Axis Annual Analysis 2025

VA Tech Wabag Ltd

AXIS SECURITIES

VA Tech Wabag Ltd
Water Supply & Management

BUY
Target Price
1,920

Robust Order Book Ensures Strong Revenue Visibility

Summary

Amid a globally uncertain and challenging environment marked by inflation, currency fluctuations, and geopolitical tensions, **VA Tech WABAG Ltd.** delivered a resilient operational performance in FY25. The company secured new orders worth approximately Rs 5,700 Cr, reinforcing its healthy order book at Rs 13,667 Cr, reflecting a 21% YoY growth. WABAG continued to execute complex water infrastructure projects across diverse geographies while maintaining its asset-light business model and a focus on technology-led, high-margin segments.

This performance is underpinned by the company's long-term strategic framework, *"Wriddhi"*, which has consistently driven both profitable growth and execution excellence. The company remains committed to delivering sustainable and customer-centric water solutions globally.

Key Highlights

- **Financial performance:** The company's revenue in FY25 improved by 15% YoY to Rs 3,294 Cr, powered by strong execution across domestic and international markets. It closed the financial year with an order book of Rs 13,667 Cr, a growth of 21% YoY.
- **EBITDA margins moderated:** During FY25, the company recorded EBITDA of Rs 422 Cr (vs Rs 376 Cr in the previous year), registering an increase of 12% over FY24. The EBITDA Margin stood at 12.8% (vs. 13.2% in the previous year), declining slightly but remaining close to the company's guided range. PAT rose to Rs 295 Cr, in line with the company's focus on maintaining profitable growth.
- **New initiatives:** The company formed a strategic alliance with Peak Sustainability Ventures to establish 100 Bio-CNG plants. Secured a large desalination project from the PV Solar sector, highlighting WABAG's growing presence in sunrise industries. The company also partnered with Pani Energy, a tech leader in AI/ML-based solutions, to drive digitalisation and operational intelligence across its treatment plants.

Key Developments: a) Biogas to Bio-CNG; b) PV Solar, Semiconductor & Green H2; c) Digitisation (AI for Operational Excellence); d) Blue seed initiative

Key Growth Drivers: a) "Wriddhi" Business Strategy; b) Water Recycling and Desalination Market Tailwinds; c) Sustainability and water stewardship; d) Technological advancements in water processing; e) Urbanisation and infrastructure development; f) Increased focus on industrial water solutions

Key Strengths: a) Global Presence; b) Diverse Solution Portfolio; c) Sustainability leadership; d) Robust order book; e) Strong Governance & ESG.

Key Strategies moving forward: a) Capitalising on Policy-Driven Infrastructure Spending; b) Sharpening Cluster-Led Execution Focus; c) Scaling Long-Term O&M Revenue Streams; d) Addressing the Industrial Demand Shift; e) Expanding Participation in Emerging Segments; f) Building on Digital and Delivery Synergies; g) Traction in the Middle East and CIS countries; h) Opportunities in Semiconductors and Green Hydrogen Market

Outlook & Recommendation:

The company is targeting an order book equivalent to 3 times its revenue and anticipates revenue growth at a CAGR of 15%–20% over the next 3–5 years. The targeted revenue mix—comprising over 50% from international projects, 30% from industrial customers, 20% from O&M, and one-third of EPC being EP projects—is expected to drive margin improvement. Consequently, EBITDA/PAT growth is projected to outpace revenue growth, with EBITDA margins ranging between 13%–15%. The company held a robust order book of ~Rs 13,700 Cr as of FY25-end.

We remain positive about the company's long-term prospects as sectoral tailwinds are expected to continue in the foreseeable future, and Wabag is well placed to tap the opportunity. The company is focusing on improving the quality of revenue by choosing projects with low payment risks and good profitability. It is also working towards improving the revenue mix and reducing working capital requirements, which should support improvement in margins. **We value the company at 21x FY27E EPS to arrive at a TP of Rs 1,920/share, implying an upside potential of 27% from the CMP. We maintain our BUY rating on the stock.**

Key Financials (Consolidated)

(Rs Cr)	FY24	FY25	FY26E	FY27E
Net Sales	2,856	3,294	4,261	5,042
EBITDA	376	422	582	743
Net Profit	250	295	428	569
EPS (Rs)	39.5	47.5	68.8	91.5
PER (x)	38.2	31.8	22.0	16.5
EV/EBITDA (x)	24.3	21.6	15.7	12.3
P/BV (x)	6%	6%	8%	10%
ROE (%)	15%	15%	18%	20%

Source: Company, Axis Securities Research

(CMP as of 6th August, 2025)

CMP (Rs)	1,510
Upside /Downside (%)	27%
High/Low (Rs)	1,944/1,109
Market cap (Cr)	9,397
Avg. daily vol. (1m) Shrs.	3,94,922
No. of shares (Cr)	6.22

Shareholding (%)

	Dec-24	Mar-25	Jun-25
Promoter	19.12	19.12	19.12
FIIs	18.86	18.58	18.69
DIIs	2.01	3.02	3.66
Public/Others	60.00	59.28	58.51

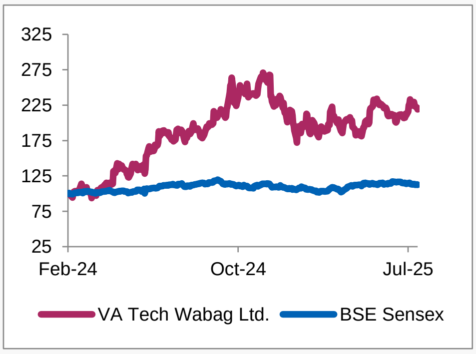
Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	3,294	4,261	5,042
EBITDA	422	582	743
Net Profit	295	428	569
EPS (Rs)	47.5	68.8	91.5
PER (x)	31.8	22.0	16.5
EV/EBITDA (x)	21.6	15.7	12.3
P/BV (x)	6%	8%	10%
ROE (%)	15%	18%	20%

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	0	0
EBITDA	0	0
PAT	0	0

Relative Performance



Source: Ace Equity, Axis Securities Research

Sani Vishe
Research Analyst
sani.vishel@axissecurities.in

Shivani More
Research Associate
shivani.morei@axissecurities.in

Company Overview

With a legacy of over a century, VA TECH WABAG LIMITED ("WABAG" or "the Company") has established itself as a global leader in water technology. Operating across four continents, the company offers comprehensive water and wastewater solutions, combining global best practices.

WABAG's innovation-led approach is supported by its advanced R&D centres in Europe and India, through which it has developed a portfolio of over 125 proprietary technologies. Its expertise spans the design and delivery of turnkey EPC projects for water purification, desalination, and wastewater treatment. Leveraging its extensive experience and engineering excellence, WABAG continues to build high-quality infrastructure, meeting global standards in timely project delivery while advancing sustainable water management.

Delivery Models

- **Engineering Procurement and Construction (EPC):** WABAG delivers end-to-end EPC projects, encompassing design, procurement, construction, and commissioning. Each EPC project involves continuous assessment of multiple factors, including diverse technologies and varying project locations.
- **Design-Build-Operate (DBO):** WABAG undertakes long-term design-build-operate contracts that enhance project performance while optimising lifecycle costs. Supported by its in-house engineering team, quality procurement, construction expertise, and dedicated operations and maintenance, the company is a trusted partner for DBO projects.
- **Operation & Maintenance (O&M):** The company undertakes long-term O&M contracts, improving plant performance through its proven operational processes, technical expertise, and cost-effective maintenance strategies.
- **Hybrid Annuity Model (HAM):** WABAG offers solutions under the Hybrid Annuity Model that include financing, construction, and operation of water and wastewater projects. The model aligns with its asset-light strategy, enabling cost-effective execution and efficient capital deployment.

