



An ISO 9001 Company

August 20, 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 'Q1 FY26 Earnings Conference Call'

Please find enclosed the Transcript of 'Q1 FY26 Earnings Conference Call' held on Wednesday, August 13, 2025, post declaration of unaudited Financial Results (both Standalone and Consolidated) of the Company for the quarter ended June 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 'Q1 FY26 Earnings 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

Sustainable solutions, for a better life



VA TECH WABAG LIMITED

CIN: L45205TN1995PLC030231

**"WABAG HOUSE",
No.17, 200 Feet Thoraipakkam-Pallavaram Main Road,
Sunnambu Kolathur, Chennai 600 117, India.**

Board : +91- 44 - 6123 2323

Fax : : +91- 44 - 6123 2324

Email : wabag@wabag.in

Web : www.wabag.com



**“VA TECH WABAG LIMITED
Q1 FY26 Earnings Conference Call”
August 13, 2025**



MANAGEMENT:

MR. RAJIV MITTAL – CHAIRMAN AND MANAGING DIRECTOR
MR. SKANDAPRASAD SEETHARAMAN – GROUP CHIEF FINANCIAL OFFICER
MR. ROHAN MITTAL – HEAD STRATEGY AND BUSINESS GROWTH, GCC

Moderator:

Good evening, and welcome, everyone to this Earnings Call, Post Announcement of Q1 FY26 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. 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 uncertainties, and the actual results could materially differ from those in such forward-looking statements. The conference 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 of the Company 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. We will start with the opening remarks from the management, post which we will open up for the interactive Q&A.

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

Rajiv Mittal:

Thank you. Good evening, ladies, and gentlemen. We extend a very warm welcome to all of you to the earnings call post announcement of our Q1 FY26 results of VA Tech Wabag Limited. Your continued support and engagements are invaluable to our growth journey, and we appreciate your presence today. Joining me today are Mr. Skandaprasad Seetharaman, our Group CFO; and Mr. Rohan Mittal, Head Strategy and Business Growth - GCC.

We have started the year with a very strong quarter, building on the growth momentum from the last year. This quarter, we have improved on every single parameter. Our top line is higher, our EBITDA is stronger, PAT is growing faster than the top line, denoting profitable growth. Importantly, this quarter marked the 10th consecutive quarter of being net cash positive, a testimony to our disciplined financial management, operational efficiency and focus on quality execution.

Wabag further reinforced its leadership as a pure-play water technology Company, expanding across the Middle East, Africa and Asia with over 40% of the revenues now from the international market. Our expertise in reuse, industrial effluent management, energy-efficient desalination plant continues to give us a competitive edge. We have maintained a balanced revenue mix of 75:25 between municipal and industrial clients, and progressing steady towards our strategic goal of increasing O&M revenue share, which exceeded 20% this quarter. This healthy mix strengthens earnings resilience and ensures geographic diversification.

With our continued focus on emerging markets and efforts of agile go-to-market team, we secured two major orders. The first one of INR 380 crores for design, build, operate order from Bangalore Water Supply and Sewerage Board funded by World Bank for a state-of-art energy-efficient water reuse facility in Bengaluru, and a Letter of Award for the much anticipated 300

million liters a day of seawater desalination plant at Yanbu in the Kingdom of Saudi Arabia worth about INR 2,332 crores from the Saudi Water Authority.

As you may recall, last quarter, we informed our preferred bidder status in the project worth INR 30 billion. And you can see that we have already converted the majority of the same into firm orders. And it does not stop here. We continue actively on our bidding efforts for several large orders from India's massive infrastructure investment to Middle East desalination leadership, Africa's emerging water projects and Asia's urban industrial growth. Wabag is pursuing a 'Glocal' Strategy, combining global reach with local depth to capture opportunities across diverse geographies. As a result of our efforts, we have secured preferred bidder status for projects worth over INR 35 billion.

Our order book currently stands at over INR 15,750 crores, well balanced between EPC and O&M segments, between municipal and industrial clients and in India and international market. Importantly, majority of these orders came with adequate payment security. This robust pipeline gives us strong visibility and the confidence in delivering sustainable performance in the coming quarters.

Looking ahead, opportunities remain promising driven by government-led investments in water security, wastewater recycle and river rejuvenation to raise municipal demands for a sustainable treatment and reuse. Industrial water management needs spurred by ESG commitments and regulatory tightening. International opportunities across the targeted emerging markets where Wabag's references and execution track record position it competitively. This robust funnel, combined with our disciplined bid selectivity and risk-calibrated commercial models put us in a strong position to capture these opportunities.

