WPIL Limited
REGD. OFF. : "TRINITY PLAZA"
84/1A, TOPSIA ROAD (SOUTH), KOLKATA - 700 046
TEL. : (91 33) 4055 6800, FAX : (91 33) 4055 6835
WEB : http://www.wpil.co.in
CIN No. L36900WB1952PLC020274

26th May, 2023

The Listing Compliance
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001.

Scrip code 505872

Dear Sir/ Madam,

We enclose a Transcript on Q4 FY23 Earnings Conference Call with Investors of the Company held on May 23, 2023.

Thanking you

Yours faithfully,

For WPIL Limited

U.C

(U.Chakravarty)
General Manager (Finance) &
Company Secretary

Enclosed As above.

WPIL Limited
Q4 FY23 Earnings Conference Call
May 23, 2023

Moderator: Ladies and gentlemen, good day and welcome to WPIL Limited Q4 FY23 Earnings Conference Call. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you.

Anuj Sonpal: Thank you. Good evening everyone and a very warm welcome to you all. My name is Anuj Sonpal from Valorem Advisors. We represent the Investor Relations of WPIL Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings call for the fourth quarter and financial year ended 2023.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward looking in nature. Such forward looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's belief as well as assumptions made by an information currently available to management. Audience is cautioned not to place any undue reliance on these forward looking statements and making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Now I would like to introduce you to the management participating with us in today's earnings call and hand it over to them for opening remarks. We firstly have with us Mr. Prakash Agarwal - Managing Director and Mr. K. K. Ganeriwala – Executive Director.

Without any further delay, I request Mr. Prakash Agarwal to start with his opening remarks. Thank you and over to you, sir.

Prakash Agarwal: Thank you all. Good evening, everyone. Welcome to our earnings conference call for the fourth quarter and financial year ended 2023.

Before we begin with the performance for the fourth quarter and the year ended 2023, let me give you a brief introduction about the company for some of those who might be new to the company. WPIL was incorporated in 1952 and is a multinational pumps and system company headquartered out of India. We diversified operations covering the entire gamut of the pumping industry with the company's rich experience of more than 71 years in designing, developing, manufacturing, erection, commissioning and servicing of pumps and systems. Over the first 50 years, the company focused on developing its core technology of centrifugal pumps and building a robust manufacturing infrastructure to support its business. This was built in tandem with India's industrial growth, and the company is proud to be a major part of its conventional power growth story. After consolidating its position as a leading pumps and systems company in India, we expanded our operations globally through various inorganic acquisitions in Italy, France, Switzerland, South Africa, Australia and Thailand, which have strategically turned round and integrated well into the group. We have 12 global manufacturing locations covering the entire process of pump manufacture from casting, fabrication, machining, assembly and testing, and we develop our longstanding tradition of producing specialized engineered pumps for various commercial end markets.

Secondly, we established our Turnkey Projects Division to provide end to end flow solutions across industrial irrigation and municipal sectors. Looking ahead, we envision growth in both our core markets, engineered pumps and turnkey projects as we become an integrated flow solutions provider.

With that said, let me take you through the consolidated financial performance of the company. For the fourth quarter ended financial year 2023, the company delivered strong revenue growth driven by international business and turnkey project business and reported consolidated revenues of INR 574 crores, an increase of 36% on a year-on-year basis. EBITDA stood at INR 119 crores, which grew by 30% on a year-on-year basis representing an EBITDA margin of 20.75%. Profit after tax stood at INR 79 crores, witnessing a growth of approximately 31% on a year-on-year basis. The PAT margins were at 13.83%. For the segmental performance for the fourth quarter, the Product Division revenue grew to INR 257 crores representing a growth of 26% with EBIT margins of 23.42%, while the Project Division revenue stood at INR 317 crores witnessing a growth of 45% with EBIT margins of 21.91%.

