



An ISO 9001 Company

November 14, 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 'Q2 & H1 FY26 Results Conference Call'

Please find enclosed the Transcript of 'Q2 & H1 FY26 Results Conference Call' held on Monday, November 10, 2025, post declaration of unaudited Financial Results (both Standalone and Consolidated) of the Company for the quarter and half year ended September 30, 2025.

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 'Q2 & H1 FY26 Results Conference Call' is also available on the Company's website at www.wabag.com.

Kindly take the same on record.

Thanking You,
For **VA TECH WABAG LIMITED**

Anup Kumar Samal
Company Secretary & Compliance Officer
Membership No: FCS 4832

Encl.: As above

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VA TECH WABAG LIMITED

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**“VA TECH WABAG LIMITED
Q2 and H1 FY26 Earnings Conference Call”
November 10, 2025**



MANAGEMENT:

MR. RAJIV MITTAL – CHAIRMAN AND MANAGING DIRECTOR

MR. SKANDAPRASAD SEETHARAMAN – GROUP CHIEF FINANCIAL OFFICER

MR. ANOOP KARTHA – HEAD SPECIAL INITIATIVES

Moderator: Good evening, and welcome, everyone, to this Earnings Call Post Announcement of Q2 and H1 FY '26 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. Anoop Kartha, Head, Special Initiatives.

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 could materially differ from those in such forward-looking statements.

The conference call will be archived and a transcript 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 offerings and analysis of the results for this period. We trust that you had an opportunity to look through the same.

I now hand the conference over to Mr. Mittal to take you through the key business highlights. Over to you, sir.

Rajiv Mittal: Thank you. Good evening, ladies and gentlemen. A warm welcome to you all on the earnings call following the announcement of Q2 and H1 FY '26 results of VA Tech Wabag Limited. Your continued encouragement and trust remains invaluable to our growth journey, and we truly appreciate your presence this evening. Joining me today are Mr. Skandaprasad Seetharaman, our Group CFO; and Mr. Anoop Kartha, our Head, Special Initiatives.

We are pleased to report continued profitable growth for the half year, driven by our disciplined financial management, efficient resource utilization and unwavering focus on quality execution. Our bottom line grew profitably by 20% year-on-year. We maintained our guided EBITDA margins and continued to deliver healthy top line growth with a PAT margin of 10%. We further strengthened our balance sheet by reducing debt and sustaining a net cash positive status for the 11th consecutive quarter, reflecting our prudent financial stewardship.

This year, nearly half of our revenues were generated from international projects, underscoring WABAG's leadership and growing stature in the global water industry. In line with our committed strategy, we continue to focus on increased contribution from our O&M business, providing stable, predictable cash flow and long-term value creation.

Our order book continued to expand with significant strategic wins. As of H1 FY '26, it stands over INR160 billion, comprising of well-balanced mix of 62% EPC and 38% O&M projects, ensuring strong revenue visibility and deepening client relationship. International projects continue to contribute nearly 50% of the order book, driving margin improvement and reinforcing our global footprint. In addition, WABAG has emerged as a preferred bidder for marquee projects worth over INR30 billion, which is almost INR3,000 crore, both in India and overseas.

Among our key wins in this quarter, we bagged two breakthrough orders in the 'Future Energy Solutions' sector.

We bagged an advanced technology order to deliver Ultra-Pure Water, Effluent Treatment Plant and Zero Liquid Discharge solutions for RenewSys solar cell manufacturing facility in Hyderabad. This aligns with our strategic focus to expand into emerging sector such as Solar, Green Hydrogen and Semiconductors.

Another milestone achievement is our breakthrough project for setting up of Biogas Upgradation Unit for Compressed Biogas production. The project captures and upgrades raw biogas into clean renewable CBG fuel, preventing methane emission and replacing conventional fossil fuels, an excellent demonstration of circular economy in action, turning municipal waste into clean green energy, and our contribution to India's carbon reduction goal. This project will leverage the benefits of SATAT (Sustainable Alternative Towards Affordable Transportation) scheme of Government of India, which offers a very high attractive framework for CBG producers with both commercial and strategic advantage. The scheme provides government-backed support and assured offtake by public sector oil marketing companies at a benchmark price fixed by Government of India, ensuring consistent demand, stable revenue streams and sustainable business model with strong growth potential across both urban and rural sector.

In line with our continued focus on long-term O&M portfolio, we also secured a repeat O&M order for 5 years valued at 5.12 million Bahraini Dinars, which is approximately INR1,181 million for 40 MLD AMAS, which is Madinat Salman Sewage Treatment Plant in Bahrain.

Let me now share a few updates on our ongoing projects.

The JICA funded 400 MLD Perur Desalination Plant in Chennai has been doing well, has achieved a major milestone with the completion of all marine activity. Civil construction is progressing well. Key equipment deliveries have commenced. Plant piping, pre-fabrication activities is set to begin shortly and the project is on schedule.

200 MLD Al Haer STP project in Saudi Arabia, another prestigious repeat order from Miahona is moving swiftly and all project activities are in full swing.

300 MLD Yanbu Mega Desalination Plant in Saudi Arabia is progressing well. While we await the effective date of commencement, we are significantly ready with our basic engineering package submission to the client. Key personnel have been deployed and the procurement of long lead equipment has started.

Lusaka Sanitation Project in Zambia, funded by EIB and KfW Germany is also on track. Construction drawings for major structures are being finalized. Purchase orders for key equipment are getting issued, and civil subcontractors getting mobilized to the site.