I would also like to share the updates on some of the key projects. The prestigious 400 MLD Perur desalination project in Chennai funded by JICA, Japan is progressing well. We have successfully completed the critical marine work, sinking all 3 marine pipelines, 2 in the intake and 1 in the outfall, each of 2.5 meters diameter, including launch of largest and longest single intake pipeline of 1,151 meters. This milestone stands a testament to our resilience, teamwork, commitment to excellence. Key process civil structures are also moving steadily towards completion.

Last year, Wabag secured large repeat orders from Reliance for water treatment systems at Dahej and Nagothane facilities. The basic engineering package has been completed. Detailed engineering is in advanced stage and civil works of this water treatment and effluent treatment facilities are progressing at full pace.

The 200 MLD Pagla STP project in Bangladesh jointly funded by World Bank and AIIB is the country's first of its kind plant where bio-gas engines will generate power from the digested sludge promoting sustainable wastewater management. The project has achieved significant milestones, including completion of most sand filling work and pile casting currently underway.

200 MLD municipal sewage treatment plant at Al-Haer, near Riyadh in Saudi Arabia is a significant repeat order from our esteemed client, Miahona. Engineering and ordering of these

supplies are progressing at its peak. Temporary facilities at the site are deployed and adequate resources are mobilized. Civil works commenced and gaining momentum.

In Zambia, Wabag is executing a landmark sanitation projects for Lusaka Water Supply and Sanitation Company funded by European Investment Bank and German KfW. Site survey and soil investigations are complete. Engineering is in full swing, temporary facilities and construction resources are being deployed.

On the occasion of our Centenary year, backed by robust performance and a healthy cash position, Board had recommended to the shareholders for approval a dividend of INR 4/- per share, 200% of the face value for the year ended March 31, 2025. We are very pleased to share that shareholders have approved this resolution and the disbursement is underway. We remain committed to deliver long-term shareholders' value while maintaining a prudent balance between rewarding shareholders and reinvesting in our growth investments.

So to sum up, strong start to the year, steady progress on our strategy, robust financial and a healthy order book that positions us for continued success. Our innovation, partnership and purpose-driven growth will continue to shape a more sustainable, equitable world, one drop, one community and one breakthrough at a time. As we embark on the next century, I invite each one of you to join us in this journey, let us continue to work together to preserve our most precious resource, water, while powering economy and protecting our environment. Our mission has never been more relevant, and our resolve has never been more stronger.

In closing, I want to thank each one of you for your continued confidence in Wabag in making a positive environment and societal impact through its mission to deliver sustainable water solutions globally.

With that, I will now hand it over to Rohan to share the updates on Middle East and Africa. Over to you, Rohan.

Rohan Mittal:

Good evening, distinguished investors, partners, and colleagues. Middle East and Africa, a region where the demand for quality, sustainable and scalable water solutions is rising at an unprecedented pace. For over four decades, Wabag has been present in the Kingdom of Saudi Arabia, delivering marquee projects that have significantly enhanced our brand value in the region.

Today, as we celebrate 100 years of global excellence, we are channelling our focus towards the right projects and priority markets with the Middle East and Africa positioned as a key growth engine in line with our strategy 'Wriddhi' and our portfolio continuing to expand with a balanced mix of EPC, O&M and PPP ventures.

Africa's water infrastructure landscape is also undergoing a transformative shift driven by urgent demand for safe and improved sanitation across urban and rural regions. The Africa Water Investment Action plan, which targets USD 30 billion in annual investments by 2030 is catalysing this momentum. In the UAE and CIS market, we are deepening our engagement through strategic opportunities that strengthen our foothold and reinforce our presence in emerging municipal and industrial sectors. With our legacy expertise and strategic focus, Wabag

is well positioned to lead the next wave of water sector transformation across the Middle East and Africa region.

Now on to a key order intake development during this quarter. Yanbu mega desalination order represents a defining milestone for VA Tech Wabag, a 300 MLD worth USD 272 million EPC contract and the largest international order in our history from a very esteemed client, Saudi Water Authority ('SWA'), the Kingdom's flagship water utility and one of the most respected names globally in large-scale desalination, formerly known as Saline Water Conversion Corporation ('SWCC'). The plant will incorporate dual media filtration, a two-part reverse osmosis and remineralisation processes, delivering premium quality portable water. This win is a powerful endorsement of our technological leadership, execution excellence and competitive edge in the global water sector, secured in one of the most demanding procurement environments in the region.

