



“Concord Enviro Systems Limited
Q2 & H1 FY '26 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Concord Enviro Systems Limited Q2 and H1 FY '26 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 this conference call, please signal an operator by pressing star, then zero on a touch-tone phone. Please note, this conference is going to be recorded.

I now hand the conference over to Mr. Kanav Khanna. Thank you and over to you, sir.

Kanav Khanna: Thanks, and good morning to all the participants on the call, and thanks for joining our Q2 and H1 FY '26 earnings call of Concord Enviro Systems Limited. Please note that, we have mailed out the results to everyone, and you can see these on our website and also uploaded on our stock exchanges. In case you have not received it, you can write to us, we'll 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 and 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 is expressed or implied. To take the results of this quarter and answer to all your questions, we have the management of Concord Enviro Systems Limited with us.

Please welcome Mr. Prayas Goel, Chairman and Managing Director, Mr. Prerak Goel, Executive Director, Mr. Anish Goel, Group CFO, Mr. Sudarshan Kamath, CFO, and Mr. Abhijit Ghalke, Head of Strategy and M&A. We'll be starting the call with a brief overview of the quarter and H1 gone past, and then we'll follow it up with some questions and answers.

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

Prayas Goel: Thank you, Kanav. Good morning, ladies and gentlemen. A very warm welcome to Concord Enviro's Q2 and H1 FY '26 earnings call.

Thank you for taking the time to join us today. Let me begin with a quick recap of our company before moving to the highlights of the quarter and the half year. As you know, Concord Enviro has over three decades of experience in water and wastewater management, and as established itself as a technology-driven, globally integrated solutions provider.

Our focus continues to be on zero-liquid discharge and energy-efficient technologies that help industries meet their water sustainability goals while optimizing costs. Our business continues to operate across three key segments, systems and plants, consumables and spares, and operation, maintenance, and digitization. This covers the entire value chain from design and commissioning to life cycle management.

We have also forwarded into compressed biogas or CBG systems last year, aligning with India's growing clean energy agenda. In fact, our CBG projects are getting off the block in Q3 FY '26. Also, we have a strong and experienced team with us to lead the execution of these projects for CBG.

We serve a diverse client base across industries, such as pharmaceuticals, chemicals, food and beverages, defense, automobile, energy, steel, and textile, reflecting the versatility and scalability of our technology.

On the R&D front, our 31-member team continues to drive innovation in membrane design and system efficiency. As of this quarter, we hold nine patents and 21 more applications are under process. Our solutions are developed from cost principles, not assembled from off-shelf components, which is a key differentiator for us.

We are pleased to share some of the exciting technology advancements made during the year. We have successfully completed field trials of our oil fluid membrane, and in parallel, we are developing a new line of heat exchangers based on our evaporation technology, which use non-corrosive plastics in place of stainless steel, thereby offering a cost-effective and durable alternative for a wide range of process applications.

Additionally, our team has formulated a proprietary chemical mix to reduce silica content in effluent streams, helping to lower both chemical consumption and sludge generation costs. We have also designed new profit schematics for treating high-strength acid and alkali wastewater generated during solar panel manufacturing. Trials for this solution are currently underway with one of the leading solar panel manufacturers in India, and early results are very encouraging.

We are also expanding our innovation efforts beyond wastewater treatment into process separations and emerging sustainability areas, such as solar photovoltaics, green hydrogen, carbon capture, and semiconductors, where we are partnering with leading industry players to co-develop next-generation technologies.

In fact, we are close to signing our first solar PV order for retrofitting an existing ZLD system to value-add in terms of performance, opex reductions, energy savings, and eventually greenhouse gas emission reduction as a main target. Talking about revenue from operations for Q2 FY '26, it stood at INR1,248.45 million compared to INR1,618.94 million in Q2 FY '25.

The year-on-year decline is optically due to an exceptionally strong Q2 FY '25, which had a significant billing from our Mexico project back then. Also on the project execution front, we have faced an unexpected delay in one of our Africa projects due to pending approvals from local authorities. This has temporarily deferred execution and revenue recognition.

Consequently, we are revising our FY '26 revenue growth guidance from 18% to 20% to now around 12% to 15%. While this has impacted our short-term performance, we remain confident that project execution will normalize in the coming quarters and contribute meaningfully to growth thereafter. As of September 30, 2025, our order book stood at INR5,354 million.

