



“Concord Enviro Systems Limited
Q1 FY '26 Earnings Conference Call”
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**MODERATOR: MR. KANAV KHANNA – ERNST & YOUNG (EY
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Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY '26 Earnings Conference Call for Concord Enviro Systems Limited. 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Kanav from EY. Thank you and over to you, sir.

Kanav Khanna: Thanks and good morning to all the participants on the call and thanks for joining in our Q1 FY '26 earnings call of Concord Enviro Systems Limited. Please note that we have mailed out the results to everyone and you can also see these on our website and it's been uploaded on the stock exchanges as well. In case you have not received it, you can write to us, we'd be happy to send it over.

And before we proceed to the call, let me remind you that the discussions may contain some forward-looking statements that may invoke known or unknown risks, uncertainties, and factors. It must be viewed in conjunction with our business and could also cause future results or performance to vary significantly from what we have expressed or implied. To take the results of this quarter and answer to all of your questions, we have the management of Concord Enviro Systems Limited.

Please welcome Mr. Prayas Goel, Chairman and Managing Director, Mr. Prerak Goel, Executive Director, Mr. Anish Goel, Group CFO, and Mr. Abhijit Ghalke, Head of Strategy and M&A. We'll be starting the call with a brief overview of the quarter gone past and then we'll follow it up with some questions and answers.

Now, with that being said, I transfer the call to Mr. Prayas Goyal. Over to you, sir.

Prayas Goel: Thank you, Kanav. Good morning, ladies and gentlemen. A very warm welcome to Concord Enviro's quarter 1 financial year '26 earnings call. I thank you all for joining us today. Let me begin with a brief introduction to our company, followed by an overview of our performance for the quarter. With over three decades of experience in wastewater and water management, Concord Enviro is a globally integrated, technology-enabled provider of water and wastewater treatment solutions.

Our strong focus remains on zero-liquid discharge and energy-efficient technologies related to water. At the core of our business is enabling industries to achieve water sustainability goals while optimizing the operational costs.

Our business today is built around three key segments. Systems and plants. This includes effluent treatment plants and aerobic digesters, ETPs, membrane bioreactors, sewage treatment systems, and a range of membrane-based technologies like ultrafiltration, nanofiltration, reverse osmosis, and waste heat evaporators.

Our latest addition in this space is compressed biogas or CBG systems, which we launched in the in April 2024. This solution converts organic waste into renewable energy, aligning with India's push for clean fuel and energy dependence.

The second of the three segments is consumables and spares. Here we cover the critical components such as membranes, plant chemicals, and other essential parts needed for ongoing operations of zero-liquid discharge systems. The third segment is the operation maintenance and digitization. This encompasses both Concord and third-party systems with a strong focus on IoT-driven optimization.

We serve a strong base of clients across pharmaceuticals, chemicals, food and beverages, defense, automotive, energy, steel, and textiles, highlighting the cross-sector relevance of our solutions. On the R&D front, our dedicated 31-member team continues to drive innovation in membrane design and system efficiency.

As of this quarter, we hold nine Indian patents with 21 additional applications in process. This deep in-house development approach defines our unique value proposition, engineering from first principles rather than just assembling off-the-shelf components. Our solutions are designed to be cost-effective, energy-efficient, and operationally sustainable.

By delivering the lowest long-term operating costs in the industry, we help clients improve performance and sustainability outcomes, both of which are increasingly non-negotiable in today's environment.

Now turning to our Q1 FY '26 performance. I'm pleased to share that this has been a quarter of strong momentum and positive traction across segments. Q1 is more focused on setting the strategic focus for the year and preparing execution strategies for the large orders we have, including design completion.

Our current order book has a H2 heavy delivery schedule, including on the export and the CBG front. That's something you will see different from the previous financial year. While our order book and ticket size and smaller ticket size orders that we are likely to close out in the coming months project a growth of 18% to 20% this fiscal, we continue to aim for a few strategic orders to strengthen and build on that order book.

The major developments that I'd like to share with you during the quarter have been, we've successfully onboarded marquee clients across core sectors, further reinforcing our position as a trusted sustainability partner. Our product business is showing promising traction and we expect this segment to scale up meaningfully to about 10% of overall sales over the next 3 years.

We're also making early moves into high potential domains such as solar, photovoltaics, green hydrogen, carbon capture and semiconductors, engaging with industry leaders in these spaces to co-develop future ready solutions to add value to their businesses. As on 30th June 2025, our order book stood at INR5,366 crores, up from INR5,327 crores as of 31st March 2025.

