May 14th, 2025

To,
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai– 400051

Scrip Code: EFFWA

Subject: Transcript of H2FY25 Earnings Conference Call

Dear Sir/Madam,

With reference to our letter dated 06th May, 2025 related to the Earnings Conference call and pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI-LODR"), we would like to inform that the transcript of the Earnings Conference call held on Friday May 09th, 2025 at 03:30 PM, is attached herewith.

This will also be hosted on the Company's website at www.effwa.co.in.

Kindly take the aforesaid information on record and oblige.

Yours faithfully

For **EFFWA INFRA & RESEARCH LIMITED**

Dhaval Hasmukharay Mirani
Digitally signed by Dhaval Hasmukharay Mirani
Date: 2025.05.14 19:12:52 +05'30'

COMPANY SECRETARY AND COMPLIANCE OFFICER

“Effwa Infra & Research Limited

H2 FY25 Earnings Conference Call”

May 09, 2025

MANAGEMENT: **DR. VARSHA KAMAL – PROMOTER – CHAIRPERSON AND MANAGING DIRECTOR – EFFWA INFRA & RESEARCH LIMITED**
MR. SUBHASH KAMAL – PROMOTER AND WHOLE-TIME DIRECTOR – EFFWA INFRA & RESEARCH LIMITED
MR. BHAVIN GOR – FINANCE DIRECTOR – EFFWA INFRA & RESEARCH LIMITED
MS. LINA LAD – CHIEF FINANCIAL OFFICER – EFFWA INFRA & RESEARCH LIMITED

MODERATOR: **MS. RASIKA SAWANT – X-B4 ADVISORY**

Moderator: Ladies and gentlemen, good day and welcome to Effwa Infra & Research Limited H2 FY25 Earnings Conference call hosted by X-B4 Advisory. 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 star then zero on a touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Ms. Rasika Sawant from X-B4 Advisory. Thank you and over to you ma'am.

Rasika Sawant: Thank you. Good evening everyone and welcome to the H2 and FY25 Earnings Conference call. Today on this call we have Dr. Varsha Kamal, Promoter, Chairperson and Managing Director. Mr. Subhash Kamal, Promoter and Whole-Time Director. Mr. Bhavin Gor, Finance Director. Ms. Lina Lad, Chief Financial Officer. This conference call may contain forward-looking statements about the company which are based on beliefs, opinions and expectations as of today. Actual results may differ. The statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict.

A detailed safe harbor statement is given on second page of earnings presentation on the company which has been uploaded on the stock exchange and company's website as well. With this, I now hand over the call to Dr. Varsha Kamal for her opening remark. Over to you, ma'am.

Varsha Kamal: Thank you Rasika. Good evening everyone and thank you for joining us on our very first earnings call. We are truly delighted to have you here. Let me begin by thanking all our stakeholders for their tremendous support in making our listing on 12th July, 2024 on NSE SME platform a great success. This was a significant milestone for us before diving into the numbers and performance, I would like to briefly introduce myself and Mr. Subhash Kamal who are Promoter and Directors of Effwa.

Further, I would also like to share what drives us at Effwa Infra. Myself and Mr. Subhash Kamal, we both hold Master's degree in Environmental Science and Engineering from Indian Institute of Technology, Mumbai. That we completed in 1986. In addition, I also hold a PhD in the same field from Carlton University, Ottawa, Canada. We both have spent almost 25 plus years in serving the water and wastewater treatment industry in India and overseas.

Our services to the nation for championing water conservation and pollution control has been recognized through various awards over the years. Specific to mention, I was accorded with Women Entrepreneur of the Year 2016 Award by SME Chamber of India. What excites me most is how environmental engineering can translate purpose into impact. How we can treat wastewater and support industries in becoming more sustainable.

This was the foundation on which myself and Mr. Subhash Kamal started Effwa with the vision to bring engineering excellence to environmental solutions, creating value for all stakeholders within our ecosystem. Now, moving on to Effwa. Effwa is a technology driven environmental engineering company specializing in integrated water and wastewater management solutions.

Our core competency lies in designing and executing high efficiency effluent treatment and recycling plants, zero liquid discharge systems, sewage treatment and recycling plants as well as water treatment and distribution systems. We operate at the intersection of sustainability, technology and regulatory compliances serving both PSUs and private clients across India and international markets. We are pleased to report our second half year ended 31st March, 2025 and audited figures in respect to the financial year ended 31st March 2025.

