



VA TECH WABAG LTD.

Analyst Presentation

Q4 FY12 Results Update



Safe Harbor

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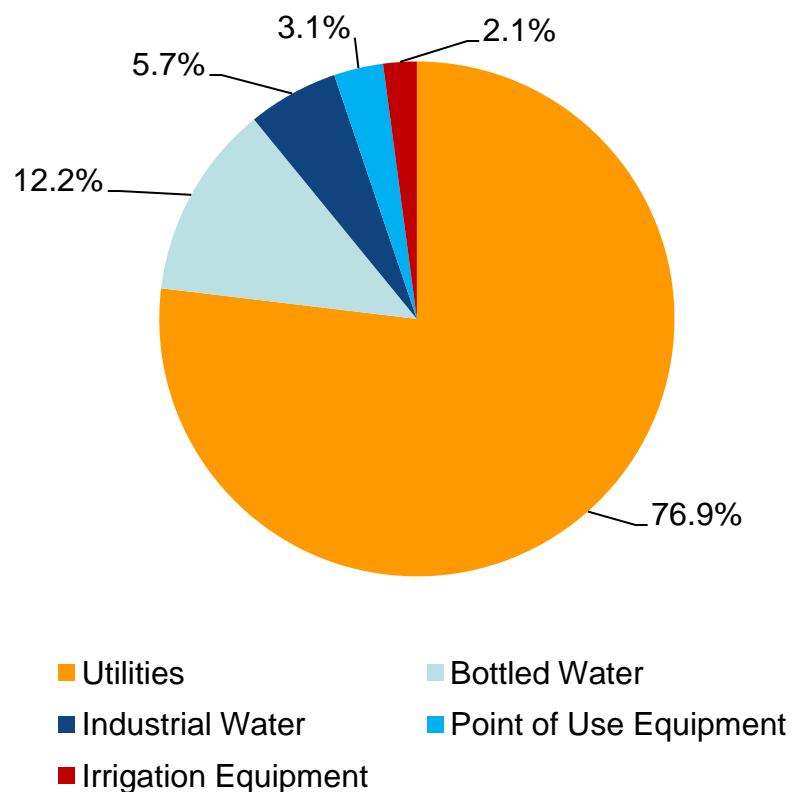


Industry Updates



Large investments across globe for eradication of scarcity

Water Markets Size & Segments composition



Global Growth Drivers

- Urbanisation
- Scarcity
- Environmental Protection

Global Water Markets with High Growth Potential (2010)

Country	Market Size (USD bn)
China	47.0
Saudi Arabia	8.5
India	5.9
Turkey	4.6
Russia	4.6
Switzerland	4.4
Algeria	4.0
Iran	3.8
Egypt	3.5
Indonesia	2.5
Czech Republic	2.2
Malaysia	1.7
Morocco	1.6
Romania	0.9
Tunisia	0.8

Key International Geographies...



- To meet EU accession requirement, estimated budget for water supply, wastewater and Solid waste over 2007-23 will be ~EUR 59 bn
- Key Strategies adopted by Turkish Government
 - State Planning Organisation (SPO) 9th Five Year Development Plan (2007-13) for Urban Infrastructure needs
 - Rural Development Plan (2010-13) for sufficient rural water supply
 - Ministry of Environment & Forestry's Wastewater Treatment Action Plan (2008-12) for reuse of wastewater
- Capex Spending forecasts over FY 11-16 by GWI

USD Mn	Water	Wastewater	Industrial Water	Desal & Reuse
Capital Expenditure	9,089.7	9,597.2	755.5	795.1
O&M Expenditure	7,159.2	1,822.8	NA	NA



- Water Market size has increased to USD 8.5bn as at 2010
- Advanced Water Reuse capacity to grow by over 31% over FY 11-16
- Wastewater Treatment rate : ~55% of the total Wastewater produced
- Capex Spending forecasts over FY 11-16 by GWI

USD Mn	Water	Wastewater	Industrial Water	Desal & Reuse
Capital Expenditure	14,145.3	11,297.8	1,494.4	12,131.7
O&M Expenditure	16,532.9	3,254.9	NA	NA

Water Industry in India

- Demand Supply gap of over 50% (Demand for Water to rise from 1500 BCM against a projected Supply of 740 BCM)
- Municipal and Domestic Water Demand to double and Demand from Industry will quadruple by 2030

