



sustainable solutions. for a better life.

ANNUAL REPORT 2018-19



DRIVING SUSTAINABILITY
DELIVERING VALUE



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Please find our online version at
www.wabag.com/investors-overview/

Or simply scan to download:



Disclaimer:

This document contains statements about expected future events and financials of VA TECH WABAG Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis of this Annual Report.

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



Milin Mehta
Additional Director



S Varadarajan
Whole-time Director and
Chief Growth Officer

Corporate Information



Sandeep Agrawal
Chief Financial Officer



Pankaj Sachdeva
CEO India Cluster



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 / 6123 2323

Statutory Auditors

Sharp & Tannan
Chartered Accountants
Parsn Manere, A-Wing,
602, Anna Salai, Chennai - 600 006
P: +91 - 44 - 2827 4368

Internal Auditors

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
Practicing Cost Accountant
Membership Number: 24946
Flat A, Brindhavan 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
Practicing Company Secretaries
New No. 6, Old No.12, Appavoo Gramani
1st Street, Mandaveli,
Chennai - 600 028
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Registrar and Transfer Agents

Karvy Fintech Private Limited (KFPL)
(Formerly known as 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
- Bank of Baroda
- 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
- Union Bank of India

DESIGNING A FUTURE IN HARMONY WITH NATURE

About the report

WABAG Group (“WABAG”) is pleased to present report in line with our commitment towards transparency and the highest standards of corporate governance. This year, we are including key elements of Integrated Report (IR) in our Annual Report to present our shareholders with a holistic view of how we create and sustain value over the long term.

INR **9,200 crore+**
Order Book in 2018-19

6,000+
Projects executed

90+
IP rights

Water is life. Yet, it is now getting threatened by myriad factors. The demand of water resources is ever increasing. Challenges such as increasing population, economic growth, climate change and pollution are adversely impacting water availability. Its clutches have also engulfed our social, economic and environmental well-being. To mitigate this scenario, we at WABAG, are involved in

Securing a sustainable future

At WABAG, we engineer new models, new technologies, new solutions to water resources, to secure a sustainable future for all.

recognising resources with higher purpose

by increasing the methods of preserving

securing the quantity and quality of resources

by redefining the possibilities

focusing on health of resources

by capitalising on smart and sustainable solutions

making resources available for all

by providing access to clean and safe water

We engage in the reinvention of the way we manage resources in the new circular economy. The process is a revolution in itself.

95 Years*

Expertise

2,000+

Talented professionals

20+

Countries of presence

47,000+ Million m³

Overall water treated

*Since 1924

CHAIRMAN'S COMMUNIQUE



Water, one of the most basic necessities for sustaining life, is facing crisis today. Factors like growing population, pollution, rising urbanisation, industrialisation and agriculture are increasing pressures on the limited sources of water around the world, leading to supply shortfall. Mismanagement of resources and climate change make matters worse.

Dear Shareholders,

Turning the water-scarcity into water-security is considered one of the top priorities among the nations today. An impending necessity for water-smart infrastructure has led the Government to take various initiatives across continents. Sustainable water solutions are the need of the hour and we, at WABAG, are leveraging this opportunity. Our inter-cluster synergies are coming into play, giving us an edge in the current situation. Our strengths not only lie in being capable and competitive, but our order wins during the year, is a testimony to our collaborative and co-operative mind-set across clusters and cultures.

Water scarcity is being driven by two converging phenomenon: fast growing freshwater use and even faster

depletion of usable freshwater resources. It has been almost over 5 months since it last rained in Chennai City, the headquarters of your company, which is witnessing a long dry spell.

Water scarcity is the one issue that is plaguing not just homes, but offices, hotels and even schools. The groundwater reserve in several of the districts are getting depleted, triggering anxiety. As many as 22 districts, including Chennai, where the water is getting depleted at an alarming rate have been put in the red category. The water shortage has started affecting the hotels in the city. Several of the small and medium hotels were planning to down the shutters and some of the companies have requested their employees to work from home until the water situation improved.

Fresh water scarcity – a serious threat

The global demand for fresh water resources has risen dramatically over the recent years. Mismanagement of the available resources are further hard-pressing to find effective and sustainable solutions to water woes.

Around 1.8 billion people worldwide are using drinking water with faecal contamination. Asia homes 60% of the world's population but has access to only 36% fresh water available; 6% of global population residing in Middle East and Africa have access to just 2% of freshwater. These issues are going to get more intense which is evident from the following facts :

40% global population - face water scarcity

80% wastewater - released untreated

Rising awareness

Looking at the brighter side, Governments, municipal bodies and industries have initiated various efforts, measures and schemes for conserving water resources. The programmes/ schemes like Oman Vision 2020, Saudi Vision 2030, Namami Gange, Smart Cities, Swachh Bharat Mission and Amrut schemes, go onto display the interest showed by the Governments across the globe. However, to witness successful results of these initiatives and schemes, proper support along with due adherence by the community is crucial at all times.

Making a difference

Water security is a high-priority environmental concern and economic issue that needs to be addressed urgently. We, at WABAG, play a pivotal role in safeguarding the globe by conserving our planet's essential resource: **water**. We, continue offering our Indian and international customers, a comprehensive portfolio of water solutions that enhance the environmental stewardship. Our effective and innovative solutions for treating water and reclaiming the wastewater gives it a second life.

Our endeavour is to deliver consistent and sustainable growth through our focussed value-creation approach. With our innovative ideas and technology, everything falling under water management, right from municipal to industrial clients in the area of waste water treatment, sewage water treatment, desalination and sludge treatment, among others, provides sustainable solutions to the satisfaction of clients.

Further, as an Indian multinational, we are proud to be a part of the mission 'Namami Gange' to clean the sacred and

holy Ganga. We have won big orders under the scheme and we are committed to deliver on our promise.

We are diligently working to stay committed to the environment and customers. Our strategic geographical diversification of forming clusters have helped us win significant orders. As a team, we are meticulously working to create value from synergies to further strengthen our presence across geographies.

“The core technology developed over the years along with a united workforce across the globe, on-going innovation and R&D and commitment towards operational excellence are the hallmark at WABAG.”

Future-ready

With the growing needs and dwindling natural reserves, it is our collective responsibility to conserve and protect. WABAG, with its state-of-the-art technologies developed over the years, tirelessly pursues its research programmes to provide sustainable solutions. The Company's operations across countries and cultures are aligned to reflect the essence of circular economy and cross country collaboration. Through our ecologically sustainable solutions, we are actively contributing to improve the quality of life for over a hundred million people. As a result, we continue to be one amongst the world's leading partners for investment in a future that is worth living.

Closing thoughts

The Company's business is gradually scaling upwards. Going forward, focusing on emerging markets besides implementing key projects, achieving group synergies, increasing business profitability and effective and economically viable application of technologies would form the key strategic areas of our business. Our aim is to provide solutions that help extend the life span and usage of water. We will continue partnering with our customers to make the most of life's essential resource. We are energised about the future and our ability to deliver sustainable value to our stakeholders.

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

Regards,

B. D. Narang

REFLECTIONS FROM THE MD'S DESK



Projects under Namami Gange is our first attempt under the scheme HAM. It reflects our commitment to clean our nation's longest and sacred river Ganga.

Dear Shareholders,

The year 2018-19 witnessed its own share of highs and lows. On the one hand we witnessed large-scale execution, significant order intake across all geographies and bagged prestigious projects under Namami Gange and Amrut. On the other hand, the year also saw a number of challenges. However, these challenges made WABAG emerge stronger.

I am immensely happy to state that WABAG's 140 MLD Sewerage Treatment plant was dedicated to our nation by the Honourable Prime Minister Shri. Narendra Modi on 12th November 2018. This is the largest sewage treatment plant to have been commissioned under the prestigious Namami

Gange scheme. I take utmost pride in the fact that this plant treats about 50% of the sewage discharged into the river Ganga from the city of Varanasi.

Our performance, in terms of qualitative aspects, has improved through new client acquisitions across clusters, strengthening competencies and achieving technological breakthroughs.

Our Company has always believed and held on to the philosophy of remaining asset light. With liquidity being the key challenge, the Government has chosen the HAM (Hybrid-Annuity Model) route to invite financing through public private partnership framework. Projects under Namami Gange is our first attempt under HAM. It also reflects our commitment to clean our nation's longest and sacred river Ganga.

Performance

Our revenue from the operations for the financial year 2018-19, stood at INR 2,781 crore and INR 1,748 crore on a consolidated and standalone basis, respectively. Our overseas key projects like Madinat Salman (Bahrain) and RAPID Petronas (Malaysia) reached completion during the last fiscal. The Company's other new major orders, secured during the year, are also in their early stages of execution. Revenues from new orders are expected to pick up momentum in the next few quarters. Consolidated EBITDA and profit after tax stood at INR 214 crore and INR 105 crore, respectively, for the year

Focus on emerging markets

In the past, we have consciously focused on markets with long-term opportunities and will continue to focus on emerging markets of providing sustainable water solutions, which gives us the opportunity to leverage the potential.

Internationally, Middle East and Africa have tremendous opportunities to explore considering the gap in demand and supply of the Water infrastructure. This will in turn, boost our exports from India. We are also penetrating into Middle East and Europe region where we had a historic presence. In fact, Middle East, Africa and South East Asia markets will provide the next quantum leap to your Company.

During the year, we received a significant amount of traction from MEA region. We successfully secured order from ASHGHAL, Qatar for rehabilitation of Doha South Sewage Treatment Works, from MARAFIQ, Kingdom of Saudi Arabia for expansion of Sewage Water Treatment Plant in Jubail and from SONEDE, Tunisia for construction of a 50 MLD Sea Water Desalination. This segment and the clients are very meticulous and require serious efforts to live up to their expectations. Having gained a good momentum this year, it gives us immense confidence on our long term growth plans in this region.

Our order book as on March 31, 2019 stands over 9200 crore, out of which significant Order Intake achieved during FY 19, supported by our MEA region... This reiterates our strategy to diversify geographically and reduce the dependence on India. The back to back major order wins is of immense pride to us, since these were secured from some of the prestigious clients, amongst stiff international competition. The breakthrough orders repose the confidence of customers in WABAG to deliver technology driven solutions at competitive prices.

We have expanded our market presence across sectors. Apart from regular Municipal and Government projects, we continue to give more focus on emerging markets including Food & Beverages and other sectors.

Technology our USP

With presence across a number of markets and dynamic requirements, there is constant need to evolve innovative solutions. Technology is our USP. All our plants are built with world-class technologies that gives us a strong edge across the globe. Our experts at the three R&D centres in Switzerland, Austria and India, work towards achieving and developing latest technologies in house. Through their efforts and hard work, the Company has become pioneers in micronutrient removal. It has also licensed and worked upon the NEREDA technology which we believe is going to play a significant role in wastewater treatment in the future. Today WABAG offers Advanced European technologies at very competitive prices.

Talent acquisition and transformation

An organisation only succeeds when it is able to nurture its core asset – people. In our endeavour to develop a consolidated and cluster based growth we embarked on hiring talent. This has helped us in strengthening all clusters with right management bandwidth and functional capabilities to work as an independent unit.

In order to leverage the opportunities worldwide, WABAG has chosen a cluster based approach. With this approach it is not only making its presence felt but also creating synergies among cross cultures and a sense of ownership across ONE WABAG. The significant order intake by the Company during the year is one such example for successful collaboration of our experts across clusters.

Having presence in over 20 countries with multi-lingual and multi-cultural employees, our group successfully adopted “ONE WABAG” culture. We are constantly hiring and nurturing talents across geographies to take WABAG to the next level and as part of this, have conducted various programmes like the ‘Strengths finder’ and ‘HIPOTS’ of WABAG to leverage each other’s strength and improve team bonding. This has helped us in improving functional capabilities across clusters and work as a big team with common goals.

“Water is one of the verticals for many businesses, but for us, there is only one vertical, which is the lifeline i.e. “WATER”.

Future road map

We are confident of delivering robust growth in the coming years on the back of the strong order book. With the industry reshaping towards water smart infrastructure, we aim at delivering more with less. We intend on leveraging our geographical and inter cluster synergies to provide total water solutions at competitive prices.

We continue to be “Pure play water experts” with asset light model, with our focus on technology and emerging markets to expand our horizons across geographies to achieve a sustainable, predictable and profitable growth.

I thank each and every stakeholder for being part of the journey and for enabling us to achieve many successful projects and order wins.

I sign off by expressing my gratitude to all stakeholders for reposing faith and belief in us through the ups and downs of the group. I am confident that WABAG is all set and future ready to embark on the next orbit of growth and enhance stakeholder wealth.

Warm Regards,

Rajiv Mittal

WABAG: WATER SOLUTION EXPERTS

WABAG is one of the leading global water solution providers through its innovative ideas and technologies for sustainable water management. At WABAG, we offer effective, innovative and sustainable water solutions to our customers.

Madinat Salman WWTP, Bahrain

18

Subsidiaries

Complete Range of Technological Solutions

The Group offers solutions that would encompass conceptualisation, design, engineering, procurement, construction, installation and Operation & Maintenance (O&M) services. Our presence in more than 20 countries enables us to provide an array of Engineering, Procurement and Construction (EPC) solutions and O&M services to customers spread across geographies. Our solutions and services span right from sewage treatment, drinking water treatment, effluent treatment, water reuse, sludge treatment and desalination for municipal and industrial clients.

Where We Operate

The Group covers a vast expanse through its operations in four clusters, namely, India, Middle East and Africa (MEA), Europe and Latin America (LATAM), which helps us in delivering value round-the-globe. Mismanagement of water resources has put us on the brink of a severe water crisis. With growing climate challenges and burgeoning population this scenario is getting worse. To overcome this situation water security is gaining importance.

As part of such measures, we provide solutions through our innovative ideas and technologies developed in our three R&D centres located in Chennai (India), Vienna (Austria) and Winterthur (Switzerland). This has also laid a strong foundation to continue and maintain our legacy as an innovative water solution expert.

Our Philosophy

We are committed to provide clean and safe water to an ever burgeoning population besides securing environmentally-compatible disposal of municipal and industrial wastewater. We are also committed to environmental protection through sewage treatment and enhancing quality of life in a sustainable manner.

The success of our efforts helps conserve one of the Earth's precious resources, "WATER" the very basis of life.

Vision

- WABAG is a professionally-managed Indian multinational having market leadership in emerging markets and significant position in the global market, both in the EPC and service sector of the WATER business.
- WABAG encourage and practise a culture of caring, trust and continuous learning while meeting expectations of employees, customers, stakeholders and society.
- WABAGites shall be an innovative, entrepreneurial and empowered team committed to total customer satisfaction and value creation.

Mission

- We, at WABAG, exist to provide total water solutions to our valued customers.
- Our strong, capable, agile and customer-focused team shall ensure that every customer solution is creative, priced competitively and provided in the agreed time frame with essence of quality at optimum cost.
- We, at WABAG, always have concern for the welfare of our employees and shall do everything it takes to attract and retain the best of the talent.

3

Associates

1

Joint venture

3

R&D centres

10

Among top global water majors

WATER'S PURITY. WABAG'S SURETY.

Preserving the precious

by setting-up water reclamation plants for recycling and reusing industrial and municipal water.

Our focus: Drinking water treatment, recycling (industrial and municipal wastewater), industrial and process water treatment, industrial effluent treatment, sludge treatment and sludge management

Creating sustainable reserves

by building facilities that convert sea and brackish water into potable/ industrial use.

Our focus: Desalination and Reuse

Strengthening position as a life-cycle partner

through our expertise in operations and maintenance which enables us to operate plants efficiently and maximise its life.

Our focus: Technical services, supply chemicals, consumables and spares, major and minor repairs, preventive maintenance, equipment replacement and plant refurbishment

Promoting green power

by generating renewable energy and ensuring better management of resources.

Our focus: Energy neutral plants on sustained basis



WABAG has been marching forward with the vision of providing 'sustainable solutions for a better life'. WABAG has always lived up to its promise and practice of sustainability by touching millions of lives, across the globe, every day.

AWARDS AND ACCOLADES



GWI Global Water Awards 2019

WABAG won two prestigious Global awards at the Global Water Summit – 2019 held at London. The distinction award under “Wastewater Treatment

Plant of the Year” category was presented in respect of 40 million liters per day (MLD) Madinat-Salman WWTP at Bahrain while the 54 MLD IOCL Paradip ETP and Water Recycling Plant at Odisha received the Highly Commended Award under ‘Industrial Water Project of the Year’.



Water Digest Water Awards 2019

In recognition of our sustainability initiatives, Water Digest presented WABAG with two prestigious awards:

- Best Water Treatment Project – Industrial
- Excellence Awards for Best CSR in Water Sector at the Water Digest Water Awards 2018 -19 held at New Delhi, India.



Focused Recognition to our Petronas ETP Team

Our Petronas ETP team received Focused Recognition by the Petronas Management at the 5th PIC Chief Executive Council Meeting.



41st EEPC India Southern Regional Awards 2019

EEPC India presented the Star Performer Award to WABAG under Project Exports category for the year 2016-17 at the 41st

EEPC India Southern Regional Awards held at Chennai, India.



Water Management Excellence Award 2018

ASSOCHAM presented WABAG the Water Management Excellence Award 2018 for ‘Outstanding Contribution

in Water Efficiency & Conservation’, for its comprehensive water management system for IOCL – Paradip



‘Top 30 Municipal Case Studies’ by Smart Water Waste World (SWWW)

Our Nemmeli Desalination Plant (Chennai) has been one among the 30 Top ‘Municipal Case Studies’

showcased in the annual special issue of ‘Smart Water & Waste World’, one of the leading Water Magazines of India.



MEED Projects Awards 2019

Our Madinat Salman WWTP received three prestigious awards at the MEED Projects Awards 2019 held at Dubai. The said project received the awards for improving lives, supporting the economy and laying the foundation for future growth of nations in the Middle East. The awards presented to Madinat Salman WWTP are

- Engineering Project of the Year
- Sustainability Medal
- Water Project of the Year

WINNING BIG THROUGH OUR CONTINUED LEGACY OF DELIVERING VALUE



Highest ever
order book

Major
breakthroughs
in key growth
markets

Continuous
project
references

Key prestigious
clients on board

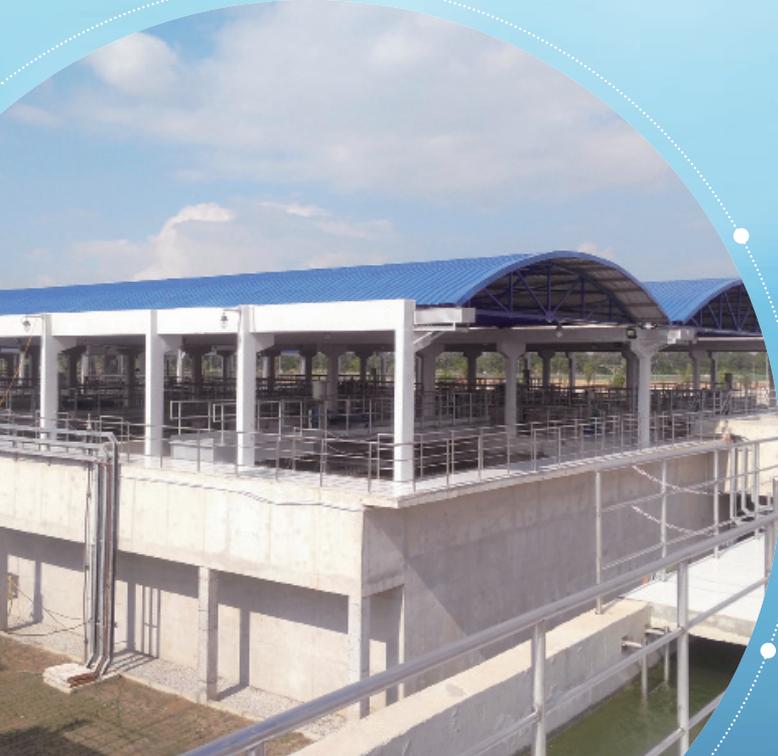
Strong track
record enabling
global
competitiveness

Customer
satisfaction
leading to
repeat orders

The year 2018-19 saw a
significant order intake.

Leap Forward

- Bagged prestigious projects under the ‘**Namami Gange**’ scheme. The projects have given the biggest breakthrough in the form of **entry into ‘HAM’**. Cumulatively we **treat 100 crore litres of sewage every day**.
- Successfully secured **its first major EPC order** from Public Works Authority of Qatar (ASHGHAL). Will use lamella clarifier, disc filter and **aerobic digester technology** to treat the additional sewage generated by the football stadium, which is under construction for the FIFA World Cup 2022. This milestone acknowledges our forte in wastewater management and consolidates our presence in MEA.
- **Major breakthrough in the Kingdom of Saudi Arabia**, with an order win from Power and Water Utility Company for Jubail and Yanbu (MARAFIQ). The plant will be designed using activated sludge process for carbon and nitrogen removal to treat the sewage water in accordance with the irrigation water quality standards as per Royal Commission Environmental Regulations 2015.
- **Emerged as a winner amid tough international competition in Tunisia**. Secured order from Société Nationale D ‘Exploitation et de Distribution des Eaux (‘SONEDE’) for **construction of sea water desalination plant** using **state-of-the-art sea water reverse osmosis** with energy recovery system.



Duong River WTP, Vietnam

Execution Excellence

- Successfully executed a **state-of-the-art WWTP** for a new township located on reclaimed land in Bahrain with a **capacity to treat 40,000 m³/d** for the irrigation water requirements for all 13 islands. The engineers worked on highly challenging civil component on reclaimed area, the processes included right from mechanical pre-treatment to biological treatment to water filtration and sludge treatment. This project also won appreciation from Bahrain’s Ministry of Housing.
- Built a new drinking water treatment plant in the city of Hanoi within a **record time of 12 months**. The project built on turnkey basis is the **fastest to be completed in Vietnam** and the first of its kind in Hanoi.

DID YOU KNOW?

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

Globally, nearly **80% of wastewater**

(95% in some developing economies) is released into environment without any treatment.

WABAG treats over **21,500** Million litres per day of Municipal & Industrial wastewater

NAMAMI GANGE – A COMMITMENT TO ENSURE 'AVIRAL' AND 'NIRMAL' GANGA



The holy Ganga is lifeline to over 400 million Indians. We believe in taking care of the river more than it takes care of us. We are very proud to partner in our Prime Minister's vision to clean the holy Ganga. The project wins demonstrate the capability of WABAG to build world-class facility to be implemented by an Indian multinational in line with our Prime Minister's vision of a Clean Ganga. WABAG is one among the water majors to have received Hybrid Annuity order under this prestigious mission and also the only Company to treat the technologically challenging tannery effluents from Kanpur. The initiative by WABAG under this programme along with creating awareness for a cleaner Ganga reinforces its commitment to ensure *Aviral* and *Nirmal* Ganga by partnering with the Government initiatives.



Successfully executed

Location	New Delhi
Project	Keshopur (225 MLD) Kondli STP (204 MLD) Pappankalan STP (91 MLD)
Key Highlights	Cumulatively treating over 500 MLD of wastewater (~30% of the city's treatment capacity), contributing to a cleaner & healthier eco system in the national capital

Location	Varanasi, Uttar Pradesh
Project	Dinapur STP (140 MLD)
Key Highlights	<ul style="list-style-type: none"> ○ First and largest sewage treatment project under Namami Gange Mission. ○ It employs: Activated sludge process Powered by green power from sewage Significantly reduces carbon footprint



Major Wins/Under Execution

Location	Haridwar, Uttarakhand
Project	Jagjitpur STP (27 MLD) Sarai STP (18 MLD)
Key Highlights	Enhancing efficiency of treatment plants situated upstream

Location	Kanpur, Uttar Pradesh
Project	○ Jajmau Tannery Effluent Treatment Association (JTETA) CETP (20 MLD)
Key Highlights	<ul style="list-style-type: none"> ○ First Industrial ETP project under the Namami Gange scheme ○ Largest Tannery ETP in India and one of the largest globally

Location	Patna, Bihar
Project	Pahari STP (60 MLD) Karmalichak pumping (21 MLD) and sewerage network (97 km)
Key Highlights	Significant project in enhancing the % of sewage collection and quality of treated water by integrating an advanced treatment technology - NEREDA

Location	New Delhi
Project	Rithala STP (186 MLD)
Key Highlights	Apart from wastewater treatment the plant will generate green power from sludge, ensuring clean and Green environment for the people of Delhi

Location	Kolkata, West Bengal
Project	Projects under Hybrid Annuity Model (HAM) with cumulative waster water treatment capacity of 185 MLD

Key Highlights	Project will contribute to reduce the discharge of untreated sewage into Holy Ganga from the State of West Bengal by around 27%
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Inauguration of 140 MLD Dinapur STP by our Honourable Prime Minister Shri Narendra Modi

STRATEGIC PRIORITIES ACROSS CLUSTERS

INDIA CLUSTER

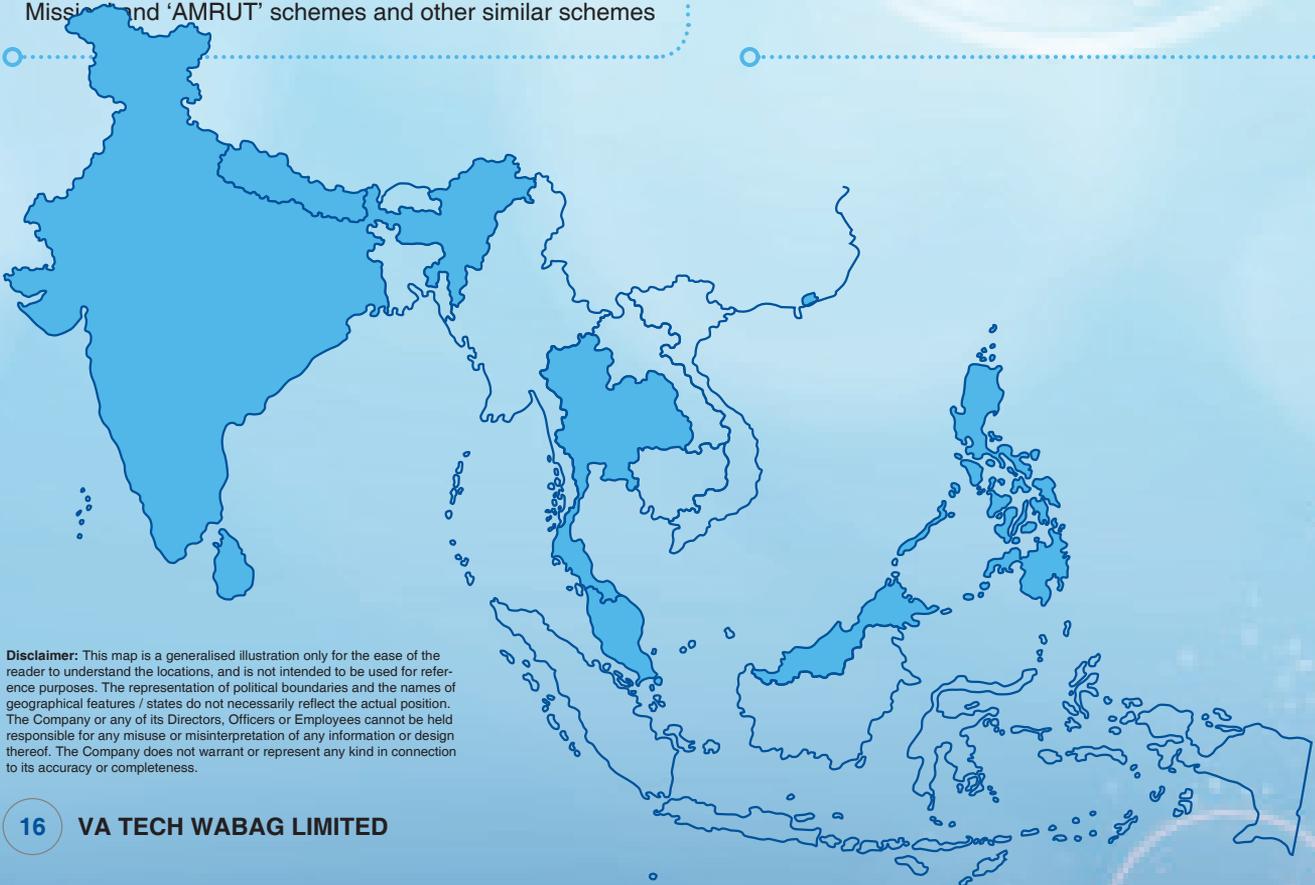
A testimony to our technological capabilities and continued customer confidence

Strategies

- Foot prints in industrial and municipal markets with advanced technologies at competitive prices
- Focus on sustainable & profitable order intake and bid for projects that are backed by multi lateral / Central Government funding
- Leveraging available resource for group opportunity
- Undertake 'HAM' projects and be an integral part of the changing trends of the industry
- Partner with the Government initiatives for various projects under 'Namami Gange', 'Smart Cities', 'Swachh Bharat Mission' and 'AMRUT' schemes and other similar schemes

Outlook

- Government and municipal bodies, being aware of the depletion of water resources, are taking stringent actions
- They are on course to implement smart water infrastructure
- Partnering with HAM projects
- One city one operator concept is gaining momentum
- Our strong in-house technologies should enable us serve the needs of the municipal clients
- The focus is to strengthen presence in SEA countries



Disclaimer: This map is a generalised illustration only for the ease of the reader to understand the locations, and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features / states do not necessarily reflect the actual position. The Company or any of its Directors, Officers or Employees cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind in connection to its accuracy or completeness.

MEA CLUSTER

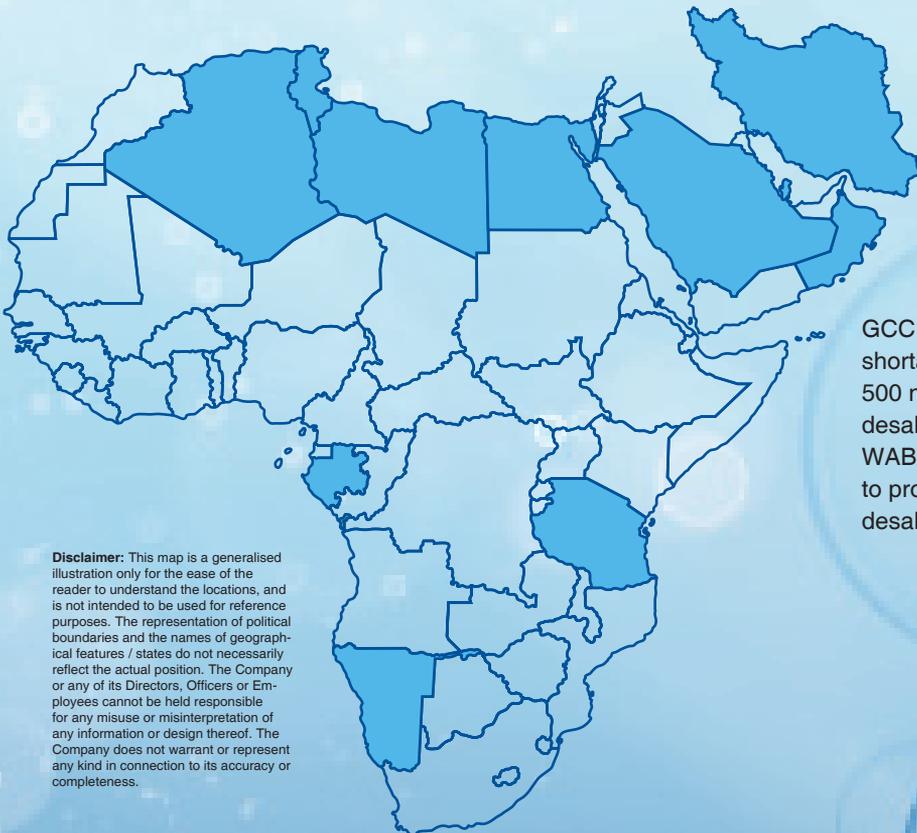
Expanding horizons

Strategies

- Strategically invest in building local competencies and strengthen share in power utility and oil & gas sector
- Build confidence and seize market opportunities in industrial projects
- Enhance share in O&M to ensure long-term presence and steady source of revenues
- Penetrating deeper into existing markets and explore new market opportunities
- Leverage in technology and cost-effectiveness, build talent and capitalise on the massive Build-Operate-Transfer (BOT) opportunities

Outlook

- Continue to focus on new orders and execution excellence
- The collaborative approach and references from clients could place WABAG Group among the top 3 companies globally
- The collaborative approach reflects an intercluster bond through which we achieve excellence. This has also helped us in winning references from clients and help in securing breakthrough orders from marquee customers in the region



Disclaimer: This map is a generalised illustration only for the ease of the reader to understand the locations, and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features / states do not necessarily reflect the actual position. The Company or any of its Directors, Officers or Employees cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind in connection to its accuracy or completeness.