In financial year 2025, our operating revenue stands at 18511.93 lakhs, reflecting a growth over 27.53% compared to 14515.93 lakhs in financial year 2024. We achieved growth in both EBITDA and PAT. Our EBITDA is 3001.99 lakhs, showing a year-on-year growth of 47.13%, while our PAT is 2011.28 lakhs, stands at 10.86% of revenue with a growth of 44.65% over financial year 2024.

This performance is driven by higher execution efficiency, supported by continuous monitoring and control through value engineering and implementation of latest engineering softwares, as well as through technical and soft skill training of employees. Now about talking on our working capital and receivables. The reduction in trade payables and resulting negative cash flow is driven by deployment of necessary funds to ensure higher profitability through cash discounts, leading to savings in direct costs that is direct procurement costs.

Moreover, the increase in trade receivable days is attributable to peak in billing cycle and commercial terms with clients, leading to booking of 74% of total revenue of H2 financial year 2025 in last quarter. Further, it is pertinent to note that surged value of total receivables comprises of export orders executed during this period of 2010 lakhs in H2 FY25, which are backed by 100% letter of credit from customers and it also includes 18% value of total receivables towards retention.

We remain focused on sustaining this growth momentum in next financial year with availability of adequate working capital, addition of talent in the team, improved efficiency by software implementation, employee training and strategies we have implemented to enhance operational efficiency.

We are also confident in our project pipeline and strategic approach of project selection due to better credentials we have now. Our continued focus on timely process execution, prudent cash management and technological advancement will be key to driving value creation for our stakeholders. I will now hand over to Mr. Subhash Kamal, who will elaborate on our growing trust in ZLD-based solutions and some industry highlights and recent wins. Thank you very much.

Subhash Kamal: Thank you, Dr. Varsha and good evening to all who are on call today. Thank you so much. I'll take you to the strategic plan your company has for this year and next two to three years. So I'll take you through that roadmap. See that today the environmental engineering is no more known as pollution control, but it's a zero-liquid discharge where you are not supposed to drop a single, any water. So all the projects today in market are for zero-liquid discharge. We are also, although

there is government trust on (Urban Local Bodies) ULBs where water supply, sewage treatment, sanitation, those projects are there in mass.

Earlier we were restraining ourselves to PSUs with larger projects limited to ZLD, but we feel responsible to adjust to all society members, every part of the society related to environment. So we are now seriously considering and participating some large projects for ULBs in a cluster, which will add to our revenue and also profitability as we have different technologies to offer.

Now the zero-liquid discharge projects are still not that clean as it was conceptualized. It's a selfish approach where only you get the water, but still residues are thrown into the environment in long term it is not beneficial. Your company has already – has been working on it for a couple of years to make it a zero-discharge wherein every product, every by-product, every waste is converted into a product, which will change the whole scenario of environment because it took zero-liquid discharge concept to become a reality, It took almost six to seven years. And ZD, zero-discharge, I'm sure people have started picking up. All my clients such as PSUs, they're all excited, waiting for us to really set up a system for them, for which we're waiting for some formalities related to our patenting. We expect that we should be launching it for year 27. That will change the whole scenario and hope Effwa will be the company who will be leading this and rest will follow after five to seven years.

It will be a phenomenal thing for your company. Now coming to some of the orders we have received in this latest included one is the subcontract from one Malaysian company called Steel Authority of India. Then Tata Steel, we have got two more. Vedanta is a new member in our team now as a client, JSW is joining shortly. Overseas thrust that we resolved last time has already started resulting.

We have booked order in Ivory Coast and two more projects in Tanzania, having completed one. So this year we have already booked around INR80 crores worth export project and there are many in pipeline. As far as operation and maintenance segment where we had inputs from investors and team members.

We should put more efforts on this to have a perennial revenue generation and more profitability. We have taken it seriously and we have already got some contracts for O&M from Steel Authority of India for five years and many are in pipeline. Our thrust has been to widen our cliental base, adding more of leading private sector. As I shared with Vedanta already, we have bought the order from them. One and two more are in pipeline.

With Jindal Steel, yes, we are preferred vendor with them. We are expecting three projects which are under negotiation stage. Tata Steel, of course, has been our regular client. We have almost 28 projects executed for them and two more we are signing shortly. While we execute the projects, we also need to have a balance between how many projects we can take up. So earlier strength was around 10 to 12 projects at a time, which we have enhanced to 18 to 22 projects at a time.

We had an order pipeline bidding of almost INR1,800 crores, out of which few we have not got because of the price reason, marginal price reason. However, as on today updated when after losing and the orders which we have already procured of that pipeline, still we are around INR2,002 crores worth bidding where we are already qualified for INR1,800 crores plus projects, technically qualified. It all depends on our price competitiveness. While we execute the project, today's maximum safety at work is valued most and has nowadays become part of your bid evaluation.

