I have.
- Moderator:** Thank you. The next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

**Mohit Kumar:** Yes, thanks for the opportunity, sir. And my first question is, have you heard anything on the Mumbai desalination plant? I heard that it is retender, is that right?

**Rajiv Mittal:** Mumbai desalination plant, its last 3 years, is off and on. Yes, it is not the first time it is going to be retendered. I hope they will find some interest in it, the way they have structured it. But as of now, the way they have structured it, there are no takers for that. So, we have to wait and watch how does it develop.

**Mohit Kumar:** Understood, sir. My second question is, of course, you have done very well in the Middle East, but the Indian opportunities look like to be very, very low. So, are you seeing the pipeline for the Indian project building up? And are you hopeful that some of the new orders, especially on Namami Gange 2.0, will likely to take off in FY26?

**Rajiv Mittal:** Surely it has to take off. What we have seen so far is just the tip of the iceberg, because it's only we have worked on our Ganga as a river, but we have huge river fronts, which we have to work on. And the government has made it very clear what they have started as a good pilot with Ganga. They would extend this to all the rivers, whether it's Godavari, Krishna, Brahmaputra, whatever. They are going to extend the same model to all rivers. Just imagine if they are extending to all these rivers, and also it was announced in the interim budget, 100 cities, they are going to extend this HAM model, which they will make sure they are bankable projects.

I think there's no dearth of opportunities, as I said before, there's enough in this water sector, which is looking up and we remain very bullish about it.

**Mohit Kumar:** Can we see in the medium-term, few tenders getting closed in India, large tenders?

**Rajiv Mittal:** Why not? Keep your fingers crossed, yes, it will happen.

**Mohit Kumar:** Understood. Thank you and all the best, sir. Thank you.

**Moderator:** Thank you. The next question is from the line of Ashiwani Singh from Statpro Fintech Private Limited. Please go ahead.

**Ashiwani Singh:** Yes. Hello. Good evening, sir. Congratulations on your fantastic results. I have 2 questions, but you have already answered 1. So just 1 question. So I would like to know what is the goal of Wabag, and where do you see yourself in 3 to 5 years time in terms of business value, in terms of international expansion, and in terms of your business in India?

**Rajiv Mittal:** What is the goal of Wabag? See, let me tell you and maybe take this opportunity to share a new vision statement, which we have given to our colleagues in Wabag, because it's 100 years. We have talked about as a responsible Water Company, conserve water. That is a responsibility we have given to ourselves. That means do everything to make sure this limited resource, which we



all consider is unlimited, which is not true. It's a myth. It's a very limited resource water. We should conserve it. That's the first target we have given to ourselves.

The second we have said is to protect environment, because if we do the proper treatment, we use the right technology. We use green technology. We don't emit out greenhouse gases. All these things, if we do well, we are protecting the environment. That's the second target we have given ourselves.

Third, we all have not realized what is the importance of water for a growing economy, for our GDP growth. That is another emphasis we have brought in. We have said, we are the guys who are going to power the economy. How you are going to power the economy? By making sure water is available to commercial and industrial units, uninterrupted, reliable water source at an affordable price. This has been our mantra. So, that is what is our contribution to the society.

**Ashiwani Singh:** Thank you, sir.

**Moderator:** Thank you. The next question is from Hardik Gandhi from HPMG Shares and Securities. Please go ahead.

**Hardik Gandhi:** Yes, sir. Congratulations on a good set of numbers. Just one single query on the big order which we received from Saudi Arabia. So, here the order's number is INR 3,251 crores. So, just a small question on that. Is the whole INR 3,251 crores that will be coming on our books or is that the contract, and we'll be distributing that amount with our other partners who is forming the pipes and infrastructure on the site?

**Rajiv Mittal:** Obviously, we have mentioned that it's a consortium order. It's not a Wabag's order and the other partner is a partner, not a subcontractor. So, his revenues will not pass through our books. Neither we want it that way, that it's a pass through our books, and just to show our top line. We have organized that his revenues will be in his book, our revenue will be in our book. Our order what will be passing through our books will be about INR 1,725 crores or something. So, INR 1,725 crores will be passing through our books and the rest of it. So, about 55% odd should pass through our books.

**Hardik Gandhi:** Understood. Yes, that's just what I wanted to know. Thank you so much, sir. That's it.

**Moderator:** Thank you.

**Rajiv Mittal:** Welcome.

**Moderator:** The next question is from the line of Dheeraj Ram from Ashika Institutional Equities. Please go ahead.

**Dheeraj Ram:** Hi, thank you for taking up my question. Sir, in recent times, there are a few listed companies who are making close to 25% EBITDA margin, and they are in similar segment what we do. So, I don't understand what can be the take on this. I would like to understand what's your take.