Our R&D team is currently working on key initiatives in not only wastewater applications, but also process separation applications. We recently backed our first order in product concentration

for a pharmaceutical product company replacing evaporation. We are also developing several applications using our thermal solutions to enter into such process separation projects.

Segment wise, about 59% of our order book relates to ZLD type projects, 15% to compressed biogas or CBG orders, and 26% is linked to our operation and maintenance contracts. In addition, we are actively pursuing quotes under discussions of approximately INR2,500 crores with healthy conversion prospects.

On the project execution front, our international projects are progressing well. In particular, our first Mexico project was successfully commissioned in July 2025. In the O&M segment, we recently secured significant orders, 800 million rupee order from a large listed customer and 125 million order from a customer in Mexico.

In the S&P or the Systems & Plants side, we received an order of INR150 million from another big automobile client for FY '26. From an organizational perspective, we continue to invest in strengthening our leadership and onboarding senior talent across strategic functions, such as supply chain and project execution, and preparing ourselves to deliver efficiently on all of the exciting growth that we can see coming our way from the pipeline. This is reaffirming our commitment to operational excellence and long-term growth.

With that, I'd now like to hand over to Mr. Prerak Goel, Executive Director, to take us through the financial performance for quarter 1 FY '26.

Prerak Goel:

Hi. Good morning, all. I'd just like to talk about the Q1 performance in FY '26. So, our revenue for the quarter stood at INR1,024 million, broadly similar to the Q1 of FY '25. EBITDA came in at INR107 million, up from INR15 million in the same period. This does include some gains on the peso exposure and also some IPO-related cost recoveries, offset partially by a loss from our discontinued Blue Water business.

The adjusted EBITDA, excluding these one-offs, stood at INR27.5 million. PAT for the quarter was INR51 million, compared to a loss of INR26 million in Q1 FY '25. To conclude, I would like to reiterate the three key structural drivers that we believe will continue to support our and our water treatment and reuse industry's growth and our long-term positioning.

The first one being the increase in regulatory stringency around water treatment and discharge norms. The second being the rising importance of water security. This is both in terms of the availability and the acquisition cost of water. And lastly, the growing emphasis on ESG compliance, particularly by large global corporations.

With that, I now open the floor for questions. Thank you once again for your continued support and interest in Concord Enviro.

Moderator:

Thank you very much. Our first question is from the line of Dheeraj Ram from Ashika Group. Please go ahead.

- Dheeraj Ram:** Hi, sir. Thank you for taking up the question. So, there is a dip in EBITDA margin if you kind of exclude the other income or even the Y-o-Y. So, could you please let me know why there is a dip and how are you going to how should we look at it for the entire year?
- Prayas Goel:** Hi, Dheeraj. Thanks for that question. So, there is no change in the projections for this year. The current quarter 1 EBITDA is negative primarily after excluding other income is negative primarily on account of the employee expenditure. If you look at the expenditure, it is pretty much in line with Q4 of FY '25.
- This is obviously the ramp up that we have done to kind of support the execution and the large turnover growth that the company is expecting. So, over the year, as we achieve our targeted growth rates, this will help the EBITDA fall in line with what our margin profile has been for the previous years.
- Dheeraj Ram:** Okay. And you have said that your order pipeline is INR2,500 crores. What can be the conversion and what are you expecting the order inflow for FY '26?
- Prayas Goel:** So, generally, our blended I mean, we have both domestic and international pipeline. Our international pipelines, our conversion rates are slightly better. But on a blended basis, we generally look at about 25% of these getting converted. So, yes, our order intake for the full year should be in the range of INR600 crores to INR700 crores, which will give us the projected growth rates, for the oncoming years.
- Dheeraj Ram:** Okay. So, last question, sir. Since you're maintaining the growth guidance of 18% to 20%, and we are saying H2 will be heavy. How do you see, how much revenue is expected to come in Q4?
- Prayas Goel:** I mean, yes, we probably don't have a quarter-to-quarter breakup at the moment, Dheeraj, but yes, I mean, we expect to see, generally, H2 has been about 60% of overall growth rates. So, yes, I mean, it will be in the range of 60% to 65%. H2 will be in the range of that now. Q3, depending on how deliveries go and they should be almost equal, I would say.
- Dheeraj Ram:** Okay, sir. Thank you.
- Moderator:** Thank you. Our next question is from the line of Soniya Varnekar from Dalal & Broacha PMS. Please go ahead.
- Soniya Varnekar:** Yes, yes. So, thank you for the opportunity. So, my first question is on the quarterly run rate of the execution of the orders. I know Y-o-Y, it's there is not much change, but if you see quarter-on-quarter, it has come down drastically. So, if you can explain on what has led to that, that is first question. And second question is, again, on the other income, what if you can briefly explain us how much portion of that is in a one-off kind of a nature and how much is like a regular other income?
- Prayas Goel:** Okay. So, let me just talk about the quarter-to-quarter movement in sales. See, in terms of our project business and which is primarily composing of the S&P sales, this is a bit lumpy, right? So, depending on the type of orders we've got and the delivery schedules that we've agreed with our clients, there would be some lumpiness in our project-to-project business.