I am pleased to share that your company was awarded Best Safety Award by Bharat Petroleum Corporation Limited, where we achieved 10 million safe man hours without any loss of time or causing any injury to any of our team. We also received Economic Time Infra Leadership Award for excellence in waste water management, which is a testament to our unwavering commitment to safety and sustainability. May I request our CFO to present financial highlights for H2 FY25.Thank you.

Lina Lad: Thank you, Kamal Sir and good evening to all participants. Starting with the financial performance for the second half of FY25, we recorded an operating income of INR12,426.13 lakhs, reflecting an year-on-year growth of 10.80%. EBITDA came in at INR2,271.99 lakhs, translating to an EBITDA margin of 18.28%. Net profit after tax stood at INR1,534.88 lakhs with a PAT margin of 12.35%.

For the full financial year FY25, our operating income was INR18,511.93 lakhs, a strong growth of 27.53% year-on-year. EBITDA for the year was INR3,001.99 lakhs, up 47.13% from the previous year, with an EBITDA margin of 16.22%. Net profit after tax was INR2,011.28 lakhs, resulting in a PAT margin of 10.86%. Let me now walk you through the segmental and business vertical performance.

Revenue contribution overview for H2 FY25, institution wise 60.23% of our revenue came from public sector undertakings, 37.84% from private sector and 1.93% from government institutions. Domestic versus exports, 83.82% of our revenue was from domestic sales, while exports contributed to 16.18%. Coming to service-wise, effluent treatment plans with ZLD accounted for the highest share at 81.05%, followed by effluent treatment with recycling at 15.24%, sewage treatment plans at 3.37% and operation maintenance at 0.35%.

Revenue contribution overview for FY25 full year is institution-wise revenue was largely from public sector undertakings at 51.77%, private sector at 46.83% and government institutions at 1.40%. For domestic versus exports, 89.14% of total revenue was from domestic markets and 10.86% from exports. Service-wise, effluent treatment with ZLD remained with dominant contributor at 85.36%, followed by effluent treatment with recycling at 11.32%, sewage treatment plant at 2.98% and operation maintenance at 0.34%.

With that, I conclude the segmental overview and would now like to open the floor for any questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. First question is from the line of Jay Bharat Trivedi from InCred AMC. Please go ahead.

Jay Bharat Trivedi: Congratulations on good set of numbers. Sir, first and foremost, I would want to understand that the competitive intensity in this market. So what are the number of players and what is the usual difference between an L1 and L2 while participating in this contract?Can you brief us on this?

Subhash Kamal: Good question from your side. This is Subhash Kamal. Now, as per market, if you say it's very competitive, but if you look at what is your thrust and your focus, then it's very selective. If I say pollution control and environmental engineering, so we may have hundreds of companies, but their segment and size is all different. So where your company falls is in selective, maybe maximum 10 companies where we are in, by way of the technologies, past credentials and financial strategy.

Jay Bharat Trivedi: Okay, sir. So what is the category, I mean, for ZLD if I were to say, so in the ZLD market what are the number of players who would be bidding for an ideal contract? Any number if you can give it?

Subhash Kamal: They don't go beyond single digit.

Jay Bharat Trivedi: Okay. And this also includes the likes of your MNCs like Veolia and others?

Subhash Kamal: Veolia and all, but in fact we do work in tie up only in many places, there are regular vendors for some of the selective things and we do things beyond what they do.

Jay Bharat Trivedi: Okay. I got it, sir. And second, sir, on the business front side the technology that you guys use for zero liquid discharge and effluent treatment plants, is it in-house or in the past we have incubated this technology with some JV partner? How is it like?

Subhash Kamal: It's all in-house because this is a passion-driven team led by Dr. Varsha and I also contribute and my whole team of plus 100 engineers are trained like that. So it's all technologies are basically the selection of unit operations based on what is the situation, what is the waste. So one good thing is what you offer a solution is never fixed.

It's not a product that you sell. So every case is different and you have all options to apply your talents, your knowledge, your concepts, so you can always have edge over each other.

Jay Bharat Trivedi: Okay, sir. Sure, sir. And I know Madam spoke already on the cash flow, can you just brief us more on what are the usual working capital days in this business and what is the advance that we receive percentage-wise and what is the retention in an ideal contract?

Bhavin Gor: Yes, this is Bhavin. So as far as the business ecosystem goes, we have three parts in the total revenue. It's the first is design engineering, then we have a civil work and then we have supply and then we do commissioning and election. So during the project cycle of project life of say design engineering step, the revenue is around 5%, 6% and then gradually as and when the

project get developed, we do the billing on a milestone basis, which is already decided while bidding.

