Operator: Ladies and gentlemen, good day and welcome to WPIL Ltd. Q2 FY27 Earnings Conference Call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhishek Taparia from Antique Global. Thank you, and over to you, sir.

Abhishek Taparia – Antique Global: Good evening, everyone. I would like to welcome the management and thank them for this opportunity. We have with us today Mr. Prakash Agarwal, Managing Director, and Mr. K. K. Ganeriwala, Executive Director.

I shall now hand over the call to the management for the opening remarks. Over to you, gentlemen.

Prakash Agarwal – Managing Director: Thank you. Good evening, everyone. It is a pleasure to welcome you all to our earnings conference call for the second quarter and first half of financial year 2027. Let me first take you through the financial performance of the company, followed by the operational highlights.

On a consolidated basis, revenue from operations for the quarter under review stood at 354 crores, a decline of 17% YoY. On a standalone basis, revenue for the quarter stood at 118 crores, down by 33% YoY.

For the first half of financial year 2025, our consolidated revenues stood at 855 crores, a modest 6% increase YoY. EBITDA was at 123 crores, a decline of 5%. EBITDA margins stood at 14.33%, while PAT from continuing operations was at 93 crores, a marked increase of 20% YoY. PAT margins for the first half stood at 10.83%.

The domestic business continued to face near-term execution challenges, particularly in the project division. However, our total domestic order book remains robust at 2,423 crores, providing a foundation for an improvement in financial performance during the second half of FY25.

The product division recorded revenues of approximately 62 crores in Q2, compared with 86 crores in the corresponding quarter last year. For H1, revenues were 133 crores, compared with 151 crores. The division's order backlog remains strong at approximately 500 crores, providing healthy business visibility. While a large number of dispatches to customers were deferred during the quarter, the overall outlook remains positive. We continue to focus on export growth alongside domestic opportunities, particularly in the power sector.

The domestic project division remains subdued, with revenues of approximately 57 crores in Q2, compared with {? 92 crores ?}, 90 crores in Q2 last year. Revenue for the first half was 100 crores versus 206 crores in the corresponding period. Our focus remains on commissioning ongoing projects and commencing operation and maintenance activities. As more projects are commissioned, O&M revenues are expected to improve during the second half of the year.

Report is AI-generated and may contain inaccuracies.

Our international business continued to demonstrate resilience and remains an important growth driver for the company, with a total international order book of 2,686 crores. International revenue for the first half increased 38% to 626 crores, compared with 458 crores in the first half last year. The international business also continues to benefit from a healthy order pipeline across product and project platforms.

On the international product side, the business continues to benefit from opportunities across the MENA region, Australia, and Southeast Asia. Grupo Austral is expecting a significant order from Kuwait water supply, which would further strengthen its position in the international water market. In Australia, the consolidation of the business is contributing to an improvement in the margin profile. Meanwhile, WPIL Thailand continues to see growth opportunities following the introduction of new products in the Thai drainage sector.

Our product division order backlog stood at approximately 1,000 crores at the end of the first half, providing visibility for the coming quarters. International orders account for nearly 52% of this backlog. We remain focused on expanding our export presence and capitalizing on opportunities across key international markets.

The international projects business execution momentum continues to improve across our subsidiaries. Visa Italy has successfully completed all legacy projects and booked important orders during the quarter, providing a stronger foundation for future growth. Visa Africa has commenced execution of new projects, which are expected to gain further momentum towards the end of the financial year. We remain encouraged by the opportunities available in the South African water infrastructure market. AGI Mawdsleys has also strengthened its order book with repeat orders from River Tees Waterworks, reflecting continued customer engagement.

The project division's order backlog stood at approximately 4,079 crores at the end of the first half, providing substantial visibility for future execution. International projects account for approximately 53% of this backlog, highlighting the growing contribution of overseas markets to our project business.

Overall, we remain constructive on the international outlook, supported by a strong order book, improving project execution, and opportunities across water infrastructure, drainage, and industrial applications.

Looking ahead, our priorities remain focused on strengthening execution, converting the existing order book into revenues, and improving the performance of our domestic business. While domestic execution has remained subdued in the first half, we expect an improvement during the second half, supported by project commissioning, commencement of O&M activities, and a recovery in the water infrastructure business. Our international operations continue to provide growth opportunities across both products and projects. Again, with a substantial order backlog and a diversified global presence, we remain focused on improving execution and sustaining our growth momentum.

With this, I would like to take questions.

Can we take questions now, please?

Report is AI-generated and may contain inaccuracies.

Operator: Yes, sir. Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone 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.

The first question is from the line of Jaynam Doshi from CRISP PMS. Please proceed.

Jaynam Doshi – CRISP PMS: Thank you for the opportunity. Sir, Q2 in India is usually Q3 in Africa, and usually Q3 has stronger execution in Africa. But here we have seen a substantial dip in project execution from the African business. Can you help us with the reasons for this decline, such as whether it was attributable to any labor shortages, sourcing payments from the South African government, or any spillover or delay in execution?