DID YOU KNOW?

Sub Saharan Africa: **40%** of population has no access to water & **70%** of population has no access to sanitation facilities

GCC region experiences water shortage with availability of less than 500 m3 per inhabitant per year and desalination is the major source. WABAG has created capacity to produce over **700 MLD** desalinated water

WABAG has created water & wastewater treatment infrastructure catering to over **34 million** people!

EUROPE CLUSTER

Innovate and synergise



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Strategies

- Continue to develop advanced technologies like micro-pollutant removal in treated wastewater
- Leverage capabilities and drive localisation in the industrial sectors like oil & gas, food & beverages
- Seize opportunities locally arising in water and wastewater segments
- Build and drive growth on strong execution capabilities for rehabilitation and upgrade of existing treatment plants

Outlook

- Our efforts would be aimed at improving our technology and deliver excellence in Europe to stay ahead in such a competitive environment

LATAM CLUSTER

Making our presence strategically for future markets



Strategies

- Building brand in these markets and win big from local governments
- Bid for funded projects through the alliance with established partners in the region

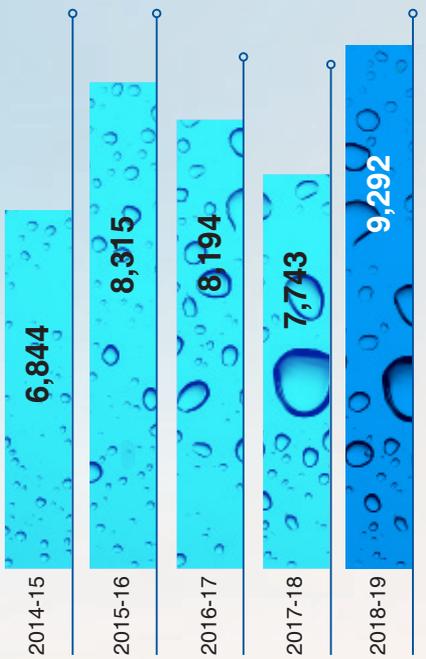
Outlook

- To bid for funded projects
- Focus on business opportunities in South America

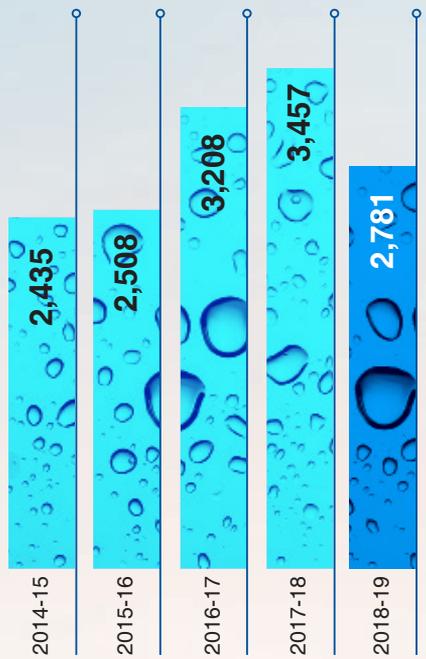
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KEY PERFORMANCE INDICATORS

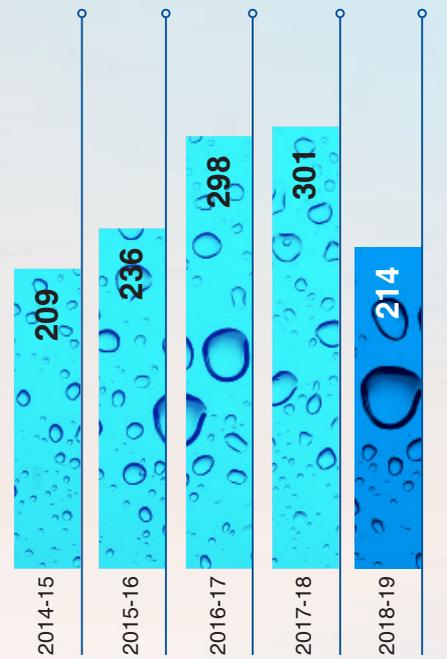
Order book* (INR crore)



Revenue from operations (INR crore)

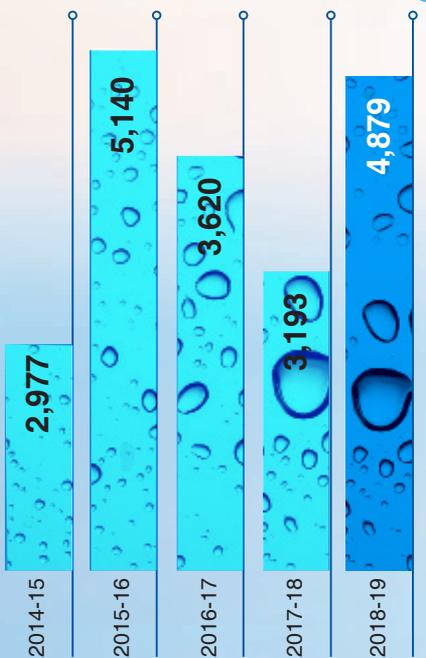


EBITDA (INR crore)

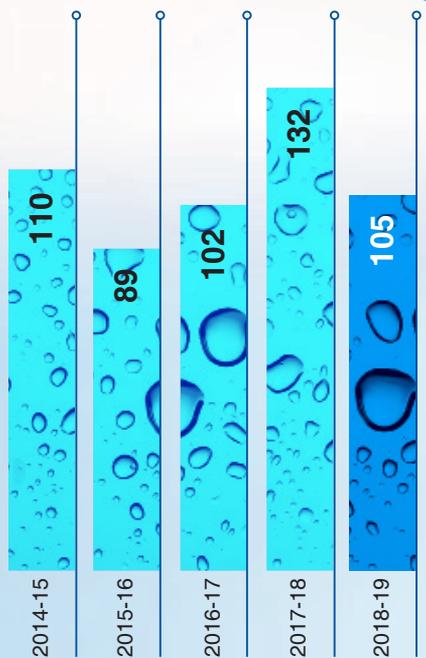


*Including framework contracts

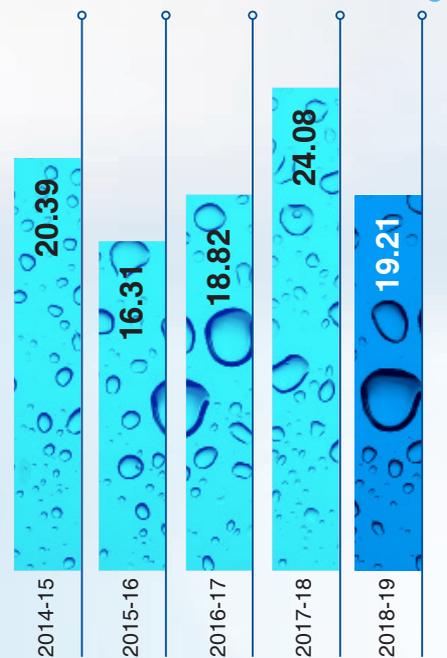
Order intake (INR crore)



Profit after tax (INR crore)



Earnings per share (INR)



KEY CAPITALS FOR SUSTAINABLE DEVELOPMENT

Sustainable development is at the core of WABAG's ideology. It is duly backed by different types of capitals and together, they form company's input vertical. The input vertical is essential in ensuring better handling of processes, which result in measurable outputs and sustainable outcomes.

- Intellectual capital**

 - Intangible assets that are essential to create value. It includes patents, copyrights, R&D and innovation abilities.
 - 10+ R&D experts
 - 3 innovation centres
- Human capital**

 - Combination of intellect, experience and skill of the workforce.
 - 2,000+ Talented Professionals
 - Training and development initiative
- Social and relationship capital**

 - Organisation's relation with its internal and external stakeholders like customers, vendors, suppliers, regulatory authorities and communities.
 - Contribution to exchequer
 - CSR initiative
- Service capital**

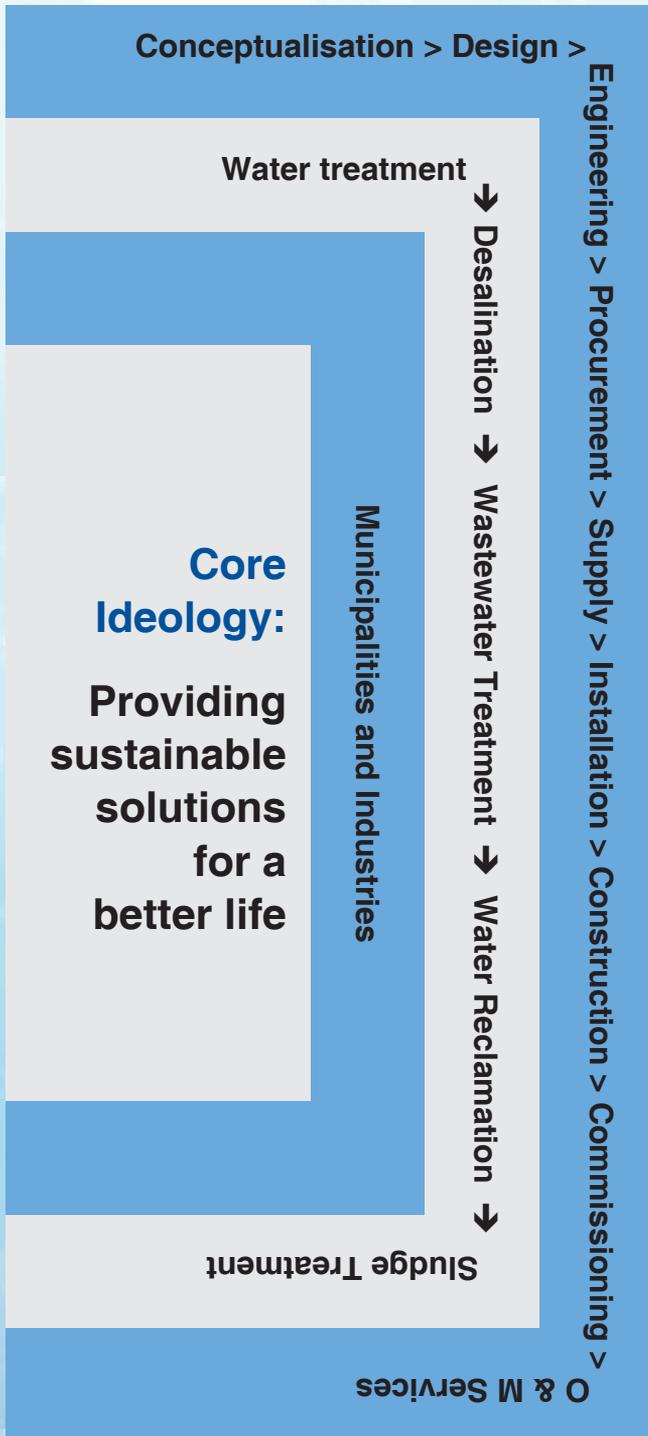
 - Includes the services provided to fulfil the commitments.
 - Orders executed successfully till date
 - 1,450+ EPC
 - 150+ O&M
- Natural capital**

 - Renewable and non-renewable resources like land, water and solar energy. Water and energy are critical to support our treatment process and business activities, while access to land allows us operate
- Financial capital**

 - Source of funds
 - Revenue from operations
 - INR 2,781 crore
 - Equity
 - INR 1,086 crore
 - Debt
 - INR 584 crore

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P R O C E S S

O U T P U T

- Intellectual capital**

 - Promoted globally in 2018-19
 - **Nereda**
 - **Removal of micro pollutants**
 - **10+ Technologies** Developed till date
 - **~90** Patents held

(details on pg 22)
- Human capital**

 - They form the backbone of our Company. Their skills, experience and knowledge heighten our value proposition

(details on pg 24)
- Social and relationship capital**

 - WABAG understands and manages the necessities, interests and perspectives of all its stakeholders

(details on pg 26)
- Service capital**

 - **21,500+ Million m3** of Municipal & Industrial Waste Water treated per day
 - **70%** Reduction in freshwater usage in FY 2018-19 at WABAG House
 - Touching millions of life everyday through sustainable water solutions

(further on pg 28)
- Natural capital**

 - **Energy Neutral** wastewater treatment technology
 - **2,000+ million litres** treated per day for water reuse and reclamation
 - **10.36 lakhs KWH** carbon free wind power
 - **5,857 Kg Waste Paper** recycled in 2018-19

(further on pg 30)
- Financial capital**

 - **INR 4.879 crore** Order in-take during 2018-19

(further on pg 32)

Corporate Overview - 01-34

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Financial Section - 111-232

INTELLECTUAL CAPITAL OUTCOME: TO ENHANCE SUSTAINABLE VALUE

Intellectual capital represents the intangible value of the business. For us, it is innovation. It is the backbone of the Company and an essential key in driving value creation in our business. From new product innovations and product reformulations, to improved business processes, WABAG is constantly looking for opportunities to increase value for all our stakeholders.

Our capability to continue delivering value in the future depends on the ability to become future-ready by building the right intellectual capital through R&D and innovation. By honing skills and knowledge of our people and developing a deeper understanding of our customers, we laid a strong foundation for R&D.

Focus Areas for 2019

- Patents
- Building process efficiency
- Information systems
- Product innovation and technology

Knowledge Management

One of the well-known purposes of Knowledge Management (KM) is to foster the reuse of intellectual capital. Relevant organisational knowledge is one of the important dimensions of intellectual capital. WABAG introduced KM with the objective to capture, store and disseminate operational knowledge thereby reducing inefficiencies and add value to all stakeholders.

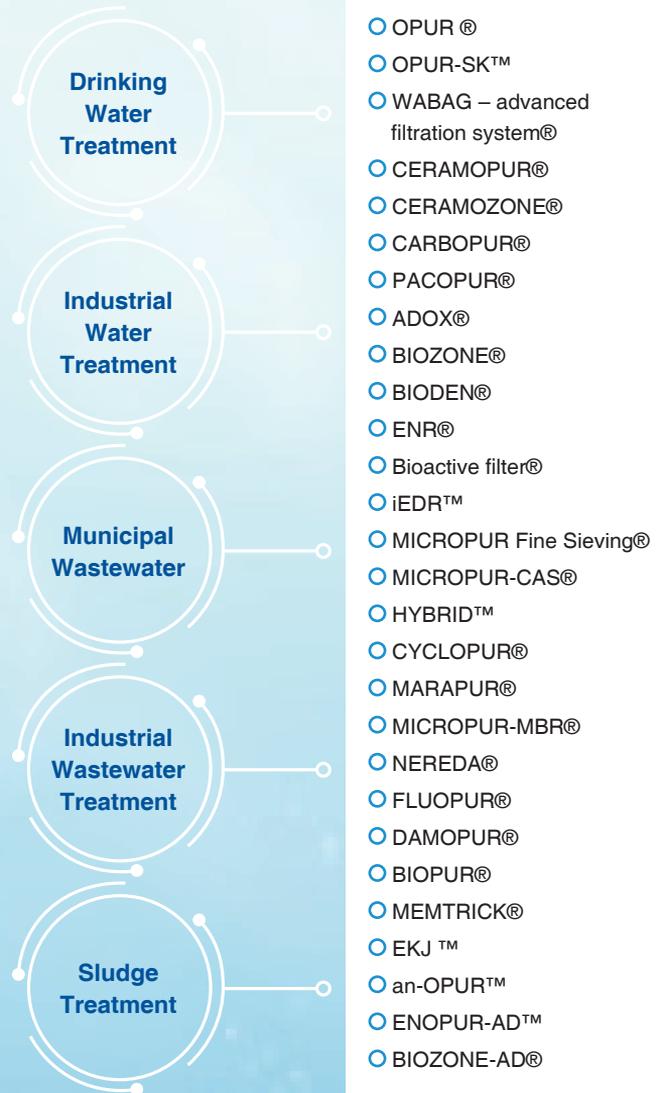
In line with the best global practices WABAG has identified critical initiatives to meet its core objectives. WABAG has built and rolled out an Enterprise Search tool, its own search engine. This facilitated federated search in different repositories. This will facilitate re-use of accrued knowledge and reduce errors and cycle time. Another initiative that was rolled out is for the process of 'Lessons Learnt'. Learnings in Project Execution and fine tuning the business processes will make WABAG a learning organisation gaining multi-dimensional competitive edge. This process is successfully rolled out for Engineering and being progressively expanded to other functions

New Product Development

We are making continuous investments directed towards technology development and ways to recycle and reuse water. This enables us to develop and launch new products and sustain value-creation over the long-term. Subsequently, our investments in three R&D centres around the world, resulted in ~90 patents. Our team of more than 10 R&D experts ensure solutions to every challenge be it industrial or municipal.

The Power of Intellectual Capital

Our strong intellectual capital includes



NEREDA®



Aerobic granulation is seen as the future standard for industrial and municipal wastewater treatment. Its direct impact triggered initiation of research efforts in this field. As an outcome of a concerted programme, an aerobic granular biomass technology has been scaled-up and implemented for the treatment of urban and industrial wastewater. This is known as Nereda® technology and is considered the first-of-its-kind sludge technology applied at full-scale. WABAG signed a License agreement with RHDHV for applying this technology in India and Switzerland. The Nereda® technology has been applied in various industrial and municipal applications and demonstrated its robustness and stability.

250+
projects developed on the basis of the above technologies

HUMAN CAPITAL OUTCOME: BUILDING ASSETS BOLSTERING VALUES

Human capital refers to our employees, their talent, skills, efforts and personal attributes that play a vital role. For us, it is one of the most vital assets in creating sustainable value.

We do not transform people; they mould themselves to our work culture. Our empowering work culture encourages all across our clusters creating an atmosphere of **one WABAG!**

We regularly engage with our employees to keep them aligned with the organisation's growth strategy. It's their roles, played to perfection, help us achieving our goals. This drives us to create more growth opportunities for our employees.

Focus Areas for 2019

- Attraction and retention of talent
- Productivity and alignment of employees
- Workforce planning
- Innovation and technology
- Learning and development

18

HiPots identified in 2017-18 continue to get mentored

27000+

Hours of training provided



TALENT DEVELOPMENT INITIATIVES

Strength Finder Programme

One of our organisational priority is to create a Strengths-Based Organisation (SBOs). This would help us in selecting employees based on talent. Their mettle decide their position in the Company and ensure optimal output. This benefits the organisation by increasing engagement and retention, reducing costs per hire. Our senior leadership and High Potential (HiPots) leaders have taken the Gallup Strength Finder assessment to find the top five strengths of employees and in turn, initiated the strengths finder assessment for their teams.

Leadership Development Initiatives

WABAG's leadership initiatives to identify and develop potential leaders aim at creating a Strong leadership pipeline to secure now and in the coming days. The recently initiated High Potential programme intends to select future leaders from middle management level and groom them for senior leadership roles.

The High Potential (HiPots) undergo a 360 degree feedback to create a personal development plan. They also take up special training interventions, such as strengths finder assessment to stay on the top of the learning curve.

Extra Milers Programme (EP)

This is a programme intended to identify potential talent among trainees who come through Graduate/ Executive training programme.

The objective is to build junior management level leadership pipeline. Selected Extramilers will get a sponsorship to a premier institute for leadership skills training programme followed by an individual development plan to fast-track their growth.

Young Entrepreneurs Programme (YEP)

This was launched in 2003 with a long-term perspective and is open to executives below 35 years. This programme is intended to identify potential talent among young engineers/executives of the Company and develop their functional/managerial capabilities.

Executives are subjected to a rigorous, multi-phased selection process at the end of which, the top individuals (4-6) are selected for the Young Entrepreneurs programme.

The next two years would enable them experiencing a rigorous training process including a sponsorship to premier institutes for a Postgraduate programme. They are also provided multi-functional exposure in the Organisation. The process, simultaneously, enhances their functional expertise and strengthens their holistic understanding of the business.

Leadership Excellence Programme (LEX)

LEX is a flagship initiative of WABAG aimed at tapping and maximising the leadership potential available within WABAG India. This programme is designed to create a pool of potential leaders at various levels with desired competencies and capabilities to take up senior management positions in future.

Selected managers will go through a training programme at a premium Institute of Management. This programme runs in three modules with a 2 month break in between each module, so as to ensure assimilation and practice.



SOCIAL AND RELATIONSHIP CAPITAL OUTCOME: DELIVERING VALUE TO STAKEHOLDERS

Our vision of being one of the top global leaders in sustainable water solution requires the highest levels of corporate governance to ensure we create value for our stakeholders over the short, medium and long term. To ensure our ultimate operational and strategic success we remain committed to sound and robust corporate governance.

WABAG actively engages with all its stakeholders throughout the year on its strategic aspirations. The process requires understanding of stakeholders' needs, interests and perspectives. Material matters arising from stakeholder engagements are managed as part of the risk management process. The review of material risks and opportunities include stakeholders' perspectives, ensuring alignment of WABAG's business model with those of its respective stakeholders.

Health and Sanitation

- Programmes on WASH
- Campaigns on adoption of menstrual hygiene by women
- Creating awareness on sanitation



Strengthening Stakeholder Relationship

Customers

WABAG's Focus	<ul style="list-style-type: none"> ○ Customer satisfaction ○ Developing new customers
Implementation Strategies	<ul style="list-style-type: none"> ○ Timely completion of projects ○ Timely support to the customers to meet their business objectives

Employees

WABAG's Focus	<ul style="list-style-type: none"> ○ Professional excellence and pride ○ Absolute commitment to WABAG Values ○ Intensity to succeed
Implementation Strategies	<ul style="list-style-type: none"> ○ Training and development programmes ○ Regular performance reviews ○ Reward and recognition for best performers

Investors

WABAG's Focus	<ul style="list-style-type: none"> ○ Sustained returns on investment ○ Profitable, predictable and sustainable growth
Implementation Strategies	<ul style="list-style-type: none"> ○ Exploiting new business opportunities and faster execution of projects ○ Communication with investors through various means

Suppliers

WABAG's Focus	<ul style="list-style-type: none"> ○ Right quality; Right price and at Right time
Implementation Strategies	<ul style="list-style-type: none"> ○ Long-term sustainable contracts ○ Periodical inspection & review ○ Performance evaluations ○ Ensuring safe and secure payment for WABAG's suppliers

Communities

WABAG's Focus	<ul style="list-style-type: none"> ○ Creating employment opportunities in more than 20+ nations ○ Making communities climate resilient
Implementation Strategies	<ul style="list-style-type: none"> ○ Focus on emerging markets, growth opportunities ○ Social Interventions

Government

WABAG's Focus	<ul style="list-style-type: none"> ○ Building sustainable infrastructures for the economic development of the country ○ Providing solution for sustainable Water management
Implementation Strategies	<ul style="list-style-type: none"> ○ Policy advocacy ○ Innovative solutions at affordable cost

The water carrying capacity of the silted Sokkan Odai dam canal had reduced to ~10%. The farmers were forced to look for alternative ways of livelihood.

WABAG restored traditional irrigation through structural renovation in Sokkan Odai. The restoration comprised desiltation, excavation, installation of pipe outlets and biomass plantation. WABAG's intervention benefited 250 Killai farmers covering 350 hectares of farmland across six villages. 20 acres of land that was lying fallow for the last 5 years, has been brought under cultivation. The Killai village has now got access to sustainable crop production during both flood and drought as a result of restoration of traditional irrigation canal as well as drainage system.

3,600+

Suppliers as on March 31, 2019

1050+

clients served over 2 decades

SERVICE CAPITAL OUTCOME: REAPING BENEFITS OF PROFESSIONAL EXCELLENCE

Our service capital greatly assists us in facilitating value creating activities.

Delivering world-class water and wastewater treatment technologies and solutions is at the heart of what WABAG does. Our service capital comprises employees' skill set and service offerings. This gives rise to technologies and solutions that are innovative and offer tremendous value to our customers.

Focus Areas for 2019

- Supply chain planning and procurement
- Operational efficiency
- Timely execution
- Cash management
- Culture of score card
- Energy efficient systems; Ease of maintenance
- Global technology
- Local execution

Madinat Salman WWTP, Bahrain

LIFE CYCLE PARTNERSHIP

EPC

WABAG provides holistic project services from 'Concept to Commissioning', all the while maintaining the highest quality and safety standards.

Includes complex technologies, difficult locations or circumstances and other factors while assessing projects. This gives us the upper-hand in choosing projects as per its merits and demonstrate efficient project management, engineering capabilities, and supply chain management while delivering excellence.

Marquee projects like Dambulla WTP in Sri Lanka, Petronas ETP in Malaysia, Madinat Salman WWTP in Bahrain, and Al Ghubra Desalination Plant in Oman were executed under the EPC model.

O&M

WABAG's legacy is built upon successful operation, maintenance and management of existing water and wastewater plants. However, we do share our rich heritage of experience and know-how with our clients to simplify operational procedures, thereby, improving efficiency at low costs.

Plants like **ETP** at IOCL, Panipat; **Krishna Drinking Water Supply Project**, Kodandapur; **Godavari Drinking Water Supply scheme**, Mallaram are some of the marquee projects under operation and maintenance management held by the Company.

DBO – Design-Build-Operate

Leverage our competencies and capabilities in capital and operational management across new, refurbish and upgrade projects.

The sewage treatment facilities and associated infrastructure development in Kolkata, Bangalore, Delhi and Bihar are the major orders under this segment.

BOOT – Build-Own-Operate-Transfer

WABAG's proactive strategy to revive water includes solutions for financing, construction and operation of water and wastewater projects. By including its partners, WABAG aims to create a sustainable water infrastructure.

As BOOT projects are gaining prominence, WABAG stepped forward to capitalise on it by investing in Hybrid Annuity Model (HAM) projects. WABAG plays a key role in obtaining competitive financing from available avenues. The Ujams Industrial Wastewater Reclamation Plants in Windhoek, Namibia and the Chennai Wastewater Treatment Project in Alandur, India, fall under the segment.



Varanasi STP, India

DID YOU KNOW?

844 M

people living without access to safe water

1 in 9 people

lack access to water

15%

of the existing wastewater treatment capacity in India is non-operational

30

wastewater facilities being served by **WABAG**

NATURAL CAPITAL OUTCOME: SERVING NATURE

Natural capital is the environmental resource used by the Company in its value creation process. WABAG's reliance on natural resources is substantial, which play a vital role in our value creation process.

WABAG believes, every business needs to be conscious of its use of natural resources, for there is only one planet Earth. The use of natural resources like land, water, energy, biodiversity etc. is inevitable for organisations. Thus, managing them prudently is a responsibility and an obligation for all organisations.

Focus Areas for 2019

- Water sustainability
- Environment sustainability

Water sustainability

- Water augmentation
- Water conservation
- Water use efficiency
- Water reuse

Environment sustainability

- Restoration of water bodies
- Water recharge
- Sanitation





RO Plant in Valluvar Gurukulam Chennai

Recognition

IGBC GREEN BUILDING CERTIFICATION



CII – EXCELLENT ENERGY EFFICIENT UNIT AWARD



ITC – CERTIFICATE OF APPRECIATION



Key Initiatives

- WABAG designed, built and donated a 600 LPH RO plant to Valluvar Gurukulam group of schools (Tambaram, Chennai), benefiting 3,000 school children.
- Design, construction and dedication of sewage treatment plant to The Cancer Institute, Adyar, Chennai.
- Water treatment facility for Srishti School, Munnar.
- Community water purification plants in two villages of Jayashankar District, Telangana (India).
- Water treatment plant at Voluntary Health Services, Adyar, Chennai.
- Microirrigation at Sevalaya Complex, Trivellore District and at National Agro Foundation Training Complex, Kanchipuram District.
- Water augmentation project at Mailam Block, Villupuram District, Tamil Nadu in partnership with MS Swaminathan Research Foundation.

WABAG INITIATIVES

62%

Water treated & reused at WABAG House through in house STP

5 districts

In Tamil Nadu will be benefited from water shed development

6 districts

In West Bengal will be benefited from water shed development

INR 700 lakhs+

Being invested in watershed development

500+

Marginal farmers benefited from restoration of irrigation system

INR 110 lakhs

Clean Ganga Initiatives

430+ families

Enjoy access to purified water 24x7 in Warangal district

3,000+

School students drink safe and clean water provided by us

FINANCIAL CAPITAL OUTCOME: FUNDING THE PRESENT FOR A SUSTAINABLE FUTURE



At WABAG, we understand that sustaining growth and expansion over the long term is possible only with proper and prudent use of financial capital. Over the past few years, we have always focused on the practical and pragmatic deployment of funds in our endeavour to create, augment and distribute value to all our stakeholders.

Remaining Asset-Light

WABAG has adopted asset-light model from day one. The asset-light model not only minimises risk but also, helps in scaling business sustainably. Our strong technological competence, coupled with our asset-light model, enables us to take on large volume of projects. Thus, assisting in successful execution of complex water projects, all the while, ensuring higher return ratios.

We keep an eye on the effective and efficient utilisation of our resources to keep projects cost-effective and make our services affordable. It is our constant endeavour to focus on projects nearing completion and drive closure. Subsequently, it alleviates risk in the projects and aids in better cashflow.

Focus on Driving Value Creation

We are embarking on a process of simplifying, synergising and scaling an agile and powerful company. We have worked diligently to simplify our group, to build capital and navigate through an unpredictable global environment. The organisational restructuring has proved to be fruitful for the Company and is now benefiting from each cluster that has been created. The extraordinary tailwinds taking us ahead now are the fruition of our 'One WABAG' strategy.

0.54

Debt: Equity

Performance Highlights

FY 2018-19 was a mixed bag in terms of achievements. On one side, our financial performance was impacted due to revenue de-growth driven by completion of 2 major overseas projects during the year and the subsequent delay in finalisation of new orders. These new major overseas orders were expected to be awarded 3 quarters earlier and subsequently started contributing to the revenue during FY 2018-19.

INR in crore

Particulars	FY 2018-19	FY 2017-18
Order Book*	9,292	7,743
Revenue from Operations	2,781	3,457
EBITDA	215	301
PAT	105	132
Earning per share	19.21	24.08

*including framework contracts

Revenue Distribution - FY 2018-19



India
INR **1,748** crore

Rest of the world
INR **1,033** crore

DID YOU KNOW?