FY25 Performance Round-up

The company delivered resilient operational performance in FY25 amid geopolitical tensions, currency fluctuations and inflation.

- **Order Book and Revenue Growth:** During the year, the company secured over Rs 5,700 Cr of order intake and attained preferred bidder status in projects worth Rs 3,000 Cr. The company closed the financial year with an order book of Rs 13,667 Cr, a growth of 21% YoY. EPC accounted for 57% of the closing order book, the remaining being O&M. India accounted for 62% of the order book. For FY25, the company's revenue grew by 15% YoY to reach Rs 3,294 Cr (vs Rs 2,856 Cr in the previous year).
- **EBITDA margins:** During FY25, the company recorded EBITDA (excluding Other Income) of Rs 422 Cr (vs Rs 376 Cr in the previous year), registering a growth of 12% YoY. However, EBITDA margin declined to 12.8% (vs 13.2% in the previous year).
- **PAT:** For FY25, the company's PAT grew by 9% YoY to Rs 295 Cr (vs Rs 250 Cr in the previous year), aided by tighter cost control and efficient operations.
- **Cash Position:** The net cash position stood at Rs 706 Cr, driven by efficient cash management (vs Rs 344 Cr in the previous year, excluding debt on HAM entities, which is transitory due to the asset-light strategy). Net cash positive for the last five consecutive years.
- **Return On Equity & Return on Capital Employed:** The company has consistently executed its long-term strategy, "Wriddhi," leading to a strong improvement in Return on Equity from around 7.9% in FY21 to approximately 15% in FY25. It remains dedicated to this strategic direction and anticipates sustained growth in RoE going forward. Return on Capital Employed reached 18.4%, affirming the company's capital-efficient growth strategy.

Key Developments During the FY25:

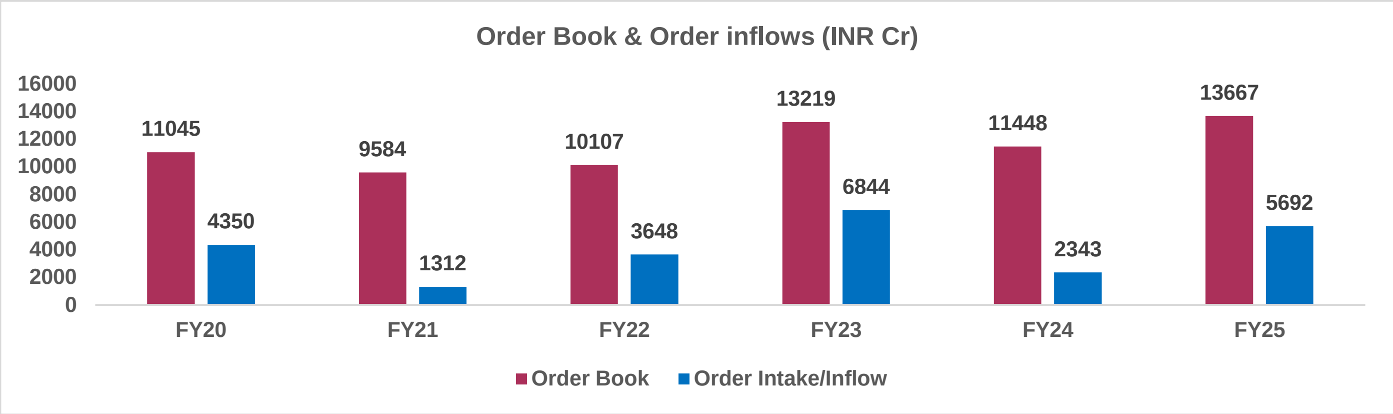
- **Biogas to Bio-CNG:** WABAG entered into a strategic partnership with Peak Sustainability Ventures to develop 100 Bio-CNG plants across India, GCC, Africa, and Europe, targeting a cumulative market of ~$200 million. The company is optimising biogas yield at existing sites and advancing discussions with municipal corporations on new tenders.
- **PV Solar, Semiconductor & Green H2**: WABAG continues to diversify into green energy sectors, securing a landmark desalination order from the PV Solar sector. The company is well-positioned to offer integrated water treatment solutions, including raw water treatment, UPW (Ultra-Pure Water), ETP, and ZLD, with strong O&M capabilities supporting long-term engagement.
- **Digitisation (AI for Operational Excellence)**: Wabag have partnered with Pani Energy, to implement AI/ML-based operational intelligence solutions across its treatment plants. The Koyambedu TTRO plant is already equipped with an AI-powered platform, enhancing real-time performance monitoring and process optimisation.
- **Blue Seed:** This is a part of the company's initiative to foster innovation and support emerging start-ups. The "Blue Seed" initiative supports water-tech start-ups. The company received strong interest from early-stage ventures ('Waterpreneurs') and is currently piloting collaborations with shortlisted candidates to foster technological innovation in water solutions.
- **Dividend:** The Board of Directors has recommended a dividend of Rs 4 per fully paid-up ordinary equity share of Rs 2 each (200% of Face Value) for the year ended March 31, 2025, subject to approval by the Shareholders.

Key Milestones of the FY25

- WABAG was ranked as the **3rd largest desalination plant supplier globally** in the GWI Desalting Inventory 2024. The company forayed into the Solar PV sector with a landmark desalination order for Indosol Solar. Major repeat orders from Reliance Industries further strengthened WABAG's leadership in industrial water management.
- It **successfully completed the landmark HAM project for KMDA** under Namami Gange and also the Bakarsha Drinking Water Treatment Plant in Egypt. The President of Tunisia inaugurated WABAG's landmark seawater desalination plant in Zarat, Tunisia.
- The company **successfully completed the Effluent Treatment Plant for PETRONAS** at the Pengerang Integrated Complex in Malaysia. It also completed marine works for the 400 MLD Perur Desalination Plant—South East Asia's largest desalination plant—in a record one month.
- WABAG **secured a 7-year O&M contract worth around $14 Mn for the BAPCO** Refining Industrial Wastewater Treatment Plant in the Kingdom of Bahrain. It also secured a consortium order worth $371 Mn for the Al Haer Independent Sewage Treatment Plant in Riyadh, Kingdom of Saudi Arabia.
- Additionally, it **won a ZLD DBO order from GAIL at Pata, UP,** and secured a DBO order in Zambia funded by EIB & KFW for a WWTP from the Lusaka Water Supply and Sanitation Company.

