

Strong Order Book Reinforce Long-Term Growth Visibility; Maintain BUY

Est. Vs. Actual for Q4FY26: Revenue - **BEAT**; EBITDA - **MISS**; PAT - **MISS**

Change in Estimates Post Q4FY26

FY27E/FY28E: Revenue: 0%/1%; EBITDA: -3%/-2%; PAT: -5%/-3%

Recommendation Rationale

- Execution-led Growth Momentum:** Wabag reported a strong performance in Q4FY26, with consolidated revenue rising 22% YoY, supported by healthy execution across domestic and international projects. PAT grew 29% YoY to Rs. 128 Cr, aided by operating leverage, lower finance costs and healthy contribution from international operations. Management reiterated its medium-term revenue growth guidance of 15–20%, underpinned by strong execution capabilities, a healthy order pipeline, and a solid balance sheet.
- Order Book Provides Multi-Year Revenue Visibility:** The company secured fresh orders worth ~Rs 7,471 Cr during FY26, taking the total order book to ~Rs 17,235 Cr (including framework agreements), equivalent to over four times its annual revenue. The order pipeline remains healthy across India, GCC, Africa and emerging industrial segments such as semiconductors, green hydrogen, solar manufacturing and data centres, where demand for ultra-pure water and desalination solutions is witnessing structural acceleration.
- Maintains Medium-Term Growth Outlook:** The company remains confident of delivering 15–20% revenue CAGR with EBITDA margins in the 13–15% range supported by a robust order pipeline, healthy execution visibility and strong demand environment across water infrastructure markets. Management reiterated its long-term strategy centered around asset-light execution, technology-led differentiation, improving O&M mix, sustainable cash generation and maintaining healthy return ratios.

Sector Outlook: Optimistic

Company Outlook & Guidance: Management remains confident of sustaining its medium-term revenue growth guidance of 15–20% CAGR while maintaining EBITDA margins in the guided range of 13–15%. The company expects continued momentum in order inflows supported by desalination, reuse and industrial water opportunities across India, GCC and Africa. WABAG's strong balance sheet, cash-rich position, diversified geographic presence and increasing share of O&M revenues provide resilience amid geopolitical uncertainties and elongated award cycles. With healthy execution momentum, strong order visibility, disciplined capital allocation and technology-driven differentiation, the company appears well-positioned to capitalise on the ongoing global water infrastructure investment cycle.

Current Valuation: 21x FY28E (Earlier Valuation: 21x Sep'27E)

Current TP: Rs 1,930/share (Earlier TP: Unchanged)

Recommendation: We maintain our **BUY** rating on the stock.

Financial Performance: Consolidated revenues rose 22% YoY and 47% QoQ to Rs 1,414 Cr, beating our expectations by 6%. EBITDA came in at Rs 157 Cr, up 12% YoY and 30% QoQ, below our estimate of Rs. 174, with margins at 11.1% compared to 12.2% in Q4FY25 and 12.6% in Q3FY26. PAT stood at Rs 128 Cr, up 29% YoY and 40% QoQ, and missed our estimates by 5%. Order intake was Rs 7,471 Cr during FY26, taking the order book to Rs 17,200 Cr (including Framework contracts). Net Cash Position excluding HAM Projects stood at Rs 950 Cr.

Outlook: We maintain a positive outlook on the company's long-term prospects, supported by sustained sectoral tailwinds and Wabag's strong positioning to capitalise on these opportunities. The company is focusing on revenue quality by selecting projects with low payment risk and healthy profitability, while working to enhance its revenue mix and reduce working capital requirements. Its foray into the so-called "Future Energy Solutions" can further boost the growth prospects of the company if successfully implemented.

Valuation & Recommendation: Wabag's closing order book of ~Rs 17,200 Cr as of Q4FY26 reinforces long-term revenue visibility. FY27E and FY28E projections largely remain unchanged. We value the stock at **21x FY28E earnings**, with an Unchanged **target price of Rs 1,930/share**, implying an upside of ~33% from the CMP. Accordingly, we **maintain our BUY recommendation**.