Under the One City One Operator model, WABAG continues to manage the cities of Agra and Ghaziabad successfully. We recently introduced robotic sewage cleaning system in Ghaziabad, an innovation that enhances safety, efficiency and hygiene. This initiative underlines our commitment to deliver technology-driven, citizen-centric and sustainable urban sanitation solutions.

We also had a privilege of hosting a national conference on One City One Operator in Agra under the theme of “Transforming Cities Through Responsibility - One Operator. One Solution. One Future.”. The event brought together over 100 delegates, including government officials, utility leaders, bureaucrats, industry experts, reaffirming WABAG’s role as a thought leader in India’s water management space.

Looking ahead, we remain steadfast in our strategy to expand into new markets, advanced technology adoption, maintaining strong financial discipline and driving sustainable growth. Our healthy balance sheet, robust order book and a strong pipeline of opportunities, WABAG is well positioned to sustain its growth momentum and create enduring value for all stakeholders. Before I close, I would like to thank each one of you for your continued confidence in WABAG and for supporting our mission to deliver sustainable water and environmental solutions globally.

With that, I now hand it over to Anoop to share his insights on new initiatives. Over to you, Anoop.

Anoop Kartha:

Thank you, Mr. Mittal. Good evening, everyone. I’m delighted to have this opportunity to share our business strategy for the Future Energy Solutions segment, and this encompasses Solar, Green Hydrogen, Semiconductors, Compressed Biogas, and Data Centers. This marks an exciting phase in WABAG’s journey as we align our strength and expertise to serve these fast evolving high-growth sectors that are shaping a sustainable and technology-driven future.

Over the past year, we have implemented several strategic initiatives that have already delivered tangible results, including two breakthrough orders to establish an integrated water and wastewater treatment facility for a PV Solar Manufacturing facility and Compressed Bio-Gas treatment system.

For over a century, WABAG has partnered with global clients to deliver sustainable technology-driven water and wastewater solutions. Our proven expertise in producing demineralized and deionized water using both resin-based and advanced membrane technologies, as well as our long-term operation of Zero Liquid Discharge systems has provided us with rich experience forming the foundation for our entry into the Ultra-Pure Water segment.

Our recent order from RenewSys, Hyderabad marks a major milestone, where we are designing and building an advanced technology plant featuring ultrafiltration, reverse osmosis, and electro deionization to produce Ultra-Pure Water, which is essential for wafer cleaning and conditioning in solar cell manufacturing. The plant will also recycle and evaporate effluents to ensure zero liquid discharge, fully aligned with the RenewSys’s sustainability goals.

Now with strong policy support through Make in India and the PLI schemes, India is targeting 130 gigawatt of solar cell manufacturing by 2030, which will drive demand for our 100 to 150 MLD of Ultra-Pure Water capacity. Similar requirements are emerging across Green Hydrogen, Data Centers and Semiconductor Fabs, where high-purity water and recycling are critical. Our execution capability and track record position WABAG to become a leading player in this fast-growing market.

In the CBG segment, we achieved a significant milestone with the latest order to establish a CBG plant from Sewage in Uttar Pradesh. The project will convert sludge into biogas through anaerobic digestion, followed by advanced purification to produce fuel-grade methane. This initiative represents our transition from conventional biogas utilization to high-value CBG production, creating a true circular economy. Supported by the government incentives under the SATAT scheme, India's CBG sector is poised for rapid growth with a vast feedstock potential from existing STPs. We are currently pursuing multiple tenders, and we see a strong opportunity ahead.

In the Data Center segment, we are actively engaging with the market to explore the emerging opportunities. As major IT players expand their data center capacities across India, the demand for reliable water, particularly for cooling operations is expected to rise significantly. City administrations can address this sustainably by recycling the treated sewage through advanced membrane technologies and promoting water reuse within data centers. With the proven expertise and award-winning tertiary treatment RO plants in Chennai and Ghaziabad, WABAG is ideally positioned to partner in developing sustainable water infrastructure that enables India's data center growth to remain both resource efficient and environmentally responsible.

To conclude, WABAG's strategic foray into the Ultra-Pure Water for Solar, Hydrogen and Semiconductor sectors, Comprehensive Water Management solutions for Data Centers and leveraging the thirst on biofuels through CBG projects underscores our commitment to sustainability, innovation and long-term value creation, shaping the next era of green, circular and future-ready water energy solutions.

Thank you again for this opportunity. I will now hand over to Mr. Skanda.

Skandaprasad S.:

Thank you, Anoop. Good evening, everyone. I trust you have had the opportunity to go through our results update presentation, which is available on our website and has been filed with the stock exchanges.

The first half of this fiscal year has been gratifying on multiple fronts. We continued our journey of profitable growth, with PAT growing faster than the top line and margins remaining firmly in line with our mid-term outlook, driven by enhanced execution efficiency, quality industrial and international projects and the increasing contribution from our high-margin O&M business.

For H1, our consolidated revenue stood at INR1,569 crore, marking a growth of over 18% year-over-year, while standalone revenue was INR1,330 crore. This top-line performance was primarily driven by timely project execution, and new and large projects picking up pace. Our O&M business continues to perform strongly, contributing 19% to the total revenue, while international business accounted for 47% of the revenue during the half year, further reinforcing WABAG's global leadership in water technology solutions.