Segment-wise, about 53% of this pertains to zero-liquid discharge-type projects, 15% to compressed biogas systems, and the rest coming from the operation and maintenance contracts and spares and consumers. Additionally, we are in advanced discussions for new projects worth approximately INR2,700 crores with encouraging conversion costs. Our significant new product launch has been the raw effluent membrane, or the REM product.

This is a revolutionary new membrane system which can treat raw effluents directly by membrane in tough applications such as paper, textile, food and beverage, and several others. Use of this REM membrane majorly simplifies the treatment and reuse process for our clients, saving them energy, chemicals, reducing sludge, and more importantly, reducing the use of valuable real estate. With increased penetration of the REM product, we will have a significant competitive advantage in the marketplace.

We also recently participated in the IFAT event, water event, in Mumbai this year, and we are glad to share that we received an overwhelming response at this event. Looking ahead, we remain encouraged by strong structural tailwind, rising regulatory focus on wastewater discharge, increasing importance of water security, and growing ESG commitments by global corporations. These trends reinforce our long-term growth potential and leadership in sustainable water solutions.

With that, I'd now like to hand over to Mr. Prerak Goel, Executive Director, to walk you through the financial performance of Q2 and H1 FY '26. Thank you.

Prerak Goel:

Thank you, Prayas. Good morning, everyone. As stated earlier, our revenue for the quarter stood at INR1,248 million. This is up 22% from the previous quarter, but it was down 23% year-on-year. As Prayas mentioned, this was primarily due to the large billing that we had in Q2 FY '25 for the Mexico project, which did not contribute this year, as some of the export projects were H2 heavy. Additionally, the EBITDA, without other incomes, stood at INR77 million compared to a loss of INR9 million in the first quarter, and INR273 million in Q2 FY '25.

The year-on-year decline in absolute terms reflects both higher employee costs. This is mainly due to ongoing leadership and business expansion with the CBG and carbon initiators for the business, and the elevated base from last year's export order. This obviously is in conjunction with the delay of the Africa project, which is impacting some of it.

So we do also want to revise EBITDA guidance. We expect about a 1% down from the EBITDA targets that we had set for the year. PAT after discontinued operations stood at INR45 million compared to INR51 million in Q1, and INR189 million in Q2 FY '25.

For H1 FY '26, revenue stood at INR2,272 million, EBITDA at INR68 million, and PAT after discontinued operations at INR86 million. This is compared to INR129 million for the same period last year. While the near-term performance reflects the impact of the Africa project delay, our order visibility remains very strong. We are confident that the strategic investments we are making in talent technology and execution will enable us to deliver sustainable long-term value.

With that, we now open the floor for questions.

Moderator:

Thank you very much, sir. We will now begin the question-and-answer session. The first question is from the line of Balasubramanian from Arihant Capital. Please go ahead.

Balasubramanian:

Good morning, sir. Thank you so much for the opportunity. On the margin side, EBITDA margin have been compressed in H1 nearly 3% compared to 11.6% in last H1. I think this H1 is basically like lower-based and having the lower fixed cost absorptions. I think in H2 maybe a 60% to 65%

kind of weightage will be there. Whether we can be able to achieve double-digit margins in H2 and we can be able to maintain nearly 14% to 16% kind of margin in overall in FY 2026?

Prerak Goel: Hi, thanks for your question. Yes, I think we're quite confident. As I said, I think it's about a 1% hit in EBITDA, what we expect. So we should be in that. I think the guidance was about 16% to 17%. So we should be between the 15% to 16% given the projections.

As you said, the H2 order execution that we have based on the order book that we currently have and some of the orders we expect to close in Q3, we should be in that 12% to 15%, sort of, revenue growth range. So that's the maximum impact that we see. We are confident that we will hit the margins and the top-line that we are now kind of giving out because these are backed by orders and pretty much in the advanced stages of execution.

Balasubramanian: Okay, sir. Sir, CBG projects starting from Q3, and what is the current timeline for revenue recognitions from your initial CBG projects? And with a target of 3 to 5 industrial projects per year, maybe 100 core kind of potential, what is the scalability and the margin profile of this segment compared to your core ZLD business?

Prerak Goel: Prayas, you wanted to just talk about the CBG?