Generally, based on the industry, there is a lot of capex cycle, which turns into orders, in, let's say, the closure of H1 or beginning of H2, and then these projects tend to get delivered towards the Q4 period. So, Q4 has always been one of our strongest quarters, and this has been historically the case, and I believe it's similar for most players in this sector.

So, the quarter-to-quarter is very difficult to kind of judge, because the project business is going to be lumpy there. If you see our non-project business, which is the O&M and the S&P, you will see that the run rates are pretty much similar to what they have been, and there's growth there. So, those, obviously, segments are definitely growing.

Coming to the second question, in terms of the other income, so there's a total other income of about INR15 crores. There was some IPO expense recovery to the tune of INR4.5 crores, and there was some peso gain that we had reversal, which was to the tune of INR4 crores. So, I would say this INR8.5 crores is pretty much one time. We don't see a repeat of that.

The other expenses are interest income and some gain, which is in the normal course of business. It's not a one-time kind of a thing. We do have those movements because of interco transactions and some of other transactions, which will continue to be on the books. So, whether it's a loss or whether it's a gain, it doesn't get excluded from our EBITDA calculations.

Soniya Varnekar: Okay. Thank you, sir. I have one more question. For the current order book in hand, what is the execution timeline for that?

Prayas Goel: So, I mean, see, the blended period would be about a year. So, I mean, if you look at it, most of the S&P orders we have, I think, barring the commissioning payments, it would be completed in this year. As always, the O&M order book that we've given you is the 12-month rolling order book.

So, we do not give in orders, which are, even though orders are signed for longer periods, the number in the order book is only the next 12 months orders. So, there 9 months of those orders will obviously we get, again, executed in this year. The consumables and spares are current orders, which are expected to get delivered. So, on a blended basis, I would tell you it's generally about 9 to 12 months.

Soniya Varnekar: Okay. Thank you, sir. That's it from myself.

Prayas Goel: Thank you.

Moderator: Thank you. Our next question is from the line of Ankur Gulati from Genuity Capital. Please go ahead.

Ankur Gulati: Hi, thanks. What is the value of your EPC work done in this quarter?

Prayas Goel: If you look at the EPC work that we've done this quarter, it's to the tune of about INR50.7 crores. Oh, EPC, sorry. You're talking about that systems and plants. So, you're talking about the value of EPC in this?

Ankur Gulati: Yes, I mean, typically, if you take a bigger project for a client, you also need basic billion works, right? So, I'm very much in one...

Prayas Goel: Okay. Correct. So, in this particular quarter, we didn't have any major EPC execution that we had. We have a couple of orders which have some civil and some last mile installation work, but those are likely to get executed in H2. So, in this quarter, we've not had any EPC turnover.

Ankur Gulati: And of the total order book in hand, what percentage is non-water treatment related to pure EPC or civil works?

Prayas Goel: So, see, in our export order book, we have two projects in Africa. And of that, about \$2.5 million worth of work is civil and installation work. So, about INR20-odd crores out of the overall book of INR520 crores would be, let's say, an EPC, pure EPC where we are doing civil and installation.

Ankur Gulati: Okay. What I'm trying to understand is, I mean, why, if the EPC component is low, the GP has come down to 41% if I exclude other income.

Prayas Goel: So, you're saying the GP has moved to 41%?

Ankur Gulati: 41%. What I'm doing is I've taken operating revenue and cost minus, so I get to some INR42 crores of gross profit. And there is no EPC on this?

Prayas Goel: I don't know. The way we're calculating, it's gross margin is about 50. So, I'm not so sure how you're calculating it.

Ankur Gulati: Okay. And your employee cost of INR24 crores, that is, I guess, good enough for you guys to achieve whatever revenue growth rate is your current interest?

Prayas Goel: Yes.

Ankur Gulati: 20% revenue growth. So, what we need to do is basically normalize it. Is that fair?

Prayas Goel: Yes, that's fair.

Ankur Gulati: Your run rate will not go away above INR24 crores per quarter?

Prayas Goel: It will be in that range, yes. I mean, plus or minus, because there are some hirings in process. But again, nothing which is going to substantially increase that.

Ankur Gulati: And same with depreciation?