For the financial year ended March 2023, consolidated revenue stood at INR 1,785 crores witnessing robust growth by 51% on a year-on-year basis. EBITDA stood at INR 325 crores, which grew by 44% representing an EBITDA margin of 18.19%. Profit after tax stood at INR 220 crores, a growth of approximately 86% on a Y-on-Y basis with PAT margins being reported at 12.31%. For the segmental performance for the year, the Product Division revenue stood at INR 903 crores representing a growth of 19% and EBIT margins of 19.29%, while the Project Division revenue stood at INR 882 crores representing a robust growth of 108% with an EBIT margin of 18.22%. The standalone business revenues nearly doubled to INR 1,002 crores from INR 530 crores while the international operations grew to INR 794 crores from INR 664 crores in the previous year.

On the operational front, stabilizing commodity prices supported strong margin performance across businesses. The international business was driven by strong performance, primarily in the infrastructural development in the Middle East, North Africa region where we are supplying from Europe, continued focus on the Jal Jeevan Mission and AMRUT 2 by the government augurs well for the medium term with new contract wins. The outlook on the nuclear business in Europe is extremely encouraging for the Rutschi business.

Lastly, I am pleased to announce that the Board has recommended a dividend of Rs. 20 per share of the year. With this, we open the floor for questions.

Moderator: Thank you. We will now begin the question and answer session. The first question comes from the line of Divyesh Mehta from Dinero Capital. Please go ahead.

Divyesh Mehta: Sir, I have a few questions. First of all, congratulations on the good set of numbers. Sir, just wanted to understand that of our total domestic order book, which is of around INR 3,955 crores, how much is contributed towards O&M part of the business? So this is my first question. Second thing, sir I just wanted to understand on the domestic business side. So when we talk about the domestic business, what I understand that there are few government triggers which we can use as a strong triggers for next 3-4 years. So like Jal Jeevan Mission as you said, the water supply scheme which should be accelerating over the next 5 years in terms of the key revenue growth for us. So, sir what kind of opportunity do we see from such kind of orders in future where we can get and visibility in terms of revenue and in terms of the domestic growth of the business?

Prakash Agarwal: So I will answer that. First is the O&M business is roughly about INR 600 crores in the INR 3,950 order book. And secondly, I think what has to be seen here is that the project business which you mentioned in the Jal Jeevan, we have an order book of roughly INR 3,600 crores today. Last year, we executed about INR 800 crores. And these orders have to be executed in roughly 3 years. We have a very good, you know, we are more concerned with execution, ramping up to meet the requirements than the order book right now. However, the water business in India on the turnkey project side with Jal Jeevan which is the rural water supply and AMRUT, which is the urban water supply typically between approximately one lakh to one and a half lakh crores a year. Opportunity is very big, but we are right now very content with our order book and we are looking to improve our execution.

Divyesh Mehta: And sir, there are few things like the European subsidiary which was constituting around 80% of international revenue, the Gruppo Aturia, the company which we acquired long back which was a turning part also for our overall international business. How do we see over there in terms of improvement of our technology in R&D and everything over there, sir?

Prakash Agarwal: I think you know one of the big strengths as we mentioned this year and which is very encouraging for us is that the international business and the project business have both stabilized and given the strong performance. So we have been building these businesses up, they have stabilized, margin performance is good. Order book is good and you know the sector is good. As I mentioned one regarding with the high oil prices, the Middle East, North Africa region, yes, one is investing in oil and gas projects and the second is investing in infrastructure development like for example countries like Egypt, Iraq etc. and we are part of both of that. So I see good opportunities and with a strong business model now in place, we see good growth.

Divyesh Mehta: And sir, one last thing from my side. So I just wanted to understand on the raw material side. So now, since there have been a stable raw material pricing for us since last few quarters, so how do you see going forward in the future since this is a major component for us and it has been also and contribute towards the good results also for us? So how do you see this thing spanning out in next 2-3 quarters going forward?

Prakash Agarwal: I think there are 2 questions. One is that the raw material prices are more in relation to the previous year where we had abnormal spikes due to post COVID and that has stabilized. You can see the steel prices have really stabilized well. And the second thing is that primarily our business model is to focus on our EBITDA in a range which is roughly between 15% and 20% and work on growth from there. So I think that's a mandate for us and we are very focused on that.