On the profitability front, consolidated EBITDA for H1 stood at INR216 crore with a margin of 13.8%, in line with our target band of 13% to 15% EBITDA, as per the medium-term outlook. Standalone EBITDA stood at INR189 crore. Consolidated PAT for H1 stood at INR151 crore with a margin of 10%, growing 20% year-on-year. Standalone PAT stood at INR131 crore.

Consistent with our mantra of profitable growth, over 5 years, consolidated PAT has had a CAGR of 38% with the earnings per share more than tripling, 3.6x to be precise, reflecting strong shareholder value creation driven by execution excellence, a quality order book, growth in O&M portfolio, increased international business from marquee industrial clients and efficient cash management.

Turning to our balance sheet. Despite the top line growth, we maintained control over the net working capital, which compared on a year-on-year basis in H1 was lower despite the growth in top line. This strong control over working capital was further reflected in our net cash positive position for the 6th consecutive year and 11th quarter in a row. As of September 2025, our net cash position stood at INR561 crore.

Excluding the transient debt under our HAM entity, our net cash stood at INR675 crore. We closed the half year with a robust gross cash balance of INR798 crore. Through disciplined cash management and prudent debt control, we have consistently reduced debt levels year after year. This focused approach has turned our net interest cost into a net interest income scenario.

Remaining true to our asset-light model, we continue to deliver strong returns with a Return on Capital Employed of around 18.5% and Return on Equity of 15%, reaffirming our commitment to long-term value creation for all stakeholders. All our efforts on profitability improvement, excellence in execution and robust balance sheet status has also reflected in consistent upgrades in our credit rating profile and outlook over the last 5 years.

As highlighted by Mr. Mittal and Anoop, this year, we have secured two breakthrough orders in the emerging Future Energy Solutions sector, further opening new strategic venues for growth. This is a sector where we have taken a decadal view of growth and expansion, and we remain steadfast in our focus to build and develop specialist teams to win and execute orders for leadership in this niche space.

During the first half, we achieved new order intakes almost worth INR3,500 crore. Consequently, our order book position rose by 17% since the start of the year to reach over INR16,000 crore as of September '25, supported by strong payment securities. The order book continues to reflect a high-quality and robust backlog with a balanced mix, 38% comprising of O&M contracts that ensure steady cash flows and predictable long-term revenues. International orders accounting for nearly 50% of the total order book further reinforce WABAG's position as a global leader in water technology solutions.

With a strong order pipeline, robust financial position and continued execution excellence, we are well positioned to sustain our growth momentum while remaining firmly aligned with our mid-term guidance. Guided by our Wriddhi strategy, we continue to focus on profitable growth, maintaining a net cash positive position and creating long-term value for our shareholders.

Before I conclude, I want to take this opportunity to thank our bankers, investors, customers, vendors, subcontractors, partners and all our Wabagites for their unwavering trust and support.

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

- Moderator:** The first question is from the line of Kishore Kumar from Unifi Capital.
- Kishore Kumar:** Sir, my first question is on the gross margin impact. Is it because of the EP via-a-vis EPC proportion and that change actually led to some impact at the gross margin level?
- Skandaprasad S.:** Kishore, yes, you have seen that even in our mid-term guidance, we did mention about growth, and it's obviously a case of mix of projects. And you have seen, we presented last year that our EP mix in the EPC was about 1/3rd. But it's an average over a period.
- So it is based on mix of projects. But again, with volume, we have guided this band of 13% to 15%, within which we are firmly there. We are at 13.8% with the growth. So I don't see any impact, if at all, we are only growing the margins year-over-year.
- Kishore Kumar:** Got it, sir. A follow-up on this, actually, similar mix expected in the coming quarters as well, sir?
- Skandaprasad S.:** Yes, of course. If H1 is good, we should know that H2 is much better on revenues. It should only be better.
- Kishore Kumar:** Got it, sir. And my second question is on the forex gain actually for this quarter. So, if I look at the USD-INR rate, the depreciation is about 4% to 4.5%. And if I convert it into USD revenues, whatever we actually got it from the rest of the world, the growth is about 20%. But the gain is about INR30 crore compared to INR9 crore in the previous year Q2. How should I look at it, sir, actually? Is it because of any onetime impact or because the number is very huge. How should I look at it actually?
- Rajiv Mittal:** First, we want to confirm to you, there is no onetime impact. Our business is spread over 27 countries. And as you know, we said even today, that around 50% of our revenues come international and 50% come through the local Indian business. So naturally, if we do an invoicing on a certain date and we receive a payment on another day, so that is what will go into forex gain.
- So exactly, we cannot measure what is the exchange. And we have to see the date of invoicing and the date of payment received. These two dates will decide what is the exchange gain. And that gain what you have seen is fully based on this forex gain. Again, I repeat, there is no onetime gain in this.
- Kishore Kumar:** Got it, sir. Do we hedge 100% of the invoicing value, whenever we rise invoice for the overseas project, sir?
- Rajiv Mittal:** See, we only hedge the delta. You must understand that as we receive our money, we also have a liability to pay and sometimes we also take a packing credit in U.S. dollar. So this becomes a natural hedge for us. If you take a packing credit in U.S. dollar and also the payments, we have to make to contractors and suppliers are also in foreign exchange. So we don't hedge the full amount. If there is a small residual amount, that is the only amount we hedge. Otherwise, we mostly depend on natural hedge. As we get paid, we'll pay to our suppliers and contractors.