So around 30% is around for the civil work and then the rest is supply and commissioning and election. So the billing pattern it depends on that what stage the project is. So this is what typical EPC working that we do. As far as retention is concerned, it is between 5% to 10% of the project value. So that remains for one year after defect liability period is over and as far as the working capital typically is concerned, you can say if I have INR100, we can do the business of around INR300. This is what it goes like, because in our once we do the billing, then the customer takes around 60 days or odd something to process and make the payments.So this is a typical working capital that we are into.

Jay Bharat Trivedi: Okay, sir, and what are the plant utilization levels as of now?

Bhavin Gor: We do not have any tangible assets like plant and machinery. So we have only one RMC plant at the site. What we do, we outsource the whole construction part to a contractor, which are very well developed and trained by us from so many years. So that takes care of the construction part.

And as far as supply is concerned, we have all proper vendor scrutinizing system and all those vendors who are registered with us and also approved by the customers to whom we give the order and they supply the material. So in this particular business, we do not carry any heavy assets. So there is nothing like plant capacity.

Jay Bharat Trivedi: Understood, sir. And the last question from my side, what has been the bid-win ratio in the past?

Bhavin Gor: Around 25% to 30% is the conversion ratio.

Jay Bharat Trivedi: So, INR2000 crores order book that we have under negotiation as of now, 25% to 30%, if going by the past rate 25% to 30% can be the conversion?

Bhavin Gor: Yes, correct.

Jay Bharat Trivedi: Okay. Thanks. That's it from my side and I will join the queue even if I have any further questions. Thank you so much.

Moderator: Thank you. Next question is from the line of Tejas Thakkar, who is a Private Investor. Please go ahead.

Tejas Thakkar: Thank you for the opportunity to ask the question. My first question is with all the export orders that we're getting, is it from private or is it funded by ADB or World Bank because what we're hearing is that…

Bhavin Gor: Yes. Go ahead. Sorry.

Tejas Thakkar: So what we are hearing is that the funding for the ADB and World Bank might get cut down going towards the changes that is happening internationally. So will that affect our orders in

Africa or other locations as we are planning to target looking forward. That's my first question and maybe you can answer this and then I can have a future conversation?

Bhavin Gor: Okay. So coming back to this question, right now what our order book of exports that we have procured, that is with Afcons which is 100% backed by letter of credit. So this is that we have a tie-up with Afcons for the export projects. So they do the construction work at Tanzania or Ivory Coast and we do the supply, design, engineering, installation, commissioning. And these all projects are 100% backed by a letter of credit. So we do not have any risk of receivables.

And as far as the other project goes as you asked for World Bank and ADB, I think Subhash sir will be able to answer it better.

Subhash Kamal: Yes. Tejas ji yes it's Kamal. For other projects, we have ADB funded, JICA funded projects where we have bided and that's where we do. World Bank also some projects.

Tejas Thakkar: So do we foresee any cut down in that budgets going forward in the coming years because of the international changes that are happening?

Subhash Kamal: Actually, these projects, actually they are the top priority. It's all related to water or sanitation, environment. So even if like US funding, some projects were there where they suddenly stopped. So we are choosy about that. In fact, we were not aware it might happen, but yes so luckily we have never put our hand on that. So we go with the ADB or JICA projects and World Bank projects, funded by banks.So they are irrevocable.

Tejas Thakkar: Okay, sir. Sir the second question was you just -- congratulations on this new technology that the company has invented for zero discharge. Now, only question was are you planning to give this ZD to replace ZLD going forward? And if so, is there a cost increase for the customer and that's over what percentage?

And once you launch it by FY27, will that be commercialized in FY27 or will you have a testing phase for 6 months, 8 months before you can actually launch it commercially?

Subhash Kamal: Yes. Zero liquid discharge is more of a pressure on industries because good part of it is up to you getting water. Now, whatever residues are left that is nothing, but concentrated form of whatever was making your water useless. So it is undesirable material and that is not one material. So it's a mixture of any unknown and known things. So that was a pain point for everyone and is a pain point today because they pay very heavily for the safe storage.

It's not even disposal. So there is a landfill site where they have to pay heavily and which is a continuous outflow. So the process whereby I can terminate this disposal issue with them, I save their money and I convert this product into something which either they use themselves or there's another industry which they use it. So instead of pain, it becomes a earning point for them. So everyone those who are operating ZLD including my own clients, they are eagerly waiting.

And, in fact, we have already demonstrated this success in small scale and we are in the process of making sure patent and all that process is going on. So once it is done, we'll be ready. Before we launch in 27, we may be having a few contracts already in place.