WABAG treats over **1200** million litres per day - Desalination

By **2025**, **two-third** of the **global population** will run short of fresh drinking water

A child dies from water-related diseases every **15 seconds**

2.6 billion don't have access to potable water

1 out of **6 people** don't have access to water sanitation

Water crisis is the **#4 global risk** in terms of impact to society

TEN-YEAR FINANCIALS

(INR in crore)

Particulars	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Order Backlog *	9,292	7,743	8,194	8,315	6,844	6,237	5,374	4,561	3,402	2,832
Revenue	2,781	3,457	3,208	2,508	2,435	2,239	1,619	1,443	1,242	1,229
EBITDA	215	301	298	236	209	188	154	130	121	117
PBT	110	224	179	157	167	166	135	111	83	74
PAT	105	131	102	89	110	113	90	74	52	45
Networth [®]	1,085	1,162	1,010	928	834	844	717	643	571	402

* Including framework contracts

[®] Networth includes Share application money pending allotment and non-controlling interests

Board's Report

Dear Members,

The Board of Directors hereby submits its report on the performance of the Company along with the audited standalone as well as consolidated financial statements for the year ended March 31, 2019.

Financial/ Operational Highlights

Your Company's financial highlights for the year ended March 31, 2019 are summarised below:

Particulars	(INR in crore)	
	2018-19	
	Standalone	Consolidated
Gross turnover (Revenue from operations)	1,748	2,781
Profit before interest, tax & depreciation (EBITDA) excluding exceptional items	179	215
Profit before tax	117	110
Provision for tax	15	20
Profit after tax attributable to owners of the parent	102	105

Business Environment

India is emerging as one of the fastest growing major economies in the world and is expected to be one of the top three economic powers of the world over the next 10-15 years. India has retained its position as the third largest startup base in the world with over 4,750 technology start-ups. India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrollment, among other factors, according to a study by ASSOCHAM and Thought Arbitrage Research Institute.

India's Gross Domestic Product (GDP) is expected to reach USD 6 trillion by FY 2027 and achieve upper-middle income status on the back of digitisation, globalisation, favourable demographics, and reforms. India's next target is to expand its journey from being a low middle-income country to an upper middle-income country (according to the World Bank the range is between around USD 1,000 - USD 12,000 per capita income). The first step in that journey is double the size of the Indian economy to around USD 5 trillion. One of the most critical in the list of areas to focus on is safe drinking water and sanitation.

The initiative and investment made by Government in Sanitation (building around 90 million toilets) and providing of electricity grid connection to almost every part of India have started gaining people confidence on the Government and the next big focus will be on WATER. There is no doubt that transformative policies on sanitation and water bring faster growth.

The economic benefit of access to clean drinking water and basic sanitation would amount to more than USD 43 billion a year or an economic gain each year of around 5.2% of GDP with a benefit cost ratio of 3.2 and a payback period of 7 years. In less than a decade, there could be a transformative boost to the Indian economy just by helping its citizens access clean drinking water and sanitation. The Water Ministry in India has also brought some initiative to bring all departments working on water under one roof. Providing access to clean drinking water and sanitation is around six times bigger than the ambition of bringing electricity to every part of India. To fulfil the electricity dream, power had to be taken to a little more than 20 million households, whereas nearly 141 million households lack piped water. But as challenging as it sounds, it is a fundamental pillar to India's USD 5 trillion dream.

(Source: IBEF, IMF Blog), (Source:Fortune India Blog)

Dividend

Your Company has been consistent in paying dividend to its Members since listing of its securities in 2010.

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.

Taking into account the present and future growth opportunities including investment to be made by the Company for Hybrid Annuity Model projects under Namami Gange Schemes and considering the difficult market conditions and high cost of borrowings, your Directors have decided to conserve the funds for future and hence have not recommended any dividend for FY2018-19.

Company’s Performance

- Your Company has a healthy order book of INR 9,292 crore as on March 31, 2019 (including framework contracts) supported by significant order intake of INR 4,879 crore

- Total Consolidated and Standalone income, comprising revenue from operations and other income, for the year was INR 2,781 crore and INR 1,748 crore during the year ended March 31, 2019, as against INR 3,457 crore and INR 1,856 crore respectively in the previous year.
- Consolidated & Standalone Profit After Tax for the FY 2018-19 was INR 105 crore and INR 102 crore respectively.
- Company’s EPS was INR 18.73 for the FY 2018-19 as against INR 21.45 in the previous year.
- There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which this financial statement relate on the date of this report.
- The revenue and profit is lower as compared to previous year on account of our large key overseas projects like AMAS and RAPID have reached completion during the current fiscal year and major new orders secured during the year are in early stage of execution. Revenue from new orders is expected to pick up momentum in FY 2019-20.

Share Capital

During the year, the Company has not issued any shares or convertible securities. The issued, subscribed and paid up share capital of the Company stood at INR 10.94 crore as on March 31, 2019 as against INR 10.93 crore in the previous year. The increase in paid up capital was on account of allotment of equity shares of the Company to the eligible employees as per the Employee Stock Option Plan approved earlier by the Members of the Company.

The number of shares and date on which such allotment towards ESOPs were made by the Company are given below:

Month/Day/Year	No. of equity shares (face value of INR 2 per share)
Paid up Capital as on March 31, 2018	5,46,57,390
Addition during the year	
May 25, 2018	3,597
August 10, 2018	4,981
November 12, 2018	15,298
February 8, 2019	9,162
Paid up Capital as on March 31, 2019	5,46,90,428

Unpaid/ Unclaimed Dividend - Investor Education and Protection Fund (IEPF)

Pursuant to the provisions of sections 124 and 125 of the Companies Act, 2013 (“the Act”) read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), any dividend which is unclaimed by a Member(s) for a period of 7 consecutive years have to be transferred to IEPF Authority at the expiry of 7 years within the prescribed time stipulated by the IEPF Rules along with the corresponding shares held by the said Members in the respective financial year for which the dividend is unclaimed. The Company has been constantly sending communication and reminder letters, from time to time, to the respective shareholders whose dividends are unclaimed and due for transfer to IEPF Authority and providing facilitation / support to shareholders as and when required, to enable them to claim their dividend entitlements before it is transferred to IEPF Authority in accordance with IEPF Rules.

During the year under review, unclaimed dividend for the FY 2010-11 amounting to INR 42,810 pertaining to 265 shareholders and 126 shares pertaining to 6 shareholders in respect of whom dividend had remained unclaimed for seven consecutive years have been transferred to IEPF Authority in September 2018. Unclaimed dividend for the financial year ended March 31, 2012 and shares in respect of which dividend has remained unclaimed for the last consecutive seven years or more as on due date shall become due for transfer to IEPF authority in August 2019.

The details of shareholders and their unclaimed dividend/ equity shares entitlements/transferred/ liable to be transferred to IEPF are uploaded on the Company’s website www.wabag.com. The Shareholders are requested to approach the Company and/or RTA for any support to claim their entitlements if any.

Depository System

The Company’s total paid up capital representing 5,46,90,428 equity shares as on March 31, 2019 wherein 99.99% of equity shares are held in dematerialised form. To protect the interest of shareholders, your Company approached shareholders through various modes of communication and elucidated about dematerialisation of shares.

Credit Rating

During the year, ICRA, the credit rating agency as part of their routine periodical review and evaluation, has reaffirmed the short term rating as A1+ and rated A+(negative) for long term fund based facilities. The said revision in the rating has been disclosed to the stock exchanges and this communication is available in the Company’s website www.wabag.com under investor section communication.

Management Discussion and Analysis

A detailed analysis of your Company’s performance is discussed in the Management Discussion and Analysis Report at page no. 70, which forms part of this Annual Report.

Corporate Governance

Your Company is committed to highest standards of corporate governance in line with the law and had also adopted certain principles/process as part of its corporate governance even before mandated by law. Your Company places high emphasis on business ethics and ensures best practices throughout the business cycle.

The Report on Corporate Governance for the year under review, is presented in a separate section, forming part of this Annual Report.

A certificate from Practicing Company Secretary, confirming compliance of conditions of Corporate Governance, as stipulated under the SEBI LODR, also forms part this Annual Report. A Compliance Report on applicable compliances of SEBI Circular, Notifications, and Regulations etc., issued by Practicing Company Secretary being filed with stock exchanges in the prescribed format.

Key Projects Update -

KOYEMBEDU TTRO PROJECT – INDIA

Chennai is a city that has been primarily depending on groundwater and surface water from reservoirs. Considering the rapid economic growth and burgeoning population in the city coupled with acute water stress in alternative years, there has been a dire need to come up with alternative, reliable and sustainable sources. This has been one of the reasons for the city being a pioneer as far as water reuse is concerned. The city set a precedent over a decade ago by driving municipal industrial partnerships to promote water reuse. The city has designed a water management model to ensure water security for industries through water reuse and prioritise available freshwater sources and augment its desalination capacity to bridge demand supply gap as far as domestic consumption is concerned.

Chennai Metropolitan Water Supply and Sewage Board awarded a contract to WABAG to design and build a 45 MLD Tertiary Treatment Reverse Osmosis (TTRO) plant at Koyambedu to supply the Tertiary Treated water to SIPCOT (State Industries Promotion Corporation of Tamil Nadu) Industries.

The secondary treated water will be drawn from existing 120 MLD Koyambedu Sewage Treatment Plant (STP). The idea is to provide a sustainable water source by reuse of water generated by the city for industrial application thereby reducing the fresh water consumption.

The tertiary, ultrafiltration and reverse osmosis based treatment plant and the MS transmission main conveying the treated water to various industries are part of the scope. The project is more than 90% Completed. The construction activities at TTRO project have been completed and pre-commissioning activities have started.

POLGHAWELA PROJECT - SRILANKA

Polgahawela project is now in advanced stage of execution. The civil works, transmission and distribution pipe laying is in progress. The manufacturing of all major equipment's are on schedule. This project is funded by the EXIM Bank of India under the Buyers' credit route.

PETRONAS RAPID ETP PROJECT – MALAYSIA

The Malaysian Petronas Rapid Project is completely operational now except for the sludge management system, which is under commissioning. The plant has started receiving effluent and treating it and has achieved 99.7% progress and is expected to be completed fully during Q2 of FY 2019-20. This effluent treatment plant forms part of the largest grass root refinery in the world and will provide a significant reference for your Company.

AMAS STP PROJECT - BAHRAIN

The project has been commissioned during October 2018 and handed over successfully over for Operation and Maintenance with effect from November 1, 2018. This plant is a model that showcases an optimum solution to the wastewater treatment needs of not only Bahrain region but also to the entire GCC region as such. The project own Distinction Award under the Waste Water Treatment Plant of the Year 2018 at the Global Water submit held in London apart from other accolades from other institutions.

GENCO PROJECTS - KAKATIYA (KTPP) & RAYALASEEMA (RTPP) THERMAL POWER PROJECT - INDIA

The performance guarantee test runs (PGTR) of the 600 MW plant in Warangal, Telangana (KTPP) was completed, post which final accounts reconciliation was carried out. Currently we are awaiting the final clearance and settlement of the project accounts with the customer (TSGENCO). On RTPP project, after achievement of Commercial operation date (COD) of the 600 MW project in Cuddapah, Andhra Pradesh, currently completion of peripheral work is going on. PGTR and handing over will happen progressively in the next two quarters. These critical milestones completion will enable your Company to move closer to achieving closure of the project.

DANGOTE ETP PROJECT - NIGERIA

In the repeat order from Dangote group towards Engineering, Procurement, Commissioning & Testing of an Effluent Treatment Plant (ETP) with Reverse Osmosis, Demineralisation (RODM) & Condensed Polishing Unit (CPU) and Raw Water Treatment Plant (RWTP) - Your Company

as part of this contract, is supplying its patented BIOPUR technology for this package.

In this project, Engineering is at final stage and equipment ordering is nearly completed. 95% GFC drawings are released for site construction. The project has achieved 65% of the physical progress as on May 2019.

DUONG WTP PROJECT - VIETNAM

To ensure clean and safe drinking water for over 3 million people in Hanoi and the surrounding provinces in Vietnam, WABAG was contracted to design and build a 150,000 m3/day drinking Water Treatment Plant (WTP) in October 2017. The WTP was built to treat raw water from Duong River in a multi-stage system using WABAG's proven technologies such as Lamella Clarifier and Dual Media Filters.

The completion of this (Engineering, Procurement & Construction) EPC Contract was achieved on fast track basis. It is indeed a matter of pride that by completing the project in a record time frame of 12 months, it is credited for being the "Fastest Project executed in Vietnam"

This Contract also marks successful entry for WABAG into Vietnam's municipal sector following the Company's foray in 2016 in the industrial sector. The successful execution of this project also reinforces WABAG's presence in South East Asia and vision to develop sustainable water infrastructure in the region.

KMDA HAM PROJECT - INDIA

During the year, your Company secured an order under prestigious National Mission for Clean Ganga ('NMCG') scheme and has been entrusted with the responsibility to develop, maintain, regulate Sewage Treatment facilities and associated infrastructure in Kolkata, West Bengal. The project will be implemented on PPP basis, through a hybrid annuity model. The KMDA contract from Kolkata Metropolitan Development Authority is funded by NMCG includes Engineering, Supply and Construction of new Sewage Treatment Plant (STP), renovation and up gradation of existing STP, rehabilitation of pumping station and other associated infrastructure. Your Company has set up a separate SPV namely M/s. Ganga STP Project Private Limited to execute this project in accordance with the contract conditions and will be initiating necessary formalities upon completion of the execution of concession agreement with NMCG/KMDA, which is expected to be completed during June 2019.

Policies of the Company

Your Company is committed to continuously review and update statutory policies and codes, in compliance with the changes prescribed under law from time to time. During the FY 2018-19, certain statutory policies and codes were amended by the Company in line with the changes mandated under amendment to SEBI LODR. Some of the key policies adopted by the Company are as follows:

Name of the Policy/code and links for viewing it

01	Code of Conduct for Board Members and Senior Management Personnel https://www.wabag.com/compliances/
02	Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and policy for identifying legitimate purpose. https://www.wabag.com/compliances/
03	Corporate Social Responsibility Policy https://www.wabag.com/compliances/
04	Dividend Distribution Policy https://www.wabag.com/compliances/
05	Nomination, Evaluation and Remuneration Policy https://www.wabag.com/compliances/
06	Policy for Determination of materiality for disclosure of events or information https://www.wabag.com/compliances/

Directors & Key Managerial Personnel

As on date of this report, majority of the Board comprises Independent Directors. WABAG, being a professionally managed Company, is functioning under the overall supervision of 5 Independent Directors including Independent Board Chairman & Independent Women Director and 2 Executive Directors.

> 70% of the Board
comprises Independent Directors

07	Policy on determining Material Subsidiaries https://www.wabag.com/compliances/
08	Policy on preservation and archival of documents https://www.wabag.com/compliances/
09	Policy on Related Party Transactions & Materiality of Related party Transactions https://www.wabag.com/compliances/
10	Whistle Blower Policy https://www.wabag.com/compliances/

Code of conduct for Prevention of Insider Trading, POSH policy etc., are available on the Company's intranet portal.

Retirement by rotation and subsequent re-appointment

In accordance with the provisions of the Act read with the Rules issued thereunder, SEBI LODR and the Articles of Association of the Company, the Independent Directors and the Managing Director of the Company are not liable to retire by rotation.

In order to comply with the provisions of Section 152 of the Act read with rules issued thereunder, S Varadarajan, (DIN: 02353065) Whole Time Director & Chief Growth Officer, who was appointed by the Members of the Company at the last AGM held in 2018 for a period of 5 years, has to be considered to retire by rotation at the ensuing Annual General Meeting (AGM) and he being eligible, offers himself for re-appointment. A brief profile of S Varadarajan is given in the notice dated May 21, 2019 convening the AGM of the Company. The Board of Directors of your Company recommends his re-appointment.

Independent Directors

The Members at the 22nd AGM held on July 27, 2017, had re-appointed Sumit Chandwani (DIN: 00179100), as an Independent Director of the Company to hold office for two consecutive years for a term up to the conclusion of the 24th AGM of the Company to be held in the calendar year 2019. The tenure of Directorship of Sumit Chandwani will be expiring upon conclusion at the ensuing 24th AGM, has been

appointed for two consecutive terms under the Act for a period of 3 years and 2 years respectively and he is not eligible to be re-appointed as an Independent Director of the Company as per the provisions of the Act. The Board of Directors have placed on record its sincere appreciation for his significant contribution particularly supporting management buyout and reverse acquisition of WABAG group of companies and in general for his other invaluable services extended during his tenure as Director.

Your Board, on the recommendation of the Nomination and Remuneration Committee held on April 29, 2019, have approved the appointment of Milin Mehta (DIN: 01297508) as an Additional Director in the category of Independent Director of the Company up to the date of ensuing 24th AGM and also recommended his appointment as an Independent Director for the approval of the Members of the Company at the ensuing AGM to hold office for a period of 3 consecutive years up to conclusion of the 27th AGM of the Company to be held in the calendar year 2022 .

Your Company has received requisite notice in writing from the Member proposing his candidature. The brief profile of Milin Mehta and S Varadarajan along with other requisite information have been outlined in the Notice convening the 24th AGM of the Company.

Declaration of Independence by Independent Directors

All Independent Directors of the Company have confirmed that they meet the “Independence criteria” laid down under the Act and SEBI LODR in addition, they maintain their maximum limits of Directorships as required under SEBI LODR.

Key Managerial Personnel (KMP)

The KMP of your Company as on March 31, 2019 as per Section 203 of the Act, are as follows:

Rajiv Mittal, Managing Director & Group CEO

S Varadarajan, Whole Time Director & CGO

Pankaj Sachdeva, CEO- India Cluster

R Swaminathan, Company Secretary

During the year there was no change in KMP except the resignation of Parthasarathy Gopalan who served as Chief Financial Officer of the Company. He resigned from the services of the Company w.e.f November 9, 2018.

Subsequent to the close of the FY 2018-19, Your Board, on the recommendation of the Nomination and Remuneration Committee and approval of Audit Committee held on April 29, 2019, have appointed Sandeep Agrawal as Chief Financial Officer of the Company with immediate effect from the said date.

Board Diversity

The diversity and inclusiveness are embedded in the Company's culture which reflects across each & every division in the Organisation for achieving sustainable, balanced development and long standing goal. Being a multilingual and multi cultured entity, every employee of the Company is treated with dignity and respect. The Nomination and Remuneration Committee paving way out to diversify the composition of the Board of Directors as per the Policy on Board Diversity as covered in Company's Nomination, Evaluation and Remuneration Policy.

Board & Performance Evaluation

Pursuant to the provisions of the Act and the SEBI LODR, the Board carried out an annual evaluation of its own performance and its Committees as well as performance of all the Directors individually. The response was sought by way of an organised questionnaire which covers various aspects of the functions of the Boards adequacy, culture, execution and delivery of performance of specific duties, obligations and Governance and the evaluation was carried out based on responses received from the Directors.

A separate exercise was carried out by the Nomination and Remuneration Committee of the Board to evaluate the performance of Individual Directors. The performance evaluation of the Executive Directors and the Board as a whole were carried out by the Independent Directors at their Meeting held during the year 2018-19. The performance evaluation of the Chairman of the Board of Directors of the Company was also carried out by the Independent Directors as a whole, taking into account the views of the Executive Directors. The Report on Corporate Governance forming part of this Annual Report covers details of the evaluation process and other requisite information.

Familiarisation Programme

As part of Familiarisation programme, your Company conducts various programme, session and seminars to the Directors, from time to time, and update them with various aspects covering the industry including the business process, procedures, laws, rules and regulations as applicable for the business of the Company. A formal letter of appointment is issued to Directors when inducting into the Company capturing their role, function, duties and responsibilities and expectation of Board.

Details of the Familiarisation Programme are explained in the Report on Corporate Governance and are also available on the Company's website at link <https://www.wabag.com/compliances/>

Appointment of Directors

The Nomination and Remuneration Committee formulates and reviews the criteria for appointment of a Director on the Board of Directors of the Company. The Committee formulates the criteria for determining qualifications, positive attributes, and independence of a Director and makes necessary recommendations to the Board. The Committee also recommends to the Board on extension or continuation of the term of appointment of Independent Directors on the basis of the report of performance evaluation of Directors, from time to time, in accordance with the law and SEBI LODR.

Board & Committees

A calendar of meetings is circulated to the Directors in advance. During the year, your Board met 6 times on April 4, 2018, May 25, 2018, July 9, 2018, August 9, 2018, November 12, 2018 and February 8, 2019. 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.

Your Company is maintaining the highest standards of Corporate Governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes. As on March 31, 2019, the Board has 6 Committees viz. **Stakeholders Relationship Committee** *inter alia* to look into various matters relating to the securities of the Company, **Nomination and Remuneration Committee** with wider terms of reference as per the statutory requirements, Corporate Social Responsibility Committee, *inter alia*, to undertake CSR activities, monitoring and reporting system for utilisation of funds for the CSR activities, **Risk Management and Monitoring Committee** *inter alia* to review and monitor the various projects of the Company from time to time and evaluate the risks exist in the business and ensure appropriate mitigation measures in a time bound manner, **Overseas Direct Investment Committee** *inter alia*, to scrutinise, evaluate and approve any new/enhancement in the investment by the Company in setting up a branch/subsidiary/joint venture entities, in India or overseas and periodically monitor the investments made in such group entities are used for such approved purpose so as to ensure that return on investment to the Company are protected in the long run. Please refer page no. 44 for investment made by Company in ODI entities

The **Audit Committee** acts as an interface between the statutory and internal auditors, the Management and the Board of Directors. It assists the Board in fulfilling its responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for internal financial controls, governance and reviews the Company's statutory and internal audit processes. The

recommendations made by the Committee are accepted by the Board. As prescribed under section 177(8) of the Act, the Audit Committee comprises three Independent Directors viz., Sumit Chandwani, Chairman of the Committee, B D Narang and Malay Mukherjee.

The Meetings of each of these Committees are convened by the respective Chairperson, who also apprises the Board about the summary of discussions held at their Meetings. The Minutes of the Committee Meetings are sent to all Directors individually for their approval/ comments as per the prescribed Secretarial Standard-1 and subject to any such comments/ approval from Directors, circulate the duly signed and approved Minutes to the Directors through the software/Email and table the same at the subsequent Board Meetings.

Directors Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134 of the Act:

- 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;
- that 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;
- that 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;
- that 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
- that 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:

Your Company designed its remuneration policy to attract motivate and retain the Directors, Key Managerial Personnel, Senior Management Personnel and other employees as per the industry practice.

In accordance with the relevant provisions of the Act and SEBI LODR, the following Policies/ Framework have been adopted

by the Board upon recommendation of the Nomination and Remuneration Committee as part of Nomination, Evaluation & Remuneration Policy:

- A. Board Nomination Policy
- B. Policy for appointment & removal of Director, Key Managerial Personnel and Senior Management Personnel
- C. Board Evaluation Policy
- D. Board Diversity Policy
- E. Policy related to Remuneration for the Executive Directors, Key Managerial Personnel & Senior Management Personnel

The Remuneration policy is based on various evaluation criteria determined by the Nomination and Remuneration Committee in line with the requirements of law. The Director's Commission and other matters provided in Section 178(3) of the Act has been disclosed in the Report on Corporate Governance. The Nomination Evaluation and Remuneration Policy is available on the website of the Company. The overall limit of remuneration payable to the Board Members and Managerial Personnel are governed by provisions of Section 197 of the Act and rules made thereunder.

Executive Directors

Remuneration of the Executive Directors consists of fixed component and a variable performance incentive. The Nomination and Remuneration Committee makes annual appraisal of the performance of the Executive Directors based on a detailed performance evaluation, and recommends the compensation payable to them, within the parameters approved by the shareholders, to the Board for their approval.

Non-Executive Directors

The Non-Executive Directors are paid remuneration in the form of Commission subject to overall ceiling limits prescribed under the Act. The Board can determine different remuneration for different Directors on the basis of their role, responsibilities, duties, time involvement etc. The Company has no pecuniary relationship with Non- Executive Directors except commission being paid for attending meetings of the Board/Committees thereof.

KMP/ Senior Management/ Other Employees

The remuneration of Key Managerial Personnel (other than Managing Director and Whole Time Director), shall be approved by the Board and any revision thereof, shall be done as per the compensation and appraisal policy of the Company which consists of fixed and variable pay includes salary, benefits, perquisites, provident fund etc. Managing Director & Group CEO and Whole Time Director will appraise the Board on the performance evaluation of senior management/ other

employees made by them on the basis on achievement of KPI & KRA and they will be paid remuneration/ any revision thereof.

Policy on Preservation & Archival of Documents

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. This Policy is intended to provide guidelines for the retention of records, preservation of relevant documents for such duration after which the documents shall be archived and safe disposal/destruction of the documents. This policy is available on the Company's website www.wabag.com. It not only covers the various aspects on preservation, but also archival of documents.

Employees stock option scheme (ESOP)

During the year, 33,038 options were exercised and allotted in 4 tranches to eligible employees under "Employees Stock Option Scheme 2010" (ESOP Scheme 2010). During the FY 2018-19, there has been no change in ESOP Scheme of the Company. Further, it is confirmed that the ESOP Scheme of the Company is in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014. The validity period of ESOP Scheme 2010 has got expired in the months of October & November 2018

The disclosures as stipulated under SEBI (Share Based Employee Benefits) Regulations, 2014 with regard to Employees Stock Option Plan of the Company is enclosed as an **Annexure-I** to the Board's Report and are available on the website of the Company at www.wabag.com.

Particulars of Employees

Disclosures with respect to the remuneration of Directors, KMP and employees as required under section 197(12) of the Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are enclosed as **Annexure II** to the Board's Report.

Details of employee remuneration as required under provisions of section 197(12) of the Act, read with Rules 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available to any Shareholder on request. Such details are also available on the website www.wabag.com

Industrial Relations

The Company maintained healthy, cordial and harmonious industrial relations at all levels. The enthusiasm and unstinted efforts of employees have enabled the Company to remain at the leadership position in the industry. It has taken various steps to improve productivity across organisation.

Policy on Prevention of Sexual Harassment at Workplace

Your Company is an equal opportunity provider. It continuously strives to build a work culture which promotes respect and dignity of all employees across the Organisation. The Company has a dedicated Committee for Prevention of Sexual Harassment (POSH). It comprises 6 Members, majority being Women Members including one external women representative. The Company has a POSH policy in place in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All permanent, consultant, contractual, temporary, trainees are covered under this Policy. During the year under review, there was no case of POSH complaint received and pending for disposal as on March 31, 2019.

Auditors**A. Statutory Auditors**

M/s. Sharp & Tannan, Chartered Accountants, Chennai (Firm Regn No: 003792S) was appointed by the Members of the Company at the last AGM held on August 10, 2018 as the Statutory Auditors of the Company to hold office for a term of 5 years from the conclusion of the 23rd AGM until the conclusion of the 28th AGM of the Company to be held in the calendar year 2023.

The statutory auditors of the Company have submitted their report for FY 2018-19 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

Pursuant to the provisions of the Section 148(1) of the Act, your Board of Directors had appointed K Suryanarayanan, Practicing Cost Accountant (Membership No.24946) as Cost Auditor of the Company, for conducting the audit of costs records for the FY 2018-19. The audit of cost records is in progress and report will be filed with the Authority with the prescribed period in accordance with the Act and relevant rules made thereunder. A proposal for ratification of remuneration of the Cost Auditors for the FY 2018-19 will be placed before the Members of the Company at the ensuing AGM for ratification/approval.

The cost records, as applicable to the Company are maintained in accordance with the sub-section (1) of Section 148 of the Act.

C. Secretarial Auditor

Your Board has appointed M Damodaran, Practicing Company Secretary (Membership Number 5837) to undertake the Secretarial Audit of the Company for the FY 2018-19. The Secretarial Audit Report placed before the Board does not contain any

qualification, reservation or adverse remark. The Report of the Secretarial Auditor is enclosed as **Annexure III** to the Board's Report.

Your Board had appointed M Damodaran of M/s. M Damodaran & Associates, Practicing Company Secretaries, as Secretarial Auditor of the Company for the FY 2019-20.

D. Internal Auditors

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 for the FY 2018-19. The Internal Auditors reports directly to the Audit Committee and makes comprehensive presentations at the Audit Committee meeting(s) on the Internal Audit Report covering the business areas required by the Audit Committee, from time to time.

Your Board had appointed M/s PKF Sridhar & Santhanam LLP, Chartered Accountants, Chennai as Internal Auditor of the Company for the FY 2019-20.

The Statutory Auditors, Cost Auditor, Secretarial Auditor, 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

Your Company has 18 subsidiaries, 3 associates and a joint venture entity as on March 31, 2019. Pursuant to Section 129(3) of the Act, a statement containing the salient features of the financial statement of our subsidiaries in the prescribed format AOC - 1 is enclosed as **Annexure IV** to the Board's report.

Material Subsidiaries

None of the subsidiaries is a material subsidiary as per the thresholds laid down under the SEBI LODR. Your Board of Directors has approved a Policy for "Determining material subsidiaries" in line with the SEBI LODR. The Policy has been revised effective from April 1, 2019 in line with the amendments made to the SEBI LODR. The policy is also made available on your Company's website www.wabag.com.

Consolidated Financial Statements

The Consolidated Financial Statements of the Company for the financial year ended March 31, 2019 are prepared in compliance with the applicable provisions of the Act including Indian Accounting Standards specified under Section 133 of the Act. The audited consolidated financial statements together with the Auditors' Report thereon form part of this Annual Report.

The Financial Statements of the subsidiaries, associates and joint venture entities are available for inspection by the Members at the Registered Office of the Company pursuant to the provisions of Section 136 of the Act. The Company shall provide a copy of the financial statements of its subsidiary companies to the Members upon their request. The statements are also available on the website of the Company at www.wabag.com under Investors Section.

Related Party Transactions

During the FY 2018-19, your 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 entered into 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. During the year, Managing Director & Group CEO has contributed from his own funds to meet certain business exigencies. The details of the same are given in the notes to financial Statement.

The Related party transactions were placed before the Audit Committee for their review, consideration and approval/recommendation and then placed before the Board for suitable noting/approval. Amended 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 the Act, are disclosed in form AOC-2 forming part of this report.

Overseas Direct Investment

WABAG, over the years has expanded its global reach through Overseas Direct Investments (ODI), either through subsidiaries, associate & joint venture entities. As of March 31, 2019, the aggregate financial investments in such ODIs amount to INR 381.88 crore as against INR 410.13 crore as of last year. Out of such overseas investments, a very substantial component of investment comprises guarantees/non-funded exposure for various projects, which as of March 31, 2019 amounted to INR 352.79 crore (92.38% of total financial exposure). The funded exposure of the Company in ODI for the same period consists of equity investments of INR 27 crore (7 % of total financial exposure) and loans amounting to INR 2.36 crore (0.62% of total financial exposure). Your Company has not provided any loan to its ODI entities during the year.

Your Company has been benefitted from these ODIs in the form of export/ other earnings.

The benefits generated by the Company from its overseas entities are substantial considering its relative meagre funded investment in such ODI entities. During the FY 2018-19, the Standalone revenue of the Company included revenue from overseas projects amounting to INR 775 crore as against INR 716 crore last year. The aggregate operational revenue generated by the Group during the FY 2018-19 through Company's overseas entities and exports out of India aggregated to INR 1,779 crore which is 64 % of overall consolidated revenue of INR 2,781 crore. In addition to this, your Company also secured an EPC project through a consortium with VA Tech Wabag GmbH, Austria in the Kingdom of Saudi Arabia from Marafiq.

In order to comply with the new project requirements, your Company has set up the following establishments during the year:

1. Branch in Qatar to execute the EPC project received from Public Works Authority of Qatar (ASHGAL)
2. Branch in Tunisia to execute the DBO project received from Société Nationale D'Exploitation Et De Distribution Des Eaux, Tunisia (SONEDE)

Corporate Social Responsibility (CSR)

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 as per Act. During the year under review, your Company spent a sum of INR 198.98 lakhs towards CSR.

