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# VA TECH WABAG LTD.

RESULT UPDATE PRESENTATION

Q4 FY 2019 - 20

DRIVING **SUSTAINABILITY**  
DELIVERING **VALUE**

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# Business Overview



**Koyambedu Tertiary Treatment Reverse Osmosis (TTRO) Plant,  
Chennai, India**



# Key Highlights FY 20



- **Order Book of INR 110.5 Bn**  
*including framework orders*
- **Order Intake of over INR 43.5 Bn**
- **Consolidated Revenue at INR 25.5 Bn**
- **Consolidated EBITDA of 9.6% at INR 2.4 Bn**
- **Consolidated PAT at INR 910 Mn**
- **Positive Operational Cash Flow of INR 2.5 Bn**



Izmir Kavaklidere WTP, Turkey

# Business Highlights

- **Globally, our O&M sites** being essential service, **continued to operate** despite lockdown across the geographies with necessary safety protocols; EPC sites operated subject to local government regulations
- **Breakthrough orders** in **One City One Operator** and **Namami Gange HAM** achieved in this year
- **Highest ever order book** of ~ **Rs. 11,000 Crore**, providing **3x revenue** visibility; includes projects with **multi-lateral funding, marquee customers & innovative solutions**
- Year-over-Year Improvement in **Operating Margin** from **7.0% to 9.6%**; improvement from **7.0% to 8.9%** excluding divestment gain
- Robust performance delivering **turnaround in Operational Cash Flow** generation of **Rs. 245 Crore** during the year
- Year-over year **Net Debt reduction** of **Rs. 250 Crore**; ~ 60% reduction YoY
- PAT for the year includes **Deferred Tax charge** of **Rs. 27 Crore** on account of reduction of income tax rate in India

***“Breakthrough orders, strong order book position, positive cash flows & improved operational efficiency”***

# Quarterly Performance





# RESULTS OVERVIEW – Consolidated Profit and Loss

Rs. Millions	Q4 FY 20	Q4 FY 19	YOY %	FY 20	FY 19	YOY %
<b>Revenue from operations</b>	<b>7,851</b>	<b>6,793</b>	<b>15.6%</b>	<b>25,572</b>	<b>27,810</b>	<b>(8.0%)</b>
Gain on Divestment	193	-	-	193	-	-
Cost of Sales	6,075	5,027	20.8%	19,352	21,213	(8.8%)
Total Cost of Operations (TCO)	1,222	1,357	(10.0%)	3,952	4,655	(15.1%)
<b>EBITDA</b>	<b>748</b>	<b>409</b>	<b>82.9%</b>	<b>2,461</b>	<b>1,941</b>	<b>26.8%</b>
<i><b>EBITDA margin</b></i>	<i><b>9.5%</b></i>	<i><b>6.0%</b></i>		<i><b>9.6%</b></i>	<i><b>7.0%</b></i>	
<i><b>EBITDA margin excl. Divestment Gain</b></i>	<i><b>7.1%</b></i>	<i><b>6.0%</b></i>		<i><b>8.9%</b></i>	<i><b>7.0%</b></i>	
Net Finance Cost	256	213	20.3%	1,030	710	45.1%
Depreciation & Amortization	40	42	(5.0%)	154	168	(8.3%)
Tax	141	(186)	~	486	205	~
Share of Profits from Associates / MI (Net)	(6)	68	~	118	191	(38.4%)
<b>Profit After Tax (Owners)</b>	<b>304</b>	<b>408</b>	<b>(25.4%)</b>	<b>910</b>	<b>1,050</b>	<b>(13.4%)</b>
<i><b>PAT margin</b></i>	<i><b>3.9%</b></i>	<i><b>6.0%</b></i>		<i><b>3.6%</b></i>	<i><b>3.8%</b></i>	