Moderator: Thank you. Next question comes from the line of Samir Palod from AUM Fund Advisor LLP, please go ahead.

Samir Palod: Thank you for taking my question. Congratulations on a very good set of numbers and for informative presentation as well as the call. So appreciate that. So 2 or 3 questions since this is the first time calls has been held. If you can give us a sense about, you know this EPC business in India. Why has the working capital cycle changed or you think it has changed because we are all aware of sort of the earlier massive receivables and change of scope and then claims not being admitted in the EPC sector. So if you can just throw light on, why is it different this time? Is it different this time? How do you see that panning out there?

Prakash Agarwal: I think you answered the question primarily in your points, you mentioned claims not being admitted. So I think the clear receivables, admitted receivables are cleared in all states and centers within 2 weeks or 3 weeks of the invoice being registered, so I don't think people have an issue on receivables if they're admitted claims. Arbitrations, additional claims, you know, contractual issues, those are separate matter and I think it's how you recognize that if you recognize as part of your normal invoicing and debtors, then it creates a receivables issue. So I think in the past it's generally being that rather than clear admitted receivables.

Samir Palod: And you're saying far more favorable working capital terms in terms of advances before you start work etc. If you can just tell us a little bit on what's happening on the ground for these projects would be very helpful.

Prakash Agarwal: I think most importantly, what I can tell you from the ground is what we do is that the first is that the space is quite large as I mentioned, between one lakh to one and a half lakh crores in the water business roughly. And in that, we are very selective. So there are certain types of projects, certain sectors where we feel we can add value, preserve our margins and the terms and conditions are good. All the Jal Jeevan Mission, for example, is well funded and most of them are done by corporations. So I think a bit of in depth study into each individual type of job is relevant. I think in water supply has generally been and the Jal Jeevan or the AMRUT schemes are done by corporations. So the funding is very-very secured.

Samir Palod: And you would do these projects only where I'm guessing between 15% and 25% of the sales would be from your own manufactured products?

Prakash Agarwal: No. We see an opportunity. Yes, that would be part of it. We see opportunities in the space and like the Jal Jeevan Mission when it was announced, we saw it as a good opportunity to expand. And I think we are writing it well. And we feel proud to be a part of this story, the water supply story in India. And I see each of these contracts having a long term relation. We are looking at O&M contracts, so we are very specific of the O&M contracts which we can enter into as we become an integrated player. And yes, one of the areas is in irrigation. We have scope where the percentage of our own products is large.

Samir Palod: Understood. And sir, primarily, if I understand your international business is much more of. spares and maintenance business rather than new pumps being sold, is that understanding correct?

Prakash Agarwal: No, it's not that. What is highlighted there is the strength of the aftermarket. You know, first of all, we are in engineered pumps, all the large engineered pumps manufacturers and the Global pump Corporation are working in engineered pumps and they are all mostly have a very strong aftermarket business because it's a lifetime. You want to be part of the life cycle of the pump. So in engineered pumps, you have a 25-year life cycle typically with the client. So you have a scope for aftermarket upgrades, brownfield expansions etc. with the client. It's not a use and throw. So I think the big characterization here is something below a 5 Kilowatt, 5 horsepower range, which would be a use and throw, whereas our products are mostly with the system life of about 20-25 years.

Samir Palod: So out of your INR 800 crore approximate income from your global company, how much would come from maintenance and stores and spares etc. And how much will be new pump sales? Just a rough cut number.

Prakash Agarwal: Roughly you can take it, the aftermarket is between 30 to 40% and 60% to 70% would be new products.

Samir Palod: And how do you see the new product business growing because that will ultimately eventually feed into your sort of maintenance business, right? So how are you seeing that business on a growth perspective?

Prakash Agarwal: So we are seeing opportunities there like I mentioned in the Middle East, North Africa where infrastructure is being developed, there is loop on pumps supply. But in oil and gas, there is new pump, for example, Europe has just announced 100 new reactors for the nuclear business. So those will be new pumps, but in between the new pumps coming, you have the aftermarket which sustains us.