Key Verticals in the Water Management Industry in India

Water Supply and
Infrastructure

Desalination

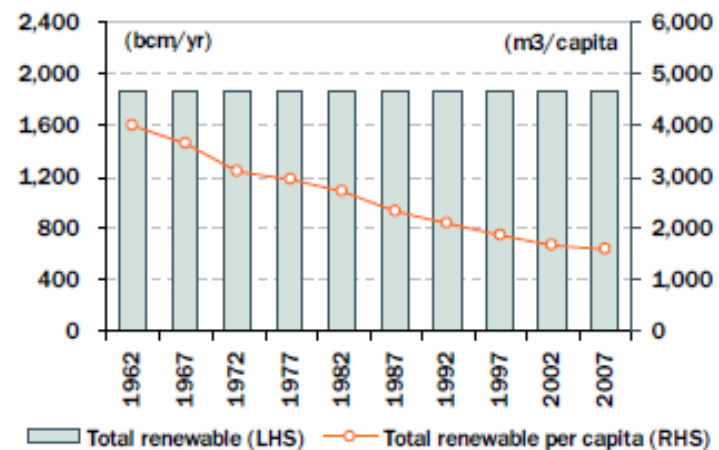
Waste Water Treatment and
Recycling

O&M and
Up-gradation

Growth Drivers

- **Inequitable water distribution**
 - India constitutes 17% of World Population and only 4% of the Total Water Resources
- **Diminishing water resources**
 - Water Resources is diminishing consistently
 - Resources per capita would deplete from 1570 M3 in Year 2007 to 1340 M3 by Year 2025
- **Lower access to Piped Water**
 - Only 26% of Population has access to piped Drinking Water

Trend in renewable per capita water resources



Source: FAO, Aquastat

Increasing Government Focus on Sector

Jawaharlal Nehru National Urban Renewal Mission (JNNURM) Scheme :

- Introduced by Government of India during Tenth Five Year Plan for 7 years (2006-12)
- Mission was to improve and augment the Socio-Economic Infrastructure of cities as well as affordable housing and basic services to poor
- Total Project Costs approved is Rs.109,700 crores. Government allocated Rs. 66,000 crores of which Rs. 28,650 crores has been released as at Dec 2010
- Water, Sewerage and drainage accounted for 70% of the total allocation
- Project progress under different components under JNNURM are as under,

As at Dec 2010	UIG	UIDSSMT	BSUP	IHSDP
Projects Approved	526	764	1,028,503	515,244
Projects Completed	84	123	264,965	108,416
% Completed	16.0%	16.1%	25.8%	21.0%

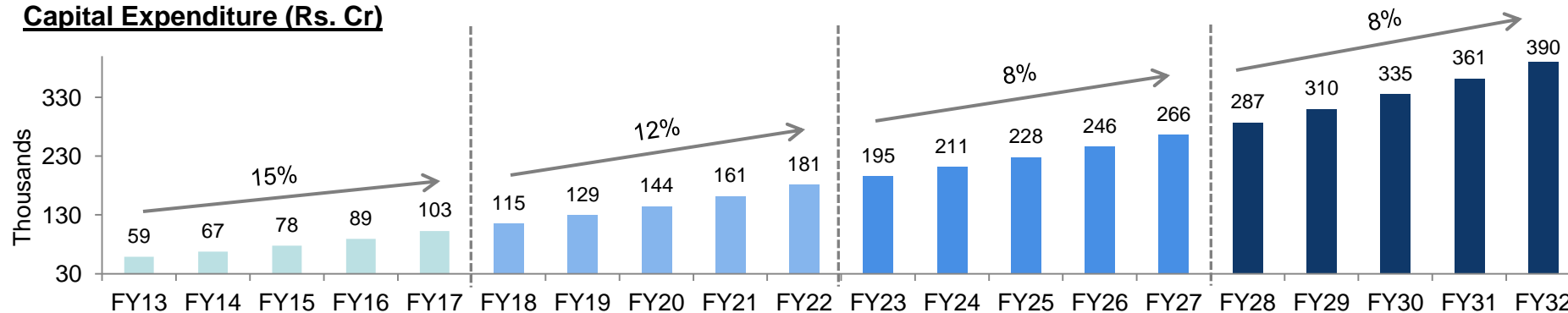
- Since the JNNURM Scheme period expires in 2012, Government has set up High Powered Expert Committee (HPEC) to review the Progress of JNNURM and shape the design of **New Improved JNNURM (NI JNNURM)**

Policies driving India's Investment in Water Infrastructure...

