

Management Discussion and Analysis Report

Economic Overview

Global Economy¹

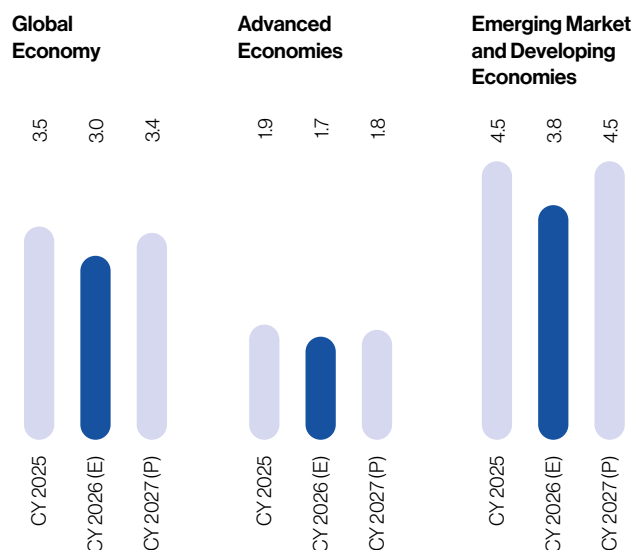
In CY 2025, the global economy grew by 3.5%, navigating heightened trade tensions and policy uncertainty. This performance was underpinned by stockpiling of goods, strong risk appetite and a surge in artificial intelligence (AI)-related investment. Improvements in supply chain constraints and a gradual moderation in labour market pressures contributed to a decline in inflation to 4.1%.

Growth followed a divergent trend across economies. Advanced economies recorded a growth of 1.9%, whereas emerging economies expanded by 4.5%, supported by monetary easing and fiscal stimulus in East Asia. Global financial conditions remained broadly accommodative, notwithstanding volatility and rising sovereign yields. Overall, the resilience observed to date has been concentrated in a limited number of sectors and supported by accommodative macroeconomic policies, leaving it vulnerable to sector-specific disruptions and the materialisation of broader structural risks.

Outlook²

Global economic growth is expected to remain tepid and projected at around 3.0% in CY 2026. Although evolving trade policies continue to create uncertainty, ongoing policy support and corporate resilience are expected to underpin ongoing momentum. The growth in Middle East and Central Asia is expected to slow down due to this situation. However, accelerated non-oil infrastructure investments and regional diversification initiatives are expected to buffer the impact. These efforts will support a strong economic recovery by CY 2027. As a result, economies worldwide are expected to follow a cautious growth trajectory. Sustained long-term growth and stability will depend on deeper trade integration, timely structural reforms and investment-led expansion across emerging markets.

Global GDP Growth Projection (%)



E – Estimate; P – Projection

Source: [IMF World Economic Outlook](https://www.imf.org/en/publications/weo/issues/2026/07/08/world-economic-outlook-update-july-2026)

Indian Economy

India's economy sustained strong growth momentum in FY 2025–26, expanding by 7.7%, supported by robust fixed investment and favourable rural conditions. This performance positioned the country among the fastest-growing major economies worldwide. Inflation moderated significantly, averaging 3.4%, and remained well within the RBI's target range of 2%–6%, supported by lower input costs and improved supply conditions.³

On the demand side, growth was further reinforced by consumer spending, with income tax relief and GST rationalisation measures contributing to higher disposable incomes. Strong agricultural output bolstered rural incomes and consumption, while improving urban demand indicates a broadening of the consumption base. Further, government-led initiatives, particularly the PLI schemes across 14 sectors, have played a catalytic role, attracting over ₹2.0 lakh crore of actual investment.⁴

¹<https://www.imf.org/en/publications/weo/issues/2026/07/08/world-economic-outlook-update-july-2026>

²<https://www.imf.org/en/publications/weo/issues/2026/07/08/world-economic-outlook-update-july-2026>

³<https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/BULLETINJUNE22062026C6FB415DA85745E485148DAD8FOA1912.PDF>

⁴<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2220800®=3&lang=1>

The Government of India has also undertaken several initiatives to promote water conservation and ensure the long-term sustainability of water resources. Key programmes such as Jal Jeevan Mission and Jal Shakti Abhiyan have been central to these efforts. The Jal Jeevan Mission has significantly improved access to clean tap water to rural households, while Jal Shakti Abhiyan focuses on rainwater harvesting, groundwater recharge and encouraging public participation to strengthen water conservation across the country.

Outlook⁵

Despite global unpredictability and geopolitical unrest, India's economy demonstrated resilience. Real GDP registered growth at 7.7%. Growth is backed by resilient domestic demand, steady service activity and expanding digital and IT investment. Consumer price inflation is estimated at 5.1%, supported by improved supply-side conditions and fiscal measures, including GST rate rationalisation.

Amid ongoing geopolitical disruptions, services exports have emerged as a key stabilising force for India's external sector, helping to mitigate vulnerabilities and maintain trade stability. Further, the RBI is expected to manage liquidity proactively, ensuring adequate funds in the banking system, smooth policy transmission and preparedness for unexpected changes. In parallel, India's expanding network of trade agreements continues to enhance market access for its services sector, facilitating greater mobility for professionals and creating new opportunities across a broad spectrum of services.