Tejas Thakkar: Okay. So as I understand, sir, this is an additional thing over and above the ZLD?

Subhash Kamal: Yes. In fact…

Moderator: Sorry to interrupt Mr. Thakkar maybe please request you to rejoin the queue as there are several participant waiting for their turn. Thank you so much.

Tejas Thakkar: Sure. Thank you.

Moderator: Next question is from the line of f Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave: Thank you very much for the opportunity. Sir, I have one question on the growth, which we saw in the two halves of the year. So the first half was we grew fairly nicely. Second half, the growth was slightly subdued. So generally, in such businesses we have seen that the second half is more activity-heavy, so to speak. So how should we look at these two halves, sir?

And what is your sense as to what kind of growth will we see over the next two, three years? Because H1 presentation mentioned a fairly nice order book. Now the bid pipeline is also looking fairly good for you. How do you see the business momentum accelerating? And sir, I have one request also then I'm done, sir.

My request is if you can start giving quarterly results, the environment is extremely volatile because of so many factors. Six months is too long a gap between communications from the company. The entire investor community will really appreciate if you can come out with quarterly numbers?

Bhavin Gor: Yes. So your question is the first half and the second half. See, as you know that is not like manufacturing or trading, so uniformity of sales is not there, number one. Number two, in first half, we did the total INR145 crores turnover was there in last year compared to that this year we did 185, which is around 27% growth. We had a couple of supplies which were supposed to happen in March, but because of shutdown at sale for a few days, so that delay got delayed.

So that was the reason for little low sales, which is around INR25 crores, INR30 crores. See there are certain things which are not in our control.

Agastya Dave: Right, sir. I understand.

Bhavin Gor: So that was the only reason. Otherwise, we project we had a target of around 200 plus. So this is what it is. And coming to the next year definitely we are looking for more than 50% growth in next couple of years on year-on-year basis. This is what we are anticipating.

Agastya Dave: 50, sir?

Bhavin Gor: Yes 50.

Agastya Dave: Okay, sir. So thank you very much and kindly consider quarterly results.

Bhavin Gor: Yes, your point is very welcome and I appreciate it. We are as a management we would like we will try our level best to publish the results on a quarterly basis.

Agastya Dave: Sir, I appreciate your words. Thank you very much, sir. All the best.

Bhavin Gor: Yes. Thanks.

Moderator: Thank you. Next question is from the line of Rohit Priyadarshi from Mittal Analytics. Please go ahead.

Rohit Priyadarshi: Thanks for the opportunity. Sir, we have been seeing and reading a lot about a lot of growth in STP and sewerage projects. What are the thoughts of the company on this segment and why are we not focusing on the same in a bigger way?

Subhash Kamal: Yes, this is Subhash. In fact, yes, there are a lot of projects on sewerage network, sewerage system. And every town is having those projects, opportunity, but our priority is for a little different way. We take the project and close the project. Now, here we have been we have been keeping our eyes on this.

But had it been only sewage treatment plant probably would have still considered in a fall. But there's sewerage system. So if, say, the project cost may be INR300 crores, but sewerage system is 225 and whole township I have to lay the sewer line from home to home. And then so many hindrances. So instead of doing a project with delayed time, we prefer to close the project before time.

So these are same issues with water supply projects where water connection from door-to-door. Size looks big, but there's nothing challenging and there are so many companies who are into that phase, highly competitive.

Rohit Priyadarshi: Okay, sir. And sir the next question would be on the margins front. We see that a few listed companies are having margins of around 20% odd and what are your thoughts or how would the margin expansion will happen for us in coming years?

Bhavin Gor: See, that will happen, see over a period of time in down the line two, three years. Hello.

Rohit Priyadarshi: Yes, sir.

Bhavin Gor: So you are talking about EBITDA, right?

Rohit Priyadarshi: EBITDA margins, sir, like…

Bhavin Gor: See right now we are functioning at around 15%, 16% EBITDA. So further couple of percentage over a period of two, three years.

Rohit Priyadarshi: Sir how do we expect the margins going ahead?

Bhavin Gor: That is mainly because of dilution of certain fixed cost. We have a full engineering team in house. So we are also adding a few more engineers in this year also, a couple of -- we already added in last year also. But obviously there will be a cost dilution. So that will impact around more than 1% on the top line. So, plus we are also taking more number of projects. So that will also again help us in diluting the other costs.

Rohit Priyadarshi: Sir, any numbers or any like what kind of margins can we expect in next two, three years, any range would be helpful?

Bhavin Gor: Additional 2%, 3% from here.

Rohit Priyadarshi: Okay. Sure.Thank you, sir.

Moderator: Thank you. Next question is from the line of Smit Shah from JHP Securities. Please go ahead.