Major Recommendation of HPEC for New Improved JNUNRM (NI JNNURM) Scheme :

- NI JNNURM to be implemented over the next 20 years (2012-31) covering Four Five Year Plans
- Focus on Urban Infrastructure development and building Capacity to ensure the Project implementation across cities
- Capital Expenditure of Rs. 39.2 Lac crores envisaged over 20 years
 - Water, Sewerage and Waste management constitutes ~20% of the expenditure
- Operation and Maintenance Expenditure to operate and maintain the assets envisaged at Rs. 19.9 Lac crores over 20 years
 - Water, Sewerage and Waste management constitutes ~55% of the expenditure
- Focus also on Capacity Building at State and Municipal bodies and commit 5% of the total Capex
- Central Government funding to NI JNNURM to increase to 0.25% of GDP (compared to 0.10% of GDP under JNNURM)

Capital Expenditure (Rs. Cr)



Increasing Government focus on Urban Infrastructure Development

Particulars	JNNURM	NI JNNURM HPEC Recommendation
Period	7 Years (2006-12)	20 Years (2012-31)
Scope	Restricted to selected few cities	Covers Pan India
Approach	Project based funding	Programme Approach Funding
Government Allocation	0.10% of GDP	0.25% of GDP
Capital Expenditure	Rs. 109,700 crores	Rs. 3,918,670 crores
Water Supplies, Sewerage and Waste	~70%	~20%
Operations & Maintenance Expenditure	NA	Rs. 1,993,902 crores
Water Supplies, Sewerage and Waste		~55%

Other Key Policies on Water Infrastructure Management

National Water Policy 2012 (Draft) :

- Policy to prioritize and ensure economic usage of Water
- Focus on development of Urban Water Supplies and Sewage treatment schemes
- Encourages the Recycle and Reuse of the Water
- Develop a mechanism for implementation of Water Tariff system and incentivize the Reuse of water
- From Role of Service Provider to state of Regulator of Services
- Water related services shifted to Community/Private sector under PPP model.
- Encourage continuous Research in water sector
- Encourage Desalination in Coastal states
- Water charges to reflect full recovery of cost of Administration and O&M of water projects.

Twelfth Five Year Plan (2012-17) Report by Steering Committee, Planning Commission in Jan 2012

- Set up for addressing the issues related to Water Resources and Sanitation in formulation of Twelfth Five Year Plan
- Increased outlay for Rural Domestic Water Supply under Twelfth Five Year Plan to Rs. 331,091 crores from Rs. 110,000 crores in Eleventh Five Year Plan

National Ganga River Basin Authority (NGRBA) :

- Replaces the earlier Ganga Action Plan (1985) to address the Pollution problem in Ganga River Basin
- Projects to be funded by Ministry of Environment and Forests (MoEF) and backed by World Bank
- Authority to overlook states through which Ganga Flows, viz., Uttarakhand, Uttar Pradesh, Bihar, Jharkhand and West Bengal, among others
- Resolution that no untreated municipal sewage and industrial effluents discharged in River Ganga by year 2020



Financial Highlights



Consolidated : Profit & Loss Highlights

Rs. Millions	Q4 FY 12	Q4 FY 11	YoY %	FY 12	FY 11	YoY %
Income	6,744	5,099	32%	14,435	12,418	16%
Expenses *	5,837	4,266		13,135	11,208	
EBITDA	907	833	9%	1,300	1,210	7%
EBITDA margin	13.4%	16.3%		9.0%	9.7%	
Interest & Finance Charges (Net)	36	27		104	148	
Depreciation & Amortization	24	16		86	100	
Exceptional Items	-	129		-	129	
Tax	249	202		379	316	
Share of Profit from Associates & MI	6	-		6	8	
Profit After Tax	604	459	31%	737	526	40%
PAT margin	8.9%	9.0%		5.1%	4.2%	