Sustaining this trajectory will require continued investment, greater private sector participation and alignment of infrastructure development with key priorities such as decarbonisation, digitalisation and resilience.

GDP Growth Trend in India (%)



FRE - First Revised Estimate; PE - Provisional Estimate; P - Projected

Source: [RBI Bulletin](#)

Industry overview (Industry Structure, Developments, Strengths, Weaknesses, Opportunities, Threats etc.)

Global Water Industry⁶

The global water market recorded strong growth, driven by rising population levels, rapid urbanisation and increasing demand for water. At the same time, challenges such as water scarcity and stringent environmental regulations governing wastewater treatment are compelling governments and businesses to invest in advanced water and wastewater management technologies.

The Asia-Pacific region is the fastest-growing market, supported by major infrastructure development in countries such as China and India. Across regions, the industry is increasingly oriented towards sustainability, with greater emphasis on water reuse, desalination and digital water management to ensure long-term water security.

Overall, the market continued to expand steadily, supported by rising demand for clean water across urban centres, industrial applications and agriculture. It is projected to reach around \$524 Billion by 2033, reflecting sustained growth in the coming years.

The Global Water Market

Water Market Value (\$ Billion)



Source: [Cognitive Market Research & Consulting](#)

Global Water Treatment Industry Overview⁷

Growth in the global water treatment market is primarily driven by rising concerns about water scarcity and pollution, alongside the rising demand for clean water across industries and municipalities. The adoption of advanced treatment technologies has accelerated, while countries continue to modernise ageing infrastructure and develop new facilities to support urban expansion and public health requirements.

Water-intensive sectors such as oil and gas, pharmaceuticals, food and beverage and power generation require significant volumes of purified water to meet operational needs and comply with strict environmental regulations. Consequently, solutions such as wastewater recycling, zero-liquid discharge (ZLD) and desalination are gaining wider acceptance, particularly in regions facing limited freshwater availability.

The Asia Pacific region accounted for the largest share of the water treatment market in 2025, driven by rapid population growth and industrialisation. Countries including India, China, Indonesia and Vietnam have a high demand for clean water. Accelerating urbanisation and industrial activities have contributed to rising water pollution levels, prompting governments and industries to invest in solutions such as sewage treatment plants (STPs) and wastewater recycling systems.

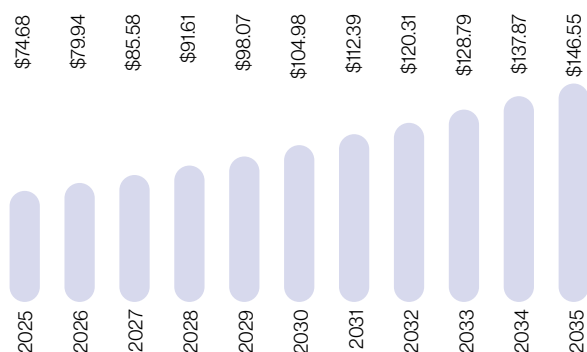
The global water treatment market size accounted for \$ 74.68 Billion in 2025 and is predicted to increase from \$ 79.94 Billion in 2026 to approximately \$ 146.55 Billion by 2035, expanding at a CAGR of 6.97% from 2026 to 2035. The industry remains highly competitive, with leading players focusing on innovation, technological advancement and the expansion of integrated service capabilities. As demand for efficient and sustainable treatment solutions increases, companies are prioritising enhanced treatment performance, operational efficiency and service diversification to strengthen their market position.

⁵ <https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/BULLETINJUNE22062026C6FB415DA85745E485148DAD8F0A1912.PDF>

⁶ <https://www.cognitivemarketresearch.com/water-market-report?utm>

⁷ <https://www.precedenceresearch.com/water-treatment-market?utm>

Water Treatment Market Size 2025 to 2035 (USD Billion)



Source: [Precedence Research](#)

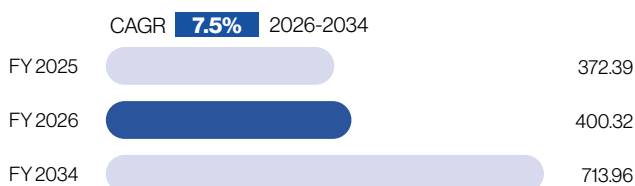
Global Wastewater Treatment Industry⁸

Water and wastewater treatment play a critical role in addressing the growing demand for clean water across municipal, agricultural and industrial applications. A significant proportion of the global population resides in regions experiencing acute water stress. Given that only 2.5% of the Earth's water resources are freshwater, many countries are increasingly adopting desalination technologies to convert seawater into usable freshwater⁹.

With ongoing industrial modernisation, the demand for smart and advanced water treatment technologies continues to rise. These technologies enable compliance with stringent regulatory standards, improve water quality and optimise operational efficiency. Concurrently, governments are enforcing tighter environmental regulations to control water pollution, compelling industries and municipalities to upgrade treatment infrastructure.

