

May 26, 2026

## Robust execution and O&M growth improve earning visibility...

**About the stock:** VA Tech Wabag (WABAG), ranked among the top 3 global pure-play water technology companies, provides end-to-end water solutions across desalination, municipal water treatment, industrial wastewater treatment and water reuse, with a robust order book of ~₹17,200 crore and presence across 25+ countries.

- Revenue Mix: EPC (~82% of revenue) and operation & maintenance (~18% of revenue).

**Q4FY26 performance:** VA Tech Wabag Limited reported strong Q4FY26 performance with revenue rising 22.3% YoY to ₹1,414 crore, while EBITDA increased 11.8% YoY to ₹157 crore. EBITDA margin, however, contracted by 110 bps YoY to 11.1% due to project mix. PAT grew strongly by 28.6% YoY to ₹128 crore during the quarter. For FY26, revenue grew 19.7% YoY to ₹3,944 crore, EBITDA rose 13% YoY to ₹477 crore, while PAT increased 25.4% YoY to ₹370 crore. EBITDA margin stood at 12.1% versus 12.8% in FY25. The Board recommended a final dividend of ₹5/share for FY26.

### Investment Rationale:

- Robust order book provides strong medium-term execution visibility:** VA Tech Wabag's order backlog stood at a robust ₹17,235 crore at the end of FY26, growing 26% YoY and implying revenue visibility of more than 4x FY26 revenue, significantly higher than the company's internal threshold of maintaining order book at ~3x annual revenue. The order book remains well diversified across desalination, wastewater treatment, industrial water and O&M businesses, with increasing contribution from international geographies such as Middle East and Africa. Additionally, the rising share of long-duration O&M contracts (~38% of order book) improves revenue predictability, cash-flow stability and margin visibility over the medium term.
- Profitable growth strategy and improving project mix support margin sustainability:** WABAG continues to focus on selective bidding, technology-led differentiation and disciplined execution rather than aggressive low-margin growth. Management reiterated EBITDA margin guidance of 13–15%, supported by increasing contribution from high-margin desalination, industrial water and O&M projects. The company is also witnessing rising opportunities in relatively higher-margin segments such as semiconductors, solar PV manufacturing, green hydrogen, AI-driven data centres, oil & gas and mining, where advanced water treatment solutions and ultra-pure water capabilities create higher entry barriers and better pricing power.

### Rating and Target Price

- We expect Revenue and PAT to grow at 17.6% and 27% CAGR over FY26-FY28E. We recommend **BUY** on Wabag with a revised **target price of ₹1,930 per share (based on 20x FY28E EPS)**



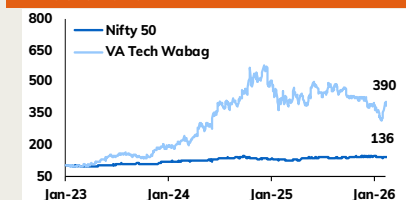
### Market data

Particular	Rs (in crore)
Market Capitalisation	9,056
Total Debt (FY26)	225.0
Cash and Inv (FY26)	1,059
Enterprise Value	8,221.8
52 Week H/L (Rs.)	1680/1033
Equity Capital	12.4
Face Value (Rs.)	2.0

### Shareholding pattern

%	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	19.1	19.1	19.1	19.9
FII	18.7	18.4	19.0	16.6
DII	3.7	4.5	4.3	5.8
Public	58.5	58.0	57.6	58.5

### Price chart



### Key risks

- Delay in execution;
- Increase in receivables can elongate working capital cycle.

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### Key Financial Summary

Particulars (₹ crore)	FY23	FY24	FY25	FY26	3 year CAGR (FY23-26)	FY27E	FY28E	2 year CAGR (FY26-28E)
Revenues	2,960.5	2,856.4	3,294.0	3,944.2	10.0%	4,601.9	5,458.6	17.6%
EBITDA	317.8	375.7	422.3	477.4	14.5%	614.6	776.7	27.6%
EBITDA Margin (%)	10.7	13.2	12.8	12.1		13.4	14.2	
Net Profit	200.8	245.6	295.3	372.7	22.9%	472.3	600.0	26.9%
EPS (₹)	32.3	39.5	47.5	59.9		75.9	96.5	
P/E (x)	46.5	38.0	31.6	25.0		19.8	15.5	
Price / Book (x)	5.9	5.1	4.4	3.6		3.1	2.6	
EV/EBITDA (x)	29.2	24.2	20.7	17.8		14.5	11.3	
RoCE (%)	20.3	19.6	18.5	20.2		21.5	22.5	
RoE (%)	12.8	13.5	13.8	14.5		15.5	16.5	