Key Financials (Consolidated)

| (Rs Cr) | Q4FY26 | YoY (%) | QoQ (%) | Axis Est. | Variance |
|---------------|--------|---------|---------|-----------|----------|
| Net Sales | 1,414 | 22% | 47% | 1,340 | 6% |
| EBITDA | 157 | 12% | 30% | 174 | -10% |
| EBITDA Margin | 11.13% | -105bps | -151bps | 13.00% | -187bps |
| Net Profit | 128 | 29% | 40% | 134 | -5% |
| EPS (Rs) | 20.6 | 29% | 40% | 21.6 | -5% |

Source: Company, Axis Securities Research

(CMP as of 25th May, 2026)

| | |
|----------------------------|-------------|
| CMP (Rs) | 1,453 |
| Upside /Downside (%) | 33% |
| High/Low (Rs) | 1,680/1,033 |
| Market cap (Cr) | 9,039 |
| Avg daily vol. (1 m) Shrs. | 3,05,818 |
| No. of shares (Cr) | 6.23 |

Shareholding (%)

| | Sep-25 | Dec-25 | Mar-26 |
|----------|--------|--------|--------|
| Promoter | 19.10 | 19.10 | 19.09 |
| FIIs | 18.40 | 18.97 | 16.60 |
| DIIIs | 4.47 | 4.32 | 5.77 |
| Others | 58.04 | 57.62 | 58.54 |

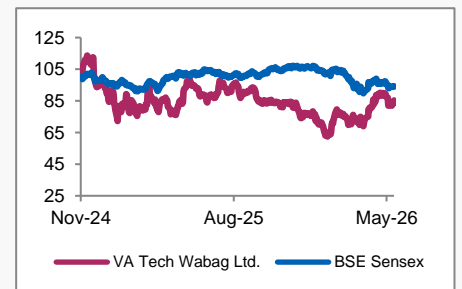
Financial & Valuations

| Y/E Mar (Rs Cr) | FY26 | FY27E | FY28E |
|-----------------|-------|-------|-------|
| Net Sales | 3,944 | 5,127 | 4,883 |
| EBITDA | 477 | 689 | 720 |
| Net Profit | 370 | 531 | 566 |
| EPS (Rs) | 59.6 | 85.3 | 91.1 |
| PER (x) | 24.4 | 17.0 | 16.0 |
| EV/EBITDA (x) | 18.4 | 12.8 | 12.2 |
| RoA (%) | 16% | 19% | 17% |
| ROE (%) | 19% | 23% | 21% |

Change in Estimates (%)

| Y/E Mar | FY27E | FY28E |
|---------|-------|-------|
| Sales | 0% | 1% |
| EBITDA | -3% | -2% |
| PAT | -5% | -3% |

Relative Performance



Source: ACE Equity, Axis Securities Research

Results Gallery

- [Q3FY26](#)
- [Q2FY26](#)
- [Q1FY26](#)
- [Q4FY25](#)

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Key Highlights from Concall

- **Operational Performance:** Revenue grew 22% YoY to Rs 1,414 Cr in Q4FY26. Gross margins expanded to 21.3% (vs. 17.6% in Q4FY25), driven by an improved project and geographic mix. EBITDA reached Rs. 157 Cr, up 12% YoY.
- **Order Book:** New orders of over ~Rs 7,500 Cr during the FY26 took the total order book beyond Rs 17,200 Cr. The mix remains well balanced, with 62% EPC and 38% O&M projects.
- **Healthy Liquidity Position:** Wabag reported a net cash balance of Rs 950 Cr (excluding debt on HAM entities) and gross cash of Rs 1,059 Cr. The company continues to maintain a net cash-positive position for the sixth consecutive year, providing ample financial flexibility for project execution and growth investments.
- **Guidance:** Management reaffirmed its medium-term growth guidance, targeting 15–20% revenue CAGR over the next 3–5 years, with EBITDA and PAT growth expected to outpace revenue. Wabag aims to maintain an order book exceeding three times its annual revenue, ensuring strong visibility. EBITDA margins are guided in the 13–15% range, with potential for further upside. The company remains on course to achieve its long-term goal of deriving 20% of revenue from O&M.
- **Capital Allocation Strategy:** The asset-light business model will be maintained, and surplus cash will primarily be deployed towards project working capital and selective minority investments in PPP opportunities through the municipal platform.
- **Project Selection Criteria:** Management emphasises projects that integrate advanced technology, generate strong cash flows, and are located in emerging markets. The company prioritises projects with adequate payment security, supported by multilateral or bilateral funding agencies, sovereign funds, or letters of credit.
- **Global water investment cycle emerging as structural opportunity:** Management highlighted that the world is entering the largest water infrastructure investment cycle driven by water scarcity, climate stress, urbanisation and industrial demand. India, GCC and Africa remain key growth markets supported by government and multilateral funding programs.
- **Desalination, water reuse and industrial treatment remain core growth pillars:** The company continues to strengthen its leadership in desalination and wastewater reuse with landmark projects such as Yanbu desalination in Saudi Arabia, Perur desalination project in Chennai and Koyambedu TTRO reuse project.
- **Future Energy Solutions:** WABAG is actively expanding into ultra-pure water (UPW), green hydrogen, Bio-CNG, solar manufacturing and data centre-linked water treatment opportunities. Management believes these sectors can create a US\$4–6 Bn addressable opportunity over the next five years.
- **O&M business improving revenue quality:** Operations & Maintenance backlog now contributes ~38% of the total order book, enhancing annuity-style revenues and cash flow predictability. Long-duration O&M contracts are expected to support margin stability over the medium term.
- **Dividend:** The Board of Directors recommended a final dividend of Rs. 5.00 per equity share of face value Rs. 2/- each (a 250% dividend), subject to shareholder approval.