- Kishore Kumar:** Got it, sir. That's clear. I have one more question, if I can ask. Sir, any update on the monetization of the existing HAM projects to the investment platform that we created? And I also see that you have mentioned the biogas project as BOT. Is it through that platform that we are actually pursuing?
- Rajiv Mittal:** See, yes we told earlier also, because we have marquee international investors into the platform, their due diligence and getting the agreements finalized and signed. We are in a very advanced stages of finalizing these agreements. Once these agreements are finalized and the platform is in place, which should happen very soon, then only we can think of transferring some of our assets into the platform, including the present CBG project.
- Kishore Kumar:** So this is through our own standalone entity. It's not through the platform, the biogas BOT.
- Rajiv Mittal:** As of today, yes, you are right.
- Moderator:** The next question is from the line of Priya from B&K Securities.
- Priya:** Congratulations for good results. So my question is a follow-up to the previous participant. So can you provide us out of the overall order backlog of INR160 billion, INR92.1 billion stands for the EPC. Can you quickly say the mix between the EP and the EPC?
- Skandaprasad S.:** See, these will, of course, vary with period. I would probably put it at more 80%-20% or 85%-15% at this point. But yes, as you would know, when new orders come, the mix keeps changing. But for us, every order is the same. We look at benchmark margins irrespective of what is the scope of the project.
- Priya:** Okay. Understood. And the next question that I had was, in the previous call, as mentioned the Saudi NWC long-term O&M contract in those segments, we have mentioned that there is a very good business opportunity in that segment. So, can you please explain, what is the status on these O&M projects? Also, in the Middle East region in the near-to medium-term in which region you see more business opportunities, the new projects coming up?
- Rajiv Mittal:** Yes, true. I think as we have mentioned, probably we were the first company in India who gave enough emphasis on O&M, both in India and now we are continuing the same emphasis internationally. And we mentioned this opportunity, which is Saudi is more towards privatization. So, these are the existing assets which they have. They want to upgrade it and also do renovation, because some of them are old assets, they want to renovate it and also they need to upgrade the plants to the present standards. So they want this small investment to be funded by a private sector and then they give you a long-term O&M, and that is a reason they call it LTOM (Long-Term Operation and Maintenance), where the investments are small, but the O&M revenues over 15 years is a huge number. So, we have participated in some of these projects. And it's a matter of time. We will secure one and experiment it. But there's a big pipeline of projects which are expected in the next couple of years.
- Moderator:** The next question is from the line of Hardik from Yes Securities.

Rajiv Mittal: Hardik, we can't hear you. You have to come closer to the speaker and speak up because we can hardly hear you.

Hardik: Can you hear me now?

Rajiv Mittal: Yes, better.

Hardik: I just wanted to ask why have other income increased materially?

Rajiv Mittal: Sorry?

Hardik: Why has other income increased materially?

Rajiv Mittal: We just said, it's basically on the forex. Rest everything is interest income and all have been standard. The main difference last quarter was forex loss and this quarter is forex gain. That is the only material change in other income. And as we explained, being an international company, global company with presence in more than 27 countries and 50% of our revenue is coming in foreign exchange. So this foreign exchange income or losses is part of our business. And that's how I explained to the earlier participant, how do we manage this forex gain and loss in our business. So that is the nature of our business.

Moderator: The next question is from the line of Anupam Goswami from SUD Life.

Anupam Goswami: Sir, my first question is on the margins. When you say margins without the other income, then we see a dip, right, from Y-o-Y as well as Q-o-Q. So what's the reason behind it? I think it's percolating due to lower gross margin as well. So what is that impact for us?

Rajiv Mittal: My friend, it's not true. If you would have concentrated on the few of the other participants who asked questions before you, all this we discussed. The only difference is the other income, which consists of forex. And if you just take the forex part, which I just explained why it is a business income or loss for us. If you take that, it is well within guided margin of 13% to 15%. There is no drop of margin and there's no drop of our operating margin or gross margin.

Anupam Goswami: Okay. Yes, I'll take that in off-line, Sir. Sir, also if you can give a little color on what kind of orders we have in our pipeline in the second half? And how do you look at the order inflow versus last year? Last year, we did about INR5,600 crore. How do you think we could end up this year?

Rajiv Mittal: See, I think as earlier it was told to the participant and also in our interview, see, we have a very, very solid order pipeline where we are already a preferred bidder, like L1 bidder, both in India and internationally. We have a good INR3,000 crore or INR30 billion of solid backlog of orders which are in pipeline, which can get converted in next few months.

So that is very solid. And this includes some seawater desalination, includes sewage treatment plants, includes some industrial plants for oil and gas, also includes one unique technology we are using for brackish water reverse osmosis, where we are using ceramic membranes. So all this pipeline is good.

And another at least INR2,000 crore, which we are very sure in the next couple of months, we should get a good position in that, which is under evaluation, and we are very hopeful of those projects also getting closed. And some of them, again, even are in Indian oil and gas sector where we are very bullish about our success.

Anupam Goswami: So mostly are the domestic or international orders?

Rajiv Mittal: As I told you, some of them are international orders, like large ticket orders are international, but there are orders which are in India, both on the municipal side and also on the oil and gas side, where we are placed well. Some of them are already in the preferred status. Some of them we are expecting in the next couple of months to get into the preferred status.

Anupam Goswami: Okay. Sir, lastly, on the HAM platform that we have invested, are we getting any traction so far?

Rajiv Mittal: Just can you emphasize exactly what you mean by traction, in which area you are looking for?

Anupam Goswami: Sir, the partner in HAM that we have tied up with. So there are we seeing any new inquiries or order pipeline build?

