

Estimate change	
TP change	
Rating change	

Bloomberg	VATW IN
Equity Shares (m)	62
M.Cap.(INRb)/(USDb)	75.7 / 0.8
52-Week Range (INR)	1680 / 1033
1, 6, 12 Rel. Per (%)	2/-24/-22
12M Avg Val (INR M)	532

Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	38.8	45.0	52.4
EBITDA	4.9	6.4	7.6
Adj. PAT	4.0	4.5	5.5
Adj. EPS (INR)	64.3	73.1	88.0
EPS Gr. (%)	35.1	13.6	20.4
BV/Sh. (INR)	404.2	469.3	547.3
Ratios			
RoE (%)	15.9	15.6	16.1
RoCE (%)	22.2	22.4	23.3
Payout (%)	9.2	10.9	11.4
Valuations			
P/E (x)	18.9	16.6	13.8
P/BV (x)	3.0	2.6	2.2
EV/EBITDA (x)	13.7	10.2	8.1
Div. Yield (%)	0.5	0.7	0.8

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	19.1	19.1	19.1
DII	4.3	4.5	2.0
FII	19.0	18.4	18.9
Others	57.6	58.0	60.0

CMP: INR1,215

TP: INR1,900 (+56%)

Buy

Healthy 3Q; robust outlook and cash flows to drive re-rating

Revenue/adj. EBITDA/adj. PAT grow 19%/25%/37% YoY in 3QFY26

- VA Tech Wabag (VATW) reported a healthy in-line result in 3QFY26 as its revenue/adj. EBITDA/adj. PAT grew 19%/25%/37% YoY.
- Adj. EBITDA margin expanded 67bp YoY to 13.6%, within the guided range of 13-15%. VATW treats forex gains/losses as part of its core operations. Hence, analyzing adjusted margins is more meaningful.
- Net cash stood at INR8.9b (over INR10b excluding HAM projects).
- RoW revenue surged 76% YoY, with EBIT margin of 26.6% (up 47bp YoY).
- India revenue declined 16% YoY, with EBIT margin of 20.2% (up 176bp YoY).
- EPC revenue (83% mix) grew 21% YoY, whereas O&M revenue rose 9% YoY.
- Municipal contributed 84% to revenue while Industrial at 16% of mix.
- In 9M, revenue/adj. EBITDA/adj. PAT grew 18%/17%/26% YoY.

Key highlights from the management commentary

- All major projects are progressing well in line with the execution timeline.
- Focus remains on profitable growth and overseas markets. Middle East remains at the top, followed by CIS and African markets. Indian market is also gaining momentum, with tenders in advanced stages of finalization.
- Middle East and other overseas projects are relatively better in terms of working capital cycle and cash flows compared to Indian projects.
- The company secured fresh orders of INR47b+ during 9MFY26. Moreover, it is a preferred bidder in projects worth over INR30b.
- It secured break-through orders in the future energy solutions sector for CBG plant in Uttar Pradesh and UPW, ETP, and ZLD for Renewsys in Hyderabad.
- The current order book of over INR160b (~5x FY25 revenue) supports 15-20% revenue CAGR guidance for the next 3-4 years.
- While the current order book is more inclined toward EPC projects having high volumes and relatively lower margins, VATW's focus remains on profitable growth by selective bidding in high-margin EPC and O&M jobs.

Valuation and view: Reiterate BUY

- We broadly maintain our earnings estimates after healthy in-line 3QFY26 results. After delivering a CAGR of 4%/18%/28% in revenue/EBITDA/PAT over FY21-25, we estimate a CAGR of 17%/22%/23% over FY25-28.
- VATW's current order book of over INR160b (~5x FY25 revenue), preferred bidder status in orders worth INR30b, and a strong bid pipeline of INR150-200b provide strong 15-20% revenue growth visibility for the next 3-4 years.
- A greater focus on executing large-scale projects and high-margin segments such as EP, Industrial, and O&M augurs well for margins.
- The outlook for strong FCF generation, an INR10b+ net cash status, and expansion in return ratios makes VATW's scrip attractive at ~17x FY27E P/E.
- We, thus, reiterate our BUY rating and a TP of INR1,900, based on 26x FY27E P/E. ([our IC note dated Jul'25](#)).