- Q4 Revenue better than previous year performance, despite COVID-19 disruptions; Q4 revenue growth lower than plan
- Improved execution performance and TCO control resulted in significant EBITDA improvement on quarterly and annual basis
- Divested 58% stake in Ujams BOOT SPV, Namibia
- Finance cost higher due to high order backlog and higher cost of guarantees despite reduction in debt level

# RESULTS OVERVIEW – Standalone Profit and Loss

Rs. Millions	Q4 FY 20	Q4 FY 19	YOY %	FY 20	FY 19	YOY %
Revenue from Operations	4,914	4,354	12.9%	17,463	17,481	(0.10%)
Cost of Sales	3,809	3,014	26.4%	13,201	13,001	1.5%
Total Cost of Operations (TCO)	817	991	(17.5%)	2,497	2,765	(9.7%)
EBITDA	288	351	18.0%	1,766	1,716	2.9%
<i>EBITDA margin</i>	5.9%	8.1%		10.1%	9.8%	
Net Finance Cost	157	142	8.0%	721	462	55.1%
Depreciation & Amortization	16	20	(21.6%)	67	85	(21.3%)
Tax	102	(199)	~	390	145	~
Profit After Tax	14	388	(96.4%)	588	1,024	(42.6%)
<i>PAT margin</i>	0.3%	8.9%		3.4%	5.9%	

- Q4 Revenue higher than previous year and flat on YoY despite COVID-19 disruptions
- Q4 margins lower QoQ as new projects have progressed from engineering to execution; however YoY margins remain intact
- Finance cost higher due to high order backlog and higher cost of fund and non-fund facilities
- Q4 tax includes deferred tax charge on account of reduction in Income Tax rate (~ Rs. 27 Crore)

# RESULTS OVERVIEW – Balance Sheet

Rs. Millions	Consolidated		Standalone	
	Mar'20	Mar'19	Mar'20	Mar'19
Total Equity (Net Worth)	11,722	10,856	9,766	9,167
Non-Current Liabilities	2,665	2,732	2,545	2,135
Billed Payables	7,878	7,423	5,682	5,062
Short Term Borrowings	4,528	4,841	3,738	3,410
Other Current Liabilities *	13,443	11,933	8,500	8,320
<b>Total Equity &amp; Liabilities</b>	<b>40,236</b>	<b>37,785</b>	<b>30,231</b>	<b>28,094</b>
Fixed Assets	1,016	1,570	738	794
Other Non-Current Assets	5,913	5,314	5,720	5,009
Trade Receivables	15,894	13,511	12,458	12,317
Cash & Bank Balances	3,205	1,790	1,596	734
Other Current Assets	14,208	15,600	9,719	9,240
<b>Total Assets</b>	<b>40,236</b>	<b>37,785</b>	<b>30,231</b>	<b>28,094</b>

- Trade Receivables at Standalone stable YoY
- Increase in Trade Receivables at Consolidated level mainly due to Q4 progress billing in a key overseas project, which has subsequently been received
- Billed Payables is flat year over year; Increase in Trade Payables is due to increase in progress cost

\* Progress cost reclassified under Other Current liabilities for better comparability



# Cash Flow Statement

Rs. Millions	Consolidated		Standalone	
	FY 20	FY 19	FY 20	FY 19
<b>Net cash generated from/(used in) operations</b>	<b>2,448</b>	<b>(763)</b>	<b>1,319</b>	<b>(945)</b>
Net cash generated from/(used) in investing activities	297	112	(389)	(99)
Net cash generated from financing activities	(1,354)	485	(386)	1,053
<b>Cash and cash equivalents at the end</b>	<b>2,489</b>	<b>1,182</b>	<b>882</b>	<b>294</b>

- Turnaround in Operational Cash Flow achieved during the year as a result of execution progress and improved operating margins

- Significant reduction in Gross Debt of ~ 15% (INR 937 Mio) YoY;