In keeping with the Company's CSR focus on water and waste water, the Company identified various projects for implementation during the year 2018-19. The Company had entered into arrangements with NABARD as co-financing partner for implementation of six multi-year watershed projects as part of CSR activities, one each in - Kanchipuram District, Tuticorin District, Dindigul District and Virudunagar District besides two at Cuddalore District, Tamil Nadu along with five reputed local NGOs as implementing partner(s). The estimated cost (WABAG's portion) for the six projects is over INR 4.60 crore.

Furthermore, your Company also entered into a Memorandum of Understanding (MoU) with Bharat Rural Livelihoods Foundation (BRLF), an independent non-profit society set up by the Government of India under the Ministry of Rural Development for implementing watershed project in six districts in West Bengal for which your Company committed a sum of INR 2.50 crore spread over a period of 4 years. Out of this, your Company so far paid a sum of INR 74.00 lakhs. 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 commitment to BRLF the total commitment approved by the CSR Committee towards watershed development multiyear projects is over INR 7 crore. Out of the overall amount unspent as on March 31, 2019 your Company has already committed to spend around INR 7 crore. In addition to this, projects around INR 4 crore are under pipeline for Committee approval.

Over and above, your Company also implemented a few CSR projects – i) drinking water facility to the school children @ Valluvar Gurukulam , Chennai , ii) community water purification plant at Telangana State and restoration of traditional irrigation system @ Killai Village, Cuddalore, Tamil Nadu.

Your Company had undertaken rejuvenation and livelihood projects in CSR in the areas of Water in 2018-19 thereby increasing the continued value creation. These initiatives address the necessities of the local communities both in Tamil Nadu and other states.

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 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: <https://www.wabag.com/compliances/>.

Pursuant to Section 135(4) of the Act, the major contents of CSR policy include core Ideology, total outlay for each financial year, allocation of resources & thrust areas and Executing Agency/Partners.

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.

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 & 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 recognised 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 Scheduled 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;

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

Particulars of Loans, Guarantees or Investments

Details of loans, guarantees and investments under the provisions of Section 186 of the Act, as on March 31, 2019, are given in the notes to the Financial Statements of the Company.

Internal Control/ Audit & its adequacy

WABAG has built robust control system upon which the internal controls are built to mitigate the risks. Under the control environment; Company's policies, procedures & standards are developed to uphold control across the organisation. Adequate internal controls are in place to commensurate with business and operating dynamics. Internal controls are designed to provide reasonable assurance over:

- Achieving strategic objectives
- Efficiency and effectiveness of business operations
- Prevention and detection of frauds and errors
- Safeguarding its assets
- Complying with applicable laws and regulations
- Providing reliable financial information

Your Company has independent internal audit agency, spearheaded by industry veterans & process experts. Audit Committee of the Board periodically reviews the audit function and key issues are acted upon immediately. Key controls are periodically reviewed and improvements are made to enhance the reliability of information. The Company through its global ERP, continues to align its processes and controls with industry best practices.

Internal Control Over Financial Reporting

The Companies Act, 2013 re-emphasises the need for an effective Internal Financial Control system in the Company which should be adequate and shall operate effectively.

1. The internal financial controls within the Company are commensurate with the size, scale and complexity of its operations.
2. Audit Committee of the Board, periodically reviews the internal audit plans and observations/recommendations of internal & statutory auditors.
3. The controls were tested during the year and no reportable material weaknesses.
4. Your Company continuously tries to automate these controls to increase its reliability.
5. The Company follows accounting policies which are in line with the Indian Accounting standards notified under Section 133 of the Act read with Companies (Indian Accounting Standard) Rules 2015. These are in accordance with Generally Accepted Accounting Principles (GAAP) in India.
6. The Company's Books of Accounts are maintained in IFS and transactions are executed through IFS setups to ensure correctness/ effectiveness of all transactions, integrity and reliability of reporting.
7. The Company has a mechanism of building budgets at an integrated cross- functional level. The budgets are reviewed on a monthly basis so as to analyse the performance and take corrective action, wherever required.
8. Overseas subsidiaries provide required information of consolidation of accounts in the format prescribed by the Company along with certification from respective entity auditors.

Risk Management

The Board has constituted a dedicated Committee viz. "Risk Management and Monitoring Committee" to review risks trends, exposure, its potential impact analysis and mitigation plans. The Committee consists of 5 Directors out of which 4 are Independent Directors. The details on the Company's risk management framework/ strategy, risk assessment, risk acceptance, risk avoidance, risk mitigation, risk review etc.,

are forms part of Management Discussion and Analysis Section of this report.

Awards & Recognitions

During the year under review, your Company received numerous awards and accolades conferred by reputable organisations, distinguished bodies and clients for achievements in CSR, sustainable solutions, project completion etc.

Please refer page no. 11 of the Annual Report for the details of the rewards and recognition achieved by the Company globally during this year.

Significant and material orders passed by the regulators or courts or tribunals impacting the going concerns status and Company's operations in future.

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.

Other Disclosures

Deposits: 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);

Contracts or Arrangements 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 as **Annexure VI** to the Board's Report.

Annual Return: In accordance with Section 134(3)(a) of the Act, an extract of the annual return in the prescribed format is enclosed as **Annexure VII** to the Board's Report. The said extract is also available on the Company's website in the following link: <https://www.wabag.com/compliances/>.

Secretarial Standards: The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board and General Meetings;

Conservation of Energy: 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 as **Annexure VIII** to the Board's Report;

Differential rights: The Company has not issued equity shares with differential rights as to dividend, voting or otherwise.

Nature of Business: During the year, there was no change in nature of business of the Company or any of its subsidiaries.

Health, Safety and Environmental Protection (HSE)

Your Company is committed to providing a safe, healthy and conducive environment to all of its employees & associates

and complied with labour related 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

Sustainability is a key mantra for your Company. Globally, your Company is actively involved in providing sustainable solutions for the future that are eco-friendly and renewable in nature. Your Company's contribution towards sustainability is constantly driving in nature as is reflected throughout this report and forms an integral part of our business.

Whistle Blower Policy / Vigil Mechanism

The Company has formulated a Whistle-Blower Policy which serves as a mechanism for its Directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Code of Conduct without fear of reprisal. The vigil mechanism consists of a dedicated email-id. Any Director or employee who becomes aware of an unethical behaviour or fraud or violation of code shall report to the Ethics Committee for redressal as provided in the policy. The Audit Committee of the Board oversees the functioning of this policy. The policy is available on the website of the Company www.wabag.com.

Green Initiatives

WABAG believes in creating a clean and green ecosystem (land, air and water) around us for the wellbeing of nature and humanity. A few examples that testify to our vision for a resource positive and sustainable future through green initiatives are: a) the 110 MLD Kodungaiyur WWTP in Chennai, India which has been a role model plant for the entire country in terms of a being a plant powered by green energy for over a decade b) the 144 MLD Sanliurfa WWTP in Turkey, which employs renewable power derived from solar power in its sludge drying beds c) The 36 MLD Effluent Treatment and Recycling Plant at Reliance Dahej where biogas generated during the anaerobic treatment process is used as fuel gas

for plant utility purposes, thus providing about 40% savings in heating costs. d) Power optimisation at our desalination plants by integrating energy recovery devices. Pressure energy recovery from the high-pressure brine stream is critical to the economic viability and environmental sustainability.

Green Initiatives begin at home

Over 60% of the total power requirement of our headquarters in Chennai is derived from wind energy, thereby bringing down energy cost by 6% as well as becoming a part of green energy compliant corporate. It is in recognition of this initiative that our headquarters, WABAG HOUSE, has been certified as a platinum rated green building by IGBC. During the year, we have introduced E Tender process for sourcing materials in our procurement function as a step towards digitisation.

Moving forward on its commitment towards a Greener Planet for future generations and in furtherance of digitisation commitment to Go-Green initiative of the Government, the Company started using digital mechanism to conduct Board/ Committee Meeting(s) as per the provisions of law and as part of this step, circulating the agenda, notes and other supporting documents of the Board / Committee meetings through a secured electronic platform for ease of access to Directors for their review and consideration, thereby reducing usage of papers to a limited purpose.

Your Company took various initiatives to reduce the usage of physical Annual Reports by continuously persuading the shareholders to get registered their email ids with their respective DPs to avail the e-version of Annual Reports and providing e-voting facility to all its members to enable them to cast their votes electronically on all resolutions set forth in the Notice.

Appreciation

The Board of Directors place on record their sincere gratitude and appreciation to all the employees at all levels for their hard work, solidarity, cooperation and dedication during the year. The Board conveys its appreciation to its customers, shareholders, suppliers, 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 21, 2019

Annexure – I

Disclosures with respect to Employees Stock Option Scheme of the Company

A. Summary Status of ESOS

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	17,99,636*
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	INR 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	Fair Value Method

* No. of options approved and exercise price is adjusted for sub-division of face value of shares from INR 5/- to INR 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 2018-19

Sr.No	Particulars	Nos
1	Options outstanding at the beginning of the year	1,22,714
2	Number of options granted during the year	-
3	Options Forfeited / Surrendered during the year	12,500
4	Options Vested during the year	-
5	Options Exercised during the year	33,038
6	Options Lapsed / Expired during the year	77,176
7	Total number of shares arising as a result of exercise of options	33,038
8	Money realized by exercise of options during the year (INR)	59,46,840
9	Options outstanding at the end of the year	-
10	Options exercisable at the end of the year	-

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

Sr.No	Particulars	INR in lakhs
1	Profits as reported	10,240
2	Add - Intrinsic Value Cost	-
3	Less - Fair Value Cost	-
4	Profits as adjusted	10,240
5	Earnings Per Equity Share (INR)	
6	(Basic) as reported	18.73
7	(Basic) adjusted	18.73
8	(Diluted) as reported	18.73
9	(Diluted) adjusted	18.73

For and on behalf of the Board of Directors

Chennai
May 21, 2019

B D Narang
Chairman
(DIN: 00826573)

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

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 employee's remuneration of the Company for the FY 2018-19.	B D Narang, Chairman - 3.15:1 ; Malay Mukherjee, Independent Director - 2.36:1 ; Sumit Chandwani, Independent Director - 2.36:1 ; Revathi Kasturi, Independent Director - 2.36:1 ; Rajiv Mittal, Managing Director & Group CEO – 38.97:1 ; S Varadarajan, Whole Time Director & Chief Growth Officer – 17.92:1
The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the FY 2018-19.	Managing Director & Group CEO – Nil Whole Time Director & CGO – NIL# Other Directors - NIL. CEO - India Cluster – 15.72%,** Chief Financial Officer – NIL* , Company Secretary*-18.02%**
The percentage increase in the median remuneration of employees in the FY 2018-19.	0.15%
The number of permanent employees on the rolls of the Company as on March 31, 2019	1,009
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.	NIL
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.	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 Member.
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.	

*During the year, Parthasarathy Gopalan resigned as CFO w.e.f November 9, 2018.

#During the year, S Varadarajan was appointed as Whole Time Director and Chief Growth Officer for a period of 5 years w.e.f. June 1, 2018.

**on account of increase in variable pay.

For and on behalf of the Board of Directors

Chennai
May 21, 2019

B D Narang
Chairman
(DIN: 00826573)

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

Annexure – III

Form MR 3

Secretarial Audit Report

For the financial year ended March 31, 2019

(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 **31.03.2019** 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 hereinafter:

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 **31.03.2019** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'); including amendment/ re-enactment made thereto;
 - (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 and 2018;
 - (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 Standards (SS-1) for Board Meeting and Secretarial Standards (SS-2) – for General Meeting 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 & Committee 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 passed special resolution under Sections 42, 71 and all other applicable provisions, if any, of the Companies Act, 2013 vide Annual General Meeting dated 10th August, 2018 for issue of Non-Convertible Debentures and/or other Debt Securities through Private placement mode, for an amount not exceeding INR 300 crore.

For M.Damodaran & Associates

M. Damodaran

FCS No: 5837

C P No: 5081

Chennai
May 21,2019

Part A

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

(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)

(All amounts are in INR Lakhs, unless otherwise specified)

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. Limited., Singapore	March 31, 2019	SGD	2,102.32	867.16	4,006.05	1,036.57	-	5,290.73	299.88	(37.01)	262.87	-	100.00%
2	VA Tech Wabag (Philippines) Inc., Philippines	March 31, 2019	PHP	89.70	2,586.98	20,571.66	17,894.97	-	14,400.27	354.52	(123.49)	231.03	-	100.00%
3	VA Tech Wabag Limited Pratibha Industries Limited JV, Nepal	March 31, 2019	NPR	-	216.45	1,752.09	1,535.64	-	334.72	45.26	-	45.26	-	NA
4	Wabag Muhibbah JV SDN. BHD., Malaysia	March 31, 2019	MYR	149.85	1,530.04	10,476.98	8,797.10	-	23,829.43	(5,829.94)	-	(5,829.94)	-	70.00%
5	Wabag Limited, Thailand	March 31, 2019	THB	38.62	(248.75)	90.48	300.60	-	88.51	(63.79)	-	(63.79)	-	49.00%
6	VA Tech Wabag Muscat LLC., Oman	March 31, 2019	OMR	177.04	448.77	1,389.56	763.74	-	2,646.19	(49.51)	(0.70)	(50.21)	-	70.00%
7	Wabag Operation and Maintenance WLL, Bahrain	March 31, 2019	BHD	82.96	91.69	216.71	42.06	-	378.75	(30.55)	-	(30.55)	-	70.00%
8	Wabag Belhasa JV WLL, Bahrain	March 31, 2019	BHD	8.95	3,310.95	5,457.39	2,137.49	-	2,968.44	(60.69)	-	(60.69)	-	49.00%
9	VA Tech Wabag Brazil Servicos De Agua E Saneamento Ltda, Brazil	March 31, 2019	BRL	0.18	(0.01)	0.18	-	-	-	-	-	-	-	99.90%
10	VA Tech Wabag GmbH., Austria	March 31, 2019	EUR	779.08	15,222.03	55,754.64	39,753.53	213.02	37,156.47	(70.91)	(17.34)	(88.25)	-	100.00%
11	VA Tech Wabag Deutschland GmbH., Germany	March 31, 2019	EUR	179.38	(240.09)	703.22	763.92	-	-	(0.89)	-	(0.89)	-	100.00%
12	Wabag Wassertechnik AG, Switzerland	March 31, 2019	EUR	532.91	890.44	6,758.16	5,334.82	-	7,672.80	(1,070.02)	49.22	(1,020.79)	-	100.00%

(All amounts are in INR Lakhs, unless otherwise specified)

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
13	VA TECH WABAG BRNO spol. S.r.o., Czech Republic	March 31, 2019	EUR	57.75	7,872.80	6,233.96	-	4,700.90	(599.41)	49.91	(549.50)	-	100.00%
14	Wabag Water Services S.R.L., Romania	March 31, 2019	EUR	7.79	6,372.48	3,004.22	-	10,138.59	1,056.81	(152.17)	904.64	-	99.97%
15	Wabag Water Services (Macao) Ltd., Macao	March 31, 2019	EUR	1.64	44.84	4.38	-	456.31	34.94	2.53	37.47	-	100.00%
16	VA Tech Wabag Tunisie S.A.R.L., Tunisia	March 31, 2019	EUR	500.20	2,794.18	2,114.37	-	1,809.87	1.00	-	1.00	-	100.00%
17	VA Tech Wabag Su Teknolojisi Ve Tic. A.S., Turkey	March 31, 2019	EUR	1,186.39	3,489.79	7,544.26	-	4,337.27	3,114.95	-	3,114.95	-	100.00%
18	Ujams Wastewater Treatment Company (Pty) Limited., Namibia	March 31, 2019	EUR	744.56	7,942.44	5,223.69	-	3,122.52	1,224.95	(420.08)	804.86	-	66.40%

Note : Exchange rate used for Balance sheet items are converted at closing rate as on March 31, 2019 and for Profit and loss account items are converted at average rate for the financial year 2018-19.

Currency	Exchange Rate for INR conversion	
	Rates for Balance Sheet items INR	Rates for Profit & Loss Account items INR
1 SGD	51.227598	51.417152
1 PHP	1.318260	1.320267
1 NPR	0.626834	0.624588
1 MYR	17.011668	17.127726
1 THB	2.187806	2.159468
1 OMR	180.364159	181.418648
1 BHD	184.233386	185.137182
1 BRL	17.697861	18.491142
1 EUR	77.908435	80.833512

Part “B”

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

(All amounts are in INR lakhs, unless otherwise specified)

Name of Associates/Joint Ventures, Country of incorporation	VA Tech Wabag and Roots Contracting L.L.C., Qatar	Windhoek Goreangab Operating Company (Pty) Limited, Namibia	International Water Treatment LLC, Oman	Thoothukudi Renew Waters Private Limited, India
Latest audited Balance Sheet Date	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019
Shares of Associate/Joint Ventures held by the Company as at year end				
No. of Shares	98	33	48,750	2,600
Amount of Investment in Associates/Joint Venture	16.90	213.02	-	0.26
Extent of Holding %	49%	33%	32.50%	26%
Description of how there is a 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	516.00	299.00	-	1.00
Profit / (Loss) for the year				
Considered in Consolidation	336.00	159.03	(161.72)	-
Not Considered in Consolidation	-	-	-	-

For and on behalf of the Board of Directors

Chennai
May 21, 2019

B D Narang
Chairman
(DIN: 00826573)

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

Annexure – V

Annual report on Corporate Social Responsibility (CSR) activities

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

Half of a decade of CSR interventions and Impact – 2018-19:

“WABAG has been promoting social good for many years even prior to mandatory compliance brought in for CSR. In fact, there is an in-built social agenda in our core business, that is, pollution prevention and environment protection by way of waste water treatment besides ensuring clean and safe drinking water to the community at large. We adopt different methodologies in planning and implementing CSR interventions, i.e. direct intervention or partnership with NGOs. Another element of our CSR investment strategy is to empower local/user communities economically through enterprise development and access to markets.”

During the half a decade, we implemented 16 projects;

Projects reached the final stage besides 12 multi-year watershed development projects that are on-going.

The details of the CSR policy and initiatives undertaken by the Company on CSR during the year are available on the Company’s weblink https://www.wabag.com/wp-content/uploads/2018/06/csr_policy.pdf and <https://www.wabag.com/csr/> respectively.

A summary of key CSR projects is outlined hereunder:

I CSR Projects implemented during the year 2018-19:

a) Drinking Water facility to the School Children:

We have designed, built and dedicated a R.O. plant at Valluvar Gurukulam School, Tambaram, Chennai in WABAG’s neighbourhood which meets the drinking water requirements of around 3,000 School children and staff members.

b) Community water purification plant at Telangana State:-

WABAG tied up with Bala Vikasa, an NGO based out of Warangal District put up two water treatment plants one each in Shyam Nagar village and Veeraipalli village in Jayashankar District of Telangana State. The village communities are enjoying 24x7 purified water access through ATW vending technology at affordable cost. Around 430 families are benefited by this CSR intervention.

c) Restoration of traditional irrigation system at Killai village, Cuddalore District, Tamil Nadu:-

At the instance of Cuddalore Collector, WABAG, in partnership with Hand in Hand India, restored ‘Sokkan

Odai’ canal system at Killai village, Chidambaram Taluk, Cuddalore District. This comprised de-silting of 4.3 k.m. stretch; excavation of 19716 cu.m. of silt; provision of 64 pipe outlets on channel banks, 10 dug out sunken ponds for water storage and bund consolidation with bio mass plantation. As a result of CSR intervention, this project reached out to around 250 farmers covering 350 hectares of farmland across six villages. Over and above this, there has been a reversal in migration trend and 20 acres of land lying fallow for the last 5 years, have been brought under cultivation. This also helped the farmers to go in for the second crop. As part of project sustainability, we facilitated formation of Canal Conservation Committee consisting of local farmers to ensure upkeep of the community asset that has been resurrected.

II CSR projects nearing completion:

a) Civic engagement – WATSAN project at Bangalore:

During the year under review, WABAG partnered with a Bangalore based NGO, Janaagraha to design behavioural solutions with a focus on creating awareness in and around our projects neighbourhood at Bangalore- K&C Valley and Bellandur Waste Water Treatment plants on the themes of Water and Sanitation. It was well received by the students and neighbourhood communities and achieved the target of 3000 on-ground reach. Further, around 1700 students were engaged in Civic Festival. The final stage in terms of identification of civic projects is under implementation.

b) STP at Low Income Housing Colony, Warangal, Telangana:

WABAG accepted to implement a proposal from the Director, Centre for Energy, Environment, Urban Governance and Infrastructure Development, Administrative Staff College of India (ASCI), to build a STP at the low income housing colony at Warangal. This is executed direct by WABAG with the guidance of ASCI. The project is fast progressing and once completed, this would become a model plant for replicating it in all low income housing schemes of Telangana State.

c) Water augmentation at Mailam Block, Villupuram District, Tamil Nadu:-

This open well rejuvenation project-Phase II, being implemented by M.S. Swaminathan, Research Foundation at Mailam Block, Villupuram District, Tamil Nadu, made substantial progress in terms of completion

of 32 wells and the balance would be completed within a couple of months. Phase I implementation of this project in the same location helped the well implementation committee with two key learnings – (1) construction of rain water harvesting structures near the rejuvenated wells to optimise use of ground water and (2) introduction of water saving technologies like rain hose technology. Both these are being addressed in this Phase II project.

III Multi-year watershed development projects (In progress):

a) Watershed development projects in Tamil Nadu:-

The multi-year watershed development projects being implemented in 5 districts of Tamil Nadu – Kanchipuram, Cuddalore, Dindigul, Virudunagar and Tuticorin are in various stages of progress. Pulleri watershed, Kanchipuram District, Adivarahanallur and Thethampattu watersheds at Cuddalore District have completed Capacity Building Phase (CBP) and would be entering the Final Implementation Phase (FIP). Erumaikulam and Sinnur watersheds would complete CBP soon. Kanniwadi watershed at Dindigul District completed 50% of CBP and the balance 50% would be achieved during the first quarter of 2019-20.

b) Watershed development projects in West Bengal:

We have tied up with Bharat Rural Livelihood Foundation, set up by Govt. of India for implementation of watershed development projects in six districts of West Bengal. Major activities carried out during the year includes capacity building programs and district level coordination meetings besides Model Micro watershed in each block. Around 1900 Dharasevaks have been trained so far. Convergence implementation of WHS with the Agriculture Department is being done.

(c) Manner in which the amount spent during the FY 2018-19 is detailed below.

(INR 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	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	Traditional Irrigation System- Canal restoration	Water Conservation	Killai, Cuddalore, Tamil Nadu	18.55	15.00	15.00	Implementing Agency
2	Watershed Development	Water Conservation	West Bengal	250.00	21.00	73.26	Implementing Agency

IV New CSR initiatives on Namami Gange:

a) Students' community engagement:-

We have entered into an MoU with Tree Craze Foundation for community engagement in different age group through awareness to activity to advocacy for environment and rivers targeting school children with a special focus on Namami Gange and developing Ganga Champions.

b) Clean Ganga Fund:-

A trust was created in January 2015 by Govt. of India as a CSR activity to promote Clean Ganga Fund (CGF) engaging corporates as well as individuals to connect and contribute. Since the Company received a good number of orders under Clean Ganga Mission, it is fitting and proper to patronize this initiative and contributed a sum of INR 100 lakhs to Clean Ganga Fund to reinforce our commitment to Namami Gange.

c) The Composition of the CSR Committee:

Revathi Kasturi (Chairperson of the Committee)

Rajiv Mittal

S Varadarajan

Average net profit of the Company for the last three FY as prescribed INR 210.23 crore

Prescribed CSR Expenditure for FY 2018-19 INR 4.21 crore

Details of CSR spend

(a) Total amount to be spent for the FY 2018-19 INR 4.21 crore

(b) Amount unspent, if any; INR 9.98 crore#

Cumulative CSR unspent of last five years, Company has entered into commitment for certain multi-year projects for over INR 6 crore.

(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	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
3	Watershed Development	Water Conservation	Virudhunagar, Tamil Nadu	71.00	5.70	5.70	Implementing Agency
4	Watershed Development	Water Conservation	Dindigul, Tamil Nadu	87.00	5.53	5.53	Implementing Agency
5	Watershed Development	Water Conservation	Tuticorin, Tamil Nadu	65.00	6.46	6.46	Implementing Agency
6	Education Support	Education	Chennai, Tamil Nadu	-	1.00	1.00	Implementing Agency
7	R O Plant, Valluvar Gurukulam School	Drinking Water	Chennai Tamil Nadu	-	8.92	8.92	Direct
8	Base Line Survey	Drinking Water	Theni, Tamil Nadu	-	0.65	0.65	Implementing Agency
9	Project Impact Study	Water Conservation	Viralpatti, Tamil Nadu	-	0.20	0.20	Implementing Agency
10	WATSAN Project-Civic Engagement	Sanitation Awareness	Bengaluru, Karnataka	15	6.60	6.60	Implementing Agency
11	Capacity Building for NGO's	Education Support	Bihar	-	0.75	0.75	Implementing Agency
12	Community Water Purification Plant	Drinking Water	Warangal, Telangana	26	4.85	4.85	Implementing Agency
13	Wheelchair for underprivileged	Livelihood Enhancement	Chennai, Tamil Nadu	-	1.00	1.00	Implementing Agency
14	Awareness Campaign	Water Conservation	Namami Gange	9.25	1.85	1.85	Implementing Agency
15	Sewage Treatment Plant	Sanitation	Warangal, Telangana	75.00	10.00	10.00	Implementing Agency
16	Clean Ganga Fund	Water Conservation	Namami Gange	100.00	100.00	100.00	Direct
17	Administrative Expenses- CSR Project Implementation			-	9.47	9.47	-

**includes previous year's budget unspent.

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.

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

For and on behalf of the Board of Directors

Chennai
May 21, 2019

Ravathi Kasturi
Chairperson-CSR Committee
(DIN: 01837477)

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

Annexure – VI

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 arm's 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 |
| 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 |

Not applicable since there were no contracts or arrangements or transactions entered into during the year ended March 31, 2019 which were not at arm's length basis.

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 |
| 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: |

Not applicable since there were no material contracts or arrangements or transactions entered into during the year ended March 31, 2019.

All related party transactions are in the ordinary course of business and on arm's length basis and are approved / ratified by Audit Committee of the Company. Amount received by the Company from the Managing Director and Group CEO during the year is disclosed in note 40 of standalone financial statements.

For and on behalf of the Board of Directors

Chennai
May 21, 2019

B D Narang
Chairman
(DIN: 00826573)

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

Annexure – VII

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 / 6123 2323 Fax : +91-44-3923 2324 / 6123 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 Fintech Private Limited (Formerly known as Karvy Computershare Private Limited) Unit : VA TECH WABAG LIMITED Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. B. Srinivas, Tel: +91 40 6716 2222 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 entities

S. No	Name of the Company	Address	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)

S. No	Name of the Company	Address	CIN/GLN	Holding / Subsidiary/ Associate/ Joint Venture	% of shares held	Applicable Section
4	VA Tech Wabag Brno spol S.R.O	Železna 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 Ereter, İstanbul, Turkey.	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	Burglistrasse 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	Level 8, Symphony House pusat Dagangan Dana 1, Jalon P JU 1A/46, 47301 Petaling Jaya, Selanagor Darul Ehsan Malayasia.	NA	Subsidiary	70%	2(87)
17	VA Tech Wabag Limited Pratihba 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	AU. Jandira, 257, conj 21, Indianapolis, Sao Paulo, 04080-917-Brazil.	NA	Subsidiary	99.90%	2(87)

S. No	Name of the Company	Address	CIN/GLN	Holding / Subsidiary/ Associate/ Joint Venture	% of shares held	Applicable Section
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 is 49% and economic interest is 90.60%

Note: Subsequent to the close of the year a new Company viz. Ganga STP Project Private limited Company was incorporated in Tamil Nadu as wholly owned Subsidiary of the Company on April 5, 2019.