Yanbu II was achieved through rigorous value engineering, strategic procurement optimization and leveraging competitive subcontractor pricing, all while upholding the highest standards of technological innovation and professional reliability. The Yanbu II award is a testament to two defining strengths of Wabag, our resilience and ability to secure high-specification desalination projects and our capacity to enhance unit economics without compromising quality. This win reinforces our position as a global water leader and accelerates our growth trajectory in the Kingdom of Saudi Arabia.

Now to a quick update on 2 major projects under execution in the region. First, the technologically advanced Ras Tanura project, has reached an overall 80% completion. Engineering and procurement is complete with all major equipment ordered and currently in shipment to site. Installation has commenced. The project is progressing well on track.

In Wabag's largest EPC order under execution in the region, the Al-Haer wastewater treatment plant, basic engineering is complete and the detailed engineering activities are underway. Site mobilization has also been completed and construction works have commenced as well and progressing well on track. Notably, sludge treatment will be achieved through solar drying while extensive use of solar PV panels will contribute renewable energy to plant operations, reinforcing Wabag's commitment to environment stewardship.

Wabag's future in MEA is focused, strategic and growth driven with client development at the heart of our approach. The regional transformative agenda led by Saudi Vision 2030 and the upcoming FIFA World Cup 2034 is creating an unprecedented demand for sustainable large-scale water and wastewater infrastructure.

In parallel, Africa's rapid urbanization and industrial growth are driving significant opportunities for advanced water solutions across the continent. We are positioned to capitalize on this momentum, actively pursuing opportunities across industrial, municipal and utility segments in both the regions. Supported by a robust pipeline of Greenfield desalination EPC projects, annuity-based O&M contracts and advanced industrial water solutions. Our strategy is clear; leverage technology as a key differentiator and partner locally wherever required to deliver world-class solutions.

This quarter alone, we submitted multiple bids and are evaluating a strong slate of opportunities. Every project we deliver from mega desalination to advanced reuse is a step towards cleaner oceans, lower carbon footprints and a resilient economy for the communities that we serve. With the region's growth trajectory, Wabag is primed to play a pivotal role in shaping its water future.

I will hand over to Skanda to share the financial performance.

Skandaprasad S.:

Thank you, Rohan. Good evening, everyone. I trust you had a chance to review our results update presentation, which have been uploaded on our website and with the stock exchanges.

I'm pleased to share that we have delivered another profitable growth quarter. Our financial performance reflected disciplined bidding, vigilant cost control, a sharper focus on cash conversion and prudent risk management across our operating geographies. Profitability remains at the core of our strategy and the progress we have achieved over the past several quarters and years is translating into stronger earnings quality and healthier balance sheet metrics.

Now let me quickly walk you through our performance highlights for the quarter.

Our consolidated revenue stood at INR 734 crores, growing by 17% year-over-year. Standalone revenue for the same period stood at INR 640 crores. Our consolidated EBITDA stood at INR 96 crores, growing by around 18% year-over-year. Standalone EBITDA for the same period stood at INR 86 crores. Consolidated PAT stood at INR 66 crores with a PAT margin of 9%, growing at over 20% year-over-year. Standalone PAT for the same period stood at INR 61 crores.

The top line growth for this quarter was driven primarily by strong progress in several large projects, including the 200 MLD Al-Haer independent sewage treatment plant in Riyadh, the 400 MLD Perur desalination plant in Chennai, the Ras Tanura Industrial water treatment plant at the Ras Tanura Refinery Complex in the Kingdom of Saudi Arabia and the Chennai Petroleum Corporation Limited project in Tamil Nadu.

A year ago, we provided a 3 to 5 year medium-term outlook to all investors. We have been working diligently on the same to meet the outlook. The results are evident in our performance of the last year and also in this quarter. For Q1, top line grew by 17%, well within our guided range of 15% to 20%, while EBITDA margins were maintained in the 13% to 15% band as guided. We have delivered this growth profitably in line with our strategic priorities. This performance underscores our operational efficiency, disciplined project execution and the strength of a well-balanced portfolio across EPC, industrial and international markets, complemented by a steadily rising contribution from our high-margin O&M business.

