

April 15, 2026

India | Infrastructure |
Initiating Coverage



VA Tech Wabag

Engineering the Future of Water Infrastructure



**Water management a
multi-year opportunity**

**Order backlog at historical
high, well diversified**

**WRIDDHI has helped improve
profitability, returns ratios**

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VA Tech Wabag is a leading pure-play water technology company with a strong global presence across municipal and industrial wastewater treatment, desalination, water treatment, and water reuse. It has built deep expertise in both EPC and O&M segments, enabling a differentiated asset-light business model with high return ratios. Wabag's robust and well-diversified order backlog, particularly across international markets and municipal plants, provides strong multi-year revenue visibility. We estimate revenue/PAT to grow at 15%/17% CAGR over FY25–28E. The stock currently trades at 20x/18x FY27/28E EPS. We value it at 23x FY28E EPS to arrive at a target price of INR 1,755. We initiate coverage on VA Tech Wabag with a BUY recommendation.

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VA Tech Wabag

Engineering the Future of Water Infrastructure

VA Tech Wabag is a leading pure-play water technology multinational headquartered in Chennai, India, with over 10 decades of experience in sustainable water and wastewater management. It provides comprehensive solutions across the entire water cycle, spanning desalination, wastewater treatment, water recycling and reuse, ZLD, and waste-to-energy solutions. Wabag maintains a well-diversified portfolio with a balanced mix of municipal and industrial projects, supporting sustainable infrastructure development globally. With a strong presence in more than 25 countries across the globe, over 125 proprietary technologies and deep-rooted R&D, it combines advanced in-house technologies with engineering expertise to deliver customised, cost-effective solutions tailored to regional needs. Its operations span design-build projects and long-term operation and maintenance contracts, delivering consistent value to clients and communities. At end-Dec'25, Wabag had a robust order backlog of INR 151bn (4.1x TTM revenue).

Water management is a multi-year opportunity. India is facing a systemic water-stress crisis as industrialisation and rapid urbanisation drive multi-sectoral demand far beyond current supply capabilities. Despite housing nearly 18% of the world's population, India has only 4% of global freshwater availability. A staggering gap is expected by 2030 with demand of 1,498 BCM versus supply of only 744 BCM. So, the country needs to quickly adopt water management technologies to bridge the widening supply-demand gap. Wabag sees opportunity of c.INR 400bn in Indian and global markets of presence over the next 12-18 months.

Order backlog at record high; to support strong earnings growth: Wabag has received record inflows of c.INR 80bn in FY26, boosting the order backlog to c.INR 168bn by Mar'26E (4.4x TTM revenue). Led by a robust order backlog and a strong bid pipeline, we expect revenue to grow at 15% CAGR over FY25–28E. Margins are likely to sustain led by better project mix (lower share of commoditised drinking water treatment projects) and international expansion in Middle East and African markets. We expect robust EPS CAGR of 17% over FY26–28E led by strong order backlog, robust project pipeline and steady expansion in margins.

WRIDDHI implementation has helped improve profitability and return ratios: Wabag's growth had slowed down and profitability and return ratios had moderated over FY13–22. PAT grew at 4% CAGR while average RoE/RoCE was 11%/10% over FY13–22. PAT growth improved to 12% and average RoE/RoCE improved to 15%/14% over FY23–26E. During this period, Wabag made a strategic shift from high-volume, low-margin construction to higher-margin technology and service-oriented projects and expanded in international markets with quality project wins driving this improvement under WRIDDHI strategy.

Initiate at BUY and price target of INR 1,755: Wabag is a leading pure-play water technology company with a strong global presence across municipal and industrial wastewater treatment, desalination, water treatment, and water reuse. Its robust and well-diversified order backlog provides multi-year revenue visibility. We estimate PAT to grow at 17% CAGR over FY25–28E. The stock currently trades at 20x/18x FY27/28E EPS. We value the stock at 23x FY28E EPS to arrive at a target price of INR 1,755. We initiate coverage at BUY.

Recommendation and Price Target		Financial Summary					(INR mn)
Current Reco.	BUY	Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E
Current Price Target (12M)	1,755	Net Sales	28,564	32,940	37,686	43,326	49,814
Upside/(Downside)	29.5%	Sales Growth (%)	-3.5	15.3	14.4	15.0	15.0
Key Data – VATW IN EQUITY		EBITDA	3,757	4,223	4,724	5,503	6,355
Current Market Price	INR1,355	EBITDA Margin (%)	13.2	12.8	12.5	12.7	12.8
Market cap (bn)	INR84.4/US\$0.9	Adjusted Net Profit	2,456	2,953	3,664	4,126	4,745
Free Float (%)	80.9	Diluted EPS (INR)	39.5	47.5	58.9	66.3	76.3
Shares in issue (mn)	62.3	Diluted EPS Growth (%)	7.0	20.2	24.1	12.6	15.0
Diluted share (mn)	62.3	ROIC (%)	15.6	16.6	18.2	19.5	20.5
3-mon avg daily val (mn)	INR462.7/US\$5.0	ROE (%)	14.5	14.9	15.9	15.4	15.4
52-week range	INR1,680/1,033	P/E (x)	13.7	28.7	23.0	20.4	17.7
Sensex/Nifty	76,848/23,843	P/B (x)	1.9	4.0	3.4	2.9	2.5
INR/US\$	93.4	EV/EBITDA (x)	8.4	18.7	16.2	13.5	11.4
		Dividend Yield (x)	-	0.3	0.3	0.3	0.3

Source: Company data, JM Financial. Note: Valuations as of April 13, 2026

Price Performance			
%	1M	6M	12M
Absolute	10.4	-3.2	-3.3
Relative*	7.1	4.0	-3.4

*To the NSE Nifty 50

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ. Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

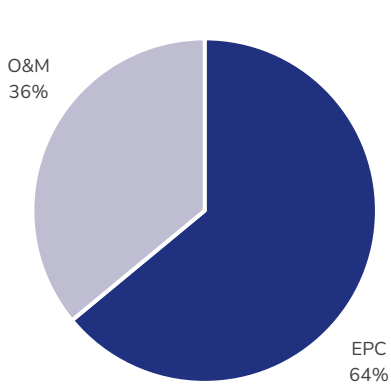
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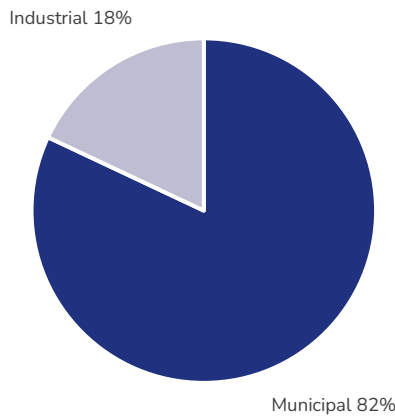
Focus Charts

Exhibit 1: Backlog by type as of Dec'25



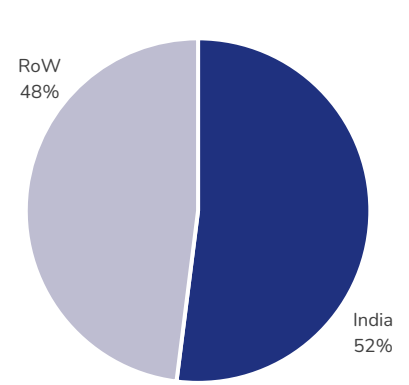
Source: Company, JM Financial

Exhibit 2: Backlog by segment as of Dec'25



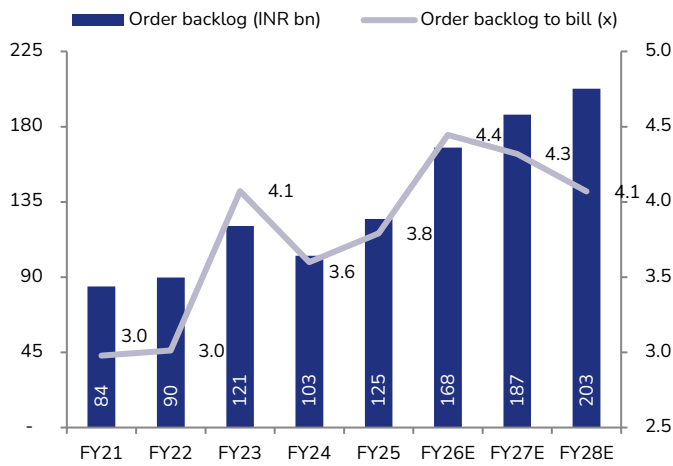
Source: Company, JM Financial

Exhibit 3: Backlog by region as of Dec'25



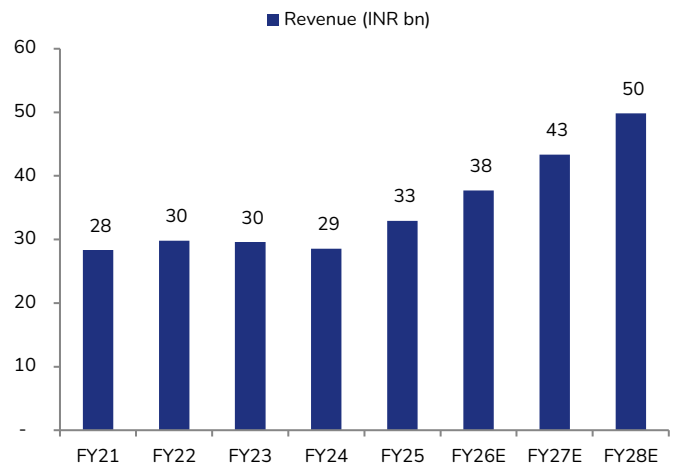
Source: Company, JM Financial

Exhibit 4: Order backlog and book to bill



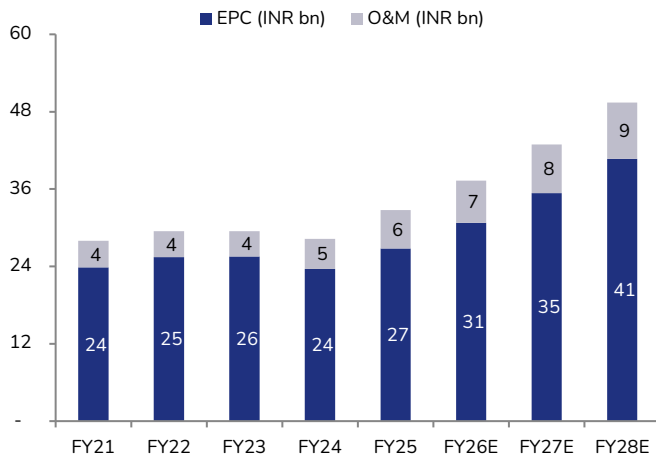
Source: Company, JM Financial

Exhibit 5: Expect revenue to grow at 15% CAGR over FY25–28E



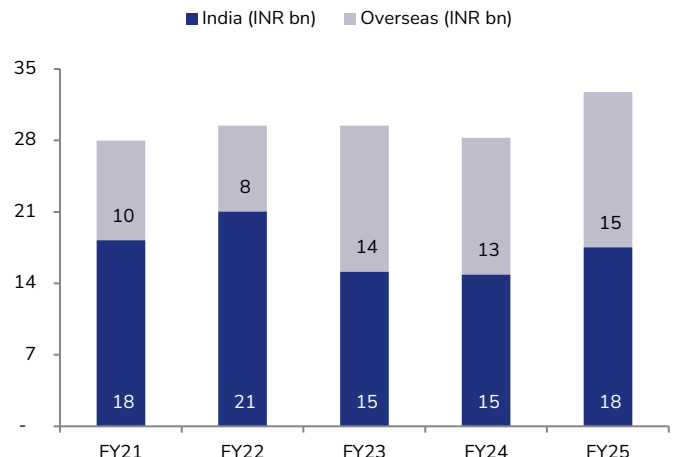
Source: Company, JM Financial

Exhibit 6: EPC vertical to keep dominating revenue mix



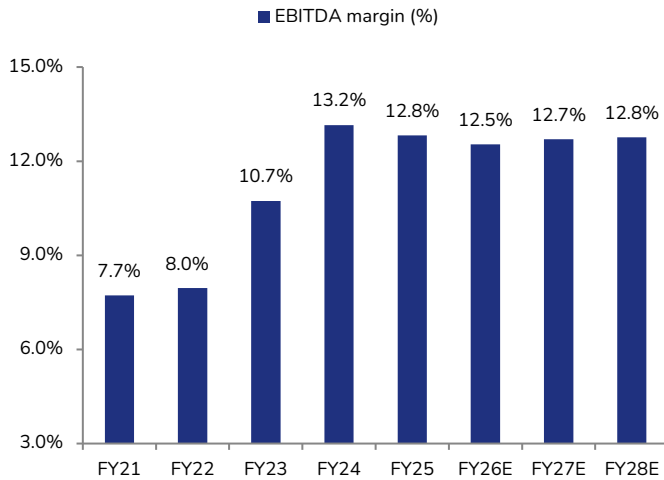
Source: Company, JM Financial

Exhibit 7: Geographical revenue mix



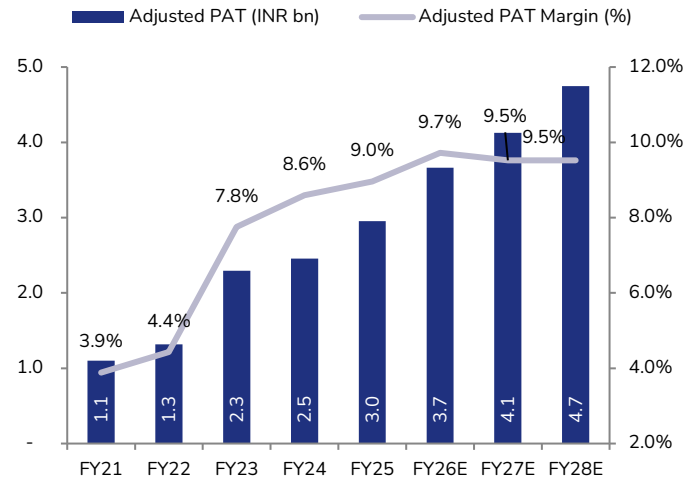
Source: Company, JM Financial

Exhibit 8: EBITDA margin to be steady over FY26–28E



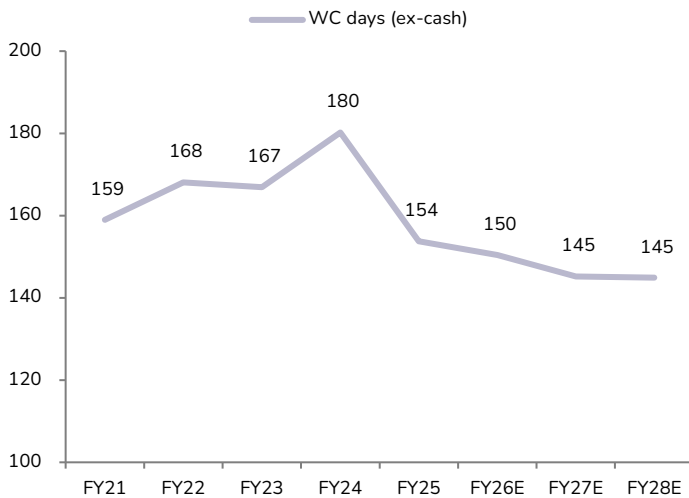
Source: Company, JM Financial

Exhibit 9: PAT to increase at 17% CAGR over FY25–28E



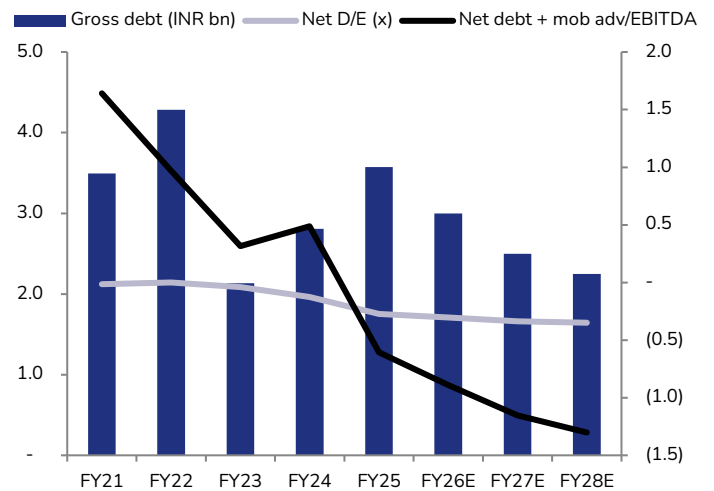
Source: Company, JM Financial

Exhibit 10: Further improvement seen in NWC...



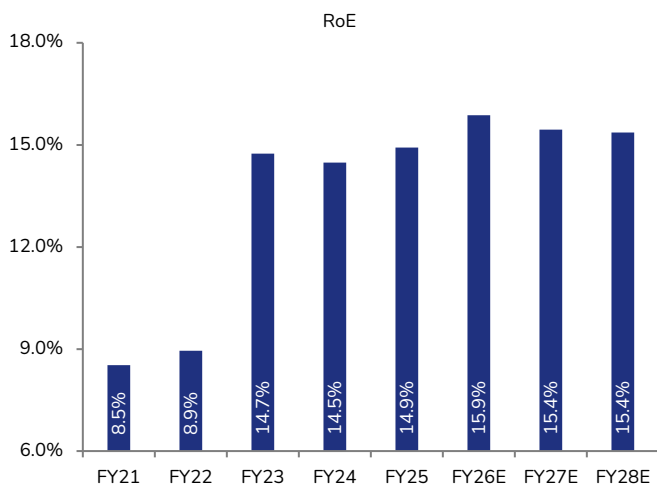
Source: Company, JM Financial

Exhibit 11: ...as well as balance sheet health



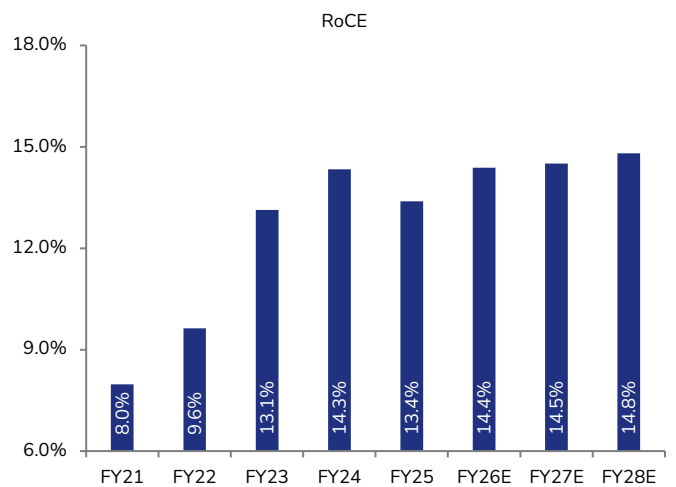
Source: Company, JM Financial

Exhibit 12: RoE to remain strong



Source: Company, JM Financial

Exhibit 13: RoCE to expand further



Source: Company, JM Financial

Investment Thesis

Water management: Multi-year opportunity

India is facing a structural water-stress challenge, with rapid urbanisation and industrialisation driving demand well beyond sustainable supply. Despite housing c.18% of the global population, the country has access to only 4% of freshwater resources, with per capita availability at 1,358 BCM, well within the water-stressed category. This gap is expected to widen further, with NITI Aayog projecting demand of 1,498 BCM by 2030 versus supply of 744 BCM, implying a 50% shortfall. This imbalance creates a strong structural tailwind for water infrastructure, necessitating large-scale investments in treatment, desalination, and reuse. The resulting demand environment remains favourable for players like Wabag, given its established capabilities across the water value chain.

