



VA TECH WABAG LTD.

Investor Presentation

November 2011



Safe Harbor

DISCLAIMER:

- This presentation and the accompanying slides (the “Presentation”), which have been prepared by VA TECH WABAG LIMITED (the “Company”), have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.
- This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.
- This presentation contains certain forward looking statements concerning the Company’s future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and abroad, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, our ability to manage our international operations, government policies and actions regulations, interest and other fiscal costs generally prevailing in the economy. The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the company.

1

Industry Overview

2

Our Company

3

Our Business

4

Technology and R&D

5

Growth Strategies

6

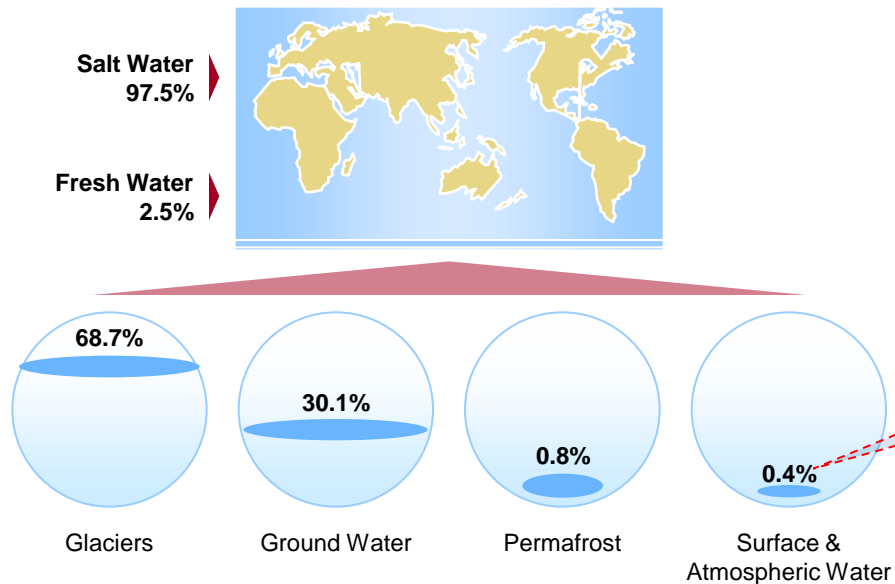
Financial Highlights



Industry Overview



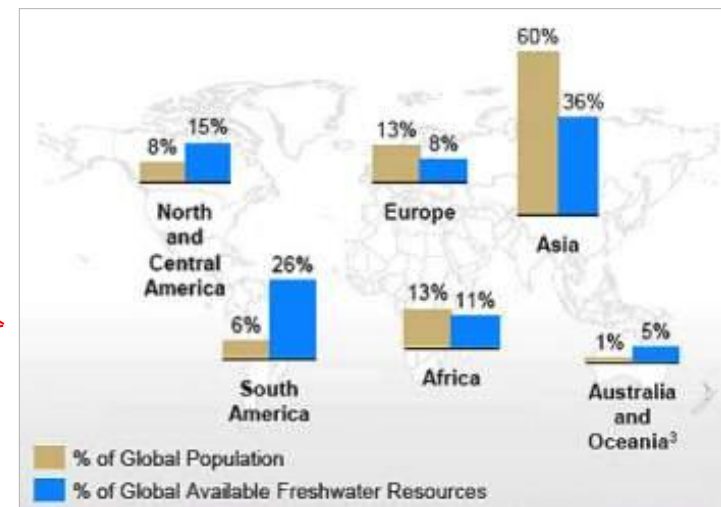
Water: Increasingly Becoming Scarce Across the World...



Source: World Water Development Report 2, 2006

- Unequal distribution of accessible freshwater resources around the world
- North America enjoys 15% of the global water supply for only 8% of the global population whereas Asia is acutely strained with only 36% of the global water supply for 60% of the global population

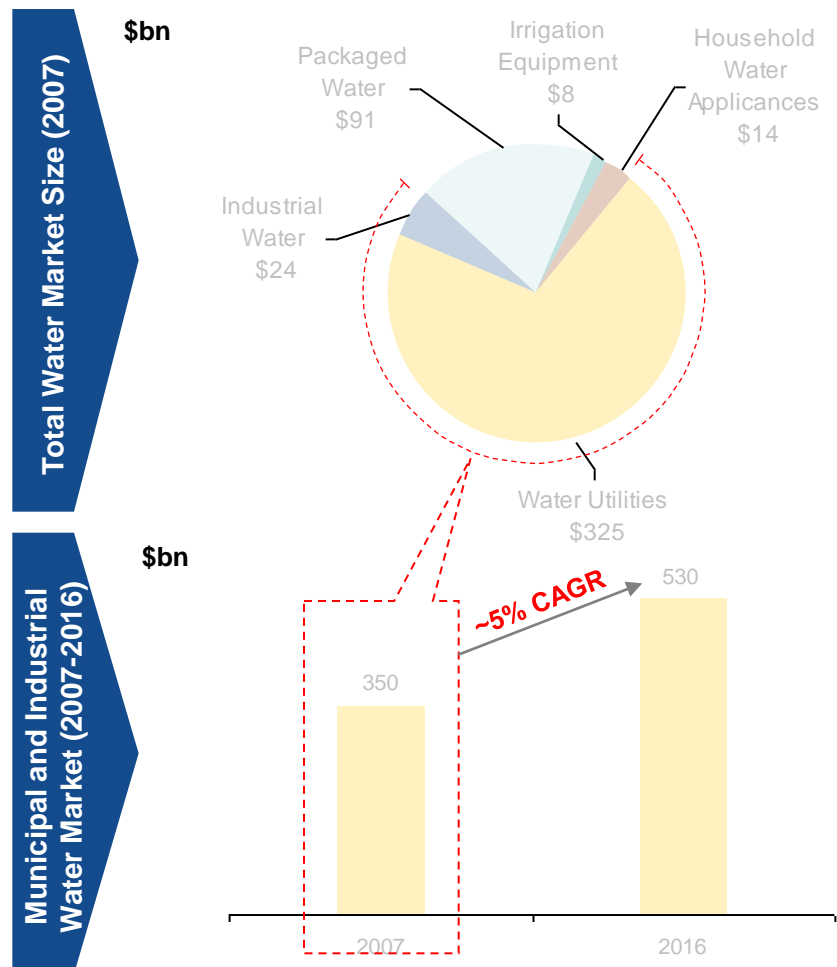
- Out of the total global water reserves of 1.4 Bn Cu Kms, only 0.76%* of the water is most easily accessible & used source of water



Water scarce conditions expected to double in 20 years...