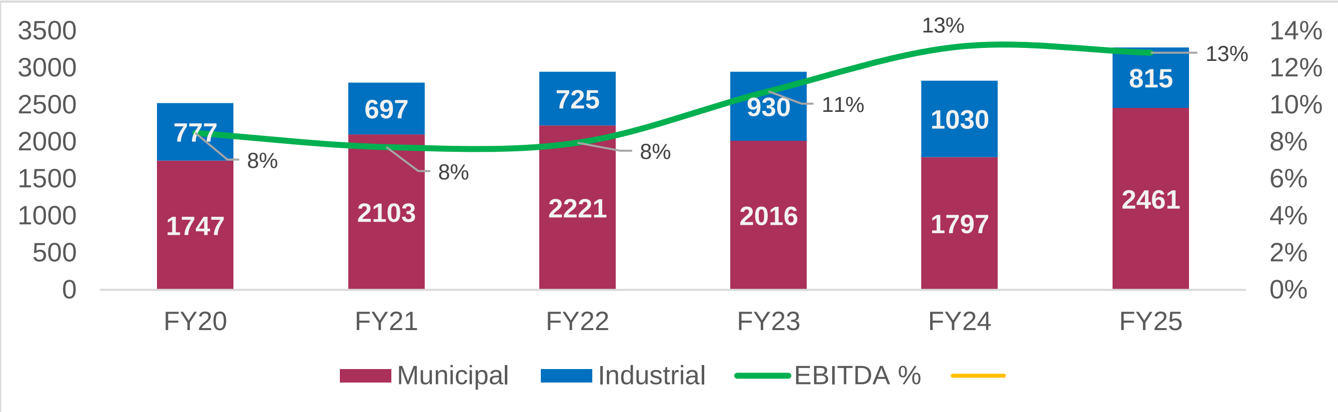
Order Details

Exhibit 1: Order Book & Order Inflows



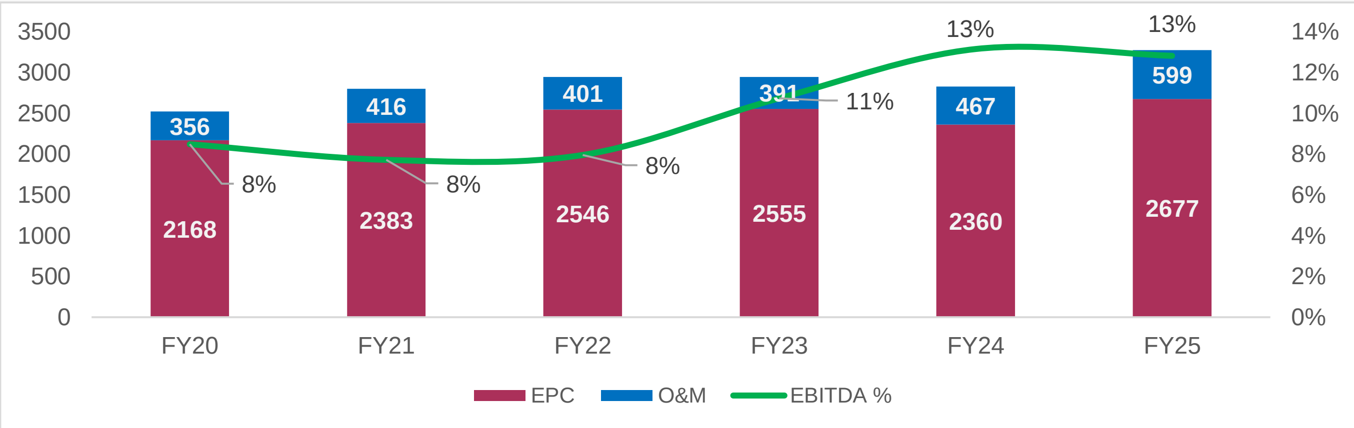
Source: Company, Axis Securities Research

Exhibit 2: Municipal & Industrial Order Mix



Source: Company, Axis Securities Research

Exhibit 3: EPC & O&M Order Mix



Source: Company, Axis Securities Research

Key Growth Drivers

The growth is expected to be driven by exponential rise in water demand, Rapid urbanization in developing economies, and increased focus on industrial water solutions.

Strategic Transformation through "Wriddhi":

The company has initiated a crucial long-term strategy named "Wriddhi", a comprehensive plan aimed at driving the company into a new phase of growth, innovation, and sustainability. In response to the ever-evolving and complex global water market, the strategy focuses on advancing technological innovation, increasing Wabag's global footprint, fostering strategic partnerships, and driving sustainable practices. As the company focuses on the EP part, it will be able to reduce the construction contracts that are less profitable and lock in higher funds. International projects are usually of a higher ticket size with better margins and steady cash flows. Similarly, increasing contribution from O\&M contracts is likely to improve margins and revenue predictability as those are longer-term contracts with predefined cash flows.

Expansion in Water Recycling & Desalination Markets:

The accelerating depletion of freshwater resources is driving demand for substitute sources, notably water recycling and desalination. WABAG is well-positioned to benefit from this shift, supported by its proven global track record and proprietary technologies in wastewater recovery and seawater desalination. According to the company's Annual Report, the global desalination market, valued at $25.68 Bn in 2024, is projected to expand to $49.80 Bn by 2032, registering a CAGR of 8.63%, underscoring a long-term growth runway for specialised players like WABAG.

Sustainability and water stewardship:

Sustainability has emerged as a critical driver across industries. In response to climate risks and shrinking freshwater availability, stakeholders are increasingly adopting water stewardship as a strategic business priority. WABAG's focus on recycling, reuse, and circular water management technologies aligns closely with this shift. The company's positioning is further strengthened by its alignment with global ESG mandates and the growing importance of sustainable resource utilisation.

Technological advancements in water processing:

Technological evolution in the processing of water has drastically improved both the quality and safety of treated water. Innovations in filtration, disinfection, and advanced treatment systems are enabling high-quality output that meets stringent regulatory standards. WABAG's deep R&D capabilities and deployment of next-generation technologies support its competitive differentiation in this evolving space.

Urbanisation and infrastructure development:

The rapid urbanisation, particularly in developing regions, is spurring the demand for modern water infrastructure. Urban water supply, sanitation, and reuse systems are becoming top priorities for governments as they address rising population density, water scarcity, and public health concerns. WABAG's integrated offerings position it well to benefit from infrastructure-led spending in urban and peri-urban areas.

Rising Demand for Industrial Water Solutions:

Industrial sectors - specially high-purity water users like semiconductors, energy, and pharmaceuticals —are driving demand for specialised water treatment solutions. Growing localisation and reshoring of manufacturing capacities, particularly in Asia, are creating opportunities for providers with the technical expertise and scale to meet industry-specific requirements. WABAG's tailored solutions and global credentials make it a preferred partner in these critical applications.

Key Strengths

Established Global presence

WABAG operates in over 25 countries, spanning both developed and emerging markets. Its extensive international experience, combined with strong relationships with global funding agencies, enhances execution capabilities across diverse geographies. The company's robust R&D engine has led to the development of over 125 proprietary technologies, reinforcing its leadership in delivering differentiated water treatment solutions.

Diverse solutions portfolio

The company is among the few global players offering end-to-end capabilities across the water value chain—including desalination, wastewater treatment, reuse, and ZLD. This diverse portfolio enables WABAG to cater to complex and evolving customer requirements across various sectors and geographies.

Sustainability leadership

Aligned with the UN SDGs, WABAG integrates sustainability into its core operations. The company generates over 41 MW of green energy per day and has made notable contributions toward greenhouse gas (GHG) emission reduction, supporting its green credentials and ESG ratings.

Robust order book

With an order backlog exceeding Rs 13,600 Cr, WABAG enjoys strong revenue visibility. A significant share of the order book is backed by multilateral and sovereign funding, minimising counterparty risks and ensuring funding continuity in large-scale projects.

Strong Corporate Governance & ESG Practices

The company has institutionalised robust governance frameworks encompassing ethics, compliance, and risk management. WABAG's headquarters, rated Platinum under sustainability norms, underscores its commitment to ESG principles, employee welfare, and operational transparency.

Key Strategies Moving Forward

Leveraging Policy-Driven Infrastructure Spending

WABAG is strategically aligning itself to benefit from government-backed infrastructure initiatives across key geographies. In India, large-scale urban and industrial water programs, along with multi-billion-dollar projects in the Middle East and Africa, are expected to unlock a healthy pipeline of tenders and Public-Private opportunities. The company is steering its market development efforts to actively tap into these policy-driven growth levers.

Through these strategic initiatives, WABAG is not only capitalizing on strong industry tailwinds but also strengthening its position as a mission-driven water technology partner for governments, industrial clients, and communities alike.