D. Shareholding Pattern (Category-wise) (PAN based)

Category of Shareholder	No. of Shares held at the beginning of the year April 01, 2018				No. of Shares held at the end of the year March 31, 2019				% 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	-	37,86,116	6.93	37,86,116	-	37,86,116	6.92	0.01
Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Sub-Total A(1) :	37,86,116	-	37,86,116	6.93	37,86,116	-	37,86,116	6.92	0.01
Foreign									
Individuals (NRIs/ Foreign Individuals)	97,09,406	-	97,09,406	17.76	97,09,406	-	97,09,406	17.75	0.01
Bodies Corporate	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Sub-Total A(2) :	97,09,406	-	97,09,406	17.76	97,09,406	-	97,09,406	17.75	0.01
Total A=A(1)+A(2)	1,34,95,522	-	1,34,95,522	24.69	1,34,95,522	-	1,34,95,522	24.68	0.01

Category of Shareholder	No. of Shares held at the beginning of the year April 01, 2018				No. of Shares held at the end of the year March 31, 2019				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Public Shareholding									
Institutions									
Mutual Funds /UTI /AIF	97,30,732	-	97,30,732	17.80	67,14,514	-	67,14,514	12.28	5.53
Financial Institutions / Banks	23,524	-	23,524	0.04	49,929	-	49,929	0.09	0.05
Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	4,43,996	-	4,43,996	0.81	4,43,996	-	4,43,996	0.81	-
Foreign Institutional Investors	135,19,687	-	1,35,19,687	24.74	12,84,2041	-	1,28,42,041	23.48	1.25
Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Sub-Total B(1) :	2,37,17,939	-	2,37,17,939	43.39	2,00,50,480	-	2,00,50,480	36.66	6.73
Non-Institutions									
Bodies Corporate	29,18,558	-	29,18,558	5.34	18,09,228	-	18,09,228	3.31	2.03
Individuals									
(i) Individuals holding nominal share capital upto INR1 lakh	99,48,714	916	99,49,630	18.20	1,37,62,088	896	1,37,62,984	25.17	6.96
(ii) Individuals holding nominal share capital in excess of INR1 lakh	18,37,658	-	18,37,658	3.36	24,66,387	-	24,66,387	4.51	1.15
Others									
Clearing Members	1,30,051	-	1,30,051	0.24	81,789	-	81,789	0.15	0.09
I E P F	-	-	-	-	63	-	63	-	-
Non Resident Indians	11,71,497	-	11,71,497	2.14	14,60,451	-	1,46,0451	2.67	0.53
NRI Non-Repatriation	4,42,818	-	4,42,818	0.81	5,48,602	-	5,48,602	1.00	0.19
Trusts	1,300	-	1300	-	22,505	-	22,505	0.04	0.04
Foreign Corporate Bodies	9,92,417	-	9,92,417	1.82	9,92,417	-	9,92,417	1.81	0.01
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Sub-Total B(2) :	17,44,3013	916	1,74,43,929	31.92	2,11,43,530	896	2,11,44,426	38.66	6.75
Total B=B(1)+B(2) :	4,11,60,952	916	4,11,61,868	75.31	4,11,94,010	896	4,11,94,906	75.32	0.01

Category of Shareholder	No. of Shares held at the beginning of the year April 01, 2018				No. of Shares held at the end of the year March 31, 2019				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total (A+B) :	5,46,56,474	916	5,46,57,390	100.00	5,46,89,532	896	5,46,90,428	100.00	0.00
Shares held by custodians, against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C) :	5,46,56,474	916	5,46,57,390	100.00	5,46,89,532	896	5,46,90,428	100.00	

E. Shareholding of Promoters

Sl. No	Name of Promoter	Shareholding at the beginning of the year April 1, 2018			Shareholding at the end of the year March 31, 2019			
		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	17.76%	Nil	97,09,406	17.75%	Nil	0.01
2	S Varadarajan	21,85,762	4.00%	Nil	21,85,762	4.00%	76.72%	-
3	Shiv Narayan Saraf	16,00,354	2.93%	Nil	16,00,354	2.93%	Nil	-

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

Note: During the year S Varadarajan pledged 16,77,000 shares (being 3.07% of total shares of the Company)

F. Change in Promoters' 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):

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
SBI MUTUAL FUND					
01-04-2018	Opening Balance	33,82,154	6.19	-	-
	Sale/Purchase/Transfer-	-	-	6,69,454	-
31-03-2019	Closing Balance	-	-	27,12,700	4.96
SUMITOMO CORPORATION					
01-04-2018	Opening Balance	24,56,920	4.50	-	-
	Sale/Purchase/Transfer	-	-	-	-
31-03-2019	Closing Balance	-	-	24,56,920	4.49

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
VANTAGE EQUITY FUND					
01-04-2018	Opening Balance	-	-	-	-
	Sale/Purchase/Transfer	-	-	16,85,000	-
31-03-2019	Closing Balance	-	-	16,85,000	3.08
GOVERNMENT PENSION FUND GLOBAL					
01-04-2018	Opening Balance	1,42,930	0.26	-	-
	Sale/Purchase/Transfer	-	-	14,91,504	-
31-03-2019	Closing Balance	-	-	16,34,434	2.99
MASSACHUSETTS INSTITUTE OF TECHNOLOGY					
01-04-2018	Opening Balance	-	-	-	-
	Sale/Purchase/Transfer	-	-	15,44,234	-
31-03-2019	Closing Balance	-	-	15,44,234	2.82
AMIT SENGUPTA					
01-04-2018	Opening Balance	14,57,608	2.67	-	-
	Sale/Purchase/Transfer	-	-	51,069	-
31-03-2019	Closing Balance	-	-	14,06,539	2.57
PARVEST GREEN TIGERS					
01-04-2018	Opening Balance	93,654	0.17	-	-
	Sale/Purchase/Transfer	-	-	9,63,942	-
31-03-2019	Closing Balance	-	-	10,57,596	1.93
KBI INSTITUTIONAL WATER FUND					
01-04-2018	Opening Balance	3,99,551	0.73	-	-
	Sale/Purchase/Transfer	-	-	4,42,116	-
31-03-2019	Closing Balance	-	-	8,41,667	1.54
SATTVA INDIA OPPORTUNITIES COMPANY LIMITED					
01-04-2018	Opening Balance	8,15,278	1.49	-	-
	Sale/Purchase/Transfer	-	-	-	-
31-03-2019	Closing Balance	-	-	8,15,278	1.49
SUNDARAM MUTUAL FUND					
01-04-2018	Opening Balance	11,16,036	2.04	-	-
	Sale/Purchase/Transfer	-	-	1,04,405	-
31-03-2019	Closing Balance	-	-	10,11,631	1.85
ADITYA BIRLA SUN LIFE MUTUAL FUND					
01-04-2018	Opening Balance	12,13,246	2.22	-	-
	Sale/Purchase/Transfer	-	-	7,82,945	-
31-03-2019	Closing Balance	-	-	4,30,301	0.79
PARVEST EQUITY INDIA					
01-04-2018	Opening Balance	19,35,747	3.54	-	-
	Sale/Purchase/Transfer	-	-	19,35,747	-
31-03-2019	Closing Balance	-	-	-	-
GOLDMAN SACHS INDIA LIMITED					
01-04-2018	Opening Balance	10,42,665	1.91	-	-
	Sale/Purchase/Transfer	-	-	10,42,665	-
31-03-2019	Closing Balance	-	-	-	-

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
TATA AIA LIFE INSURANCE COMPANY LIMITED					
01-04-2018	Opening Balance	7,85,711	1.44	-	-
	Sale/Purchase/Transfer	-	-	7,85,711	-
31-03-2019	Closing Balance	-	-	-	-
IDFC MUTUAL FUND					
01-04-2018	Opening Balance	32,39,320	5.93	-	-
	Sale/Purchase/Transfer	-	-	32,39,320	-
31-03-2019	Closing Balance	-	-	-	-

Note: data based on PAN and the status of holding as at the beginning and end of the year.

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 & Group CEO				
	At the beginning of the year	97,09,406	17.76%	97,09,406	17.76%
	Sale/Purchase /Transfer	-	-	-	-
	At the end of the year	-	-	97,09,406	17.75%*
2	S. Varadarajan– Whole Time Director & CGO				
	At the beginning of the year	21,85,762	4.00%	21,85,762	4.00%
	Sale/Purchase /Transfer	-	-	-	-
	At the end of the year	-	-	21,85,762 [#]	4.00%*
3	Sumit Chandwani - Director				
	At the beginning of the year	-	-	-	-
	Sale/Purchase /Transfer	-	-	1759	-
	At the end of the year	-	-	1759	0.003%

* 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.

[#] out of 21,85,762 shares, 16,77,000 shares has been pledged

I. Indebtedness
Indebtedness of the Company including interest outstanding/accrued but not due for payment

(INR in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
01.04.2018				
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
Change in Indebtedness during the financial year				
Addition	43,823			43,823
Reduction	28,728			28,728
Net Change	15,095			15,095
Indebtedness at the end of the financial year				
31.03.2019				
i) Principal Amount	42,762			42,762
ii) Interest due but not paid	35			35
iii) Interest accrued but not due	-			-
Total (i+ii+iii)	42,797			42,797

J. Remuneration of Directors and Key Managerial Personnel
a. Remuneration to Managing Director, Whole Time Directors and/or Manager:

(INR in lakhs)

Sl. No	Particulars of Remuneration	Managing Director & Group CEO	Whole Time Director & CGO	Total Amount
		Rajiv Mittal	S Varadarajan	
I	II	III	IV	V
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of Income-tax Act, 1961.	224.96	105.49	330.45
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	8.96	2.50	11.46
	(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	13.57	5.82	19.39
	(Provident Fund & Superannuation)			
	Total (A)	247.49	113.81	361.30
	Ceiling as per the Act			2,217

b. Remuneration to Executive Director: Please refer to above mentioned table

c. Remuneration to other Directors:

(INR in lakhs)

Sl. No	Particulars of Remuneration	Name of Directors				Total Amount
		B D Narang	Malay Mukherjee	Sumit Chandwani	Revathi Kasturi	
1	Independent Directors					
	Fee for attending Board / Committee meetings	-	-	-	-	-
	Commission	20	15	15	15	65
	Others	-	-	-	-	-
	Total (1)	20	15	15	15	65
2	Non-Executive Directors					
	Fee for attending Board / Committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total C = (1+2)	20	15	15	15	65
	Total Managerial Remuneration	20	15	15	15	65
	Overall ceiling as per the Act					665.1

d. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(INR in lakhs)

Sl. No	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO-India Cluster	Company Secretary	CFO	
		Pankaj Sachdeva	R Swaminathan	Parthasarathy Gopalan* (Up to November 9, 2018)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961.	182.47	34.99	146.64	364.10
	(b) Value of perquisites u/s 17(2) Income tax Act, 1961	5.02	0.00	0.00	5.02
	(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)	7.48	0.76	5.08	13.32
	Total (D)	194.97	35.75	151.72	382.44

*Resigned w.e.f November 9, 2018

Note: Gross Salary includes variable pay of FY 2017-18

K. Penalties / punishment / compounding of offences

There were no penalties/punishments/compounding offences during the year ended March 31, 2019.

For and on behalf of the Board of DirectorsChennai
May 21, 2019B D Narang
Chairman
(DIN: 00826573)Rajiv Mittal
Managing Director & Group CEO
(DIN: 01299110)

Annexure – VIII

**Conservation of energy, technology absorption, foreign exchange earnings and outgo
(Particulars pursuant to the Companies (Accounts) Rules, 2014)**

(A) Conservation of energy

During the year, your Company’s annual Energy consumption has reduced from 14.47 Lakhs units to 13.33 Lakhs units. It results into a reduction of 1.14 Lakh Units and an overall percentage reduction of 7.83%.

During the year “WABAG HOUSE” was rated as “TOP 13 ENERGY EFFICIENT UNIT” in India for the year 2018 by Confederation of Indian Industries (CII) during the 19th Annual Energy Efficiency Management Conference held at Hyderabad.

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

Energy Conservation measures adopted at WABAG

a. Introduction of Scroll compressor Chiller leading to better energy efficiency of 1KW/Ton.

b. Effective planning and implementing of 52 week maintenance schedule with continuous monitoring which leads not only to energy conservation but also on the increased life cycle of equipment

c. Integrated building management system to remotely monitor and control all utility equipment for better energy conservation.

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

Company entered into a wheeling agreement with Wind power generating company and obtained an overall 81.5% wind power against the total annual consumption.

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

NIL

(B) Technology absorption-

- (i) The efforts made towards technology absorption;
- (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

The details on R&D efforts and technology absorption are disclosed in the Managements’ Discussion & Analysis and in story section forming part of this report

INR 39 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.

	(INR in lakhs)	
	2018-19	2017-18
Earnings in Foreign Currency	64,516	77,632
Expenditure in Foreign Currency	25,137	8,522

For and on behalf of the Board of Directors

Chennai
May 21, 2019

B D Narang
Chairman
(DIN: 00826573)

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

Management Discussion and ANALYSIS

VA Tech WABAG is a leading multinational technology player with headquarters in India and presence worldwide. The Company is committed to provide total water solutions to industries and municipalities. WABAG has been enabling access to clean and safe water and a healthy environment for over 500 million people and across major industrial segments such as oil & gas, power, steel, food & beverages by creating sustainable water and waste water infrastructure.

The Group plays a critical role in optimising use of the water resource. It acts as a system specialist and full-service provider with focus on planning, installation, and operation of clean and safe water and wastewater treatment solution for municipal and industrial segments. With rich experience of over nine decades, over 6,000 projects across diverse sectors, creating state-of-the-art plants in over 20 countries. WABAG is one of the globally respected organisations with cutting edge technology solutions.

Over the years, the Company has made sustained contribution to the lives of millions of people across the globe. With its unique capabilities, the Company has spread its wings across the Indian sub-continent, Middle East and Africa, Europe, South-East Asia and Latin America.

Creating value at each step through core competencies



GLOBAL ECONOMIC OVERVIEW

The global economy exhibited a strong growth from the end of 2016 till early 2018. With major nations picking up, this surge was bound to happen. Though, a moderation is visible now as the economies return to their long-run averages. The world GDP was at 4% in 2017, which is now moderated to 3.6%. This is due to some adverse factors, such as negative impacts of trade policy uncertainties, volatility in oil prices, geopolitical tensions and internal conflicts in the countries of West Asia, macro-economic stress in Argentina and Turkey, tighter credit policies in China, intensified trade war between USA and China, softer momentum in trade activities in the second half of 2018 and uncertainty over Brexit.

The year 2019 started on a slow footing and is expected to witness a GDP growth of 3.3%. Though, the second half of 2019 is expected to have better prospects primarily driven by emerging economies. The key factor of this is the US Federal Reserve pausing interest rate increases and European Central Bank, Bank of Japan and Bank of England all taking accommodative stances. All these policy stimuli, along with lower inflationary pressures and rebound expected in Argentina and Turkey, will lead to a bounce back in growth to 3.6% in 2020 (Source IMF, April 2019).

Advanced Economies

Advanced Economies registered a growth of 2.2% in 2018 as against 2.4% in 2017. Majority of the progress driven by United States is offset by slowdown in other economies. The US exhibited robust growth powered by a pro-cyclical fiscal expansion, competitive tax system, constructive regulatory environment and high consumer confidence. The growth in advanced economies was slackened by weaker growth in the Euro Zone. Factors, such as soft private consumption, weak industrial production due to revised auto emission standards and subdued foreign demand, have triggered this curb. Continued challenges in Italy, slowdown in two of the largest Euro-zone economies (Germany and France), is expected to impede the growth in the current year also. In addition, Brexit-related issues can buckle it further down in 2019.

Amid the slow momentum in the global economy, the central bank's policies are becoming more accommodative. The ECB is reverting to further monetary support just three months after policymakers decided to end their bond-buying programme and bolster the economy. The advanced economies are projected to report a GDP to 1.8% in 2019 and 1.7% in 2020.

Latin America

Growth in Latin America had stalled at 1% in 2018. Factors impacting the growth are currency crisis, drought in Argentina, truckers strike in Brazil and civil unrest in Venezuela led by major political crisis added to the woes.

Brazil's growth is expected to surge from 1.1% in 2018, to 2.1% in 2019 and 2.5% in 2020. Argentina, on the other hand, is likely to see a contraction in the first half of 2019 caused by lower domestic demands. This is a square impact of tighter monetary policies. Though, the growth is anticipated to rebound in second half.

Overall, the region is expected to bounce back in the next two years propelled by financial stabilisation and recovery in Argentina to 1.4% in 2019 to 2.4% in 2020.

Middle East and North Africa (MENA)

Expected increase in oil prices, bold fiscal and accommodative monetary conditions will steam growth in the MENA region. Saudi Arabia's furtherance in the first quarter in domestic orders and the increase in oil prices is a result of the Organisation of the Petroleum Exporting Countries (OPEC) deal curb. However, the economic growth is expected to be moderate as OPEC deal curbs the oil production, and the rise in oil price would spur public investments.

The United Arab Emirates registered a modest increase due to a fall in oil production and a decline in the non-oil segment. The UAE is likely to accrue a growth of 2.9% in 2019 and 3.3% in 2020, with boosts provided by large fiscal stimulus for Expo 2020 and FDI inflows.

Oman is expected to see a rebound in growth after contraction in 2017. Structural policies pursued to diversify production,



boost competitiveness, stimulate investment in private sector and steps taken towards improvement in business environment will lead to growth. The economy is likely to register growth rate of 2.9% in 2019.

Egypt's GDP growth rate is likely to be around 5.5% underpinned by improving fiscal finances, rising investments in major sectors and reforms to strengthen the business environment, Government spending on national projects and infrastructure. Aiming to attract investments Egypt has been implementing economic reforms as part of the three year USD 12 billion agreement with IMF.

The economic growth rate in Tunisia is expected to be at 2.9% in 2019 led by reforms undertaken and up-tick in tourism flows. The World Bank projects growth of 3.4% in 2020. Structural reforms currently implemented by the Government boost in tourism and export markets will drive growth.

Emerging Market and Developing Economies (EMDE)

The cumulative growth in emerging markets and developing economies stabilised during the first half of 2018. Though, the aftermath of trade disruptions, volatility in oil prices, strengthening of the US dollar and net capital outflows built up pressures on the developing nations. Their lingering effects will influence a moderation in growth rates of the EMDEs. In 2018 the GDP was 4.5%, which would soften to 4.4% in 2019, before bouncing back to 4.9% in 2020. China's GDP growth moderated to 6.6% in 2018, and 6.3% in 2019 against 6.9% in 2017. India reported GDP of 6.8 % in 2018-19 and is likely to witness an expansion of 7.3% and 7.5% in 2019 and 2020 respectively.

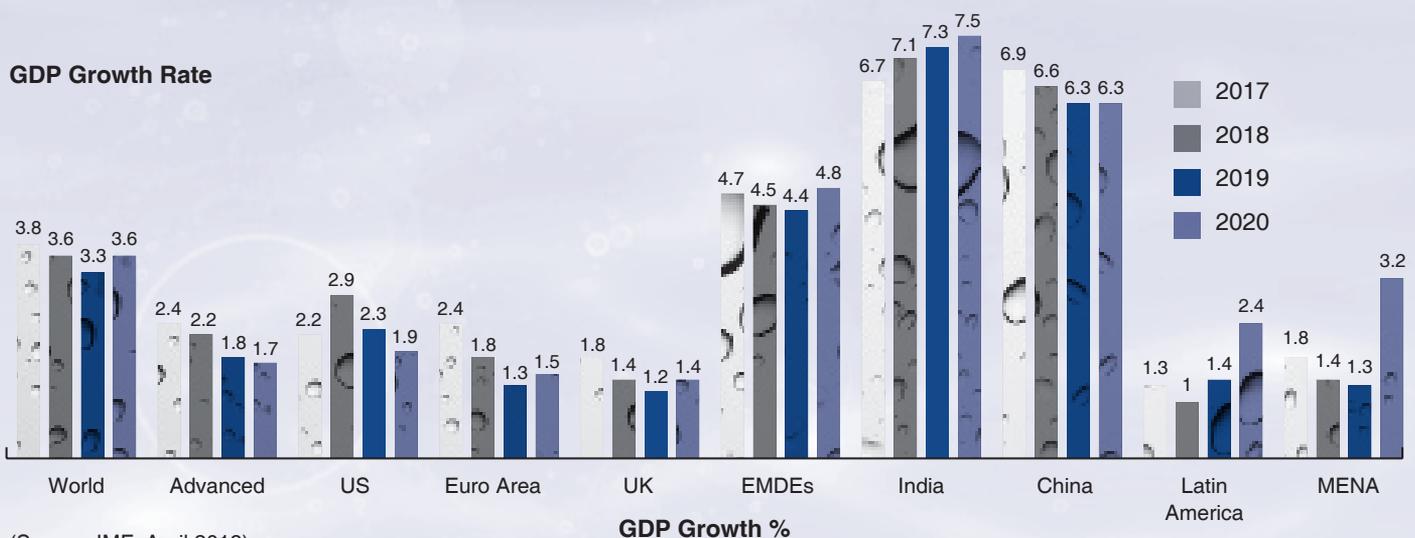
The ASEAN countries exhibited a stable growth of 5.2% in 2018 contrary to 5.3% in 2017. The overall growth in the ASEAN countries will be supported by wage gains, FDI flows and infrastructure development. Indonesia registered a GDP growth of 5.3% in 2018, against 5.1% reported in 2017. Firm growth is expected in this region underpinned by domestic demand. The strong labour market will boost private consumption and the Government expenditure is likely to improve on account of elections. Growth projections for 2019 are pegged at 5.1%.

(Source: Focus Economics)

Thailand, on the other hand, saw a GDP growth of 4.4% in 2018 due to an increase in private consumption and investment. However, the growth could decline to 3.9% in 2019 owing to elections and trade uncertainties.

(Source Bloomberg)

Vietnam's economy recorded the highest growth in the past 11 years at 7.08%. The market is riding on benefits of the agriculture and manufacturing sector. The growth is anticipated to be relatively robust. Going ahead, the growth may stabilise around 6.6% in 2019.



(Source: IMF, April 2019)

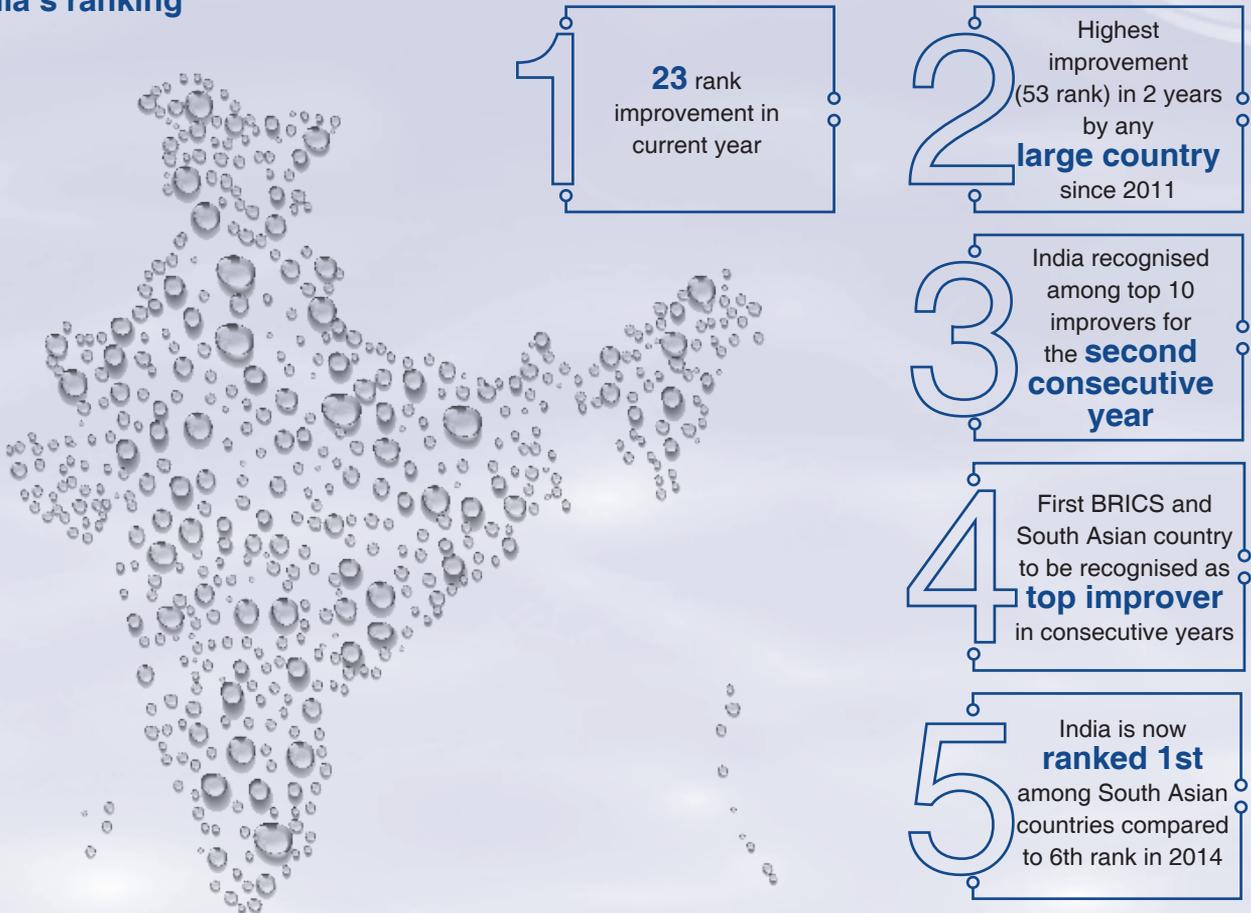
India

In the last five years, India achieved an average growth rate of 7.5%, the highest since liberalisation. The advance estimates suggest that the GDP is likely to grow by 7% in FY 2018-19 as against 6.7% in 2017-18. This kind of growth was achieved despite global headwinds and uncertainties. The market received substantial tailwind in the guise of surging domestic demand. It also enjoyed the dipping inflation rate, from about 10% in FY 2014-15 to below 4% in FY 2018-19. It further boosted the purchasing power, augmenting consumption. Several structural reforms, such as GST, Insolvency and Bankruptcy Code, liberalisation of FDI norms, and ease of doing business have boosted the nation's prospects. As per the World Bank's ease of doing business index, India jumped 23 ranks to occupy the 77th position. It emerged as the top-ranked country in South Asia for the first time and third among the BRICS.

The oil & gas sector is one of the crucial sectors of the nation that contributes much to the holistic growth. The Government has allowed 100% FDI in upstream and private refining projects. By 2035, the demand for primary energy is anticipated to increase three-fold. Maintaining a balance between demand and supply is of utmost importance. The industry is likely to attract USD 25 billion investments in exploration and production by 2022.

In coming years, India is expected to continue its growth trajectory fuelled by an upswing in consumption, rebound in credit, growth in investment, and benefits arising from policy reforms. It is going to retain the tag of being the fastest growing nation among emerging economies. IMF estimates forecasted a rise in India's growth from 7.5% in FY 2018-19 to 7.7% by 2020.

India's ranking



(Source: World Bank)

GLOBAL WATER OVERVIEW

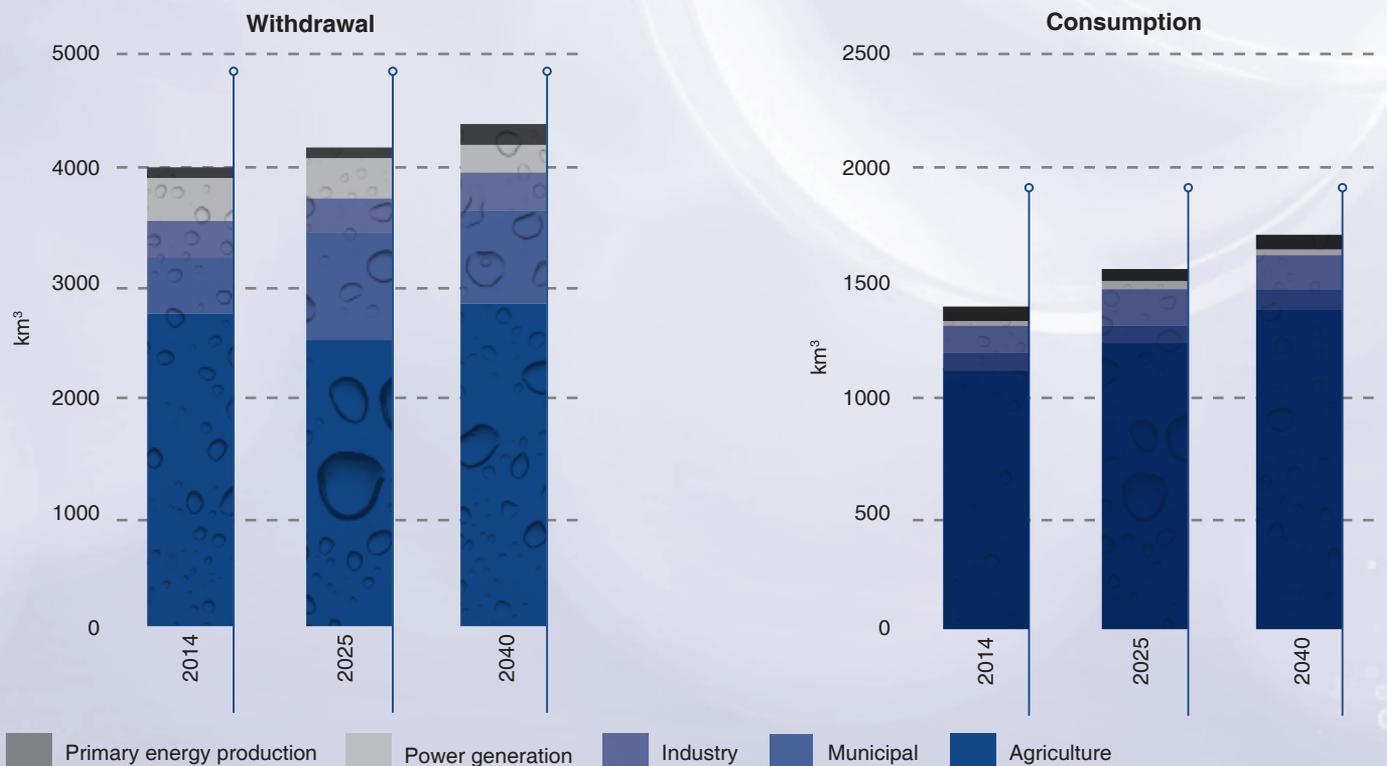
Water plays a pivotal role in our existence and its access is the birth-right of every living being. Yet it is highly undervalued. In recent times, the world has witnessed water extremities in the form of 'Day Zero' announced in the City of Cape Town, in South Africa, resulting in millions running dry, to massive floods in Kerala, India. Water issues have become the new normal with water being either too much or too little or too polluted for consumption.

Global water use has increased six-fold over the past 100 years and has been increasing steadily by about 1% every year. Changing consumption patterns, burgeoning population, climatic changes and socio-economic developments have led

to a surge in demand for clean and safe water. The global water cycle is intensifying due to climatic changes, the wet regions getting wetter and dry ones becoming drier. The phenomenon impacted over 4 billion lives (nearly 2/3rd of the world population) who experience severe water scarcity for a month every year and 2 billion people facing high water stress.

Surprisingly, 1% increase in water consumption every year is expected to trigger a 20-30% surge in demand by 2050. It would be driven by both industrial and domestic sectors. The crisis would be persistent and escalate further with time. Besides, water pollution in key rivers of Asia, Africa and Latin America has worsened since 1990. The coming decades would see a plummet in water quality only to become a threat to the ecosystem.

Global Water Demand by 2040



*Primary energy production includes fossil fuels and biofuels. Water withdrawals and consumption for crops grown as feedstock for biofuels is included in primary energy production, not in agriculture.

(Source: UN World Water Development Report, 2019).

Water Management! The need of the hour

1 World population is currently **7.7+ billion** and is **growing at the rate of 1.07% per year**. The average population increase is anticipated to be 82 million people per year.

(Source: Worldometers)

2 In urban areas, the net population is increasing. From **54%** of the urban population at present, the **ratio of urban to rural is expected to increase to 66.4% by 2050**.

3 The average life expectancy is likely to increase from **71 years** in 2010-2015 to **77 years by 2050**.

4 **3.4 million people (mostly children) die every year** due to water-borne diseases. There is a significant rise in under-nourished population due to lack of water, food and sanitation security.

(Source:WHO)

5 **4 out of 5 jobs are extremely water-dependent**. Various sectors such as agriculture, forestry, aquaculture, mining, sugar, and power generation consume substantial amount of water.

GLOBAL WATER TREATMENT INDUSTRY

According to the United Nations, by 2025, the extraction of water from freshwater resources is expected to grow by 50% in developing countries and 18% in developed countries. The same timeline would see approximately 1,800 million people living in water-scarce region and approximately 2/3rd

of the global population residing in water-stressed regions. Therefore, the need for water and wastewater treatment would increase largely at a global scale. It could only happen if private and public investors start working in tandem with stakeholders of the industry. Several factors, such as clean energy, water policies, pressing need for better quality water to meet the demand-supply ratio, and involvement of new and advanced technologies brought these industrial associates on the same page.

(Source: Research and markets)

The global water and wastewater treatment market was valued at USD 4,950 million in 2018 and is expected to reach USD 6,520 million by the end of 2025, by attaining a CAGR of 3.5% during 2019-2025. The water recycle and reuse sector is expected to record 13% growth by 2024 to reach USD 3,217 million from USD 1,367 million in 2017. Implementation of innovative strategies/technologies and increasing awareness is expected to give this sector a strong push

(Source: Global News Journal)

Along with wastewater treatment, there will be a surge in the demand for chemicals required for treating the wastewater. Countries, with robust economies, tend to spend more on wastewater treatment. In high-income countries, the amount of wastewater that gets treated is almost 70%, whereas, it is 38% in upper-middle income countries, and a meagre 28% in the lower-middle income countries.

(Source: Marketwatch)

Key programs to preserve the resources

Global Water Security & Sanitation Partnership (GWSP)

In 2017, 10 partner agencies and the World Bank's Water Global Practice (GP) launched the new Global Water Security & Sanitation Partnership (GWSP). This was an integrated platform which allowed working alongside countries as they rise to their next water challenge. With depleting resources, the pressure on the Integrated Water Resource Management (IWRM) rises. IWRM is the process formulated by this global water partnership which promotes the coordinated development and management of water, land and related resources to maximise the socio-economic welfare without compromising the vital ecosystem. This significant step aims at implementing integrated water resource management at all levels including trans-boundary co-operation. The World Bank's Water Global Practice (GP) is backed by USD 29 billion funding, and it is serving 64 countries with 300 water experts to build capacities and manage water services. Over the next five years, it is planning to invest USD 200 million in low and middle income group. In the process, it will help achieve each country better water management solutions.

