13 August 2026
1QFY27 Results Update | Sector: Water Infrastructure

VA Tech Wabag

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	VATW IN
Equity Shares (m)	62
M.Cap.(INRb)/(USDb)	118 / 1.2
52-Week Range (INR)	2254 / 1033
1, 6, 12 Rel. Per (%)	-15/51/25
12M Avg Val (INR M)	686

Financials & Valuations (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Sales	39.4	47.1	56.2
EBITDA	4.8	5.9	7.5
Adj. PAT	3.8	4.7	5.6
Adj. EPS (INR)	60.0	75.3	90.3
EPS Gr. (%)	27.1	25.5	19.9
BV/Sh. (INR)	411.0	479.3	560.6
Ratios			
RoE (%)	14.6	15.7	16.1
RoCE (%)	21.4	22.5	23.3
Payout (%)	8.4	9.3	10.0
Valuations			
P/E (x)	31.6	25.2	21.0
P/BV (x)	4.6	4.0	3.4
EV/EBITDA (x)	23.1	18.4	14.0
Div. Yield (%)	0.3	0.4	0.5

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	19.1	19.1	19.1
DII	6.3	5.8	3.7
FII	18.3	16.6	18.7
Others	56.3	58.5	58.5

CMP: INR1,890 TP: INR2,529 (+34%) Buy

Strong and diversified quality order book drives robust outlook

Strong in-line operating performance in 1QFY27

- VA Tech Wabag (VATW) reported a strong and in-line operating performance in 1QFY27. Its revenue grew 21% YoY, driven by 27% growth in EPC and 53% growth in the RoW markets. Adj. EBITDA/adj. PAT rose 22%/37% YoY.
- EBITDA margin adjusted to forex gain of INR368m stood healthy at 13.1%.
- The company treats forex gains/losses as part of its core operations; hence, analyzing adjusted margins is more meaningful.
- Order book stood at a high level of ~INR194b as it added INR34.3b in 1Q.
- Net cash position stood high at INR9.65b.

Key highlights from the management commentary

- Strong execution, order inflows, and financial discipline were the key highlights of 1Q. Gross margin was hit by a greater mix of EPC revenue. Other expenses were higher due to provisions made for certain debtors as per accounting standards. This will be reversed when money is received.
- The Middle East projects did not face execution-related disruptions amid the West Asia crisis.
- VATW forayed into Kuwait with the award of a mega SWRO project; it also entered the UAE market with an order win in Ajman.
- In India, the company improved its long-standing relationships with BWSSB and DJB through new order wins; in Europe, it secured a key project win in Austria from Donauinsel Water Works.
- The Middle East & Africa region remains a key strategic focus market for Wabag.
- The Chennai desal project, funded by JICA, is steadily moving towards completion.
- Working capital cycle continues to tighten, in line with VATW's strategy.
- Focus remains on profitable growth and overseas markets. The Middle East and other overseas projects are better placed in terms of working capital cycle and cash flows compared to Indian projects.
- VATW's current order book of ~INR194b (4.9x FY26 revenue; ~40% from ME) and a strong bid pipeline provide strong 15-20% revenue growth visibility for the next 3-4 years.
- While the current order book is more tilted toward EPC projects having high volumes and relatively lower margins, VATW maintains its focus on profitable growth through selective bidding in high-margin EPC and O&M jobs.

Valuation and view: Reiterate BUY

- Following an in-line 1Q, we maintain our earnings estimates.
- After delivering a CAGR of 7%/17%/28% in revenue/EBITDA/APAT over FY21-26, we estimate a CAGR of 19%/26%/23% over FY26-28.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- A greater focus on executing large-scale projects and high-margin segments such as EP, Industrial, and O&M augurs well for margins.
- The outlook for strong FCF generation, INR10b+ net cash, and improving return ratios (23%/36% pre-tax RoCE/RoIC in FY28E) makes VATW attractive at 21x FY28E P/E. **Reiterate BUY with a TP of INR2,529 (based on 28x FY28E P/E).**

Quarterly Performance

(INRm)

