

VA Tech Wabag

13 August 2026

Operator: Good evening and welcome everyone to this earnings call following the announcement of Q1 FY27 results of VA Tech Wabag Ltd. On the call today from the management team, we have Mr. Skandaprasad Seetharaman, Group Chief Financial Officer, and Mr. Rohan Mittal, Head Strategy and Business Growth GCC. 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 uncertainty, and the actual results could materially differ from those in such forward-looking statements. The conference call will be archived and the 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, providing an overview of the core offerings and an analysis of the results for this period. We trust that you had an opportunity to review the same. I will now request Mr. Skandaprasad Seetharaman to take you through the key business highlights. Thank you. Over to you, sir.

Skandaprasad Seetharaman – Group CFO: Thank you, Akshay. Good evening, ladies and gentlemen. We extend a very warm welcome to all of you to the earnings call following the announcement of Q1 FY27 results of VA Tech Wabag Ltd. I trust you have already reviewed the financial results and investor presentation shared on our website and filed with the stock exchanges. Your continued support and engagement remain invaluable to our growth journey, and we appreciate your presence today. Joining me today is Mr. Rohan Mittal, Head Strategy and Business Growth GCC.

We have started FY27 on a strong footing across all three clusters and are reporting record results, carrying forward the momentum of the previous year. The quarter was characterized by healthy execution, profitable growth, strong order intake, and continued financial discipline. Importantly, we remained net cash positive for the 14th consecutive quarter, reinforcing the strength of our balance sheet and our disciplined approach to growth.

The quality and diversity of our business continue to give us confidence. During the quarter, we strengthened our presence across key markets with important order wins in the GCC, India, and Europe. We entered Kuwait and the UAE, strengthened our Indian portfolio with repeat orders in Bengaluru and Delhi, and added another technologically advanced project in Europe. These wins reflect our strategy of pursuing opportunities where Wabag's technology, engineering capabilities, and execution experience provide a clear competitive advantage, while maintaining discipline on risk and payment security.

The MEA region continues to emerge as an important growth engine for Wabag, with water security driving opportunities across desalination, wastewater treatment, and reuse. Our growing references and local partnerships are helping us deepen our presence across these markets. Rohan will shortly take you through the developments in the business and the execution progress in this region.

India also continues to offer significant opportunities. Our new projects with the BWSSB at {? Byramangala ?} and {? Bellandur ?}, along with the Mitraon project from DJB, further strengthen our municipal water and wastewater portfolio. These projects also reflect the increased focus on energy-efficient treatment, resource recovery, and reuse.

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In Europe, the new projects in Vienna reinforce Wabag's ability to compete in demanding markets based on advanced technology and engineering capabilities.

Execution across our major projects continues to progress well. At our flagship Perur desalination project in Chennai, funded by JICA, we crossed an important construction milestone with 1 lakh cubic meters of concreting completed, the highest ever in our history on a single project. With the critical marine works already behind us, the project is progressing steadily towards completion. Our industrial portfolio projects in India under execution for major customers such as Reliance Industries, GAIL, BPCL, and CPCL are progressing as planned. In Europe, the team has also started progressing on the Poti project in Georgia, which was secured in Q4 last year.

Our execution portfolio is well diversified across municipal and industrial customers, EPC and O&M, and India and international markets. Our strategy remains focused on building an asset-light, technology-led water company while expanding our addressable market beyond conventional water and wastewater treatment into desalination, reuse, resource recovery, bio-CNG, digitalization, and advanced industrial water applications.

This strong operating momentum is also reflected in our financial performance for the quarter. Let me briefly take you through the key numbers for this quarter. At the consolidated level, revenue from operations stood at Rs.887 crore, registering a growth of 20.8% year-over-year. EBITDA stood at Rs.116 crore, growing by 21.7% year-over-year, with an EBITDA margin of over 13%. PAT stood at Rs.90 crore, 9-0, registering profitable growth of almost 37% year-over-year, with an improved PAT margin of 10.2%. At the standalone level, revenue from operations stood at Rs.739 crore, growing by over 15% year-over-year. Standalone EBITDA increased by over 22%—21%, sorry—to Rs.105 crore, and standalone PAT increased by over 30% year-over-year to reach Rs.79 crore for the quarter.

EPC contributed 82% of the revenues, while O&M contributed 18%. Geographically, 48% of the revenues came from India and 52% from overseas markets, emphasizing our growing global presence and geographical diversification in line with our long-term strategy. We continued our net cash positive position for the 14th consecutive quarter, with a net cash balance excluding HAM standing at Rs.965 crore as of this quarter. Net working capital days for the period stood at 108 days.

We continue to focus on effective cash and debt management across the group, along with delivering healthy returns on capital, with ROCE, or return on capital employed, at 19.6%, and return on equity, or ROE, at 16% for this quarter. Our order intake during Q1 was over Rs.34 billion, or over 3,400 crores, of which about Rs.29.6 billion was EPC and Rs.4.7 billion was O&M. International markets accounted for 77% of the order intake in this quarter, and 23% came from India. Our order book position reached a historic high of Rs.194 billion, or 19,400 crores, and almost 1.8 billion US dollars, which is over four times our revenue base, providing very strong visibility for execution over the coming quarters and years. The backlog remains well diversified, with 66% EPC and 34% O&M, and evenly balanced between India and international markets.

Growing the O&M business continues to remain a key focus, as this segment delivers predictable revenues while being asset-light, margin-accretive, and cash-accretive. We continue to maintain discipline in order acquisition, focusing on payment security, technology fit, contractual risks, and

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returns. For us, order book quality is as important as its size.

Our Q1 performance remained aligned with our medium-term outlook, delivering profitable growth, capital efficiency, and a continued net cash positive balance sheet. Looking ahead, we see a healthy opportunity pipeline across our target markets. Growing water security needs driven by urbanization, climate change, industrialization, and tightening environmental standards continue to support demand for desalination and reuse, particularly in water-stressed regions. With a strong order backlog, diversified execution portfolio, healthy pipeline, and robust balance sheet, we remain confident of delivering sustained and profitable growth for quarters and years to come.

With this, I will hand it over to Rohan to share his perspectives on the MEA market and take you through some of the important developments during the quarter. Over to you, Rohan.

Rohan Mittal – Head Strategy and Business Growth GCC: Thank you, Skanda. Good evening and a very warm welcome to everyone. Let me take you through the key developments across the MEA market. The Middle East and Africa region continues to be strategically important for Wabag, supported by sustained investments in advanced water infrastructure, industrial development, and long-term resource management.

The region is witnessing a significant transformation in the way water is produced, treated, reused, and integrated with broader economic development. The GCC remains one of our most attractive markets globally, with water security being a strategic priority. Population growth, economic diversification, urbanization, and industrial expansion are driving sustained demand, while increasing focus on energy efficiency, sustainability, reuse, and private-sector participation is creating opportunities across desalination, wastewater treatment, reuse, industrial water, and O&M.