Prayas Goel: Yes, sir.

Management: Yes, sorry, sir.

Prerak Goel: CBG projects.

Prayas Goel: Yes, yes, yes. So, yes, we have penciled in about a INR45 plus crores top-line in the next two quarters, so in terms of execution of two of the three tested projects. In terms of the industrial pipeline for CBG, we've seen a lot of exciting kind of openings which are coming across wherein, you know, the industry already has access to captive waste, which has been one of the major kind of factors which has been ailing this industry, so that is going to bring us a lot of security in these projects. So the pipeline remains strong. In terms of the margin profile, we see it being relatively similar in terms of EBITDA contribution to our ZLD.

Prerak Goel: And just on the large projects, as you had asked, so, yes, generally we have about, you know, half a dozen larger projects that we would execute during the year. So, currently for this year, you know, we had projects in Africa, out of which one of them has faced a little bit of a delay in terms of the civil startup approvals.

So, because of that, it looks like the civils will only get underway in Q4, which may impact revenue recognition in this financial year. So, that's the reason why the revenue recognition has been revised. Barring that, the other large projects that we are currently executing are on track.

Balasubramanian: Okay. Thanks, so on the order book side, order book remains flat in at least 535 growth rate of change. And how this order book visibility and what is the inquiries, especially in domestic and international markets? And you mentioned about the African project has been shifting to next year, financial 2027.

And what kind of inquiry levels, especially we are getting from Africa and Middle East levels? And is there any shift to USD denominated contracts impacting your competitive positioning in these regions? And secondly, you mentioned about L1 number better than 400 million order in nuclear sector.

Prerak Goel: Sorry, 400 million?

Balasubramanian: 400 million nuclear sector order.

Prerak Goel: Nuclear, yes, yes. Sorry, yes. Yes.

Balasubramanian: So what has been your conversion case from L1 into the final order year? Is there any timeline for this such process in the government or the nuclear sector?

Prerak Goel: Right, right. Yes, so I'll just start with your, yes, so just let me start with the nuclear bit. So, this is a seawater desalination tender that we have – we are L1 in that tender. And it's generally about a two-month process for the government to kind of convert that into an order. So, we are currently expecting this to – order to materialize end of November, early December. And execution will be about eight to nine months for this particular project.

So, yes, on the desalination side, there is a lot of focus both from industry and governments to tap seawater along the coast for the industrial requirement. And again in conjunction with the projects that we have completed for Divi's Laboratories, for Sterling & Wilson for a project where they were building a solar power plant and they wanted water for rinsing. So, we definitely are consolidating our position around to see what we sell market, especially for these small to midsize requirements.

Just in terms of, sorry, you also talked about the pipeline. So I would like to say that I think India is seeing a very strong focus in terms of growth and the inquiry pipeline that we're getting from large corporates for investing in water recycling is very, very strong. I think, you know, the relationships that we've had with the large corporate, especially people like Tata Motors, Tata Steel, we are reaping those benefits today.

And I think, you know, we continue to focus on these inquiries. So, also, if you're aware that India is kind of launching certain recycling applications to large water consumers. So that will also kind of help the business in the upcoming years.

So the inquiry pipeline in India remains quite strong. Now, internationally, we continue to focus on key markets, markets like Mexico, South Africa, where the local governance or the local standards that the countries are implementing in terms of wastewater discharge have been becoming more and more stringent. And the implementation of this has been kind of now being focused on by these countries.

So, for example, Mexico will go by March 27. They have obligations for a lot of the industries to meet the new standards. So as a result of that, in Mexico itself, we're talking to some of the large alcobev companies, the food and beverage sector, something like yeast to be expecting a large order as well.

So, there is a lot of discussion happening in markets like Mexico. Africa is another area where there is a lot of development happening and a lot of green capital flowing in there, which then requires companies to follow good practices in terms of their Zero Liquid Discharge. So that continues to see strong focus as well.

Balasubramanian: Okay, sir. So my last question, the 7.5 TPT carbon capture project, I think is a key proof-of-concept. And what's the targeted commercial in this business in terms of sale of systems, carbon credit sharing, and the services side? And what are the key regulatory or technological milestones that would require a broader rollout beyond FY 2027?