Rajiv Mittal: The partners we take are not strategic partners because from a qualification perspective, from execution perspective, from long-term O&M per se, everything is done by our company. So we are looking mainly for financial partners, and that's what we have so far. And even in the platform which we are creating, which is a \$100 million platform, there also, we will have financial partners. So we will only leverage their financial experience, management experience, but all the technical experience, domain expertise will remain with WABAG.

Moderator: The next question is from the line of Harshil Parekh from Acuitas Capital.

Harshil Parekh: Sir, my question is on our preferred order book, which we mentioned last year, where we were the lowest bidder in Doha's desalination plant. So sir, what's the status update on that project?

Rajiv Mittal: See, first, I would say it's not last year, it's last quarter, okay. And this is a project which is in Kuwait for the Ministry, and we are a declared L1 bidder. This is under the evaluation process. Generally, it takes about 4 to 5 months. I would say that they are in advanced stage of evaluation. Post evaluation, they will recommend to the Ministry for acceptance. And post that, they will announce the order announcement. And then I think we can inform you if that happens in the next couple of months, we are hoping for, we can make an order intake announcement.

Harshil Parekh: Fair enough, sir. Sir, the second question is more targeted towards our other expenses line item. Q-o-Q, if we see, right, Q2 is usually better than Q1 in terms of revenues. However, if I look at the other expenses part, the other expenses have declined drastically from INR48 crore in Q1 to INR23 crore in Q2. So sir, what's the reason for that?

Skandaprasad S.: See, that's why I would urge you to look at the investor presentation where we have separately disclosed the forex part. When it is a loss on account of forex, which was the case in quarter 1, it gets reported under other expenses. And when it is a gain, which is the case in quarter 2, it

gets reported under other income. So other expenses of Q1 and Q2 do not have comparable elements. So please look at the investor presentation that will give you a better view.

Moderator: The next question is from the line of Raghav from Kamaaya Kya Wealth Management.

Raghav: Yes, I had a couple of questions. First is about the order book turnaround time, specifically asking for the EPC orders.

Rajiv Mittal: This is, as we have said many times, generally, it's about 3 to 3.5 years depending on the size and the complexity of the project.

Raghav: Okay, sir. And also just to understand a bit better, is there any upper cap on the order intake that the management feels that, yes, this should be the upper cap?

Rajiv Mittal: I think I can only tell you “*Dil Maange More*” that there is no upper cap. We only have a criteria for shortlisting our tenders where we like to bid. So we have a very strong screening process, which bids we should bid, which we should let go. If it has cleared that, then there is no upper cap because financially and technically, we are able to handle much more than this.

And you have seen that the starting of the company, it was almost like a start-up or more than 25 years back, we just started as 6 people. Today, we are more than 1,500. We started with the revenue, which was in lakhs. Today, we are talking about moving towards INR4,000 crore. So I think we know how to scale up, and we have a demonstrated track record of that. So we don't put unnecessarily cap on things which can grow profitably.

Raghav: Understood, sir. And any competition you are facing because there are so many entrants in this industry?

Rajiv Mittal: I don't know any industry where you don't have competition, especially water industry, water sector, which is booming, competition is welcome, and we see competition. A lot of non-expert players, general contractors are trying to enter. But I think that will happen to any sector which sees a traction. So we welcome the competition, and we are happy that more and more companies are focusing on water.

Moderator: The next question is from the line of Kaushik Poddar from KB Capital Markets.

Kaushik Poddar: Yes. I want to draw your attention to the management comment on the last line in which you are quoted as saying we are poised to accelerate our growth trajectory. So what do you mean by the accelerate beyond that 15% to 20% that you have guided?

Rajiv Mittal: I think that is always an endeavor, Kaushik, because we have been a growing company and an aspiring company. We don't go for consolidation; we've always looked at growth. And today, the sector is offering that kind of opportunities. So our endeavor and our message to our team is always look for growth, don't stop, like the previous question, whether we are going to stop, are we going to put a cap?

And the answer is no, we are not. When market is offering as long as your selection criteria is good, I think we are just going to go for it. And if all the orders which we are talking about, they come, we have no choice but to go beyond that 15% to 20%.

Kaushik Poddar: That's quite reassuring.

Moderator: The next question is from the line of Ranodeep Sen from MAS Capital.

Ranodeep Sen: I wanted to understand more about the Ultra-Pure water opportunity. I understand Semiconductor, Solar are big areas of focus and so much of traction between both these sectors happening in India. Can you allude some light into the opportunity size that we have? And given we have industry leadership, any early wins, any indications you would like to share?

Anoop Kartha: Sure. Ranodeep, see, we are talking about a major growth in the PV Solar Manufacturing, Battery Cell Manufacturing and Semiconductor, as well as we are also seeing good potential in the emerging field of Green Hydrogen, okay. Now, we are talking about setting up around 130 gigawatt of solar cell manufacturing by 2030, and currently we are at 25 gigawatts. And that gives an opportunity to set up PV Solar Cell Manufacturing of around 105 gigawatt by 2030.

And you can see that on a thumb rule basis, you can say that 1 gigawatt will require approximately 1 MLD of Ultra-Pure Water, which means that we are talking somewhere around 100 to 150 MLD of Ultra-Pure Water in the next 3 to 5 years' time line. And roughly, you can say that this will be a market of around, say, INR3,500 crore.