Despite recent geopolitical developments, we see no material impact on our projects, operations, or underlying demand. If anything, these developments have reinforced the strategic importance and resilience of water infrastructure and the continued focus on water security across the GCC.

Wabag has been associated with the Middle East for more than 4 decades. Over the last few years, our objective has been to leverage the strong credentials we have built in the region and globally to establish a broader, more diversified GCC presence. The progress we made during this quarter is an important step in that direction.

Let me begin with Kuwait. During the quarter, Wabag secured the landmark 60 MIGD SWRO desalination plant from the Ministry of Electricity, Water and Renewable Energy. This is Wabag's maiden project in Kuwait and represents an important entry into a strategically significant water market in the GCC. This project is being delivered in partnership with {? Al Saco ?}, a leading Kuwaiti engineering and construction company.

For Wabag, this project is strategically important for several reasons. First, it provides us with a marquee reference in Kuwait and further expands our addressable GCC market. Second, it strengthens our credentials in large-scale desalination, an area where Wabag has built considerable global experience and where we see sustained opportunities across the region. Third, the O&M component fits well with our strategy of increasing revenue and maintaining a life-cycle relationship with our customers. Finally, our partnership with {? Al Saco ?} combines Wabag's water technology

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and engineering capability with strong local execution experience.

The second most important development during the quarter was our Ajman STP win in the UAE. We were awarded the first phase of the 60 MLD Ajman sewage treatment plant, which is being developed as a sewage biorefinery. The design-and-build project is being executed through a Wabag-led consortium and goes well beyond conventional wastewater treatment, integrating sludge management, digestion, gas handling, and power generation to recover resources and generate green energy. This reflects the broader evolution of wastewater infrastructure from treatment to resource recovery.

For Wabag, Ajman is strategically significant, strengthening our UAE presence and positioning us for opportunities across municipal wastewater, industrial water, reuse, and desalination. Our entry into Kuwait and the UAE reflects our broader GCC strategy. Rather than pursuing markets independently, we are building a regional platform that leverages our technology, references, and partnerships across opportunities. While Saudi Arabia remains a key market, our expanding presence in Kuwait and the UAE demonstrates that this regional diversification is translating into tangible results.

Beyond the GCC, Africa continues to be an important growth frontier for Wabag. We have had a strong presence and water leadership in the North African region for several decades, and we are evaluating opportunities across the African continent, building on our regional experience and targeting markets where water security, sanitation, and industrial development are driving infrastructure investment. Africa faces an enormous requirement for water and sanitation infrastructure, increasingly supported by multilateral institutions and development agencies.

Our execution track record further reinforces our business momentum. At our {? Pamproura ?} industrial wastewater treatment project, all major equipment is being delivered, installation is complete, and the plant has entered the pre-commissioning phase. Our {? Al Hayl ?} wastewater treatment project is also progressing well, with engineering and procurement largely complete and installation activities underway. Executed through a "One Wabag" model involving our India, Turkey, and Saudi teams, the project has demonstrated strong engineering execution and quality capability.

Our O&M portfolio continues to deliver strong performance. At Bapco, Bahrain, nearly 1 year into operations, we have consistently met effluent standards, reduced energy consumption, achieved zero LTI, and maintained uninterrupted operations, including during force majeure conditions, earning the client's appreciation. In Oman, our 6 MLD {? Duqm ?} SWRO plant has operated successfully for almost 2 years. In Qatar, our O&M project has received Qatar's 5-star safety and environment certification for 3 consecutive years.

In Zambia, we are demonstrating our ability to deliver innovative and sustainable solutions beyond conventional treatment through a wastewater treatment project powered by green energy from a combination of biogas and solar. This project is progressing well, with engineering at an advanced stage and procurement activities underway. Our project in Senegal is also progressing swiftly towards completion. The project is currently in the pre-commissioning phase.

In summary, our approach remains disciplined. The size of the opportunity alone does not determine our bidding decision. We continue to evaluate projects based on technology fit,

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contractual structure, payment security, partner capability, and risk-adjusted returns.

Looking ahead, our MEA pipeline remains healthy across desalination, wastewater treatment, reuse, and industrial water. We are also broadening our portfolio beyond traditional municipal projects, with an increased focus on industrial water and O&M, alongside emerging segments such as ultrapure water for semiconductors, data centers, solar PV manufacturing, sludge management, and resource recovery.

The combination of our established presence in Saudi Arabia and North Africa, our entry into Kuwait and the UAE, and our continued focus on further expanding our Middle East and Africa presence gives us a much broader platform from which we will remain an important growth engine for Wabag. We will continue to pursue opportunities collectively while building strong local partnerships and leveraging our technology leadership. Thank you, and over to you, Skanda.

Skandaprasad Seetharaman – Group CFO: Thank you, Rohan, for that insightful coverage of the Middle East and Africa region. Before we open the floor for questions, we would like to sincerely thank our customers, vendors, contractors, partners, bankers, and, most importantly, our Wabag-ites for their continued trust and support. With this, we can now move to the interactive question-and-answer session. Over to the moderator.

Operator: Thank you very much, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

Operator: The first question is from the line of Vaibhav Shah from JM Financial. Please go ahead.

Vaibhav Shah – JM Financial: Thanks for the opportunity. Firstly, on the gross margins, we have seen some correction in the first quarter on a year-over-year basis. Is it linked to some RM price hikes that we are facing, which have led to this fall? Secondly, on the other expenses, they seem to be on the higher end. Was there any one-off or ECL provision there?

Management: Hi, Vaibhav. Thank you. On the margins front, I think we have grown year-over-year when it comes to EBITDA. Of course, gross margin and contribution margin are usually a mix of the type of projects we have. So, this will not be directly comparable to cases where we had a mix of EP projects, which were higher last year, versus having more EPC projects this year, number one.

Number two, on the other expenses, as we told you last time as well, we continuously evolve our policies to ensure that, with the increasing quality of our order book and the quality of orders that we take in, the policies become more stringent in terms of making provisions for delays or anticipated defaults.

I want to reiterate that these are provisions. Based on the new policy that we have, provisions are made. Nothing abnormal is involved; these are standard provisions required by the accounting standards. As the collection happens, there is an opportunity to reverse these as well.

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Vaibhav Shah – JM Financial: Secondly, we have seen a share of profit from associates of almost {? 7.5 crores ??} in the first quarter. Which subsidiary is it from, and where is it coming from? Could it recur in the coming quarters?

Management: These are the share of profits that you see primarily from the HAM projects, which have now moved from the construction phase into the O&M space. When you move from construction to O&M, there will be certain risk releases and other factors. As we move forward, when the O&M runs, the profits accumulated in these projects, whatever is equivalent to our economic interest, will be reflected here. It may not be the exact number because, as I said, it also includes a part of the closure of the construction phase.