Enhancing Execution via Cluster-Based Operational Model

The company continues to sharpen its cluster-led execution tactic, with distinct focus areas across India, MEA, and Europe. This regionalised approach enables WABAG to adapt efficiently to local regulatory frameworks, environmental standards, and customer preferences, thereby enhancing agility, cost-efficiency, and competitiveness.

Scaling Long-Term O&M Revenue Streams

To improve earnings predictability and long-term visibility, WABAG is increasing its Operation & Maintenance (O&M) portfolio. This aligns with customer demand for integrated, lifecycle-based service models and allows the company to build recurring revenue streams insulated from project cyclicality.

Catering to Industrial Demand Shift

WABAG is witnessing rising demand for specialised water solutions from industrial clients in sectors such as power, petrochemicals, refining, and semiconductors. Through its expertise in effluent treatment, ZLD, and reuse technologies, the company is well-positioned to address the complex water needs of these process-intensive industries.

Expanding Participation in Emerging Segments

WABAG is actively increasing its participation in emerging segments that complement its core strengths. These include waste-to-energy, green hydrogen, ultra-pure water, and biogas to CBG. The company is selectively pursuing opportunities in these areas to build a diversified, future-ready portfolio.

Driving Digitisation and Delivery Synergies

The company is investing in digital tools, data-driven execution models, and cross-cluster collaboration to improve project visibility and responsiveness. These initiatives aim to expand operational efficiency, shorten delivery timelines, and enable faster turnaround and seamless execution across global locations.

Strengthening Presence in the Middle East and CIS countries

The company identifies the Middle East as a key growth engine and is investing significantly in the region. Many Middle Eastern countries face high water stress, which is expected to drive increased expenditure on water security. Recognising the Middle East as a high-growth water market due to chronic water stress, WABAG is deepening its investments in the region. Additionally, the company is expanding into CIS, targeting high-value opportunities in Oil & Gas water treatment, where its technological expertise offers a competitive edge.

Opportunities in Semiconductors and Green Hydrogen Market

WABAG is proactively targeting long-term prospects in the semiconductor and green hydrogen sectors, both of which require ultra-pure water solutions. With a proven track record in establishing UPW systems, the company is laying the groundwork through partnerships with emerging players in these sectors. While revenue materialisation is expected over a 3–4 year horizon, early engagement reflects WABAG's forward-looking strategic positioning.

Business Outlook

- VTW has been focusing on enhancing the quality and predictability of revenue over recent years. As part of this strategy, the company has divested its low-profit European subsidiaries, which has led to a revenue decline over the last two years. However, VTW has successfully improved its profitability, with EBITDA margins reaching 12.8%, up from 7.7% in 2021. The company is targeting an order book equivalent to 3 times its revenue and anticipates revenue growth at a CAGR of 15%-20% over the next 3-5 years. The targeted revenue mix, comprising over 50% from international projects, 30% from industrial customers, 20% from O&M, and one-third of EPC being EP projects, is expected to drive margin improvement. Consequently, EBITDA/PAT growth is projected to outpace revenue growth, with EBITDA margins ranging between 13%-15%. The company currently (as of 31st March 2025) holds a robust order book of ~Rs 13,700 Cr.

- The company expects to benefit from increased government allocations towards water infrastructure, with projects worth Rs 45,000 Cr anticipated to be awarded shortly by the Ministry of Jal Shakti. Similarly, significant growth is expected in water markets within targeted international regions. The company has also identified future growth opportunities in ultra-pure water for semiconductor manufacturing, solar PV, green hydrogen, and clean fuel generation from biogas.

- We remain positive about the company’s long-term prospects as sectoral tailwinds are expected to continue in the foreseeable future, and Wabag is well placed to tap the opportunity. The company is focusing on improving the quality of revenue by choosing projects with low payment risks and good profitability. It is also working towards improving the revenue mix and reducing working capital requirements, which should support improvement in margins as guided (EBITDA margins ~13%-15%).

The business outlook remains robust and on the back of growing water security/ conservation market, clear revenue visibility for the next 3-4 years, and the rising order book is expected to ensure a predictable stream of inflows in the medium term.

Risks & Mitigation

Any unfavorable change in the Government Policies, Major Payment Defaults and fluctuations in Foreign Exchange Rates could affect the performance of the company.

Majority Order Book Contributed by Municipal Clients

The company relies heavily on Central and State Governments, as well as other government-controlled entities such as municipal corporations across various states in India, where Central and/or State Governments or multilateral aid agencies hold a majority stake. Most of its projects are government-sponsored and are often subject to delays. Such delays may result from changes in the Central and/or State Government, alterations in policies impacting the public, scaling back of government policies or initiatives, changes in governmental or external budgetary allocations, or insufficient funds. These factors can significantly and adversely affect the business and financial condition of the company.

Long Receivables Cycle

Given the nature of the EPC business, most projects have lengthy payment cycles, which may be further extended in international and multilaterally funded projects due to the need for dual approvals. Additionally, many projects include provisions for retention funds as a guarantee, which further increases the working capital requirement. To address these challenges, the company is undertaking measures such as accelerating project execution and payment cycles and negotiating with customers to use bank guarantees instead of retention funds. Furthermore, the company manages its trade receivables by aligning payments with the receipt of payment approvals from customers, thereby balancing trade receivables against trade payables.

Foreign Exchange Fluctuation Risk

The majority of Wabag's business transactions are executed in Indian Rupees, though the company also operates internationally. Currency exchange rate risks arise from the company's overseas sales and purchases, primarily denominated in US dollars (USD) and Euros (EUR). To mitigate this risk, Wabag monitors cash flows and employs forward exchange contracts as part of its risk management strategy. If the costs to be paid or received in a particular currency are anticipated to offset each other, no additional hedging activities are undertaken.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will differ because of fluctuations in market interest rates. Wabag's exposure to the risk of changes in market interest rates relates mainly to the company's debt obligations with floating interest rates.

Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the company. Wabag is exposed to credit risk for several financial instruments, for example, trade receivables, placing deposits, etc. However, to mitigate this, it continuously tracks the defaults of clients and other counterparties and incorporates this information into its credit risk controls.

Liquidity Risk

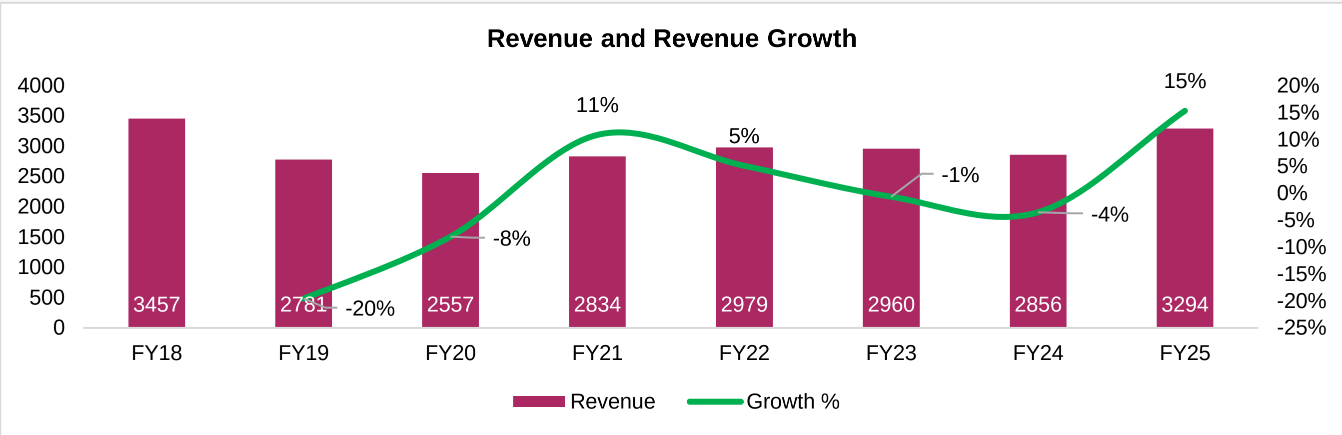
Liquidity risk pertains to the company's potential inability to meet its financial obligations. If the company fails to generate sufficient funds from both internal and external sources to cover its obligations and commitments, it could adversely impact its performance. To manage liquidity risk, the company monitors scheduled debt servicing payments for long-term financial liabilities and forecasts cash inflows and outflows required for day-to-day operations.