Quarterly Performance (INRm)												
Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Sales	6,265	7,003	8,110	11,562	7,340	8,345	9,613	13,545	32,940	38,843	9,428	2
YoY Change (%)	13.3	5.3	15.1	23.8	17.2	19.2	18.5	17.2	15.3	17.9	16.2	
Total Expenditure	5,452	6,067	7,106	10,154	6,384	7,452	8,398	11,679	28,717	33,913	8,177	
EBITDA - reported	813	936	1,004	1,408	956	893	1,215	1,866	4,223	4,930	1,251	-3
Margins (%)	13.0	13.4	12.4	12.2	13.0	10.7	12.6	13.8	12.8	12.7	13.3	
EBITDA - adjusted to forex gain	759	1,030	1,051	1,400	820	1,205	1,310	1,916	4,240	5,251	1,301	1
Margins (%)	12.1	14.7	13.0	12.1	11.2	14.4	13.6	14.1	12.9	13.5	13.8	
Depreciation	19	13	13	14	14	17	16	15	59	62	15	
Interest	180	190	203	215	188	196	179	174	788	737	201	
Other Income	108	138	148	114	113	416	232	300	446	1,061	150	
PBT before EO expense	722	871	936	1,293	867	1,096	1,252	1,977	3,822	5,192	1,185	
Extra-Ord expense	0	0	0	0	0	0	-47	0	0	-47	0	
PBT	722	871	936	1,293	867	1,096	1,299	1,977	3,822	5,239	1,185	
Tax	152	221	207	316	209	260	300	465	896	1,234	278	
Rate (%)	21.1	25.4	22.1	24.4	24.1	23.7	23.1	23.5	23.4	23.5	23.5	
Minority Interest	-2	-3	0	0	0	0	-4	0	-5	-4	0	
Profit/Loss of Asso. Cos.	-22	53	-27	18	0	12	8	6	22	26	6	
Reported PAT	550	706	702	995	658	848	1,011	1,518	2,953	4,035	912	
Adj PAT	550	706	702	995	658	848	964	1,518	2,953	3,988	912	6
YoY Change (%)	10.0	17.3	11.6	37.4	19.6	20.1	37.3	52.6	20.2	36.7	29.9	
Margins (%)	8.8	10.1	8.7	8.6	9.0	10.2	10.0	11.2	9.0	10.3	9.7	

E: MOFSL Estimates

Operating Metrics

Y/E March	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	% YoY	% QoQ
Segment-wise revenue break-up (INR m)							
EPC	6,512	9,612	5,717	6,853	7,855	21	15
Municipal	4,601	8,219	4,182	5,381	6,549	42	22
Industrial	1,911	1,393	1,535	1,472	1,306	(32)	(11)
O&M	1,525	1,895	1,488	1,431	1,665	9	16
Municipal	1,341	1,624	1,235	1,155	1,423	6	23
Industrial	184	271	253	276	242	32	(12)
Total revenue	8,037	11,507	7,205	8,284	9,520	18	15
% YoY	15	24	17	19	19		
O&M mix	19	16	21	17	17		
Industrial mix	26	14	25	21	16		
International mix	40	44	44	52	58		
Geography-wise revenue break-up (INR m)							
India	5,011	6,620	4,185	4,044	4,196	(16)	4
RoW	3,141	5,118	3,155	4,313	5,521	76	28
EBIT margin (%)						YoY (bp)	QoQ (bp)
India	18.4	19.2	25.2	17.3	20.2	176	285
RoW	26.2	14.3	29.3	26.2	26.6	47	40
Order book (INR b)	142.6	136.7	157.8	160.2	163.4	15	2
Book-to-bill ratio (x, TTM basis)	4.7	4.2	4.7	4.6	4.5		
Order book break-up (INR b)							
EPC	76.3	71.1	92.4	92.1	96.6	27	5
Municipal	65.7	57.9	80.4	80.5	80.1	22	(1)
Industrial	10.6	13.3	11.9	11.6	16.5	56	43
O&M	54.7	53.7	53.1	55.5	54.2	(1)	(2)
Municipal	43.9	42.4	42.0	44.7	43.6	(1)	(3)
Industrial	10.8	11.3	11.1	10.8	10.6	(2)	(2)
Framework	11.6	11.8	12.3	12.6	12.6	9	1

Exhibit 1: Key contracts in order book (INR b)