Y/E March	FY26				FY27E				FY26	FY27E	FY27E	Var
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE			1QE	%
Net Sales	**7,340**	**8,345**	**9,613**	**14,144**	**8,868**	**9,933**	**11,403**	**16,853**	**39,442**	**47,057**	**8,634**	**3**
YoY Change (%)	17.2	19.2	18.5	22.3	20.8	19.0	18.6	19.2	19.7	19.3	17.6	
Total Expenditure	6,384	7,452	8,398	12,570	8,073	8,703	9,871	14,513	34,668	41,160	7,537	
EBITDA - reported	**956**	**893**	**1,215**	**1,574**	**795**	**1,230**	**1,532**	**2,340**	**4,774**	**5,897**	**1,097**	**-28**
Margins (%)	13.0	10.7	12.6	11.1	9.0	12.4	13.4	13.9	12.1	12.5	12.7	
EBITDA - adjusted to forex gain	**956**	**1,205**	**1,310**	**1,771**	**1,163**	**1,280**	**1,582**	**2,390**	**5,242**	**10,701**	**1,147**	**1**
Margins (%)	13.0	14.4	13.6	12.5	13.1	12.9	13.9	14.2	13.3	22.7	13.3	
Depreciation	14	17	16	15	16	15	15	15	62	61	15	
Interest	188	196	179	166	172	170	170	170	729	682	170	
Other Income	113	416	232	319	520	130	130	130	943	910	130	
PBT before EO expense	**867**	**1,096**	**1,252**	**1,712**	**1,127**	**1,175**	**1,477**	**2,285**	**4,926**	**6,064**	**1,042**	
Extra-Ord expense	0	0	-47	0	0	0	0	0	-47	0	0	
PBT	**867**	**1,096**	**1,299**	**1,712**	**1,127**	**1,175**	**1,477**	**2,285**	**4,973**	**6,064**	**1,042**	
Tax	209	260	300	419	281	276	347	537	1,188	1,441	245	
Rate (%)	24.1	23.7	23.1	24.5	24.9	23.5	23.5	23.5	24.3	23.8	23.5	
Minority Interest	0	0	-4	-3	0	-2	-2	-2	-7	-6	-2	
Profit/Loss of Asso. Cos.	0	12	8	-13	55	20	2	2	7	79	2	
Reported PAT	**658**	**848**	**1,011**	**1,283**	**901**	**921**	**1,134**	**1,752**	**3,799**	**4,708**	**801**	**12**
Adj PAT	**658**	**848**	**964**	**1,283**	**901**	**921**	**1,134**	**1,752**	**3,752**	**4,708**	**801**	**12**
YoY Change (%)	19.6	20.1	37.3	28.9	36.9	8.6	17.6	36.6	27.1	25.5	21.8	
Margins (%)	9.0	10.2	10.0	9.1	10.2	9.3	9.9	10.4	9.5	10.0	9.3	

E: MOFSL Estimates

Operating Metrics

Y/E March	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	% YoY	% QoQ
Segment-wise revenue break-up (INR m)							
EPC	**5,717**	**6,853**	**7,855**	**11,834**	**7,256**	**27**	**(39)**
Municipal	4,182	5,381	6,549	9,535	5,289	26	(45)
Industrial	1,535	1,472	1,306	2,299	1,967	28	(14)
O&M	**1,488**	**1,431**	**1,665**	**2,240**	**1,593**	**7**	**(29)**
Municipal	1,235	1,155	1,423	1,721	1,343	9	(22)
Industrial	253	276	242	519	250	(1)	(52)
Total revenue	**7,205**	**8,284**	**9,520**	**14,074**	**8,849**	**23**	**(37)**
% YoY	*17*	*19*	*19*	*22*	*21*		
O&M mix	21	17	17	16	18		
Industrial mix	25	21	16	20	25		
International mix	42	51	56	56	52		
Geography-wise revenue break-up (INR m)							
India	4,185	4,044	4,196	6,218	4,228	1	(32)
RoW	3,155	4,313	5,521	7,924	4,660	48	(41)
EBIT margin (%)						**YoY (bp)**	**QoQ (bp)**
India	25.2	17.3	20.2	9.7	24.4	(75)	1,477
RoW	29.3	26.2	26.6	29.4	23.9	(537)	(548)
Order book (INR b)	**157.8**	**160.2**	**163.4**	**172.3**	**193.9**	**23**	**13**
Book-to-bill ratio (x, TTM basis)	4.7	4.6	4.5	4.4	4.8		
Order book break-up (INR b)	**157.8**	**160.2**	**163.4**	**172.3**	**193.9**	**23**	**13**
EPC	**92.4**	**92.1**	**96.6**	**102.8**	**127.3**	**38**	**24**
Municipal	80.4	80.5	80.1	88.0	114.3	42	30
Industrial	11.9	11.6	16.5	14.8	13.0	9	(12)
O&M	**53.1**	**55.5**	**54.2**	**63.5**	**66.7**	**26**	**5**
Municipal	42.0	44.7	43.6	53.0	56.5	34	6
Industrial	11.1	10.8	10.6	10.4	10.2	(8)	(2)