Ground Water & Surface Water are the most easily accessible source of water (2.5%(30.1%+0.4%))

... Leading to large investments across globe for eradication of scarcity



Top 15 Fastest Growing Markets Globally

Country	Mkt Size (\$ million)		CAGR
	2007	2016	(%)
Saudi Arabia	2,455	9,103	16%
Romania	507	1,839	15%
Algeria	933	2,704	13%
India	2,531	6,870	12%
Oman	343	921	12%
Egypt	1,352	3,490	11%
China	32,662	80,714	11%
Libya	835	1,959	10%
Spain	5,045	11,606	10%
Iran	1,203	2,638	9%
UAE	1,908	4,113	9%
Turkey	1,949	3,910	8%
Mexico	2,591	5,142	8%
Hungary	762	1,469	8%
Taiwan	2,078	3,876	7%

Investments of over \$200 bn expected upto 2016

India faces even tougher challenges...

- 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

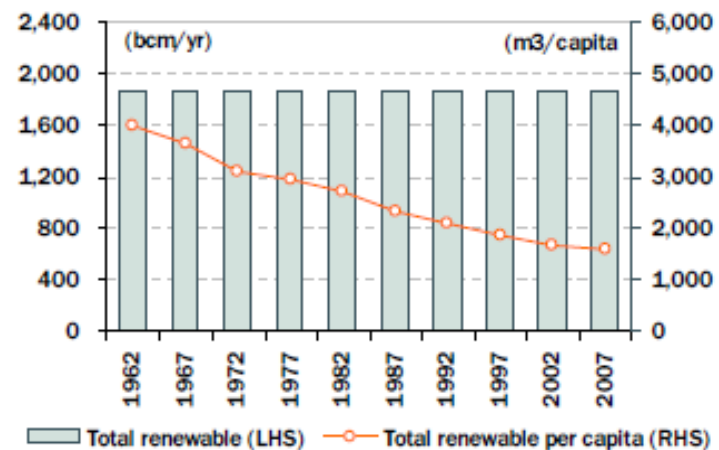
Waste Water Treatment and
Recycling

O&M and
Up-gradation

Growth Drivers

- **Inequitable water distribution**
 - India constitutes 26% 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

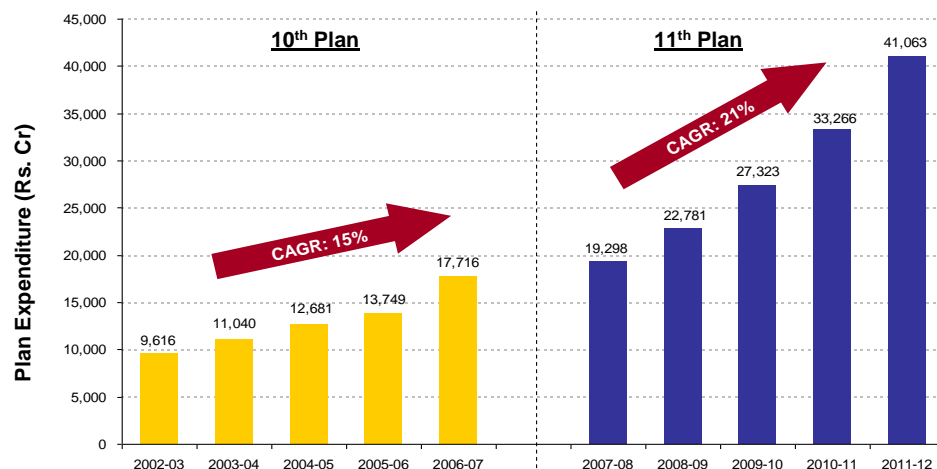


Source: FAO, Aquastat

...increasing Government focus

	Class I cities	Class II towns	Total
Number (as per 2001 census)	423	498	921
Population (mm)	187	38	225
Water Supply (MLD)	29,782	3,035	32,817
Water Supply (LPCD)	160	81	146
Wastewater Generated (MLD)	23,826	2,428	26,054
Wastewater Generated (LPCD)	127	65	116
Wastewater Treated (%)	29%	4%	27%
Wastewater Untreated (%)	71%	96%	73%

Funds Requirement - Urban Basic Services	
Sub-sector	Est. Amt (Rs. Cr.)
Urban water supply	53,666
Urban sewage and treatment	53,168
Urban drainage	20,173
Solid Waste Management	2,212
Others	18
Total	129,237



- The Jawaharlal Nehru National Urban Renewal Mission, commenced in the Tenth Plan, is designated as the main vehicle for urban development
- As of 29th May 2009, 463 projects requiring an investment of Rs. 497.43 billion have been sanctioned, over 76 percent of the cost of projects sanctioned, aim at improving basic urban services like water supply, sewerage and storm-water drainage
- JNNURM is designed to encourage the involvement of the private sector in service delivery and management

...driving investments in Water Infrastructure



Our Company



Complete Water Treatment Solution Provider...

- **Provides a complete range of Water and Waste Water Treatment solutions**
 - Offers complete life cycle solutions ranging from project design to installation to operations & maintenance
 - Spanning municipal drinking water, municipal sewage, Industrial water, effluents to a clientele
- **Technology focused company**
 - R&D centers located in India, Austria and Switzerland. Owns 160 patents and applied for 47 patents
- **Multinational player in the water treatment industry**
 - Market presence in India, Middle East, North Africa, Central & Eastern Europe, China and South East Asia
- **Strong execution track record**
 - More than 2250 projects in last 3 decades
- **Professionally managed Company**
 - Promoters having an average of 20 years work experience in the industry
- **Order book of Rs. 33.1 bn as of September 30, 2011**



Geneva, Switzerland

Lake water treatment, Drainage filter system, 260,000 m³/d



Chirita, Romania

Comprehensive rehabilitation & extension, 99,360 m³/d

Led by ambitious professionals ...