Profitability Analysis (Rs Cr)

Particulars	FY24	FY25	Change	Comments/Analysis
Net Sales	2856	3294	15%	Robust revenue growth driven by strong execution across domestic and international markets
COGS	2167	2561	18%	Raw material costs were higher due to a temporary change in project mix
Gross Profits	690	734	6%	Gross profit growth is lower than revenue growth, as margins declined
Operating Expenses	314	311	-1%	Operating Expenses declined YoY due to lower other expenses
EBITDA	376	422	12%	Revenue growth, coupled with lower operating expenses, led to an improvement in EBITDA
Interest	71	79	11%	Interest cost increased due to higher interest expenses for borrowings at amortised cost
PAT	250	295	18%	PAT growth reflected the improvement in operational performance of the Company.

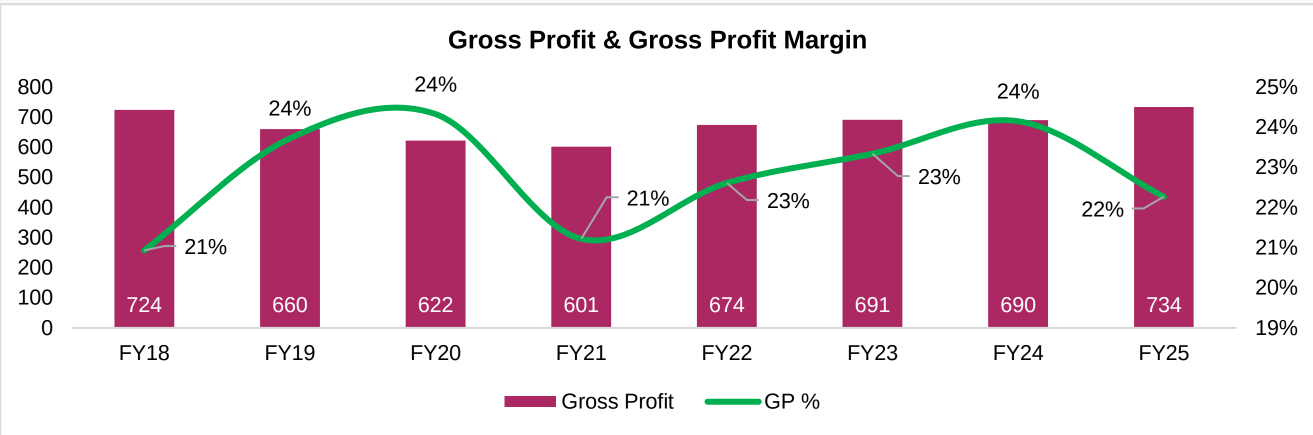
Source: Company; Axis Securities Research

Exhibit 4: Revenue and Revenue Growth Trend



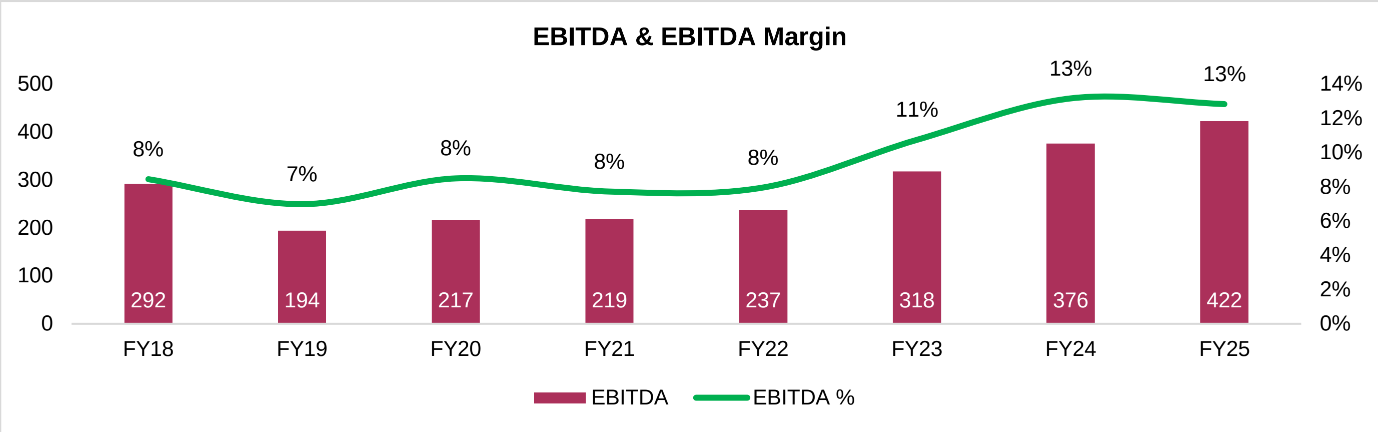
Source: Company, Axis Securities Research

Exhibit 5: Gross Profit & Gross Profit Margin Trend



Source: Company, Axis Securities Research

Exhibit 6: EBITDA & EBITDA % Trend



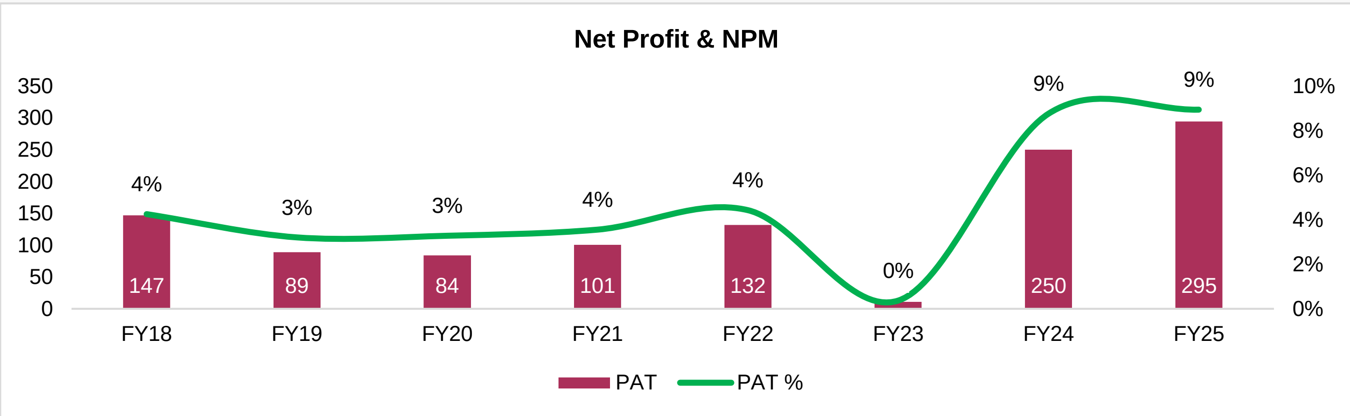
Source: Company, Axis Securities Research

Growth/Profitability Indicators (Rs Cr)

