18th July, 2018

National Stock Exchange of India Limited,
Listing Department
Plot No C/1, G Block,
Bankdra-Kurla Complex,
Bandra (E),
Mumbai – 400051

BSE Limited,
Listing Department
Floor 25, P J Towers,
Dalal Street,
Mumbai - 400001

Sub: Notice of the 23rd Annual General Meeting & Annual Report 2017-18

Ref: NSE Symbol: **WABAG** / BSE Scrip Code: **533269**

Dear Sir/Madam,

With reference to the captioned subject, we hereby inform that the Company has completed the electronic & physical dispatch of Notice of the 23rd Annual General Meeting & Annual Report 2017-18 of the Company on July 13, 2018 & July 16, 2018 respectively to all the Members whose names appear in the Register of Members / List of Beneficial Owners as on July 6, 2018 (cut-off date).

Please find enclosed the Notice of the 23rd Annual General Meeting to be held on August 10, 2018 & Annual Report 2017-18 of VA TECH WABAG LIMITED.

Kindly take on record the same.

Thanking You,

Yours faithfully,
For VA TECH WABAG LIMITED

VA TECH WABAG LIMITED CHENNAI 600 117

R Swaminathan
Company Secretary & Compliance Officer
Membership No.A17696

WABAG

VA TECH WABAG LIMITED
CIN : L45205TN1995PLC030231
"WABAG HOUSE"
No.17, 200 Feet Thoraipakkam - Pallavaram Main Road,
Sunnambu Kolathur, Chennai - 600 117, India.

Board : +91-44-3923 2323
: +91-44-4223 2323
Fax : +91-44-3923 2324
Email : wabag@wabag.in
Web : www.wabag.com

VA TECH WABAG LIMITED
CIN - L45205TN1995PLC030231
Registered Office: "WABAG HOUSE", No.17, 200 Feet Thoraipakkam-Pallavaram Main Road,
Sunnambu Kolathur, Chennai - 600 117, Tamil Nadu, India
Email: companysecretary@wabag.in | Website: www.wabag.com

Notice

Notice is hereby given that the twenty third (23rd) Annual General Meeting (AGM) of the Members of VA TECH WABAG LIMITED will be held on Friday, August 10, 2018 at 10.00 a.m. (IST) at Rani Seethai Hall, No. 603, Anna Salai, Chennai - 600 006, Tamil Nadu, India to transact the following businesses:

Ordinary business

1. To consider and adopt:

   a) The audited financial statements of the Company for the financial year ended March 31, 2018, the reports of the Board of Directors and Auditors thereon; and

   b) The audited consolidated financial statements of the Company for the financial year ended March 31, 2018.

2. To declare a dividend on equity shares.

3. To appoint a Director in place of S Varadarajan (DIN: 02353065), who retires by rotation and being eligible, has offered himself for re- appointment.

4. To appoint M/s. Sharp & Tannan (Firm Regn No: 003792S) as statutory auditors of the company and to fix their remuneration and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Audit & Auditors) Rules 2014 (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to the recommendation of Audit Committee & Board of Directors of the Company, M/s. Sharp & Tannan, Chartered Accountants, Chennai (Firm Regn No: 003792S) be and are hereby appointed as Statutory Auditors of the Company in place of the retiring auditors M/s. Walker Chandiok & Co. LLP, Chartered Accountants, Chennai (LLP Registration No. AAC- 2085) for a term of 5 (five) consecutive years, to hold office from the conclusion of this 23rd Annual General Meeting until the conclusion of 28th Annual General Meeting of the Company to be held in the calendar year 2023, at such remuneration as may be decided by the Board of Directors of the Company from time to time."

Special business

5. **Appointment of S Varadarajan (DIN: 02353065) as a Whole Time Director.**

   To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Sections 152, 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force) , the relevant provisions of the Articles of Association of the Company and all applicable guidelines issued by the Central Government from time to time and subject to such other approvals, consents, permissions, as may be necessary, the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee constituted / to be constituted by the Board), the consent of the Members of the Company be and is hereby accorded for the appointment of S Varadarajan (DIN: 02353065) as a Whole Time Director of the Company for a period of 5 (five) years with effect from June 1, 2018 on such terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting."

   "**RESOLVED FURTHER THAT** the Board, be and is hereby authorized to alter/modify the said terms & conditions of the appointment and remuneration of S Varadarajan,

Whole Time Director as the Board may be considered appropriate, from time to time, subject to the overall ceiling limits specified by this resolution and/or provisions of Schedule V to the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) as applicable."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable including powers/authority to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid and to take all steps and/or other formalities as may be required to give effect to above resolution."

6. **Re-appointment of Malay Mukherjee (DIN: 02861065) as an Independent Director.**

To consider and if thought fit, to pass, the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) Malay Mukherjee (DIN: 02861065), an Independent Director of the Company whose period of office will be expiring at the conclusion of 23rd Annual General Meeting, who has submitted a declaration that he meets the criteria of independence u/s 149(6) of the Act and who is eligible for re-appointment for a second term under the provisions of the Act, Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (including any statutory modification or re-enactment thereof for the time being in force), and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Act , be and is hereby re-appointed as an Independent Director of the Company to hold office for 4 (four) consecutive years from the conclusion of 23rd Annual General Meeting (AGM) upto the conclusion of the 27th AGM of the Company to be held in the calendar year 2022 and whose office shall not be liable to retire by rotation.''

"**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee constituted / to be constituted by the Board) be and is hereby authorized to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable including powers/authority to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid and to take all steps and/or other formalities as may be required to give effect to above resolution."

7. **Ratification of the Remuneration of Cost Auditor for the financial year 2017-18.**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Cost Auditor, K Suryanarayanan, Practicing Cost Accountant, Chennai (Membership No. 24946) appointed by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee constituted / to be constituted by the Board), to conduct the audit of the cost records of the Company for the financial year 2017-18 be paid a remuneration of ₹ 5,00,000 (Rupees Five Lakhs) exclusive of service tax and out of pocket expenses, if any, in connection with the Cost Audit for the financial year 2017-18."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to the above resolution."

8. **Approval of charges for service of documents on the Members through particular mode.**

To consider and if thought fit, to pass, the following Resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 20 of the Companies Act, 2013 (the Act) and other applicable provisions, if any, of the said Act and relevant Rules prescribed thereunder (including any statutory modification or re-enactment thereof for the time being in force), whereby a document may be served on any Member(s) by the Company by sending it to him/her by post or by registered post or by speed post or by courier or by electronic or other mode as may be prescribed, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee constituted / to be constituted by the Board) to charge from the Member(s) the fee, if required, in advance equivalent to the estimated actual expenses of delivery of the documents, pursuant to any request made by the Member(s) for delivery of

such document to him/her, through a particular mode of services mentioned above provided such request along with requisite fee has been duly received by the Company at least one week in advance of the dispatch of document by the company and that no such request shall be entertained, post the dispatch of such documents to the Member(s)."

"**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid and further to do all acts, deeds, matters and things as may be necessary proper or desirable or expedient to give effect to the above resolution."

9. **Issuance of Non-Convertible Debentures and/or other Debt Securities through Private placement mode.**

To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and all other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) ("the Act"), the Securities and Exchange Board of India (SEBI) (Issue and Listing of Debt Securities) Regulations, 2008 and other applicable SEBI Regulations and guidelines, Foreign Exchange Management Act & Reserve Bank of India (RBI) Guidelines, the Memorandum of Association and the Articles of Association of the Company any other applicable laws, Rules and Regulations (including any statutory modifications or re-enactments thereof for the time being in force) and subject to such approvals, consents, permissions and sanctions of the SEBI, Government of India (GOI), RBI and all other appropriate and/or concerned authorities and subject to such conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board' which term shall be deemed to include any Committee constituted/ to be constituted by the Board for exercising the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to offer, issue and allot Unsecured / Secured Redeemable Non-Convertible Debentures / Bonds ("NCDs") in one or more tranches, to Investors whether Indian or Foreign (including residents, non-residents, institutions, banks, bodies corporate(s), Companies, mutual funds, venture capital funds, financial institutions, individuals, trustees, stabilizing agents or otherwise and/or any other institution/entities, whether or not such investors are Members of the Company) through Private Placement for an amount not exceeding ₹ 300 Crore (Rupees Three Hundred Crore only) or equivalent thereof, in one or more foreign currency and/ or Indian rupee, subject to the total overall borrowing limits of the Company not exceeding the borrowing powers approved by the Members under Section 180(1)(c) of the Act, during the period of one year from the date of passing of Special Resolution by the Members on such terms and conditions as the Board may, from time to time, deem fit, necessary and proper."

"**RESOLVED FURTHER THAT** for the purpose of giving effect to any offer, invitation, issue or allotment through private placement of NCDs, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the terms thereof, finalizing the form / placement documents/ offer letter, timing of the issue(s), including the class of investors to whom the NCDs are to be allotted, number of NCDs to be allotted in each tranche, issue price, security, creation/ modification of charges if any, listing of securities, redemption, rate of interest, redemption period, allotment of NCDs, appointment of lead managers, consultants, advisors, merchant bankers, Debenture trustees and other agencies, entering into any arrangements, in connection with the issue of securities, placement documents and to sign all deeds, agreements, memoranda, documents, undertakings, promissory notes and such other writings and to pay any fees, remuneration, charges, expenses relating thereto and for any other related matters and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such offer(s) or issue(s) or allotment(s) of securities as it may, in its absolute discretion, deem fit, from time to time."

By Order of the Board of Directors

July 9, 2018

R Swaminathan
Company Secretary
(Membership No.: 17696)

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING" OR "AGM") IS ENTITLED TO APPOINT A PROXY, OR, WHERE THAT IS ALLOWED, ONE OR MORE PROXIES, TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 (FORTY-EIGHT) HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

   A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS AND SUCH PERSON, WHO SHALL NOT ACT AS A PROXY FOR ANY OTHER MEMBER. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR MEMBER. A PROXY FORM FOR THE AGM IS ENCLOSED.

2. **Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company, a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the Meeting.**

3. Additional information pursuant to Regulation 36 of Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) in respect of the Directors seeking appointment/re-appointment at the AGM are furnished and forms part of the Notice. There are no inter-se relationships between the Board Members. The Directors have furnished their requisite consents/declarations for appointment/re-appointment.

4. Explanatory Statement as required under Section 102(1) of the Companies Act, 2013 (the Act), is annexed hereto.

5. Members are requested to bring their attendance slip along with their copy of annual report to the Meeting. In order to enable us to register your attendance at the venue of the AGM, we request you to bring your folio number/DP ID-Client ID to enable us to give you a duly filled attendance slip for your signature and participation in the Meeting.

6. In case of joint holder(s) attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

7. The Registers prescribed under the Act and relevant documents referred to in the accompanying Notice are open for inspection by the Members at the registered office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting and also on the AGM Venue on date of AGM.

8. a) The Register of Members and share transfer books will remain closed from the close of business hours of Friday, August 3, 2018 to Friday, August 10, 2018 (both days inclusive) for determining the names of Members eligible for dividend on equity shares, if declared at the Meeting.

   b) The dividend on equity shares, if declared at the Meeting, will be credited / dispatched between Saturday, August 11, 2018 and Friday, August 17, 2018 to those Members whose names shall appear on the Company's Register of Members on August 3, 2018 (Record date) and in respect of the those Members who hold shares in electronic / dematerialized form, the dividend will be paid to Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.

9. Members holding shares in electronic form may please note that bank particulars registered in your respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents (RTA), M/s. Karvy Computershare Private Limited ("Karvy") cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Members are requested to approach their respective depository participant for any updation/change in bank particulars.

10. Members holding shares in electronic form are requested to intimate immediately for any change in their address or bank mandates to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise for any change in their address or bank mandates immediately to the Company / RTA.

11. Members who wish to claim dividends, which remain unclaimed/ unpaid, are requested to either correspond with the Corporate Secretarial Department at the Company's registered office or the Company's RTA for revalidation and encash them before the due dates. The details of such unclaimed dividends are available on the Company's website at www.wabag.com. Members are requested to note that the dividend remaining unclaimed

for a period of seven years from the date of transfer to the Company's Unpaid Dividend Account shall be transferred to the Investor Education and Protection Fund (IEPF). In addition, as per Section 124(6) of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Authority) as amended, from time to time, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company to demat account of the IEPF Authority within a period of thirty days of such shares becoming due to be transferred to the IEPF. In the event of transfer of shares and/or the unclaimed dividends to IEPF, Members are entitled to claim the same from IEPF Authority by submitting an online application in the prescribed Form IEPF-5 available on the Company's website www.wabag.com and on the IEPF website www.iepf.gov.in and to send a physical copy of the same duly signed to the Company along with the requisite documents required under Form IEPF-5. Members are requested to use one consolidated claim in a financial year as per the IEPF Rules.

Pursuant to the provisions of IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid/unclaimed amounts lying with the Company as on July 27, 2017 (date of last AGM) on the website of the Company www.wabag.com, and such details available with the Ministry of Corporate Affairs.

In accordance with the aforesaid IEPF Rules, the Company has sent notice to all Members whose shares are due to be transferred to the IEPF Authority during the financial year 2018-19 and has intimated the said requirement through newspaper publication as required under IEPF Rules. The Members whose unclaimed dividend/ shares transferred/ to be transferred to the IEPF authority by the Company, can claim the same from the IEPF Authority by following the procedure as detailed on the website of IEPF authority or may also approach the Company at the Registered office of the Company or may write to **companysecretary@wabag.in** for any queries/ explanations/assistance in this regard.

12. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / RTA.

13. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website www.wabag.com under the section 'Investor Relations'.

14. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Karvy for consolidation into a single folio.

15. Non-resident Indian Members are requested to inform RTA/Company Immediately of:

    i. Change in their residential status on return to India for permanent settlement.

    ii. Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

16. **The Company is concerned about the environment and utilizes natural resources in a sustainable way. The Members are requested to update e-mail addresses with their respective depository participant(s) for receiving all communication including Annual Report, Notices, etc. from the Company electronically.**

17. The route map to reach the venue of the AGM is annexed.

18. Copies of the Annual Report 2018 and the Notice of the 23rd AGM along with the attendance slip & proxy form are being sent by electronic mode only to all the Members whose e-mail addresses are registered with the Company/ Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Annual Report 2018 are being sent by the permitted mode. Members may also note that the Notice of the 23rd AGM and the Annual Report 2018 will be available on the Company's website www.wabag.com. The physical copies of the aforesaid documents will also be available at the registered office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting. Members, who require communication in physical form, in lieu of electronic mode, may write to **companysecretary@wabag.in.**

19. **The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are as under:**

    i. Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Act, and

the Companies (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44 of the SEBI LODR, the Company is pleased to provide to its Members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The Members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').

ii. The facility for voting through electronic voting system ('Insta Poll') shall be made available at the Meeting and the Members attending the Meeting who have not cast their vote by remote e-voting shall be eligible to vote at the Meeting through 'Insta Poll'.

iii. The Members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.

iv. The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the agency to provide e-voting facility.

v. The Board of Directors of the Company has appointed M. Damodaran of M/s. M Damodaran & Associates, Practicing Company Secretaries, Chennai as scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner. He has communicated his willingness to be appointed and will be available for the same purpose.

vi. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the Member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. August 3, 2018. In other words, a person whose name is recorded in the register of Members or in the register of beneficial owners maintained by the depositories as on the cut-off date, which is August 3, 2018 only shall be entitled to avail the facility of remote e-voting & Insta Poll.

vii. Any person who becomes a Member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. August 3, 2018, may obtain the User ID and password in the manner as mentioned below:

a. If the mobile number of the Member is registered against Folio No. / DP ID Client ID, the Member may send SMS in the following format: **MYEPWD** <space> E-Voting Event Number + Folio No. or DP ID Client ID to **+91 9212993399**

Example for NSDL	MYEPWD <space> IN12345612345678
Example for CDSL	MYEPWD <space> 1402345612345678
Example for physical xxxx1234567890	MYEPWD <space> xxxx1234567890

b. If e-mail address or mobile number of the Member is registered against Folio No. / DP ID Client ID, then on the home page of https://evoting.karvy.com, the Member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

c. If both email and mobile number of a Member is not registered, such Members may call Karvy's toll free number 1-800-3454-001 or send an e-mail request to evoting@karvy.com.

d. Members can also update their mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

viii. The remote e-voting period commences on Monday, August 6, 2018 (9.00 a.m. IST) and ends on Thursday, August 9, 2018 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e., Friday, August 3, 2018, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.

ix. The scrutinizer, after scrutinizing the votes cast at the Meeting (Insta Poll) and through remote e-voting, will, not later than 48 hours of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.wabag.com and on the website of Karvy https://evoting.karvy.com. The results shall simultaneously be communicated to the Stock Exchanges.

x. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the Meeting, i.e. August 10, 2018

xi. Instructions and other information relating to remote e-voting:

1. A. **In case a Member receives an e-mail from Karvy** (for Members whose e-mail addresses are registered with the Company / Depository Participant(s)):

   a. Launch internet browser by typing the URL: https://evoting.karvy.com

   b. Enter the login credentials (i.e. User ID and password). In case of physical folio, the User ID will be the E-Voting Event Number **(3932)**+ Folio number. In case of Demat Account, DP ID+ Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit https://evoting.karvy.com or contact toll free number 1-800- 3454-001 for your existing password.

   c. After entering these details appropriately, click on "LOGIN".

   d. You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

   e. You need to login again with the new credentials.

   f. On successful login, the system will prompt you to select the E-Voting Event Number i.e. **3932** for VA TECH WABAG LIMITED

   g. On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the cut- off date. You may also choose the option "ABSTAIN" against the shares.

   h. Members holding shares under multiple folios/demat accounts shall choose the voting process separately for each of the folios / demat accounts.

   i. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

   j. You may then cast your vote by selecting an appropriate option and click on "Submit".

   k. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the resolution(s).

   l. Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board resolution / Power of Attorney/Authority letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the scrutinizer at e-mail ID: **secretarial@mdassociates.co.in** with a copy marked to evoting@karvy.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT No."

   B. In case a Member receives physical copy of the notice by post (for Members whose e-mail addresses are not registered with the Company / Depository Participant(s)

   a) E-voting Event Number **3932**, User ID and password is provided in the attendance slip.

   b) Please follow all steps from Sr. No. (a) to (l) as mentioned in (A) above, to cast your vote.

2. Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently or cast the vote again.

3. **Voting at AGM:** The Members, who have not cast their vote through remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. The facility for voting through ballot shall be made available at the Meeting. Members who

have already cast their votes by remote e-voting are eligible to attend the Meeting; however those Members are not entitled to cast their vote again in the Meeting

4. A Member can opt for only single mode of voting i.e. through remote e-voting or voting at the AGM (Insta-poll). If a Member casts votes by both modes then voting done through remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

5. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. Friday, August 3, 2018.

6. **In case of any query pertaining to e-voting, Members can Contact Mr. B Srinivas, Deputy Manager, Karvy Computershare Private Limited at Contact No.: +91-44-6716 2222, email id.: einward.ris@karvy.com**

By Order of the Board of Directors

July 9, 2018

R Swaminathan
Company Secretary
(Membership No.: 17696)

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")

The following Statements sets out all material facts relating to certain ordinary business & all special business mentioned in the accompanying Notice:

Item Nos. 3 & 5

S Varadarajan was appointed as a Director & Chief Growth Officer liable to retire by rotation by the Members at the 22nd AGM of the Company held on July 27, 2017. As per the said resolution and pursuant to provisions of Section 152 of the Act, the term of appointment of such Director will expire at the conclusion of 23rd AGM and being eligible, he has offered himself for re-appointment.

Pursuant to the provisions of Section 160 of the Act, the Company has received a notice in writing from a Member proposing the candidature of S Varadarajan for the office of a Director.

The Company has received from S Varadarajan (i) consent in writing to act as Director in form DIR-2 pursuant to rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014 and, (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Sub-section (2) of Section 164 of the Act.

Further, pursuant to Section 152, 196, 197 and 203 of the Act, read with Articles of Association of the Company, the Board of Directors ("Board") at its Meeting held on May 25, 2018, also appointed (subject to the approval of Members in the general Meeting) S Varadarajan as a Whole Time Director of the Company for a period of 5 years with effect from June 1, 2018 at the remuneration as recommended by the Nomination & Remuneration Committee and other terms & conditions as mentioned below.

It is proposed to seek the Members approval for the appointment and remuneration of S Varadarajan as Whole Time Director, in terms of the applicable provisions of the Act.

Broad particulars of the terms of appointment and range of remuneration payable to S Varadarajan during his proposed tenure of 5 (five) years as Whole Time Director are as under:

Basic Salary per month (pm)	:	₹ 3 Lakhs to ₹ 6 Lakhs
Special /Additional Allowance (pm)	:	₹ 2.32 Lakhs to ₹ 6 Lakhs
HRA /Company Leased Accommodation (pm)	:	₹ 1.5 Lakhs to ₹ 3 Lakhs
Medical Expenses Reimbursement	:	Expenses incurred for the Whole Time Director and his family as per the Company's Rules.
Life Insurance/ Personal Accident Insurance	:	Coverage as per the Company's Rules
Leave Travel Concession	:	For the Whole Time Director and his family as per the Company's Rules.
Encashment of leave, contribution to various statutory funds, provision of car and telephone at the Whole Time Director's residence for his use, other amenities and benefits	:	As per the Company's Rules.
Performance Pay per annum	:	₹ 48 Lakhs to ₹ 84 Lakhs
Other Allowances/ Perquisites	:	Uniform, Child/ educational and other allowances are as per the Company Policies. Perquisites are as per the limits of law and Company polices.

The above perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any Rules thereunder or any statutory modification(s) or re-enactment thereof, in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost. The Company's contribution to provident fund, superannuation, annuity fund or other statutory fund(s) to the extent these singly or together are not taxable under the Income Tax Act, gratuity payable and encashment of leave, as per the Rules of the Company and to the extent not taxable under the Income Tax Act, shall not be included for the purpose of computation of the overall ceiling of remuneration. Expenses incurred for travelling, boarding and lodging during business trips, any medical assistance provided and provision of cars for use on the Company's business and telephone expenses at residence shall be reimbursed at actuals and not considered as perquisites.

(i) The Whole Time Director will perform his duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and Regulations as may from time to time be given and made by the Board and the functions of the Whole Time Director will be under the overall authority and supervision of the Board of Directors.

(ii) The Whole Time Director shall act in accordance with the laws, Rules and Regulations as applicable to the Company and shall abide by the provisions of the Act, including Section 166 of the said Act with regard to duties of Directors.

(iii) The Whole Time Director shall adhere to the Company's Code of Conduct for Directors and other code(s) /policies of the Company, as applicable for his role.

(iv) The office of the Whole Time Director may be terminated by the Company or the Whole Time Director by giving 6 (six) months prior notice in writing to the Board.

S Varadarajan satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his appointment. He is not disqualified from being appointed as a Director in terms of Section 164 of the Act.

In the event of loss or inadequacy of profit in any financial year, the Company shall pay to S Varadarajan, in respect of such financial year, remuneration by way of salary, allowances, perquisites and other benefits as the Board of Directors may deem fit, subject to the limits prescribed herein and in Schedule V of the Act.

The above may be treated as a written memorandum setting out the terms of appointment of S Varadarajan under Section 190 of the Act.

Brief resume of S Varadarajan, nature of his expertise in specific functional areas, names of companies in which he holds Directorship and Membership/ chairmanship of Board Committees, shareholding and relationships amongst Directors inter-se as stipulated under Regulation 36 (3) of SEBI LODR 2015 are provided in this Notice.

S Varadarajan will be liable to retire by rotation, if so required to comply with the provisions of the Act, during his tenure.

S Varadarajan is interested in the resolution at Item Nos.3 & 5 of the Notice, as these items relates to his appointment and remuneration payable to him.

Except S Varadarajan to whom the resolution relates, none of the other Directors, Key Managerial Personnel of the Company or their relatives, are interested or concerned in the resolution.

The Board commends the Ordinary Resolution set out at Item Nos.3 & 5 of the Notice for approval by the Members.

Profile of S Varadarajan:

S Varadarajan joined the Company in January 1997 as Senior Manager – Finance cum Company Secretary and handled 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 in the Company, he played active role in demerger of the Company prior to its acquisition by VA Tech Wabag GmbH, Austria in the year 2000. He was part of the management team that carried out management buyout in the year 2005. He played active role in formation of 4 Strategic Business Units (SBU's) in the Company in the year 2007 and took additional charge as SBU Head for O&M business of the Company for few years. He also played active role in the reverse acquisition of the erstwhile parent Company in Austria in the year 2007 and was instrumental in successful listing of the Company in the Indian bourses in the year 2010. During his tenure with WABAG, Varadarajan has also been overseeing Corporate Service functions like Finance, Human Resources, IT, Treasury, Legal, Secretarial and General Administration. He is one of the Promoters of the Company and holds 21,85,762 equity shares of the Company as on March 31, 2018.

S Varadarajan is a Graduate in Commerce and Post Graduate in Public Administration. He is a Member of the Institute of Cost and Management Accountants of India (CMA) and the Institute of Company Secretaries of India (ICSI). He was honored with CFO-100 Award for three years consecutively for his achievements by CFO India magazine.

Varadarajan does not hold Directorships in any other listed entities in India.

Item No.6

Malay Mukherjee, was appointed as an Independent Director of the Company under the provisions of the Act, by the Members of the Company at the 20th AGM held on July 27, 2015 for

a period of 3 years upto the conclusion of 23rd AGM to be held in 2018.

Pursuant to Section 149 of the Act, read with Articles of Association of the Company and based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors ("Board") of the Company passed a resolution at their Meeting held on May 25, 2018, approving re-appointment of Malay Mukherjee as an Independent Director of the Company from the conclusion of the ensuing AGM for a second consecutive term of 4(four) years in line with the provisions of the Act & SEBI LODR. The re-appointment is subject to the approval of Members at this AGM by way of Special Resolution.

Malay Mukherjee holds office up to the date of the closure of ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Act, from a Member proposing the candidature of Malay Mukherjee for the office of Independent Director to be re-appointed as such under the provisions of Section 149 of the Act.

The Company has received from Malay Mukherjee (i) consent in writing to act as Director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Sub-section (2) of Section 164 of the Act, and (iii) a declaration to the effect that he meets the criteria of independence as provided in Sub-section (6) of Section 149 of the Act.

Pursuant to Section 149 and other applicable provisions of the Act and the Rules made thereunder, the resolution as set out at item No. 6 seeks approval of the Members for the re-appointment of Malay Mukherjee as an Independent Director of the Company for a period of 4(four) consecutive years up to the conclusion of 27th AGM to be held in the calendar year 2022 at such remuneration/ commission as approved by the Members at the 19th AGM held on July 21, 2014. He shall not be liable to retire by rotation.

In the opinion of the Board, Malay Mukherjee, the Independent Director proposed to be re-appointed, fulfills the conditions specified in the Act and the Rules made thereunder and he is Independent of the Management. Brief resume of Malay Mukherjee, nature of his expertise in specific functional areas, names of listed Companies in which he holds Directorship and Membership/chairmanship of Board Committees, shareholding and relationships amongst Directors inter-se as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 with the Stock Exchanges are provided in this Notice.

A copy of the draft letter for the re-appointment of Malay Mukherjee as an Independent Director setting out the terms and conditions is available for inspection without any fee by the Members at the Company's registered office during normal business hours on working days except Saturdays up to the date of the Meeting.

Except Malay Mukherjee to whom the resolution relates, none of the other Directors, Key Managerial Personnel of the Company or their relatives are interested or concerned in the resolution.

The Board commends the Special Resolution as set out at Item No. 6 of the Notice for approval by the Members.

Profile of Malay Mukherjee:

Malay Mukherjee has over 43 years of experience in a range of technical, commercial and managerial roles in the mining and steel industry. Between October 2009 and 2011, Malay Mukherjee served as the CEO of the ESSAR Steel Global, one of the largest integrated steel Companies in India.

Prior to joining Essar Steel, Malay Mukherjee was a Member of the Board of Directors at Arcelor Mittal between 2008 and 2009, prior to which he served as the Senior Executive Vice President at Arcelor Mittal between 2006 and 2008 and a Member of the Group Management Board, in charge of mines and steel plant operations in Africa, Asia, southern Europe (Bosnia, Macedonia), CIS, Ukraine , Kazakhstan and responsible for Arcelor Mittal Group Business segments of Stainless Steel, Pipes, Tubes and Technology in Asia, CIS and South Africa. He also served as the COO for Mittal Steel Company between 2004 and 2006. Prior to that, he served as President and Chief Operating Officer of Ispat International (London) between 2002 and 2004. He joined Ispat International (now part of Arcelor Mittal) in 1993 and served as Executive Director for Mexico until 1995, Managing Director (Mexico) between 1995 and 1996 and Managing Director for Ispat Kazakhstan between 1996 and 1999. He later went on to serve as the CEO of Ispat Europe (Luxembourg) between 1999 and 2000 followed by serving as the COO of Ispat International (London). He also served as Executive Director of Works at the Bhilai Steel Plant at Steel Authority of India Limited between 1991 and 1992. Malay Mukherjee is a recipient of the MECON Award from the Indian Institute of Metals. Malay Mukherjee holds a Master's degree in mining from the USSR State Commission in Moscow and a Bachelor's degree in Science from the Indian Institute of Technology, Kharagpur, India. Malay Mukherjee is a Member of Academy of Natural Sciences and Life Member in the Indian Institute of Metals. He was awarded a letter of appreciation from President of Kazakhstan for work rendered in Kazakhstan from 1995 to 1999.

He also holds Independent Directorship position in JSW Steel Limited, India.

Item No. 7

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost

Auditor K Suryanarayanan, Practicing Cost Accountant, Chennai (Membership No.24946) to conduct the audit of the cost records of the Company for the financial year 2017-18.

In accordance with the provisions of Section 148 of the Act, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 7 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year 2017-18.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution at Item no. 7 of the accompanying Notice.

The Board commends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the Members.

Item No. 8

As per the provisions of Section 20 of the Act, a Member may request for any document through a particular mode, for which the Member shall pay such fees as may be determined by the Company in its AGM. Since the cost of providing documents may vary according to the mode of service, weight and its destination etc., therefore it is proposed that actual expense borne by the Company for such dispatch will be paid in advance by the Member to the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution at Item no. 8 of the accompanying Notice.

The Board commends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the Members.

Item No. 9

To support the future growth opportunities and other operational needs of the Company from time to time, the Company requires adequate capital to meet the needs of growing business. While it is expected that the internal generation of funds would partially finance the need for capital and raising funds by way of issue of secured/ unsecured redeemable Non-Convertible Debentures / Bonds (securities) through private placement mode would be another source of funds, it is thought prudent for the Company to have enabling approvals to raise a part of the funding requirements for the said purposes as well as for such other corporate purposes as may be permitted under applicable laws, in Indian or international markets.

The approval given by the Members at the last AGM held on July 27, 2017 for raising of funds through issuance of securities by way of public/preferential allotment/private placement including qualified institutional placement upto ₹ 400 Crore, has not been used by the Company and this approval will be expiring on July 26, 2018. The Board of Directors decided not to take up the said fund raising proposal once again with the Members of the Company at the 23rd AGM.

The Board of Director (the Board) has at their meeting held on July 9, 2018 recommended to the Members to give their consent to the Board or any Committee of the Board to borrow and raise funds by issue of NCDs on private placement basis, up to an amount of ₹ 300 Crore (Rupees Three Hundred Crore Only) under Section 42 and 71 read with Section 179 of the Act. Such issue shall be subject to overall borrowing limits of ₹ 5,000 Crore (Rupees Five Thousand Crore only) approved by Members of the Company at the last AGM held on July 27, 2017 and will be issued in terms of the provisions of the Act, Articles of Association of the Company and Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and other applicable laws.

Pursuant to Sections 42 and 71 of the Act read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a Company offering or making an invitation to subscribe to NCDs on a private placement basis is required to obtain prior approval of the Members by way of a Special Resolution. For NCDs, it shall be sufficient, if the Company passes a previous Special Resolution only once in a year for all the offers or invitation for such NCDs during the year.

Accordingly, it is proposed to raise funds through Private Placement of NCDs in one or more tranche(s), which will be valid for a period of 12 months from the date of passing of the Special Resolution by the Members of the Company. Such NCDs shall be issued to such person or persons, who may or may not be the Members of the Company, as the Board or any committee of the Board may think fit and proper.

The resolution contained in Item No. 9 of the accompanying Notice, accordingly, seek Members' approval for raising funds through Private Placement of NCDs in one or more tranches and authorising the Committee of the Board to complete all the formalities in connection with the issue of NCDs.The resolution proposed is an enabling resolution and the exact price, proportion and timing of the issue/nature of securities will be decided by the Board based on an analysis of the specific requirements after due consultation with the concerned parties.

NCDs including subordinated Debentures Bonds etc., issued on private placement basis constitute a significant source of borrowings of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution at Item No. 9 of the accompanying Notice.

The Board commends the Special Resolution set out at Item No. 9 of the accompanying Notice for approval by the Members.

Item No. 3, 5 & 6: Details of Directors Seeking Appointment / Re-appointment as required under Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Name of Director	S Varadarajan	Malay Mukherjee
DIN	02353065	02861065
Date of Birth	23.09.1965	26.01.1948
Age	52	70
Date of first Appointment	24.06.2015	24.06.2015
Qualifications	Member of ICMA, ICSI	BSc-IIT Kharagpur, Master's degree in Mining from USSR State Commission.
Expertise	Vast experience in the field of Finance and Accounts	Vast experience in the field of mining and steel industry.
Terms and conditions of re-appointment	Refer Resolution Nos. 3 & 5 and its explanatory statement	Refer Resolution No. 6 and its explanatory statement
Details of Remuneration (₹ in Lakhs) (FY 2017-18)	126	15
Directorships in other Companies (excluding foreign Companies, & Section 8 Companies)	NIL	JSW Steel Limited
Membership of Committees/ Chairmanship in other Companies (Regulation 26 (1) of SEBI LODR)	NIL	Member of Audit Committee - JSW Steel Limited
Membership of Committees/ Chairmanship in VA TECH WABAG LIMITED	Member of Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Overseas Investment Committee	Member of Audit Committee & Chairman of Risk Management and Monitoring Committee
No. of Board Meetings attended during the year	4 out of 4	4 out of 4
No. of shares held:		
1) Own	21,85,762	NIL
2) Beneficial Basis	-	-
Relationships between Directors inter-se	NIL	NIL

Registered Office:
VA TECH WABAG LIMITED
'WABAG HOUSE',
No.17, 200 Feet Thoraipakkam – Pallavaram Main Road, Sunnambu Kolathur,
Chennai 600 117, Tamil Nadu, India
CIN - L45205TN1995PLC030231
Email: companysecretary@wabag.in

By Order of the Board of Directors

R Swaminathan
Company Secretary
(Membership No.: 17696)

July 09, 2018

VA TECH WABAG LIMITED

CIN - L45205TN1995PLC030231
Registered Office: "WABAG HOUSE", No.17, 200 Feet Thoraipakkam-Pallavaram Main Road,
Sunnambu Kolathur, Chennai - 600 117, Tamil Nadu, India
Email: companysecretary@wabag.in | Website: www.wabag.com

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014 - Form No. **MGT-11**)

23rd Annual General Meeting – August 10, 2018

Name of the Member(s)	
Registered address	
Email	
Folio No. / Client ID	
DP ID	

I / We, being the Member(s) of .....shares of VA TECH WABAG LIMITED, hereby appoint:

Name : .....Email : .....

Address : .....

..... Signature : .....or failing him / her

Name : .....Email : .....

Address : .....

..... Signature : .....or failing him / her

Name : .....Email : .....

Address : .....

..... Signature : .....

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 23rd Annual General Meeting of the Company to be held on Friday, August 10, 2018 at 10.00 a.m. at Rani Seethai Hall, No. 603, Anna Salai, Chennai - 600 006, Tamil Nadu, India and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

Item No.	Resolutions	Vote (optional) Refer note 2 below (Please mention no. of shares)		
		For	Against	Abstain
Ordinary business				
1.	Consider and adopt audited financial statements of the Company for the financial year ended March 31, 2018, the reports of the Board of Directors and auditors thereon and the audited consolidated financial statements of the Company for the financial year ended March 31, 2018.			
2.	Declaration of dividend on equity shares.			
3.	Re-appointment of S Varadarajan (DIN : 02353065), who retires by rotation.			
4.	Appointment of M/s. Sharp & Tannan (Firm Regn No: 003792S) as the statutory auditors of the Company and to fix their remuneration.			
Special business				
5.	Appointment of S Varadarajan (DIN : 02353065) as a Whole Time Director.			
6.	Re-appointment of Malay Mukherjee (DIN: 02861065) as an Independent Director.			
7.	Ratification of the Remuneration of Cost Auditor for the financial year 2017-18.			
8.	Approval of charges for service of documents on the Members through particular mode.			
9.	Issuance of Non-Convertible Debentures and/or other Debt Securities through private placement mode.			

Signed this..... day of.....2018

Affix Revenue Stamp of not less than ₹1

Signature of shareholder :..... Signature of proxy holder (s) : .....

Notes:

1. This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the AGM.
2. It is optional to indicate your preference. If you leave the 'for', 'against' or 'abstain' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he / she may deem appropriate.

VA TECH WABAG LIMITED

CIN - L45205TN1995PLC030231
Registered Office: "WABAG HOUSE", No.17, 200 Feet Thoraipakkam-Pallavaram Main Road,
Sunnambu Kolathur, Chennai - 600 117, Tamil Nadu, India
Email: companysecretary@wabag.in | Website: www.wabag.com

ATTENDANCE SLIP

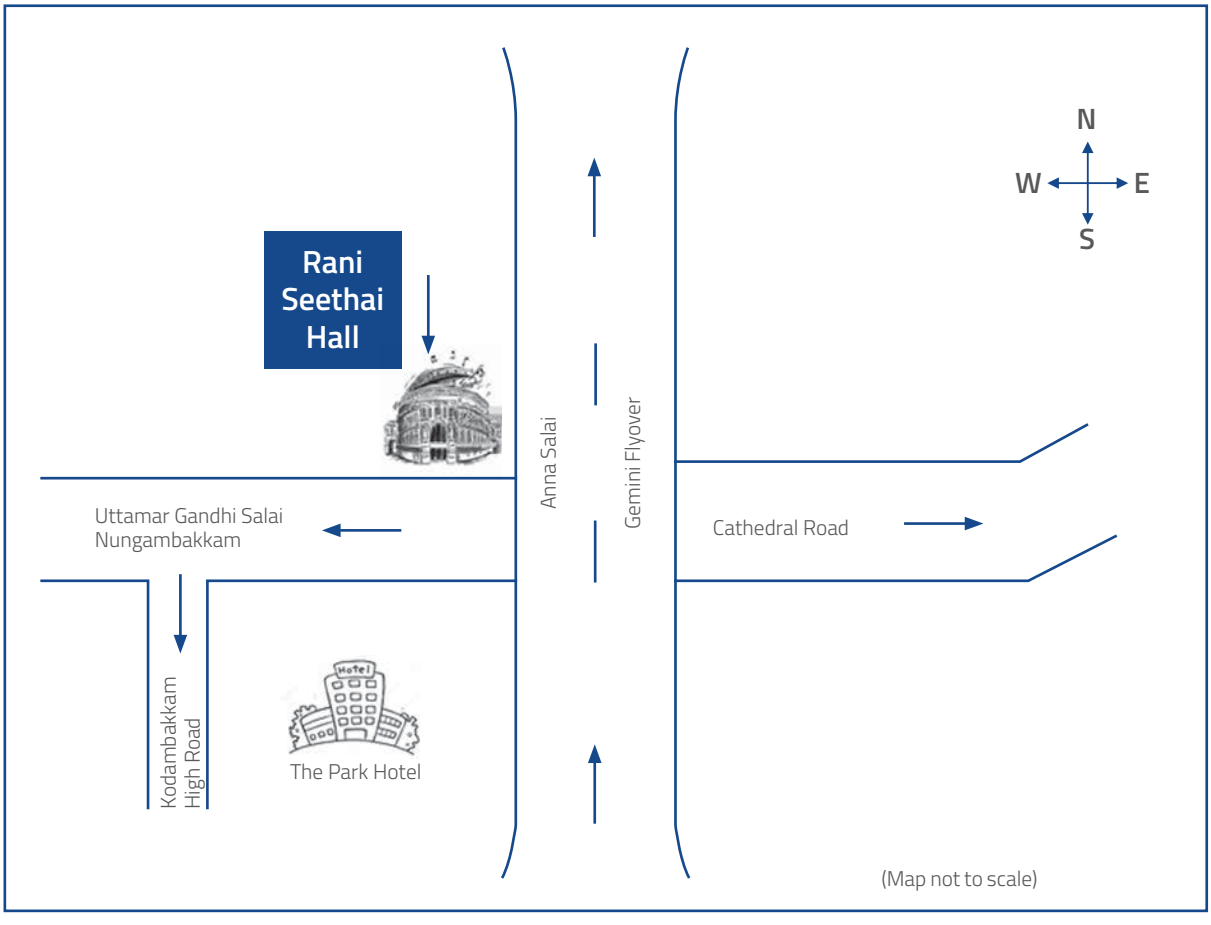
Please bring this attendance slip to the meeting hall and hand it over at the entrance

I/We hereby record my/our presence at the Twenty Third (23rd) Annual General Meeting of the Company held on Friday, August 10, 2018 at 10.00 a.m. at Rani Seethai Hall, No. 603, Anna Salai, Chennai - 600 006, Tamil Nadu, India.

Serial No. : .....

1. Name of the Member (s) : .....
2. Registered Folio No. / DP ID No. & Client ID No. : .....
3. Number of Shares held : .....
4. Name of the Proxy/Representative, if any : .....
5. Signature of the Member/s/Proxy : .....
6. Signature of the Representative : .....

AGM Venue:
Rani Seethai Hall, No. 603, Anna Salai, Chennai - 600 006, Tamil Nadu, India



ANNUAL REPORT **2017-18**

WABAG

sustainable solutions. **for a better life.**

REJUVENATING **WATER.** ENRICHING **COMMUNITIES.**

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To find this report online or for any other information please log on to www.wabag.com

Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

The Board

Bhagwan Dass Narang
Chairman

Rajiv Mittal
Managing Director and Group CEO

Malay Mukherjee
Independent Director

Sumit Chandwani
Independent Director

Revathi Kasturi
Independent Director

S. Varadarajan
Director and Chief Growth Officer

Corporate Information

Parthasarathy Gopalan
Chief Financial Officer

Pankaj Sachdeva
CEO India

R. Swaminathan
Company Secretary

Registered & Corporate Office
'WABAG HOUSE'
No.17, 200 Feet
Thoraipakkam -
Pallavaram Main Road
Sunnambu Kolathur,
Chennai - 600 117
P: +91- 44 - 3923 2323

Statutory Auditors
Walker Chandiok & Co LLP
Chartered Accountants
7th Floor, Prestige Polygon,
471, Anna Salai, Teynampet,
Chennai - 600 018
P: +91- 44 - 4294 0000

Internal Auditors
M/s. PKF Sridhar & Santhanam LLP

Chartered Accountants
KRD Gee Gee Crystal, No. 91-92,
7th Floor, Dr. Radhakrishnan Salai,
Mylapore, Chennai - 600 004
P: +91 - 44 - 2811 2985

Cost Auditor
K. Suryanarayanan
Membership Number: 24946
Flat A Brindavan Apartments, No. 1,
Poes Road 4th Street, Teynampet,
Chennai - 600 018
P: +91 -44 - 2432 8836

Secretarial Auditor
M. Damodaran
Practicing Company Secretary
Membership No. 5837
M. Damodaran & Associates
No. 6, Appavoo Gramani
1st Street, Mandaveli,
Chennai - 600 028
P: +91- 44 - 4360 1111

Registrar and Transfer Agents
Karvy Computershare Private Limited
Unit: VA TECH WABAG LIMITED
"Karvy Selenium Tower B",
Plot Nos. 31 & 32, Financial District,
Nanakramguda Gachibowli,
Hyderabad - 500 032
P: +91- 40 - 6716 2222

Bankers
- Axis Bank
- Canara Bank
- Export Import Bank of India
- HSBC
- ICICI Bank
- IDBI Bank
- IndusInd Bank
- Kotak Mahindra Bank
- Societe Generale Bank
- Standard Chartered Bank
- State Bank of India

WABAG

12 million hectares* of agricultural land sufficient to produce 20 million tonnes of grain lost each year to droughts and desertification.

Food production sufficient to feed 81 million* people every day for an entire year lost since 2001.

21 of the 37 major aquifers in the world receding.

Important cities across the globe facing an imminent drought threat.

The world is amidst an unprecedented environmental degradation crisis posed by scarcity and improper management of water. Growing demand for water coupled with impact on supply caused by climate change is compounding the challenge. The world is running out of water and improving water security is a global priority.

While there is increasing awareness among industries and municipalities, it is important to act collectively and smartly.

WABAG, with its technology and experience gained from over 6,000 projects has the necessary expertise to address the world's water challenges. This is where WABAG's role as world's water managers becomes vital.

With every project we undertake, we are positively impacting the society, be it in the form of providing water for drinking and daily needs, protecting the environment by treating harmful wastewater, augmenting water availability/supply by desalinating sea water, conserving natural resources. We are as much about community as we are about water.

Water professionals at WABAG are

REJUVENATING WATER. ENRICHING COMMUNITIES.

*World Bank data, World Development Indicator

TOWARDS SUSTAINABLE LIVELIHOOD IMPROVEMENT

An Insight from the Chairman B. D. Narang

Countries globally are seeking faster economic growth and employment generation to sustain its growing population. But this growth comes at a cost. At WABAG, we believe it is our responsibility to ensure this is achieved sustainably with minimal impact to the natural ecosystem. This is the only way forward.

Dear Shareholders,

If you have been following the global news or happen to be active on social media, then there is a greater chance that you have come across the Zero Day crisis looming South Africa's Cape Town. A day when the authorities plan to cut water supply to million homes in reaction to a severe drought. You must have heard of BBC listing India's Bengaluru as the second most vulnerable city likely to soon run out of water. That droughts in Southern Europe and California have caused damage running into billions of dollars. That half of Somalia's six million population is facing food shortages. That NITI Aayog has called for 'urgent and improved' management of water resources in India as 21 cities are imminent to run out of groundwater by 2020, affecting 100 million people. And this is just the tip of the iceberg.

Until recently, the world was oblivious to the water crisis. However, the compounding economic and social impact of mismanaging water resources is now causing serious concern. While several countries are nearing water stress scenario, another big challenge would be to match food output for

the rising population with this limited water supply. Countries in the emerging and developing economies with large population and little freshwater resource remain the most affected and most vulnerable.

Unsurprisingly, industries, municipal bodies and Governments globally are collaborating with ambitious plans to prevent further damage. Water security is their top priority. They are endeavouring for better and innovative technologies at affordable cost to meet the challenges.

Rejuvenating water and enriching communities

WABAG's role, as global experts in water technology, in the current scenario has become more relevant than ever. Our teams spread across four Continents including those facing intense water stress underlines our higher purpose of enriching communities with our solutions. We will continue to work with industrial and municipal clients in these regions to help them achieve their water sustainability goals.

While we enrich communities with our business, we extend its scope to our Corporate Social Responsibility (CSR) programmes as well. We have tied-up with prestigious institutions to undertake water augmentation and conservation, watershed development and programmes for restoration of water bodies across 11 districts in Tamil Nadu and West Bengal. Our expertise in water technology enables us to achieve greater success from these initiatives. We have also worked in the areas of improving health and sanitation by building sewage treatment plant, toilets and sensitising the importance of sanitation.

Growing confidence

The whole growth story of WABAG, since its inception in India in 1996 has been driven by its confidence. Being just a six-member team then, we displayed the courage of taking up the daunting task of building Asia's largest water treatment plant for Reliance Industries. From this small yet confident beginning, we have made significant strides to build competencies and capacities. Today, over and above our cost competitive advantage, we have the best-in-the-industry people and technologies providing us edge over the competitors, who are mostly European players with higher cost structure.

> The world is still a long way from achieving water-security and maintaining traditional approach is not an option. The need of the hour is to act collectively and adopt an unconventional approach leveraging advanced technologies.

Our order wins in FY 2017-18 are a testimony to our growing credibility, including several prestigious projects – Water Treatment Plant (WTP) retrofit order of 900 Million Litres per Day (MLD) La Mesa-2 (the ninth largest drinking WTP in the world), Wastewater Treatment Plant for Philip Morris, Industrial WTP for Tobruk Thermal Desalination from General Desalination Company of Libya, and repeat order from Dangote Oil Refining Company, Nigeria for Raw WTP, Reverse Osmosis (RO) and De-Mineralisation (DM), recycle of wastewater and Effluent Treatment Plant (ETP). With these prestigious additions, our total order book including framework contracts stood at ₹ 7,743 crore as on March 31, 2018.

WABAG remains most influential

The entire organisation is proud of Mr. Rajiv Mittal, who has once again been recognized among the top three Industry Leaders by Water and Wastewater International magazine for second year in a row. The ranking goes to show the impact that WABAG as an organisation and Mr. Mittal as leader is creating in terms of global recognition in water industry.

Outlook for a water-secure world

I am confident that the coming years will be more rewarding. Globally, the opportunities in the water treatment industry is huge. With our strengthening competencies and capacities, we will be in a sweet spot to win more orders and grow our market share, while being focussed on improving profitability to meet shareholders' expectations.

The world is still a long way from achieving water-security and maintaining traditional approach is not an option. The need of the hour is to act collectively and adopt an unconventional approach leveraging advanced technologies. Each and every WABAGite will work relentlessly towards this dream and in the process, reward the shareholders.

I thank all the stakeholders and look forward to their continued support to make WABAG stronger. Together, we can make a difference.

Regards,

B. D. Narang

Performance Review by the Managing Director

Going beyond the beaten track is one of the USPs of WABAG. We are not intimidated by challenges, rather we consider it a learning opportunity.

WABAG is the only water technology company to have bucked the trend of a declining industry performance.

The past few years have been very exciting for us. The entire realignment story and our increasing contribution towards the betterment of global communities has been inspiring. Our purpose of realigning was clear – we wanted a change in culture and promote synergies amongst the various global units to enhance our capacities, capabilities and competitiveness. The realignment from operating as small multiple units to one large and reputed organisation with exciting business opportunities helped us achieve global synergies. We were able to attract senior people, who with their skills and experience have brought in renewed optimism. We were able to promote more collaboration within the units enabling us to win large orders. With this shift, the challenge for the leaders now is to keep things simple and effective to remain nimble.

Performance review FY 2017-18

In order to review and analyse our performance, it would be very crucial to go beyond numbers. While our financial performance for the year has been good with a topline growth of 7.8% to ₹ 3,457 crore, EBITDA growth of 1.6% to ₹ 301 crore and PAT growth of 28.4% to ₹ 132 crore and there is more to appreciate.

If you look at our performance in the past few years, evidently we have been more focussed on international markets and industrial projects, especially in the Oil & Gas segment. With projects from Petronas, Dangote, one of the largest player in the O&G sector in the Kingdom of Saudi Arabia and Reliance, our credentials have only grown multi-fold. This segment and the clients here are very meticulous and require serious efforts to live up to their expectations. I am happy that we have been able to do so.

This year saw us achieving several firsts. Advanced technologies were adopted, new engineering software introduced, and timelines optimised. Though challenging, these brought out the best in us. It turned out to be a great opportunity to build organisational capability necessary to migrate to higher levels. From this viewpoint, we have

definitely geared up to a new high and are prepared for greater challenges.

Another important achievement has been the appreciation we received from clients. There have been projects where our clients were apprehensive because of the sheer fact that never before has such large-scale projects been completed in such timeframes. And when we achieved this, it is immensely satisfying to us as well as our client. Completing projects on shorter time period results in avoidance of enormous cost/losses for the client and the Company. This is the best reward for our clients.

Bullish on the Middle-East and Africa (MEA) opportunity

I am extremely optimistic of the MEA market and expect that our MEA cluster will grow multifold in the next couple of years. Opportunities here are immense. The region has limited freshwater resource and the only options to meet demand is either by desalinating seawater or reusing water. Industries here are under tremendous pressure to recycle and reuse water generated from operations. I believe, this is where our opportunity lies.

To succeed in this market, we ought to establish our local presence and relationships. Accordingly, in FY 2017-18, we strengthened our base here by setting-up a full-fledged organisation based in the region by bringing on board an experienced senior leader and establishing a local team. It is just a matter of time until the MEA cluster begins executing strategies with full vigour.

Our total order book including framework contracts stood at ₹ 7,743 crore as on March 31, 2018.

Key Takeaway

The opportunities coming up in the water space are humongous and we are all prepared to capitalise on the same. But what really satisfies us is the greater role that we are playing towards making a social impact. With our business, we directly connect with the communities and enrich them. We are as much concerned about social issues of water as we are about business since the social element is an integral part of our business.

Today, if you see, the challenge associated with environment degradation and water unavailability is serious. We have arrived at a juncture where water management is no longer an option. The world is now under compulsion to act fast in order to prevent systemic risks to the global ecosystem. With our water technology solutions, we are protecting the environment. Though our scale might be relatively small compared to the magnitude of the problem, we are happy to be moving in the right direction. And it gives us great satisfaction and motivation as we are leaving behind a legacy, that the society will remember for years to come.

Secondly, we are a technology Company possessing a unique competitive advantage. For an industry that is mostly dominated by European players, we are perhaps an exception, in the sense, that the sheer advantage of us being headquartered in India makes a huge difference. Everything remaining the same, we are more competitive and affordable. Thus at a time when macro-economic conditions were not good and given the movement of oil prices, industries were under pressure to cut costs, we grabbed this opportunity to enter the international arena with our cost advantage and since then have built an immense goodwill. This business strategy enabled us to nearly double our order book in the past five years.

Message to shareholders

Your Company displayed tremendous confidence and courage to take on bigger challenges and eventually migrate to the next level of growth. We are not just focussed about where we are presently, we clearly know where we want to be in the future. Faster execution of existing projects will remain an important driver, as we foresee massive opportunities unfolding in the next couple of years. I thank all the stakeholders for their continued support and trust. The coming years are going to be rewarding and I am sure you will also enjoy this journey as much as we do.

Warm regards,

Rajiv Mittal

Addressing the water challenges of a changing world

We offer EPC and O&M solutions to municipal and industrial clients across the globe.

We operate with the objective of enhancing economic performance of our clients and enabling them to achieve environmental targets which in turn contributes towards the development of the regions where we operate.

We are a pure play water technology company.

We are water and wastewater management specialists.

We are VA Tech WABAG.

Water challenges of the changing world

Challenge 1

Rising population
Global population is likely to increase to 9.7 billion[1] by 2050, making availability of key resources (water and food) a big challenge. The challenge will be greater in Asia and Africa that will account for 90% of the world's urbanisation.

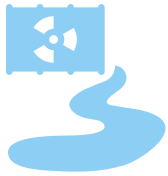
Challenge 2

Climate change
The planet is getting hotter. Climate change is resulting in increased drought and weather extremes. 17 of the 18 hottest months[2] recorded since 1850, have occurred since 2000.

Challenge 3

Demand-supply shortfall
Growing demand for water due to increasing urbanisation, industrialisation and agriculture is likely to cause a supply shortfall of around 40% by 2030.

Challenge 4



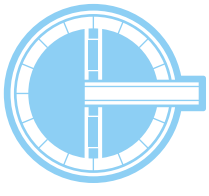
Contamination of existing sources
Globally, nearly 80%[3] of wastewater (95% in some developing economies) is released into environment without any treatment.

1 United Nations, Department of Economic and Social Affairs **2** Data from NOAA's National Centers for Environment Information
3 The United Nations World Water Development Report

REJUVENATING **WATER.** ENRICHING **COMMUNITIES.**

AMAS, Bahrain

WABAG's role in addressing the water challenges



Protecting existing fresh water
by setting-up water reclamation plants for recycling and reusing industrial and municipal water

Solutions offered: Drinking water treatment, Municipal wastewater treatment, Industrial and process water treatment, Industrial effluent treatment, Recycling (industrial and municipal wastewater), Sludge treatment and sludge management

Creating more fresh water
by building facilities that convert sea and brackish water for potable/ industrial use

Solutions offered: Desalination (sea water and brackish water)

Preserving existing treatment facilities
by providing operations and maintenance (O&M) to ensure efficacy of water treatment and desalination plants

Solutions offered: Provide technical team, Supply chemicals, consumables and spares, Major and minor repairs, Equipment replacement and Plant refurbishment

Conserving natural resources
by generating renewable energy and preventing misuse of water

Solutions offered: Sewage Treatment Plant with biogas plants for generating power, sludge management

WABAG

Dambulla, Srilanka

Optimism driven by Capabilities and Competencies

Strong order book
₹7,743 crore as on March 31, 2018

Multi-geographic presence
Spread across 20 countries in four continents

Multi-sector operations
Caters to municipal and diverse industrial clients

Provides access to bid for multiple projects

Successful track record over the decades
Provides strong credentials with proven track record

Asset-light model
Strong Balance Sheet provides greater opportunities for business growth

R&D prowess
Owns 100+ patented technologies and 3 R&D centres

Enables development of new technologies

Vision

- To be a professionally managed Indian Multinational having market leadership in emerging markets and significant position in the global market both in the EPC and Operations and Maintenance (O&M) sector of water business
- Encourage and practice a culture of care, trust and continuous learning, while meeting expectations of employees, stakeholders and society
- Encourage WABAGites to be an innovative, entrepreneurial and empowered team committed to total customer satisfaction and value creation

Mission

- Provide total water solutions to our valued customers
- Ensure our strong, capable, agile and customer-focussed team delivers to customers, creative solutions at competitive prices and within agreed timeframe with essence of quality at optimum cost
- Deep concern for employee welfare and constantly endeavouring to attract and retain best talents

Our geographic spread

- Headquartered in Chennai, India
- Presence in India, South-East Asia, Africa, the Middle East, LATAM and Europe, through subsidiaries, associates and joint venture
- R&D centres in Switzerland, Austria and India
- International Engineering Centres in Pune and Vadodara, India

Our certifications

- ISO 9001:2015 for quality
- ISO 14001:2015 for environment
- BS OHSAS 18001:2007 for operational health and safety

Sectors we cater

- Municipal drinking water and wastewater
- Oil & Gas
- Power
- Fertiliser
- Steel
- Food and Beverages
- Chemicals

Our patented technologies

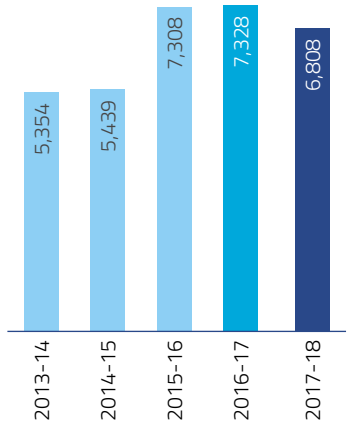
- Moving Bed Technology FLUOPUR®
- Bio-filtration BIOPUR®
- Activated Sludge HYBRID™
- Membrane Bio Reactor MARAPUR®
- De-nitrification BIODEN® and ENR®
- Biological Anaerobic Treatment EkJ Process™
- Membrane Filtration CERAMOPUR® and CERAMOZONE®
- Oxidation Process ADOX®
- Sludge Digestion BIOZONE®
- Fine sieving MICROPUR®
- Membrane and trickling filter MEMTRICK®
- Granular activated carbon adsorption CARBOPUR®
- Powdered activated carbon adsorption PACOPUR®
- Membrane distillation and crystallisation ZEROPUR™

WABAG ranked amongst the top-10 global water players served by water/wastewater projects.

(Source: Global Water Intelligence)

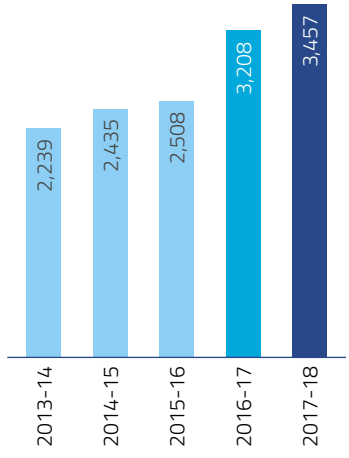
Key Performance Indicators

Order book* (₹ crore)

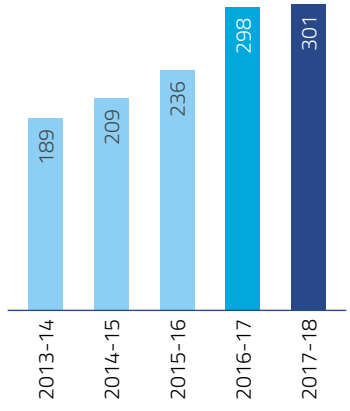


*Excluding framework contracts

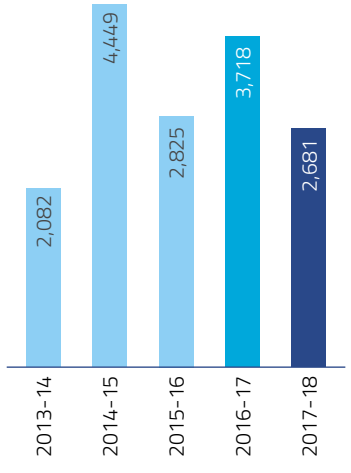
Revenue from operations (₹ crore)



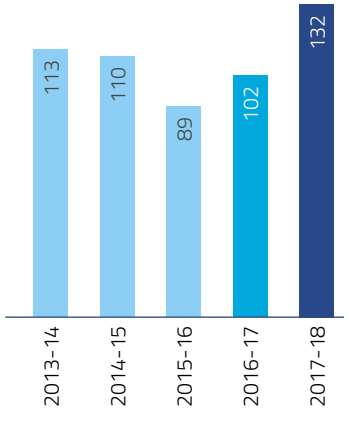
EBITDA (₹ crore)



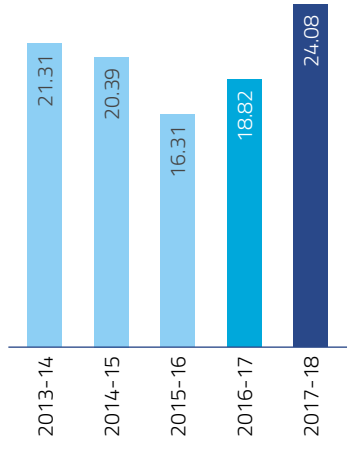
Market capitalisation (₹ crore)



Profit after tax (₹ crore)



Earnings per share (₹)



Our capabilities are rewarded and recognised globally

Top 100 CEOs 2017 (BT-PWC)

Mr. Rajiv Mittal (MD & Group CEO) amongst Top 100 CEOs of India and 4th in the Infra & Engineering Sector by BT-PWC.

Dun & Bradstreet Infra Award 2017

DNB Infra Awards 2017 was presented to VA Tech WABAG by Shri Nitin Gadkari for Karnataka's first Wastewater Treatment Plant to produce power from biogas in K&C Valley, Bengaluru.

ASEAN Award

VA Tech WABAG received the "Inaugural ASEAN - India Achievement & Excellence Awards" on May 24, 2017 in Kuala Lumpur, Malaysia. This award recognises the significant contribution made by WABAG in terms of building sustainable water/wastewater infrastructure in ASEAN and supporting Economic Development in the region.

WWI - Most Influential Global Water leaders

Mr. Rajiv Mittal (MD & Group CEO) has been ranked amongst the Top 3 Most Influential Global Water leaders by WWI (UK), for the second year in a row.

IGBC Green Building Certified

WABAG House, the Company's head office, is rated platinum under the IGBC green existing building O&M category.