Key Risks to Our Estimates and TP

- Delays in order execution.
- Long receivables cycle or customer defaults leading to dampening of cash flows.
- Currency and key commodity fluctuations.

Change in Estimates

| | New | | Old | | % Change | |
|---------|-------|-------|-------|-------|----------|-------|
| | FY27E | FY28E | FY27E | FY28E | FY27E | FY28E |
| Revenue | 5,118 | 4,818 | 5,118 | 4,818 | 0% | 0% |
| EBITDA | 707 | 732 | 707 | 732 | 0% | 0% |
| PAT | 560 | 583 | 560 | 583 | 0% | 0% |
| EPS | 90.08 | 93.75 | 90.08 | 93.75 | 0% | 0% |

Source: Company, Axis Securities Research

Results Review

| Particulars (Rs Cr) | Q4FY25 | Q3FY26 | Axis Est. | Q4FY26 | YoY Growth (%) | QoQ Growth (%) | Axis Variance |
|---|--------|--------|-----------|--------|----------------|----------------|---------------|
| Revenue | 1,156 | 961 | 1,340 | 1,414 | 22% | 47% | 6% |
| Net Raw Material consumed | 952 | 721 | 1,032 | 1,114 | 17% | 54% | |
| Gross Profit | 204 | 241 | 308 | 301 | 48% | 25% | |
| Gross Margin % | 17.6% | 25.0% | 23.0% | 21.3% | 363bps | -375bps | -173bps |
| Employee | 77 | 78 | 94 | 80 | 5% | 3% | |
| Other Expenses | -14 | 41 | 40 | 63 | -568% | 54% | |
| Total Expenditure | 1,015 | 840 | 1,166 | 1,257 | 24% | 50% | |
| EBITDA | 141 | 122 | 174 | 157 | 12% | 30% | -10% |
| EBITDA Margin | 12.2% | 12.6% | 13.0% | 11.1% | -105bps | -151bps | -187bps |
| Less: Depreciation | 1 | 2 | 2 | 2 | 7% | -6% | |
| EBIT | 139 | 120 | 172 | 156 | 12% | 30% | |
| Less: Net Interest | 22 | 18 | 22 | 17 | -23% | -7% | |
| Add: Other income | 11 | 23 | 20 | 32 | 180% | 38% | |
| Profit Before Extraordinary Items and Tax | 129 | 125 | 171 | 171 | 32% | 37% | |
| Less: Extraordinary Expense (net) | - | 5 | - | - | | | |
| Profit Before Tax | 131 | 121 | 171 | 170 | 30% | 40% | |
| Less: Total Tax | 32 | 30 | 37 | 42 | 33% | 40% | |
| Profit After Tax | 100 | 91 | 134 | 128 | 29% | 40% | -5% |