Samir Palod: Right. And some of these geographies sir like Iraq and Egypt, how was the sort of payments structured or are these multilateral agency funded type of projects?

Prakash Agarwal: We directly deal with contractors and our payments are secure. Like we always work with very conservative payment terms.

Samir Palod: Sir, just overall, if you look at over the next 2-3 years, what sort of growth would you be comfortable projecting more a longer term sort of thing is this now, are you seeing good international as well as local opportunities which would enable you to continue growing at the sort of numbers that you've done in the last couple of years.

Prakash Agarwal: Yes, of course. I think the opportunity and the business model that we have built up is highly growth oriented because we have very good footprints and very good client relations across the world. So moving into new geographies, new products, new sectors is we have the bandwidth for that, is number one. Secondly, the major threshold which we achieved this year and our margin protection and our balance sheet gives us the strength to expand both organically and inorganically.

Samir Palod: Sure, Sir and if you allow me one last question, we were noticing that a lot of the international subsidiaries, there is a significant amount of minority interest that gets leaked. So is there any plan for WPIL to consolidate ownership of the overseas subsidiaries eventually.

Prakash Agarwal: Yes, its a priority based and cash flow based challenge and we as a group as a promoter when we launched these international operations, we had to step in and support the growth plan because it was new at that time, international transactions and for some time the businesses were underperforming. But now that they are performing well and we see robust cash flows. Yes, we will ultimately move towards in that direction.

Moderator: Thank you. Next question comes from the line of Kashish Shah from Sushil Finance. Please go ahead.

Kashish Shah: Firstly, sir, congratulations for the good set of results and for good dividend numbers. I have couple of questions. So first sir around the Rutschi nuclear one, can you explain what kind of opportunities are there and what are we looking at for next couple of years or more?

Prakash Agarwal: Yeah, I think what happened last year, last year was a very important year in the nuclear business, wherein Europe termed nuclear energy as green energy. So that has after Fukushima a lot of projects in Europe were on hold. But this has led to a lot of new projects being either initiated or in the design stage or even doing some groundbreaking. The 100 new reactors are proposed over the next 10 years in Europe, which is a very big opportunity, because we are one of the strongest players in Europe. And so its so large that we really have to think about how we can best utilize this opportunity.

Kashish Shah: And sir what would be the approximate value for this 100 new reactors? What it cost approximately?

Prakash Agarwal: Just to put it like this, 100 reactors launched nuclear typically is a very cyclical long term cycles. For example, I mean if all 100 reactors even if reasonable market share would be impossible for us to deal with. However, we have to see. The point is, its a general direction, 100 reactors. We see them coming on stream in the next 5-10 years significant portion. Just to quantify, a typical reactor has approximately between 5 to 10 million of our product.

Kashish Shah: Alright, sir my second question is around the international order book. So our international order book is around INR 661 crores, which is roughly around one time of our international sales. So are we looking at same kind of number or do we have a longer vision of increasing the order book position internationally?

Prakash Agarwal: Let's look at it in the segmental view is that the product order book is not so relevant because they are generally shorter term. I mean, they're talking 6 months to 12 months at the max, so therefore if you have a very big order book, it's not good for you. So we will see the growth. We see growth in opportunities. But it will not be so prevalent in the order book. The order book is more relevant for the projects, which are roughly 24 to 30 months. So I think the project order book shows you visibility in in the growth there, but the product order book is short gestation orders.

Kashish Shah: And sir what kind of margins do we expect for the international business or and for the product and project both going ahead?

Prakash Agarwal: As we said, as a company we want to focus on EBITDA margins between 15% and 20%. So when we get to 15%, we start focusing on the margins. But when we get to 20%, we are looking at revenue growth.

Kashish Shah: Alright, sir my next question is do we have any kind of inorganic growth opportunities since we have such a good cash and bank balance?