Prayas Goel: Depreciation, I think, yes, because I mean, if you look at the current investments that we're doing, at least right now, there's not much major investment that is happening. We had the one of our product investments that came in last year, but yes, nothing major.

Ankur Gulati: Any further progress or discussions on BOT models? Are you guys planning to bid for something or not yet?

- Prayas Goel:** The BOT?
- Ankur Gulati:** Yes, I guess you have a small joint venture, right, where you...
- Prayas Goel:** Yes. So, see the BOT business is obviously showing a lot of potential. We have some marquee orders that we signed off on that in this quarter, in fact, which is ongoing right now. So, I can't talk about it directly, but yes, I mean, that's been a business which is, as usual, showing a lot of exciting growth. And yes, we definitely believe that that's going to be the next growth phase. Water as a service is something that is kind of picking up rapidly.
- Ankur Gulati:** Can you just give us some broad color? One is, of course, the whole execution order book comes in. And then on an annuity basis, what kind of O&M numbers will that throw? Let's say, if you're putting INR20 crores, then what will be the O&M revenue as percentage of the INR20 crores invested in the BOT?
- Prayas Goel:** So, I mean, see, the O&M is generally about 8% to 15% of the capex that a customer invests in. So, that's generally the window. Obviously, when it comes to BOT, then there is also the recovery. So I mean, the way it's accounted in our in the Concord books, it would be a turnover between 8% to 15%, depending on the type of industry we're dealing with.
- Ankur Gulati:** And you guys are staying with minority, right? You're not taking the majority of any of these...
- Moderator:** Sorry to interrupt. Ankur sir, can you please take your device a bit distant from you because your audio is muffling.
- Ankur Gulati:** Sorry, you guys are not taking any majority, right?
- Prayas Goel:** Yes, see, Concord will continue to hold a minority position in this company. We're, in fact, looking at investments there. So, yes, it'll continue to keep holding minority.
- Ankur Gulati:** And how's the Dubai business shaping up? I guess you have some sort of a joint venture there also, right?
- Prayas Goel:** The Dubai joint venture is into thermal, into our thermal solutions. So, yes, I mean, that's, again, taking some exciting turns. We have a lot of products we've put out in the evaporation space in this last 2 years. We're currently, in fact, as we talked about it, we're currently broadening that scope of that thermal solutions to even, in fact, go into better concentration solutions. So, that's something which we are quite excited about.
- Ankur Gulati:** I'll call back in queue. Thanks.
- Prayas Goel:** All right. Thank you, Ankur.
- Moderator:** Thank you. Our next question is from the line of Dhavan Shah from AlfAccurate Advisors. Please go ahead.

Dhavan Shah: Yes, thanks for the opportunity, sir. So, my question is on the order book of the business. If I look at, there is hardly any growth in the order book over the last two, three quarters, despite there is INR2,500 crores of order pipeline.

So, if you can help us to understand segment wise, these three segments, what kind of order inflows do we expect during this year versus the last year? That is my first question. And what kind of the order book do we envisage to close by the end of this year across all these three segments?

Prayas Goel: Right. Thanks, Dhavan. Thanks for the question. So, Dhavan, a couple of things. I mean, see, we have a the way we're kind of projecting order book is, we're kind of talking about the orders that we have, the value of which we're going to be executing in 12 months, especially on the O&M side.

So, for example, we spoke about an INR800 million order we got from a large listed player t for the O&M side. Now, this is a 10-year contract, right? So, I mean, there are a lot of orders which are signed, but just the way that we have been projecting order book because the relevance is what we're going to execute in the 12 months. So, that's what we're talking about right now.

On the S&P side, yes, things have been, I would say, we're executing and we're kind of picking up similar order values. So, the order book presented is, you're looking at the range of about 530, 540 on a regular basis. But we have those short-term orders that we keep closing and we keep getting executed in the next 3 to 4 months.

So, this kind of cycle will continue with us where we have a mix of short-term as well as long-term orders. As projected, we do have a target of closing our FY '26. We intend to close that with an opening order book of about INR600 crores for FY '27. So, that's really the target. But, I mean, obviously, there's a lot of opportunities out there.

Dhavan Shah: Understood, sir. And in terms of the revenue guidance, I think in FY '25, if I look at despite the order book is more or less the same in FY '25 versus '24, still, I think we did roughly 20% Y-o-Y growth. That is also, you mentioned that because of the short cycle order. So, in FY '26, what kind of revenue growth are we expecting?

Prayas Goel: So, yes, Dhavan, so we're expecting about 18% to 20% revenue growth in FY '26. And if you see, if you compare the order book back to '24, when there were a lot of the large international orders, this time, instead of that, you'll see there's a more kind of spread of small to medium size orders. And those are the ones which we expect strong closures.