Order backlog at a historic high; remains well diversified

Wabag had record order inflows of c.INR 80bn in FY26, strengthening its order backlog to c.INR 168bn (4.4x TTM revenue) as of Mar'26E, providing robust medium-term revenue visibility. This backlog is well balanced between EPC projects with shorter execution cycles and long-tenure O&M contracts, supporting both near-term growth and steady annuity-like income. Order backlog remains diversified across municipal and industrial segments, and geographies (India and key international markets), helping mitigate concentration and execution risks while ensuring a stable growth pipeline.

Strong addressable near-term domestic and global pipeline

Wabag management has indicated a near-term opportunity of c.INR 400bn over the next 18 months across geographies and verticals. Municipal demand is primarily driven by T&D, followed by recycle & reuse and water treatment plants, while in industrial, desalination and WTP form the bulk of the opportunity. Management indicates a strong near-term domestic pipeline of c.INR 150bn and global pipeline of c.INR 200-250bn across verticals over the next 12-18 months. Global landscape remains robust, led by rising investments in desalination and wastewater treatment, particularly in the Middle East (ME) and Africa, with additional traction expected in Southeast Asia and CIS regions. Wabag's focused geographic strategy and presence in high-growth regions position it well to capture a meaningful share of this expanding opportunity set.

WRIDDHI has helped improve profitability and return ratios

Wabag has undergone a meaningful turnaround in recent years, following a period of subdued growth and profitability during FY13-22, where EBITDA/PAT grew at c.5%/4% CAGR with average RoE/RoCE of c.11%/10%. Over FY23-26E, both growth and profitability have improved, with EBITDA/PAT expected to grow at c.10%/12% and RoE/RoCE strengthening to 15%/14%. This improvement is driven by a strategic shift away from low-margin EPC execution towards higher-margin, technology-led and service-oriented projects. As a result, the company has seen a better margin profile, improved order backlog quality, and more disciplined bidding, leading to lower execution risks. Additionally, increased international diversification and a stronger balance sheet have enhanced earnings visibility, supporting a more stable and sustainable growth trajectory.

One City One Operator model ensures large-value contracts

Wabag's One City One Operator (OCOO) model is a revolutionary approach to urban wastewater management, providing a single point of accountability for an entire city's sewage infrastructure. Traditionally, cities managed their sewage treatment plants and underground networks through multiple agencies or fragmented contracts, often leading to inefficiencies. Under the OCOO framework, Wabag takes complete responsibility for operation, maintenance, and management of the entire value chain, including pumping stations, vast sewer networks, and treatment facilities, ensuring uniform service quality and faster decision-making, in turn enabling it to bag big-value contracts.

Tech capabilities and diversification to power opportunities

Wabag's proprietary technology portfolio across desalination, sewage, and industrial treatment is a core competitive edge. By leveraging patented processes, Wabag delivers high-efficiency, low-cost solutions tailored for complex sectors like O&G, power. This tech-driven approach secures Wabag's leadership in high-value projects, including advanced water recycling and desalination. Wabag is also strategically expanding into high-growth sustainability sectors like Green Hydrogen, Semiconductors, and Solar PV. It is providing end-to-end solutions from ultra-pure water to ZLD.

Valuation

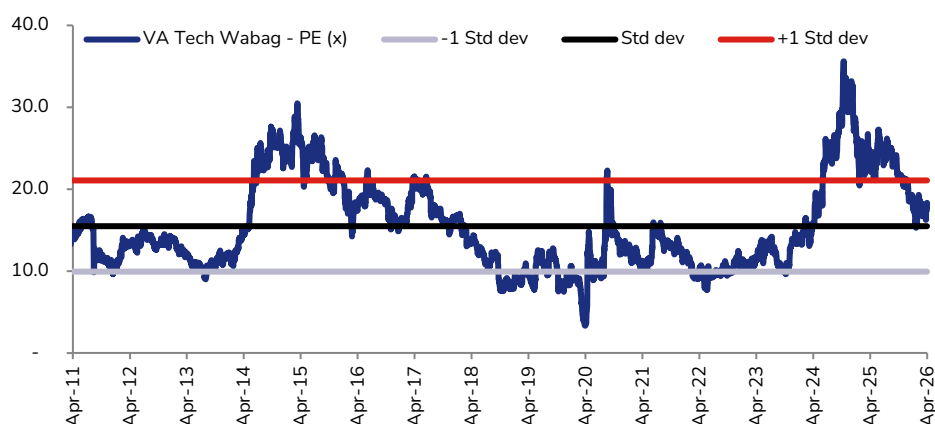
VA Tech Wabag is a leading pure-play water technology company with a strong global presence across municipal and industrial wastewater treatment, desalination, water treatment, and water reuse. It has built deep expertise in both EPC and O&M segments, enabling a differentiated asset-light business model with high return ratios. Wabag's robust and well-diversified order backlog, particularly across international markets and municipal platforms, provides strong multi-year revenue visibility. We estimate revenue/ EBITDA/PAT to grow at 15%/15%/17% CAGR over FY25–28E. The stock currently trades at 20x/18x FY27/28E EPS. We value it at 23x FY28E EPS to arrive at a price target of INR 1,755. We initiate coverage on VA Tech Wabag with a BUY recommendation.

Exhibit 14: Target price of INR 1,755

INR mn	Rationale	PAT	Multiple (x)	Value	Value per share
Water business	PEx Mar-28E PAT	4,745	23	1,09,136	1,755
Target price					1,755

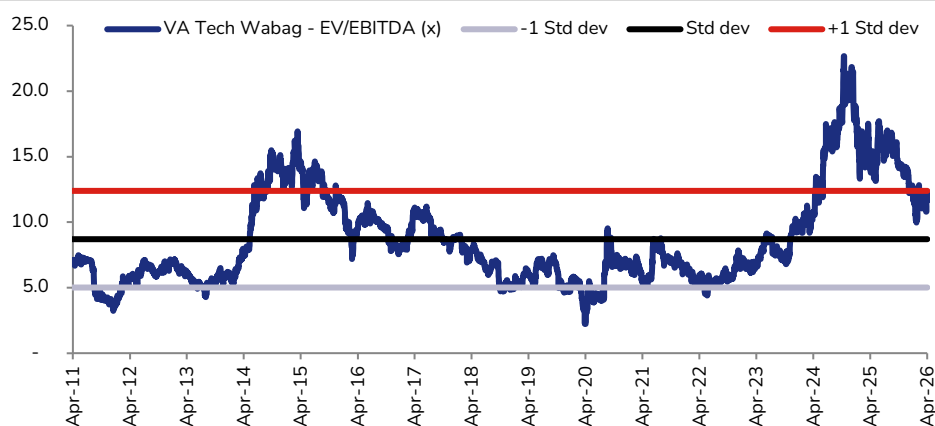
Source: Company, JM Financial

Exhibit 15: 1Y forward P/E chart



Source: Bloomberg

Exhibit 16: 1Y forward EV/EBITDA chart



Source: Bloomberg

Exhibit 17: Peer valuation

Company	Market Cap (USD bn)	Rating	FY25–28E CAGR (%)			P/E (x)			EV/EBITDA (x)			RoE (%)		
			Revenue	EBITDA	PAT	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
VA Tech Wabag	0.9	BUY	14.8%	14.6%	17.1%	23.0	20.4	17.7	16.2	13.5	11.4	15.9	15.4	15.4
Welspun Enterprises*	0.7	Not Rated	17.5%	19.5%	17.8%	16.0	16.9	14.3	17.7	14.7	12.0	12.4	13.1	14.1
Enviro Infra Engineers*	0.4	Not Rated	28.6%	26.3%	26.9%	7.1	9.2	11.9	8.8	7.0	5.4	19.1	19.2	20.6

Source: Company, JM Financial; *: Bloomberg estimates

Exhibit 18: Peer comparison*

Particulars (INR mn)	VA Tech Wabag	Welspun Enterprises	Ion Exchange	Enviro Infra Engineers	SFC Environmental Technologies	Vishwaraj Environment
Order backlog	1,24,838	1,24,410	27,620	11,855	5,604	1,60,113
Book to bill (x)	3.8	4.4	1.0	1.1	0.8	9.1
Revenue	32,940	28,274	27,371	10,661	6,979	17,587
EBITDA	4,223	3,482	2,938	2,678	2,082	4,239
EBITDA margin (%)	12.8%	12.3%	10.7%	25.1%	29.8%	24.1%
PAT	2,953	3,074	2,083	1,771	1,520	2,663
PAT margin (%)	9.0%	10.9%	7.6%	16.6%	21.8%	15.1%
Net debt/(cash)	(5,873)	(3,661)	(1,628)	(3,210)	590	7,693
RoE	14.9%	12.0%	18.3%	26.8%	24.8%	39.8%
RoCE	13.4%	22.0%	19.3%	32.9%	29.3%	24.9%
P/E (x) (FY28)	17.7	11.9	-	8.4	-	-
EV/EBITDA (x) (FY28)	11.4	9.0	-	5.4	-	-

Source: Company, JM Financial, Bloomberg Estimates; *: as of FY25

Exhibit 19: Peer presence

Peers	Business Segments
VA Tech Wabag	Drinking and industrial water treatment, desalination, wastewater treatment, effluent treatment, sludge treatment, water reclamation, industrial water recycling, Zero Liquid Discharge (ZLD), potable reuse, Bio CNG, high purity water solutions, O&M
Welspun Enterprises	Municipal water treatment, industrial water supply, sewerage treatment, rural water supply, water transmission and distribution, O&M
Ion Exchange	Raw water treatment, process treatment, post treatment, drinking water treatment, wastewater systems, water recycle, ZLD, sludge dewatering
Enviro Infra Engineers	Sewage treatment plant, common effluent treatment plant, water treatment plant, sewerage schemes, water supply schemes, O&M
SFC Environmental Technologies	Wastewater treatment solutions, recycling systems, industrial effluent treatment
Vishwaraj Environment	Wastewater treatment with reuse, water treatment and distribution, wastewater treatment, automation and O&M of water assets, irrigation

Source: Company, JM Financial

Key Risks

High dependence on government and municipal contracts

Wabag derives a substantial portion of its order inflows from government bodies, municipalities and public utilities across domestic and international markets. Any slowdown in government spending on water and wastewater infrastructure, delays in tender issuance or changes in policy priorities could adversely impact order inflows and growth visibility. In addition, projects undertaken for public sector clients are typically associated with longer approval and payment cycles, which may affect cash flows and working capital requirements.

Project execution and cost overrun risks

Large-scale water and wastewater treatment projects involve complex engineering processes, integration of multiple technologies, and coordination with various stakeholders. Project execution may be affected by factors such as delays in land acquisition, regulatory approvals, availability of utilities, supply chain disruptions, or unforeseen technical challenges at project sites. Such delays could lead to cost overruns, contractual penalties and pressure on project margins.

Desalination, energy-intensive treatment technology use

A portion of Wabag's projects involves desalination and other advanced water treatment technologies, which are energy intensive and sensitive to power costs. Any significant increase in energy prices, operational inefficiencies or technology underperformance could impact operating costs and project economics, particularly in long-term operation and maintenance contracts.

Working capital intensity and delayed receivables

The EPC nature of water infrastructure projects requires significant upfront investment in engineering, procurement, and construction activities, while payments are typically milestone-based. Delays in certification of work, milestone approvals or payments from clients particularly government entities could result in elongated receivable cycles and higher working capital requirements. This could increase reliance on short-term borrowings and impact overall cash flow generation.

Exposure to geographic, regulatory risks in global markets

Wabag has a diversified presence across several international markets, including Asia, the Middle East and parts of Africa. While this geographic diversification supports growth, it also exposes the company to risks such as geopolitical instability, regulatory changes, currency fluctuations, and varying contractual enforcement standards. Any adverse developments in these markets could impact project execution, profitability, or the pace of order inflows.

Technology performance and operational risks

Water and wastewater treatment projects rely on complex and specialised technologies that must consistently meet stringent environmental and water-quality standards. Failure to meet performance guarantees, plant operational issues, or non-compliance with regulatory norms could result in penalties, warranty claims, or reputational damage. Additionally, operational challenges in long-term operation and maintenance contracts could impact margins and client relationships.

Competitive intensity in the water infrastructure segment

The water and wastewater treatment sector is highly competitive, with participation from domestic EPC companies, global water technology providers and regional contractors. Increased competition in large municipal tenders could exert pressure on bidding discipline and margins, particularly in projects where price competitiveness plays a significant role in contract awards.

Dependence on continued investment in water infrastructure

The company's long-term growth prospects are closely linked to sustained investments in water and wastewater infrastructure across key markets. Any slowdown in infrastructure spending due to fiscal constraints, changes in government priorities, or delays in implementation of large water programmes could affect project opportunities and order inflows.

Counterparty and credit risk from municipal utilities

A large share of water infrastructure projects globally is undertaken for municipal utilities and public sector bodies, which may face budgetary constraints or financial stress. Any deterioration in the financial health of these counterparties could lead to delays in payments, renegotiation of contract terms, or increased receivable cycles.

Investment Arguments

Robust presence across verticals and geographies

Wabag is a leading pure-play water technology multinational headquartered in Chennai, India. With over 10 decades of rich experience in sustainable water and wastewater management and environment protection, it offers comprehensive solutions across the water cycle, including water treatment, wastewater treatment, recycle and re-use, desalination, ultra-pure water, ZLD and sludge management across utilities and industries. With a strong presence in more than 25 countries across the globe, over 125 proprietary technologies and deep-rooted R&D, it combines advanced in-house technologies with engineering expertise to deliver customised, cost-effective solutions tailored to regional needs. Its operations span design-build projects and long-term operation and maintenance contracts, delivering consistent value to clients and communities.



Source: Company, JM Financial

Strong in-house design and execution team to facilitate growth: Wabag executes Engineering, Procurement and Construction (EPC) and EP projects, providing end-to-end solutions from conceptualisation to commissioning while managing diverse technologies and project locations. It also undertakes long-term design-build-operate (DBO) contracts, supported by strong in-house EPC and operations capabilities, enabling it to optimise lifecycle costs and enhance project performance. In addition, WABAG manages the operation and maintenance (O&M) of water and wastewater treatment plants, leveraging its technical expertise to improve operational efficiency for clients. The company also offers integrated solutions under the Hybrid Annuity Model (HAM), covering financing, construction and operations, while maintaining an asset-light approach that supports competitive financing and efficient project execution.

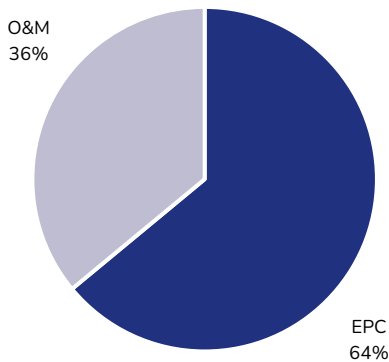


Source: Company, JM Financial

Order backlog at a historic high; remains well diversified

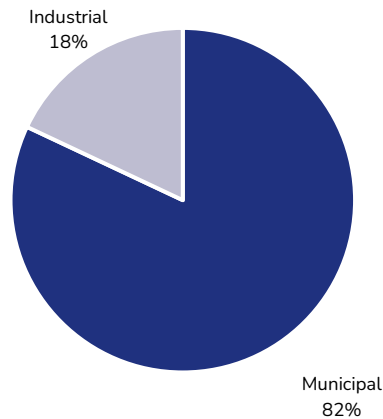
Wabag has seen record order inflows of c.INR 80bn in FY26, boosting its order backlog to c.INR 168bn as of Mar'26E (4.4x TTM revenue). Order backlog stood at INR 151bn (4.1x TTM revenue) as of Dec'25. This provides strong revenue visibility over the next couple of years. The order backlog has a good mix of both relatively shorter timeframe EPC contracts and longer timeframe O&M contracts. Typically, EPC contracts are of 2–3 years while O&M contracts are for 7–10 years execution timeframe. Additionally, Wabag has framework orders worth INR 12.6bn from Libya STP and Bomba MED. These orders are currently at the framework stage, as the receipt of advance payments and letters of credit is still awaited. Wabag's order backlog is balanced across key segments, including municipal water and industrial water solutions, reducing dependence on any single segment. In addition, the company's backlog is geographically well diversified, with a presence across India and multiple international markets such as the Middle East, Africa, Southeast Asia and Europe. This diversified order mix helps mitigate execution risks while ensuring a steady pipeline of projects and sustainable growth.