Prakash Agarwal: Yes, I think that's what area which is very exciting right now because I think the present scenario especially with interest rates going up in Europe and America and I think that should allow us some opportunities. We are exploring opportunities.

Moderator: Thank you. Next question comes from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: So my first question is in terms of the mix between the product and project, so is it going forward also similar mix likely to be there of around 50:50 kind of a number?

Prakash Agarwal: One is yes. I mean we would prefer the product to be a bit higher. The project is opportunity based as we said when we find the margins, the project opportunity is looking very good with good order book with good margins in the order book. So we will write that, but we are focused on maintaining this balance and improving this balance towards product, 60:40 would be a good balance.

Dhwanil Desai: Got it. And sir, in terms of margins, for a project business, the kind of margin that we are doing is extremely good. So can you tell us and also if you tie it up with the kind of working capital that we have, if you can tell a bit about how are we able to do this, project business this kind of a margin with very decent working capital. What are the parameters? How do we pay it? How do we screen and filter the project. Can you talk a bit about that?

Prakash Agarwal: We are very selective in the project business. As I said, I think one of the big strength comes from being an integrated flow solution provider, whereas we have very good client relations, very strong engineering and good project management teams. So if you see that, we haven't really pushed our revenues. With the strong order book, we are not talking of increasing revenues drastically. So I think that shows itself and that has been our main focus on margins and good executions and be highly selective.

Dhwanil Desai: So on the product side, we are doing around 20% EBIT margin. Do you think that that kind of a number is sustainable as we grow?

Prakash Agarwal: Yes as I said between 15% to 20% on the product, yes.

Dhwanil Desai: The product specific 20% is sustainable, that is right.

Moderator: Thank you. Next question comes from the line of Alisha Mahawla from Envision Capital, please go ahead.

Alisha Mahawla: The INR 655 crores of international order book is completely product?

Prakash Agarwal: Yes, a very small portion is long term projects which are over say a longer period recognized as projects but they are products, not turnkey projects.

Alisha Mahawla: And the domestic order book of INR 3,900 crores, is this completely project or does it have some component of product?

Prakash Agarwal: It has got INR 3,600 of projects and about INR 350 crores of product.

Alisha Mahawla: And this INR 3,600 is entirely Jal Jeevan?

Prakash Agarwal: No, it's got irrigation mix of all 3; Urban, Jal Jeevan and Irrigation.

Alisha Mahawla: And it is the project piece which is executable over 3 years?

Prakash Agarwal: Yes, 24 months, 2 to 3 years and there is a INR 600 crore O&M in that, so therefore…

Alisha Mahawla: INR 600 crore O&M in the domestic order book?

Prakash Agarwal: INR 3,600 crores yes.

Alisha Mahawla: Understood. And how the working capital cycle is different between the domestic and the international business?

Prakash Agarwal: I don't think the working capital, if you see our financials, it has come down from 190 to 79. So I really don't see working capital as a major challenge or issue. We are very conservative on our working capital and balance sheet management.

Alisha Mahawla: And while we do understand that we're not willing to call out margins of the India and international fee separately, but will there be a substantial difference in the margins between the two?

Prakash Agarwal: Not really. What happens is we have different moving parts. So that's why as I mentioned, we're looking at the gross between 15% to 20% EBITDA margin, but certain moving parts changed, so the aftermarket changed in certain segment changed. Our business, one thing is that it's best to look at our business in an annualized basis is one and to look at margin in a band because you could have certain movements or certain sectors performing at one time, it's a bit cyclical in that way.

Alisha Mahawla: And working capital days have obviously come down significantly like you were mentioning earlier. What has been the key driver for the same? How have you managed to tighten this to such a large extent?

Prakash Agarwal: We are very focused on it very selectively, we are not taking bad jobs. I think one thing must be appreciated is that with the strong order book, our revenues are in check, we are not expanding revenues to such an extent that we have working capital issues. So balance sheet management, margin focus, and then revenues.

Moderator: Thank you. Next question comes from the line of Devansh Nigotia from SIMPL. Please go ahead.