As of June 2025, our net cash position stands at INR 510 crores. Excluding net debt on HAM entities, which is transitory in nature, considering our asset-light strategy, our net cash position stood at INR 627 crores. We closed the quarter with a gross cash position of INR 815 crores. As mentioned by Mr. Mittal earlier, this is our 10th consecutive quarter where we closed the period with a net cash positive position, primarily driven by disciplined cash flow management and prudent debt control. Our strong cash reserves allow us to swiftly fund projects, accelerate

execution time lines, pursue opportunities in new geographies, and invest in enhancing our talent and capabilities.

We remain steadfast to our asset-light model, delivering a Return on Capital Employed ('RoCE') over 18%. We continued to create long-term shareholder value, generating a Return on Equity ('RoE') of 15%.

With the recent order win of INR 380 crores wastewater treatment and reuse facility for BWSSB, Bengaluru and INR 2,332 crores, 300 MLD mega desalination plant in Yanbu for Saudi Water Authority, the order book stands at over INR 15,750 crores, approximately 5x of our annual revenue.

With our robust order book, strong pipeline visibility, we are confident of sustaining both revenue growth and profitability while maintaining our net cash positive position as we move ahead in this year. Our focus will remain on emerging market opportunities and advanced technology projects particularly in desalination, recycling, reuse, and affluent treatment.

I once again thank everyone, our shareholders, fellow Wabagites, customers, partners, vendors, bankers and all the stakeholders for the continued trust and unwavering support over the past century. It is because of you that Wabag stands tall today, ready to face the challenges and capitalize on the opportunities of the future.

With that, we now open the floor for the interactive Q&A session.

- Moderator:** The first question comes from the line of Nidhi Shah from ICICI Securities.
- Nidhi Shah:** I would like to congratulate you, sir, on the excellent execution as well as the order inflow. So my question is firstly on the project that we have declared L1 in, which is the JV with HEISCO in Kuwait. My understanding is that the order value is close to INR 27 billion. What would be our share of that project?
- Rajiv Mittal:** This is still just an opening result, what you are referring to. We can say other than being a preferred bidder, nothing more of that. We want to make sure that the evaluation is completed. And post evaluation, they should declare us as a party who gets the award. So our portion in that consortium will a little more than 50%, close to about USD 200 million.
- Nidhi Shah:** All right. And also another question I had on the order book was, the Lusaka Water Supply and Sanitation Company project that we have, which is the 73 MLD project. For the last 2 quarters, I have noticed that the order value has been increasing. Is there any reason for that as a scope increase or this is just due to exchange rates and inflation, things like that?
- Rajiv Mittal:** Of course, the exchange rate has not increased so much, Nidhi. So first part of your guess is right. The client, because it is funded by 2 international funding agencies, they wanted certain scopes to increase to make it more sustainable and environmental friendly. So they have increased the scope by about EUR 7-8 million before we got a start date to the contract. So that is how the value has gone up.

- Nidhi Shah:** Yes. So my last question is, so last quarter, you mentioned that there were six active inquiries on the ultra-water pure segment that you were hoping to sort of realize in H2. What is the progress on that? Are we any closer to closing any order ?
- Rajiv Mittal:** Yes, we are. A couple of orders. Our boys are working very hard. They're taking a little longer than what we would have expected, but nothing to be concerned. We are still in this couple of orders. We are progressing well. We would like to believe that we have been positioned well. But in the next couple of months, we'll know the results.
- Moderator:** Our next question comes from the line of Sailesh Raja with B&K Securities.
- Sailesh Raja:** Congrats for the great set of numbers. Sir, my first question, in the domestic municipal segment, we are seeing a moderate 4% growth in the order backlog numbers. Could you explain the reason for this? And since we are focusing more on the industrial segment domestically and on overseas market, have we become more selective in taking orders in the municipal space in the domestic market? Or is the slower growth linked to demand challenges due to overcrowded market?
- Rajiv Mittal:** I think I would not say that we have now become more selective. We were always selective, and we have informed all our investors and potential investors that we have very strict bidding criteria where we take a bid, no-bid decision. And top of that criteria is our payment security.
- And if you see most of our order backlog, 98% plus will have a complete payment security, which are funded either by Federal Government, Central Government or by Multilateral Agencies like World Bank, JICA, KfW, ADB kind of organizations. And we don't bid if this is not available to us.
- And I think also, we don't bid unless there is a strategic reason for projects which are funded by the state government. Hence, our selectiveness is very, very robust. And we only go for where we think we have a payment security and also where we have a technological edge. That's all it means, and we are not dependent on any single market.
- And as we have told you before, it's not that every market we have to grow at X percentage. If other markets are giving us a better opportunity, other sectors are giving us better opportunity, we will go for it because our execution workforce is common, whether we deploy them for municipal projects, industrial projects, international projects, it doesn't matter to us. They have a versatility to execute any projects with any standard, whether they're large, complex, they are geared up to do that.
- Sailesh Raja:** Since you spoke about the payment, regarding the 100 MLD solar desalination project, since Indosol Solar is a new entity, so how do they plan to arrange the funding for the project?
- Rajiv Mittal:** I think the funding is already in place. The reason for delay is because there was a change of government and the land which was allocated to them had to be reallocated. So they had to do all the environmental studies and because of the change of location. And there, they lost about 6 months. Now I believe they have got all this in place. And within a month or 2, it will kickstart again that project, and we would like to see this moving really at a brisk pace.