In fact, among that INR2,500 crore kind of pipeline, there are probably about INR120 crores, INR150 crores, which are kind of eminent closures, which we are very confident to bring that kind of growth coming into this FY '26.

Dhavan Shah: If I now do calculate the FY '26 numbers, I think we are expecting roughly INR700 crores, INR720 crores, kind of the top line numbers on full year basis, of which I think we did INR100-odd crores in first quarter. So, this INR600 crores execution, we're expecting how it will pan out over the next three quarters?

- Prayas Goel:** Yes, so typically, I mean, I would say 60% to 65% of the turnover is going to be in H2. So, about 35% to 40% will be in H1. So, yes, I mean, if you look at the numbers and totally about, we should run about INR150-odd crores on an average, I mean, in Q2, and then it will be in the range of INR200 crores, INR215 crores in Q3 and Q4.
- But obviously, they see that there are going to be some changes because there is deliveries dependent on how clients, sometimes client's civil works are going or how the project delivery that the client is taking.
- Dhavan Shah:** Understood.
- Prayas Goel:** So, but at the current moment, that's what we are probably forecasting.
- Dhavan Shah:** Understood. And how do we expect in terms of the margin wise, I think more or less gross margins are almost at around 49 -50odd percent
- Prayas Goel:** Yes.
- Dhavan Shah:** So, how do you see the margin trajectory? Because until and unless we reach to the INR1,000 crores top line numbers, I think more or less the fixed cost would not be absorbed to that level. So, any ballpark number for F '26 and F '27 also?
- Prayas Goel:** I mean, the margin profile, see, we've been doing about 16% EBITDA as what we did last year. We don't expect the margin profile to change. In fact, in the 16%, we had a couple of onetime, which obviously have gone away. And so, there should be same, similar kind of a trend. We do plan our overheads in conjunction with the growth that we are going to achieve.
- So, we are not compromising on margins. But yes, at the same time, I think there was a lot of growth opportunities we're tapping into, and you will see the team building is more tuned towards that. But I don't see any immediate impact on projected margins for this year, at least.
- Dhavan Shah:** Understood. And based on the order pipeline and the negotiation whatsoever you are doing with the customers, are you hopeful that F '27 can end up with INR1,000 crores top line?
- Prayas Goel:** I mean, it's difficult to say, but I mean, at least, we think that the business can grow at 20% plus quite easily. So, that's the target that we're going with. We want sustainable growth. We want profitable growth. That's the focus. So, yes, I mean, we want to kind of making sure that we balance both objectives.
- Dhavan Shah:** Awesome. Yes, that's all from my side. Thank you, sir.
- Prayas Goel:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Maulik Patel from Equirus. Please go ahead.
- Maulik Patel:** Yes, hi. Thanks for the opportunity. You mentioned in the press release about two opportunities, one in solar and second is in a semiconductor. Are those orders are part of that the INR2,500

crores of the order book opportunity, which you mentioned that? And what kind of opportunities specifically have in semiconductor?

Prayas Goel: Yes, so thank you, Maulik, for the question. Yes, a small part of that opportunity is in that INR2,500 crores, because we have those kind of bids, which are nearing finalization. And there would be good opportunities from zero liquid discharge in semiconductor, especially on the secondary front, wherein we kind of bring in all of our opex advantages. And we do have a significantly large, like a 7 million liter per day, 7 MLD, ZLD opportunity on solar, which we are pursuing and hope to close very soon.

Maulik Patel: Okay. Okay. And in the order book, in the presentation, you mentioned that you got O&M orders from a large EPC player. Are these orders for many years, or is it only for a single year, which you mentioned? Because generally the O&M orders typically last for a longer period of time, right?

Prayas Goel: Yes, yes. So this is a 10-year contract. So what we've given in the presentation is the value of order, which is to be executed over 10 years. But in our order book, only the first year value, which is roughly about 10% of that has been considered. So the order book number 536 only has about INR8 crores of that order in the calculation. The order value is worth INR80 crores.

Maulik Patel: And similarly for this, the Diageo O&M also is a similar thing. You only included the first order potential in the order book?

Prayas Goel: Yes, so the INR12.5 crores for Mexico is actually the 1-year value of that contract. It's not, because that's a ZLD project. So that's only the order value for the first 1-year.

Maulik Patel: Okay, got it. Got it. And the last question is the employee expenses this year has, this particular quarter has gone up significantly. I mean, anything specifically is this something on a normal hike or you're building the capabilities and hire the people for that? And that's why the employee expenses have gone up.