Particulars	FY24	FY25	Change	Comments/Analysis
Order Intake	2343	5692	143%	The company currently holds a robust order book of Rs 13,700 Cr.
Revenue	2856	3294	15%	Revenue growth driven by strong execution across domestic and international markets
EBITDA Margin	13.2%	12.8%	-40bps	Margins slightly lower, but remain close to the guidance range of 13-15%
PAT	250	295	18%	Robust PAT growth driving shareholder value

Source: Company; Axis Securities Research

Exhibit 7: Net Profit and NPM Trend



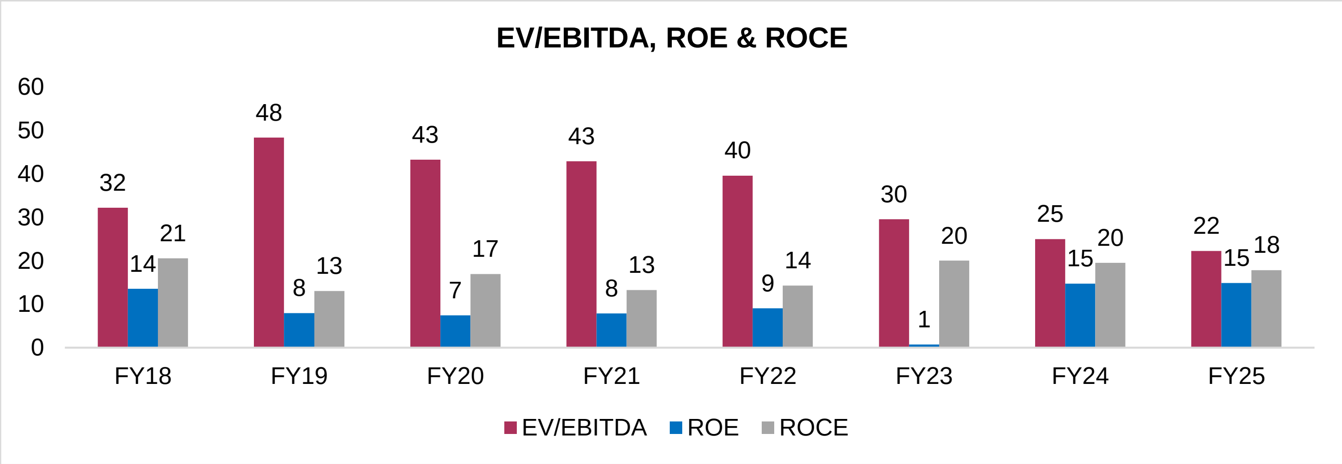
Source: Company, Axis Securities Research

Financial Ratios

Particulars	FY24	FY25	Change	Comments/Analysis
ROE	15%	15%	12 bps	Improved owing to increased profits during the year
ROCE	20%	18%	(167) bps	Declined slightly due to lower EBIT margins during the year and a higher capital base
Asset Turn	0.7	0.7		Asset turns largely remain flat
Net Debt/Equity	0.1	0.1		Debt to Equity decreased due to the decline in debt levels.
EV/EBITDA	25x	22x	-3x	EV/EBITDA was lower (improved) owing to superior operating performance

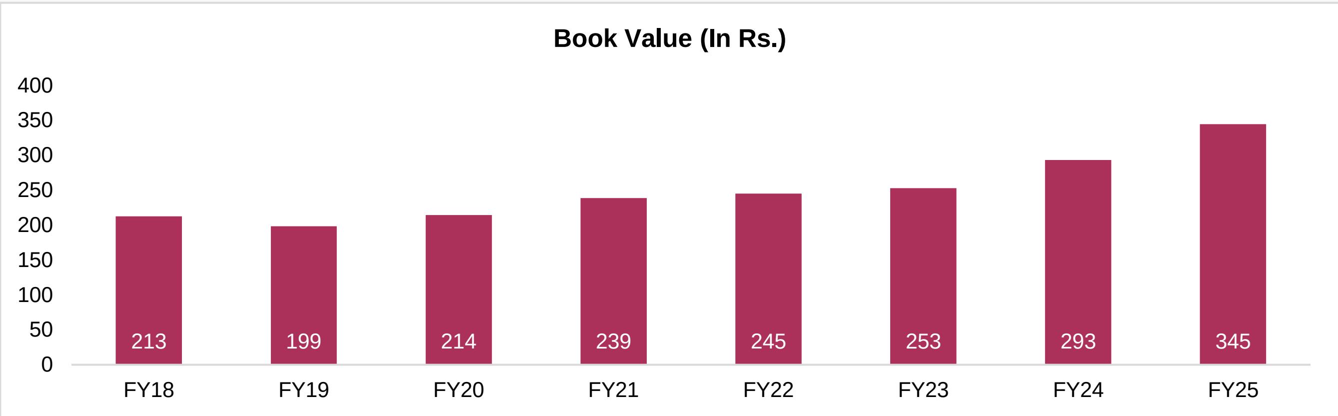
Source: Company; Axis Securities Research

Exhibit 9: EV/EBITDA, ROE& ROCE Trend



Source: Company, Axis Securities Research

Exhibit 10: Book Value (Rs)



Source: Company, Axis Securities Research

Key Balance Sheet and Cash Flow Takeaways

Working Capital Management

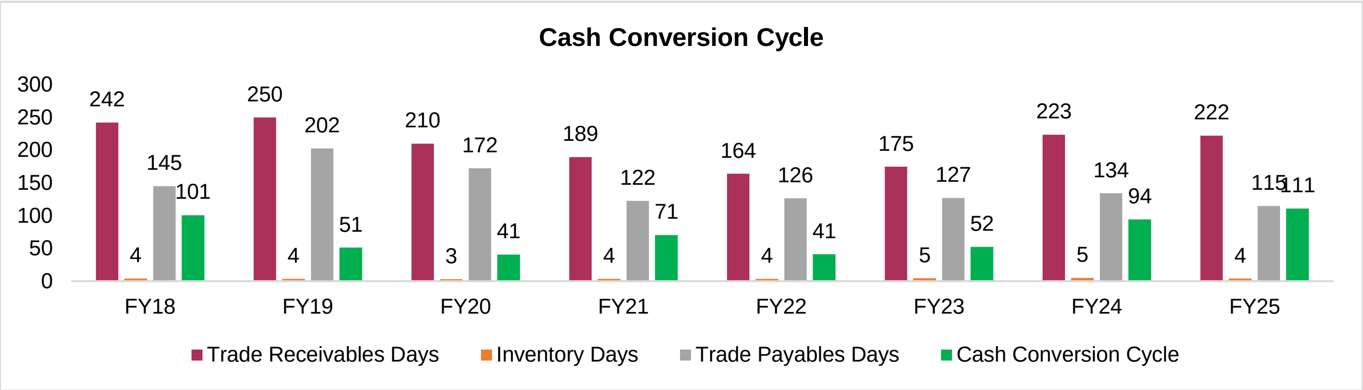
- Wabag holds a very limited amount of inventory as it is primarily engaged in the EPC business. While it follows an asset-light model with minimal capital expenditure, in line with most EPC companies, a significant portion of the company's cash remains tied up in trade receivables. Milestone-based billing and BOOT contracts often result in substantial amounts staying unbilled until specific project stages are completed.
- Since FY20, a decline in trade payables has been observed as the company has consciously reduced its exposure to construction activities. However, trade receivables have continued to rise in line with business growth. Consequently, the overall cash conversion cycle has trended upwards in recent years. To address this, the company has been focusing on improving receivable recovery by being selective in bidding and intends to reduce its working capital requirements going forward.