Vaibhav Shah – JM Financial: And, sir, are there any slow-moving orders in the backlog, and what portion of the current backlog is currently under execution?

Management: We had 2 framework orders, Vaibhav, if you recollect, and we prudently removed both framework orders, though they are confirmed orders, signed and waiting for effectiveness. So today, the 19,400-crore order book that we have consists entirely of orders that are effective and in various phases of execution. The execution of the {? framework ??} orders will start on their effective dates, but there are no slow-moving or non-moving orders.

Vaibhav Shah – JM Financial: Lastly, on working capital, from the March 2024 levels, how do you see it moving over the next couple of years? Will it remain similar, or will we see some improvement on that front?

Management: Considering the growth that we are expecting over the next few years, we have always said that if we stay in the 100–110 range despite the increased topline growth, which would require some amount of investment, I think we are doing fairly well. However, our endeavor will remain to bring this down further.

You can already see how working capital days have moved over the last 3 years, from 130 to 120 to 110, and now we are closer to 100. So, we are moving in the right direction. But from an expectation perspective, if we remain in the 100–110-day range, I think we are doing very well because, as you know, we are an asset-light organization. Our only asset is working capital. If we do not even invest 3 months of working capital into the business, how do we grow?

Vaibhav Shah – JM Financial: Okay, okay. Lastly, one bookkeeping question, what was—

Operator: I am sorry to interrupt, Mr. Shah. You may please rejoin the queue for follow-up questions.

Vaibhav Shah – JM Financial: Sure.

Operator: Thank you. Ladies and gentlemen, in order to ensure that management is able to address questions from all participants in the conference, kindly limit your questions to 2 per participant. Should you have a follow-up question, please rejoin the queue. We will take our next question from the line of Vishal Kumar from Unifi Capital. Please go ahead.

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Vishal Kumar – Unifi Capital: Thanks for the opportunity, and good evening, sir. My first question is on execution. We received more than 6,000 crores of orders in the last couple of quarters. How do you see execution progressing given the challenges in the Middle East? The rest of the market contributes close to 50% of the order backlog now. I think we import a lot of equipment for the EPC business that we conduct in the Middle East. How confident are we about execution in the coming quarters? Do you see any challenges in terms of mobilization of labor, equipment, or materials?

Management: Thank you, Vishal. This is not the first time we have had experience managing the business amid a geopolitical event. I do not have to remind you of the multiple times this has happened in the past. This is not something that will happen only in this quarter. Even the current event has been progressing for more than 2–3 quarters now, and we have been able to manage the projects here.

I want to reiterate that the projects in the Middle East are far away from any of these strike zones. We do not undertake any sanctioned work. All these projects are social in nature. They concern water and sustainability, and hence these projects generally remain fairly insulated from these issues. From a ground-execution perspective, over the last 3 quarters or more, even despite these events, our projects have been progressing well, and this is what Rohan also mentioned during his opening remarks.

Secondly, all events bring different kinds of challenges, whether in terms of price, supply chain, or the pace of activity in various areas. With our historical record, we have seen that we have been able to manage such challenges well, and I am sure we will manage this as well.

Such events also have to be viewed through the lens of force majeure, because some of these events create situations where conditions are not normal. We have therefore issued appropriate contractual letters to our customers, and the customers are also aware that any price increases or time delays will be referred to them, and we will arrive at an amicable solution.

In summary, projects are progressing well. The new projects are also moving at the pace at which we believe they should move, considering the backdrop that we have, and we do not have any material concerns at this point in time as far as our international revenues are concerned.

Vishal Kumar – Unifi Capital: Understood, sir. The second question is a follow-up to the previous participant's question on margins. We operate in multiple countries and have around 100 contracts or contractual assets on the balance sheet, which results in forex gains. This was a significant portion of the bottom line in Q1. If I adjust for it, the bottom line or EBITDA has actually declined. Were the gains in this quarter realized, or were they more of an accounting entry? I just want to understand this clearly.

Management: Vishal, there are 2 types of gains, as you rightly said: transaction gains and translation gains. Translation gains usually pass through the translation reserve. They do not get passed through the P&L; they get passed through the balance sheet. The gains we have are from transactions.

What we need to understand is that we are increasingly going international, and it is important to understand that these are factors we take into account even at the time of bidding. This is an

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important element of the entire bidding process.

Second, I do not remember anyone adjusting for the forex loss in the first quarter of last year when there was one. I do not want you to be surprised when you see forex gains either. As we become increasingly international, you will see this more and more. These are all absolutely transactional. You raise an invoice, collect the money, and get a forex gain. You book a cost, pay the vendor, and get a forex gain or loss. These are part and parcel of the business, and that is why we are very clear that forex gains or losses are part of our operational results.

Vishal Kumar – Unifi Capital: Understood, sir. Just a follow-up here, so we will see—

Operator: I am sorry to interrupt, Mr. Kumar. You may please rejoin the queue for more questions. Thank you. The next question is from the line of Sudarshan Padmanabhan from ASK Investment Managers. Please go ahead.

Sudarshan Padmanabhan – ASK Investment Managers: Thank you for taking my question, and congratulations on a great set of numbers. My question is about the quality of orders that we have received this quarter, specifically the Vienna waterworks project. We have been able to move towards this high-end drinking-water segment, and this is very unique in terms of moving up the capability curve for us.

Could you give us some more detail on whether we are seeing more inquiries around similar capabilities where we know we can move up the value chain? Now that this side of the developed market is opening up for us, what are we doing in terms of infrastructure and capabilities to cater to this kind of market?

Management: Thank you, Sudarshan. I think it is an interesting question and also contextual to the new Vienna order. Yes, it is an advanced-technology order, but Wabag is a 100-plus-year-old brand, and our core is technology-led water infrastructure. We are a technology system integrator, not an EPC organization. Therefore, the first filter for selecting any project is whether it involves advanced technology.

I want to first dispel the notion that only the Vienna project has advanced technology while the rest are somewhat less advanced. Consider projects such as Kuwait, which is a high-tech desalination project. In Ajman, we have a wastewater treatment plant that will also produce biogas. We have orders with Reliance involving complex combinations of effluents that we will treat. We have the Ras Tanura refinery project in Saudi Arabia, which is again a very complex project.

In that sense, all the projects we undertake, irrespective of the region, pass through this advanced-technology filter. We do not undertake run-of-the-mill projects as such. All these projects apply our technology, and we have over 125 IP rights that we have internally developed through our R&D and utilize in our projects.

Regarding developing markets, this is an area where we have taken a cautiously optimistic view. We remain active in this region based on our historical presence. While our focus will remain on emerging economies, we do not want to let go of any project in this region as long as it falls within our parameters of technology, cash flow, margins, and overall payment security. We will continue to

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pursue such opportunities. As we have said, we will be selective in this region, but we will remain active here, as we have done in the past.