Prayas Goel: So, Maulik, I mean, it's very similar to Q4 of FY '25. So it was about INR23 crores in Q4. It's about INR24 crores. So it's roughly in line with what we had. But yes, there is a lot of team building exercise that we're continuing. So last quarter, we had people in the projects division join us.

And we kind of think the execution team, because as we move into larger projects, the execution team need to be upgraded. So it's all towards putting in the various people at the right positions to make sure that we can deliver the growth that we committed to.

Maulik Patel: Got it. Thanks for the time and wish you all the best.

Prayas Goel: Thank you.

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

- Jay Bharat Trivedi:** Yes. Thanks for the opportunity. My first question is, what would be your order book last year at the end of Q1 FY '25, closing order book?
- Prayas Goel:** I don't have that number handy right now, Jay, but I think it would be in the similar lines, I think maybe 480 or 500 something in that range. But I don't have the exact figure, sorry.
- Jay Bharat Trivedi:** Okay. And the current overhead rendered that we are running on is around INR40 crores-INR45 crores. Correct me if I'm wrong. Is it right?
- Prayas Goel:** Including other employee expenses and other overhead, yes.
- Jay Bharat Trivedi:** Yes, all overheads, all overheads. Yes. So how much it can grow in the next 1 to 2 years, this number quarterly run rate?
- Prayas Goel:** So, I mean, Jay, I think, see, the enhancement that is happening right now, at least on the employee side is more where we're kind of putting in certain heads in certain critical positions, as I said, to kind of enhance execution. Obviously, this is not something that we keep expanding, there will be some junior level hires as we keep growing to kind of support the business. But yes, I mean, barring new initiatives that the business is taking, I think they should relatively be in the normal range of 5% to 10%, adjusted for inflation and some hiring.
- Jay Bharat Trivedi:** So on an annual basis, 5% to 10% incremental is what you are budgeting?
- Prayas Goel:** Yes, I mean, on a baseline basis there are other avenues that the company always continues to look at. So depending on how those things go, if there's something changes, which there would be some additions there, but obviously, it would come with growth in top lines as well.
- Jay Bharat Trivedi:** Okay. And last year, similar period, I guess, Q2 or Q3, if I'm not wrong, we had an exceptional foreign loss. So how have we improved on those processes? What changes have we done?
- Prayas Goel:** Yes. So, I mean, our biggest loss that had come from was the peso order in Mexico. So as you see, I mean, I think the entire loss was to the tune of about INR10 crores. I think we've clawed back about INR4.5 crores in this quarter. That project is nearing an end. We started commissioning, there were three projects, the first of which got commissioned in July.
- So we expect the cash flows from that project to completely come in towards the, let's say, Q2, Q3 period. And that, all of that, as the cash flows are mature, are kind of getting definitive, we are hedging those cash flows to ensure that there's no repeat of the loss we had last year.
- Jay Bharat Trivedi:** So any risk mitigation techniques or anything? Sorry.
- Prayas Goel:** So mainly hedging. But I mean, I think what we've done is we've kind of converted a lot of the orders that we have in dollars. So, we're kind of now focusing on taking new orders in dollars and avoiding exposure to currencies which are, let's say, not entirely under our control or difficult to monitor or hedge for the business.
- Jay Bharat Trivedi:** Okay. So safe to say more than 90% of our order book, international order book, is in dollar denomination?

- Prayas Goel:** At the current moment, yes.
- Jay Bharat Trivedi:** Yes. Okay. And lastly, in terms of each of your segment, which of the segment you would say that we don't have any reasonable competition, at least from a domestic player? Maybe it's a ZLD or the new ventures that you are getting into? So can you brief on that?
- Prayas Goel:** Yes, I would say that we have competition everywhere, but the kind of solutions which we provide a very few sectors that we really have competition is providing the kind of solution that we are providing. Like, especially on the O&M side, the kind of solution with a guaranteed kind of a per cubic meter cost with an annual escalation, there's hardly anybody else in the market who's providing that.
- Jay Bharat Trivedi:** Okay. So cost is a factor which helps us, rather than market share?
- Prayas Goel:** Yes. The life cycle ownership cost, the energy cost, the carbon footprint, that's kind of more the, because the capex is a onetime, the customer can look at that capex and look at it in different ways, but the customer is more, we need to run this for the next 20 years, and that's going to be an annual cost that we got to bear. So the focus is more on looking at that annual cost rather than just the capex today.
- Jay Bharat Trivedi:** Okay, got it. And with this plant capacity that you have, what is the maximum revenue that we can clock, barring the other variables, capacity?
- Prayas Goel:** So I think, I mean, if you look at our capex that we have envisaged through the IPO proceeds, that should kind of get us, I mean, you see, our anticipation is that up to a turnover of about INR1,300 crores-INR1,400 crores, the current planned investment should get us there without any additional capex.
- Jay Bharat Trivedi:** Okay, yes. Yes, so those were my questions. Thanks and all the best.
- Jay Bharat Trivedi:** Thank you, Jay. Thank you.
- Moderator:** Thank you. Our next question is a follow-up question, and it's from the line of Ankur Gulati from Genuity Capital. Please go ahead.
- Ankur Gulati:** Thanks. Can you just give us the gross profit margins or EBITDA margins of all three segments?
- Moderator:** Ankur sir, sorry to disturb. Your voice is muffling.
- Ankur Gulati:** Perfect. Thanks. Just give us the margin profile for all if you can share margin profile for all three segments again, please. System, plants, consumer, and O&M.
- Prayas Goel:** So, Ankur, I mean, the way we structured, I can just say that directionally, obviously, the after-sales numbers are higher. But yes, we don't kind of have specific numbers that we can share on the EBITDA profiles.
- Ankur Gulati:** That's okay. And for F '26 guidance, O&M will be, what, 2%-3% of revenue, or it will be higher?