Indian Green Building Council (IGBC)

WABAG HOUSE

Platinum

Water Digest Award 2018

We have always lived up to our promise of sustainability within fence and beyond fence. In recognition of our performance "Water Digest" honoured us with two prestigious awards -

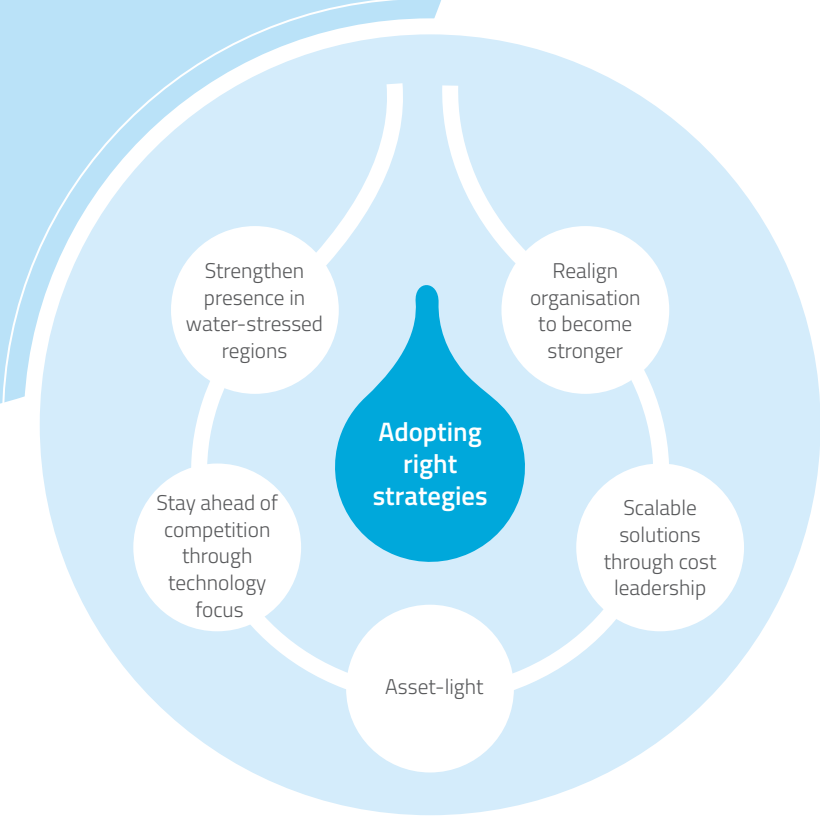
- "BEST WATER TREATMENT PROJECT - INDUSTRIAL"
  (For India's largest effluent recycling plant at IOCL Paradip)
- "EXCELLENCE AWARD FOR BEST CSR IN WATER SECTOR"
  (For making communities climate resilient)

WABAG

ADOPTING RIGHT STRATEGIES...

...to achieve sustainable growth

We are a proactive organisation. We have identified strategies that will enable us deliver sustainable growth over the long run. We are now channelising efforts towards maximising the effectiveness of these strategies.



Strengthen presence in water-stressed regions

We have strategically strengthened our presence in emerging and developing markets facing water crisis to make our solutions relevant.

Realign to enhance effectiveness

We continue to strengthen the efficacy of organisational restructuring, whereby instead of operating as small independent global units we focussed on becoming one large organisation with four regional clusters. This enabled us to have targeted regional focus and achieve the objective of 'one WABAG' which promoted increased collaboration among various units. Significant strides have been made towards this as we created new positions and attracted senior talents who are aligning their respective teams and regional strategies.

Making our solutions scalable through cost leadership

We ensure working at optimum operational cost to make our water technology solutions affordable and scalable. We achieve this by:

- Efficient utilisation of resources
- Procurement efficiencies
- Engineering expertise and technology

Staying ahead of competition

We leverage our strong R&D competency to target projects involving advanced technologies. This clearly sets WABAG apart and ahead of competition thereby enhancing value to the customer and stakeholders.

Remaining asset-light

We believe that it is essential to remain asset-light for scaling-up operations and taking on large and complex projects with a de-risked business approach.

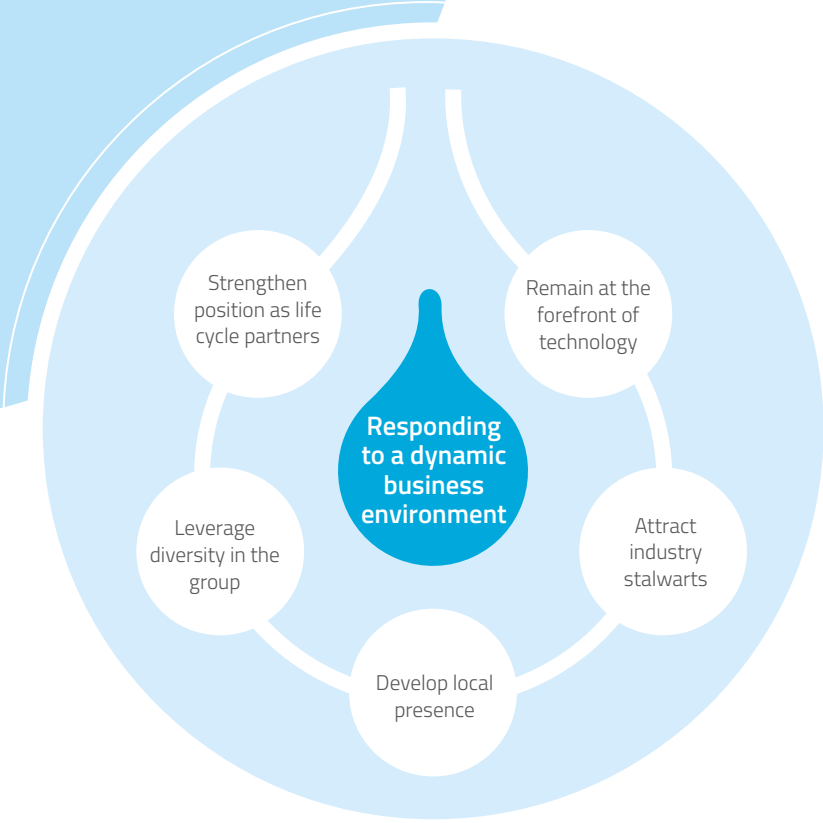
AMAS, Bahrain

WABAG

BUILDING COMPETENCIES...

...to remain agile and future-ready

The industry is becoming more competitive with every year. Clients are looking for advanced technology solutions with quick turnaround timelines. We are building competencies to cater for such dynamic business environment.



Remaining at the forefront of technology

While we possess know-how of advanced water technologies, we constantly focus on developing new process and technology solutions. This enables us to qualify for and win orders involving advanced technologies. In FY 2017-18, we invested ₹82 lakhs towards R&D.

Strengthening position as a life-cycle partner

Apart from our ability to handle diverse EPC projects, we possess operations and maintenance expertise, which enables us to operate plants efficiently and maximise its life. We are a one-stop solution provider.

Attracting industry stalwarts

We have attracted capable senior talent, whose immense knowledge, leadership and business development skills will be critical in propelling the organisation to the next level of growth.

Building local presence in markets that matter

We have successfully built local presence and relationships in critical markets necessary to deliver solutions to penetrate market and provide assurance of local support & long-term presence to the client. In FY 2017-18, we strengthened base in Latin America by opening a subsidiary in Brazil and in Middle-East by setting-up cluster head office, appointing a CEO and hiring local people. We also empowered our various local units to become self-sustainable and deliver locally to expedite decision-making and faster turnaround.

Unblocking resources

We continuously focus on the projects nearing completion and drive closure. This enabled us to mitigate risks associated with the projects, generate cash flows, increase organisational bandwidth and undertake better planning of resources.

100+
registered patents

25+
senior managerial personnel added in the last two years

Commonwealth Games Village, Delhi

Petronas RAPID, Malaysia

Technological superiority on engineering capabilities of WABAG to the fore - Petronas Rapid Project, Malaysia

The RAPID (Refinery and Petrochemical Integrated Development) project involving construction of Effluent Treatment Plant alongside development of a grassroot Refinery and Petrochemical complex, displays our technological superiority and engineering capabilities. The project's scope also includes validation of redoing of FEED by Petronas' expert consultants.

Understanding the complexities, scale and delivery schedule, WABAG for the first time carried out entire engineering of the project in smart plant, wherein the entire plant was modelled in 3D. This facilitated in optimising design, increasing productivity and shortening the project schedule.

A specialised software WIN PCS for completion management was used, which tracked completion of every activity online. WABAG also used various advanced technologies for the project which included:

- Wet air oxidation package
- High-pressure reciprocating air compressors
- Low temperature sludge dryers
- Flat bottom dewatered sludge bin/bin mixing devices
- Automatic valve less gravity filter (advanced filter design)

₹ 1,500 crore
complex and large project

87.43%
completed as on March 31, 2018

Reinach, Switzerland

Delivering India's largest industrial water recycling system for a complex effluent

Indian Oil's 15 MMTPA refinery at Paradip, Odisha required an extensive water management system. The challenge was the discharge of complex cocktail of effluents, the removal of which required integration of advanced technologies.

WABAG took up the challenge and built an extensive 54,000 m3/day water management system operating in three stages (effluent treatment, water recycling and sludge management). The plant, along with use of advanced technologies, additionally integrated Volatile Organic Compounds and Chemical Oxygen Demand treatment units to ensure highest quality of water being discharged into the sea.

₹250 crore
Landmark Project for IOC Paradip refinery

17,000 ML
reduction in client's freshwater usage driven by reuse of generated effluent for application as process water

Ramping-up competency with R&D on advanced technologies

We initiated R&D activities in the field of drinking water and micro-pollutant removal. Towards this, WABAG Switzerland has designed and installed a pilot multi-barrier system for treating lake water. The test will determine the efficacy of the innovative control system for advanced oxidation using ozone, focus on improving operational efficiency of the Granular Activated Carbon (GAC) filters and test Nano-Membrane filtration as a future process option. Pilot trials are on for micro-pollutant removal in biological treated wastewater using adsorption and oxidation processes.

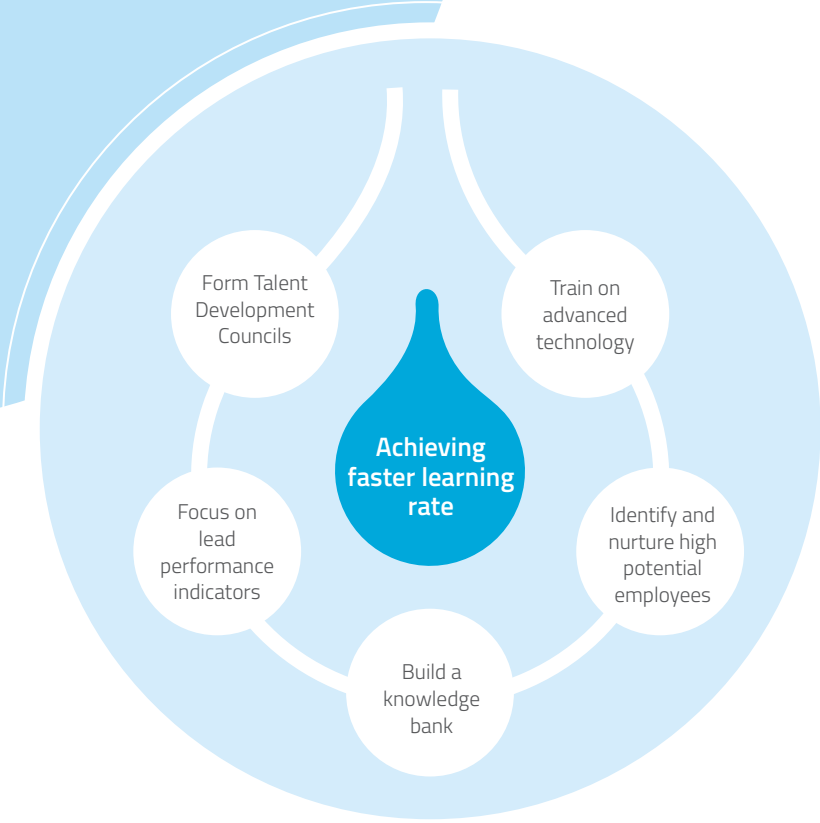
Pilot Plant, Austria

WABAG

NURTURING TALENT...

...and fostering a culture of continuous learning

Regulatory norms and technologies are evolving fast and competition is getting intense. We are re-skilling our people to ensure continuous learning at a faster rate. We are preparing our people for future technologies and leadership.



Strengthening competencies with advanced technology training

We have initiated onsite training to provide employees first-hand experience of working on new technologies and nuances of working at project sites. We have also cultivated the practice of providing cross exposure on advanced European technologies to young graduates across the Group. This learning is then spread throughout the organisation resulting in faster learning cycle and improved competencies.

Building a hands-on knowledge bank

We have initiated knowledge management programme focussed on capturing, storing and disseminating learning experiences gained from various projects. The accrued knowledge will be extremely vital in enhancing the competitiveness of the organisation and ensuring that past experiences are adequately leveraged to improve performance delivery of current projects.

Identifying and preparing future leaders

We have formed talent development councils at the cluster, group and functional levels to identify important leadership positions and nurture high potential (HIPOT) employees for the same. These HIPOTs would be mentored by senior management to enhance their leadership and management skills. The programme would be essential in grooming future leadership for securing the organisational succession.

Creating management bandwidth

We have deployed senior leaders across all units to take on the responsibility of aligning strategies and empower their respective teams.

30,901
Total training hours during FY 2017-18

33
years
Average years of industry experience of senior management team

18
High potential employees were identified for training in FY 2017-18 to prepare them for future leadership

Recognition from the Ministry of Housing, Bahrain for implementing best Health, Safety and Environment practices, achieving 3 million LTI free man-hours and being a reliable technology company that front-ended a massive construction-oriented STP with state-of-the-art technology

Young and passionate team does the unimaginable at AMAS, Bahrain

All eyes were on WABAG when it won the 40,000 m^3/d Al Madina Al Shamaliya (AMAS) Sewage Treatment Plant for the Ministry of Housing, Bahrain funded by Abu Dhabi Fund for Development (ADF). The project had a huge and complex civil part including a 21 metre deep pumping station. The available site was challenging with three sides being engulfed by the sea, a hill at the centre and to top it all, a 4.5km long sea outfall pipeline was to be laid for discharging treated sewage.

We were well prepared to deal with the challenge. A young and passionate team comprising project manager and engineers took charge. It was essential to complete all works and quality tests correctly in the very first attempt to avoid time and cost overruns. The team brainstormed, brought in innovative solutions, leveraged new technologies and undertook fantastic collaboration across functions to achieve the feat. The team maintained highest level of quality throughout the project execution and achieved 100% hydro test success for all civil units in the first attempt.

₹570 crore
Marquee Project

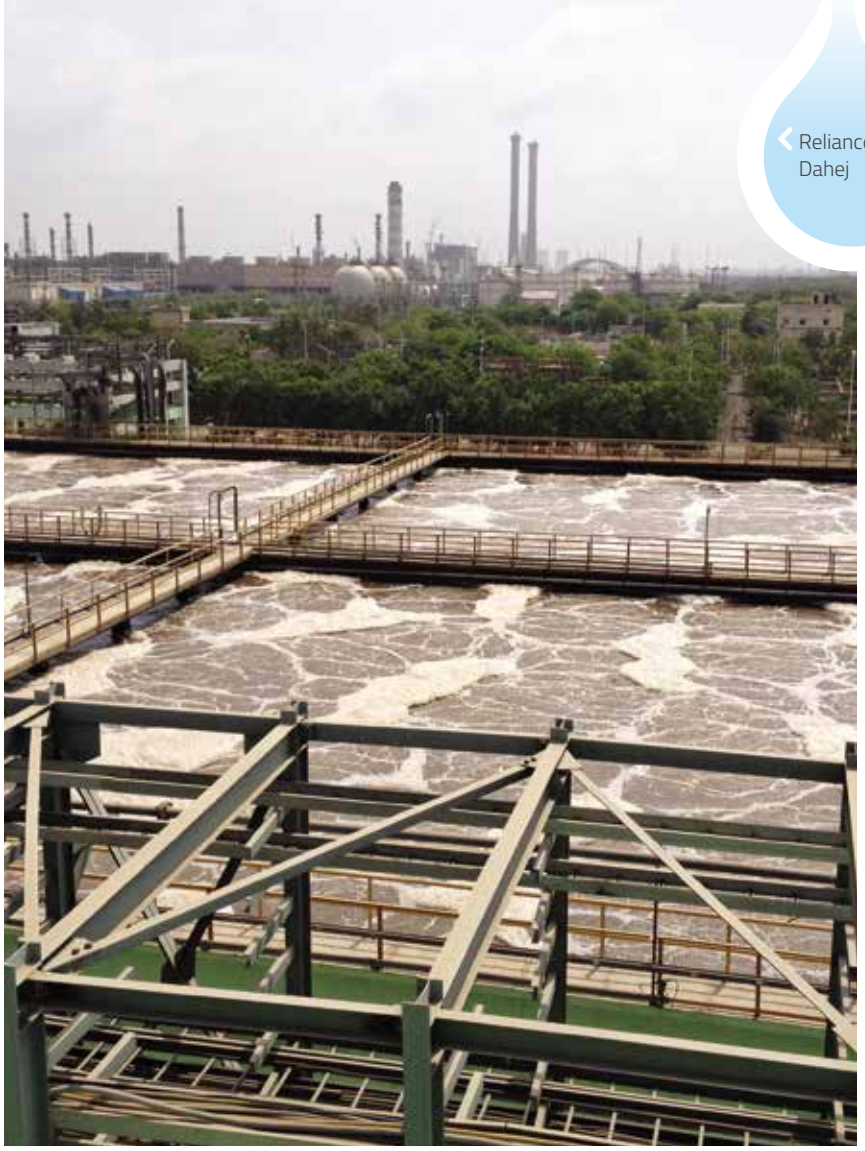
96%
Completed as on March 31, 2018

Setting new benchmark at RIL Dahej UFRO project

The team that worked on the 50 MLD UFRO project at Dahej for Reliance Industries Limited (RIL) was given an extremely challenging timeline, eight plus months, for completion. This was because RIL's existing petrochemical plant had to undergo temporary shutdown driven by acute water shortage and ingress of sea water during high tides, leading to potential losses.

The challenge was that never before had a project of such scale and complexity been executed in such short span.

WABAG's team took up the challenge. Leveraging its technological expertise in desalination gained from past experiences and execution excellence, the team set new standards of execution speed with a focus on quality. The plant is commissioned and running satisfactorily.



Reliance, Dahej

₹81 crore
Project

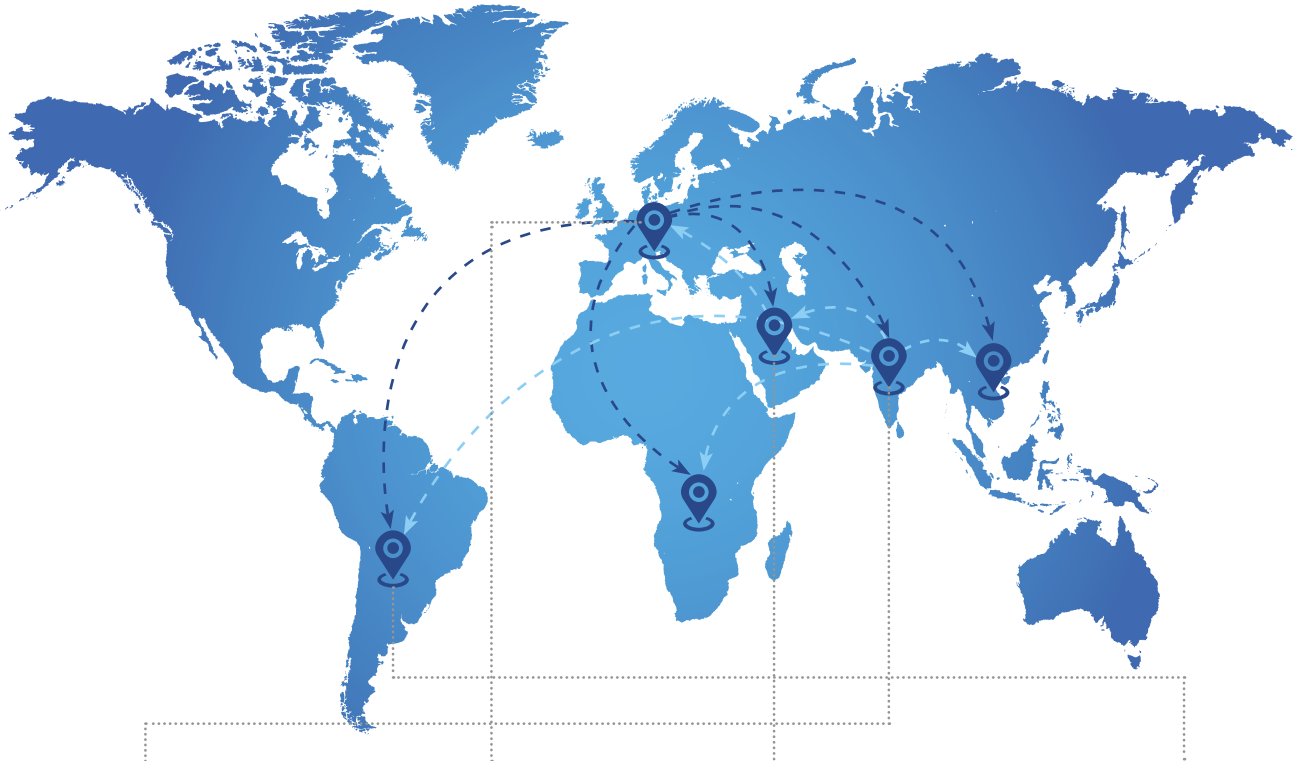
8+ months
record delivery timeframe achieved

EXPANDING SYNERGISTICALLY...

...to create new avenues for growth

Economic and political scenarios in a region are unpredictable. We have prudently formed synergistically operating geographical clusters to ensure optimal utilisation of resources and consistent order book cycle. Together, they leverage each other's strengths and resources to achieve respective targets and create new opportunities.

Strengthening competencies with advanced technology training



India cluster

The primary cluster driving the Group's performance

Regions

Bangladesh, India, Indonesia, Malaysia, Nepal, Philippines, Singapore, Sri Lanka, Thailand, Vietnam.

Key developments:

- Improved operational efficiencies by identifying key levers and processes of projects, better planning and weekly monitoring
- Embarked on completed but not handed over projects to achieve their closure to release organisational bandwidth and ensure better planning
- Continuous improvement safety standards at sites

Europe cluster

The stable cluster and the Group's technology centre

Regions

Austria, Czech Republic, Macao, Romania, Russia, Switzerland, Turkey.

Key developments:

- Breakthrough order received in Food & Beverage and Tobacco industry
- Cost-efficiencies achieved from Austria-Turkey through operational synergies

Middle-East Africa cluster

The emerging cluster and the Group's near-term business driver

Regions

Bahrain, Egypt, Ethiopia, Kuwait, Libya, Namibia, Nigeria, Oman, Qatar, Saudi Arabia, Tanzania, Tunisia, UAE.

Key developments:

- Strengthened cluster resources and leadership focus
- Setting-up local presence enables bidding for larger projects

Latin America cluster

The new cluster and the Group's future business driver

Regions

Argentina, Brazil, Colombia, Ecuador, Mexico.

Key developments:

- Set-up subsidiary in Brazil to enable local business

Suplacu, Romania

Execution excellence at Romania's largest oilfields, Suplacu de Barcău for largest Oil & Gas group, OMV Petrom

WABAG built an innovative 8,000 m^3/day produced water treatment plant using eco-friendly technologies and multi-stage treatment system. In the project, we went beyond the conventional chemical and physical process steps that technology suppliers were confined to, and for the first time introduced a biological process.

The entire system comprised storage and settlement tanks, Dissolved-Air-Floatation (DAF), a cooling tower that reduces the temperature from 55°C to 35°C, biological treatment based on the activated sludge process, lamella clarifiers, two-layer filtration with flocculation and coagulation, activated carbon filtration and sludge dewatering. This ensured superior quality of reclaimed water.

We even undertook on-the-spot pilot testing to ensure the efficacy of the system before its final implementation.

Largest WTP at Nepal

~1 million people in Kathmandu Valley will get access to high quality potable water

Melamchi, Nepal

Delivering Nepal's largest water treatment plant in a challenging terrain

WABAG was entrusted to develop a massive water treatment plant in Melamchi, Nepal. The challenge was, that the site is located on a difficult terrain at 1,400 metres above sea level.

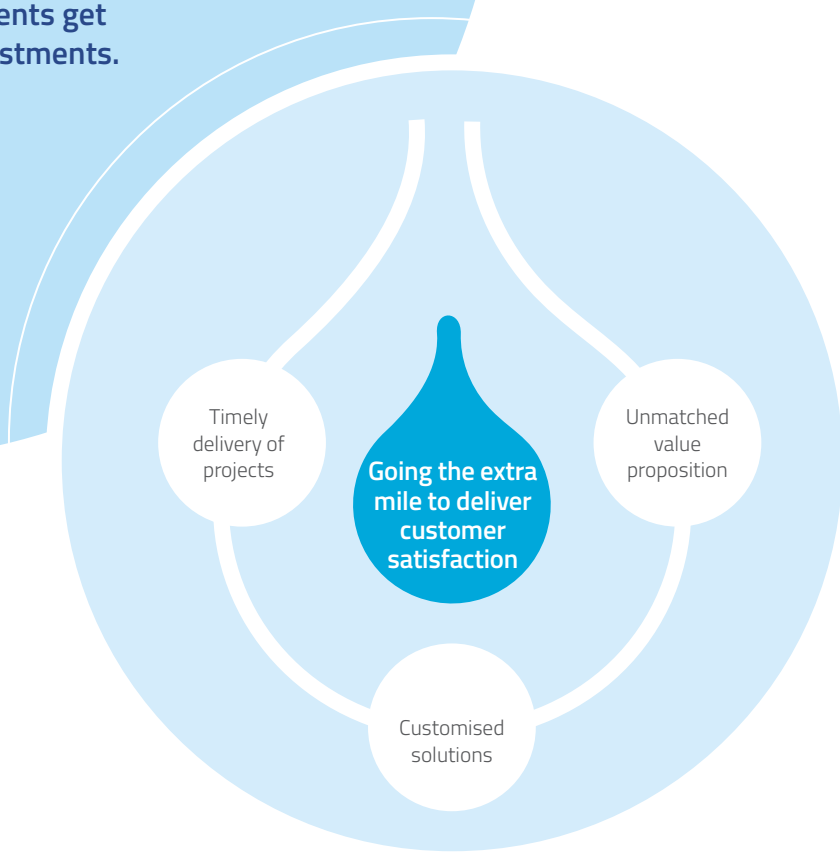
WABAG successfully delivered an 85,000 m^3/day water treatment plant despite a devasting earthquake during execution stage. The plant using advanced technologies generates sufficient power employing a mini hydro power, making it self-reliant and achieving significant cost savings.

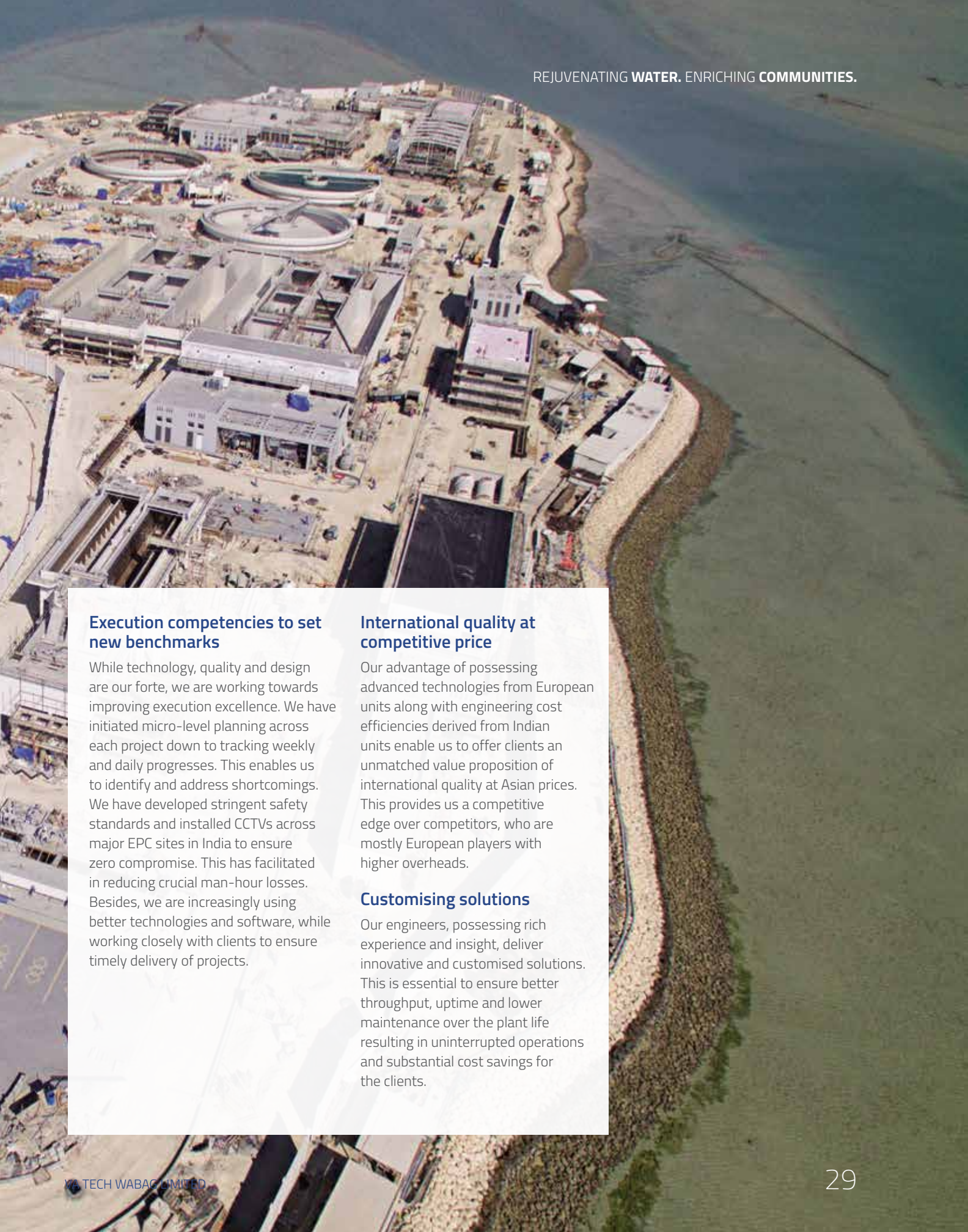
WABAG

EXECUTION EXCELLENCE AND INNOVATIVE SOLUTIONS...

...to build long-term relations

Past credentials and experiences are critical in business involving EPC and O&M solutions. We walk an extra mile to ensure our clients get the desired returns on investments.





Execution competencies to set new benchmarks

While technology, quality and design are our forte, we are working towards improving execution excellence. We have initiated micro-level planning across each project down to tracking weekly and daily progresses. This enables us to identify and address shortcomings. We have developed stringent safety standards and installed CCTVs across major EPC sites in India to ensure zero compromise. This has facilitated in reducing crucial man-hour losses. Besides, we are increasingly using better technologies and software, while working closely with clients to ensure timely delivery of projects.

International quality at competitive price

Our advantage of possessing advanced technologies from European units along with engineering cost efficiencies derived from Indian units enable us to offer clients an unmatched value proposition of international quality at Asian prices. This provides us a competitive edge over competitors, who are mostly European players with higher overheads.

Customising solutions

Our engineers, possessing rich experience and insight, deliver innovative and customised solutions. This is essential to ensure better throughput, uptime and lower maintenance over the plant life resulting in uninterrupted operations and substantial cost savings for the clients.

Execution excellence leads to repeat orders

Order from DANGOTE Group, Nigeria

Dangote is the largest industrial conglomerate in West Africa, and one of WABAG's most prestigious clients. Our execution excellence displayed during the development of 2,500 m^3/hr Raw Water Treatment Plant (RWTP) order at its fertiliser project, won a repeat order from group company Dangote Refinery & Petrochemical Project. This fertiliser plant will be the largest in Africa, and second largest in the world at one location. The new order comprises two projects – the Raw Water Intake & RWTP and the Demineralisation, Condensate Polishing, ETP Package.

Order from Bangalore Water Supply and Sewerage Board (BWSSB)

BWSSB reposed their trust in us again by awarding EPC order for 150 MLD STP at K&C Valley along with 10 years of O&M. The plant will meet the guidelines of Central Pollution Control Board and Renewable Energy Certificates. Designed on Activated Sludge Process with Biological Nutrient Removal (BNR) and power generation, integrated with biogas powered bio-plant, the plant will promote conservation and restoration of natural resources in the vicinity of Bellandur Lake, Bengaluru and facilitate reduction of operation expenses by 50-60%.

Existing 60,000 m^3/day WWTP executed by WABAG at Bengaluru will ensure biological nutrient removal and eliminate eutrophication to reduce dissolved oxygen treated water release in the lake.

Dhanbad, Jharkhand

Execution excellence appreciated by country leaders

WABAG was awarded a project by Dar Es Salaam Water & Sewerage Authority (DAWASA). Towards rehabilitation and expansion of existing equipment of the 82,000 m^3/d WTP, setting-up of new 1,30,000 m^3/d treatment line and pumping combined outputs to service reservoirs at Kibamba and Kimara in Tanzania.

The project has been appreciated by both the Indian Prime Minister Mr. Narendra Modi and the President of Tanzania, who was impressed with the project's speed and timely completion. Complimenting WABAG's performance, he was hopeful that the project will have a positive impact on citizens' daily life.

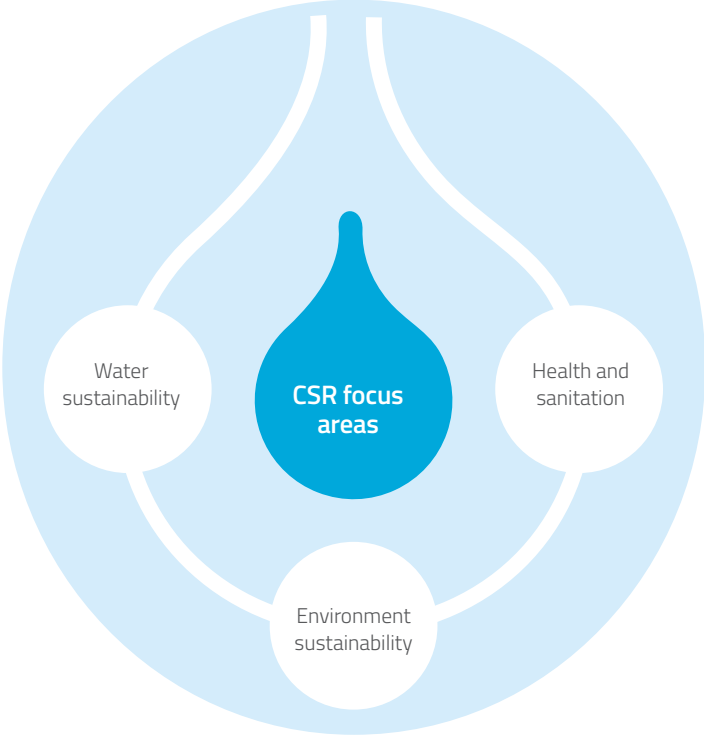
7,00,000

People will benefit with safe drinking water from the project

ENRICHING COMMUNITIES

Social sustainability at WABAG is equally important as business sustainability. Since the initiation of our CSR journey in 2001, we have gone beyond just spending to contributing for sustainable livelihoods.

We undertake activities in three primary areas of water, sanitation and environmental sustainability. With this, we intend to improve lives and livelihood of marginalised sections of society, while actively contributing to the global sustainable development goals (SDG)



Water and environment sustainability

We implement programmes on water augmentation, conservation and restoration of water bodies enabling efficient water usage. We also build drinking water treatment plants for the schools and hospitals in our neighbourhood.

As part of our major CSR initiatives, we tied up with M. S. Swaminathan Research Foundation, founded by Prof. MS Swaminathan, the father of Green Revolution in India and the recipient of First World Food Prize. Together, we implemented water augmentation

Capacity Building for Wetlands and Restoration of Narayanapuram Wetland partnering Care Earth Trust

project at Villupuram district, Tamil Nadu, which resulted in increased productivity of small farmers.

We entered into partnership arrangements with NABARD and Bharat Rural Livelihood Foundation, an independent society set-up by Government of India, for implementation of watershed development projects covering five districts in Tamil Nadu and six in West Bengal. With this large-scale intervention, our CSR investment in watershed development programmes would be ₹7.25 crore over four years.

~ ₹7.25 crore invested in watershed development projects across 11 districts of Tamil Nadu and West Bengal spread over a period of four years.

Health and sanitation

We tied-up with Centre for Science, Technology and Development Studies, along with whom we have scripted a sanitation success story in a remote village in Tamil Nadu's Pudukottai district. The initiative was more of a sensitisation programme focussed on 'triggering a collective behaviour change' for promoting the use of toilets. Through this initiative, toilets have been built and there has been increasing awareness among villagers on better health and hygiene practices.

Water Treatment Facility for Sristhi Trust, Munnar

Micro Irrigation at Sevalaya Complex, Trivellore District and at National Agro Foundation Training Complex, Kanchipuram District

Health and Hygiene Project at Viralipatti, Pudukottai District, Tamil Nadu in partnership with the Centre for Science, Technology and Development Studies

Water Treatment Plant at Voluntary Health Services, Adyar, Chennai

WABAG

TEN-YEAR FINANCIALS

(₹ in Lakhs)

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Share Capital	1,093	1,091	1,090	1,086	532	531	530	528	468	415
Reserves & Surplus	1,11,773	98,222	90,938	81,617	83,563	71,004	63,672	56,568	39,694	37,376
Networth@	1,16,241	1,01,039	92,853	83,402	84,399	71,733	64,300	57,096	40,162	37,931
Revenue	3,45,728	3,20,791	2,50,825	2,43,515	2,23,860	1,61,885	1,44,352	1,24,182	1,22,947	1,13,081
EBITDA	30,120	29,810	23,630	20,947	18,850	15,401	13,003	12,103	11,713	8,352
PBT	22,445	17,890	15,710	16,710	16,620	13,519	11,105	8,342	7,441	3,790
PAT	13,151	10,240	8,873	11,010	11,335	9,034	7,375	5,257	4,476	3,488
Dividend per share^	4*	4	4	4	4	3.5	3	2	-	-

* Dividend recommended by the Board of Directors

@ Networth includes Share application money pending allotment and non-controlling interests

^ Adjusted for Bonus issue in 2015

Board's Report

Dear Members,

Your Directors have pleasure in presenting the 23rd Annual Report of the Company, together with the Audited Financial Statements for the financial year ended March 31, 2018.

Financial/ Operational Highlights

Your Company's financial highlights for the year ended March 31, 2018 are summarized below:

₹ in Crore

	Standalone		Consolidated	
	2017-18	2016-17	**2017-18**	2016-17
Gross turnover (Revenue from operations)	1,856	1,798	3,457	3,208
Profit before interest, tax & depreciation (EBITDA) excluding exceptional items	193	215	301	298
Profit before tax	174	126	224	179
Provision for tax	(57)	(51)	(77)	(67)
Profit after tax attributable to owners of the parent	117	75	132	102

Business Environment

During the financial year 2017-18, many major advanced economies witnessed modest economic growth. The Global GDP growth has been higher at 3.8% in 2017 as compared to 3.2% in 2016, which was mainly driven by recovery in investments and trade on account of accommodative policies and financing conditions, improved confidence, and strengthening of commodity prices.

Advanced economies grew 2.3% in 2017 (1.7% in 2016), while the Emerging Market and Developing Economies (EMDEs) grew 4.8% in 2017 (4.4% in 2016). India continues to remain as one of the fastest growing economy in the world backed by strong fundamentals and continued reform momentum which has been initiated by the Government over last couple of years. Being the first year of implementation of GST, all sectors faced certain issues relating to process of claiming GST Input credit and output GST discharge. As per the World Bank report, GST implementation is expected to yield substantial growth dividends from higher efficiencies and raise more revenues in the long run. GST introduction has resulted in cash flow stress on your Company mainly on account of certain delays in customer invoicing due to pending rate amendment finalization and amendment of contracts with customers pursuant to the change in law and uncertainties on the rate reduction in municipal contracts.

Consolidated Turnover

2017-18	₹ 3,457 Crore
2016-17	₹ 3,208 Crore
Growth	7.8% ^

Company's Performance

In the FY 2017-18, your Company continued to maintain momentum on key parameters, despite moderate global economic growth. Your Company's consolidated turnover stood at ₹ 3,457 Crore compared to its previous year turnover ₹ 3,208 Crore recording a growth of 7.8 %. The Consolidated Profit after tax for the current financial year rose to ₹ 132 Crore from ₹ 102 Crore in the FY 17, thereby recording a growth of 29.4%. The Standalone revenues have increased to ₹ 1,856 Crore in FY 2017-18 and the Standalone Profit after tax for the current FY stood at ₹ 117 Crore as against ₹ 75 Crore previous year. Your Company also achieved an order intake of ₹ 3,193 Crore and its order book stood at ₹ 7,743 Crore including framework contracts as at the year end. The Consolidated EPS was ₹ 24.08 for the year ended March 31, 2018 as against ₹ 18.82 in the previous year.

Dividend

Based on the Company's performance and in line with the dividend policy of the Company your Directors are pleased to propose a dividend of ₹ 4/- on every equity share of ₹ 2/- each (200%) for FY 2017-18. The dividend, if approved at the

23rd Annual General Meeting (AGM), will be paid to those Members whose names appear in the register of Members of the Company as at the end of the day on August 3, 2018. With this recommendation of dividend, your Company has been consistent in paying dividend to its Members since the date of listing of its securities. The final dividend on equity shares, if approved by the Members would involve a cash outflow of ₹ 22.85 Crore including dividend distribution tax, resulting in a payout of 19.53% of the Standalone profits of the Company for FY 2017-18.

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI LODR") the Board approved and adopted the Dividend Distribution Policy and the same is available on the Company's website www.wabag.com.

Capital Structure

The issued, subscribed and paid up share capital of the Company stood at ₹ 10.93 Crore as on March 31, 2018 as against ₹ 10.91 Crore in the previous year. The increase in the paid up capital was on account of allotment of Equity shares of the Company to its employees as per the Employee Stock Option Plan approved by the Members. The number of shares and date on which such allotment was made by the company are given below:

Month/Day/Year	No. of equity shares
Capital as on March 31, 2017	5,45,73,058
Addition during the year	
May 25, 2017	4,666
August 9, 2017	17,035
November 8, 2017	57,231
February 9, 2018	5,400
Capital as on March 31, 2018	5,46,57,390

Unclaimed Dividend - Investor Education and Protection Fund (IEPF)

Your Company had declared its first dividend to the Members of the Company on July 15, 2011 after its Initial Public Offering (IPO) during the year 2010 and since then has been consistent in the dividend distribution every year to its Members. The details of dividend per share paid by the Company since 2011 are available at page no.34 of this Report.

In accordance with the requirements as set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the Rules"), any dividend which is unclaimed by a Member(s) for a period of 7 consecutive years have to be transferred to IEPF Authority along with the corresponding shares held by the said Members in the respective financial year for which the dividend is unclaimed.

Your Company has been approaching the Members who have not yet claimed their dividend entitlements from the Company through various modes viz., reminder letters, mails, notices, calls, etc., based on their latest available address and requesting them to initiate necessary action for claiming such dividend(s) from the Company, before it is transferred to Investor Education Protection Fund account in accordance with the Rules.

Members who have not yet claimed their dividend entitlements can approach the Company or its Registrar and Share Transfer Agent (RTA) viz., Karvy Computershare Private Limited and obtain necessary information and clarification for claiming the unpaid dividend entitlements.

If the Members do not claim the unpaid or unclaimed dividends within a period of 7 years from the date of declaration of dividends, then such dividends shall be transferred to IEPF authority in accordance with the Rules.

The details of Members and their unclaimed dividend/equity shares liable to be transferred to IEPF are uploaded on the Company's website www.wabag.com.

IPO Refund - Investor Education and Protection Fund (IEPF)

Your Company made its initial public offering during the year 2010. During the year, the unsuccessful allottees of the IPO who had paid subscription amount and not claimed such amount have been approached by the Company through various reminders and follow up action and helped certain allottees (who had responded to the Company) to get their refund entitlements and transferred the balance unclaimed amount of Rs. 1,70,300/- to the IEPF account as per IEPF Rules. The holder wise details of IPO refund amount transferred to IEPF and Details of unclaimed dividend/ equity shares liable to be transferred to IEPF are available on the Company's website www.wabag.com.

Depository System

Your Company's shares are in compulsorily tradable securities in electronic form. As on March 31, 2018, 99.99% of the Company's total paid up capital representing 5,46,56,474 equity shares are in dematerialized form. In view of the numerous advantages offered by the Depository system as well as to avoid frauds, Members

Consolidated Profit after tax

2017-18	₹ 132 Crore
2016-17	₹ 102 Crore
Growth	29% ^

holding shares in physical mode are advised to avail the facility of dematerialization from either of the depositories.

Management's Discussion and Analysis

Management's Discussion and Analysis forms an integral part of this report and gives details of the industry, economic developments, performance and state of affairs of the Company. A detailed report on the management's discussion and analysis in terms of the provisions of regulation 34 of the SEBI LODR, is provided as a separate chapter in the annual report.

Key Projects Update

PETRONAS RAPID ETP PROJECT, Malaysia:

Petronas project is being executed by Company's subsidiary viz., Wabag Muhibbah JV Sdn. Bhd., a company incorporated in Malaysia. The contract's scope covers construction of a state-of-the-art water management system for treatment of effluent and waste water in the RAPID Complex. This is a large and complex oil & gas project and is progressing well. Currently, in an advanced stage of execution, the project is expected to be completed in FY 18-19 and will provide a significant reference to your Company.

AMAS STP PROJECT, Bahrain:

The scope of AMAS project in the Kingdom of Bahrain covers Design and Build of a Sewage Treatment Plant (STP) for Al Madina Al Shamaliya (AMAS), the new town being developed in Bahrain. AMAS is being developed for housing, recreational, and business activities purpose and will provide approximately 16,000 dwelling units. This STP plant with tertiary treatment will cater to the entire irrigation water requirements of all the 13 islands. Your Company partnered with Belhasa Projects LLC, UAE for executing this project. The plant has been mechanically completed and wet run of the plant is in progress. This project will provide a significant reference to your Company, given its complex construction on reclaimed land.

APGENCO KAKATIYA and RAYALASEEMA THERMAL POWER PROJECT, India:

Telengana State Power Generation Coporation Limited and Andhra Pradesh Power Generation Corporation Limited had placed orders for two 600 MW Thermal Power Plants – at Warangal and Cuddapah respectively. Due to financial issues faced by the erstwhile Consortium leader, WABAG took over leadership of the consortium from mid-2014 and assumed overall responsibility of completing the projects.

The performance guarantee test runs (PGTR) of the 600 MW plant in Warangal, Telangana was completed in FY 2017-18 and commercial operation date (COD) of the second 600 MW project in Cuddapah, Andhra Pradesh was also achieved in FY 2017 – 18. These are critical completion milestones which will enable your Company to move closer to achieving financial closure of the projects.

DANGOTE PROJECT, Nigeria:

Your Company secured a repeat order from one of its key clients, Dangote group towards Engineering, Procurement, Commissioning & Testing of an ETP with Reverse Osmosis, Demineralization (RODM) & Condensed Polishing Unit (CPU) and Raw Water Treatment Plant (RWTP). The project involves treatment of toughest refinery effluent using latest technology, such as cyanide removal. This is a testimony of your Company's focus on customer satisfaction, as this order was secured on the basis of execution excellence in the earlier contract from the customer. Your Company as part of this contract, is supplying its patented BIOPUR technology for the RODM package. The project is progressing on schedule with full momentum.

POLGHAWELA PROJECT, Srilanka:

The Project is to implement a new water supply scheme in Sri Lanka to cover the Alawwa – Polghawela - Pothuhera and part of Kurunegala Pradeshiya Sabha area by developing pipe water supply scheme & providing safe and reliable water enabling industrial development and economic growth. The contract scope covers construction of a weir across the river, a river intake system with a Raw Water Pumping station and pumping main to treatment plant, A 22,000m^3/day treatment plant (upgradable to 29,000m^3/day), 42 Km of clear water transmission from treatment plant to 6 storage Reservoirs spread across the project area and 320 Km length of DI/PVC Pipe distribution system.

The project is progressing well with the project Design phase in advanced stage and physical construction in progress with most of the major equipment ordering completed.

Corporate Governance

Corporate Governance deals with determining the ways for business analysis and taking business decisions by Management for the benefit of all stakeholders of the Company. Your Company has implemented several best corporate governance practices to enhance long-term shareholder value and respect minority shareholders' rights in all our business decisions. Your Company, being committed to highest standards of corporate governance, ensures best practices throughout the business cycle and follows a transparent procedure in sharing timely information to all the stakeholders.

A report on Corporate Governance along with a certificate from the Auditors of the Company regarding the compliance of conditions of corporate governance as stipulated under Schedule V of the SEBI LODR forms part of this Annual Report.

Policies of the Company

The Board of Directors of the Company have from time to time framed and approved various Policies as prescribed by the Companies Act, 2013 ('the Act') read with the relevant Rules issued thereunder and the SEBI LODR. These Policies and Codes are reviewed by the Board/ Committee and are updated, from time to time as warranted. Some of the key policies adopted by the Company are as follows:

S.No	Name of the Policy/ codes
1	Dividend Distribution Policy
2	Policy for Determination of materiality for disclosure of events or information
3	Code of Conduct for Board Members and Senior Management Personnel
4	Policy on preservation and archival of documents
5	Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
6	Related Party Transactions Policy
7	Policy on determining Material Subsidiaries
8	Whistle Blower Policy
9	Corporate Social Responsibility Policy
10	Nomination, Evaluation and Remuneration Policy

The above mentioned policies and codes are also available on the website of the Company www.wabag.com and Company's intranet portal.

Business Responsibility Reporting (BRR)

Your Company strongly believes that sustainable and inclusive growth is possible by using the levers of environmental and social responsibility while setting targets and improving economic performance to ensure business continuity and growth. As stipulated under the SEBI LODR, the Business Responsibility Report, describing the initiatives taken by the Company from environmental, social and governance perspective forms a part of this Annual Report. The Report provides an overview of initiatives taken by your Company.

Directors & Key Managerial Personnel

As on March 31, 2018, your Board comprises of 6 Directors including 4 Independent Directors.

During the year under review, the term of Jaithirth Rao (DIN: 00025289) as an Independent Director of the Company ended on July 27, 2017 and on his request, has not been re-appointed. The Board places on record its appreciation for the services rendered by Jaithirth Rao during his tenure as a Member of the Board and its Committees. As per the provisions of the Act, S Varadarajan, (DIN: 02353065) Director & Chief Growth Officer holding office under section 188(1)(f) liable to retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment. S Varadarajan joined the organization in 1997 and has held various roles in the organization during his tenure of over two decades. Pursuant to the provisions of Section 196, 197 & 203 of the Act, read with The Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 and other applicable provisions, the Board of Directors on recommendation of the Nomination and Remuneration Committee at their Meeting held on May 24, 2018, subject to the approval of Members at the ensuing Annual General Meeting, considered and approved the re-appointment of S Varadarajan (DIN: 02353065) as the Whole Time Director of the Company for a period of five years commencing from June 1, 2018 on the terms and conditions as mentioned in the Notice convening 23rd AGM of the Company.

The Members at the 20th AGM held on July 27, 2015, had appointed Malay Mukherjee (DIN: 02861065), as an Independent Director of the Company to hold office for three consecutive years for a term up to the conclusion of the 23rd AGM of the Company to be held in the calendar year 2018. Your Board, on the recommendation of the Nomination and Remuneration Committee held on May 24, 2018, subject to the approval of Members at the ensuing Annual General Meeting, considered and approved the re-appointment of Malay Mukherjee (DIN: 02861065) as Independent Director of the Company for a period of four years from the conclusion of the ensuing AGM viz., August 10, 2018 who shall not be liable to retire by rotation, under section 149 of the Act.

Your Board seeks approval from Members for re-appointment of Malay Mukherjee (DIN: 02861065) as Independent Director under section 149 of the Act to hold office for 4 consecutive years and S Varadarajan (DIN: 02353065) as Whole Time Director under Section 196 & 197 of the Act to hold office for 5 consecutive years. Your Company has received requisite notice in writing from Member proposing Malay Mukherjee & S Varadarajan as an Independent Director & Whole Time Director respectively.

The brief resume of the two Directors and other related information have been detailed in the Notice convening the 23rd AGM of the Company.

The Key Managerial Personnel (KMP) of the Company as per Section 203 of the Act, are as follows:

Rajiv Mittal, Managing Director & Group CEO

Parthasarathy Gopalan, Chief Financial Officer

Pankaj Sachdeva, CEO- India Cluster

R Swaminathan, Company Secretary

During the year there is no change in the KMP.

During the year, the Honourable National Company Law Tribunal ("NCLT") had passed an Order initiating CIRP under IBC, 2016. Subsequently NCLT had, within a week's time, recalled the orders issued against the Company initiating CIRP for certain contractual dispute between the Company and a subcontractor in a Project. The NCLT dismissed the subcontractor petition as withdrawn on account of mutual settlement and submission given by IRP. We thank all our valued investors, bankers, vendors, partners, analysts and esteemed clients for their unflinching support and trust responded in our credentials during this period.

Declaration by Independent Directors

Independent Directors of the Company provide declarations, both at the time of appointment and annually. The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149 of the Act, and the SEBI LODR. The Independent Directors have also confirmed that they have complied with the Company's code of conduct.

Board Diversity

Building a diverse and inclusive workplace is an integral part of WABAG's culture. These principles are also applied to the composition of our Board. A diversified Board will be able to leverage different skills, qualifications, professional experiences, perspectives and backgrounds, which is necessary for achieving sustainable and balanced development. Diversified Board enhances effective decision making and best utilization of the talent of Directors for the Business of the Company. The Nomination and Remuneration Committee sets out the approach to diversify the composition of the Board of Directors. Policy on Board Diversity forms part of Company's Nomination, Evaluation and Remuneration Policy.

Board & Performance Evaluation

During the year under review based on the recommendation of the Nomination & Remuneration Committee, the process of seeking responses from Board, Committees and Individual Directors as well as the questionnaires were further strengthened, in line with guidance note on Board evaluation issued by SEBI. The Nomination and Remuneration Committee has put in place a robust framework for evaluation of the Board, Board Committees and Individual Directors. Customized questionnaires were prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. These questionnaires were circulated, responses received were analysed and the results were subsequently discussed by the Board. Recommendations arising from the evaluation process will be considered by the Board to optimize its effectiveness.

Pursuant to the provisions of the Companies Act, 2013 and Regulation 19 of SEBI LODR, the Board has carried out the annual evaluation of its own performance, the performance of the Directors individually as well as the evaluation of Committees of Board viz., Audit, Nomination and Remuneration, Stakeholders Relationship, Corporate Social Responsibility, Risk Management and Monitoring and Overseas Investment Committee. A separate exercise was carried out by Nomination & Remuneration Committee & Board to evaluate the performance of Board, Committees and that of individual Directors.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on various parameters viz., participation and contribution by a Director, commitment including guidance provided to the senior management outside the Board / Committee meetings, effective deployment of knowledge and expertise, effective management of relationship with various stakeholders, independence of behavior judgment etc. The performance evaluation of the Independent Directors were carried out by the entire Board except the presence of Directors under evaluation. The performance evaluation of the Chairman and Non-Independent Directors were carried out by the Independent Directors. The evaluation process has been explained in the Corporate Governance report.

Appointment of Directors and Remuneration Policy

The assessment and appointment of Members to the Board is based on a combination of criteria that includes ethics, personal and professional stature, domain expertise, gender diversity and specific qualification required for the position. A potential Board Member is also assessed on the basis of the independence criteria defined in section 149(6) of the Act, and Regulation 16(1)(b) of the SEBI LODR.

In compliance with the requirements of Section 178 (3) of the Act, the 'Nomination and Remuneration Committee' (NRC) of your Board had fixed the criteria for nominating a person on the Board which inter alia include desired size and composition of the Board, age limit, qualification/ experience, areas of expertise and independence of the individual. The Committee had also approved the initial term of an Independent Director shall not exceed 3 years. Further, pursuant to provisions of the Act, the NRC of your Board has formulated the Nomination, Evaluation & Remuneration Policy for the appointment and determination of remuneration of the Directors, Key Managerial Personnel, Senior Management and other employees of your Company, the salient features of which are disclosed in this report. The NRC has also developed the criteria for determining the qualifications, positive attributes and independence of Directors and for making payments to Executive and Independent Directors of the Company. Policy of the Company on Director's

appointment and remuneration as required under sub-section (3) of Section 178 of the Companies Act, 2013 are formulated by the Nomination and Remuneration Committee and is outlined in the Nomination, Evaluation & Remuneration policy of the Company.

Your Company's current policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board and separate the functions of Management and Governance. As on March 31, 2018, your Board consists of 6 Directors, majority of them being Independent Directors. Besides the Chairman who is an Independent Director, the Board comprises the Managing Director and Chief Growth Officer, both being promoters and 3 Independent Directors. Your Board periodically evaluates the need for change in its composition and size.

Number of Meetings of the Board & its Committees

During the FY 2017-18, the Board of Directors met 4 times i.e, May 25, 2017, August 9, 2017, November 8, 2017 and February 9, 2018. The gap between any two consecutive meetings of the Board of Directors of the Company was not more than 120 days, as prescribed under the Act. The details regarding composition, attendance of the Directors and other relevant details are set out in the Report on Corporate Governance which forms part of this Annual Report.

The Company has several Committees which have been established as a part of the best corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes. As on March 31, 2018, the Board has 6 Committees, namely, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, Risk Management & Monitoring Committee and Overseas Investment Committee. The details with respect to the composition, powers, roles, terms of reference, number of meetings, etc. of the Committees held during FY 2017-18 and attendance of the Directors at each meeting is provided in the Report on Corporate Governance which forms part of this Annual Report. All the recommendations made by the Committees of the Board were duly accepted by the Board.

As prescribed under section 177(8) of the Act, the Audit Committee comprises of three Independent Directors viz., Sumit Chandwani (DIN: 00179100), Chairman of the Committee, B D Narang (DIN: 00826573) and Malay Mukherjee (DIN: 02861065).

Induction & Training of Board Members

Induction of any new member on the Board is the responsibility of the Nomination and Remuneration Committee of the Board, which consists entirely of Independent Directors. Given the existing composition of the Board, the need for new domain expertise is reviewed by this Committee. When such a need becomes apparent, the Committee reviews potential candidates in terms of their expertise, attributes, personal and professional backgrounds and their ability to attend meetings. The details of shortlisted candidates are then placed before the Board for its consideration. If the Board approves, the person is appointed as an Additional Director, subject to the approval of Members in the Company's next General Meeting. Your Directors when inducted to the Board, are given introduction to the Company's culture through orientation sessions. On appointment, the Director concerned is issued a letter of appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed/ designated independent/ other Director is taken through a formal induction program including the presentation from the Managing Director & Group CEO, and other senior managerial personnel on the Company's operations, marketing, finance and other important functions. The Company Secretary briefs the new Director about their legal and regulatory responsibilities as a Director. The induction for Independent Directors include interactive sessions with executive committee members, business and functional heads, visit to the plant site(s) etc. The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him/ her to effectively fulfill his/her role as a Director of the Company.

On a periodical basis, presentations covering the business and performance updates of the Company and its Group, global business environment, risk management and mitigation, business strategy and plans are made at Board and Committee meetings

Directors Responsibility Statement

Pursuant to the provisions of Section 134(3)(c) of the Companies Act, your Directors confirm that:

- in the preparation of the Financial Statements of the Company, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- they have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls which were adequate and are operating effectively; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

Remuneration Policy

The objective of the Remuneration Policy is to assess the effectiveness of the Board as a whole, Committees of the Board and Individual Directors on regular basis and to attract, motivate and retain qualified and expert individuals that the Company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognizing the interests of Company's stakeholders. Nomination and Remuneration Committee shall formulate the criteria for appointment of Executive, Non-Executive and Independent Directors on the Board of the Company and persons in the Senior Management & other employees of the Company, their remuneration including determination of qualifications, positive attributes, independence of Directors and other matters as provided under sub-section (3) of Section 178 of the Act, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force). Your Company follows a compensation mix of fixed pay benefits and performance based variable pay. Individual performance pay is determined by business performance and the performance of the individuals are measured through quarterly & annual appraisal process. The policy also addresses Board diversity and outlines remuneration principles for Directors, KMP's and other employees based on various evaluation criteria determined by the Nomination and Remuneration Committee including measuring their performance and achievement vis-a-vis the Company's goals.

1. **Board Members**

   The overall limits of remuneration of the Board Members including Executive Board members (i.e. Independent & Non Independent Directors etc.) are governed by the provisions of Section 197 of the Act, and the Rules made thereunder and shall be approved by the members of the Company and shall be subject to availability of profits of the Company. The Board shall determine the remuneration based on recommendation of the Committee, within the overall limit approved by the Members. The Board can determine different remuneration for different Directors on the basis of their role, responsibilities, duties, time involvement etc.

   The remuneration of the Board members is based on the Company's size & global presence, its economic & financial position, industry trends, compensation paid by the peer companies, etc. to ensure that the compensation reflects each Board member's responsibility and performance.

   The remuneration payable to Executive Directors shall consist of (a) Fixed Pay, which is payable monthly, and shall include basic pay, contributions to retirement benefits, house rent allowance or company-leased accommodation and other allowances as per the Company's policy (b) Variable Pay (paid at the end of the Financial Year) directly linked to the performance of the individual Director (i.e. achievement against pre-determined KRAs), his/her respective Business Unit and the overall Company's performance (c) Long term incentive/ESOPs as may be decided by the Committee from time to time. The compensation payable to Independent Directors by way of commission is limited to fixed amount as determined and approved by the Board. The commission payable is based on the performance of the business/ function as well as qualitative factors. The commission is calculated with reference to net profits of the Company in the financial year subject to overall ceilings stipulated under Section 197 of the Act, .

2. **KMP/ Senior Management & Other Employees**

   The remuneration of Key Managerial Personnel (other than Managing Director and Executive Director), shall be approved by the Board and any revision thereof shall be done as per the compensation and appraisal policy of the Company. The remuneration payable to key managerial personnel (other than Managing Director and Executive Director), senior management and other employees shall consist of (a) Fixed Pay, which is payable monthly and include basic pay, contributions to retirement benefits, house rent allowance or company-leased accommodation and other allowances as per the Company's policy (b) Variable Pay (paid at the end of Financial Year) directly linked to the performance of the individual employee (i.e. achievement against pre-determined KRAs), his/her respective business unit and the overall Company's performance.

Policy on Preservation & Archival of Documents

Your Company has framed a policy on "Preservation & Archival of documents". This Policy is intended to provide guidelines for the retention of records and preservation of relevant documents for such duration after which the documents shall be archived. This policy is implemented as per Regulation 9 read with Regulation 30(8) of the SEBI LODR for preservation of the documents inter

alia to aid the employees in handling the documents efficiently either in physical form or electronic form. It not only covers the various aspects on preservation of the documents, but also archival and safe disposal/destruction of the documents. This policy is available on the Company's website www.wabag.com.

Employees' stock option scheme

During the year, there has been no change in the 'Wabag's Employees Stock Option Scheme 2010'. The scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014.

The Nomination and Remuneration Committee, inter alia administers and monitors the Company's employees' stock option scheme (ESOP Scheme) in accordance with the applicable SEBI (Share Based Employee Benefits) Regulations, 2014 (SEBI SBEB). During the year ended March 31, 2018, a total of 84,332 shares were allotted to eligible employees under the Company's prevailing ESOP scheme. The details of the scheme as required under the SEBI Regulations are available on the Company's website www.wabag.com.

The disclosures as stipulated under the SEBI Regulations as on March 31, 2018 is enclosed herewith as ***Annexure 1*** to the Board's Report. Your Company has obtained the relevant certificate issued by the Statutory Auditors of the Company confirming the implementation of the ESOP scheme in accordance with the SEBI Regulations and approval given by the members that the scheme has been implemented in accordance with the SEBI Regulations and the resolutions passed by the Members. The certificate would be placed at the AGM for inspection by the members.

Particulars of Employees

The table containing names and other particulars of Directors in accordance with the provisions of Section 197(12) of the Act, read with rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is enclosed herewith as ***Annexure II*** to the Board's Report.

The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report.

Investor Relations

Your Company continuously strives for excellence in active engagement with international and domestic Investors. Structured conference calls and periodic Investors/ analyst interactions including one on one meetings, telephonic discussions, participation in investor conferences, quarterly earnings call and annual analyst meet with Managing Director and business heads were organized during the year.

Your Company always believes in leading from the front with emerging best practices in Investor Relations and building transparent communication with investors/analysts. Your Company also ensures that important information about the Company and schedule of meets is available to all the stakeholders by uploading all such information on the Company's website.