Sudarshan Padmanabhan – ASK Investment Managers: Sure, sir. My second question is that, incrementally, we are receiving many more orders from the international business—

Sudarshan Padmanabhan – ASK Investment Managers: If you can give us some perspective on the execution timeline vis-à-vis India, or even on how the execution timelines and parameters compare with what they were about 1 year ago, that would give us some more insight into the margins as well as the execution timelines.

Management: When it comes to India or international markets, it depends on the complexity of the order, but generally, orders outside India are executed faster. The timelines are more clearly defined, and you see a very good mix of consultants and clients, all pushing us to complete the project faster.

These are more funded projects where the water is sold on a tariff basis. The faster you finish the project, the better it is for the developer and the EPC contractor. Therefore, our {? iota ?} would be to finish projects faster outside India. Hence, you would see execution timelines outside India that are not much faster, but a maximum of 6 months faster, I think.

For example, execution in India may take 36 months, while outside India you would see timelines of around 24–30 months.

Sudarshan Padmanabhan – ASK Investment Managers: One final question before I join—

Operator: I am sorry to interrupt, Mr. Padmanabhan. You may please rejoin the queue for more questions. We have other participants waiting for their turn. Thank you. The next question is from the line of Dhananjay Mishra from Centrum Broking. Please go ahead.

Dhananjay Mishra – Centrum Broking: Thank you for the opportunity. You mentioned that we are going to focus more on municipal and industrial segments. In our order backlog, the industrial segment is currently about 13%, {? 12–13% ?}, whereas it used to be more than 20% 2–3 years ago. Which areas and segments are you going to focus on, and in which geographies? Could you provide some perspective on that?

Management: This cannot be viewed at a single point in time. It needs to be viewed over a period of time. Up to FY24 and FY25, we used to have an average of about 30% of revenues coming from the industrial segment. These are also capex cycles and phases through which the business moves. Obviously, water being a social subject, the larger projects will come from the municipal segment.

Having said that, if you look at the last few orders we have taken, whether from Reliance, from GAIL in Pata, from BPCL for its Bina refinery, the Ras Tanura project in the Middle East, or the orders for Aramco that we undertook in the past, we have a good mix of industrial clients in both India and international markets.

There are 2 parts to this. The first is the traditional industrial market. Around 90% of it would come from oil and gas, including upstream and downstream activities. This has remained our core market,

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whether we are talking about Aramco, Petronas, OMV, Dangote, or similar companies. Of course, 10% will come from other sectors because, compared with oil and gas, the other sectors do not provide the kind of project sizes we seek in terms of economies of scale.

The second part is future energy solutions, which Rohan also mentioned in his opening remarks: data centers, solar, semiconductors, and hydrogen. We have repeatedly said that these require a decadal view. This is not something that will become a significant share of the industrial segment over the next 1 or 2 years. However, I am sure that over a period of 3, 5, or 7 years, this will become a meaningful part of the industrial mix, especially given the kind of water requirements these industries have.

Consider AI and the expansion of data centers for cooling, ultrapure water for solar and semiconductors, or demineralized water for green hydrogen production. Water is going to be the mainstay in these industries, whether as a raw material or as an important component required to keep them running.

Therefore, over a period of time, our objective will remain to take the industrial order mix to around 20–25%. That would be a good mix to have. We are also developing the new industries through special initiative teams, and you will see over the next few quarters and years that these areas will also develop and produce meaningful results.

Dhananjay Mishra – Centrum Broking: In the current Q1 order inflow, we have categorized the nature of the order as EPC and DB. When we say DB, is it only the engineering and procurement part, with the construction part excluded? Could it have a higher margin compared with EPC? Earlier, we used to provide the EPC backlog or EP backlog. What is the ratio currently?

Management: I do not have an immediate number on the EPC and EP backlog, but I would say that today, given the kind of projects we have, we have a higher EPC mix. The recent orders, of course, have a greater tilt towards EP.

If you talk about Ajman, Doha is again a high-technology project along with O&M, which is design-build-operate. So you are right: design-build projects will generally have better margins because there is no construction. Construction is a pass-through for us. Our objective would be to see whether we can have more design-build orders. Of course, even when we take design-build-operate orders, since construction is a pass-through, our margins are effectively generated only from the design and build components.

Dhananjay Mishra – Centrum Broking: Thank you for all of that.

Operator: Thank you. The next question is from the line of Shailesh Raja from 360 ONE Capital Market. Please go ahead.

Shailesh Raja – 360 ONE Capital Market: Thanks for the opportunity, sir. We have seen single-digit, 7% year-over-year growth in O&M revenue for the quarter. How do you see O&M revenue growth for the remaining quarters and for the full year? When can we achieve 20% of revenue? Also, can you provide an update on the Kudungaiyur project? Have we started the refurbishment work?

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Management: Thank you, Shailesh. You are right that O&M growth has been about 7% year-over-year. O&M, by its structure, will grow at this pace because projects have to be completed before they can move into the O&M space. During this year, you will see that we will complete projects and they will move into the O&M space.

For example, we have completed the Ghaziabad project, so that is now in O&M. We have also completed the Bihar, Bhagalpur project, which is now in O&M. Next year, we will see Perur. Kudungaiyur will now go into refurbishment, but O&M will continue even during the refurbishment phase. So you will see O&M growing. Look at it from a 2–3-year perspective rather than merely a 1-year perspective, because there will be peaks and troughs in the growth.

Regarding what is happening at Kudungaiyur, we have signed the agreement. We have also submitted the project report to the {? BE ?}. The {? BE ?} is currently evaluating it. While the {? BE ?} is evaluating it, we are still maintaining and running the plant. The refurbishment phase should start any time now. We are only waiting for the date to start.

After that, it is a 20-year project: 1.5 years of refurbishment along with O&M, followed by full operation for an 18.5-year period. So we will start the refurbishment phase very soon.

Shailesh Raja – 360 ONE Capital Market: Sir, my second question is regarding Saudi Arabia. It has been one of the biggest growth markets for Wabag. Has there been any change in the tender pipeline or project-award scheduling in Saudi Arabia? What is the status of the Hadda ISTP project, and what is the opportunity for us in LTOIM?

Management: I do not think the effects of the war have been significant in Saudi Arabia. Water is a critical part of the region, and there is a dependency on desalination and water reuse, which is what Hadda will undertake. The water will be used for agricultural and beautification purposes after wastewater treatment. I do not think there has been any slowdown.

We are in touch with the client. We are seeing newer and newer projects. We are seeing {? Sharaqah ?}, which is one of our main customers; they were called SWPC earlier. They have announced a series of projects that are going to come out, as well as a renewed focus on water. Saudi Arabia has also announced 2027 as the Year of Water.

This shows how much focus they have on water. It is imperative that they will not reduce or slow down any projects. We have more than half a dozen inquiries on which we are actively working. I do not see a slowdown in the bid pipeline.