* Expenses for FY12 includes impact of Rs. 66 mn for Provision of Variable Pay of FY 12

Consolidated Balance Sheet Highlights

Balance Sheet

Rs. Millions	Mar 12	Mar 11
Shareholder's Fund		
Share capital	53	53
Reserves & Surplus	6,367	5,657
Minority Interest	10	-
Non-current liabilities		
Long term borrowings	4	3
Other non-current liabilities	776	536
Current liabilities		
Short term borrowings	1,244	424
Trade Payables	6,576	4,919
Other current liabilities	2,710	2,439
Total Liabilities	17,740	14,031
Non-current assets		
Fixed assets	688	561
Other non-current assets	980	763
Current assets		
Inventories	499	736
Trade receivables	10,926	7,044
Cash and bank balances	3,383	3,245
Other current assets	1,264	1,682
Total Assets	17,740	14,031

Working Capital Highlights

Rs. Millions	Mar 12	Mar 11
Inventories	499	736
Trade receivables	10,926	7,044
Cash and bank balances	3,383	3,245
Other current assets	1,264	1,682
Total (A)	16,072	12,707
Short term borrowings	1,244	424
Trade Payables	6,576	4,919
Other current liabilities	2,710	2,439
Total (B)	10,530	7,782
Net Working Capital (NWC)	5,542	4,925
NWC - Net of Cash	2,159	1,680

Cash & Cash Equivalents of Rs. 3.98 bn as at Mar. 12

Standalone : Profit & Loss Highlights

Rs. Millions	Q4 FY 12	Q4 FY 11	YoY %	FY 12	FY 11	YoY %
Income	5,204	3,563	46%	10,035	7,335	37%
Expenses *	4,450	2,974		8,881	6,442	
EBITDA	754	589	32%	1154	893	29%
EBITDA margin	14.5%	16.5%		11.5%	12.2%	
Interest & Finance Charges (Net)	6	-13		-3	-4	
Depreciation & Amortization	15	11		57	59	
Tax	232	200		349	285	
Profit After Tax	501	391	34%	751	553	36%
PAT margin	10.0%	11.0%		7.5%	7.5%	

* Expenses for FY12 includes impact of Rs. 66 mn for Provision of Variable Pay of FY 12

Revenue breakup – Full Year : FY 2012

Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	5,235.7	4,132.8	335.6	296.9	10,001.0
Wabag Overseas	2,212.6	775.5	769.0	623.9	4,381.0
Total	7,448.3	4,908.3	1,104.6	920.8	14,382.0

Key Projects contributor to Revenue

- *Chennai Desalination Project : Rs. 2,115 mn*
- *Dambulla Municipality Project : Rs. 1,480 mn*
- *IOCL Paradip Project for total water management : Rs. 1,413 mn*
- *APGENCO Project : Rs. 701 mn*
- *Delhi Jal Board: Rs. 517 mn*
- *Projects in Iran: Shiraz Project : Rs. 473 mn and Tehran Project of Rs. 333 mn*
- *Others includes KMDA – BALLY : Rs. 198 mn, KWA Cherthala : Rs. 185 mn and DVC Kolkata : Rs. 151 mn*

Order Book Backlog of Rs. 37.3 bn & Framework Contracts of Rs. 8.3 bn

ORDER BOOK Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	8,481	4,670	10,770	599	24,521
Wabag Overseas	9,186	1,365	1,935	308	12,793
Total	17,667	6,035	12,705	907	37,314

Key Contracts in Order Book

- Chennai Desalination Project : Rs. 5.96 bn
- Water Treatment Plant & distribution system, Sri Lanka : Rs. 2.5 bn
- APGENCO for Kakatiya and Rayalaseema BoP : Rs.2.2 bn
- 195 MLD WTP for Ulhasnagar Municipal Corporation with O&M for 30 years . EPC Rs.1 bn and O&M Rs. 2.3 bn @
- Delhi Jal Board : Rs. 3.8 bn
- Madinah STP, Saudi Arabia : Rs. 1.1 bn
- Seiverek STP, Turkey – Rs. 434 mn

Key Framework Contracts*

- 192 MLD WTP for Aurangabad Municipal Corporation with 17 years O&M
 - EPC Rs. 550 mn and Rs. 720 mn for O&M
- EPC Order in Choutrana municipality, Tunisia of EUR 6 mn
- EPC Order at Benni Messous Ext, Algeria of EUR 6.8 mn
- Libya Order – EUR 90 mn