Devansh Nigotia: So in case of nuclear pumps, what are they exactly looking to supply with coolant pumps or is it something else? And also the opportunity size you mentioned, unit economics per reactor, for how many megawatt did we mention, I think 5 to 10 million, if you can reclarify on that as well?

Prakash Agarwal: It's a bit different from the Indian context. If you are taking a reference from there, most international reactors are very large in size, roughly 1700 megawatt and these are EPR2 reactors by the French EDF. And this is not there in India. India has much smaller reactors, number one and the pumps are different. So what happens is that there are 2 cycles in a nuclear plant. One is the primary cycle and the secondary cycle, so we are supplying mostly these critical pumps in the primary cycle. That's the one and the figure I have given you is approximate because it varies depending on different clients.

Devansh Nigotia: So $5 to $10 million, so that translates to...

Prakash Agarwal: Euros per reactor is roughly our area of opportunity.

Devansh Nigotia: So how is it different from coolant pump because what we understand the primary coolant pumps, it's generally installed in reactors in India. I'm just trying to understand what is the difference here?

Prakash Agarwal: That's what I would say. So the primary coolant pump in these reactors is very large. They're much larger and they are used single coolant pumps and they are primarily supplied sometimes by EDF themselves. So I think it varies. The business model in the nuclear business is different as followed in India and as followed in Europe.

Devansh Nigotia: So we are trying to install some ancillary pumps.

Prakash Agarwal: Yes, you're right in a way.

Moderator: Thank you. Next question comes from the line of Vignesh Iyer from Sequent Investments. Please go ahead.

Vignesh Iyer: I missed earlier part of the call. I just want to understand is the management is guiding towards any growth guidance on revenue side of it for FY24?

Prakash Agarwal: We are very strong. We are very confident of good opportunities for growth going forward, but no guidance, we don't want to make forward looking statements.

Vignesh Iyer: Can you quantify the size of the tenders or orders that you have participated with, the outcome of which is still pending, if you could quantify on international and domestic?

Prakash Agarwal: So as we mentioned that the order book is a good guidance for the project business. In the project business, we have INR 3,600 crores of order book and our revenues last year were about INR 800 crores and these projects are typically executed in 2.5 to 3 years.

Vignesh Iyer: I actually meant not the orders that you have already received, the orders which you have participated as of now and results are pending?

Prakash Agarwal: What I was saying is that because the order book is quite good and the revenues are not in line with the execution requirements, so we are focusing more on execution. The order book is sufficient and we have sufficient opportunities, I would like to put like this. The order book is INR 3,600 crores to be executed over 2.5 to 3 years and we have executed at INR 800 crores last year.

Vignesh Iyer: So just one last question from my side. On the data point out of this INR 3,600 crore project you have got, how much would be related to Jal Jeevan and could you also quantify in FY23 out of INR 1,785 crores, how much of the project was related to Jal Jeevan?

Prakash Agarwal: Jal Jeevan is quite significant in this. The order book is completely divided between Jal Jeevan, AMRUT and irrigation. So I think Jal Jeevan would be more than 50% presently because it is the major initiative in the water section by the government. Second, in the execution of INR 800 crores last year, again Jal Jeevan would be close to 50%-55%.

Moderator: Thank you. Next question comes from the line of Saket Kapoor from Kapoor & Co. Please go ahead.

Saket Kapoor: Sir, last year, if we take the split up of the revenue, it is almost 1:1 between the pumps and the project and now with the higher proportion at the project business, what should be the mix for the current year, any break up if you could provide to us?

Prakash Agarwal: As I mentioned that the project opportunity is a good opportunity, very positive for the company and we want to who are best with it. But at the same time, we are working on how to enhance product revenues with both organic and inorganic growth to keep a ratio of close to surely above 50% and closer to 60% product.

Saket Kapoor: So, out of the total topline for the coming year, 60% will be contributed from the product segment, pumps are necessary.

Prakash Agarwal: I want to say that presently the project business is looking very strong because of the strong order book, but we are looking at ways and opportunities to try to keep our balance.