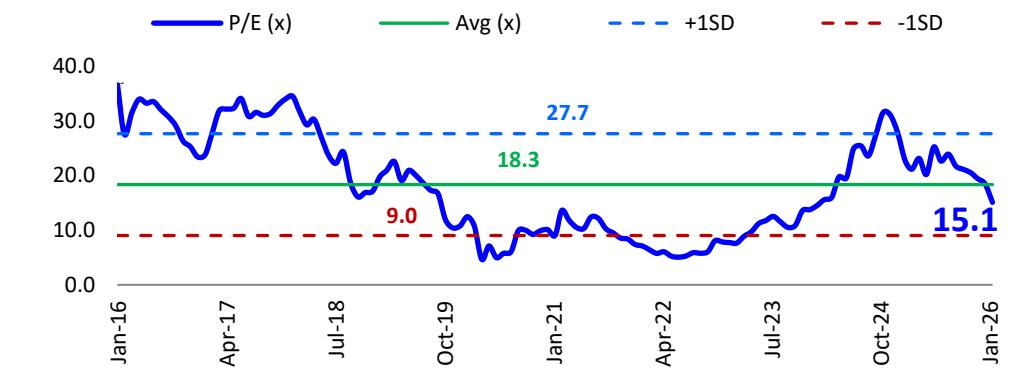
Key contracts in order book	Nature	Classification
400 MLD Perur, Chennai	Desalination	Mega (Above INR 10b)
300 MLD SWA, Yanbu Al-Bahr, KSA	Desalination	Mega (Above INR 10b)
200 MLD Al Haer ESC, KSA	ISTP	Mega (Above INR 10b)
100 MLD Indosol, Andhra Pradesh	Desalination	Major (INR6-10b)
UPJN, O&M of Agra & Ghaziabad	OCOO	Mega (Above INR 10b)
54+19 MLD Lusaka Water Supply and Sanitation Company	WWTP	Major (INR6-10b)
Water Block Package from BPCL, Madhya Pradesh	RWTP/RODMP/ZLD	Large (INR2.5-6b)
200 MLD Pagla, Bangladesh	STP	Major (INR6-10b)
150 MLD Digha & Kankarbagh	STP and Network	Mega (Above INR 10b)
BWSSB, Bengaluru	WWTP	Large (INR2.5-6b)
Key Framework Contracts		
Libya STP		INR6,114m
Bomba MED, Libya		INR6,522m

Source: Company

Exhibit 2: Changes in estimates (INR m)

INR m	Old			New			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	38,631	44,906	52,352	38,843	45,012	52,376	1	0	0
EBITDA	5,092	6,364	7,582	4,930	6,357	7,580	(3)	0	0
EBITDA margin %	13.2	14.2	14.5	12.7	14.1	14.5			
PAT	3,894	4,531	5,447	3,988	4,531	5,453	2	0	0
EPS	62.8	73.1	87.9	64.3	73.1	88.0	2	0	0

Source: MOFSL, Company

Exhibit 3: One-year forward P/E band and standard deviation


Source: Bloomberg, MOFSL



3QFY26 earnings concall key takeaways

Business development and outlook

- All major projects are progressing well in line with the execution timeline.
- The focus remains on profitable growth and expansion in overseas markets.
- The Middle East is identified as a key growth engine, supported by sustained investments in desalination, wastewater, and reuse projects.
- Africa continues to witness steady opportunities driven by multilateral-funded sanitation and water projects.
- Southeast Asia and CIS offer diversification, while Europe is being pursued selectively for high-technology and complex water treatment projects without compromising margin discipline.
- The company expects recovery in order inflow in India, with several tenders in the advanced level of finalization.
- The company has secured fresh orders of INR47b+ in 9MFY26. Moreover, it is a preferred bidder/L1 on 2-3 large projects worth INR30b across India and international markets.
- The current order book of over INR160b (~5x FY25 revenue) supports 15-20% revenue CAGR guidance for the next 3-4 years.
- International projects account for ~50% of the order book, which management highlighted as structurally superior in terms of margins, working capital, and cash flow.
- It has secured breakthrough orders in the future energy solutions sector for the CBG plant in Uttar Pradesh and UPW, ETP and ZLD for Renewsys in Hyderabad.
- New-energy segments such as solar manufacturing, hydrogen, bio-CNG, semiconductors and data centers present emerging opportunities; several discussions are ongoing.
- While the current order book is more inclined toward EPC projects having high volumes and relatively lower margins, VATW's focus remains on profitable growth by selective bidding in high-margin EPC and O&M jobs.