**Rajiv Mittal:** See, it's on a lighter side, my friend. We have to learn from these companies. In my 41 years career, we have not seen this kind of thing. So, maybe they are doing something which we are not aware of. So, maybe they have to answer what they do to make this kind of thing.

I think in our business, if you make around 14%-15% EBITDA, you are doing well with generating free cash flow. That is our aim. That is our target. We are fixed to it. We don't look at what others do. I think it's their business. They know what their business model is.

**Dheeraj Ram:** Got it, sir. Got it. So, I understand we have plenty of opportunities in Saudi Arabia and in other Southeast Asian countries. But in U.S., there is something called PFAS initiative that is started by the government, due to which companies such as Veolia and Ecolab are grabbing a lot of orders there. So, can we expect Wabag also going to bid for those projects anywhere in future?

**Rajiv Mittal:** No, if you are talking about U.S., no. We have been very clear and very focused on the direction we want to go, and that we will have no change of mind. There is no requirement to change the mind, because the business opportunities in the emerging world is tremendous. This developed world, I think we want to stay away from, till there is a need that we need to go. As of now, there is no need that we go to the developed world.

**Dheeraj Ram:** Got it, sir. Thank you.

**Rajiv Mittal:** The next question is from the line of Nishant Gupta from Minerva Global Capital. Please go ahead.

**Nishant Gupta:** Hey, so thank you for the opportunity. I just wanted to ask a question on the O&M part. So, since the O&M would be a recurring kind of revenue, right, you do the EPC work. So, will the margins on the O&M side be higher? Like, I understand your guidance for the medium term, but typically, what are the margins of the O&M side after you are done with the EPC?

**Shailesh Kumar:** Yes, I'll take this question. As you rightly said, O&M is a different business, not like EPC, lesser risk. And as Skanda told you, we have a good mix of O&M and EPC, and that makes the business sustainable.

As far as margin is concerned, rightfully said, it is more predictable, more in grip. So, margin would be slightly higher than the normal EPC. And that is the way we are performing over the years, and we foresee that the similar trend will continue to do. It is definitely better than EPC.

**Nishant Gupta:** Got it, sir. Got it. Thank you. And all the best.

- Moderator:** Thank you. The next question is from the line of Sani from Axis Securities. Please go ahead.
- Sani Vishe:** Yes, thanks for taking my question. So, my question is a little subjective. I don't expect a definitive answer to it. But we see that there is a lot of order inflow. But are there any constrain on Wabag side, how much you can execute in a particular quarter? Is there an upper limit given that resources like human capital or whatever you need? So, is there any constrain on that end?
- Rajiv Mittal:** I would say not at all. If there is a concern, we will not even book the order. It is unfair for a customer that we take the order and don't execute it or don't execute it on time and to the requirement what we have signed the contract. So far, we have grown from a company, from a startup to what we are today as a globally number 3.
- So, we have always grown with the orders, and we believe we have enough strategy in place in recruiting and hiring people, training people, developing them under the NATs, NAPs, all schemes which government has given us. We do run almost like a university to train water engineers. And so far, it has worked for us, and we are very confident going forward it will work.
- One more thing, I leave it for your digestion. See as the ticket size of the orders are going up, the number of manpower required to execute an order is definitely coming down or per million revenue, the manpower required is definitely coming down. So, this is also helping us to focus on few large orders, rather than 10 such small orders. This is also making it more efficient and profitable for us.
- Sani Vishe:** Okay. So, the only risk on execution side is possible delays on approval from customers or unforeseen situations, which are not usual to the business operations, is that correct?
- Rajiv Mittal:** Let's have a separate session on risk. I don't think we can count in our fingers what are the possible risks. It's not about risk, life is full of risk. It's your ability, your experience, your past track record in managing this risk. Risks are, I don't think you can count on your fingers. There are many, many risks, especially in project business. So, the work of a company is managing the risk and mitigating those risks.
- Sani Vishe:** Fair enough. Thank you, sir.
- Moderator:** Thank you. The next follow-up question is from the line of Anupam Goswami from SUD Life. Please go ahead.
- Anupam Goswami:** Sir, one question. What is the peak order book that we can go before we stop taking any orders? That is one, and are we selecting or choosing our order and what are the criteria do we look for when we filter out the order intake?
- Rajiv Mittal:** It is like "*Dil Mange More*". So, naturally, there is no limit to which we can go and stop taking orders. That's not the DNA of Wabag. As we said earlier, we have grown from a startup to where

we are. And from now to grow where we want to grow, I think we are aggressive, we will remain aggressive, but well-disciplined and that's your second part of your question, what is the criteria you select? Like we have told you, a few years back that we do not take state government funded orders. That's one example.