Prayas Goel: Yes. So thank you for that question. It's a very interesting focus area for us. And the deployment of the first commercial pilot is going well. And in Q4, we should be stabilizing that pilot. Consequently, we expect kind of revenue to come in H2 of kind of 2027 from thereon.

The pipeline, again, there is very interesting across a wide range of industries, driven largely not only by regulatory but also by kind of more voluntary requirements from export-driven markets and also local clients looking to switch over to eventually to greener solutions. So, we do expect on the technology side there have been good improvements in terms of ROE ratios for the biological systems that we are kind of deploying. So, yes, we request you all to stay tuned to get more updates on this in the coming quarter. Thank you.

Balasubramanian: Got it, sir. Thank you.

Moderator: Thank you. The next question is from the line of Kunal Ochiramani from Alpha Alternatives. Please go ahead.

Kunal Ochiramani: Sir, my question is on business side. There are a lot of countries those are making membranes, RONE, UF, and MF. Countries like US, Japan, Korea, China, Germany. And when we talk about desalination or any other process. So, there has been disconnect with the market and we want to understand the technology you guys have which is what we claim is a little different or what is the mode we have, what is the core competency we have that we exist in broader markets like Mexico or even India. What is our core competency in this business?

Prayas Goel: Yes, thank you for the question, sir. Our core competency and our mode really in these businesses are twofold. Firstly, it's coming out of our products and our IT backed product which is solutions such as differential membrane, different mainframe type systems which we manufacture.

So, it's coming out of the hardware, let's say, number one. And number two, it's coming out of our knowledge of these industrial wastewater, the application development that we make, understanding what contributes to the pollutant load in the wastewater, what kind of solutions need to be made. So, we have two decades of piloting and R&D on this subject.

We have a huge body of knowledge and expertise in these areas. So these are two things which contribute to really building a very strong kind of you can almost say a pull from key clientele in understanding that this is the kind of solution that they need and is what is driving kind of

global value seekers in terms of recycling and zero-liquid discharge to kind of look to Concord to provide them solutions.

Kunal Ochiramani: So, this is the experience we have with the clients, I understand. But can we quantify in the sense of efficiency, how are you placed with the global players versus the global players? Are we any better in terms of efficiency or cost? Like you've said, we are cheaper, 10%-15% cheaper to global guys. But simultaneously, are we more efficient? Why would any customer choose us? Just to understand on business front?

Prayas Goel: Yes, sir. So, I'll just maybe take another minute to bring you back to the fact that India is being one of the leaders in zero-liquid discharge and recycling. So, if you look at the global marketplace, on a global scale, India is the leader. And the kind of technology and experience that we have in reuse and zero-liquid discharge, to be very honest, is not there on the global side.

And as a result of that experience and that head start, which we have in India and companies such as ours, we are able to provide, in certain cases, a very massive advantage to the client in terms of operating costs, where the technology that we provide can lead to up to a 50% operating cost advantage in many cases.

And in zero-liquid discharge, the kind of lifecycle operating costs or the annual operating costs is the key driver for any customer in the decision making. It's not just the capex where, obviously, given our lower cost base coming out of India, we are competitive compared to global players on capex.

But more importantly, on operating costs, that's where the customers try to do the lifecycle cost analysis and then say, hey, this is a significant saving. And that turns out to be the key decision-making factor for them in choosing a partner in the plan.

Kunal Ochiramani: And in terms of efficiency, are we any better?

Prayas Goel: We are miles ahead, sir.

Kunal Ochiramani: Can you quantify? Because desalination needs some 99% and more of sufficient.

Prayas Goel: Yes, I'm talking in general about zero-liquid discharge. But yes, in terms of desalination, for example, I can say that if you compare the recent order wins that we've had, our captive power requirement has been at least 12% to 18% lower than what the other bids our customer has received.

Kunal Ochiramani: Thank you so much. This answers my question.

Moderator: Thank you. The next question is from the line of Soniya Varnekar from Dalal & Broacha PMS. Please go ahead.

Soniya Varnekar: Hello, sir. Thank you for the opportunity. So firstly, I want to understand, what is the size of this African project which saw delay in approval? And secondly, you have revised your FY '26 guidance lower. So you expect this approval to come in FY '27 for that African project. So what is the guidance for FY '27?