Water and Wastewater Treatment Market

Market Size (\$ Billion)



Source: Fortune Business Insights

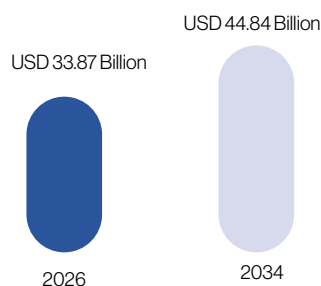
Global Industrial Wastewater Treatment Overview¹⁰

The industrial wastewater treatment market has witnessed significant growth in recent years, propelled by rising industrial pollution, strict regulations and increasing environmental concerns. Industries are progressively adopting advanced technologies to manage wastewater efficiently. There is also a shift towards modular and decentralised systems, which provide greater flexibility and cost efficiency. In addition, ZLD systems are becoming more prevalent in water-scarce regions, while digital technologies and IoT are enhancing operational capabilities in treatment plants.

The market is expected to reach \$44.84 Billion by 2030, growing at a CAGR of 7.3%. The Asia Pacific region leads the market and is expected to register faster growth, with countries like China and India introducing stringent wastewater discharge regulations.

Industrial Wastewater Treatment Market

Market forecast to grow at a CAGR of **7.3%**



Source: [Fortune Business Insights](#)

Global Desalination Market Overview¹¹

The global water desalination market was valued at \$ 10.65 Billion in 2025 and is expected to grow from \$ 11.78 Billion in 2026 to about \$ 26.49 Billion by 2034. Rising populations and increasing demand are key drivers of the expanding use of desalination plants.

The global water desalination market is segmented by technology into reverse osmosis (RO), multi-stage flash (MSF), multi-effect distillation (MED) and others. Regionally, the Middle East and Africa lead the desalination market due to high water demand and limited freshwater resources, while the Asia Pacific region is witnessing rapid growth.

Governments and industries are prioritising desalination to secure reliable water supplies, especially in dry and water-scarce regions. Advanced technologies, such as smart monitoring and predictive maintenance, are enhancing operational efficiency and reliability. As global water demand continues to grow, desalination is expected to remain a critical solution, with the market continuing to grow in response to the need for reliable and high-performance water treatment solutions.

⁸<https://www.fortunebusinessinsights.com/water-and-wastewater-treatment-market-102632>

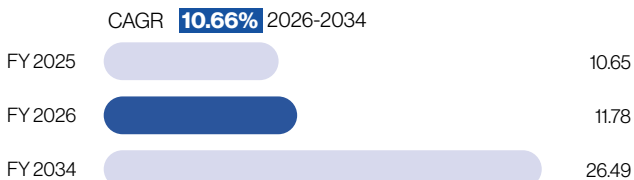
⁹<https://www.noaa.gov/education/resource-collections/freshwater/water-cycle>

¹⁰<https://www.researchandmarkets.com/reports/5865951/industrial-wastewater-treatment-market-report?srsltid=AfmBOorQ0ZehpYYWu2cTmS1MKPTqIwF8qUwzYPwa0diwEFzLnaMRG>

¹¹<https://www.fortunebusinessinsights.com/water-desalination-market-104927?utm>

The global water desalination market

Value (\$ Billion)



Source: [Fortune Business Insights](#)

Demand Drivers

Rising Demand for Clean Water

Rapid urbanisation and industrial growth are intensifying pressure on existing water sources, leading to a growing demand for clean drinking water. Many regions are already facing water shortages, a challenge that is expected to worsen in the coming years. Consequently, alternatives solutions such as desalination are becoming increasingly vital, driving higher investment in desalination projects and supporting market growth as governments prioritise safe and reliable water supplies.

Government Initiatives and Funding

Governments worldwide recognise the importance of alternative water sources and are supporting desalination projects through policies, subsidies and financial incentives. Several countries have integrated desalination in their national water plans. This backing facilitates the construction of new plants and the enhancement of existing facilities, leading to strong growth in the desalination market.

Environmental Concerns and Sustainability

Environmental sustainability is playing an increasingly prominent role in the desalination market. The integration of renewable energy sources, such as solar and wind power, makes desalination a cleaner and more environmentally friendly solution to address water shortages. This shift has attracted increased investment from both governments and private companies.

Increasing Water Scarcity

Rising populations and industrial water demand are reducing the availability of freshwater, intensifying water scarcity. This is leading to higher investment, especially in drought-prone areas, and expanding the market.

Technological Advancements

Innovations in desalination technology are enhancing efficiency and reducing costs. Methods such as reverse osmosis and energy-saving systems lower energy consumption and operational expenses. As these technologies advance, they attract further investment and facilitate broader adoption of desalination across different regions.

¹²<https://businessbase.com/water-industry-in-india/>

¹³<https://ejalshakti.gov.in/jimreport/UJMIndia.aspx>

India's Water Sector Overview

Rapid urbanisation, climate pressure, industrial growth and rising water demand have made the water sector a central focus of government planning and investment. The sector encompasses drinking water, sanitation, wastewater treatment, desalination and industrial water management. By 2026, India's water industry is expected to be worth around ₹6.0–6.5 trillion, covering water supply systems, sewage and wastewater treatment, irrigation, and industrial water solutions¹².