3QFY26 result – Healthy in-line quarter

- Revenue/adjusted EBITDA/adjusted PAT grew 19%/25%/37% YoY.
- Adjusted EBITDA margin expanded 67bp YoY to 13.6%, within the guided range of 13-15%.
- VATW treats forex gains/losses as part of its core operations. Hence, analyzing adjusted margins is more meaningful.
- Net cash stood at INR8.9b (over INR10b excluding HAM projects).
- RoW revenue surged 76% YoY, with an EBIT margin of 26.6% (up 47bp YoY).
- India revenue declined 16% YoY, with an EBIT margin of 20.2% (up 176bp YoY).
- EPC revenue (83% of mix) grew 21% YoY, whereas O&M revenue rose 9% YoY.
- Municipal contributed 84% to revenue, while industrial contributed 16% to the mix.
- In nine months, revenue/adjusted EBITDA/adjusted PAT grew 18%/17%/26% YoY.

Key exhibits

Exhibit 4: Customer-wise revenue mix trend (%)

■ Municipal ■ Industrial

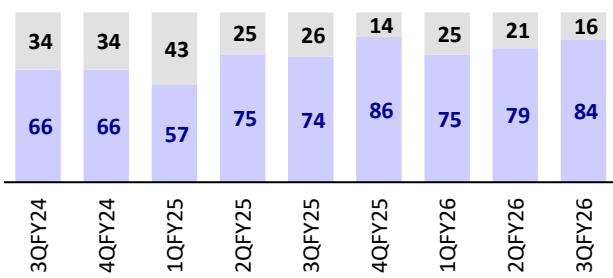


Exhibit 5: Segment-wise revenue mix trend (%)

■ EPC ■ O&M

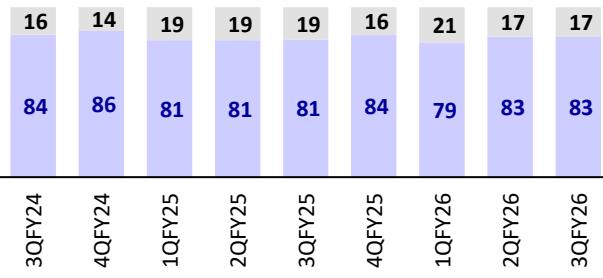


Exhibit 6: Geography-wise revenue mix trend (%)

■ India ■ RoW

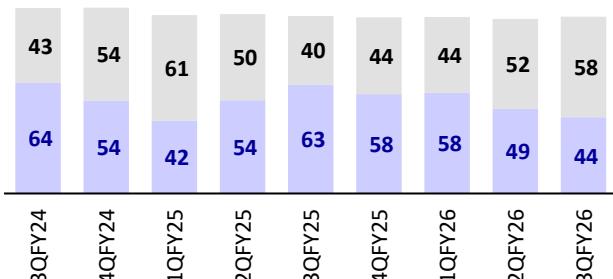


Exhibit 7: Revenue increased 19% YoY

■ Revenue ■ Growth (% YoY)

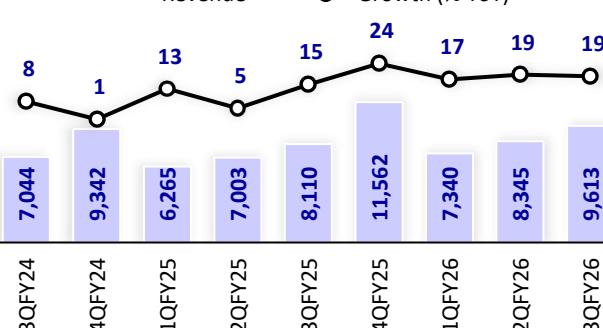


Exhibit 8: Adj. EBITDA, adj. PAT, and margin trends

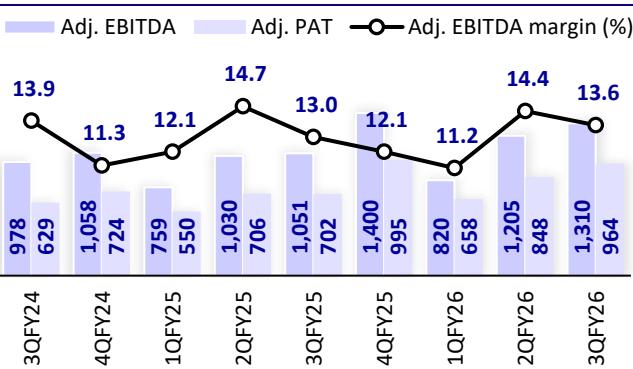


Exhibit 9: EPS grew 31% YoY

■ EPS ■ Growth (% YoY)