Exhibit 22: Backlog by type as of Dec'25



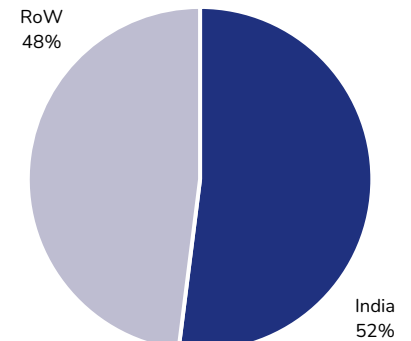
Source: Company, JM Financial

Exhibit 23: Backlog by segment as of Dec'25



Source: Company, JM Financial

Exhibit 24: Backlog by region as of Dec'25



Source: Company, JM Financial

Exhibit 25: Key contracts in order backlog*

Order details	Order backlog (INR mn)
400 MLD Perur, Chennai Desalination	22,533
300 MLD SWA, Yanbu Al Bahr, KSA Desalination	20,379
200 MLD Al Haer ESC, KSA ISTP	12,325
100 MLD Indosol, Andhra Pradesh Desalination	9,596
UPJN, O&M of Agra & Ghaziabad – OCOO	8,928
73 MLD Lusaka Water Supply and Sanitation Company – WWTP	8,531
200 MLD Pagla, Bangladesh – STP	5,095
BWSSB, Bengaluru – WWTP	3,802
150 MLD Digha & Kankarbagh – Network	3,673
110 MLD CMWSSB, Chennai – Desalination	3,339
GAIL Pata, Uttar Pradesh – ETP, WWTP & ZLD	3,330
270 MLD CIDCO, Maharashtra – WTP	2,990

Source: Company, JM Financial; *: Order backlog is as of Sep'25

Strong and diversified order inflows: Wabag’s order inflows highlight a well-diversified spread across geographies, clients and project sizes, supporting strong revenue visibility. The company has secured multiple contracts across India and international markets, including projects in Chennai, Madhya Pradesh and Telangana in India, along with overseas orders from Nepal, Bahrain, Saudi Arabia and Tunisia. These projects are largely awarded by government and municipal water authorities, reinforcing Wabag’s strong positioning in the municipal water and wastewater treatment segment. Order sizes vary significantly, ranging from c.INR 3bn to over INR 30bn, demonstrating the company’s ability to execute both small/mid-sized and largescale projects. The scope spans EPC as well as DBO contracts, with several projects including long-term O&M components, which provide stable and recurring revenue streams. Overall, the breadth of recent wins reflects Wabag’s strong execution credentials and growing global presence in water and wastewater infrastructure.

Exhibit 26: Wabag’s key clients across verticals

Municipal				

Industrial				

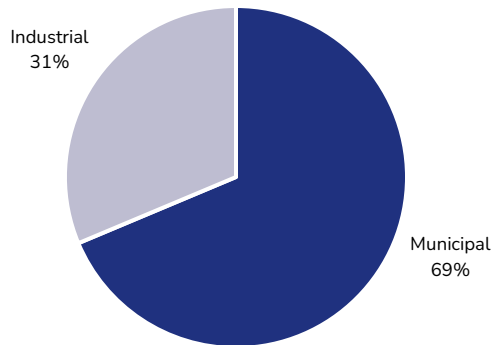
Source: Company, JM Financial

Water management: Multi-year opportunity

India is facing a systemic water-stress crisis as rapid urbanisation and industrialisation drive multi-sectoral demand far beyond current supply capabilities. Despite housing nearly 18% of the world's population, the nation manages with only 4% of global freshwater availability, with per capita availability dropping to 1,358 BCM in 2021 – well within the Falkenmark indicator's "water-stressed" category. Projections from Niti Aayog suggest a staggering gap by 2030, where demand is expected to reach 1,498 BCM against a supply of only 744 BCM, potentially leaving 50% of the country's needs unmet. This looming deficit poses a critical threat to economic stability, food security, and public health, necessitating a massive mandate for resilient infrastructure. To mitigate these risks and ensure sustainable growth, India must urgently adopt advanced water treatment, desalination, and reuse technologies to maximise conservation and bridge the widening supply-demand divide.

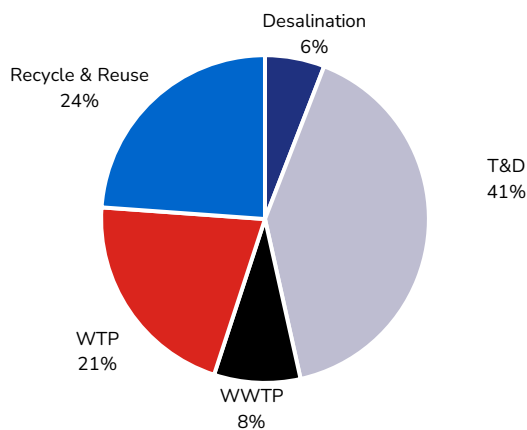
Addressable domestic opportunity for Wabag: Wabag has a near term domestic pipeline c.INR 150bn, with the municipal segment having larger share. As of May-25, within municipal, the opportunity was largely driven by T&D (41%), followed by recycle & reuse (24%) and WTP (21%), along with smaller contributions from WWTP and desalination. In industrial, desalination (49%) and WTP (25%) dominate the opportunity, while WWTP, T&D and recycle remain relatively niche segments.

Exhibit 27: Domestic market opportunity* for Wabag



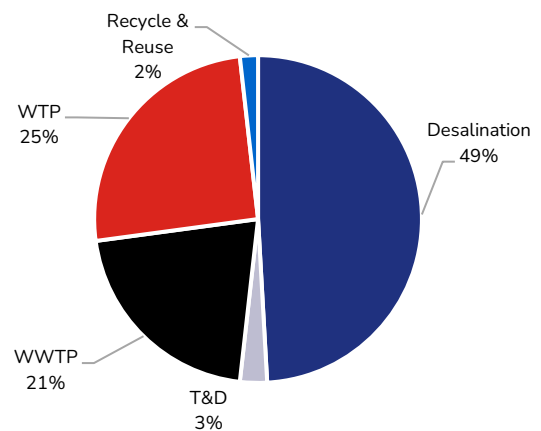
Source: Company, JM Financial; *: as of May'25

Exhibit 28: Municipal segmental market* breakdown



Source: Company, JM Financial; *: as of May'25

Exhibit 29: Industrial segmental market* breakdown



Source: Company, JM Financial; *: as of May'25

The global opportunity is massive as well, driven by significant investments in desalination and wastewater treatment. Wabag is targeting Middle East and Africa in the near term and the CIS region and Southeast Asian countries in the medium term. Within the Middle East, Wabag focuses on projects in Saudi Arabia and the UAE. The African market is expanding with initiatives for water security and sanitation. Desalination dominates, representing over 50% of the projected opportunities in both regions. Our interactions with the company management suggests that the near-term international opportunity over the next 12–18 months is c.INR 200–250bn across verticals.

WRIDDHI: Strategic roadmap for profitable growth

Wabag has articulated WRIDDHI, a long-term strategic framework aimed at driving the company's next phase of growth while maintaining a strong focus on profitability and capital efficiency.

Improved margin profile:

- WRIDDHI enabled Wabag to prioritise high-quality, margin-accretive projects, leading to a gradual improvement in EBITDA margin.
- The shift toward technology-led solutions and O&M contracts has reduced dependence on low-margin EPC projects, supporting overall profitability.

Stronger order backlog quality

- The framework has resulted in a more balanced and resilient order backlog, with higher contribution from desalination, reuse, and industrial water treatment projects.
- Additionally, increased exposure to annuity-type O&M contracts has enhanced revenue visibility and reduced earnings volatility.

Disciplined bidding and lower execution risks

- WRIDDHI has instilled greater discipline in project selection, with a clear focus on risk-adjusted returns.
- This has led to better execution outcomes, fewer cost overruns, and improved project cash flows, strengthening overall operational performance.

Enhanced return ratios and balance sheet strength

- By adopting an asset-light approach and tight working capital controls, the company has been able to improve RoCE/RoE while maintaining a net cash/low-debt balance sheet.
- This positions Wabag well for future growth without stressing its financials.

Increased international diversification

- WRIDDHI has supported Wabag's expansion into high-growth international markets such as the Middle East and Africa, leading to a more diversified revenue base and reducing dependence on any single geography.

Greater earnings visibility and stability

- The growing share of long-term O&M and service contracts under WRIDDHI provides stable, recurring revenues, improving predictability of cash flows and reducing cyclicality in earnings

Overall, WRIDDHI serves as a structured roadmap for sustainable and profitable expansion, enabling the company to scale its order backlog, improve margin profile, and reinforce its leadership in the global water technology space.

Exhibit 30: Business transformation post WRIDDHI

Particulars	FY19	FY20	FY21	FY22	FY19-22	FY23	FY24	FY25	FY26	FY23-26
EBITDA margins	7.0%	8.5%	7.7%	8.0%	7.8%	10.7%	13.2%	12.8%	12.5%	12.3%
PBT margins	3.8%	5.0%	4.4%	5.8%	4.7%	10.0%	11.9%	11.6%	12.7%	11.5%
WC days (ex-cash)	162	177	159	168	166	167	180	154	150	163
RoE	9.6%	8.1%	8.5%	8.9%	8.8%	14.7%	14.5%	14.9%	15.9%	15.0%
RoCE	7.7%	7.5%	8.0%	9.6%	8.2%	13.1%	14.3%	13.4%	14.4%	13.8%
RoIC	9.0%	7.6%	9.6%	10.6%	9.2%	13.6%	15.6%	16.6%	18.2%	16.0%
Net debt/Equity	0.4	0.2	(0.0)	(0.0)	0.1	(0.0)	(0.1)	(0.3)	(0.3)	(0.2)
Net debt/EBITDA	3.9	2.5	1.6	1.0	2.3	0.3	0.5	(0.6)	(0.9)	(0.2)

Source: Company, JM Financial

OCOO model ensures large-value contracts

The **One City One Operator (OCOO)** model by Wabag presents a paradigm shift in Indian urban sanitation by consolidating entire city wastewater ecosystems under a single private partner.

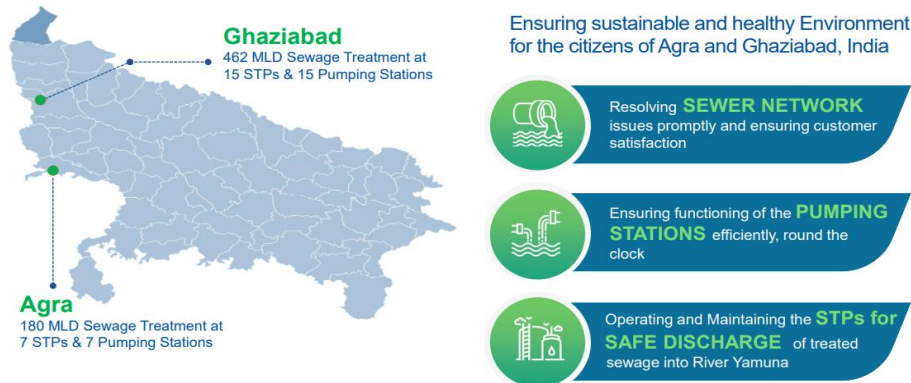
a. Single-point accountability

- **Unified responsibility:** Unlike traditional systems where multiple contractors manage different plants, one operator takes **sole ownership** of the entire value chain - from the underground sewer network to pumping stations and treatment plants, etc.
- **Administrative ease:** Municipalities do not need to coordinate among various agencies.
- **Uniform service quality:** Ensures consistent performance and standardised operating procedures across all facilities within a city.

b. Comprehensive scope of infrastructure

- **End-to-end management:** The model covers O&M of both existing assets and new infrastructure.
- **Large-scale logistics:** For example, in the Agra and Ghaziabad cluster, Wabag manages:
 - **22 sewage treatment plants (STPs)** with a total capacity of **670MLD**.
 - **22+ pumping stations** and associated machinery.
 - **3,000+ km** of underground sewer networks.
- **Rehabilitation:** Includes improving and upgrading aged assets that may have been poorly maintained or lacked proper engineering documentation.

Exhibit 31: Wabag pioneering the 'One-City One-Operator' model



Source: Company, JM Financial

c. Technology and innovation integration

- **AI-powered operations:** Utilises **artificial intelligence** to optimise power consumption, reduce chemical usage, and predict equipment failure.
- **Remote monitoring:** Features a **Network Operations Control (NOC)** room for real-time tracking of plant performance and flow levels across the city.
- **Advanced treatment:** Employs mechanical screening, biological processes, and tertiary polishing to meet strict national discharge standards.

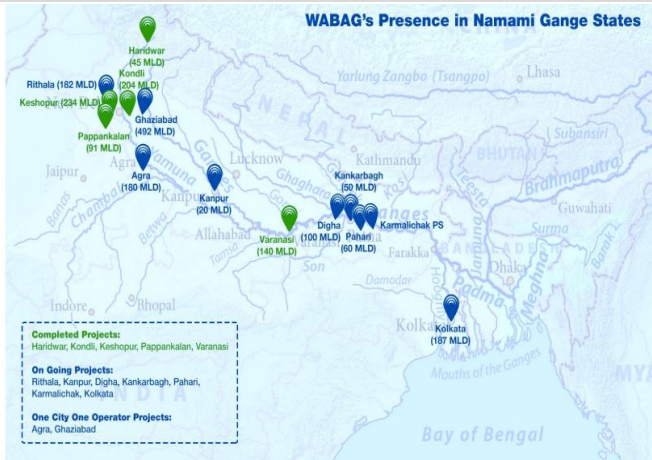
d. Financial and environmental impact

- **Operational cost savings:** Optimised energy use and reduced downtime lower the overall burden on civic agency budgets.
- **River rejuvenation:** Specifically targets pollution in major rivers; the Agra/Ghaziabad project treats **over 80%** of generated sewage, significantly protecting the Yamuna and Ganga ecosystems.

e. Strategic national benchmark

- **Proven global reference:** Wabag successfully implemented this concept in **Istanbul, Türkiye**, managing units for a population of 16mn before bringing it to India.
- **Replicability:** The model is being expanded to other major Indian cities like Lucknow, Meerut, and Saharanpur as a blueprint for modern urban governance

Exhibit 32: Wabag's presence in Namami Gange states



Managing over
195 crore
liters each day

Ensuring
Aviralta & Nirmalta
of River Ganga

Source: Company, JM Financial

Tech capabilities and diversification to power opportunities

Technology capabilities and IP portfolio

Technology is a key competitive advantage for Wabag. It possesses a broad portfolio of proprietary technologies and processes across the entire water treatment value chain, including desalination, sewage treatment, industrial effluent treatment, and water recycling. Over the years, Wabag has developed and acquired several patented and proprietary technologies that enhance efficiency, reduce operating costs and improve water recovery rates. These technologies allow the company to offer customised solutions to municipal and industrial clients, particularly in sectors such as power, oil & gas, steel and chemicals where water treatment requirements are complex. The company's technology-driven approach also strengthens its positioning in high-value projects such as desalination plants and advanced wastewater recycling facilities.

Diversifying into future technologies

Wabag is strategically expanding its presence in emerging and sustainability-driven segments to strengthen its long-term growth pipeline. In the PV solar, semiconductor and green hydrogen ecosystem, it is positioning itself as a comprehensive water solutions provider offering capabilities across raw water treatment, UPW (ultra-pure water), ETP, ZLD, and long-term O&M services, while actively pursuing opportunities with leading solar and green hydrogen players in India. The company has already secured a mega desalination order linked to the solar sector and a breakthrough mandate to deliver UPW, ETP, and ZLD solutions for a solar cell manufacturing facility. In the biogas-to-CBG segment, it has formed a strategic partnership with Peak Sustainability Ventures to establish 100 CBG plants, alongside collaborations with technology providers for bio-CNG projects and active participation in client tenders.

Industry Overview

Water demand rising on rapid urbanisation, industrialisation

Various agencies, including the Ministry of Water Resources, River Development and Ganga Rejuvenation (MoWRRDGR), National Commission for Integrated Water Resources Development (NCIWRD) and the Planning Commission, have analysed the long-term water requirements of the Indian economy. Although their numerical predictions differ in scope, **all assessments conclude that India will face a steep increase in water demand by 2030, highlighting an urgent need for sustainable management strategies.**

Strategic planning data reveal a widening gap between current supply and future needs. According to MoWRRDGR, total water demand is expected to hit 1,447 BCM by 2050, compared to the NCIWRD's high-growth projection of 1,180 BCM. The Planning Commission and Water Resource Group data, published in Niti Aayog's CWMI report, suggest a much steeper trajectory, with demand potentially reaching 1,498 BCM by 2030. Driven by urbanisation and industrialisation, India's multi-sectoral water demand is outpacing current supply capabilities. Ensuring the stability of the agricultural and industrial economies, alongside municipal needs, highlights a critical requirement for advanced water management and conservation strategies. This creates a significant mandate for the development of resilient water infrastructure across the country.

Exhibit 33: Water demand projections

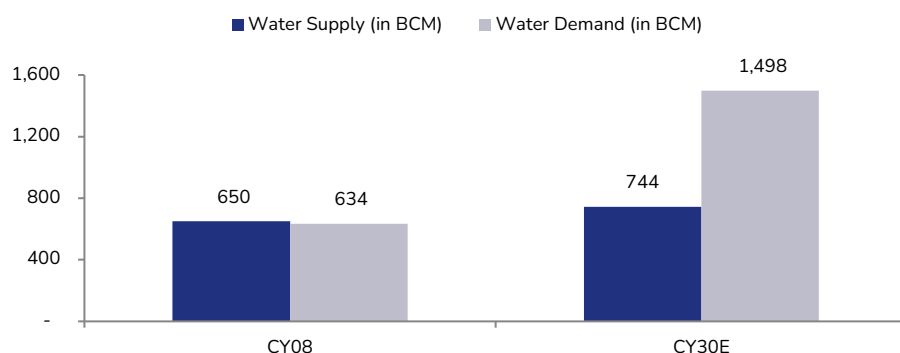
In BCM Sectors	By MoWRRDGR			By NCIWRD					
	2010	2025	2050	2010		2025		2050	
				Low	High	Low	High	Low	High
Irrigation	688	910	1,072	543	557	561	611	628	807
Drinking water	56	73	102	42	43	55	62	90	111
Industry	12	23	63	37	37	67	67	81	81
Energy	5	15	130	18	19	31	33	63	70
Others	52	72	80	54	54	70	70	111	111
Total	813	1,093	1,447	694	710	784	843	973	1,180

Source: CWMI, Crisil Intelligence; BCM – billion cubic metres

Water scarcity: A big challenge in India

A wide gap has been projected in water supply and demand in the coming years. According to estimates in the Niti Aayog CWMI report, the country's water supply is expected to increase to 744 BCM by 2030 from 650 BCM in 2008. However, demand is expected to rise at a much faster rate to 1,498 BCM by 2030 from 634 BCM in 2008. This significant gap suggests that nearly 50% of India's water needs will remain unmet, posing a major threat to its economic growth, food security and public health. As the demand for water continues to outstrip supply, it is essential to adopt innovative and sustainable solutions to treat and reuse water, minimising waste and maximising conservation. Investing in water treatment infrastructure and technologies can help bridge the gap between supply and demand, ensuring that India's growing population has access to clean and safe water, and mitigating the risks associated with water scarcity.