Technological innovation is reshaping India's water systems, with IoT, AI and smart systems enabling leak detection, demand forecasting and improved operational efficiency. AI and data analytics are increasingly applied to predictive maintenance, asset management and optimisation of water resources. Rising freshwater stress has made desalination an essential component, while wastewater recycling and reuse are promoting more efficient and circular water usage in urban and industrial settings. Collectively, these technologies are enhancing efficiency, transparency, and sustainability across the sector.

Groundwater remains critical, accounting for nearly 99% of Earth's liquid freshwater. In India, it serves as the primary source for agriculture and drinking water. However, rapid population growth, increased agricultural activity, industrial expansion and urbanisation are placing considerable pressure on groundwater resources, underscoring the importance of sustainable water management.

While State Governments oversee water administration, the Central Government, through the Ministry of Jal Shakti, provides technical guidance, funding and schemes aimed at conservation, regulation and sustainable management.

Groundwater Usage

62%

of water used for
farming (irrigation)

85%

of drinking
water in rural areas

50%

of the water
supply in cities

Source: [Strengthening Groundwater Management for India's Water Future](#)

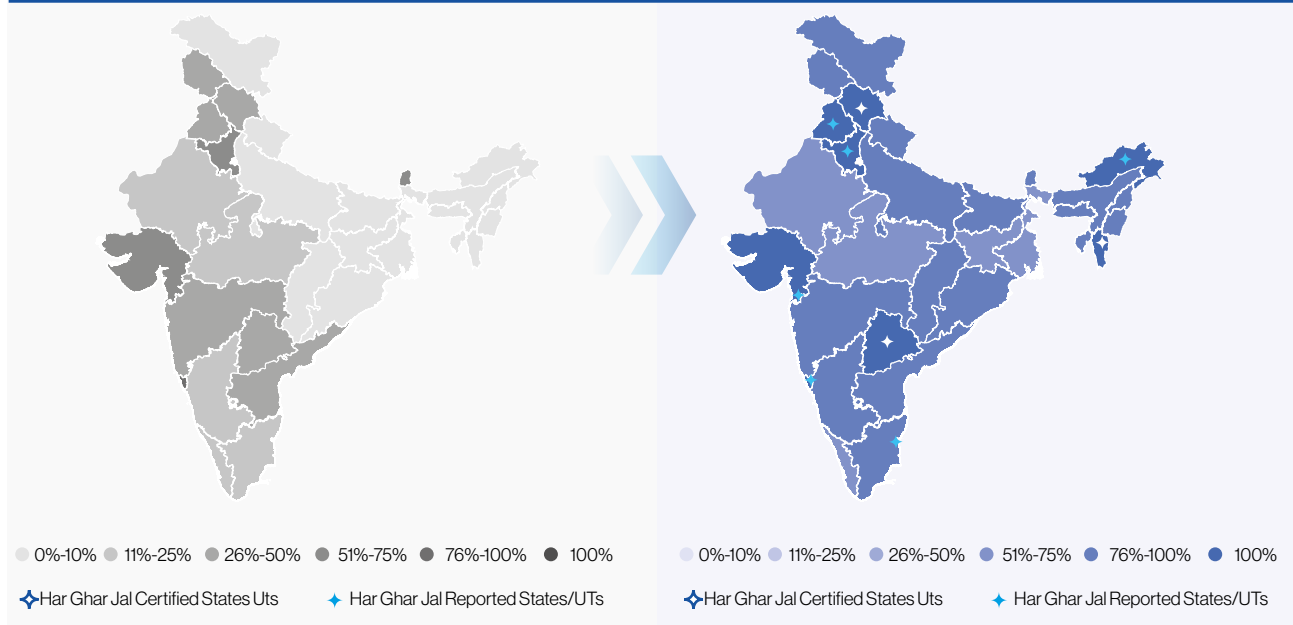
Key initiatives

Jal Jeevan Mission (Har Ghar Jal)

India has attained a significant milestone under the Jal Jeevan Mission, with over 15.89 crore (82.09%) of rural households now having access to clean tap water¹³. This progress underscores the nation's continued commitment to universal rural drinking water coverage.

Launched in 2019, the Mission has focused on building water infrastructure, improving water management and promoting community participation, leading to better health, sanitation and living conditions in rural areas. Moreover, the Union Budget 2026–27 has allocated ₹67,670 crore for the Mission, which has been extended till 2028.