Prakash Agarwal – Managing Director: No, I think these projects, primarily the big growth and jump in the last quarter, came from the start of the large PCI projects. PCI's project tenure is 48 months, or 4 years. So, it is a bit lumpy initially. We expect this first year to have about 15% traction, and the main traction will pick up from next year. So, I think there is no specific issue; it is just related to execution progress considering a project duration of 4 years. That is the timeline for the project.

Jaynam Doshi – CRISP PMS: Understood. But, sir, since you

Prakash Agarwal – Managing Director: Another clarification is that the project business in South Africa typically has its largest quarter from January to March because the financial budgeting happens after March.

Jaynam Doshi – CRISP PMS: Okay, fair enough. And, sir, two of the African projects that we won initially had already entered the engineering phase. So, the peak revenues from such projects will come from next year, is that what you are saying?

Prakash Agarwal – Managing Director: Yes, I think the second year is the biggest year in these projects.

Jaynam Doshi – CRISP PMS: Okay. So, what would be the annual project execution target that we are targeting in the international business for the current year?

Prakash Agarwal – Managing Director: [pause] It is a bit fragmented, and I think we expect a pickup in the second half, as mentioned. But, as I mentioned again, January to March is typically when the budget is exhausted. So, I think we should see good growth in the second half and going into next year.

Jaynam Doshi – CRISP PMS: Understood. And, sir, for both entities, PCI and AGI Mawdsleys, are we bidding for newer contracts? How is the pipeline considering the current scenario, if you would like to elaborate on that?

Prakash Agarwal – Managing Director: I think we are balancing. Both are having strong orders. As I mentioned, AGI Mawdsleys just got a reasonably large new contract, so it strengthens their order book. Both have very strong order books of good-margin business, and we expect to see traction.

Report is AI-generated and may contain inaccuracies.

They are bidding, but I think our bidding aggression will pick up once traction on the existing contracts improves.

Jaynam Doshi – CRISP PMS: Gross margins, like, happen to [inaudible] [crosstalk]

Prakash Agarwal – Managing Director: Yes, the pipeline remains very strong.

Jaynam Doshi – CRISP PMS: Understood. And, sir, the gross margins that have been impacted this quarter—are we facing any procurement challenges due to the ongoing geopolitical uncertainties, such as an increase in freight costs or an increase in raw material costs? [inaudible]

Prakash Agarwal – Managing Director: Sorry, the line is breaking. Can you repeat that, Mr. Doshi?

Operator: We cannot hear you properly.

Jaynam Doshi – CRISP PMS: Yes. Am I audible now?

Operator: Yes, please proceed.

Prakash Agarwal – Managing Director: Your voice is cracking. Yes, okay.

Jaynam Doshi – CRISP PMS: Also, the gross margins have been impacted this quarter. Are we facing any procurement challenges due to the ongoing geopolitical uncertainties, such as an increase in freight costs or an increase in raw material costs?

Prakash Agarwal – Managing Director: No, I think if you see our gross margins, they have actually improved. Revenue is the challenge. There has been a slight dip in revenue, but it is not the gross margin. The gross margins are strong.

Jaynam Doshi – CRISP PMS: Understood. And, sir, the margins in the product division have fallen both YoY and QoQ. Is it the change in mix that has resulted in that dip, or is it the aftermarket? As you mentioned, there were certain dispatches that did not happen in the domestic product business. Was it due to that, or how should we look at the dispatches going ahead, whether

Prakash Agarwal – Managing Director: [crosstalk] Yes. No, I think it should be understood that, as we have discussed in the past, the gross margins of the business, even at the EBITDA level, remain strong. We are happy with that. The fluctuations are primarily due to revenue fluctuations through the year. By the end of the year, we are completely aligned, and we are very confident of the margins and revenue profile. So, I think it is a bit of seasonality rather than anything else.

Jaynam Doshi – CRISP PMS: Understood. And, sir, how are we viewing the opportunities in both the domestic and international businesses going ahead? How is our strategy for the international business in regions such as MENA and the United States, as oil and gas and various other infrastructure sectors are picking up? How are we positioning ourselves in that space?

Prakash Agarwal – Managing Director: Firstly, we are very strong. I think our international business across the board is very strong. We just mentioned Kuwait, where we are expecting a large order. Our Thai business is performing exceedingly well. Our Australian business is performing well, as is the South African business. Growth is somewhat affected presently this quarter. As I mentioned,

Report is AI-generated and may contain inaccuracies.

geopolitically, the Middle East remains an area of flux, and that is affecting new contract finalization and dispatches to that area to some extent. So, I think we will know within the next 2 months how it plays out.

Jaynam Doshi – CRISP PMS: Got it. Sir, one more thing: the dispatches of the product business that we mentioned were deferred. Can you quantify this deferment?

Prakash Agarwal – Managing Director: The product business—I do not want to quantify it. It will even out. The basic idea is that a large number of them should now be dispatched. Seasonally, September was a very heavy monsoon month, and therefore the project sites did not accept the goods. So, I think it will even out in this quarter and certainly in the second half.