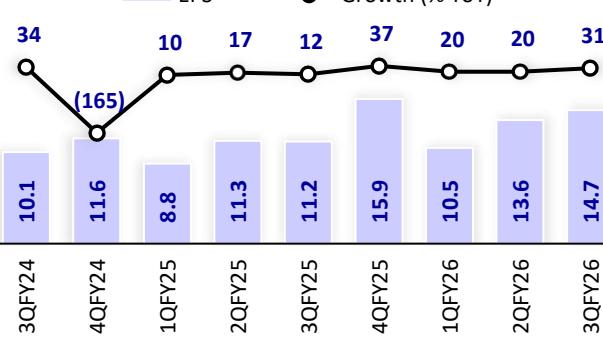


Exhibit 10: Order intake trend

■ Order Intake (INR b)

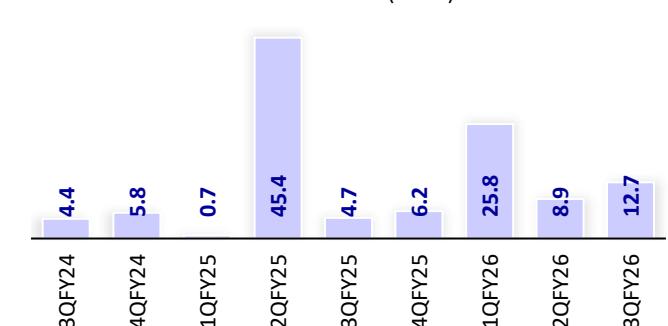
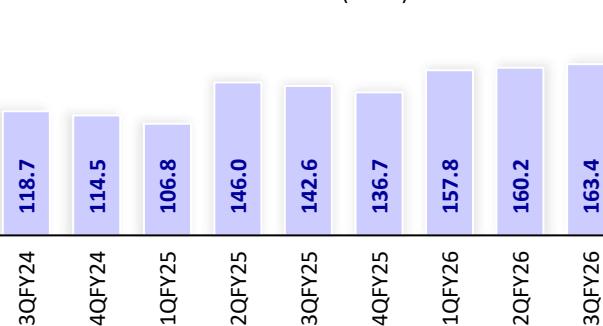


Exhibit 11: Closing order book trend

■ Order book (INR b)



Source: Company, MOFSL

Exhibit 12: A strong book-to-bill ratio (~5x) provides high comfort on 15-20% revenue growth guidance

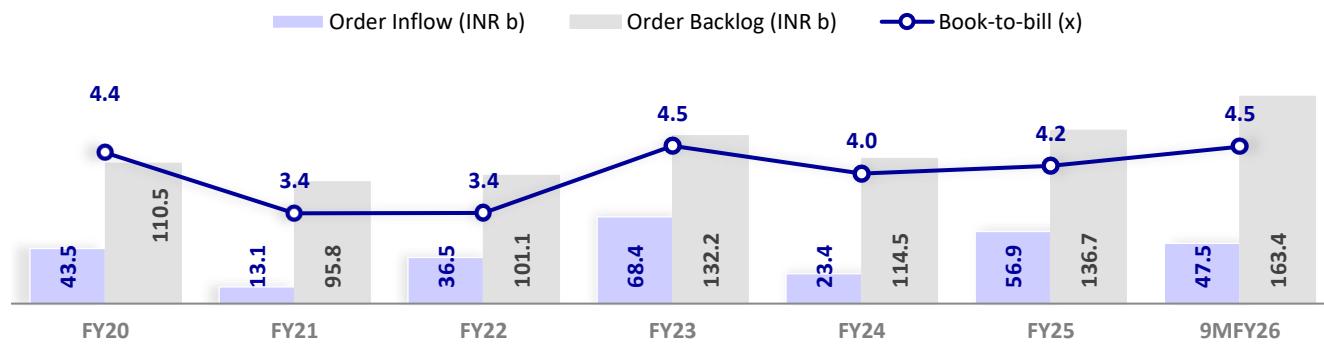


Exhibit 13: We expect 17% revenue CAGR, 14-15% margin...

