

Equity Research Desk

ALPHA



Global Water Solutions Leader



Founded: 1995
HQ: Chennai



Global Presence: 25+ countries | 4 continents



Pure-Play Focus: Water & Wastewater Treatment



Global Rank: Among top 3 private water operators worldwide



Technology Edge: 125+ proprietary technologies
Dedicated R&D centres



Execution Strength: 1,500+ plants delivered | 6,500+ global installations



Order Book: ₹16,300 Cr | 64% EPC | 36% O&M mix



Net Cash Position: -₹891 Cr
Low D/E: 0.10



Edge: Technology-led, asset-light global water platform with strong desalination expertise, industrial diversification and multi-year revenue visibility.

Subsidiaries



Subsidiaries: 15 | Associates: 2 (FY25)

Growth Strategies

Industrial Water + Global Order Visibility



Aligned to New-Age Capex

- Solar, hydrogen, semiconductors & data centres
- Rising demand for ultra-pure & desalinated water



Execution Credentials

- ₹1,000 Cr | 100 MLD desalination project
- Strong UPW, RO, ETP & ZLD capabilities



Robust Order Book: ₹16,300 Cr

- 64% EPC | 36% O&M mix
- ~50% international contribution



Middle East & Multilateral Backing

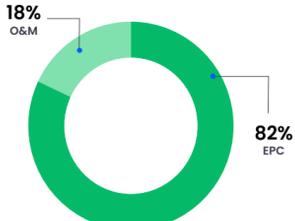
- Large desalination projects
- JICA / ADB / World Bank supported orders



Strategic Edge: Transitioning from municipal EPC to a high-value, technology-led industrial water platform with multi-year visibility and recurring revenue potential.

Revenue Breakup - FY25

Total Revenue (FY25) - ₹3,294 crore



Product Portfolio



Drinking Water Treatment

- Municipal water treatment plants
- Advanced purification technologies



Desalination

- Seawater & brackish water desalination
- Among global leaders in large-scale desal projects



Wastewater Treatment & Reuse

- Industrial & municipal wastewater solutions
- Tertiary treatment & recycle systems



Industrial Water Solutions

- Ultra-Pure Water (UPW) systems
- Effluent Treatment Plants (ETP)
- Zero Liquid Discharge (ZLD)



Sludge & Energy Recovery

- Sludge treatment technologies
- Resource recovery & sustainability solutions

Financial Highlights



Q3FY26 Performance Snapshot

- Revenue:** ₹961 Cr ↑ 18.5% YoY (vs ₹811 Cr)
- EBITDA:** ₹131 Cr ↑ 24.6% YoY (vs ₹105 Cr)
- EBITDA Margin:** 13.6% (Improved from 13.0% YoY)
- Net Profit:** ₹92 Cr ↑ 30.6% YoY (vs ₹70 Cr)

Highlight: Strong margin expansion and profit growth supported by execution momentum and improving operating leverage.



FY25 Performance

- Revenue:** ₹3,294 Cr (↑ 15% YoY)
- EBITDA:** ₹430 Cr (↑ 14% YoY)
- Net Profit:** ₹295 Cr (↑ 18% YoY)



Returns & Balance Sheet

- Debt-to-Equity:** 0.10
- Net Cash:** -₹891 Cr
- Financial Profile:** Asset-light model with strong cash discipline and improving margin trajectory.

Margins-FY25



Indexed Price Chart



Market Data

CMP	₹1273
Date	20-Feb-26
Target Price	₹1524
Upside Potential	20%
52 Week High/Low	1680/1033
NSE Code	WABAG
Market Cap	Micro
Sector	Water Supply & Management
Rating	BUY

Shareholding Pattern



Ratios - FY25

ROE	15%
ROCE	20%
Div. Yield	0.31%
PE Ratio (x)	31.8
Face Value	2.00
EPS	47.48

Industry Outlook



Global Market Expansion

- \$347.9 bn (2024) → \$623.2 bn by 2034
- ~7.6% CAGR driven by desalination & reuse



Asia-Pacific Growth Engine

- \$125.6 bn → \$282.8 bn by 2034
- ~8.5% CAGR led by industrialisation & urbanisation



Policy-Led Spending Support

- India allocation: ₹99,500 Cr
- Africa targeting \$30 bn annual investments by 2030



Key Drivers

- Rising water scarcity
- Urban population growth
- Stricter environmental regulations

Growth Drivers



Policy-Led Infrastructure Push

- National Mission for Clean Ganga, AMRUT, Jal Jeevan Mission
- Rising global water security investments



Water Scarcity & Climate Stress

- Two-thirds of global population may face water stress by 2030
- Accelerating desalination & reuse adoption



Industrial Water Demand

- Growth in refining, petrochemicals, semiconductors & energy
- Rising need for effluent treatment & ultra-pure water



Regulatory & Sustainability Focus

- Stricter environmental norms
- Increased adoption of advanced recycling technologies



Long-Term Driver: Water management shifting from compliance need to strategic industrial necessity.

Competitive Advantage



Peer Analysis

- Competitors:** Ion Exchange (India) Ltd, Enviro Infra Engineers Ltd
- Superior cash conversion with CFO/PAT (3Y median) at 1.88x
- Stronger earnings quality vs peers
- Debt-to-equity only 0.10x
- Balance sheet strength reduces EPC execution risk

Peer Analysis

Company	CMP	Mcap	ROCE	ROE	3Y Sales CAGR	P/E	EPS
WABAG	1273	7940	20.00%	15.00%	3.00%	23	54.91
Ion Exchange	381	5546	22.00%	19.00%	20.00%	31	12.40
Enviro Infra	161	2827	32.00%	27.00%	68.00%	14	11.64

Outlook



International expansion focused on Middle East, Africa & South Asia



Strong desalination & reuse demand across global markets



Asset-light, engineering-led model supporting healthy cash generation



EBITDA margins guided at 13-15% | Revenue growth ~18%



Net cash -₹891 Cr providing flexibility for large projects



Diversified order book + improving working capital strengthen visibility



Recommendation: BUY | **Target Price:** ₹1,524 (20x FY27E EPS)

We also encourage maintaining a stop-loss at 20% from the entry price to manage potential downside risk effectively.

SWOT Analysis



Strengths

- Strong net cash balance sheet
- Robust ₹16,300 Cr order book
- Balanced EPC-O&M mix
- Global presence across 25+ countries
- Strong cash conversion vs peers



Weaknesses

- Dependence on government & multilateral projects
- Working capital intensive milestone-based payments



Opportunities

- Middle East desalination expansion
- Growth in long-term O&M annuity revenues
- Industrial water demand from hydrogen & semiconductors
- Recycle & reuse market scaling globally



Threats

- Competitive intensity in EPC bidding
- Potential delays in public-funded projects
- Execution risks in large complex contracts

Note: To read the Disclaimer and Disclosure, [click here](#)

Please note that this is not a recommendation and is intended only for educational purposes. So, kindly consult your financial advisor before investing.

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