Source: Company, Axis Securities Research

Revenue Breakup

| Q4FY26 | Municipal | Industrial | Total | | Total |
|--------------|--------------|------------|-------------|--------------|-------------|
| EPC | 954 | 230 | 1,183 | India | 620 |
| O&M | 172 | 52 | 224 | Overseas | 787 |
| Total | 1,126 | 282 | 1407 | Total | 1407 |

Source: Company, Axis Securities Research

Order Book (Backlog)

| Q4FY26 | Municipal | Industrial | Total | | Total |
|--------------|-----------|------------|---------------|--------------|---------------|
| EPC | 8,800 | 1,477 | 10,277 | India | 9,612 |
| O&M | 5,305 | 1,042 | 6,346 | Overseas | 7,011 |
| Framework | | | 611 | Framework | 611 |
| Total | | | 17,235 | Total | 17,235 |

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

| Y/E March | FY24 | FY25 | FY26 | FY27E | FY28E |
|------------------------|--------------|--------------|--------------|--------------|--------------|
| Net Revenue | 2,856 | 3,294 | 3,944 | 5,127 | 4,883 |
| COGS | 2,167 | 2,561 | 3,004 | 3,946 | 3,730 |
| Staff costs | 235 | 265 | 300 | 403 | 384 |
| Operating Exp. | 79 | 47 | 163 | 89 | 49 |
| Total Expenditure | 2,481 | 2,872 | 3,467 | 4,438 | 4,163 |
| EBITDA | 375.7 | 422.3 | 477.4 | 689.4 | 720.2 |
| EBITDA Margin % | 13.2% | 12.8% | 12.1% | 13.4% | 14.8% |
| Depreciation | 8 | 6 | 6 | 7 | 7 |
| EBIT | 411 | 461 | 566 | 775 | 810 |
| Interest | 71 | 79 | 73 | 74 | 62 |
| Other Income | 43 | 45 | 94 | 92 | 97 |
| PBT | 330 | 384 | 489 | 701 | 748 |
| Tax | 80 | 90 | 119 | 170 | 182 |
| Tax Rate % | 24.1% | 23.3% | 24.3% | 24.3% | 24.3% |
| PAT | 250 | 295 | 370 | 531 | 566 |
| EPS | 39.5 | 47.5 | 59.6 | 85.3 | 91.1 |

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

| Y/E March | FY24 | FY25 | FY26 | FY27E | FY28E |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Share Capital | 12 | 12 | 13 | 13 | 13 |
| Reserves & Surplus | 1,806 | 2,128 | 2,556 | 3,037 | 3,553 |
| Net Worth | 1,824 | 2,145 | 2,574 | 3,055 | 3,571 |
| Financial Non-Current Liability | 323 | 408 | 347 | 391 | 351 |
| Other Non-current Liability | 260 | 182 | 207 | 207 | 207 |
| Deferred Tax Liability | - | - | - | - | - |
| Total Non-Current Liability | 596 | 601 | 567 | 610 | 570 |
| Current Financial Liability | 1,153 | 1,262 | 1,371 | 1,188 | 1,071 |
| Other Current Liability | 865 | 1,097 | 1,334 | 1,334 | 1,334 |
| Provisions | 22 | 12 | 45 | 45 | 45 |
| Total Current Liability | 2,155 | 2,521 | 2,982 | 2,799 | 2,682 |
| Total Equity & Liability | 4,575 | 5,267 | 6,122 | 6,464 | 6,824 |
| Application Of Funds | | | | | |
| PPE | 69 | 64 | 63 | 64 | 65 |
| Capital Work in Progress | - | - | - | - | - |
| Right Use of Assets | - | - | - | - | - |
| Intangible Assets | 4 | 3 | 3 | 4 | 4 |
| Non-Current Financial Assets | 535 | 600 | 653 | 653 | 653 |
| Other Non-Current Assets | - | - | - | - | - |
| Total Non-Current Assets | 949 | 986 | 1,034 | 1,035 | 1,036 |
| Inventories | 36 | 36 | 36 | 70 | 80 |
| Cash & Cash Equivalents | 440 | 718 | 785 | 1,033 | 1,669 |
| Current-Financial Assets | 2,061 | 2,240 | 2,798 | 2,857 | 2,569 |
| Other Current Assets | 1,089 | 1,288 | 1,470 | 1,469 | 1,469 |
| Total Current Assets | 3,625 | 4,281 | 5,089 | 5,429 | 5,788 |
| Total Assets | 4,575 | 5,267 | 6,122 | 6,464 | 6,824 |