Ranodeep Sen: Okay. Okay. My second question, read in an article that only 7 states and union territories presently have policies to reuse the domestic wastewater. And this is in the context of the country is home to 17% of the global population, but holds only 4% of the world's water stock. Any traction from the government side from a policy perspective that you're seeing and which quantifies this opportunity?

Rajiv Mittal: Yes. I think from the government side, if you think, they have taken the right steps. I think if you see the Niti Aayog report, which is almost 7 to 8 years back, then followed by government's directive about reuse of water, they have gone very clear on especially the industrial or commercial water saying very clear, if you have an industry which is in a radius of 50 kilometers from a Wastewater Treatment Plant, then you will not be given fresh water, you will have to depend on Recycled Water. This is a clear direction from the government. But in our country, the implementation of that direction is very slow, and that's what is happening.

But the good news is, at least in recent past, things are picking up, it's not only because of directive from the government, it's also commercially making sense for industries to go for it. Number one, they're not depending on domestic water, which is given by local bodies because always whenever there is a drought, this water goes for domestic users and not for industries and then industries will have to close down.

This is not a very smart thing after investing hundreds and thousands of crores, they have to shut their industry for 1 month, 6 weeks or more. So reliability of this water, recycle is a drought-proof water. As long as you have domestic population in that vicinity, you will always produce

wastewater. So it's an anti-drought, drought-proof water resource. And industry is self-reliant. They produce themselves a lot of wastewater. And if they do this internal recycle, that itself is serving almost 80% of their water need. So it is no longer they are waiting for government directive because it makes business sense to go for recycle. I think slowly, the industry is aware of it like the oil and gas industry, you take a case like IOCLs, GAILs, BPCLs kind of organization, they have become a state-of-the-art. All their wastewater treatment plants, not a drop will go out. They are mostly going for Zero Liquid Discharge and all their used water is getting recycled. So these kind of things are emerging.

We did a few years back something for the steel industry. So I think oil and gas is, as I told you, is a state-of-the-art technology to do that. So I think slowly this is becoming popular. And also that day is not far when this recycled water will be used for portable purpose, when there will not be any choice, they will have to use for either direct portable or indirect portable. And that is the future of this recycled water we think.

Ranodeep Sen:

Sure. I appreciate the long response. If I can just squeeze in one last question. A lot of new cities are in the making, be it the future city in Hyderabad or Visakhapatnam taking a lot of stance. So are there proposals from the management to state government in terms of in the lines of One City One Operator model being pitched to the new cities, which are coming, which are state-of-the-art? Just wanted to check on management's thought on this aspect.

Rajiv Mittal:

You are very right, and that is definitely a focus area, growth area. Earlier, this initiative used to be called a smart cities, some of the existing cities got the name of smart cities and a lot of investment went into that. Similarly, this now new cities initiatives, we are in touch with the state government and water will definitely play a huge role to have the sustainability and give a secure water resource.

See, water security is going to be one of the major things, which city is going to be successful, both from a commercial industrial demand of water as well as the domestic demand. So water security will play and we depend on manufactured water, like Visakhapatnam you said. It's right on the coast. So we have a suggestion to the government, have a combination of seawater desalination as well as recycle of water to bring in water sustainability and security.

Moderator:

The next question is from the line of Santosh from SKK HUF.

Santosh:

Okay. Sir, I have one question about debtors' level, trade receivables. Like I can see that in the consolidated balance sheet, the debtor level is something like INR2,960 crore. So is this business which is very receivable intensive? Or we are looking at getting this reduced over time? Because if you see our turnover, it's almost 79% of our consolidated turnover. So what is the reason? Is this because of government contracts? Are you seeing any issues in getting recoveries?

Skandaprasad S.:

See, I think there are 2 to 3 main aspects you have to see. Number one, look at debtors as current and noncurrent as a first step. Noncurrent is an inherent part of the contracted structure when we go for large projects, especially municipal projects, projects which are funded by multilaterals there is a retention clause that is there, which is payable at the COD commissioning PGTR or at

the end of the defects liability period. So these are deducted from each bill and it is paid at the end.

Number two, there are advances that we receive at the start of the project. Now that has to be because of the reporting requirement, it has to be shown separately, and it is not netted off against receivables.

Number three, you also have to see that there is a natural connection between our receivables and payables because they are broadly back to back. Most of the vendors clearly understand that if I have to collect from the customer, the customer has to certify my invoice and unless they certify my invoice, my vendor also do not get paid. So we would encourage that instead of just seeing the asset side alone, look at it from a net working capital basis, and that will give a better answer to this question.

Number four, with larger projects that we are undertaking, especially with multilaterals, especially with sovereign guarantees, you see there is a process of approval. There is a work that is done. We submit an invoice. It goes for a quantity survey. The client has to approve, then the client checks, tax, all other compliances, then they have to forward it to the funding agency. The funding agency has to again approve this invoice, release money under an LC, it comes to the customer and then the customer pays us. So this is a cycle that you will have to also see.

Number five, you also have to see that most of these billing happened towards the end of the quarter, end of the half year because these deliveries are done sequentially and there is an approval process. So usually, you will see more bulks towards the end.

But I would take an example, there is one billing which we did towards the end of the last quarter. Even as I speak, we have collected 100% of it. And it's a large project, large international project. So this is a cycle you have to see.

So variables of payables, receivables, advances, the time line for collection and the retention, all these factors have to be seen in tandem. And you can see, if we do not manage these well, how would we have a net cash position of close to INR700 crore. We're sitting on an INR700 crore net cash position for an annual turnover of INR3,000 crore to INR3,500 crore. So this has to be seen in tandem instead of seeing only receivable on an isolated basis.