We are seeing a good mix. It is not just government entities; we have also seen many private entities coming out with tenders, which we are actively pursuing. As far as the market is concerned, there is nothing that is slowing down, whether we consider execution, peerlessness, or the intent to move toward a more water-secure region. This is what I would say.

Shailesh Raja – 360 ONE Capital Market: And what is the status of LTOIM, sir?

Management: Regarding the status of LTOIM, it has not been published by NWC. They are going through the tender submission. Meanwhile, the next tenders have been issued. Looking at Saudi Arabia, we are seeing many other countries also pursuing this model, and we are actively pursuing

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those opportunities.

I think this is a good concept. We have done it in the past in Turkey, Agra, and Ghaziabad. I believe this is the future, and I am very happy to see that people are recognizing this and developing it further, where Wabag already has a first-mover advantage in entering these projects.

Shailesh Raja – 360 ONE Capital Market: Thank you, sir. All the best.

Operator: Thank you. The next question is from the line of Krish Lalwani from Veer Growth AIS. Please go ahead.

Krish Lalwani – Veer Growth AIS: Good afternoon, sir. Most of my questions have been answered. I wanted to understand that, as we move more towards international markets, there will be competition from other large players and several other companies with similar design know-how. On what grounds are we able to compete with them? Also, domestic order growth has been slower this quarter. How are we looking at the domestic market? Could you shed some light on that?

Management: On the international business, particularly in the Middle East and Africa, there is competition. However, one advantage we have is our extensive track record of operating in the region. Very few companies have been present in the region for 4 decades while working internationally. We are also a well-reputed brand, so that recognition and advantage benefit us. We also have our IP rights, which we use for captive purposes, and that is another advantage.

The best part is that we operate in developing countries such as Turkey, Egypt, and India, from where a majority of our workforce comes. This gives us an overhead advantage over competitors from Spain, France, or other European nations. We have a tagline, "European quality at Indian prices." I think that suits us and conveys how competitive we are. A significant part of this comes from the fact that we have built 7,000 plants.

Management: We undertake a lot of value engineering, and we have a lot of data that helps us to submit a competitive bid.

On the domestic front, I think we are now seeing traction after many quarters of a lull. Over the last 3–4 quarters, you have seen opportunities open up on the industrial side and now on the municipal side as well. We are seeing traction, but purely because of the project sizes, the number of countries outside India, the flow of multilateral funding, and the significant need for water, the order flow continues to remain stronger outside India. That is why we have aligned our strategy accordingly and focused our resources on the international market.

While India will remain a very strong part of Wabag's business—it is our home country, and we cannot abandon our water leadership here—we have seen that, incrementally, project sizes are much bigger outside India. I am sure that in a few years India will also have larger projects, and we will see India growing at a similar pace to the international markets.

Sudarshan Padmanabhan – ASK Investment Managers: Thank you, sir. On the margins front, we have seen that international PBT has fallen on a year-over-year basis. I understand that this could be because of the product mix, with EPC and construction materials being higher. However, at the overall project level, what kind of margins can we see in the international market across different

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projects compared with the domestic market?

Management: We do not necessarily look at margins by region. That is not the right way to look at them. The right way to look at margins is by the type of project, the counterparty, and the scope of the project. Whether it is EPC, O&M, or E-EPC, or whether it is desalination versus a conventional sewage treatment plant, these are the ways to evaluate margins.

That is why, in our medium-term outlook, we gave a blended EBITDA margin outlook of 13–15% EBITDA. We have consistently performed within that range over the last 3 years, and our endeavor is to continue moving closer to 15%.

This year we are also completing the tenure of the medium-term outlook. We are currently working on the next long-term strategy, which is Wabag 2.0. I am sure that at the annual investor meet for FY27, when we meet in May next year, we will be able to present our strategy for the next 5 years to investors.

You would have seen our presentation to investors this year regarding the opportunity set available in water. Next year, we will also present a more focused strategy for the next 5 years, where you will see that growth, especially profitable growth and cash-backed growth, will remain our focus.

Sudarshan Padmanabhan – ASK Investment Managers: Sure, thank you very much.

Operator: Thank you. The next question is from the line of Mihir Vyas from 9 Rays Equities. Please go ahead.

Mihir Vyas – 9 Rays Equities: Thank you for the opportunity. On our operational margins, they are down from 14.8% in {? Q1 FY26 ?} to 8.9% in {? Q1 FY27 ?}, without taking into account forex gains and losses. Do we expect these margins to improve going forward?

Management: Mihir, I do not understand the terminology of margins excluding forex. If more than 52% of our revenues come from international geographies, forex gains will be present. The accounting standards mandate that this be recorded in a separate line, but that does not mean these are non-operational items. For us, we have grown from last year to the current year at the operational level. We have remained above 13%.

We want to reiterate that forex is completely operational. We do not have forex loans, nor do we have foreign assets or liabilities on which we trade. All these items relate to working capital: invoices raised, invoices booked, money paid, and money received. They are completely operational in nature, and you will see forex as an integral component as we become increasingly global.

I would request that you consider the results including forex, in which case you will see that we have grown on a year-over-year basis.

Mihir Vyas – 9 Rays Equities: Do we see any impact from the Middle East war or forex affecting the guidance we have given?

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Management: Mihir, the Middle East war has been ongoing for the last 3, 4, or 5 quarters—I do not know for how long—and you have seen our numbers. We have been delivering, so I do not really see that as an impact.

We explained earlier that the geopolitical situation has had a very minimal impact on us. We are confident of managing it. We have the historical experience of managing such situations, and even in the recent past, during the most trying times, you saw us performing well. I am sure the management is sufficiently equipped to deliver on whatever outlook we have given.

Operator: I am sorry to interrupt, Mihir. You may please rejoin the queue for more questions.

Mihir Vyas – 9 Rays Equities: This is just a follow-up. Are we hedging our currency exposure?

Management: We have a natural hedge, Mihir. While we have significant exports, many of these are also backed by imports from third countries, where we need to procure specialized equipment from Europe, Japan, the US, and various other geographies. We therefore have a natural hedge.

Whatever small difference exists between revenues and costs is covered through a PCFC. Therefore, we generally do not have any significant unhedged component of our cash.

Mihir Vyas – 9 Rays Equities: Thank you, sir. Thank you for the opportunity.

Management: My pleasure, Mihir.

Operator: Thank you. The next question is from the line of Amit Jain from Monark Network Capital Limited. Please go ahead.

Amit Jain – Monark Network Capital Limited: Thank you for the opportunity. As a technology company, could you provide more details on your R&D spend and the new patents filed?

Management: This is a continuous process, and from a competitive perspective, we would prefer not to make the details public. We do, of course, disclose the areas in which we work, such as ceramic membranes, deammonification, newer issues such as PFAS, crystallization, and membrane crystallization. We undertake all these activities, but we would prefer not to provide too many details around them.

Amit Jain – Monark Network Capital Limited: The patents or IP rights help us, but how do they help us win large projects? Could you provide one example to help us understand this better?