Equal Opportunity/ Prevention of Sexual Harassment at Workplace Policy

The Company as an organization is committed to provide a healthy environment to all the employees and has a policy of ZERO tolerance towards discrimination and/or harassment in any form. The Company has in place a Prevention of Sexual Harassment (POSH) policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Regular communication and awareness about this policy is done through various programs to the employees. The Company has setup an Internal Complaints Committee (ICC) both at the registered office and at every location where it operates in India in accordance with the Act and has representation of men and women and is chaired by a senior woman member and has external woman representations. Workshops and awareness programs are organized for sensitizing the employees with the provisions of the Act and orientation programs for the members of the Internal Committee. The following is the summary of the complaints received and disposed of during the FY 2017-18:

a) No. of complaints received during the year: NIL

b) No. of complaints disposed of: NIL

c) No. of complaints pending : NIL

Auditors

A. Statutory Auditors

Pursuant to the provisions of Section 139 of the Act, the tenure of the present Statutory Auditors M/s Walker Chandiok & Co. LLP, Chartered Accountants, Chennai shall come to an end at the conclusion of the forthcoming AGM. The Board on the recommendation of the Audit Committee proposed appointment of M/s Sharp & Tannan (Firm Registration No: 003792S) Chennai as the Statutory Auditors of the Company to hold office for a period of 5 consecutive years from the conclusion of 23rd AGM till the conclusion of 28th AGM to be held in the year 2023 on such remuneration as decided by the Board on recommendation by the Audit committee subject to the approval of Members. They being eligible have consented to be appointed as Statutory Auditors for conducting audit for a term of 5 consecutive years. The Company has received consent letter and certificate from the said auditors to the effect that, their appointment if made would be within the limits and term laid down by the Act and they are not disqualified

for such appointment. The said auditors have confirmed, that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of ICAI.

The current auditors have submitted their report for FY 2017-18 and does not contain any qualification, reservation or adverse remark. The auditor's report is enclosed with the financial statements in this Annual Report.

B. Cost Auditor

Section 148 of the Act, pertaining to audit of cost records is applicable to Company. Based on the recommendation of the Audit Committee, the Board has appointed K Suryanarayanan, Practicing Cost Accountant (Membership No.24946) to audit the Cost Accounts of your Company for the financial year ended March 31, 2018 on a remuneration of ₹ 5 Lakhs per year.

C. Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act, and rules thereunder, M/s. M Damodaran (Membership No.F5837) of M/s. M Damodaran & Associates, Practicing Company Secretaries, Chennai was appointed to conduct the Secretarial Audit of the Company for the FY 2017-18. The Secretarial Audit Report for the FY 2017-18 is enclosed herewith as ***Annexure III*** to the Board's report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

The Board has appointed M/s. M. Damodaran of M/s. M Damodaran & Associates, Practicing Company Secretaries, as Secretarial Auditor of the Company for the FY 2018-19.

D. Internal Auditor

Pursuant to the provisions of Section 138 of the Act and the Rules thereunder and Regulation 18(3) of the SEBI LODR and based on the recommendations of Audit Committee, your Board had appointed M/s PKF Sridhar & Santhanam LLP, Chartered Accountants, Chennai, (FRN -003990S/S200018) as Internal Auditors of the Company to conduct the Internal Audit of the Company for the FY 2017-18. The Internal Auditor reports directly to the Audit Committee and makes comprehensive presentations at the Audit Committee meeting(s) on the Internal Audit Report.

Your Board has appointed M/.s PKF Sridhar & Santhanam LLP, Chartered Accountants, Chennai as Internal Auditor of the Company for the FY 2018-19.

Details in respect of frauds reported by Auditors other than those which are reportable to the Central Government:

The Statutory Auditors, Cost Auditors, Secretarial Auditors, Internal Auditors of the Company have not reported any frauds to the Audit Committee or to the Board of Directors under Section 143(12) of the Act, including rules made thereunder.

Subsidiaries, Joint Ventures & Associates

The WABAG Group companies continues to contribute to the overall growth in revenues and overall performance of the Company. The Company has 18 subsidiaries, 3 associates and a joint venture entity as on March 31, 2018. During the year, your Company has incorporated a subsidiary viz., M/s VA TECH WABAG BRAZIL SERVICOS DE AGUA E SANEAMENTO LTDA in the country of Brazil.

In accordance with Section 129(3) of the Act, Consolidated Financial Statements of the Company and all its subsidiaries forms part of the Annual Report. Further, a statement containing the salient features of the financial statement of our subsidiaries in the prescribed format AOC - 1 is enclosed herewith as ***Annexure IV*** to the Board's report. The statement also provides the details of performance and financial position of each of the subsidiaries.

In accordance with Section 136 of the Act, the Audited Financial Statements, including the Consolidated Financial Statements and related information of the Company and Audited Financial Statements of each of its subsidiaries, are available on our website www.wabag.com. These documents will also be available for inspection during business hours at the registered office of the Company.

Related Party Transactions

During FY 2017-18, the Company has entered into transactions with Related Parties as defined under Section 2(76) of the Act, all of which were in the ordinary course of business and on arm's length basis and in accordance with the provisions of the Act, read with the Rules issued thereunder and the SEBI LODR.

There are no materially significant Related Party Transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee and also the Board for approval.

Policy on dealing with Related Party Transactions is available on the Company's website www.wabag.com.

The details as required to be provided under Section 134(3)(h) of Act, are disclosed in form AOC-2 as ***Annexure V*** to the Board's Report.

Policy on determining material subsidiaries of the Company is available on the website of the Company.

Overseas Direct Investment

WABAG, over the years has expanded its global reach through Overseas Direct Investments (ODI), either through subsidiaries, associates or joint venture Companies.

As of March 2018, the total funded financial investments of your Company through equity contribution in such ODIs amounted to ₹ 25 Crore, which represents 6% of total financial commitment and the total non-funded financial investments in the form of guarantees through ODI route amounted to ₹ 381.24 Crore which represents 93% of total financial commitment.

The investments made by the Company in overseas entities have started yielding return on investments in the form of dividend also. During the year, the Company earned a dividend income of ₹ 20 Crore from its overseas investment.

In addition to such dividend receipts, your Company has also immensely benefited from these ODIs in the form of export earnings. During the financial year 2017-18, the Standalone revenue of the Company included revenue from overseas projects amounting to ₹ 716 Crore, which is an increase of 17.6% over the previous year export revenue of ₹ 609 Crore. The aggregate operational revenue generated by the Group during the financial year 2017-18 through company's overseas entities and exports out of India aggregated to ₹ 2,316 Crore, which is 67% of overall consolidated revenue of ₹ 3,457 Crore. The benefits generated by the Company from its overseas entities are substantial considering its relative meagre financial investment in such ODI entities as stated above.

During the year, as part of business restructuring, expansion and other plans in Europe, LATAM and MEA clusters, some of the steps initiated by your Company were:

1. Formed a Branch in Argentina and Dubai and a subsidiary entity in Brazil.

2. As part of restructuring plan of European cluster, the shares held by German subsidiary in other group entities, have been restructured/transferred within other group entities. Pursuant to such action, the minority stake held by German subsidiary in Romanian subsidiary has been acquired by its holding company viz., VA Tech Wabag GmbH, Austria ("Austria subsidiary"). As at March 31, 2018, 99.97% shares of Romanian entity held by Austria.

3. Pursuant to the completion and commissioning of the Desalination Project by Company's Joint venture entity viz., International Water Treatment LLC ("IWT"), Muscat, Oman in the year 2016, the project is presently under Defect Liability Period ("DLP"). Upon completion of the DLP, the Company will initiate necessary action along with other JV partners for closure of the entity. During the year, there are no further payments made by the Company to IWT. As stated in our Annual Report for the previous year, the capital restructuring process of IWT was approved by the local authorities in Oman in the previous year and the Company has taken up the case with regulatory authorities in India for necessary clearances and approvals.

Corporate Social Responsibility

In accordance with the Act, your Company allocated a limit equivalent to 2% of the average net profits of its three immediately preceding financial years for implementation of CSR activities. During the year under review, your Company incurred a sum of ₹ 172.55 Lakhs towards CSR expenditure.

In keeping with the Company's CSR focus on water and waste water, the Company identified various projects for implementation for the year 2017-18. Apart from three multi-year watershed projects, i.e. one at Pulleri village, Kanchipuram District, Tamil Nadu and two at Cuddalore District estimated at ₹ 2.50 Crore, the Company signed MoU with NABARD as co-financing partner for three more multi-year watershed projects, one each at Tuticorin District, Dindigul District and Virudunagar District, Tamil Nadu with three reputed local NGOs as implementing partners. The estimated cost (WABAG's portion) for the three projects is ₹ 2.25 Crore.

Furthermore, your Company also entered into a Memorandum of Understanding (MoU) with Bharat Rural Livelihood Foundation (BRLF), an independent non-profit society set up by the Government of India for implementing watershed project in six districts in West Bengal for which we have committed a sum of ₹ 2.50 Crore spread over a period of 4 years. Out of this, the Company has already paid a sum of ₹ 53.00 Lakhs towards the first year instalment. The key objective behind this CSR investment by WABAG is to leverage the MGNREGA funds which will have wider impact in terms of end beneficiaries, i.e. poor farmers and tribals in West Bengal. With this committment to BRLF, the total committment approved by the CSR Committee towards certain multiyear projects is over ₹ 7.00 Crore.

Over and above the major watershed development projects as mentioned above, your Company also implemented a few minor projects – one health and hygiene project at Viralipatti, Pudukottai District; water treatment plant for special children at Shristi Trust, Munnar, Kerala; water treatment plant for

Voluntary Health Services, Adyar, Chennai, pond renovation projects at Cuddalore District at the instance of NABARD besides a minor irrigation project at Sevalaya, Chennai.

Your Company had undertaken revitalizing and enriching projects in CSR in the areas of Water, sanitation and livelihood in 2017-18 thereby increasing the continued value creation in the areas in which your Company operates. These initiatives address the necessities of the local communities in and around Chennai where company is headquartered.

The CSR Committee of the Board has been constantly reviewing the projects and gives directions to expedite implementation of the projects undertaken.

Your Company's CSR Committee comprises of Revathi Kasturi (Chairperson) (DIN: 01837477), Rajiv Mittal (DIN: 01299110) and S Varadarajan (DIN: 02353065). The Committee is responsible for formulating and monitoring the CSR policy of the Company. This policy is available on the Company's website in the following link: http://www.wabagindia.com/Policies.aspx

Pursuant to Section 135(4) of the Act, the major contents of CSR policy are as follows:

Core Ideology: For WABAG, responsible business practices include being responsible for our business processes, engaging in responsible relations with employees, customers and the community. Hence for the Company, Corporate Social Responsibility goes beyond just adhering to statutory and legal compliances, and creates social and environmental value while supporting the company's business objectives and reducing operating costs, and at the same time enhancing relationships with key stakeholders and customers.

Total Outlay for each financial year: From April 1, 2014, for each financial year, WABAG pledges at least 2% of the average net profits made during the 3 immediately preceding financial years specifically towards CSR initiatives.

Allocation of Resources & Thrust Areas: The CSR Committee of the Board of the Company will manage 2% of the average net profits made during the 3 immediately preceding financial years to undertake CSR initiatives which meet the needs of the local communities where we operate.

WABAG CSR Committee may make contributions to the corporate foundations/Trusts towards education for the under privileged children, vocational and livelihood training of youth, relief to the poor, education and encouragement of sports, medical relief and disaster relief & rehabilitation, or both.

WABAG's commitment to CSR will be manifested by investing resources in one or more of the following areas:

Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;

Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently-abled and livelihood enhancement projects;

Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal Welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air and Water;

Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;

Measures for the benefits of armed forces veterans, war widows and their dependents;

Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;

Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Schedule Castes, the Scheduled Tribes, other backward classes, minorities and women;

Contribution of funds provided to technology incubators located within academic institutions which are approved by the Central Government;

Rural development projects: The surplus arising out of the CSR activities will not be considered as part of the business profits of the Company.

The annual report on our CSR activities is enclosed herewith as ***Annexure VI*** to the Board's report.

Particulars of Loans, Guarantees or Investments

Details of loans, guarantees and investments covered under the provisions of section 186 of the Act, form part of the notes to the financial statements.

Internal Control Related to Financial Statements

Your company has put in place adequate internal financial controls over financial reporting. These are reviewed periodically and made part of work instructions or processes in the Company.

Your Company continuously tries to automate these controls to increase its reliability. The Company follows accounting policies which are in line with the Indian Accounting Standards notified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015. These are in accordance with the Generally Accepted Accounting Principles in India.

International subsidiaries provide information required for consolidation of accounts in the format prescribed by the Company. These are certified by the respective statutory auditors for being compliant with the group accounting policies for the purpose of annual consolidation of accounts.

In compliance with Section 134(5) of Act, your Company has put in place adequate system of internal controls commensurate with its size and the nature of its operations. The Company's internal control system includes the following but not restricted to aspects of:

1. Financial propriety of business transactions
2. Safeguarding the assets of the Company
3. Compliance with prevalent statutes, regulations, management authorisations, policies and procedures.

The Audit Committee of the Board periodically reviews audit plans, observations and recommendations of the internal and external auditors, with reference to the significant risk areas and adequacy of internal controls and keeps the Board of Directors informed of its observations, if any, from time to time.

Awards & Recognitions

Quality assurance

The The Company has sustained its commitment to the highest levels of quality, best-in-class service management, robust information security practices and mature business continuity processes that have collectively helped achieve significant milestones during the year. While sustaining existing external benchmarks and certifications, the Company has added new certifications and further enhanced its programs and initiatives.

Please refer page 13 of the Annual Report for the details of the rewards and recognition achieved by the Company globally during this year.

Risk Management

Your Company has a comprehensive Risk Management and mitigation process for business, operation and strategy. The Board has constituted a separate Committee viz. Risk Management and Monitoring Committee which meets regularly and gets updates from Management on different strategies and its implementation to avoid future risk and threat to the Company. The Committee consists of 5 Directors out of which 4 are Independent Directors. The details on the Company's risk management framework, risk identification, risk evaluation, mitigation measures and monitoring mechanism forms part of the Management's Discussion and Analysis section of this Annual Report.

Particulars of Contracts or Arrangements made with Related Parties

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Act, in the prescribed Form AOC-2, is enclosed herewith as ***Annexure V*** to the Board's report.

Significant and Material Changes/Orders

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future. There are no material changes and commitments affecting the financial position of the Company between the end of the FY of the Company to which the financial statements relate and date of this report.

Other Disclosures

1. During the year under review, the Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Act, read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force);
2. The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board and General Meetings;
3. The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134 of the Act, read with the Companies (Accounts) Rules, 2014, is enclosed herewith as ***Annexure VII*** to the Board's report;
4. The Company has not issued equity shares with differential rights as to dividend, voting or otherwise.
5. During the year there was no change in nature of business of the Company or any of its subsidiaries

Extract of Annual Return

In accordance with Section 134(3)(a) of the Act, an extract of the annual return in the prescribed format is enclosed herewith as ***Annexure VIII*** to the Board's report.

Health, Safety and Environmental Protection (HSE)

The Company has complied with all applicable environmental and labour laws. The details of quality, health, safety, environment initiatives, objectives and achievements made by the Company are detailed in the Management Discussion and Analysis section of the Annual Report.

Sustainability Initiatives

Your Company is in the space of providing solutions in the realm of water and waste water treatment. Your Company's strategy always focus on growth without adversely impacting the environment. In the past 4 years the Indian subcontinent has been facing drastic climate changes in which drought on one side and flood on other side made it more challenging. Sustainability runs through the Company in all its operations and functions. Your Company continuously focuses on solutions which have low carbon footprint and that are sustainable. Globally, your Company is actively involved in providing solutions that are eco-friendly and renewable in nature. Your Company's contribution towards sustainability is continuous in nature as is reflected throughout this report and forms an integral part of our business.

Whistle Blower Policy

The Company has established a vigil mechanism/framed a whistle blower policy. The policy enables the employees and other stakeholders to report to the management any instances of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. This policy is reviewed by the Audit Committee to check the effectiveness of the policy. No personnel has been denied access to the Audit Committee. The provisions of this policy are in line with the provisions of Section 177 (9) of the Act, and SEBI LODR. The policy is available on the website of the company www.wabag.com.

Green Initiatives

The Company started a sustainability initiative with the aim of going green and minimizing the impact on the environment. Electronic copies of the Annual Report 2018 and Notice of the 23rd Annual General Meeting are being sent to all Members whose email addresses are registered with the Company / Depository Participant(s). For Members who have not registered their email addresses, physical copies of the Annual Report 2018 and the Notice of the 23rd AGM are being sent by the permitted mode. Members requiring physical copies can send a request to the Company.

The Company provides e-voting facility to all its Members to enable them to cast their votes electronically on all resolutions set forth in the Notice. This is pursuant to the Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015.

Cautionary Statement

Certain statements in the Board's Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Appreciation

The Board of Directors wish to convey their gratitude and place on record their appreciation for all the employees at all levels for their hard work, solidarity, cooperation and dedication during the year. Further, the Board sincerely conveys its appreciation to its customers, stakeholders, suppliers as well as vendors, bankers, business associates, regulatory and government authorities for their continued support.

For and on behalf of the Board of Directors

B D Narang
Chairman
(DIN: 00826573)

Rajiv Mittal
Managing Director & Group CEO
(DIN: 01299110)

Chennai
May 25, 2018

Annexure – I

Disclosures with respect to Employees Stock Option Scheme of the Company

A. Summary Status of ESOSs:

The position of the existing scheme is summarized as under -

Sr.No	Particulars	
1	Date of shareholder's approval	July 19, 2010
2	Total number of options approved under ESOS	1799636*
3	Vesting requirements	The options would vest not earlier than 1 year and not later than 5 years from the date of grant of options. The exact proportion in which and the exact period over which the options would vest would be determined by the Nomination and Remuneration Committee, subject to the minimum vesting period of 1 year from the date of grant of options.
4	Exercise price or pricing formula	₹ 180/-*
5	Maximum term of options granted	8 Years
6	Source of shares	Primary
7	Variation in terms of options	No Variation
8	Method used to account for ESOS	Intrinsic Value Method

* No. of options approved and exercise price is adjusted for sub-division of face value of shares from ₹ 5/- to ₹ 2/- each and bonus issue of shares in the ratio 1:1 post approval for the issuance of options by members.

B. Option Movement during the year 2017-18:

Sr. No	Particulars	Nos
1	Options outstanding at the beginning of the year	2,94,440
2	Number of options granted during the year	-
3	Options Forfeited / Surrendered during the year	46,158
4	Options Vested during the year	-
5	Options Exercised during the year	84,332
6	Options Lapsed during the year	41,236
7	Total number of shares arising as a result of exercise of options	84,332
8	Money realized by exercise of options (₹)	1,51,79,760
9	Options outstanding at the end of the year	1,22,714
10	Options exercisable at the end of the year	1,22,714

C The impact on the profits and EPS of the fair value method:

Sr. No	Particulars	₹ in lakhs
1	Profits as reported	11,713
2	Add - Intrinsic Value Cost	0.00
3	Less - Fair Value Cost	0.00
4	Profits as adjusted	11,713
5	Earnings Per Equity Share (₹)	₹
6	(Basic) as reported	21.45
7	(Basic) adjusted	21.45
8	(Diluted) as reported	21.41
9	(Diluted) adjusted	21.41

For and on behalf of the Board of Directors

B D Narang
Chairman
(DIN: 00826573)

Rajiv Mittal
Managing Director & Group CEO
(DIN: 01299110)

Chennai
May 25, 2018

Annexure – II

Particulars of employees

(Information as per Rule 5 (1) & 5 (2) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

The ratio of remuneration of each Director to the median employees remuneration of the Company for the Financial Year 2017-18.	B D Narang, Chairman – 3.63:1 ; Jaithirth Rao, Independent Director – 1.54:1* ; Malay Mukherjee, Independent Director – 2.72:1 ; Sumit Chandwani, Independent Director – 2.72:1 ; Revathi Kasturi, Independent Director – 2.72:1 ; Rajiv Mittal, Managing Director & Group CEO - 43:1 ; S Varadarajan, Director & Chief Growth Officer - 19.91:1
The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year 2017-18.	Managing Director & Group CEO-1.38%, Director & Chief Growth Officer-11.02%** , Other Directors- Nil, CEO - India Cluster - 3.89%, Chief Financial Officer - 14.04%**, Company Secretary-3.48%
The percentage increase in the median remuneration of employees in the FY 17-18.	8.40%
The number of permanent employees on the rolls of the Company as on March 31, 2018.	977
Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year is 13.38% and the average percentile increase in the managerial remuneration in the last financial year is 8.08% on a like to like basis.
A statement showing the name of every employee of the company, who if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.	None
Affirmation that the remuneration is as per the remuneration policy of the company.	It is affirmed that the remuneration is paid as per the remuneration policy of the Company.
A statement showing the name of top ten employee of the company in terms of remuneration drawn. A statement showing the name of every employee of the company, who if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees. A statement showing the name of every employee of the company, who if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month.	The statement containing top ten employees in terms of remuneration drawn and particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 , is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing AGM and has been uploaded on the website of the Company www.wabag.com. Any Member interested in obtaining a copy of the same may write to the Company Secretary and the same will be provided free of cost to the Members.

* Jaithirth Rao whose tenure for the period of 3 years has been completed from the conclusion of 22nd AGM held on July 27, 2017
** On account of increase in variable pay

For and on behalf of the Board of Directors

B D Narang
Chairman
(DIN: 00826573)

Rajiv Mittal
Managing Director & Group CEO
(DIN: 01299110)

Chennai
May 25, 2018

Annexure – III

Form MR 3

Secretarial Audit Report
For the financial year ended March 31, 2018
(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members,
VA TECH WABAG LIMITED
(CIN: L45205TN1995PLC030231)
"Wabag House", No. 17, 200 Feet
Thoraipakkam- Pallavaram Main Road,
Sunnambu Kolathur, Chennai-600117.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. VA TECH WABAG LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31.03.2018** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and Compliance-mechanism in place to the extent, in the manner and subject to the reporting made herein:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Companies Amendment Act, 2017;

(iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(v) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;

(vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), including amendment/re-enactment therto;

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

(e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

I have also examined compliance with the applicable Regulations/Clauses of the following:

i. The Listing Agreements entered into by the Company with the National Stock Exchange of India Limited and BSE Limited under The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and

ii. Secretarial Standard (SS-1) for Board Meeting and Secretarial Standard (SS-2) – for General Meeting including revised Secretarial Standard - 1 and Secretarial Standard - 2 issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Independent Directors. Adequate notice is given to all directors to schedule the Board & Committe Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the Company has

(i) passed special resolution under section 180(1)(c) of the Companies Act, 2013 vide Annual General Meeting dated July 27, 2017 to increase the borrowing limits of the Company from the existing limit of ₹ 3,000 crores to ₹ 5,000 crores.

(ii) passed special resolution under section 180(1)(a) of the Companies Act, 2013 vide Annual General Meeting dated July 27, 2017 to authorize the Board of Directors to borrow money(ies) on behalf of the Company and for creation of charge on movable and immovable properties of the Company as security in favour of lending agencies for a sum not exceeding ₹ 5,000 Crore or aggregate of the paid-up share capital and free reserves of the Company from time to time whichever is higher.

(iii) passed special resolution under sections 42, 62 and other applicable provisions the Companies Act, 2013 vide Annual General Meeting dated July 27, 2017, authorize the Board to raise the funds through Qualified Institutional Placement (QIP)/Private Placement/ Preferential Allotment for an amount not exceeding ₹ 400 crore.

For **M. Damodaran & Associates**

M. Damodaran
FCS No: 5837
C P No: 5081

Chennai
May 25, 2018

Part A

Statement containing the salient features of the financial statements of Subsidiaries/Associate Companies/Joint Venture

(Pursuant to first proviso to sub-section(3) of Section 129 of the Companies Act 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014 - AOC -1)

(₹ in Lakhs)

S. No.	Name of the Subsidiary, Country of Incorporation	Financial period ended	Reporting currency	Capital	Reserves	Total Assets	Total Liabilities	Details of Investment (Except in case of Investment in Subsidiary)	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	% of shareholding
1	VA Tech Wabag (Singapore) Pte. Ltd., Singapore	March 31, 2018	SGD	2,102.32	567.06	3,374.04	704.66	-	3,921.08	182.59	(39.50)	143.09	-	100%
2	VA Tech Wabag (Philippines) Inc., Philippines	March 31, 2018	PHP	89.70	2,220.76	14,944.61	12,634.15	-	11,864.17	483.82	(145.65)	338.17	-	100%
3	VA Tech Wabag Limited Pratibha Industries Limited JV, Nepal	March 31, 2018	NPR	-	170.06	2,108.06	1,938.00	-	(35.14)	(262.66)	104.92	(157.74)	-	NA
4	Wabag Muhibbah JV Sdn. Bhd., Malaysia	March 31, 2018	MYR	149.85	7,232.22	24,588.61	17,206.54	-	53,329.92	5,687.27	(1,364.94)	4,322.32	-	70%
5	Wabag Limited, Thailand	March 31, 2018	THB	38.62	(177.21)	119.32	257.91	-	456.33	124.86	-	124.86	-	49%
6	VA Tech Wabag Muscat LLC., Oman	March 31, 2018	OMR	177.04	488.89	1,852.90	1,186.97	-	3,557.92	123.84	(18.78)	105.06	-	70%
7	Wabag Operation and Maintenance WLL, Bahrain	March 31, 2018	BHD	82.96	108.80	312.39	120.63	-	760.62	30.39	-	30.39	-	70%
8	Wabag Belhasa JV WLL, Bahrain	March 31, 2018	BHD	8.95	3,152.18	8,795.42	5,634.28	-	19,807.85	1,756.82	-	1,756.82	-	49%
9	VA Tech Wabag GmbH., Austria	March 31, 2018	EUR	800.40	16,910.41	55,257.89	37,547.08	218.85	36,040.63	1,576.74	(173.53)	1,403.20	-	100%
10	VA Tech Wabag Deutschland, GmbH.,Germany	March 31, 2018	EUR	184.29	(245.77)	723.06	784.55	-	-	56.40	-	56.40	-	100%

S. No.	Name of the Subsidiary, Country of Incorporation	Financial period ended	Reporting currency	Capital	Reserves	Total Assets	Total Liabilities	Details of Investment (Except in case of Investment in Subsidiary)	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	% of shareholding
11	Wabag Wassertechnik AG, Switzerland	March 31, 2018	EUR	547.49	1,828.12	5,732.84	3,357.23	-	8,735.18	(211.31)	31.90	(179.40)	-	100%
12	VA Tech Wabag Brno spol. S.r.o., Czech Republic	March 31, 2018	EUR	59.33	2,208.57	10,800.11	8,532.21	-	11,101.04	(418.95)	76.62	(342.32)	-	100%
13	Wabag Water Services S.R.L., Romania	March 31, 2018	EUR	8.01	3,865.61	5,941.98	2,068.37	-	8,659.77	667.52	(107.99)	559.53	-	99.97%
14	Wabag Water Services (Macao) ltd., Macao	March 31, 2018	EUR	1.69	232.49	652.92	418.75	-	2,754.52	255.52	(24.89)	230.63	-	100%
15	VA Tech Wabag Tunisie S.A.R.L., Tunisia	March 31, 2018	EUR	513.89	283.93	3,220.42	2,422.59	-	1,989.25	50.64	(12.66)	37.98	-	100%
16	VA Tech Wabag Su Teknolojisi Ve Tic. A.S , Turkey	March 31, 2018	EUR	1,218.85	(8,468.61)	3,222.01	10,471.77	-	4,496.70	(2,226.24)	-	(2,226.24)	-	100%
17	Ujams Wastewater Treatment Company (Pty) Limited., Namibia	March 31, 2018	EUR	764.93	1,697.61	9,211.93	6,749.39	-	2,998.41	1,079.80	(448.87)	630.93	-	66%

Note: VA Tech Wabag Brazil Servicos De Agua E Saneamento LTDA is incorporated on March 8, 2018 and is yet to commence operations.

Note: Exchange rate used for Balance Sheet items is the rate as at March 31, 2018 and for Profit and Loss account items, the rate used is the average rate for the Financial Year 2017-18

Currency	Rate for Balance Sheet items INR	Rate for Profit and Loss Account items INR
1 SGD	49.512208	47.539466
1 PHP	1.245206	1.270168
1 NPR	0.623300	0.625382
1 MYR	16.810692	15.480575
1 THB	2.083804	1.952657
1 OMR	168.740543	167.444582
1 BHD	172.288490	170.967819
1 EUR	80.040004	75.445895

Part B

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Venture

Name of Associates/Joint Venture	VA Tech Wabag and Roots Contracting LLC, Qatar	Windhoek Goreangab Operating Company (Pty) Ltd, Namibia	International Water Treatment LLC, Oman	Thoothukudi Renew Waters Private Limited, India
Latest audited Balance Sheet date	March 31,2018	March 31,2018	March 31,2018	March 31,2018
Shares of Associates/Joint Venture held by the company on the year end				
No of Shares	98	33	48,750	2,600
Amount of Investment in Associates/Joint Venture (₹ in Lakhs)	16.90	218.85	-	0.26
Extent of Holding %	49%	33%	32.50%	26%
Description of how there is significant influence	There is significant influence due to percentage (%) of share capital	There is significant influence due to percentage (%) of share capital	There is significant influence due to percentage (%) of share capital	There is significant influence due to percentage (%) of share capital
Reason why the associate/joint venture is not consolidated	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Lakhs)	179.09	256.61	-	1
Profit for the year (₹ in Lakhs)				
Considered in Consolidation	90.87	165.19	-	-
Not Considered in Consolidation	-	-	-	-

For and on behalf of the Board of Directors

B D Narang
Chairman
(DIN: 00826573)

Rajiv Mittal
Managing Director & Group CEO
(DIN: 01299110)

Chennai
May 25, 2018

Annexure – V

Particulars of contracts/arrangements made with related parties

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014- AOC-2)

This form pertains to the disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

(a)	Name(s) of the related party and nature of relationship	Not applicable since there were no contracts or arrangements or transactions entered into during the year ended March 31, 2018 which were not at arm's length basis.
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts/arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	date (s) of approval by the Board	
(g)	Amount paid as advances, if any:	
(h)	Date on which the resolution was passed in general meeting as required under first proviso to section 188	

2. Details of material contracts or arrangement or transactions at arm's length basis

(a)	Name(s) of the related party and nature of relationship	Not applicable since there were no material contracts or arrangements or transactions entered into during the year ended March 31, 2018.
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts/arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	
(e)	Date(s) of approval by the Board, if any:	
(f)	Amount paid as advances, if any:	

For and on behalf of the Board of Directors

B D Narang
Chairman
(DIN: 00826573)

Rajiv Mittal
Managing Director & Group CEO
(DIN: 01299110)

Chennai
May 25, 2018

Annexure – VI

Annual report on Corporate Social Responsibility (CSR) activities

(Pursuant to Section 135 of the Companies Act, 2013)

1. The Company from its inception has been a socially responsible corporate contributing its mite to the society. CSR is an integral part of WABAG'S core business. Through our experience and expertise, we are committed to play our part in the water landscape responsibly for today, tomorrow and beyond.

In pursuance of CSR Policy and programs, the Company made substantial progress since the roll out of mandatory CSR program effective April 2014. The details of the CSR policy and initiatives undertaken by the Company on CSR during the year are available on the Company's weblink http://www.wabagindia.com/Policies.aspx.

A summary of key CSR projects for the year 2017-18 is outlined hereunder:

Watershed Development Project at West Bengal:

We have entered into an MoU with Bharat Rural Livelihoods Foundation (BRLF), is an independent , not-for-profit society set up by Govt. of India to scale up civil society action in adivasi India. We have committed an investment of around ₹ 2.50 Crore spread over a period of 4 years. We have already paid the first instalment amounting to ₹ 53.00 lakhs. This project will be implemented in 6 western districts of the West Bengal, namely, Purulia, Bankura, Birbhum, West Midnapore, Bardhaman and Jhargram. The uniqueness of this project is that it will leverage vast MGNREGA funds for implementation of these watershed activities. In terms of impact, the project would impact the livelihoods of 5 lakhs poor households through the systematic planning and treatment of nearly 7.5 lakh hectares in these six districts.

Watershed Development Projects at Tuticorin, Virudunagar and Dindigul Districts, Tamil Nadu:

We have entered into an MoU with NABARD as well as with three NGOs – Vidiyel Trust, Tuticorin, SEEDS, Virudunagar and CIRHEP, Dindigul Districts for implementation of multi-year watershed development projects.

We have committed a total investment of around ₹ 225 lakhs. The project at each location commenced already and would be completed in a period of three and half years.

Water Augmentation Project-Phase II at Mailam Block, Villupuram District, Tamil Nadu:

Based on the success of the water augmentation project-Phase-I, WABAG decided to continue to support MS Swaminathan Research Foundation (MSSRF) for Phase-II of the program. In this Phase-II, we have tweaked Micro Irrigation Model for 50 beneficiaries apart from 45 beneficiaries for open well rejuvenation. We have already made an investment of ₹ 30 lakhs for the year 2017-18 and committed further investment of ₹ 32 lakhs for the year 2018-19.

Water Treatment Plant at Srishti School at Munnar, Kerala:

We have designed, built and dedicated a Water Treatment Plant at Srishti School for the benefit of special children at Munnar. This plant also serves the water requirements for their units engaged in fruit preserves/jam making without any chemical preservatives and colouring materials and also bakery products.

RO Plant at Voluntary Health Services, Adyar, Chennai:

We have designed, built and dedicated a RO plant at Voluntary Health Services, Adyar, Chennai to meet their critical water requirements for their Operation Theatre, Laboratory, Senior Citizens Home and Cafeteria.

Watershed Development Project at Cuddalore District, Tamil Nadu:

The Company has signed an MoU with NABARD again for one more watershed development project at Cuddalore District followed by an MoU with Hand in Hand India for the project implementation at Cuddalore District. We have committed an investment of ₹ 140 lacs spread over a period of three years. The project is progressing well.

Micro-irrigation project at Sevalaya Campus, Chennai:

Sevalaya, a registered Charitable Trust runs a school near Thiruninravur, Chennai for 2500 poor children. The Agriculture Unit of Sevalaya takes care of organic farming, tree plantation and are maintaining the greenery at their campus. To improve the yield in the organic farm, they sought our support for implementation of drip irrigation system in their campus which was completed and handed over to them on 10th September 2017.

RO Plant at Valluvar Gurukulam, Tambaram, Chennai:

We have commenced execution of RO plant to benefit around 3000 school children at Valluvar Gurukulam, part of Hindu Mission Hospital Group. The project is in an advanced stage and would be completed in the next couple of months.

Watershed Plus Projects (Ponds Renovation) at Cuddalore District, Tamil Nadu:

At the instance of NABARD and as part of Water Mission initiative launched by NABARD, we implemented Pond Renovation projects at Sri Adhivaraganallur village and Thethampattu village, Cuddalore District.

Watershed Development project at Kanchipuram District, Tamil Nadu:

In keeping with our avowed objective of conservation and management of water and to ensure long term sustainability, the Company roped in National Agro Foundation (NAF) as its Implementing Partner for a watershed project in Kanchipuram District in which our Headquarters is located. The company signed an MoU with the NGO in this regard followed by another MoU with NABARD as Co-financing partner. The project cost is estimated around ₹ 194 lakhs and the company's share is 50%. The company committed an investment of around ₹ 97.00 lakhs for the project. The project is progressing very well.

Improving hygiene practices with focus on open defecation free village at Pudukottai District, Tamil Nadu:

The Company tied up with the Centre for Science, Technology and Development Studies for improving hygiene practices at Viralipatti Village, Pudukottai District with focus on open defecation free village. The project was completed on March 31, 2018 which is a success story on sanitation. This provides vital clues as to how the collective behavior change did transform the most backward villages into a near Open Defecation Free (ODF) village. The focus was more on demand creation than on toilet construction.

The list of key CSR projects implemented/ commissioned in previous years is outlined hereunder:

- **STP Project at the Cancer Institute, Gandhi Nagar Complex, Chennai:**
  The Company built and donated a Sewage Treatment Plant (STP) for Cancer Institute, Chennai at their Gandhi Nagar Complex, Adyar.

- **Capacity Building for Wetlands Management:**
  The company partnered with Care Earth Trust and launched capacity building initiatives for various stakeholders in and around Company headquarters to protect and conserve wetlands.

- **E-Pios Water ATM at NCR:**
  The Company provided 8 E-pios (water vending machines) at identified locations at the Inner Ring Road, New Delhi at the instance of Delhi Jal Board for the benefit of common public.

- **Micro Irrigation System at National Agro Foundation Training Centre:**
  The Company provided grant to National Agro Foundation Training Centre for establishing micro irrigation system to educate the farmers on the need for drip irrigation and sprinkler system to bring more of dry lands under cultivation.

- **Restoration of Narayanapuram Wetland, Chennai:**
  WABAG partnered with Care Earth Trust for restoration of Narayanapuram Wetland which is in close proximity to our Headquarters. The restoration not only included consolidation of boundaries but also removal of water hyacinths; de-silting of lake; fencing and bio remediation measures.

2. **The Composition of the CSR Committee.**

Revathi Kasturi (Chairperson of the Committee)
Rajiv Mittal
S Varadarajan

3.	Average net profit of the company for the last three FY as prescribed	₹ 186.00 Crore
4.	Prescribed CSR Expenditure for 2016-17	₹ 3.72 Crore
5.	Details of CSR spent during the FY.	
	(a) Total amount to be spent for the FY;	₹ 3.72 Crore
	(b) Amount unspent, if any;	₹7.76 Crore#

Cumulative CSR unspent of last four years. Committee has approved an amount of over ₹ 7 crore for certain multi-year projects.

[c] Manner in which the amount spent during the FY 2017-18 is detailed below.

(₹ In Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or Activity Identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount** outlay (budget) project or programs wise (₹ in Lakhs)	Amount spent on the projects or Programs Sub¬heads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Watershed Development	Water Conservation	Pulleri, Kanchipuram, Tamil Nadu	91.71	1.29	6.57	Implementing Agency
2	Watershed Development-Pond Renovation	Water Conservation	Cuddalore, Tamil Nadu	140.00	30.81	30.81	Implementing Agency
3	Water Treatment Plant	Drinking Water	"Srishti" Munnar, Kerala	-	5.83	5.83	Implementing Agency
4	Water Treatment Plant	Drinking Water	VHS, Chennai, Tamil Nadu	8.03	9.32	9.32	Implementing Agency
5	Capacity Building for Wetlands Management	Education	Pallikkarnai, Chennai, Tamil Nadu	1.83	1.82	18.30	Implementing Agency
6	Wetland Restoration	Environment	Narayanapuram, Chennai, Tamil Nadu	2.85	2.88	19.68	Implementing Agency
7	Hygiene Improvement Practices	Sanitation	Viralipatti, Puddukottai,Tamil Nadu	4.07	4.10	25.03	Implementing Agency
8	Drip Irrigation	Water Conservation	Thiruninravur, Chennai, Tamil Nadu.	7.50	7.43	7.43	Implementing Agency
9	Rally For River	Awareness campaign	ISHA, Chennai, Tamil Nadu	-	13.99	13.99	Implementing Agency
10	Watershed Development	Water Conservation Environment	West Bengal	250.00	52.26	52.26	Implementing Agency
11	Water Augmentation-Phase-II	Water Conservation	Mailam Block, Villupuram, Tamil Nadu	60.00	30.00	30.00	Implementing Agency
12	Other Educational and Environment projects	Education Support/ Environment	Various locations. Tamil Nadu	-	2.05	2.05	Direct
13	School Building	Education Support	Tindivanam, Villupuram, Tamil Nadu	0.80	0.80	0.80	Direct
14	Education Support	Education	Chennai, Tamil Nadu	-	1.00	1.00	Implementing Agency
15	Base Line Survey	Sanitation	Tamil Nadu	0.75	0.75	0.75	Implementing Agency
16	Administrative Expenses-CSR Project Implementation	-	-	-	8.22	8.22	

**includes previous year's budget unspent.

6. We hereby affirm that the CSR policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of the CSR projects and activities in compliance with our CSR objectives

7. Pursuant to Section 135(4) of Companies Act, 2013, the major contents of CSR policy is disclosed in the Board's Report.

For and on behalf of the CSR Committee of the Board

Revathi Kasturi
Chairperson- CSR Committee
(DIN: 01837477)

Rajiv Mittal
Managing Director & Group CEO
(DIN: 01299110)

Chennai
May 25, 2018

Annexure – VII

Conservation of energy, technology absorption, foreign exchange earnings and outgo.

(Particulars pursuant to the Companies (Accounts) Rules, 2014)

(A) Conservation of energy

The Company continued its focused energy conservation efforts through various energy saving initiatives including installation of energy efficient equipment's in the plants. Energy conservation initiatives are being planned and implemented across the plant locations. Apart from regular practices and measures for energy conservation, many new initiatives were driven across the plants/ Wabag House and some of the key measures taken is given below: - Details of energy conservation measures and projects undertaken by the Company in this regard are given in the Business Responsibility Report forming part of this report.

(i) The steps taken or impact on conservation of energy:

Energy Conservation measures adopted at WABAG

1. Energy Audit conducted and phased implementation of recommendations has been undertaken
2. Introduction of Light Emitting Diode (LED) lights across the premise with all Compact Fluorescent Light (CFL) replaced.
3. Introduced ECO Switch concept to optimize lighting energy consumption.
4. High Solar Reflective Index (SRI) paint applied on terrace to minimize heat ingress into the building.
5. Additional Energy Meters installed to monitor and reduce energy loss.
6. Optimized Heat Recovery Wheel (HRW) operations to maximize on the fresh air intake and conserve on power.
7. Designing and executing power neutral plants wherein methane from biogas is digested and used to generate energy to run the sewage treatment plant.

(ii) The steps taken by the Company for utilizing alternate sources of energy:

The Company has taken adequate steps for conservation of energy. Out of total electrical energy of 12,27,472 units consumed in "WABAG HOUSE", 11,27,297 units were received in the form of wind energy contributing to a total of 91.84% of the total power consumed. This brought down the power cost by 9.3% as well as becoming a part of green energy compliant corporate.

In sewage treatment plants, the biogas generated from the sludge is being used as fuel for generation of electric power and being used for operation & maintenance of plant with optimal usage of EB power. This has been carried out in sites like CMWSSB Chennai, BWSSB Bengaluru etc. During the FY 2017-18, the global headquarters in Chennai was awarded "Platinum Rating" by IGBC for its leadership in design to optimise energy consumption and focus on recycling along with resource recovery.

(iii) The capital investment on energy conservation equipment's:

NIL

B) Technology absorption-

(i)	The efforts made towards technology absorption;	The details on R&D efforts and technology absorption are disclosed in the Management's Discussion and Analysis forming part of this report.
(ii)	The benefits derived like product improvement, cost reduction, Product Development or import substitution;	
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	
	(a) The details of technology imported;	
	(b) The year of import;	
	(c) Whether the technology been fully absorbed;	
	(d) If not fully absorbed, areas where absorption has not taken	
(iv)	The expenditure incurred on Research and Development	INR 82 Lakhs

(C) Foreign exchange earnings and Outgo

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

(₹ In Lakhs)

	2017-18	2016-17
Earnings in Foreign Currency	77,632	51,171
Expenditure in Foreign Currency	8,522	5,270

For and on behalf of the Board of Directors

B D Narang
Chairman
(DIN: 00826573)

Rajiv Mittal
Managing Director & Group CEO
(DIN: 01299110)

Chennai
May 25, 2018

Annexure – VIII

Extract of Annual Return

Form No. MGT-9

(Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014

A. Registration and other details

Corporate Identity Number (CIN) of the Company	L45205TN1995PLC030231
Registration date	February 17, 1995
Name of the Company	VA TECH WABAG LIMITED
Category / Sub-category of the Company	Public Limited Company / Limited by shares
Address of the registered office	"WABAG HOUSE", No. 17, 200 Feet Thoraipakkam-Pallavaram Main Road, Sunnambu Kolathur, Chennai 600117, Tamil Nadu, India
Company contact details	Tel : +91-44-3923 2323; Fax : +91-44-3923 2324 Email : companysecretary@wabag.in Website : www.wabag.com
Listed Company (Yes / No)	Yes
Name, Address and contact details of Registrar and transfer agent	Karvy Computershare Private Limited Unit : VA TECH WABAG LIMITED Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Mr. B. Srinivas, P : +91 40 67162222, Email: einward.ris@karvy.com

B. Principal Business Activities of the Company

Name and description of main products/services	NIC Code of the product / service	% to total turnover of the Company
Water and Wastewater Treatment	3600	100%

C. Particulars of holding, Subsidiary, Associate and Joint Venture companies

S. No	Name of the Company	Address of the Company	CIN/GLN	Holding / Subsidiary / Associate/ Joint Venture	% of shares held	Applicable Section
1	VA Tech Wabag (Singapore) Pte. Ltd.	18, Howard Road, #06-07, Novelty, BIZ centre, Singapore 369585	NA	Subsidiary	100%	2(87)
2	VA Tech Wabag GmbH	Dresdner Strasse 87-91, 1200 Vienna, Austria	NA	Subsidiary	100%	2(87)
3	VA Tech Wabag Deutschland GmbH	Baumeisterallee 13-15, D-04442, Zwenkau	NA	Subsidiary	100%	2(87)
4	VA Tech Wabag Brno spol S.R.O	Železná 492/16, 619 00 Brno, Czech Republic	NA	Subsidiary	100%	2(87)
5	VA Tech Wabag Tunisie s.a.r.l	21, Rue Abdelaziz MASTOURI El Menzah 9 - 1013 Ariana, Tunisie.	NA	Subsidiary	100%	2(87)
6	Wabag Water Services s.r.l	Dimitrie Pompeiu Blv., 9th floor, Bucharest, Romania.	NA	Subsidiary	99.97%	2(87)
7	VA Tech Wabag Su Teknolojisi Ve Tic A.S	No:12,Koza Plaza A-Blok Kat: 8 No: 29-32, 4235 Erenter, İstanbul, Türkey.	NA	Subsidiary	100%	2(87)
8	VA Tech Wabag Muscat LLC	P.O. Box 58, Muscat, Postal Code 100, Sulatanate of Oman.	NA	Subsidiary	70%	2(87)
9	VA Tech Wabag (Philippines) Inc.	Unit 519,7F The Peninsula Court Building, 8735 Paseo de Roxas, Makati City, 1226, Philippines	NA	Subsidiary	100%	2(87)
10	Wabag Wassertechnik AG	Bürglistrasse 31, Postfach, CH-8401 Winterthur, Switzerland.	NA	Subsidiary	100%	2(87)
11	Ujams Wastewater Treatment Company (Pty) Ltd	Matshitshi Street, Goreangab Extension 3, Windhoek, Namibia	NA	Subsidiary	66.40%	2(87)
12	Wabag Water Services (Macao) Ltd	Estrada Seac pai Van, S/N Etar de Coloane, R/C Coloane Macau, PRC China	NA	Subsidiary	100%	2(87)
13	Wabag Limited	187/4 Fourm Tower, 10th Floor Ratchadaphisek Road, Khwaeng Huaykwang Khet Huaykwang, Bangkok 10310, Thailand	NA	Subsidiary	49% $	2(87)
14	Wabag Operation and Maintenance WLL	Office : 44, Building : 947, Road 3620, Block : 436, Seef District, Kingdom of Bahrain.	NA	Subsidiary	70%	2(87)
15	Wabag Belhasa JV WLL	PO BOX No: 82316, Office flat No: 2201, Building No: 1565, Diplomatic Area 317, Kingdom of Bahrain.	NA	Subsidiary	49%	2(87)
16	Wabag Muhibbah JV Sdn Bhd	Suite P1.05, Level P1, Menara Intan Millenium Square, 68, Jalan Batai Laut 4, Taman Intan, 41300 Klang, Selangor Darul Ehsan, Malaysia.	NA	Subsidiary	70%	2(87)

S. No	Name of the Company	Address of the Company	CIN/GLN	Holding / Subsidiary / Associate/ Joint Venture	% of shares held	Applicable Section
17	VA Tech Wabag Limited Pratibha Industries Limited JV	No.51, Sunrise Homes, Balkumari, Lalithpur, Kathmandu, Nepal.	NA	Subsidiary	NA	2(87)
18	Va Tech Wabag Brazil Servicos De Agua E Saneamento Ltda	Avenida Paulista, 2.202,Conjunto 61, A4, Bel Vista, CEP 01310-300, City of Sao Paulo, Brazil	NA	Subsidiary	99.90%	2(87)
19	International Water Treatment LLC	P.O. Box 686, Ruwi, Postal Code 112, Sultanate of Oman	NA	Joint Venture	32.50%	2(6)
20	VA Tech Wabag & Roots Contracting LLC.	P.O. BOX: 22867 Al Waab City Nbk Building No.5, Salwa Road Doha, Qatar	NA	Associate	49%	2(6)
21	Windhoek Goreangab Operating Company (Pty) Limited	Matshitshi Street, Goreangab Ext.3 Windhoek, Namibia	NA	Associate	33%	2(6)
22	Thoothukudi Renew Waters Private Limited	A, 5th Floor, Gokul Arcade-East Wing, No. 2 & 2A, Sardar Patel Road, Adyar, Chennai-600020	U41000TN2013PTC092363	Associate	26%	2(6)

$ Wabag Thailand: Shareholding of Wabag is 49% and economic interest is 90.60%

D. Shareholding Pattern (Category-wise)

Category of Shareholder	No. of Shares held at the beginning of the Year 01/04/2017				No. of Shares held at the end of the Year 31/03/2018				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)
Promoter and Promoter Group									
Indian									
Individual /HUF	37,86,116	0	37,86,116	6.94	37,86,116	0	37,86,116	6.93	0.01
Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total A(1) :	**37,86,116**	**0**	**37,86,116**	**6.94**	**37,86,116**	**0**	**37,86,116**	**6.93**	**0.01**
Foreign									
Individuals (NRIs/Foreign Individuals)	97,09,406	0	97,09,406	17.79	97,09,406	0	97,09,406	17.76	0.03
Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
Institutions	0	0	0	0.00	0	0	0	0.00	0.00
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total A(2) :	**97,09,406**	**0**	**97,09,406**	**17.79**	**97,09,406**	**0**	**97,09,406**	**17.76**	**0.03**
Total A=A(1)+A(2)	**1,34,95,522**	**0**	**134,95,522**	**24.73**	**1,34,95,522**	**0**	**1,34,95,522**	**24.69**	**0.04**

Category of Shareholder	No. of Shares held at the beginning of the Year 01/04/2017				No. of Shares held at the end of the Year 31/03/2018				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)
Public Shareholding									
Institutions									
Mutual Funds /UTI /AIF	1,16,01,249	0	1,16,01,249	21.26	97,30,732	0	97,30,732	17.80	3.46
Financial Institutions /Banks	47,474	0	47,474	0.09	23,524	0	23,524	0.04	0.04
Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
Insurance Companies	4,43,996	0	4,43,996	0.81	4,43,996	0	4,43,996	0.81	0.00
Foreign Institutional Investors	1,41,33,264	0	1,41,33,264	25.90	1,35,19,687	0	1,35,19,687	24.74	1.16
Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Others	10,03,343	0	10,03,343	1.84	9,92,417	0	9,92,417	1.82	0.02
Sub-Total B(1) :	**2,72,29,326**	**0**	**2,72,29,326**	**49.90**	**2,47,10,356**	**0**	**2,47,10,356**	**45.21**	**4.69**
Non-Institutions									
Bodies Corporate	41,93,895	0	41,93,895	7.68	29,18,558	0	29,18,558	5.34	2.35
Individuals									
(i) Individuals holding nominal share capital upto ₹ 1 lakh	67,10,534	866	67,11,400	12.30	99,48,714	916	99,49,630	18.20	5.91
(ii) Individuals holding nominal share capital in excess of ₹1 lakh	22,74,582	0	22,74,582	4.17	18,37,658	0	18,37,658	3.36	0.81
Others									
Clearing Members	1,40,023	0	1,40,023	0.26	1,30,051	0	1,30,051	0.24	0.02
Non Resident Indians	3,92,239	0	3,92,239	0.72	11,71,497	0	11,71,497	2.14	1.42
NRI Non-Repatriation	1,23,966	0	1,23,966	0.23	4,42,818	0	4,42,818	0.81	0.58
Trusts	12,105	0	12,105	0.02	1,300	0	1,300	0.00	0.02
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total B(2) :	**1,38,47,344**	**866**	**1,38,48,210**	**25.38**	**164,50,596**	**916**	**1,64,51,512**	**30.10**	**4.72**
Total B=B(1)+B(2) :	**4,10,76,670**	**866**	**4,10,77,536**	**75.27**	**4,11,60,952**	**916**	**4,11,61,868**	**75.31**	**0.04**
Total (A+B) :	**5,45,72,192**	**866**	**5,45,73,058**	**100.00**	**5,46,56,474**	**916**	**5,46,57,390**	**100.00**	**0.00**
Shares held by custodians, against which Depository Receipts have been issued									
Promoter and Promoter Group									
Public	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C) :	**5,45,72,192**	**866**	**5,45,73,058**	**100.00**	**5,46,56,474**	**916**	**5,46,57,390**	**100.00**	

E. Shareholding of Promoters

Sl. No	Name of Promoter	Shareholding at the beginning of the year 01.04.2017			Shareholding at the end of the year 31.03.2018			
		No of shares	% of total shares of the company	% of shares Pledged/ encumbered to total shares	No of shares	% of total shares of the company*	% of shares Pledged/ encumbered to total shares	% change in shareholding during the year
1	Rajiv Mittal	97,09,406	17.79%	Nil	97,09,406	17.76%	Nil	(0.03)
2	S Varadarajan	21,85,762	4.01%	Nil	21,85,762	4.00%	Nil	(0.01)
3	Shiv Narayan Saraf	16,00,354	2.93%	Nil	16,00,354	2.93%	Nil	(0.00)

** The decrease in % of total shares is due to increase in share capital pursuant to the allotment of shares to employees under ESOP scheme.*

F. Change in Promoter's Shareholding: Since no purchase/sale of shares made by the promoters during the year, the shareholding remains the same as in Point no. E

G. Shareholding Pattern of top ten shareholders (other than Directors, Promoters and holders of GDR's and ADRs):

Sl. No	Name of Shareholder(s)	Type	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
			No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	SBI MUTUAL FUND					
	01/04/2017	Opening Balance	32,82,162	6.01	32,82,162	6.01
		Sale/Purchase/Transfer			99,992	
	31/03/2018	Closing Balance			33,82,154	6.19
2	IDFC MUTUAL FUND					
	01/04/2017	Opening Balance	31,79,446	5.83	31,79,446	5.83
		Sale/Purchase/Transfer			59,874	
	31/03/2018	Closing Balance			32,39,320	5.93
3	SUMITOMO CORPORATION					
	01/04/2017	Opening Balance	24,56,920	4.50	24,56,920	4.50
		Sale/Purchase/Transfer				
	31/03/2018	Closing Balance			24,56,920	4.50
4	PARVEST EQUITY INDIA					
	01/04/2017	Opening Balance	23,99,307	4.40	23,99,307	4.40
		Sale/Purchase/Transfer			(4,63,560)	
	31/03/2018	Closing Balance			19,35,747	3.54
5	AMIT SENGUPTA					
	01/04/2017	Opening Balance	21,94,582	4.02	21,94,582	4.02
		Sale/Purchase/Transfer			(7,36,974)	
	31/03/2018	Closing Balance			14,57,608	2.67
6	ADITYA BIRLA SUN LIFE MUTUAL FUND					
	01/04/2017	Opening Balance	15,72,250	2.88	15,72,250	2.88
		Sale/Purchase/Transfer			(3,59,004)	
	31/03/2018	Closing Balance			12,13,246	2.22
7	TATA AIA LIFE INSURANCE COMPANY LIMITED					
	01/04/2017	Opening Balance	10,62,605	1.95	10,62,605	1.95
		Sale/Purchase/Transfer			(2,76,894)	
	31/03/2018	Closing Balance			7,85,711	1.44
8	SUNDARAM MUTUAL FUND					
	01/04/2017	Opening Balance	7,44,926	1.37	7,44,926	1.37
		Sale/Purchase/Transfer			3,71,110	
	31/03/2018	Closing Balance			11,16,036	2.04
9	GOLDMAN SACHS INDIA LIMITED					
	01-04-2017	Opening Balance	6,07,492	1.11	6,07,492	1.11
		Sale/Purchase/Transfer			4,35,173	
	31/03/2018	Closing Balance			10,42,665	1.91
10	SATTVA INDIA OPPORTUNITIES COMPANY LIMITED					
	01/04/2017	Opening Balance	8,15,278	1.49	8,15,278	1.49
		Sale/Purchase/Transfer			-	
	31/03/2018	Closing Balance			8,15,278	1.49

Sl. No	Name of Shareholder(s)	Type	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
			No of shares	% of total shares of the company	No of shares	% of total shares of the company
11	AMUNDI FUNDS SBI FM EQUITY INDIA					
	01/04/2017	Opening Balance	5,50,000	1.01	5,50,000	1.01
		Sale/Purchase/Transfer			1,00,000	
	31/03/2018	Closing Balance			6,50,000	1.19
12	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED					
	01/04/2017	Opening Balance	15,60,764	2.86	15,60,764	2.86
		Sale/Purchase/Transfer			(15,60,764)	
	31/03/2018	Closing Balance			0	0.00

Note: Details based on PAN within a category.

H. Shareholding of Directors and Key Managerial Personnel (KMP)

Sl. No.	Name of the Director / KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares*	% of total shares of the company
1	Rajiv Mittal – Managing Director				
	At the beginning of the year	97,09,406	17.79%	97,09,406	17.79%
	Sale/Purchase	-	-	-	-
	At the end of the year	-	-	97,09,406	17.76%*
2	Jaithirth Rao - Director**				
	At the beginning of the year	80,000	0.14%	80,000	0.14%
	Sale/Purchase	-	-	(20,000)	
	At the end of the year	-	-	60,000	0.11%
3	S. Varadarajan - Director				
	At the beginning of the year	21,85,762	4.01%	21,85,762	4.01%
	Sale/Purchase	-	-	-	-
	At the end of the year	-	-	21,85,762	4.00%*

* The decrease in % of total shares is due to increase in share capital pursuant to the allotment of shares to other employees under ESOP scheme during the year.

** The term of directorship(as an Independent Director) of Jaithirth Rao was completed at the conclusion of last AGM held on July 27, 2017 and has not been reappointed as per his request.

I. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ In Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2017				
i) Principal Amount	11,986	-	-	11,986
ii) Interest due but not paid	20	-	-	20
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	12,006	-	-	12,006
Change in Indebtedness during the financial year				
Addition	63,199	-	-	63,199
Reduction	47,531	-	-	47,531
Net Change	**15,668**	**-**	**-**	**15,668**
Indebtedness at the end of the financial year 31.03.2018				
i) Principal Amount	27,627	-	-	27,627
ii) Interest due but not paid	46	-	-	46
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**27,673**	**-**	**-**	**27,673**

J. Remuneration of Directors and Key Managerial Personnel

a. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ In Lakhs)

Sl. No	Particulars of Remuneration	Managing Director & Group CEO Rajiv Mittal	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	250.46	250.46
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	8.69	8.69
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission -as % of profit - others, please specify	-	-
5.	Others (Provident Fund & Superannuation)	13.57	13.57
	Total (A)	**272.72**	**272.72**
	Ceiling as per the Act	**1,131.05**	

b. Remuneration to Executive Director:

(₹ In Lakhs)

Sl. No	Particulars of Remuneration	Director & Chief Growth Officer S Varadarajan	Total Amount
1.	Gross salary		
	(d) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	118.03	118.03
	(e) Value of perquisites u/s 17(2) Income Tax Act, 1961	2.40	2.40
	(f) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission -as % of profit - others, please specify	-	-
5	Others (Provident Fund & Superannuation)	5.82	5.82
	Total (B)	**126.25**	**126.25**
	Ceiling as per the Act	**226.21**	

C. Remuneration to other directors:

(₹ In Lakhs)

Sl. No	Particulars of Remuneration	Name of Directors					Total Amount
		BD Narang	Jaithirth Rao*	Sumit Chandwani	Revathi Kasturi	Malay Mukherjee	
1	**Independent Directors**						
	Fee for attending Board / Committee meetings	-	-	-	-	-	-
	Commission	23	9.75	17.25	17.25	17.25	84.50
	Others	-	-	-	-	-	-
	Total (1)	23	9.75	17.25	17.25	17.25	84.50
2	Non-Executive Directors						
	Fee for attending Board / Committee meetings						
	Commission	-	-	-	-	-	-
	Others						
	Total (2)	**-**	**-**	**-**	**-**	**-**	**-**
	Total C = (1+2)	**23**	**9.75**	**17.25**	**17.25**	**17.25**	**84.50**
	Total Managerial Remuneration	**23**	**9.75**	**17.25**	**17.25**	**17.25**	**84.50**
	Overall ceiling as per the Act	**226.21**					

Note: Commission includes variable pay of 2016-17.

** The term of directorship (as an Independent Director) of Jaithirth Rao was completed at the consludion of last AGM held on July 27, 2017 and has not been reappointed as per his request.*

D. Remuneration to key managerial personnel other than MD/Manager/WTD

(₹ In Lakhs)

Sl. No	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO-India Cluster	Company Secretary	CFO	
		Pankaj Sachdeva	R Swaminathan	Parthasarathy Gopalan	
1	Gross salary				
	(g) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	155.00	29.40	213.85	398.25
	(h) Value of perquisites u/s 17(2) Income Tax Act, 1961	4.79	0	5.28	10.07
	(i) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option		-	-	-
3.	Sweat Equity			-	-
4.	Commission -as % of profit - others, please specify			-	-
5	Others (Provident Fund & Superannuation)	8.70	0.89	8.40	17.99
	Total (D)	**168.49**	**30.29**	**227.53**	**426.31**

Penalties / punishment/ compounding of offences

There were no penalties/punishments/compounding offences for the year ended March 31, 2018.

For and on behalf of the Board of Directors

B D Narang
Chairman
(DIN: 00826573)

Rajiv Mittal
Managing Director & Group CEO
(DIN: 01299110)

Chennai
May 25, 2018

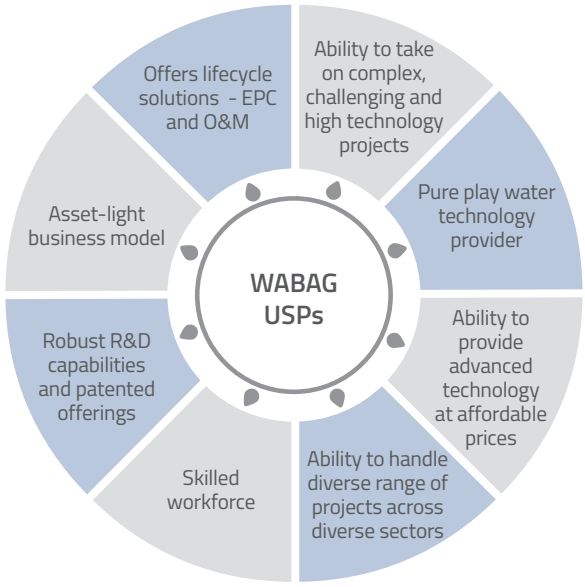
Management Discussion and Analysis

Brand WABAG

WABAG, headquartered in Chennai, India, is a pure play water group and one of the most reputed global brands in the water treatment space. With a legacy spanning over 91 years, over 6,000 projects across diverse sectors and technologies, it is amongst the select few global players capable of providing a comprehensive range of water treatment solutions. The Group backed by its robust technological competence and skilled resources has established itself as a water technology leader.

The Group also believes in making positive impact on the society with its water conservation, preservation, augmentation and recycling solutions. Be it treating water for drinking and daily needs, protecting environment, reducing fresh water extracts, offering alternative sources of water, it has always strived to conserve natural resources.

WABAG actively engages with industrial and municipal clients across the Indian sub-continent, Europe, Middle East, Africa, South-East Asia and Latin America to address their water challenges. The geographical spread and technological edge of the Group enables it to offer advanced technology solutions at competetive costs.



Global economic scenario

2017 has been a year of broad-based cyclical recovery wherein majority of the countries recorded growth. Global GDP growth at 3.8% for 2017 was considerably higher than that of 3.2% in 2016 following recovery in investments and trade on account of accommodative policies and financing conditions, improved confidence, and strengthening commodity prices. Advanced economies (AEs) grew 2.3% in 2017 (1.7% in 2016), while the Emerging Market and Developing Economies (EMDEs) grew 4.8% in 2017 (4.4% in 2016).