Exhibit 34: Water demand and supply in India

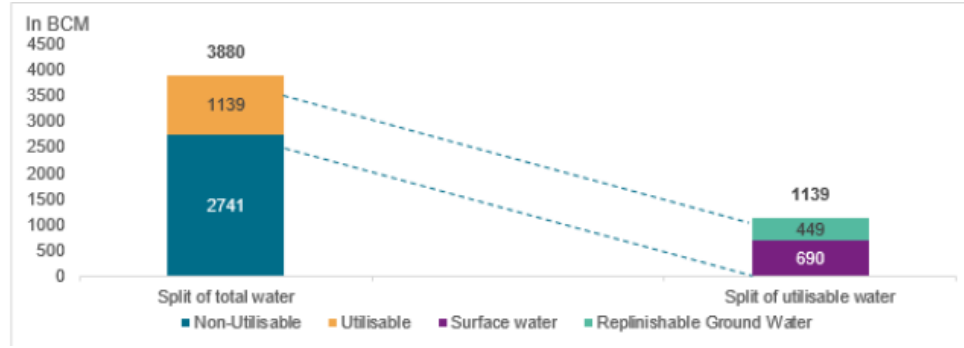


Source: CWMI, Crisil Intelligence

Despite being the world's second-most populous nation with 1.46bn residents, India manages its vast requirements with a mere 4% of global freshwater availability. This disparity underscores a systemic water-stress crisis, making the adoption of advanced water treatment, desalination, and reuse technologies a primary driver for the country's sustainable growth.

Data from the Central Pollution Control Board (CPCB) indicates a critical infrastructure deficit with c.70% of India's surface water contaminated by industrial effluents, agricultural runoff, and untreated domestic sewage. This widespread degradation of rivers, lakes, and groundwater reserves underscores an urgent, large-scale requirement for advanced wastewater management and remediation solutions to mitigate escalating public health and environmental risks.

Exhibit 35: Water levels in India and the utilisable portion

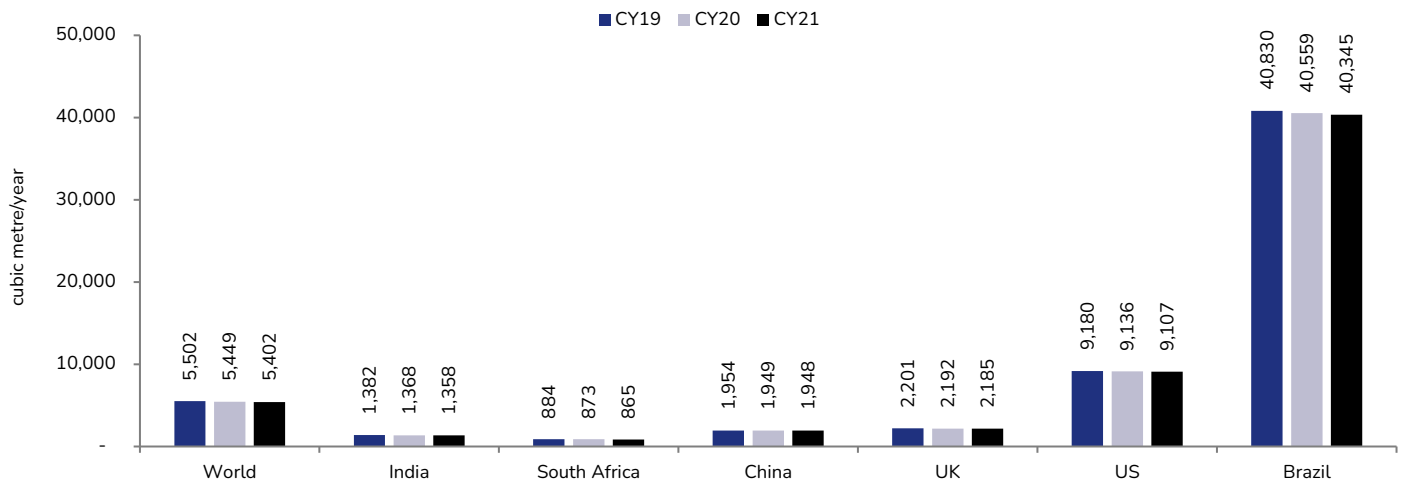


Source: CWC, Crisil Intelligence

Rapid urbanisation and industrialisation have significantly intensified India's water demand, leading to the dual challenges of groundwater over-extraction and surface water contamination. According to the Central Water Commission (CWC), while India's total annual average water availability is approximately 3,880 BCM, only about 30% is currently utilisable, derived from surface sources (60%) and replenishable groundwater (40%). Present utilisation is c.691 BCM (65% surface; 35% groundwater). However, data from NCIWRD projects a sharp escalation in demand, reaching 1,180 BCM by 2050, underscoring a widening deficit.

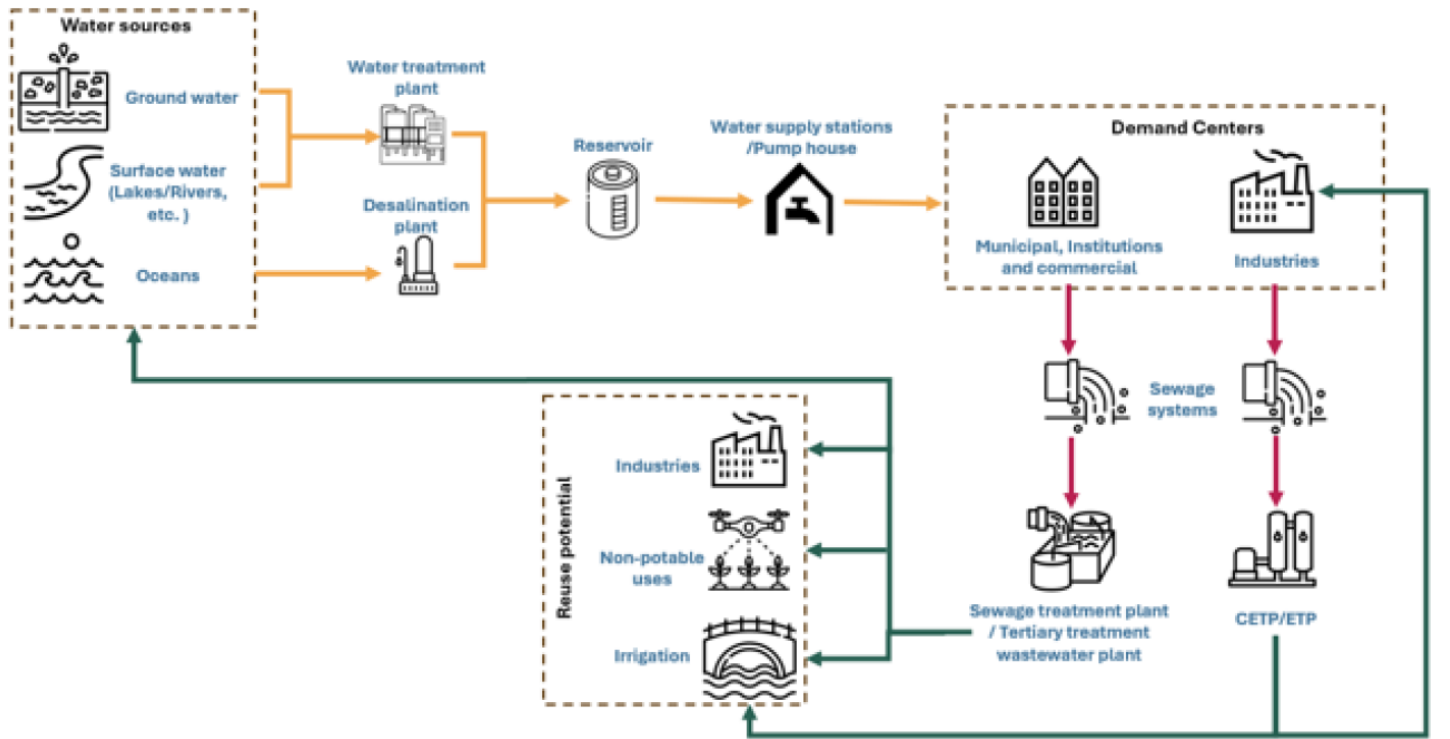
As per FAO-Aquastat, India's water availability per capita was 1,382 CBM/year in CY19 and it reduced further to 1,358 CBM/year in CY21. The decline in water availability per capita is a concern as it can significantly impact the country's economic growth, food security and well-being of its population. With a large and growing population, India's water resources are under increasing pressure, making the adoption of efficient water management practices essential and conservation of the precious resource critical. As per the Falkenmark indicator, any availability below 1,700 CBM/capita is categorised as water-stressed, while levels below 1,000 CBM/capita represent absolute water scarcity, placing India in a high-risk zone for resource security.

Exhibit 36: Per capita water availability across the world



Source: Food and Agriculture Organization (FAO) – AQUASTAT Database, Crisil Intelligence; number for Brazil is higher as it includes Amazon as well

Exhibit 37: Water treatment, water supply, wastewater treatment and reuse flowchart



Source: Crisil Intelligence

The above process is described in five steps as below:

1. **Water sources:** The journey begins with three primary raw water sources:

- **Ground water**
- **Surface water** (lakes, rivers, etc.)
- **Oceans** (feeding into the desalination process).

2. **Treatment and distribution:** Raw water is processed and moved into the supply network:

- **Water treatment plant/Desalination plant:** Purifies water based on its source.
- **Reservoir:** Stores treated water.
- **Water supply stations/Pump house:** Distributes the water to end-users.

3. **Demand centres:** The primary users of the water:

- **Municipal, Institutions, and Commercial:** General public and business use.
- **Industries:** Large-scale industrial operations.

4. **Wastewater collection:** After use, water is collected for treatment:

- **Sewage systems:** Capture municipal and institutional waste.
- **Sewage treatment plant (STP)/Tertiary treatment:** Cleans municipal wastewater.
- **CETP/ETP:** Common effluent treatment plants or effluent treatment plants specifically for industrial waste.

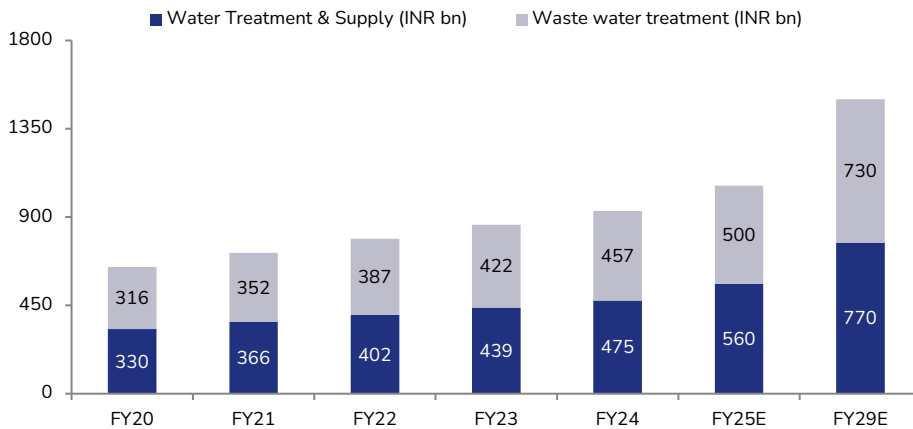
5. **Reuse potential:** Instead of being discarded, treated water is diverted back into the system:

- **Industries:** Used for cooling or manufacturing processes.
- **Non-potable uses:** Such as road cleaning or flushing.
- **Irrigation:** For agriculture and green spaces.

Indian water and wastewater treatment market

The Indian water and wastewater treatment market is poised for significant growth, with expected revenue projected to surge from INR 1.06tn in FY25E to INR 1.5tn in FY29, led by increasing demand from municipal and industrial applications. This rapid growth can be attributed to significant investments in water infrastructure, including the augmentation of water treatment plant (WTP) and sewage treatment plant (STP) capacity, renovation of existing WTPs and STPs, and expansion of pipeline infrastructure. Additionally, investments in irrigation systems have improved water distribution efficiency, while the promotion of water reuse and recycling has further enhanced the sector's sustainability. The integration of cutting-edge technologies, such as SCADA and leakage detection systems, has played a crucial role in modernising the sector, enabling real-time monitoring and management of water supply and wastewater treatment, and reducing non-revenue water losses.

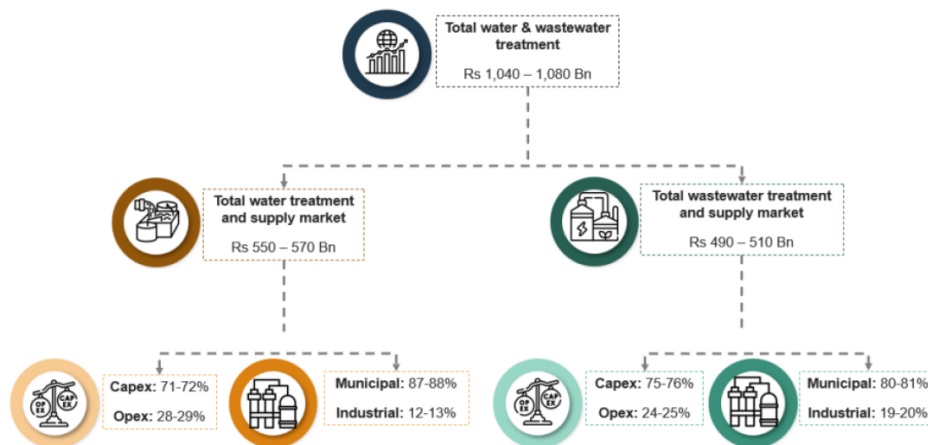
Exhibit 38: Water and wastewater treatment market to grow at 9% CAGR over FY25–29E



Source: Crisil Intelligence

The Indian water and wastewater treatment sector is valued c.INR 1tn+ currently. The water treatment market is valued at c.INR 550bn–570bn while the wastewater treatment market is valued at c.INR 490bn–510bn. Both segments are heavily dominated by the municipal sector, which accounts for 87–88% of the water treatment market and 80–81% of the wastewater market, while the industrial sector makes up the remaining 12–13% and 19–20% respectively. Financially, both categories show a significant tilt toward capital expenditure, which accounts for c.72% of water treatment costs and 76% of wastewater treatment costs, compared to lower operational expenditure.

Exhibit 39: Water and wastewater treatment market segmentation



Source: Crisil Intelligence

Capital expenditure covers the installation of treatment plants, civil works, and advanced machinery like reverse osmosis membranes. Operating expenses include recurring costs like electricity, chemicals, and regular maintenance. High energy consumption and chemical costs are major factors in these ongoing expenses.

Exhibit 40: Key growth drivers for the water treatment industry

Growth drivers	Details
Focus on water security	<ul style="list-style-type: none"> The government has intensified its focus on water security, with central and state authorities working towards implementing effective and equitable water management systems The Union government has proposed offsetting up an Integrated Water Resources Management Authority (IWRMA) in each state as part of its vision for a developed India by 2047. A draft model Bill has been circulated to all states for consideration. The IWRMA is expected to play a crucial role in developing comprehensive water security plans for various administrative tiers, including villages, cities, districts and states. Its responsibilities will also encompass groundwater and floodplain management, and river conservation, all of which are critical components of a robust water management framework
24x7 water supply	<ul style="list-style-type: none"> The Environmental Hygiene Committee has outlined recommendations to facilitate this change, aiming to provide 24x7 water supply to all citizens Currently, only a handful of cities, including Puri, Malkapur and certain parts of Bengaluru and Delhi, have achieved this milestone, while others like Coimbatore are actively working towards it The government of Assam laid the foundation stone for the Jorhat 24x7 Water Supply Scheme on 14th Dec'24
Growing private sector participation	<ul style="list-style-type: none"> There is a growing trend of private sector participation in the water management sector, with companies increasingly bidding for government projects under various models such as one city, one operator (under the hybrid annuity model), performance-based contracting and payments This increased engagement of private players is expected to bring in expertise, efficiency and investment, ultimately enhancing the country's water infrastructure and services
Reduction of NRW	<ul style="list-style-type: none"> The government is taking steps to reduce NRW levels by metering the supply lines; AMRUT 2.0 targets to reduce NRW in cities to 20% Thane Municipal Corporation and Thane Smart City Ltd have installed 105,000 smart water meters in Oct'24 across Thane under its Smart Water Meter project
Increase in uptake of desalination as a technology for water filtration	<ul style="list-style-type: none"> Desalination has emerged as a prominent technology in multiple coastal Indian states, such as Gujarat, Maharashtra and Tamil Nadu, for water filtration and increased water supply A new desalination plant with a capacity of 400 million litres a day (MLD) is being set up in Perur, Chennai, with an estimated investment of INR 42.8bn. Once completed, it is expected to be the largest desalination plant in the Southeast Asia

Source: JM Financial

Exhibit 41: Key challenges for the water treatment industry

Challenges	Details
Water network and coverage	<ul style="list-style-type: none"> Indian cities face significant challenges in providing adequate water supply and sewerage services, with notable deficiencies in network coverage and service quality Despite their size, even million-plus cities have substantial backlogs, with gaps greater than 20% in network coverage, highlighting the need for infrastructure expansion and upgrading to meet the growing demands of urban populations
Economic challenges	<ul style="list-style-type: none"> Most WTPs in India are outdated and need modernisation with new technologies. However, most urban local bodies (ULBs) lack the financial resources to upgrade them, relying heavily on government grants and schemes to build and operate WTPs, which hinders their effective operation and maintenance
Technical inadequacies of ULBs	<ul style="list-style-type: none"> Most ULBs lack adequate manpower and technical capacity for meter reading. As a result, they continue with a fixed rate billing system and the meters are unread As per the CWC, only 20% to 30% of current water supply is metered, which is leading to losses
Lack of formal reuse standards	<ul style="list-style-type: none"> A few states have drafted water reuse policies, but many lack clear guidelines on the processes and technologies for water reuse, as well as criteria to select suitable business models

Source: JM Financial

Indian sewage treatment market

India's sewage treatment sector is undergoing a structural expansion, propelled by the critical necessity for sustainable water management. Accelerating industrialisation and the deteriorating state of national river systems have converged into a pivotal infrastructure deficit. Recognising this systemic crisis, the Indian government has prioritised large-scale capital allocations and robust policy interventions to bridge the treatment gap.