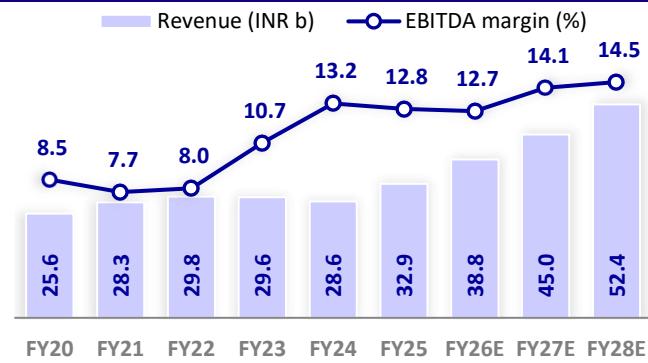


Exhibit 14: ...and 23% CAGR in PAT over FY25-FY28

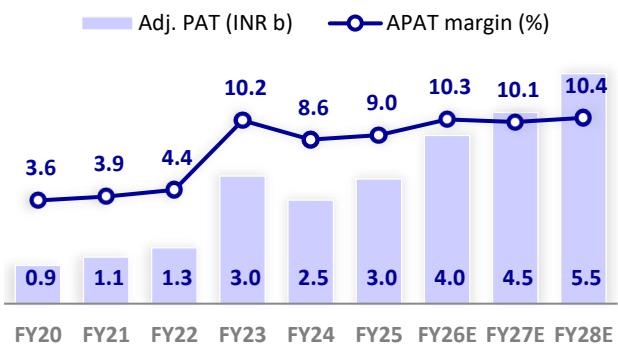


Exhibit 15: Return ratios to witness further improvement

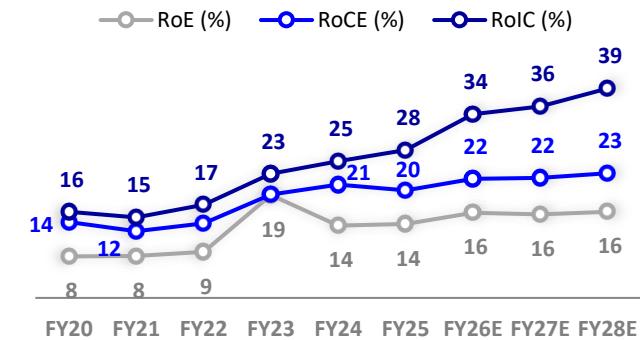


Exhibit 16: Healthy FCF aided by margins and tight WC cycle

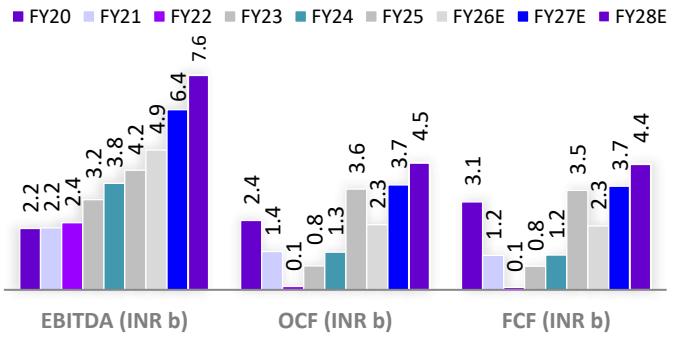


Exhibit 17: Rising O&M mix in revenue to drive margins...

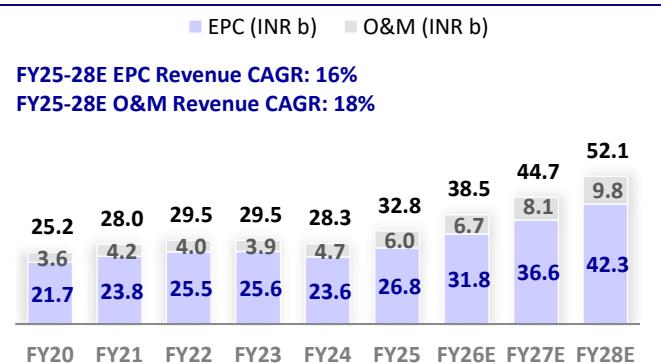
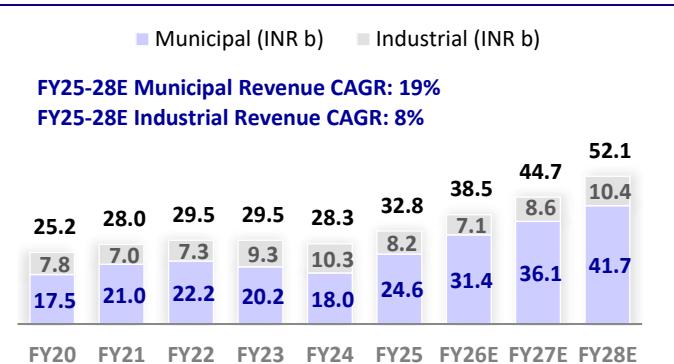