## Key result and concall highlights

- VA Tech Wabag Limited reported Q4FY26 performance with revenue rising 22.3% YoY to ₹1,414 crore, while EBITDA increased 11.8% YoY to ₹157 crore. EBITDA margin, however, contracted by 110 bps YoY to 11.1% due to project mix. PAT grew strongly by 28.6% YoY to ₹128 crore during the quarter.
- For FY26, revenue grew 19.7% YoY to ₹3,944 crore, EBITDA rose 13% YoY to ₹477 crore, while PAT increased 25.4% YoY to ₹370 crore. EBITDA margin stood at 12.1% versus 12.8% in FY25.
- Order backlog increased 26% YoY to ₹17,235 crore, providing revenue visibility of more than 4x FY26 revenue. The company secured order inflows of over ₹7,500 crore during FY26, supported by strong traction across desalination, municipal reuse and industrial water treatment projects.
- O&M order backlog increased sharply to ₹6,346 crore, up from ₹5,304 crore in FY25, while O&M now contributes 38% of total order book, strengthening long-term annuity revenue visibility. Management reiterated long-term target of increasing O&M contribution to 20% of revenues.
- Overseas business contributed 52% of FY26 revenue, while international order book contribution stood at 42%, providing geographical diversification and reducing dependence on domestic municipal ordering cycles.
- International business is expected to become a key growth driver going ahead, especially Middle East & Africa. Management highlighted GCC desalination and wastewater opportunity of nearly \$50 billion over the next decade, supported by Saudi Vision 2030, FIFA World Cup infrastructure, reuse initiatives and industrial expansion.
- Company stated that it is increasingly focusing on industrial water opportunities including semiconductors, solar PV manufacturing, AI data centres, mining, oil & gas and green hydrogen. Ultra-pure water demand is witnessing strong traction, especially from semiconductor fabs and solar cell manufacturing projects.
- Management highlighted that the 400 MLD Perur desalination project is progressing well with overall completion reaching ~70–75%, while marine works are nearly 95% complete. Once commissioned, the plant will supply water to nearly one-third of Chennai's population and will become Asia's largest desalination plant.
- WABAG secured several marquee projects during the year including:
  - Yanbu mega desalination project in Saudi Arabia
  - Chennai 45 MLD TTRO reuse project
  - Chennai city-wide looped water grid project
  - Reliance ultra-pure water project
  - BPCL industrial water project
  - Nepal wastewater and water treatment projects
- Management reiterated medium-term revenue growth guidance of 15–20% CAGR, supported by strong order pipeline across India, Middle East, Africa and Southeast Asia. EBITDA margin guidance was maintained at 13–15%, while management expects bottom-line growth to continue outperforming revenue growth under its profitable growth strategy.

## Financial Summary

### Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
<b>Revenue</b>	<b>2,856</b>	<b>3,294</b>	<b>3,944</b>	<b>4,602</b>	<b>5,459</b>
% Growth	(3.5)	15.3	19.7	16.7	18.6
Other income	43.4	44.6	94.3	103.7	114.1
Total Revenue	2,856	3,294	3,944	4,602	5,459
% Growth	(3.5)	15.3	19.7	16.7	18.6
Total Raw Material Costs	2,167	2,561	3,004	3,491	4,092
Employee Expenses	235	265	300	351	417
Other expenses	78.6	46.7	162.6	145.9	173.3
Total Operating Expenditure	2,481	2,872	3,467	3,987	4,682
<b>Operating Profit (EBITDA)</b>	<b>376</b>	<b>422</b>	<b>477</b>	<b>615</b>	<b>777</b>
% Growth	18.2	12.4	13.0	28.7	26.4
Interest	71.1	78.8	72.9	77.2	77.2
PBDT	348	388	499	641	814
Depreciation	8.4	5.9	6.2	9.2	10.9
PBT before Exceptional Items	340	382	493	632	803
Total Tax	79.7	89.6	118.8	159.5	202.7
PAT before MI	250.4	294.8	369.1	472.3	600.0
<b>PAT</b>	<b>246</b>	<b>295</b>	<b>369</b>	<b>472</b>	<b>600</b>
% Growth	NA	20.2	25.0	28.0	27.0
<b>EPS</b>	<b>39.5</b>	<b>47.5</b>	<b>59.9</b>	<b>75.9</b>	<b>96.5</b>