Status of tap water supply in rural homes under JJM



Source: [Jal Jeevan Mission - Har Ghar Jal](#)

Since Launch

3.23 crore rural households with FHTCS

Current Status

15.89 Crore rural households with FHTCS

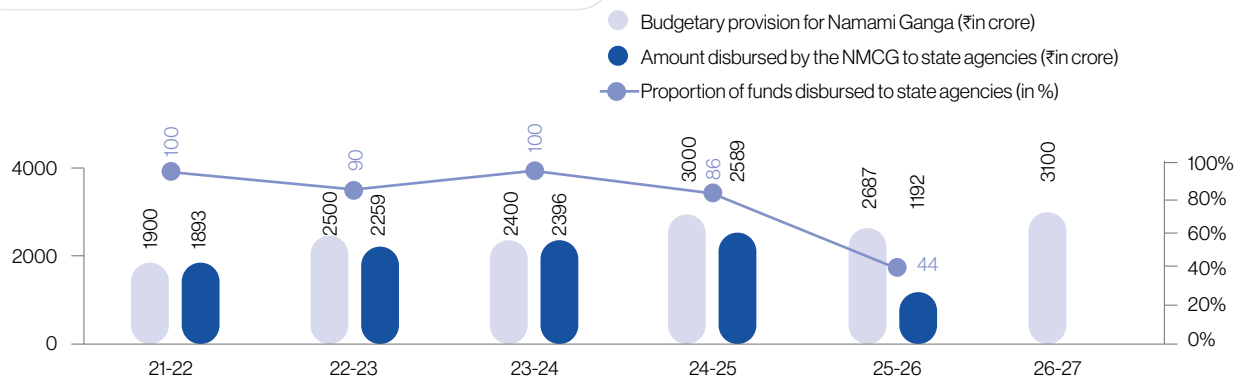
Note: FHTCS – Functional Household Tap connection

The Namami Gange Programme

The Namami Gange Programme is an Integrated Conservation Mission, approved as a 'Flagship Programme' by the Union Government in June 2014. Its dual objectives are the effective abatement of pollution and the conservation and rejuvenation of the National River Ganga.

Under this Programme, a total of 173 Sewage Treatment Plants (STPs) have been commissioned and are currently operational as on January 2026, a total of 8 sewerage infrastructure projects have been taken up with a treatment capacity of 280 million Litres per Day (MLD) for the rejuvenation of Kali West and Hindon rivers. In Union Budget 2026-27, ₹3,100 crore was allocated to the scheme, maintaining a continued focus on cleaning, protecting and restoring the Ganga River system¹⁴.

Trends in GoI allocations for Namami Gange



Source: [Namami Gange Programme](#)

¹⁴https://www.resgov.org/contents/reports/130_Namami%20Gange%20Programme.pdf

AMRUT 2.0

The Atal Mission for Rejuvenation and Urban Transformation 2.0 (AMRUT 2.0), launched on 1 October 2021, extends to all Urban Local Bodies (ULBs) and aims to make cities self-reliant and water secure. A key focus is providing universal coverage of sewerage and septage management across 500 AMRUT cities. The mission also prioritises the rejuvenation of water bodies, the development of green spaces and parks, and overall urban sustainability.

Under AMRUT 2.0 guidelines, cities with a population exceeding 10 lakhs are required to implement at least 10% of projects through the Public-Private Partnership (PPP) model. To date, 18 PPP projects worth ₹6,451.18 crore have been approved in these cities¹⁵.

Progress under AMRUT

Sewerage and Septage | No. of Projects 583 | Cost ₹ 66,117.69

6,649 MLD

Sewage Treatment Capacity

34,548 km

Sewer Lines

65 Lakh

Household Sewer Connection

Source: [Funding pattern for Amrut](#)

National River Conservation Plan (NRCP)

The cleaning and rejuvenation of rivers is supported by the central government under the National River Conservation Plan (NRCP) (excluding Ganga and its tributaries). The plan focuses on reducing pollution by building sewage systems, setting up treatment plants and managing waste before it enters rivers. During the year, a project to rehabilitate the sewerage system in Singtam Town, Sikkim was approved at a cost of ₹39.03 crore, including the creation of a 3 MLD sewage treatment capacity and associated sewerage infrastructure to reduce pollution in the Teesta River¹⁶.

National Infrastructure Pipeline

Launched in August 2020, the National Infrastructure Pipeline (NIP) aims to develop world-class infrastructure across India and improve the quality of life. It identifies investment opportunities, enhances project planning and attracts investments for both greenfield and brownfield projects. Currently, India consumes about 750 Billion cubic meters of freshwater annually, projected to rise to 1.5 trillion cubic meters by 2030, highlighting the urgent need for water-related infrastructure to meet growing demand¹⁷.

SEA Region:

Rapid urbanization, industrial growth and rising focus on water security continue to position the South East Asia as one of the fastest-growing markets for advanced water and wastewater solutions. Backed by the government investment plans, the region is expected to witness US\$180–230 Billion in water and wastewater infrastructure investments over the next five years in urban water supply, wastewater treatment, water reuse, desalination and climate-resilient infrastructure. National development programmes across Indonesia, Vietnam, Philippines, Malaysia, Thailand and Singapore supported by the Asian Development Bank, the World Bank and other multilateral institutions are accelerating public investment and public-private partnerships.