Jaynam Doshi – CRISP PMS: Understood. And, sir, one last question from my end regarding JJM: because of the deteriorating macroeconomic conditions, do we think the states currently have the funds to release for these JJM projects, or how are we viewing that situation?

Prakash Agarwal – Managing Director: I think we have seen a change in the mechanism, whereby they are focusing more on commissioning. Our company is fully aligned. We slowed down order booking and focused on execution over the last 2 years. Now, we are further focusing on commissioning because they are relating the release of funds to the commissioning of projects. We are well-positioned there, and, as you know, we are seeing a couple of large projects go [cut off]

Management: We have recently commissioned projects, and O&Ms have started in a number of projects. So, we are focusing on commissioning, and once that happens, I think the release of funds will follow. In West Bengal, where we have considerable exposure, some amount of funds for smaller vendors was dispersed last month. We expect funds to start coming in from next week itself.

Jaynam Doshi – CRISP PMS: Okay, okay. That gives a lot of clarity. Thank you, sir, for your time. I will join the queue again for other questions. Thank you.

Management: Thank you.

Operator: Thank you. The next question is from the line of Deepak from Swan Investments. Please proceed.

Deepak – Swan Investments: Hello, sir. Thank you for the opportunity. Sir, firstly, on the product division, we mentioned the group earlier, and we are expecting a large order from the boiler water supply project. Can you please share further details about it, what could be the size, and what further opportunities are there?

Management: It is just to show that the traction is there. I think it shows that the business is aligned and moving well. We do not want to share numbers here. It is a product order, so it is not that impactful on the overall picture.

Deepak – Swan Investments: Okay. And, sir, we have also mentioned that we are looking at opportunities in the power division. Can you share further details? I think we also mentioned in one of the comments in the opening remarks that we are exploring opportunities in the power division.

Report is AI-generated and may contain inaccuracies.

Management: We see good opportunity. A large number of orders for thermal power plants are going to be placed, so that is a big segment for us, and we expect to get a good share of this.

Deepak – Swan Investments: Okay. That would be on the domestic side of the pipeline, where we are [crosstalk]

Management: [crosstalk] Domestic side, yes. Sorry, the domestic thermal side.

Deepak – Swan Investments: Okay. And, sir, moving to the project business on the domestic market side, if I were to look at your order book, it is around 1,900 crores. If I remove O&M, it is an order book of around 1,400 crores for the project business. This quarter, I can also see some improvement in receivables. So, would it be fair to say that we have started receiving JJM payments and collections, and that execution should pick up in H2? Is that a correct understanding, sir?

Management: Our major contracts to execute are in West Bengal, and we had been waiting for the West Bengal funds. As I mentioned, funds for the smaller vendors were released about 15–20 days ago and should be released to us starting next week. So, we are anxiously waiting to receive those funds and start accelerating supplies. We should see results very quickly.

Deepak – Swan Investments: Okay. And, sir, from the second-half perspective, to be very honest, in the first half we did around 100 crores from the domestic project business, and now we have a sizeable order book of around 1,400 crores. From that perspective, how should we see execution picking up once we start receiving the payments?

Management: I think we will be able to give a clearer picture in the next call because, by that time, we want to receive the funds first before commenting on that. But we have plans to accelerate rapidly, and the client is also very keen that we rapidly accelerate. The weather is also good. This is the peak construction period. With all things aligned, it should pick up, as I said, from next week, and we will be able to give a clearer picture in the next call.

Deepak – Swan Investments: Okay. And on the international market, especially the South African region, if you can share your perspective: you did mention that execution will pick up, but I wanted to check whether this drop is a seasonally weak drop. Last time we had execution of around 216 crores in the African project business, and now it has suddenly dropped. Are there any challenges, or is it just a normal occurrence?

Management: No, execution in South Africa will be lumpy, and it will gain traction, as we have always mentioned, from FY27. It is lumpy, meaning there are large payments at one time. It is not civil construction with steady run-rate projects. So, [affirmative] as I mentioned, the major traction will pick up from FY27, starting from the first quarter itself. Sorry, I mean calendar year 2027.

Deepak – Swan Investments: Okay. And, [crosstalk]

Management: So, I do not think it should be read quarter-on-quarter. The [affirmative] order book and our margin profile are the two key factors for us. Execution will go through some seasonality or cyclicality.

Report is AI-generated and may contain inaccuracies.

Deepak – Swan Investments: Secondly, sir, I wanted to check the price mechanism there, especially in the context of a sudden sharp rise in raw material prices. Is it a pass-through in most of these contracts, or how does the margin shape up over a period of time, especially internationally?

Management: All our projects are cost pass-through projects. There are cost variation clauses in every contract.

Deepak – Swan Investments: Okay. From that context, the margin profile would be decent enough in this business, sir?

Management: Yes, we are not worried about that aspect.