Smit Shah: Hi, sir. Congratulations on a good set of numbers. My first question would be that when we compare H1 FY25 to H2 FY25, our order bid pipeline has increased from INR1,800 crores to INR2,000 crores, but our order book has fallen from INR500 crores to INR350 odd crores. Now we are guiding for 50% kind of growth. So for the next one year led by FY26 end, what kind of order book do you intend to close the year with?

Bhavin Gor: See we are right now – we have executed few projects also. That's why the order in hand has gone down plus at the same time, we have bidded more projects. So it is an ongoing process. Some projects come added, some are already executed. So that is an all-time figure. Number one. Number two, we are expecting a good number of orders to be converted in the first half of the current financial year that 25-26. So this is what we are working on. And as I mentioned that we are looking for at least 50% growth Y-o-Y for next couple of years.

Smit Shah: Okay, understood. And what are the average size of order that we're tendering for going forward?

Bhavin Gor: That is around anything more than INR75 crores, INR80 crores.

Smit Shah: Okay, understood. And just one last question, out of this INR2,000 crores bid pipeline that you mentioned, how much out of that is ZLD and how much out of that would be for the export markets?

Bhavin Gor: Around INR500 crores export market, rest is ZLD.

Smit Shah: Okay, understood. Yes. That's all. Thank you so much.

Moderator: Thank you. Next question is from the line of Sanika from Sapphire Capital. Please proceed.

Sanika: Hi, sir. Actually, you just said that we're looking at a good number of orders to come in H1 of FY26. So can you please quantify that?

Bhavin Gor: There are three, four projects that we have, we have already done the T1. Now we are expecting that to convert in L1. So it would be around 300 and odd figures.

Sanika: So what kind of order book are we looking at by the end of H1?

Bhavin Gor: 600 plus 600, 700, near.

Sanika: And that is after what we've executed, right?

Bhavin Gor: Yes.

Sanika: Okay, fine. I will get back in the queue. Thank you.

Moderator: Thank you. The next question is from the line of Saumya Shah, an Individual Investor. Please proceed.

Saumya Shah: Hi, thank you. My question is to continue on the order book. What is the average timeline to execute a INR75 crores, INR80 crores project, one. And two, in terms of going forward, what can we expect in the order book? Is it going to continue around the effluent treatment plants only and operations and maintenance or any other areas the company is looking to go into?

Bhavin Gor: So average project time is around 12 months to 18 months and we are right now doing EPC projects majorly, but over a period of time we are also going to focus more on the operation and management. Now, previously the order size was smaller like INR25 crores, INR30 crores. So the O&M was also not very much attracted for bigger figures.

But now we are executing anything more than INR75 - 100 crores. So the O&M part is also a good number in value. So we are focusing on O&M also and we have developed a team of engineers over a period of time to execute that. So definitely, that will be the focus of management also for the future sustainable revenue.

Saumya Shah: Sure. And do the margins change?

Bhavin Gor: The O&M carry around 30%, 35% EBITDA.

Saumya Shah: Okay, versus the other would be around 20% in the long run?

Bhavin Gor: Yes.

Saumya Shah: Yes. Understood and the focus would be to continue around public and private sectors or is it also to focus around other government institutions or government initiatives as well going forward to expand the order book?

Bhavin Gor: We are mainly right now focusing on private and PSUs only. But if given an opportunity, if there is a good project with clear execution timelines because in the government project, the major point is the land acquisition. So we don't want to get stuck with those all local issues. So if we get any opportunity of such kind of projects where those hurdles are not there, our funds are safe

definitely then we would like to do it. So considering all risk of what any business carries, if that fits in our philosophy of taking the project, then definitely we would like to do.

Saumya Shah: Sure. Thank you.

Moderator: Thank you. Next question is from the line of Tejas Thakkar, Private Investor. Please go ahead.

Tejas Thakkar: Thank you for the opportunity again. So I just want to complete my previous question that Kamal sir was asking. So basically ZD would be an over and above thing on ZLD. Is that understanding correct?

Management: Can you repeat the question, please?

Moderator: Mr. Thakkar, may we please request you to use your handset?

Tejas Thakkar: Yes, one second. Is it better?

Management: Yes, that's good.

Tejas Thakkar: Yes. Sorry for that inconvenience. I was asking that this ZLD like what I was given to understand was that ZD is over and above ZLD, which will take care of the remaining content that are there. So I just wanted to understand, so going forward will all ZLDs by default come with an additional ZD and that means we have an additional margin?Is it more margin accurate for us or will it be bundled in ZLD itself?