GWSP: Commitments to various regions

Region	Investment (USD/billion)	Projects
South Asia	1.6	20
East Asia and Pacific	1.6	8
Africa	4.47	25
LATAM	2.33	24
MENA	2.1	9
Europe and Central Asia	1.58	20

(Source: World Bank)

Carbon Disclosure Project (CDP) Water Security Programme

2,114 companies

representing over USD 18 trillion in market capitalisation and 53% of heavily water-dependent companies on the Morgan Stanley Capital International All Country World Index publicly disclosed their progress in managing water-related risks

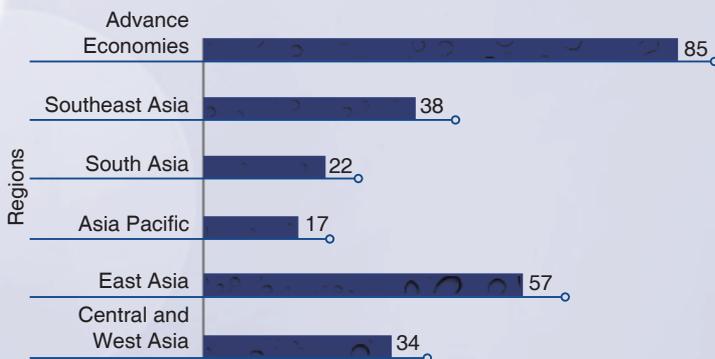
650 investors

with combined assets of USD 87 trillion, drive companies on water security and take action to reduce them

628 cities

with a combined population of 1.7 billion people protect their citizens from water risks

Waste water Treatment by Sub-Regions Asia (%)



(Source: UN-Water 2017)

WATER TRENDS ACROSS REGIONS – OVERVIEW

Asia Pacific Region

Asia Pacific is the global hot-spot of water insecurity. The water crisis in Asia has deepened due to three major reasons – poor access to adequate quantity and quality of drinking water, limited coverage of sewerage networks and deplorable wastewater treatment systems. Nearly 1/3rd of Asia’s population is dependent on groundwater as the only source of supply. On a global scale, 45% of all countries, dependent on the extraction of groundwater, are from the Asia Pacific region. India, China, Bangladesh and Pakistan are four major countries that account for nearly half the world’s total groundwater use.

Though, the rising demand for water, especially to meet irrigational needs, is putting pressure on groundwater. This is a reality in Asia’s major food hubs, North China Plain and Northwest India. The cumulative effect of outdated water supply systems, insufficient infrastructure to store and harvest rainwater is causing water scarcity. In sync, the 80-90% untreated wastewater that gets released into the water bodies intensifies the water crisis.

The dearth of wastewater treatment opportunity in Asian countries is quite perturbing compared to the other regions. Here surface water bodies receive mostly untreated municipal sewage, industrial wastewater, and agricultural runoff. Subsequently, riparian environments are degrading.

Wastewater Treatment by Countries in Asia (%)



(Source: UN-Water 2017)

On Going Initiatives and Goals Ahead

Policy	Initiatives
Vietnam Government's Initiatives	<ul style="list-style-type: none"> ○ Attract investments to provide 85% of the urban population with access to clean urban water and to treat 45% of the urban wastewater by 2020 (Source: Vietnam water summit) ○ Investment of USD 1.7 billion for construction of new regional water supply system to serve the Mekong Delta
National Mission for Clean Ganga and high budget allocation, India	<ul style="list-style-type: none"> ○ 28 River-Front Development projects, 33 Entry level projects for construction, modernisation and renovation of 182 Ghats and 118 Crematoria have been initiated ○ 63 sewerage management projects are under implementation in the states of Uttarakhand, Uttar Pradesh, Bihar, Jharkhand and West Bengal; 12 new sewerage management projects launched in these States and works are in process to create a sewerage capacity of 1,187.33 MLD ○ The Ministry is implementing key projects such as Namami Gange, Pradhan Mantri Krishi Sinchayee Yojana and river inter linking. It also plans to complete 80% of the Ganga cleaning programme by 2019.
National Drinking Water Policy	<ul style="list-style-type: none"> ○ The National Drinking Water Policy provides a framework for addressing the key issues and challenges facing the countries water supply sector in the provision of safe water supply to the people of Sri Lanka. Increasing demands from a growing population, competing uses of water in an expanding economy, mounting evidence of environmental degradation, rising costs of development of new supplies, increased pollution from urbanisation and lack of policies and institutional constraints, are critical issues in meeting targets in the water supply sector.
Water Privatisation in Indonesia	<ul style="list-style-type: none"> ○ The central government of Indonesia has repeatedly announced its intention to universalise access to clean water by 2019. To achieve this, an estimated 27 million new connections are needed, with a major investment gap of USD 20.8 billion.

(Source: United Nations Centre for Regional Development)

India

Large part of India is already facing severe water crisis. Exponential growth in water demand is taking place due to population rising at a break-neck speed, fast-paced urbanisation and evolving lifestyle. Water security is facing huge challenges on an unprecedented scale. More than 17% of the world's population is in India, but the country has only 4% of the world's renewable water resource. In fact, 2/3rd of the global population lives with severe water scarcity for a month every year and most of this population resides in India and China.

Currently, India consumes 750000 m³/year for all its applications, such as agricultural, industrial, domestic and commercial. But a majority of the water gets wasted due to traditional irrigation techniques. The second largest consumer of water is the industrial sector which pollutes more water than what it utilises. The entire stretch of major rivers, including Ganga, is polluted due to sewage and industrial waste discharge. (Source: India water management)

The World Bank in its recent report highlighted that drinking water shortage in the Ganga River basin can go up as high as 39% by 2040. The annual per capita availability of water is spiralling downwards continuously from 5,177 cubic metres in 1,951 to 1,720 cubic metres in 2019. NITI AAYOG has underlined that, at present, 600 million people face high to extreme water stress, about two lakhs die every year due to inadequate access to safe water, about 3/4th of the household do not get drinking water at their premise and about 70% of water is contaminated. As per NASA's findings, the alarming rate at which groundwater is depleting, India will be left with only 22% of the current per capita water by 2050.

(Source: World Bank, NITI AAYOG)

Key Drivers

- **Safe and Adequate Drinking Water in Rural Areas:** Government aims to provide 100% drinking water. Currently, 71.8% of India has access to safe drinking water. Gujarat, Goa, Madhya Pradesh are close to achieving universal coverage, while UP follows with 98% coverage.

- **Installed Sewage Treatment Capacity:** The installed sewage treatment capacity of urban India as a percent of sewage generated is 37.6%. The target is to reach 68.8% by 2030. Gujarat, Himachal Pradesh, Punjab and Sikkim, and the UT of Chandigarh have already achieved it.
- **Annual Ground Water Withdrawal:** Around 62% of the net available groundwater in India is withdrawn. With the upper limit at 70% to control the replenishment rate at normal levels. Haryana, Punjab, Rajasthan and Delhi need to improve this ratio which has far surpassed the maximum limit.

Sewage Treatment Market in India

Increasing municipal and industrial activities triggered a surge in sewage production in the urban parts of the country. The

sewage capacity has increased from 11,787 MLD in 2009 to 26,066 MLD in 2018 (as of July 2018). Currently, around 83% is operational. A number of policy changes have been promulgated by municipal agencies at central and state level to encourage stakeholders to recycle and reuse water.

The Government has launched various policies in the last couple of years, like '100 Smart Cities,' the 'Atal Mission for Rejuvenation and Urban Transformation of 500 Habitations,' the 'Namami Gange Mission' and the 'Swachh Bharat Mission.'

Various projects, under different phases in the pipeline, are expected to create 11,550 MLD of additional sewage treatment capacity and expand the network by 18,280km. The investment required for this sector over 2019-2026 is likely to be around INR 167 billion.

On Going Initiatives and Goals Ahead

Policy	Initiatives
Ministry of Power Notification on Reuse	<ul style="list-style-type: none"> ○ The policy mandates thermal power plants located within a 50 km radius of municipal sewage treatment plants to use treated sewage for its process applications.
Ministry of Housing and Urban Affairs Faecal Sludge and Septage Management Policy	<ul style="list-style-type: none"> ○ The Ministry has come up with a comprehensive manual mandating sewage treatment plants to compost digested sludge which is rich in organic nutrients and promote sale as fertilisers. The Ministry will provide an incentive of INR 1500 per ton of fertiliser sold.
Ministry of Science and Technology, DST	<ul style="list-style-type: none"> ○ The ministry has come up with the National Mission on Desalination to be of use to utilities across India. The mission has kick started with a compendium of global technologies from proven players highlighting the techno commercial details and benefits. Given the prospects of desalination in Gujarat, Tamil Nadu and Karnataka, this mission will act as a guiding tool to develop new technologies and create more cost optimal and sustainable desalination solutions.
National Mission for Clean Ganga'(NMCG)	<ul style="list-style-type: none"> ○ Aims at providing comprehensive and sustainable solutions for major pollution hot-spots across 97 towns and 4,465 villages on the Ganga stem. As per the available data, a total of 150 sewage projects have been taken up, of these, 112 are on the main course of Ganga and rest on tributaries. 42 projects have been completed, 61 are in progress and 47 are under tendering process. ○ In Kanpur, 20 MLD Common Effluent Plant (CETP) has been sanctioned with an estimated cost of INR 617 crore. This project has an integrated approach of including conveyance system from individual units, large chrome recovery plants and a pilot zero liquid discharge plant. ○ In Uttarakhand, sewage and ghat works have been sanctioned with investments of INR 1,337 crore to be utilised over next 15 years for O&M. <p>(Source:Indiatoday)</p>

Middle East & North Africa (MENA)

Once the birthplace of ancient civilisations, the Middle East and North Africa region is at crossroads at present. This arid region has always faced unavailability of water. Limited resources, degrading infrastructure compounded by rapid population growth has led to the dwindling of the resource. The water resources per capita are 1/6th of the global average. (Source: World Bank)

These overall growth of the region will take a hit as the climate and water will bestow an adverse impact. To make the situation even worse, unstable political ambience, armed conflicts and huge numbers of refugees are putting on tremendous pressure on land and water resources. For example, Jordan alone faces reduced water availability of 140 cubic meters compared to the global average of 500 cubic

meters. The region boasts of almost 60% population residing in highly water scarce area compared to 35% elsewhere in the world. This is expected to cause economic losses to the tune of 6-14% of GDP by 2050.

This region gives ample opportunities in the form of wastewater management. About 82% of the water is untreated compared to 30% in other high-income economies. The region is known to generate 18.4 cubic kilometres of municipal wastewater per year.

(Source:World Bank)

Water deficit is expected to reach 130 billion cubic metres in the Arab world by 2030. As a countermeasure, the region requires an investment in the infrastructure worth USD 300 - 400 billion.

(Source:thearabweekly)

On Going Initiatives and Goals Ahead (MENA)

Policy	Initiatives
National Water Resources Plan	<ul style="list-style-type: none"> ○ Implementation of the National Water Plan 2017 - 2037 in the drinking water space with an investment of USD 50 billion over next 20 years. ○ The Government envisions the reuse of effluent from sewage treatment plants and water efficiency. ○ Egypt has announced urgent plan for water security. The Government plans to build new water purification plants and expand the network of the desalination plants with the aim to provide potable water to all across the country.
Vision 2030, Kingdom of Saudi Arabia	<ul style="list-style-type: none"> ○ Aims to achieve 100% treated water by 2025. Currently, the market size is USD 4.7 billion ○ Under the Vision 2030 mission, the National Water Strategy 2030 is created under which the kingdom has stepped up its efforts to rationalise local water consumption, sustain and maintain water security, and provide high quality water supplies to consumers. The Government aims at adopting cost efficient desalination and distribution mechanisms. Plans to build nine water desalination plants on the Red Sea coast, at a total cost of more than SAR 2 billion and with total production capacity of 240,000 cubic meters of water per day. ○ The Government has set up an organisation called National Water Company (NWC) which plans USD 23 billion investments in water treatment and reuse related capital expenditure over the next 20 years. (Source: Gulf State Analytics)
UAE Water Security Strategy 2036	<ul style="list-style-type: none"> ○ Aims to ensure sustainable access to water during both normal and emergency conditions in line with local regulations, standards of the World Health Organisation, and the UAE's vision to achieve prosperity and sustainability. The overall objectives of the strategy are to reduce total demand for water resources by 21 percent, increase the water productivity index to USD 110 per cubic meter, reduce the water scarcity index by three degrees, increase the reuse of treated water to 95 percent and increase national water storage capacity up to two days.
The Recycled Water Policy UAE	<ul style="list-style-type: none"> ○ The Recycled Water Policy underscores DoE's recognition of water as a strategic resource and its understanding that water security is an integral part of the sustainable water security. There is an urgent need to develop an integrated policy to manage all water resources in the emirate, including recycled water. The Recycled Water Policy is aligned with the objectives of UAE Water Security Strategy 2036 to ensure sustainable and continued access to water at all times and under any circumstances and to secure an adequate water supply for residential, commercial, governmental, industrial, and agricultural uses.

Latin America

Historically, Latin America is known to have always given high priority to water conservation and health. Despite the region’s income and urbanisation levels, only 60% of the population has access to the sewerage system and 40% of the wastewater gets treated. About 25 million people suffer due to lack of basic water service and around 222 million do not have access to safe drinking water.

In order to meet the water sustainability challenges, the region is now endorsing Sustainability Development Goals.

This includes:

- a) improving water quality
- b) implementing integrated water resources management
- c) water use efficiency across sectors
- d) reducing the number of people suffering from water scarcity
- e) restoring water-related ecosystems



On Going Initiatives and Goals

Policy	Initiatives
Initiatives by Development Bank of Latin America	<ul style="list-style-type: none"> ○ The Development Bank of Latin America (CAF) estimated that over the period 2010-2030, USD 80 billion should be spent on sewerage infrastructure and USD 33 billion on wastewater treatment. (Source: World Bank)
Abu Dhabi Fund for Development (ADFD)	<ul style="list-style-type: none"> ○ Abu Dhabi Fund for Development (ADFD), the leading national entity for international development aid, has approved USD 80 million for the water sector in Argentina.

WABAG GROUP PERFORMANCE

In order to leverage the opportunities worldwide, WABAG has chosen a cluster based approach. With this approach it is not only making its presence felt but also creating synergies among cross cultures and creating a sense of ownership across ONE WABAG.

WABAG Group

USPs

- Pure play in water
- Focus on technology
- Focus on emerging markets
- Asset light

Next growth engine for the group – Middle East and Africa (MEA) cluster

Kingdom of Saudi Arabia, Bahrain, Egypt, Libya, Namibia, Nigeria, Oman, Qatar, Tanzania, Tunisia and UAE

India cluster

India, Bangladesh, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Nepal, Philippines, Singapore, Sri Lanka, Thailand, Vietnam

Europe cluster

Austria, Czech Republic, Macao, Romania, Switzerland and Turkey

Latin America (LATAM) cluster

Argentina, Brazil, Chile & Ecuador

India Cluster

USPs

- Robust track record of handling complex and large projects
- Entry into the BOOT and HAM projects
- Strategic unit supporting global operations
- Well placed to leverage on the biggest opportunity in recycle and reuse segments
- Offering European technology at competitive cost
- Capable and efficient human resources
- Sludge Management
- Enjoys monopoly in oil & gas sector

Unique Projects Expertise

- One of the 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 is a cocktail of effluents like 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
- India's 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
- Kodungaiyur Power Neutral Plant has achieved 90,000 operating hours on October 24, 2018 and is the first in India to achieve the milestone of generating over 50,000 MWH power from single gas engine
- Ultra-pure water plant for Qstec's Poly Silicon Chip manufacturing project at Qatar. The treated water resistivity achieved 33 MΩCM and conductivity of 0.03 μs/cm.
- India's first and the largest sea water R.O plant (100 MLD) at Nemmeli on EPC basis, meant for 100% potable use.
- Commissioned the largest drinking water plant with skid capacity of 27,200 m³/day in Muscat catering to over 5 lakh people.

Key Highlights of the year

- **HAM Project Sewage Treatment under National Mission for Clean Ganga:**
 - i) Secured INR 575 crore order to design, build, rehabilitate and operate sewage treatment Facilities and associated infrastructure in Kolkata, West Bengal.
 - ii) INR 147 crore order by Bihar Urban Infrastructure Development Corporation Ltd to design, build and operate 60 MLD Sewage Treatment Plant at Pahari, Patna
- **Treating the most challenging tannery effluent:** INR 520 crore worth order from Jajmau Tannery Effluent Treatment Association (JTETA) towards EPC and O&M of a 20 MLD Common Effluent Treatment Plant (CETP) along with treated sewage dilution facility for Jajmau leather cluster, Uttar Pradesh.
- **Water security under extreme climatic conditions of Turkmenistan (falls under India cluster):** 15,000 m³/d drinking water treatment plant built under very challenging environmental conditions. The plant treats raw water from 20 wells to reduce suspended solids and high water hardness from 12 mval/l to 7 mval/l.
- **Desalination order:** Secured INR 467 crore worth order from Mangalore Refinery and Petrochemicals Limited ('MRPL') towards engineering and construction of a 30 MLD Sea Water Desalination plant expandable upto 70 MLD in Mangalore, Karnataka.
- **Partnering with the Government of Odisha towards Environmental Initiative:** Construction of new sewage treatment plants and pumping station along with two more new STPs of capacity 48 MLD at Bhubaneswar and 16 MLD to enhance the drainage system of the twin cities Bhubaneswar and Cuttack. This plant will boost the sewerage and sanitation system of the city by purifying 3.6 crore liters of treated wastewater and rejuvenating the rivers like Mahanadi and Kathajodi. This will ensure a healthy environment for over 1 million people in the city.
- **Commissioning of the largest sewage treatment project implemented under the Namami Gange at Varanasi:** Designed and built by WABAG, the plant boasts of 4,000 m³/day balloon type double membrane gas holders, the largest of its kind in India. WABAG is responsible for its O&M for the next seven years.
- **Repeat orders from Public Utility Board Singapore:** Secured orders worth EUR 4 million. Order includes service & maintenance of the exhaust air systems of various units. Maintenance of the order treatment systems for 35 pumping

stations, 4 water reclamation plants and 7 related networks for a period of three years.

- **Repeat orders under project AMRUT:** Secured order for INR 83 crore towards design, build and operation of 124 MLD Water Treatment Plant (WTP) at Rajpur-Sonarpur in Kolkata from Kolkata Metropolitan Development Authority
- **Orders from HPCL – Mittal Energy Limited ('HMEL'):** Secured an order worth INR 290 crore towards ETP plant.
- **Executed in 12 months:** Duong River WTP (Phase 01):, fastest in Vietnam and first in Hanoi built in record time of 12 months.
- **Foray into ZLD for NMDC Steel Plant:** Secured an Order worth INR 171 crore from National Mineral Development Corporation an Indian state-controlled mineral producer. The recycling plant will ensure Zero Liquid Discharge through Multi Effect Evaporation System.

WABAG Philippines (wholly-owned subsidiary of WABAG India)

USPs

- Leader in water treatment segment in Philippines
- Specialises in offering cost competitive and innovative solutions in a region facing high energy costs
- Strong execution capabilities

Unique Projects Expertise

- Leveraging opportunities in neighbouring countries of Vietnam and Cambodia
- Sewage Treatment Plant (STP) at: Bagbag, Tatalon and Ilugin CYCLOPUR - SBR technology Dona Imelda with MBBR – FLUOPURR technology Muntinlupa, Tunasan and Valenzuela with activated sludge process
- Drinking WTP with innovative WABAG filtration system at Putatan
- Pasig Sewer Network Project

(Please refer to page 16 for details on strategies and outlook)

Europe Cluster

WABAG Austria & Turkey

USPs

- Experienced human resource with Austrian unit along with strong execution track record and sound engineering technologies.
- Turkey unit possesses a competitive edge backed by a young and energetic team with European standard.

- Combination of the above offers competitive technological competence with experience and talent.

Unique Projects Expertise

- 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
 - World's first and unique direct potable water reuse plant at Goreangab, Windhoek, Namibia
 - 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
 - Held the key integrated waste water management system of the entire city of Istanbul
 - Turnkey drinking WTP at Izmir, Turkey
 - Municipal WWTP at Siverek, Turkey
 - O&M of the drinking WTP at Adana, Turkey
- (Please refer to page 18 for details on strategies and outlook)

WABAG Switzerland

USPs

- Market leader with significant market share in the advanced technology segment and is EN ISO 9001:2008 certified
- Among the top few companies having a record of several ground-breaking innovations and several patents to its name
- Strong R&D capabilities and infrastructure
- Among the few companies equipped with micro-pollutants removal technological
- Hub of knowledge and technology
- Offers bespoke solutions the unit has executed over 200 municipal and industrial projects

Unique Projects Expertise

- Pioneer in adopting advanced oxidation PAC-adsorption and ultrafiltration
- Technologies for groundwater treatment at Muttenz
- Lake WTP with ultrafiltration, ozonation, activated carbon filtration and final disinfection at Horgen
- Largest Spring WTP using ultrafiltration technology at Sonzier WWTP

- Largest tertiary wastewater filtration plant at Zurich-Werdholzi
- Largest tertiary treatment for eliminating micro-pollutants

WABAG Romania

USPs

- Expertise in providing complex water technology solutions to Oil & Gas sector and Food & Beverages sector
- Rich experience in operating and maintaining refinery industrial ETPs

Unique Projects Expertise

- 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 at Arpechim refinery ETP, Romania
- Municipal WWTP at Cugir, Aiud and OcnaMures, Romania
- WABAG Romania ('WABRO') has secured an order worth EUR 20 Million from Puro-lite, Romania towards Design & Engineering, Procurement, Construction, Supply, Installation and Commissioning of Effluent Treatment Plant (TIP) for the client's resin production facility. The plant will ensure effluent discharge in accordance with the Romanian water quality regulations. WABRO will also Operate & Maintain the plant for a period of 15 years, post completion.

- WABAG Water Services SRL was awarded the contract for the refurbishment of the existing Dragon WWTP for the production facility for beverages in Bucharest for PEPSI Co. International. The mechanical/biological WWTP, based on the MBBR - FLUOPUR® technology, has a capacity of 2,550 m3/d. After commissioning, WABAG has taken also responsibility for the plant operations for a period of 15 months.

- WABAG Water Services SRL was awarded the refurbishment and extension of the WWTP of the KASHIRA snacks manufacturing site of PEPSI Co. Int., located near Moscow. The capacity of 45 m3/ is to be increased to 60 m3/h. WABAG is responsible for the design, equipment supply, installation, commissioning and start-up.

WABAG Czech Republic

USPs

- Specialises in water / waste water technology solutions in the energy sector
- Expertise on nuclear power plants in Czech Republic
- Gained proficiency in pre-treatment systems, demineralisation, condensate polishing, ion exchange technology, cooling water treatment, filtration and neutralisation.
- Serves as a central point to cater to industrial and municipal projects across Slovakia, Serbia, Turkey, Uzbekistan and Vietnam

Unique Projects Expertise

- 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 Trencin, Slovakia
 - Industrial water reclamation plant for steel works Smederova, Serbia
 - Demineralisation plant for power plant at Khoms, Libya
- (Please refer to page 18 for details on strategies and outlook)

Middle East and Africa (MEA) Cluster

USPs

- Emphasis on providing EPC and O&M services to the municipal and industrial clients primarily across Oil & Gas companies.
- Growth engine of WABAG for the next quantum leap



Key Highlights of the year

- Desalination order from Tunisia – Awarded INR 600 crore worth order from Societe Nationale D'exploitation Et De Distribution Des Eaux, Tunisia (“SONEDE”) towards engineering, supply and construction of a Sea Water Desalination Plant of capacity 50 MLD in Tunisia
- Major breakthrough in the Kingdom of Saudi Arabia: Awarded INR 1,000 crore worth order from Power and Water Utility Company for Jubail and Yanbu (MARAFIQ), Kingdom of Saudi Arabia for the construction of Sewage Treatment Plant.
- First major EPC: Awarded a first major EPC order worth INR 555 crore from Public Works Authority of Qatar (ASHGHAL) for rehabilitation of Doha South Sewage Treatment Works
- WABAG is well poised to leverage its global credentials for the large scale O&M opportunities in GCC. Focus countries include Qatar and Bahrain.

(Please refer to page 17 for details on strategies and outlook)

Latin America (LATAM) cluster

With this cluster, WABAG expands its footprints to the fourth continent. Headquartered in Brazil, the cluster will open new doors of business opportunities over a medium to long term.

(Please refer to page 18 for details on strategies and outlook)

International Engineering Centre (IEC)

WABAG's International Engineering Centre, in Pune and Vadodara provide project design and engineering support to its EPC business. Since its establishment in 2008, IEC 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 centre, providing engineering services to global market under the banner of WABAG ENGINEERING SERVICES (WES). It's cross discipline and diversified resource capability will be utilised to provide services in verticals like oil & gas, power, fertiliser and steel among others.

IEC has successfully completed engineering of major projects for prestigious clients like Reliance Industries Ltd, Dangote, HMEL and Aramco.

IEC continues to support engineering for WABAG office in other clusters from both onshore and offshore.

WES has secured engineering services order from prestigious clients in India this year. We expect next year this business will get quantum jump.

Innovation has always been IEC's focus to improve on existing equipment design and for processes to ensure productivity in terms of time and cost. IEC has developed innovative designs to improve on performances and maintainability of their existing range of equipment.

Financial Performance

The order book during FY 2018-19 stood at the highest at INR 92,919 million.

On a consolidated basis, the Group's revenues stood at INR 2,780 crore in FY 2018-19 as compared to INR 3,457 crore in FY 2017-18. Profit after tax for FY 2018-19 stood at INR 89 crore.

On a standalone basis sales for FY 2018-19 stood at INR 1,748 crore from INR 1,856 crore in FY 2017-18. Profit after tax reported for FY 2018-19 stood at INR 102 crore.

The key metrics of the year under review as per SEBI's regulations were as follows: debtors turnover ratio 1.62 times, interest coverage ratio 5.43 times, current ratio stood at 1.28 times, debt equity ratio at 0.54 times. The EBITDA and net profit margin stood at 7.70% and 3.78% respectively and return on net worth at 11.17%, for the year FY 2018-19.

Human Capital

At WABAG what is it that creates unique and sustainable values. The driving force of the Group is its human capital. At VA Tech WABAG the team works unified by a single mission; provide clean affordable and reliable water. Every team is as strong as each individual within it. We provide the necessary tools and training for each individual to grow and nurture his personal and professional growth. WABAG professionals have hands on experience and expertise as per the European standards. We promote and support diverse cultures that work together to meet the common objective of the Group. We believe in transparency and providing equal opportunities to all. Team work is core value and shared value at each level.

(For details on training and HR management: Please refer to page 24)

Quality, Health, Safety and Environment (QHSE)

The nature of our business is such that employees face safety risks on operation sites whether its dealing with water treatment chemicals or installation of water facilities. Hence we at WABAG have positioned occupational health, and safety and quality as a top priority in operating our business.



DRIVING **SUSTAINABILITY** DELIVERING **VALUE**

score of (4.7 out of 5) in 2018-19 reflects our stringent policies in place to give the best quality. We implement risk based thinking concept considering the impact across the plant and people. The Company follows a pro-active approach and has professional experts who are on constant endeavour to deliver the superior quality at every stage of the project. Even we deal with only those suppliers who have received approval certification for their products and services. During Supplier registration process we do check the process, their certification, credentials and so on.

Health

At WABAG we ensure a healthy and conducive working environment for on-field sites as well as offices. We have initiated various campaigns like first-aid training, general health check-up for all the employees and workmen, and heat stress prevention to promote awareness and prevent illness. Several health camps are conducted at regular intervals at the EPC, BOOT and O&M sites for all. Essential health related topics are shared to employees via tool box talk on daily basis and through mass communication.

To enhance learning and cascading the safety awareness, E learning program is launched for employees for self-training and certification.

Safety

Achieved 7.5 million safe man hours in respect of WABAG's Industrial ETP for RAPID Project for Petronas in Malaysia.

The Project and the corporate office celebrated the 68th National safety week with all the stake holders' participation. The best workers and the contractors were awarded.

This year, new initiative has been taken by the Company to Promote and encourage hazard reporting, conduct HSE awareness communication etc., by implementing a system called "HSE assessment index" in all the project sites. Assessment of the same is being done on a monthly basis. The HSE Performance of sites is monitored through a well-developed Internal and external audit system. We periodically review our Integrated Management Systems to improve efficiency and effectiveness WABAG has a self-developed HSE index system, which helps in:

- Verification of the safety process and procedure implementation
- Identifying the gaps and areas for improvement
- Standardising the HSE process across the projects
- Identifying the best practices and sharing with other projects

We are working to ensure that we always give a conducive environment to our employees to work and grow. The process of QHSE compliance management is ongoing and ever changing, requiring a robust and adaptive management system. In 2018, the process continued to utilise, an integrated management system. This effort was designed to ensure continuous improvements by incorporating a process of ongoing monitoring, reviews, and revisions of procedures and policies through the use of the Plan – Do – Check – Act (PDCA) model. Just as a circle has no end, the Plan – Do – Check – Act cycle is a four-step process model for carrying out change, cycling through each step for continuous improvement. At regular intervals we undertake the practice of internal and external audits. The internal audit program is an ongoing review of our operations to identify risk, determine the degree of implementation and effectiveness of the Management Systems, and evaluate compliance with applicable regulations. This has helped us improve constantly. In FY 2018-19, the Company approved (64) internal ISO auditors, qualified to perform internal audit including regional offices and EPC plants and O & M sites.

Quality

We at WABAG know the significance of the water quality and over the years consistently built a goodwill around it. We meet the highest quality standards. We aim to ensure that our quality control procedures are effective, understood and applied. Client feedback matters to us! That's why, every year, we conduct a Client Satisfaction Survey. It measures our performance and tells us how well we're meeting the expectations of our clients and identifies areas of our business that we need to improve. Our client satisfaction

Environment

At WABAG environmental improvement activities include steps to reduce internal water and energy use and waste emissions. Our objectives are to i) minimise use of ground water ii) Re-use of treated water iii) Maintain greener planet iv) control oil slippages v) protect soil surface contamination vi) noise control and vii) effective management of concrete waste. All our sites and plants are inspected every six months to keep a check on the necessary measures. We have also appointed an external agency who at regular intervals measure the air and water quality and noise levels. Immediate actions are taken in case of any discrepancies. To meet our goals we use LED bulbs, reuse sewage-treated water, undertake landscaping and planting trees at the project sites to prevent soil erosion.

The Environmental Performance of sites is monitored through a well-developed Internal and external audit system.

Information Technology

During FY 2018-19, the Company primarily focussed on adopting various digital initiatives and interest gained momentum across WABAG globally.

Digital Initiatives

- Revamped our corporate website (<https://www.wabag.com/>) with contemporary technologies and invigorated with lively and appealing designs.
- Developed dashboards to monitor the project and financial position in near real-time globally.
- Increased the foot print of real-time attendance capturing of geographically remote EPC sites through cellular network-based Portable biometric devices.
- HR processes are digitised as per our business need and integrated with ERP.
- Enabled Project key stakeholders to monitor the projects on Live basis through mobile Apps.
- Enabled Procurement functions through eTendering application which resulted in improving the Operational efficiency.

R&D programmes at WABAG

1) Ceramopur®

The trials were conducted for treating groundwater with the Ceramic Membrane Filtration process and was concluded in February 2018. The forthcoming Pilot Plant is to be utilised for our Ceramozone® trials where it is foreseen to treat tertiary treated sewage to produce potable water in the final step.

2) Ceramozone®

Ceramozone® trials utilises pre-ozonation / Advanced Oxidation process (AOP), ceramic membrane filtration (with our Ceramopur® technology as discussed above) and granular activated carbon filtration to treat tertiary treated sewage with an aim to get potable water as the last step after chlorine disinfection.

Detailed engineering for the Pilot Plant installation was completed in 2018-19 for possible start-up in June 2019.

3) Research studies with the Institute of Chemical Technology (ICT)

The 6 month study with ICT was concluded in 2018 and the pending parts of the study would be integrated in a comprehensive 4 year research project with ICT. We are finalising a draft proposal for a 4 year research study for treatment of refinery and allied effluents with UF & NF Ceramic and Polymeric membrane followed by RO.