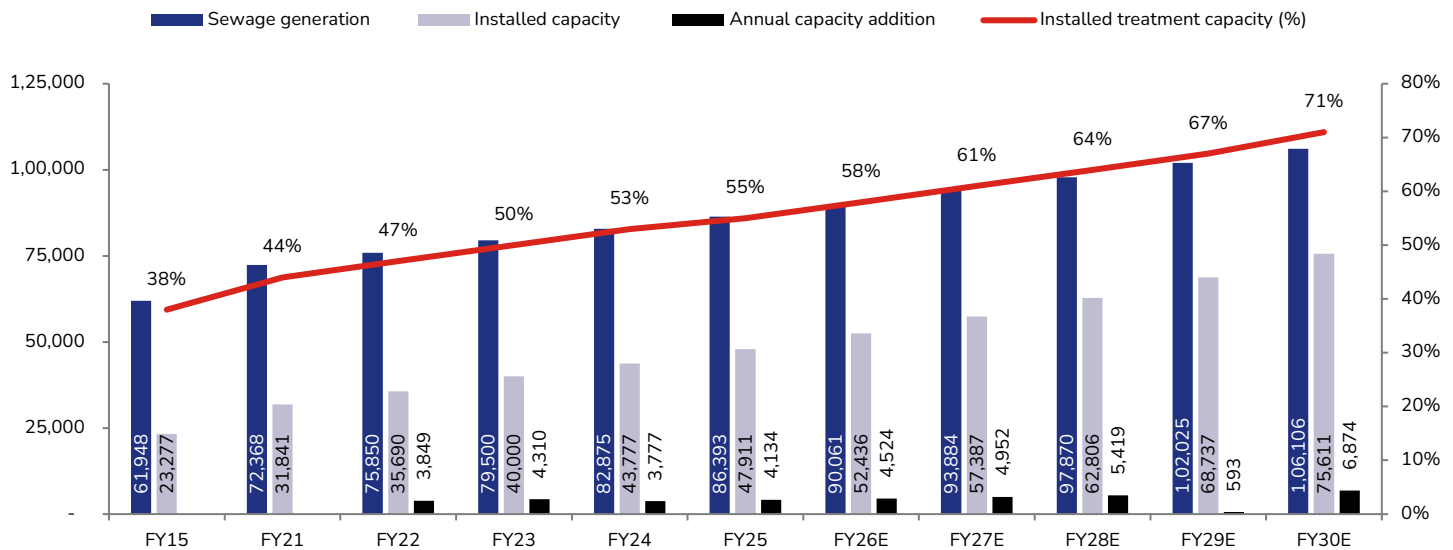
Many towns in India are situated on riverbanks, where freshwater is used by the population and wastewater is discharged back into the river, thereby affecting drinking and irrigation water supply. Research conducted by the Ministry of Jal Shakti shows the quality of rivers has shown some improvement, with 46% of rivers examined in CY22 designated as contaminated, compared with 70% in CY15. The CPCB has identified the release of industrial waste and untreated or partially treated municipal wastewater into water bodies, and inadequate solid waste management as some of the primary causes of water pollution.

Sewage generation and treatment capacity in India

Tightening environmental mandates and a national focus on sustainability are driving significant innovation in India's wastewater sector. Currently, India's urban centres generate 79,500MLD of sewage, yet operational treatment capacity stands at only 29,000MLD, leaving a critical 50,500MLD shortfall. With 63.5% of sewage entering ecosystems untreated, the resulting contamination of rivers and groundwater poses severe risks to public health and biodiversity. Bridging this gap necessitates the deployment of advanced technologies to modernise legacy infrastructure and achieve a sustainable, closed-loop water cycle.

India's urban sewage generation has scaled from 61,948MLD in FY17 to 79,500MLD in FY23, driven by rapid demographic shifts and urbanisation. While sewage processing capacity grew from 23,277MLD in FY15 to 40,000MLD in FY23, infrastructure expansion continues to trail the rising effluent output. Projections indicate that, by FY30, sewage generation will surge to 106,106MLD, while processing capacity is expected to reach 75,611MLD. This widening deficit underscores a critical requirement for sustained capital investment to achieve national environmental sustainability targets.

Exhibit 42: Estimated sewage generation versus installed treatment capacity in India (in MLD)



Source: Frost & Sullivan Analysis

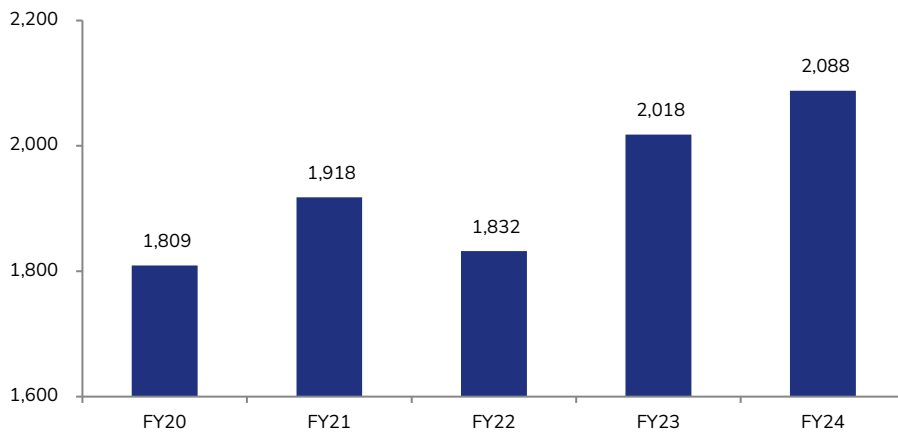
However, it is noteworthy that the infrastructure gap is gradually narrowing. From a deficit of 38,671MLD in FY15, the shortfall is projected to contract to 30,495MLD by **FY30E**. This improvement is further reflected in the treatment ratio, with the percentage of sewage processed expected to rise from 38% in FY15 to a projected **71% by FY30E**. These metrics underscore the progressive strides being made in expanding India's wastewater treatment capacity and improving overall operational coverage.

Common effluent treatment plant

India's wastewater management sector is categorised into three primary infrastructure types: Sewage treatment plants (STP), effluent treatment plants (ETP), and common effluent treatment plants (CETP). While STPs are engineered for municipal and domestic sewage, ETPs are dedicated to processing individual industrial effluents, and CETPs provide a centralised solution for multiple industries at a single site. These systems are primarily distinguished by their specific treatment capacities, technological sophistication, and underlying ownership frameworks.

A deeper analysis of CETPs reveals a centralised infrastructure model designed to treat collective discharges from diverse sectors like textiles, pharmaceuticals, and chemicals. Typically managed by industrial cooperatives or government agencies, these facilities utilise a multi-stage process—integrating physical, chemical, and biological treatments with advanced tertiary systems and sludge management. The strategic importance of CETPs has surged within industrial clusters, where economies of scale make centralised treatment significantly more cost-effective. Highlighting this priority, government reforms in Jan'26 have streamlined the regulatory landscape, classifying CETPs as 'Essential Environmental Services' to accelerate their deployment across industrial estates.

Exhibit 43: CETP capacity across the years (in MLD)

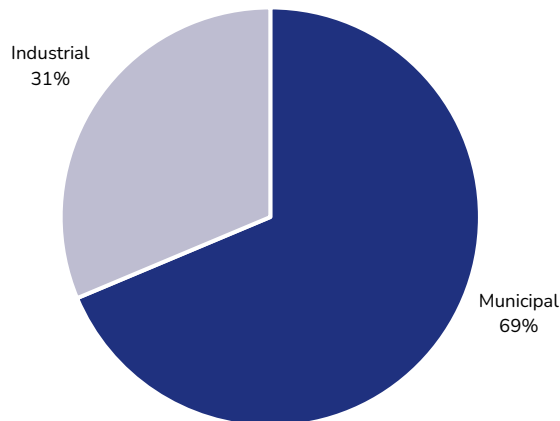


Source: NGT monthly progress reports, Niti Aayog, CPCB, Crisil Intelligence

Addressable domestic opportunity for Wabag

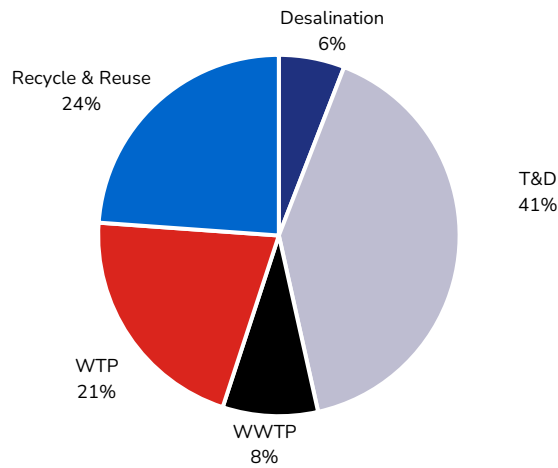
Wabag has a near term domestic pipeline c.INR 150bn, with the municipal segment having larger share. As of May-25, within municipal, the opportunity was largely driven by T&D (41%), followed by recycle & reuse (24%) and WTP (21%), along with smaller contributions from WWTP and desalination. In industrial, desalination (49%) and WTP (25%) dominate the opportunity, while WWTP, T&D and recycle remain relatively niche segments.

Exhibit 44: Domestic market opportunity* for Wabag



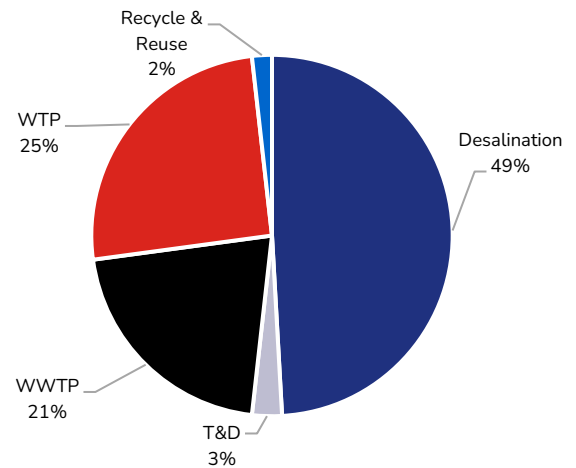
Source: Company, JM Financial; *: as of May'25

Exhibit 45: Municipal segmental market* breakdown



Source: Company, JM Financial; *: as of May'25

Exhibit 46: Industrial segmental market* breakdown



Source: Company, JM Financial; *: as of May'25

Exhibit 47: Growth drivers of the wastewater treatment industry

Market drivers	Details
Supporting financial models for industries	<ul style="list-style-type: none"> Improved risk allocation through innovative financing models, such as HAM model, which is attracting private sector participation Diversified funding sources, including international organisations (e.g., the World Bank, the Asian Development Bank and Japan International Cooperation Agency) and government grants and subsidies Increased private sector participation, driven by the provision of additional funding sources and improved risk allocation
Unlocking revenue potential through reuse	<ul style="list-style-type: none"> Implementing regulatory measures to enforce or incentivise the mandatory reuse of treated wastewater in industries Creating a market for compost from digested sludge, which can provide an additional revenue stream
Integrated water management	<ul style="list-style-type: none"> Sharing resources across projects, to increase the scale of operations and reduce costs Implementing city-wide sanitation and wastewater treatment programmes, to achieve integrated water management. Adoption of energy-efficient technologies, such as variable frequency drive - based pumps, which can reduce energy consumption and costs Conversion of biogas to bio-CNG (compressed natural gas), which can provide a new revenue stream and reduce greenhouse gas emissions
Focus on rural segment	<ul style="list-style-type: none"> Decentralised wastewater treatment systems in rural areas, where traditional centralised systems are often not feasible due to lack of infrastructure and resources, are driving innovation and investment in this sector Including the development of low-cost, community-based treatment systems that can effectively manage wastewater and promote sustainable sanitation practices in rural communities
Regularisation of O&M works by the government	<ul style="list-style-type: none"> The government is making efforts to streamline O&M works in projects by introducing specific guidelines It is promoting the OCOO model and long-term concession periods (25 to 30 years) to increase accountability of the private sector
Deploying technological innovations and energy efficient measures	<ul style="list-style-type: none"> Operational efficiency of WTPs/ STPs is being improved through application of energy saving systems such as VFD-based and other energy efficient pumps New technologies such as sewer cleaning machines, programmable logic controller (PLC)-based SCADA systems, and sensor-based predictive maintenance are also being deployed

Source: JM Financial

Exhibit 48: Key challenges in India's wastewater treatment industry

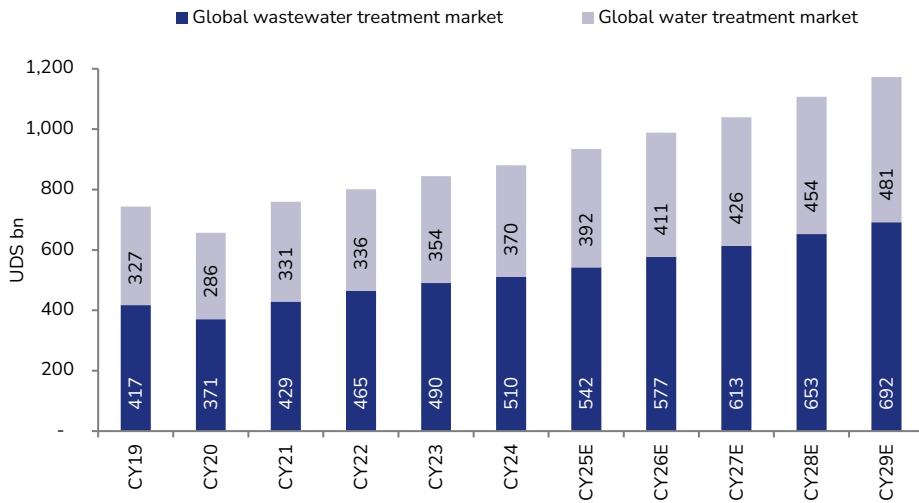
Market challenges	Details
Institutional challenges	<ul style="list-style-type: none"> ULBs are primarily responsible for the provision and maintenance of wastewater treatment facilities in their administrative area. However, in many cases, they lack the capacity to plan and implement such projects Labs are not well equipped due to a shortage of manpower and procurement delays in instruments, equipment and consumables
Regulatory challenges	<ul style="list-style-type: none"> No standards have been set for the ambient water quality for a surface waterbody, which is probably at the receiving end of treated or untreated domestic sewage and, thus, misses the goals that need to be set (water quality criteria by CPCB are set based on the uses) As per the CPCB notified General Discharge Standards, a surface waterbody is regulated by 35 parameters, while wastewater for land application (or irrigation) is regulated by 10 parameters, not including heavy metals
Economic challenges	<ul style="list-style-type: none"> Cost of STPs increases substantially with more advanced treatments that ensure reduced pollution Hence, the direct economic benefits from the STP derived from the use of treated water in agriculture or fisheries are considerably low Higher capital and O&M costs and costs of utilities are rarely covered by revenue from STPs (may include dried sludge and treated water) due to high uncertainty in demand Thus, smaller towns find it difficult to install STPs of adequate capacity and the gap increases in cities and towns with lower revenue
Technological challenges	<ul style="list-style-type: none"> Conventional centralised wastewater treatment plants are designed only to remove biological oxygen demand (BOD), nitrogen (N) and phosphorous. With rapid urbanisation, the nature and type of contaminants are changing, along with the emergence of new challenges. Hence, new technologies that are more efficient in treating water for reuse are required

Source: JM Financial

Global wastewater market to grow swiftly

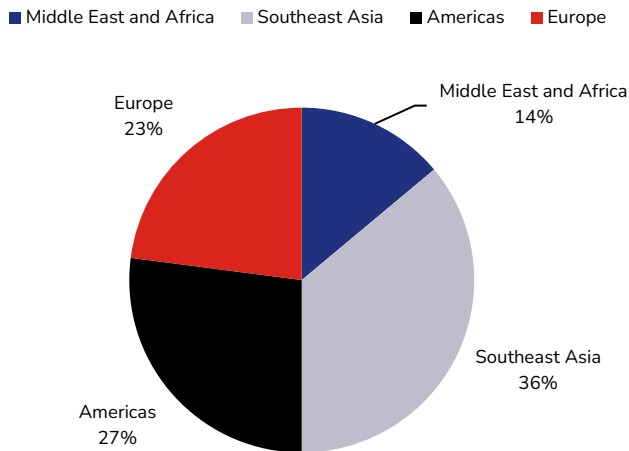
As of 2025, the global wastewater treatment market remains stable in its strategic importance, driven by urban growth, industrialisation, and tightening environmental regulations. Governments and industries continue to invest in wastewater systems that support long-term sustainability goals, with a focus on circular water use, energy recovery, and compliance. In Southeast Asia, circularity initiatives—particularly nutrient and energy recovery from sludge—are gaining traction. Europe and North America remain focused on addressing emerging contaminants through advanced treatment technologies. Reuse of treated wastewater continues to expand across water-scarce regions, including the Middle East, Latin America, and parts of Asia and North America. Digital tools and energy-efficient systems are increasingly being adopted to improve operational performance. Overall, wastewater treatment is evolving from a purely regulatory function to a key element in broader environmental and resource management strategies.

Exhibit 49: Global water and wastewater treatment market



Source: Frost & Sullivan knowledge repository and analysis

Exhibit 50: Global wastewater treatment market size by region



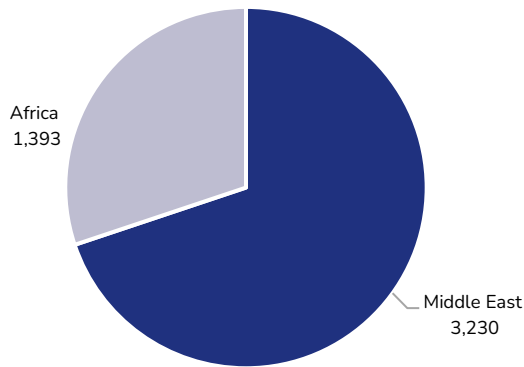
Source: Frost & Sullivan knowledge repository and analysis

Addressable global opportunity for Wabag

Of the total global opportunity, Wabag is focussing on Middle East and African regions. Wabag estimated total addressable opportunity of c.USD 4.6bn in May-25. ME accounts for USD 3.2bn while Africa accounts for c.USD 1.4bn. **Of this, the near-term global opportunity for Wabag stands at c.INR 200–250bn over the next 12-18 months.** Within ME, desalination accounts for c.57% while the remainder is wastewater treatment. Within Africa, desalination accounts for c.52% and water treatment accounts for c.36% while the remainder is wastewater treatment opportunity.