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

Key contracts in order book	Nature	Classification
272 MLD SWRO, Doha, Kuwait	SWRO	Mega (Above INR 10b)
86 MLD WTP, Vienna, Austria	WTP	Large (INR2.5-6b)
17MGD WWTP, Mitraon, Delhi, India	WWTP	Large (INR2.5-6b)
60 MLD STP at Ajman, UAE	STP	Large (INR2.5-6b)
100 MLD STP & 25 MLD TTP, Byramangala,60 MLD STP at Bellandur, Bengaluru, India	STP	Large (INR2.5-6b)
400 MLD Perur, Chennai	Desalination	Mega (Above INR 10b)
300 MLD SWA, Yanbu Al-Bahr, KSA	Desalination	Mega (Above INR 10b)
200 MLD Al Haer ESC, KSA	ISTP	Mega (Above INR 10b)
100 MLD Indosol, Andhra Pradesh	Desalination	Major (INR6-10b)
UPJN, O&M of Agra & Ghaziabad	OCOO	Mega (Above INR 10b)
54+19 MLD Lusaka Water Supply and Sanitation Co.	WWTP	Major (INR6-10b)
Water Block Package from BPCL, Madhya Pradesh	RWTP/RODMP/ZLD	Large (INR2.5-6b)
200 MLD Pagla, Bangladesh	STP	Major (INR6-10b)
150 MLD Digha & Kankarbagh	STP and Network	Mega (Above INR 10b)
BWSSB, Bengaluru	WWTP	Large (INR2.5-6b)
Key Framework Contracts		
Libya STP		INR6,114m
Bomba MED, Libya		INR6,522m

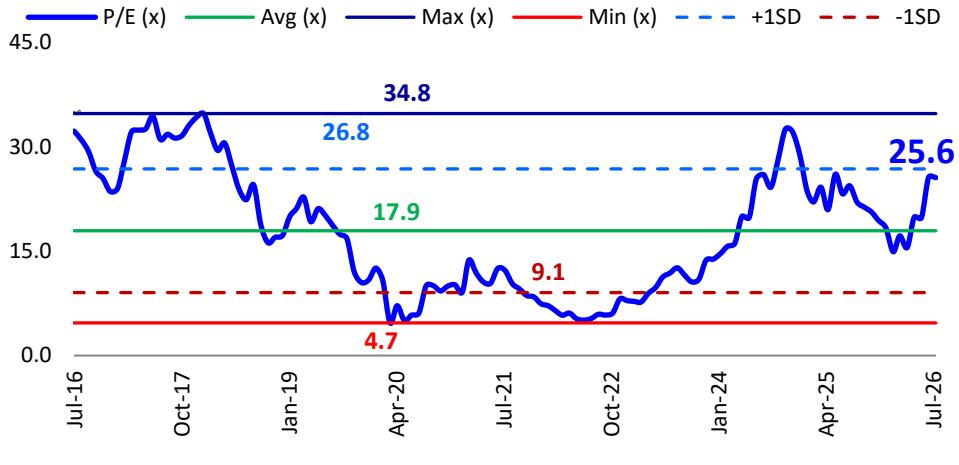
Source: Company

Exhibit 2: Changes to our estimates

INR m	Old		New		Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	46,823	55,829	47,057	56,151	0	1
EBITDA	6,292	7,614	5,897	7,542	(6)	(1)
EBITDA margin %	13.4	13.6	12.5	13.4		
PAT	4,661	5,644	4,708	5,643	1	(0)
EPS	74.6	90.3	75.3	90.3	1	(0)