Rajiv Mittal (Promoter) – Managing Director

- 26 years of work experience in the Water Industry
- Previously worked with Wabag Water Engineering Limited, UK as a Deputy Director - International sales



Shiv Narayan Saraf (Promoter)- Head of Operations

- 38 years of experience in the water industry; worked previously with Ion Exchange India Limited
- Responsible for construction management of all projects of all SBUs



Amit Sengupta (Promoter) – Executive Director – Corporate Strategy

- 32 years of experience; worked previously with Kirloskar AAF
- Responsible for devising & implementing corporate strategies for growth, technology acquisitions & licensing & synergizing strengths within Wabag Group



S. Varadarajan (Promoter) - CFO and Head of Operations Business Group SBU

- 24 years of work experience; worked previously with PL Agro Technologies Limited as Finance Manager and Company Secretary
- In charge for finance, commercial, legal, secretarial, information technology, income tax and general administration functions



Rahul Jaiswal - Head of the International Business Group SBU

- 30 years of experience in Manufacturing and EPC industry including last 20 years in Water Treatment Industry in Australia
- Extensive experience in membrane technology including RO & UF membranes
- Responsible for Middle East, South Asia & Asia Pacific regions



Erik P. Gothlin – CEO, Wabag Austria

- 18 years of Work Experience in the Industry
- Previously held various management positions in Westermo Teleindustri, Sweden, ABB, and Chromalox Group as Managing Director – International for United Kingdom, France and China



Shanti Sharma – CFO, Wabag Austria

- 25 years of experience; During this time he was responsible for all finance and administration related issues in various functions for Water Treatment (Biwater), Electronic, IT and Chemical equipment Manufacturing.
- Responsible for finance and accounts, legal, information technology and administration



Gerhard Ryhiner – CEO, Wabag Wassertechnik, Switzerland

- 19 years of work experience; worked previously with Sulzer Brothers as Head of the wastewater department
- Responsible for Sales, finance and administration including human resources, quality management and health safety and environment



Arnold Gmuender – COO, Wabag Wassertechnik, Switzerland

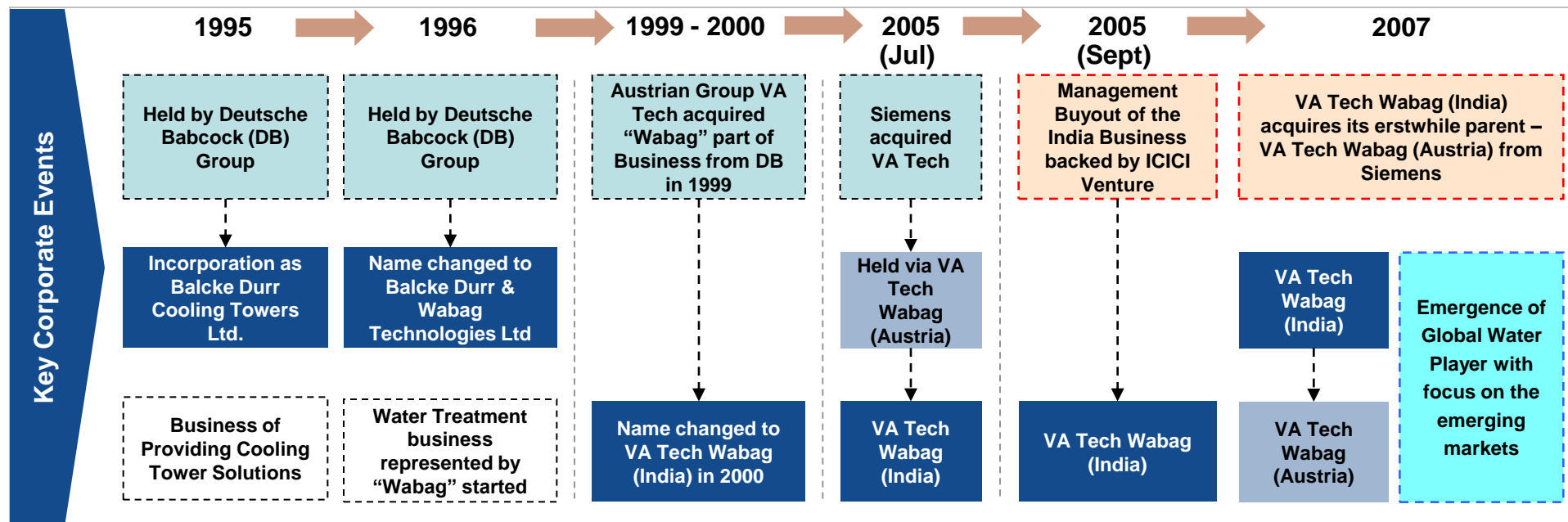
- 30 years of work experience; worked previously with Sulzer Brothers as Head of water sales.
- Responsible for project execution and research and development.



Lubomir Nemec – CEO, Wabag Czech

- 21 years of work experience in the Energy & Industry Sector; worked previously with Siemens as Branch Office Director, Brno
- Responsible for overall business activities in WABAG Czech

