



Action:
BUY

CMP: ₹1,461

TGT1/TGT2:
₹1,557-1,640.

Stop Loss:
₹1,393

**Time frame: 5-6
WEEKS**

- Profile:** Va Tech Wabag Ltd is engaged in the business of water treatment field. Its principal activities include design, supply, installation, construction and operational management of drinking water, waste water treatment, industrial water treatment and desalination plants.
- Guidance:** Future revenue is expected to be driven by technology-led water solutions and expansion into new energy projects, such as Ultra-Pure Water, Bio-CNG, and water treatment technologies. The management has medium term guidance with 3-5 year outlook. Revenue growth 15-20% CAGR, EBITDA Margin 13-15%, Order book exceeds ₹17,200Cr aims to maintain 3x of its annual revenue. O&M Contribution 20% of total revenue. ROCE >20%, ROE > 15%. Focus on Asset Light Model.
- Fundamentals:** Company 5-year revenue increase from ₹2,834Cr (FY21) to ₹3,944Cr (FY26) at 6.83% CAGR. Company YOY revenue increase from ₹3,294Cr (FY25) to 3,944Cr Cr (FY26) at 19.73%. The Company operating margin has been reduce at 12% (FY26) from 13% (FY25). Company Net Profit has increase from ₹295Cr (FY25) to ₹370Cr (FY26)at 25.42% CAGR. Company current ROCE is 21.3%, and ROE is 15.9%. The company currently has met all the future guidance benchmark, with exception of OPM% which has reduce at 12%.

Key Data	
Nifty CMP	23,952
Sector	Water Treatment
52 Week H/L(Rs)	1,680/1,033
Market Cap (Rs Cr)	9,008
Face Value (Rs)	2.00
Daily Oscillator Direction	
20 DEMA	+ve
50 DEMA	+ve
100 DEMA	+ve
200 DEMA	+ve



TECHNICAL RATIONALE

- The chart is showing a bullish trendline breakout from a long-term Downward channel.
- Price has again moved above all major moving averages, indicating improving momentum and strengthening trend structure.
- The stock is currently sustaining above the key ₹1,557 breakout zone, and if this level holds on a closing basis, the next major resistance is likely around ₹1,640, which also coincides with previous swing highs and psychological resistance.
- RSI is near the bullish zone around 60, reflecting strong momentum, although slightly overheated in the short term. Volume expansion during the breakout phase adds credibility to the move. On sustaining above ₹1,557 can keep the momentum intact towards ₹1,640 and potentially higher levels, while immediate support now shifts to ₹1,422.
- We recommend to buy at current market price ₹1,461 with short-term targets of ₹ 1,557-1,640, and keep a stop-loss at ₹1,393.

TECHNICAL GLOSSARY:

- **Symmetrical Triangle Breakout:** A chart pattern where the price consolidates within converging trendlines, forming lower highs and higher lows. A breakout above the upper trendline signals bullish momentum, while a breakdown below the lower trendline indicates bearish movement. Volume expansion during the breakout strengthens confirmation.
- **Channel/trendline Breakout:** A technical event where the price moves above the resistance or below the support line of a price channel/trendline, signaling a potential trend continuation or reversal.
- **Retest:** The price action where the stock revisits a previously broken resistance (now acting as support) to confirm the breakout's validity.
- **MACD (Moving Average Convergence Divergence):** A trend-following momentum indicator that shows the relationship between two moving averages of the stock price. Used to identify bullish or bearish signals.
- **Positive Crossover (MACD):** Occurs when the MACD line crosses above the signal line, often interpreted as a buy signal or bullish momentum.
- **RSI (Relative Strength Index):** A momentum oscillator that measures the magnitude of recent price changes to evaluate whether a stock is overbought (above 70) or oversold (below 30).
- **DEMA (Daily Exponential Moving Average):** A type of moving average that places a higher weight on recent prices, making it more responsive to recent price changes compared to a simple moving average (SMA). It is widely used in technical analysis to identify trends, support/resistance levels, and momentum.
- **A higher high occurs** when the price reaches a new peak above the previous high, indicating strong buying pressure and an ongoing uptrend in the market.
- **A higher low forms** when the price pulls back but remains above the previous low, signaling sustained buying interest and confirming the continuation of an uptrend.
- **The signal line in technical analysis** is a smoothed moving average of an indicator, such as the MACD, used to generate buy or sell signals by identifying crossovers, confirming trends, and enhancing decision-making for traders and investors.



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Research Desk

Canara Bank Securities Ltd

SEBI: RESEARCH ANALYST REGISTRATION: INH000001253

SEBI REGISTRATION NUMBER: INZ000279135

Maker Chambers III, 7th floor,

Nariman Point, Mumbai 400021

Contact No. : 022 - 43603861/62/63

Email id: researchdesk@canmoney.in

Website: www.canmoney.in



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