

Earning's call speech Q3 FY 20

Mr. Rajiv Mittal:

Thank you.....

Dear Friends, Good Afternoon.

I welcome you all to the Earning's Call post announcement of Q3 FY20 results of VA Tech WABAG Limited. Mr. Sandeep Agrawal our Group Chief Financial Officer joins me in this earnings call today.

We are extremely proud to have successfully commissioned the Koyambedu TTRO Plant in Chennai, which was inaugurated by the Honorable Chief Minister of Tamil Nadu in November. This is a landmark project for the city of Chennai and for WABAG, is also the largest Water Recycle and Reuse Plant in the country. The plant treats sewage into usable industrial water thereby reducing fresh water stress to the city.

In our Dangote project in Nigeria, Engineering and equipment ordering is largely complete. Client has started issuing dispatch clearances for key equipment and the dispatches are currently underway. Majority of engineering approvals for construction have also been released.

In our Polgahawela (Sri Lanka) project, designs are approved and the project is now in advanced stage of execution. The treatment plant, intake structures and reservoirs have come above ground level and are progressing well. Supply of all key equipment is complete. The transmission and distribution pipe laying have progressed well and are in full swing with multiple contractors at site across multiple locations. The project commissioning is expected to commence in third quarter of FY21.

As you would remember, WABAG had taken over the operational management of sewage networks in the city of Agra and Ghaziabad under the “One City – One Operator” model. We have now signed contract in November and have started progressively taking over the O&M activity in a phased manner from mid-December. We are confident that the success of this model will enable more state governments to replicate the same.

Coming to the progress on our MEA Projects....

In our Jubail STP Project in Saudi Arabia being implemented for Marafiq, 90% of Engineering has been completed. The engineering is scheduled for completion by March 2020. Purchase Orders for all Long Lead Items have been placed and manufacturing clearances have been given. First batch of clarifiers has been inspected and major process items are lined up for inspection in the next 2 quarters. All major water retaining units rafts will be completed by February.

In our South Doha Project in Qatar, detailed engineering is nearly completed, all long lead items have been ordered and manufacturing is in progress. Non-process unit rehabilitation work is completed and under handing over. Process units rehabilitation work is progressing well.

In our Zarat Project in Tunisia, detailed engineering is underway and ordering of long lead items is nearing completion. Construction of deep structures are nearing completion and construction works for other structures are in progress.

With regard to GENCO projects:

- With regards to TSGENCO, we have obtained an interim injunction order from Supreme Court against the arbitration proceedings initiated by Tecpro. Proceedings are underway and we expect that High Court order will be quashed.
- With regards to APGENCO, the customer has given us a clearance to proceed with the pending works

As stated in previous quarters, these large new projects along with other recent orders in India, have started to pick up further pace and are expected to progress further in the coming quarters. Our Order book position continues to remain strong at Rs. 11,500 crores, about 3x of revenues, which gives us confidence and visibility about the future.

I now request Sandeep to take you through the financial highlights of the quarter. Over to you Sandeep.....

Mr. Sandeep Agrawal:

Thank you Mr. Mittal....

Good evening Friends,

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 month period ended 31st December 2019.

Our revenue from operations for the nine-month period stood at Rs. 1,772 Crore on consolidated basis and at Rs. 1,250 Crore on standalone basis.

EBITDA for the nine-month period stood at Rs. 171 Crore on consolidated basis and at Rs. 147 Crore on standalone basis.

Profit after Tax attributable to owners for the nine-month period stood at Rs. 61 Crore on consolidated basis and at Rs. 57.4 Crore on standalone basis.

Our key projects have started picking up pace, as expected enabling us to achieve good results and cash flow. Our constant efforts on cash and receivables management has also started paying off and we will aim to keep the momentum going in the same direction.

Our Net Working Capital has reduced by around Rs. 270 Crore Year-over-Year, a reduction of 22%. This is in line with our constant efforts and actions to improve the working capital position. Net Debt position at Group level as of 31st December 2019 stood at Rs. 285 Crore as against Rs. 433 Crore as of 31st March 2019, a reduction of 34%.

Continuing our focus on generating positive cash flow, we have generated operating cash of Rs. 187 Crore and free cash of Rs. 143 Crore at consolidated level in the nine months ended 31st December 2019. This is a direct result of our continued focus on receivables, working capital and cash management, in this tough economic scenario.

We continue to work closely with our bankers and are thankful for their continued support in providing non-fund lines for new projects, which will further improve the cash and working capital position of the company.

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

Concluding Para:

Thank you everyone for your participation in our Q3 FY20 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.