Among the AEs the growth was led by the US, Euro area (monetary union of 19 of 28 European member states) the US and Japan that grew 2.3%, 2.3% and 1.7% respectively in 2017 as against 1.8%, 1.5% and 0.9% respectively in 2016. In Europe, policy stimulus and strengthening global demand led to a broad-based growth among member nations. Recovery in private sector credit following stimulative stance of the European Central Bank further boosted the domestic demand and imports. (*Source: IMF World Economic Outlook April 2018*)

In Latin America, the economic activity is steadily gaining momentum driven by improving global scenario, stabilising inflation, and recovery in countries like Argentina and Brazil. GDP in the region grew 1.3% in 2017 compared to de-growth of 0.6% in 2016 supported by 1% growth in Brazil (-3.5% in 2016). Several countries in the region are witnessing moderation in inflation with subsiding pass-through impact of exchange rate depreciation and expected appreciation in some currencies. Supportive external environment and recovering domestic demand shall boost activity in the region and drive a GDP growth of 2% in 2018. Brazil is expected to witness its second year of gains with a GDP growth of 2.3% as unemployment declines and fixed investments rebound. Steadily improving business confidence and manufacturing PMI (Purchasing Managers' Index) fares a healthy trend of renewal. *(Source: IMF Regional Economic Outlook Latin America and Caribbean, Council of the Americas, Focus Economics)*

Economic scenario in the Middle East and North Africa (MENA) remained muted, especially among the oil exporters who were impacted by production cuts and lower oil prices. GDP growth in the region was considerably lower at 2.6% in 2017

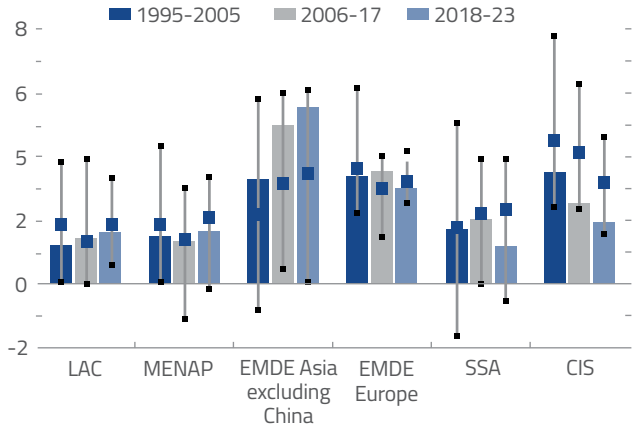
compared to 4.9% in 2016, with MENAP oil exporters reporting a growth of 1.7%. Conflicts, negative impact of low oil prices, fiscal adjustments and agreement to reduce oil production on oil-exporting countries weighed down growth in the region. However, the economic activities post bottoming out in 2017 is expected to accelerate going into FY 2018-19 amidst continued recovery in non-oil activity. MENAP's GDP growth for 2018 and 2019 is expected at 3.4% and 3.7% respectively. The region, especially the oil exporters are likely to benefit from the stronger prospects of Euro area, which will boost exports. The region should also benefit from marginal strengthening of outlook in its keys trade partner, China. *(Source: IMF Regional Economic Outlook Middle East and Central Asia)*

In the Emerging and Developing Asia, the growth remained flat at 6.5%. Stronger than expected growth in China at 6.9% and ASEAN-5 countries at 5.3% compensated India's weaker than expected growth at 6.7% for 2017. Among the ASEAN countries, strong domestic demand and improved external demand contributed to a healthy growth – Indonesia grew 5.1%, Malaysia 5.9%, Philippines 6.7%, Vietnam 6.8% and Thailand by 3.9%. Booming exports of ASEAN countries will contribute towards steady growth momentum. Indonesia, Philippines and Thailand will witness accelerated growth led by strong investments and domestic consumption; Vietnam on the other hand will benefit from continued expansion of its industrial base. Though poor infrastructure has been a dragging factor, countries like Vietnam and Philippines are making steady progress. It is estimated that the ASEAN countries would be required to invest USD 3.15 trillion dollars in its infrastructure during 2018 to 2030. *(Source: IMF Regional Outlook Asia Pacific, Asian Development Outlook 2018)*

Post cyclical recovery in 2017, the growth momentum is likely to carry into 2018 and 2019 with output growth forecasted at 3.9% for both years. The higher growth outlook will be driven by sustained momentum in the EMDEs and improved outlook of AEs. In the MENAP, the impact of various issues has bottomed out and the region shows prospects of growth on the back of non-oil activity growth. In LATAM, the economies are showing signs of recovery. In Europe, the activities are expected to remain stable. Growth in commodity exporting nations is expected to rebound as commodity prices firm. *(Source: IMF's World Economic Outlook and Regional Outlook reports, World Bank's Global Economic Prospects report)*

> The year ended on a positive note with fiscal deficit remaining low at 3.5%, the Consumer Price Inflation under control at 4.28% and forex reserves strong at ₹27,597 billion.

Per capita real GDP growth in EMDEs by region (%)



Note: Bars denote PPP (purchasing power parity) GDP-weighted averages, ■ indicate the medians, and black markers denote the top and bottom deciles of per capita GDP growth in the country groups.

LAC – Latin America and the Caribbean, MENAP – Middle East, North Africa, Afghanistan, and Pakistan, EMDE = Emerging market and developing economy, SSA = sub-Saharan Africa, CIS – Commonwealth of Independent States

Indian economic scenario

FY 2017-18 has been an important year of consolidation in India. Reformative initiatives like Goods and Services Tax (GST) and Insolvency and Bankruptcy Code (IBC) in the current fiscal and Real Estate (Regulation and Development) Act in the past along with continued liberalisation of FDIs are strengthening the country's fundamentals. The immediate impact of these initiatives are already beginning to reflect with a 30 place jump in its ease of doing business ranking to 100th position and upgrade in country's credit rating to Baa2 (Baa3 earlier) by Moody's Investors Services. The country is now the eighth most attractive FDI destinations. *(Source: World Bank and A. T. Kearney).*

While in the short run, India's GDP growth rate has slowed down to 6.6% in FY 2017-18 post three consecutive years of over 7% growth, the country is still rated amongst the best performing economies with strong outlook. The year ended on positive note with fiscal deficit remaining low at 3.5%, the Consumer Price Inflation under control at 4.28% and forex reserves strong at ₹ 27,597 billion. Gross value added growth in FY 2017-18 vis-à-vis FY 2016-17 for agriculture and industry sectors declined from 6.3% and 6.8% respectively to 3% and 4.8% respectively and that of services grew from 7.5% to 8.3%. Decline in agricultural output was primarily driven by weather disruptions and impact of higher base. Industrial output was impacted by temporary disruption caused by GST implementation. Services benefited from an uptick in construction activity. *(Source: Central Statistics Office)*

Key macro-economic performance indicators

	2013-14	2014-15 (3rd RE)	2015-16 (2nd RE)	2016-17 (1st RE)	2017-18 (1st AE)
GDP growth	6.4	7.4	8.2	7.1	6.6
Private consumption share	57.6	58.1	58.8	59.0	58.9
Public consumption share	10.3	10.4	10.4	10.9	11.4
Gross Fixed Capital Formation share	31.3	30.1	28.5	28.5	28.5

RE – Revised Estimates, AE – Advanced Estimates
(Source: Central Statistics Office)

The implementation of GST has been one important move that is bringing in more efficiency within the system. It expects to eliminate issues relating to multiple-taxation, unify the nation into one market and encourage formalisation. Since its implementation, GST has been successful in increasing the tax payer base by over 50% to 34 lakhs businesses. While being a positive for long term, GST brought in some challenges to small and medium enterprises who are struggling with regulatory issues and delays in refund of input tax credits that is hurting overseas shipment.

IBC has been another significant initiative aimed at effectively resolving banks issues associated with corporate debt and surging non-performing assets. It would be an important tool empowering banks to clean up their balance sheet and improve performance that would help kick-start the credit flow cycle within the economy.

Infrastructure remains a key development agenda for the Government with three-fold rise in allocation since 2014. For FY 2018-19, the total budgetary and extra-budgetary spending towards infrastructure has been estimated at ₹ 5.97 lakh crore. Additionally, massive capex has been envisaged to build new capacities across primary sectors. The Oil & Gas sector is likely to account for a significant chunk of this. The Ministry of Petroleum and Natural Gas estimates the sector to attract a cumulative investment of USD 40 billion over the next five years. A key development for the sector has been Saudi Aramco's USD 44 billion deal to build giant refinery complex (1.2 mn barrels/day capacity) in India with three oil PSUs from India. The deal is pegged as a game changer for India and will facilitate in meeting the country's growing fuel and petroleum demand. Power sector is another key area that will attract investments worth ₹ 11.5 lakh crore to build new power generation capacity during FY 2017-22. *(Source: Union Budget, Ministry of Petroleum and Natural Gas, Central Electricity Authority, IBEF)*

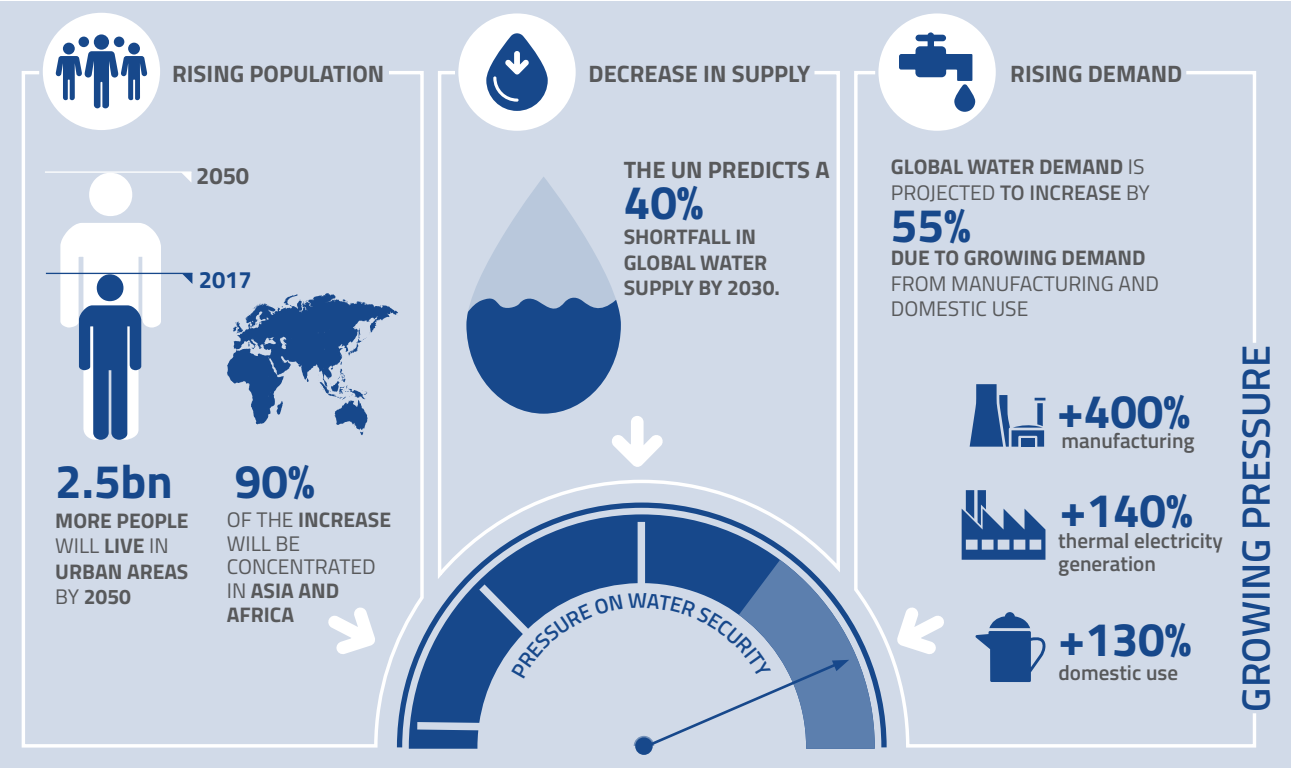
Trade deficit for the year surged 44.54% driven by faster growth of imports at 19.59% to USD 459.67 billion compared to 9.78% exports growth to USD 302.84 billion.

Taking into perspective the recent developments, IMF remains positive of the Indian economy, forecasting its GDP growth to be 7.4% in FY 2018-19 and 7.8% in FY 2019-20. The economic activity will be buoyed by strong private consumption and services, revival in private investments as corporates adjust to GST, enhanced infrastructure spending and recovery in global trade that will boost exports.

Global water scenario

Water, besides supporting life has significant economic cost associated with it. With nearly 78% of the global workforce being to some extent dependent on water, improper water management not only hurts individuals, it negatively impacts the GDP growth of the several countries globally. As per UNESCO, with the rapidly growing demand for water, the world faces a 40% water supply shortfall in 2030 unless radical measures are adopted globally. Countries in Middle East, North Africa and South Asia are already categorised water-stressed having less than 5,000 cubic metres of renewable freshwater per capita. Even more serious is the problem of water contamination that is presently impacting millions globally, causing widespread diseases and deaths.

Pressure on global water security



Though Governments across the globe are joining hands and undertaking commitments to address the water challenge, the intensity of efforts is far from making the desired outcome. As per a report by WHO, in 2015 of the total global population only 71% used safely managed drinking water service and 39% used safely managed sanitation service. Further, nearly 844 mn people globally lacked access to water service and 892 mn defecated in open clearly reflecting the huge shortfall. (Source: Progress on drinking water, sanitation and hygiene report 2017, WHO and UNICEF).

To address this shortfall, companies and cities globally are increasingly beginning to disclose environment data to track the progress. CDP, a not-for-profit charity that operates a global disclosure system, works closely with investors, companies, states and cities to aggregate environmental impact data. As per an analysis done by it in 2017 relating to 569 global cities that disclosed environment data, the following are the findings:

Alarming water statistics

63%

of cities disclosing data in 2017 foresee a risk to their water supply from climate change with majority of them being in Asia and Oceania, Africa and Latin America.

132

of these cities have reported declining in water quality as a major risk with 80% of wastewater flowing back into environment untreated.

196

cities have reported increased water stress and scarcity as a risk with 59% of them currently facing or will soon be facing the risk.

(Source: CDP analysis of environment data from 569 global cities in 2017)

- **Growing concern of corporates:** Globally, the corporates are becoming more responsible towards the environment and increasingly disclosing their water data. As per CDP Global Water Report 2017, the number of companies disclosing water data increased from 1,432 in 2016 to 2,025 in 2017. Together these companies withdrew around 5.6 billion litres of water in 2017. More importantly, they committed USD 23.4 billion across more than 1,000 water projects in 91 countries. Of these corporates, 56% have set water targets or goals, and 41% are engaging their suppliers to report water management.

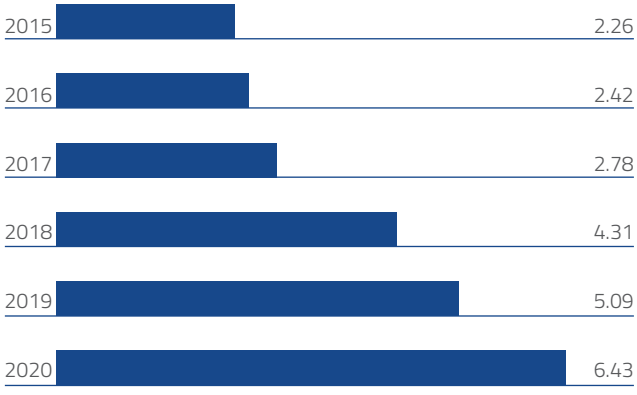
Region-wise demand trend for water and wastewater market

Asia-Pacific

Water leaders of the Asia-Pacific region have pledged to provide safe drinking water and sanitation for all by 2025, five years ahead of the Sustainable Development Goals, in the recently held third Asia-Pacific Water Summit. This would be achieved by doubling investments at the regional level in infrastructure and community-based efforts. The countries have also agreed to advance water research and development as well as education and training to generate innovative solutions. The focus would be on implementation of integrated water resources management at all levels and facilitating increased transboundary cooperation to address challenges collectively. *(Source: Yangon Declaration, Asia-Pacific Water Summit)*

Besides, the Asian Development Bank also initiated the Water Financing Partnership Facility (WFPF) on behalf of its financing partners to facilitate investments in water-related projects, with majority of funding towards water supply, sanitation and wastewater management. *(Source: Asian Development Bank)*

Water Financing Partnership and Facility: Approved water investment and pipeline (in USD billion)



(figures for FY 2018-2020 indicate pipeline of investments)
(Source: Asian Development Bank)

In Sri Lanka, the market is afresh with renewed optimism as the Ministry of Finance established a new PPP unit that could have a multiplier effect in water opportunities. The new PPP unit is believed to be evaluating nearly 20 water PPP projects driven by the backing from the World Bank. These include water collection, treatment and disposal projects worth about USD 900 mn and variety of other projects (including reservoirs and supply) worth USD 2,800 mn. *(Source: USAID, GWI magazine December 2017)*

In Bangladesh, after a decade of heavy investments and turnaround of the water supply infrastructure, the focus is now on wastewater. As per World Bank, as little as 3% of total wastewater produced in Dhaka is treated resulting in contamination of surrounding water bodies. To tackle the situation, ambitious plans worth USD 1.7 billion for developing 11 new wastewater treatment plants and upgrading existing ones have been chalked out. The scale of the projects has attracted several bilateral and multilateral aids.

In Philippines, the Asian Development Bank (ADB) has committed to finance five water projects through grants totalling USD 770 mn during FY 2017-19.

Middle East & North Africa (MENA)

Being an arid region, the water crisis in MENA is the most intense. Along with rising population, inefficient use and water mismanagement, the problem gets compounded. To counter this challenge, the countries in the region are coming up with ambitious plans. In Kingdom of Saudi Arabia, the Ministry of Environment, Water and Agriculture has allocated an additional USD 47 mn to its annual budget to pay for the installation and operation of mobile desalination units in areas of extreme water need. The state-owned desalination organisation the Saline Water Conversion Corporation has announced tendering of nine facilities with a total capacity of 2,40,000 m^3/d across various sites along the Red Sea coast.

In Qatar, the total water market stood at USD 2,735 mn in 2017, out of which 48% was invested towards capital expenditure. Industrial capital expenditure remained almost flat in this region. On the other hand, investment in wastewater networks witnessed a considerable growth over the years and stood at USD 483 mn in 2017 and is forecasted to reach USD 576.9 mn, USD 565 mn and 497.8 mn in 2018, 2019 and 2020 respectively. The region is likely to witness capital investments of USD 1,402 mn in 2018, USD 1,382 mn in 2019 and 1,240.7 mn in 2019.

In Oman, the state-owned corporate entity Haya Water plans to invest USD 2.6 billion in the country's wastewater collection and handling infrastructure over the next four years.

In Bahrain, the total water market in 2017 stood at USD 855 mn, 42% of which was towards capital expenditure. While industrial capital investments in the region have remained flat, investments from the utilities is witnessing significant growth. The region is expected to witness sustained investments in the water sector with capital expenditures expected at USD 342.5 mn for 2018, USD 313.4 mn for 2019 and USD 379 mn for 2020. Seawater and brackish water desalination plants will form a major chunk of investments at USD 88 mn, USD 131.9 mn and USD 164.8 mn expected investments in 2018, 2019 and 2020 respectively

In Egypt, the market following issues from Arab Spring is gradually entering a period of stability. It has one of the fastest growing population in Arab world and is highly dependent on River Nile. Besides, water withdrawals here are expected to increase from 77 km^3/d in 2015 to 94.62 km^3/d in 2030. The scenario demands the country to make significant investments in building new water and wastewater treatment capacity and reducing dependence of outlying areas on Nile by building desalination capacity. In line with this strategy, the Holding Company for Water and Wastewater (HCWW) has implemented a 30-year (2007-2037) master plan that would require an investment of USD 22 billion. In 2017, the total water market in Egypt stood at USD 3,178 mn, 43% of which was towards capital expenditure.

In Tunisia, the total water market in 2017 stood at USD 711 mn, out of which 41% was allocated towards capital expenditure. Seawater and brackish water desalination plants form a major portion of utility capital expenditure. The water sector in this region is likely to witness sustained investments with capital expenditure expected to reach USD 347.4 mn in 2018, USD 362.4 mn in 2019 and USD 333.3 mn in 2020.

In Nigeria, the total water market in 2017 stood at USD 1,058 mn, 46% of which worth USD 490.8 mn was towards capital expenditure. The water segment in the region is expected to witness significant rise in investments with capital expenditure likely to touch USD 563.2 mn, USD 645.8 mn and USD 762.3 mn in 2018, 2019 and 2020 respectively. *(Source: GWI, Global Water Market 2017, Middle East and Africa)*

Latin America

Latin America, despite having abundant water resources, faces water trouble driven by uneven distribution, heavy exploitation of natural resources and inadequate water infrastructure. However, in the past few years, the countries in the region have heightened their concern and invested in improving coverage. In Brazil, the national water agency took first steps towards this by mapping its wastewater investment needs. It estimated that an investment of USD 47.2 bn would be required to achieve universal urban wastewater collection and treatment infrastructure by 2035.

Argentina aims to overhaul its water sector unveiling plans to set-up 38 water PPP projects worth USD 10 billion with assistance of outside private capital. Focussed on this, AySA, the country's largest water utility successfully raised USD 500 mn through international bonds issue. *(Source: Global Water Intelligence magazines)*

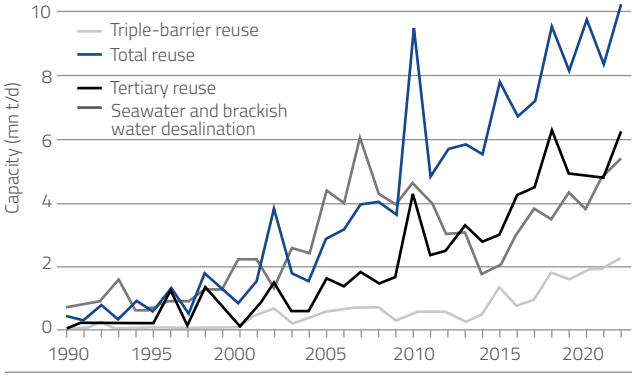
Outlook

With growing population and increasing water consumption from industries the situation warrants immediate actions. While conserving and reusing treated water will be important, reinforcing supplies by desalinating water will also be important. As per GWI's primary findings, the global capital expenditure on desalination and water reuse facility is estimated to increase by more than 60% during FY 2013-2022. Over the five-year period from FY 2016-2020, reuse is likely to grow at a faster rate with newly contracted tertiary and triple-barrier capacity growing at 9.4%, compared to 7.3% for desalination.

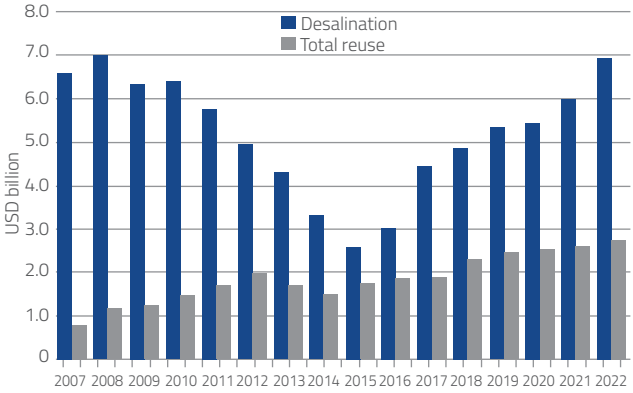
- **Stringency of norms:** Governments across the globe are revising wastewater discharge norms for industries and treated water quality norms. As the move picks momentum, a large number of corporates and municipalities would need to upgrade existing systems or invest in new ones.

> As per CDP's analysis collated from a data of 569 global cities and 2,025 corporates, there is a trend of rising awareness leading to increased investments.

Per capita real GDP growth in EMDEs by region (%)



Global Desalination and reuse spending (FY 2007-2022)

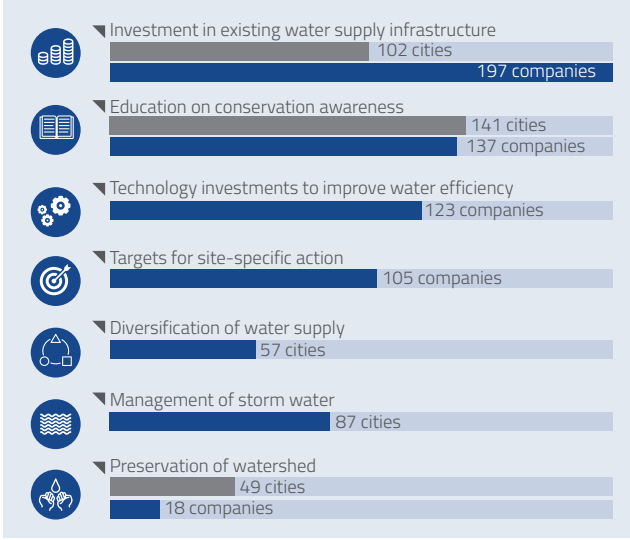


(Source: GWI Desal Data, GWI magazine April 2017)

Moreover, there has been increasing awareness amongst the Governments, municipalities, industry bodies and corporates globally regarding the dire scenario of water. Countries are coming together to plan for a better future, setting stringent sustainable development standards. Though in initial stages, these initiatives have set the right beginning. Several cities and corporates across the globe have lined up investments for ambitious goals. As per CDP's analysis collated from a data of 569 global cities and 2,025 corporates, there is a trend of rising awareness leading to increased investments.

Another interesting development in the water sector would be the increasing concern relating to environmental and health impacts of micropollutants. In advanced countries, there is an increased pressure on Governments to undertake scrutiny of contaminants at both wastewater treatment plants (WWTPs) and industrial outfalls. With research advancing in this field, a wide range of drinking and wastewater treatment systems would be set to require upgrades. Though initially the costs involved in advanced micropollutant removal technology are comparatively higher, they are the way forward owing to its effectiveness.

Cities and companies committing actions to reduce impact of water risks



(Source: CDP)

Indian water scenario

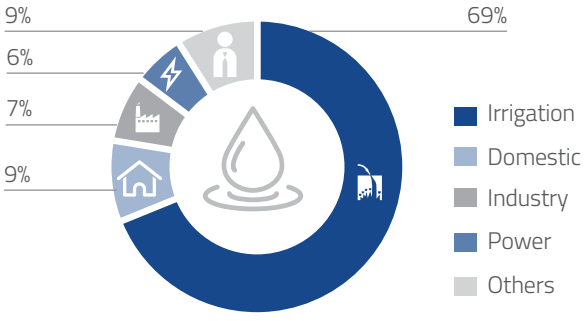
Water management has emerged as an issue of utmost importance in India. Accounting for 17% of global population and having just 4% of global fresh water resource, the country's remarkable economic growth is unfolding a major challenge of sharing water resources among key sectors including agricultural, domestic and industrial.

Poor irrigation and water distribution infrastructure is already resulting in droughts in several parts of the country during adverse climatic conditions. Besides inadequate water treatment infrastructure results in a significant chunk of the population relying on untreated and contaminated water for drinking, thereby leading to widespread diseases. The scenario is grimmer in the rural areas. As per Wild Water, State of the World's Water 2017 report by WaterAid, nearly 63.4 mn people in India's rural areas do not have access to clean water. With 27 out of 35 states and union territories in India being disaster-prone, these marginalised sections are likely to face severe adaptation problems from extreme weather and climate change.

As per a joint study by ASSOCHAM and PwC, as water demand in India increases to 1,500 BCM (billion cubic metres) in 2030 from 740 BCM currently and with no change in supply, the water demand-supply gap would widen to highs of 50% by 2030. Resultantly, the per capita availability of water in India will drop by nearly 40-50%. It is estimated that an additional investment of USD 291 bn would be required to fill this gap.

To address this challenge, the Government has brought in renewed focus to the water sector. The budgetary allocation to Ministry of Water Resources, River Development & Ganga Rejuvenation and the Union Drinking Water & Sanitation Ministry is ₹31,216 crore in FY 2018-19 budget. There is a clear indication of the Government's focus on improving water scenario in the country.

Estimated sector-wise demand for water in India



(Source: Water Management in India: Channeling the Resources, PwC report)

Indian wastewater segment

Globally, 65% or 35.9 mn hectares of the irrigated areas are within 40 km of urban areas and get impacted by dirty wastewater flows. Of this, 29.3 mn hectares are in countries having limited wastewater treatment facility, putting to risk the health of 885 mn urban consumers. India ranks amongst the top five nations accounting for 86% of these farmlands. This when put into perspective of the fact that nearly 70% of India's urban wastewater goes untreated polluting three-fourths of its surface water resources warrants an immediate action.

The scenario is no better in the rural areas. Over 10 crore people living across 12,577 habitations in India face the issues of getting water contaminated with excess fluoride. While nearly 239 mn people comprising 19% of India's population drink water containing unacceptably high levels of arsenic. Long-term intake of such water leads to arsenic poisoning with cancer (skin, kidney or lung), or diseases of skin.
(Source: Water Ministry resources)

The Indian ministry on effluent standards has recently chalked out the revised standards for the quality of effluents released to surface waters from municipal wastewater treatment plants. Though less stringent than initially planned, these new standards will have higher chances of being effective, ensuring maximum coverage. All existing wastewater treatment plants and the ones commissioned after June 2019 would be necessitated to comply with the new norms within five years, thereby opening up a gamut of opportunities.

Changed STP effluent standards in India

Parameter	Limit
pH	6.5-9.0
BOD	20/30 mg/L[1]
TSS	50/100 mg/L[1]
Faecal coliform	1,000 MPN/100 ml

[1] Lower limit for metro cities and most state capitals

Indian water outlook

Indian water sector is at an important juncture. A series of firm initiatives undertaken by the Government, increasing awareness among citizens and stringent policy initiatives is expected to revolutionise the segment.

Asian Development Bank has committed to lend a sum of USD 3.80 bn to India during FY 2017-19 for its water sector. Of this, USD 942 mn will be towards agriculture and natural resources and USD 2,865 mn towards water and other urban services. The Namami Gange project, one of the Government's most ambitious river cleaning projects, has begun to witness momentum. The Government had allocated a massive ₹ 20,000 crore to the programme to undertake several work including development of sewage treatment plants, river surface cleaning, afforestation, industrial effluent monitoring, riverfront development and making villages on the banks of Ganga open defecation free. States coming under its purview include Uttarakhand, Uttar Pradesh, Bihar, Jharkhand, West Bengal, Haryana and Delhi.

In Mumbai, the municipal authority with its strong financing capability, has initiated an ambitious plan to address its wastewater problem by coming out with largest tender in the country for developing urban wastewater treatment facilities. With a total sewage treatment capacity of 2.8 mn m^3/d built under 15-year DBO contract, making it an attractive opportunity for WABAG.

WABAG Group Performance

WABAG's operations are spread across four continents - Asia, Europe, Middle East and Africa and South America. To facilitate effective presence in these regions, operations are divided into four clusters with each cluster having its own local set-

₹31,216 crore
total FY 2018-19 budgetary allocation to Ministry of Water Resources, River Development & Ganga Rejuvenation and the Union Drinking Water and Sanitation Ministry

up and dedicated leadership management team. The synergies among the clusters are leveraged to create better opportunities. The Company is transitioning into this approach as some of the clusters are in nascent stage.

Snapshot of WABAG's clusters

	India cluster	Europe cluster	Middle East and Africa (MEA) cluster	Latin America (LATAM) cluster
Countries of interest/ covered	India, Bangladesh, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Nepal, Philippines, Singapore, Sri Lanka, Thailand, Vietnam	Austria, Czech Republic, Macao, Romania, Switzerland and Turkey	Kingdom of Arabia, Bahrain, Egypt, Libya, Namibia, Nigeria, Oman, Qatar, Tanzania, Tunisia and UAE	Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru and Uruguay

India Cluster

Overview

WABAG India: WABAG India as a leading player in the Indian water space, has a robust track record of handling complex and large projects for industrial and municipal clients. Ability to offer advanced technological solutions at competitive cost makes it one of the most successful international water players. It is an important strategic unit supporting the operations of global units with financial and skilled manpower resources. Some of the flagship projects executed by the unit include:

- World's largest tannery Wastewater Treatment Plant (WWTP) for the Calcutta Leather Complex
- World's first treated Wastewater Effluent Recycled plant converting into ultra pure de-mineralised water at Panipat Refinery
- World's first PTA (Purified Terephthalic Acid) along with other petrochemical effluent treatment through UASB process followed by MBD UFRO Wastewater recovery for re-use at Reliance Dahej. The complex Petrochemical effluent consisting of effluents from MED, LDPE, LCDPE, ROGSE India's first treatment recycle and reuse plant
- Asia's first Wastewater treatment plant for Reliance 20 Million Tonne Jamnagar Refinery
- Largest High Pressure Condensate treatment plant with 38 Bar feed pressure external regenerated with a spherical vessel for 800 MW Power Plant
- Largest single train Sea Water Desal plant (UFRO) for 28 MLD at Reliance Jamnagar Refinery
- India's First Power effluent recycle plant at NTPC Badarpur at Rayalseema Thermal Plant in Andhra Pradesh
- India's largest –
  - Fully potable Seawater RO plant on DBO model at Nemmeli, Chennai
  - Lamella based (inclined plate settlers) Drinking Water Treatment Plant for Mumbai Municipal Corporation of 455 MLD
  - Steel Mill Waste High rate filtration plant of 21 MLD for ESSAR Steel for treating Mill scale effluent

WABAG Philippines: A wholly-owned subsidiary of WABAG India, the unit is a leader in water treatment sector in Philippines. Based in a region having less land availability and high energy costs, the unit specialises in offering cost-effective, innovative water technology solutions. Focussed on domestic and neighbouring markets of Vietnam and Cambodia, it collaborates with other units to procure cost-effective resources and ensure timely delivery. Some of the flagship projects handled by the unit include:

- Sewage Treatment Plant (STP) at:
  - Bagbag, Tatalon and Ilugin CYCLOPUR® - SBR technology
  - Dona Imelda with MBBR – FLUOPUR® technology
  - Muntinlupa, Tunasan and Valenzuela with activated sludge process
  - Drinking WTP with innovative WABAG filtration system at Putatan
- Pasig Sewer Network Project

Cluster Highlights, FY 2017-18

- Key orders bagged:
  - USD 25 mn WTP retrofit project from Metro Manila for 900 MLD La Mesa-2, the world's ninth largest drinking WTP
  - USD 13 mn 150 MLD WTP in Vietnam. A high-profile investment from Vietnam-Oman Investment, the project would meet clean water need of nearly 3 mn people
  - 470 mn PHP direct negotiated contract for BNR project of Tunasan and Valenzuela
  - ₹ 386 crore repeat order from Bangalore Water Supply and Sewerage Board for a 150 MLD STP at K&C Valley, Bengaluru along with O&M for 10 years
- Successful completion of the challenging Putatan WTP despite change in inlet water parameters post design completion

Strategic direction ahead

- Regional market strategies –
  - **India:** The unit shall focus on ramping up operational efficiency and execution expertise to remain prepared for capitalising on the pent-up demand from various Government initiatives like Namami Gange, Smart Cities, Swachh Bharat Mission and AMRUT scheme.
  - **Philippines:** The unit shall focus on creating new business models and positioning strategically to be able to undertake Financed Projects that are expected to emerge as future business opportunity. It shall continue to consolidate operations to achieve better cost optimisation and competitiveness to strengthen presence in the South East Asia. The unit shall target more O&M and industrial projects.
- Cluster strategies –
  - Primarily focus on projects from financially strong municipalities, Oil & Gas sector and other funded projects
  - With tightening environmental and waste discharge norms, the focus will be on leveraging in-house technologies to the advantage of industrial and municipal clients
  - To continue to strengthen its presence in Singapore, Sri Lanka, Malaysia, Bangladesh, Thailand and Vietnam

Europe Cluster

Overview

WABAG Austria & Turkey: The Austrian and Turkey businesses combine to operate together as one unit to synergise their diverse competencies. While the Austrian unit being the oldest subsidiary possessing robust track record, experienced staff, technology and engineering capabilities, the Turkey unit enjoys the advantage of young energetic staff, execution skills, local market expertise and low cost. Together they position as high technology-oriented European company offering water treatment solutions for municipal and industrial clients at competitive pricing. International exposure from the erstwhile Austrian unit, especially in the Middle East, would enable the combined entity to expand aggressively to newer regions. Some of the flagship projects of the unit include:

- High-end wastewater reclamation system for the Ujams Industrial Park in Windhoek, Namibia (BOOT project)
- Turnkey drinking WTP for the district of Brčko in Bosnia and Herzegovina
- First fully-biological WWTP on the Croatian coast for the city of Senj
- Turnkey sludge treatment plant for the Xiaohongmen WWTP in Beijing, China
- Brackish water desalination plant, Al Wasia, near Riyadh in Saudi Arabia
- World's first and unique direct potable water reuse plant at Goreangab, Windhoek, Namibia
- O&M of WWTPs and pumping stations covering the entire Istanbul city
- Turnkey drinking WTP at Izmir, Turkey
- Municipal WWTP at Siverek, Turkey
- O&M of the drinking WTP at Adana, Turkey

WABAG Switzerland: The unit in existence since 1995 is the market leader commanding more than 70% of the market share in the advanced technology segment and is EN ISO 9001:2008 certified. Possessing R&D capabilities and infrastructure, it has to its credit several ground-breaking innovations enabling creation of a patented technologies repository. It is amongst the first few to possess micro-pollutants removal technological competence. It serves as the Group's knowledge and technology back-office enabling it to bag complex projects. Offering pioneering and customised solutions, the unit has executed over 200 municipal and industrial projects. Some of the flagship projects of the unit include:

- Innovative groundwater treatment at Muttenz employing advanced oxidation PAC-adsorption and ultrafiltration technologies for the first time in Switzerland
- Lake WTP with ultrafiltration, ozonation, activated carbon filtration and final disinfection at Horgen
- Switzerland's largest:
  - Spring WTP using ultrafiltration technology at Sonzier
  - WWTP with membrane bioreactor technology (MARAPUR®) at Zermatt
  - Tertiary wastewater filtration plant at Zurich-Werdhölzli
- Tertiary treatment for eliminating micro-pollutants using the BIOZONE® process at St. Pourçain, France
- Renewal of aeration system and PLC-Scada system at the Choutrana WWTP in Tunis, Tunisia
- BIOPUR® plant for Algeciras, Spain aimed for water reuse, built on reclaimed land

WABAG Romania: The unit in existence since 2008 offers EPC and O&M solutions to industrial and municipal clients in the process water and wastewater treatment space and is EN ISO 9001:2008, OHSAS 18001:2007 and ISO 14001:2004 certified. It is reputed for quality, environmental practices and stringent compliance standards. It specialises in providing complex water technology solutions to Oil & Gas sector and has rich experience in operating refinery ETPs. Some of the flagship projects of the unit include:

- Produced WTP for Romania's largest oilfield, Suplacu de Barcău
- Comprehensive refurbishment and upgrade in two stages and simultaneous operational management for PetroBrazi refinery Effluent Treatment Plant (ETP), Romania
- Tertiary filtration system for water reuse at PetroBrazi refinery ETP, Romania
- Compact ETP (containerised) for KAR refinery at Erbil, Iraq
- Operational management and technical adaptations at Arpechim refinery ETP, Romania
- Municipal WWTP at Cugir, Aiud and Ocna Mures, Romania

WABAG Czech Republic: The unit headquartered in Brno has been in existence since 1994 and is EN 9001:2000, ISO 14001:2004 and OHSAS 18001:2008 certified. It is amongst the oldest subsidiaries catering to both industrial and municipal segments. With operations spread across Slovakia, Serbia, Turkey, Uzbekistan and Vietnam, the unit serves as the cluster's competence centre for industrial water treatment services. The Cluster's focus towards the energy sector is primarily driven by this unit.

The unit has expertise in pre-treatment systems, demineralisation, condensate polishing, ion exchange technology, cooling water treatment, filtration and neutralisation. It holds the reputation of working on small nuclear power plants in Czech Republic. Some of the flagship projects of the unit include:

- Industrial water treatment at Slovnaft, Slovakia
- Reconstruction of industrial WTP for the Prerov Power Station, Czech Republic
- Modernisation of drinking WTP in Plzen, one of Czech's most important water supply plants
- Municipal WWTP at Trencín, Slovakia
- Industrial water reclamation plant for steel works Smederova, Serbia
- Demineralisation plant for power plant at Khoms, Libya

Highlights, 2017-18

- Key orders bagged:
  - EUR 4.6 mn WWTP for Philip Morris near Buchrest
  - RON 12.8 mn refurbishment and extension project of Kashira plant near Moscow, Russia. The order marks second contract in the F&B sector from PepsiCo
  - EUR 4.6 mn O&M contract extension for OMV Petrom's ETP at Petrobrazi Refinery and Arpechimi
  - EUR 10 mn project for design and supply of a new drinking WTP employing RO technology for phase 3 Al Saad BWRO, Saudi Arabia
  - EUR 17.4 mn industrial WTP for Tobruk Thermal Desalination project from General Desalination Company of Libya
- WABAG Romania successfully completed 10 years of operations, growing into a Company with 22 references in Romania, in the field of industrial and municipal water and wastewater treatment. With this, it also celebrates 10 years of continuous operation management Petrobrazi's ETP for OMV Petrom SA
- Successful operational merger of Austria and Turkey units to optimise operations facilitated faster closure of several projects. This also enabled reduction in operational costs and led to enhancement in the ability to bid for larger projects
- Achieved completion of Steckel mill upgradation of laminar cooling for phase 1 upgradation of WTP for Arcelor Mittal Steel in Ostrava in a record timeframe of seven months
- Completed the Produced WTP at Suplacu (one of the largest oilfields in Romania) for OMV Petrom. The innovative project marks WABAG's first ever implementation of the Moving Bed Biofin Reactor ('MBBR') technology in an industrial application
- New R&D activities initiated:
  - Designed and installed a pilot multi-barrier system for treating lake water. It will test effectiveness of innovative control system for advanced oxidation using ozone, improve operational efficiency of the Granular Activated Carbon filters and determine viability of Nano-Membrane filtration as a future process option
  - Undertook pilot trials for micro-pollutant removal in biological treated wastewater using adsorption and oxidation processes
  - New type of submerged membranes in MBR application

Strategic direction ahead

- Regional market strategies –
  - **WABAG Austria and Turkey:** The unit would drive localisation by increasing local execution and supporting operations of its subsidiaries. This would facilitate in reducing costs thereby making the unit more competitive and at the same time gain trust of clients as lifecycle partners. The unit will target more financed and technology-related projects to reduce risk and competition. It will also leverage its references and know-how to expand O&M business.
  - **WABAG Czech Republic:** The unit will leverage its goodwill and strong network among Russian speaking countries

(Russia, Uzbekistan and Turkmenistan) to grow business and explore export opportunities. It shall focus on targeting new sectors such as steelworks, oil & gas and chemical plants.

- **WABAG Romania:** The unit will retain its focus on oil & gas and food & beverages sector along with exploring opportunities in other sectors across multinational companies and offering them full range of services
- **WABAG Switzerland:** The unit will remain focussed on exploring more opportunities in the micro-pollutants segment and strengthen leadership position in this field

- Cluster strategies –
  - Focus on advanced technologies and new regulations like micro-pollutant removal in treated wastewater
  - Capitalise on the strong growth potential of the industrial sectors like oil & gas, food & beverages
  - Capitalise on the huge opportunities arising in water and wastewater segments for rehabilitation and upgrade of existing treatment plants
  - Leverage technological know-how to intensify activities in Germany where significant infrastructure investments are expected in advanced water technologies (removal of micro-pollutants from treated water) and in Russia for industrial solutions

Middle East and Africa (MEA) Cluster

Overview

Headquartered in Dubai, the MEA cluster is focussed on providing EPC and O&M services to industrial and municipal clients in the Middle East region, especially the Oil & Gas companies. With major opportunities coming in from the region, the cluster will serve as the new growth engine for WABAG Group.

Highlights, FY 2017-18

- Key orders bagged:
  - USD 105.5 mn repeat direct order from Dangote Oil Refining Company, Nigeria for Raw WTP and ETP
  - USD 3.3 mn 3-year O&M order from National Water Company (NWC) for 400 MLD WTP in Saudi
  - USD 5 mn 2-year O&M order from Public Works Authority, ASHGAL of catchment 3 and catchment 8 pumping station which includes a 680 MLD WYP in Qatar
- Achieved substantial progress in terms of impact, visibility, reputation and permanent presence in the region. Also, appointed Mr. Deep Raj Saxena as the CEO of the cluster to effectively grow business
- Developed EPC capabilities in the market contributing to enhanced confidence in local knowledge and ability to take on full project responsibility in Saudi and Qatar
- Enhanced competitiveness in the region enabled efficient execution of O&M business in Qatar, Bahrain and Oman
- Realignment of business development responsibilities for promoting brand in the region

Strategic direction ahead

- Cluster strategies –
  - Make strategic investments to build local competencies and capture identified opportunities
  - Focus more on industrial projects
  - Enhance share of O&M to ensure long-term presence and steady source of revenues
  - Strengthen markets in Saudi Arabia and Qatar and explore opportunities in Kuwait and UAE
  - Partner construction companies and funding organisations to target municipal market penetration and capitalise on the massive BOT opportunities
  - Explore G2G and multilateral funded job opportunities

Latin America (LATAM) cluster

Overview

Headquartered in Brazil, it is a relatively new cluster marking WABAG's presence in the fourth continent. The cluster will drive the Group's business in the medium to long term.

Highlights, FY 2017-18

- Set-up a subsidiary in Brazil to strengthen local presence

Strategic direction ahead

- Cluster strategies –
  - Form strategic alliances with large and established construction companies to bid for funded projects
  - Leverage the business development effort to build strong brand image

International Engineering Centre (IEC)

WABAG's International Engineering centres, in Pune and Vadodara provide project design and engineering support to its EPC business. Since its establishment in 2008, IECs gradually developed its capabilities to deliver world-class and cost-effective engineering services. It has built a competent team of engineers and invested in state-of-the-art software to attract global engineering business. It has steadily evolved into a profit center, providing engineering services to global market under the banner of Wabag Engineering Services (WES).

Its cross-discipline and diversified resource capability will be utilised to provide services in verticals like oil & gas, power, fertiliser, and steel among others.

Financial performance

On a consolidated basis, the Company achieved sales of ₹ 3,457 crore in FY 2017-18 as compared to ₹ 3,208 crore in FY 2016-17, registering a growth of 7.8%. Profit after Tax for the year stood at ₹ 132 crore as compared to ₹ 102 crore in FY 2016-17.

The Standalone sales for the year stood at ₹ 1,856 crore as against ₹ 1,798 crore in FY 2016-17 registering a 3.2% growth. Profit after Tax for the year stood at ₹ 117 crore as compared to ₹ 75 crore in FY 2016-17.

Human Capital

As an engineering company working with advanced water technologies, knowledge capital is critical. This makes people the most important asset and people welfare is one of the most important objective for WABAG. The organisation prides in its robust intellectual capital, consisting mainly of engineering professionals. With highly experienced senior management, competent middle management and enthusiastic junior management team, the Company is capable of handling large and complex projects.

The Company focusses on promoting a positive work culture through its policies and best HR practices. This contributes towards higher transparency while providing equal opportunities to all. The Company adopts zero tolerance approach towards any kind of racial, sexual, religious, gender or any other kind of harassment as protected by the law.

During FY 2017-18, WABAG made steady progress with its "One WABAG" concept. It led to self-driven objectives giving way to organisation-driven objectives resulting in better coordination among teams, functions, and clusters which in turn improved productivity. This conceptual shift brought more cohesiveness amongst the employees and gave a new dimension to team work. WABAG also formulated its DNA to promote effectiveness of this initiative. These DNAs have facilitated in shaping a better organisation culture and defining the character of the Company and its employees. It enabled redirecting efforts and determining each action of the organisation. WABAG's DNA includes:

- Professional excellence and pride
- Intensity to succeed
- Absolute commitment to WABAG values which include:
  - Customer focus
  - Integrity and intellectual honesty
  - Commitment, accountability and ownership
  - Timeliness and discipline
  - Optimise cost, avoid wastage yet emphasise quality
  - Build and actualise team work
  - Respect to fellow employees
  - Avoid even a semblance of impropriety

WABAG's Talent Management

Recruitment

WABAG undertakes a comprehensive manpower planning exercise every year, based on which individuals across functions and units are hired. The Group HR is responsible for senior level recruitments, while the local team handles middle and junior level. A campus recruitment programme is also arranged to recruit Graduate Engineer Trainees (GETs). Besides, with the growing scale, brand reputation and global exposure of WABAG, it has been able to attract the best talents in the industry.

Training and development

Being involved in high technology and complex projects, WABG takes training and skill development initiative seriously. This begins with preparation of annual training calendar and goal sheet, based on which internal and external training programmes are arranged. Any shortfall in employee goal is adequately addressed and remedial actions are suggested. Some of the key initiatives undertaken by the Company during the year include:

- **Advanced technology training:** The Company provides youths training on patented and advanced technologies to create a pool of high-skilled employees allowing it to take-up more technology-oriented projects. Besides these trained people also collaborate with marketing teams to prepare stronger bids and increase chances of winning.
- **Skill matrix programme:** The programme aims at enriching employees by facilitating them to gain additional skills. This was achieved by encouraging individuals from one discipline to handle a completely different job profile for a certain period.
- **Onsite learning and development (L&D):** The Company implemented a unique L&D initiative by combining it with business. A team of 37 people identified from the in-house talent pool were provided onsite training to enable them to get first-hand project and technology experience. These employees then became the trainer and trained others. Further, a competency analysis was also carried out to identify and fill-up gaps.
- **HIPOT (high potential) programme:** The programme focusses on identifying leadership position across various organisational levels and filling them with HIPOT employees. Various Talent Development Councils, headed by senior managers, have been formed at functional and cluster levels to identify new leadership levels, mentor the HIPOTs and

assist them in building a development plan. The initiative will be an important step towards achieving succession planning across all functions.

- **Leadership development programme:** The Company runs two leadership programmes – the Leadership Excellence Programme (LEX) and Young Entrepreneurship Programme (YEP). LEX focusses on imparting leadership values and skills to middle level managers to build succession plan. YEP on the other hand focusses on enriching talent of promising youth by providing them career development opportunity through a part-time management programme from tier-I National B-School.

Rewards and Recognition Programme

The Company believes in appropriately rewarding and motivating the employees. Employees' efforts are recognised by conferring them 'Star Performer' and 'Best Employee of the Quarter' awards. A Performance Management System has been devised to ensure fairness and transparency in employee performance review. Towards this, the Company has undertaken steps like identifying commonality in roles across disciplines, creating standardised qualitative goal sheets and introducing monthly scorecard review mechanism.

Knowledge Management

Being a technology company, WABAG values organisational knowledge as one of the important business drivers and over the years, it undertook various initiatives to capture, store and disseminate knowledge. In FY 2017-18, WABAG took this initiative a step ahead by forming a separate 'Knowledge Management (KM)' function focussed on integrating it with the business processes by leveraging new technologies. This department will focus on building a sustainable process facilitating the usability of the accrued organisational knowledge for remaining competitive as well as to enhance the customer delight. The individual verticals of the WABAG KM framework are under various stages of implementation. These verticals are expected to enhance the productivity, reduce risk and benefit the customer.

Quality, Health, Safety and Environment (QHSE)

WABAG is committed to Quality, Health, Safety and Environment and has embraced ISO management system as one of the tools to comply with International standards. As on March 30, 2018, it successfully integrated the three Management Systems – Quality Management System ISO 9001, Environment Management System ISO 14001 and Occupational Health and Safety Assessment Series 18001. Further, to maintain and enhance Quality, Health, Safety, and Environment practices, the Company undertakes internal and external audit at specified frequency. The audit results form the basis for continuous improvement plan. In FY 2017-18, the Company approved 25 internal ISO auditors, qualified to perform internal audit.

Quality

WABAG believes in the importance of quality to build goodwill. With regards to this, it conducts client satisfaction and feedback survey every year to understand pain areas. In FY 2017-18, WABAG achieved a client satisfaction score of 4.7 on a scale of 1 to 5, with 5 indicating extremely satisfied. It also follows the practice of thoroughly evaluating the suppliers to WABAG Standard and only deals with approved ones while holiday listing non-performing ones. The Company implements risk-based thinking concept considering the external and internal issues and impact that relevant interested parties can have on achieving the results during planning and subsequent process. A proactive approach is taken to reduce and keep in check the undesired effects through early identification of risk throughout the project phase. In FY 2017-18, the Company upgraded its ISO 9001 Quality Management System to 2015 version.

Health

WABAG believes in providing healthy working environment at its office and at project and O&M sites. It conducted several health camps at EPC and O&M plants for all the workmen/women and supervisors. It focussed on promoting awareness on health and prevention of illness through various schemes like frequent inspection of labour colony, providing potable water to all the workmen, first-aid training, general health check-up for all the employees and workmen, and heat stress prevention campaign. The Company communicates relevant health-related topics to its employees via tool box talk on daily basis and mass communication.

Safety

In FY 2017-18, WABAG worked on strengthening safety measures by launching a number of initiatives that contributed to improved performance at its EPC and O&M projects. These initiatives include:

- The concept of safety alerts and weekly safety messages to increase awareness
- Reporting on near miss incidents which eventually led to adoption of preventive measures and helped in avoiding such incidents
- A digital platform for online reporting
- An e-learning programme whereby 100 employees received online safety-related training from DuPont, which shall be cascaded across the organisation

- Job Safety Analysis practice for identifying and mitigating specific job-related hazards and building a roadmap for safer project executions. The practice shall be effective in sensitising the importance HSE among construction workers, managing whom is an extremely difficult task
- Behaviour is one of the most critical elements in ensuring that the workplace is safe and everybody understands the responsibility at workplace. The project is launched at 2 sites and corporate office and will further cater to all projects
- Conducted 4-day training on NEBOSH (National Examination Board in Occupational Safety and Health) curriculum for all the safety officers understanding the importance of knowledge acquisition and skill development exercise in safety management

WABAG's strong focus on improving safety standards was not only visible in its initiatives; it was also evident from appreciation received from the clients. Across two of its prestigious projects AMAS STP and RIL Jamnagar ETP where it achieved the milestone of 3 mn and 15 mn safe working hours respectively.

During the year, WABAG celebrated the 67th National Safety Week along with the stakeholders' participation at its project and corporate office, whereby the best workers and contractors were awarded. The event exemplifies WABAG's seriousness in safety standards and promotes safety culture across the organisation. The Company intends to undertake more such initiatives with focus on digitisation and training.

Environment

WABAG's commitment to protect the environment encompasses all aspects of its business from Engineering, Procurement, Construction and O&M. The Company's proactive efforts to minimise environment footprint included the areas of energy conservation, efficient use of materials and expansion of recycling efforts. Additionally, the Company set the following objectives:

- Minimum use of groundwater
- Re-use of treated water
- Maintaining greenery
- Control of oil spillages
- Protecting the soil surface from contamination
- Noise control
- Effective management of concrete waste

To achieve its environment targets, the Company uses LED bulbs, reuses sewage-treated water, undertakes landscaping and planting trees at the project sites to prevent soil erosion, and sends back the leftovers concrete to the batching plant.

The Company also undertakes measuring air and water quality and noise level at the predefined intervals by an independent agency. Remedial actions are immediately initiated if any of the parameters goes beyond the specified limits. All the project sites and O&M plants are subjected to compliance audit by external agency every six months for compliance to ISO 14001 standards.

Information Technology

Information Technology continues to be an important function at WABAG facilitating in efficiently handling its massive operations spread globally. During FY 2017-18, the Company primarily focussed on adopting various digital initiatives and undertaking technology restructure of the Global ERP upgrade. Digitisation and analytics have created lot of interest across WABAG global offices.

Digital Initiatives

The Company undertook several digital initiatives during the year which include:

- Launched One WABAG Service Desk as the one-stop solution for registering, tracking and delivering services for IT and other service departments such as Engineering, Legal, Admin and Commissioning among others
- Developed dashboards to monitor the project health and financial position in near real-time
- Introduced real-time attendance capturing across all O&M sites through cellular network-based Portable Fingerprint readers
- Installed high resolution cameras, controlled through mobile application, for live monitoring at project sites

Risks Management and Internal Control

The Company has deployed a time-tested and established risk assessment and governance framework for managing the various external and internal risks and uncertainties. These risks are continuously assessed and a strategy to mitigate, avoid or transfer / share the risks is arrived at based on criticality, acceptable risk tolerance and underlying circumstances. This enables the Company to pursue optimal business opportunities fully supported by the risk strategy thereby maintaining and enhancing shareholder value. The Company's approach towards risk management is reinforced by its experience, knowledge and understanding of the various current and future risk scenarios. The objective of the Company's risk management is to maintain an appropriate risk-return balance, while ensuring agility in the decision-making process within the framework of highest quality of governance.

The Board, Audit Committee and Monitoring Committee which includes senior management are responsible for maintaining the risk management / governance frameworks which are exercised through evolved good internal controls, processes, policies and guidelines. The Board assesses and approves the overall risk appetite, monitors the risk exposure and sets the group-wide limits and periodically reviews the same. WABAG's risk framework is based on the concept of 'three lines of defence' wherein management control is the first line of defence, the various control and compliance oversight functions established by management the second and independent assurance the third. Each of these three "lines" plays a distinct role within the organisation's wider governance framework.

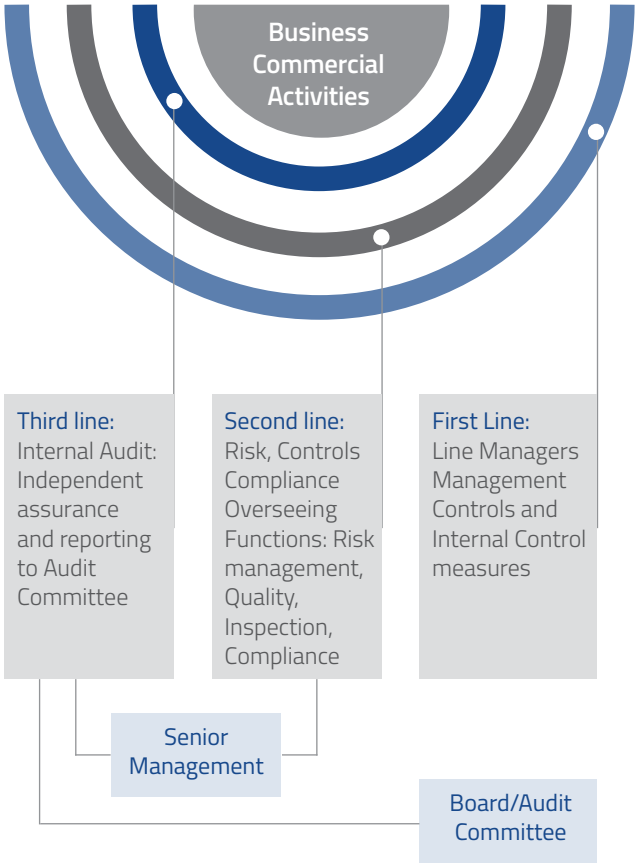
The Company's management systems, organisational structures, processes, standards, code of conduct and behaviours together form a system of internal control that governs its high conduct in business and management of associated risks.

The Company has an integrated risk assessment and management process, wherein all relevant external and internal risks are identified, evaluated and mitigated across the life cycle of the projects and their operations. It starts from pre tendering stage till closure of a project and/or operations and maintenance of the project. These are monitored and enhanced through the global Enterprise Resource Planning (ERP) package in the Company. There are well documented procedures, policies and authorisation levels for the various business decisions that govern the conduct of business at various levels across geographies. These have embedded in them the various risks identified and their mitigation aspects.

WABAG also has a strong internal assurance team to support the Group CEO and Managing Director directly to identify and manage the various operational, business, commercial and external risks.

The effectiveness of the internal control mechanism is reviewed by an independent professional internal audit function and by the statutory auditors. The Audit Committee of the Board periodically reviews the functioning of the internal audit and the implementation of the recommended measures to improve the internal control mechanism.

Risk management framework based on Three Lines of Defence:



Macroeconomic risk

Changes in economic and relevant regulatory policies, lower GDP growth, scaling back of Government initiatives and termination of Government contracts with little or no prior notice, insufficiency of funds and the reluctance of Government departments to make quick decisions may adversely impact opportunities from a specific country or region.

Mitigation measures

WABAG evaluates risk rating of every country and takes it into account for evaluation of Bid / No Bid and pricing decisions. The Company creates a roadmap for responsive actions to maintain manageable risk exposure. Macroeconomic risks largely relate to order intake. The Company is operating in over 30 countries and the geographical risk that may arise in one country may be mitigated through diversified presence.

Political risk

Disruptive geopolitical scenario (includes political shifts, such as major policy changes, coups, revolutions and wars) and changes in Governments or unstable political regimes in the geographies where the Company is present, can delay project execution.

Mitigation measures

WABAG adds 'force majeure clauses' in all its contracts to indemnify its business operations. The Company also takes adequate insurance cover to proactively manage political risks. The Company continuously assesses insecure political climate, new legislation and elections among others and avoids contracts in areas found to be too risky. For all international projects, the Company treats contracts as order intake only after down payment and Letter of Credit is received and credit insurance secured.

Competition risk

Rising competition from other global organised players in the bidding process may compel the Company to lower prices to win contracts and maintain market share. This may lead to substantial margin pressure.

Mitigation measures

The Company's brand value and relentless focus on quality and customer service gives it a competitive advantage over others. Past performance, legacy brand and benchmark project references help it secure contracts consistently. The Company offers competitive pricing to customers, due to technological superiority and large presence in low-cost economies and maintains an edge over competition.

Vendor risk

WABAG depends on vendors for the construction of its various projects and supply of key equipment. Therefore, it is exposed to uncertainty in the quality of their services, equipment and supply including timely delivery. This can cause operational delays and increased costs.

Mitigation measures

WABAG has vendor sourcing decisions incorporated into its key risk factors. The Company follows a strict vendor evaluation and re-classification programme along with vendor due diligence for a comprehensive vendor stratification. There are multiple levels of authority within the Company for approvals to choose an appropriate vendor based on past experience, creditworthiness of the vendor, quality and reputation. Service vendors are also guided and mentored for best practices in project management which is mutually beneficial in project execution.

Customers credit profile risk

Poor creditworthiness of customers can cause multiple setbacks in the midst of an order execution and lead to project delays.

Mitigation measures

WABAG evaluates customer balance sheet and risk analysis at pre-bidding stage. The Company prefers to bid for funded projects. It chooses projects, which involve Government bodies and institutions with stable financing capabilities like the World Bank, JBIC, JICA, ADB and EXIM bank, among others, where payments are made directly to contractors by these agencies.

Consortium partners credit profile risk

Consortium partners may default on their obligations, causing project delays and financial losses for the Company.

Mitigation measures

WABAG evaluates consortium partners through a detailed due diligence to gauge their business, credentials and financial health at pre-bidding stage. The Company minimises losses of liquid funds deposited with or invested in such partnerships by careful partner selection.

Commodity price risk

Inconsistent commodity supply and price volatility of specific commodities/raw materials could affect project cost and gross margins.

Mitigation measures

WABAG provides clauses in supplier contracts to deal with price contingencies. The Company optimises operations to estimate overall costs correctly and minimise cost overruns that arise due to unexpected commodity price changes. Most of the contracts with municipality are funded by multilateral agencies and these contracts have price adjustment clause linked to inflation index published to compensate increase in cost of goods or services. Most of these contracts follow FIDIC norms.

Forex risk

Volatile global currencies may impact WABAG's profitability adversely.

Mitigation measures

The Company regularly evaluates foreign exchange movements and hedges positions through forward / options contracts to safeguard against currency volatility. In most international projects, the Company negotiates USD or Euro for offshore portion and local currency for onshore portion, which acts as a natural hedge. Translation risks are not hedgeable and they are non-cash in nature.

Cautionary statement

The Management Discussion and Analysis contains "forward-looking statements", identified by words like 'plans', 'expects', 'will', 'anticipates", believes', 'intends', 'projects', 'estimates' and so on within the meaning of applicable securities laws and regulations concerning WABAG's future business prospects and business profitability. All statements that address expectations or projections about the future, the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. All these prospects are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, ability to manage growth, competition (both domestic and international), economic growth in India and the target countries worldwide, ability to attract and retain highly skilled professionals, time and cost overruns on contracts, ability to manage international operations, Government policies and actions with respect to investments, fiscal deficits, regulations, interest and other fiscal costs generally prevailing in the economy etc. Past performance may not be indicative of future performance. The Company does not undertake to make any announcement in case any of these forward-looking statements become materially incorrect in future nor shall the Company update any forward-looking statements made from time to time by or on its behalf.

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

Corporate Governance plays a key factor in governing a corporate entity's business principle. Transparency, accountability, ethics, independence, timely disclosures and embedding a sustainable culture of long-term value creation to stakeholders are the fundamental principles of Good Corporate Governance. At VA Tech WABAG ('WABAG' or 'the Company'), we follow good governance as a core business principle and this has been demonstrated in Company's DNA.