Net Debt of ~ 58% (INR 2,505 Mio) YoY

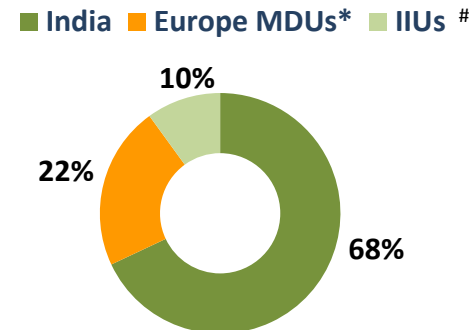
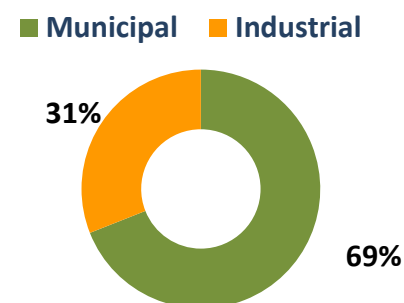
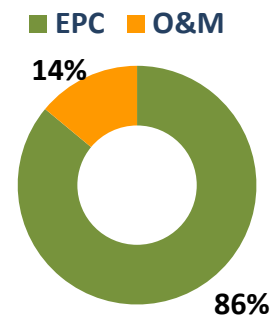
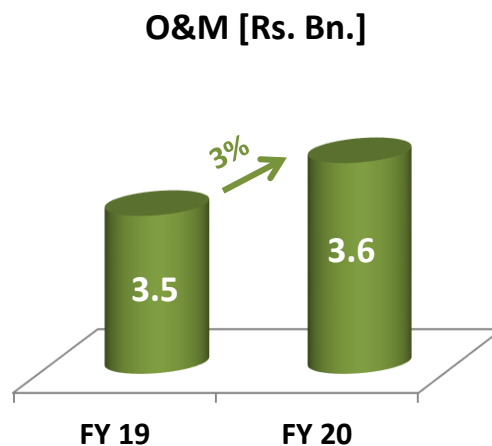
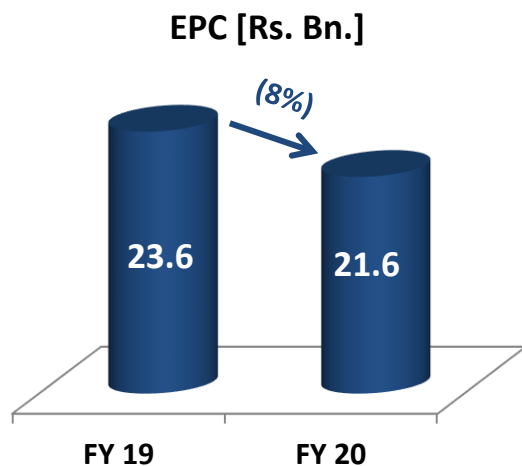
# Working Capital Highlights

Rs. Millions	Mar'20	Sep'19	Mar'19
Inventories	264	228	153
Trade Receivables	15,894	13,943	13,510
Loans and Advances	494	499	446
Other Current Assets	13,450	13,252	14,997
<b>Total Current Assets (A)</b>	<b>30,102</b>	<b>27,921</b>	<b>29,106</b>
Trade Payables	16,269	15,072	15,914
Other Current Liabilities and Provisions	5,052	3,925	3,442
<b>Total Current Liabilities (B)</b>	<b>21,321</b>	<b>18,997</b>	<b>19,356</b>
<b>Net Working Capital (NWC) (A-B)</b>	<b>8,781</b>	<b>8,924</b>	<b>9,750</b>
<b>Net Working Capital (No. of Days)</b>	<b>127</b>	<b>134</b>	<b>130</b>

- 10% reduction in Working Capital base achieved from March'19 to March'20
- NWC Days excluding GENCO projects at 82 days

# Revenue Breakup – FY 20

Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	9,074	6,193	1,712	240	17,219
Wabag Overseas	5,309	1,106	1,372	233	8,020
<b>Total</b>	<b>14,383</b>	<b>7,299</b>	<b>3,084</b>	<b>473</b>	<b>25,239</b>