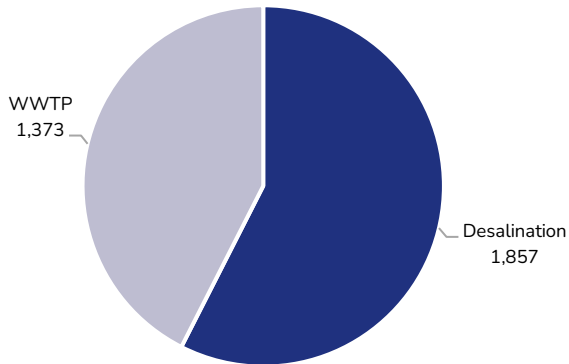
- a) **Middle East:** 63% of the region’s water needs are met by desalination and 31% of the treated wastewater is reused. Opportunity within the ME region is in:
 - **Kingdom of Saudi Arabia:** Investment of USD 32bn in desalination by 2027; USD 12bn worth of PPP water projects.
 - **UAE:** Investment of USD 2.08bn in desalination by 2027, prioritising zero liquid discharge (ZLD) solutions, enabling the recovery of usable water.
- b) **Africa:** There is a clear rise in investments in desalination plants in northern and western Africa, where project development is increasingly being pursued through PPP and EPC+F models. The market is predominantly centred on establishment of drinking water treatment plants. According to Africa Water Investment Action Plan, a roadmap is planned to mobilise USD 30bn annually for water security and sanitation by 2030. African Development Bank’s Water Strategy aims to enhance water access and sanitation across the continent.

Exhibit 51: Middle East dominates the global market in size (USD mn)



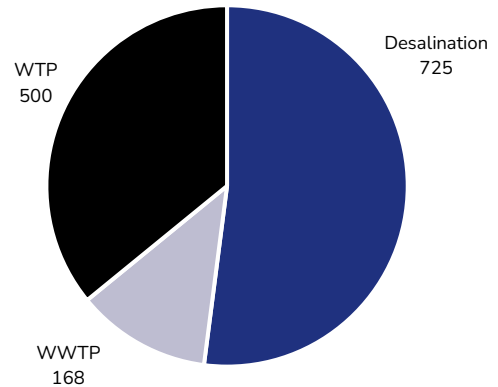
Source: Company; *: as per Wabag in May-25

Exhibit 52: Middle East segment market breakdown (USD mn)



Source: Company; *: as per Wabag in May-25

Exhibit 53: Africa segment market breakdown (USD mn)



Source: Company; *: as per Wabag in May-25

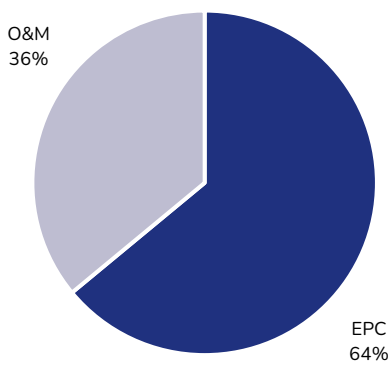
Financial Analysis

Expect EPS CAGR of 17% over FY26-28E

Secured strong order wins in YTD; order backlog robust at INR 151bn

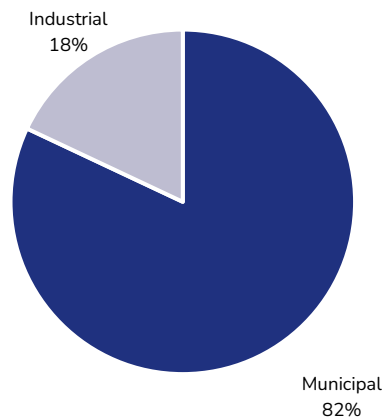
Wabag has received order inflows of c.INR 80bn in FY26 (FY25: INR 57bn) boosting the order backlog to INR 151bn at end-Dec'25 (4.1x TTM revenue). Additionally, Wabag has framework orders (orders where advances are awaited) of c.INR 12.6bn at end-Dec'25. This robust order backlog provides strong revenue visibility over the next couple of years. Order backlog is well diversified across verticals and geographies. In terms of verticals, EPC/O&M account for 64%/36% while in terms of geography, India/Overseas account for 52%/48% of the Dec'25 order backlog. In terms of clientele mix, Municipal/Industrial account for 82%/18% of the order backlog.

Exhibit 54: Backlog by type as of Dec'25



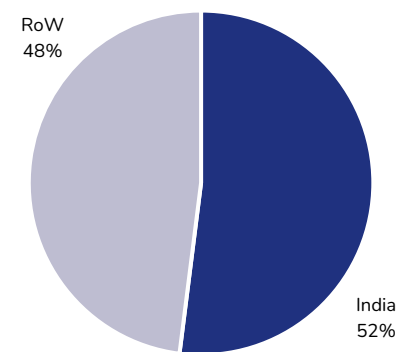
Source: Company, JM Financial

Exhibit 55: Backlog by segment as of Dec'25



Source: Company, JM Financial

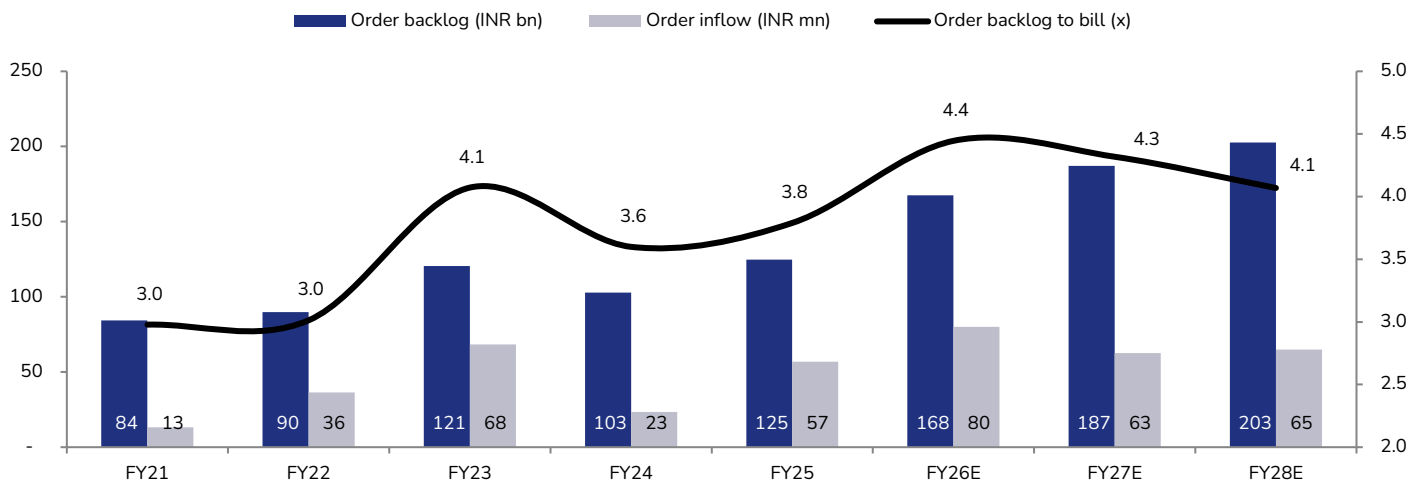
Exhibit 56: Backlog by region as of Dec'25



Source: Company, JM Financial

Order inflows have been consistent over the past five years barring FY24 when it fell by 66% YoY to INR 23bn. Average annual order inflows stood at c.INR 53bn over FY22-26E. Given the strong bid pipeline of c.INR 400bn, we expect the inflows to remain robust and have built in inflows of INR 63bn/INR 65bn in FY27/28E.

Exhibit 57: Order backlog to remain healthy led by strong order inflows



Source: Company, JM Financial

Exhibit 58: Key contracts in the order backlog*

Order details	Order backlog (INR bn)
400 MLD Perur, Chennai Desalination	22.5
300 MLD SWA, Yanbu Al Bahr, KSA Desalination	20.4
200 MLD Al Haer ESC, KSA ISTP	12.3
100 MLD Indosol, Andhra Pradesh Desalination	9.6
UPJN, O&M of Agra & Ghaziabad – OCOO	8.9
73 MLD Lusaka Water Supply and Sanitation Company – WWTP	8.5
200 MLD Pagla, Bangladesh – STP	5.1
BWSSB, Bengaluru – WWTP	3.8
150 MLD Digha & Kankarbagh – Network	3.7
110 MLD CMWSSB, Chennai – Desalination	3.3
GAIL Pata, Uttar Pradesh – ETP, WWTP & ZLD	3.3
270 MLD CIDCO, Maharashtra – WTP	3.0
Total of above	105
Sept-25 order backlog	148
as a % of Sept-25 backlog	71%

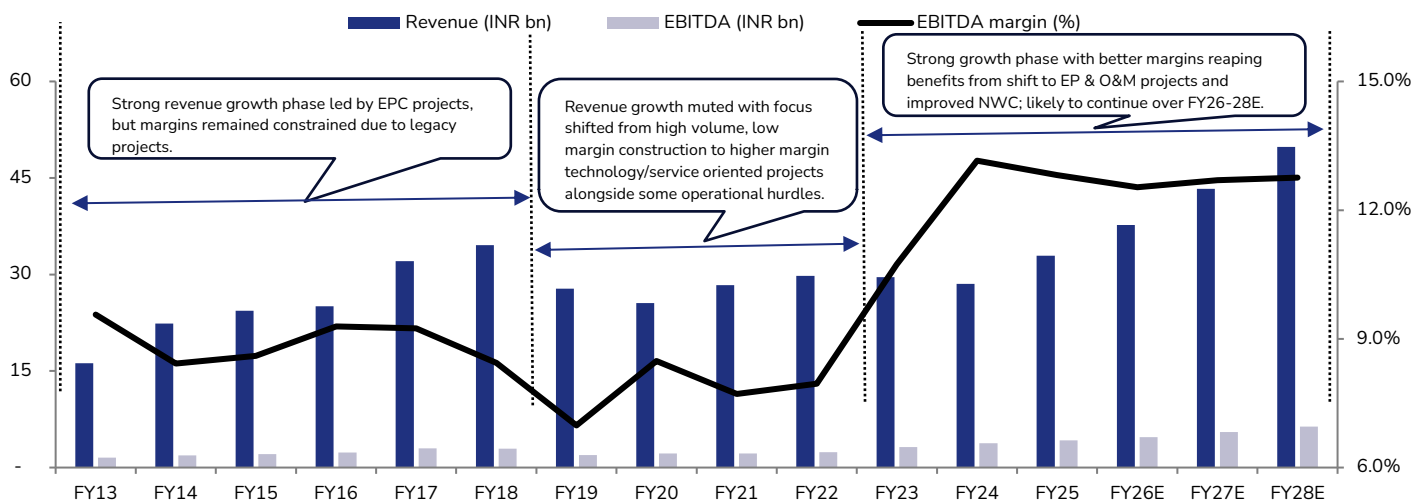
Source: Company, JM Financial; *: as of Sept-25

Revenue/EBITDA to grow at 15% CAGR each over FY25–28E

Over FY13–18, Wabag saw strong revenue growth of 16% CAGR. However, post FY18, revenue growth for Wabag remained muted primarily due to a strategic shift from high-volume, low-margin construction to higher-margin technology and service-oriented projects, alongside specific operational hurdles. Following are the key reasons behind muted revenue post FY18.

- **Pivot towards EP projects:** Wabag pivoted towards EP and O&M projects from its earlier focus on EPC projects due to lower margin and higher turnaround nature of EPC projects.
- **International delays:** Revenue growth slowed due to delays in securing engineering approvals for clients in the European cluster.
- **Rising NWC:** NWC ex cash rose from an average of c.90 days over FY13–18 to 167 days on average over FY19–25.

With Wabag's focus on asset light and higher margin EP and O&M projects, EBITDA margin eventually improved from 8.5% on average over FY13–22 to 12.2% over FY23–25. Led by robust order backlog and strong bid pipeline, we expect revenue to grow at 15% CAGR over FY25–28E. While the company is guiding for margin improvement over the medium term, we have conservatively factored in marginal improvement to 12.7%/12.8% each in FY27/28E.

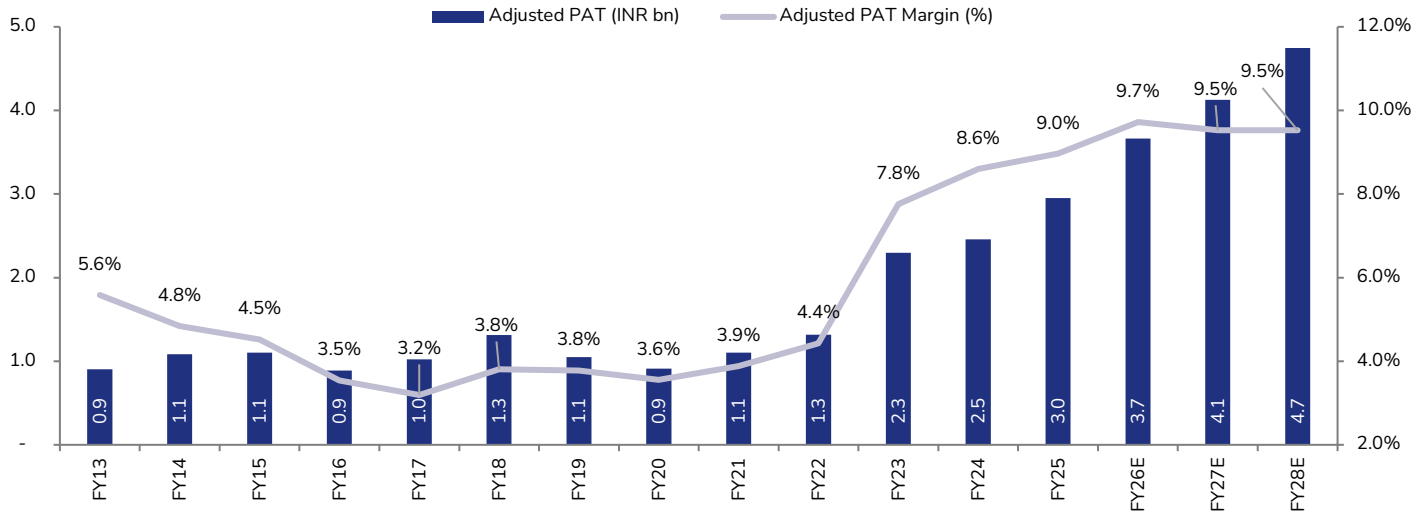
Exhibit 59: Expect revenue/EBITDA growth of 15% CAGR each over FY25–28E

Source: Company, JM Financial

Expect EPS CAGR of 17% over FY25–28E in sync with revenue growth

Historically, Wabag’s adjusted PAT margin has been ~4% on average over FY13–22 impacted by lower EBITDA margin. With significant ramp-up in EBITDA margin post implementation of WRIDDHI, PAT margin has improved to 9.3% over FY23–25. We expect adjusted PAT to grow at 17% CAGR over FY25–28E, in sync with revenue growth. We expect PAT of c.9.5% in FY27/28E.

Exhibit 60: EPS to grow at a CAGR of 17% over FY25–28E

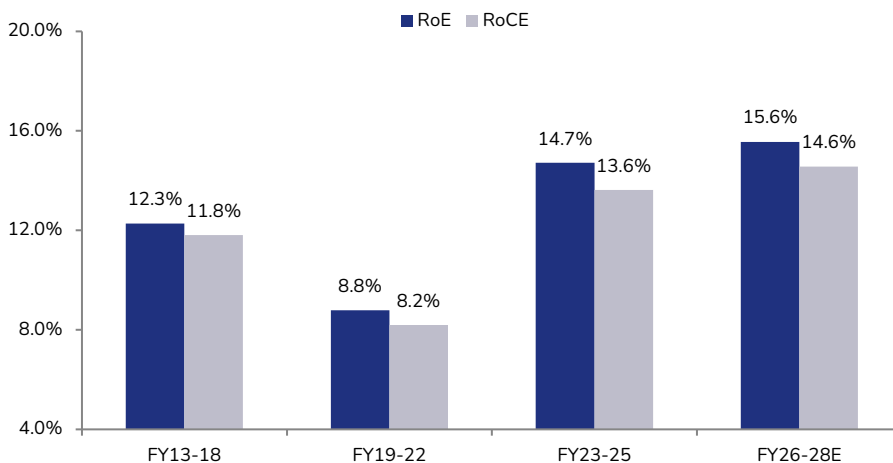


Source: Company, JM Financial

Return ratios to remain healthy

Over FY13–18, both RoE and RoCE were around 12% backed by strong revenue growth, decent margins and controlled working capital. However, due to revenue moderation and lower margins, return ratios eroded to c.8–9% over FY19–22. Post that, there was a revival in return ratios with improved execution growth, better margins and stable working capital. We expect RoE/RoCE to remain strong at 15–16% over FY26–28E aided by strong revenue growth, steady margins and controlled working capital.

Exhibit 61: Return ratios bounce back



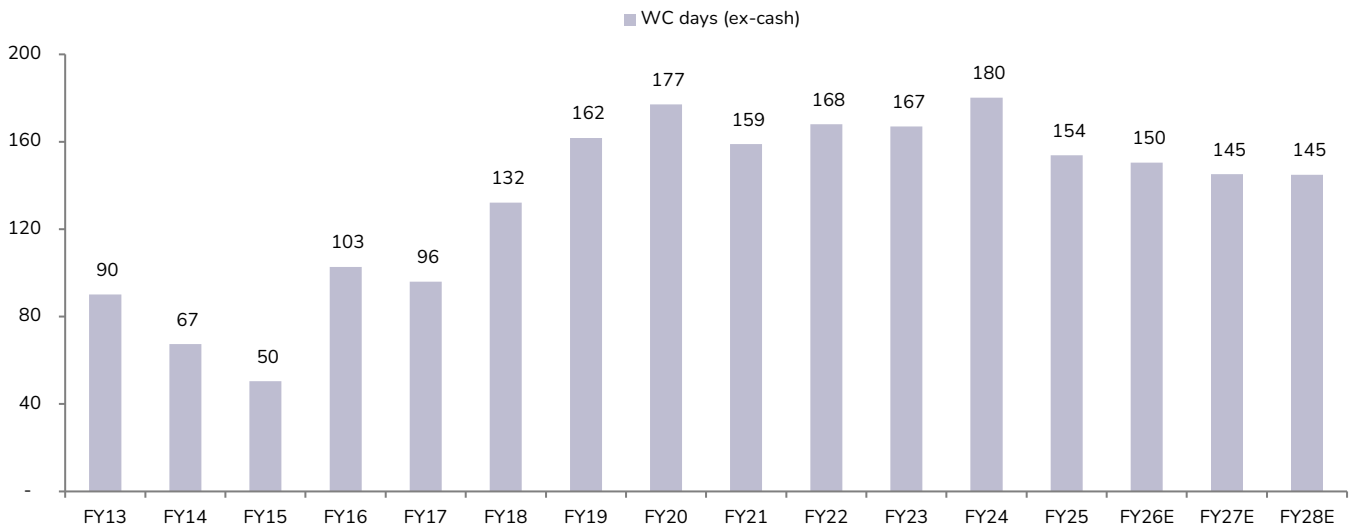
Source: Company, JM Financial

NWC to improve; balance sheet to remain lean

In 2010, the originally unified **APGENCO** and **TSGENCO** contracted a consortium led by Tecpro Systems, alongside Wabag and Gammon India, to handle the Balance of Plant (BOP) package for two 600MW thermal power stations. In this arrangement, Wabag was specifically tasked with the water systems portion. The project faced a major setback when partners Tecpro and Gammon suffered financial collapses, leading to a 16-month work stoppage. In 2014, Wabag took over as consortium leader to revive the project. Despite persistent funding issues, they successfully commissioned the first 600MW plant by FY16. Receivables remained stuck, leading to a sharp rise in NWC levels ultimately resulting in total write-off of c.INR 4.5bn over the years. Currently, TSGENCO receivables of c.INR 900mn remain pending.