Your Company has adopted many ethical and transparent governance practices even before they were mandated by law and adopted various corporate policies as part of Corporate Governance including Code & Conduct for Prevention of Insider Trading, Code of Business Conduct for all its Directors, Senior Management and other employees. The relevant Policies are available on the Company's website www.wabag.com in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("SEBI LODR").

Your Company's Corporate Governance goals are principally driven by the objective of creating a trust based relationship to maximize stakeholder's value, be it shareholders, employees, suppliers, customers, investors, vendors, financial partners, communities or policy makers, as the case may be.

We believe that an active and well-informed Independent Board is necessary to ensure highest standards of Corporate Governance. Your Company has established systems and procedures to ensure the Board is equipped to fulfill its responsibilities, roles and to provide Management with the strategic direction needed to maximise stakeholders value. The Board oversees the management functions and protects long term interest of its stakeholders by adopting the best industry practices. Independent Directors constitute majority of the Board of WABAG. The Board focuses on upholding the core values of excellence, integrity, responsibility, unity and understanding to ensure that there is a strong legacy of fair, transparent and ethical governance practice in the Company.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI LODR as applicable, with regard to Corporate Governance.

2. Board of Directors

The Company's day to day affairs are primarily managed by the Managing Director & Group CEO with the assistance of competent management and business teams under the direction and supervision of the Board with a commitment to ethical and lawful business conduct at all times.

The Independent Directors provide objective and independent judgment(s) on matters placed before them. The maximum tenure of appointment of Independent Directors are in compliance with the Companies Act, 2013 ('the Act'), and SEBI LODR. All Independent Directors of the Company meet the criteria as mentioned in Regulation 16(1)(b) of the SEBI LODR and Section 149(6) of the Act.

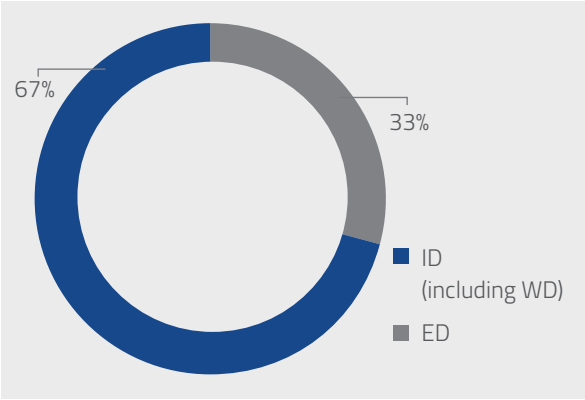
All Board Members are encouraged to meet and interact with the Management, to provide their valuable comments and advice to Senior Management on various business / strategic decisions, as and when required.

None of the Directors on the Board hold directorships exceeding the prescribed limits as per SEBI LODR & the Act in other companies. All the Directors have furnished their Directorship and Committee's position in other entities as on March 31, 2018 as required under the Act and SEBI LODR. None of the Director's on the Board are inter-se related to others.

2.1 Size & Composition of The Board

The Board composition is in conformity with the applicable provisions of the Act and the SEBI LODR.

In compliance with Corporate Governance norms, the Board comprises of 6 Directors as on March 31, 2018, of which 4 are Independent Directors (ID) including a Non-Executive Chairman (NEC) & Women Director (WD). The remaining Board Members are two Executive Directors (ED) viz., Managing Director & Group CEO and Director & Chief Growth Officer, who are also Promoter Directors. None of the directors are , inter-se, related to any other Director's on the Board.



The Board periodically evaluates the need for change in its composition and size. The detailed profile of the Directors are available on Company's website: www.wabag.com .

2.2 Board Procedure

The Board usually meets once in a quarter to review the financial results and business operations of the Company and also meets as and when necessary to deal with specific matters concerning your Company. The Board Meetings are governed by a structured agenda. The agenda along with requisite supporting documents have been circulated to all Directors in advance before each meeting in accordance with the Act and Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

As part of Green initiatives to protect environment, certain documents relating to the Board and/or its Committee Meetings are circulated through electronic platform in a secured manner to the Board for their consideration and review.

The Board, inter alia, periodically reviews operational and business performance of all Group entities including but not limited to its annual budgets, financial statements, compliance report(s) major legal issues and minutes of the Board Meetings of such group entities. Significant transactions and arrangements entered into by the group entities, strategic initiatives, risk management, transactions involving sale of material nature of investments, subsidiaries and assets, foreign currency exposure, borrowings, formation of new Subsidiary/Joint venture/Branch or restructuring of existing Subsidiary/ Joint Venture/Branch as the case may be and all other relevant information in terms of the Act and SEBI LODR, are periodically reviewed by the Board.

At Board and/or Committee Meeting(s), presentations are made by the Management Team on the Company's performance (financial & non-financial), operations, strategy and risk management, update on relevant statutory changes, judicial pronouncements encompassing significant laws and their impact on the Company's business operations, quarterly/ annual financial results, and other relevant information required under law for Board/ Committee's review and consideration. Press releases, reports, business updates and all other data as may be required by the Board are also circulated to all the Directors. All Board Members have access to accurate, relevant and timely information to fulfil their responsibilities.

The senior management of the Company make disclosures to the Board of Directors relating to all material, financial and commercial transactions, wherever they have personal/financial interest in any transaction or matter that may have a potential conflict with the interest of the Company, on a periodical basis.

The Company Secretary attends the Meetings of the Board and/or Committee(s) and is, inter alia, responsible for recording the minutes of the meeting(s) of the Board and/or its Committees. The draft minutes of the Board and/or its Committee(s) are sent to the Directors for their comments, if any and appropriately entered/recorded in the minutes book maintained by the Company in accordance with the Act and in compliance with Secretarial Standards.

The Company Secretary, while preparing the agenda, notes on agenda, minutes of the meeting(s) etc., is responsible for and ensures adherence to the Act, read with rules thereunder, and the Secretarial Standards recommended by the ICSI, from time to time.

The Board sets out the annual performance objectives, oversees the actions and results of management, evaluates its own performance, performance of its Committees and individual Directors on an annual basis and monitors the effectiveness of the Company's governance practices for enhancing the stakeholders value.

2.3 Post Meeting follow up mechanism

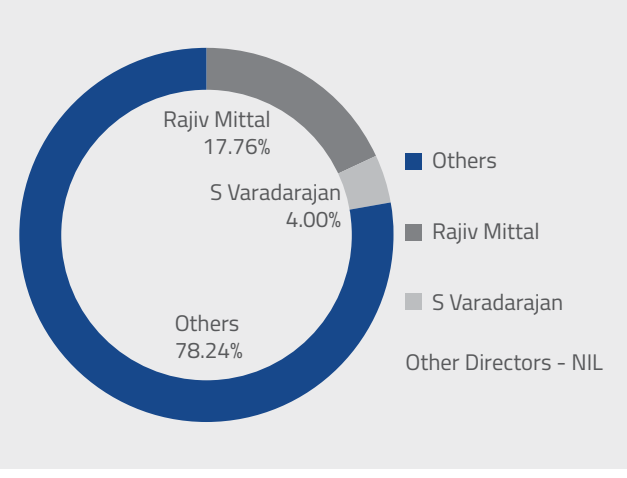
All significant observations, decisions and comments given by the Directors at the Board Meeting(s) and/or its Committee Meeting(s) are promptly communicated to the relevant business/technical personnel and other team Members for taking appropriate action and the status update on all such action taken /initiated are periodically communicated to the Management and/or Directors for their review and consideration.

2.4 Directors Shareholding

The details of equity shares held by the Directors in the Company as on March 31, 2018 are as below:

Name of the Director	No. of equity shares held (₹ 2/- face value)
Bhagwan Dass Narang*	Nil
Malay Mukherjee	Nil
Sumit Chandwani	Nil
Revathi Kasturi	Nil
Rajiv Mittal	97,09,406
S Varadarajan	21,85,762

*Bhagwan Dass Narang holds 50% of the paid up share capital of Shri Veni Madhav Portfolio Private Limited, which in turn holds 35,740 equity shares of the Company as on March 31, 2018



2.5 Meeting of Independent Directors

Pursuant to Schedule IV of the Act, Meeting of Independent Directors for the FY 2017-18 was held on May 24, 2017 without presence of the Executive Directors and Members of the Management. At such meeting, the Independent Directors discussed among other matters, the performance of the Company and flow of information to the Board, competition strategy, leadership, strengths and weakness, governance, compliance, human resource matters and performance of the executive Members of the Board including the Chairman. The details of the Familiarization programs imparted to Independent Directors is available on the Company's website www.wabag.com.

2.6 Letter of Appointment

Upon appointment of Independent Director(s), a formal letter of appointment is given containing, inter alia, the term of appointment, roles, function, duties and responsibilities, the Company's code of conduct, policies, disclosures and confidentiality. Independent Directors appointment letter are available on the Company's website www.wabag.com.

2.7 Meetings of the Board

The Company adheres to the provisions of the Act, read with the Rules issued thereunder, SEBI LODR and Secretarial Standards with respect to convening of the meetings of the Board of Directors.

During the FY 2017-18, 4 (four) meetings of the Board of Directors of the Company were held on May 25, 2017, August 9, 2017, November 8, 2017 and February 9, 2018. The maximum interval between any 2 (two) consecutive Board Meeting(s) was well within the maximum allowed gap of 120 (one hundred and twenty) days as stipulated under the Act, and Regulation 17 of SEBI LODR and Secretarial Standards.

The calendar of Meetings of the Board of Directors to be held on quarterly basis are decided in advance in consultation with the Board Members and the tentative schedule of such meetings as required under SEBI LODR are also published in the Annual Report. All such meetings and /or other additional meetings, as may be required are usually convened on the dates suitable to all the Directors to ensure presence of all Directors for such meetings. The Company also provides video conferencing facility to its Directors, as and when required, to enable any Director(s) to participate in such meetings.

Directors' Attendance Record and their other Directorships/ Committee Memberships

The name and categories of Directors, DIN, number of Directorships and Committee positions held by the Directors in the Company & other entities are given below. The number of directorships held by each Directors do not include their directorships in any private limited companies, foreign companies and companies under Section 8 of the Act. All Directors have been informing about their Directorships, Committee Memberships/ Chairmanships including any changes in their positions, in other entities from time to time.

Name of the Directors & Director Identification Number (DIN)	Category	Attendance Particulars			No. of Directorships and Committee Memberships/ Chairmanships as on March 31, 2018**			Attendance Particulars of Committee in the Company											
		No. of Board Meetings		Last AGM	Directorships	Memberships	Chairmanships	Audit		Stakeholders Relationship		Nomination and Remuneration		Risk Management and Monitoring		Corporate Social Responsibility		Overseas Investment	
								No of meetings											
		Held	Attended	Attended				Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Bhagwan Dass Narang 00826573	Independent Director/Chairman	4	4	✓	5	6	4	4	4	NA		2	2	2	2	NA		2	- #
Jaithirth Rao$ 00025289	Independent Director	1	0	✓	-	-	-	1	0	NA		NA		NA		NA		NA	
Malay Mukherjee 02861065	Independent Director	4	4	✓	2	2	-	4	4	NA		NA		2	1	NA		NA	
Sumit Chandwani 00179100	Independent Director	4	4	✓	2	3	3	4	4	4	4	2	2	2	2	NA		NA	
Revathi Kasturi 01837477	Independent Director	4	4	✓	1	1	-	NA		NA		2	2	2	2	5	5	NA	
Rajiv Mittal 01299110	Promoter / Managing Director & Group CEO	4	4	✓	1	1	-	NA		4	4	NA		2	2	5	5	2	2
S Varadarajan 02353065	Promoter / Director & Chief Growth Officer	4	4	✓	1	1	-	NA		4	4	NA		NA		5	5	2	2

$ The term of directorship (as an Independent Director) of Jaithirth Rao was completed at the conclusion of last Annual General Meeting held on July 27, 2017 and has not been reappointed as per his request

** Chairmanships / Memberships of Board Committees shall only include Audit Committee and Stakeholders' Relationship Committee.

Participated in discussion over the phone

NA - Not Applicable as he/she is not a member of said committee(s).

3. Committees of the Board

The Board has constituted various Committees in accordance with the Act, to support the Board in discharging its responsibilities. The various Committees are:

A. Audit Committee (AC)
B. Stakeholders Relationship Committee (SRC)
C. Nomination and Remuneration Committee (NRC)
D. Corporate Social Responsibility Committee (CSR)
E. Risk Management and Monitoring Committee (RMMC)
F. Overseas Investment Committee (OIC)

The process, procedures and standards adopted by the Company for Board meeting(s) are applicable to Committee meeting(s), to the extent applicable. The Committees have optimum representation of Members of the Board with requisite expertise who hold meetings at such intervals as deemed necessary to effectively perform the task assigned to them. Minutes of proceedings of Committee meeting(s) are circulated to the Directors and placed before Board meeting(s) for noting. The recommendations of the Committees are submitted to the Board for their consideration/approval.

A. Audit Committee

1. The constitution and terms of reference of the Audit Committee are in accordance with Section 177 of the Act, and Regulation 18 of the SEBI LODR read with Part C of Schedule II of the said Regulations.

2. Sumit Chandwani, Independent Director and Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on July 27, 2017. The Company Secretary acts as the Secretary to the Audit Committee.

3. All the Members of the Committee possess financial, accounting and other relevant expertise as required under law to carry out their functions.

4. The Executive Directors, Chief Financial Officer, Chief Executive Officer, Statutory Auditors and Internal Auditors are permanent invitees to the Meetings of the Audit Committee. Senior Executives of the Accounts/ Finance Department and other officials/external experts, representatives of statutory and internal auditors also attend the Audit Committee Meeting(s), as and when required.

5. Composition, Category of Members and their attendance to the Committee Meetings held during the year are covered in the table given at page no.91 of this report.

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meetings of the Audit Committee were held on May 25, 2017, August 9, 2017, November 7, 2017 and February 9, 2018. The maximum time gap between any of the two consecutive meetings was not more than 120 days. The necessary quorum was present in all the meetings.

B. Stakeholders Relationship Committee

1. The constitution and terms of reference of the Stakeholders Relationship Committee are in accordance with and also covers all matters prescribed under Section 178 of the Act, and Regulation 20 of the SEBI LODR read with Part D of Schedule II of the said Regulations. The said Committee attends to the redressal of shareholders complaints.

2. Sumit Chandwani, Independent Director and Chairman of the Stakeholders Relationship Committee was present at the last Annual General Meeting of the Company held on July 27, 2017. R. Swaminathan, Company Secretary & Compliance Officer acts as the Secretary to the Committee.

3. The Chief Financial Officer is a permanent invitee to all Meetings of the Stakeholders Relationship Committee.

4. During the year, 20 complaints were received and resolved. There are no outstanding complaints from the stakeholders as on March 31, 2018. The quarterly statements on Investor Complaints received and disposed of are filed with Stock Exchanges within 21 days from the end of each quarter/ uploaded on the Company website www.wabag.com and the statement of uploaded file are also placed before the subsequent Meeting of Board of Directors.

5. Composition, Category of Members and their attendance to the Committee Meetings held during the year are covered in the table given at page no.91 of this report.

4

meetings of the Stakeholders Relationship Committee were held on May 25, 2017, August 9, 2017, November 8, 2017, February 9, 2018. The maximum time gap between any of the two consecutive meetings was not more than 120 days. The necessary quorum was present in all the meetings.

C. Nomination and Remuneration Committee

1. The constitution and terms of reference of the Nomination & Remuneration Committee are in accordance with and also covers all the matters specified under Section 177 of the Act and Regulation 19 of the SEBI LODR read with Part D of Schedule II of the Regulations.

2. Revathi Kasturi, Independent Director and Chairperson of the Nomination & Remuneration Committee was present at the Annual General Meeting of the Company held on July 27, 2017. The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

3. All the Members of the Committee are Independent Directors. Chairperson of the Committee is different from the Chairman of the Board.

4. Composition, Category of Members and their attendance to the Committee Meetings held during the year are covered in the table given at page no.91 of this report.

5. The Nomination and Remuneration Committee is responsible to formulate the criteria for appointment of Director/ Senior Management Personnel and review the said criteria for determining the qualifications, skills, positive attributes necessary for inducting Members on the Board/Senior Management. The Committee is also responsible for screening the candidates who meet the criteria, reviewing their appointment/ re-appointment and making recommendations to the Board in this regard.

6. The Committee also administers the Company's Employees Stock Option Scheme.

2

meetings of the Nomination and Remuneration Committee were held on May 25, 2017 & July 27, 2017. The necessary quorum was present in all the meetings.

C.1 Remuneration to Directors

Non-Executive /Independent Directors:

Pursuant to the approval of the Members at the Annual General Meeting of the Company held on July 21, 2014, the Nomination and Remuneration Committee of the Board periodically review & recommends the Commission payable to the Non-Executive Directors, including Independent Directors based on various factors and industry standards. Your Company pays commission on quarterly basis to Non-Executive Directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Act, from time to time and accordingly an amount of ₹20 Lakhs p.a. paid to the Independent Chairman of the Board and to ₹15 Lakhs p.a. paid each Independent Director of your Company, is in accordance with the approval of the Board and as per the Remuneration policy of the Company. The performance evaluation of Independent Directors were based on various criteria fixed by the Nomination and Remuneration Committee, from time to time including but not limited to attendance of the Directors at the Board & Committee Meetings, skills, experience, ability to challenge views of others in a constructive manner, knowledge acquired with regard to the Company's business, understanding of industry and global trends.

Executive Directors:

The remuneration structure of the Managing Director/ Executive Director comprises of basic salary, commission/ bonus, perquisites and other allowances, contribution to provident fund etc. The remuneration is determined considering various factors such as relevant qualification, experience, expertise, roles, functions, responsibilities, prevailing remuneration in the industry and the financial position of the Company. The Members of the Company at the Annual General Meeting held on July 27, 2015 had re-appointed Rajiv Mittal, Managing Director & Group CEO for a period of 5 years with effect from October 1, 2015 and on July 27, 2017 re-appointed S Varadarajan, Director liable to retire by rotation in the 23rd Annual General Meeting as a Director & Chief Growth Officer under section 188(1)(f) of the Act at such remuneration as approved by the Board. The remuneration component is split into fixed pay and performance pay which is payable on achieving various performance criteria including but not limited to the following:

- Leadership, strategy formulation, strategy execution, financial planning & performance
- Relationship with other Board Members, external relations, human resource management/relation, succession planning, product/service knowledge and personal qualities etc.

- Role and Accountability, objectivity & personal attributes

The remuneration components payable also depends on achieving the key performance metrics set by the Nomination and Remuneration Committee and Board, from time to time, covering the areas such as:

- Order Booking/Sales/PAT/Receivables
- Technology/Innovation
- Leadership/Human Resources Management
- Strategy Formulation & Execution
- Stakeholders engagement
- Growth in Profitability/Productivity
- Other factors as may be fixed by the NRC/Board

The Company makes necessary arrangements to the Directors for attending the meetings and reimburses the out-of-pocket expenses, if any incurred by the Directors. The Company does not have any pecuniary relationship or transactions as per the Act with the Independent Directors.

Details of Remuneration paid to Directors during the FY 2017 – 18 **(₹ In Lakhs)**

Name	Category	Commission**	Salary and Perquisites	Performance Incentive	Superannuation and Provident Fund*	Total
Bhagwan Dass Narang	Independent Chairman	23.00	Nil	Nil	Nil	23.00
Jaithirth Rao$	Independent Director	9.75	Nil	Nil	Nil	9.75
Malay Mukherjee	Independent Director	17.25	Nil	Nil	Nil	17.25
Sumit Chandwani	Independent Director	17.25	Nil	Nil	Nil	17.25
Revathi Kasturi	Independent Director	17.25	Nil	Nil	Nil	17.25
Rajiv Mittal	Managing Director & Group CEO	Nil	196.15	63.00	13.57	272.72
S Varadarajan	Director & Chief Growth Officer	Nil	87.79	32.64	5.82	126.25

$ The terms of directorship (as an Independent Director) of Jaithirth Rao was completed at the conclusion of last Annual General Meeting held on July 27, 2017 and has not been re-appointed as per his request.

*Represents aggregate of the Company's contributions to Superannuation Fund and Provident Fund

** Includes variable pay for the FY-2016-17

Notes:

1. No sitting fees are paid to any Directors for attending meetings.
2. The Company has neither advanced loans nor granted any stock options to any Directors during the year.
3. Notice period for termination of appointment of Executive Directors is 6 months on either side. No severance pay is payable on termination of appointment.

D. Corporate Social Responsibility Committee

1. The constitution and terms of reference of the Corporate Social Responsibility Committee are in accordance with and covers all the matters specified under Section 135 of the Act.
2. Revathi Kasturi, Independent Director and Chairperson of the Corporate Social Responsibility Committee was present at the last Annual General Meeting of the Company held on July 27, 2017. The Company Secretary acts as the Secretary to the CSR Committee.
3. The Public Relation Officer in charge of CSR activities and CSR Lead of the Company are the permanent invitees to all Corporate Social Responsibility Committee Meetings and other officials, experts and representatives concerned from external/ implementing agencies are invitees to the Committee Meeting on a case to case basis.
4. For effective and efficient CSR program, the Committee has constituted CSR subcommittee to screen the proposals before making investment and to monitor the progress of CSR activities.
5. Composition, Category of Members and their attendance to the Committee Meetings held during the year are covered in the table given at page no.91 of this report.

5

meetings of the Corporate Social Responsibility Committee were held on May 25 2017, July 11, 2017, July 28, 2017, November 20, 2017 & March 16, 2018. The necessary quorum was present in all the meetings.

E. Risk Management and Monitoring Committee

1. The Committee's terms of reference, among other things, include to monitor the various operational and other business related issues including the new/ ongoing projects, risk aspects arising out of the

project/business and other specific matters directed by the Board.

2. The Committee's approach is to address uncertainties in its endeavors to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of various stakeholders within the Company, the structure for managing risks and the framework for risk management.
3. The Committee reviews the business issues in depth and suggests/recommends various solution and risk management framework including amendments to various policy decisions, strategies and ensures mitigation/minimization of risks from business, to the extent required and necessitated.
4. Malay Mukherjee, Independent Director and Chairman of the Risk Management and Monitoring Committee was present at the last Annual General Meeting of the Company held on July 27, 2017.
5. Composition, Category of Members and their attendance to the Committee Meetings held during the year are given in the table above covered in page no. 91 of this report.
6. The Chief Executive Officer, Chief Financial Officer, Company Secretary, Cluster heads, Regional heads and other officials are invitees to the Risk Management and Monitoring Committee Meeting.

2

meetings of the Risk Management and Monitoring Committee were held on July 27, 2017 & October 6, 2017. The necessary quorum was present in all the meetings,

F. Overseas Investment Committee

1. Compliance has always been priority area of the Board. With more than 20 subsidiaries/associates/JV's spread across different geographies, the Board felt the need for a separate Committee to monitor and review compliances and Investments made into various overseas entities of the group.
2. As part of the compliance exercise, the Committee continued to obtain external experts on Overseas Direct Investments to review/monitor and advise the Company from the compliance perspective for revamping/restructuring the group structure.
3. Bhagwan Dass Narang, Independent Director and Chairman of the Overseas Investment Committee.
4. Composition, Category of Members and their attendance to the Committee Meetings held during the year are given in the table above covered under page no.91 of this report.

2

meetings of the Overseas Investment Committee were held on June 7, 2017& December 11, 2017. The necessary quorum was present in all the meetings.

4. Disclosures

1. **The Company has complied with the requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of sub – regulation (2) of Regulation 46 of SEBI LODR.**
2. **Related Party Transactions.**

   All transactions entered into with related parties during the financial year were on arm's length basis and in the ordinary course of business. The transactions with the related parties are in compliance with Section 188 of the Act and Regulation 23 of the SEBI LODR.

   The Company has formulated a policy on Related Party Transactions and also on dealing with Related Party Transactions has been uploaded on the website of the Company available at the link: www.wabagindia.com/Policies.aspx

   There were no materially significant transactions entered into by the Company with the related parties which might be deemed to have had a potential material conflict with the interests of the Company at large.

   The Company's major related party transactions are generally with its subsidiaries, JV and Associate entities. The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, geographic expansion plans, profitability, legal requirements, liquidity and capital resources of Subsidiaries and Associates.

   The details of the related party transactions entered during the year and disclosures as required by the Indian Accounting Standards (IND AS 24) were made in **Note 41** of the financial statements. On a quarterly basis, a certificate issued by the Chief Financial Officer confirming that all the related party transactions entered into by the Company are on ordinary course of business and are at arm's length basis are covered in the papers circulated to the Board as part of Audit/Board agenda. The Audit Committee approves and/or ratifies the quantum of related party transactions by way of omnibus approval based on the proposed transactions

to be carried out by the Company with such related parties.

All related party transactions entered by the Company are covered in the statement circulated/provided to the Audit committee on quarterly basis along with the details of overall omnibus approval given/ratified by the Audit Committee, from time to time.

3. **Capital Market Compliance matters**
The Company has complied with all applicable rules and regulations prescribed by stock exchanges (NSE/BSE), Securities and Exchange Board of India (SEBI) or any other statutory authority relating to the capital markets. No penalties or strictures have been imposed on the Company in the last 3 years.

4. **Disclosure of commodity price risks and hedging activities**
As the Company is not engaged in commodity business, commodity risk is not applicable. The foreign exchange risks are managed/hedged to the extent deemed necessary.

5. **Whistle Blower Policy/ Vigil Mechanism**
The Company has adopted a Whistle blower Policy and an effective Vigil Mechanism system to provide a formal mechanism to its Directors, Employees and other stakeholders to voice their concerns, if any, in a responsible, effective and transparent manner regarding suspected unethical matters involving serious malpractice, abuse or wrongdoing within the organization and also safeguards against victimization of Directors/Employees and Business Associates who avail of the mechanism.

The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for direct appeal to the Chairman of the Audit Committee. No personnel had been denied access to the Audit Committee. The said policy has been posted on the Company's website www.wabag.com. Any whistle blower has the option to approach the Committee Members and/or Chairman of the Audit Committee directly through electronic platform with their concerns, if any and take up the matter accordingly without any interference or involvement of any suspected person.

The vigil mechanism is periodically reviewed and overseen by the Audit Committee and provides adequate protection and safeguards against victimization of employees and Directors, wherever applicable. During the year 2017-18, there were no complaints received by the Committee Members /Chairman of the Audit Committee.

6. **CEO/CFO Certification**
As required by SEBI LODR, the Managing Director & Group CEO and the Chief Financial Officer of the Company ("MD/CFO") issue annual certification on financial reporting and internal controls to the Board which are covered in Page no. 102 of this report. The MD/CFO also give quarterly certification on financial results while placing the financial results before the Board in accordance with the terms of SEBI LODR.

7. **Subsidiary Companies Monitoring Framework.**
The Company does not have any material non-listed Indian Subsidiary Company in terms of Regulation 16 of the SEBI LODR. The minutes of the Board Meetings of the Subsidiary companies are placed at the Board meeting of the Company on periodical basis. The Audit Committee/ Board reviews the financial statements including investments by the unlisted overeas subsidiaries of the Company.

All the Company's subsidiaries are Board managed with their respective Boards having the rights and obligations to manage such Companies in the best interest of their stakeholders. A statement containing all significant transactions and arrangements entered into by unlisted Subsidiary, JV and Associate entities as required under the SEBI LODR are placed before the Company's Board.

The Policy for determining material subsidiaries has been uploaded and can be accessed on the Company's weblink: www.wabagindia.com/Policies.aspx

8. **Compliance with Corporate Governance**
Corporate Governance Voluntary Guidelines 2009
Corporate Governance Voluntary Guidelines 2009 of the Ministry of Corporate Affairs, Government of India, encourage the use of better practices for highest standards of ethical and responsible conduct of business. The guidelines broadly focus on areas such as roles & responsibilities of the Board, Audit Committee functions, appointment of auditors, compliance with secretarial standards and a mechanism for whistleblower support. The Company is in compliance with the Corporate Governance Voluntary Guidelines.

SEBI LODR
The SEBI LODR prescribes the various Corporate Governance recommendations in line with SEBI Corporate Governance Committee. The Company is in substantial compliance with the SEBI LODR as amended from time to time.

The Company has complied with the requirements of the Schedule V Corporate Governance report sub paras (2) to (10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The quarterly compliance report has been submitted to the stock exchanges where the Company's equity shares are listed in the prescribed format duly signed by the Company Secretary. Pursuant to Schedule V of the Regulations, M/s Walker Chandiok & Co LLP, Statutory

Auditors, confirming compliance with conditions of Corporate Governance as stipulated under SEBI LODR is forming part of the Annual Report.

9. Compliance with mandatory requirements and adoption of discretionary requirements

The Disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 are as follows:

Regulation	Particulars of Regulation	Compliance Status
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Not required under listing regulations, however the Company has Risk Management and Monitoring Committee in place.
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance Requirements with respect to Subsidiary of listed entity	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to Directors and Senior Management Personnel	Yes
27	Other Corporate Governance Requirements	Yes
46 (2) (b) to (i)	Disclosures on website	Yes

The Company has adopted following non-mandatory requirements of SEBI LODR and the Act.

a. The Board

The Chairman of the Board is an Independent Director and a Chairman's office is maintained at the Company's expense. The Company reimburses the Chairman any expenses incurred in performance of his duties.

b. Members rights

The Company in addition to displaying its quarterly and half yearly results on its website: www.wabag.com and publishing in widely circulated newspapers, the quarterly financial results were sent, to the registered email addresses of members, if asked for.

c. Audit Qualification

During the year under review, there is no audit qualification on the Company's financial statements. The Company continues to adopt best practices to ensure unmodified audit opinion.

d. Separate posts of Chairman and CEO

The Chairman of the Board is Bhagwan Dass Narang, Independent Director and his position is separate from Managing Director & Group CEO, Rajiv Mittal.

e. Reporting of Internal Auditor

The Internal auditor of the Company reports directly to the Audit Committee.

10. Code of Conduct

In compliance with Regulation 26(3) of SEBI LODR, the Code of Conduct ("the Code") for Board Members and Senior Management Personnel as adopted by the Board, is a comprehensive Code applicable to Directors and Senior Management Personnel. The Code lays down in detail, the standards of business conduct, ethics and strict governance norms for the Board and Senior Management Personnel. A copy of the Code has been put on the Company's website www.wabag.com. The Code has been circulated to Directors and Senior Management Personnel and its compliance

is affirmed by them annually. A declaration signed by the Company's Managing Director & Group CEO to this effect is published in this Report.

11. Code for Prevention of Insider Trading Practices

In accordance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted the Code of Conduct for prevention of Insider Trading to regulate, monitor and report Trading by Insiders ("Insider Trading Code"). The said Insider Trading Code applies to Directors, Senior Management Personnel, persons forming part of the Promoter(s) & Promoter(s) Group and such other designated employees of the Company, who are expected to have access to unpublished price sensitive information relating to the Company ("designated persons"). Such designated persons are expected to be in compliance with the Insider Trading Code at all times. During the year under review, there has been due compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

As per the WABAG Insider Trading Code, Designated employees/ senior management personnel shall make disclosure of their holdings of shares to the Compliance Officer with 30 days from the end of every half year.

12. Familiarisation Program

Pursuant to regulation 25(7) of SEBI LODR, Company has imparted various familiarization program for its Directors. To familiarize a new Independent Director with the Company, an information kit containing annual reports including Company's corporate profile, Statement of Vision and Values, organizational structure, the Company's history and milestones, Code of Conduct applicable to Directors/Senior Management employees of the Company and other Reports are provided. Brief details of the familiarization program are uploaded and can be accessed on the Company's weblink: www.wabagindia.com/familiarisation.aspx

5. General Body Meetings

5.1 Annual General Meetings

The date, time, location of Annual General Meetings held during last three years, and the special resolutions passed thereat are as follows:

Financial Year	Date	Time	Location	Special Resolutions passed
2016-17	July 27, 2017	10.00 AM	The Music Academy (Mini Hall), New No. 168, TTK Road, Royapettah, Chennai 600014	1. Re-appointment of B D Narang as an Independent Director 2. Re-appointment of Sumit Chandwani as an Independent Director 3. Re-appointment of Revathi Kasturi as an Independent Director 4. Increase in the borrowing limits of the Company 5. Increase in limits for Creation of Charges on the assets of the Company 6. Raising of funds through QIP/Private Placement/Preferential Allotment
2015-16	July 25, 2016	10.00 AM	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	Nil
2014-15	July 27, 2015	10.00 AM	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	1. Approval of fund based & non fund based borrowing limits. 2. Approval for creation of charge on the assets of the Company.

5.2 Special Resolutions passed through Postal Ballot

No special resolution was passed through postal ballot during the FY 2017-18.

6. Means of Communication.

a. Quarterly & Financial Results:

Quarterly and annual results of the Company are published in widely circulated national newspapers such as The Business Standard and the local vernacular daily, Makkal Kural (Tamil edition) and are also displayed on the Company's website www.wabag.com

b. News Releases, Presentations etc.:

The Company has established systems and procedures to disseminate relevant information to its stakeholders, including shareholders, analysts, suppliers, customers, employees and the society at large. It also conducts earning calls with analysts and investors. Official news /Press releases are sent to the Stock Exchanges in the prescribed format and are displayed on the Company's website www.wabag.com. An analysis of the various means of dissemination of information during the year under review is produced in table below:

Means of Communication	Frequency
Press/ Media Release	8 times
Earnings Call /Investors Meet	4 times
Publication of results	4 times

c. Institutional Investors / Analysts:

Presentations are made to institutional investors and financial analysts, on the audited/unaudited quarterly financial results of the Company. These presentations are also uploaded on the Company's website www.wabag.com and are sent to stock exchanges. The schedule of institutional investors/financial analysts meetings are intimated in advance to the stock exchanges and disclosed on the company's website.

d. Website:

The Company's website www.wabag.com contains a separate dedicated section 'Investor Relations' where shareholders information is available. The information such as Press releases, Notice of Board Meeting, outcome of Board Meeting , revision in credit rating, clippings of newspaper publications etc., are uploaded on the website. The Company's Annual Report is also uploaded on the website in a user-friendly and downloadable form.

e. Annual report:

The Company's Annual Report containing, inter alia, the Board's Report, the Corporate Governance Report, the Business Responsibility Report, Management Discussion and Analysis (MD&A), Audited Standalone and Consolidated Financial Statements, Auditors' Report and other important information is circulated to shareholders and others so entitled. The annual report is also available on the website in a user friendly and downloadable form.

f. Chairman's speech:

Chairman speech made at the AGM is made available on the Company's website and circulated to the requested Members at the AGM.

g. Reminder to investors:

Reminders to unclaimed dividend on shares and IPO refund holders are sent to the relevant shareholders.

h. Compliances with stock exchanges:

The National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE) maintain separate online portals ie. NEAPS and BSE Listing Centre respectively for electronic submission of information by listed companies. Various communications such as notices, press releases, the regular quarterly, half-yearly and annual compliances and disclosures are filed electronically on these portals. In addition, such disclosures and communications are hosted on the Company's website.

i. Designated Mail Id: WABAG has designated mail ID for Shareholder services: companysecretary@wabag.in

J. Disclosures:

The Company has a policy on the determination of materiality for disclosure of events or information. The said policy is also available on the Company's website.

7. SEBI Complaints Redress System (SCORES):

The investor complaints are processed in a Centralized web-based complaints redress system. Centralized database of all complaints received, online upload of Action Taken Reports (ATRs) by Company and online viewing by investors of actions taken on the complaint and its current status are updated/resolved electronically in the SEBI SCORES system.

8. General Shareholder Information:

8.1 Company Registration details

Registered in the State of Tamil Nadu, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L45205TN1995PLC030231.

8.2 Company address for correspondence and details of Registrar to Issue and Share Transfer Agents

Given under Corporate Information Section of this Annual Report.

8.3 Company Secretary & Compliance Officer

R Swaminathan
VA TECH WABAG LIMITED
'WABAG HOUSE'
No.17, 200 Feet Thoraipakkam – Pallavaram Main Road,
Sunnambu Kolathur, Chennai 600 117
Phone : 91-44-3923 2323
Fax : 91-44-3923 2324
Email : companysecretary@wabag.in

8.4 Financial year

The financial year covers the period from April 1 to March 31 every year

8.5 Annual General Meeting

Date : August 10, 2018
Time :10:00 a.m.
Venue : Rani Seethai Hall,
603, Annasalai, Chennai - 600006,
Tamil Nadu, India

8.6 Financial Reporting 2018-19

Results for the quarter ending

June 30, 2018	By end of second week of August 2018
September 30, 2018	By end of second week of November 2018
December 31, 2018	By end of second week of February 2019
March 31, 2019	By end of May 2019

Note: The above dates are tentative.

8.7 Dates of Book Closure

August 3, 2018 to August 10, 2018 (both days inclusive) for payment of dividend. Record date is on August 3, 2018

8.8 Dividend Payment Date

Credit/dispatch of dividend warrants, if approved at the Members' Meeting, would be made on or after August 11, 2018 but on or before August 17, 2018.

8.9 Stock Market Information:

Listed on Stock Exchanges

a) **BSE Limited (BSE)**
PJ Towers, Dalal Street, Mumbai 400 001
Scrip Code: 533269

b) **National Stock Exchange Of India Limited (NSE)**
"Exchange Plaza", Bandra - Kurla Complex,
Bandra(E), Mumbai 400 051
Trading Symbol – WABAG

Listing Fees

a) **Payment of Listing Fees:**
Annual listing fee for the year 2018-19 have been paid by the Company to BSE and NSE.

b) **Demat International Security Identification Number (ISIN) in NSDL and CDSL for equity shares**
ISIN: INE956G01038

9. Market Price Data & Performance

A. Stock Performance

1. NSE and BSE – Monthly High/Low and Volumes

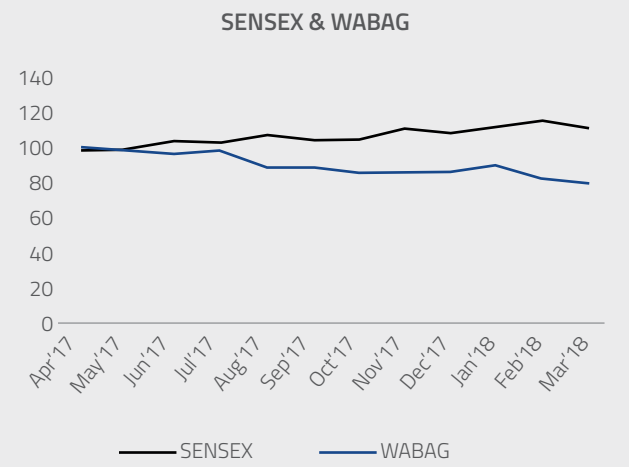
	National Stock Exchange			Bombay Stock Exchange		
Month	High (₹)	Low (₹)	Monthly volume	High (₹)	Low (₹)	Monthly volume
Apr-17	713.50	648.00	30,09,250	712.55	648.00	4,50,513
May-17	705.80	637.90	19,46,718	704.80	636.10	3,76,285
Jun-17	749.90	649.55	31,07,362	749.00	651.00	4,34,739
Jul-17	706.85	575.80	45,24,829	707.00	577.00	7,20,731
Aug-17	653.00	591.00	21,39,894	654.00	590.00	5,51,222
Sep-17	650.00	582.40	23,46,224	648.90	585.00	2,13,119
Oct-17	603.00	563.80	21,45,767	605.95	564.00	2,13,637
Nov-17	607.80	529.00	34,47,674	608.40	529.20	2,90,607
Dec-17	642.80	584.10	28,59,668	650.00	585.20	2,15,087
Jan-18	648.95	603.50	19,13,110	647.50	605.00	2,97,711
Feb-18	617.00	531.55	19,10,567	617.65	536.00	2,46,681
Mar-18	557.00	460.30	45,50,573	552.75	462.00	4,59,253

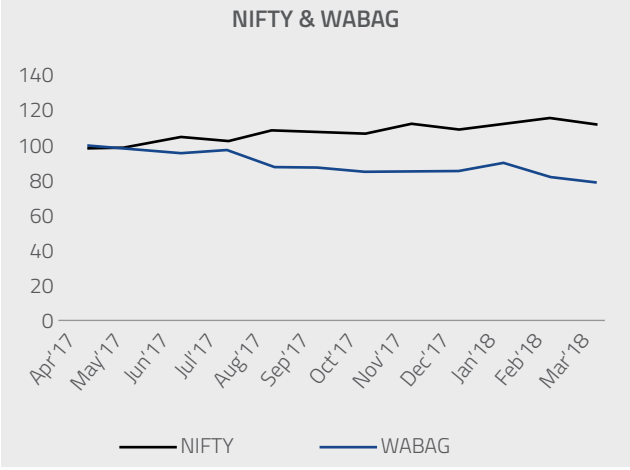
[Source: This information is compiled from the data available from the websites of NSE and BSE]

2. Share price performance during FY 2017-18 in comparison to broad based indices - BSE Sensex and NSE Nifty

Month	VA TECH WABAG's Closing Price on NSE on the last trading day of month (₹)	BSE Sensex at the Close of last trading day of the month	NSE Nifty at the Close of last trading day of the month
Apr-17	672.60	29,918.40	9,304.05
May-17	653.50	31,145.80	9,621.25
Jun-17	688.70	30,921.61	9,520.90
Jul-17	610.05	32,514.94	10,077.10
Aug-17	614.35	31,730.49	9,917.90
Sep-17	589.80	31,283.72	9,788.60
Oct-17	586.80	33,213.13	10,335.30
Nov-17	603.70	33,149.35	10,226.55
Dec-17	610.65	34,056.83	10,530.70
Jan-18	610.20	35,965.02	11,027.70
Feb-18	550.60	34,184.04	10,492.85
Mar-18	490.45	32,968.68	10,113.70

3. Share performance in comparison to BSE Sensex and NSE Nifty





B. Share Capital Details: Distribution of Equity Shareholding as on March 31, 2018

Sl. No	Range of shares	No.of Shareholders	% to Shareholders	Total no.of Shares	% to Equity
1	1 - 1,000	58,369	96.25	61,85,188	11.32
2	1,001 - 2,000	1,281	2.12	18,54,851	3.39
3	2,001 - 3,000	342	0.56	8,53,521	1.56
4	3,001 - 5,000	275	0.45	10,90,974	2.00
5	5,001 - 10,000	182	0.30	12,60,469	2.31
6	10,001 - 20,000	80	0.13	11,27,351	2.06
7	20,001 - 30,000	33	0.05	8,47,068	1.55
8	30,001 - 50,000	14	0.02	5,27,349	0.96
9	50,001 - 1,00,000	26	0.04	18,59,449	3.40
10	1,00,001 and above	46	0.08	3,90,51,170	71.45
	Total:	**60,648**	**100.00**	**5,46,57,390**	**100.00**

C. Shareholding Pattern as on March 31, 2018 is provided in Annexure VIII to Board's Report.

D. Categories of Equity Shareholders as on March 31, 2018

Category	No of holders	Total Shares	% to Equity
Promoters	3	1,34,95,522	24.69
Foreign Institutional Investors/Foreign Portfolio Investor/NRI's/ Foreign Corporates	2,557	1,61,26,419	29.50
Resident Individuals	54,949	1,09,46,436	20.03
Mutual Funds	11	95,03,732	17.39
Bodies Corporate	674	29,18,558	5.34
Others	2,454	16,66,723	3.05
Total	**60,648**	**5,46,57,390**	**100.00**

E. Share Transfer System

The share transfer activities in respect of the shares held in physical form is carried out by M/s. Karvy Computershare Private Limited, the Company's Registrar and Transfer Agent ("RTA"). The documents received for transfer are scrutinized by the Company's RTA which are subject to review by the officials of the Company. The shares lodged for transfer are processed and share certificates duly endorsed are returned within the stipulated time, subject to documents being valid and complete in all respects. The Stakeholders Relationship Committee ("the Committee") has delegated the authority for approving transfer, transmission etc., of the Company's securities to the Managing Director / Chief Financial Officer / Company Secretary.

A summary of approved transfers, transmissions, deletion requests, etc. are placed before the Board of Directors from time to time as per the SEBI LODR. The Company obtains a half-yearly compliance certificate from a Company Secretary in Practice to the effect that all certificates have been issued within 30 (thirty) days of the date of valid lodgment of transfer, sub-division, consolidation and renewal as required under Regulation 40(9) of the SEBI LODR files a copy of the said certificate with BSE & NSE.

F. Dematerialization of Shares

99.99% of Company's equity's shares representing 5,46,56,474 equity shares have been dematerialized as on March 31 2018. Trading in Equity Shares of the Company is permitted only in dematerialized form. Break up shares in physical and demat form as on March 31, 2018:

Mode of holding as on March 31, 2018	Total Shares	% to equity
PHYSICAL SEGMENT	916	0.001
DEMAT SEGMENT		
N S D L	5,20,31,477	95.196
C D S L	26,24,997	4.803
Total	**5,46,57,390**	**100.00**

Pursuant to Gazette Notification dated June 8, 2018, SEBI has mandated that the transfer of Securites would be carried out only in demateriazed form.

Shareholders who continue to hold shares in physical form are advised to dematerialize their shares at the earliest since it helps in immediate transfer without any payment of stamp duty. The risks pertaining to physical certificates like loss, theft, forgery, damage are eliminated when shares are held in electronic form. For any clarification, assistance or information, relating to dematerialization of shares please contact the Company's RTA.

G. Liquidity

The Company's Equity Shares are actively traded on both NSE and BSE. Substantial increase in trading activity of the Company's equity shares was witnessed during FY 2017-18 as compared to FY 2016 -17.

H. Outstanding ADRs/GDRs/Warrants or any Convertible Instruments, conversion date and likely impact on Equity

The Company has not issued any ADRs/GDRs/Warrants or any convertible instruments.

I. Equity Shares in the Suspense Account

In terms Regulation 39 of SEBI LODR, the Company reports the details of equity shares issued pursuant to Initial Public Offer (IPO) which were lying in the "VA TECH WABAG LIMITED – Unclaimed Shares Demat Suspense account.

Sl. No	Particulars	Number of shareholders	Number of equity shares
1	Aggregate number of shareholders and the outstanding shares lying in the Suspense Account as on 01.04.2017	2	78
2	Number of shareholders who approached the issuer for transfer of shares from the Suspense Account during the year	2	78
3	Number of shareholders to whom shares were transferred from the Suspense Account during the year	2	78
4	Aggregate number of shareholders and the outstanding shares lying in the Suspense Account at the end of 31.03.2018	-	-

During the year, the Company approached the concerned IPO holders and enriched them to open a valid demat account in their name and upon completion transferred their respective shares with corporate entitlements/ benefits as per their request.

10. Global presence: Given under cover page of this Annual Report.

Declaration on Code of Conduct

To
The Members of **VA TECH WABAG LIMITED**

This is to confirm that the Board has laid down a Code of Conduct for all Board of Directors and Senior Management Personnel of the Company.

It is further confirmed that all Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company as at March 31, 2018, as envisaged in the 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Chennai : May 25, 2018

Rajiv Mittal
Managing Director & Group CEO
(DIN: 01291101)

Certificate

(Certification by CEO/CFO under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015)

To
The Board of Directors of **VA TECH WABAG LIMITED**

We have reviewed the financial statements and the cash flow statement of VA TECH WABAG LIMITED for the year ended March 31, 2018 and to the best of our knowledge and belief:

(a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectifying these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee that there are:

(i) no significant changes in internal control over financial reporting during the year;

(ii) no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;

(iii) no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Parthasarathy Gopalan
Chief Financial Officer

Rajiv Mittal
Managing Director
& Group CEO
(DIN: 01291101)

Chennai,
May 25, 2018

Independent Auditor's Certificate on Corporate Governance

To the Members of **VA TECH WABAG LIMITED**

1. This certificate is issued in accordance with the terms of our engagement letter dated 03 August, 2017.

2. We have examined the compliance of conditions of corporate governance by VA Tech Wabag Limited ('the Company') for the year ended 31 March 2018, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Management's Responsibility

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.

Opinion

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2018.

   We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on use

8. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

per **Kunj B. Agrawal**
Partner
Membership No.: 095829

Place: Chennai
Date: 25 May, 2018

Business Responsibility Report

[Pursuant to Regulation 34(2) (f) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('SEBI LODR')]

WABAG continues to be resource efficient and puts in efforts towards better environment management. "Sustainable management of water, energy & waste" have always been a priority in WABAG business proposals, which the Company believes will also enhance the stakeholders value in the long term. Sustainability and the spirit of giving back to the society are the corner stones of our philosophy and corporate citizenship is strongly embedded in the DNA of WABAG.

This Business Responsibility Report (BRR) conforms to the requirement of SEBI LODR and the National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of business released by Ministry of Corporate Affairs, Government of India (MCA). This Report provides an overview of activities/initiatives carried out by your Company.

Section A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company:** L45205TN1995PLC030231
2. **Name of the Company:** VA Tech Wabag Limited
3. **Registered address:** "WABAG HOUSE", No. 17, 200 Feet Thoraipakkam - Pallavaram Main Road, Sunnambu Kolathur, Chennai 600117, Tamil Nadu, India
4. **Website:** www.wabag.com
5. **E-mail id:** companysecretary@wabag.in
6. **Financial Year (FY) reported:** April 1, 2017 – March 31, 2018
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**

Group	Class	Activity
360	3600	Water collection, treatment and supply
370	3700	Sewerage

8. **The three key services that the Company provides in the field of water are as follows:**
   a. Engineering, Procurement & Construction (EPC)
   b. Operation & Maintenance and Refurbishment & Lifecycle Extension (O & M)
   c. Built Own Operate & Transfer (BOOT)
9. **Total number of locations where business activity is undertaken by the Company**
   (a) **Number of International Locations (Provide details of major 5):** WABAG headquartered in Chennai, India has its presence in South-East Asia, Middle-East, Africa, LATAM and Europe geographies through 21 direct / indirect subsidiaries, JV's and Associates.
   (b) **Number of National Locations:** WABAG has 4 regional offices at Delhi, Kolkata, Pune and Vadodara in India and presence in over 50 sites in India.
10. **Markets served by the Company – Local/State/National/ International:**

Local	State	National	International
✓	✓	✓	✓

Section B: FINANCIAL DETAILS OF THE COMPANY (As on March 31, 2018)

1. **Paid up Capital (₹):** ₹ 10,93,14,780/-
2. **Total Turnover (₹ in Lakhs):** ₹ 1,87,893/-
3. **Total profit after taxes (₹ in Lakhs):** ₹11,713/-
4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** Refer ***Annexure VI*** to the Board's Report
5. **List of activities in which expenditure in 4 above has been incurred:** Refer ***Annexure VI*** to the Board's Report

Section C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?**

   Yes.

2. **Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) Initiatives of the parent company? If yes, then indicate the number of such subsidiary company (ies).**

   The BR initiatives of the company are extended to the Subsidiary/Associate/JV entities. In addition, these subsidiaries are also encouraged to take various other initiatives and their own BR initiatives. The Company encourages its subsidiaries to adopt its policies and practices.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

   Yes. The Company continues to promote BR initiatives in its value chain and encourage its suppliers, vendors etc., to adopt BR initiatives in their dealings with the Company. At present, less than 30% of its suppliers/ vendors participate in BR initiatives.

Section D: BR INFORMATION

1. **Details of Director/Directors responsible for BR**

   (a) Details of the Director/Director responsible for implementation of the BR policy/policies

   1. DIN Number: **02353065**
   2. Name: **S Varadarajan**
   3. Designation: **Director & Chief Growth Officer**

   (b) Details of the BR head

Sl No.	Particulars	Details
1	DIN Number (if applicable)	02353065
2	Name	S Varadarajan
3	Designation	Director & Chief Growth Officer
4	Telephone Number	+ 91-44 – 39232323
5	Email id	varadarajan@wabag.in

2. **Principle-wise (as per National Voluntary Guidelines prescribed by MCA) BR Policy/Policies:**

   (a) The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

S. No.	Questions	Business Ethics	Product Responsibility	Employee Wellbeing	Stakeholders' Engagement	Human Rights	Environmental Protection	Public and Regulatory Policy	CSR	Customer Relation
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes, the policies /process framed by the Company are prepared in accordance with the applicable laws and in line with the International Standards, as applicable for the business operations of the company and its group, from time to time.								
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	The policies have been signed by one of the KMP and/or placed before the Committee/Board, for their review and consideration too.								

S. No.	Questions	Business Ethics	Product Responsibility	Employee Wellbeing	Stakeholders' Engagement	Human Rights	Environmental Protection	Public and Regulatory Policy	CSR	Customer Relation
		P1	P2	P3	P4	P5	P6	P7	P8	P9
5.	Does the company have a specified Committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online	Most of the relevant policies are disseminated and uploaded for information to the relevant stakeholders and employees. The statutory policies are available on www.wabagindia.com/Policies.aspx and certain management policies are available in the intralink facility for information of relevant stakeholders.								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, the policies have been communicated to all internal/external stakeholders, as the case may be and/or made available to the concerned based on their relevance.								
8.	Does the company have in-house structure to implement the policy/ policies	Yes, the Company has established in-house structures to implement the policies.								
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes, Human resource grievance redressal system, The Whistle Blower mechanism, Prevention of Sexual Harassment policy, etc., provides opportunity to report any concerns or grievances pertaining to any potential or actual violation of the relevant policies including remedial measures /action taken by appropriate team to address such violation/ concern, as the case may be. An Investor grievance mechanism is also in place to respond to any investor grievances. The Company also through various modes viz., open house forum, year end presentation, town hall and quarterly review meetings, discuss on various stakeholders issues and take appropriate action to address such issues/concern. It also receives customer feedback on an annual basis and initiate necessary action for modification /amendment to such policies on a periodical basis based on feedback/law /business requirements.								
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The implementation of the policies are reviewed/evaluated through internal control/audit function of the Company and/or periodically reviewed and monitored by external agency, as and when required.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options) – **Not applicable**

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The Comprehensive BR performance will be assessed on an Annual basis.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Business Responsibility Report forming part of Annual Report is available on the Company's website and can be accessed at www.wabagindia.com/AnnualReport. Business Responsibility Report is published on an annual basis.

Section E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability.

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures (JV's)/ Suppliers/Contractors/NGOs /Others?**

   The Company has built trust with its stakeholders by ensuring commitment to compliance, disclosure, responsible and ethical business conduct. The Company's approach covers key principles of transparency, responsibility and accountability. Across the organisation, it strives to ensure highest levels of adherence to these principles through its policies like Code of Conduct for Board Members and Senior Management Personnel, Code of Conduct for Employees, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, Policy on Prevention of Sexual Harassment, Whistle blower policy etc. The Company's practice of making timely, accurate and complete disclosure of relevant information has not only enabled it to gain trust of its stakeholders' but also foster a culture promoting ethics and integrity.

   The Company's code of conduct cover the issues inter alia related to ethics & bribery for employees, vendor's, customers business partners, subsidiaries, joint ventures, associates and other stakeholders. The Code guides the Directors, senior management personnel & employees to conduct themselves in professional, courteous and respectful manner and also to ensure their independent judgement is not impacted.

2. **How many stakeholder complaints have been received in the past FY and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   All internal stakeholders' queries/issues have been satisfactorily resolved by the management through various open house forum /discussions organised by the Company from time to time.

   The stakeholder's complaints arising out of dealing in securities of the Company have been addressed as part of investor services and the details of such cases handled by the Company during the FY 2017-18 is referred in Corporate Governance section of this Annual Report.

Principle 2: Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Sustainability and Safety are the two guiding principles of WABAG business. WABAG's exist to provide total water solutions to its valued customers/clients. It has significant business presence in the Global Market both in the EPC and Service sector of Water business. It provides innovative, entrepreneurial and empowered team committed to total customer satisfaction and value creation. Being in Infrastructure sector engaged in EPC business, WABAG's customers prescribe safety and sustainability standards in its tender specifications for setting up plants, which WABAG ensures adherence to such standards. Being a Company providing solution (technology) to treat water & waste water, sustainability & Business Responsibility are inherent to our business. All the plants that we build & operate are helping towards sustainability of our environment.

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities.**

   WABAG'S core business is aligned with providing sustainable solutions with the key focus on reuse and recycle of water including waste water. WABAG being in Infrastructure sector engaged primarily in providing sustainable water solutions through its technology for a better and safe environment. WABAG's projects are designed in such a way to provide total water solutions to its customer(s) to their satisfaction.

   WABAG's business in itself comprises an social element. WABAG is committed to offer sustainable water solutions by way of reusing and recycling of water by way of treating municipal and industrial wastewater resources thereby providing access to clean drinking water for better life. Thus WABAG contributes in a sustainable way for environmental protection.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   Some of the key projects (services) executed/ being executed by WABAG across the globe in recent years having a high social and environmental impact are as follows:

a. Melamchi Water Treatment Plant (WTP), Nepal

b. Water Reuse Tertiary Treatment Plant (TTP), Chennai.

c. Waste Water Treatment Plant (WWTP) at Pappankalan, New Delhi

d. NTPC Badarpur – Sewage Treatment/ Reverse Osmosis Plant, New Delhi

e. Windheok – Goreangab Reclamation Plant, Namibia

f. Reliance C2 complex, India – Effluent Treatment Plant (ETP) & Tertiary Treatment Plant (TTP), Gujarat

Brief details of some of the above projects are as follows:

a. Melamchi Water Treatment Plant (WTP), Nepal:

The 85,000 m3/day Sundarijal WTP in Melamchi, Nepal, which is designed for expansion to 170,000 m3/day in Phase 2. The plant was commissioned and is ready to produce high quality potable water to cater to over 1 million people in Kathmandu Valley.

The project incorporates the topical concept of "energy from renewables" by employing a Mini Hydro Power Generator (generating power from incoming raw water prior to treatment) with special anti-cavitation valve arrangements. This model ensures self-reliance of the plant in terms of power and saves commensurate amount of power and cost of withdrawal from the grid.

Given the plant is of substantial capacity and has scope for expansion in a hilly terrain, an optimum combination of design and process expertise helped execute the project with minimum footprint. The plant is recognized by JICA as a state of the art project integrating advanced technology which adopts rapid sand filtration system with coagulation-sedimentation process.

b. Water Reuse Tertiary Treatment Plant (TTP), Chennai:

The Chennai Metro water, a public water utility, has chosen WABAG India to build 45,000 m3/day TTP with operation and maintenance for a period of 15 years. The plant once completed, will treat sewage water into reusable water for industrial purposes. This, when completed, would be one of the biggest water reuse plants in India. This would ensure water security to the Industrial corridors around Chennai and help to prioritize the city's limited ground water sources for domestic consumption.

c. Waste Water Treatment Plant (WWTP) at Pappankalan, New Delhi:

WABAG commissioned the 20 MGD WWTP in Pappankalan, New Delhi for Delhi Jal Board (DJB). This is the first of its kind in India to treat the sewage to levels that conform to the upgraded CPCB (Central Pollution Control Board) norms.

The salient features of the plant are:

The sludge product from the plant is digested in Anaerobic digester's to eliminate the remaining organics and by-product biogas is used for power generation in a gas engine. The power generated is used for running the plant which is equal to approximately 70% of the plant running load. Digested sludge after dewatered in belt filter press, dewater cake is compounded. The composting technology forms a crucial part of the plants uniqueness in India. It is one of the first plants in India which re uses the dewatered sludge. As there is a huge demand for land in India, it is not feasible to dispose of the dewatered sludge as landfills. The process employed at the plant offers a solution to this problem by reducing the volume of sludge and providing a compost rich in nutrients as the end product. The composting of sludge enables use as organic fertilizer in line with Ministry of Urban Development's latest FSSM (Faecal Sludge and Septage Management Policy) Tertiary treatment system employing Rapid Gravity Dual Media Filtration technology is provided to produce desired effluent reuse quality. The technology is efficient since it requires lesser area footprint and recurring cost. The tertiary treated water is reused for irrigation in agricultural areas surrounding Delhi.

ENERGY CONSERVATION/ RECOVERY:

In order to conserve energy wastage, WABAG ensures adopting of requsite designs in many projects, some of which are given below:

a. Al Gubrah desalination plant – 191 MLD generates totally potable water for supply to the city of Muscat, in the absence of ground water resource.

b. Majis Oman – 20 MLD generates 8 MLD potable water, 8 MLD process water and 4 MLD for common purposes and supplies water for Sohar port.

These Plant uses pressure exchangers with 97% efficiency, which extracts energy from the waste high pressure brine and transfers it to the feed water, thereby reducing the size of the high pressure pumps and the energy consumed.

a. This has helped WABAG to reduce the plant's power consumption.

b. Both the plants in Oman helped to ease the water supply situation to the cities of Muscat & Sohar reduced the dependence on either natural precipitation or ground water securing 100% sustainable supply.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Besides economic performance, safe operations, environment conservation and social well-being have always been at the core of our philosophy of sustainable business. Sustainability is a widely practiced tool within WABAG and the endeavour is to maximize its reach with every passing year. WABAG has a stated Procurement Procedures and Policy manual and an Environmental, occupation health and safety policy. The vendors have to ensure compliance to these policies. WABAG procures 30% of its equipment's from International vendors from Europe and USA, where stringent compliance to Environmental & safety standards are adhered to.

Transportation and logistics optimization is an ongoing activity to reduce the related environmental impacts. The inclusion of local suppliers in the value chain have helped greatly reduce project delivery costs as well as the impact on environment on account of transportation of materials. For instance in our 140 MLD STP at Varanasi and 45 MLD TTRO Koyembedu projects, TMT and cement were procured from local manufacturing sites.

In this direction, adding another milestone towards green initiative by leveraging technology, WABAG is in the process of implementing its in-house developed e-procurement platform as business improvement and sustainable business practice tool. The portal would enable optimal material procurement while improving the transparency into the entire supply chain process.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

While the criteria for selection of goods and services is quality, reliability and price, WABAG recognizes the need for inclusive growth and hence gives preference to small organizations, particularly SMEs, where considerable knowledge transfer and technical expertise is provided to these enterprises. The company has taken significant initiatives in enhancing the capabilities of local vendors by procuring 15% of total requirements from them. For instance, in our 150 MLD SWT Doung River project at Vietnam, most of our supplies for pipes, carbon/ stainless steel etc., have been made possible through collaboration with local suppliers.

To improve the capacity & capability of vendors, the company has invested 12.3% of the total training hours in FY 17-18 (3700 hours) on building capability of the staff of sub-contractors who are part of the team which provides Operation & Maintenance services to water, waste water treatment plants, industrial effluent treatment plant and desalination plants.

(b) Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Mechanism to recycle products and waste

WABAG plants are 'engineered to order' based on specific customer requirements, limiting the scope for direct material recycling. WABAG promotes recycling and the use of alternative energy sources, wherever possible. At its Global Headquarters in Chennai, the electricity requirements are almost completely met by Wind energy, with zero water wastage system in place and recycle about 30% of our total office materials consumed.

WABAG has always advocated the reuse of water conveyed through an often repeated slogan "Water is too precious to be used just once". With an efficient treatment and recycle mechanism in place, WABAG has successfully demonstrated the concept of zero liquid discharge mechanism in following projects.

a. CMWSSB – Perungudi 54 MLD STP, Chennai

b. BWSSB – K&C Valley 60 MLD STP, Bengaluru

CMWSSB – Perungudi 54 MLD STP, Chennai

The Perungudi 54 MLD Sewage Treatment Plant in Chennai commissioned by the Company is a prime example of reusing waste. The Perungudi sewage treatment plant has paved the way to perceive sludge as a resource rather than a liability. Resource recovery is achieved in the plant in terms of harnessing the energy potential of sludge. The biogas generated through the process of sludge digestion comprises methane, which is a highly hazardous greenhouse

gas with a high calorific value. This methane content is utilized to generate green power, thus ensuring the process reduces the greenhouse effect by averting release of methane gas into the atmosphere.

The plant has been self-sustaining for over a decade and the Bio Gas Engine (single engine) in the plant has completed 70000 operating hours as on 15th May 2018 thus generating 36000 MWh of power. The Bio Gas Engine has reduced the dependency of the plant on grid power to less than 15% even in its 12th year of operation including regular maintenance etc. This is in line with the MNRE (Ministry of New and Renewable Energy) programme that incentivizes the production of green power from Biogas at STPs. Perungudi STP demonstrates our commitment to utilizing renewable resources, protecting the environment and generating value throughout the life cycle of the plant.

The secondary treated wastewater from the plant has been used as Industrial water in a nearby refinery thus reducing the burden on freshwater sources and ensuring water security for the industry. This has helped prioritize freshwater for domestic and agricultural use. It is also in line with the recent notifications from Ministry of Power, which mandate reuse of sewage (from STPs within 50 kms radius) as intake water for thermal plants and Ministry of Environment and Forests, which mandate reduction in specific water consumption and focuses on zero liquid discharge. To top it up, this is in line with the recently ratified CoP 21 Paris Climate Change agreement where India has committed to produce 40% of the country's power from non-fossil sources to achieve carbon emission reduction by 33% from its 2005 levels.

