

Earning's call speech Q4 FY 19

Mr. Rajiv Mittal:

Thank you.....

Dear Friends, Good Afternoon.

I welcome you all to the Earning's Call post announcement of Q4 FY19 results of VA Tech WABAG Limited.

To begin with, I am pleased to introduce to you Mr. Sandeep Agrawal who has joined us recently as our Chief Financial Officer for the Group. Sandeep has over 24 years of professional experience across diverse organizations with exposure to many facets of business & finance administration. Before joining us, Sandeep was Group CFO in Adventz Group's Agri Business. Prior to that, Sandeep had a long stint of 15 years with Vedanta Group, in different capacities, the last being CFO of Bharat Aluminum Company Limited. I am sure, Sandeep's rich experience will further add value to WABAG's profitable growth.

Sandeep, over to you now...

Mr. Sandeep Agrawal:

Thank you Mr. Mittal.

Good afternoon to one and all. I thank the Board and the Management for giving me this opportunity. I am delighted to take up this role, in an Indian multinational organization contributing to global water security. I believe, the industry and the organization has tremendous potential. I am sure, with my experience and your support, I am confident of doing my best to meet the expectations of all stakeholders. Looking forward to interacting with you all more often in the coming quarters. Thank you!

I now handover back to Mr. Mittal to take you through the highlights for the Financial Year 18 - 19.

Mr. Rajiv Mittal:

Thank you Sandeep.

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 quarter and year ended 31st March 2019.

Our revenue from operations for the Financial Year ended 31st March 2019 stood at Rs. 2,781 Crore on consolidated basis and at Rs. 1,748 Crore on standalone basis. The consolidated revenue is lower compared to previous year, as stated during our previous earnings call, our large key overseas projects like AMAS and RAPID have reached completion during the current fiscal and the major new orders secured during the year are in early stage of execution. Revenues from new orders are expected to pick up momentum in next few quarters.

The consolidated EBITDA and Profit after Tax stood at Rs. 214 Crore and Rs. 105 Crore respectively, for the year.

Moving on to new order wins,

In February 2019, WABAG secured INR 520 Crore worth order from Jajmau Tannery Effluent Treatment Association towards engineering, construction and operation & maintenance of a 20 MLD Common Effluent Treatment Plant ('CETP') for Jajmau Leather Cluster in Uttar Pradesh. This project will be funded under the prestigious National Mission for Clean Ganga.

The 2 stage CETP includes pre-treatment for sulphide removal and tertiary treatment using ultra-filtration technology. The scope also includes setting up of a chrome recovery unit, where the chrome recovered will be reused in the tanneries. Post successful commissioning, WABAG will also Operate & Maintain the plant for a period of 5 years.

This is the first Industrial Effluent Treatment Plant project awarded under the NMCG. The plant will be one of the largest Tannery ETPs globally and will significantly reduce the toxic discharge into the river Ganga.

In March 2019, WABAG secured its breakthrough Hybrid Annuity Order worth INR 575 Crore, under NMCG to Design, Build, Rehabilitate and Operate Sewage Treatment Facilities and associated infrastructure in Kolkata, West Bengal.

The project will be executed on Public Private Partnership basis under the Hybrid Annuity Model ('HAM'). WABAG will build the sewage treatment plants over a period of 24 months and further Operate & Maintain them over a period of 15 years.

Moving over to the updates on project execution...

As on 31 Mar 2019 to, the dues outstanding from GENCO projects is ~ Rs 415 Crore (including retentions) and another 70 Crore from Tecpro which is pursued legally through National Company Law Appellate Tribunal ('NCLAT'). Our expectation of collecting the receivables from TSGENCO got deferred on account of early state elections, delay in cabinet formation in the state of Telangana and now the Central Lok Sabha elections. With all these now behind us, we expect that in the next few weeks the TSGENCO board will meet and decide positively, enabling settlement of the receivables. This will reduce GENCO receivables to below Rs 300 Crore in the next few months.

Receivables from APGENCO becomes due for payment progressively on achieving contractual milestones. We already have an approved extension of time for this project upto June 2019. We have started the handing over and expect to complete this process by Q2 of this fiscal. Post PGTR & hand-over, half of the retention will become due for payment and the balance will be due after 1 year of warranty period. We continue to get payments against our running bills on this project.

In our Dangote project in Nigeria, Engineering is at final stages and equipment ordering is nearly completed. Client has issued dispatch clearances for key equipment and the dispatches have started. 95% of engineering approvals for construction have also been released. 65% of the physical progress is completed.

The Polgahawela project is now in the construction phase. The transmission and distribution pipe laying is in progress and almost 95% of the pipe has already reached site. Manufacturing of all major equipment are well on schedule. On the construction front the execution is in full swing at Intake, WTP & all Reservoirs.

The construction activities at Koyambedu TTRO Plant are on the verge of completion and pre-commissioning activities have started. Most of the key structures are ready and finishing works are underway. 85% of transmission pipe laying is completed and substantial Hydro testing is also completed. Commissioning has been kicked off and the Commissioning Team is under mobilization.

In our 3 new projects in Qatar, Tunisia and Kingdom of Saudi Arabia, engineering activity is currently under progress. We are close to completing local entity setup including required registrations and approvals. We have commenced the ordering of key long lead equipment and are also in the process of site mobilization in these projects.

With a strong order book of over Rs. 92 Billion, our revenue guidance for FY 20 is at Rs. 34 to 37 Billion and order intake of Rs. 50 to 54 Billion.

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

Concluding Para:

Thank you everyone for your participation in our Q4 FY19 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.