- Sailesh Raja:** So how this project is funded, sir?
- Rajiv Mittal:** I think they have investors who are funding this. And we are not privy to that. But I think they have a financial closure on the project.
- Sailesh Raja:** Okay. Okay, sir. Sir, on the plan to set up 100 biogas to CNG units, could you elaborate on the business opportunity here? Will this be developed as a standalone vertical or through any partnerships to achieve scale and secure funding? And what business scale are you targeting over the next 3 years? And when is the project expected to commence? And also how this raw material that solid waste will be procured and what is the payback that you're expecting?
- Rajiv Mittal:** First and foremost, this was announced almost 1.5 years back that for this venture, we have partnered with PEAK Ventures as a funding agency. They will partner us in funding this project, and this will develop and we will be the technical partner and a minority investor in that. This is again a concept selling. This was not available in the country and only recently, large corporates are investing in it.
- They are securing the raw material. It is not our business to get the raw material. They will secure raw material and hand it over to us. Our business is to take that raw material and produce this compressed biogas. And this is what we will again sell it at the tariffs which are fixed by the Government of India, which are very, very attractive tariff.
- Again, it is all going into sustainability, clean environment and circular economy, very well fits into our strategy. Hence, we are there. And anything like this, which are concept selling is always slow to take. Initially, there are small-sized plants coming up, which we are giving it a pass. And once we see a medium to large opportunities, we will jump in.
- Sailesh Raja:** Okay. Sir one last question.
- Moderator:** I'm sorry to interrupt, Sailesh. Those were your two questions. Could you please fall back into the queue? The next question comes from the line of Sabil Dabhoya from Unifi Capital.
- Sabil Dabhoya:** Yes, sir. So congratulations on a great set of numbers. My first question was around the investment platform. Could you please update us on the progress of the same? And if you could please call out any existing HAM projects, which we transferred to the investment platform.
- Skandaprasad S.:** So as we informed in the last quarter, the due diligence is already underway, and we are close to getting a sign-off on that from the Investors side. Once that is done, since these are large international investors, they will go through their internal processes, and then we will move into the signing of definitive agreements and making the platform effective. As we told you in the last quarter, obviously, our interest would be to monetize as much of the investments as possible into this platform, which can include also the existing projects.
- Sabil Dabhoya:** Okay, sure. I mean, I understand that we don't guide on a short-term basis for revenue and EBITDA margin. But just structurally, because our O&M revenue also went up, and we are entering into the EP stage for some of our large projects, is it fair to assume a directionally better margin for FY26 as a whole?

Rajiv Mittal: See, our endeavour is to improve the margins always. That is the reason last year, we have given a direction to you for the next 3 to 5 years. We have not given for 6 months or for a year. So that shows the confidence in our order book, what we have that enables us to give for 3 to 5 years a direction so that you can do your modelling.

And obviously, I think our aim is always now, as we said before, to improve the margins and improve the cash flow. And top line is evident with this kind of order backlog, the top line is inevitable that it will grow. There's no doubt about it. We just have to focus on margins and cash flow.

Moderator: The next question comes from the line of Aniket Jain with YES Securities.

Aniket Jain: Actually, I have two questions. In the last presentation, you mentioned, you were the preferred bidders on orders of about INR 3,000 crores without the Yanbu project, if I remember correctly, of which I think we have won INR 380 crores from the Bengaluru. Now we are preferred bidders of about INR 3,500 crores.