BWSSB – K&C Valley 60 MLD STP, Bengaluru

Bangalore Water Supply and Sewerage Board (BWSSB) implemented the Cauvery Water Supply Scheme, to cater to the ever rising demands of the city of Bengaluru. The STP in K & C Valley, Bengaluru designed to handle an average sewage flow of 60 MLD and is a part of the Sewerage sub component of Cauvery Water Supply Scheme which includes the following components:

- 18 MLD Intermediate Sewage Pumping Station at Sarakki
- 2 x 60 MLD Intermediate Sewage Pumping Station at Agaram
- 60 MLD Sewage Treatment Plant facility at K&C Valley

The treatment scheme comprises Preliminary treatment, Primary Treatment, Secondary treatment (A2O process for Biological Nutrient Removal) and Disinfection for the disposal of treated sewage to Belandur lake after conforming to the stipulated treated sewage quality standards including Nitrogen & Phosphorous. The sludge handling and treatment system comprises thickening, anaerobic digestion, sludge dewatering and production of biogas. In addition, the power is produced to the extent of 1 MWh per day from biogas using biogas engine after scrubbing H2S, which takes care partly the power consumption of the plant steering it towards making self-sustainable. The digested sludge after anaerobic digestion is dewatered in centrifuges and the cake is used as manure in agricultural lands.

Principle 3: Business should promote the wellbeing of all employees

As part of employee engagement/ wellbeing of employees, every year Company conducts a Family Day event (an occasion to thank the family members of Wabagites and an opportunity to network with the family members) & kids day event (an opportunity to make good of younger generation of the country). All Indian festivals being celebrated to complement India's strength of unity in diversity. Since WABAG employees are from various states of the Country, we do celebrations periodically at HO, regional offices & sites. For wellbeing of employees, Company periodically conducts the health camps like eye care, dental care etc. WABAG also provides healthy snacks & drinks as a part of employee welfare activities. To showcase the talent & to unleash the hidden potential of various employees, periodical stage shows/ games has been conducted to make them feel good.

1. **Please indicate the Total number of employees.**

   977 employees on rolls of the Company as on March 31, 2018

2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis.**

   5150 (O&M-2017, EPC-3133) as on March 31, 2018 predominantly in direct sites

3. **Please indicate the Number of permanent women employees**.

   118 permanent women employees

4. **Please indicate the Number of permanent employees with disabilities**

   Nil

5. **Do you have an employee association that is recognized by management?**

   No, we don't have any such association recognised.

6. **What percentage of your permanent employees is Members of this recognized employee association?**

   Not Applicable

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last FY and pending, as on the end of the FY.**

   Nil

8. **What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?**

S. No.	Details	Safety Team	T&D Team
(a)	Permanent Employees	61.50 %	50.57 %
(b)	Permanent Women Employees	71.00 %	78.81 %
(c)	Casual/Temporary/ Contractual Employees	56.50 %	40.51 %
(d)	Employees with Disabilities	None	None

Principle 4: Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

As part of day to day operations, WABAG business is responsive towards its stakeholders. Every year, the Company disposes unwanted paper waste to the tune of 7-8 tonnes and these papers are being sent for recycling to Tamil Nadu Pollution Control Board – authorised recycler for recycling the waste paper. The proceeds of this recycled papers are used in the form of school stationeries like note book, pencils, erasers etc. which are being distributed to nearby government panchayat school students who are in need of the same instead of being used/ converted as revenue to the Company. These sort of activities performed by the Company again in addition to and outside the purview of CSR activities of the Company.

In the process of paper recycling, we conserve resources of the environment to the tune of 200 -250 trees which would be required to generate equivalent amount of stationery. This also being certified by "Wealth out of Waste" conducted by ITC paper Board.

1. **Has the company mapped its internal and external stakeholders? Yes/No**

   Yes, the Company has mapped its key internal and external stakeholders.

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

   Yes, the company did identify its disadvantaged, vulnerable and marginalised stakeholders.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

   The Company engages with its identified stakeholders through various business and structured level engagements /programmes on an ongoing basis. We run specific programs under our "Corporate Social Responsibility (CSR)" umbrella focused on benefitting the disadvantaged, vulnerable and marginalized communities. Our CSR projects not only run around our operations, but are extended much beyond that. One of our key focus areas is the 'Integrated Community Development'.

   Some of the Key initiatives taken by the Company during the FY 2017-18:

   a. Water Augmentation Project at Mailam Block, Villupuram, Tamil Nadu

   b. Sanitation & Infrastructure facilities for Subash Chandra Bose high school mahamaya, Cuttack

   c. Water Treatment Plant at Sristi School children at Munnar, Kerala

   d. Water Shed Development Project at pulleri village, Kanchipuram Dist, Tamil Nadu

   In addition to the above, in order to support the marginalised stakeholders, WABAG & Bharat Rural Livelihoods Foundation (an Independent non-profit organisation set up by the Govt of India) have entered into MOU for implementation of Watershed Development Project in 6 districts of West Bengal, India. The objective of this tie up for restoration of degraded land and soil enrichment; in-situ water harvesting making communities climate resilient; productivity enhancement and community asset creation through employment generation. This project would benefit approximately 5 Lakhs households in 54 blocks and 452 gram panchayats.

Principle 5: Business should respect and promote human rights

WABAG ensures compliance with all applicable laws of the land pertaining to human rights, in order to preserve the rights of all its internal and external stakeholders. A legal compliance report is submitted to the Company's Board of Directors on a quarterly basis.

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?**

   Aspects of human rights such as child labour, forced labour, occupational safety, non-discrimination are covered by its various human resource policies and are extended and strictly adhered to within our Subsidiary and Associate/JV entities.

2. **How many stakeholder complaints have been received in the past FY and what percent was satisfactorily resolved by the management?**

   There were no reported complaints on violation of human rights during the year 2017-18.

Principle 6: Business should respect, protect, and make efforts to restore the environment

WABAG's core business in the field of sewage, municipal/ industrial waste water treatment for the removal of organic pollutants such as BOD, COD, Oil & Greece, ammonical nitrogen, phosphorus, pathogens etc., which itself is to restore/ protect the environment.

The treated water is further processed for the purpose of reuse in the plant, which will conserve the natural water resources. For example refinery ETP's such as ESSAR oil, RIL Jamnagar, IOCL Paradip etc., in all these plants, industrial waste water treated for removal of pollutants and further processed in ultra-filtration and reverse osmosis, demineralisation etc. and further used as process water in refinery.

WABAG recognizes the importance of environment preservation. Our Corporate Environment, Health and Safety (EHS) Policy plays a vital role in defining the choices we make. The Company identifies potential environmental risks and opportunities in its operations and its Subsidiary, JV's and Associate Companies and acts towards these.

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others?**

   The Company has well-defined policies/principles in place relating to Health, Safety and Environment. At present the said policy covers only the Company and its group business operations.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   Yes, the Company has factored in the global environmental issues both within its fence and outside its fence. Internally, we have looked at going green in terms of energy consumption and promoting the same with our employees. During the FY 2017-18, the Global Headquarters in Chennai was given "Platinum rating" by Indian Green Building Council ("IGBC") for its leadership in design to optimize energy consumption and focus on recycling along with resource recovery.

   The Company has been continuously taking initiatives to address global environmental issues like climate change, global warming, etc, but the Company does not maintain a webpage for the same.

   Even for our clients, we advocate green and sustainable mechanisms by factoring in the global environmental issues. In line with numerous Government notifications to alleviate environmental risks, we have been partnering with thought leaders to promote such mechanisms with policy makers as well. The results of the same have been pronounced in the recent projects commissioned or bagged by us which incorporate mechanisms to protect the environment.

   To mitigate global warming, we are minimising the emission of greenhouse gases. Because of climate change, the issues such as less rainfall, water scarcity etc., have arisen. To mitigate the issues popping up from climate change, our business supports the same by treating the waste water to the extent of potable use. As stated above, WABAG is doing its bit in mitigating global warming by minimising the emission of greenhouse gases, which are major contributor to climate change. In few of its plants WABAG is treating the waste water and converting it to reusable state. For instance, WABAG is executing a Water reuse (TTP) at Chennai for Chennai Metro Water to build a 45,000 m3/ day. On completion, it will result in treating waste water and will be used by the industries.

3. **Does the company identify and assess potential environmental risks?**

   The Company has a mechanism to identify and assess risks which includes environmental risks. The company is certified with ISO 14001 - 15000 – Environment Management Systems. It is also certified by external auditors. Through planning & assessment aspects, impacts of hazards, risk & opportunities are identified. Necessary controls are

exercised to minimise the risk & controlling of damage to the environment.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Yes, the company has been providing sustainable solution in the field of Water and Waste water sectors by ensuring adherence to environmental, ecological and other laws of the land in all its projects, where it is set up or operated, through its innovative and technological methods.

The benefits under Clean Development Mechanism (CDM) are availed by the client, which in our case are the Urban Local bodies and so the environmental compliance report will be filed by them since they own the assets.

We commissioned a JICA funded 60,000 m3/day WWTP in K&C Valley, Bengaluru last year. This was the first WWTP in Karnataka to have green energy generation from sludge biogas. 1 m3/h of biogas can produce 2 kwh. Similarly at our WWTP at Kodungaiyur, Chennai we are producing approximately 19,000 kwh which is self-sufficient for running the entire STP without using EB grid power. It also has the distinction of completing maximum run time with a single biogas engine, which exceeds 72,000 hours and contributed to green power production of over 45,000 MWh.

The Company by itself and through its subsidiaries/ associates, is actively involved in the development of CDM projects. A Green Building certification obtained during the year is the one example for the design and operation with a lower environmental impact and which uses the natural resources in an efficient manner.

Project related to Clean Development Mechanism:

Clean Development Mechanism is directly / indirectly encouraged in the following projects undertaken by the Company:

a. Kodungaiyur 110 MLD STP for CMWSSB, Chennai
b. Perungudi 54 MLD STP for CMWSSB, Chennai
c. Kondli 45 MGD STP for DJB, Delhi
d. K&C Valley 60 MLD STP for BWSSB, Bengaluru
e. Jaipur 62.5 MLD STP (Ph-1 & Ph-2) for RUDIP, Rajasthan

In all the above projects, biogas is produced from Anaerobic digestion of sludge, which contains mainly CH4 & CO2 which are potential greenhouse gases. This biogas is utilized for renewable power generation using biogas engines and used for running the STP.

5. Has the company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes, the company has adopted the following initiatives in addition to the initiatives taken along with project but the company does not maintain a webpage for the same.

WABAG has been using clean technology in the designs of many plants, to name a few:

a. Nemmeli 100 MLD desalination plant which uses the pressure exchanges with 97% efficiency which results in savings of 4.2 kwh per m3/h.

b. Kodungaiyur & Perungudi STP - Power is generated with the help of methane generated in the process, the plant is self-sustained with almost 85% energy saving. By capturing Methane which is a green-house gas, WABAG reduces the emissions to the environment.

c. WABAG House: The global headquarters of WABAG is powered by renewable energy. Out of total electrical energy of 12,27,472 units consumed in 2017-18 in "WABAG HOUSE", almost 11,27,297 units were from the wind energy, thus contributing to a total of 91.84% of the total power consumed.

With a mission to provide sustainable offerings to the welfare of the people and environment, WABAG has been in the past incorporating processes for clean technology and renewable energy and is planning to enhance the focus in upcoming projects. Some of the initiatives taken are as follows:

1. To expedite implementation based on Government policies promoting renewable energy and clean technologies, we are associated with industry bodies such as CII and FICCI to voice our opinion in favour of green and sustainable technologies.
2. Internally as well as externally, WABAG has been conducting technology brainstorming sessions to analyse market requirements in countries where we focus and promoting relevant technologies that are sustainable and efficient.

Apart from the above, the projects mentioned in point no.4 are fully under energy efficient & renewable energy projects with clean technology. Without releasing biogas directly to the environment (If released it will deplete the ozone layer and causes greenhouse effect & global warming) it is used as source for power generation. If it is not done, power has to be used from non-renewable sources such as hydro power or thermal power etc. By this way, the Company business supports in mitigating the use of coal, petroleum,

natural gas etc., which in turn protect & supports to restore the environment.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the FY being reported?**

   WABAG has been achieving highest standards of excellence in not just Design Build Operate (DBO) jobs executed by it but also the standalone O&M jobs. Recently, the CPCB norms were also revised for wastewater treatment which were not as stringent as expected and all of WABAG's operational projects have been achieving the desired results.

   WABAG's business is not into the generation of any waste. We are treating the waste and the by-products generated from our plants such as sludge & biogas, which are within the permissible limits stated by CPCB/ SPCB. The emissions generated are monitored by an external agency every year and the NABL reports are verified by Quality and Health & Safety in order to ensure that compliances are within the result.

7. **Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of FY.**

   As on March 31, 2018, there are no pending show cause/ legal notices received from CPCB/ SPCB.

Principle 7: Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner

WABAG actively participates in industrial forums and professional bodies to engage in proactive dialogue and have an understanding of policies and expectations of stakeholders. The senior leadership team offers their expertise and insights during public policy formulation.

1. **Is your company a Member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   The Company has been an active participant in representing before the regulatory bodies or trade associations on the matters relevant to the water industry as a whole. As on March 31, 2018 the Company is a Member of following major trade associations:

   a. Confederation of Indian Industry
   b. Madras chamber of Commerce
   c. Indo-German Chamber of Commerce
   d. India Netherlands Business Council, Chennai
   e. International Water Association
   f. International Desalination Association
   g. Indian Desalination Association
   h. British Council
   i. Indian Environmental Association

   In fact, some of our officials are serving on the Expert Committees of a couple of chambers.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   WABAG has represented before various forums on the following areas; Energy Security, Water, Sustainable Business Principles, for the advancement or improvement of public sector.

Principle 8: Business should support inclusive growth and equitable development

WABAG's main focus is to provide sustainable solutions for a better life. WABAG believes that social, environmental and economic values are interlinked and we belong to an Interdependent Ecosystem comprising Shareholders, Consumers, Associates, Employees, Government, Environment and Society. WABAG committed to ensure a positive impact of its existence on all stakeholders.

1. **Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   Yes, the company does have specific programs/initiatives/ projects that are designed to ensure:

   a. economic prosperity;
   b. social inclusion; and
   c. environmental sustainability

   The details of the initiatives are furnished in the CSR annexure to the report. However, an example for each in support of our statement are as follows:

   Economic prosperity – We have tied up with MS Swaminathan Research Foundation for water augmentation project at Mailam Block, Villupuram District, Tamil Nadu which is pro-poor; pro-job; pro-farmers and pro-woman. As a result of sustained and focused efforts in 6 villages in that Block, poor and marginal farmers were benefited and

their annual income doubled as a result of crop productivity and crop diversity due to water augmentation.

Social inclusion – Have partnered with NABARD for implementation of watershed development projects in 5 Districts of Tamil Nadu and 6 Districts of West Bengal where not only poorest of poor farmers but also tribal communities are covered under the scheme designed by Bharat Rural Livelihoods Foundation.

Environmental sustainability – Partnered with Care Earth Trust for restoration of Narayanapuram Wetlands, part of Pallikaranai Marsh, Chennai. Before implementation of this restoration project, we again engaged their services for capacity building for wetland management, creating awareness among the various stakeholders on the importance of conserving wetlands especially in urban areas.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

   These are undertaken through in-house team with support of external experts. The CSR programmes of the Company are overseen largely by in house teams. Wherever needed services of NGO partners and/or other agencies with relevant expertise are being taken.

3. **Have you done any impact assessment of your initiative?**

   The CSR programmes and their impacts/ outcomes are monitored and reviewed periodically by the CSR Committee of the Board and the Management.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

   Details on the Company's CSR programmes on community development have been mentioned in ***Annexure VI*** to the Board's Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   Yes. Most of our CSR programmes are participatory in nature and focus on institution development and capacity building. For instance the construction of water harvesting structures (ponds) has empowered community and is a step in providing sustainable water solutions for irrigation purpose. By involving community based institutions in construction of water harvesting structures, the community Members have developed a sense of ownership as they are involved in planning and implementation of the construction work for ponds.

Principle 9: Business should engage with and provide value to their customers and consumers in a responsible manner

The Business of WABAG is concerned with providing sustainable solutions for Drinking water treatment, Industrial and process water treatment, Water reclamation, Sea and brackish water desalination, Municipal waste water treatment, Industrial waste water treatment and sludge treatment by engaging and providing value to their customers and consumers in a responsible manner.

1. **What percentage of customer complaints/consumer cases are pending as on the end of FY?**

   During FY 2017-18, the Company continued to obtain repeat orders from key clients which demonstrates the Customer's trust, confidence and satisfaction. There were no significant customer/consumer cases lodged during the FY 2017-18.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information).**

   WABAG does not manufacture any product. We are a technology integrator with EPC expertise, where we procure and build plants with global standards.

   As part of prudent business practise, the company hands over a project document to its client upon completion of its EPC project, which includes critical information relating to Operation & Maintenance manual, Material record book, Performance guarantee test run, drawings and such other documents as may be required for the said project, etc., for efficient and effective use of the plant by the Client.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of FY. If so, provide details thereof, in about 50 words or so.**

   No. There has been no case filed by any stakeholder against the company during the last 5 years and as on March 31, 2018.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   In our sector, repeat orders from key clients stand testimony to their faith in our expertise.

   The same is substantiated by repeat orders from Reliance Industries, IOCL, Dangote (Nigeria), CMWSSB, BWSSB, DJB etc.

   We are a process know-how supplier to industries and municipalities.

   Customer feedback is obtained on an annual basis. Visitor book at project sites are being maintained and reviewed periodically.

Independent Auditor's Report

To the Members of VA Tech Wabag

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of VA Tech Wabag Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

9. We draw reference to Note 47 of the standalone financial statements which describes that pursuant to a corporate insolvency resolution process ordered by National Company Law Tribunal against the erstwhile lead consortium member of a project, the Company had filed a claim amounting to ₹ 58,793 Lakhs representing balances receivable from such member and included under financial

assets in the Company's books of account as at 31 March 2018. The Company has been contractually appointed as the consortium leader and is in the process of recovering these dues directly from the ultimate customer. Considering significant uncertainties associated with the final outcome of these matters, management has, based on its assessment, estimated and accounted for certain expected credit losses against these balances. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) the standalone financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;

    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

    f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 25 May 2018 as per Annexure B expressed an unmodified opinion;

    g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company, as detailed in Note 45 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;

        ii. the Company, as detailed in Note 20 to the standalone financial statements, has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

        iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

        iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 08 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Kunj B. Agrawal**
Partner
Membership No.: 095829

Place: Chennai

Date: 25 May 2018

Annexure A to the Independent Auditor's Report of even date to the members of VA Tech Wabag Limited, on the standalone financial statements for the year ended 31 March 2018

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties which are included under the head 'Property, plant and equipment' are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount * (₹)	Period to which the amount relates	Forum where dispute is pending
Rajasthan Sales Tax Act, 1994	Tax & Penalty	888,468	2003-04, 2009-10 & 2010-11	Tax Assessment Officer
Rajasthan Value Added Tax, 2003	Tax & Penalty	3,305,061	2007-08 & 2009-10	Deputy Commissioner
Karnataka Value Added Tax, 2003	Tax & Penalty	2,410,920	2007-08, 2008-2009, 2009-10 & 2010-11	Various Forums
Kerala Value Added Tax, 2003	Tax & Penalty	9,061,767	2008-09, 2010-11 & 2011-12	Appellate Tribunal
West Bengal VAT Act, 2003	Tax & interest	81,351,295	2007-08, 2009-10, 2011-12, 2012-13 & 2014-15	Various Forums
Gujarat Value Added Tax, 2003	Tax & Penalty	4,461,039	2010-11 & 2013-14	Various Forums
Delhi Value Added Tax, 2004	Tax & Penalty	4,607,755	2012-13	Additional Commissioner
Andhra Pradesh Value added Tax Act	Tax & Penalty	48,848,451	2010-11, 2012-13 and 2013-14	Various Forums
Maharashtra Value added Tax Act	Tax & Penalty	9,218,439	2011-12	Deputy Commissioner Sales Tax (Nodal Division)
Central Sales Tax Act, 1956 read with Gujarat Value Added Tax	Tax, Interest & penalty	1,80,81,351	2009-10 to 2013-14	Deputy Commissioner
Central Sales Tax Act, 1956 read with the West Bengal VAT Act, 2003	Tax & Penalty	78,069,942	2010-11 to 2013-14	Senior Joint Commissioner
Finance Act, 1994	Tax, Interest & penalty	1,462,273	Oct-11 to Mar-14	Central Excise and Service Tax Appellate Tribunal, Chennai
Income Tax Act, 1961	Tax & Interest	40,100,433	AY 2011-12	Income Tax Appellate Tribunal
Income Tax Act, 1961	Tax & Interest	110,819,961	AY 2013-14	Commissioner of Income Tax Appeals
Income Tax Act, 1961	Tax & Interest	36,547,058	AY 2014-15	Commissioner of Income Tax Appeals
Income Tax Act, 1961	Tax & Interest	122,210,980	AY 2015-16	Commissioner of Income Tax Appeals

(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid and provided by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Kunj B. Agrawal**
Partner
Membership No.: 095829

Place: Chennai

Date: 25 May 2018

Annexure B to the Independent Auditor's Report of even date to the members of VA Tech Wabag Limited on the standalone financial statements for the year ended 31 March 2018

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of VA Tech Wabag Limited ('the Company') as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on IFCoFR criteria established by the Company considering the essential components of internal financial controls stated in the Guidance Note issued by the ICAI for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act . These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsi bility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Kunj B. Agrawal**
Partner
Membership No.: 095829

Place: Chennai

Date: 25 May 2018

Balance Sheet

As at 31 March 2018

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Note	As at 31 March 2018	As at 31 March 2017
Assets			
Non-current assets			
Property, plant and equipment	4	8,496	8,859
Intangible assets	4	252	359
Financial assets			
- Investments	5	2,536	2,488
- Trade receivables	6	39,592	36,208
- Bank balances	7	498	-
- Other financial assets	8	423	146
Deferred tax assets (net)	9	3,361	2,146
Income tax assets (net)	10	4,903	4,684
Other non-current assets	11	306	416
		60,367	**55,306**
Current assets			
Inventories	12	3,264	3,439
Financial assets			
- Investments	5	-	1,916
- Trade receivables	6	157,255	135,763
- Cash and cash equivalents	13	2,825	7,216
- Bank balances other than those mentioned in cash and cash equivalents	13	2,857	2,254
- Loans	14	248	295
- Other financial assets	8	6,752	5,834
Other current assets	15	23,225	15,221
		196,426	**171,938**
Total assets		**256,793**	**227,244**
Equity and Liabilities			
Equity			
Equity share capital	16	1,093	1,091
Other equity	17		
- Securities premium reserve		27,694	27,536
- Reserves and surplus		62,901	53,778
- Share application money pending allotment		-	1
Total equity		**91,688**	**82,406**
Liabilities			
Non-current liabilities			
Financial liabilities			
- Trade payables	18	12,504	14,176
- Other financial liabilities	19	224	215
Provisions	20	563	549
Other non-current liabilities	21	6,658	4,481
		19,949	**19,421**
Current liabilities			
Financial liabilities			
- Borrowings	22	27,626	11,986
- Trade payables	18	92,554	82,999
- Other financial liabilities	19	3,378	3,184
Other current liabilities	21	13,909	20,269
Provisions	20	2,788	2,617
Current tax liabilities (net)	23	4,901	4,362
		145,156	**125,417**
Total liabilities		**165,105**	**144,838**
Total equity and liabilities		**256,793**	**227,244**

Notes 1 to 47 form an integral part of the standalone financial statements

In terms of our report attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Kunj B.Agrawal**
Partner

Place : Chennai
Date : 25 May 2018

For and on behalf of the Board of Directors of **VA Tech Wabag Limited**

B D Narang
Chairman
(DIN :00826573)

Rajiv Mittal
Managing Director & Group CEO
(DIN :01299110)

G Parthasarathy
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No.:17696)

Place : Chennai
Date : 25 May 2018

Statement of Profit and Loss

For the year ended 31 March 2018

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Note	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from operations	25	185,633	179,838
Other income	26	2,260	2,125
Total income		**187,893**	**181,963**
Expenses			
Cost of sales and services	27	143,432	136,696
Changes in inventories	28	175	3,107
Employee benefits expense	29	12,444	10,258
Finance costs	30	3,083	2,334
Depreciation and amortization expense	31	909	954
Other expenses	32	10,429	9,579
Total expenses		**170,472**	**162,928**
Profit before exceptional items and tax		**17,421**	**19,035**
Exceptional item	33	-	(6,432)
Profit before tax		**17,421**	**12,603**
Tax expense	34		
- Current tax		6,934	4,854
- Deferred tax		(1,226)	251
Profit for the year		**11,713**	**7,498**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Re-measurement gain/(losses) on defined benefit plans		33	(219)
- Income tax relating to items that will not be reclassified to profit and loss		(11)	76
Other comprehensive income for the year, net of tax		**22**	**(143)**
Total comprehensive income for the year		**11,735**	**7,355**
Earnings per equity share	35		
Basic (in ₹)		21.45	13.78
Diluted (in ₹)		21.41	13.73

Notes 1 to 47 form an integral part of the standalone financial statements

In terms of our report attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Kunj B.Agrawal**
Partner

Place : Chennai
Date : 25 May 2018

For and on behalf of the Board of Directors of **VA Tech Wabag Limited**

B D Narang
Chairman
(DIN :00826573)

Rajiv Mittal
Managing Director & Group CEO
(DIN :01299110)

G Parthasarathy
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No.:17696)

Place : Chennai
Date : 25 May 2018

Cash Flow Statement

For the year ended 31 March 2018

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

		Year ended 31 March 2018	Year ended 31 March 2017
A.	**Cash flow from operating activities**		
	Profit before tax	**17,421**	**12,603**
	Adjustments to reconcile net income to net cash provided by operating activities		
	Depreciation and amortization expense	909	954
	Unrealized foreign exchange (gain)	(1,485)	(556)
	Bad and doubtful debts, net	4,745	4,311
	Loss/(Gain) on sale of property, plant and equipment	4	(10)
	Impairment of investments	-	6,938
	Interest expenses	1,263	1,174
	Interest and dividend income	(2,260)	(738)
	Reversal of provision for foreseeable losses on contracts	(33)	(35)
	Provision for compensated absences and gratuity	399	165
	Provision for liquidated damages	430	892
	Provision for warranty	133	617
	Operating profit before working capital changes	**21,526**	**26,315**
	Changes in assets and liabilities		
	(Increase) in trade receivables	(28,703)	(42,960)
	(Increase) in other financial assets	(1,034)	(452)
	(Increase) in loans and other current assets	(7,957)	(979)
	Decrease in inventories	175	3,107
	Increase in trade payables	7,808	19,211
	Increase in other financial liabilities	200	3
	(Decrease)/Increase in other liabilities	(3,746)	19,365
	(Decrease) in provisions	(281)	(1,100)
	Cash (used in)/generated from operating activities	**(12,012)**	**22,510**
	Direct taxes paid, net	(6,395)	(6,219)
	Net cash (used in)/generated from operating activities	**(18,407)**	**16,291**
B.	**Cash flow from investing activities**		
	Purchase of assets (including capital work-in-progress and capital advances)	(402)	(723)
	Proceeds from sale of property, plant and equipment	69	60
	Purchase of investments	(48)	(7,940)
	Proceeds from sale of investments	1,916	1,178
	Dividend received	1,845	134
	Interest received	-	447
	Net movement in bank deposits	(1,066)	4,918
	Net cash generated from /(used in) investing activities	**2,314**	**(1,926)**

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

		Year ended 31 March 2018	Year ended 31 March 2017
C.	**Cash flow from financing activities**		
	Proceeds from short-term borrowings	62,975	65,238
	Repayment of short-term borrowings	(47,557)	(77,142)
	Proceeds from issue of equity shares including securities premium	151	138
	Interest paid to banks and others	(1,263)	(1,172)
	Dividend paid	(2,604)	(2,636)
	Net cash generated from /(used in) financing activities	**11,702**	**(15,574)**
D.	**Net change in cash and cash equivalents**	**(4,391)**	**(1,209)**
E.	**Cash and cash equivalents at the beginning**	7,216	8,425
F.	**Cash and cash equivalents at the end**	**2,825**	**7,216**
	Cash and cash equivalents include		
	Cash on hand	11	11
	Cheques on hand	1,813	5,308
	Balances with banks		
	- in current accounts	934	1,054
	- in deposit accounts (maturity upto 3 months)	67	843
	Cash and cash equivalents as per note 13	**2,825**	**7,216**

Notes 1 to 47 form an integral part of the standalone financial statements

In terms of our report attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Kunj B.Agrawal**
Partner

Place : Chennai
Date : 25 May 2018

For and on behalf of the Board of Directors of **VA Tech Wabag Limited**

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G Parthasarathy
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No.:17696)

Place : Chennai
Date : 25 May 2018

Statement of Changes in Equity

For the year ended 31 March 2018

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

A. Equity share capital

Particulars	Note	Amount
Balance as at 31 March 2016	16	1,090
Changes in equity share capital during the year		1
Balance as at 31 March 2017		1,091
Changes in equity share capital during the year		2
Balance as at 31 March 2018		**1,093**

B. Other equity

Particulars	Note	Other equity							Total
		Reserves and surplus					Securities premium reserve	Share application money pending allotment	
		Capital reserve	Stock option outstanding account	General reserve	Surplus in the statement of profit and loss	Accumulated other comprehensive income			
Balance as at 31 March 2016		**250**	**62**	**3,301**	**45,917**	**(467)**	**27,396**	**4**	**76,463**
Dividends	17	-	-	-	(2,180)	-	-	-	**(2,180)**
Dividend distribution tax	17	-	-	-	(456)	-	-	-	**(456)**
Issue of share capital on exercise of employee share option	17	-	(4)	-	-	-	140	-	**136**
Transfer to general reserve	17	-	-	-	-	-	-	-	**-**
Share application money received	17	-	-	-	-	-	-	138	**138**
Equity shares allotted	17	-	-	-	-	-	-	(141)	**(141)**
Transactions with owners		**-**	**(4)**	**-**	**(2,636)**	**-**	**140**	**(3)**	**(2,503)**
Profit for the year		-	-	-	7,498	-	-	-	**7,498**
Other comprehensive income, net of tax		-	-	-	-	(143)	-	-	**(143)**
Total comprehensive income		**-**	**-**	**-**	**7,498**	**(143)**	**-**	**-**	**7,355**
Balance as at 31 March 2017		**250**	**58**	**3,301**	**50,779**	**(610)**	**27,536**	**1**	**81,315**
Dividends	17	-	-	-	(2,183)	-	-	-	**(2,183)**
Dividend distribution tax	17	-	-	-	(421)	-	-	-	**(421)**
Issue of share capital on exercise of employee share option	17	-	(8)	-	-	-	158	-	**150**
Transfer to general reserve	17	-	(13)	13	-	-	-	-	**-**
Share application money received	17	-	-	-	-	-	-	151	**151**
Equity shares allotted	17	-	-	-	-	-	-	(152)	**(152)**
Transactions with owners		**-**	**(21)**	**13**	**(2,604)**	**-**	**158**	**(1)**	**(2,455)**
Profit for the year		-	-	-	11,713	-	-	-	**11,713**
Other comprehensive income, net of tax		-	-	-	-	22	-	-	**22**
Total comprehensive income		-	-	-	11,713	22	-	-	**11,735**
Balance as at 31 March 2018		**250**	**37**	**3,314**	**59,888**	**(588)**	**27,694**	**-**	**90,595**

Notes 1 to 47 form an integral part of the standalone financial statements

In terms of our report attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Kunj B.Agrawal**
Partner

Place : Chennai
Date : 25 May 2018

For and on behalf of the Board of Directors of **VA Tech Wabag Limited**

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G Parthasarathy
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No.:17696)

Place : Chennai
Date : 25 May 2018

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

1. Nature of Operations

VA Tech Wabag Limited ('the Company'), its subsidiaries, associates and joint venture (collectively referred to as 'the Group') is one of the world's leading companies in the water treatment field. The Company's principal activities include design, supply, installation, construction and operational management of drinking water, waste water treatment, industrial water treatment and desalination plants. The shares of the Company are listed in the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company is domiciled in India and its registered office and its principal place of business is 'WABAG HOUSE', No.17, 200 Feet Thoraipakkam - Pallavaram Main Road, Sunnambu Kolathur, Chennai - 600 117.

2. Basis of preparation of financial statements

2.1 General information and statement of compliance with Indian Accounting Standards (Ind AS)

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016 as notified under section 133 of Companies Act, 2013 (the "Act") and other relevant provisions of the Act.

The standalone financial statements as at and for the year ended 31 March 2018 are approved and authorized for issue by the Board of Directors on 25 May 2018.

The standalone financial statements of the Company are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial assets and financial liabilities that have been measured at fair value. These standalone financial statements are presented in lakhs of Indian rupees which is also the Company's functional currency, except per share data and as otherwise stated. Figures for the previous years have been regrouped/rearranged wherever considered necessary to conform to the figures presented in the current year.

2.2 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after 01 April, 2018:

a) Ind AS 115- Revenue from Contract with Customers:

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standards Ind AS 11 Construction Contracts and Ind AS 18 Revenue, when it becomes effective. The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard can be applied either retrospectively to each prior reporting period presented or can be applied retrospectively with recognition of cumulative effect of contracts that are not completed as at the date of initial application.

b) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

The amendment clarifies on the accounting of transactions that include receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. In the event of multiple payments or receipts in advance, a date of

transaction is established for each payment or receipt. The Appendix further clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the asset, expense or income is the date on which an entity has received or paid an advance consideration in a foreign currency towards the asset, expense or income.

Based on the initial assessment, the Company does not expect any material change to the financial statements with the implementation of the above pronouncements.

3. Summary of significant accounting policies

3.1 Overall considerations

The standalone financial statements have been prepared using the significant accounting policies and measurement basis summarized below. These accounting policies have been used throughout all periods presented in the standalone financial statements.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

3.2 Investments in subsidiaries, associates, joint venture and joint operations

Investments in subsidiaries, associates and joint ventures are accounted at cost less impairment, if any. Investments in joint operations are accounted by using proportionate consolidation method in the standalone financial statements. The Company does not have any investments in joint operations for the year ended 31 March 2018.

3.3 Foreign currency translation

Functional and presentation currency

The standalone financial statements are presented in Indian Rupees, which is also the functional currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions, duly approximated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the measurement of monetary items denominated in foreign currency at year-end exchange rates are recognized as other income in statement of profit and loss.

Non-monetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.4 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable by the Company for goods supplied and services provided, excluding trade discounts and other applicable taxes and are recognized upon the performance of service or transfer of risk to the customer.

Revenue is recognized when the amount can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Company's different activities has been met. These activity-specific recognition criteria are based on the goods or services provided to the customer and the contract conditions in each case, and are as described below.

Construction contracts

Contract revenue and Contract costs in respect of construction contracts, execution of which is spread over different accounting periods is recognized as revenue and expense respectively by reference to the basis of percentage of completion method of the project at the reporting date.

The percentage of completion is measured by reference to the contract costs incurred up to the

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

end of the reporting period as a percentage of total estimated costs for each contract. Only costs that reflect work performed are included in cost incurred to date.

When the Company cannot measure the outcome of a contract reliably, revenue is recognized only to the extent of contract costs that have been incurred and are recoverable. Contract costs are recognized in the period in which they are incurred. In situations when it is probable that the total contract costs will exceed total contract revenues, the expected loss is recognized immediately in the statement of profit and loss.

The gross amount due from customers for contract work is presented within trade receivables for all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceeds progress billing. The gross amount due to customers for contract work is presented within other current liabilities for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses).

Operations and maintenance

The revenue from operations and maintenance for water and waste water treatment is recognized over the period during which the service is rendered.

Interest, dividends, duty drawback and other entitlements

Income from interest is recognized using effective interest method taking into account the amount outstanding and the applicable rate of interest.

Dividend income is recognized when the right to receive dividend is established by the reporting date.

Income from duty drawback and export benefit under duty free credit entitlements is recognized in the statement of profit and loss, when right to receive license as per terms of the scheme is established in respect of exports made and there is no significant uncertainty regarding the ultimate collection of the export proceeds, as applicable.

3.5 Cost of sales and services

Cost of sales and services comprise costs including estimated costs that are directly related to the contract, attributable to the contract activity in general and such costs that can be allocated to the contract and specifically chargeable to the customer under the terms of the contracts, which is charged to the statement of profit and loss.

3.6 Property, plant and equipment

Land

Land (other than investment property) held for use in production or administration is stated at cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Buildings and other equipment

Buildings and other equipment (comprising plant and machinery, furniture and fittings, electrical equipment, office equipment, computers and vehicles) are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management. Buildings and other equipment are subsequently measured at cost less accumulated depreciation and any impairment losses. Advances paid towards acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of property, plant and equipment not ready for the intended use before reporting date is disclosed as capital work-in-progress.

Subsequent expenditure incurred on an item of property, plant and equipment is added to the book value of that asset only if this increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Depreciation on assets is provided on straight-line method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013 except for vehicles where the management believes that

the useful life of 5 years would best represent the period over which the management expects to use these assets and the residual value is 20% of the acquisition cost which is considered to be the amount recoverable at the end of the asset's useful life. Hence the useful life of these assets is different from that prescribed under Part C of Schedule II to the Companies Act, 2013.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in statement of profit and loss within other income or other expenses.

The components of assets are capitalized only if the life of the components vary significantly and whose cost is significant in relation to the cost of respective asset. The life of components in assets are determined based on technical assessment and past history of replacement of such components in the assets.

3.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, the intangible assets are carried at cost less accumulated amortization and accumulated impairment, if any.

Software is stated at cost less accumulated amortization and are being amortized on a straight line basis over the estimated useful life of 5 years.

Amortization has been included within depreciation and amortization expense.

Gains or losses that arise on disposal or retirement of an intangible asset are measured as the difference between net disposal proceeds and the carrying value of an intangible asset and are recognized in profit and loss when the intangible asset is derecognized.

The amortization period and method are reviewed at each balance sheet date. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment as detailed in note 3.8.

3.8 Impairment testing of property, plant and equipment and intangible assets

For the purpose of impairment assessment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill (if any) is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Company at which management monitors goodwill.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro-rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

3.9 Operating leases

All leases other than finance lease are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3.10 Finance leases

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include i) the length of the lease term in relation to the economic life of the asset ii) the present value of the minimum lease payments in relation to the asset's fair value and iii) whether the Company obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interest. If the minimum lease payments cannot be allocated reliably between the two components, entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

The interest element of lease payments is charged to statement of profit and loss, as finance costs over the period of the lease.

3.11 Financial instruments

Financial assets (other than trade receivables) and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through statement of profit and loss which are measured initially at fair value. Trade receivables are recognized at their transaction price as the same do not contain significant financing component. Subsequent measurement of financial assets and financial liabilities are described below.

a) Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets are classified and measured based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

a. Amortized cost

b. Fair Value Through Other Comprehensive Income (FVTOCI) or

c. Fair Value Through Profit or Loss (FVTPL)

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets are impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

b) Financial assets at amortized cost

A financial asset is subsequently measured at amortized cost using effective interest rate if it is held within a business model where the objective is to hold the financial assets to collect contractual cash flows and the contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure

the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

c) Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, the Company, based on its assessment, makes an irrevocable election to present in other comprehensive income the changes in the fair value of an investment in an equity instrument that is not held for trading. These elections are made on an instrument-by instrument (i.e., share-by-share) basis. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in other comprehensive income. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. The dividends from such instruments are recognized in statement of profit and loss.

The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the balance sheet.

d) Financial assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortized cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognized in statement of profit and loss. The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in the statement of profit and loss.

Hedge accounting

To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness.

These arrangements have been entered into to mitigate currency exchange risk arising

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

from certain legally binding sales and purchase orders denominated in foreign currency. For the reporting periods under review, the Company has not designated any forward currency contracts as hedging instruments.

e) Trade receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

f) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's standalone balance sheet) when:

i. The rights to receive cash flows from the asset have expired, or

ii. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

g) Classification, subsequent measurement and derecognition of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortized cost. The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Subsequent measurement

Financial liabilities are measured subsequently at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in statement of profit and loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to

the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognized less cumulative amortization.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in statement of profit and loss are included within finance costs or finance income.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

3.12 Inventories

Inventory of stores and spares are stated at lower of cost and net realizable value and is determined on weighted average cost method. Cost of inventories include all other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost to completion and applicable selling expenses.

Construction work-in-progress are contract costs incurred for a future activity on a contract and are recognized as an asset if it is probable that they would be recovered. The cost comprises of material and other expenses directly attributable to the contract.

3.13 Income taxes

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates in accordance with tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at reporting date. Deferred taxes pertaining to items recognized in other comprehensive income are also disclosed under the same head.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future opening results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are generally recognized in full, although Ind AS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the Company does not recognize deferred tax liability on temporary differences relating to goodwill, or to its investments in subsidiaries.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in statement of profit and loss, except where they relate to items that are recognized in other comprehensive income (such as re-measurement of net defined benefit plans) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

3 months from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.15 Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued and paid-up.

Other components of equity include the following:

i. Accumulated other comprehensive income which includes re-measurement of net defined benefit liabilities.

ii. General reserve represents the accumulated surplus transferred from the Statement of profit and loss

iii. Securities premium reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from securities premium, net of any related income tax benefits.

iv. Surplus in the statement of profit and loss includes all current and previous period retained profits.

v. Stock option outstanding account includes the value of equity-settled share based payment transactions with employees.

All transactions with owners are recorded separately within equity.

3.16 Post-employment benefits and short-term employee benefits

Defined contribution plan

a. Contribution to Provident Fund is in the nature of defined contribution plan and are made to a recognized fund.

b. Contribution to Superannuation Fund is in the nature of defined contribution plan and is remitted to insurance company in accordance with the scheme framed by the Corporation.

The Company has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognized as an expense in the period that related employee services are received.

Provident fund

The Company makes contribution to the statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952, which is a defined contribution plan, and contribution paid or payable is recognized as an expense in the period in which it falls due.

Superannuation Fund

Contribution made towards Superannuation Fund (funded by payments to insurance company) which is a defined contribution plan, is charged as expenses on accrual basis. There are no obligations other than the contribution made to respective fund.

Defined benefit plan

Under the Company's defined benefit plans, the amount of benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The defined benefit plans maintained by the Company are as below:

i. Gratuity

The liability recognized in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in

which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity liability.

Service cost on the Company's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Actuarial gains and losses resulting from measurements of the net defined benefit liability are included in other comprehensive income.

The plan assets represent qualifying insurance policies that are administered by an Insurance company.

ii. Leave salary - compensated absences

The Company also extends defined benefit plans in the form of compensated absences to employees. Provision for compensated absences is made on actuarial valuation basis.

3.17 Employees stock option plan

Share-based compensation benefits are provided to employees via "Employees Stock Option Scheme 2010" of the Company.

The fair value of options granted under the "Employees Stock Option Scheme 2010" is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

a) including any market performance conditions (e.g. the entity's share price) including any market performance conditions (e.g. the entity's share price)

b) excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period) and

c) including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

3.18 Provisions, contingent assets and contingent liabilities

Provisions for warranties, legal disputes, or other claims are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company is virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities if the outflow of resources is remote.

The Company does not recognize contingent assets unless the realization of the income is virtually certain, however these are assessed continually to ensure that the developments are appropriately disclosed in the standalone financial statements.

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

3.19 Earnings per equity share

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per equity share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.20 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other short- term highly liquid investments with original maturities of 3 months or less, as applicable.

3.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

3.22 Significant management judgment in applying accounting policies and estimation uncertainty

When preparing the standalone financial statements, management makes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

(i) Significant management judgment

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the standalone financial statements.

Recognition of construction contract revenues

Recognizing construction contract revenue also requires significant judgement in determining actual work performed and the estimated costs to complete the work (refer note 36).

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

(ii) Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash- generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate

Inventories

Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future

technology or other market-driven changes that may reduce future selling prices.

Defined Benefit Obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as attrition rate, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analyzed in Note 20).

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or

ii. In the absence of a principal market, in the most advantageous market for the asset or liability

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (refer Note 42).

Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

3.23 Transfer Pricing

As per the Transfer pricing norms introduced in India with effect from 01 April 2001, the Company is required to use certain specific methods in computing arm's length price of international transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Transfer pricing study for the fiscal year ended 31 March 2018 is in progress and accordingly, the contracts may be amended subsequently and related adjustment, if any, will be quantified upon completion of this study. However, in the opinion of the Management, the outcome of the study will not have material impact on the Company's results.

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

4 Property, plant and equipment and intangible assets

Particulars	Property, plant and equipment									Intangible assets
	Freehold land	Buildings	Plant and machinery	Furniture and fittings	Electrical equipment	Office equipment	Computers	Vehicles	Total	Computer software
Gross carrying value										
Balance as at 31 March 2016	**1,698**	**3,770**	**257**	**2,030**	**543**	**570**	**234**	**674**	**9,776**	**805**
Additions	-	256	-	42	14	12	103	392	819	146
Disposals	-	-	-	-	-	-	-	(178)	(178)	-
Balance as at 31 March 2017	**1,698**	**4,026**	**257**	**2,072**	**557**	**582**	**337**	**888**	**10,417**	**951**
Additions	-	-	110	-	1	2	102	236	451	61
Disposals	-	-	-	-	-	-	-	(203)	(203)	-
Balance as at 31 March 2018	**1,698**	**4,026**	**367**	**2,072**	**558**	**584**	**439**	**921**	**10,665**	**1,012**
Accumulated depreciation/ amortization										
Balance as at 31 March 2016	**-**	**62**	**45**	**344**	**82**	**166**	**100**	**117**	**916**	**408**
Depreciation/amortization expense for the year	-	64	18	223	65	137	108	155	770	184
Reversal on disposal of assets	-	-	-	-	-	-	-	(128)	(128)	-
Balance as at 31 March 2017	**-**	**126**	**63**	**567**	**147**	**303**	**208**	**144**	**1,558**	**592**
Depreciation/amortization expense for the year	-	68	22	218	66	135	68	164	741	168
Reversal on disposal of assets	-	-	-	-	-	-	-	(130)	(130)	-
Balance as at 31 March 2018	**-**	**194**	**85**	**785**	**213**	**438**	**276**	**178**	**2,169**	**760**
Net carrying value										
Balance as at 31 March 2017	**1,698**	**3,900**	**194**	**1,505**	**410**	**279**	**129**	**744**	**8,859**	**359**
Balance as at 31 March 2018	**1,698**	**3,832**	**282**	**1,287**	**345**	**146**	**163**	**743**	**8,496**	**252**

5 Investments

	As at 31 March 2018	As at 31 March 2017
Non-current		
Investments carried at cost		
Investments in equity instruments of subsidiaries (fully paid-up)		
VA Tech Wabag (Singapore) Pte Ltd (5,210,249 (Previous year : 5,106,509) equity shares of SGD 1 each)	2,100	2,052
VA Tech Wabag Muscat LLC (Oman) (105,000 (Previous year : 105,000) equity shares of OMR 1 each)	124	124
VA Tech Wabag (Philippines) Inc. (8,570,200 (Previous year: 8,570,200 equity shares of PHP 1 each)	90	90
Wabag Limited (Thailand) (29,400 (Previous year : 29,400) equity shares of THB 34.0136 each)	19	19
Wabag Operations and Maintenance WLL (Bahrain) (350 (Previous year : 350) equity shares of BHD 100 each)	58	58
VA Tech Wabag and Roots Contracting LLC, (Qatar)# (98 (Previous year : 98) equity shares of QAR 1,000 each)	-	-

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017
Wabag Muhibbah JV SDN BHD, (Malaysia) (700,000 (Previous year : 700,000) equity shares of MYR 1 each)	107	107
Wabag Belhasa JV WLL, (Bahrain) (49 (Previous year : 49) equity shares of BHD 50 each)	4	4
	2,502	**2,454**
Investments in equity instruments of associates (fully paid-up)		
VA Tech Wabag and Roots Contracting LLC, (Qatar)# (98 (Previous year : 98) equity shares of QAR 1,000 each)	17	17
	17	**17**
Investments in equity instruments of joint venture (fully paid-up)		
International Water Treatment LLC (Oman) (48,750 (Previous year : 48,750) equity shares of OMR 1 each)	69	69
Less: Provision for impairment of investment in International Water Treatment LLC, (Oman)	(69)	(69)
	-	**-**
Investments carried at fair value through profit and loss		
Investments in equity instruments of other companies (fully paid-up)		
First STP Private Limited (150,000 (Previous year :150,000) equity shares of ₹ 10 each)	15	15
Konark Water Infraprojects Private Limited (5,000 (Previous year : 5,000) equity shares of ₹ 10 each)	1	1
Aurangabad City Water Utility Company Limited (5,000 (Previous year : 5,000) equity shares of ₹ 10 each)	1	1
Thoothukudi Renew Waters Private Limited* (2,600 (Previous year : 2,600) equity shares of ₹ 10 each)	-	-
Ganapati Marine Enterprises Private Limited** (573 (Previous Year: 776) equity shares of ₹ 10 each)	-	-
	17	**17**
Total non-current investments	**2,536**	**2,488**
Aggregate amount of unquoted investments	2,605	2,557
Aggregate amount of impairment in the value of investments	69	69

* Since the amount of investment is ₹ 26,000 (Previous year: ₹ 26,000), the same is below the rounding off norm adopted by the Company.

** Since the amount of investment is ₹ 5,730 (Previous year: ₹ 7,760), the same is below the rounding off norm adopted by the Company.

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017
Extent of investment in subsidiaries		
VA Tech Wabag (Singapore) Pte Ltd	100.0%	100.0%
VA Tech Wabag Muscat LLC (Oman)	70.0%	70.0%
VA Tech Wabag (Philippines) Inc.	100.0%	100.0%
Wabag Limited (Thailand)##	49.0%	49.0%
Wabag Operations and Maintenance WLL (Bahrain)	70.0%	70.0%
VA Tech Wabag and Roots Contracting LLC, (Qatar)#	-	-
Wabag Muhibbah JV SDN BHD, (Malaysia)	70.0%	70.0%
Wabag Belhasa JV WLL, (Bahrain)###	49.0%	49.0%
Extent of investment in associates		
VA Tech Wabag and Roots Contracting LLC, (Qatar)#	49.0%	49.0%
Extent of investment in joint venture		
International Water Treatment LLC (Oman)	32.5%	32.5%

Pursuant to an exclusive contractual arrangement providing for a majority share in the economic interests and control of voting power in the Project-I of the Company, the investment was classified as a subsidiary at inception. During the year ended 31 March 2016, consequent to a similar arrangement for Project-II providing for majority rights in the new project to the other partner, the investment in the legal entity has been reclassified as an associate based on ownership as against the economic interests in the respective projects.

Pursuant to the statutory document providing for a majority share of 90.6% of the economic interests in the entity, the Company has assessed and determined that it has power over the entity, exposure, or rights, to variable returns and the ability to use its power to affect the amount of the Company's returns. Accordingly, the investment has been classified as a subsidiary.

Pursuant to an exclusive contractual arrangement providing for a share of 100% of the economic interests in the entity, the Company has assessed and determined that it has power over the entity, exposure, or rights, to variable returns and the ability to use its power to affect the amount of the Company's returns. Accordingly, the investment has been classified as a subsidiary.

	As at 31 March 2018	As at 31 March 2017
Current (unquoted)		
Investments carried at fair value through profit and loss		
Investments in mutual funds		
- ICICI Prudential fixed maturity plan	-	1,278
- UTI fixed term interval fund	-	638
Total current investments	**-**	**1,916**
Aggregate amount of unquoted investments and market value thereof	-	1,916
Aggregate amount of impairment in the value of investments	-	-

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

6 Trade receivables (Unsecured considered good, unless stated otherwise)

	As at 31 March 2018	As at 31 March 2017
Non-current		
Trade receivables	12,035	12,035
Customer retention	27,557	24,173
	39,592	**36,208**
Current		
Trade receivables	142,527	127,368
Customer retention	14,728	8,395
	157,255	**135,763**
Doubtful		
- Trade receivables	8,946	5,218
- Customer retention	359	333
Less : Allowances for expected credit loss		
- Trade receivables	(8,946)	(5,218)
- Customer retention	(359)	(333)
	-	-
	157,255	**135,763**

Trade receivables include due from related parties amounting to ₹ 5,173 lakhs (31 March 2017: ₹ 11,569 lakhs). The carrying amount of the current trade receivable is considered a reasonable approximation of fair value as is expected to be collected within twelve months, such that the effect of any difference between the effective interest rate applied and the estimated current market rate is not significant. There are no receivables due from directors or other officers of the company.

All of the Company's trade receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of ₹ 4,654 lakhs (2016-17: ₹ 375 lakhs) has been recorded accordingly within other expenses. The Company has impaired its trade receivables using a provisioning matrix representing expected credit losses based on a range of outcomes.

Movement in allowances for expected credit loss

	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	5,551	6,336
Additions during the year, net	4,654	375
Utilised during the year	(900)	(1,160)
Balance at the end of the year	**9,305**	**5,551**

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

7 Bank balances

	As at 31 March 2018	As at 31 March 2017
Non-current bank balances	498	-
	498	**-**

Non-current bank balances represents interest bearing deposits with bank with more than 12 months maturity.

8 Other financial assets (Unsecured, considered good)

	As at 31 March 2018	As at 31 March 2017
Non-current		
Security deposits	340	55
Advances to employees	83	91
	423	**146**
Current		
Security deposits	886	1,384
Tender deposits	1,098	1,532
Rental deposits	218	392
Dues from related parties (Also refer note 41(c))	4,271	2,236
Advances to employees	279	290
	6,752	**5,834**

There are no other financial assets due from directors or other officers of the Company. The carrying amount of the other financial assets are considered as a reasonable approximation of fair value.

A description of the Company's financial instrument risks, including risk management objectives and policies are given in Note 43.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

9 Deferred tax assets (net)

		As at 31 March 2018	As at 31 March 2017
The breakup of net deferred tax asset is as follows:			
Deferred tax asset arising on account of :			
- Provision for employee benefits, liquidated damages and foreseeable losses		164	180
- Allowances for expected credit loss		3,220	1,921
- Others		524	590
Total deferred tax asset	**A**	**3,908**	**2,691**
Deferred tax liability arising on account of :			
- Timing difference between carrying value of property, plant and equipment / Intangible assets as per tax laws		(547)	(545)
Total deferred tax liability	**B**	**(547)**	**(545)**
Net deferred tax assets	**A+B**	**3,361**	**2,146**

Deferred tax recognized in statement of profit and loss and other comprehensive income for the year ended 31 March 2018:

Particulars	Recognized in other comprehensive income	Recognized in statement of profit and loss
Deferred tax asset arising on account of :		
- Provision for employee benefits, liquidated damages and foreseeable losses	11	5
- Allowances for expected credit loss	-	(1,299)
- Others	-	66
Deferred tax liability arising on account of :		
- Timing difference between carrying value of property, plant and equipment / Intangible assets as per tax laws	-	2
- Others	-	-
Total	**11**	**(1,226)**

Deferred tax recognized in statement of profit and loss and in other comprehensive income for the year ended 31 March 2017:

Particulars	Recognized in other comprehensive income	Recognized in statement of profit and loss
Deferred tax asset arising on account of :		
- Provision for employee benefits, liquidated damages and foreseeable losses	(76)	45
- Allowances for expected credit loss	-	274
- Others	-	(106)
Deferred tax liability arising on account of :		
- Timing difference between carrying value of property, plant and equipment / Intangible assets as per tax laws	-	38
- Others	-	-
Total	**(76)**	**251**

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

In assessing the recoverability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

All deferred tax assets have been recognized in the balance sheet.

10 Income tax assets (net)

	As at 31 March 2018	As at 31 March 2017
Income tax assets (net)	4,903	4,684
	4,903	**4,684**

11 Other non-current assets (Unsecured, considered good)

	As at 31 March 2018	As at 31 March 2017
Capital advances	306	416
	306	**416**

12 Inventories

	As at 31 March 2018	As at 31 March 2017
Construction work-in-progress	2,626	2,688
Stores and spares	638	751
	3,264	**3,439**

13 Cash and bank balances

	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
Cash on hand	11	11
Cheques on hand	1,813	5,308
Balances with banks		
- in current accounts	934	1,054
- in deposit accounts (with original maturity upto 3 months)	67	843
	2,825	**7,216**
Bank balances other than those mentioned in cash and cash equivalents		
Unpaid dividend account	6	3
Deposits with maturity less than 3 months	271	1,639
Deposits with maturity more than 3 months but less than 12 months#	2,580	612
	2,857	**2,254**

Deposits includes a sum of ₹ 2,580 Lakhs (31 March 2016: ₹ 612 Lakhs) held as margin money or security against the borrowings, guarantees and other commitments.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

14 Loans (Unsecured, considered good)

	As at 31 March 2018	As at 31 March 2017
Current		
Loans to related parties (Also refer note 41(c))	248	295
	248	**295**

15 Other current assets (Unsecured, considered good)

	As at 31 March 2018	As at 31 March 2017
Advance to supplier	14,514	8,657
Balances with government authorities	8,027	5,015
Duty drawback and other duty free credit entitlement receivable	122	301
Prepaid expenses	548	1,055
Others	14	193
	23,225	**15,221**

All of the Company's other current assets have been reviewed for indicators of impairment. There are no allowances for credit losses for the year ended 31 March 2018 and 31 March 2017. There are no advances due from directors or other officers of the Company.

16 Equity share capital

	As at 31 March 2018		As at 31 March 2017	
	Number	Amount	Number	Amount
Authorised				
Equity shares of ₹ 2 each	75,000,000	1,500	75,000,000	1,500
Issued, subscribed and fully paid up				
Equity shares of ₹ 2 each	54,657,390	1,093	54,573,058	1,091
	54,657,390	**1,093**	**54,573,058**	**1,091**

a) Reconciliation of share capital (Equity)

	As at 31 March 2018		As at 31 March 2017	
	Number	Amount	Number	Amount
Balance at the beginning of the year	54,573,058	1,091	54,496,401	1,090
Add : Issued pursuant to Employee Stock Option Plan	84,332	2	76,657	1
Balance at the end of the year	**54,657,390**	**1,093**	**54,573,058**	**1,091**

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

b) Shareholders holding more than 5% of the aggregate shares in the Company

	As at 31 March 2018		As at 31 March 2017	
	Number	% holding	Number	% holding
Equity Shares of ₹ 2 each				
Mr. Rajiv Mittal (Managing Director & Group CEO)	9,709,406	17.8%	9,709,406	17.8%
IDFC Premier Equity Fund	3,239,320	5.9%	3,179,446	5.8%
SBI Magnum Taxgain Scheme	3,382,154	6.2%	3,282,162	6.0%
	16,330,880	**29.9%**	**16,171,014**	**29.6%**

c) Terms/right attached to equity shares

The Company has issued only one class of equity shares having a face value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, which can be approved by the Board of Directors. In the event of liquidation, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

d) Bonus issue

The Company had allotted 27,142,555 equity shares of face value ₹ 2 per share as fully paid bonus shares during the year ended 31 March 2015, pursuant to the bonus issue approved by the shareholders through postal ballot by capitalization of securities premium. Bonus share of one equity share for every equity share held had been allotted.

e) Shares reserved for issue under options

The Company has reserved issuance of 122,714 equity shares of ₹ 2 each (31 March 2017 : 294,440 shares of ₹ 2 each) for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Plan (ESOP).

f) Buy back of shares

There were no buy back of shares and shares issued pursuant to contract without payment being received in cash during the last 5 years immediately preceding 31 March 2018.

g) Capital management

The Company's capital management objectives are:

- to safeguard the Company's ability to continue as a going concern, and continue to provide optimum returns to the shareholders and all other stakeholders by building a strong capital base.
- to maintain an optimum capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders plus its borrowings, if any, less cash and bank balances.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The amounts managed as capital by the Company for the reporting periods under review are summarized as follows:

		As at 31 March 2018	As at 31 March 2017
Borrowings		27,626	11,986
Less: Cash and bank balances		(6,180)	(9,470)
Net debt	**(A)**	**21,446**	**2,516**
Total equity	**(B)**	**91,688**	**82,406**
Total equity and net debt	**(C=A+B)**	**113,134**	**84,922**
Gearing ratio	**(A/C)**	**19.0%**	**3.0%**

17 Other equity

	As at 31 March 2018	As at 31 March 2017
Securities premium reserve		
Balance at the beginning of the year	27,536	27,396
Add : Additions made during the year		
On exercise of employee stock options	158	138
Transfer from stock option outstanding account	-	2
Balance at the end of the year	**27,694**	**27,536**

Securities premium account is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Capital reserve		
Balance at the beginning of the year	250	250
Add : Additions made during the year	-	-
Balance at the end of the year	**250**	**250**

Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve.

Stock option outstanding account		
Balance at the beginning of the year	58	62
Less: Options exercised during the year	(8)	(4)
Less: Options lapsed during the year	(13)	-
Balance at the end of the year	**37**	**58**

The stock option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to securities premium reserve upon exercise of stock options by employees. In case of forfeiture, corresponding balance is transferred to general reserve.

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017
General reserve		
Balance at the beginning of the year	3,301	3,301
Add : Transfer from stock option outstanding account	13	-
Balance at the end of the year	**3,314**	**3,301**
General reserve represents an appropriation of profits by the Company.		
Surplus in the statement of profit and loss		
Balance at the beginning of the year	50,779	45,917
Add : Transfer from statement of profit and loss	11,713	7,498
Less : Final equity dividend declared	(2,183)	(2,180)
Less : Tax on equity dividend delcared	(421)	(456)
Balance at the end of the year	**59,888**	**50,779**
Surplus in the statement of profit and loss comprises of prior years' undistributed earnings after taxes.		
Accumulated other comprehensive income		
Balance at the beginning of the year	(610)	(467)
Add : Transfer from other comprehensive income	22	(143)
Balance at the end of the year	**(588)**	**(610)**
Share application money pending allotment		
Balance at the beginning of the year	1	4
Add : Share application money received	151	138
Less : Equity shares allotted	(152)	(141)
Balance at the end of the year	**-**	**1**
Share application money pending allotment represents applications received towards subscription from employees under ESOP schemes. The equity shares are expected to be allotted against the share application money within a reasonable period, not later than three months from the Balance Sheet date. The Company has sufficient authorised capital to cover the share capital amount on allotment of above shares.		
Total other equity	**90,595**	**81,315**
Dividends		
Final dividend declared and paid ₹ 4 per equity share*	2,183	2,180
Dividend distribution tax	421	456
	2,604	**2,636**

*In the Board meeting held on 25 May 2018, Board of directors have proposed a dividend of ₹ 4 per equity share of the Company subject to shareholders' approval at the annual general meeting. This amount has not been recorded as a liability for the year ended 31 March 2018.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

18 Trade payables

	As at 31 March 2018	As at 31 March 2017
Non-current		
Dues to others	12,504	14,176
	12,504	**14,176**
Current		
Dues to micro and small enterprises (Also refer note (a) below)	825	604
Dues to others	91,729	82,395
	92,554	**82,999**

The carrying values of trade payables are considered to be a reasonable approximation of fair value.

a) Dues to micro, small and medium enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006:

		As at 31 March 2018	As at 31 March 2017
i)	Principal amount remaining unpaid	825	604
ii)	Interest due thereon	41	40
iii)	Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year	-	-
iv)	Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
v)	Interest accrued and remaining unpaid as at the year end	41	40
vi)	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

19 Other financial liabilities

	As at 31 March 2018	As at 31 March 2017
Non-current		
Employee related payables	224	215
	224	**215**
Current		
Financial guarantee obligation	1,446	1,446
Dues to related parties (Also refer note (41(c))	364	216
Unpaid dividends	6	3
Employee related payables	1,562	1,519
	3,378	**3,184**
Total financial liabilities	**3,602**	**3,399**
Financial guarantee obligation represents the allowance for expected credit losses on financial guarantee provided by the Company to financial institutions for banking facilities of its subsidiaries and joint venture.		
Financial liabilities carried at amortized cost	**2,156**	**1,953**
Financial liabilities carried at fair value through profit and loss	**1,446**	**1,446**

20 Provisions

	As at 31 March 2018	As at 31 March 2017
Non-current		
Provisions for employee benefits		
- Compensated absences	563	549
	563	**549**
Current		
Provision for warranty	2,525	2,392
Provision for liquidated damages	-	-
Provision for foreseeable losses on contracts	1	34
Provisions for employee benefits		
- Gratuity	102	84
- Compensated absences	160	107
	2,788	**2,617**

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

a) Provision for warranty

	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	2,392	1,786
Created during the year, net	133	617
Utilised during the year	-	(11)
Balance at the end of the year	**2,525**	**2,392**

A provision is recognized for expected warranty claims on construction contracts completed, based on past experience of level of repairs and returns. It is expected that these costs would be predominantly incurred within one year from the balance sheet date, which generally coincides with the completion of warranty period of the contract. The assumption used to calculate the provision for warranties are based on the Company's current status of contracts under execution and information available about expenditure more probable to be incurred based on the Company's warranty period for contracts completed.

b) Provision for liquidated damages

	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	-	-
Created during the year, net	430	892
Utilised during the year	(430)	(892)
Balance at the end of the year	**-**	**-**

The Company provides performance guarantees to its customers which require it to complete projects within a specified timeframe. In the event of failure to complete a project as scheduled, or in case of a performance shortfall, the Company may generally be held liable for penalties in the form of agreed liquidated damages. The Company provides for liquidated damages when it reasonably expects that a delay in the completion of the project or a shortfall in the performance parameters might give rise to a claim from the customer. Liquidated damages are generally measured and recognized in accordance with the terms of the contracts with customers.

c) Provision for foreseeable losses on contracts

	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	34	69
(Reversed) during the year, net	(33)	(35)
Utilised during the year	-	-
Balance at the end of the year	**1**	**34**

The Company provides for foreseeable losses on contracts when it is probable that total contract cost, including expected cost to complete, will exceed the economic benefits expected to be received under it.