Prayas Goel: Thanks, Soniya. So the size of the project was about \$6.7 million. And it was broken up into a bit of local civil works and supply of equipment. At the current moment, we expect the approvals to come into Q4 of our financial year. So we expect to start the civils somewhere in that quarter.

So there will be, let's say, a minor revenue recognition coming into this quarter, maybe to the extent of about \$1 million. And the balance, about \$5.7 million, is what we expect to go next year, I mean, in terms of execut next year.

So, I mean, see, we've not worked out detailed numbers. We go through our budgeting exercise closer to December. So we don't have a finite FY budget. But I think in conjunction with the growth aspects, we see generally a year near growth. We are kind of still looking at 18%, 20% there's nothing, which has changed our forecast for growth.

It was just the export orders, as we always have said, that we have a longer visibility for these, because these are generally executed over periods of 10 months to 12 months, sometimes even longer. So just from our export order book at the current moment this has seen a little bit of a slippage.

So it should help us in exceeding some targets in FY 2027. But I think it's too early for me to give you guidance on that once we have our internal meetings, the numbers we can probably give us more. And I think probably in the Q3 earnings call, since we'll have completed our budgeting activities, we'll probably be more, you know, probably correct on the numbers.

Soniya Varnekar: Okay. Thank you, sir.

Prerak Goel: Yes.

Moderator: Thank you. The next question is from the line of Kunal Ochiramani from Alpha Alternatives. Please go ahead.

Kunal Ochiramani: So, I wanted to understand. Thank you for taking me back in the queue. But regarding CBG project, what is the competency again here we have, because lot of players in the market are doing, I understand we have a capable team. But in terms of are we getting the raw material cheaper to make the – or what is the competency and what will be the margins? What will be the asset tons we are expecting in terms of what we are investing and what we are getting?

Prerak Goel: Kunal, thank you for the question again. So, yes, I think in terms of competency within the team, within the fact that we've been delivering biogas projects for the last three decades, this focus that we have on industrial waste, Kunal, is basically to say that we are focusing on areas where the industry is itself generating organic waste, which today is being sent for external disposal. And in many cases, that disposal comes at a cost. So you can say there is a negative cost for waste.

We are not relying on any feedstock for the CBG plant or the biogas plant coming from any external source. It is an internally generated waste today, which is in complete control of the company, right. So that is the main focus of our CBG plant.

- Kunal Ochiramani:** And in terms of margin, should we be better compared to...?
- Prayas Goel:** Yes. I would say the range bound in terms of the similar EBITDA or kind of profile to our core business, I would say, in terms of our F&E or our variety.
- Kunal Ochiramani:** Fair enough, sir. So in August, con call, you said that you aspire to continue at 20% growth. And current year might be a shift of revenue to next year. But as I understand, there is no order loss or revised expectations in terms of numbers. So it was kind of hinted that we should reach a INR1,000 crores top line, but it was not explicitly guided in FY27 call. And current capacity should do a revenue of INR1,300 crores, INR1,400 crores. So do we still stand at the same guidance, 20% growth and somewhere reaching the current capacity utilization by FY 2028 or 2029?
- Prerak Goel:** Yes. I think long-term, that is what we are looking at. So I think even from the capacity expansion perspective, yes, I mean, with the new investments that we will be putting in from the proceeds that we raised in the IPO, getting up to INR1,300 crores, INR1,400 crores is not a problem and the long-term guidance remains at 20%. We see the business growing very strongly over the years.
- Kunal Ochiramani:** And thirdly, Sir, you said some INR20-odd crores is available for further tech and licensing deals in last con call.
- Prayas Goel:** Yes
- Kunal Ochiramani:** Just wanted to understand what are these licensing deals and how will this benefit us? Are there any things on the table and when should we expect this?
- Prayas Goel:** There are a couple of advanced stages that we are in. So in the current quarter, we expect to kind of deploy some of these funds. The focus remains more on technology licensing, more value-added in terms of solutions, which will bring in, not only technology but also some ability to do some contract manufacturing as well.
- Kunal Ochiramani:** And how should this benefit us?
- Prayas Goel:** The benefits will be mainly in terms of applications, in terms of the competitiveness of our solution. As I mentioned, we will be able to open up new sectors in terms of industrial waste, water reuse and zero-liquid discharge. And thirdly, like I said, also add some top line in terms of contract manufacturing as a licensing.
- Kunal Ochiramani:** Perfect. Sir, and couple of bookkeeping questions. So Sharjah is 9% tax rate. So what should be our effective tax rate for the next couple of years? And secondly, we've had forex losses in terms of peso and USD hedging. So will we expect any forex losses or this has been contained from now on in the next two-three years?
- Prerak Goel:** Yes. I think we've done two things in terms of forex losses. At least, whatever we have in exposure on the books currently, we've tried to contain as much as possible. So whatever hedging

and everything that was possible to be done and a system set up to monitor that has been put in place.