# Key Projects Contributing to Revenue – FY 20

Project Details	Revenue recognized [Rs. Mn]
▪ Expansion SWTP 9, Jubail, KSA – STP	2,483
▪ Dangote, Nigeria - ETP & RWTP	2,036
▪ Polghawela, Sri Lanka – WTP	1,676
▪ South Doha, Qatar – STP	1,587
▪ MRPL, Karnataka – Desal	1,410
▪ HMEL, Bathinda – ETP & RWTP	1,243
▪ Koyambedu, Chennai – TTP	1,109
▪ K&C Valley, Bengaluru – STP	704
▪ La Mesa, Philippines – WTP	635
▪ JTETA - JAJMAU, Kanpur - CETP	542

# Update on GENCO Projects

## TSGENCO Rs. 1,388 Mio

- Tecpro is endeavoring to initiate arbitration with TSGENCO
- The Company and TSGENCO have challenged the same in Supreme Court and obtained an interim injunction order and expect quashing in the next hearing

## Tecpro Rs. 695 Mio

- Pursuing legal action to recover dues from Tecpro held under trust
- Expect to recover these dues through National Company Law Tribunal post the ruling in National Company Law Appellate Tribunal

## APGENCO Rs. 2,671 Mio

- Receivables and retentions relating to APGENCO project are recoverable progressively upon satisfactory completion of the contractual milestones

*The COVID-19 pandemic and the lockdown imposed by the Governments, resulted in delays in NCLT & legal proceedings and also impacted the project progress and collection*

# Order Book Analysis

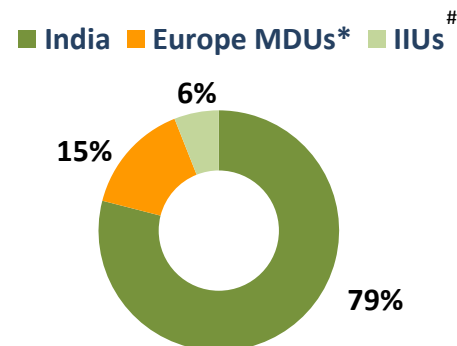
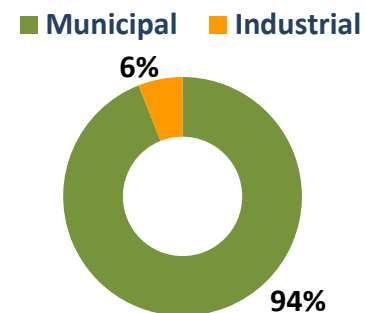
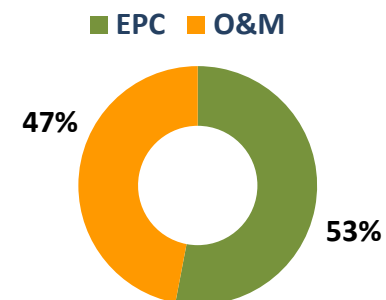