Deepak – Swan Investments: And thirdly, sir, I wanted to check on the Thailand project. In the annual report, we mentioned revenues of 1 billion baht, and if I were to look at your profitability there, last year, on the 30% share, we did 8.9 crores. This time, in the first half itself, we have done around 11-12 crores of bottom line, which implies execution of more than 400 crores in INR terms in H1 itself. If you can share the overall perspective for the Thailand business, what kind of opportunity are we seeing, what is the current order book, and how should that shape up over the next 2-3 years, that would be very helpful.

Management: It is actually accelerating very well. It is one of our strongest-performing businesses. As you correctly pointed out, the first half has been very good there. Unfortunately, we do not consolidate it; otherwise, it would directly impact our numbers. However, the traction is very good, and there was significant flooding in Bangkok this year. So, I think this is going to be an even bigger year for us going forward. Their financial year starts in September, so it will gain traction now.

Deepak – Swan Investments: Okay. And, sir, if you can also share your thoughts: even in this joint venture we have a 30% share, and in several subsidiaries we have a 50% to 70% share. If you can share your thoughts on the consolidation of our stake in various subsidiaries, how should we look at that from a medium-term perspective?

Management: In Thailand, we have a 49% share in the JV, [affirmative] because it is mandatorily required by Thai law for the local partner to participate in government tenders. [affirmative] We are restricted there, so the stake we hold through our international subsidiary is 49%.

Deepak – Swan Investments: Okay. And, sir, what about the other subsidiaries, especially the African ones?

Management: It is just that we are improving. We have been improving our holding in the African subsidiaries. We are trying to restructure and improve them, and we will provide more details later. We have another JV in {? Clyde ?}, which is a 60-40 JV. These are the three prominent JVs here. In PCI Africa, we have a 3-year period after which we will move from 55% to 100%. One year is going to be over. So,

Deepak – Swan Investments: Okay. Thank you, and I wish you all the best, sir. Happy Diwali in advance.

Management: Happy Diwali to you.

Report is AI-generated and may contain inaccuracies.

Operator: Thank you. The next question is from the line of Balu Lamkhade from Prami Financial Services. Please proceed.

Balu Lamkhade – Prami Financial Services: Thank you for the opportunity. My question is regarding the sale of the {? Whessoe ?} business. Some tax provision was made, and the tax advisors had advised us that we would get the majority of the money back. What is the status of that, if you can provide an update?

Management: The process is that we paid the tax and then filed a claim, and that is proceeding legally. We will get the money back, but it is a minimum 2-year process. It will go through different levels, as in India: first at the department level, then at the appeal level, and then through the courts. I think presently we may have our first feedback sometime this quarter.

Balu Lamkhade – Prami Financial Services: What is the tentative amount, Mr. Agarwal?

Management: About 6.8, 6.8, I think 6.8–7 million.

Balu Lamkhade – Prami Financial Services: Also, during this quarter, as I heard you say, margins are not a problem this quarter and sales have been a problem, but margins have dipped a little. What can you attribute that to?

Management: It is the revenue itself. If you take the cost structure against revenue, revenues have been lower. We should typically be at a level of 450–500 crores, but we are at 350 crores. However, the gross profit levels are good, and as revenue picks up, you will see an additional margin jump at the EBITDA level in future quarters.

Balu Lamkhade – Prami Financial Services: Also, my last question was regarding the JJM tracking that we do. In West Bengal especially, they have released a substantial amount of money, approximately 4,000 crores. [crosstalk]

Management: [crosstalk] That money is lying with the department. The money is lying with the department; they have not disbursed it yet.

Balu Lamkhade – Prami Financial Services: And we are expecting to start receiving that from the coming week, is that correct?

Management: Correct, correct.

Balu Lamkhade – Prami Financial Services: And I think we have a large amount of money, approximately 300 crores or more, stuck with the West Bengal government.

Balu Lamkhade – Prami Financial Services: Okay. Thank you, Mr. Agarwal, and I wish you all the best.

Management: Thank you, thank you.

Operator: Thank you. The next question is from the line of Nikunj from Carnelian Capital. Please proceed.

Report is AI-generated and may contain inaccuracies.

Nikunj – Carnelian Capital: Hi, sir. If we look at the segment-wise margin, we see very high volatility in the margins. In the product business, we saw margins of around 31% in Q1, and they dipped to around 16% in Q2. If we also compare it YoY, it was 27% in Q2 FY24. Is there any particular reason for this dip in the current quarter?

Management: No, there is no particular reason. Some dispatches were postponed. We had a revenue loss. We are monitoring the gross profit and then the structural expenses. We are not worried. You will see the jump. We are consistently in the 15% to 20% range. If you see the first half itself, we are at 14% on a consolidated basis. We should be between 15% and 20%. I think 17% to 18% is our target.

Nikunj – Carnelian Capital: Okay, and [crosstalk]

Management: [crosstalk] There is nothing to be worried about.

Nikunj – Carnelian Capital: Sorry?

Management: Sorry, I am saying that revenue is our concern. Our order book and our margin profile are what we monitor very closely. Revenue moves up and down somewhat depending on certain periods. As I mentioned, September this year was somewhat worse because of the strong monsoons, so I think some clients postponed their uptake.