Exhibit 18: ...along with faster growth in industrials



Financials and valuations

Consolidated - Income Statement								
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	(INRm) FY28E
Total Income from Operations	28,345	29,793	29,605	28,564	32,940	38,843	45,012	52,376
Change (%)	10.8	5.1	-0.6	-3.5	15.3	17.9	15.9	16.4
RM Cost	22,331	23,057	22,695	21,667	25,605	29,359	33,760	39,284
Gross Profit	6,014	6,736	6,910	6,897	7,335	9,484	11,252	13,092
Employees Cost	1,985	2,507	2,655	2,354	2,645	3,018	3,430	3,912
Other Expenses	1,841	1,860	1,077	786	467	1,536	1,465	1,600
Total Expenditure	26,157	27,423	26,427	24,807	28,717	33,913	38,655	44,796
% of Sales	92.3	92.0	89.3	86.8	87.2	87.3	85.9	85.5
EBITDA	2,188	2,370	3,178	3,757	4,223	4,930	6,357	7,580
Margin (%)	7.7	8.0	10.7	13.2	12.8	12.7	14.1	14.5
Depreciation	121	101	88	84	59	62	63	68
EBIT	2,066	2,269	3,090	3,673	4,164	4,868	6,294	7,512
Int. and Finance Charges	903	877	658	711	788	737	918	969
Other Income	82	324	536	434	446	1,061	503	534
PBT bef. EO Exp.	1,245	1,716	2,968	3,396	3,822	5,192	5,878	7,077
EO Items	0	0	2,892	0	0	-47	0	0
PBT after EO Exp.	1,245	1,716	76	3,396	3,822	5,239	5,878	7,077
Total Tax	295	363	59	797	896	1,234	1,381	1,663
Tax Rate (%)	23.7	21.2	77.6	23.5	23.4	23.5	23.5	23.5
Minority Interest	-93	0	-20	48	-5	-4	-4	-5
Share of Profit/Loss of JV and associates	58	-32	93	-95	22	26	30	34
Reported PAT	1,101	1,320	130	2,456	2,953	4,035	4,531	5,453
Adjusted PAT	1,101	1,320	3,022	2,456	2,953	3,988	4,531	5,453
Change (%)	21.1	19.9	128.9	-18.7	20.2	35.1	13.6	20.4
Margin (%)	3.9	4.4	10.2	8.6	9.0	10.3	10.1	10.4

Consolidated - Balance Sheet								
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	(INRm) FY28E
Equity Share Capital	124	124	124	124	124	124	124	124
Total Reserves	13,973	15,267	15,625	18,062	21,275	24,938	28,973	33,806
Net Worth	14,098	15,391	15,749	18,186	21,399	25,062	29,097	33,930
Minority Interest	-134	-133	-3	53	51	49	47	45
Total Loans	3,495	4,285	2,132	2,806	3,573	3,373	3,173	2,973
Deferred Tax Liabilities	41	33	11	0	0	0	0	0
Capital Employed	17,500	19,576	17,889	21,045	25,023	28,484	32,317	36,948
Gross Block	2,335	2,373	2,415	2,470	2,471	2,521	2,571	2,621
Less: Accum. Deprn.	1,472	1,573	1,661	1,745	1,804	1,866	1,929	1,997
Net Fixed Assets	863	800	754	725	667	655	642	624
Capital WIP	0	0	0	0	0	0	0	0
Total Investments	244	376	458	671	694	794	894	994
Curr. Assets, Loans&Adv.	40,506	38,848	39,681	44,349	51,312	57,942	65,161	73,762
Inventory	298	320	353	359	358	422	489	569
Account Receivables	18,972	20,711	21,939	25,215	26,080	30,222	34,405	39,316
Cash and Bank Balance	3,713	4,286	2,754	5,097	9,446	11,260	13,619	16,619
Loans and Advances	17,523	13,532	14,635	13,678	15,428	16,038	16,648	17,258
Curr. Liability & Prov.	24,112	20,447	23,004	24,700	27,650	30,906	34,379	38,432
Account Payables	10,777	9,853	10,697	10,283	10,458	12,119	13,797	16,055
Other Current Liabilities	12,714	9,777	11,646	13,137	15,576	16,876	18,376	19,876
Provisions	621	816	661	1,280	1,616	1,911	2,206	2,501
Net Current Assets	16,393	18,401	16,677	19,649	23,662	27,035	30,781	35,330
Misc Expenditure	0	0	0	0	0	0	0	0
Appl. of Funds	17,500	19,576	17,889	21,045	25,023	28,484	32,317	36,948