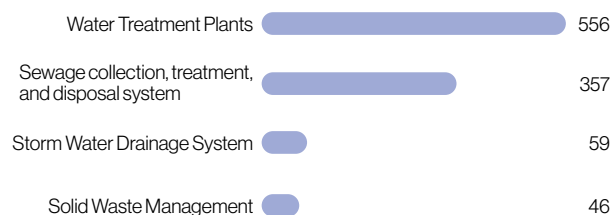
Middle-East Region:

The Middle East presents a US\$180–250 Billion water infrastructure opportunity over the next five years, driven by government investments in water security, desalination, wastewater treatment, water reuse and sanitation. Strategic initiatives such as Saudi Vision 2030, the National Water Strategy 2030, the UAE Water Security Strategy 2036, Oman Vision 2040, and Jordan's National Water Carrier are accelerating investments through Independent Water Projects, public-private partnership initiatives and sovereign funding. Coupled with increasing urbanization, industrial growth, climate adaptation and rising demand for water reuse, these programmes position the Middle East as one of the world's most attractive markets for advanced water and wastewater solutions.

Africa Region:

Africa represents a significant long-term growth opportunity for the water and wastewater sector, driven by rapid urbanization, industrialization, climate resilience initiatives, and increasing investments in sustainable water infrastructure. Backed by the G20 Compact with Africa, the AfDB, the African Water Facility and the World Bank, the continent is expected to offer a water infrastructure opportunity exceeding US\$250–320 Billion over the next five years. With annual investment requirements of US\$50–64 Billion against current investments of only US\$10–19 Billion, the substantial financing gap is expected to accelerate public spending, multilateral funding, public-private partnerships, and private sector participation, creating a strong pipeline of opportunities across municipal water, wastewater treatment, water reuse, desalination, industrial water, and long-term operations and maintenance.

Sub-sector wise opportunities



Source: [Invest in Waste & Water Sector in India | IIG](#)

¹⁵<https://www.indiabudget.gov.in/doc/impbud2025-26.pdf>

¹⁶<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2209732®=3&lang=1>

¹⁷<https://indiainvestmentgrid.gov.in/national-infrastructure-pipeline>

Company Overview

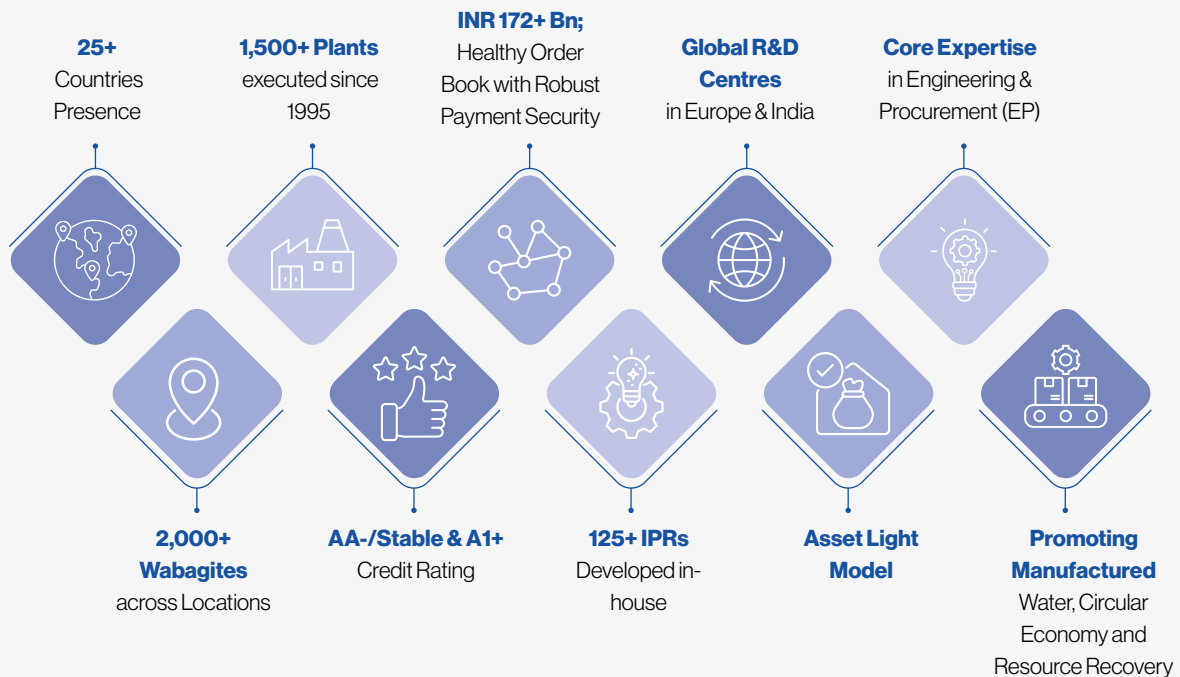
VA TECH WABAG LIMITED (WABAG), founded in 1924, is a global leader in water technology, delivering innovative and sustainable solutions for municipal and industrial applications. As a global water technology leader, the Company provides end-to-end water solutions tailored to diverse customer requirements across international markets. It is recognised among the world's top three private water operators and desalination plant suppliers, with projects benefiting millions globally.

Headquartered in Chennai, the Company operates across the entire water value chain from design, engineering, supply and construction to installation, commissioning and long-term operations under multiple business models. Driven by a strong culture of innovation, WABAG operates advanced research and development (R&D) centres in Europe and India and holds more than 125 Intellectual Property Rights (IPRs).

Aligned with the United Nations Sustainable Development Goals (SDGs) and robust ESG principles, the Company focuses on sustainable water management through conservation, resource optimisation, recycling and reuse. It continues to address global water challenges by delivering solutions that enable a more resilient, efficient and sustainable future.