Saket Kapoor: That is understood. So just to get a ballpark number, we are looking for a 60:40 ratio between the product and the project business going there for the current timing.

Prakash Agarwal: Target is to maintain between roughly 60:40 ratio.

Saket Kapoor: 60% for the product and 40% for the project?

Prakash Agarwal: Yes.

Saket Kapoor: Right and with the moderation in the raw material prices, is it safe to assume that there should be incremental margins also going ahead or those are going to remain in the same vicinity as has been earlier.

Prakash Agarwal: The commodity prices have stabilized very positively for us. Now going forward, our aim is to keep margins between 15% to 20%. So if we are reaching at 20%, we would look at revenue growth and if we are getting to 15%, we would go to margin focus. So that's the way we work.

Saket Kapoor: And 20% is the blended margin, sir?

Prakash Agarwal: Yes, that's the band in which we want to operate, blended margin.

Saket Kapoor: So for the Jal Jeevan Mission, you did mention that it it's a very pioneer project of the government and we are participating in the same. Could you provide us with state wise breakup, from which state is offering the best traction out of the order booking of INR 3,600 crores? How much is toward Jal Jeevan mission and if you could provide the state having the highest percentage?

Prakash Agarwal: The state I can't provide you. I don't have the details because we don't break it up into that. Jal Jeevan is rural water supply, AMRUT is urban water supply and we work in irrigation. So out of 3 we are working in, the highest Jal Jeevan business we have is from Madhya Pradesh, which is one of the largest states. And therefore there is a sizable rural area which needs to be covered.

Saket Kapoor: And Uttar Pradesh sir, any proportion you can because I think a lot of orders are showing and giving order book positioning at good traction from the UP government. A lot of tendering is happening, so do we have a good pie in our order book from the state of Uttar Pradesh also?

Prakash Agarwal: The water business in India roughly is approximately INR 100,000 crores, maybe 1 to 1.5 lakh crores a year and we are selective. So we are very happy with our order book. We are not pushed on the order book side and we want to be selective. So wherever we find good opportunities and matching with our requirements, we are focused there.

Saket Kapoor: And one small question for the pledge part, sir, we have often seen promoters pledging some part of their holding. So any key reason for the same that led to and also sir, we also find that because of the higher promoter holding, the liquidity in the stock is also very low that means it has a very high impact cost for investors. So if you could address these issues sir going ahead?

Prakash Agarwal: Two areas, one I can't address, the high promoter holding and we believe in the company, so that's there. The second is that I think our stake pledge is very nominal and it was for some short term fund requirement.

Saket Kapoor: For the impact cost for investors, I did not request for the lower promoter holding. It is the impact cost for investors that needs to be addressed from the company side only being a low floating stock thereby it creates a lot of impact cost to buy and sell the stocks. So I was just hinting towards splitting of the stock if the management thinks so, that was my understanding. And for the pump and the product segments, the order book number I missed, what is the current order book for the product side?

Prakash Agarwal: The product side, it's roughly about INR 3,600 projects and INR 1,000 crore product.

Saket Kapoor: And the executable period for the product segment 6 to 9 months?

Prakash Agarwal: It differs. We have a lot of moving parts. So lot of different geographies, but roughly the order book is not relevant in the product. In the project, yes, for visibility it is important.

Saket Kapoor: Anything else that you would like to answer on the split part sir, kindly look into the issue of addressing the liquidity.

Prakash Agarwal: We are very happy that to have such a good investor interest and we will review this positively.

Saket Kapoor: Right. The last point also on the revenue growth, which we saw for the product segment was in the vicinity of 20% from FY22 to 23. So this should be the scale trajectory we should be looking for the current year also on a base of INR 900 crore for the product segment?

Prakash Agarwal: The business model is very strong and good opportunities exist. As I mentioned that it is our key area to focus on growth. So don't want to make any more forward looking statements.

Saket Kapoor: Correct sir and how should one differentiate between contract material, civil cost and employee benefit expenses? If you could explain the nature of the two and what percentage should it be in terms of as a percentage of your revenue from operations, the contract material and civil cost and the employee benefit expenses?