Subhash Kamal: No, this will be added on. See all existing ZLDs will all opt for ZD because it will save a lot of money for them. And we worked out the recovery payback period was around two years.

Tejas Thakkar: Sorry sir please complete.

Subhash Kamal: So this ZD will be a choice. It's not that we want to push it. It will save a lot of money for those who are doing ZLD today.

Tejas Thakkar: Correct. Understood, sir. So can you give a rough estimate, if possible, on the EBITDA margin? I think ZLD is currently at 20%, 18% to 20%. So what will ZD be at?

Subhash Kamal: See ZD is the concept by your company. So we must take some advantage also. When we are -- it's our technology and we are having a lot of patents getting patented and all that. So it's a strategy related to that.

Tejas Thakkar: Okay, sir. Thank you so much.

Moderator: Thank you. Next question is from the line of Smit Shah from JHP Securities. Please proceed.

Smit Shah: Yes. Hi, sir. There was one more question. So looking at your debt, it has increased from INR14 crores in FY24 to INR30 crores in FY25. So what kind of debt, more incremental debt you'll have to take to fund the working capital requirements for FY26?

Bhavin Gor: See for FY26, we have a sufficient bank limits and funds available. So we don't go for any, except we get any bigger project of single size of INR300 or some odd crores project. Otherwise, we have a sufficient fund to execute to FY25-26.

Smit Shah: Okay, understood. And one more question. You said that you were not able to get some orders recently because of the price issue.Was there any other issue that you faced for which the orders were not?

Bhavin Gor: Sir, we don't have any other issue other than sir mentioned that is the price margins.

Smit Shah: Okay. And sir this year, we have done 16% annualized margins, EBITDA margins. So this is because the ZLD has increased as a percentage of our revenue or is there some other reason?

Bhavin Gor: No, ZLD is that reason plus there is also increase in the total top line. So that has diluted some of the fixed costs. So put together, it is 16%.

Smit Shah: Okay, understood. That's it from my side. Thank you so much. Best of luck.

Moderator: Thank you. Next question is from the line of Arnab Bhattacharjee, who is an Individual Investor. Please go ahead.

Arnab Bhattacharjee: I was interested in knowing what is the percentage that we are currently spending in our R&D? How many scientists we have and question two would be like with respect to ZD or zero discharge, is there an industry we cater to because I believe like this can be a difficult thing to integrate with different industry.

For example, pharmaceuticals will have different kind of discharges and would need separate treatments. Iron and steel industry will have a different kind of discharge. So it will be like selective industry based. So I wanted to understand the technology that you're developing. Is it generic or is it focused on some particular industries?

Subhash Kamal: Yes, Mr. Bhattacharjee. This is Subhash Kamal. In-house, our R&D we have R&D by experiment design and with respect to the objective where Dr. Varsha me and all my team, we are professional chemical engineers. So we frame the design. We have associates where we get the experiment conducted.

Once we have bench scale trial successful, we go to piloting. That is the setup we have now. Two, coming to ZD, yes, as you rightly said for every industry, it may be different. Now we are talking about we are taking the case beyond ZLD, that is the residue left over from your evaporators. So anything in solid form is nothing, but the inorganic salts contaminated with any organic materials.

So we are doing, one is organic separation and ultimate disposal by suitable means which is very affordable to inorganic salt separation by different processes. So each salt we separate and is reusable elsewhere or in the same industry. We have already done for two, that's for steel and

we have also done for one chemical industry, two cases and pharma is much easier to deal with because apart there we have maximum contamination due to organics.

Arnab Bhattacharjee: Thank you for your response, sir. In future, do you plan on adding more scientists beyond the senior team operating or are you guys happy with whatever count you have today?

Subhash Kamal: Well, in fact, our background has been hardcore R&D. We are all R&D guys, basically. So we turned into engineering. Now we are a hardcore EPC company. So engineering we have been from NEERI, IIT, UDM. So this has been Dr. Varsha, PhD. A lot of papers we used to publish. So we thought, why not help industries? That's what we are.

Arnab Bhattacharjee: Thank you, sir. Thanks for your response.

Moderator: Thank you. Next follow-up question is from the line of Sanika from Sapphire Capital. Please proceed.

Sanika: Hi, sir. Just one more question. In one of the conferences which was held very recently, we said that we're looking at around INR350 crores of top line in FY26. And now we've given a guidance of 50% growth, which comes to around INR270 crores of top line. So can you tell me what has changed for you like is it because of low order book or are we just being conservative?

Bhavin Gor: Sanika, we are working on that line only. So conservatively what we are putting the figures, but we are putting all our efforts and all our team to achieve as we have already told around 300 to 350. So there is nothing in reduction in the order book or something like that. On the contrary, order book what we are expecting in the first half is much more than what we were talking about.