- Prayas Goel:** For FY '26?
- Ankur Gulati:** Yes.
- Prayas Goel:** See, O&M is generally about 20% of the overall business. And this year, or last year, we had started the, what we call the third-party O&M division, where we're doing O&M for other EPC players. So, I think given that combined O&M profile, which will be ours, and for third-party, we expect that to be in the range of 23% to 24% on an analyzed basis.
- Ankur Gulati:** Logically, there has to be some margin bump because of that, right? So, let's say if last year was 16%, there should be a slight bump in that if O&M percentage increases.
- Prayas Goel:** Yes. So, as I said, I see there are a couple of things there because we're also incubating a couple of businesses. So, the guidance has been that we'll at least keep our margins in the range. There is some things which are contributing more. There's some things which are, let's say, in kind of ramp up mode. So, there will be a little bit of a push and pull, but on an overall basis, they should be very similar.
- Ankur Gulati:** Makes sense. And second, again, sorry, just on the employee base, let's say your annual employee bill is roughly INR100 crores today. What level of revenue can it sustain? Can it sustain 1,200, 1,300?
- Prayas Goel:** So, see, I think we have the O&M business, right, which is a little bit manpower heavy. So, as that grows, you will see that there will be an employee cost which will grow because part of the O&M involves putting labor on the project site. So, there is, let's say, a definite or direct variable employee cost to revenue kind of a correlation for the O&M business.
- For the rest of the business, if you look at our S&P, I think we can go to INR1,000-odd crores, which we can get to. But the senior management, what we're looking at is the senior management is in place, and that will continue. So, the project team, as execution increases, they will kind of increase, but on the O&M side, you will see that direct correlation. So, it will keep having some impact as we go.
- Ankur Gulati:** All right. Okay. Thank you.
- Prayas Goel:** Thank you.
- Moderator:** Thank you. Our next question is from the line of Surya from PCG. Please go ahead.
- Surya:** Hi, sir. Good evening. Thank you for the opportunity. First of all, I would like to know about the recent acquisition that you have done, Pathak Utility Private Limited. So, could you explain what the basis behind this acquisition and is there any more scope for such kind of acquisition going forward?
- Prayas Goel:** So, yes, this is basically done for the third-party O&M division, wherein for certain orders that we are working with, pre-qualification is required. So, the acquisition is more to obtain that pre-qualification. We expect these to be small because they give you the pre-Q and then incrementally you can grow the business.

There are always discussions and opportunities around further acquisitions and if there is something that we feel is it's a good opportunity and it is in conjunction with the business that we are trying to do, then we are always open to those opportunities. So, yes, we do keep track of that.

Surya: What is the budget you have kept for this kind of M&A activity?

Prayas Goel: So, if you look at what we have done in the IPO is we had kind of raised a sum of a total of about INR23 crores for new tech and this was more from licensing or acquisition perspective. So, let's say a significant portion of that today is unused. I think we have only dipped into that to the extent of INR3 crores or INR4 crores. So, yes, about INR20 crores is available for us to look at such acquisitions and opportunities.

Surya: Understood, sir. The second question I have is regarding your Sharjah entity. So, historically, there was no tax for any business or revenue that you generate from that entity. But recently, there is a 9% corporate tax that the UAE government has implemented. So, how do you see the blended tax rate going further?