Source: MOFSL, Company

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



Source: Bloomberg, MOFSL

Financials and valuations

Consolidated - Income Statement (INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	**28,345**	**29,793**	**29,605**	**28,564**	**32,940**	**39,442**	**47,057**	**56,151**
Change (%)	10.8	5.1	-0.6	-3.5	15.3	19.7	19.3	19.3
RM Cost	22,331	23,057	22,695	21,667	25,605	30,038	35,737	42,362
Gross Profit	**6,014**	**6,736**	**6,910**	**6,897**	**7,335**	**9,404**	**11,320**	**13,789**
Employees Cost	1,985	2,507	2,655	2,354	2,645	3,004	3,305	3,831
Other Expenses	1,841	1,860	1,077	786	467	1,626	2,118	2,415
Total Expenditure	**26,157**	**27,423**	**26,427**	**24,807**	**28,717**	**34,668**	**41,160**	**48,609**
% of Sales	92.3	92.0	89.3	86.8	87.2	87.9	87.5	86.6
EBITDA	**2,188**	**2,370**	**3,178**	**3,757**	**4,223**	**4,774**	**5,897**	**7,542**
Margin (%)	7.7	8.0	10.7	13.2	12.8	12.1	12.5	13.4
Depreciation	121	101	88	84	59	62	61	67
EBIT	**2,066**	**2,269**	**3,090**	**3,673**	**4,164**	**4,712**	**5,836**	**7,475**
Int. and Finance Charges	903	877	658	711	788	729	682	730
Other Income	82	324	536	434	446	943	910	538
PBT bef. EO Exp.	**1,245**	**1,716**	**2,968**	**3,396**	**3,822**	**4,926**	**6,064**	**7,283**
EO Items	0	0	-2,892	0	0	-47	0	0
PBT after EO Exp.	**1,245**	**1,716**	**76**	**3,396**	**3,822**	**4,879**	**6,064**	**7,283**
Total Tax	295	363	59	797	896	1,188	1,441	1,737
Tax Rate (%)	23.7	21.2	77.6	23.5	23.4	24.3	23.8	23.9
Minority Interest	-93	0	-20	48	-5	-7	-6	-7
Share of Profit/Loss of JV and associates	58	-32	93	-95	22	7	79	91
Reported PAT	**1,101**	**1,320**	**130**	**2,456**	**2,953**	**3,705**	**4,708**	**5,643**
Adjusted PAT	**1,101**	**1,320**	**3,022**	**2,456**	**2,953**	**3,752**	**4,708**	**5,643**
Change (%)	21.1	19.9	128.9	-18.7	20.2	27.1	25.5	19.9
Margin (%)	3.9	4.4	10.2	8.6	9.0	9.5	10.0	10.1

Consolidated - Balance Sheet (INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	124	124	124	124	124	125	125	125
Total Reserves	13,973	15,267	15,625	18,062	21,275	25,560	29,830	34,911
Net Worth	**14,098**	**15,391**	**15,749**	**18,186**	**21,399**	**25,685**	**29,955**	**35,036**
Minority Interest	-134	-133	-3	53	51	52	50	48
Total Loans	3,495	4,285	2,132	2,806	3,573	2,255	2,055	1,855
Deferred Tax Liabilities	41	33	11	0	0	0	0	0
Capital Employed	**17,500**	**19,576**	**17,889**	**21,045**	**25,023**	**27,992**	**32,060**	**36,939**
Gross Block	2,335	2,373	2,415	2,470	2,471	2,527	2,577	2,627
Less: Accum. Deprn.	1,472	1,573	1,661	1,745	1,804	1,866	1,927	1,994
Net Fixed Assets	**863**	**800**	**754**	**725**	**667**	**661**	**650**	**633**
Capital WIP	0	0	0	0	0	0	0	0
Total Investments	**244**	**376**	**458**	**671**	**694**	**721**	**821**	**921**
Curr. Assets, Loans&Adv.	**40,506**	**38,848**	**39,681**	**44,349**	**51,312**	**59,842**	**67,795**	**77,247**
Inventory	298	320	353	359	358	358	427	510
Account Receivables	18,972	20,711	21,939	25,215	26,080	31,717	37,196	43,615
Cash and Bank Balance	3,713	4,286	2,754	5,097	9,446	10,592	12,388	14,727
Loans and Advances	17,523	13,532	14,635	13,678	15,428	17,175	17,785	18,395
Curr. Liability & Prov.	**24,112**	**20,447**	**23,004**	**24,700**	**27,650**	**33,232**	**37,206**	**41,861**
Account Payables	10,777	9,853	10,697	10,283	10,458	12,622	14,801	17,661
Other Current Liabilities	12,714	9,777	11,646	13,137	15,576	18,171	19,671	21,171
Provisions	621	816	661	1,280	1,616	2,439	2,734	3,029
Net Current Assets	**16,393**	**18,401**	**16,677**	**19,649**	**23,662**	**26,610**	**30,589**	**35,386**
Misc Expenditure	0	0	0	0	0	0	0	0
Appl. of Funds	**17,500**	**19,576**	**17,889**	**21,045**	**25,023**	**27,992**	**32,060**	**36,939**