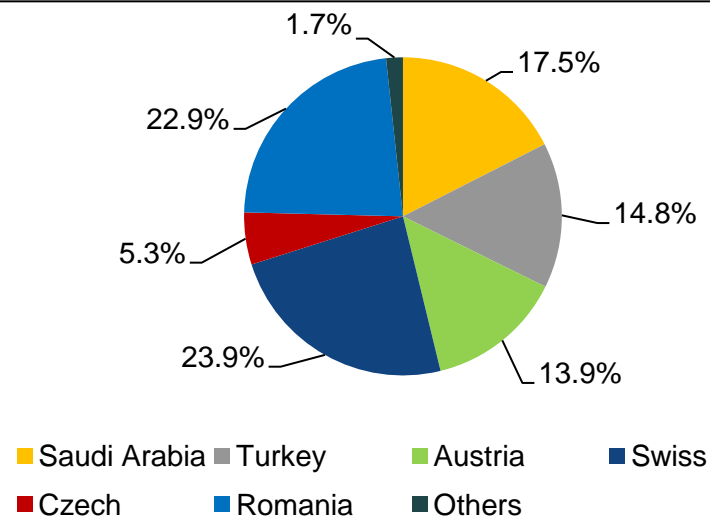
Fresh Contracts of Rs. 18.6 bn in FY 2012

FRESH CONTRACTS Rs. Millions	ORDER INTAKE				Incremental Framework Contracts*	Total
	EPC		O&M			
	Municipal	Industrial	Municipal	Industrial		
Wabag India	5,111	956	3,733	521	-	10,321
Wabag Overseas	5,129	620	1,073	595	875	8,292
Total	10,240	1,576	4,805	1,116	875	18,613

Key Contracts added in FY12

- 195 MLD WTP for Ulhasnagar Municipal Corporation with O&M for 30 years . EPC Rs.1 bn and O&M Rs. 2.3 bn @
- Order from Delhi Jal Board of Rs. 250 Crores for Construction of 20MGD STP on DBO basis at Pappankalan Phase-II in New Delhi. EPC portion is Rs. 170 Crores and Balance is Operations and Maintenance (O&M) for 10 years
- New Sewage Treatment Plant order for the city of Madinah in Saudi Arabia for EUR 15.4 mn