Grown business six fold in six years after a Management Buy-out



Largest Single Order
~ Rs. 0.5 billion

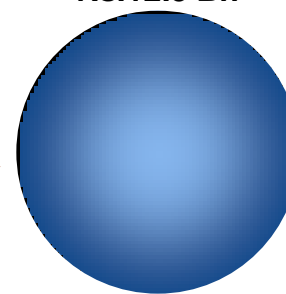
Rs. 2.3 Bn



Dec'04

Top line increased almost 6x

Rs.12.3 Bn



Mar'11

2009

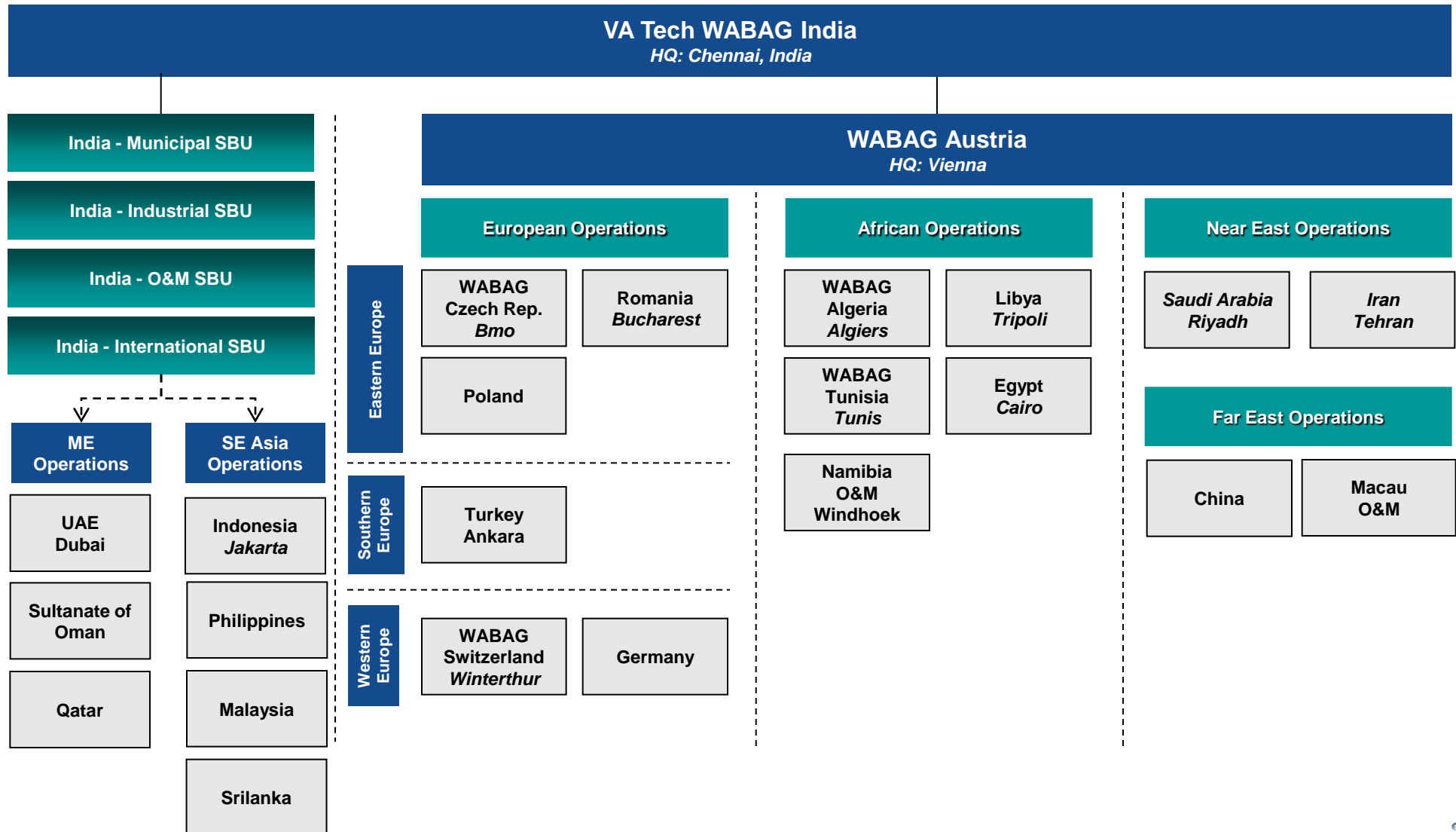
Awarded 100 MLD Chennai Desal Order of Rs. 10.3 billion – first ever Rs. 10 bn + order for the Company



Our Business



Presence across geographies...

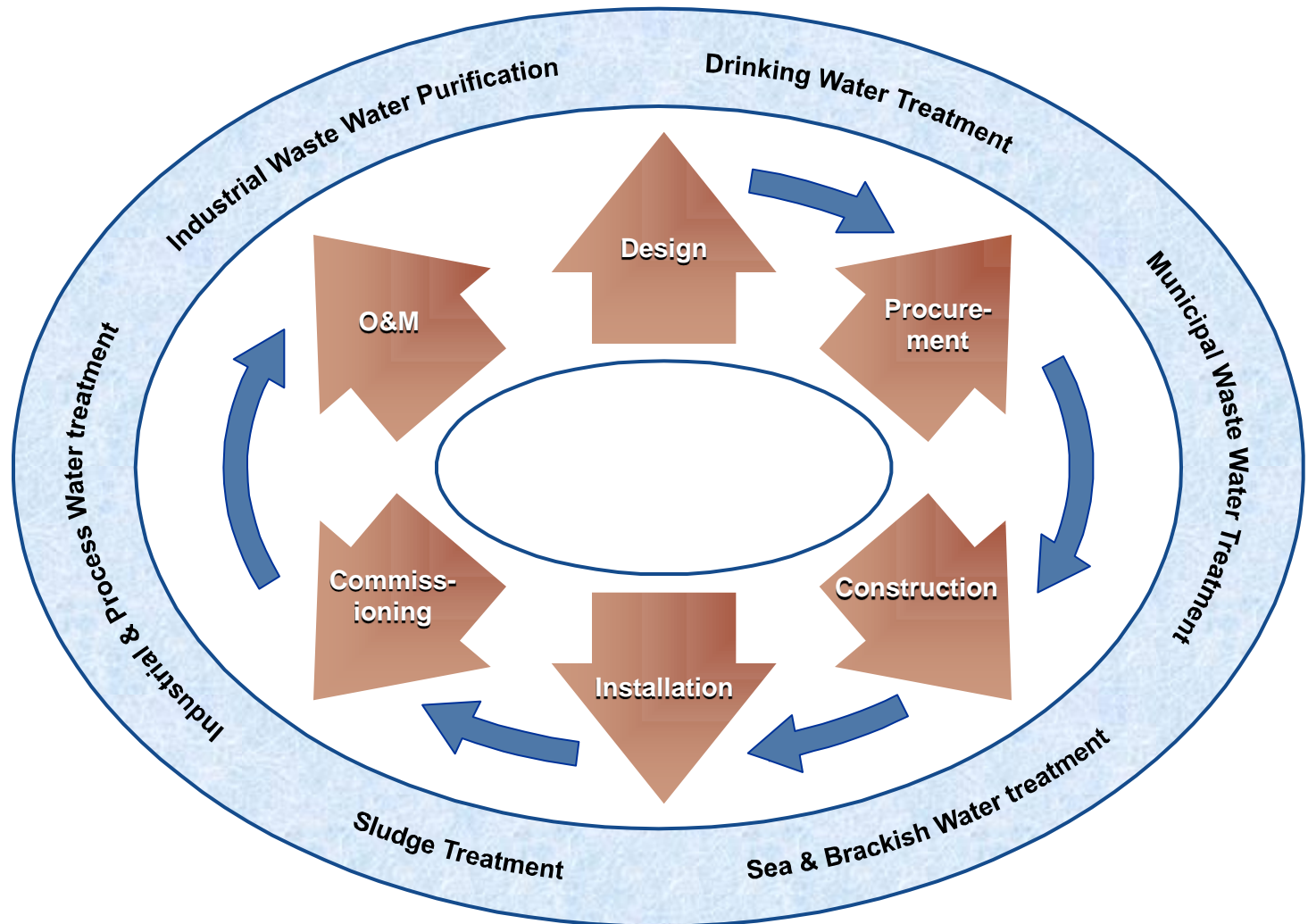


Offering a complete range of solutions in water space...