Nikunj – Carnelian Capital: Also, regarding the project execution that you are seeing in the future, what will be the guidance for FY27 and FY28 revenues?

Management: I think it is strong on all the factors we have mentioned. We expect a strong second half, with traction building, and going forward, we will further see South African revenues improve as execution increases in calendar year 2027. The product business is very strong; the order book is 450 or 500, so [trails off]

Management: There is a lot of action in various areas.

Nikunj – Carnelian Capital: Understood. Okay, thank you.

Management: Thank you.

Operator: Thank you. A reminder to all participants: anyone who wishes to ask a question may press star and one on their touchtone telephone. The next question is from the line of Saket Kapoor from Kapoor & Co. Please proceed.

Saket Kapoor – Kapoor & Co: Greetings, sir. I hope I am audible.

Management: Yes.

Saket Kapoor – Kapoor & Co: Firstly, in terms of the restoration of the EBITDA margin, if I could understand from you whether, for the year as a whole, we should expect our EBITDA margin trajectory to return to the 17%-18% band, which was our earlier target. Taking into account the blips we have seen in the first half, are we confident of reaching and posting those numbers through execution in H2?

Report is AI-generated and may contain inaccuracies.

Management: Yes, yes.

Saket Kapoor – Kapoor & Co: So, overall, there should be margin improvement to those levels.

Management: Yes.

Saket Kapoor – Kapoor & Co: Secondly, when you mentioned in your presentation that there was some deferment of product dispatches by clients, our standalone numbers look better on a QoQ basis. Could you explain what exactly happened? You also mentioned that our order book has improved. I did not understand your point. When orders were not dispatched, the order book for domestic operations should remain the same, I believe. Could you explain what exactly went wrong in terms of dispatches?

Management: Nothing has gone wrong. It was simply deferred. What I am trying to say is that the backlog has moved up from 450 to 500. That means the backlog remains strong. These dispatches should happen in the second half. Therefore, the second half should have improved dispatches. There is not much to read into it. It simply shows that the product division's performance should improve in the second half, and we hope to improve over last year because of the strong order book.

Saket Kapoor – Kapoor & Co: To dwell on the last point regarding the product business, 1,030 is the number for us in the product division, according to the order backlog split given to us. Even on a conservative basis, what percentage would be executed in H2, sir?

Management: I have mentioned that domestic product dispatches were affected. On that side, our domestic product dispatches should pick up in the second half and should help us exceed last year's domestic product business numbers. That should happen. Other businesses are also looking strong, especially as we have mentioned regarding {? Rupathuria ?} and Australia. That should play out.

Saket Kapoor – Kapoor & Co: To get some understanding, last year's top-line number of 1,036 crores in the product business—are we in a strong position to exceed that number? That would be a better understanding, since there will be variations up and down.

Management: Yes, we hope to improve on that. That is our target.

Saket Kapoor – Kapoor & Co: Now coming to the O&M business, you mentioned that with execution, our focus is now more on execution. Firstly, what is the current O&M book we have? What was the contribution in Q2 and H1? Could you provide some color on the operations and maintenance business?

Management: Projects are one of the areas. First, the release of JJM funds and project monitoring are shifting toward commissioning of projects. Commissioning projects has been our major focus, and that is gaining traction. More projects are getting commissioned. As projects are commissioned, some go through a defect-liability trial-operation period and then move into O&M. Projects are moving into O&M. I think we will be able to give a very clear picture of O&M by the end of this year. We have already received an O&M order because one project recently moved into O&M, for about 25-27 crores. I think this is a sector where we will be able to provide greater

Report is AI-generated and may contain inaccuracies.

visibility once more projects are commissioned, complete the trial-operation and defect-liability period, and move into O&M.

Saket Kapoor – Kapoor & Co: As of now, for the first half, what was the contribution from O&M? Can you specify the number?

Management: It is not significant.

Saket Kapoor – Kapoor & Co: And could that be the number for the second half?

Management: It will pick up in the second half, and from next year we will be able to provide a fair picture.

Saket Kapoor – Kapoor & Co: Out of the total order book, what is the O&M component?

Management: I shared this earlier. It is about 550 crores now. We received an order at 525 crores, so it is 550 crores. Some amount has been executed, so it is about 545 or 540-something crores.

Saket Kapoor – Kapoor & Co: Correct, sir. And lastly, when we look at the disclosure under the JV line item, the share of profit from associates and joint ventures has also declined from 11 crores to 3.5 crores on a QoQ basis. Could you explain this to us? Also, when we disclose our numbers, it would be helpful if more details were provided in the presentation regarding what contributed to this number, giving us an understanding of the joint ventures and associates, rather than requiring us to wait only for the annual report. This decoding of the numbers is also needed, sir.

Management: Yes, we will share more details. You are right; it is becoming a significant number because of the performance. However, it is primarily due to the performance of Thailand and how those numbers move.

Saket Kapoor – Kapoor & Co: The first quarter also had an 11-crore contribution from Thailand, and now 3.62 crores is a much lower number.