Overseas Order Intake in FY12

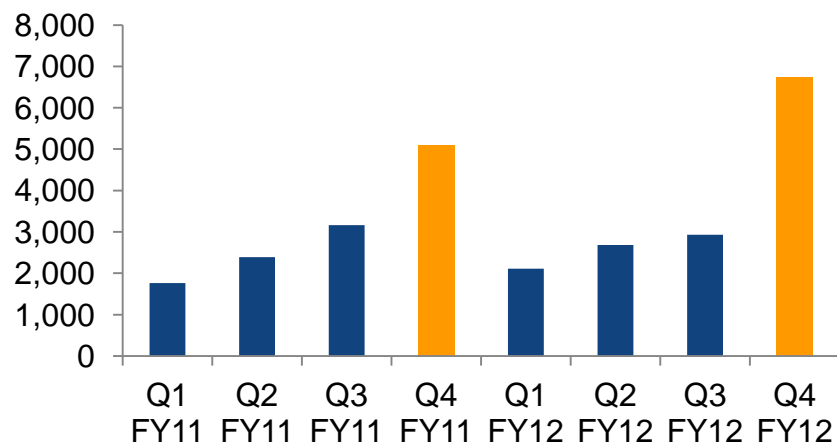


@ This excludes Power component which will be Pass through

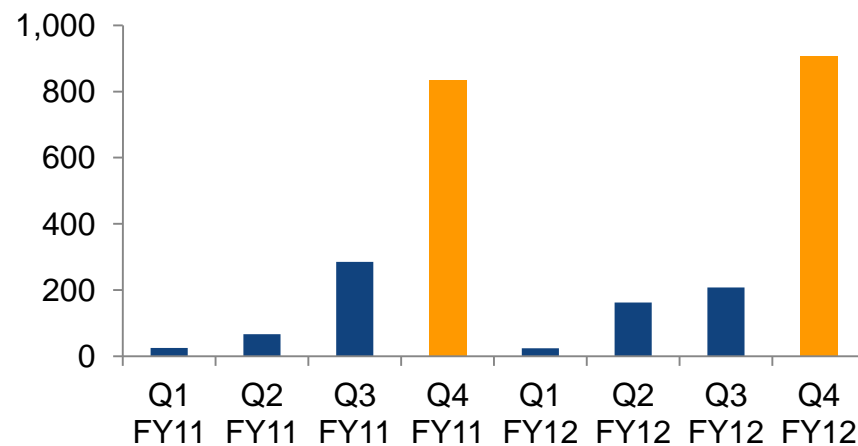
* Contracts wherein Advance Monies/ LC awaited, hence not taken in Order Book

Consolidated Quarterly Revenue & Earnings Build-up

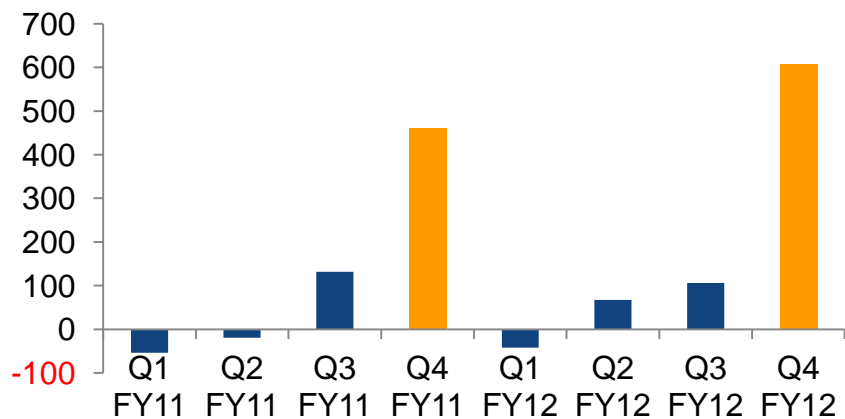
Revenue



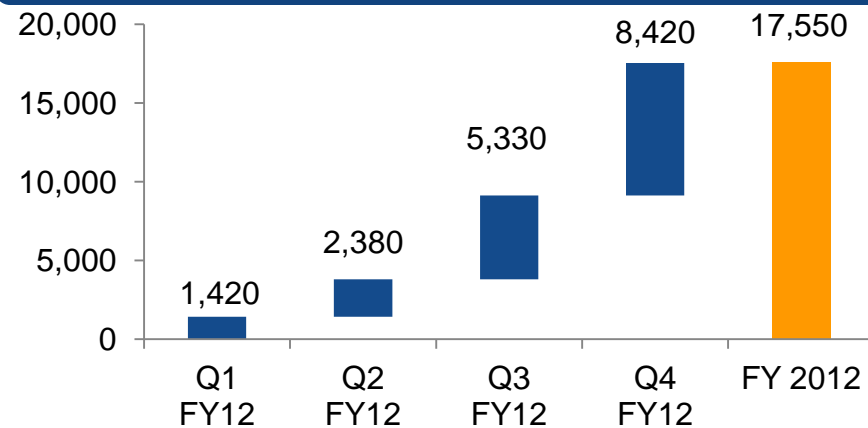
EBITDA



Net Profit



Order Intake during FY 2012

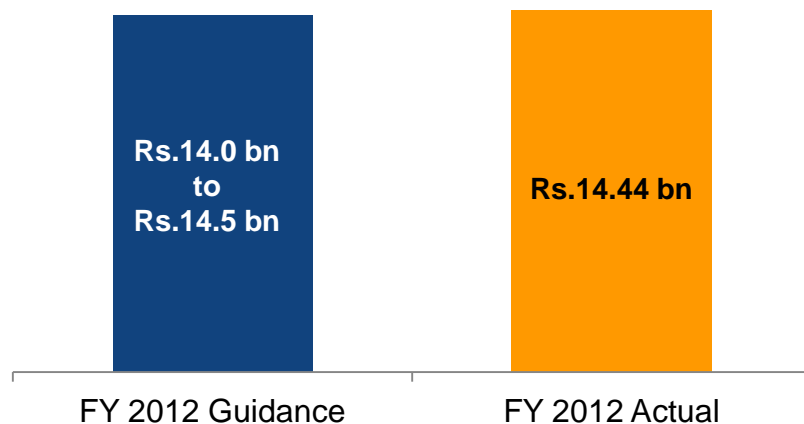


Build-up (Rs. Mn)