Management: We have multiple IP rights, totaling 125. One that we frequently use is {? Plap-Flow ?}, which we use only for captive purposes. This helps reduce the sizing of the filter. When you consider a large project, whether desalination, wastewater treatment, or an STP where filtration is required before the water goes to the RO, we use our own patented {? Plap-Flow ?} technology.

We have our own drainage floor. Many of our competitors have to purchase it as a bought-out item, whereas we have our own product, which we manufacture. This also gives us an advantage because we have greater control over the price of the product. There are many such examples, but if you ask for one example, I think this is the one.

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Amit Jain – Monark Networth Capital Limited: That is fair enough. Thank you very much, and all the best.

Operator: Thank you. A reminder to all participants: kindly restrict yourselves to 2 questions. We will take our next question from the line of Shubham Baradi from ICICI Securities. Please go ahead.

Shubham Baradi – ICICI Securities: Thanks for taking my question, and congratulations on a good set of numbers. I have a very simple question. We have a record order book of 114 billion. On a conservative basis, how much execution can we see over the next 3 quarters?

Management: We have already guided for 15–20% growth, Shubham, and we are confident of achieving that. I am sure you know that our endeavor will always be to do better than what we promise. So, I think that is sufficient.

Shubham Baradi – ICICI Securities: Thank you.

Management: Thank you.

Operator: Thank you. The next question is from the line of Parth Thakkar from JM Financial. Please go ahead.

Parth Thakkar – JM Financial: Thank you for the opportunity. I would like to know what our current bid pipeline is domestically and internationally.

Management: As the market is opening up in the Middle East and Africa, we see a strong bid pipeline. Obviously, we are keeping that at around {? 2–3 billion dollars ?}. I do not have the exact number at the top of my head, but I think that is the bidding pipeline we have. Some projects are at an advanced stage, while others are still at the consultant stage.

That is the kind of market we look at. In India, we see approximately {? 1–1.5 billion ?}. I think that is the approximate size that the Indian domestic market offers us. Broadly, that is the size.

At any point in time, across the Middle East, Africa, and India, we follow projects totaling anywhere between {? 2–3 billion ?}, or roughly {? 20,000–25,000 crores ?}. These could be in any phase: expression of interest, early DPR, request for proposal, tender submission, or under evaluation. That is the kind of order size we follow at any point in time.

This is what we call our pipeline because projects generally take 12–18 months to fully materialize, reach the tender stage, and then be awarded. We start very early, work through the various phases, and selectively target projects that fit our organization. That is the kind of pipeline we generally follow across India, the Middle East, Africa, and the other regions in which we work.

Parth Thakkar – JM Financial: Will the timeframe for these 25,000–crore projects be around 18 months?

Management: As I said, this is the total TAM. There are projects that we may choose to bid for and projects that we may choose not to bid for. Generally, you can assume that over the next 18 months, we will follow these projects and see them reach the tender stage.

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Parth Thakkar – JM Financial: What could be our order inflow target for this year? Also, are we L1 in any of the projects?

Management: We have not given an order inflow target. We have already given an order backlog multiple of above 3; we are already above 4, and we are confident of maintaining that. There is a very good and robust pipeline.

You already know that, in terms of L1 status, {? Hadda ?} is something we have already announced, with Wabag as the preferred EPC partner. There are a few other projects where we are in a preferred position, and we will make appropriate disclosures as soon as they reach a stage at which we can announce them to the market.

Parth Thakkar – JM Financial: What would be our share of the Middle East in the order backlog?

Management: I would say that about 40% of the order backlog would be from the Middle East today. We also have Africa and Southeast Asia, with the remainder being India. Today, it is roughly balanced 50–50 between India and international markets, and anywhere between 35–40% would be the Middle East mix.

Parth Thakkar – JM Financial: 35–40%.

Management: Yes.

Parth Thakkar – JM Financial: Thank you, sir.

Operator: Thank you. A reminder to all participants that you may press star and one to ask a question. The next question is from the line of Sriharsha K J, an individual investor. Please go ahead.

Sriharsha K J – Individual Investor: I have just one question. This quarter, the order backlog contracted by around {? 1,100 crores ?} from the previous quarter. Is there any particular reason for this?

Management: Mr. Sriharsha, you have seen that since the last quarter, we have removed 600 crores worth of framework orders. This was done prudently. I also answered an earlier question on this matter. Although these orders were in our order book, signed and with stamp duty paid, we were waiting for their effectiveness.

Today, we decided to prudently remove them. Our 19,400–crore order book now consists entirely of orders that are ready for execution, waiting for their effective date, already under execution, or in O&M while waiting for the EPC work to be completed. That is the reason you see a difference of 600 crores on a mathematical calculation.

Sriharsha K J – Individual Investor: Thank you.

Management: Thank you.

Operator: Thank you. The next question is from the line of Umesh Sharda from Punarth Investment Advisors. Please go ahead.

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Umesh Sharda – Punarth Investment Advisors: Thank you for the opportunity. I had 2 basic questions. First, we have guided to revenue growth of 15–20%. Is there some bottleneck preventing us from growing at more than 20%?

Management: We grew by 21% this quarter, so I do not believe there is a bottleneck. It is only a question of the pace of the projects. Our mantra has always been that we promise what we can deliver, but we certainly do more than what we promise. You can see that we are already delivering at the higher end of our guidance, not the lower end.

There is no bottleneck as such to our growth. With the kind of order book we have, whether we like it or not, we have to deliver, and the resulting revenue growth will follow.

Umesh Sharda – Punarth Investment Advisors: Understood. My other question is that you mentioned many of our projects have moved into the commissioning phase. Does that mean those projects will be completed within the next 1–2 years?

Management: If a project is in the commissioning phase, it does not take 1–2 years. It is generally poised for completion over the next couple of quarters. That is how close commissioning is. Commissioning is usually a 1–2-quarter operation.

Umesh Sharda – Punarth Investment Advisors: Understood. Thank you very much.

Management: Thank you.

Operator: Thank you. The next question is from the line of Krish Talod from Veer Growth AIF. Please go ahead.

Krish Talod – Veer Growth AIF: Thank you for taking my question. Based on last year, what would be the EP and EPC contribution to the business? You mentioned that EPC was higher than EP this year. Could you provide some bifurcation? Also, as we increase our international projects, could we see a further improvement in working capital days, given that you mentioned those projects are commissioned around 6 months earlier?

Management: I will take the second question first, Krish. On working capital, what I mentioned was that if you are looking at growth of 15–20%, especially in the construction sector, having 3–3.5 months of working capital is not abnormal. That is our only investment for the growth we are achieving.

You are right that with more international orders, the quality of working capital will certainly improve because payment patterns, payment timelines, and contractual administration are much better outside India than in India. You have also seen that over the last 3–4 years, as our international mix has continued to improve, our working capital days have also been coming down sequentially.

