




# VA Tech Wabag Ltd.

Sector: Capital Goods

02<sup>nd</sup> December 2025

# BUY

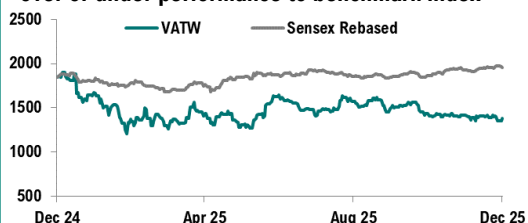
Key Changes		Target 	Rating 	Earnings 		Target	Rs. 1,877
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 1,382
Small Cap	VATW:IN	85,720	WABAG	533269	12 Months	Return	+36%

**Data as of: 02-12-2025 16:00 hrs**

Company Data			
Market cap. (Rs. cr)			8,606
52 Week High — Low (Rs.)			1,944 – 1,109
Enterprise Value (Rs. cr)			8,176
Outstanding Shares (cr)			6.2
Free Float (%)			81
Dividend Yield (%)			0.3
6m average volume (cr)			0.03
Beta			1.7
Face value (Rs)			2.0
Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	19.1	19.1	19.1
FII's	18.6	18.7	18.4
MFs/Institutions	3.0	3.7	4.5
Public	59.3	58.5	58.0
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-9.1%	-13.8%	-24.9%
Absolute Sensex	5.7%	4.5%	6.1%
Relative Return	-14.7%	-18.4%	-31.0%

\*over or under performance to benchmark index



Y.E March (Rs.cr)	FY25A	FY26E	FY27E
Sales	3,294	3,715	4,489
<i>Growth (%)</i>	<i>15</i>	<i>13</i>	<i>21</i>
EBITDA	422	478	622
EBITDA Margin (%)	12.8	12.9	13.9
PAT Adjusted	295	356	466
<i>Growth (%)</i>	<i>18</i>	<i>21</i>	<i>31</i>
Adjusted EPS	47.5	57.3	75.1
<i>Growth (%)</i>	<i>18</i>	<i>21</i>	<i>31</i>
P/E	29.4	24.4	18.6
P/B	4.0	3.5	3.0
EV/EBITDA	19.1	16.7	14.2
ROE (%)	14.9	15.4	17.4
D/E	0.2	0.1	0.1

**Author: Arun Kailasan, Research Analyst**

## Strong Executions Drive Topline Growth...

**VA Tech Wabag (VATW), is a Chennai-based multinational company specialising in water technology. With its expertise in the turnkey execution and operation of water and wastewater treatment plants, the company primarily serves both municipal and industrial sectors, focusing on providing comprehensive solutions for water-related challenges.**

- H1FY26 consolidated revenue increased 18.2%YoY to ₹1,569cr, driven by strong growth in EPC municipal projects (+45%) and a sharp uptick in O&M industrial activity (+93%), though partially weighed down by softer performance in the EPC industrial segment.
- H1FY26 EBITDA grew 5.7%YoY, although Q2FY26 EBITDA declined 4.6% YoY to ₹89.3cr, impacted by a higher EPC contribution, which pushed cost of sales up by 23.2% YoY.
- Other income surged 201.4% YoY in Q2FY26, taking H1FY26 other income up 115% YoY, primarily driven by forex gains. Q2FY26 PAT rose 20.6% YoY to ₹85cr, bringing H1FY26 PAT to ₹151cr, up 20.4% YoY.
- The company reported a net cash position (ex-HAM) of ₹675cr, extending its streak to 11 consecutive quarters in positive net cash. Net working capital days came in at 121, highlighting sustained operational discipline and efficiency.
- The order book (ex-framework contracts) rose 10.1% YoY to ₹14,764cr, ensuring nearly 4x revenue visibility. Management maintained its medium-term guidance of 15–20% revenue CAGR and 13–15% EBITDA margins.