# Order Intake Breakup

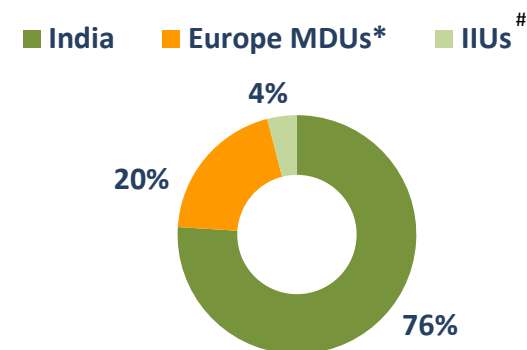
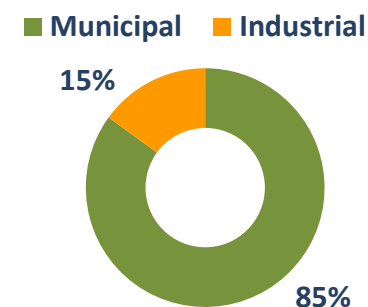
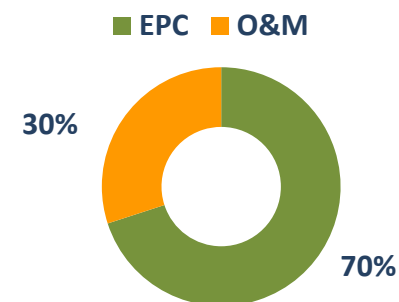
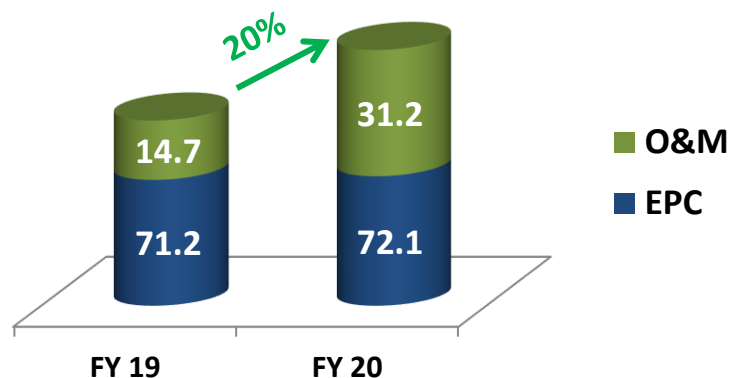
Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	15,098	1,169	17,933	342	34,542
Wabag Overseas	6,141	748	1,853	220	8,962
<b>Total</b>	<b>21,239</b>	<b>1,917</b>	<b>19,786</b>	<b>562</b>	<b>43,504</b>

Key Orders Received	Order Value (Rs. Mn.)
BUIDCO, Digha & Kankarbagh, STP & Network – India	11,878
UPJN, O&M of Agra & Ghaziabad – India	14,776
Water Supply System, Bhagalpur – India	2,446
Drinking Water Treatment II, Saint Sulpice – Switzerland	1,700
Thai Oil Refinery – Thailand	1,089
Drinking Water Treatment Plant, Coimbatore – India	937
Al Madina Al Shamalia (AMAS) O&M – Kingdom of Bahrain	883



# Order Book Composition

Rs. Millions	EPC		O&M		Total
	Municipal	Industrial	Municipal	Industrial	
Wabag India	24,863	11,033	23,597	1,948	61,441
NMCG (SPVs)					
- EPC	7,947	-	1,453	-	9,400
- HAM	5,959	-	2,268	-	8,227
Wabag Overseas	20,355	2,014	1,851	168	24,388
Framework Contracts					6,996
<b>Total</b>	<b>59,214</b>	<b>13,047</b>	<b>29,167</b>	<b>2,116</b>	<b>110,452</b>



# Order Book of Rs. 103.5 Bn & Framework Contracts of Rs. 6.9 Bn

## Key Contracts in Orderbook

Project Details	Amt [Rs. Mn]
▪ UPJN, O&M of Agra & Ghaziabad	14,414
▪ BUIDCO, Digha & Kankarbagh – STP Network	11,878
▪ Expansion SWTP 9, Jubail, KSA – STP	6,282
▪ KMDA, Howrah – STP	5,748
▪ 50 MLD Zarat, Tunisia – Desal	5,147
▪ JAJMAU, Kanpur – CETP	4,103
▪ South Doha, Qatar – STP	3,093
▪ MRPL, Karnataka – Desal	2,877
▪ Dangote, Nigeria – ETP & RWTP	2,527
▪ Water Supply System, Bhagalpur, India – WTP & Network	2,446

## Key Framework Contracts \*

- Libya STP of Rs. 6,114 Mn
- Koye Fetcbe, Ethiopia of Rs. 882 Mn

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

## Guidance for FY 21

*We are monitoring the economic situation globally and will update at an appropriate time*



**For further information, please contact**

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