Your first question was about the mix of EP and EPC internationally. Internationally, the opportunity to have EP orders is much higher, especially for industrial contracts, where we tend to have EP. Sometimes we have partnerships through which we undertake EP. For example, in Ajman or Doha, you will see that our technology and procurement components will be significantly higher.

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These types of orders allow us to move toward more EP internationally. India is still largely an EPC market because of the nature of the customers themselves. However, even in India, we see opportunities. For example, in the case of Indosol Solar, we are building a desalination plant on an EP basis.

It depends on the market, but international markets do offer better opportunities to pursue EP projects. As I said earlier, even if it is an EPC project, we engage partners to pass through the construction component. Therefore, for us, the risk profile remains the same, although the construction revenues and costs pass through our books. We do not take a bias, but if given a choice, we will pursue more EP orders.

Krish Talod – Veer Growth AIF: Understood, sir. Could you provide some bifurcation for this quarter? How much would have been EP and EPC?

Management: It would be largely EPC this quarter. As I said, as a project company, it is very difficult to measure the EP/EPC mix every quarter. Even if I give you metrics, they may not be the right representation. You will have to view it over a period of time.

From a numerical perspective, the majority of the revenues would be EPC. Our top 5 projects would be largely EPC.

Krish Talod – Veer Growth AIF: Could you provide some understanding on a full-year basis? Would our orders be more towards EP, and would that also be the case on a multi-year basis?

Management: Our endeavor will be to undertake EP projects, but that is not a bottleneck for us. It is not that we have a strict policy of pursuing only EP projects. As I said, even in the case of EPC projects, because we have partners, we are practically offloading the construction risk. Therefore, for us, it is an EP risk profile even when we undertake an EPC project.

On a multi-year basis, our endeavor would be to have at least 10–20%, at least 10–20%, of our business coming from EP, if not more. In the past, we have generated even one-third of our revenues from EP.

However, as I said, that is not a constraint on our ability to undertake projects. We will not be constrained by whether a project is EPC or EP. We will focus on the quality of the project, the quality of payment security, and whether it involves advanced technology.

Krish Talod – Veer Growth AIF: Thank you very much.

Management: Thank you.

Operator: Thank you. The next question is from the line of Manish Maheshwari from Equity At Work Family Office. Please go ahead.

Manish Maheshwari – Equity At Work Family Office: What is the status of the Chennai order, and what has been completed so far? What has been the revenue recognition?

Management: Which Chennai order are you referring to? We are undertaking many orders in Chennai now.

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Manish Maheshwari – Equity At Work Family Office: Perur. Perur. {? CMRL ?} SWTP.

Management: Regarding Perur, the engineering is largely complete. Procurement is also largely complete, and all the major items have already arrived. Construction is at a very advanced stage, and the installations are underway. We have already completed the marine work. We have completed 80–85% of the concreting. We have completed 1 lakh cubic meters, the highest volume in a single project in our history.

I would say that today we are 75% or more complete. What remains now is to complete the remaining work and move into commissioning, which we will undertake over the next few quarters.

Manish Maheshwari – Equity At Work Family Office: What amount of revenue recognition has already taken place?

Management: I will have to come back to you. I do not have the exact number, but our IR team will come back to you with that percentage.

Manish Maheshwari – Equity At Work Family Office: My second question is about the Yamuna, which is a very significant and enormous opportunity. Are we expecting or envisaging any orders this financial year, particularly from the Delhi Yamuna project?

Management: Regarding the Yamuna, we have already received one order from DJB in Kondli. We are following the Yamuna cleaning plan. Given our relationship with DJB over many years and decades, I think we have a good opportunity there. We are following it, tracking the tenders, and working on it.

You will see in the next few quarters that, as orders of a size and contract fit suitable for us come up, and as opportunities fit our technology, we will consider them. We are not in a race for orders today. Thankfully, we have a sufficient order book. Therefore, we will take orders that create a meaningful technology impact.

In short, yes, we are following the opportunity and will evaluate it and take an order that meets all our requirements.

Manish Maheshwari – Equity At Work Family Office: We are a technical company and a market leader across this entire spectrum, particularly in the water space. Price discovery is yet to happen, and we still have a long way to go in terms of price discovery. We have all the ingredients and growth levels in place. What are we missing that is preventing solid bottom-line price discovery from happening?

Management: Are you referring to price discovery on the delivery front?

Manish Maheshwari – Equity At Work Family Office: No, sir. I am talking about the public markets—the stock trigger and the price.

Management: We are not generally driven by that, and I am sure the market has people who are much better equipped to understand how to assign valuation multiples. We focus on our performance, and we have seen that this has also delivered sufficient rerating, whether in terms of

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credit ratings or public-market ratings.

We are seeing that over longer periods of time, performance gets rewarded, and that is what we will focus on. If the markets decide to reward us now, 1 year later, or 1 year earlier, that is not in our hands, and we do not get bothered by it.

We have seen how the price has moved over the last 3–4 years. We understand that this is a reflection of our performance. For us, that is the learning, and we will continue to perform in that direction.

Manish Maheshwari – Equity At Work Family Office: I mean price discovery in terms of attaining a higher and higher market capitalization, at least 15,000–20,000 crores. That is something we should eventually achieve, right?

Management: I cannot control the market capitalization. I can certainly pray for it and work towards it. We are confident from history that our market capitalization will continue to grow because, over longer periods of time, delivery does get rewarded.

We have seen that happen in the past, so we are also confident that all shareholders, including you, will find that the market rewards us in the best way, and price discovery will of course happen automatically.

Manish Maheshwari – Equity At Work Family Office: Great, sir. Thank you.

Management: Thank you.

Operator: Thank you. The next question is from the line of Arjav, an individual investor. Please go ahead.

Arjav – Individual Investor: Thank you for taking my question. My question is regarding the order book, which now stands at 19,400 crores. Can you provide visibility on how much of this is expected to be executed in FY27, FY28, and FY29? As the international projects ramp up, should we expect EBITDA margins to remain in the 13–15% range or move up further? Thank you.

Skandaprasad Seetharaman – Group CFO: I will take the second question first. The 13–15% range is our medium-term outlook. I think we will stick to that band for now until our long-term strategy refresh is completed, at which point we will give you a refreshed band for our profitability trajectory. I am sure you have seen that over the years we have also continuously improved this margin. We have given a band for ease of reference, but obviously, year-over-year, we try to keep improving our margin.

On the first part, relating to how much of the order book will be executed, you first have to split it into EPC and O&M. O&M is longer-term. We have orders with durations of 5, 7, 10, 15, and 20 years. Therefore, a very broad average based on the backlog we have would give us anywhere between 7 and 10 years of recurring revenue.

Regarding EPC, Rohan answered a question earlier. I am not sure whether you were present at that point. EPC orders in international markets generally have an execution cycle of 24–30 months. In

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India, the execution cycle is about 36 months or more, plus or minus a quarter, depending on whether the project requires a permanent establishment, contract signing, or the completion of certain CPs.