Management: This is primarily Thailand, and it also includes our Indian JV in Delhi. These are the two numbers included here. We will provide more details in the next presentation.

Saket Kapoor – Kapoor & Co: Correct, sir. I will join the queue, and I wish the team all the best. Happy Diwali to everybody.

Operator: Thank you. The next question is from the line of {? Balu Lamghare ?} from Pranami Financial Services. Please proceed.

{? Balu Lamghare ?} – Pranami Financial Services: In the last conference call, Mr. Agarwal, you mentioned that you were looking for acquisitions in the United States. Is there any progress on that front?

Management: No, we have not had any success. We are working hard and are in good discussions, but there is nothing to report as of now.

{? Balu Lamghare ?} – Pranami Financial Services: Okay. Thank you, Mr. Agarwal.

Report is AI-generated and may contain inaccuracies.

Operator: Thank you. The next question is from the line of Abhishek Taparia from Emkay Global. Please proceed.

Abhishek Taparia – Emkay Global: Out of the total domestic project order backlog of 1,900 crores, 550 crores pertains to O&M. For how many years will this O&M be provided? Over how many years is it to be executed?

Management: It is a mix. Some projects are for 2 years, some for 5 years, and some for 10 years across different projects. So, it is difficult to quantify as such.

Abhishek Taparia – Emkay Global: Out of the 1,400 crores remaining on the JJM project side, by when is it to be executed? You would have an execution timeline, correct?

Management: Which ones?

Abhishek Taparia – Emkay Global: The 1,400-crore domestic JJM backlog—by what time is it to be executed?

Management: One of the main areas has been that, in West Bengal, we have not received payments for the last 2 years. That has shifted the timeline. So, it is a shifting timeline. However, as we mentioned, in all other projects, except West Bengal, we are doing quite well in commissioning and moving the projects into O&M. We are meeting the timelines, which is our major target. In West Bengal, once we have more clarity after receiving payments—and as I said, the money is lying with the client, the client should disburse it, and the client wants more work done—we will be able to provide a clearer view of this execution phase next quarter.

Abhishek Taparia – Emkay Global: Understood. As soon as the payment is released by the West Bengal government, we are in a position to execute projects in the West Bengal state. So, we can expect a significant ramp-up once the payment is released on the domestic project side, correct?

Management: Yes.

Abhishek Taparia – Emkay Global: Moving forward, if we expect the funds to be released in the coming week or month, how much of the 1,400-crore JJM backlog is from the West Bengal government?

Management: I think you should consider the fact that we will improve project execution. First, the West Bengal funds should be released. Second, the weather is good. Third, we are gaining traction in commissioning projects in Madhya Pradesh and other states. All this should lead to strong performance in the second half.

Abhishek Taparia – Emkay Global: Understood. Coming to the international project division, in Q1 we had revenue of around 220 crores, mainly because the projects had started and we booked revenue on the engineering and design fronts. Going forward, you mentioned that it would be at a similar rate of 150-200 crores. So, can we assume revenue of 700-800 crores on the international project side?

Report is AI-generated and may contain inaccuracies.

Management: No, I want to say that we have been very clear that these are somewhat lumpy projects. They extend over 4 years. They are not steady-state quarter-on-quarter or month-on-month projects. Revenues will come in batches. As I said, typically the second and third years are the major years. The first year is engineering, planning, and so on. So, I do not think it should be treated as a month-on-month business. The good thing is that the margin profile is good, the order backlog is strong, and it provides good revenue visibility. Therefore, our results should be considered on an annualized basis, both for revenues and margins. Our target is always—and we have successfully achieved it—to remain within a 15%-20% EBITDA range.

Abhishek Taparia - Emkay Global: Understood. Do we have any capacity constraints? For the last 8 quarters, I have seen international product division revenue at around 160-180 crores. Do we have any capacity constraint, or is this how we should evaluate the international product business, at around 160-180 crores every quarter?

Management: Internationally, our product businesses are stable. Unfortunately, one of the factors is that our businesses are quite dependent on the MENA region. We are hoping for traction in the MENA region to pick up. Kuwait, as I mentioned, is a project that was first started 3 years ago and is now crystallizing. There has been a lot of postponement of projects in the MENA region. As we see some normalcy returning there, we will see growth in the MENA region. Besides that, we made an acquisition in Europe, as you said, of Misa, Misa Neets pumps, which will give us a boost. Similarly, Thailand, which unfortunately is not recorded on a consolidated basis, is moving strongly. They are also looking for more acquisitions, but mostly these businesses are stable and incrementally growing rather than growing aggressively.

Abhishek Taparia - Emkay Global: Understood. On the power industry side, you mentioned that we are going to see demand on the thermal side in the domestic product business. Apart from power, do you see any opportunities in lift irrigation and river-linking projects? In other words, how can we evaluate the market for domestic products?

Management: The market for domestic products remains very strong. You have to understand that over the last 6 months, since this war started and crude oil prices went up, there have been fiscal constraints. These are all public infrastructure expenditures made by either state or central governments. Considering the environment, there is huge demand for pumps. There is huge demand, but funding resources are somewhat challenging at present. Therefore, demand gets postponed. These projects will return strongly as soon as the global scenario improves. There is no concern at all from our side. It is a timing issue.