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
Adj EPS	17.8	21.3	48.7	39.6	47.6	64.3	73.1	88.0
Cash EPS	19.7	22.9	50.2	41.0	48.6	65.3	74.1	89.0
BV/Share	227	248	254	293	345	404	469	547
DPS	0.0	0.0	0.0	0.0	4.0	6.0	8.0	10.0
Payout (%)	0.0	0.0	0.0	0.0	8.4	9.2	10.9	11.4
Valuation (x)								
P/E	68.4	57.1	24.9	30.7	25.5	18.9	16.6	13.8
Cash P/E	61.6	53.0	24.2	29.7	25.0	18.6	16.4	13.6
P/BV	5.3	4.9	4.8	4.1	3.5	3.0	2.6	2.2
EV/Sales	2.6	2.5	2.5	2.6	2.1	1.7	1.4	1.2
EV/EBITDA	34.3	31.8	23.5	19.4	16.4	13.7	10.2	8.1
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.3	0.5	0.7	0.8
FCF per share	19.6	1.5	13.4	19.8	56.6	36.3	59.0	71.5
Return Ratios (%)								
RoE	7.8	8.6	19.2	13.5	13.8	15.9	15.6	16.1
RoCE (pre-tax)	12.4	13.9	19.3	21.1	20.1	22.2	22.4	23.3
RoIC (pre-tax)	15.0	17.4	23.2	25.5	27.6	34.3	35.7	39.1
Working Capital Ratios								
Fixed Asset Turnover (x)	12.1	12.6	12.3	11.6	13.3	15.4	17.5	20.0
Net Working Capital Cycle (Days)	163	173	172	186	158	148	139	130
Debtor (Days, incl. CA)	470	420	451	497	460	435	414	394
Inventory (Days)	4	4	4	5	4	4	4	4
Creditor (Days, incl. CL)	310	251	284	316	306	290	279	268
Leverage Ratio (x)								
Current Ratio	1.7	1.9	1.7	1.8	1.9	1.9	1.9	1.9
Interest Cover Ratio	2.4	3.0	5.5	5.8	5.9	8.0	7.4	8.3
Net Debt/Equity	0.0	0.0	0.0	-0.1	-0.3	-0.3	-0.4	-0.4

Consolidated - Cash Flow Statement

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	1,303	1,684	169	3,301	3,844	5,239	5,878	7,077
Depreciation	121	101	88	84	59	62	63	68
Interest & Finance Charges	366	363	287	255	334	737	918	969
Direct Taxes Paid	-319	-186	-275	-260	-817	-1,119	-1,266	-1,548
(Inc)/Dec in WC	-968	-2,817	491	-2,882	76	-1,560	-1,387	-1,549
CF from Operations	502	-856	760	498	3,496	3,360	4,206	5,017
Others	851	972	89	837	56	-1,059	-501	-532
CF from Operating incl EO	1,353	116	849	1,335	3,552	2,301	3,705	4,485
(Inc)/Dec in FA	-136	-26	-17	-110	-40	-50	-50	-50
Free Cash Flow	1,217	90	832	1,225	3,512	2,251	3,655	4,435
(Pur)/Sale of Investments	0	-183	0	0	0	-100	-100	-100
Others	95	-131	175	951	-1,170	1,061	503	534
CF from Investments	-41	-340	158	841	-1,210	911	353	384
Issue of Shares	1,178	0	0	0	0	0	0	0
Inc/(Dec) in Debt	-1,737	826	-2,101	660	714	-200	-200	-200
Interest Paid	-347	-364	-281	-249	-333	-737	-918	-969
Dividend Paid	-13	2	0	0	0	-372	-496	-620
Others	60	-18	-18	25	-41	-85	-81	-76
CF from Fin. Activity	-859	446	-2,400	436	340	-1,394	-1,695	-1,865
Inc/Dec of Cash	453	223	-1,393	2,612	2,682	1,818	2,363	3,004
Opening Balance	2,489	3,038	3,210	2,066	4,399	7,177	8,995	11,358
Other cash & cash equivalent	55	-51	249	-279	96	0	0	0
Closing Balance	2,997	3,210	2,066	4,399	7,177	8,995	11,358	14,362

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