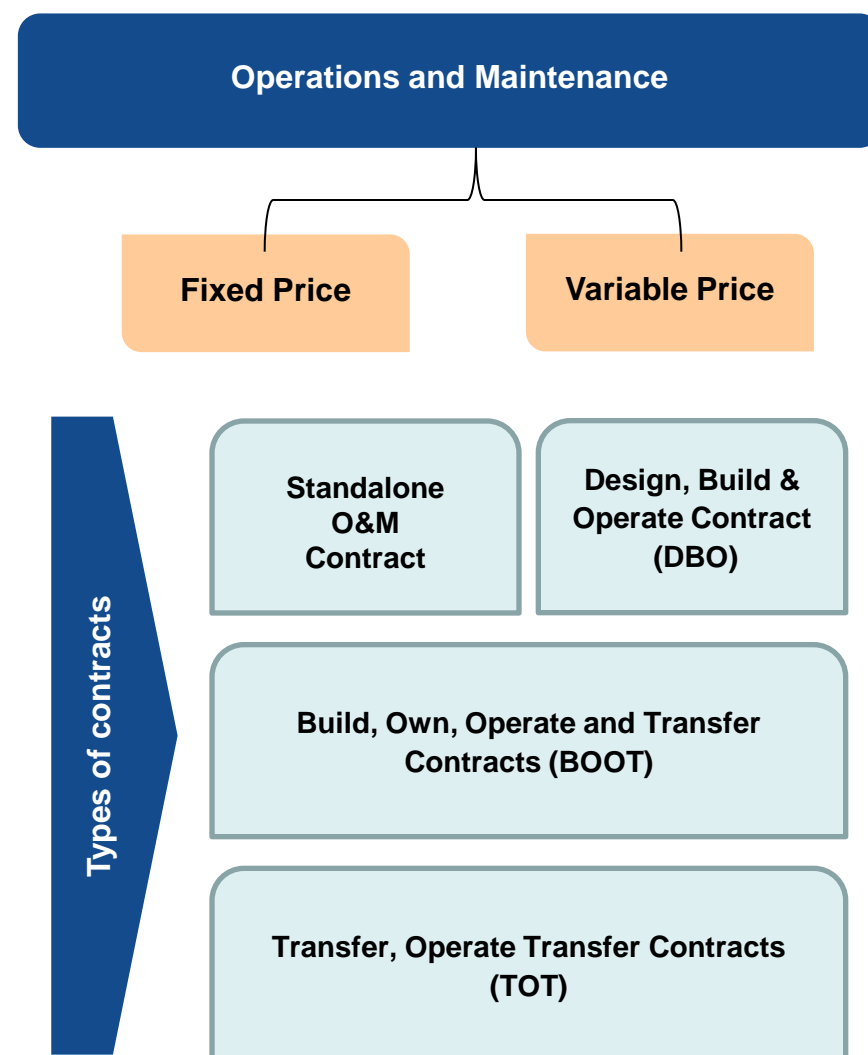
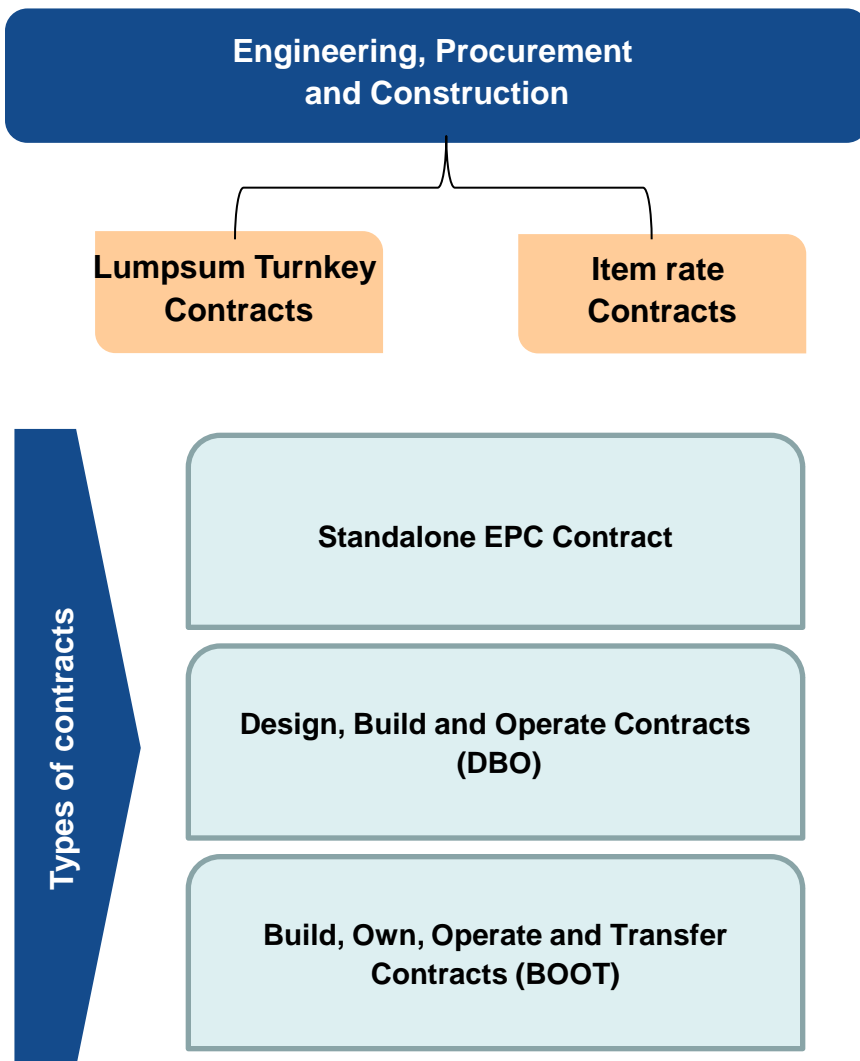
Sewage Water Treatment	<ul style="list-style-type: none"> ■ Activated Sludge Process ("ASP") ■ Sequential Batch Reactors ("SBR") ■ Membrane Bio Reactor ("MBR") ■ Membrane Bed Bio Reactor ("MBBR") 	<ul style="list-style-type: none"> ■ Upflow Anaerobic Sludge Blanket Reactor ("UASB") ■ Bio Active Fixed Film Technology ("BAFF") ■ Submerged Membrane System ■ Stabilization Pond
Drinking Water Treatment	<ul style="list-style-type: none"> ■ Aeration ■ Sedimentation ■ Filtration 	<ul style="list-style-type: none"> ■ Disinfection ■ Sludge Dewatering
Industrial Water Treatment	<ul style="list-style-type: none"> ■ Raw water pre treatment ■ Filtration Plants ■ Nano Filtration/ Ultra filtration ■ Softening Plants 	<ul style="list-style-type: none"> ■ Thermal Desalination of sea water treatment ■ Demineralization ■ Zero Liquid Discharge ■ Tertiary Treatment System/ Effluent Recycling
Industrial Wastewater Treatment	<ul style="list-style-type: none"> ■ Physico Chemical Treatment – Oil Removal system using DAF/ API/ CPI separators ■ Neutralization and primary sedimentation and grit removal ■ Biological anaerobic treatment – UASB ■ Tertiary Treatment – activated carbon/ sand filtration, disinfection 	
Desalination	<ul style="list-style-type: none"> ■ Multi Stage Flash ■ Multi-effect Distillation ■ Thermal Vapor Compression 	<ul style="list-style-type: none"> ■ Mechanical Vapor Compression ■ Reverse Osmosis and Electro dialysis
Recycling	<ul style="list-style-type: none"> ■ Micro filtration ■ Membrane Bio Reactors 	<ul style="list-style-type: none"> ■ Micro filtration ■ Membrane Bio Reactors