Prakash Agarwal: Our employee related, I can do because the rest are fluctuating with the type of product, type of business but employee, I think we are very particular about our margins. So we're very particular about our employee cost ratios and we are growth focused. So I think there are no big challenges, I think our ratios are quite positive and we intend to keep them in this manner.

Moderator: Thank you. Next question comes from the line of Vishal from Swan Investments. Please go ahead.

Vishal: One question regarding the international order book of INR 610 crores. Can you share the numbers of last 3-4 years similar to what you have shared for the domestic order book?

Prakash Agarwal: We will subsequently look at that, but why it's not so pertinent is because as I had mentioned, the international order book is product and those are mostly short gestation. In the domestic, we were trying to capture the growth in the backlog for projects.

Vishal: Also, can you share the mix of the international order books across different segments like nuclear, water, oil and gas industrial segment? So if you can provide that also in the subsequent presentation for next quarter and year also that will be great.

Prakash Agarwal: What we want to say that it is very diversified. That's why we are not trying to segment that. It is very diversified across industrial, water supply, oil and gas and nuclear. So it's a pretty even basis breakup, but we had given something in our last presentation on March that presentation had a breakup for our European operations.

Vishal: Sir, also you have said that in the domestic, the opportunity size is close to around INR 100,000 crore. So in that, it will be divided into different set of products. So what is your opportunity time when you would like to tap this market, so that is how much big for you?

Prakash Agarwal: Very frankly, I think we've built a good size and become a good medium size, EPC player in the water segment. We are happy with our position and we want to consolidate on this. The opportunity is there, but the business sector is quite fragmented also. There is an unorganized and very large organized players, different. So you have different opportunities. It's very important to be selective. I think some of the earlier questions were regarding balance sheet issues and margin issues and we are very focused on that. But primarily I want to say that we are very satisfied with positioning we have and we see a good medium term, long term horizon.

Vishal: What will be the order inflow in this EPC project business in Jal Jeevan Mission for FY24 you would see?

Prakash Agarwal: I think the order booking, as I mentioned, we will do match it to our execution. We have are sufficient, we got a big jump in the order book with the large contract wins in March and we will match the order booking with our execution is how I would like to put it because you know it is quite negative to have a larger order book which is not commensurate with your execution.

Vishal: So, sir, in that case, in FY24, you will be majorly focusing towards execution and the growth in the orders what we have seen in FY22 to FY23. That will be comparatively lower. Is my understanding right here?

Prakash Agarwal: What I need to say is the execution growth is our focus. The order book is commensurate, it will be matched on execution.

Moderator: Thank you. Next question comes from the line of Divyesh Mehta from Dinero Capital. Please go ahead.

Divyesh Mehta: This is my follow up question. Just wanted to understand that export business completely comprises of product business. So sir are we planning to start any project related business in export market in overseas market and any opportunities we are trying to tap specifically?

Prakash Agarwal: Yes, we are. We want to see and we see ourselves an integrated flow solution provider. We are looking for opportunities in Africa and we are working on those and we will and that is a thrust area for us.

Divyesh Mehta: And how do we see as a company in the overseas market sir, where when it comes to project related business, because the cycle over here in India comes to at around 2.5 to 3 years in terms of one project completion. So in export market also it will take same time, same working capital stretch everything?

Prakash Agarwal: It's a bit different because the fundings are a bit different. So we have actually been working quite seriously for quite some time understanding the dynamics and positioning ourselves well. I think we should see good results. We are confident of what we are doing.

Moderator: Thank you. Ladies and gentlemen, we have reached the end of question and answer session. I would now like to hand the conference over to Mr. Prakash Agarwal from WPIL Limited for closing comments.

Prakash Agarwal: So I thank you very much for attending our earnings call and we appreciate the investor interest in our company and thank you again, good evening to everyone.

Moderator: Thank you. On behalf of WPIL Limited, that concludes this conference call.