## Outlook & Valuation

Wabag reported stronger-than-expected order inflows in H1, supported by healthy execution. We project revenue to grow at a 17% CAGR over FY25–27E, driven by sustained execution of its large order book. However, a higher proportion of construction contracts in the recent mix is likely to weigh on margins, prompting us to reduce our EBITDA margin estimates by 52bps/55bps for FY26E/27E. Even so, EBITDA is expected to grow at a 21% CAGR and PAT at 26% CAGR, improving ROE from 14.9% to 17.4%. **We value the stock at 25x FY27E EPS of ₹75.1, arriving at a target price of ₹1,877, and maintain our BUY rating.**

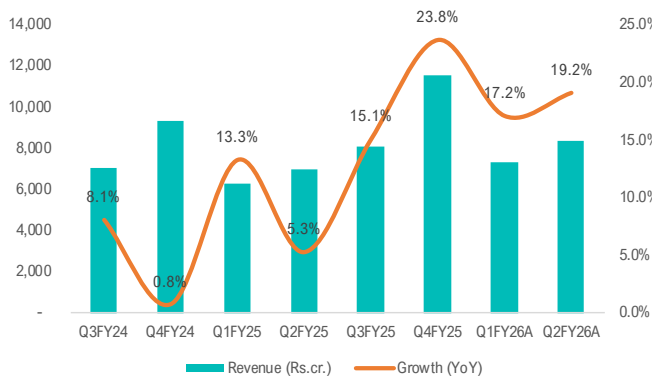
## Quarterly Financials Consol.

Rs. cr	Q2FY26	Q2FY25	YoY (%)	Q1FY25	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	835	700	19.2	734	13.7	1,569	1,327	18.2
EBITDA	89.3	93.6	-4.6	95.6	-6.6	184.9	174.9	5.7
Margin (%)	10.7	13.4	-266bps	13.0	-232bps	11.8	13.2	-139bps
EBIT	87.6	92.3	-5.1	94.2	-7.0	181.8	171.7	5.9
PBT	110.8	92.4	19.9	86.7	27.8	197.5	162.4	21.6
Rep. PAT	84.8	70.3	20.6	65.8	28.9	150.6	125.1	20.4
Adj PAT	84.8	70.3	20.6	65.8	28.9	150.6	125.1	20.4
EPS (Rs)	13.6	11.4	20.1	10.6	28.9	24.2	20.2	19.9

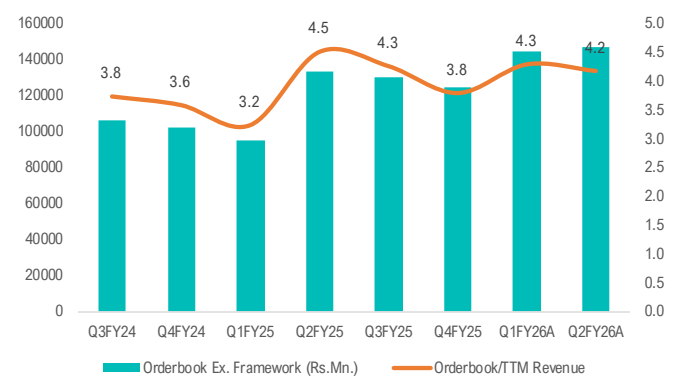
## Key Concall Highlights

- Order intake in H1FY26 was to the tune of ₹3,500cr. WABAG has been selected as a preferred bidder for marquee projects worth over ₹3,000cr in India and overseas.
- The company has won an advanced technology project to deliver Ultra-Pure Water, Effluent Treatment Plant, and Zero-Liquid Discharge solutions for RenewSys' solar cell manufacturing facility in Hyderabad.
- WABAG achieved another milestone with a project to set up a Bio-Gas Upgradation unit for Compressed Bio-Gas production in Uttar Pradesh.
- The company is actively exploring opportunities in the data center segment, where demand for reliable water for cooling operations is rising. WABAG's expertise in advanced membrane technologies and award-winning Tertiary Treatment RO plants positions it as a key partner for sustainable water infrastructure in India's growing data center market.
- The order book reflects a robust and high-quality backlog, with 38% comprising O&M contracts that ensure steady cash flows and predictable long-term revenues. International projects account for nearly 50% of the total order book.