across project lifecycle...

- Focused solely on water
- Primarily catering to Municipal, & also to Industrial customers
- Offerings span across segments of water treatment
- Range of services from concept / design stage to implementation to running the operations



...through various business / delivery models





Technology and R&D



Use of Advanced Technology & R&D...

Advanced Technology & Patented Products/Processes

Biological Aerobic Treatment	Sludge Treatment	Anaerobic Digestion	Coagulation	Flocculation
De-min	Disinfection	Filtration	Sedimentation	RO
Thermal Desal	Screening	Ion Exchange	Ozone Treatment	UV Treatment
Fluidized bed biology	<i>Bio-filtration</i>	<i>Activated Sludge Processes</i>	<i>Biological Anaerobic Treatments</i>	<i>Membrane Bioreactor</i>
Membrane Filtration	De Nitrification	Oxidation Processes	Sludge Digestion	

↑
*Customized solutions
employing in-house tech*
↓

↑
*Patents owned for select
products/ processes*
↓

In high quality treated water, the technology can potentially be a deciding factor

Scarcity eradication would require
Water Re-use and Desalination

↓
Water Re-use and Desalination projects are
Highly Complex and large in magnitude

↓
Technology and cost efficiencies are the key
differentiators.

WABAG : Global Technology & Local Cost

Project in Muscat

- State-of-the-art membrane based bio reactors. Achieves filter water quality standards for re-use purposes. In a country which has scarce water resource, this project enables client to reuse water for other purposes (irrigation, construction, etc.)

BeiXiaoHe WWTP (China)

- Produces recycled water for the Olympic Park in Beijing. Employs membrane bioreactor plant fitted with state-of-the-art technology for the reuse of cleaned wastewater. New plant guarantees environment friendly water reuse

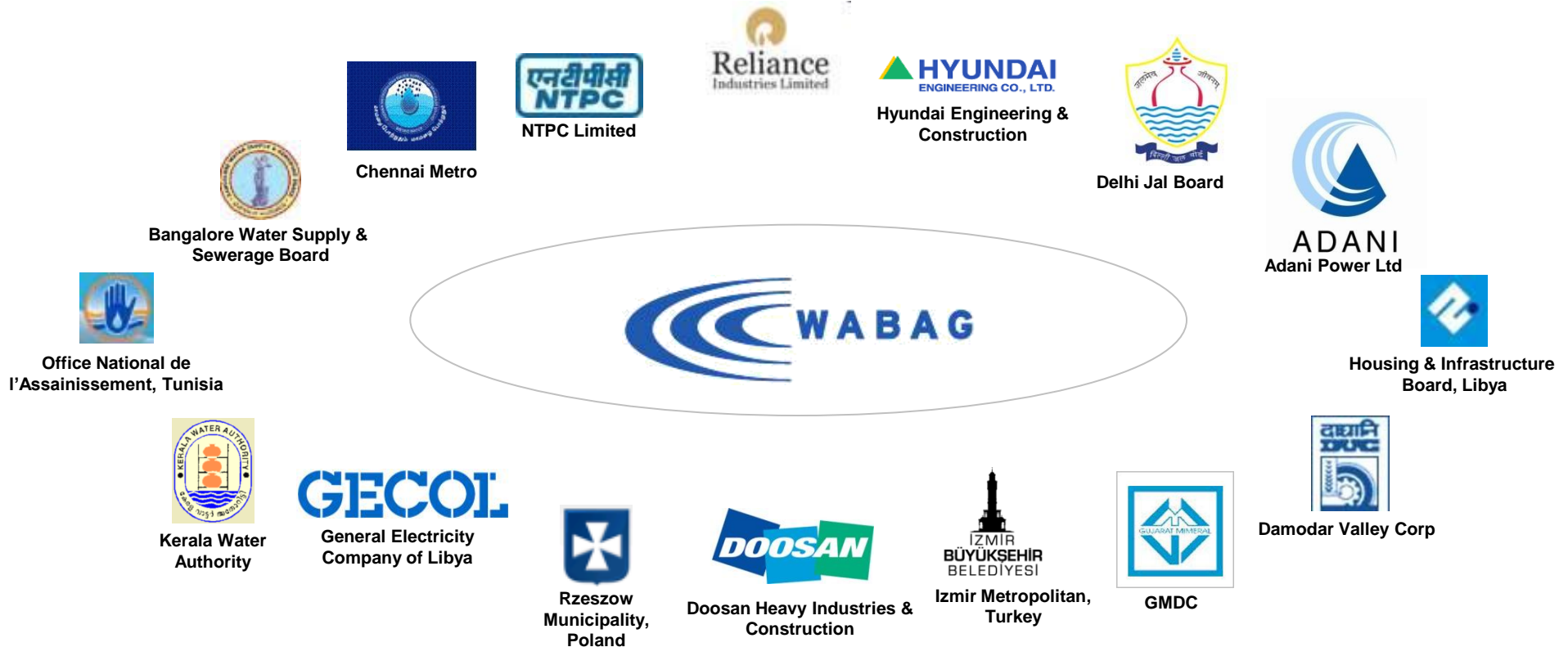
Southern WWTP Tehran

- Carbon and partial nutrient removal using activated sludge process, trickling filters and applying anaerobic sludge digestion. Enables coverage of 80% of plant's electricity needs through use of biogas