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)								
Adj EPS	**17.6**	**21.1**	**48.4**	**39.3**	**47.2**	**60.0**	**75.3**	**90.3**
Cash EPS	19.6	22.7	49.8	40.6	48.2	61.0	76.3	91.4
BV/Share	226	246	252	291	342	411	479	561
DPS	0.0	0.0	0.0	0.0	4.0	5.0	7.0	9.0
Payout (%)	0.0	0.0	0.0	0.0	8.4	8.4	9.3	10.0
Valuation (x)								
P/E	107.8	89.9	39.3	48.4	40.2	31.6	25.2	21.0
Cash P/E	97.1	83.5	38.2	46.8	39.4	31.1	24.9	20.8
P/BV	8.4	7.7	7.5	6.5	5.5	4.6	4.0	3.4
EV/Sales	4.2	4.0	4.0	4.1	3.4	2.8	2.3	1.9
EV/EBITDA	54.2	50.1	37.2	31.0	26.7	23.1	18.4	14.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.2	0.3	0.4	0.5
FCF per share	19.5	1.4	13.3	19.6	56.2	32.3	34.7	51.9
Return Ratios (%)								
RoE	7.8	8.6	19.2	13.5	13.8	14.6	15.7	16.1
RoCE (pre-tax)	12.4	13.9	19.3	21.1	20.1	21.4	22.5	23.3
RoIC (pre-tax)	15.0	17.4	23.2	25.5	27.6	32.4	34.4	36.2
Working Capital Ratios								
Fixed Asset Turnover (x)	12.1	12.6	12.3	11.6	13.3	15.6	18.3	21.4
Net Working Capital Cycle (Days)	163	173	172	186	158	148	141	134
Debtor (Days, incl. CA)	470	420	451	497	460	452	426	403
Inventory (Days)	4	4	4	5	4	3	3	3
Creditor (Days, incl. CL)	310	251	284	316	306	308	289	272
Leverage Ratio (x)								
Current Ratio	1.7	1.9	1.7	1.8	1.9	1.8	1.8	1.8
Interest Cover Ratio	2.4	3.0	5.5	5.8	5.9	7.8	9.9	11.0
Net Debt/Equity	0.0	0.0	0.0	-0.1	-0.3	-0.3	-0.3	-0.4

Consolidated - Cash Flow Statement (INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	1,303	1,684	169	3,301	3,844	4,886	6,064	7,283
Depreciation	121	101	88	84	59	62	61	67
Interest & Finance Charges	366	363	287	255	334	230	682	730
Direct Taxes Paid	-319	-186	-275	-260	-817	-997	-1,494	-1,790
(Inc)/Dec in WC	-968	-2,817	491	-2,882	76	-2,850	-2,184	-2,456
CF from Operations	**502**	**-856**	**760**	**498**	**3,496**	**1,331**	**3,129**	**3,834**
Others	851	972	89	837	56	736	-912	-540
CF from Operating incl EO	**1,353**	**116**	**849**	**1,335**	**3,552**	**2,067**	**2,217**	**3,294**
(Inc)/Dec in FA	-136	-26	-17	-110	-40	-49	-50	-50
Free Cash Flow	**1,217**	**90**	**832**	**1,225**	**3,512**	**2,018**	**2,167**	**3,244**
(Pur)/Sale of Investments	0	-183	0	0	0	-20	-100	-100
Others	95	-131	175	951	-1,170	-135	910	538
CF from Investments	**-41**	**-340**	**158**	**841**	**-1,210**	**-204**	**760**	**388**
Issue of Shares	1,178	0	0	0	0	1	0	0
Inc/(Dec) in Debt	-1,737	826	-2,101	660	714	-1,421	-200	-200
Interest Paid	-347	-364	-281	-249	-333	-227	-682	-730
Dividend Paid	-13	2	0	0	0	-249	-438	-563
Others	60	-18	-18	25	-41	47	138	150
CF from Fin. Activity	**-859**	**446**	**-2,400**	**436**	**340**	**-1,849**	**-1,182**	**-1,342**
Inc/Dec of Cash	**453**	**223**	**-1,393**	**2,612**	**2,682**	**14**	**1,795**	**2,340**
Opening Balance	2,489	3,038	3,210	2,066	4,399	7,177	7,851	9,647
Other cash & cash equivalent	55	-51	249	-279	96	660	0	0
Closing Balance	**2,997**	**3,210**	**2,066**	**4,399**	**7,177**	**7,851**	**9,647**	**11,986**

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

NOTES

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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