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

| Y/E March | FY24 | FY25 | FY26 | FY27E | FY28E |
|--|------------|-------------|-------------|--------------|--------------|
| PBT | 330 | 384 | 489 | 701 | 748 |
| Depreciation & Amortization | 8 | 6 | 6 | 7 | 7 |
| Finance Cost | 26 | 33 | 23 | 23 | 14 |
| Chg in Working cap | -288 | 8 | -285 | -143 | 211 |
| Direct tax paid | -26 | -82 | -100 | -170 | -182 |
| Cash flow from operations | 134 | 355 | 207 | 468 | 846 |
| Chg in Gross Block | -12 | -5 | -7 | -7 | -8 |
| Chg in Investments | 56 | 13 | -9 | - | - |
| Other Investments | 25 | -152 | -50 | - | - |
| Cash flow from investing | 84 | -121 | -20 | -7 | -8 |
| Fresh Issue Proceeds | - | - | 6 | - | - |
| Proceeds / (Repayment) of ST Borrowings (Net) | - | 81 | -120 | - | - |
| Finance Cost paid | -25 | -33 | -23 | -74 | -62 |
| Dividends paid | - | - | -25 | -50 | -50 |
| Cash flow from financing | 44 | 34 | -185 | -213 | -202 |
| Chg in cash | 261 | 268 | 1 | 248 | 636 |
| Cash and cash equivalents at the beginning of the year | 181 | 440 | 718 | 785 | 1,033 |
| Cash and Cash equivalents at the end of the year | 440 | 718 | 785 | 1,033 | 1,669 |

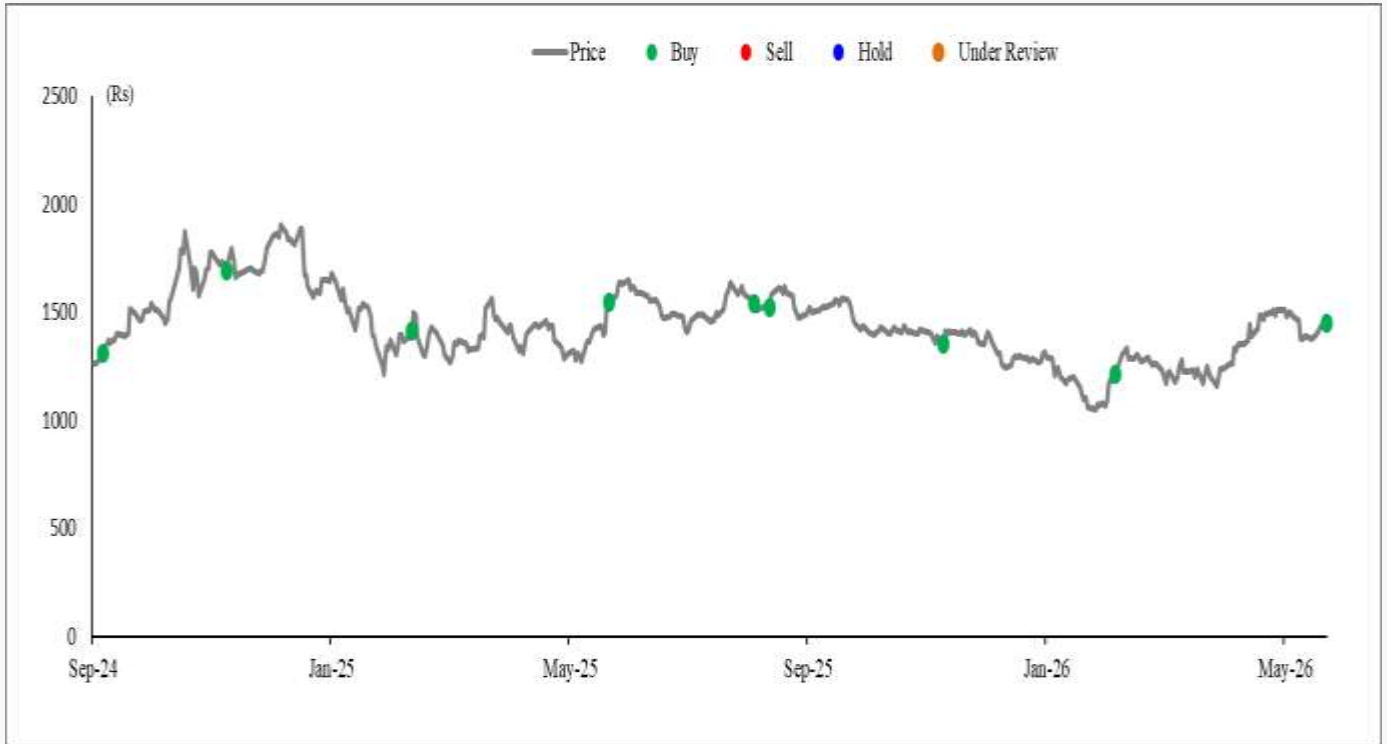
Source: Company, Axis Securities Research