...provides edge in securing landmark projects across segments

	Drinking Water Treatment	Municipal Wastewater / Sewage Treatment	Desalination	Recycling	Industrial & Process Water Treatment	Industrial Waste water / Effluent treatment
Execution Track Record	Rzeszow MC, Poland <hr/> Rzeszow drinking water treatment <hr/> €21 MM	Izmir Metropolitan, Turkey <hr/> Izmir waste water <hr/> € 18 MM	GECOL, Libya <hr/> Zliten Thermal Desalination <hr/> € 9.8 MM	Refinery of an Indian oil company <hr/> 600 m3/ hr Effluent Recycling <hr/> Rs. 795 MM	An Australian fertilizers Co. <hr/> 300 m3/hr DM plant <hr/> Rs. 98.7MM	Reliance Petroleum, India <hr/> 43 MLD ETP Jamnagar <hr/> Rs.334 MM
Projects Under Execution	Delhi Jal Board <hr/> WTP Plant, Dwarka <hr/> Rs. 2.0 Bn	Tehran Sewerage Company <hr/> Teheran WWTP <hr/> € 39.9 MM	Chennai Metro (CMWSSB) <hr/> 100 MLD plant, SWRO Chennai <hr/> Rs.10.3 Bn[#]	Refinery of an Indian oil company <hr/> Effluent Treatment Plant <hr/> Rs.2457.80 MM	Indian Company <hr/> BOP Water for APGENCO 2x600 MW Power plant <hr/> Rs.2900 MM	Damodar Valley Corporation, India <hr/> Plant water system for 2 x 500 MW power plant <hr/> Rs.1.34Bn

World Recognized Brand with Marquee Reference List



Project list of more than 2,250 projects over last 3 decades

Project reference in more than 19 countries globally

Wabag brand established in 1924

Access to new markets and pre-qualify for bids

Expansion in new areas such as BOOT and TOT



Growth Strategies



Well positioned to capture opportunities...

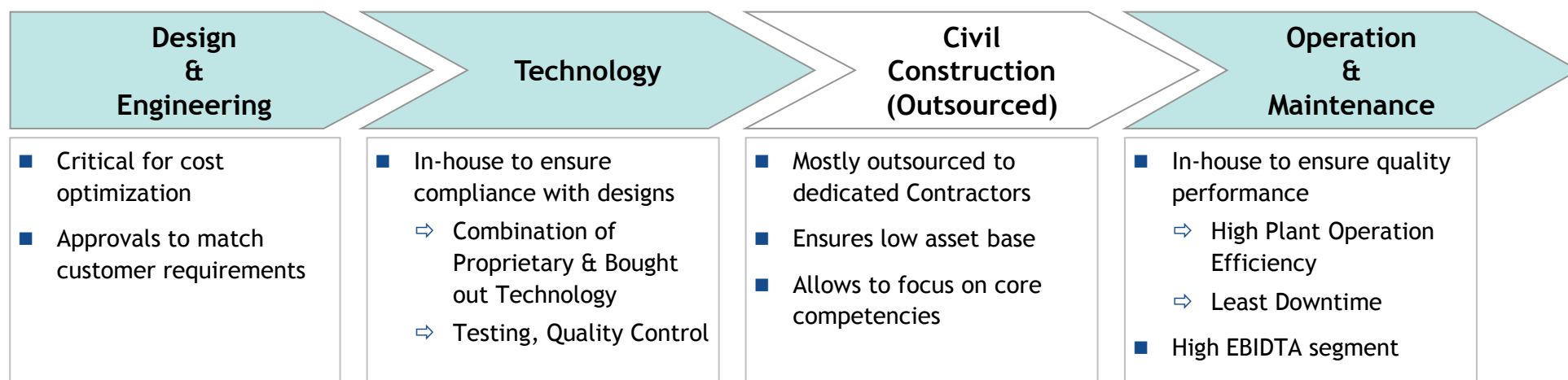
Our Strengths...

- Ability to handle large and complex projects
- Execution skill for high value projects
- Strong Balance Sheet
- Strong execution and track record

World recognized brands with marquee reference

- Recognized Brand in water space since 1924
- Project list of more than 2250 projects in last 3 decades
- Presence in more than 19 countries across globe
- Access to new market and pre-qualify for bids

Focus on 'Value-Added & High Margin' work processes; Limits investment in Asset Base



Asset Light Business model...facilitates quicker scale up with Higher ROCE

with strategy to maintain growth momentum and margin expansion...



International Operations Consolidation

- Strengthen presence in the already present geographies by leveraging the brand name and execution capabilities to attract new clients and win new projects
- Deliver quality in a cost efficient manner by using indigenous labor and skills
- Enter into partnerships/ alliances with local partners to understand local markets better and build on in-house capabilities
- Empower International subsidiaries by decentralization and strengthen their execution capabilities
- Empowering local management teams to fully utilize their knowledge of the local markets in growing sales and improving profitability