Guidance for FY13

Achieved FY12 Revenue Guidance

Performance of FY12

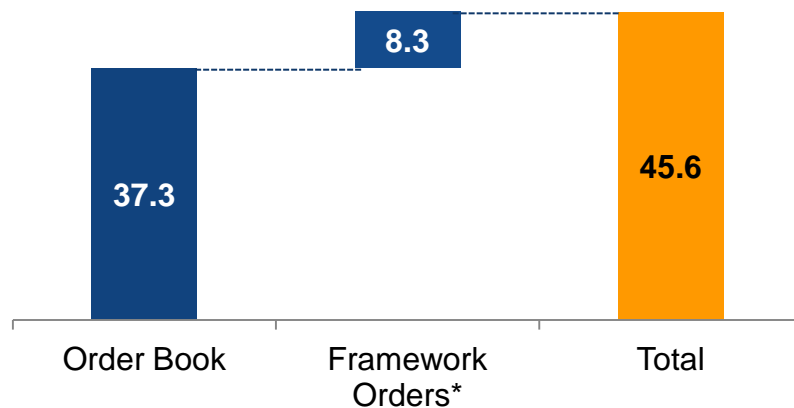


Dividend of 300%
(Rs. 6 per Share on the Face Value
of Rs. 2 per share)

**recommended by
Board of Directors
For FY 2012**

Current Order Book incl. Framework * (Rs. Bn)

Guidance for FY13



Revenue Guidance for FY13

Rs. 16.5 bn to 17.0 bn
Growth of 15% to 18% y-o-y

*Contracts wherein Advance Monies/ LC awaited, hence not taken in Order Book

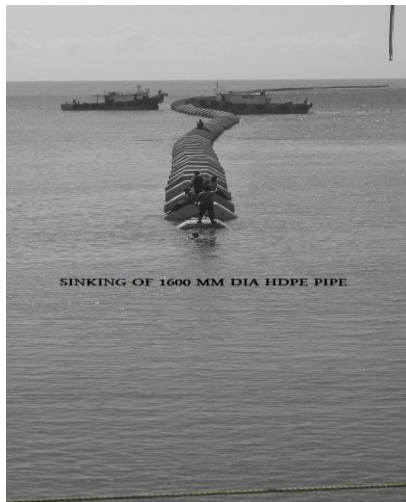
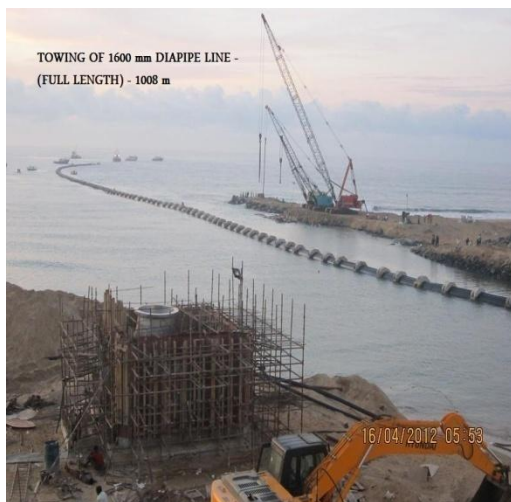
Chennai Desalination Project Status

Reverse Osmosis Technology for a capacity of 100 MLD. Pre-treatment by Ultra Filtration.



Project Highlights

- *Project located in South of Chennai at Nemmeli.*
- *Project was awarded by Chennai Metropolitan Water Supply and Sewerage Board on Design Build and Operate (DBO) basis, was inaugurated on February 23, 2010*
- *Total Costs for the Project is Rs. 10.84 bn, of which Rs. 5 bn pertains to O&M for 7 years*



Status Update

- *Achieved the Milestone of Launching and sinking of Water Intake and Outfall Pipeline into the Sea during March – April 2012*
- 88% of the EPC portion is completed
- *EPC Completion by Q2 FY13*
- *O&M to commence from Q3 FY13*



For further information, please contact

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