Santosh:

So just one more question connected with this that along with more focus of O&M contracts coming our way, can you see that trade receivables will be at the same level or it will go down? Because what I understand is that, O&M contracts are not as capital intensive or your billing would be assured and then regularized by payment from the clients. So how does it work out for O&M contracts? My question is that, are we expecting a reduction at the level of debtors in times to come?

Skandaprasad S.:

Yes. Very clearly, that is an affirmative, yes. With O&M, there will obviously be better receivable cycles because it is a cash and carry business, high margin, low asset and quick turnarounds. Number two, with larger projects, as the cycle moves, the collection cycles will also improve.

With more international and industrial projects, the profile of the order book or the quality of the order book keeps improving with every day. All these factors, and you rightly said, O&M is an important contributor, will also add to ensuring that our receivable cycles come down and our cash collection cycles are better and our working capital cycles are efficient.

Moderator: The next question is from the line of Ashiwani Kumar from Statpro Fintech.

Ashiwani Kumar: So my question is that, on the USD100 million municipal platform with Norfund, what's the potential project pipeline we are looking at, like could it scale to 3x to 4x of the fund size, like say, INR3,000 crore or INR4,000 crore over time?

Rajiv Mittal: Yes, I think it should be much more than that because you know that we have a mantra in WABAG that we want to remain asset-light, which means we will never invest more than 25%. And from platform, if we invest 25% or even 50%, our share in the platform will be less than or equal to maximum 25%. You can see we can easily get 8x to 10x investments. And that is what we want to remain in this field, and we also don't want to make our balance sheet debt heavy hence the platform.

Ashiwani Kumar: So will the margins be the same like 12% to 13% or since this is municipal project so, will the blended margin then go to 17% to 18% for the entire company?

Rajiv Mittal: See, we are not focusing on so many funded projects. Our main bread and butter would come from EP, EPC and O&M. This will be an addition. So I think it can go up over a period of time. We have to see how many good projects which are bankable are released by the government and based on the bankability we may decide to bid for those projects.

Moderator: The next question is from the line of Priya from B&K Securities.

Priya: Sir, could you please talk about the industrial segment business opportunity in the MENA and CIS region? And in the overseas market we are largely taking desalination and STP projects. So what is the right to win the business for the industrial segment in the overseas market? And also can you please let us know the initiatives that we are taking to win these businesses?

Rajiv Mittal: Yes, you have seen this, Priya, that we, as a company have excelled in industrial projects. Probably there's no comparable company, not only in India, but globally when we talk about mega, complex, challenging industrial projects, which mainly is coming from oil and gas sector. Take an example of projects we do for Petronas, we did about 10 years back. Okay. That was successfully completed.

Take a project we did in Dangote, which was recently completed. And also before, this war broke out between Russia and Ukraine, we took a project in Russia, which is again a mega oil and gas project with technology focus. Again, we have completed our supplies. They are in the final stage of erection and commissioning.

So there is no equal company to us who has this kind of a track record. And hence, whenever there is an opportunity to go for something which is challenging large ticket orders, we are always ahead of the queue. And always we would be preferring that.

Even if you see the Indian segment today, the oil and gas sector is booming with a lot of investment coming from BPCL, IOCL kind of organizations where they're investing a lot of money. Of course, Reliance is always ahead of the queue, and they are also our preferred companies that we work with.

So there is a lot of opportunities in oil and gas. And as Anoop mentioned to you, there's also now developing new opportunities in PV Solar Cells. You talk about Semiconductor, and it's only a matter of time, Hydrogen also will become very popular. So all this, we are extremely focused. And I don't think anybody is better than us or we are second to anybody.

Moderator: The next question is from the line of Sanjay from VT Capital.

Sanjay: Sir, as we talk like we are going for the clean water projects for different sectors like Hydro, all these Semiconductor, Data Center, all these things. So what kind of margins would that get impacted because of that? Like are we thinking of getting higher margins if we just slowly shift to those segments going forward?

Anoop Kartha: See, it will be kind of a normal margin, which we see across all the industry sectors. So it will be something similar only.

Sanjay: Okay. And what could be the time line for execution of our order book, which is standing at INR16,000-odd crore?

Skandaprasad S.: The EPC, as Mr. Mittal mentioned earlier, the EPC would be anywhere between 3 to 3.5 years, some of them even shorter, some of them longer depending on the size of the project and the scope of the project. And O&M would be more long term because we have 5, 7, 10, 15 and even 20-year O&M. So this would be in different phase. So average maybe 7-10 years of O&M, if I have to take a very blind average would be about, say, INR500 crore to INR600 crore a year with the current order.

Moderator: The next question is from the line of Sanjay Kohli from Gold Stone Capital.

Sanjay Kohli: You had mentioned about the platform for HAM and the impending transfer of the assets which will take place. Can we get a flavour on where these marquee investors are from even if you can't reveal the name?

Rajiv Mittal: Do you have a particular country preference?

Sanjay Kohli: No. So, the purpose being you always would have had the alternative, but you mentioned in the past that you wanted to be asset-light. So you don't want to take it on your balance sheet because the currency being there and now you have a very decent cash balance. So why going for any sort of equity dilution but that sort of option is always there or some sort of reward in the way of some traditional rights issue which Tata's used to do. So one is curious to know whether they are large Indian investors who are really lining up and want to partner with us.