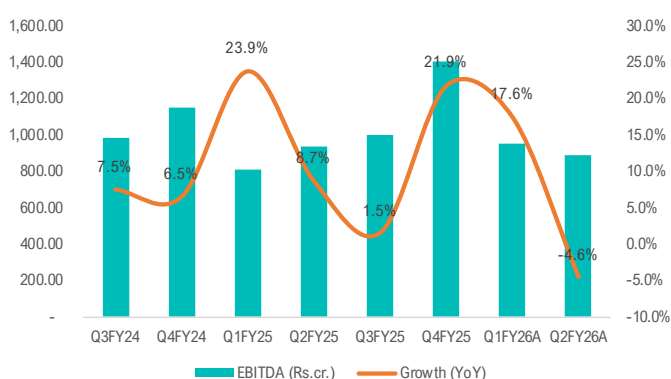
## Revenue



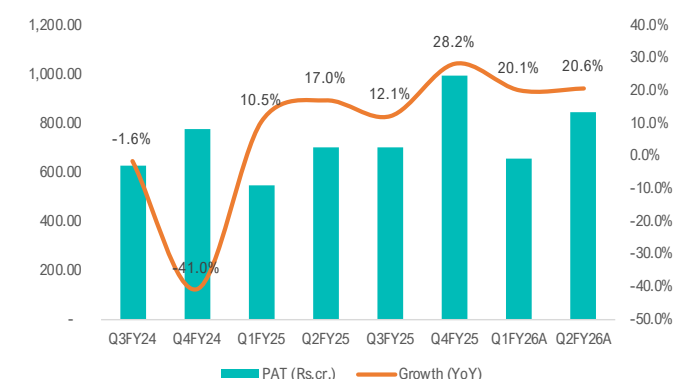
## Orderbook



## EBITDA



## PAT



## Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	3,823	4,393	3,715	4,489	(3)	2
EBITDA	512	632	478	622	(7)	(2)
Margins (%)	13.4	14.4	12.9	13.9	-52bps	-55bps
Adj. PAT	352	442	356	466	1	5
EPS	57	71	57	75	1	6

## Consolidated Financials

### Profit & Loss

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Sales</b>	<b>2,961</b>	<b>2,856</b>	<b>3,294</b>	<b>3,715</b>	<b>4,489</b>
% change	(1)	(4)	15	13	21
<b>EBITDA</b>	<b>318</b>	<b>376</b>	<b>422</b>	<b>478</b>	<b>622</b>
% change	34	18	12	13	30
Depreciation	9	8	6	6	6
<b>EBIT</b>	<b>309</b>	<b>367</b>	<b>416</b>	<b>472</b>	<b>615</b>
Interest	66	71	79	87	89
Other Income	63	34	47	86	94
<b>PBT</b>	<b>17</b>	<b>330</b>	<b>384</b>	<b>471</b>	<b>621</b>
% change	(90)	1,853	16	23	32
<b>Tax</b>	<b>6</b>	<b>80</b>	<b>90</b>	<b>115</b>	<b>155</b>
Tax Rate (%)	35	24	23	24	25
<b>Reported PAT</b>	<b>11</b>	<b>250</b>	<b>295</b>	<b>356</b>	<b>466</b>
Adj.	289	0	0	0	0
<b>Adj. PAT</b>	<b>300</b>	<b>250</b>	<b>295</b>	<b>356</b>	<b>466</b>
% change	127	(17)	18	21	31
<b>No. of shares (cr)</b>	<b>6.2</b>	<b>6.2</b>	<b>6.2</b>	<b>6.2</b>	<b>6.2</b>
<b>Adj EPS (Rs)</b>	<b>48.3</b>	<b>40.3</b>	<b>47.5</b>	<b>57.3</b>	<b>75.1</b>
% change	127	(17)	18	21	31
<b>DPS</b>	<b>0.0</b>	<b>0.0</b>	<b>4.0</b>	<b>4.8</b>	<b>6.3</b>