Improving Profitability

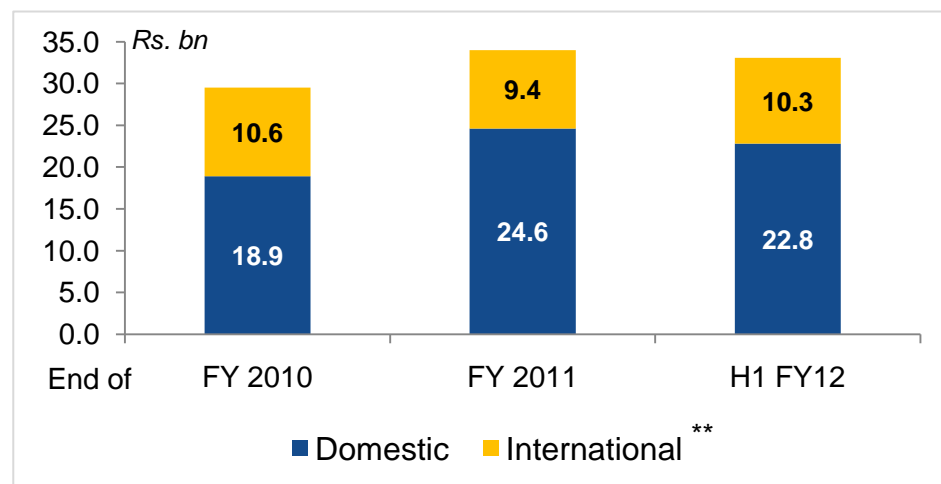
- **Exploiting significant synergies with International Group companies in the areas of engineering and procurement**
 - Centralized engineering assistance from India
 - Low cost sourcing model via global procurement policy
- Emphasis on the higher margin O&M Segment
 - Increase the proportion of revenues from this segment to improve our overall profitability

Business Expansion

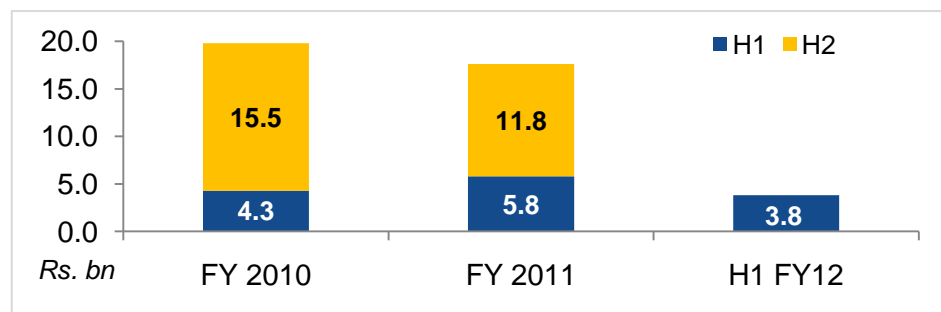
- **Product & Services Expansion**
 - Expand presence in newer form of contracts such BOOT & TOT projects
- **Entry into newer geographies**
 - Expansion into newer high growth markets to exploit opportunities
- **Inorganic Expansion by acquiring companies**
 - Having better treatment technology or reference list of projects
 - Complementing existing product & services portfolio

...consistently growing order book

Order book



Order Intake



Key Contracts

- Chennai Desalination Project : Rs. 6.9 bn
- Water Treatment Plant and distribution system in Sri Lanka : Rs.3.6 bn
- APGENCO for Kakatiya and Rayalaseema BoP : Rs.2.9 bn
- IOCL Paradip Project for total water management : Rs.1.6 bn
- SWRO Plant in Oman : Rs.620 mn,
- Two STPs in Philippines : Rs. 450 mn,
- Repeat order from Reliance : Rs. 200 mn

Key Framework Contracts*

- 195 MLD WTP for Ulhasnagar Municipal Corporation with O&M for 30 years
 - EPC Rs.1 bn and O&M Rs. 2.3 bn@
- 192 MLD WTP for Aurangabad Municipal Corporation with 17 years O&M
 - EPC Rs. 550 mn and Rs. 720 mn for O&M

Current Firm Order book of Rs. 33.1 bn, Framework Contracts of Rs. 12.2 bn

* Contracts wherein Advance Monies/ LC awaited; ** At year end exchange rate ; @ This excludes Power component which will be Pass through



Financial Performance



Consolidated : Profit & Loss Highlights

Rs. Millions	Q2 FY 12	Q2 FY 11	YoY %	H1 FY 12	H1 FY 11	YoY %	FY 11
Income	2,682	2,388	12%	4,796	4,178	15%	12,418
Expenses	2,520	2,321		4,610	4,087		11,208
EBITDA	162	67	142%	186	91	102%	1,210
EBITDA margin	6.00%	2.80%		3.90%	2.20%		9.70%
Interest & Finance Charges (Net)	37	40		48	74		148
Depreciation & Amortization	23	29		46	55		100
Exceptional Items	0	0		0	0		129
Tax	35	17		68	36		316
Share of Profit from Associates & MI	2	-		4	-		8
Profit After Tax	69	-19	463%	28	-73	138%	526
PAT margin	2.57%	-0.80%		0.58%	-1.80%		4.24%

Standalone : Profit & Loss Highlights

Rs. Millions	Q2 FY 12	Q2 FY 11	YoY %	H1 FY 12	H1 FY 11	YoY %	FY 11
Income	1,689	1,351	25%	2,970	2,080	43%	7,335
Expenses	1,573	1,274		2,783	2,015		6,442
EBITDA	116	78	49%	187	65	188%	893
EBITDA margin	6.90%	5.80%		6.30%	3.10%		12.20%
Interest & Finance Charges (Net)	-1	4		-17	17		-4
Depreciation & Amortization	14	15		27	30		59
Exceptional Items	0	0		0	0		0
Tax	33	6		57	6		285
Profit After Tax	71	53	33%	121	13	836%	553
PAT margin	4.20%	3.90%		4.10%	0.60%		7.50%

Consolidated Balance Sheet Highlights

Balance Sheet

Rs. Millions	Sep 11	Mar 11
Net Worth	5,833	5,710
Total Debt	927	427
Total Liabilities	6,760	6,137
Tangible Assets	608	561
Deferred tax assets (net)	200	217
Investments	333	437
Net Current Assets	5,619	4,922
Total Assets	6,760	6,137

Working Capital Highlights

Rs. Millions	Sep 11	Mar 11
Inventories	772	736
Sundry Debtors	8,188	7,413
Cash & Bank Balance	2,475	3,245
Other Current Assets	60	3
Loans and Advances	1,155	1,419
<i>Total (A)</i>	12,650	12,816
Current Liabilities	5,664	6,427
Provisions	1,367	1,467
<i>Total (B)</i>	7,031	7,894
Net Working Capital (NWC)	5,619	4,922



For further information, please contact

Company :

VA Tech Wabag Ltd.
Mr. S. Varadarajan, Chief Financial Officer
varadarajan@wabag.in

www.wabag.com

Investor Relations Advisors :

Strategic Growth Advisors Pvt. Ltd.
Mr. Gaurang Vasani
vgaurang@sgapl.net

www.sgapl.net