Among the World's Top

3 Largest Private Water Operator, Touched 96+ Mn lives globally Desalination Plant Suppliers



SWOT Analysis



Strengths

Strong Technological Expertise

The Company possesses deep technological expertise in desalination, wastewater reuse and industrial water treatment, supported by strong global R&D infrastructure and a portfolio of over 125+ in-house IPRs.

Global Presence

WABAG has a well-diversified international footprint, operating in over 25 countries, with approximately 40–50% of its revenue derived from international projects. These help the Company reinforce its growing position in the global water industry.

Robust Order Book

The Company maintains a strong order book of INR 1,72,000 Million~, comprising a well-balanced mix of EPC and O&M projects, providing healthy revenue visibility and strengthening long-term client relationships.

Healthy Credit Profile

The Company's AA-/Stable credit rating reflects strong operating performance, supported by healthy profitability and a robust order pipeline, providing revenue visibility and enabling sound credit metrics.

Asset-light Business Model

WABAG follows an asset-light model, focusing on engineering and procurement while outsourcing construction activities, thereby optimising capital efficiency.



Weaknesses

Elongated Contract Award Cycles

The Company operates in the water infrastructure sector where project gestation is long leading to elongated contract award cycles. The Company's diversified presence across 25+ countries and multiple segments enables to counter the same.

Exposure to the Cyclical Sector and Forex risk:

Operating within a cyclical and competitive infrastructure sector, the Company's profitability remains sensitive to fluctuations in raw material prices and foreign exchange movements. The Company's geographical and customer diversification enables managing business cycles effectively. The Company relies on natural hedge due to its international presence, Forex hedging and effective Contract Management for efficient Forex Risk Management.



Opportunities

Growing Global Water Market

Rising water scarcity and increasing industrial and municipal demand are driving growth in desalination and water treatment, creating significant opportunities for the Company.

Favourable Government initiatives

Government initiatives such as Jal Jeevan Mission, along with funding support from multilateral agencies such as the World Bank and the Asian Development Bank (ADB), are accelerating sectoral growth and expanding project opportunities.

Shift Towards Engineering and Procurement (EP) Projects

A strategic shift towards higher-margin EP projects is expected to enhance profitability, improve cash flows and reduce working capital intensity.

Asset-Light Partnership Model

Expansion through strategic partnerships under an asset-light framework enables balance sheet optimisation while retaining long-term O&M and technology-driven revenue streams.



Threats

Intense Industry Competition

Strong competition from global and domestic players may exert pressure on WABAG's margins and market share. With 125+ proprietary IPRs, a Top 3 global position in desalination and private water operations, and a century-long track record, the Company differentiates itself through technology and innovation—not price.

Raw Material Price Volatility

Fluctuations in key input costs, including steel, speciality chemicals and membranes, along with supply chain disruptions, may impact margins, particularly in fixed-price EPC contracts. The Company mitigates this risk through strategic sourcing, long-term supplier partnerships, diversified procurement, prudent inventory management, contract provisions for price escalation, value engineering, and supply chain optimization to safeguard project margins and ensure timely execution.

Stricter Environmental Compliance

Increasingly stringent discharge norms, zero-liquid-discharge requirements and micro-pollutant standards may elevate compliance costs and technical complexity. Non-compliance could

High Dependence on the Municipal Segment:

Significant reliance on the municipal segment exposes the Company to public-sector risks, including procurement delays, extended payment timelines and policy or budgetary shifts. However, the Company participates in contracts backed by multi-lateral funding, federal government schemes and sovereign guaranteed projects to manage the risks associated with Municipal segment.

result in financial penalties and reputational risks. The Company continues to invest in advanced treatment technologies, strengthen regulatory compliance, and enhance R&D capabilities to address evolving discharge standards and minimize compliance risks.

Financial Performance Analysis for the Company for FY 2025-26

Total Order Book: INR 1,72,000 Million~

Financial Highlights: FY 2025-26 - Standalone

Particulars	(₹ in Million)		
	FY 2025-26	FY 2024-25	YoY Growth (in %)
Total Income (including Revenue from Operations and Other Income)	34,014	29,107	16.86
Profit After Tax (PAT)	3,344	2,713	23.30

Financial Highlights: FY 2025-26 - Consolidated

Particulars	(₹ in Million)		
	FY 2025-26	FY 2024-25	YoY Growth (in %)
Total Income (including Revenue from Operations and Other Income)	40,385	33,386	20.96
Profit After Tax (PAT)	3,698	2,948	25.44
Net Cash position (excluding HAM)	9,500	7,056	34.64

Key Financial Ratios as per SEBI Regulations:

Particulars	FY 2025-26	FY 2024-25	YoY Change (%)	Reasons for changes greater than 25%
Debtors' turnover ratio	1.23	1.20	2.5	-
Inventory Turnover Ratio	18.47	18.61	(0.7)	-
Debt Service Coverage Ratio (DSCR)	11.18	7.18	55.8	The increase in DSCR is mainly attributable to higher earnings during the year coupled with a reduction in debt servicing obligations compared to the previous year
Current Ratio	1.65	1.65	0	-
Debt Equity Ratio	0.04	0.13	(69.2)	Due to considerable reduction in debt in current year as compared to previous year.
Operating Profit Margin (%)	14.3	14.0	2.14	-
Net Profit Margin (%)	10.30	9.49	8.5	-
Return on Equity (RoE)	17.18	16.54	3.9	-

Risk and Concerns

WABAG operates in a dynamic business environment influenced by both internal and external factors. To manage this complexity, the Company has established a comprehensive risk management framework aligned with its business processes, scale of operations and regulatory requirements. This framework facilitates systematic identification, assessment and mitigation of potential risks, with periodic reviews by senior management to ensure continued effectiveness.