I think this year, because the peso has appreciated against the USD, there has been a significant gain in our forex loss. So the forex losses we had last year, we've almost overcome them. So obviously, whatever was the real forex loss that we had last year was accounted last year. But at least whatever was the unrealized has kind of got reversed and changed.

The long-term policy from a group perspective, what we've done also is that we have switched our order currency mainly to US dollars. So wherever we are taking new orders, the exposure for supply of equipment, which is done from our India and Sharjah entities, is all going to be dollar denominated.

And only the local works in terms of the installation, in case it's the EPC, then the civil, that will continue to be in the local currency, which will obviously then not impact us on the forex margins. So that's the plan going forward.

And I think even if you look at the projects in Africa, etc., we follow the similar model. So yes, we don't expect anything large. We just need to manage the USD-INR risk that we would be having as an organization. So your first question, the first part of that question was -- I'm?

Kunal Ochiramani:

Tax rates?

Prerak Goel:

Tax rates, yes, sorry. So in UAE, the 9% corporate tax is for entities which are doing business. So just to clarify, we are a free zone establishment. So in UAE, what they have said is that if you're a free zone establishment, you're eligible for tax only if you're doing work in the mainland. So if I'm selling from my free zone into Dubai or into UAE, then I'm subject to tax.

For all revenue where I am exporting goods outside the country, the tax rate is not applicable to us. So we continue to enjoy a tax-free benefit in the UAE. This is as of the laws at the current moment. So, given that our profits are split equally between the two jurisdictions, we expect the average tax rate to be between the 12% and 14% sort of a wage. And obviously, this will keep fluctuating as projects keep moving, right? So depending on where the larger order base is coming from.

Kunal Ochiramani:

This should be the larger 20% to 18% tax rate for next couple of years, I assume?

Prerak Goel:

It looks like by the segment-wise revenue in terms of exports and what we're doing in India, I would say between 12% and 14% generally would be the tax rate, the effective tax rate for us.

Kunal Ochiramani:

Sir, and also, I understand that we move all the contracts to USD. But what is the policy of hedging? Do we book the hedging rates at the day of booking the orders or how does it work?

Prerak Goel:

No. So I see there is always an order execution cycle and the payment cycle depending on that. So, we can only book the hedge once we have a sort of a crystallized cash flow from those projects. So, basically when we have invoices where we can actually have the final date on payment, that's when we can typically hedge.

It becomes very difficult and expensive to hedge a project upfront at the time of getting the order because cash flows might move depending on the project cycle. So, yes, it is basically done once the payment is available and confirmed. So, on that basis, then we start doing that.

We also obviously have a lot of imports in USD. So, on the import side, we typically hedge everything that we have a liability that has to be paid for once the orders are in.

Kunal Ochiramani: Thank you, sir. This was very helpful. Thank you and all the best.

Prerak Goel: Thanks.

Moderator: Thank you. Participants who wish to ask a question may press star and one on the touchtone telephone. The next question is from the line of Aditya Arora from P4 Capital. Please go ahead.

Aditya Arora: Good morning, Prayas and Prerak. Just a follow-on question. How are you seeing this consumable spare parts and O&M business growth, which in the last six months and for the next six months and even going forward?

That's one part of the question. And second was, you know, if we split the revenue for FY 2026 and 2027, let's start with 2026. Are you seeing ZLD or system business largely flat this year versus the previous year?

Prerak Goel: Okay, thanks. Thanks for the question. So I'll just answer the first part of it. So, on the O&M, I would say a lot of the large projects that we've done last year, especially like Mexico, you know, they went into O&M gradually from Q2. So, you know, Q3 and Q4, we will see that O&M getting pretty much solidized, all the plants will be working there.