We go for multilaterally funded orders. We go for orders which have payment security. We go for orders which have a good cash flow. We go for orders which have advanced technology. We go for orders which have operation and maintenance revenue. So, these are some of the criteria which has been given to our sales and marketing guys. They select the project based on that, not based on the size of project or anything.

We remain very disciplined. If something we have to let go, we let go. Like Mumbai projects, we decided to let go. We worked on it for 11 years, but we decided to let go, because it did not fit into the screen what we have kept. It did not pass through the screen. So, I would say yes, we have a capacity. Yes, we can build further capacity. There is no reason to say no to an order which fits into our screening criteria.

**Anupam Goswami:** And sir, what is the internal IRR that we look for out of this order?

**Rajiv Mittal:** See, we work on EBITDA basis, we do not work on IRR. That we have given you already, 13% to 15% and 9% to 10% at PAT level. This we will maintain.

**Anupam Goswami:** And sir, last, the rest of India, the order book where we see a sharp drop in margins as well as how do we see the pipeline building up over there? Since we have seen a robust Saudi and Middle East orders, how much of a sustainability can we expect out of this? That is all, sir.

**Rajiv Mittal:** Your question is not at all clear to me at least. Can you be very specific what you want to know?

**Anupam Goswami:** Yes, sir. I wanted to know on the export orders, what is the run rate or what is the pipeline that we see? Has it built up from what we have seen right now? It is pretty robust. But going forward, how do we see it?

**Rajiv Mittal:** See we are in the emerging markets. As we said, where infrastructure is required, urbanization is happening. So, pipeline is robust, will remain robust for the decades to come, I don't even say years to come. For decades to come, it will remain robust.

**Moderator:** Sir, does that answer your question?

**Anupam Goswami:** Yes. Thank you.

**Moderator:** Thank you. The next question is from the line of Samarth from ICICI Securities. Please go ahead.

- Samarth Khandelwal:** Yes, sir. Firstly, congratulations on a good set of orders for this quarter, especially where there was a kind of a Capex dry up in the Q2. My question is on the order that was cancelled. I heard that the newer tender has opened up, and we have 8 weeks to apply. So, if you could just share some color on the scope of the new tender that has come, will it be the bigger size or what has exactly changed?
- Rajiv Mittal:** See, it just came a few days back. Our team is reviewing the scope and the changes. It's too early to give you what, maybe another week, 10 days you give us. After we have reviewed, our teams have analyzed it, we can share that differences.
- Samarth Khandelwal:** Okay, sir. Sir, second question is, I understand that we are shifting from an Engineering Procurement Construction Company to only Engineering and Procurement Company, but we still are into construction of a few orders. So, on those orders, do we have a price escalation clause built in, in the contracts that we enter?
- Rajiv Mittal:** Always, always. Because our contracts are always long-term contracts, especially in India, anything more than 18 months, we always have a price escalation built in where the government of India RBI indices will be the basis. And that more or less covers about 70%-75% of our cost.
- Samarth Khandelwal:** And lastly, just one clarification on your consortium order that we have received in our scope. Is there any part of construction that we are doing or it is entirely engineering and procurement?
- Rajiv Mittal:** No. the treatment plant, we will do the construction within a boundary of our treatment plant. Anything outside the treatment plant boundary, which is laying of pipelines, constructing of reservoirs, we don't get in there because of all the issues of getting permissions, right of way. So, we do not do that. That is what our partner is doing. We will limit ourselves within the boundary.
- Samarth Khandelwal:** Okay. Understood, sir. Thank you. Thank you for answering my questions.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Mittal for closing comments.
- Rajiv Mittal:** Thank you once again. And friends, thank you for your active participation in this Q3 & 9M FY25 earnings call. We have uploaded the analyst presentation in our website. In case you have any further queries, you may get in touch with our Adfactor IR team or you can also feel free to get in touch with us directly. Thank you once again. Enjoy the evening.
- Moderator:** On behalf of VA Tech Wabag Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.
-



*VA Tech Wabag Limited  
February 11, 2025*

This is a transcript and may contain transcription errors. The Company or the sender takes no responsibility for such errors, although an effort has been made to ensure high level of accuracy