The Company is exposed to strategic, operational and financial risks. Key financial risks include interest rate volatility and foreign exchange fluctuations, particularly given that the Company operates in Indian Rupees. The Corporate Assurance Team collaborates closely with various business units to evaluate risk profiles and implement robust monitoring mechanisms across the organisation.

Human Resources

The Company regards its employees as a cornerstone of sustainable growth and is committed to nurturing an inclusive and performance-driven culture that supports continuous learning, talent development and employee engagement.

WABAG offers competitive compensation, ensures a safe and healthy workplace and recognises performance through structured reward and recognition programmes. It also encourages employees to participate in initiatives beyond their core responsibilities, promoting innovation and organisational growth. As of March 31, 2026, the Company's employee strength stood at 1234.

Extra Milers (EM)/ Emerging Talents (ET) Programme: As part of our commitment to nurturing future leaders, the Company has launched a dedicated programme aimed at identifying and developing high potential talent among trainees from our Graduate and Executive Training Programmes.

Young Entrepreneur Programme (YEP): The YEP is a strategic talent development initiative designed to identify high-potential young engineers and executives within the Company and groom them for mid-level leadership roles by enrolling them into Executive MBA course with premium institutes like the IIMs.

Leadership Excellence Programme (LEX): The LEX is an another flagship initiative aimed at identifying and developing high potential talent among Managers and Deputy General Managers to prepare them for senior leadership roles within the Company.

High-Potential Leadership Development Programme (Hi-Pot under 40): As part of our Global Talent Architecture framework, the Hi-Pot-Under 40 Programme is a strategic initiative aimed at strengthening the organization's leadership pipeline by identifying and nurturing Hi-Pot leaders capable.

ACCENT Leadership Program: A focused initiative aimed at developing high-potential talent and enabling them to take on larger business responsibilities. ACCENT represents our core cultural pillars: Accountability, Collaboration, Customer Focus, and Entrepreneurship. This program is designed to translate these values into everyday leadership behaviours that drive performance and growth.

Research and Development

WABAG continues to enhance its position as a technology-driven water solutions provider through sustained investment in research and innovation. With a portfolio of over 125 IPRs, the Company remains at the forefront of developing advanced and sustainable water treatment technologies, reinforcing its competitive advantage in global markets.

Internal Control System and Their Adequacy

The Company has established a robust and effective internal control system designed to ensure the efficient use and protection of resources, adherence to policies and procedures, reliable financial reporting and compliance with statutory requirements.

Key Features

1. Integration with IFS: All major business processes are seamlessly integrated through the IFS platform, enabling real-time monitoring and improved process efficiency.
2. Corporate Governance Alignment: Internal controls form a critical pillar of the Company's corporate governance framework, supporting ethical conduct, transparency and accountability.

Control Framework and Evaluation

1. Policy-Driven Approach: A comprehensive set of policies and procedures (outlined elsewhere in this report) governs operations, risk mitigation and fraud prevention.
2. Regular Audits: Internal controls are periodically tested by both the statutory auditors and the Corporate Assurance Team (internal auditors).
3. Independent Internal Audit: An independent firm conducts internal audits based on assignments defined by the Audit Committee of the Board.
4. Internal Audit Coverage: All business units, functions and locations are covered under a well-established internal audit framework. Audits focus on evaluating the adequacy, integrity and reliability of internal controls. The outcomes of these audits are shared by the Head of Corporate Assurance with different departments to help prevent similar errors in the future.
5. Continuous Monitoring and Reporting:
 - Control Indices: Control effectiveness is measured and mapped using defined indices.
 - Improvement Focus: Observations and opportunities for process improvement are regularly shared with management.
 - Governance Oversight: Significant findings and action plans are reviewed and monitored by the Audit Committee to ensure timely implementation of audit recommendations.
 - Action Taken Reports (ATR): Observations made by the Board and its Committees are acted upon monthly through Action Taken Reports.

Cautionary Statement

The statements made in this section describe the Company's objectives, projections, expectations and estimations, which may be considered forward-looking statements under applicable securities laws and regulations. These forward-looking statements are based on certain assumptions and expectations regarding future events. The Company cannot guarantee that these assumptions and expectations are accurate or that they will be realised. Actual results may differ materially from those expressed or implied in these statements due to the influence of external factors beyond the Company's control. The Company assumes no obligation to publicly amend, modify, or revise any forward-looking statements based on subsequent developments.