Ratio Analysis
(%)

| Y/E March | FY24 | FY25 | FY26 | FY27E | FY28E |
|---|-------|-------|-------|-------|-------|
| Efficiency Ratios | | | | | |
| Asset Turnover (x) | 0.66 | 0.67 | 0.69 | 0.81 | 0.73 |
| Inventory Turnover(x) | 56.26 | 71.42 | 83.91 | 74.43 | 49.57 |
| Sales/Total Assets | 0.62 | 0.63 | 0.64 | 0.79 | 0.72 |
| Receivable days | 223 | 222 | 210 | 182 | 182 |
| Inventory Days | 5 | 4 | 3 | 4 | 6 |
| Payable days | 134 | 115 | 107 | 85 | 82 |
| Financial Stability Ratios | | | | | |
| Total Debt/Equity(x) | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 |
| Total Asset/Equity(x) | 2.5 | 2.3 | 2.4 | 2.1 | 1.9 |
| Current Ratio(x) | 1.7 | 1.7 | 1.7 | 1.9 | 2.2 |
| Quick Ratio(x) | 1.7 | 1.7 | 1.7 | 1.9 | 2.1 |
| Interest Cover(x) | - | - | - | - | - |
| Operational & Financial Ratios | | | | | |
| Earnings Per Share (Rs) | 39 | 47 | 60 | 85 | 91 |
| Book Value (Rs) | 293 | 345 | 414 | 491 | 574 |
| Tax Rate (%) | 24.1% | 23.3% | 24.3% | 24.3% | 24.3% |
| Performance Ratios | | | | | |
| ROA (%) | 5.8% | 6.0% | 6.5% | 8.4% | 8.5% |
| ROCE (%) | 19.5% | 17.8% | 19.2% | 22.8% | 20.8% |
| ROE (%) | 14.7% | 14.9% | 15.7% | 18.9% | 17.1% |

Source: Company, Axis Securities Research

Va Tech Wabag Price Chart and Recommendation History



| Date | Reco | TP | Research |
|-----------|------|-------|---------------------|
| 09-Sep-24 | BUY | 1,704 | Initiating Coverage |
| 11-Nov-24 | BUY | 1,970 | Result Update |
| 11-Feb-25 | BUY | 1,970 | Result Update |
| 26-May-25 | BUY | 1,920 | Result Update |
| 06-Aug-25 | BUY | 1,920 | AAA |
| 14-Aug-25 | BUY | 1,920 | Result Update |
| 11-Nov-25 | BUY | 1,930 | Result Update |
| 09-Feb-26 | BUY | 1,930 | Result Update |
| 26-May-26 | BUY | 1,930 | Result Update |
| | | | |

Source: Axis Securities Research

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| Ratings | Expected absolute returns over 12 – 18 months |
|----------------|--|
| BUY | More than 10% |
| HOLD | Between 10% and -10% |
| SELL | Less than -10% |
| NOT RATED | We have forward-looking estimates for the stock, but we refrain from assigning a valuation and recommendation. |
| UNDER REVIEW | We will revisit our recommendation, valuation and estimates on the stock following recent events. |
| NO STANCE | We do not have any forward-looking estimates, valuations or recommendations for the stock. |

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