Cash Conversion Cycle

Particulars	FY24	FY25	Change	Comments/Analysis
Inventory Days	5	4	-1	Remained flattish (minimal inventory due to the nature of the business)
Trade Receivable Days (current)	223	222	-2	Maintained a similar level as the previous year
Trade Payable Days	134	115	-19	Lower owing to business conditions
Cash Conversion Cycle	94	111	17	Overall, CCC increased by 17 days due to a decrease in trade payables

Source: Company; Axis Securities Research

Exhibit 12: Cash Conversion Cycle



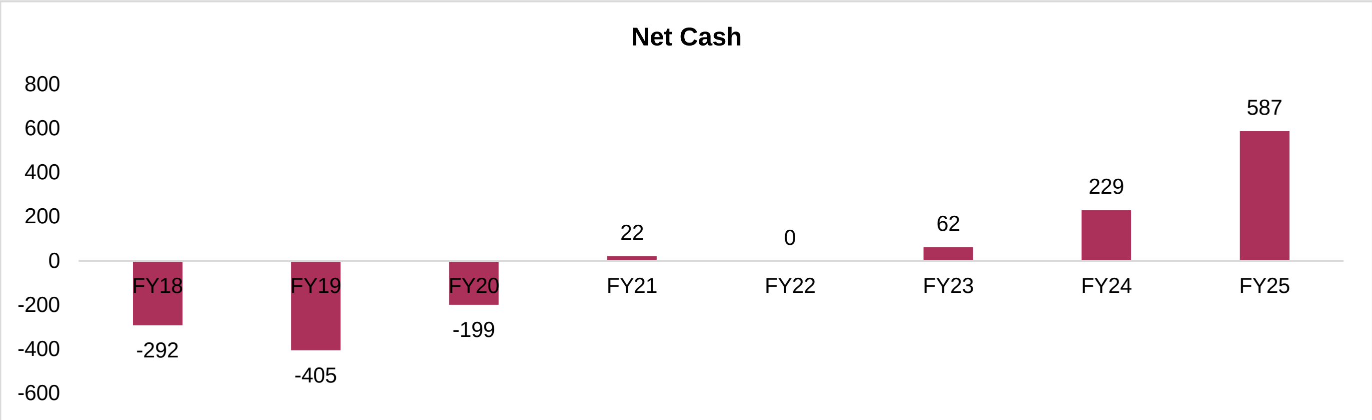
Source: Company, Axis Securities Research

- The above analysis considers Wabag's current receivables; however, the company's balance sheet also includes a significant amount of long-term receivables, primarily consisting of customer retention money. During the year, the customer retention amount increased from Rs 530 Cr to Rs 595 Cr. This retention amount represents funds withheld by customers until specific contractual conditions are fulfilled and is a standard feature for companies operating in the EPC business.

Key Balance Sheet and Cash Flow Takeaways (Cont...)

- **Capex:** The company has a small amount of fixed assets and does not have any major capex requirements on an annual basis.
- **Debt Levels:** The company had a debt of ~Rs 357 Cr as of FY25 end. While the debt has increased compared to last year, it remains lower than the levels before FY22.
- **Cash and liquidity position:** Wabag has been focusing on working capital discipline and improving cash flows over the past few years. The effect of the same can be seen in a substantially improved net cash position as of FY25 end.

Exhibit 13: Cash & Cash Equivalent (Rs Cr)



Source: Company, Axis Securities Research

- **Imrpoving Cash Flows:** The Company has seen imporvement in its operating performance leading to better profitability, and in turn, higher operating cash flows. On the other hand, Wabag has very limited capital requirements, and the inevsting outlfows were mainly towards bank deposits. There were no major changes in terms of financing cash flows during the year.

Key Cash Flow Takeaways

Particulars (Rs Cr)	FY24	FY25	Change	Comments/Analysis
PBT	330	384	16%	Improved PBT, reflecting superior operating performance
Depreciation	8	6	-30%	Decreased year on year, remains at neglibile level
Finance Cost	71	79	11%	Higher due to an increase in debt levels
CFO	134	355	166%	Higher YoY due to more cash generated from operations.
CFI	84	-121	-244%	Lower owing to investments in bank deposits
CFF	44	34	-22%	Lower due to repayment towards lease liability
Free Cash Flow Generation	49	476	NM	Higher YoY owing to higher operating cashflow/Profitability

Source: Company; Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E Mar	FY24	FY25	FY26E	FY27E
Net Revenue	**2,856**	**3,294**	**4,261**	**5,042**
COGS	2,167	2,561	3,302	3,895
Staff costs	235	265	320	353
Operating Exp.	79	47	57	50
Total Expenditure	2,481	2,872	3,679	4,299
EBITDA	**375.7**	**422.3**	**581.9**	**743.5**
EBITDA Margin %	**13.2%**	**12.8%**	**13.7%**	**14.7%**
Depreciation	8	6	5	6
EBIT	411	461	644	823
Interest	71	79	87	81
Other Income	43	45	68	85
PBT	330	384	558	742
Tax	80	90	130	173
Tax Rate %	*24.1%*	*23.3%*	*23.3%*	*23.3%*
PAT	**250**	**295**	**428**	**569**
EPS	**39.5**	**47.5**	**68.8**	**91.5**

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E Mar, Rs Cr	FY24	FY25	FY26E	FY27E
Share Capital	12	12	12	12
Reserves & Surplus	1,806	2,128	2,530	3,050
Net Worth	**1,824**	**2,145**	**2,548**	**3,067**
Financial Non-Current Liability	323	408	379	364
Other Non-current Liability	260	182	182	182
Deferred Tax Liability	-	-	-	-
Total Non-Current Liability	**596**	**601**	**572**	**557**
Current Financial Liability	1,153	1,262	1,250	1,272
Other Current Liability	865	1,097	1,098	1,098
Provisions	22	12	12	12
Total Current Liability	**2,155**	**2,521**	**2,510**	**2,532**
Total Equity & Liability	**4,575**	**5,267**	**5,630**	**6,156**
Application Of Funds				
PPE	69	64	63	62
Capital Work in Progress	-	-	-	-
Right Use Of Assets	-	-	-	-
Intangible Assets	4	3	4	4
Non- Current Financial Assets	**535**	**600**	**600**	**600**
Other Non-Current Assets	-	-	-	-
Total Non-Current Assets	**949**	**986**	**986**	**986**
Inventories	36	36	47	111
Cash & Cash Equivalents	440	718	934	1,101
Current-Financial Assets	2,061	2,240	2,375	2,671
Other Current Assets	1,089	1,288	1,288	1,288
Total Current Assets	**3,625**	**4,281**	**4,643**	**5,171**
Total Assets	**4,575**	**5,267**	**5,630**	**6,156**

Source: Company, Axis Securities Research

Cash Flow

(Rs Cr)

Y/E Mar	FY24	FY25	FY26E	FY27E
PBT	330	384	558	742
Depreciation & Amortization	8	6	5	6
Finance Cost	26	33	36	31
Chg in Working cap	-288	8	-137	-262
Direct tax paid	-26	-82	-130	-173
Cash flow from operations	**134**	**355**	**383**	**394**
Chg in Gross Block	-12	-5	-5	-5
Chg in Investments	56	13	-	-
Other Investments	25	-152	-	-
Cash flow from investing	**84**	**-121**	**-5**	**-5**
Fresh Issue Proceeds	-	-	-	-
Proceeds / (Repayment) of ST Borrowings (Net)	-	81	-	-
Finance Cost paid	-25	-33	-87	-81
Dividends paid	-	-	-25	-50
Cash flow from financing	**44**	**34**	**-162**	**-221**
Chg in cash	**261**	**268**	**216**	**168**
Cash and cash equivalents at the beginning of the year	181	440	718	934
Cash and Cash equivalents at the end of the year	**440**	**718**	**934**	**1,101**