Source: Company, ICICI Direct Research

### Exhibit 2: Cash flow statement ₹ crore

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Profit after Tax	245.6	295.3	369.1	472.3	600.0
Depreciation	8.4	5.9	6.2	9.2	10.9
Interest	71.1	78.8	72.9	77.2	77.2
Cash Flow before WC changes	325.1	380.0	448.2	558.7	688.1
Changes in inventory	5.2	0.1	-	(20.9)	(10.6)
Changes in debtors	(484.3)	(21.8)	(510.7)	(628.4)	(586.8)
Changes in loans & Advances	-	(12.0)	(10.0)	22.0	-
Changes in other current assets	101.1	(184.3)	(160.4)	(207.5)	(299.9)
Net Increase in Current Assets	(319.3)	(220.7)	(697.0)	(843.7)	(908.8)
Changes in creditors	(41.4)	17.5	216.4	439.9	316.9
Changes in provisions	62.2	34.6	82.1	17.2	69.5
Net Inc in Current Liabilities	(80.7)	278.4	571.4	274.0	609.1
<b>Net CF from Operating activities</b>	<b>(74.9)</b>	<b>437.7</b>	<b>322.6</b>	<b>(10.9)</b>	<b>388.4</b>
Changes in deferred tax assets	(7.9)	11.3	(5.3)	(16.0)	-
(Purchase)/Sale of Fixed Assets	(5.5)	0.1	(1.0)	9.1	9.1
<b>Net CF from Investing activities</b>	<b>314.7</b>	<b>(26.4)</b>	<b>(62.1)</b>	<b>(337.7)</b>	<b>(205.1)</b>
Dividend and Dividend Tax	-	-	(31.1)	-	-
<b>Net CF from Financing Activities</b>	<b>(5.3)</b>	<b>23.9</b>	<b>(146.3)</b>	<b>(52.2)</b>	<b>(52.2)</b>
Net Cash flow	234.4	435.2	114.2	(400.8)	131.1
Opening Cash/Cash Equivalent	275.4	509.8	945.0	1,059.2	658.4
<b>Closing Cash/ Cash Equivalent</b>	<b>509.8</b>	<b>945.0</b>	<b>1,059.2</b>	<b>658.4</b>	<b>789.5</b>

Source: Company, ICICI Direct Research

### Exhibit 3: Balance Sheet ₹ crore

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
Equity Capital	12.4	12.4	12.4	12.4	12.4
Reserve and Surplus	1,806	2,128	2,555	3,028	3,628
Total Shareholders funds	1,819	2,140	2,568	3,040	3,640
Total Debt	281	357	226	251	276
<b>Total Liabilities</b>	<b>2,515</b>	<b>2,930</b>	<b>3,213</b>	<b>3,710</b>	<b>4,335</b>
Gross Block	119.1	119.0	111.1	102.0	92.9
Acc: Depreciation	50.1	46.5	47.9	57.1	68.0
Net Block	68.9	63.4	63.2	35.8	15.8
Capital WIP	-	-	-	-	-
Total Fixed Assets	72.6	66.5	66.1	38.7	18.7
Non Current Assets	814	855	901	1,248	1,462
Inventory	35.9	35.8	35.8	56.7	67.3
Debtors	1,991	2,013	2,524	3,152	3,739
Other Current Assets	1,054	1,238	1,395	1,611	1,911
Cash	510	945	1,059	658	790
Total Current Assets	3,625	4,281	5,089	5,540	6,580
Current Liabilities	1,028	1,046	1,262	1,702	2,019
Provisions	12.8	90.0	91.0	91.0	91.0
Total Current Liabilities	2,059	2,338	2,909	3,183	3,792
Net Current Assets	1,566	1,944	2,179	2,356	2,787
<b>Total Assets</b>	<b>2,515</b>	<b>2,930</b>	<b>3,213</b>	<b>3,710</b>	<b>4,335</b>

Source: Company, ICICI Direct Research

### Exhibit 4: Key ratios

(Year-end March)	FY24	FY25	FY26	FY27E	FY28E
<b>EPS</b>	<b>39.5</b>	<b>47.5</b>	<b>59.9</b>	<b>75.9</b>	<b>96.5</b>
Cash per Share	82.0	152.0	170.3	105.9	127.0
DPS	14.0	14.0	15.0	15.0	15.0
BV	292.5	344.1	412.9	488.8	585.3
<b>EBITDA Margin</b>	<b>13.2</b>	<b>12.8</b>	<b>12.1</b>	<b>13.4</b>	<b>14.2</b>
PAT Margin	8.7	9.0	9.4	10.3	11.0
RoE	13.5	13.8	14.5	15.5	16.5
RoCE	19.6	18.5	20.2	21.5	22.5
RoIC	23.1	26.8	27.2	23.0	24.5
EV / EBITDA	24.2	20.7	17.8	14.5	11.3
<b>P/E</b>	<b>38.0</b>	<b>31.6</b>	<b>25.0</b>	<b>19.8</b>	<b>15.5</b>
EV / Net Sales	3.2	2.7	2.2	1.9	1.6
Sales / Equity	1.6	1.5	1.5	1.5	1.5
Market Cap / Sales	3.3	2.8	2.4	2.0	1.7
Price to Book Value	5.1	4.4	3.6	3.1	2.6
Asset turnover	1.4	1.3	1.4	1.4	1.4
Debtors Turnover Ratio	1.6	1.6	1.7	1.6	1.6
Creditors Turnover Ratio	2.7	3.2	3.4	3.1	2.9
Debt / Equity	0.2	0.2	0.1	0.1	0.1
Current Ratio	2.6	2.7	2.6	2.4	2.4
Quick Ratio	2.6	2.7	2.6	2.4	2.4

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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