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

d) Provision for employee benefits

i) Gratuity

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. Liabilities with regard to the Gratuity plan are determined by actuarial valuation on the reporting date and the Company makes annual contribution to the gratuity fund maintained by ICICI Prudential Life Insurance.

The following table summarise the components of net benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the Gratuity.

	As at 31 March 2018	As at 31 March 2017
Change in projected benefit obligation		
Defined benefit obligation at the beginning of the year	656	556
Current service cost	91	78
Past service cost	41	-
Interest cost	43	42
Actuarial (gain) / loss	(38)	23
Benefits paid	(43)	(43)
Defined benefit obligation at the end of the year	**750**	**656**
Thereof		
Unfunded	102	84
Partly or wholly funded	648	572
Change in plan assets		
Fair value of plan assets at the beginning of the year	572	502
Expected return on plan assets	40	40
Actuarial (loss)/gain	(5)	19
Employer contributions	84	54
Benefits paid	(43)	(43)
Fair value of plan assets at the end of the year	**648**	**572**
Reconciliation of present value of obligation on the fair value of plan assets		
Present value of defined benefit obligation at the end of the year	750	656
Fair value of plan assets at the end of the year	(648)	(572)
Liability recognised in the balance sheet	**102**	**84**

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017
Components of net gratuity costs are:		
Current service cost	91	78
Interest cost	43	42
Past service cost	41	-
Expected return on plan assets	(40)	(40)
Recognized net actuarial (gain)/loss	(33)	4
Net gratuity costs recognised during the year	**102**	**84**
Plan assets do not comprise any of the Company's own financial instruments or any assets used by the Company. Plan assets can be broken down into the following categories of investments:		
Group balance fund	346	2
Group debt fund	300	516
Cash and cash equivalents	2	54
Total	**648**	**572**

	As at 31 March 2018	As at 31 March 2017
Principal actuarial assumptions used:		
Discount rate	7.28%	6.80%
Long-term rate of compensation increase	7.00%	7.50%
Expected rate of return on plan assets	7.28%	8.00%
Average remaining life (in years)	24	24
Attrition rate	18.00%	15.00%

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

Based on historical data, the Company expects contributions of ₹ 102 lakhs to be paid for financial year 2018-19. The weighted average duration of the defined benefit obligation as at 31 March 2018 is 4.8 years (31 March 2017: 5.6 years)

Employee benefits - Maturity profile

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
31 March 2018					
Defined benefit obligation	136	123	342	289	**890**
31 March 2017					
Defined benefit obligation	101	88	259	292	**740**

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

The significant actuarial assumptions for the determination of the defined benefit obligation are the attrition rate, discount rate and the long-term rate of compensation increase. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability as at 31 March 2018.

	Attrition rate		Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
31 March 2018						
> Sensitivity Level	0.5%	(0.5%)	0.5%	(0.5%)	0.5%	(0.5%)
> Impact on defined benefit obligation	(1)	1	(15)	16	16	(16)
31 March 2017						
> Sensitivity Level	0.5%	(0.5%)	0.5%	(0.5%)	0.5%	(0.5%)
> Impact on defined benefit obligation	(1)	1	(16)	17	16	(15)

(ii) Compensated absences

The Company permits encashment of compensated absences accumulated by their employees on retirement, separation and during the course of service. The liability in respect of the Company, for outstanding balance of privilege leave at the balance sheet date is determined and provided on the basis of actuarial valuation performed by an independent actuary. The Company does not maintain any plan assets to fund its obligation towards compensated absences. The total Compensated absences recognized in the statement of profit and loss for the year is ₹ 264 lakhs (2016-17 ₹ 85 lakhs).

	As at 31 March 2018	As at 31 March 2017
Principal actuarial assumptions used :		
Discount rate	7.28%	6.80%
Long-term rate of compensation increase	7.00%	7.50%
Average remaining life	24	24
Attrition rate	18.00%	15.00%

21 Other liabilities

	As at 31 March 2018	As at 31 March 2017
Non-current		
Advance from customers	6,658	4,481
	6,658	**4,481**
Current		
Statutory dues	336	301
Billing in advance of work completed	588	6,324
Advance from customers	11,952	12,665
Others	1,033	979
	13,909	**20,269**

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

22 Borrowings

	As at 31 March 2018	As at 31 March 2017
Secured		
Packing credit	24,005	11,974
Cash Credit	3,621	-
Buyers Credit	-	12
	27,626	**11,986**

The carrying amount of short term borrowings is considered to be a reasonable approximation of fair value.

Terms, repayment and guarantee details of short-term borrowings

The Company has availed packing credit facilities in Indian rupees and US dollars at an interest rate of 4.65% to 5.50% (31 March 2017: 5.5% to 6.30%) and 1.78% to 4.46% (31 March 2017: 1.41% to 2.15%) respectively. These packing credits are repayable within 180 days, as applicable, from the date of availment and are secured against foreign currency receivables.

23 Current tax liabilities (net)

	As at 31 March 2018	As at 31 March 2017
Current tax liabilities (net)	4,901	4,362
	4,901	**4,362**

24 Financial instruments

The carrying value and fair value of financial instruments by categories are as follows:

Categories of financial assets and financial liabilities

Particulars	Financial assets at fair value through profit and loss	Financial assets at amortised cost	Total
As at 31 March 2018			
Financial assets			
Investments	17	-	17
Loans	-	248	248
Trade receivables	-	196,847	196,847
Cash and bank balances	-	6,180	6,180
Other financial assets	-	7,175	7,175
	17	**210,450**	**210,467**

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Particulars	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
As at 31 March 2018			
Financial liabilities			
Trade payables	-	105,058	105,058
Borrowings	-	27,626	27,626
Other financial liabilities	1,446	2,156	3,602
	1,446	**134,840**	**136,286**

Particulars	Financial assets at fair value through profit and loss	Financial assets at amortised cost	Total
As at 31 March 2017			
Financial assets			
Investments	1,933	-	1,933
Loans	-	295	295
Trade receivables	-	171,971	171,971
Cash and bank balances	-	9,470	9,470
Other financial assets	-	5,980	5,980
	1,933	**187,716**	**189,649**

Particulars	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
As at 31 March 2017			
Financial liabilities			
Trade payables	-	97,175	97,175
Borrowings	-	11,986	11,986
Other financial liabilities	1,446	1,953	3,399
	1,446	**111,114**	**112,560**

Investments excludes equity instruments in subsidiaries and associates amounting to ₹ 2,519 Lakhs (previous year ₹ 2,471 Lakhs) which are measured at cost.

The carrying value of financial asset and financial liabilities approximates the fair value of financial asset and financial liabilities as at 31 March 2018 and 31 March 2017.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

25 Revenue from operations

	Year ended 31 March 2018	Year ended 31 March 2017
Sale of services		
- Export	71,646	60,866
- Domestic	110,232	117,080
	181,878	**177,946**
Other operating revenues, net	3,755	1,892
	185,633	**179,838**

26 Other income

	Year ended 31 March 2018	Year ended 31 March 2017
Interest income from deposits with banks	1	475
Interest income - others	252	129
Dividend income	2,007	134
Foreign currency gain, net	-	1,387
	2,260	**2,125**

27 Cost of sales and services

	Year ended 31 March 2018	Year ended 31 March 2017
Material costs	73,646	76,963
Civil costs	34,667	25,042
Erection and commissioning costs	7,302	5,934
Taxes and duties	1,918	7,331
Site establishment costs	4,602	3,749
Engineering costs	3,305	2,677
Project consultancy fee	892	1,625
Warranty expenses (Also refer note 20(a))	133	617
Foreseeable losses on contracts (Also refer note 20(c))	(33)	(35)
Project travel	1,850	1,359
Insurance costs	637	681
Power and fuel	410	136
Liquidated damages (Also refer note 20(b))	430	892
Other project expenses, net	13,673	9,725
	143,432	**136,696**

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

28 Changes in inventories

	Year ended 31 March 2018	Year ended 31 March 2017
Inventories at the beginning of the year		
Construction work-in-progress	2,688	5,926
Stores and spares	751	620
	3,439	**6,546**
Less: Inventories at the end of the year		
Construction work-in-progress	2,626	2,688
Stores and spares	638	751
	3,264	**3,439**
	175	**3,107**

29 Employee benefits expense

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries and wages	10,791	8,959
Gratuity and compensated absences (Also refer note 20(d))	399	165
Contribution to provident and other defined contribution funds	555	385
Staff welfare expenses	699	749
	12,444	**10,258**

30 Finance costs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest expenses for borrowings at amortised cost	1,263	1,174
Bank charges	1,820	1,160
	3,083	**2,334**

31 Depreciation and amortization expense

	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation of tangible assets (Also refer note 4)	741	770
Amortization of intangible assets (Also refer note 4)	168	184
	909	**954**

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

32 Other expenses

	Year ended 31 March 2018	Year ended 31 March 2017
Rent (Also refer note 37)	291	222
Insurance	70	27
Power and fuel	193	220
Rates and taxes	29	55
Repairs and maintenance	582	634
Professional charges (Also refer note 38)	1,451	1,136
Communication expenses	111	147
Travelling and conveyance	1,034	902
Foreign currency loss, net	214	-
Bad and doubtful debts, net	4,745	4,311
Loss on sale of tangible assets, net	4	-
Impairment of investments	-	407
Corporate social responsibility expenses (Also refer note 39)	194	73
Printing and stationery	118	114
Office and maintenance expenses	300	329
Miscellaneous expenses	1,093	1,002
	10,429	**9,579**

33 Exceptional item

Consequent to International Water Treatment LLC, a Joint venture entity in Oman (IWT/Joint venture), being unsuccessful in its arbitration claim for Liquidated Damages (LD) against project related time overruns, the Company, as part of its contractual obligation under the EPC contract, had to pay its share of LD for the claim levied on the Joint venture. Pursuant to the arbitration award rejecting such a claim, the Company has made payments amounting to ₹ 7,860 lakhs towards its share of LD and costs, as investments in IWT. Consequent to IWT carrying out a capital reduction, the Company has impaired its entire investments in the Joint venture. An impairment loss of ₹ 6,432 lakhs (net of provisions already made in the earlier years) has been accounted during the previous year and the same has been disclosed as an Exceptional item in the Statement of profit and loss.

34 Income taxes

The major components of income tax expense for the year ended 31 March 2018 and 31 March 2017 are:

	Year ended 31 March 2018	Year ended 31 March 2017
Current tax:		
- Current tax	6,934	4,854
Deferred tax:		
- Relating to origination and reversal of temporary differences	(1,226)	251
Tax expense reported in the statement of profit and loss	**5,708**	**5,105**
Deferred tax related to net (gain)/loss on re-measurements of defined benefit plans recognized in other comprehensive income	11	(76)
Tax expense reported in other comprehensive income	**11**	**(76)**

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Tax reconciliation:

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Company at 34.61% (2016-17: 34.61%) and the reported tax expense in the statement of profit and loss are as follows:

	Year ended 31 March 2018	Year ended 31 March 2017
Profit before taxes	17,421	12,603
Enacted tax rates	34.61%	34.61%
Tax on profit at enacted tax rate	6,029	4,362
Dividend Income taxed at lower rate	(347)	-
Income from mutual funds	-	(27)
Impairment of loan and investments	-	624
Others	26	146
Income tax expense	**5,708**	**5,105**
Current tax	6,934	4,854
Deferred tax	(1,226)	251
Income tax expense reported in the statement of profit and loss	**5,708**	**5,105**

35 Earnings per equity share (EPS)

	Year ended 31 March 2018	Year ended 31 March 2017
For profit for the year		
Nominal value of equity shares (in ₹)	2	2
Profit attributable to equity shareholders (A)	11,713	7,498
Weighted average number of equity shares outstanding during the year (B)	54,611,241	54,532,970
Basic earnings per equity share (A/B) (in ₹)	**21.45**	**13.78**
For total comprehensive income		
Nominal value of equity shares (in ₹)	2	2
Total comprehensive income attributable to equity shareholders (a)	11,735	7,355
Weighted average number of equity shares outstanding during the year (b)	54,611,241	54,532,970
Basic earnings per equity share (a/b) (in ₹)	**21.49**	**13.52**
For profit for the year		
Dilutive effect on profit (C)	-	-
Profit attributable to equity shareholders for computing diluted EPS (D) = (A+C)	11,713	7,498
Dilutive effect on weighted average number of equity share options outstanding during the year (E)	84,696	197,886
Weighted average number of equity shares for computing diluted EPS (F) = (B+E)	54,695,937	54,730,856
Diluted earnings per equity share (D/F) (in ₹)	**21.41**	**13.73**
For total comprehensive income		
Dilutive effect on profit (c)	-	-
Total comprehensive income attributable to equity shareholders for computing diluted EPS (d) = (a+c)	11,735	7,355
Dilutive effect on weighted average number of equity share options outstanding during the year (e)	84,696	197,886
Weighted average number of equity shares for computing diluted EPS (f) = (b+e)	54,695,937	54,730,856
Diluted earnings per equity share (d/f) (in ₹)	**21.45**	**13.47**

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

36 Construction contracts

In terms of the disclosures required to be made under the Ind AS 11 as notified in section 133 of the Companies Act, 2013, the amounts considered in the financial statements up to the balance sheet date are as follows:

	Year ended 31 March 2018	Year ended 31 March 2017
Contract revenue recognised during the year	163,772	163,087
Aggregate amount of costs incurred and recognized profits and losses for all contracts in progress	705,404	577,985
Less : Progress billings	659,957	546,919
	45,447	**31,066**
Recognized as :		
Due from customers for construction contract work, recognized in "Trade receivables"	46,035	37,390
Due to customers for construction contract work, recognized in "Other liabilities"	(588)	(6,324)
	45,447	**31,066**
Advances received from customers for contracts related to work not yet performed included in "Other liabilities"	18,610	17,146
Retention on contracts in progress included within "Trade receivables"	40,910	29,103

37 Leases

	Year ended 31 March 2018	Year ended 31 March 2017
Operating lease commitments - as lessee		
Total lease payments charged off to the statement of profit and loss (Also refer note 32)	291	222

Disclosures in respect of non-cancellable operating leases

The lease rentals charged for the years ended 31 March 2018 and 31 March 2017 and maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as below:

		Year ended 31 March 2018	Year ended 31 March 2017
The total of future minimum lease payments for each of the following periods:			
(i)	Not later than one year	5	12
(ii)	Due later than one year and not later than five years	5	-
(iii)	Due later than five years	-	-
		10	**12**

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

38 Remuneration to auditors (included as part of Professional charges)*

	Year ended 31 March 2018	Year ended 31 March 2017
As auditor		
Statutory audit	27	27
Limited review	8	8
Taxation matters	3	3
In other capacity		
Other services	17	4
	55	**42**

** excluding taxes*

39 Expenditure on Corporate Social Responsibility (CSR)

		Year ended 31 March 2018	Year ended 31 March 2017
a)	Gross amount required to be spent	372	298
b)	Amount spent on:		
(i)	Construction/acquisition of any asset	163	33
(ii)	On purposes other than (i) above	31	40
		194	**73**

40 Employee stock based option

Employee share based plan- ESOP 2010 Scheme

In August 2010, the Board of Directors approved and the Company adopted the "ESOP 2010" (the "Plan") under which not more than 467,831 shares of the Company's equity shares was reserved for issuance to employees. The Board of Directors determined that the options granted under the Plan would vest not less than one year and not more than five years from the date of grant. The exercise price of options shall be ₹ 900 (Face value of ₹ 5 each) on the grant date.

Particulars	Number of shares as at 31 March 2018	Weighted average exercise price ₹	Number of shares as at 31 March 2017	Weighted average exercise price ₹
Options outstanding at the beginning of the year	294,440	180	465,785	180
Exercised during the year	84,332	180	76,657	180
Expired/ lapsed during the year	87,394	180	94,688	180
Options outstanding at the end of the year	**122,714**		**294,440**	
Options exercisable as at the end of the period	**122,714**		**294,440**	

During the year ended 31 March 2018 and 31 March 2017, the weighted average share price of options exercised under the Plan on the date of exercise was ₹ 594 and ₹ 548. The weighted average remaining contractual life of the Plan outstanding as of 31 March 2018 and 31 March 2017 is 0.5 year and 1.5 years respectively.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

41 Related party disclosures

a) Names of related parties and nature of relationship

Nature of relationship	Name of related party
Subsidiary companies	VA Tech Wabag (Singapore) Pte Ltd, Singapore
	VA Tech Wabag GmbH, Austria
	Wabag Wassertechnik AG, Switzerland
	VA Tech Wabag Deutschland GmbH, Germany
	VA Tech Wabag Brno spol S.R.O, Czech Republic
	Wabag Water Services (Macao) Limited, Macao
	Wabag Water Services s.r.l., Romania
	VA Tech Wabag Tunisie s.a.r.l, Tunisia
	Ujams Wastewater Treatment Company (Pty) Ltd, Namibia
	VA Tech Wabag Su Tecknolojisi Ve Tic A.S, Turkey
	VA Tech Wabag Muscat LLC, Oman
	VA Tech Wabag (Philippines) Inc, Philippines
	VA Tech Wabag Limited Pratibha Industries Limited JV, Nepal
	Wabag Limited, Thailand
	Wabag Operation and Maintenance WLL, Bahrain
	Wabag Muhibbah JV Sdn Bhd, Malaysia
	Wabag Belhasa JV WLL, Bahrain
	VA Tech Wabag and Roots Contracting LLC, Qatar
	VA Tech Wabag Brazil Servicos De Agua E Saneamento LTDA (Incorporated effective 08 March 2018)
	VA Tech Wabag Algerie s.a.r.l, Algeria (Liquidated effective 24 October 2016)
	Beijing VA Tech Wabag Water Treatment Technology Co. Limited, China (Liquidated effective 12 April 2016)
	VA Tech Wabag (Hong Kong) Limited, Hong Kong (Liquidated effective 14 April 2016)
	VA Tech Wabag (Spain) S.L.U, Spain (Liquidated effective 30 March 2017)
Associate	Windhoek Goreangab Operating Company (Pty) Limited, Namibia
	VA Tech Wabag and Roots Contracting LLC, Qatar
	Thoothukudi Renew Waters Private Limited
Joint Venture	International Water Treatment LLC, Oman
Key Managerial Personnel (KMP)	Mr. Rajiv Mittal - Managing Director & Group Chief Executive Officer
	Mr. S Varadarajan - Executive Director & Chief Growth Officer
	Mr. Bhagwan Dass Narang - Independent director, Chairman
	Mr. Malay Mukherjee - Independent director
	Mr. Sumit Chandwani - Independent director
	Ms. Revathi Kasturi - Independent director
	Mr. Jaithirth Rao -Independent director (Resigned w.e.f 27 July 2017)
	Mr. G Parthasarathy - Chief Financial Officer
	Mr. Pankaj Sachdeva - Chief Executive Officer (w.e.f 28 November 2016)

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

b) Transactions with related parties

Particulars	2017-18			2016-17		
	Subsidiaries	Associates	Joint venture	Subsidiaries	Associates	Joint venture
(Sale)/Purchase of goods/services	(2,143)	98	-	(11,743)	(100)	(25)
Purchase of investments	48	-	-	80	-	7,860
Others - expense /(income) *	2,390	138	-	488	(137)	506
Reimbursements received/receivable	269	12	4	(590)	8	(18)

* Other income also include group fees.

c) Balances with related parties

Particulars	2017-18			2016-17		
	Subsidiaries	Associates	Joint venture	Subsidiaries	Associates	Joint venture
Advances/ amount recoverable	8,564	422	426	13,117	277	422
Loan to related parties	248	-	-	295	-	-
Creditors/payables	(1,413)	-	-	210	6	-

All transactions with these related parties are priced on an arm's length basis. None of the balances are secured.

Note:

The maximum amount of Loans and advances in the nature of Loans outstanding during the year in accordance with Regulation 34(3) of the SEBI(Listing Obligations and Disclosure Requirements) Regulations 2015 is as below:

i) Wabag Limited, Thailand - ₹ 248 Lakhs (Previous year ₹ 295 Lakhs)

d) List of guarantees

Purpose of Guarantee	2017-18			2016-17		
	Subsidiaries	Associates	Joint venture	Subsidiaries	Associates	Joint venture
Corporate guarantee for securing banking lines	24,958	-	-	19,491	-	-
Corporate guarantee for contract performance	-	-	-	-	106	-
Bank guarantee for contract performance	10,982	681	-	10,111	532	-
Bank guarantee for contract performance and warranty	-	-	1,135	-	-	2,513

e) Remuneration to Key Managerial Personnel

Particulars	2017-18	2016-17
Salaries including bonus	738	566
Post employment and termination benefits	57	93
Commission	69	75

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

42 Fair value measurement

Fair value measurement hierarchy

The Company records certain financial assets and financial liabilities at fair value on a recurring basis. The Company determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The Company holds certain fixed income investments and other financial assets such as employee loans, deposits etc. which must be measured using the fair value hierarchy and related valuation methodologies. The guidance specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about current market conditions. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three Levels of fair value hierarchy. These levels are based on the observability of significant inputs to the measurement, as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e prices) or indirectly (i.e derived from prices)
- **Level 3:** Inputs for assets or liabilities that are not based on observable market data (unobservable inputs)

The following table shows the Levels within the hierarchy of financial and non-financial assets and liabilities measured at fair value on a recurring basis as at 31 March 2018, 31 March 2017:

(a) Quantitative disclosures fair value measurement hierarchy for assets as at 31 March:

				Fair value measurement using		
		Date of valuation	Carrying value	Level 1	Level 2	Level 3
i)	**Assets measured at fair value:**					
	Fair value through statement of profit and loss					
	Investments					
	2018	31 March 2018	17	-	-	17
	2017	31 March 2017	1,933	1,916	-	17
Investment in mutual funds are valued based on the Net Asset Value (NAV) of the funds as at the year end. The NAV of the funds are provided by the fund management company at the end of each reporting year.						
ii)	**Liabilities measured at fair value:**					
	Financial guarantees					
	2018	31 March 2018	1,446	-	-	1,446
	2017	31 March 2017	1,446	-	-	1,446

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

		As at 31 March 2018	As at 31 March 2017
iii)	**Liabilities measured at amortised cost:**		
a)	**Interest-bearing loans and borrowings:**		
	Floating rate borrowings	-	-
	Fixed rate borrowings	27,626	11,986

The fair values of the Company's interest-bearing borrowings and loans are determined under amortised cost method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. These rates are considered to reflect the market rate of interest and hence the carrying value are considered to be at fair value.

43 Nature and extent of risks arising from financial instruments and respective financial risk management objectives and policies

The Company's principal financial liabilities comprise of loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its group companies operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and short-term deposits that derive directly from its operations. The Company also enters into derivative transactions and holds short term investments.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by the Group Treasury Team that advises on financial risks and the appropriate financial risk governance framework in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by Group Treasury Team that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors review and agree on policies for managing each of these risks, which are summarised below.

a) Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates are managed by borrowing at fixed interest rates. During the year Company did not have any floating rate borrowings.

Foreign currency risk

Most of the Company's transactions are carried out in Indian rupees. Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in US dollars (USD) and Euro (EUR).

To mitigate the Company's exposure to foreign currency risk, cash flows are monitored and forward exchange contracts are entered into in accordance with the Company's risk management policies. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward exchange contracts are mainly entered into for net foreign currency exposures that are not expected to be offset by other same currency transactions.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Foreign currency denominated financial assets and financial liabilities which expose the Company to currency risk are disclosed below. The amounts shown are those reported to key management translated at the closing rate:-

	Foreign currency exposure (in ₹ in lakhs)	
	USD	EUR
31 March 2018		
Financial assets	25,850	372
Financial liabilities	14,378	202
31 March 2017		
Financial assets	23,849	703
Financial liabilities	9,886	1,288

Currency risk (or foreign exchange risk) arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this disclosure, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

The following table illustrates the sensitivity of profit and equity in regards to the Company's financial assets and financial liabilities and the USD/₹ exchange rate and EUR/₹ exchange rate 'all other things being equal'. It assumes a +/- 1% change of the ₹ /USD and ₹ /EUR exchange rate for the year ended 31 March 2018 (31 March 2017: 1%).

If the ₹ had strengthened against the USD by 1% during the year ended 31 March 2018 (31 March 2017: 1%), and EUR by 1% during the year ended 31 March 2018 (31 March 2017: 1%) respectively then this would have had the following impact on profit before tax and equity before tax:

		As at 31 March 2018	As at 31 March 2017
Profit before tax			
USD	**+1%**	115	140
EUR	**+1%**	2	(6)
		116	**134**
Equity before tax			
USD	**+1%**	115	140
EUR	**+1%**	2	(6)
		116	**134**

If the ₹ had weakened against the USD by 1% during the year ended 31 March 2018 (31 March 2017: 1%) and EUR by 1% during the year ended 31 March 2018 (31 March 2017: 1%) respectively, there would be an equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

The movement in the pre-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in USD and EUR. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

b) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example trade receivables, placing deposits, investment in mutual funds etc. the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 March, as summarised below:

	As at 31 March 2018	As at 31 March 2017
Classes of financial assets		
Trade receivables	196,847	171,971
Cash and bank balances	6,180	9,470
Other financial assets	7,175	5,980

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls. The Company's policy is to transact only with counterparties who are highly creditworthy which are assessed based on internal due diligence parameters.

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Customer credit risk is managed based on the Company's established policy, procedures and control relating to customer credit risk management, pursuant to which outstanding customer receivables are regularly monitored by the management. Outstanding customer receivables are regularly monitored by the management to ensure the risk of credit loss is minimal. Credit quality of a customer is assessed based on historical information in relation to pattern of collections, defaults and credit worthiness of the customer. As at 31 March 2018, the Company had 12 (Previous year 2016-17 : 10) customers that owed the Company more than ₹ 3,000 lakhs each and accounted for approximately 80% (Previous year 2016-17: 78%) of all the receivables outstanding. As at 31 March 2018, the Company has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired.

The credit risk for cash and cash equivalents, fixed deposits and mutual funds are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Other financial assets mainly comprises of tender deposits and security deposits which are given to customers or other governmental agencies in relation to contracts executed and are assessed by the Company for credit risk on a continuous basis.

c) Liquidity risk

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on a monthly, quarterly, and yearly basis depending on the business needs. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Company's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade receivables are all contractually due within six months except for retention and long term trade receivables which are governed by the relevant contract conditions.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, and short-term borrowings. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below analyses non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows as at 31 March 2018 and 31 March 2017.

Year ended 31 March 2018	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Borrowings	27,901	-	-	-
Trade payables	92,554	-	12,504	-
Other financial liabilities	1,932	1,446	224	-
	122,387	**1,446**	**12,728**	**-**

Year ended 31 March 2017	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Borrowings	12,096	-	-	-
Trade payables	82,999	-	14,176	-
Other financial liabilities	1,738	1,446	215	-
	96,833	**1,446**	**14,391**	**-**

44 Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the reporting date (31 March 2018) and the date of authorization except for proposed dividend as disclosed in note 17.

45 Contingent liabilities, commitments and guarantees

a) Claims against the Company not acknowledged as debt

Particulars	As at 31 March 2018	As at 31 March 2017
Income tax demand including interest contested in appeal for various assessment years	3,096	1,637
Indirect tax matters under dispute	2,618	8,214

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

b) Capital commitments

The estimated amounts of contracts to be executed on capital account and not provided for (net of advances) Nil (Previous year – Nil). Other commitments are cancellable at the option of the company and hence not disclosed.

c) Guarantees excluding financial guarantees

	As at 31 March 2018	As at 31 March 2017
Guarantees issued by the Company for:		
- subsidiaries/joint venture/ associates	12,798	13,263
- Others	45,483	48,477

46 Segment reporting

The Company publishes standalone financial statements along with the consolidated financial statements in the annual report. In accordance with Ind AS 108, Operating segments, the Company has disclosed the segment information in the consolidated financial statements.

47 During the financial year, pursuant to a corporate insolvency resolution process ("CIRP") ordered by National Company Law Tribunal ("NCLT") against M/s. Tecpro Limited ("Tecpro"), erstwhile lead consortium member of the projects in Kakatiya and Rayalaseema areas of the states of Telangana and Andhra Pradesh respectively. The Company filed a claim amounting to ₹ 58,793 Lakhs representing the monies receivable from Tecpro, included under financial assets in books of accounts of the Company. The Company has been contractually appointed as the consortium leader and is currently in the process of recovering these dues directly from the ultimate customer of the projects. The Company has estimated certain expected credit losses in the books of accounts and is confident of recovering the balance dues from the ultimate customer in due course.

Notes 1 to 47 form an integral part of the standalone financial statements.

In terms of our report attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Kunj B.Agrawal**
Partner

Place : Chennai
Date : 25 May 2018

For and on behalf of the Board of Directors of **VA Tech Wabag Limited**

B D Narang
Chairman
(DIN :00826573)

Rajiv Mittal
Managing Director & Group CEO
(DIN :01299110)

G Parthasarathy
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No.:17696)

Place : Chennai
Date : 25 May 2018

Independent Auditor's Report

To the Members of VA Tech Wabag Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of VA Tech Wabag Limited ('the Holding Company') and its subsidiaries, its associates and joint venture (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group including its associates and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The Holding Company's Board of Directors and the respective Board of Directors of the subsidiaries included in the Group, and its associates and joint venture are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms of the provisions of the Act, the respective Board of Directors/ management of the companies included in the Group, its associate companies and joint venture companies covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 10 of the Other

Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint venture, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (consolidated financial position) of the Group, its associates and joint venture as at 31 March 2018, and their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Emphasis of Matter

9. We draw reference to Note 48 of the Consolidated financial statements which describes that pursuant to a corporate insolvency resolution process ordered by National Company Law Tribunal against the erstwhile lead consortium member of a project, the Holding Company had filed a claim amounting to ₹58,793 Lakhs representing balances receivable from such member and included under financial assets in the Holding Company's books of account as at 31 March 2018. The Holding Company has been contractually appointed as the consortium leader and is in the process of recovering these dues directly from the ultimate customer. Considering significant uncertainties associated with the final outcome of these matters, management has, based on its assessment, estimated and accounted for certain expected credit losses against these balances. Our opinion is not modified in respect of this matter.

Other Matter

10. We did not audit the financial statements of 17 subsidiaries, whose financial statements reflect total assets of ₹150,805 Lakhs and net assets of ₹40,245 Lakhs as at 31 March 2018, total revenues of ₹173,430 Lakhs and net cash outflows amounting to ₹9,165 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹256 Lakhs for the year ended 31 March 2018, as considered in the consolidated financial statements, in respect of 2 associates and 1 joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associates and joint venture, is based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

11. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, associates and joint venture, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

    c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;

    e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies, associate companies and joint venture companies covered under the Act, none of the directors of the

Group companies, its associate companies and joint venture companies covered under the Act, are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary companies, associate companies and joint venture companies covered under the Act and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates and joint venture:

(i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint venture as detailed in Note 47 to the consolidated financial statements.

(ii) provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts, as detailed in Note 20(d) to the consolidated financial statements;

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and joint venture companies covered under the Act;

(iv) the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per Kunj B. Agrawal
Partner
Membership No.: 095829
Place : Chennai
Date : 25 May 2018

Annexure A to the Independent Auditor's Report of even date to the members of VA Tech Wabag Limited, on the consolidated financial statements for the year ended 31 March 2018

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the consolidated financial statements of VA Tech Wabag Limited ("the Holding Company") and its subsidiaries, its associates and joint venture (the Holding Company and its subsidiaries together referred to as "the Group"), as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls over Financial Reporting issued by Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of the company's assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note"), issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls over Financial Reporting issued by Institute of Chartered Accountants of India ("ICAI").

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per Kunj B. Agrawal
Partner
Membership No.: 095829
Place : Chennai
Date : 25 May 2018

Consolidated Balance Sheet

As at 31 March 2018

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Note	As at 31 March 2018	As at 31 March 2017
Assets			
Non-current assets			
Property, plant and equipment	5	9,921	10,530
Intangible assets	5	7,321	6,914
Investments accounted for using the equity method	6	436	313
Financial assets			
- Investments	6	17	17
- Trade receivables	7	41,706	38,773
- Bank balances	8	498	-
- Other financial assets	9	550	205
Deferred tax assets (net)	10	3,801	2,468
Income tax assets (net)	11	6,485	5,374
Other non-current assets	12	319	431
		71,054	**65,025**
Current assets			
Inventories	13	3,822	3,850
Financial assets			
- Investments	6	-	1,916
- Trade receivables	7	245,612	212,376
- Cash and cash equivalents	14	13,656	23,905
- Bank balances other than those mentioned in cash and cash equivalents	14	4,861	2,269
- Other financial assets	9	3,484	4,087
Other current assets	12	30,540	21,630
		301,975	**270,033**
Total assets		**373,029**	**335,058**
Equity and Liabilities			
Equity			
Equity share capital	15	1,093	1,091
Other equity			
- Securities premium reserve		27,694	27,536
- Reserves and surplus		84,079	70,686
- Share application money pending allotment		-	1
Equity attributable to owners of the parent		**112,866**	**99,314**
Non-controlling interests		3,375	1,725
Total equity		**116,241**	**101,039**
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	17	4,993	6,322
- Trade payables	18	12,772	14,269
- Other financial liabilities	19	224	215
Provisions	20	1,385	1,358
Deferred tax liabilities (net)	10	1,289	307
Other non-current liabilities	21	6,658	4,481
		27,321	**26,952**
Current liabilities			
Financial liabilities			
- Borrowings	17	42,738	24,586
- Trade payables	18	148,987	125,744
- Other financial liabilities	19	2,646	4,818
Other current liabilities	21	23,642	41,616
Provisions	20	5,535	5,213
Current tax liabilities (net)	22	5,919	5,090
		229,467	**207,067**
Total liabilities		**256,788**	**234,019**
Total equity and liabilities		**373,029**	**335,058**

Notes 1 to 48 form an integral part of these consolidated financial statements

In terms of our report attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Kunj B. Agrawal**
Partner

Place : Chennai
Date : 25 May 2018

For and on behalf of the Board of Directors of **VA Tech Wabag Limited**

B D Narang
Chairman
(DIN : 00826573)

Rajiv Mittal
Managing Director & Group CEO
(DIN : 01299110)

G Parthasarathy
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No.:17696)

Place : Chennai
Date : 25 May 2018

Consolidated Statement of Profit and Loss

For the year ended 31 March 2018

(All amounts are in Lakhs of Indian Rupees , unless otherwise stated)

	Note	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from operations	24	345,728	320,791
Other income	25	565	1,123
Total income		**346,293**	**321,914**
Expenses			
Cost of sales and services	26	273,300	248,200
Changes in inventories	27	62	5,677
Employee benefits expense	28	26,371	24,397
Finance costs	29	5,768	5,258
Depreciation and amortization expense	30	1,784	1,911
Other expenses	31	16,819	12,855
Total expenses		**324,104**	**298,298**
Profit before share of net profits of investments accounted for using equity method and tax		**22,189**	**23,616**
Share of profit/(loss) of associates and a joint venture, net		256	(5,726)
Profit before tax		**22,445**	**17,890**
Tax expense	32		
- Current tax		8,185	6,418
- Deferred tax		(445)	248
Profit for the year		**14,705**	**11,224**
Profit for the year attributable to:			
Non-controlling interests		1,554	984
Owners of the parent		**13,151**	**10,240**
		14,705	**11,224**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Re-measurement (losses) on defined benefit plans		(8)	(211)
- Income tax relating to items that will not be reclassified to profit and loss		(14)	76
- Exchange differences on translation of foreign operations		167	(80)
		145	(215)
Items that will be reclassified subsequently to profit and loss			
- Exchange differences on translation of foreign operations		2,875	(1,434)
		2,875	(1,434)
Other comprehensive income for the year, net of tax		**3,020**	**(1,649)**
Total comprehensive income for the year		**17,725**	**9,575**
Other comprehensive income for the year, net of tax attributable to:			
Non-controlling interests		167	(80)
Owners of the parent		**2,853**	**(1,569)**
		3,020	**(1,649)**
Total comprehensive income for the year attributable to:			
Non-controlling interests		1,721	904
Owners of the parent		**16,004**	**8,671**
		17,725	**9,575**
Earnings per equity share	33		
Basic (in ₹)		24.08	18.82
Diluted (in ₹)		24.04	18.75

Notes 1 to 48 form an integral part of these consolidated financial statements

In terms of our report attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Kunj B. Agrawal**
Partner

Place : Chennai
Date : 25 May 2018

For and on behalf of the Board of Directors of **VA Tech Wabag Limited**

B D Narang
Chairman
(DIN : 00826573)

Rajiv Mittal
Managing Director & Group CEO
(DIN : 01299110)

G Parthasarathy
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No.:17696)

Place : Chennai
Date : 25 May 2018

Consolidated Cash Flow Statement

For the year ended 31 March 2018

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

		Year ended 31 March 2018	Year ended 31 March 2017
A.	**Cash flow from operating activities**		
	Profit before tax	**22,445**	**17,890**
	Adjustments to reconcile net income to net cash provided by operating activities		
	Depreciation and amortization expense	1,784	1,911
	Share of (gain)/loss of associates and a joint venture, net	(256)	5,726
	Unrealized foreign exchange (gain)	(488)	(162)
	Bad and doubtful debts, net	5,784	4,604
	Loss/(Gain) on sale of property, plant and equipment	4	(85)
	Interest expenses	2,689	2,674
	Interest income	(565)	(979)
	Provision/(Reversal) for foreseeable losses on contracts	168	(35)
	Provision for compensated absences and gratuity	605	945
	Provision for liquidated damages	477	892
	Provision for warranty	207	610
	Operating profit before working capital changes	**32,854**	**33,991**
	Changes in assets and liabilities		
	(Increase) in trade receivables	(40,608)	(60,958)
	Decrease/(Increase) in other financial assets	258	(401)
	(Increase) in other assets	(8,908)	(2,755)
	Decrease in inventories	62	5,677
	Increase in trade payables	22,306	21,754
	(Decrease)/Increase in other financial liabilities	(2,163)	407
	(Decrease)/Increase in other liabilities	(15,781)	12,911
	(Decrease) in provisions	(1,350)	(2,316)
	Cash (used in) / generated from operating activities	**(13,330)**	**8,310**
	Direct taxes paid, net	(8,248)	(7,698)
	Net cash (used in) / generated from operating activities	**(21,578)**	**612**
B.	**Cash flow from investing activities**		
	Purchase of assets (including capital work-in-progress and capital advances)	(638)	(1,391)
	Proceeds from sale of property, plant and equipment	276	278
	Proceeds from sale of investments	1,916	1,178
	Dividend received	109	166
	Interest received	312	958
	Net movement in bank deposits	(3,056)	4,889
	Net cash (used in) / generated from investing activities	**(1,081)**	**6,078**

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

		Year ended 31 March 2018	Year ended 31 March 2017
C.	**Cash flow from financing activities**		
	Proceeds from borrowings	66,632	72,125
	Repayment of borrowings	(50,809)	(76,959)
	Proceeds from issue of equity shares including securities premium	151	138
	Interest paid to banks and others	(2,689)	(2,674)
	Dividend paid	(2,674)	(2,636)
	Net cash generated from /(used in) financing activities	**10,611**	**(10,006)**
D.	**Net change in cash and cash equivalents**	**(12,048)**	**(3,316)**
	Effects of foreign currency translation	2,233	(838)
E.	**Cash and cash equivalents at the beginning**	**23,905**	**30,703**
F.	**Bank overdraft at the beginning**	**(807)**	**(3,451)**
G.	**Cash and cash equivalents in Cash Flow Statement at the end**	**13,283**	**23,098**
	Cash and cash equivalents include		
	Cash on hand	125	169
	Cheques on hand	1,813	5,308
	Balances with banks		
	- in current accounts	9,643	15,010
	- in deposit accounts (maturity upto 3 months)	2,075	3,418
	Cash and cash equivalents as per note 14	13,656	23,905
	Bank overdraft as per note 17	(337)	(807)
	Cash and cash equivalents in Cash Flow Statement	**13,283**	**23,098**

Notes 1 to 48 form an integral part of these consolidated financial statements

In terms of our report attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Kunj B. Agrawal**
Partner

Place : Chennai
Date : 25 May 2018

For and on behalf of the Board of Directors of **VA Tech Wabag Limited**

B D Narang
Chairman
(DIN : 00826573)

Rajiv Mittal
Managing Director & Group CEO
(DIN : 01299110)

G Parthasarathy
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No.:17696)

Place : Chennai
Date : 25 May 2018

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

A. Equity share capital

Particulars	Note	Amount
Balance as at 01 April 2016	15	**1,090**
Changes in equity share capital during the year		1
Balance as at 01 April 2017		**1,091**
Changes in equity share capital during the year		2
Balance as at 31 March 2018		**1,093**

B. Other equity

Particulars	Note	Attributable to the equity holders of the Parent									Total attributable to the equity holders of the Parent	Non-controlling interests	Total equity
		Reserves and surplus							Securities premium reserve	Share application money pending allotment			
		Capital reserve	Stock option outstanding account	General reserve	Surplus in the statement of profit and loss	Legal reserve	Foreign currency translation reserve	Accumulated other comprehensive income					
Balance as at 01 April 2016		**14,504**	**62**	**3,301**	**42,678**	**95**	**3,403**	**(501)**	**27,396**	**4**	**90,942**	**821**	**91,763**
Dividends	16	-	-	-	(2,180)	-	-	-	-	-	(2,180)	-	(2,180)
Dividend distribution tax	16	-	-	-	(456)	-	-	-	-	-	(456)	-	(456)
Issue of share capital on exercise of employee share option		-	(4)	-	-	-	-	-	140	-	136	-	136
Transfer to general reserve		-	-	-	-	-	-	-	-	-	-	-	-
Share application money received		-	-	-	-	-	-	-	-	138	138	-	138
Equity shares allotted		-	-	-	-	-	-	-	-	(141)	(141)	-	(141)
Capital reserve generated		1,113	-	-	-	-	-	-	-	-	1,113	-	1,113
Transfer from legal reserves		-	-	-	34	(34)	-	-	-	-	-	-	-
Transactions with owners/ non-controlling interests		**1,113**	**(4)**	**-**	**(2,602)**	**(34)**	**-**	**-**	**140**	**(3)**	**(1,390)**	**-**	**(1,390)**
Profit for the year		-	-	-	10,240	-	-	-	-	-	10,240	984	11,224
Other comprehensive income (net of tax)		-		-	-	-	(1,434)	(135)	-	-	(1,569)	(80)	(1,649)
Total comprehensive income		**-**	**-**	**-**	**10,240**	**-**	**(1,434)**	**(135)**	**-**	**-**	**8,671**	**904**	**9,575**
Balance as at 31 March 2017		**15,617**	**58**	**3,301**	**50,316**	**61**	**1,969**	**(636)**	**27,536**	**1**	**98,223**	**1,725**	**99,948**
Dividends	16	-	-	-	(2,183)	-	-	-	-	-	(2,183)	(71)	(2,254)
Dividend distribution tax	16	-	-	-	(421)	-	-	-	-	-	(421)	-	(421)
Issue of share capital on exercise of employee share option		-	(8)	-	-	-	-	-	158	-	150	-	150
Transfer to general reserve		-	(13)	13	-	-	-	-	-	-	-	-	-
Share application money received		-	-	-	-	-	-	-	-	151	151	-	151
Equity shares allotted		-	-	-	-	-	-	-	-	(152)	(152)	-	(152)
Transfer between reserves		220	-	-	(230)	10	-	-	-	-	-	-	-
Transactions with owners/ non-controlling interests		**220**	**(21)**	**13**	**(2,833)**	**10**	**-**	**-**	**158**	**(1)**	**(2,454)**	**(71)**	**(2,525)**
Profit for the year		-	-	-	13,151	-	-	-	-	-	13,151	1,554	14,705
Other comprehensive income (net of tax)		-	-	-	-	-	2,875	(22)	-	-	2,853	167	3,020
Total comprehensive income		**-**	**-**	**-**	**13,151**	**-**	**2,875**	**(22)**	**-**	**-**	**16,004**	**1,721**	**17,725**
Balance as at 31 March 2018		**15,837**	**37**	**3,314**	**60,634**	**71**	**4,844**	**(658)**	**27,694**	**-**	**111,773**	**3,375**	**115,148**

Notes 1 to 48 form an integral part of these consolidated financial statements

In terms of our report attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Kunj B. Agrawal**
Partner

Place : Chennai
Date : 25 May 2018

For and on behalf of the Board of Directors of **VA Tech Wabag Limited**

B D Narang
Chairman
(DIN : 00826573)

Rajiv Mittal
Managing Director & Group CEO
(DIN : 01299110)

G Parthasarathy
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No.:17696)

Place : Chennai
Date : 25 May 2018

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

1. Nature of operations

VA Tech Wabag Limited ('the Parent'), and its subsidiaries, its associates and joint venture (collectively referred to as 'the Group') is one of the world's leading companies in the water treatment field. The Group's principal activities include design, supply, installation, construction and operational management of drinking water, waste water treatment, industrial water treatment and desalination plants. The shares of the Parent are listed in the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Parent is domiciled in India and its registered office and its principal place of business is 'WABAG HOUSE', No.17, 200 Feet Thoraipakkam - Pallavaram Main Road, Sunnambu Kolathur, Chennai - 600 117.

2. Basis of preparation of Consolidated financial statements

2.1 General information and statement of compliance with Indian Accounting Standards (Ind AS)

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016 as notified under section 133 of Companies Act, 2016 (the "Act") and other relevant provisions of the Act.

The Group has adopted all the Indian Accounting Standards and the adoption was carried out in accordance with Ind AS 101 – First-time adoption of Indian Accounting Standards. The transition was carried out from Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

The consolidated financial statements as at and for the year ended 31 March 2018 are approved and authorized for issue by the Board of Directors on 25 May 2018.

The consolidated financial statements of the Group are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial assets and financial liabilities that have been measured at fair value. These consolidated financial statements are presented in lakhs of Indian Rupees which is also the Parent's functional currency, except per share data and as otherwise stated. Figures for the previous years have been regrouped/rearranged wherever considered necessary to conform to the figures presented in the current year.

2.2 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after 01 April, 2018:

a. Ind AS 115- Revenue from Contract with Customers:

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standards Ind AS 11 Construction Contracts and Ind AS 18 Revenue, when it becomes effective. The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard can be applied either retrospectively to each prior reporting period presented or can be applied retrospectively with recognition of cumulative effect of contracts that are not completed as at the date of initial application.

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

b. **Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:**
The amendment clarifies on the accounting of transactions that include receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. In the event of multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Appendix further clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the asset, expense or income is the date on which an entity has received or paid an advance consideration in a foreign currency towards the asset, expense or income.

Based on the initial assessment, the Company does not expect any material change to the financial statements with the implementation of the above pronouncements.

3. Basis of consolidation

The consolidated financial statements include the financial statements of the Parent and all of its subsidiaries, associates and joint venture as listed below. The financial statements of the subsidiaries, associates and joint venture forming part of these consolidated financial statements are drawn up to 31 March 2018. All material inter-company transactions and balances are eliminated on consolidation.

The following subsidiaries, associates and joint venture have been included in the consolidated financial statements:

Particulars	Country of incorporation	Percentage of holding/interest as at	
		31 March 2018	31 March 2017
Subsidiaries			
VA Tech Wabag (Singapore) Pte Ltd	Singapore	100	100
VA Tech Wabag (Philippines) Inc	Philippines	100	100
VA Tech Wabag Limited Pratibha Industries Limited JV	Nepal	100	100
Wabag Limited	Thailand	90.6	90.6
Wabag Muhibbah JV SDN BHD	Malaysia	70	70
VA Tech Wabag GmbH	Austria	100	100
Wabag Wassertechnik AG	Switzerland	100	100
VA Tech Wabag Deutschland GmbH	Germany	100	100
VA Tech Wabag Brno spol S.R.O	Czech Republic	100	100
Wabag Water Services (Macao) Limited	Macao	100	100
Wabag Water Services s.r.l	Romania	100	100
VA Tech Wabag Tunisie s.a.r.l.	Tunisia	100	100
VA Tech Wabag Su Teknolojisi Ve Tic. A S	Turkey	100	100
Ujams Wastewater Treatment Company (Pty) Ltd.	Namibia	66.4	66.4
VA Tech Wabag Muscat LLC	Oman	70	70
Wabag Operation and Maintenance W.L.L.	Bahrain	70	70
VA Tech Wabag and Roots Contracting L.L.C. – Project-I	Qatar	60	60
Wabag Belhasa JV WLL	Bahrain	100	100
Va Tech Wabag Brazil Servicos De Agua E Saneamento LTDA	Brazil	100	-
VA Tech Wabag (Spain) S.L.U (Liquidated w.e.f 30 March 2017)	Spain	-	-
VA Tech Wabag Algerie s.a.r.l, Algeria (Liquidated w.e.f. 24 October 2016)	Algeria	-	-
VA Tech Wabag (Hong Kong) Limited, Hong Kong (Liquidated w.e.f. 14 April 2016)	Hong Kong	-	-
Beijing VA Tech Wabag Water Treatment Technology Co. Limited, China (Liquidated w.e.f. 12 April 2016)	China	-	-
Associates			
Windhoek Goreangab Operating Company (Pty) Limited	Namibia	33	33
VA Tech Wabag and Roots Contracting L.L.C. – Project-II	Qatar	49	49
Joint Venture			
International Water Treatment LLC	Oman	32.5	32.5

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

The subsidiaries in China, Hong Kong, Algeria and Spain have been liquidated during the previous year.

The Group had entered into a joint venture with Pratibha Industries Limited in Nepal to execute a project. Considering the fact that the Group has control over the governing body and thereby has power over the entity, has rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of its returns, the same has been treated as a subsidiary in the consolidated financial statements.

The Group had entered into a Joint Venture with Cadagua S.A and Galfar LLC in Oman to construct a desalination water treatment plant in the Sultanate of Oman. The Group has classified this as a joint venture and it has been accounted accordingly.

Pursuant to exclusive contractual arrangements providing for a majority share in the economic interests and control of voting power differently to the shareholders in each of the projects, i.e. Project – I and Project- II being executed under the same legal entity VA Tech Wabag and Roots Contracting LLC, these projects have been treated as separate enterprises with varying controlling interests and accordingly consolidated for as a subsidiary and an associate, respectively.

The Group had entered into a joint venture with Belhasa Projects LLC, Dubai to execute a project in Bahrain. Considering the fact that the group has control over the governing body and over the operating and financial decisions of the joint venture entity, Wabag Belhasa JV, the same has been treated as a subsidiary in the consolidated financial statements.

Principles of consolidation

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under Ind AS 110 - Consolidated Financial Statements, Ind AS 28 - Accounting for Investments in Associates and Joint Ventures and accounting standards as specified in the Ind ASs notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 .

The Group combines the financial statements of the Parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses resulting from intra-group transactions are also eliminated except to the extent recoverable value of related assets is lower than their cost to the Group. Profit or loss of subsidiaries acquired or disposed during the year is recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted.

Subsidiaries are all entities over which the Group exercises control. The Group controls an entity when the Group is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct relevant activities of the entity. Subsidiaries are fully consolidated from the date on which the control is transferred to the Group and are deconsolidated from the date the control ceases.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss and balance sheet respectively. Non-controlling interests in net profits/losses of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the owners of the Parent. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual/legal obligation on the minorities, the same is accounted for by the Parent, except where there is a contractual/legal obligation on minority interests.

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Interests in joint venture are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

income. Dividends received or receivable from associates and joint venture are recognised as a reduction in the carrying amount of the investment. After the investor's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the investee. If the investee subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Unrealised gains on transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The carrying amount of equity accounted investments are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired.

Excess of acquisition cost over the carrying amount of the Parent's share of equity of the acquiree at the date of acquisition is recognized as goodwill. In cases where the share of the equity in the acquiree as on the date of acquisition is in excess of acquisition cost, such excess of share in equity is recognised as 'Capital reserve' and classified under 'Reserves and Surplus'. The Parent's share of equity in the subsidiary is determined on the basis of book values of assets and liabilities as per the financial statements of the subsidiary as at the date of acquisition.

The construction cost incurred by the Group as part of the Build-Own-Operate-Transfer (BOOT) contract is considered as exchanged with the grantor against the right to operate and generate revenues from the project and the profit from such contract is considered as realized. Accordingly the BOOT contract awarded to the entities of the Group where work is subcontracted to other entities within the Group, the intra-group transactions on the BOOT contract and the profits arising thereon are taken as realized and not eliminated on consolidation under Ind AS 110.

The amounts shown in respect of reserves comprise the amount of relevant reserves as per the balance sheet of the Parent and its share in the relevant reserves of the subsidiary.

As per Ind AS 110 - Consolidated Financial Statements prescribed under the Ind ASs notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 only the notes involving items which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary or the Parent having no bearing on the true and fair view of the consolidated financial statements of the group are not disclosed in the consolidated financial statements.

4. Summary of significant accounting policies

4.1 Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement basis summarized below. These accounting policies have been used throughout all periods presented in the financial statements.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

4.2 Investments in subsidiaries, associates, joint venture and joint operations

Investments in subsidiaries, associates and joint venture are accounted for using the equity method of accounting, after initially being recognised at cost less impairment, if any. Investments in joint operations are accounted for using proportionate consolidation method in the consolidated financial statements. The Group does not have any investments in joint operations for the year ended 31 March 2018.

4.3 Foreign currency translation

Reporting and presentation currency

The consolidated financial statements are presented in Indian Rupees, which is also the functional currency of the Parent.

Foreign currency transactions and balances

Foreign currency transactions are translated into the respective functional currencies of the entities of the Group, using the exchange rates prevailing at the dates of the transactions, duly approximated. Foreign exchange gains and losses resulting from

the settlement of such transactions and from the measurement of monetary items denominated in foreign currency at year-end exchange rates are recognized as other income/ other expenses respectively in statement of profit and loss.

Non-monetary items are not translated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

4.4 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding trade discounts and other applicable taxes and are recognized upon the performance of service or transfer of risk to the customer.

Revenue is recognized when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Group, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities has been met. These activity-specific recognition criteria are based on the goods or services provided to the customer and the contract conditions in each case, and are as described below.

Construction contracts

Contract revenue and Contract costs in respect of construction contracts, execution of which is spread over different accounting periods is recognized as revenue and expense respectively by reference to the basis of percentage of completion method of the project at the reporting date.

The percentage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Only costs that reflect work performed are included in cost incurred to date.

When the Group cannot measure the outcome of a contract reliably, revenue is recognized only to the extent of contract costs that have been incurred and are recoverable. Contract costs are recognized in the period in which they are incurred. In situations when it is probable that the total contract costs will exceed total contract revenues, the expected loss is recognized immediately in the statement of profit and loss.

The gross amount due from customers for contract work is presented within trade receivables for all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceeds progress billing. The gross amount due to customers for contract work is presented within other current liabilities for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses).

Operations and maintenance

The revenue from operations and maintenance for water and waste water treatment is recognised over the period during which the service is rendered.

Interest, dividends, duty drawback and other entitlements

Income from interest is recognized using effective interest method taking into account the amount outstanding and the applicable rate of interest.

Dividend income is recognised when the right to receive is established as at the reporting date.

Income from duty drawback and export benefit under duty free credit entitlements is recognized in the statement of profit and loss, when the right to receive license as per terms of the scheme is established in respect of exports made and there is no significant uncertainty regarding the ultimate collection of the export proceeds, as applicable.

4.5 Cost of sales and services

Cost of sales and services comprise costs including estimated costs that are directly related to the contract, attributable to the contract activity in

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

general and such costs that can be allocated to the contract and specifically chargeable to the customer under the terms of the contracts, which is charged to the statement of profit and loss.

4.6 Property, plant and equipment

Land

Land (other than investment property) held for use in production or administration is stated at cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Buildings and other equipment

Buildings and other equipment (comprising plant and machinery, furniture and fittings, electrical equipment, office equipment, computers and vehicles) are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. Buildings and other equipment are subsequently measured at cost less accumulated depreciation and any impairment losses. Advances paid towards acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of property, plant and equipment not ready for the intended use before reporting date is disclosed as capital work-in-progress.

Subsequent expenditure incurred on an item of property, plant and equipment is added to the book value of that asset only if this increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Depreciation on assets is provided on straight line method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013 except for vehicles where the management believes that the useful life of 5 years would best represent the period over which the management expects to use these assets and the residual value is 20% of the acquisition cost which is considered to be the amount recoverable at the end of the asset's useful life. Hence the useful life of these assets is different from that prescribed under Part C of Schedule II to the Companies Act, 2013.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in the statement of profit and loss within other income or other expenses.

The components of assets are capitalized only if the life of the components vary significantly and whose cost is significant in relation to the cost of respective asset. The life of components in assets are determined based on technical assessment and past history of replacement of such components in the assets.

4.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, the intangible assets are carried at cost less accumulated amortization and accumulated impairment, if any.

Software is stated at cost less accumulated amortization and are being amortized on a straight line basis over the estimated useful life of 5 years.

Amortization has been included within depreciation and amortization expense.

Gains or losses that arise on disposal or retirement of an intangible asset are measured as the difference between net disposal proceeds and the carrying value of an intangible asset and are recognized in profit and loss when the intangible asset is derecognized.

The amortization period and method are reviewed at each balance sheet date. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment as detailed in note 4.8.

4.8 Impairment testing of property, plant and equipment and intangible assets

For the purpose of impairment assessment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually

for impairment and some are tested at cash-generating unit level. Goodwill (if any) is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

4.9 Operating leases

All leases other than finance lease are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

4.10 Finance leases

The Group management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include i) the length of the lease term in relation to the economic life of the asset ii) the present value of the minimum lease payments in relation to the asset's fair value, and iii) whether the Group obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interest. If the minimum lease payments cannot be allocated reliably between the two components, entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

The interest element of lease payments is charged to statement of profit and loss, as finance costs over the period of the lease.

4.11 Financial instruments

Financial assets (other than trade receivables) and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit and loss which are measured initially at fair value. Trade receivables are recognized at their transaction price as the same do not contain significant financing component. Subsequent measurement of financial assets and financial liabilities are described below.

a) Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets are classified and measured based on the entity's business model

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

a. Amortized cost

b. Fair Value Through Other Comprehensive Income (FVTOCI) or

c. Fair Value Through Profit and Loss (FVTPL)

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets are impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

b) Financial assets at amortized Cost

A financial asset is subsequently measured at amortized cost using effective interest rate if it is held within a business model where the objective is to hold the financial assets to collect contractual cash flows and the contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

c) Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, the Group, based on its assessment, makes an irrevocable election to present in other comprehensive income the changes in the fair value of an investment in an equity instrument that is not held for trading. These elections are made on an instrument-by-instrument (i.e.., share-by-share) basis. If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in other comprehensive income. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. The dividends from such instruments are recognized in statement of profit and loss.

The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the balance sheet.

d) Financial assets at Fair Value Through Profit and Loss (FVTPL)

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortized cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with

gains or losses recognized in profit or loss. The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in profit and loss.

Hedge accounting

To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness.

These arrangements have been entered into to mitigate currency exchange risk arising from certain legally binding sales and purchase orders denominated in foreign currency. For the reporting periods under review, the Group has not designated any forward currency contracts as hedging instruments.

e) Trade receivables

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

f) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's consolidated balance sheet) when:

i. The rights to receive cash flows from the asset have expired, or

ii. The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

g) Classification, subsequent measurement and derecognition of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortized cost. The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Subsequent measurement

Financial liabilities are measured subsequently at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognized less cumulative amortization.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

4.12 Inventories

Inventory of stores and spares are stated at lower of cost and net realizable value and is determined on weighted average cost method. Cost of inventories include all other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost to completion and applicable selling expenses.

Construction work-in-progress are contract costs incurred for a future activity on a contract and are recognized as an asset if it is probable that they would be recovered. The cost comprises of material and other expenses directly attributable to the contract.

4.13 Income taxes

Tax expense recognized in the statement of profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates in accordance with tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at reporting date. Deferred taxes pertaining to items recognized in other comprehensive income are also disclosed under the same head.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the respective entity's forecast of future opening results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are generally recognized in full, although Ind AS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the Group does not recognize deferred tax liability on

temporary differences relating to goodwill, or to its investments in subsidiaries.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in the statement of profit and loss, except where they relate to items that are recognized in other comprehensive income (such as the re-measurement of defined benefit plans) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 3 months from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.15 Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued and paid-up.

Other components of equity include the following:

i. Accumulated other comprehensive income which includes re-measurement of net defined benefit liabilities.

ii. General reserve represents the accumulated surplus transferred from the statement of profit and loss.

iii. Securities premium reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from securities premium, net of any related income tax benefits.

iv. Surplus in the statement of profit and loss includes all current and previous period retained profits.

v. Stock option outstanding account includes the value of equity-settled share based payment transactions with employees.

vi. All transactions with owners of the parent and non-controlling interests are recorded separately within equity.

4.16 Post-employment benefits and short-term employee benefits

Defined contribution plan

a. Contribution to Provident Fund in India and other defined contribution plans in the other entities of the Group are in the nature of defined contribution plan and are made to a recognized fund.

b. Contribution to Superannuation Fund is in the nature of defined contribution plan and is remitted to insurance company in accordance with the scheme framed by the Corporation.

The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognized as an expense in the period that related employee services are received.

i. Provident fund

The Company makes contribution to the statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952, which is a defined contribution plan, and contribution paid or payable is recognized as an expense in the period in which it falls due.

ii. Other funds

The Group's contribution towards defined contribution plan is accrued in compliance with the requirement of the domestic laws of the countries in which the consolidated entities operate in the year of which the contributions are done. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

iii. Superannuation fund

Contribution made towards Superannuation Fund (funded by payments to an insurance company) which is a defined contribution plan, is charged as expenses on accrual basis. There are no obligations other than the contribution made to respective fund.

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Defined benefit plan

Under the Group's defined benefit plans, the amount of benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The defined benefit funds maintained by the Group are as below

i. **Gratuity**

The liability recognized in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets. The Group estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity liability.

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Actuarial gains and losses resulting from measurements of the net defined benefit liability are included in other comprehensive income.

The plan assets represents qualifying insurance policies that are administered by an Insurance company.

ii. **Leave salary - compensated absences**

The Group also extends defined benefit plans in the form of compensated absences to employees. Provision for compensated absences is made on actuarial valuation basis.

Overseas entities

Defined contribution

The Group's contribution towards defined contribution plan is accrued in compliance with the requirement of the domestic laws of the countries in which the consolidated entities operate in the year of which the contributions are done. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Defined benefit liability

The Group estimates the defined benefit liability annually. The actual outcome may vary due to estimation uncertainties. The estimate of its defined benefit liability is based on standard rates of inflation, medical cost trends and mortality. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Estimation uncertainties exist particularly with regard to medical cost trends, which may vary significantly in future appraisals of the Group's defined benefit obligations.

4.17 Employees stock option plan

Share-based compensation benefits are provided to employees via "Employees Stock Option Scheme 2010" of the Parent.