That is the cycle over which the revenues will be spread. Again, I am giving you these timelines from a start-to-end perspective. Today, the order book contains orders at various stages.

Some orders would be in the later part of execution. For example, the previous caller asked about Perur, Chennai. That project is at an advanced stage, in installation and commissioning. You will find projects such as {? Ajman ?} and Kuwait at an early stage, involving contracting, contracts, and early engineering. You will find orders such as BPCL and Reliance in the middle stage.

Each of these orders will be in different phases, but broadly, our expectation is that these orders will be executed over the next 36 months.

Operator: Thank you. The next question is from the line of Dhruv Hingorani, an individual investor. Please go ahead.

Dhruv Hingorani – Individual Investor: Hi, am I audible?

Skandaprasad Seetharaman – Group CFO: Yes, you are audible, Dhruv. Please go ahead.

Dhruv Hingorani – Individual Investor: I had 2 questions. Firstly, on EBITDA, we have given guidance of 13–15% in the medium term, and we have mostly been at the lower end of that range recently because of the product mix, with EPC being higher. Does this mean that in Q3 and Q4 we will move closer to 15% margins because of the mix?

My second question is regarding the approximately 140 crores of receivables from Genco that were under arbitration. What is the current status, and what is the visibility on recovery going forward?

Skandaprasad Seetharaman – Group CFO: I will take the easier question first. The TS Genco arbitration is sub judice. We went to the Supreme Court and informed the market about the outcome, but the Indian judicial system allows challenges at various stages.

From our perspective, the highest court has delivered a clear verdict in our favor. That at least gives us the assurance that the amount is recoverable.

Regarding the timeline, I think you know better that whatever date I provide, or whatever estimate you make, either of us could be right or wrong. Therefore, I will refrain from giving a timeline on this. When there are significant updates on this matter, we will certainly communicate them transparently to the shareholders.

Regarding EBITDA, you mentioned the 13–15% band. We have been closer to 13–14%. As the name suggests, we have given a medium-term outlook, meaning a 3–5-year outlook. With economies of scale improving, you will also see EBITDA naturally improve because we are a modular business.

I also mentioned the long-term strategy refresh that we are undertaking, through which we will have better confirmation regarding the margin. I would also like to reach 15% by the end of this year, but realistically, given the projects we have, it is fairer to expect a 13–14% range this year. Over the

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years, we will certainly improve towards 15% or more, depending on the {? projects ?} that we are opening.

Dhruv Hingorani – Individual Investor: Understood. Thank you.

Skandaprasad Seetharaman – Group CFO: Thank you.

Operator: Thank you. The next question is from the line of Chinmay, an individual investor. Please go ahead.

Chinmay – Individual Investor: Are we cash-stretched in terms of orders? Can we take on more orders, and do we have the capacity to execute them, or would we require additional capex to take on more orders?

Skandaprasad Seetharaman – Group CFO: We are an asset-light organization. No capex is required to take on orders. As we have said, we are a modular business, so the larger the order, the better it is for us. We therefore do not have any capacity constraints in taking on orders.

However, that does not mean that we will pursue every order that is available. Each order has to meet all our requirements and the thresholds we have set for margins and cash. We are therefore very selective but very optimistic about the market. We will select the right orders and ensure that our growth remains intact.

Chinmay – Individual Investor: Thank you. Do we have any plans to expand into South America, such as Brazil or other regions?

Skandaprasad Seetharaman – Group CFO: We tried our hand at South America earlier. I think it is a very different region culturally. We are keeping our eyes on the market, whether in South America or in other developing markets. If the projects fit our filters, we will be happy to take them.

However, we will not enter a region simply because there is a large order, because we need a cultural fit to operate in a region. South America is a market we are watching, but we do not currently have our feet on the ground there.

Chinmay – Individual Investor: Thank you.

Skandaprasad Seetharaman – Group CFO: Thank you.

Operator: Thank you. The next question is from the line of Mudit Bhandari from IIFL Capital. Please go ahead.

Mudit Bhandari – IIFL Capital: In terms of the international market, in which countries are our orders denominated in the local currency, and in which countries are they denominated in another currency, such as INR or some other currency?

Skandaprasad Seetharaman – Group CFO: Most of our orders outside India are denominated either in USD, euros, or currencies pegged to the USD. For example, these include SAR, Qatari riyal, and Kuwaiti dinar. We generally use internationally convertible currencies, including dirhams. The expenditure that has to be incurred in the local market is taken in the respective local currency.

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In this way, we do not have currency-conversion or forex-related issues. I would say that almost every project follows this principle. We do not take gambles on currencies that are not internationally acceptable.

Mudit Bhandari – IIFL Capital: Understood. Thank you very much.

Skandaprasad Seetharaman – Group CFO: Thank you, Mudit.

Operator: Thank you. The next question is from the line of K Rajesh, an individual investor. Please go ahead.

K Rajesh – Individual Investor: Congratulations on a good set of numbers. I had one question. In the presentation, we highlighted new avenues for growth, such as solar PV, semiconductors, data centers, and green hydrogen. How do you visualize order inflow from these areas over the coming 12–18 months? How much could it be? Also, congratulations on the breakthrough order in this sector.

Skandaprasad Seetharaman – Group CFO: Thank you. I mentioned earlier that these are sectors where you need to take a decadal view. They are not going to provide a significant order book over the next 12–18 months. If I were to say that 50% of my industrial order book would come from these sectors over the next 12–18 months, I would not be presenting a realistic view.

Today, we have the Renewsys ultrapure-water project, the Indosol Solar desalination project, and the Ghaziabad CBG project. We have already started seeing breakthroughs through all these orders. We have already achieved a breakthrough in solar.

The next areas are semiconductors and data centers, where cooling and ultrapure water will be required. The very long-term opportunity is green hydrogen. I would therefore suggest looking at these areas on a 3–5-year scale.

Over the next 12–18 months, we would like to selectively pick 1 or 2 high-technology orders. However, over a 3–5-year period, this is expected to become a more meaningful number.

K Rajesh – Individual Investor: Thank you for answering my question.

Skandaprasad Seetharaman – Group CFO: Thank you, Rajesh.

Operator: Thank you. That was the last question for today. With that, I now hand the conference over to Mr. Skandaprasad Seetharaman for closing comments. Over to you, sir.

Skandaprasad Seetharaman – Group CFO: Thank you, friends, for your active participation in this Q1 FY27 earnings call. We have uploaded the analyst presentation on our website and with the stock exchanges. In case of any further queries, you may get in touch with our investor relations advisors at Stellar IR or contact us directly. Thank you again for your participation today. Good evening, and goodbye.

Operator: Thank you very much. On behalf of VA Tech Wabag Ltd., that concludes this conference. Thank you all for joining us today. You may now disconnect your lines.

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Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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