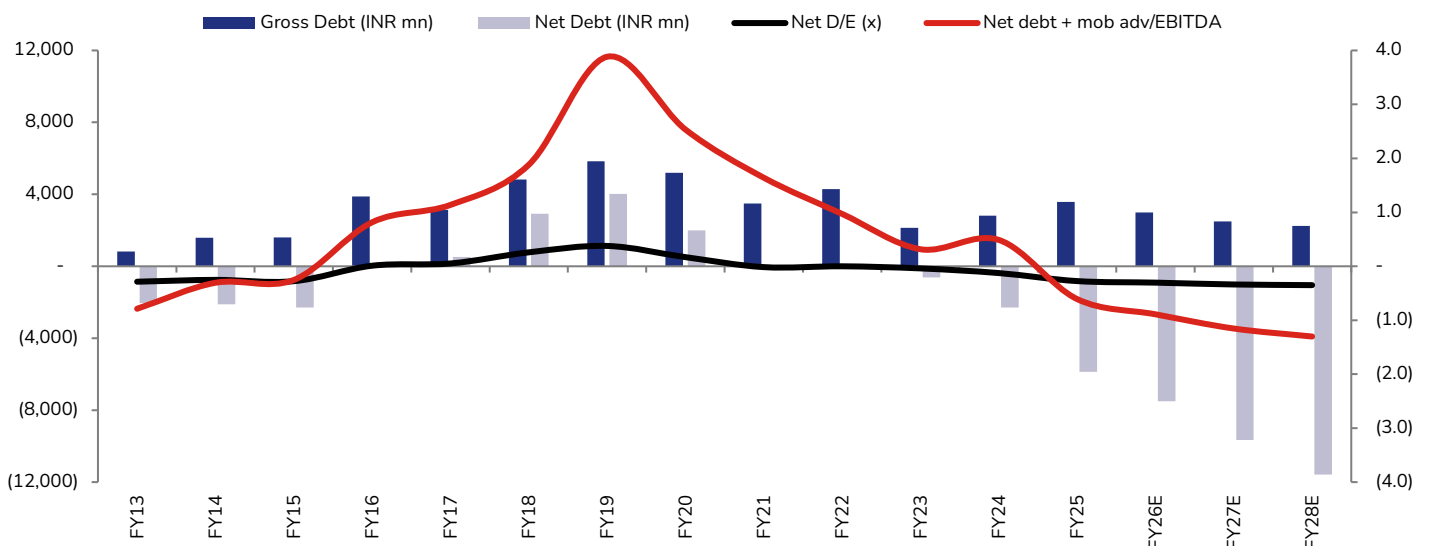
In FY23, Wabag launched its 'WRIDDHI' programme where their target was to lower NWC, and improve profitability, cashflows, balance sheet and return ratios. During this period, Wabag made a strategic shift from high-volume, low-margin construction to higher-margin technology and service-oriented projects. We saw a marked improvement in FY25 in NWC, which improved to 154 days from an average of c.170 days over FY19–24. We expect working capital to moderate further to 145 days by FY28E.

Exhibit 62: NWC to improve further



Source: Company, JM Financial

Exhibit 63: Balance sheet to remain lean

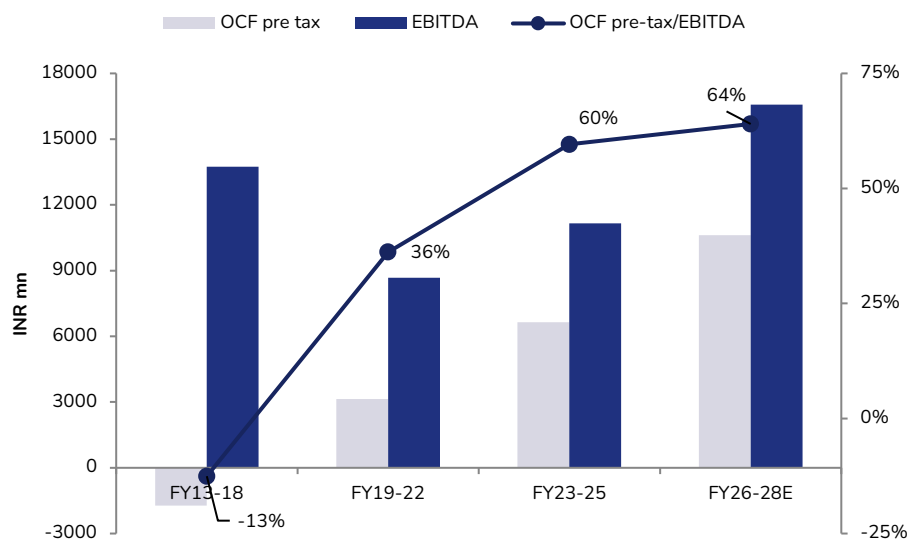


Source: Company, JM Financial

Cash conversion on an improving trajectory

Historically, cash generation for the company has been poor with OCF pre-tax/EBITDA at negative 13% over FY13–18. While revenue/EBITDA growth was strong at 16%/14% CAGR, OCF generation was poor due to sharp rise in working capital levels and moderation in margins. It gradually improved over FY19–22 to 36% with focus on lower value but higher-margin EP projects. However, a major improvement was visible over FY23–25 with OCF pre-tax/EBITDA improving to 60% led by better margins and stable NWC. We expect marginal improvement in NWC and margin to be stable, leading to OCF pre-tax/EBITDA of 64% over FY26–28E.

Exhibit 64: Cash conversion to improve over FY26–28E



Source: Company, JM Financial

Exhibit 65: Key financials

INR mn	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	28,345	29,793	29,605	28,564	32,940	37,686	43,326	49,814
YoY growth (%)		5%	-1%	-4%	15%	14%	15%	15%
EBITDA	2,188	2,370	3,178	3,757	4,223	4,724	5,503	6,355
YoY growth (%)		8%	34%	18%	12%	12%	16%	15%
EBITDA Margin (%)	7.7%	8.0%	10.7%	13.2%	12.8%	12.5%	12.7%	12.8%
Adjusted PAT	1,101	1,319	2,296	2,456	2,953	3,664	4,126	4,745
YoY growth (%)		20%	74%	7%	20%	24%	13%	15%
Reported PAT	1,101	1,319	132	2,456	2,953	3,617	4,126	4,745
Adj PAT Margin (%)	3.9%	4.4%	7.8%	8.6%	9.0%	9.7%	9.5%	9.5%
Gross debt	3,495	4,285	2,132	2,806	3,573	3,000	2,500	2,250
Net debt	(218)	(1)	(622)	(2,291)	(5,873)	(7,514)	(9,656)	(11,582)
ROE (%)	8.5%	8.9%	14.7%	14.5%	14.9%	15.9%	15.4%	15.4%
RoCE (%)	8.0%	9.6%	13.1%	14.3%	13.4%	14.4%	14.5%	14.8%
ROIC (%)	9.6%	10.6%	13.6%	15.6%	16.6%	18.2%	19.5%	20.5%
P/Ex	9.2	15.0	7.8	13.7	28.7	23.0	20.4	17.7
EV/EBITDA	4.5	8.4	5.4	8.4	18.7	16.2	13.5	11.4

Source: Company, JM Financial

Company Overview

Company profile: VA Tech Wabag is a leading pure-play water technology multinational headquartered in Chennai, India, with over 10 decades of experience in sustainable water and wastewater management. It provides comprehensive solutions across the entire water cycle, spanning desalination, wastewater treatment, water recycling and reuse, Zero Liquid Discharge, and waste-to-energy solutions. Wabag maintains a well-diversified portfolio with a balanced mix of municipal and industrial projects, supporting sustainable infrastructure development globally. Over the years, it has executed more than 6,500 projects and built a strong international footprint across 25+ countries, supported by a portfolio of over 125 proprietary technologies. As of Dec'25, Wabag has a robust order backlog of INR 151bn (4.1x TTM revenue).

Exhibit 66: Key events

Year	Milestone	Key event Details
1924	Founding	Established as Wabag Wasserfilter-Bau AG by Max Reder in Breslau, Germany.
1973	Acquisition	Deutsche Babcock became the majority shareholder and eventually took full control.
1990	Expansion	The company expanded across Europe, establishing subsidiaries in the UK, Belgium, and Romania
1995	Indian Entry	The Indian entity was incorporated as Balcke Durr Cooling Towers Limited in Chennai, initially focusing on cooling tower design
1999	Rebranding	Name changed to VA Tech Wabag Limited following a merger with the Austrian VA Tech Group.
2005	Management Buyout	Following the global acquisition of the VA Tech Group by Siemens, a management buyout (MBO) occurred. Rajiv Mittal, alongside ICICI Venture, bought out the Chennai-based Indian subsidiary from Siemens
2007	Reverse Takeover	The Indian entity acquired its former Austrian parent company from Siemens for ~USD100mn.
2010	IPO	Successfully listed on the NSE and BSE in India.
2011	Shareholder Exit & Split	ICICI Venture completely exited the company; shares were split from a face value of ₹5 to ₹2.
2015	Petronas ETP	Secured its first integrated Effluent Treatment Plant (ETP) project in Southeast Asia for Petronas' RAPID complex in Malaysia.
2016	Koyambedu TTRO	Secured a landmark order for the 45 MLD Tertiary Treatment Reverse Osmosis (TTRO) plant in Chennai under the AMRUT scheme.
2018	Namami Gange	Executed the first Sewage Treatment Plant (STP) under the Namami Gange initiative at Varanasi.
2019	One-City-One-Operator	Secured a pioneering "One-City-One-Operator" project under the State Mission for Clean Ganga.
2020	Preferential Allotment	Raised INR 1.2bn through a preferential issue to investors including Rakesh Jhunjhunwala and Anand Jain.
2022	Desalination Milestone	Commissioned a 30 MLD Sea Water Reverse Osmosis plant for MRPL in India.
2024	Mega Project	Secured an INR 44bn contract for Chennai's 400 MLD desalination plant.
2025	Strategic Alliance	Partnered with Norfund to invest USD 100mn in municipal water projects.
2026	Green Energy	Formed Ghaziabad Bioenergy to enter the compressed biogas (CBG) sector.

Source: Company, JM Financial

Senior leadership: Wabag is led by a seasoned and experienced leadership team with deep expertise in the global water and wastewater treatment industry. The company's board of directors comprises a mix of executive and independent members who bring strong technical, operational and governance oversight. Chairman and Managing Director Mr Rajiv Mittal has over three decades of experience in the water technology sector and has been instrumental in transforming Wabag into a leading global pure-play water technology company with a strong international footprint. The management team is supported by experienced professionals across engineering, project execution, technology development and finance functions, enabling the company to effectively deliver complex water infrastructure projects across geographies.

Credit ratings: Wabag enjoys good credit ratings within its sector on its borrowing facilities with long-term bank facilities rated at IND AA-/Stable/IND A1+ by the India Ratings & Research.

Statutory auditor: M/s Sharp & Tannan, Chartered Accountants, Chennai.

Exhibit 67: Leadership team



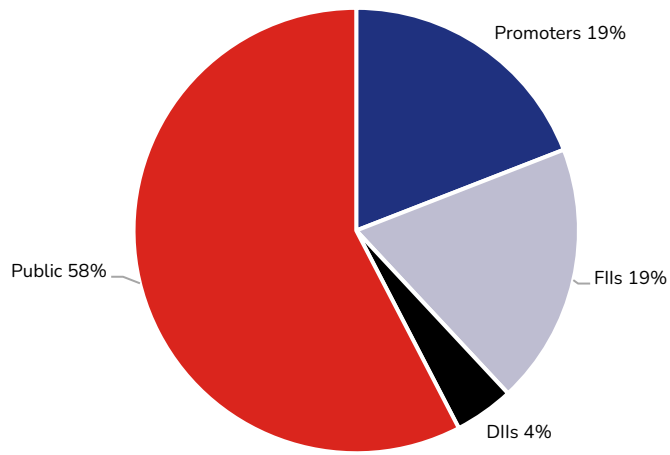
Source: Company, JM Financial

Exhibit 68: Board of Directors and key management personnel

Name	Designation	Details
Mr Rajiv Mittal	Chairman & Managing Director	Mr Mittal has dedicated himself to the water industry with a special focus on sustainability. He has advocated sustainable use of water, leveraging alternative sources of water such as sea water and used water, efficient wastewater treatment, water recovery and reclamation. He started his career with Dorr Oliver and later worked with John Brown Engineering, Glasgow. He then joined WABAG, UK and was deputed to India to set up a Strategic Business Unit in Water in 1996. He led the management buyout of WABAG India in 2005, making it the first ever in corporate history in the water industry and later orchestrated the historic reverse acquisition of WABAG Group from Siemens in 2007. He followed it up with a successful listing on the bourses in 2010.
Mr S Varadarajan	Whole Time Director & Chief Growth Officer	He joined the company in Jan'97 as Senior Manager – Finance cum Company Secretary and held various key positions including Chief Financial Officer prior to his appointment as Director & Chief Growth Officer of the Company. During the last 21 years of his service, he played an active role in demerger of the company prior to its acquisition by VA Tech Wabag GmbH, Austria in 2000. He is a Graduate in Commerce and Postgraduate in Public Administration.
Mr Skandaprasad Seetharaman	CFO	He has held the position since June'21. He has a strong background in finance within the company, previously serving as Group Financial Controller and Chief Manager of Finance (India). He has been instrumental in Wabag's focus on profitable growth, sustainable water projects, and maintaining a robust, net-cash positive balance sheet, recently navigating significant orders in India, ME and Africa.
Mr Shailesh Kumar	CEO, India Cluster	He joined Wabag in Dec'21. In this leadership role, he oversees the company's water business operations across India and neighbouring regions, including Sri Lanka, Bangladesh, Nepal and Southeast Asia. In his three decades plus of experience, he specialises in managing complex EPC projects across sectors like power generation, oil and gas, and water infrastructure. His extensive professional background includes senior leadership roles at global firms such as McDermott, FLSmidth, and TechnipFMC.
Mr Rohan Mittal	Head – Strategy & Business Growth – GCC	He is a key driver of the company's strategic expansion and technology-led solutions in the Middle East. In this leadership role, he oversees critical water infrastructure projects across the Gulf Cooperation Council (GCC) region, focusing on desalination, water reuse, and ZLD to combat regional water scarcity. A recognised expert in process engineering, he was conferred the prestigious NOCIL Award 2025 by the Indian Institute of Chemical Engineers (IICChE) for his excellence in the design and development of sustainable water treatment plants. His strategic vision is central to Wabag's "Wriddhi" growth strategy, aiming to transform the wastewater sector into a cornerstone of the circular economy through innovation and resource recovery.
Mr Mahmut Gedek	CEO, Europe Cluster	He has been with the Wabag group for nearly two decades, currently serving as Managing Director (CEO) of VA Tech Wabag GmbH and CEO of the Europe Cluster. Since assuming this leadership role in Jul'16, he has spearheaded the company's operations across Europe and North Africa, overseeing high-value DBO contracts in key markets like Switzerland, Tunisia, and Libya. His extensive experience within the firm dates to 2005, during which he has managed complex water and wastewater treatment projects, including state-of-the-art sustainable water reuse facilities that support drought-stricken regions. Under his strategic guidance, the Europe Cluster continues to drive innovative solutions in desalination and resource recovery, reinforcing Wabag's position as a global leader in the circular water economy.
Mr V Arulmozhi	CFO, India Cluster	He has been a part of the leadership team since 2015. He assumed the role in Jun'21 where he is responsible for overall financial management and strategic growth of Wabag's extensive domestic operations, encompassing EPC and O&M project controlling, taxation, and investor relations. With a decade of experience within Wabag and prior senior leadership roles at global renewable energy giants like Siemens Gamesa and Vestas, he specialises in complex financial reporting, global ERP implementation and capital raising. His deep expertise in managing large-scale infrastructure finances across business verticals has been instrumental in driving India Cluster's operational efficiency and sustained profitability.

Source: Company, JM Financial

Exhibit 69: Shareholding pattern (Dec'25)



Source: BSE

Wabag's Key Offerings

Drinking water treatment

In many regions, ensuring a reliable and safe supply of drinking water in the desired quantity and quality requires the use of state-of-the-art technology. The choice of specific technologies depends on factors such as the source of water and the level of contamination. Wabag has positioned itself as the ideal partner in addressing this challenge by offering a comprehensive range of chemical, physical, and biological processes for treating all types of raw water, including treated used water for potable reuse. Its expertise in advanced technology is supported by extensive process knowledge and a profound understanding of customer needs.

Exhibit 70: Drinking water treatment plants



Source: Company, JM Financial

Industrial water treatment

In industrial settings, water quality requirements vary across sectors like power generation, refineries, petrochemical plants, steel works, food & beverages, and more. Whether it is for manufacturing, processing, cooling, or cleaning, each industry has specific and different water quality requirements. Wabag provides tailored water management solutions, offering a comprehensive portfolio from conventional to high-performance systems, including membrane processes. Its expertise ensures secure water supply in terms of quantity and quality, enabling sustainable economic strategies. The company prioritises reliable, efficient, and cost-effective systems that meet stringent safety standards.