### Cash Flow

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Deprn.	26	339	390	478	627
Non-cash adj.	38	109	39	87	89
Changes in W.C	22	-314	-74	-149	-467
<b>C.F – Operation</b>	<b>85</b>	<b>134</b>	<b>355</b>	<b>415</b>	<b>249</b>
Capital exp.	-5.2	-11.9	-5	-1	-1
Change in inv.	3.5	44.7	11	27	-9
Other invest.CF	17.5	51.3	-127.8	0	0
<b>C.F – Investment</b>	<b>15.8</b>	<b>84.1</b>	<b>-121</b>	<b>26</b>	<b>-10</b>
Issue of equity	0	0	0	0	0
Issue/repay debt	-210.1	66	71	-87	-89
Dividends paid	0	0	-25	-30	-39
Other finance.CF	-29.9	-22.4	-37	-87	-89
<b>C.F – Finance</b>	<b>-240</b>	<b>43.6</b>	<b>34</b>	<b>-203</b>	<b>-217</b>
Chg. in cash	-139.3	261.2	268	238	22
<b>Closing cash</b>	<b>181</b>	<b>440</b>	<b>718</b>	<b>956</b>	<b>978</b>

### Balance Sheet

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	181	440	718	956	978
Accounts Receivable	2,194	2,522	2,608	2,893	3,495
Inventories	35	36	36	39	48
Other Cur. Assets	172	234	222	218	263
Investments	46	67	69	42	51
Gross Fixed Assets	130	130	130	131	132
Net Fixed Assets	72	69	64	58	53
CWIP	0	0	0	0	0
Intangible Assets	4	4	3	3	3
Def. Tax (Net)	37	45	34	38	46
Other Assets	1,349	1,158	1,515	1,458	1,714
<b>Total Assets</b>	<b>4,089</b>	<b>4,575</b>	<b>5,267</b>	<b>5,705</b>	<b>6,650</b>
Current Liabilities	2,090	1,948	2,190	2,422	2,933
Provisions	66	128	162	182	220
Debt Funds	213	281	357	271	182
Other Liabilities	146	394	414	358	418
Equity Capital	12.4	12.4	12.4	12.4	12.4
Reserves & Surplus	1,563	1,806	2,128	2,454	2,881
Non-Controlling Interest	-0.3	5.3	5.1	5.1	5.1
Shareholder's Fund	1,575	1,824	2,145	2,471	2,898
<b>Total Liabilities</b>	<b>4,089</b>	<b>4,575</b>	<b>5,267</b>	<b>5,705</b>	<b>6,650</b>
BVPS (Rs.)	253	293	345	398	467

### Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	10.7	13.2	12.8	12.9	13.9
EBIT margin (%)	10.4	12.9	12.6	12.7	13.7
Net profit margin (%)	10.1	8.8	8.9	9.6	10.4
ROE (%)	19.4	14.7	14.9	15.4	17.4
ROCE (%)	17.1	17.5	16.1	16.4	19.0
<b>W.C &amp; Liquidity</b>					
Receivables (days)	262.9	301.3	284.2	270.2	259.7
Inventory (days)	5.4	6.0	5.1	4.9	4.7
Payables (days)	188.4	198.7	164.9	157.3	150.4
Current ratio (x)	1.3	1.7	1.7	1.8	1.7
Quick ratio (x)	0.8	1.2	1.2	1.3	1.3
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	22.8	21.9	25.3	28.3	34.0
Total asset T.O (x)	0.7	0.7	0.7	0.7	0.7
Int. coverage ratio (x)	4.6	4.0	4.1	4.1	5.2
Adj. debt/equity (x)	0.0	-0.1	-0.2	-0.3	-0.3
<b>Valuation</b>					
EV/Sales (x)	0.7	1.6	2.5	2.1	2.0
EV/EBITDA (x)	6.8	12.1	19.1	16.7	14.2
P/E (x)	7.3	19.0	29.4	24.4	18.6
P/BV (x)	1.4	2.6	4.0	3.5	3.0



## Recommendation Summary (last 3 years)



Dates	Rating	Target
17-Feb-21	BUY	288
22-Jun-21	ACCUMULATE	393
23-Nov-21	ACCUMULATE	385
21-Nov-22	BUY	370
21-Mar-23	ACCUMULATE	383
15-Nov-23	BUY	684
16-Feb-24	ACCUMULATE	855
10-Jun-24	ACCUMULATE	1340
14-Aug-24	HOLD	1,424
07-Mar-25	ACCUMULATE	1,571
27-May-25	BUY	1,924
02-Dec-25	BUY	1,877

## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

### Not rated/Neutral

#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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