

## **Earning's call speech Q3 FY 22**

**Mr. Rajiv Mittal:**

Thank you.....

Dear Friends, Good Evening.

Let me welcome you all to the Earnings Call post announcement of Q3 FY 22 results of VA Tech WABAG Limited. Joining me today for this earnings call is our Chief Financial Officer, Mr. Skandaprasad Seetharaman.

With profound grief, we regret to inform you about the untimely and sudden demise of Mr. Malay Mukherjee, Chairman of the Board of VA TECH WABAG LIMITED on 29<sup>th</sup> January 2022 at New Delhi due to illness.

Mr. Mukherjee, aged 74 had over 43 years of rich experience in technical, commercial and managerial roles in the mining and steel industry and held directorship position in listed and unlisted entities in India and overseas. He was a Non-Executive Independent Director since 2015 in WABAG and was heading the Board of WABAG as Non – Executive Chairman.

As a Chairman and member of Board and various other Board Committees of the Company, he was instrumental in bringing various policy changes, process and business decisions, which benefitted the company at large. His dedication, support, guidance remain an inspiration to all of us in WABAG. Mr. Mukherjee's unexpected passing away will be an irreparable loss to the Company.

We all pray to almighty to give his family the strength and courage to bear this unexpected & irreparable loss.

Moving on to our performance for the quarter, revival of economic activities witnessed in the first half of this fiscal continued to improve during the third quarter.

We are pleased to note that WABAG continues to enter new geographies and widens its elite customer base. Following our recent 165 Million US Dollar breakthrough order in Russia, the Company recently secured an order worth about 100 Million US Dollars in the city of Dubai, United Arab Emirates.

The scope of this order covers engineering and procurement (EP) activities in relation to 120 MiGD which is about 545 Million Litres per Day Hassyan Sea Water Reverse Osmosis ('SWRO') in the UAE. The desalination plant is to be commissioned in phases by March 2024 and shall be the largest IWP in Dubai, once completed. The project is in the direction of Dubai's Clean Energy Strategy 2050 initiative and WABAG is proud to be a part of the same.

Over to some key project updates...

Our MARAFIQ project in the Kingdom of Saudi Arabia to design and build a large-scale sewage treatment plant with a capacity of 120 MLD, for Jubail Industrial City is nearing final stages. All engineering and equipment deliveries are complete and installation of major equipment is complete. Pre-commissioning activities have also started and the plant is expected to be commissioned by H1 of next fiscal.

At our 300 MLD Independent Sewage Treatment Plant at New Jeddah Airport in Kingdom Of Saudi Arabia, which is being built with the state-of-the-art NEREDA technology, the project continues to progress well. Detailed engineering is complete and equipment delivery is currently underway.

In our latest Amur Gas Chemical Complex project in Russia, detailed engineering is currently underway and ordering of major long lead items has been completed. Manufacturing of equipment at vendors sites has commenced for most of these items.

Ordering activities have been picking up pace both in India and Internationally. We expect the ordering momentum to continue through the rest of the fiscal as well. Our recent order wins are in furtherance of our long term strategic vision to grow the business through technology focused international orders and enhancing our presence in the global industrial water treatment space while we continue to deliver best in class municipal water solutions. It is worth noting that WABAG is a front-runner in the Oil & Gas segment, recycle & re-use of water and desalination solutions, with marquee references across the world.

ESG and Sustainability has now become the norm and the integral part of this is water security. With various regulatory reporting frameworks including

Business Responsibility and Sustainability Reporting becoming mandatory from the next fiscal year, ESG compliance is no more a choice for the Industry. At WABAG, we have already commenced our assessment and benchmarking process with the help of subject matter experts in order to be ready for this transition. WABAG with its commitment to technology and sustainability is well poised to continue growing profitably and enhance the global leadership position.

I am extremely glad to inform you all that WABAG completes 25 years of presence in India and we are celebrating our silver jubilee year in 2022. We are also happy to note that the WABAG brand will also complete 100 years of existence globally. WABAG in India has grown from a startup with 6 employees to an Indian Multi National with presence in over 20 countries and ranked 4<sup>th</sup> globally.

We take this opportunity to express our sincerest thanks and gratitude to our customers, suppliers, bankers, shareholders and all other stakeholders in this growth journey. Our biggest thanks to our fellow WABAGites for their contributions and continued commitment.

I would now request Skanda to take you through the financial highlights.

Over to you Skanda.....

**Mr. Skandaprasad Seetharaman:**

Thank you Mr. Mittal....

Good evening Friends,

First and foremost, on behalf of all WABAGites, with deep regret, I express our deepest condolences on the passing away of the Chairman of our Board, Mr. Malay Mukherjee.

Mr. Mukherjee was a constant pillar of guidance and support to all of us at WABAG. His presence and valuable inputs will be deeply missed by all of us. We at WABAG will continue to work and take his vision forward in building the organization to greater heights. We pray to the almighty to give his family the strength and courage to endure this untimely and irreplaceable loss.

Trust you had an opportunity to look at the result update presentation as circulated and uploaded on our website. Let me take you through the key financial highlights for the nine months ended 31<sup>st</sup> December 2021.

Our revenue from operations on consolidated basis has grown 14% year over year and stood at Rs. 2,087 Crore. On a standalone basis, the revenue from operations for the period has grown 30% year over year and stood at Rs. 1,490 Crore.

The Consolidated EBITDA for the period stood at Rs. 175 Crore, which was up by 23% year over year and the Standalone EBITDA for the period stood at Rs. 129 Crore up by 21% year over year.

We continue to grow profitably in this quarter as well, with the Profit after Tax attributable to owners for the period at Rs. 86 Crore on consolidated basis, up by about 35% year over year. On a standalone basis, the Profit after Tax stood at Rs. 60 Crore, up by about 50% year over year.

A quick look at our core metrics,

- Core EBITDA stood at 10% as compared to 9.5% for the same period of previous year
- Core PAT stood at 5.3% as compared to 4.7% for the same period of previous year
- Core Return on Capital Employed (RoCE) has grown to 24.1% as compared 20.5% for the same period of previous year

The core metrics confirms the strength of the business fundamentals and our endeavour has been to continuously improve the same and grow profitably.

In line with our continued focus on cash and working capital management across the Group, the working capital position has remained under control despite ramp up of project activities. We continued to operate at levels similar to the previous quarter. The net debt position has improved by about 35% compared to previous quarter.

As we step into our silver jubilee presence in India, I along with my fellow WABAGites look forward to creating more growth stories and achieving higher milestones in the years to come.

We express our heartfelt thanks to our bankers, vendors, investors and all other stakeholders for their continued support extended to us.

With this, we now open the floor for Question-and-Answer.

**Concluding Para:**

Thank you everyone for your participation in our Q3 FY22 earnings call.

We have uploaded the analyst presentation in our website. In case you have further queries you may get in touch with Stellar IR Advisors, our investor relation advisor based at Mumbai or feel free to get in touch with us directly.