Prayas Goel: Yes. So, actually, I mean, we are based out of a free zone and basis of the corporate tax laws that UAE has come up with, since that entity is exporting its goods to other jurisdictions, the local corporate tax is not applying to us. So, there is really no change in the overall tax rate or the blended tax rate for the business.

Surya: Understood, sir.

Prayas Goel: Yes. And I believe the tax are applicable if you are selling to the mainland.

Surya: Got it.

Moderator: Thank you. Our next question is from the line of Harshit Rathi from HR Investee. Please go ahead.

Harshit Rathi: So, my question was that last quarter, we have said that we have approximately INR2,000 crores of orders in our pipeline and the conversion rate is approximately 20% to 25%. So, during the past quarters, have we received any orders or have we converted some of the orders, or it is just only in the pipeline and we are thinking of just the conversion rate? Or actually, we have been executing or we have got some orders from the companies?

Prayas Goel: Yes. Yes, definitely, we have closed orders during Q1 from that pipeline and also new orders have come into that pipeline. So, yes, to answer your question, yes, we did. We did close orders during Q1.

Harshit Rathi: Okay. And, sir, the employee cost, as you could see, it is approximately 24%. So, it is the maximum range that we could see or during the next quarters, it might reduce to 15% to 20% also?

- Prayas Goel:** Yes. See, it will reduce because obviously, it is a function of the kind of turnover we have in a particular quarter. Obviously, we are forecasting much better H2. So, the full year, you will see that normalizing to a lower number in terms of percentage of overall sales.
- Harshit Rathi:** And how has been the demand from the international client as Diageo and some of the major banks that we are into?
- Prayas Goel:** I think demand across international is very strong. Obviously, as you see the international space, there has been some resets as well. But, however, looking at the overall kind of pipeline and the conversations which are ongoing in different markets, I can say that, the India pipeline is very, very exciting, but the international pipeline also remains very exciting.
- Harshit Rathi:** Okay. So, thank you so much. Thank you.
- Moderator:** Thank you. Our next question is from the Agam Shah, an Individual Investor. Please go ahead.
- Agam Shah:** Hi, sir. Quick question. Can you talk on the you spoke a lot about two new initiatives and all that you are doing. So, in terms of technology, hello? Am I audible?
- Moderator:** Yes, but your voice is not clear, sir. Can you please take the device a little bit distant from you?
- Agam Shah:** Yes. So, can you talk on the new initiative, particularly on the technology side and R&D, what are we doing? And also on the new verticals of carbon and CBG?
- Prayas Goel:** Sure, sir.
- Agam Shah:** How big can they become going ahead?
- Prayas Goel:** Sure. So, let me start with kind of the new technology initiatives in the water business. Of course, we have stuff like membranes, which are capable of treating raw effluents directly, which is very excited about. We have the whole process separation piece, which bringing in process separations by using membranes and other thermal separation pieces.
- So, those are very exciting. If you look at carbon capture, I think this is just a start. And the, let's say, the addressable market there is, I think it's immense if we just look at what the government of India has now set policy for the key sectors, such as, aluminum, steel, cement. Those are those itself are massive opportunities for carbon capture.
- On the CBG, we remain kind of tentative on that to the extent that we are focusing more on industrial waste, organic waste type of projects rather than the whole biomass type of projects, which we know there are concerns related to availability of materials.
- Agam Shah:** Okay. And so, what are we doing in the carbon capture thing?
- Prayas Goel:** Sir, in the carbon capture, we have a technology, which is a biological carbon capture and sequestration technology and also has the ability to convert it into byproduct. And so, we are under our first kind of POC semi-commercial installed by the end of this year.

- Agam Shah:** Okay. And how big can these two verticals become?
- Prayas Goel:** As on the CBG, as I said, it is two way kind of contented. So we are saying like three to five projects a year, typically about, I would say about INR100 crores. So, we can come back to you with detail on CO2. We have not yet kind of charted numbers there, but yes, I would say that has a multifold potential compared to CBG.
- Agam Shah:** Okay. And this year, with some IPO funds, debt repayment going down, so with the financial leverage coming in, can we see a bottom line growth of also 20%-25%?
- Prayas Goel:** I'm sorry, I didn't get that question. You're saying the bottom line?
- Agam Shah:** I'm saying with the plan growing 18%-20% this year, so bottom line should also be in line with that, right?
- Prayas Goel:** Yes, yes. Bottom line also should be in line with that. In fact, it'll create some operational efficiency, so we hope that it's slightly better.
- Moderator:** Thank you. Ladies and gentlemen, as there are no further questions, we would conclude the call. Thank you. On behalf of Concord Enviro Systems Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.
- Prayas Goel:** Thank you, everyone.