Source: Company, Axis Securities Research

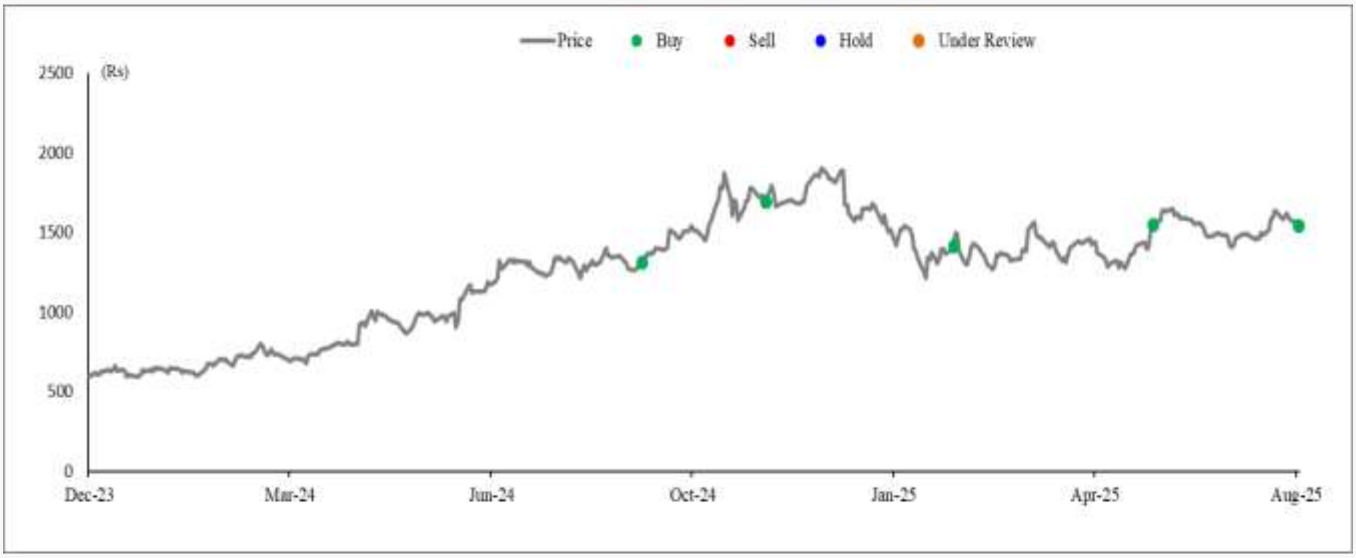
Ratio Analysis

(%)

Y/E Mar	FY24	FY25	FY26E	FY27E
Efficiency Ratios				
Asset Turnover (x)	0.66	0.67	0.78	0.86
Inventory Turnover(x)	56.26	71.42	80.04	49.56
Sales/Total Assets	0.62	0.63	0.76	0.82
Receivable days	223	222	178	166
Inventory Days	5	4	4	6
Payable days	134	115	89	77
Financial Stability Ratios				
Total Debt/Equity(x)	0.1	0.1	0.0	0.0
Total Asset/Equity(x)	2.5	2.2	2.2	2.0
Current Ratio(x)	1.7	1.7	1.9	2.0
Quick Ratio(x)	1.7	1.7	1.8	2.0
Interest Cover(x)	-	-	-	-
Operational & Financial Ratios				
Earnings Per Share (Rs)	39	47	69	92
Book Value (Rs)	293	345	410	493
Tax Rate(%)	24.1%	23.3%	23.3%	23.3%
Performance Ratios				
ROA (%)	5.8%	6.0%	7.8%	9.7%
ROCE (%)	19.5%	17.8%	22.0%	24.4%
ROE (%)	14.7%	14.9%	18.2%	20.3%

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
07-Aug-25	BUY	1,920	AAA

Source: Axis Securities Research

Disclaimer

Axis Securities Limited is a subsidiary company of Axis Bank Ltd. Axis Bank Ltd. is a listed public company and one of India's largest private sector banks and has its various subsidiaries engaged in businesses of Asset management, NBFC, Merchant Banking, Trusteeship, Venture Capital, Stock Broking, the details in respect of which are available on www.axisbank.com.

Axis Securities Limited, is registered as a

- Stock Broker, Depository Participant, Portfolio Manager, Investment Adviser and Research Analyst with Securities and Exchange Board of India
- Corporate Agent with Insurance Regulatory and Development Authority of India
- Point of Presence with Pension Fund Regulatory and Development Authority
- Distributor for Mutual Funds with AMFI

Registration Details:

SEBI Single Reg. No.- NSE, BSE,MSEI, MCX & NCDEX – INZ000161633 | SEBI Depository Participant Reg. No. IN-DP-403-2019 | Portfolio Manager Reg. No.- INP000000654 | Investment Advisor Reg No. INA000000615 | SEBI-Research Analyst Reg. No. INH000000297 | IRDA Corporate Agent (Composite) Reg. No. CA0073| PFRDA – POP Reg. No. POP387122023 | Mutual Fund Distributor ARN- 64610.

Compliance Officer Details: Name – Mr. Rajiv Kejriwal, Tel No. – 022-68555574, Email id – compliance.officer@axisdirect.in.;

Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Aurum Q Parć, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

In case of any grievances please call us at 022-40508080 or write to us helpdesk@axisdirect.in.

We hereby declare that our activities were neither suspended nor we have defaulted with any stock exchange authority with whom we are registered in last five years. However, SEBI, Exchanges, Clearing Corporations and Depositories etc. have conducted the routine inspection and based on their observations have issued advise/warning/show cause notices/deficiency letters/ or levied penalty or imposed charges for certain deviations observed in inspections or in normal course of business, as a Stock Broker / Depository Participant/Portfolio Manager. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.
By referring to any particular sector, Axis Securities does not provide any promise or assurance of favourable view for a particular industry or sector or business group in any manner.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors. Our research should not be considered as an advertisement or advice, professional or otherwise. This research report and its respective content by Axis Securities made available on this page or otherwise do not constitute an offer to sell or purchase or subscribe for any securities or solicitation of any investments or investment services for the residents of Canada and / or USA or any jurisdiction where such an offer or solicitation would be illegal.

Subject company(ies) may have been client during twelve months preceding the date of distribution of the research report. Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment of its original date of publication by ASL and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments.

The information and opinions in this report have been prepared by Axis Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Axis Securities. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite, investment objective or the particular circumstances of an individual investor. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and the like and take professional advice before investing.

While we would endeavour to update the information herein on a reasonable basis, Axis Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Axis Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Axis Securities policies, in circumstances where Axis Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained in good faith from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Axis Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Axis Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Axis Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months. Axis Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction. Axis Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months. Axis Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Axis Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Axis Securities nor Research Analysts and / or their relatives have any material conflict of interest at the time of publication of this report. Please note that Axis Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Research Analyst may have served as an officer, director or employee of subject company(ies). Axis Securities or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report. Since associates of Axis Securities and Axis Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report. Axis Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Certain transactions -including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centres on studying charts of a stock'sprice movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

We and our affiliates/associates, officers, directors, and employees, Research Analyst(including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of Research Report or at the time of public appearance. Axis Securities may have proprietary long/short position in the above mentioned scrip(s) and therefore may be considered as interested. This should not be construed as invitation or solicitation to do business with Axis Securities. Axis Securities is also a Portfolio Manager. Portfolio Management Team (PMS) takes its investment decisions independent of the PCG research and accordingly PMS may have positions contrary to the PCG research recommendation.

RATING SCALE: Definitions of ratings

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 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, valuation or recommendation for the stock

Note: Returns stated in the rating scale are our internal benchmark.