Rajiv Mittal: Okay. Now to be on a serious note, I think common sense would say Indian investors expectation of return would always be much higher than an international investor, okay. So only I can tell

you, these are international investors, either they come from Europe, Central Western Europe or they come from U.S. So these are the investors who will be on the platform, and they would be long-term investors with a reasonable expectation of return and, they leave this expertise work of executing the project and also managing during the operation and maintenance period completely on us. So that's the agreement, and that's what is getting finalized now with the lawyers, and I'm sure very soon we should sign that.

Sanjay Kohli:

Congratulations. And one question, I live in Delhi, our office is in Gurgaon and I'm in South Delhi. And this so-called posh area, whereas people don't see it, there is essentially a water crisis over here. So, the government must have approached you, that something is happening for Delhi in this area, and with the announcement of the Yamuna clean-up and the Yamuna Maya projects, and in this area, and the Noida, the D&D area, there is, I mean, what's happening over here? And the government's attitude towards, has the government's attitude modernized or is it still squeezing the bidders towards this L1 business?

Rajiv Mittal:

I think government is there and they have to maintain the transparency and they are answerable to various departments like vigilance and all that. The L1 business will continue. The only thing is, with the requirement, like you said, of reuse water, recycle of resources, obviously, there are a few players who have those experiences and capabilities and that will come. I think slowly things are changing like in earlier days before this government, we used to say better days are coming. So let's hope better days will come.

Moderator:

The next question is from the line of Hrushikesh Shah from Alchemy Capital. As there is no response, I take the next question from Sandeep, who is an Individual Investor.

Sandeep:

Is this question for me?

Rajiv Mittal:

Yes, Sandeep. Is it Sandeep?

Sandeep:

Operationally, your company has been doing very well. I think there is some confusion among a lot of the media as well as analyst community as to the operating margins of the company, because many of the people don't realize that what you report as other income is actually translation, which is part of the business income.

And many in the media actually reported your operating margins as some 10.7% and I think that's created a lot of confusion in the minds of investors. I think you need to make the investor community in general aware of the fact that this is because of the accounting standards as they are and the operating profit margin actually 13.75%.

Rajiv Mittal:

Sandeep, first Skanda will answer. In our country, negative news is sold, so negative news, media, print media, enjoy printing it. We are not a new company to the market. We have been there for 25 years. We have continuously explained we are a company with 50% of our revenues come from international business, international projects.

Still they want to beat us on something which is not true, what can you do? You can keep repeating it. Today also, we repeated at least 10 times. But if this is what they want and I don't know there's lack of understanding or not wanting to understand, I don't know.

Skandaprasad S.: Thank you, Mr. Mittal. I think Mr. Mittal has answered your question largely. We see a lot of people wanting to see the glass half empty. We always see the glass half full and this is what you see even in our communication in our press release or in our investor presentation, in our interaction with analysts, we've been very clear.

And I think we are also thankful to analysts who understand and who have appreciated our position. We are a truly global company. 50% of our revenue is coming from outside India. So forex is completely operational. And we will continue to keep telling this till probably the last investor understands. And thank you for that suggestion. We'll surely take it, and we'll keep repeating this.

Unfortunately, as of today, the reporting standards require us to report it in this manner. The earlier Clause 41 had an allowance to put forex separately, then it was a little easier. But now because of the standard reporting structure, it is coming through like this. But yes, we will continue to keep informing and interacting with investors until this is very, very clear to people who do not understand.

Sandeep: One suggestion I had was that, see, you have been coming out with a press release every quarter with the company results, which is standard 1.5 page, which exactly just replaces the numbers which are there with some comments replaced from Mr. Mittal and exactly the same thing is put out.

In that, if you could put out a small explanation of the fact that what out of that income reported is operational income and what is actually treasury income, I think that will go a long way in addressing the concerns of many people.

Skandaprasad S.: I appreciate the suggestion, Sandeep. We'll take it on board.

Moderator: The next question is from the line of Tanubhav from KIFS.

Tanubhav: Congratulations on a good set of numbers. My first question was some time back, the company had received a demand from the Customs department to the tune of INR87 crore. Is there any update on that, sir?

Skandaprasad S.: Yes. Tanubhav, we also disclosed in the same announcement that we will take appropriate legal or other recourse, which we are currently pursuing. Once we have an important milestone, that we expect in the next few months maybe, subject to how soon the courts or the Appellate Authority hear it, we will surely put that out.

But as of now, as we have mentioned also in the announcement, we are very, very confident that this demand is not something that would stand, and there is very good chances that we will be able to argue our position and turn this over.

Tanubhav: Secondly was a question-cum-suggestion. Since company has completed 100 years and is also consistently generating free cash flow, is there any bonus issue in the offering?

- Rajiv Mittal:** I think, Tanubhav, very clear. If anything like this is there, I'm sure the shareholders like you should be the first one to know about it. Yes, we have definitely discussed many times at the Board level. And I'm sure this discussion will continue. As soon as we have some good news, you will be the first one to hear about it.
- Moderator:** As there are no further questions, I now hand the conference over to Mr. Mittal for closing comments.
- Rajiv Mittal:** Thank you once again. I think it was a little longish call, and appreciate your active participation in this Q2 & H1 FY '26 earnings call. The analyst presentation is available on our website. In case you have any further queries, you may get in touch with our Adfactors IR team or you can also feel free to reach out to us directly. Thank you once again, and have an enjoyable evening. Bye-bye.
- Moderator:** On behalf of VA Tech Wabag, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.
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