In industrial facilities, **cooling water** is essential for various processes, each requiring specific water quality standards. Raw water from sources like groundwater, surface water, seawater, or reclaimed water is purified using technologies such as filtration, desalination, chemical treatment, and disinfection. **Boiler feed water** is treated based on the composition of the raw water and its desired quality. Key processes include pre-treatment, demineralisation with silica removal, and condensate polishing through filtration, cation exchange, and mixed bed filtration. Thermal and chemical degassing are also crucial steps in ensuring optimal water quality.

Exhibit 71: Industrial water treatment plants



Source: Company, JM Financial

Total water solutions

For the new grass root petroleum refinery and petrochemical complex of the DANGOTE Group in Nigeria, Wabag has implemented a comprehensive water management system, encompassing raw water intake, treatment, demineralisation, a condensate polishing unit, and effluent treatment/recycling. Advanced technologies such as MARAPUR-MBR®, ultrafiltration, reverse osmosis, biofiltration (WABAG BIOPUR®), SBR-CYCLOPUR®, and spent caustic treatment are employed. Treated effluents, along with cooling tower and boiler blowdown streams, undergo further processing in a reverse osmosis-based demineralisation plant for sustainable water recycling. Wabag also delivered a total water solution package for a petrochemical extension project at the HMEL Bathinda Refinery in Punjab, India. The system includes raw water treatment, RO demineralisation, a condensate polishing unit, effluent treatment, and UF/RO water recycling, utilising river water with an inflow capacity of 64,800CBM/day.

Sludge treatment

Sufficient wastewater treatment is a critical aspect of Wabag's approach, and it encompasses a crucial component: Sludge treatment. During sewage treatment processes, sewage sludge is produced as a by-product. The resulting mixture of primary, secondary and, in some cases, also tertiary sludge, known as "raw" sewage sludge, contains 0.5 to 3% solids and poses potential health and environmental hazards due to its pathogen content and decomposable nature. To mitigate these concerns, various treatment processes are employed to stabilise the sludge, decrease pathogen levels and increase solids content, reducing its mass and size, and thereby reducing disposal costs. These processes are essential for managing sewage sludge effectively while minimising its impact on health and the environment.

Exhibit 72: Sludge treatment plants



Source: Company, JM Financial

At the Rithala WWTP in India, Wabag introduced a "Waste-to-Energy" concept, modernising and extending the plant with anaerobic sludge digestion and biogas utilisation. Similarly, at the Şanlıurfa Metropolitan Municipality Wastewater Treatment Plant, advanced wastewater treatment is integrated with state-of-the-art sludge management, utilising a large solar drying bed and biogas to generate electricity and cover 75% of the plant's energy needs. These initiatives elevate sustainability standards in wastewater management.

Exhibit 73: Rithala WWTP



Source: Company, JM Financial

Water reclamation

Water, a finite and increasingly scarce resource, is under pressure from factors such as climate change, population growth, urbanisation, and over-exploitation. In response, water recycling has become essential for sustainable water management. Intelligent reclamation systems play a pivotal role in increasing water availability for various purposes while improving supply reliability. Compared to alternatives like seawater desalination or long-distance transportation, reclamation systems are more energy-efficient and cost-effective. Through advanced treatment schemes, municipal wastewater can be efficiently reclaimed and reused, alleviating pressure on freshwater sources and fostering water conservation. Wabag's technology caters to all requirements for recycled water, removing organic and inorganic contaminants, turbidity, toxic substances, bacteria, viruses and protozoa.

Transforming municipal wastewater for reuse in irrigation for cities and agriculture

Wabag has developed numerous used water treatment plants, focusing on the reuse of treated water for urban, agricultural, and industrial purposes.

- In Madinaty, a new satellite city near Cairo, an 80MLD three-stage WWTP purifies water for irrigation of the city's green spaces.
- Al Kharj Stage III, a 200MLD WWTP in Saudi Arabia that supplies high-quality irrigation water and the 120MLD WWTP in Jubail Industrial City.
- The Madinat Salmen Water Reclamation Plant in Bahrain treats municipal wastewater for reuse in community green spaces, with a strong emphasis on environmental sensitivity.

- Tunisia faces severe water scarcity, intensified by urban growth and increased demand. To combat this, the country initiated the 3 Steps Project, constructing wastewater treatment plants for agricultural water reuse. It contributed by building three small-scale municipal wastewater treatment plants – the SIDI BOU ALI, EL JEM, and QUERDANIN WWTPs – employing three-stage treatment processes.

These plants ensure safe wastewater reuse for agricultural irrigation, promoting environmental sustainability and socio-economic development.

Producing industrial water from municipal wastewater

Additionally, in Chennai, Wabag's 45MLD Koyambedu TTRO plant treats municipal secondary treated water to achieve potable grade water, catering to industrial water needs and saving over 1,600 crore litres of freshwater annually. This initiative not only prioritises potable water needs but also promotes robust revenue generation models for urban local bodies through the sale of treated water to industries, aligning with government policies on municipal-industrial partnerships

Industrial water recycling

Over 20% of global freshwater consumption relates to industry, and in the industrialised countries this figure rises to 60%. Wherever potable water supply is endangered, public authorities first reduce supply to industry. Alternative sustainable solutions are to be found in the used water flows from industrial and municipal treatment plants. Tailor-made treatment systems enable the reuse of the cleaned used water for industrial production in various forms such as i) Cooling tower make-up water, ii) Boiler make-up water, iii) Process water (e.g., for purified terephthalic acid production) and iv) Industrial service water (e.g., fire-fighting, cleaning, etc).

Wabag has equipped numerous industrial plants from a diversity of branches with resource- and cost-efficient water recycling and reuse systems. Using the company's comprehensive process portfolio, its experts plan individual and optimised concepts for every operation, from basic tertiary treatment up to Minimum and Zero Liquid Discharge (MLD/ZLD).

Exhibit 74: Industrial water recycling plant

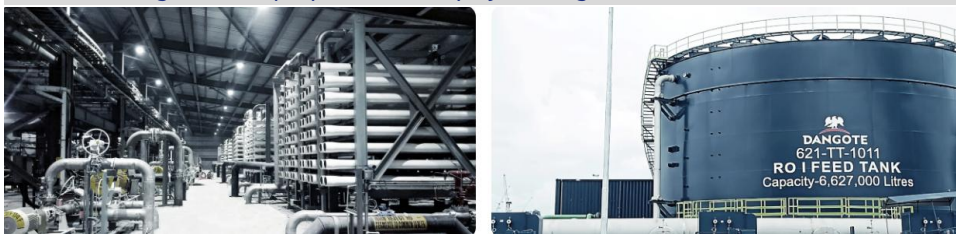


Source: Company, JM Financial

Pioneering sustainable water solutions for the industry

Wabag has developed comprehensive water solution management systems for major industrial projects, including the Dangote Refinery & Petrochemical Project in Nigeria. This project features an ETP and a water recycling plant that utilise advanced technologies such as Membrane Bioreactor (MBR), Ultrafiltration (UF), and Reverse Osmosis (RO) to reclaim effluents to produce process water.

Exhibit 75: Dangote refinery & petrochemical project in Nigeria



Source: Company, JM Financial

Zero Liquid Discharge (ZLD)

Zero Liquid Discharge (ZLD) represents a state-of-the-art approach to water treatment, aiming to eliminate liquid discharge entirely from both industrial and municipal wastewater streams. This innovative process employs a comprehensive strategy that utilises advanced technologies to treat wastewater until only solid waste remains, which can then be safely disposed of or reused. At its core, ZLD not only minimises environmental impact but also maximises resource recovery, aligning perfectly with its commitment to sustainable water management practices.

There are several compelling reasons why ZLD is increasingly becoming a preferred choice for industries and municipalities worldwide. Firstly, it ensures compliance with stringent environmental regulations by preventing the discharge of liquid effluents containing toxic elements into water bodies. Additionally, as governments impose stricter mandates on environmental protection, ZLD has become essential for sustainable operations within regulatory frameworks.

Wabag's expertise in implementing ZLD plants spans across diverse industries, where it provides customised solutions tailored to address unique water treatment challenges while adhering to local regulations. From petrochemicals to oil & gas and metals sectors, the company has successfully completed ZLD installations, including a centralized ZLD plant for NMDC Steel Ltd. in India. Currently, it is actively involved in projects like the Amur Gas Chemical Complex (AGCC) in Russia, showcasing its commitment to delivering sustainable water management solutions on a global scale.

Its approach to ZLD emphasises tailored solutions, innovative technologies, and sustainable practices. The company understands the importance of addressing specific water treatment requirements for each industry and location, which is why it offers bespoke ZLD solutions to ensure optimal performance and efficiency. By integrating advanced technologies and emphasising sustainability, energy efficiency, and minimal environmental impact, its ZLD plants are designed to promote long-term viability and resilience in water management.

Potable reuse

Potable reuse, the process of turning used water into drinking water, is becoming increasingly essential for ensuring water security in many regions worldwide. With access to clean drinking water being scarce in some areas, reclaimed water offers a viable solution for augmenting potable water supplies. This practice involves treating municipal used water to meet drinking water standards, providing an additional avenue for enhancing water resources. There are two main approaches to potable water reuse: a) Indirect potable reuse (IPR) and b) Direct potable reuse (DPR).

IPR involves using an environmental buffer, such as a lake or aquifer, before treating the water at a drinking water treatment facility, while DPR treats and distributes water directly without relying on such buffers. Both approaches employ advanced multi-barrier systems, including technologies like ozonation and membrane filtration, to ensure the safety and quality of the reclaimed water.

Bio CNG

In addition to its expertise in power generation from wastewater treatment plants, Wabag offers innovative solutions for bio-CNG production at its facilities. Bio-CNG, a higher-value product with properties akin to compressed natural gas (CNG), holds immense potential as a clean and high-calorific-value fuel. Leveraging decades of experience in biogas purification, it has emerged as a trusted partner for clients seeking to establish bio-CNG plants equipped with the latest technology.

Its track record is replete with examples showcasing excellence in green energy production. Through a combination of cutting-edge technology, process expertise and unwavering commitment to sustainability, it consistently delivers solutions with the highest efficiency and reliability. These bio-CNG plants are engineered to optimise resource utilisation, minimise environmental impact, and maximise returns for clients.

Wabag's bio-CNG plants represent a paradigm shift in waste-to-energy solutions, offering a sustainable alternative to traditional fossil fuels and contributing to the global transition towards a low-carbon future. With a proven track record of success and a steadfast commitment to innovation, the company is poised to lead the way in bio-CNG production, empowering its clients to achieve their sustainability goals while driving positive environmental impact.

High-purity water solutions

Wabag understands that in advanced industries such as semiconductors, photovoltaics (PV solar), microelectronics, and green hydrogen, water purity is not optional—it's mission-critical. Its Hi-Purity Water Solutions are designed to meet the most stringent quality standards, enabling clients to operate at peak efficiency, reliability, and compliance.

Ultra-Pure Water (UPW): For PV solar, semiconductor and microelectronics

Ultra-Pure Water (UPW) is a cornerstone utility for fabrication facilities in the semiconductor, photovoltaic, and electronics sectors. Trace levels of ionic, organic, or particulate contamination can critically impair product quality and process integrity. It delivers cutting-edge UPW systems engineered for ultra-low conductivity, high resistivity, and precise contaminant removal.

Wabag's USP in ultra-pure water:

- < 0.055 $\mu\text{S/cm}$ Conductivity / > 18.2 $\text{M}\Omega\text{-cm}$ Resistivity
- Designed for Class 1 cleanroom compatibility
- Integrated polishing loops, UV, degasification, CEDI, and ultra-filtration
- Experience across global UPW deployments

Demineralised water: For green hydrogen and industrial process applications

Demineralised (DM) water is critical for processes demanding low ionic contamination—from green hydrogen electrolysis to refining, petrochemical, and process industries. The company designs and delivers robust DM water systems tailored for high reliability, automation, and ease of O&M, across a wide range of input water qualities. Wabag has i) Expertise in raw, brackish, and industrial water treatment, ii) Complete DM water packages including RO, EDI, MB and polishing units, iii) Seamless integration with ZLD and Reuse solutions and iv) Proven delivery across large-scale industrial installations.

Exhibit 76: Demineralised water systems



Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E	
Net Sales	28,564	32,940	37,686	43,326	49,814	
Sales Growth (%)	-3.5	15.3	14.4	15.0	15.0	
Other Operating Income	-	-	-	-	-	
Total Revenue	28,564	32,940	37,686	43,326	49,814	
Cost of Goods Sold/Op. Exp	21,667	25,605	28,547	32,885	37,814	
Personnel Cost	2,354	2,645	3,002	3,422	3,901	
Other Expenses	786	467	1,413	1,516	1,743	
EBITDA	3,757	4,223	4,724	5,503	6,355	
EBITDA Margin (%)	13.2	12.8	12.5	12.7	12.8	
EBITDA Growth (%)	18.2	12.4	11.9	16.5	15.5	
Depn. & Amort.	84	59	63	68	73	
EBIT	3,673	4,164	4,661	5,435	6,283	
Other Income	434	446	900	763	790	
Finance Cost	711	788	782	817	877	
PBT before Excep. & Forex	3,396	3,822	4,779	5,381	6,196	
Excep. & Forex Inc./Loss(-)	-	-	-	-	-	
PBT	3,396	3,822	4,779	5,381	6,196	
Taxes	797	896	1,147	1,292	1,487	
Extraordinary Inc./Loss(-)	-	-	-47	-	-	
Assoc. Profit/Min. Int.(-)	47	-17	-24	-28	-28	
Reported Net Profit	2,456	2,953	3,617	4,126	4,745	
Adjusted Net Profit	2,456	2,953	3,664	4,126	4,745	
Net Margin (%)	8.6	9.0	9.7	9.5	9.5	
Diluted Share Cap. (mn)	62	62	62	62	62	
Diluted EPS (INR)	39.5	47.5	58.9	66.3	76.3	
Diluted EPS Growth (%)	7.0	20.2	24.1	12.6	15.0	
Total Dividend + Tax	-	249	249	249	249	
Dividend Per Share (INR)	-	4.0	4.0	4.0	4.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E	
Profit before Tax	3,396	3,822	4,779	5,381	6,196	
Depn. & Amort.	84	59	63	68	73	
Net Interest Exp. / Inc. (-)	-	-	-	-	-	
Inc (-) / Dec in WCap.	-562	224	-1,653	-1,703	-2,543	
Others	-	-	-47	-	-	
Taxes Paid	-866	-781	-1,147	-1,292	-1,487	
Operating Cash Flow	2,052	3,324	1,995	2,455	2,239	
Capex	-4	98	-100	-100	-100	
Free Cash Flow	2,048	3,422	1,895	2,355	2,139	
Inc (-) / Dec in Investments	-213	-23	-38	-	-	
Others	-	-	-	-	-	
Investing Cash Flow	-217	75	-138	-100	-100	
Inc / Dec (-) in Capital	-	-	1	-	-	
Dividend + Tax thereon	-	-249	-249	-249	-249	
Inc / Dec (-) in Loans	674	767	-573	-500	-250	
Others	-166	432	32	36	36	
Financing Cash Flow	508	950	-789	-713	-463	
Inc / Dec (-) in Cash	2,343	4,349	1,068	1,642	1,676	
Opening Cash Balance	2,754	5,097	9,446	10,514	12,156	
Closing Cash Balance	5,097	9,446	10,514	12,156	13,832	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E	
Shareholders Fund	18,239	21,450	24,819	28,696	33,192	
Share Capital	124	124	125	125	125	
Reserves & Surplus	18,062	21,275	24,643	28,520	33,016	
Preference Share Capital	-	-	-	-	-	
Minority Interest	53	51	51	51	51	
Total Loans	2,806	3,573	3,000	2,500	2,250	
Def. Tax Liab. / Assets (-)	-449	-337	-337	-337	-337	
Other non-current liabilities / Lease Liabilities	-	-	-	-	-	
Total - Equity & Liab.	21,045	25,023	27,819	31,196	35,442	
Net Fixed Assets	725	667	704	737	764	
Gross Fixed Assets	1,302	1,204	1,304	1,404	1,504	
Intangible Assets	-	-	-	-	-	
Less: Depn. & Amort.	577	537	600	667	740	
Capital WIP	-	-	-	-	-	
Investments	671	694	732	732	732	
Current Assets	43,899	50,975	56,980	64,371	73,439	
Inventories	359	358	399	460	529	
Sundry Debtors	25,215	26,080	29,426	32,643	37,122	
Cash & Bank Balances	5,097	9,446	10,514	12,156	13,832	
Loans & Advances	-	120	120	120	120	
Other Current Assets	13,228	14,971	16,520	18,992	21,836	
Current Liab. & Prov.	24,699	27,650	30,934	34,981	39,830	
Current Liabilities	11,566	12,732	13,687	15,767	18,234	
Provisions & Others	13,133	14,918	17,247	19,214	21,596	
Net Current Assets	19,200	23,325	26,046	29,390	33,609	
Other Non Current Assets/ROU Assets	-	-	-	-	-	
Total - Assets	21,045	25,023	27,819	31,196	35,442	

Source: Company, JM Financial

Dupont Analysis		(INR mn)				
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E	
Net Margin (%)	8.6	9.0	9.7	9.5	9.5	
Asset Turnover (x)	1.5	1.5	1.4	1.5	1.5	
Leverage Factor (x)	1.1	1.1	1.1	1.1	1.1	
RoE (%)	14.5	14.9	15.9	15.4	15.4	

Source: Company, JM Financial

Key Ratios		(INR mn)				
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E	
BV/Share (INR)	292.4	344.1	398.3	460.6	532.9	
ROIC (%)	15.6	16.6	18.2	19.5	20.5	
ROE (%)	14.5	14.9	15.9	15.4	15.4	
Net Debt/Equity (x)	-0.1	-0.3	-0.3	-0.3	-0.3	
P/E (x)	13.7	28.7	23.0	20.4	17.7	
P/B (x)	1.9	4.0	3.4	2.9	2.5	
EV/EBITDA (x)	8.4	18.7	16.2	13.5	11.4	
EV/Sales (x)	2.8	2.3	2.0	1.7	1.4	
Debtor days	322	289	285	275	272	
Inventory days	5	4	4	4	4	
Creditor days	170	162	152	152	153	

Source: Company, JM Financial

APPENDIX I

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Rating	Meaning
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ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

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