4) Damopur

Damopur is WABAG's technology for Deammonification process (Ammonia removal) in the mainstream. It is proposed to be conducted at Perungudi STP where the secondary



treated effluent will be the feed water for the process. This project will be conducted in cooperation with our Swiss colleagues.

5) Membrane Distillation (MD)

The MD Pilot Plant was identified for further treatment and recovery of water from RO Brine with the Vacuum Membrane Desalination (VMD) technology. The trials will be continued in Nemmeli SWRO for further recovery of water from SWRO Brine.

6) Hard COD

The aim of the Hard COD Pilot Plant is to remove 'unbiodegradable particulate COD' which doesn't get effectively removed in the effluent with the conventional treatment process for ETPs.

7) Nereda – Granular activated Sludge

The Nereda-process is one of the possible opportunities for the waste water plants in Berlin to upgrade their process with limited space.

WABAG Switzerland provided the pilot plant together with RHDHV and plays the role of a consultant for the process. The pilot plant is still running and the results are regularly communicated among the partners. The test continue at least until autumn 2019.

8) Ipsach Biel – Multiple Barrier System for Lake Water Treatment

The pilot plant is running since November 2017 and will continue until October 2019. The treatment steps are Ultrafiltration, Ozone / AOP, Activated carbon filtration and reverse osmosis in different combinations. WABAG has provided the pilot plant, the mounting of all equipment and is the technical consultant for the client.

9) Altenrhein - Micropollutants Removal

Altenrhein is a wastewater treatment plant which has to build a new treatment step to remove micropollutants due to Swiss Law. The plant is running since January 2017 and still ongoing. The plant itself belongs to WABAG Switzerland and can be reused afterwards once the tests are finished in Altenrhein.

10) Klosters - Arsenic Removal

In 2014 the Swiss government decided to lower the limit of Arsenic in the drinking water regulations for Switzerland from 50 g/l to 10 g/l. For several communities in the Alps of Switzerland this had a significant influence because they now

have to reduce the content of Arsenic with new treatment steps. The community of Klosters decided after consulting WABAG Switzerland to do pilot tests and see how the concentration of Arsenic can be reduced best.

WABAG provided a small pilot plant with two columns to test different filter media and establish a process with the lowest financial impacts as possible. The tests have been guided by WABAG and accompanied by the EAWAG as well from 2017-2018. The project will be planned for this year and the plant should be commissioned before end of 2020.

11) Windhoek - Antimicrobial resistance in water reclamation and reuse

Used water treatment plants are a source for the distribution of antibiotic resistant bacteria (ARB) and antibiotic resistant genes (ARG) into the environment. The objective of this project is to assess the efficiency of conventional and advanced treatment technologies in removing ARB and ARG within the New Goreangab Water Reclamation Plant (NGWRP) an advanced multiple barrier system which is operated for direct potable reuse in Windhoek Namibia. The project has been carried out by WABAG AT in cooperation with the Vienna University of Technology.

12) Frauenkirchen - Micropollutants removal by ozone and activated carbon (KomOzAk)

Frauenkirchen is located in a dry region in eastern Austria. As there is no recipient available, the municipal secondary effluent has to be disposed of by managed groundwater recharge. The goal is to investigate the removal of micro-pollutants and other parameters such as geno-toxicity by using ozone and/or granulated activated carbon (GAC). KomOzAk is a project that is conducted by WABAG AT in cooperation with the Vienna University of Technology. The pilot plant capacity is 70-90 m³/h. The tests were started at the end of 2017 and will be completed in October 2019.

13) Frankfurt – Micro-sieving Pilot Tests at the Nidda STP

The aim of the pilot tests is to reduce the organic load to the activated sludge process by the very compact micro-sieving technology (MICROPUR-CAS®) and subsequently the improvement of the energy balance of the sewage treatment plant (more biogas, as sievings are very well digestible and less aeration energy necessary due to the reduced load in AS process). At the water reclamation plant in Namibia Ujams, full-scale optimisation tests (removal rates and energy) have been conducted (in the FY 2018-19).

Our Risk approach

Risk management strategy:

Our approach to risk management centres around both risk and returns. Given our wide spectrum of business within the water industry (public & private sector clients, multi-geographical presence etc.), risk management cannot just be a process. Company adopted risk management as part of its core strategy. Nearing a century of project management experience across the globe, the Company has integrated risk management with its business strategy.

From tendering stage till closure of projects, both internal and external risks are assessed and managed. During relevant stages of executions; engineering, procurement, construction, commissioning and operation & maintenance, a continuous risk monitoring system facilitated through best in class Enterprise Resource Planning (ERP), helps us to make more prudent decision.

Company follows a scientific risk management methodology throughout its life cycle

- **Risk assessment:** occurrence & impact scale
- **Risk acceptance:** when benefits outweigh the cost
- **Risk avoidance:** when cost outweighs the benefits
- **Risk mitigation:** action & risk response
- **Risk review:** periodical monitoring of assessed risk & its impact

What happens in each of phase of risk management

- **Risk assessment:** probability of occurrence of such event & if such event occurs what is impact that will have on our business is assessed. Overall risk score/impact is arrived at to take further decisions. A qualitative assessment of risks also part of this process.
- **Risk acceptance:** Once the risks are quantitatively and qualitatively assessed, if the risk impact falls within the strategic thresholds; go decision is taken (when benefits outweigh the cost). Upon acceptance, possibilities of risk transfer/sharing is also evaluated.
- **Risk avoidance:** Once the risks are quantitatively and qualitatively assessed, if the risk impact does not fall within the strategic thresholds, a no go decision is taken; mitigation measures would not give us strategic advantage (when cost outweighs the benefit)



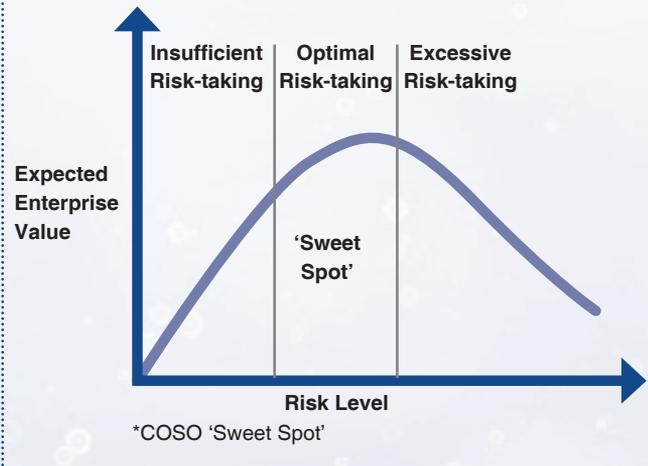
- **Risk mitigation:** Action plan and options for each of the identified risks is developed to reduce both occurrence & impact. Detailed risk response plan is prepared. Key stake holders of the management are involved in this process
- **Risk review:** Periodical monitoring of assessed risk is conducted and risk's impact is continuously re-evaluated. This also gives us a opportunity to identify new risks & the actual impact of risks that were anticipated at earlier stages.

This systemic approach has led us to complete the projects successfully in challenging environments across geographies.

Company through its well established policies, procedures and risk management strategy, identifies and mitigates all possible risks such as macro-economic/ political risk, competition risk, vendor risk, consortium partners credit profile risk, commodity price risk and forex risk. Risk management is imbibed in our culture rather than a rule to follow.

Balancing the risk and returns becomes critical to choose and invest in the "Sweet spot" that maximises our return and minimises the risk; our judicious & proven risk management methodology helps us to indicate the sweet spot.

By taking optimal risk, we exploit the opportunities, these opportunities creates value and value maximises shareholders return



The Board, Audit Committee and Risk Management & Monitoring Committee which includes senior management has overall accountability for ensuring that risk is effectively managed across the Group. The Board defines the risk appetite and monitors risk exposure to ensure significant risks are aligned with the overall strategy of the Group.

At WABAG 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 internal assurance team assists the Group CEO and Managing Director in identifying various operational, business, commercial and external risks, Implementing controls and processes to address such risks, conducting periodical audit and review and suggest mitigation measures.

Statutory auditors and an independent professional internal audit function review the efficacy of the internal control mechanism. The Audit Committee of the Board, from time to time, reviews the progress of the internal audit and the state of the recommended measures to improve the internal control mechanism.

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. VA TECH WABAG'S Philosophy on Corporate Governance

Corporate Governance is the creation and enhancement of long term sustainable value for stakeholders through ethically driven business processes. Corporate Governance is a set of rules and practices aligned with a systematic procedure through which a Corporate is directed and controlled by balancing the interest of all stakeholders. At VA TECH WABAG ('WABAG' or 'the Company'), we follow the highest standard of good corporate governance as a core business principle and this has been adhered by all the employees of the Company.

Your Company's Corporate Governance goals are principally driven by the objective of creating and maintaining a trust centered relationship in order to enrich stakeholder's value. Your Company follows a set of Governance framework which includes transparency, action plans, internal controls, timely disclosures etc.

For ensuring good Corporate Governance practices, the Government of India has put in place a framework based on the stipulations contained under the Companies Act ("the Act"), SEBI Regulations, Accounting Standards, Secretarial Standards, etc. Global trends and some governance failures across the world drive the demand for a high quality of governance practices.

During the FY 2018-19, the regulatory authorities have stipulated additional disclosures, changes/amendments in the standards / regulations for more transparent and better corporate governance, which necessitated all listed entities to amend their adopted corporate policies. Your Company has complied with such changes in accordance with law as part of its corporate governance principles. The governance Policies adopted by your Company, are available on the Company's website www.wabag.com and are in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("SEBI LODR").

Your Company, besides complying with the statutorily prescribed Corporate Governance practices, has voluntarily adopted and evolved various practices of governance conforming to highest ethical and responsible standards of business, globally benchmarked. As part of

this, certain recommendations of the SEBI constituted Kotak Committee have been adopted by the Company even before they were mandated.

Your 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 ("Board")

The Board focuses on upholding the core values of excellence, integrity, responsibility, unity and understanding to ensure that there is a fair, transparent and ethical governance practice in the Company.

Your Board has been constituted with majority of Directors as Independent Directors with Independent Non-Executive Chairman at all times, since IPO period, though the law prescribed lesser norm.

The Board oversees the management functions and protects long term interest of its stakeholders by adopting the best industry practices.

Your Board consists of the requisite expertise of Independent and Non-Independent Directors, including an Independent Women Director in line with the provisions of the Act & SEBI LODR. The Board periodically evaluates the need for change in its composition and size. The Board *inter alia*, focuses on strategic planning, risk management, compliance, corporate governance to maintain high standards of ethical conduct, integrity and succession planning for the Directors.

The Company's day to day affairs are primarily managed by Managing Director & Group CEO and Whole Time Director & CGO with the assistance of proficient management and business teams.

Your Company has on its Board, eminent Independent Directors who have brought in independent judgement to Board's deliberations including issues of strategy, policies, operation, risk management and overall governance. The Board is playing a pivotal role in safeguarding the interests of all stakeholders.

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.

2.1 Size & Composition of the Board

As on March 31, 2019, WABAG’s Board consists of 6 Directors, 4 being Independent Directors including the Chairman and an Independent Women Director (WD). The remaining Board Members are two Executive

Directors (ED) viz., Managing Director & Group CEO and Whole Time 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.

Board Skill



The profile of Directors can be found at our website www.wabag.com. The composition of the Board is in conformity with the Act and SEBI LODR.

2.2 Board Procedure

The Board ordinarily 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 conducted with a pre-communicated and structured agenda.

The Board has complete access to all information with the Company. All Board Meetings are governed by a structured agenda which is backed by comprehensive background information. The information pertaining to mandatory items as specified in the Act, SEBI LODR,

and other applicable laws, along with other business issues, are regularly provided to the Board, as part of the agenda papers well in advance of the Board meetings (except for certain confidential information which are provided separately in secured manner). As part of Green initiatives to protect environment, your Company has recently started using secured electronic software application system through which Board and Committee Meetings agenda, notes, supporting documents and other communication are being circulated/shared with Directors and accessed in meetings, thereby saving time & cost and to the requisite procedures as prescribed under law.

At Board and/or Committee Meeting(s), presentations are made by the Management Team on the Company's performance and operational matters (financial & non-financial), opportunities, business strategy, project status, status of action points, human resource, legal, risk perspective, 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 at large 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 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 Directorships of Directors in other listed entities:

In terms of the amendments made to the SEBI LODR, Company hereby furnishes the listed entities in which the WABAG Directors hold directorships, chairmanships in other listed entities and memberships in Committees including public limited Companies and WABAG:

Name of the Director	No. of Directorships	No. of Committee Chairmanships*	No. of Committee Memberships*	Directorships in listed entity(ies)	Category of Directorships in listed entity
Bhagwan Dass Narang	5	4	6	Shivam Autotech Limited Dish TV India Limited	Independent Director
Malay Mukherjee	2	-	2	JSW Steel Limited	Independent Director
Sumit Chandwani	1	3	3	NIL	NIL
Revathi Kasturi	1	-	1	NIL	NIL
Rajiv Mittal	1	-	1	NIL	NIL
S Varadarajan	1	-	1	NIL	NIL

* Chairmanships / Memberships of Board Committees shall only include Audit Committee and Stakeholders' Relationship Committee including that of your Company, Committee Membership includes Chairmanship.

Milin Mehta was appointed as an Additional Director in the category of Independent Director on April 29, 2019, subject to the approval of Members of the Company at the ensuing 24th AGM.

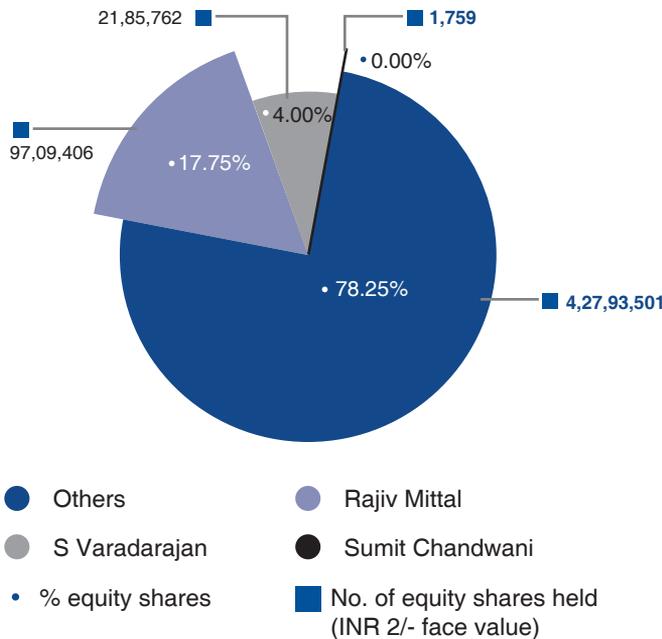
None of the Directors on the Board hold directorships exceeding the prescribed limits as per SEBI LODR & the Act in other Companies. All the Directors have furnished their Directorship and Committee's position in other entities as on March 31, 2019 as required under the Act and SEBI LODR.

2.4 Post Meeting follow up mechanism

The Board and its Committees has certain post meeting follow-up mechanism whereby any action arising out of the decisions given at the Board/Committee will be taken care by the management and a status update on periodical basis given to Board/Committee and is discussed in detail at the subsequent meeting.

2.5 Directors Shareholding

The details of equity shares held by the Directors in the Company as on March 31, 2019 are as below:



Other Directors: Nil, except Bhagwan Dass Narang holds 50% of the paid up share capital of M/s. Shri Veni Madhav Portfolio Private Limited, which in turn holds 35,740 equity shares of the Company as on March 31, 2019

Tenure of Independent Directors

Tenure of Appointment of ID are as per provisions of Section 149 of the Act and SEBI LODR.

Name of the IDs	From the date of AGM	Till the date of AGM
B D Narang – 3 years	22 nd AGM held on July 27, 2017	25 th AGM to be held in the calendar year 2020
Malay Mukherjee – 4 years	23 rd AGM held on August 10, 2018	27 th AGM to be held in the calendar year 2022
Sumit Chandwani -2 years	22 nd AGM held on July 27, 2017	24 th AGM to be held in the calendar year 2019
Revathi Kasturi – 3 years	22 nd AGM held on July 27, 2017	25 th AGM to be held in the calendar year 2020

2.6 Independent Directors (ID)

Meeting without Management

During the FY 2018-19, Independent Directors of the Company met without the presence of Non- Independent Directors & Members of the management pursuant to Schedule IV of the Act and Regulation 25 of SEBI LODR on April 4, 2018. All the Independent Directors were present at the Meeting and 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, performance of Independent Directors, Board as a whole and performance of the Executive Directors of the Board including the Chairman after taking views of Executive and Independent Directors.

Declaration/ confirmation

All Independent Directors of the Company have confirmed that they meet the criteria as mentioned in Regulation 16(1)(b) & 25 of SEBI LODR and Section 149(6) of the Act.

Terms & Conditions of Appointment

Upon appointment of Independent Director(s), a formal letter of appointment is issued 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.

Familiarisation Program

Pursuant to regulation 25(7) of SEBI LODR, your Company conducts Familiarisation programme for the Independent Directors to enable them to familiarise with the Company, management, operation, business and general laws governing the Company. To familiarise a new Independent Director with the Company, an information kit containing annual reports including Company's corporate profile, statement of vision and values, organisational structure, the Company's history and milestones, Code of Conduct applicable to Directors/ Senior Management employees of the Company and other reports are provided.

The initiatives undertaken by the Company in this respect have been disclosed on the Company's weblink: <https://www.wabag.com/compliances/>

2.7 Meetings of the Board

Every year minimum 4 Board Meetings are held including 1 meeting in every calendar quarter. Depends on business urgency, additional meetings/ circular resolutions were passed to address specific needs of the Company.

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 FY 2018-19, 6 (six) meetings of the Board of Directors of the Company were held. The maximum interval between any 2 (two) consecutive Board Meeting(s) was well within the maximum allowed gap

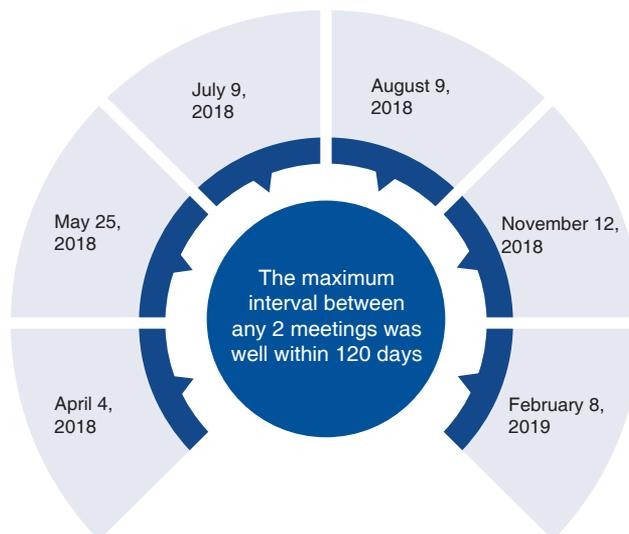
of 120 (one hundred and twenty) days as stipulated under the Act, Regulation 17 of SEBI LODR, Secretarial Standards. The requisite quorum was present in all the Meetings.

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 and their other Directorships/ Committee Positions

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, as exempted for calculating number of directorships under 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 as required under the Act.

Meetings of the Board during FY 2018-19



ATTENDANCE PARTICULARS OF BOARD & COMMITTEES																				
Name Of The Directors & Their DIN	ATTENDANCE PARTICULARS				AUDIT				STAKEHOLDERS RELATIONSHIP				NOMINATION AND REMUNERATION		RISK MANAGEMENT AND MONITORING COMMITTEE		CORPORATE SOCIAL RESPONSIBILITY		OVERSEAS INVESTMENT	
	Category	Held	Attended	Last AGM	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
No. of Board Meetings				No of meetings																
Bhagwan Dass Narang 00826573	Independent Chairman	6	6	✓	5	5	NA	4	4	2	2	4	4	2	2	NA	NA	-	-	
Malay Mukherjee 02861065	Independent Director	6	5	✓	5	5	NA	NA	NA	2	2	2	2	2	2	NA	NA	NA	NA	
Sumit Chandwani 00179100	Independent Director	6	6	✓	5	5	4	4	4	2	2	4	4	2	2	NA	NA	NA	NA	
Revathi Kasturi 01837477	Independent Director	6	6	✓	NA	NA	NA	4	4	2	2	4	4	2	2	1	1	1	NA	
Rajiv Mittal 01299110	Promoter / Managing Director & Group CEO	6	6	✓	NA	NA	4	4	NA	2	2	4	4	2	2	1	1	1	-	
S Varadarajan 02353065	Promoter / Whole Time Director & Chief Growth Officer	6	6	✓	NA	NA	4	4	4	4	NA	NA	NA	2	2	1	1	1	-	

NA – Not Applicable as he/she is not a Member of said Committee(s)

3. Committees of the Board

WABAG has 6 (six) Board Committees to support the Board in discharging its responsibilities. The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities as mandated by applicable statutory regulation and/as required for the Company closer review.

The minutes of the Meetings of all Committees are placed before the Board for review. The Board Committees can request special invitees to join the meeting, as appropriate.

The Board has established the following statutory and non-statutory Committees:-

- A. Audit Committee (AC)
- B. Stakeholders Relationship Committee (SRC)
- C. Nomination and Remuneration Committee (NRC)
- D. Corporate Social Responsibility Committee (CSRC)
- E. Risk Management and Monitoring Committee (RMMC)
- F. Overseas Investment Committee (OIC)

The composition of various Committees of the Board of Directors given below and also available on the website of the Company www.wabag.com. 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. The recommendations of the Committees, wherever required are submitted to the Board for their consideration/approval.

A. Audit Committee

The AC of the Company is entrusted with the main responsibility to supervise the Company's internal controls and financial reporting process in addition to matters as required to be reviewed/ approved by the AC. The constitution and terms of reference of the Audit Committee are in conformity with Section 177 of the Act, and Regulation 18 of SEBI LODR read with Part C of Schedule II of the said Regulations. The Board at its Meeting held on February 8, 2019 amended the terms of reference of AC in line with amended SEBI LODR.

The Company's AC comprises Sumit Chandwani, Independent Director and Chairman of the Audit Committee, Bhagwan Dass Narang and Malay Mukherjee, the other Committee Members. All the

Members of the Committee have relevant experience including financial expertise. All the Members of the Committee were present at the last AGM held on August 10, 2018.

The Executive Directors, Chief Financial Officer, Chief Executive Officer, Company Secretary, Statutory Auditors and Internal Auditors are permanent invitees to the Meetings of the AC. Senior Executives of the Accounts/ Finance Department and other officials/external experts, representatives of statutory and internal auditors also attend the AC Meeting(s), as and when required.

Composition, Category of Members and their attendance to the Committee Meetings held during the year are covered in the table given at page no.95 of this report.

During FY 2018-19, 5 (five) meetings of the AC were held on April 4, 2018, May 24, 2018, August 9, 2018, November 12, 2018 and February 8, 2019. 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

The role of SRC includes, without limitation, resolving the grievances of Members, ensuring expeditious share transfer process, evaluating performance and service standards of the Registrar and Share Transfer Agent of the Company, amongst other aspects. The constitution and terms of reference of the SRC are in conformity 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. In line with the requirement of the amended SEBI LODR, the terms of reference of this Committee has been amended by the Board and has come into effect w.e.f. April 1, 2019.

The Company's SRC comprises Sumit Chandwani, Independent Director and Chairman of the SRC, along with other Committee Members viz., Rajiv Mittal and S Varadarajan. R. Swaminathan, Company Secretary & Compliance Officer acts as the Secretary to the Committee. All the Members of the Committee were present at the last AGM held on August 10, 2018.

During FY 2018-19, 21 complaints were received and resolved. There are no outstanding complaint from the stakeholders as on March 31, 2019. 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.

Composition, Category of Members and their attendance to the Committee Meetings held during the year are covered in the table given at page no. 95 of this report.

During FY 2018-19, 4 (four) meetings of the SRC were held on May 25, 2018, August 09, 2018, November 12, 2018 and February 12, 2019. 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

The NRC is responsible to formulate the criteria for appointment of Director/ KMPs / 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. In addition to performance evaluation of Independent Directors, Board as a whole and that of its Committees, performance evaluation of senior management personnel done by Executive Directors was reviewed by the NRC. The Committee also administers the Company's Employees Stock Option Scheme. The constitution and terms of reference of the NRC are in conformity 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 said Regulations. The Board at its Meeting held on February 8, 2019 amended the terms of reference of NRC in line with amended SEBI LODR.

The Company's NRC comprises Revathi Kasturi, Independent Director and Chairperson, along with other Committee Members viz., Bhagwan Dass Narang and Malay Mukherjee. All the Members of the Committee were present at the last AGM of the Company held on August 10, 2018. All the Members of the Committee are Independent Directors. Chairperson of the Committee is different from the Chairman of the Board.

Composition, Category of Members and their attendance to the Committee Meetings held during the year are covered in the table given at page no. 95 of this report.

During FY 2018-19, four (4) meetings of the NRC were held on May 24, 2018, August 10, 2018, November 12, 2018 and February 08, 2019. 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.1 Remuneration to Directors

Non-Executive /Independent Directors:

The criteria for evaluation of the performance has been devised on parameters like level of participation of the Directors, understanding of the roles and responsibilities of Directors, understanding of the business and competitive environment in which the Company operates, understanding of the strategic issues and challenges for the Company, understanding the terms of reference, effectiveness of the discussions etc.

Pursuant to the approval of the Members at the AGM of the Company held on July 21, 2014, 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 INR 20 Lakhs p.a. paid to the Independent Chairman of the Board and to INR 15 Lakhs p.a. paid each Independent Director, is in accordance with the approval of the Board and as per the Remuneration policy of the Company.

The performance of the Independent Directors was also evaluated taking into account the time devoted, strategic guidance to the Company, advice given for determining important policies, external expertise provided and independent judgement that contributes objectively in the Board's deliberation.

Executive Directors:

NRC evaluates the performance of the Managing Director & Group CEO and Whole Time Director & CGO by setting their Key Performance Objectives at the beginning of each financial year. The Committee ensures that the Performance Objectives are aligned with the immediate and long term goals of the Company.

The remuneration structure of the Managing Director & Group CEO and Whole Time Director & CGO comprises 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 AGM 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 August 10, 2018 re-appointed S Varadarajan, as Whole Time Director of the Company for a period of 5 years with effect from June 01, 2018. 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/ cash flow etc,
- Institution building
- Innovation & Technology
- Leadership/Human Resource 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 2018 –19

Name	Category	Commission	Salary and Perquisites	Performance Incentive	Superannuation and Provident Fund *	Total
Bhagwan Dass Narang	Independent Chairman	20	-	-	-	20
Malay Mukherjee	Independent Director	15	-	-	-	15
Sumit Chandwani	Independent Director	15	-	-	-	15
Revathi Kasturi	Independent Director	15	-	-	-	15
Rajiv Mittal	Managing Director & Group CEO	-	196.42	37.50	13.57	247.49
S Varadarajan	WholeTime Director & Chief Growth Officer	-	87.89	20.10	5.82	113.81

*Represents aggregate of the Company's contributions to Superannuation Fund and Provident Fund

Notes:

1. No sitting fee were paid to any Independent 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

The role of CSRC primarily includes formulating and recommending to the Board the CSR Policy and activities to be undertaken by the Company, recommending the amount of expenditure to be incurred on CSR activities

of the Company, reviewing the performance of CSR activities undertaken by the Company. The constitution and terms of reference of the CSRC are in conformity with and covers all the matters specified under Section 135 of the Act.

The Company's CSRC comprises Revathi Kasturi, Independent Women Director and Chairperson of CSR Committee, along with other Committee Members viz., Rajiv Mittal and S Varadarajan. All the Members of the Committee were present at the last AGM held on August 10, 2018.

The Public Relation Officer is 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(s) on a case to case basis. For effective and efficient CSR program, the Company has formed a CSR sub-Committee to screen and scrutinise the proposals and provide their recommendation on CSR proposals for consideration of the Committee. .

Composition, Category of Members and their attendance to the Committee Meetings held during the year are covered in the table given at page no. 95 of this report.

During FY 2018-19, 1 (one) Meeting of the Corporate Social Responsibility Committee was held on May 24, 2018. The necessary quorum was present in the Meeting.

E. Risk Management and Monitoring Committee

The Committee's terms of reference, among other things, include the implementation of Risk Management Systems and Framework, review of the Company's financial and risk management policies, assessment of risk and procedures to minimise the same, 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. 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/minimisation of risks from business, to the extent required and necessitated.

4. Affirmations & Disclosures

4.1 Compliance with Corporate Governance Requirements:

The Company has complied with the requirements of Part C of Sub-Paras (2) to (10) of Schedule V of the SEBI LODR.

Disclosure on mandatory requirements of SEBI LODR:

The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of the SEBI LODR and necessary disclosures thereof have been made in this Corporate Governance Report.

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

The Company's RMMC comprises Malay Mukherjee, Independent Director and Chairman of the Committee along with other Committee Members viz., Bhagwan Dass Narang, Sumit Chandwani, Revathi Kasturi and Rajiv Mittal. All the Members of the Committee were present at the last AGM of the Company held on August 10, 2018.

The 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. 95 of this report. The Chief Executive Officer, Chief Financial Officer, Company Secretary, Cluster heads, Regional heads and other officials/external consultants, as appropriate, will be attending the Committee Meeting(s) as invitees.

During the FY 2018-19, 2 (two) Meetings of the Risk Management & Monitoring Committee Meeting were held on August 10, 2018 & December 11, 2018. The necessary quorum was present in all the meetings.

F. Overseas Investment Committee

Compliance has always been priority area of your Company Board. With more than 20 subsidiaries/ associates/joint venture entities spread across different geographies, the Board felt the need for a separate Committee to monitor and review compliances and Investments made into various entities of the group. 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.

The Company's OIC comprises Bhagwan Dass Narang, Independent Director and Chairman of the Committee, along with other Committee Members viz., Rajiv Mittal and S Varadarajan. The Composition, Category of Members are given in the table above covered under page no. 95 of this report.

Regulation	Particulars of Regulation	Compliance Status
21	Risk Management Committee	Not applicable as per SEBI LODR. The Board has constituted Risk Management & Monitoring Committee as part of governance principles..
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

[Compliance with adoption of discretionary requirements of SEBI LODR and the Act:](#)

a. Maintenance of the Chairman's Office:

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, as and when requested .

c. Modified opinion in Audit Report

The auditors have expressed an unmodified opinion on the financial statements of the Company. 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.

4.2 Related Party Transactions

The Company has formulated a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions (policy) in accordance with Section 188 of the Act and Regulation 23 of SEBI LODR. The policy in line with SEBI LODR is available on the website of the Company at the link <https://www.wabag.com/compliances>.

All transactions entered into with related parties during the financial year were on arm's length basis and in the ordinary course of business. There are no materially significant Related Party Transactions of the Company which have potential conflict with the interest of the Company at large.

During the year there were no such related party transactions, requiring under law for the approval of Members. Approval of the Board was obtained during the year for the amount received from the Managing Director from his own funds.

The Company's major related party transactions are generally with its Subsidiaries, Associate Entities and JV entities. The Audit Committee, during the FY 2018-19, has approved Related Party Transactions along with granting Omnibus approval in line with the policy, the Act read with the Rules issued thereunder and SEBI LODR. The Audit Committee reviews at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval granted. 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 40 of the financial statements. On a quarterly basis, a certificate issued by the Chief Financial Officer/ Finance Head confirming that all the related party transactions entered into by the Company are in ordinary course of business and are at arm's length basis are covered as part of the papers presented to the Directors as part of Audit/Board agenda. The Audit Committee consider/approve/ratify the overall limit for the related party transactions with each of the related Parties by way of an Omnibus approval.