So I wanted to check if we're expecting finalization on some of them in this quarter, that is Q2. And what is the status on the remaining INR 2,500 crores of orders which are pending from the last bidding pipeline? That is question number one. I can ask question two later on.

Rajiv Mittal: No problem. You can wait for us to finish the answer. See, I think it's not about Yanbu was in or not. When we gave this direction, we were confident and we have informed you that whatever restructuring the client wants to do on Yanbu, we will get it back. And that was a kind of a confidence the team has exhibited. And when we give you a preferred status, that is included in it that we will get Yanbu, no doubt about it.

Again, we are giving you a guidance that we are preferred bidder for INR 3,500 crores, as we speak, which includes some of them we are already -- like somebody had asked a question on Kuwait project. We are already declared L1. And some other projects are also there, which at the moment, we can't disclose the names, but we are very confident that maybe by the time we meet you next call, we should be having most of them in our order backlog.

Aniket Jain: Understood, sir. And probably a second one would be, as per the press release, Yanbu project was mentioned at INR 2,332 crores, while in presentation, it is mentioned at INR 2,038 crores. So just wanted to check what's the differential? Is it tax or something else?

Rajiv Mittal: Your guess is right. It's the VAT portion because what we take in our sales is excluding VAT and what is the project value is including VAT. So it's only the VAT portion.

Moderator: The next question comes from the line of Jainam Jain with ICICI Securities.

Jainam Jain: Sir, my first question is, we have seen execution on the Indosol Solar order has been slower than expected. Sir, can you just help us understand what are the factors causing the delay?

Rajiv Mittal: I just answered to one of our friends and investors who had raised this question that there was a slowdown of about 6 to 7 months because of the change of land because their land, which was

allocated to them and that finished all the studies and environmental studies and soil investigation survey and everything was taken back by the government for some other priority project. And instead of that, they were allocated another land, which last 6 to 8 months, they finished all the environmental studies and investigation, geotechnical surveys. Now having done that, I understand from next month, this project will get kick started again. And you will see the progress picking up in the next few quarters.

Jainam Jain: Okay sir. Sir, my next question is, the order value of the Yanbu desalination project has dropped from INR 23 billion to INR 20 billion this time around. So is this because of Mackenzie's exit? Or has there has been any change in scope of work?

Rajiv Mittal: I think it's a combination of few things, as we have said before. One, some of the scopes have changed, but also because of the experience, because we had 6 months of this order in our books, our team had worked the execution, the basic engineering, detailed engineering, we had already started, and we have already started collecting quotations from the market.

So there is also a part of value engineering, which has gone into this project, which is making us more competitive. But you must also know that we have just won this project by just 0.27%. That shows how competitive we are and how we could judge this. And this 6 months of getting this engineering before it was reinvited for bidding has really helped us to do value engineering.

Moderator: The next question comes from the line of Kaushik Poddar from KB Capital Markets Private Limited.

Kaushik Poddar: Yes. See, this year, we have already won something like INR 26 billion, and we are preferred bidder for INR 35 billion. So that makes it around INR 60 billion. So can we end the year around INR 80 billion of order book, new order?

Rajiv Mittal: There is Hindi phrase "Aapke muh mai ghee shakkar". So I think we love all this. I think the more positive we speak, the more positivity will come to the Company. We are always very bullish. The team has been working very hard. Even in the last couple of months, we have submitted bids worth more than USD 1 billion. So yes, market is very conducive. Sector is looking up, not only in India but globally. So we are keeping our fingers crossed.

Kaushik Poddar: This USD 1 billion is on top of the INR 35 billion, rather?

Rajiv Mittal: No. some of them are also included in this. We didn't say that, but one of you asked this question on Kuwait. So Kuwait was also bid as a part of this USD 1 billion.

Moderator: The next question comes from the line of Sriharsha KJ from Alpha Capital Ventures.

Sriharsha KJ: I had just one question. Like I want to know the translation reserve of INR 321 million, which is classified under other comprehensive income?

Skandaprasad S.: Yes. This is primarily coming from translation of assets and liabilities for the change in exchange rates, and it happens every quarter. This is required as per the accounting standards. But what

you have to look at is what passes through the P&L, which is basically the profit after tax attributable to owners.

Moderator: The next question comes from the line of Sailesh Raja with B&K Securities.