Sanika: So that means we are still on track for INR350 crores of top line in FY26?

Bhavin Gor: Yes, sure. Correct.

Sanika: Okay. Thank you.

Moderator: Thank you. Next question is from the line of Jay Bharat Trivedi from InCred AMC. Please go ahead.

Jay Bharat Trivedi: Sir, so just wanted to understand on the raw material side, can you give a key raw materials where any change in pricing can affect our margins, the composition of our raw materials, if you could give that?

Subhash Kamal: Yes, sir. This is Subhash. With most of the contracts, we have escalation clause and they are related to the material, the copper, zinc, steel, it's well related to that. Except for even for the erection cost, manpower so we have different prices. So when if the project gets delayed due to clients they pay me escalation under different class, over and above we can get this difference also based on diesel price and all those things are there.

Jay Bharat Trivedi: In the ZLD sir do you also do have a process where you incorporate RO, reverse osmosis or we have a different process?

Subhash Kamal: No, actually you have a lot of pre-treatment depending on the industries, industry and the wastewater also quality. A lot of pre-treatment before it comes to ultrafiltration and RO. And then something is beyond RO.

Jay Bharat Trivedi: So for RO, the cylinders or the candles that you have, those are supplied by third parties, if my understanding is correct?

Subhash Kamal: Yes, we have Veolia who supplies we have a tie-in for our benefit.

Jay Bharat Trivedi: How many suppliers you would be having?

Moderator: Sorry to interrupt, Mr. Trivedi, may we please request you to reach on the queue, sir?

Jay Bharat Trivedi: Sure, thanks for this. Thanks. All the best.

Moderator: Next follow-up question is from the line of Saumya Shah, an Individual Investor. Please go ahead.

Saumya Shah: Thank you for allowing me to ask the question. Again, just wanted to check are we taking any JVs or are we doing any JVs with any other Insta players or any financial JVs which the company has, any joint ventures?

Bhavin Gor: Sir, can you repeat your question?

Saumya Shah: Sure, are we doing any joint ventures or any financial JVs, let us say some other EPC company has got a contract and then they subcontract it to you? Any such arrangements or are you directly getting the orders from your partners?

Subhash Kamal: We do to our own interest we do mostly with overseas companies, not from Indian companies.

Saumya Shah: And would the overseas order book be JVs with overseas players entirely or would it be just some parts?

Subhash Kamal: What is that?

Bhavin Gor: Sorry, we are not able to listen to your voice properly.

Saumya Shah: My question was, are there any joint ventures or any financial JVs which we have done with any other Infra companies? Hypothetically, they won a tender or they won a project and they subcontracted it to you?

Bhavin Gor: No, it's not like that.

Saumya Shah: Okay, so you're directly getting the projects from the private or the public sector enterprises?

Bhavin Gor: Yes.

Saumya Shah: Sure. Thank you.

Moderator: Thank you. Next question is from the line of Harsh Maru, Independent Equity Advisor. Please go ahead.

Harsh Maru: Thank you for this opportunity. My question primarily relates to whether the second generation is involved in the business, if yes, how and also if you could talk about the leadership which goes beyond the promoters?

Subhash Kamal: Yes, Harsh. This Effwa, in fact, you will find totally professionally run companies. There is no flavor of any individual holding and commanding things. It's all system driven, number one. Two the next generation, in fact, Shravani Kamal she is a Mumbai University Gold Medalist. She is from IIT Guwahati, Environmental Engineering.

She worked for three, four years here in Effwa. She went for her MBA from Harvard, parallel to Harvard and she is taking some experience, global experience before she plans to come back or she will take forward Effwa for overseas business. The second is Shraddhesh Kamal, he is a Mechanical Engineer. He also went to U.S, did his Master's in Mechanical Engineering related to our field of Environmental Engineering. He had joined back two months back Effwa.

So, if you say this is the next generation, yes, they are relatives, son and daughter, but they are totally professional. Their qualification must be on, they don't qualify to be here due to relation, but due to their qualification.

Harsh Maru: Thank you so much for the detailed response.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the conference over to Mr. Subhash Kamal, Promoter and Whole-Time Director for the closing comments.

Subhash Kamal: Yes, thank you. Thank you to all of you who joined this earning concall. I hope we have answered your questions to your satisfaction. We look forward to your suggestions, if any. And if you have any further questions, we would like you to know about the company. Any question that you have, you may please reach out to X-B4 advisory for our Investor Relation. Thank you so much. Take care.

Moderator: Thank you, sir. On behalf of Effwa Infra and Research Limited, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.