So, that will obviously boost up revenues. Even in India, some of the large projects that we've done are currently in commissioning and handover phases. So, you know, we see some growth in in H2, from our O&M business. And that's how we are kind of forecasting the overall growth for the year.

Trading in spares remains strong. You know, we've been also given that, you know, for the Mexico projects, there will be some spares that the clients will procure from us for their ongoing maintenance, etc. So, we see that to be quite strong as well.

The third-party O&M business also is doing well. We've got some good traction there. So, I think last quarter we had spoken about a project that we'd got from a large EPC player. So that kind of, you know, we're consolidating that position. We're hoping to get more contracts from that same player for other projects as well.

So that, the O&M and spares is obviously a big focus area. We want it to kind of grow to 40%, 45% of revenues. As we always say, it's kind of the best contribution to the bottom-line as well and gives us a lot of insights into client workings.

In terms of the revenue forecast for the current year, see, I think, you know, obviously the export business was lumpy last year as well because we had this large order from Mexico. So, if you

look at what's happening is that the Indian business segment has been growing. The exports will probably shrink as compared to what we had last year.

So, given that, we should be at about a 14% to 15% sort of growth for the full year basis on the systems and plants business. Yes, I mean, so yes, we generally see that kind of growth coming in from each of the segments. So, I don't see a flattish kind of a thing, but you will see a shift between exports and domestic.

Aditya Arora:

Got it. Okay, thanks.

Moderator:

Thank you. The next question is from the line of Vineet Mehta from Ashika Group. Please go ahead.

Vineet Mehta:

Sir, I have a follow-up question on basically Outlook. So with new R&D processes coming and new CBG project coming, so 2026, you have said that 14% to 15%, but what about 2027, like, what do we expect in 2027, 2028 going down the line, like, what will be the growth rate in CBG projects?

And if the starting range of CBG projects margin is 14% to 15%, how, when it gets on full scale, how can you leverage it more further, like, will it go more 100 basis, 200 basis points ahead? And what will be the implications of that new R&D process you have taken, which will also boost margins? So, what will be your margins going forward? What are the targets for margins going forward?

Prerak Goel:

Yes. Sure. So, sorry, just answering your questions in part, so I think just on the growth profiles, as I said earlier as well, I think overall we don't see any change. We do see 20% sorts of growth rates that we should be able to achieve, you know, going forward. So while we have not done our exact budgets yet for FY 2027, I think the general guidance and the sentiment in the country and given the kind of inquiries that we have, you know, the growth targets for us remain in that segment.

In terms of the margin profile, especially for CBG, see, we've been doing a lot of the biogas projects, even the Mexico project, a large biogas project. Right now also we bid for a large biogas project for wastewater in South Africa. So, there is a lot of projects that we do for biogas. Now, tuning that to CBG, the core technology is the same.

You know, you still need the same tanks, the same systems to set up a CBG plant as well because the biogas piece is almost similar. And then you need some specialized equipments like compressors, et cetera, to concentrate that gas and clean the gas. That's where CBG gets a little different from the industrial biogas projects.

So, you know, I think starting off we're definitely seeing that, you know, because we have a core team which will be running the CBG project, there will be some local site works that will be required. So, you know, we're kind of expecting a 14% to 15% sort of a margin. See, it will increase as we keep doing more projects, the more scale that we get, more multiple projects running together.

So I think we can definitely increase our project base there. As I said, for any business that we like to run, we generally like to target about 18%, 20% sort of EBITDA numbers over longer terms. So, you know, we like to enter the businesses if we see that being scalable and possible to get up to those numbers.

So that continues to remain our target. But, yes, as we scale up, we will continue to, you know, look at what's the best numbers that we can get. It's also market-dependent, as Prayas said. You know, this is a solution that we're giving to a lot of industrial clients who have capital waste. So, you know, it's about getting the project economics right for them so that they can, you know, invest in these projects and actually get a return from their waste. I'm sorry did I miss any part of your question?

Vineet Mehta:

No, no, that was part of it.

Prerak Goel:

Thank you.

Moderator:

Thank you. As there are no further questions from the participants, I now hand the contents over to the management for the closing comments.

Prerak Goel:

Thank you, everyone, for your time on the call today and the questions. We look forward to connecting again in the Q3 call. Thank you.

Moderator:

On behalf of Concord Enviro Systems Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.