Abhishek Taparia - Emkay Global: So, demand remains resilient, and we have an order book of 1,000 crores in the product division. Typically, what I have seen is that we need a year to execute the total backlog in the product business. Over the next 4 quarters, can we expect execution of 1,000 crores on both the domestic and international product sides?

Management: We are expecting a strong second half based on some of the factors we have discussed. The product division in India remains very strong. There are different factors for the Indian product division and the international business. For the international business, as I mentioned, with good orders expected in Pudia, it should be strong. The positive factors for us, if I had to summarize them, are the domestic product business, which will have a strong second half;

Report is AI-generated and may contain inaccuracies.

the domestic project business, where we should see a marked improvement as soon as the West Bengal funds are received; and, third, South Africa, which will gradually and progressively increase its execution.

Abhishek Taparia – Emkay Global: Okay. Thank you, sir.

Management: Thank you.

Operator: Thank you. The next question is from the line of Saket Kapoor from Kapoor & Co. Please proceed.

Saket Kapoor – Kapoor & Co: Yes, sir. Continuing from what you were just saying about a strong ramp-up in the projects business, especially in the domestic market, out of the closing order book of 1,400 crores that is currently unexecutable, what percentage is skewed toward the West Bengal government? If you can give the split, even a ballpark percentage would be helpful.

Management: I think about 50% plus, around 50%-60%.

Saket Kapoor – Kapoor & Co: That is a substantial number, so the dependence is much higher. Do we have the capability to execute the bulk of it if the payment terms are aligned as expected? Can we complete it over H2 itself, or could it roll over?

Management: Please do not jump to these conclusions. We are yet to receive the funds. We will receive the funds and then provide our outlook. Please do not speculate.

Saket Kapoor – Kapoor & Co: Correct. Very rightly said. Tapping into the other portion of the order book, from international operations, last year we closed at around 820 crores. This year we have already done 400 crores. On the revenue growth front, you mentioned restoration of margins going ahead. What ballpark growth should we expect in H2 revenue over what we achieved in H1? If you could give us some sense of the range, that would be helpful.

Management: We expect a strong second half, driven primarily by the pickup in the domestic business, both product and project, and some ramp-up from South Africa. That should give us a strong second half. Growth in revenues should improve margins, and the margins remain strong.

Saket Kapoor – Kapoor & Co: Lastly, regarding our increase in stake in our subsidiaries and JVs, could you provide more of a timeline on the current thought process and the funds we are anticipating allocating toward increasing the stake? The African part is clear, as there is a path to reach 100%. Apart from that, considering the government mandate for participation, what are we looking at in terms of reducing the non-controlling interest from these levels?

Management: As you correctly said, there is a requirement from the South African government regarding black empowerment, which means ownership. We are exploring various options to improve our percentage to the optimum level.

Saket Kapoor – Kapoor & Co: Apart from that, I believe there is one entity in which the promoters hold a stake as non-controlling shareholders, if I am not mistaken, through a Singapore holding company.

Report is AI-generated and may contain inaccuracies.

Management: The promoter is a partner in the international subsidiary in Singapore, which is approximately a 60-40 structure: 60% WPIL and 40% promoter. There is no issue; it is a question of the use of cash. We have to consider whether that is the best use of cash. It is considerably highly valued right now, so I do not think it is something we are going to do right now. We need cash if we undertake it. Our biggest plan is to grow through M&A. We are looking at acquisition targets, so that could be the deployment of our cash.

Saket Kapoor - Kapoor & Co: Okay, sir. Thank you once again, and all the best to your team. I hope to hear more from you. I also hope that the suggestions participants have given, especially regarding the JV and associate businesses, will be deliberated on going ahead. I hope to speak to you on the Q3 conference call. Thank you.

Operator: Thank you. The next question is from the line of Amit from Emkay Global. Please proceed.

Amit - Emkay Global: Is it possible to share the order inflow number for this particular quarter?

Management: It is not readily available with us. It has been stable and in line with expectations.

Amit - Emkay Global: Out of the international order backlog of around 2,000-2,100 crores, is it possible to break it down region-wise—how much is from South Africa, how much from Italy, and how much from the other regions?

Management: Just a minute. Do you want it for product and project?

Amit - Emkay Global: Okay.

Management: These are approximate figures. South Africa, because of the project there, is the largest. Approximately 2,400 crores, I think, because those are long-term project orders. Italy is approximately 350 crores, because those are shorter-duration orders. Australia is approximately 80-90 crores.

Amit - Emkay Global: Okay.

Management: These are the three entities we report.

Amit - Emkay Global: You mentioned 2,400 crores for South Africa, correct?

Management: Yes.

Amit - Emkay Global: And this includes both products and projects?

Management: Yes, but projects account for the larger share. The product share would be approximately 250-300 crores. Again, the product cycles are 6 months.