The fair value of options granted under the "Employees Stock Option Scheme" is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

a) including any market performance conditions (e.g., the entity's share price).

b) excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

c) including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holding shares for a specific period of time).

4.18 Provisions, contingent assets and contingent liabilities

Provisions for warranties, legal disputes, or other claims are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities if the outflow of resources is remote.

The Group does not recognize contingent assets unless the realization of the income is virtually certain, however these are assessed continually to ensure that the developments are appropriately disclosed in the consolidated financial statements.

4.19 Earnings per equity share

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to owners of the parent by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per equity share, the net profit or loss for the period attributable to the owners of the parent and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

4.20 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts, overdraft accounts and other short- term highly liquid investments with original maturities of 3 months or less, as applicable.

4.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

4.22 Segment reporting

Identification of segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

The Group is engaged in the construction and maintenance of water treatment plants across

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geographies. The entities in the Group are organized and managed separately according to their respective geographical location. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group as a whole.

4.23 Significant management judgment in applying accounting policies and estimation uncertainty

When preparing the consolidated financial statements, management makes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

(i) Significant management judgments

The following are significant management judgments in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements.

Recognition of service and construction contract revenues

Determining when to recognize revenues from operation and maintenance of water treatment plants services requires an understanding of both the nature and timing of the services provided and the customers' pattern of consumption of those services, based on historical experience and knowledge of the market.

Recognizing construction contract revenue also requires significant judgement in determining actual work performed and the estimated costs to complete the work (refer note 34).

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

(ii) Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Inventories

The Group estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Defined benefit obligation (DBO)

Group's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 20(e)).

Useful lives of depreciable assets

Group reviews its estimate of the useful lives of depreciable assets at each reporting date, based on

the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or

ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The Group uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets.

This involves developing estimates and assumptions consistent with how market participants would price the instrument. The Group bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (Refer note 40).

Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

4.24 Transfer pricing

As per the transfer pricing norms introduced in India with effect from 01 April 2001, the Group is required to use certain specific methods in computing arm's length price of international transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The transfer pricing study for the fiscal year ended 31 March 2018 is in progress and accordingly, the contracts may be amended subsequently and related adjustment, if any, will be quantified upon completion of this study. However, in the opinion of the Group management, the outcome of the study will not have material impact on the Group's results.

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

5 Property, plant and equipment and intangible assets

Particulars	Property, plant and equipment									Intangible assets		
	Freehold land	Buildings	Plant and machinery	Furniture and fittings	Electrical equipment	Office equipment	Computers	Vehicles	Total	Computer software	Project concessionaire rights	Total
Gross carrying value												
Balance as at 31 March 2016	**1,698**	**3,780**	**656**	**2,536**	**547**	**936**	**614**	**1,436**	**12,203**	**1,133**	**6,387**	**7,520**
Additions	-	256	53	117	18	100	344	558	**1,446**	187	-	**187**
Disposals	-	-	7	75	1	17	130	291	**521**	42	-	**42**
Net exchange differences	-	(1)	(23)	(91)	(1)	(67)	(80)	(160)	**(423)**	(104)	566	**462**
Balance as at 31 March 2017	**1,698**	**4,035**	**679**	**2,487**	**563**	**952**	**748**	**1,543**	**12,705**	**1,174**	**6,953**	**8,127**
Additions	-	-	123	36	1	47	181	273	**661**	87	-	**87**
Disposals	-	-	7	98	-	6	8	535	**654**	-	-	**-**
Net exchange differences	-	2	54	(28)	1	75	72	183	**359**	135	956	**1,091**
Balance as at 31 March 2018	**1,698**	**4,037**	**849**	**2,397**	**565**	**1,068**	**993**	**1,464**	**13,071**	**1,396**	**7,909**	**9,305**
Accumulated depreciation/ amortization												
Balance as at 31 March 2016	**-**	**63**	**91**	**396**	**82**	**212**	**227**	**290**	**1,361**	**530**	**283**	**813**
Depreciation/amortization expense for the year	-	64	49	300	68	221	269	356	**1,327**	244	340	**584**
Reversal on disposal of assets	-	-	-	14	1	14	105	198	**332**	38	-	**38**
Net exchange differences	-	-	(12)	(9)	-	(63)	(35)	(62)	**(181)**	(88)	(58)	**(146)**
Balance as at 31 March 2017	**-**	**127**	**128**	**673**	**149**	**356**	**356**	**386**	**2,175**	**648**	**565**	**1,213**
Depreciation/amortization expense for the year	-	68	56	264	67	220	248	330	**1,253**	213	318	**531**
Reversal on disposal of assets	-	-	1	23	-	6	5	339	**374**	-	-	**-**
Net exchange differences	-	-	22	14	-	(42)	74	28	**96**	117	123	**240**
Balance as at 31 March 2018	**-**	**195**	**205**	**928**	**216**	**528**	**673**	**405**	**3,150**	**978**	**1,006**	**1,984**
Net carrying value												
Balance as at 31 March 2017	**1,698**	**3,908**	**551**	**1,814**	**414**	**596**	**392**	**1,157**	**10,530**	**526**	**6,388**	**6,914**
Balance as at 31 March 2018	**1,698**	**3,842**	**644**	**1,469**	**349**	**540**	**320**	**1,059**	**9,921**	**418**	**6,903**	**7,321**

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

6 Investments

	As at 31 March 2018	As at 31 March 2017
Non-current		
Investments carried at cost		
Investments accounted for using the equity method		
Windhoek Goreangab Operating Company (Pty) Limited, Namibia (33 (Previous year: 33) equity shares of Namibian Dollar 1 each)	257	229
VA Tech Wabag and Roots Contracting L.L.C, Qatar * (98 (Previous year : 98) equity shares of Qatari Rial 1,000 each)	179	84
International Water Treatment LLC, Oman** (48,750 (Previous year : 48,750) equity shares of OMR 1 each)	69	69
Less: Provision for impairment of investment in International Water Treatment LLC, Oman	(69)	(69)
	436	**313**
Investments carried at fair value through profit and loss		
Investments in equity instruments of other companies (fully paid-up)		
First STP Private Limited (150,000 (Previous year :150,000) equity shares of ₹ 10 each)	15	15
Konark Water Infraprojects Private Limited (5,000 (Previous year : 5,000) equity shares of ₹ 10 each)	1	1
Aurangabad City Water Utility Company Limited (5,000 (Previous year : 5,000) equity shares of ₹ 10 each)	1	1
Thoothukudi Renew Waters Private Limited*** (2,600 (Previous year : 2,600) equity shares of ₹ 10 each)	-	-
Ganapati Marine Enterprises Private Limited# (573 (Previous Year: 776) equity shares of ₹ 10 each)	-	-
	17	**17**
Total non-current investments	**453**	**330**
Aggregate amount of unquoted investments	522	399
Aggregate amount of impairment in the value of investments	69	69

	As at 31 March 2018	As at 31 March 2017
Extent of investment in those accounted for using the equity method		
Windhoek Goreangab Operating Company (Pty) Limited, Namibia	33.0%	33.0%
VA Tech Wabag and Roots Contracting L.L.C, Qatar*	49.0%	49.0%
International Water Treatment L.L.C, Oman**	32.5%	32.5%

* Pursuant to an exclusive contractual arrangement providing for a majority share in the economic interests and control of voting power in the Project-I of the Company, the investment was classified as a subsidiary at inception. During the year ended 31 March 2016, consequent to a similar arrangement for Project-II providing for majority rights in the new project to the other partner, the investment in the legal entity has been reclassified as an associate based on ownership as against the economic interests in the respective projects.

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

** In respect of International Water Treatment L.L.C, Oman, the Group has accounted for losses over its investment as it has a legal obligation to meet its share of losses.

*** Since the amount of investment is ₹ 26,000 (Previous year: ₹ 26,000), the same is below the rounding off norm adopted by the Group.

Since the amount of investment is ₹ 5,730 (Previous year: ₹ 7,760), the same is below the rounding off norm adopted by the Group.

	As at 31 March 2018	As at 31 March 2017
Current (unquoted)		
Investments carried at fair value through profit and loss		
Investments in mutual funds		
- ICICI Prudential fixed maturity plan	-	1,278
- UTI fixed term interval fund	-	638
Total current investments	**-**	**1,916**
Aggregate amount of unquoted investments and market value thereof	-	1,916
Aggregate amount of impairment in the value of investments	-	-

7 Trade receivables (Unsecured considered good, unless stated otherwise)

	As at 31 March 2018		As at 31 March 2017	
	Non-current	Current	Non-current	Current
Trade receivables	12,035	226,886	12,035	201,132
Customer retention	29,671	18,726	26,738	11,244
	41,706	**245,612**	**38,773**	**212,376**
Doubtful				
Trade receivables and Customer retention	18	17,237	-	9,994
Less : Allowances for expected credit loss				
Trade receivables and Customer retention	(18)	(17,237)	-	(9,994)
	-	-	-	-
	41,706	**245,612**	**38,773**	**212,376**

The carrying amount of the current trade receivables is considered a reasonable approximation of fair value as it is expected to be collected within twelve months, such that the effect of any difference between the effective interest rate applied and the estimated current market rate is not significant.

Receivable include dues from related parties amounting to ₹ 372 lakhs (31 March 2017: ₹ 325 lakhs). Also refer note 39(c). There are no receivables due from directors or other officers.

All of the Group's trade receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance/(reversal) for credit losses of ₹ 8,161 lakhs (31 March 2017: ₹(120) lakhs) has been recorded accordingly within other expenses. The Group has impaired its trade receivables using a provisioning matrix representing expected credit losses based on a range of outcomes.

Movement in allowances for expected credit loss

	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	9,994	11,274
Additions/(reversal) during the year, net	8,161	(120)
Utilised during the year	(900)	(1,160)
Balance at the end of the year	**17,255**	**9,994**

8 Bank balances

	As at 31 March 2018	As at 31 March 2017
Non-current bank balances	498	-
	498	**-**

Non-current bank balances represents interest bearing deposits with bank with more than 12 months maturity.

9 Other financial assets (Unsecured, considered good)

	As at 31 March 2018		As at 31 March 2017	
	Non-current	Current	Non-current	Current
Security deposits	373	1,051	55	1,421
Tender deposits	-	1,098	-	1,532
Rental deposits	94	380	59	524
Advances to employees	83	434	91	495
Other financial assets	-	521	-	115
	550	**3,484**	**205**	**4,087**

There are no financial assets due from directors or other officers. The carrying amount of the current financial assets are considered as a reasonable approximation of fair value.

A description of the Group's financial instrument risks, including risk management objectives and policies are given in Note 41.

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

10 Deferred tax assets (net)

		As at 31 March 2018	As at 31 March 2017
The breakup of net deferred tax asset is as follows:			
Deferred tax asset arising on account of :			
- Provision for employee benefits, liquidated damages and foreseeable losses		296	763
- Allowances for expected credit loss		3,238	3,755
- Others		1,735	604
Total deferred tax asset	**(A)**	**5,269**	**5,122**
Less: Deferred tax liability arising on account of :			
- Timing difference between carrying value of Property, plant and equipment / Intangible assets as per books and tax laws		1,902	545
- Others		935	2,309
Total deferred tax liability	**(B)**	**2,837**	**2,854**
Foreign exchange fluctuation	**(C)**	**(80)**	**107**
	(A-B-C)	**2,512**	**2,161**
Disclosed as :			
Deferred tax Assets		3,801	2,468
Deferred tax Liabilities		1,289	307

Deferred tax recognized in statement of profit and loss and other comprehensive income for the year ended 31 March 2018:

Particulars	Recognized in other comprehensive income	Recognized in statement of profit and loss
Deferred tax asset arising on account of :		
- Provision for employee benefits, liquidated damages and foreseeable losses	14	453
- Allowances for expected credit loss	-	517
- Others	-	(1,131)
Deferred tax liability arising on account of :		
- Timing difference between carrying value of Property, plant and equipment / Intangible assets as per books and tax laws.	-	1,357
- Others	-	(1,561)
Foreign exchange fluctuation	-	(80)
Total	**14**	**(445)**

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Deferred tax recognized in statement of profit and loss and in other comprehensive income for the year ended 31 March 2017:

Particulars	Recognized in other comprehensive income	Recognized in statement of profit and loss
Deferred tax asset arising on account of :		
- Provision for employee benefits, liquidated damages and foreseeable losses	(76)	271
- Allowances for expected credit loss	-	(544)
- Others	-	(91)
Deferred tax liability arising on account of :		
- Timing difference between carrying value of Property, plant and equipment / Intangible assets as per books and tax laws.	-	39
- Others	-	466
Foreign exchange fluctuation	-	107
Total	**(76)**	**248**

In assessing the recoverability of deferred tax assets, group management considers whether it is more likely than not that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

11 Income tax assets (net)

	As at 31 March 2018	As at 31 March 2017
Income tax assets (net)	6,485	5,374
	6,485	**5,374**

12 Other assets (Unsecured, considered good)

	As at 31 March 2018		As at 31 March 2017	
	Non-current	Current	Non-current	Current
Advances to supplier	-	16,434	15	11,163
Capital advances	306	-	416	-
Balances with government authorities	-	11,765	-	6,970
Duty drawback and other duty free credit entitlement receivable	-	122	-	301
Prepaid expenses	13	2,205	-	2,865
Others	-	14	-	331
	319	**30,540**	**431**	**21,630**

All of the Group's other assets have been reviewed for indicators of impairment. There were no allowances for credit losses for the year ended 31 March 2018 and 31 March 2017. There are no advances due from directors or other officers.

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

13 Inventories

	As at 31 March 2018	As at 31 March 2017
Construction work-in-progress	2,943	2,814
Stores and spares	879	1,036
	3,822	**3,850**

14 Cash and bank balances

	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents		
Cash on hand	125	169
Cheques on hand	1,813	5,308
Balances with banks		
- in current accounts*	9,643	15,010
- in deposit accounts (with original maturity upto 3 months)	2,075	3,418
(A)	**13,656**	**23,905**
Bank balances other than those mentioned in cash and cash equivalents		
Unpaid dividend account	6	3
Deposits with maturity less than 3 months	271	1,639
Deposits with maturity more than 3 months but less than 12 months#	4,567	612
Balance with bank held as margin money	17	15
(B)	**4,861**	**2,269**
(A+B)	**18,517**	**26,174**

* Restricted bank balances: Balances with banks include ₹ 3,876 lakhs (31 March 2017: ₹ 2,907 Lakhs) held in a foreign country which are not freely remissible because of exchange/ contractual restrictions.

\# Deposits includes a sum of ₹ 2,580 Lakhs (31 March 2017: ₹ 612 Lakhs) held as margin money or security against the borrowings, guarantees and other commitments.

15 Equity share capital

	As at 31 March 2018		As at 31 March 2017	
	Number	Amount	Number	Amount
Authorised				
Equity shares of ₹ 2 each	75,000,000	1,500	75,000,000	1,500
Issued, subscribed and fully paid up				
Equity shares of ₹ 2 each	54,657,390	1,093	54,573,058	1,091
	54,657,390	**1,093**	**54,573,058**	**1,091**

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

a) Reconciliation of share capital (Equity)

	As at 31 March 2018		As at 31 March 2017	
	Number	Amount	Number	Amount
Balance at the beginning of the year	54,573,058	1,091	54,496,401	1,090
Add : Issued pursuant to Employee Stock Option Plan	84,332	2	76,657	1
Balance at the end of the year	**54,657,390**	**1,093**	**54,573,058**	**1,091**

b) Shareholders holding more than 5% of the aggregate shares in the Parent

	As at 31 March 2018		As at 31 March 2017	
	Number	% holding	Number	% holding
Equity Shares of ₹ 2 each				
Mr. Rajiv Mittal (Managing Director & Group CEO)	9,709,406	17.8%	9,709,406	17.8%
IDFC Premier Equity Fund	3,239,320	5.9%	3,179,446	5.8%
SBI Magnum Taxgain Scheme	3,382,154	6.2%	3,282,162	6.0%
	16,330,880	**29.9%**	**16,171,014**	**29.6%**

c) Terms/right attached to equity shares

The Parent has issued only one class of equity shares having a face value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Parent declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, which can be approved by the Board of Directors.

In the event of liquidation, the holders of equity shares will be entitled to receive remaining assets of the Parent, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

d) Bonus issue

The Parent had allotted 27,142,555 equity shares of face value ₹ 2 per share as fully paid bonus shares during the year ended 31 March 2015, pursuant to the bonus issue approved by the shareholders through postal ballot by capitalization of securities premium. Bonus share of one equity share for every equity share held had been allotted.

e) Shares reserved for issue under options

The Company has reserved issuance of 122,714 equity shares of ₹ 2 each (31 March 2017 : 294,440 shares of ₹ 2 each) for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Plan (ESOP).

f) Buy back of shares

There were no buy back of shares and shares issued pursuant to contract without payment being received in cash during the last 5 years immediately preceding 31 March 2018.

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

g) Capital management

The Group's capital management objectives are:

- to safeguard the Group's ability to continue as a going concern, and continue to provide optimum returns to the shareholders and all other stakeholders by building a strong capital base.
- to maintain an optimum capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders issue new shares, or sell assets to reduce debt.

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders, including non-controlling interest and borrowings, less cash and bank balances.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The amounts managed as capital by the Group for the reporting periods under audit are summarized as follows:

		As at 31 March 2018	As at 31 March 2017
Borrowings		48,172	31,365
Less: Cash and bank balances		19,015	26,174
Net debt	**(A)**	**29,157**	**5,191**
Total equity	**(B)**	**116,241**	**101,039**
Total equity and net debt	**(C=A+B)**	**145,398**	**106,230**
Gearing ratio	**(A/C)**	**20.1%**	**4.9%**

16 Dividends

	As at 31 March 2018*	As at 31 March 2017
Final dividend declared and paid ₹ 4 per equity share	2,183	2,180
Dividend distribution tax	421	456
	2,604	**2,636**

* In the Board meeting held on 25 May 2018, Board of directors have proposed a dividend of ₹ 4 per equity share subject to shareholders' approval at the annual general meeting. This amount has not been recorded as a liability for the year ended 31 March 2018.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

17 Borrowings

	As at 31 March 2018		As at 31 March 2017	
	Non-current	Current	Non-current	Current
Secured				
Term loans from banks	800	-	2,169	-
Working capital loan repayable on demand	-	14,738	-	12,250
Overdraft account/Packing credit/Cash credit	-	27,802	-	12,240
	800	**42,540**	**2,169**	**24,490**
Unsecured				
From other parties and financial institutions	4,193	-	4,153	-
From banks	-	198	-	96
	4,193	**198**	**4,153**	**96**
Total	**4,993**	**42,738**	**6,322**	**24,586**

The carrying amount of borrowings is considered to be a reasonable approximation of fair value.

Terms, guarantee and repayment details of borrowings

(i) Term loans from banks are availed by VA Tech Wabag GmbH which is partly secured by parent company guarantee and is repayable over a period of 12 to 24 months.

(ii) Working capital loans are availed by VA Tech Wabag GmbH, VA Tech Wabag Su Teknolojisi Ve Tic. A S, Wabag Muhibbah JV SDN. BHD, VA Tech Wabag Muscat LLC and VA Tech Wabag (Philippines) Inc. which are secured by parent company guarantees, trade receivables, assets purchased and are repayable on demand.

(iii) The Parent has availed packing credit facilities in Indian rupees and US dollars at an interest rate of 4.65% to 5.50% (31 March 2017: 5.50% to 6.30%) and 1.78% to 4.46% (31 March 2017: 1.41% to 2.15%) respectively. These packing credits are repayable within 180 days, as applicable, from the date of availment and are secured against foreign currency receivables.

(iv) Overdraft facilities availed by VA Tech Wabag GmbH and VA Tech Wabag Muscat LLC are secured by parent company guarantee.

(v) Unsecured loans availed by Ujams Wastewater Treatment Company (Pty) Limited from financial institution which is repayable in 50 quarterly instalments beginning May 2015 and from two minority shareholders repayable on demand.

(vi) Unsecured overdraft facilities from banks availed by VA Tech Wabag Tunisie s.a.r.l during the year.

18 Trade payables

	As at 31 March 2018		As at 31 March 2017	
	Non-current	Current	Non-current	Current
Dues to micro and small enterprises (Also refer note below)	-	825	-	604
Dues to others	12,772	148,162	14,269	125,140
	12,772	**148,987**	**14,269**	**125,744**

For details of disclosures pursuant to Section 22 of Micro, Small and Medium Enterprises Development Act (MSMED), 2006 refer note 18(a) of standalone financial statements.

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

19 Other financial liabilities

	As at 31 March 2018		As at 31 March 2017	
	Non-current	Current	Non-current	Current
Unpaid dividends	-	6	-	3
Employee related payables	224	2,610	215	3,153
Other liabilities	-	30	-	1,662
	224	**2,646**	**215**	**4,818**

20 Provisions

	As at 31 March 2018		As at 31 March 2017	
	Non-current	Current	Non-current	Current
Provision for warranty	-	3,566	-	3,263
Provision for liquidated damages	-	51	-	-
Provision for litigations	-	32	-	28
Provision for foreseeable losses on contracts	-	214	-	34
Provision for employee benefits				
Gratuity, anniversary, severance payments and others	822	935	809	1,538
Compensated absences	563	737	549	350
	1,385	**5,535**	**1,358**	**5,213**

a) Provision for warranty

	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	3,263	3,064
Created during the year, net	207	610
Utilized during the year	(13)	(340)
Foreign exchange fluctuation	109	(71)
Balance at the end of the year	**3,566**	**3,263**

A provision is recognized for expected warranty claims on construction contracts completed, based on past experience of level of repairs and returns. It is expected that these costs would be predominantly incurred within one year from the balance sheet date, which generally coincides with the completion of warranty period of the contract. The assumption used to calculate the provision for warranties are based on the Group's current status of contracts under execution and information available about expenditure more probable to be incurred based on the Group's warranty period for contracts completed.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

b) Provision for liquidated damages

	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	-	-
Created during the year, net	477	892
Utilized during the year	(430)	(892)
Foreign exchange fluctuation	4	-
Balance at the end of the year	**51**	**-**

The Group provides performance guarantees to its customers which require it to complete projects within a specified timeframe. In the event of failure to complete a project as scheduled, or in case of a performance shortfall, the Group may generally be held liable for penalties in the form of agreed liquidated damages. The Group provides for liquidated damages when it reasonably expects that a delay in the completion of the project or a shortfall in the performance parameters might give rise to a claim from the customer. Liquidated damages are generally measured and recognized in accordance with the terms of the contracts with customers.

C) Provision for litigations

	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	28	30
Foreign exchange fluctuation	4	(2)
Balance at the end of the year	**32**	**28**

The Group provides for litigation, which is predominantly on account of disputes on statutory dues. The Group assesses each demand raised by the statutory authorities and based on responses and discussions with the attorneys and when there is a present obligation as a result of a past event, where the outflow of economic resources is probable and a reliable estimate of the amount of obligation, a provision for litigation is created. Instances when there is no present obligation or where the present obligation would probably not require outflow of resources or where the same cannot be reliably estimated, the same is disclosed as contingent liability in the financial statements. The Group derecognises its provisions on receipt of a favorable order from the appropriate authority and when no further obligation is envisaged.

d) Provision for foreseeable losses on contracts

	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	34	69
Created/(Reversed) during the year, net	168	(35)
Foreign exchange fluctuation	12	-
Balance at the end of the year	**214**	**34**

The Group provides for foreseeable losses on contracts when it is probable that total contract cost, including expected cost to complete, will exceed the economic benefits expected to be received under it.

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

e) Provision for employee benefits

The following tables summarize the components of all defined benefit plans for the year ended 31 March 2018 :

For the year ended 31 March 2018	Gratuity	Anniversary	Severance payments
Change in defined benefit obligation			
Defined benefit obligation at the beginning of the year	**656**	**60**	**696**
Current Service cost	91	3	13
Past Service cost	41	-	-
Interest cost	43	-	4
Actuarial (gain) / loss	(38)	14	36
Benefits paid	(43)	(6)	(149)
Foreign exchange fluctuation	-	10	103
Defined benefit obligation at the end of the year	**750**	**81**	**703**
Thereof			
Unfunded	102	81	703
Partly or wholly funded	648	-	-
Change in plan assets			
Fair value of plan assets at the beginning of the year	**572**	**-**	**-**
Expected return on plan assets	40	-	-
Actuarial (loss)	(5)	-	-
Employer contributions	84	-	-
Benefits paid	(43)	-	-
Fair value of plan assets at the end of the year	**648**	**-**	**-**
Reconciliation of present value of obligation on the fair value of plan assets			
Present value of defined benefit obligation at the end of the year	750	81	703
Fair value of plan assets at the end of the year	648	-	-
Liability recognised in the balance sheet	**102**	**81**	**703**
Components of expenses:			
Current service cost	91	3	13
Past service cost	41	-	-
Interest cost	43	-	4
Expected returns on plan assets	(40)	-	-
Recognized net actuarial (gain)/loss	(33)	14	36
Foreign exchange fluctuation	-	10	103
Net expenses recognised in the statement of profit and loss	**102**	**27**	**156**

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Plan assets do not comprise any of the Group's own financial instruments or any assets used by the entities of the Group. Plan assets can be broken down into the following categories of investments:

Total Plan Assets	Gratuity	Anniversary	Severance payments
Group balance fund	346	-	-
Group debt fund	300	-	-
Cash and cash equivalents	2	-	-
Total	**648**	**-**	**-**

Principal actuarial assumptions used	Gratuity	Anniversary	Severance payments
Discount rate	7.3%	1.3%	1.3%
Long-term rate of compensation increase	7.0%	3.0%	3.0%
Attrition rate	18.0%	4.2%	4.2%
Expected rate of return on plan assets	7.3%	-	-
Average remaining life (in years)	24	15	9

The Group assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

Based on historical data, the Group expects contributions of ₹ 102 lakhs to be paid for financial year 2018-19. The weighted average duration of the defined benefit obligation as at 31 March 2018 is 4.8 years (31 March 2017: 5.6 years)

Employee benefits - Maturity profile

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
31 March 2018					
Gratuity	136	123	342	289	**890**
Anniversary	-	6	75	-	**81**
Severance payments	-	149	554	-	**703**

The significant actuarial assumptions for the determination of the defined benefit obligation are the attrition rate, discount rate and the long-term rate of compensation increase. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability as at 31 March 2018.

Gratuity	Attrition rate		Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
31 March 2018						
> Sensitivity Level	0.5%	(0.5%)	0.5%	(0.5%)	0.5%	(0.5%)
> Impact on defined benefit obligation	(1)	1	(15)	16	16	(16)

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Anniversary	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
31 March 2018				
> Sensitivity Level	1.0%	(1.0%)	1.0%	(1.0%)
> Impact on defined benefit obligation	(5)	5	5	(4)

Severance payments	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
31 March 2018				
> Sensitivity Level	1.0%	(1.0%)	1.0%	(1.0%)
> Impact on defined benefit obligation	(38)	42	40	(38)

The following tables summarize the components of all defined benefit plans for the year ended 31 March 2017 :

For the year ended 31 March 2017	Gratuity	Anniversary	Severance payments
Change in defined benefit obligation			
Defined benefit obligation at the beginning of the year	**556**	**77**	**1,177**
Current Service cost	78	3	27
Interest cost	42	1	22
Actuarial (gain) / loss	23	(8)	46
Benefits paid	(43)	(9)	(508)
Foreign exchange fluctuation	-	(5)	(68)
Defined benefit obligation at the end of the year	**656**	**60**	**696**
Thereof			
Unfunded	84	60	696
Partly or wholly funded	572	-	-
Change in plan assets			
Fair value of plan assets at the beginning of the year	**502**	**-**	**-**
Expected return on plan assets	40	-	-
Actuarial gain	19	-	-
Employer contributions	54	-	-
Benefits paid	(43)	-	-
Fair value of plan assets at the end of the year	**572**	**-**	**-**
Reconciliation of present value of obligation on the fair value of plan assets			
Present value of defined benefit obligation at the end of the year	656	60	696
Fair value of plan assets at the end of the year	572	-	-
Liability recognised in the balance sheet	**84**	**60**	**696**

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

For the year ended 31 March 2017	Gratuity	Anniversary	Severance payments
Components of expenses:			
Current service cost	78	3	27
Interest cost	42	1	22
Expected returns on plan assets	(40)	-	-
Recognized net actuarial (gain)/loss	4	(8)	46
Foreign exchange fluctuation	-	(5)	(68)
Net expense recognized in the statement of profit and loss	**84**	**(9)**	**26**

Plan assets do not comprise any of the Group's own financial instruments or any assets used by the entities of the Group. Plan assets can be broken down into the following categories of investments:

Total Plan Assets	Gratuity	Anniversary	Severance payments
Group balance fund	2	-	-
Group debt fund	516	-	-
Cash and cash equivalents	54	-	-
Total	**572**	**-**	**-**

Principal actuarial assumptions used	Gratuity	Anniversary	Severance payments
Discount rate	6.8%	2.0%	0.6%
Long-term rate of compensation increase	7.5%	3.0%	3.0%
Attrition rate	15.0%	-	-
Expected rate of return on plan assets	8.0%	-	-
Average remaining life (in years)	24	13	8

The Group assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

Employee benefits - Maturity profile

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
31 March 2017					
Gratuity	101	88	259	292	**740**
Anniversary	-	8	52	-	**60**
Severance payments	-	508	188	-	**696**

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

The significant actuarial assumptions for the determination of the defined benefit obligation are the attrition rate, discount rate and the long-term rate of compensation increase. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarizes the effects of changes in these actuarial assumptions on the defined benefit liability as at 31 March 2017.

Gratuity	Attrition rate		Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
31 March 2017						
> Sensitivity Level	0.5%	(0.5%)	0.5%	(0.5%)	0.5%	(0.5%)
> Impact on defined benefit obligation	(1)	1	(16)	17	16	(15)

Anniversary	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
31 March 2017				
> Sensitivity Level	1.0%	(1.0%)	1.0%	(1.0%)
> Impact on defined benefit obligation	(4)	4	4	(3)

Severance payments	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
31 March 2017				
> Sensitivity Level	1.0%	(1.0%)	1.0%	(1.0%)
> Impact on defined benefit obligation	(31)	33	32	(30)

Compensated absences

The Group permits encashment of compensated absences accumulated by their employees on retirement, separation and during the course of service. The liability in respect of the Group, for outstanding balance of privilege leave at the balance sheet date is determined and provided on the basis of actuarial valuation performed by an independent actuary. The Group does not maintain any plan assets to fund its obligation towards compensated absences. The total Compensated absences recognized in the statement of profit and loss for the year is ₹ 264 lakhs (2016-17 ₹ 85 lakhs).

Principal actuarial assumptions used	As at 31 March 2018	As at 31 March 2017
Discount rate	7.3%	6.8%
Long-term rate of compensation increase	7.0%	7.5%
Attrition rate	18.0%	15.0%
Average remaining life (in years)	24	24

The estimates of future salary increases, considered in actuarial valuation taking into account of inflation, seniority, promotion, attrition and relevant factors, such as supply and demand in the employment market.

The defined benefit obligation and plan assets are composed by geographical locations as follows:

	India	Rest of the world	Total
31 March 2018			
Defined benefit obligation	1,473	784	2,257
Fair value of plan assets	648	-	648
	825	**784**	**1,609**
31 March 2017			
Defined benefit obligation	1,312	756	2,068
Fair value of plan assets	572	-	572
	740	**756**	**1,496**

21 Other liabilities

	As at 31 March 2018		As at 31 March 2017	
	Non-current	Current	Non-current	Current
Advance from customers	6,658	19,064	4,481	24,064
Current maturities of long term debts	-	441	-	457
Statutory dues	-	1,263	-	1,682
Billing in advance of work completed	-	1,249	-	11,811
Others	-	1,625	-	3,602
	6,658	**23,642**	**4,481**	**41,616**

22 Current tax liabilities (net)

	As at 31 March 2018	As at 31 March 2017
Current tax liabilities (net)	5,919	5,090
	5,919	**5,090**

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

23 Financial instruments

The carrying value and fair value of financial instruments by categories are as follows:

Categories of financial assets and financial liabilities

Particulars	Financial assets at fair value through profit and loss	Financial assets at amortised cost	Total
As at 31 March 2018			
Financial assets			
Investments	17	-	17
Trade receivables	-	287,318	287,318
Cash and bank balances	-	19,015	19,015
Other financial assets	-	4,034	4,034
	17	**310,367**	**310,384**

Particulars	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
As at 31 March 2018			
Financial liabilities			
Trade payables	-	161,759	161,759
Borrowings	-	47,731	47,731
Other financial liabilities	-	2,870	2,870
	-	**212,360**	**212,360**

Particulars	Financial assets at fair value through profit and loss	Financial assets at amortised cost	Total
As at 31 March 2017			
Financial assets			
Investments	1,933	-	1,933
Trade receivables	-	251,149	251,149
Cash and bank balances	-	26,174	26,174
Other financial assets	-	4,292	4,292
	1,933	**281,615**	**283,548**

Particulars	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
As at 31 March 2017			
Financial liabilities			
Trade payables	-	140,013	140,013
Borrowings	-	30,908	30,908
Other financial liabilities	-	5,033	5,033
	-	**175,954**	**175,954**

The carrying value of financial asset and financial liabilities approximates the fair value of financial asset and financial liabilities as at 31 March 2018 and 31 March 2017.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

24 Revenue from operations

	Year ended 31 March 2018	Year ended 31 March 2017
Sale of services	342,884	319,815
Other operating revenues, net	2,844	976
	345,728	**320,791**

25 Other income

	Year ended 31 March 2018	Year ended 31 March 2017
Interest income from deposits with banks	328	905
Interest income - others	237	74
Foreign currency gain, net	-	144
	565	**1,123**

26 Cost of sales and services

	Year ended 31 March 2018	Year ended 31 March 2017
Material costs	129,762	115,965
Civil costs	71,421	62,102
Erection and commissioning costs	15,819	9,296
Taxes and duties	3,188	8,316
Site establishment costs	19,482	12,396
Engineering costs	8,414	16,349
Project consultancy fee	1,385	2,815
Warranty expenses (Also refer note 20(a))	207	610
Foreseeable losses on contracts (Also refer note 20(d))	168	(35)
Project travel	2,794	2,186
Insurance costs	1,098	1,178
Power and fuel	688	164
Liquidated damages (Also refer note 20(b))	477	892
Other project expenses, net	18,397	15,966
	273,300	**248,200**

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

27 Changes in inventories

	Year ended 31 March 2018	Year ended 31 March 2017
Inventories at the beginning of the year		
Construction work-in-progress	2,814	8,959
Stores and spares	1,036	803
	3,850	**9,762**
Less: Inventories at the end of the year		
Construction work-in-progress	2,943	2,814
Stores and spares	879	1,036
	3,822	**3,850**
Net exchange differences	34	(235)
	62	**5,677**

28 Employee benefits expense

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries and wages	22,336	19,989
Contribution to defined benefit plans (Also refer note 20(e))	605	945
Contribution to provident and other defined contribution funds	1,265	912
Staff welfare expenses	2,165	2,551
	26,371	**24,397**

29 Finance costs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest expenses for borrowings at amortised cost	2,689	2,674
Bank charges	3,079	2,584
	5,768	**5,258**

30 Depreciation and amortization expense

	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation of tangible assets (Also refer note 5)	1,253	1,327
Amortization of intangible assets (Also refer note 5)	531	584
	1,784	**1,911**

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

31 Other expenses

	Year ended 31 March 2018	Year ended 31 March 2017
Rent (Also refer note 35)	1,489	1,417
Insurance	498	475
Power and fuel	354	421
Rates and taxes	260	324
Repairs and maintenance	974	1,029
Professional charges (Also refer note 36)	2,253	1,958
Communication expenses	349	364
Travelling and conveyance	1,663	1,620
Foreign currency loss, net	945	-
Bad and doubtful debts, net	5,784	4,604
Advertisement	249	234
Loss on sale of tangible assets, net	4	-
Research and development expenses	82	94
Corporate social responsibility expenses (Also refer note 37)	194	73
Miscellaneous expenses	1,721	242
	16,819	**12,855**

32 Income taxes

The major components of income tax expense for the year ended 31 March 2018 and 31 March 2017 are:

	Year ended 31 March 2018	Year ended 31 March 2017
Current tax:		
Current tax	8,185	6,418
Deferred tax:		
Relating to origination and reversal of temporary differences	(445)	248
Tax expense reported in the statement of profit and loss	**7,740**	**6,666**
Deferred tax related to net loss / (gain) on remeasurements of defined benefit plans recognized in other comprehensive income	14	(76)
Tax expense reported in other comprehensive income	**14**	**(76)**

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Tax reconciliation:

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Parent at 34.61% (2016-17: 34.61%) and the reported tax expense in the statement of profit and loss are as follows:

	Year ended 31 March 2018	Year ended 31 March 2017
Profit before taxes	22,445	17,890
Enacted tax rates in India	34.61%	34.61%
Tax on profit at enacted tax rate	7,768	6,191
Difference between Indian and foreign tax rates	293	(192)
Dividend Income taxed at lower rate	(347)	-
Income from mutual funds	-	(27)
Impairment of loan and investments	-	624
Others	26	70
Income tax expense	**7,740**	**6,666**
Current tax	8,185	6,418
Deferred tax	(445)	248
Income tax expense reported in the statement of profit and loss	**7,740**	**6,666**

33 Earnings per equity share (EPS)

		Year ended 31 March 2018	Year ended 31 March 2017
For profit for the year			
Nominal value of equity shares (in ₹)		2	2
Profit attributable to owners of the Parent	(A)	13,151	10,240
Weighted average number of equity shares outstanding during the year	(B)	54,611,241	54,532,970
Basic earnings per equity share (in ₹)	**(A/B)**	**24.08**	**18.82**
For total comprehensive income			
Nominal value of equity shares (in ₹)		2	2
Total comprehensive income attributable to owners of the Parent	(a)	16,004	8,671
Weighted average number of equity shares outstanding during the year	(b)	54,611,241	54,532,970
Basic earnings per equity share (in ₹)	**(a/b)**	**29.31**	**15.94**
For profit for the year			
Dilutive effect on profit	(C)	-	-
Profit attributable to owners of the Parent for computing diluted EPS	(D) = (A+C)	13,151	10,240
Dilutive effect on weighted average number of equity shares outstanding during the year	(E)	84,696	197,886
Weighted average number of equity shares for computing diluted EPS	(F) = (B+E)	54,695,937	54,730,856
Diluted earnings per equity share (in ₹)	**(D/F)**	**24.04**	**18.75**
For total comprehensive income			
Dilutive effect on profit	(c)	-	-
Total comprehensive income attributable to owners of the Parent for computing diluted EPS	(d) = (a+c)	16,004	8,671
Dilutive effect on weighted average number of equity shares outstanding during the year	(e)	84,696	197,886
Weighted average number of equity shares for computing diluted EPS	(f) = (b+e)	54,695,937	54,730,856
Diluted earnings per equity share (in ₹)	**(d/f)**	**29.26**	**15.88**

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

34 Construction contracts

In terms of the disclosures required to be made under the Ind AS 11 as notified in section 133 of the Companies Act, 2013, the amounts considered in the financial statements up to the balance sheet date are as follows:

	As at 31 March 2018	As at 31 March 2017
Contract revenue recognised during the year	306,266	281,261
Aggregate amount of costs incurred and recognized profits and losses for all contracts in progress	1,071,941	865,032
Less : Progress billings	956,755	779,875
	115,186	**85,157**
Recognized as :		
Due from customers for construction contract work, recognized in 'Trade receivables'	116,397	96,969
Due to customers for construction contract work, recognized in 'Other liabilities'	(1,211)	(11,812)
	115,186	**85,157**
Advances received from customers for contracts related to work not yet performed included in 'Other liabilities'	25,722	28,545
Retention on contracts in progress included within 'Trade receivables'	43,722	33,162

35 Leases

	Year ended 31 March 2018	Year ended 31 March 2017
Operating lease commitments - as lessee		
Total lease payments charged off to the statement of profit and loss (Also refer note 31)	1,489	1,417

Disclosures in respect of non-cancellable operating leases

The lease rentals charged for the years ended 31 March 2018 and 31 March 2017 and maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as provided below:

		Year ended 31 March 2018	Year ended 31 March 2017
The total of future minimum lease payments for each of the following periods:			
(i)	Not later than one year	564	416
(ii)	Due later than one year and not later than five years	735	200
(iii)	Due later than five years	-	-
		1,299	**616**

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

36 Remuneration to auditors (included as part of Professional charges)*

	Year ended 31 March 2018	Year ended 31 March 2017
As auditor		
Statutory audit	27	27
Limited review	8	8
Taxation matters	3	3
In other capacity		
Other services	21	28
	59	**66**

** excluding taxes*

37 Expenditure on Corporate Social Responsibility (CSR)

			Year ended 31 March 2018	Year ended 31 March 2017
a)	Gross amount required to be spent		372	298
b)	Amount spent on:			
	(i)	Construction/acquisition of any asset	163	33
	(ii)	On purposes other than (i) above	31	40
			194	**73**

38 Employee stock based option

Employee share based plan- ESOP 2010 Scheme

In August 2010, the Board of Directors approved and the Company adopted the "ESOP 2010" (the "Plan") under which not more than 467,831 shares of the Company's equity shares was reserved for issuance to employees. The Board of Directors determined that the options granted under the Plan would vest not less than one year and not more than five years from the date of grant. The exercise price of options shall be ₹ 900 (Face value of ₹ 5 each) on the grant date.

Particulars	Number of shares as at 31 March 2018	Weighted average exercise price ₹	Number of shares as at 31 March 2017	Weighted average exercise price ₹
Options outstanding at the beginning of the year	294,440	180	465,785	180
Exercised during the year	84,332	180	76,657	180
Expired/ lapsed during the year	87,394	180	94,688	180
Options outstanding at the end of the year	**122,714**		**294,440**	
Options exercisable as at the end of the period	**122,714**		**294,440**	

During the year ended 31 March 2018 and 31 March 2017, the weighted average share price of options exercised under the Plan on the date of exercise was ₹ 594 and ₹ 548. The weighted average remaining contractual life of the Plan outstanding as of 31 March 2018 and 31 March 2017 is 0.5 year and 1.5 years respectively.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

39 Related party disclosures

a) Names of related parties and nature of relationship

Nature of relationship	Name of related party
Associate	Windhoek Goreangab Operating Company (Pty) Limited, Namibia
	VA Tech Wabag and Roots Contracting LLC, Qatar
Joint Venture	International Water Treatment LLC, Oman
Key Management Personnel (KMP)	Mr. Rajiv Mittal - Managing Director & Group Chief Executive Officer
	Mr. S Varadarajan - Executive Director & Chief Growth Officer
	Mr. Bhagwan Dass Narang - Independent director
	Mr. Malay Mukherjee - Independent director
	Mr. Sumit Chandwani - Independent director
	Ms. Revathi Kasturi - Independent director
	Mr. Jaithirth Rao -Independent director (Resigned w.e.f 27 July 2017)
	Mr. G Parthasarathy - Chief Financial Officer - Group
	Mr. Pankaj Sachdeva - Chief Executive Officer - India Cluster (w.e.f 28 November 2016)

b) Transactions with related parties

Particulars	2017-18		2016-17	
	Associates	Joint venture	Associates	Joint venture
(Sale)/purchase of goods/services	(99)	-	(38)	(25)
Purchase of investments	-	-	-	7,860
Others - Expense/ (Income)	-	-	(4)	506
Reimbursements received/ receivable	-	4	-	18

c) Balances with related parties

Particulars	2017-18		2016-17	
	Associates	Joint venture	Associates	Joint venture
Advances/ amount recoverable	344	426	18	422

All transactions with these related parties are priced on an arm's length basis. None of the balances are secured.

d) Remuneration to Key Management Personnel

Particulars	2017-18	2016-17
Salaries including bonus	738	566
Post employment and termination benefits	57	93
Commission	69	75

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

40 Fair value measurement

Fair value measurement hierarchy

The Group records certain financial assets and financial liabilities at fair value on a recurring basis. The Group determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The Group holds certain fixed income instruments, forward contracts and unquoted investments in equity instruments which must be measured using the fair value hierarchy and related valuation methodologies. The guidance specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Group's assumptions about current market conditions. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three Levels of fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

>Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

>Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)

>Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs)

The following table shows the Levels within the hierarchy of financial assets and financial liabilities measured at fair value on a recurring basis as at 31 March 2018 and 31 March 2017 :

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March:

			Fair value measurement using		
	Date of valuation	Carrying value	Level 1	Level 2	Level 3
i) Assets measured at fair value:					
Fair value through statement of profit and loss					
Investments					
2018	31 March 2018	17	-	-	17
2017	31 March 2017	1,933	1,916	-	17

Investment in mutual funds are valued based on the Net Asset Value (NAV) of the funds as at the year end. The NAV of the funds are provided by the fund management company at the end of each reporting year.

	As at 31 March 2018	As at 31 March 2017
ii) Liabilities measured at amortised cost:		
a) Interest-bearing loans and borrowings:		
Floating rate borrowings	11,577	8,770
Fixed rate borrowings	36,595	22,595

The fair values of the Group's interest-bearing borrowings and loans are determined under amortised cost method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. These rates are considered to reflect the market rate of interest and hence the carrying values are considered to be at fair value.

41 Nature and extent of risks arising from financial instruments and respective financial risk management objectives and policies

The Group's principal financial liabilities, comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include investments, trade and other receivables and cash and short-term deposits that derive directly from its operations. The Group also enters into derivative transactions and holds short term investments.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by the Group Treasury Team that advises on financial risks and the appropriate financial risk governance framework in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by Group Treasury Team that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors review and agree on policies for managing each of these risks, which are summarised below.

a) Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed rate loans and borrowings. At 31 March 2018, approximately 76% (31 March 2017: 72%) of the Group's borrowings are at a fixed rate of interest.

Interest rate sensitivity

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% for the year ended 31 March 2018 (31 March 2017: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. Sensitivity calculations are based on annualised interest cost on the borrowings at floating rate as of the reporting dates 31 March 2018 and 31 March 2017. All other variables are held constant.

		As at 31 March 2018	As at 31 March 2017
Profit before tax			
Increase	**+1%**	116	88
Decrease	**-1%**	(116)	(88)
Equity before tax			
Increase	**+1%**	116	88
Decrease	**-1%**	(116)	(88)

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Foreign currency risk

The Group enters into transactions of sales and purchases in various currencies based on the domiciliation of the entities of the group. Euro (EUR) and United States Dollar (USD) are the major currencies transacted in, outside the functional currency (₹) of the Parent.

To mitigate the Group's exposure to foreign currency risk, cash flows in foreign currencies are monitored and forward exchange contracts are entered into in accordance with the Group's risk management policies. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward exchange contracts are mainly entered into for net foreign currency exposures that are not expected to be offset by other same currency transactions.

Foreign currency denominated financial assets and financial liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to the key management translated at the closing rate:

	Foreign currency exposure (₹ in Lakhs)	
	USD	EUR
31 March 2018		
Financial assets	31,281	3,878
Financial liabilities	17,221	10,509
31 March 2017		
Financial assets	26,089	1,902
Financial liabilities	14,078	6,482

Currency risk (or foreign exchange risk) arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency, of the respective entitiy, in which they are measured. For the purpose of this disclosure, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency of the respective entities.

The following table illustrates the sensitivity of profit and equity with regard to the Group's financial assets and financial liabilities and the USD/₹ exchange rate and EUR/₹ exchange rate 'all other things being equal'. It assumes a +/- 1% change of the USD/₹ and EUR/₹ exchange rate for the year ended 31 March 2018 (31 March 2017: +/- 1%).

If the ₹ had strengthened against the USD by 1% during the year ended 31 March 2018 (31 March 2017: 1%) and EUR by 1% during the year ended 31 March 2018 (31 March 2017: 1%) respectively, then it would have had the following impact on profit before tax and equity before tax :

		As at 31 March 2018	As at 31 March 2017
Profit before tax			
USD	**+1%**	141	120
EUR	**+1%**	(66)	(46)
		75	**74**
Equity before tax			
USD	**+1%**	139	119
EUR	**+1%**	(67)	(46)
		73	**73**

If the ₹ had weakened against the USD by 1% during the year ended 31 March 2018 (31 March 2017: 1%) and EUR by 1% during the year ended 31 March 2018 (31 March 2017: 1%) respectively, there would be an equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

The movement in the pre-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in USD and EUR. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

b) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example on trade receivables, placing deposits, investment in mutual funds, etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 March, as summarised below:

	As at 31 March 2018	As at 31 March 2017
Classes of financial assets		
Trade receivables	287,318	251,149
Cash and bank balances	19,015	26,174
Other financial assets	4,034	4,292

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. The Group's policy is to transact only with counterparties who are highly creditworthy which are assessed based on internal due diligence parameters.

In respect of trade receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Customer credit risk is managed based on Group's established policy, procedures and control relating to customer credit risk management, pursuant to which outstanding customer receivables are regularly monitored by the management. Credit quality of the customer is assessed based on historical information in relation to pattern of collections, defaults and credit worthiness of the customer. As at 31 March 2018, the Group had 12 (31 March 2017: 11) customers that owed the Group more than ₹ 5,000 lakhs each (approximately 1.75% of the trade receivables as at 31 March 2018) and accounted for approximately 64% (31 March 2017: 56%) of all the receivables outstanding. As at 31 March 2018, the Group has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired.

The credit risk for cash and bank balances, investments and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Other financial assets mainly comprises of tender deposits and security deposits which are given to customers or other governmental agencies in relation to contracts executed and are assessed by the Group for credit risk on a continuous basis.

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

c) Liquidity risk

Liquidity risk is risk of the Group not being able to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on a monthly, quarterly and yearly basis depending on the business needs. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-days period at a minimum. This objective was met for the reporting periods. Funding for long term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade receivables are due within six months except for retentions and long term trade receivables which are governed by the relevant contract conditions.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and short term borrowings. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows as at 31 March 2018 and 31 March 2017.

Year ended 31 March 2018	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Borrowings	36,704	6,319	5,026	1,873
Trade payables	147,373	1,614	12,772	-
Other financial liabilities	2,646	-	224	-
	186,723	**7,933**	**18,022**	**1,873**

Year ended 31 March 2017	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Borrowings	17,213	7,483	5,391	3,110
Trade payables	125,741	3	14,269	-
Other financial liabilities	4,818	-	215	-
	147,772	**7,486**	**19,875**	**3,110**

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

42 Segment reporting

Considering the risk/return profiles of the segments between product and geography, the Group has identified geography as reportable segment in accordance with Indian Accounting Standard (Ind AS) 108 Operating Segments issued by Companies (Accounts) Rules, 2014.

Year ended 31 March 2018

Particulars	India	Rest of world	Unallocated	Total
Revenue				
External sales	94,595	259,256	-	353,851
Other operating income	-	-	2,923	2,923
Inter-segment sales	-	(11,046)	-	(11,046)
Total revenue	**94,595**	**248,210**	**2,923**	**345,728**
Results				
Segment result	10,160	60,983	-	71,143
Share of profit of associates and a joint venture, net	-	256	-	256
Unallocated corporate expenses	-	-	(44,974)	(44,974)
Operating profit	**10,160**	**61,239**	**(44,974)**	**26,425**
Interest and finance charges, net	-	-	(5,203)	(5,203)
Other income	-	-	1,223	1,223
Profit before tax	**10,160**	**61,239**	**(48,954)**	**22,445**
Income taxes	-	-	(7,740)	(7,740)
Profit after tax	**10,160**	**61,239**	**(56,694)**	**14,705**
Non-controlling interests	-	(1,554)	-	(1,554)
Profit for the year attributable to owners of the parent	**10,160**	**59,685**	**(56,694)**	**13,151**
Other information				
Segment assets	170,460	176,700	-	347,160
Unallocated corporate assets	-	-	25,869	25,869
Total assets	**170,460**	**176,700**	**25,869**	**373,029**
Segment liabilities	56,489	160,033	-	216,522
Unallocated corporate liabilities	-	-	40,266	40,266
Total liabilities	**56,489**	**160,033**	**40,266**	**256,788**
Capital expenditure	-	-	638	638
Depreciation and amortization	-	-	1,784	1,784
Other non cash expenditure, net	-	-	6,757	6,757

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Year ended 31 March 2017

Particulars	India	Rest of world	Unallocated	Total
Revenue				
External sales	117,080	215,612	-	332,692
Other operating income	-	-	2,179	2,179
Inter-segment sales	-	(14,080)	-	(14,080)
Total revenue	**117,080**	**201,532**	**2,179**	**320,791**
Results				
Segment result	12,242	53,976	-	66,218
Share of (loss) of associates and a joint venture, net	-	(5,726)	-	(5,726)
Unallocated corporate expenses	-	-	(39,162)	(39,162)
Operating profit	**12,242**	**48,250**	**(39,162)**	**21,330**
Interest and finance charges, net	-	-	(4,279)	(4,279)
Other income	-	-	839	839
Profit before tax	**12,242**	**48,250**	**(42,602)**	**17,890**
Income taxes	-	-	(6,666)	(6,666)
Profit after tax	**12,242**	**48,250**	**(49,268)**	**11,224**
Non-controlling interests	-	(984)	-	(984)
Profit for the year attributable to owners of the parent	**12,242**	**47,266**	**(49,268)**	**10,240**
Other information				
Segment assets	144,472	161,222	-	305,694
Unallocated corporate assets	-	-	29,364	29,364
Total assets	**144,472**	**161,222**	**29,364**	**335,058**
Segment liabilities	51,696	161,179	-	212,875
Unallocated corporate liabilities	-	-	21,144	21,144
Total liabilities	**51,696**	**161,179**	**21,144**	**234,019**
Capital expenditure	-	-	1,391	1,391
Depreciation and amortization	-	-	1,911	1,911
Other non cash expenditure, net	-	-	6,769	6,769

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

43 Statutory group information

Name of the entity in the Group	Net assets, i.e. total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or (loss)	Amount	As % of other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent								
VA Tech Wabag Limited								
Balance as on 31 March 2018	78.9%	91,688	79.7%	11,713	95.9%	2,897	82.4%	14,610
Balance as on 31 March 2017	81.6%	82,406	66.8%	7,498	100.5%	(1,657)	61.0%	5,841
Foreign subsidiaries								
VA Tech Wabag (Philippines) Inc								
Balance as on 31 March 2018	2.0%	2,310	2.3%	338	-	-	1.9%	338
Balance as on 31 March 2017	2.0%	2,051	0.4%	45	-	-	0.5%	45
VA Tech Wabag Muscat LLC								
Balance as on 31 March 2018	0.4%	466	0.5%	74	-	-	0.4%	74
Balance as on 31 March 2017	0.4%	391	1.2%	130	-	-	1.4%	130
VA Tech Wabag (Spain) S.L.U.								
Balance as on 31 March 2018	-	-	-	-	-	-	-	-
Balance as on 31 March 2017	0.0%	29	8.5%	956	-	-	10.0%	956
Wabag Muhibbah JV SDN. BHD.								
Balance as on 31 March 2018	4.4%	5,167	20.6%	3,026	-	-	17.1%	3,026
Balance as on 31 March 2017	1.6%	1,639	13.5%	1,516	-	-	15.8%	1,516
Wabag Belhasa JV WLL								
Balance as on 31 March 2018	2.7%	3,157	11.9%	1,757	-	-	9.9%	1,757
Balance as on 31 March 2017	3.2%	3,274	24.9%	2,799	-	-	29.2%	2,799
VA Tech Wabag And Roots Contracting LLC-Project-I								
Balance as on 31 March 2018	0.2%	198	0.7%	97	-	-	0.5%	97
Balance as on 31 March 2017	0.2%	206	1.3%	148	-	-	1.5%	148
Wabag Operation And Maintenance WLL								
Balance as on 31 March 2018	0.1%	134	0.1%	21	-	-	0.1%	21
Balance as on 31 March 2017	0.1%	113	0.3%	37	-	-	0.4%	37
Wabag Limited								
Balance as on 31 March 2018	-0.1%	(143)	0.8%	113	-	-	0.6%	113
Balance as on 31 March 2017	-0.2%	(237)	(0.8)%	(94)	-	-	-1.0%	(94)
VA Tech Wabag (Singapore) Pte Limited								
Balance as on 31 March 2018	2.3%	2,669	1.0%	143	-	-	0.8%	143
Balance as on 31 March 2017	3.3%	3,358	2.9%	325	-	-	3.4%	325
VA Tech Wabag Brazil Servicos De Agua E Saneamento LTDA								
Balance as on 31 March 2018	-	-	-	-	-	-	-	-
Balance as on 31 March 2017	-	-	-	-	-	-	-	-
Va Tech Wabag Limited Pratibha Industries Limited JV								
Balance as on 31 March 2018	0.1%	170	-1.1%	(158)	-	-	-0.9%	(158)
Balance as on 31 March 2017	0.3%	327	-3.6%	(404)	-	-	-4.2%	(404)
VA Tech Wabag Gmbh								
Balance as on 31 March 2018	15.2%	17,711	9.5%	1,403	-1.7%	(50)	7.6%	1,353
Balance as on 31 March 2017	13.9%	14,076	-5.5%	(616)	-0.5%	8	-6.3%	(608)
Wabag Wassertechnik Ag								
Balance as on 31 March 2018	2.0%	2,376	-1.2%	(179)	-	-	-1.0%	(179)
Balance as on 31 March 2017	2.4%	2,433	0.4%	43	-	-	0.4%	43

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Name of the entity in the Group	Net assets, i.e. total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or (loss)	Amount	As % of other comprehensive income	Amount	As % of total comprehensive income	Amount
VA Tech Wabag Brno Spol. S.R.O								
Balance as on 31 March 2018	2.0%	2,268	-2.3%	(342)	-	-	-1.9%	(342)
Balance as on 31 March 2017	2.1%	2,135	6.9%	770	-	-	8.0%	770
Wabag Water Services S.R.L.								
Balance as on 31 March 2018	3.3%	3,874	3.8%	560	-	-	3.2%	560
Balance as on 31 March 2017	4.2%	4,219	8.8%	993	-	-	10.4%	993
VA Tech Wabag Su Teknolojisi Ve Tic. A.S								
Balance as on 31 March 2018	-6.2%	(7,250)	-15.1%	(2,226)	-	-	-12.6%	(2,226)
Balance as on 31 March 2017	-5.5%	(5,591)	-45.6%	(5,123)	-	-	-53.5%	(5,123)
VA Tech Wabag Tunisie S.A.R.L								
Balance as on 31 March 2018	0.7%	798	0.3%	38	-	-	0.2%	38
Balance as on 31 March 2017	0.8%	800	1.0%	116	-	-	1.2%	116
Ujams Wastewater Treatment Company (Pty) Ltd.								
Balance as on 31 March 2018	1.4%	1,635	2.8%	419	-	-	2.4%	419
Balance as on 31 March 2017	1.7%	1,746	3.1%	344	-	-	3.6%	344
Wabag Water Services (Macao) Ltd								
Balance as on 31 March 2018	0.2%	234	1.6%	231	-	-	1.3%	231
Balance as on 31 March 2017	0.5%	488	4.5%	504	-	-	5.3%	504
VA Tech Wabag Deutscheland Gmbh								
Balance as on 31 March 2018	-0.1%	(61)	0.0%	56	-	-	0.0%	56
Balance as on 31 March 2017	-0.1%	(105)	0.0%	(4)	-	-	0.0%	(4)
VA Tech Wabag Algerie S.A.R.L								
Balance as on 31 March 2018	-	-	-	-	-	-	-	-
Balance as on 31 March 2017	-	-	3.4%	380	-	-	4.0%	380
Non-controlling interest in all subsidiaries								
Balance as on 31 March 2018	2.9%	3,375	10.6%	1,554	5.5%	167	9.7%	1,721
Balance as on 31 March 2017	1.7%	1,725	8.8%	984	4.9%	(80)	9.4%	904
Foreign associates (investments as per equity method)								
VA Tech Wabag And Roots Contracting LLC-Project-II								
Balance as on 31 March 2018	0.2%	179	0.6%	91	-	-	0.5%	91
Balance as on 31 March 2017	0.2%	204	1.3%	146	-	-	1.5%	146
Windhoek Goreangab Operating Company (Pty) Limited								
Balance as on 31 March 2018	0.2%	257	1.1%	165	-	-	0.9%	165
Balance as on 31 March 2017	0.1%	80	0.8%	93	-	-	1.0%	93
Foreign joint venture (investments as per equity method)								
International Water Treatment L.L.C								
Balance as on 31 March 2018	-6.9%	(8,003)	-	-	-	-	-	-
Balance as on 31 March 2017	-7.9%	(8,003)	-53.1%	(5,965)	-	-	-62.3%	(5,965)
Intercompany eliminations and other adjustments								
Balance as on 31 March 2018	-6.0%	(6,968)	-28.5%	(4,189)	0.2%	6	-23.6%	(4,183)
Balance as on 31 March 2017	-6.7%	(6,724)	49.9%	5,603	-4.9%	80	59.4%	5,683
Total								
Balance as on 31 March 2018	**100%**	**116,241**	**100%**	**14,705**	**100%**	**3,020**	**100%**	**17,725**
Balance as on 31 March 2017	**100%**	**101,039**	**100%**	**11,224**	**100%**	**(1,649)**	**100%**	**9,575**

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

44 Authorization of financial statements

The consolidated financial statements for the year ended 31 March 2018 (including comparatives) is approved by the Board of Directors on 25 May 2018.

45 Interest in other entities

Summarized financial information of the associates and joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

(a) Investments in associates

Particulars	As at 31 March 2018	As at 31 March 2017
Aggregate carrying amount of individually immaterial associates	436	313

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Aggregate amount of the group's share of:		
Profit for the year	256	239
Other comprehensive income	-	-
Total comprehensive income	**256**	**239**

(b) Investments in joint venture

Particulars	As at 31 March 2018	As at 31 March 2017
Aggregate carrying amount of individually immaterial joint venture	-	-

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Aggregate amounts of the group's share of:		
(Loss) for the year	-	(5,965)
Other comprehensive income	-	-
Total comprehensive income	-	(5,965)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Share of (losses) from joint venture	-	(5,965)
Share of profits from associates	256	239

46 Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the reporting date (31 March 2018) and the date of authorization except for proposed dividend as disclosed in note 16.

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

47 Contingent liabilities, commitments and guarantees

a) Claims against the Group not acknowledged as debt

Particulars	As at 31 March 2018	As at 31 March 2017
Income tax demand including interest contested in appeal for various assessment years	3,096	1,637
Indirect tax matters under dispute	2,618	8,214
Tax liability of the permanent establishment in Algeria (Refer note below)	2,250	3,115

Note: During the year 2013-14, VA Tech Wabag Deutschland GmbH had received a demand order from the Office of the General Directorate of Taxes Algeria for an amount of DZD 3,941 Lakhs (₹ 2,250 Lakhs). The subsidiary noted that there were prima facie errors on the order and hence filed an appeal against the order with The Board of Central Appeals. During the current year, the appeal was rejected and the subsidiary has now approached the administrative court against the rejection order and it believes that the demand would be overturned. Hence this has been disclosed as a contingent liability.

b) Capital commitments

The estimated amounts of contracts to be executed on capital account and not provided for (net of advances) Nil (Previous year – Nil). Other commitments are cancellable at the option of the company and hence not disclosed.

c) Guarantees excluding financial guarantees

	As at 31 March 2018	As at 31 March 2017
Guarantees issued by the Group for:		
- Others	45,483	48,477

48 During the financial year, pursuant to a corporate insolvency resolution process ("CIRP") ordered by National Company Law Tribunal ("NCLT") against M/s. Tecpro Limited ("Tecpro"), erstwhile lead consortium member of the projects in Kakatiya and Rayalaseema areas of the states of Telangana and Andhra Pradesh respectively, the Parent filed a claim amounting to ₹ 58,793 Lakhs representing the monies receivable from the Tecpro, included under financial assets in the books of the accounts of the Company. The Company has been contractually appointed as the consortium leader and is currently in the process of recovering these dues directly from the ultimate customer of the projects. The Company has estimated certain expected credit losses in the books of accounts and is confident of recovering the balance dues from the ultimate customer in due course.

Notes 1 to 48 form an integral part of these consolidated financial statements.

In terms of our report attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Kunj B. Agrawal**
Partner

Place : Chennai
Date : 25 May 2018

For and on behalf of the Board of Directors of **VA Tech Wabag Limited**

B D Narang
Chairman
(DIN : 00826573)

Rajiv Mittal
Managing Director & Group CEO
(DIN : 01299110)

G Parthasarathy
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No.:17696)

Place : Chennai
Date : 25 May 2018

NOTES

WABAG

VA TECH WABAG LIMITED

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