Sailesh Raja: Sir, could you please talk about the opportunity in NWC second phase LTOM package number 16, 17, 18, 19. So there are 72 STPs are there. Is tendering has started?

Rohan Mittal: This is a full block from 10 to 19. We have received tenders for 10, 11 and 12. The 14th is under discussion. The rest would follow. We have already received the 10th where the Company has bid with in a partnership. The 11th, we have also bid. The 12th is currently under preparation. The 13th is unlikely to come or not come, it's a discussion between their Board. But the 14th is positively going to come in, say, 2 months.

Sailesh Raja: Okay. That's great.

Rajiv Mittal: The bottom line is we are qualified for all these LTOM tenders, and it's up to us to do the review and check if we will bid for all of them.

Sailesh Raja: Okay. Okay. Great. Sir, in the BLUE SEED division, is there any update on finalizing the new technology? Also, are there any plans to venture into B2C water chemical business? As you know, recently, chemical Company, Atul Limited, they have tied up with Batman Labs for delivering advanced water treatment solution.

Since Wabag has strong expertise in desalination, that is a process involving significant chemistry and extensive experience in this domain. So why not consider launching any water chemical solution products so that will help diversify the portfolio and also make the business less volatile?

Rajiv Mittal: One thing is, we are very satisfied with what we do. We have a very clear focus on what we want to do, and we don't want to look right or left because others are doing. Others may have expertise in what they do. We have certain expertise, and we want to leverage our expertise in what we do. We want to be second to none in the projects and the business we run.

Also keeping in mind our strategic goal of remaining asset-light. And you would have noticed that we have one of the lightest balance sheet in this sector. We want to continue that and not invest into manufacturing and consumer selling. That's not our business. We are into large, complex, technically challenging projects. And I think at least in foreseeable future, we will like to remain focused on that.

Moderator: The next question comes from Aniket Jain with YES Securities.

Aniket Jain: Sir, so you recorded one of the strongest gross margins of about 28.7% over the last 25 quarters, so exceptionally well gross margins that you recorded this time. So just wanted to check, is this mainly because of lower component deliveries in this quarter? I think last quarter was impacted by high component deliveries? Or are we expecting some structurally higher margins going forward?

- Skandaprasad S.:** See, Aniket, this is always a mix of projects, right, projects in different stages. If you see the kind of projects we had, we had Al-Haer, which is in early engineering stage and just started. We had Ras Tanura. Ras Tanura is an EP project. We had CPCL, which again is in early delivery stage. We had the Perur desalination, which is in an advanced stage of engineering completion and deliveries have begun.
- So it's a mix, and that is why we recommend that you do not look at us quarter-over-quarter because it can be very different. You have to look at it on a multi-annual basis, which is a 3 to 5 year range, and that's how we would recommend you to compare the margins. There can be quarters which can be one-offs like even the last quarter as well as this quarter. But on an average, our margins will fairly remain stable, and we will continue to keep growing.
- Aniket Jain:** Understood, sir. And probably second one, if I can squeeze in. So your other expenses increased sharply. So as a percentage of sales, these are 6.6% as of now. I assume some of this is impacted by higher forex. So is there something else that also led to higher other expenses? That is my second question.
- Skandaprasad S.:** Largely, it is forex. And of course, you know we had also issued the centenary ESOP in the last year, and we will have to accrue some expenses on account of that, which is below the contribution margin. These are the larger ones. But largely, you would see ESOP. Apart from that, the regular expenses, and few provisions, which is normal what requires us to be made as per our accounting policy. But largely, it is forex because of the kind of movement that has happened in the exchange rates period-over-period.
- Aniket Jain:** So ESOPs, we won't be accruing this in future quarters, right? Is it largely done? Or do we expect some more?
- Skandaprasad S.:** No, no. It will be staggered because it started in the last year. You are seeing that this year, there is an ESOP accrual. As it moves forward, it will taper. The first 2, 3 years are a little higher because it's a 4-year accrual that we have to do. But it will happen every quarter.
- Moderator:** Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Rajiv Mittal for the closing remarks.
- Rajiv Mittal:** Thank you, friends, for your active participation in this Q1 FY26 earnings call. We have uploaded the analyst presentation in our website. In case you have further queries, you may get in touch with AdFactor IR or feel free to get in touch with us directly. Thank you once again. Enjoy your evening. Bye-bye.
- Moderator:** Thank you, sir. Ladies and gentlemen, on behalf of VA Tech Wabag Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.