Amit - Emkay Global: And this project-level order backlog of around 1,800-1,900 crores in South Africa—what is the execution timeline? You mentioned that FY27 should be a strong year for the South African entity. What kind of revenue booking do we anticipate in this region? If you could highlight that, it would be helpful.

Report is AI-generated and may contain inaccuracies.

Management: Most of these orders have been received this year, during the first 9 months. Typically, the projects have a 4-year or 48-month timeframe. In a typical 4-year project, you expect peak revenue in the second year.

Amit – Emkay Global: Okay.

Management: The first year involves engineering, followed by supply, erection, and commissioning. In that context, we anticipate that next year, when we move into the second year, will be the strongest year. However, there are also projects that operate on a continuous cycle, with the business now ramping up on the strength of its credentials. The idea is to look at the overall outlook. The strong order book gives us visibility. Rather than trying to time it, it is more important to consider the visibility provided by the order book and the margin profile.

Amit – Emkay Global: When you execute a project over 4 years, you mentioned that the second year typically has the maximum revenue booking. In a 4-year timeframe, the first year might contribute around 10%-15%. In the second year, can we expect around 25%-30% of the overall order backlog to be executed?

Management: It is difficult to say because it is not one project; it is a multiple of projects. Different projects run at different speeds because there are approvals, and sometimes projects are held up for various reasons. So, I do not think it is appropriate to try to quantify it. It is better

Amit – Emkay Global: [crosstalk] No, I am not trying to

Management: [crosstalk] [inaudible]

Amit – Emkay Global: Sir, I am not trying to quantify the revenue. I am just trying to understand how project execution works. In a typical project,

Management: You are assuming it will be smooth, but it is not smooth. Some projects are fast-tracked because the client wants them fast-tracked, while sometimes there are clearance issues. That is why, if a large project is fast-tracked, it changes the timeline.

Amit – Emkay Global: In an ideal scenario, the first year might be 10%-15%, the second year 25%-30%, and

Management: I think the second year is the strongest. Typically, the second year is 30%, or as you are saying, 35%. Typically, yes.

Amit – Emkay Global: Do we have any retention in a project, or is there no retention money on project execution?

Management: Most of them are contract-execution projects. Retention is part of billing. The invoicing itself happens when you finish all the liabilities and bill for it. So, I do not think the amounts are retained. It is not a debtor issue.

Amit – Emkay Global: I wanted to understand why, in this particular quarter, although project revenue witnessed a sharp decline, project margins were quite strong. On both a sequential and year-on-year basis, the project margins are very healthy. Did any particular project cross its margin

Report is AI-generated and may contain inaccuracies.

threshold, resulting in margins being far superior? Could you provide some insight?

Management: No, I think we are, as you mentioned, at approximately 75% completion on most projects, except for some West Bengal projects. Therefore, we have clear visibility. We do not see much margin pressure. More importantly, it is a cash-flow issue involving the commissioning of projects and recovery of our dues.

Amit - Emkay Global: When I look at your first-half cash flow, you generated very healthy cash flow from operations, compared with a negative number in the first half of FY26. This year, you have posted very strong cash-flow generation. Is the working-capital or receivables cycle improving? What is the reason for the working-capital cycle coming down in the first half?

Management: The international business working-capital cycles are very good. We have mentioned this. That is why we focused on South Africa and the international project businesses, because they have a different profile in terms of margins and cash flows. We are fortunate to have very strong businesses there. They differ completely from India, and I think they offset the Indian cash-flow and margin challenges as well. I believe we have a very strong profile in our project business. We are very happy that the South African and Italian businesses are moving in this way and offsetting the Indian cash flows.

Amit - Emkay Global: In the product business, we have seen a sharp increase in material costs over the last year. Do we take price hikes because of raw material price increases? The cost would have increased significantly for us. Do we take regular price hikes in the product business, and if so, what kind of price increase have we taken on the product side?

Management: I am not sure where you are getting this data from, but the product business is very strong domestically. We have had a slight dip in revenue in the second quarter, which should improve in the second half. There is nothing more to read into that. I do not think there is any price concern for us as such.

Amit - Emkay Global: I was asking because margin pressure was seen in the second quarter. I was trying to understand whether it was because of the increase in material costs and our inability to take a commensurate price hike.

Management: It is not that significant for us

Amit - Emkay Global: Okay.

Management: because of the type of product

Management: we make. So, we are not concerned about it. We see it going stronger.

Amit - Emkay Global: Got it, sir. Thank you. This is really helpful. Thank you for answering the questions, and I wish you a very happy Diwali, sir.

Management: Thank you. Thank you. Same to you.

Operator: Thank you. Ladies and gentlemen, we will take that as our last question for today. I now hand the conference over to the management for closing comments.

Report is AI-generated and may contain inaccuracies.

Management: [long pause] Thank you very much. I hope we have been able to answer most of your questions. For any more information, you can contact Valorem Advisors, our {? IR guys ?}. Thank you. Good evening, and happy Diwali to everyone.

Operator: Thank you very much. On behalf of Emkay Global Financial Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

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.

Report is AI-generated and may contain inaccuracies.