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.

4.3 Dealing in Company Securities

In Compliance with the provisions of Regulation 26 (6) of SEBI LODR, the Key Managerial Personnel, Director(s) and Promoter(s) of the Company have affirmed that they have not entered into any agreement for themselves or on behalf of any other person, with any Members or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

4.4 Disclosure by Directors & Senior Management Personnel

The Board Members and Senior Management Personnel make disclosures to the Board periodically regarding:

- their dealings in the Company's shares; and
- all material, financial and commercial and other transaction with the Company;

If they have personal interest in any dealings and transaction, stating that do not have no potential conflict with the interests of the Company at large.

4.5 Capital Market Compliance matters

WABAG has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

4.6 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.

4.7 Disclosure on Accounting Standards

Your Company has followed the relevant Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, while preparing Financial Statements. Kindly refer page nos. 128 & 184 of the financial statements (standalone and consolidated) for significant accounting policies adopted by the Company.

4.8. Whistle Blower Policy/ Vigil Mechanism

The Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

The Company has adopted a Whistle blower Policy and an effective Vigil Mechanism system to provide

a formal communication by 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 organisation and also safeguards against victimisation of Directors/Employees, Business Associates and the other stakeholders 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 at the link <https://www.wabag.com/compliances/>. Any whistle blower has the option to approach the Committee Members and/or Chairman of the Audit Committee directly or 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 victimisation of employees and Directors, wherever applicable.

During FY 2018-19, there were no complaints received by the Committee Members /Chairman of the Audit Committee.

4.9 CEO/CFO Certification

In terms of Regulation 17 of SEBI LODR, the Managing Director & Group CEO and the Chief Financial Officer of the Company ("MD/ CFO") have positively certified to the Board of Directors of the Company in their meeting held on May 21, 2019, with regard to the financial statements and other matters specified in the said regulation, for the FY 2018-19. The said certification is placed in Page no. 109 of this report. The MD/CFO also give quarterly certification on financial results while placing the financial results before the Board confirming that the limited review/ audited financial results for the quarter/year ended do not contain any false or misleading statements or figures and do not omit any material fact which may make the statements or figures contained therein misleading.

4.10 Governance of Subsidiary Companies

WABAG does not have any listed subsidiary in India or overseas. Company reviews/ monitor the performance of its Subsidiaries, Associate entities and JV entities *inter alia* by:

- a. The Board of Directors reviews the Board Meeting minutes and statements of all significant transactions and arrangements, if any, of subsidiary Companies on a periodical basis.
- b. All the Company's subsidiaries are managed with their respective Boards having the rights and obligations to manage such Companies in the best interest of their stakeholders and the cluster/business heads of group entities periodically report to Management/Board.
- c. The Audit Committee reviews financial position of the Subsidiary entities, while reviewing the financial results of the Company, along with investments made by them, on a quarterly basis.

The Policy for determining material subsidiaries has been uploaded and can be accessed on the Company's weblink: <https://www.wabag.com/compliances/>

4.11 Kotak Committee on Corporate Governance - SEBI LODR

SEBI accepted some of the recommendations with or without modifications on March 28, 2018 of the Kotak Committee on Corporate Governance and consequently, on May & November, 2018 SEBI amended the SEBI LODR with certain changes. Your Company welcomes this progressive step of SEBI and all the requisite changes necessitated by the said recommendation by the Kotak Committee have been put in place /adopted by the Company as part of its Corporate Governance Principles. The Company will continue to ensure that its governance framework incorporates the amendments introduced in the SEBI LODR and the same are complied with on or before the effective date.

The quarterly compliance report on Corporate Governance 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 and placed before the Board held after the said submission.

4.12 Code of Conduct

The Company has adopted a Code of Conduct for all employees including the Members of the Board and Senior Management Personnel in compliance with Regulation 26(3) of SEBI LODR. The Code has been circulated to Directors and Senior Management Personnel. All Members of the Board and Senior Management Personnel have affirmed compliance with said code of conduct for FY 2018-19. A copy of the Code has been put on the Company's website www.wabag.com. A declaration signed by the Company's Managing Director & Group CEO to this effect is published in this Report.

4.13 Code for Prevention of Insider Trading Practices

The Company has in place a Code of Conduct for Prevention of Insider Trading and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information & Policy for Identifying Legitimate purpose in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015 ("SEBI PIT Regulations").

These Codes have been modified to commensurate with the existing organisation structure and changes in regulatory environment. The revised Codes was adopted by the Board at its meeting held in February 2019 and was implemented with effect from April 1, 2019.

The said Insider Trading Code applies to Directors, Designated Persons, Senior Management Personnel, persons forming part of the Promoter(s) & Promoter(s) Group and such other employees of the Company, who are expected to have access to unpublished price sensitive information relating to the Company. During the year under review, there has been due compliance with SEBI PIT Regulations.

As per the WABAG Insider Trading Code, Designated Persons & their immediate relatives shall make disclosure of their holdings of shares to the Compliance Officer within 30 days from the end of every half year.

4.14 Sexual Harassment of Women at Workplace

During FY 2018-19, Committee has not encountered any harassment cases.

4.15 Credit Rating

During the year ICRA has rated A+ (negative)/A1+. Further details on the subject matter is detailed in Boards Report.

4.16 Disclosure in respect of Unclaimed Suspense Account

Company reports that, none of the shares issued during Initial Public offer were lying in the "VA TECH WABAG LIMITED – UNCLAIMED SHARES DEMAT SUSPENSE ACCOUNT"

4.17 Reconciliation of Share Capital Audit

As required by the SEBI, quarterly audit of the Company's share capital is being carried out by an Independent Practicing Company Secretary (PCS) with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The PCS Certificate with regard to the same is submitted to stock exchanges and also placed before Stakeholders' Relationship Committee and the Board of Directors.

4.18 Auditors Fees

Particulars of total fees paid to statutory auditors are provided in Note no. 37 to the consolidated financial statements.

4.19 Details of Public Funding obtained in the last three years

WABAG has not obtained any public funding in the last three years.

4.20 Recommendation of Mandatory Committees

In terms of the amendments made to the SEBI LODR,

5. General Body Meetings**5.1 Annual General Meetings**

Details of last three AGM and the summary of Special Resolutions passed therein are as under:-

Financial Year	Date	Time	Location	Special Resolutions passed
2017-18	August 10, 2018	10:00 AM	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006, Tamil Nadu, India	<ol style="list-style-type: none"> 1. Re-appointment of Malay Mukherjee as an Independent Director 2. Issuance of Non-convertible Debentures and/or other Debt Securities through Private Placement mode
2016-17	July 27, 2017	10.00 AM	The Music Academy (Mini Hall), New No. 168, TTK Road, Royapettah, Chennai 600014, Tamil Nadu, India	<ol style="list-style-type: none"> 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, Tamil Nadu, India	Nil

5.2 Special Resolutions passed through Postal Ballot

During the year under review, no resolution was passed through postal ballot. No Special Resolution is proposed to be passed through Postal Ballot as on the date of this report.

6. Means of Communication

The Company follows a robust process of communicating with its stakeholders and investors. For this purpose, it provides multiple channels of communications viz.

the Board of Directors confirm that during the year, it has accepted all recommendations received from its mandatory Committees.

4.21 Compliance Certificate on Corporate Governance

Pursuant to Schedule V of SEBI LODR, Mr. Damaodaran, Practicing Company Secretary confirming compliance with conditions of Corporate Governance as stipulated under SEBI LODR is forming part of the Annual Report. Company has also received certificate from him confirming that none of the Directors are disqualified.

a. Financial Results:

Quarterly and Annual Financial 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.:

Official press releases, presentations made to the media, analysts, institutional investors, etc. are disseminated 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	9 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' wherein 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, Management Discussion and Analysis (MD&A), Audited Standalone and Consolidated Financial Statements, Auditors' Report and other important information is circulated to Members 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 at the AGM would be made available on the Company's website and circulated to the requested Members at the AGM.

g. Reminder to Shareholders:

Company encourages shareholders to encash their unclaimed dividend before the said dividend / corresponding shares gets transferred to Investor Education and Protect Fund in compliance with the IEPF Rules.

Periodical reminders/communication sent to those shareholders who have not encashed their dividend so as to help them to approach the Company with appropriate documents to get their dividend entitlements.

Shareholders are requested to claim their unclaimed dividend, if any. In accordance with IEPF rules, the dividend declared by the Company not claimed by the shareholders for a period of 7 years and the said unclaimed dividend along with the corresponding shares

held by them are to be transferred to the IEPF authority and no further claim can be made to the Company on such dividend/shares.

h. Compliances with stock exchanges:

The National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE) maintain separate online portals i.e. "NEAPS" and "BSE" Listing Centre respectively for electronic submission of information by listed Companies. Various communication 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 communication are hosted on the Company's website.

i. Designated Mail Id:

WABAG has designated mail ID for Shareholder services: companysecretary@wabag.in

j. Communication to Members on email:

Documents like Notices, Annual Report, ECS advices for dividends, etc. are sent to the Members at their email address, as registered with their Depository Participants/ Company/ Registrar and Transfer Agents (RTA). This helps in prompt delivery of document, reduce paper consumption, save trees and avoid loss of documents in transit.

Members who have not yet registered their email id (including those who wish to change their already registered email id) may get the same registered/ updated either with their depositories or by writing to the Company.

k. Dissemination

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.

l. Investor Relations

Investor Relations (IR) at WABAG serves as a bridge for two way Communication of information and insights between the Company and the investor community. On the one hand, this seamless channel of communication enables the investment community to be aware of the Company's business activities, strategy and prospects and allows them to make an informed judgement about the Company. On the other hand, the Company receives valuable inputs and feedback from the investor community which are given due consideration and factored into future plans and strategies. WABAG has designated email ID for Investor Relations: investors@wabag.in

7. SEBI Complaints Redress System (SCORES):

The investor complaints are processed in a Centralised web-based complaints redressal system. Centralised 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, Tamil Nadu, India. Phone : +91-44-3923 2323 / 6123 2323 Fax : +91-44-3923 2324 / 6123 2324 Email: companysecretary@wabag.in								
8.4	Annual General Meeting	Date : August 13, 2019 Time : 10.30 a.m. Venue : Rani Seethai Hall, No. 603, Anna Salai, Chennai - 600 006, Tamil Nadu, India								
8.5	Financial Calendar	Financial Year: April 1 to March 31								
For the financial year ended March 31, 2019 results were announced on:										
	June 30, 2018	August 9, 2018								
	September 30, 2018	November 12, 2018								
	December 31, 2018	February 8, 2019								
	March 31, 2019	May 21, 2019								
For the financial year ending March 31, 2020 results will be announced (tentatively) on:										
	June 30, 2019	By end of second week of August 2019								
	September 30, 2019	By end of second week of November 2019								
	December 31, 2019	By end of second week of February 2020								
	March 31, 2020	By end of May 2020								
8.6	Dates of Book Closure	August 5, 2019 to August 13, 2019 (both days inclusive) for 24 th AGM of the Company.								
8.7	Listing Details:	<table border="1"> <thead> <tr> <th>Name & Address of Stock Exchanges</th> <th>Stock Codes</th> </tr> </thead> <tbody> <tr> <td>BSE Limited (BSE) - Floor 25, PJ Towers, Dalal Street, Mumbai - 400 001.</td> <td>533269</td> </tr> <tr> <td>The National Stock Exchange of India Limited (NSE) - WABAG Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.</td> <td></td> </tr> <tr> <td>ISIN for depositories</td> <td>INE956G01038</td> </tr> </tbody> </table> <p>The Company has paid the listing fees to BSE & NSE and the custodian charges to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited for the FY ended March 31, 2019.</p>	Name & Address of Stock Exchanges	Stock Codes	BSE Limited (BSE) - Floor 25, PJ Towers, Dalal Street, Mumbai - 400 001.	533269	The National Stock Exchange of India Limited (NSE) - WABAG Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.		ISIN for depositories	INE956G01038
Name & Address of Stock Exchanges	Stock Codes									
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The National Stock Exchange of India Limited (NSE) - WABAG Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.										
ISIN for depositories	INE956G01038									

9. Market Price Data & Performance

A. Stock Performance

1. NSE and BSE – Monthly High/Low and Volumes

Month	NSE			BSE		
	High (INR)	Low (INR)	Monthly volume	High (INR)	Low (INR)	Monthly volume
April 2018	541.00	488.00	4372872	541.40	487.55	493225
May 2018	514.80	439.60	2587984	513.00	440.05	267359
June 2018	456.40	385.00	2771102	456.50	386.15	251300
July 2018	398.95	335.65	3299391	399.50	340.00	512014
August 2018	413.15	352.45	4874528	413.45	353.80	944501
September 2018	406.65	290.35	2969674	405.55	290.25	766059
October 2018	303.00	246.60	4888514	303.40	247.60	347966
November 2018	300.00	258.35	3602911	300.00	256.90	552864
December 2018	282.90	244.10	3467629	282.50	243.45	206578
January 2019	325.00	253.60	8428610	325.20	254.45	1371368
February 2019	314.00	260.60	2452822	316.00	261.00	443674
March 2019	362.95	307.65	2914732	360.60	308.35	363702

[Source: The above information is compiled from the data available from the websites of NSE and BSE]

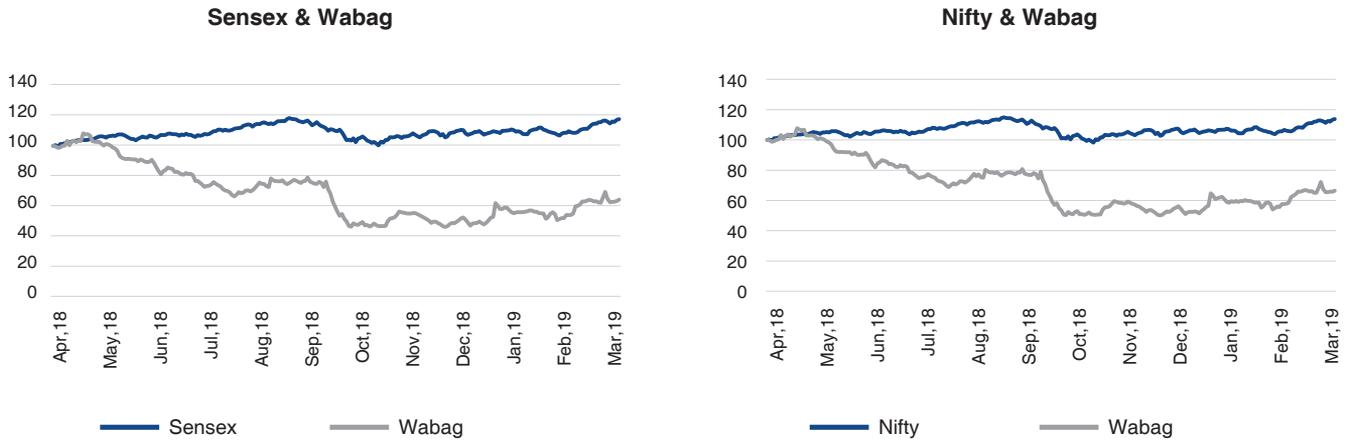
2. Share price performance during financial year 2018-19 in comparison to broad based indices - BSE Sensex and NSE Nifty

Month	VA TECH WABAG's Closing Price on NSE on the last trading day of month (INR)	BSE Sensex at the Close of last trading day of the month	NSE Nifty at the Close of last trading day of the month
April 2018	508.40	35160.36	10739.65
May 2018	445.95	35322.38	10736.15
June 2018	387.95	35423.48	10714.30
July 2018	359.10	37606.58	11356.50
August 2018	388.35	38645.07	11680.50
September 2018	294.20	36227.14	10930.45
October 2018	250.80	34442.05	10386.60
November 2018	259.65	36194.30	10876.75
December 2018	259.20	36068.33	10862.55
January 2019	298.50	36256.69	10830.95
February 2019	307.70	35867.44	10792.50
March 2019	329.10	38672.91	11623.90

[Source: The above information is compiled from the data available from the websites of NSE and BSE]

3. Share performance in comparison to BSE Sensex and NSE Nifty

A.

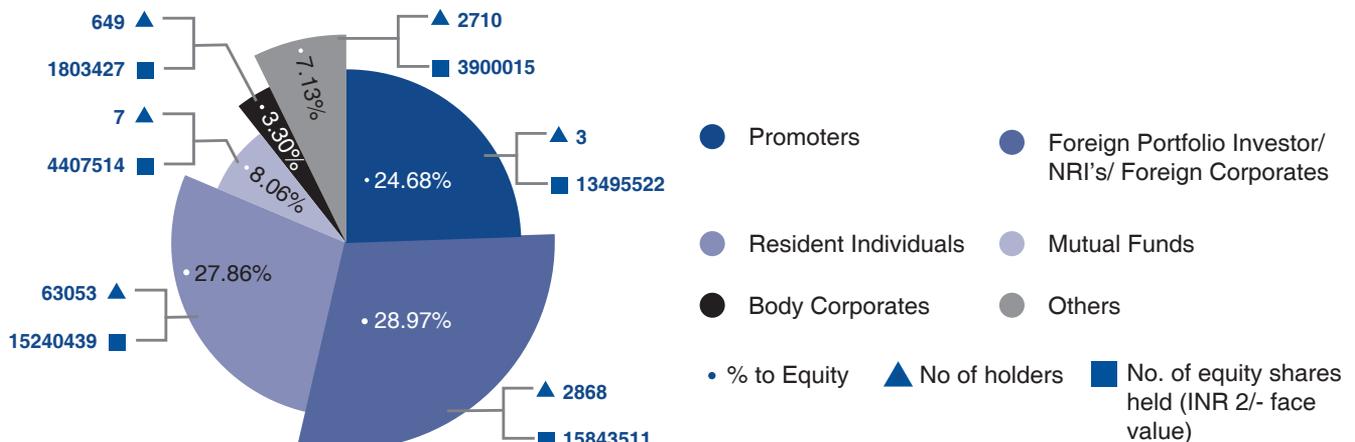


B. Share Capital Details: Distribution of Equity Shareholding as on March 31, 2019

S/no	Range of shares	No. of Shareholders	% to Shareholders	Total no. of Shares	% to Equity
1	1 - 1000	66156	95.48	7695228	14.07
2	1001 - 2000	1841	2.66	2687522	4.91
3	2001 - 3000	502	0.72	1253559	2.29
4	3001 - 4000	231	0.33	820217	1.50
5	4001 - 5000	129	0.19	598875	1.10
6	5001 - 10000	223	0.32	1559570	2.85
7	10001 - 20000	94	0.14	1320913	2.42
8	20001 - 30000	34	0.05	843374	1.54
9	30001 - 40000	13	0.02	449184	0.82
10	40001 - 50000	4	0.01	178686	0.33
11	50001 - 100000	18	0.03	1301250	2.38
12	100001 and above	45	0.06	35982050	65.79
Total:		69290	100.00	54690428	100.00

C. Shareholding Pattern as on March 31, 2019 is provided in Annexure VII to Board’s Report.

D. Categories of Equity Shareholders as on March 31, 2019 (PAN based)



E. Share Transfer System/ Other Related Matters

Share transfer

M/s. Karvy Fintech Private Limited is the Company's Registrar and Transfer Agent ("RTA") for carrying out share related activities like transfer of shares, transmission of shares, transposition of shares, name deletion, change of address, amongst others. All the documents received from shareholders are scrutinised by the Company's RTA. The shares lodged for transfer etc. 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 subsequently placed before the Stakeholders Relationship Committee of the Board from time to time as per SEBI LODR. Pursuant to regulation 40(9) of SEBI LODR, the Company obtains certificate from a practicing Company Secretary on a half-yearly basis to the effect that all the transfers are completed within the statutory stipulated period. A copy of the certificate, so received, is submitted to both Stock Exchanges, where the shares of the Company are listed.

Nomination facility for shareholding

As per the provisions of Section 72 of the Act, facility for making nomination is available for Members in respect of shares held by them. Members holding shares in physical form may obtain a nomination form (Form SH-13), from the Share Department of the Company or download the same from the Company's website. Members holding shares in dematerialised form should contact their Depository Participants (DP) in this regard.

Permanent Account Number (PAN)/ Bank Mandate

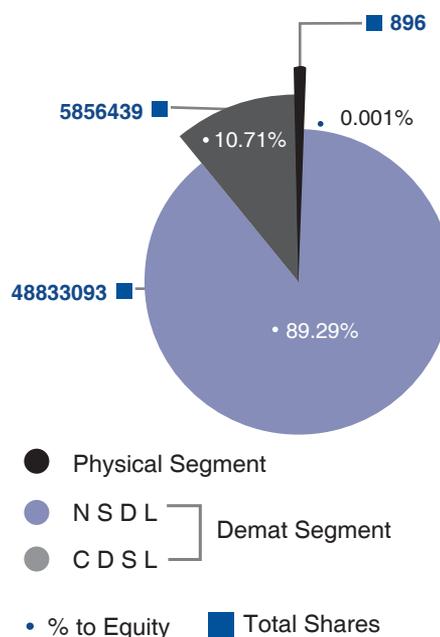
Members who hold shares in physical form are advised that SEBI has made it mandatory that a copy of the PAN card of the transferor(s), transferee(s), surviving joint holders/legal heirs be submitted to the Company while obtaining the services of transfer, transposition, transmission and issue of duplicate share certificates.

In Compliance with SEBI's circular dated April 20, 2018 pursuant to which the Company has written to shareholders holding shares in physical form requesting them to furnish details regarding their PAN as also their bank details for payment of dividend through electronic mode. Those shareholders who are yet to respond to the Company's request in this regard are once again requested to take action in the matter at the earliest.

F. Dematerialisation of Shares

99.99% of Company's equity's shares representing 5,46,89,532 equity shares have been dematerialised as on March 31, 2019. Trading in Equity Shares of

the Company is permitted only in dematerialised form. Break up shares in physical and demat form as on March 31, 2019:



SEBI vide its Circular dated June 8, 2018 amended Regulation 40 of SEBI LODR pursuant to which after December 5, 2018 transfer of securities could not be processed unless the securities are held in the dematerialised form with a depository. The said deadline has been extended by SEBI to April 1, 2019.

Pursuant thereto, the Company has sent letters to those shareholders holding shares in physical form advising them to dematerialise their holding. Members holding shares in physical form are requested to dematerialise their holdings at the earliest as it will not be possible to transfer shares held in physical mode as per extension of the deadline announced by SEBI. For any clarification, assistance or information, relating to dematerialisation 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 2018-19 as compared to FY 2017 -18.

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.

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, 2019, as envisaged in the 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Chennai
May 21, 2019

Rajiv Mittal
Managing Director & Group CEO

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, 2019 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 violate 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 except for change in accounting policy as necessitated by INDAS 115 mainly 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.

Chennai
May 21, 2019

Sandeep Agrawal
Chief Financial Officer

Rajiv Mittal
Managing Director & Group CEO

Certificate On Corporate Governance

To,
The Members of VA TECH WABAG LIMITED,

I have examined the compliance of the conditions of Corporate Governance by VA TECH WABAG LIMITED, Chennai for the year ended March 31, 2019, 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 Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR")

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to a review of 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.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Regulations during the year ended March 31, 2019.

I 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.

For M. Damodaran & Associates

M. Damodaran

(Practicing Company Secretary)
(C.P. No: 5081)

Place : Chennai
Date : May 21, 2019

Independent Auditor's Report

To the members of VA Tech Wabag Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of VA Tech Wabag Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its profit and total comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("Standards" or "SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical

requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Emphasis of Matter

We draw reference to Note 46 of the standalone financial statements which describes that the Company has been executing certain projects in the states of Andhra Pradesh and Telangana as part of a consortium. The Company took over the projects as consortium leader in 2014-15 and a corporate insolvency resolution process was ordered against the erstwhile consortium lead member Tecpro Systems Limited ('Tecpro') in 2017-18. The amounts receivable from these projects of Rs. 41,556 Lakhs, which are net of expected credit loss accounted as per Company's accounting policy, are recoverable progressively upon satisfactory completion of the contractual milestones. The Company is also pursuing legal action to recover an amount of Rs. 6,953 Lakhs from Tecpro and has filed an appeal with National Company Law Appellate Tribunal. Based on the management's assessment, on which we have relied upon and the audit procedures carried out by us, there are no significant risks in the recovery of the above-mentioned amounts. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Independent Auditor's Report (Contd.)

S.No.	Key audit matter description and principal audit procedures
1	<p data-bbox="199 350 438 376">Revenue recognition</p> <p data-bbox="199 381 861 407">Refer Notes 3.4, 15 and 25 in standalone financial statements</p> <p data-bbox="199 421 1465 747">The Company has implemented the new revenue accounting standard (Ind AS 115 – Revenue from contracts with Customers) during the year and accordingly carried out the recognition, measurement, presentation and disclosures of revenue in the standalone financial statements. The Company recognises revenue and margin on the stage of completion based on the proportion of contract costs incurred relative to the estimated total costs of each contract. The recognition of revenue and margin therefore relies on estimates in relation to the forecasted total costs on each contract. Cost contingencies may also be included in these estimates to take account of specific uncertain risks arising within each contract. These cost estimates are reviewed by the Company on a regular basis during contract execution and adjusted where appropriate. There is significant management judgement in estimating the amount of revenue and margin to be recognised by the Company up to the balance sheet date and changes to these estimates could give rise to material variances. Hence revenue recognition has been considered as a key audit matter.</p> <p data-bbox="199 751 614 778">Our procedures included the following:</p> <ul data-bbox="199 782 1465 1407" style="list-style-type: none"> <li data-bbox="199 782 1465 842">• Evaluated management's processes and controls in respect of the recognition of revenue through the following procedures. As part of this process, we tested key controls including: <ul data-bbox="231 852 1465 993" style="list-style-type: none"> <li data-bbox="231 852 1465 913">- the preparation, review and authorisation of contract review sheets for contracts which contains estimated total costs for the contracts including risk provisions <li data-bbox="231 929 1013 955">- the project reviews that are undertaken by the Company's management <li data-bbox="231 971 1013 997">- the controls in relation to accrual of cost towards materials and services <li data-bbox="199 1010 1220 1036">• Recalculated revenue recognised under the percentage of completion method on a test basis <li data-bbox="199 1052 1465 1112">• Evaluated the financial performance of contracts against budget / earlier year and obtained reasons for significant deviations thereto. <li data-bbox="199 1128 1465 1219">• Tested the contract value considered by reference to underlying contract document, costs incurred to date and total contract costs for a sample of contracts selected based on factors such as value of contracts, material new contracts and contracts where significant risks have been identified either by the management or the audit team. <li data-bbox="199 1235 1316 1262">• Conducted site visits on a test basis to confirm our understanding of the risks and controls at site level. <li data-bbox="199 1278 1465 1368">• Reviewed management's assessment of impact of pre-GST taxes on the contract revenue and its effect on the standalone financial statements for contracts entered into prior to the introduction of GST where execution is under progress, <li data-bbox="199 1384 1300 1411">• Reviewed compliance with the new revenue accounting standard including the transitional provisions
2	<p data-bbox="199 1421 821 1447">Dues from customers (unbilled) and Trade receivables</p> <p data-bbox="199 1451 981 1477">Refer Notes 2.1, 3.11, 6, 15, 35 and 46 in standalone financial statements</p> <p data-bbox="199 1481 1465 1802">The Company measures revenue to be recognised based on the contract costs incurred over the total estimated costs for each contract. Such revenue recognised in excess of progress billing is presented as 'Dues from customers' which are yet to be billed. Such Dues from customers are recognised based on the contractual terms and management's assessment of recoverability from customers. Management also assesses the recoverability of Trade receivables including those which have remained unsettled beyond contractual credit period using judgement and past collection trends in similar contracts and customers. The management estimates and recognises allowance for expected credit losses on Trade receivables which involves estimation of expected default and/or delay in the customer making payment over the duration of the contract and realisability of Dues from customers, considering the past trend and management assessment on the reporting date. Since the valuation of Dues from customers and Trade receivables involve significant management judgement and estimates, it has been considered as a key audit matter.</p>

Independent Auditor's Report (Contd.)

S.No.	Key audit matter description and principal audit procedures
	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • Evaluated management's processes and controls in respect of Dues from customers and Trade receivables for the following, <ul style="list-style-type: none"> - risk assessment pertaining to invoicing and recoverability - assessment of the probability of default and delay - assessment of the significant increases in credit risk, if any • Requested confirmation of balances from customers having significant outstanding balances during the year • Reviewed the project progress, invoicing and collection history of customers with significant Dues from customers or Trade receivables. Discussed with the project team to understand the management's assessment of risk associated with recoverability • Analysed the past trend and inquired into the reasonableness of provision matrix developed by the management for estimating the allowance for Dues from customers and Trade receivables. • Considered the subsequent events and collections in assessing the recoverability of Dues from customers and Trade receivables • Consulted legal counsel wherever necessary for legal disputes to assess the valuation of Trade receivables.

Other matters

During the year, the Company has carried out a reclassification as described in Note 2.1 of the standalone financial statements, in the comparative balance sheets as of 1 April 2017 and 31 March 2018. We have not carried out any audit procedures on the financial information of the comparative periods presented in the standalone financial statements other than the audit of the abovementioned reclassification.

The comparative standalone financial information of the Company for the year ended 31 March 2018 presented in the standalone financial statements were audited by the predecessor auditor who had issued unmodified audit report dated 25 May 2018.

Our opinion above on the standalone financial statements and our report on other legal and regulatory requirements below, are not modified in respect of the above matters.

Information other than the Standalone Financial Statements and Auditor's Report thereon

The Board of Directors of the Company is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Report on Corporate Governance, but does not include the standalone financial statements and our report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Board of Directors of the Company is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of

Independent Auditor's Report (Contd.)

the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 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 and error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate

Independent Auditor's Report (Contd.)

with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. 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 Annexure 'A' to this report, a statement on the matters specified in para 3 and 4 of the Order, to the extent applicable.
2. 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 purposes of our audit.
 - (b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
 - (d) in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) on the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from

being appointed as a director in terms of Section 164(2) of the Act.

- (f) with respect to the adequacy of internal financial controls over financial reporting of the Company and the operative effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) with respect to other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (h) 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 44 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;

for **SHARP & TANNAN**
Chartered Accountants
(Firm's Registration No. 003792S)

V. Viswanathan
Partner
Membership No. 215565

Place : Chennai
Date : 21 May 2019

Annexure A to the Independent Auditor's Report

With reference to paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of VA Tech Wabag Limited of even date, we report the following ;

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its property, plant and equipment.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment under which all property, plant and equipment are physically 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 property, plant and equipment. In accordance with this programme, certain property, plant and equipment were physically verified by the management 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 inventories at reasonable intervals during the year and no material discrepancies between physical inventories and book records were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, reporting on clause 3 (iii) of the Order does not arise.
- (iv) According to the information and explanations given to us, the Company has not advanced any loan, made any investment, given any guarantee or provided any security to which the provisions of Section 185 and 186 of the Companies Act, 2013 are applicable. Accordingly, reporting on clause 3 (iv) of the Order does not arise.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from public during the year and does not have any unclaimed deposits as at 31 March 2019. Accordingly, reporting under clause 3 (v) of the Order does not arise.
- (vi) The Central Government has specified maintenance of cost records under section 148(1) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 (as amended) for the operations of the Company. We have broadly reviewed the books of account maintained by the Company in respect of Company's 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) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and other material statutory dues applicable to the Company during the year with appropriate authorities except for dues in respect of tax deducted at source of Rs. 247 lakhs and goods and service tax of Rs. 307 lakhs. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess or other material statutory dues outstanding as at 31 March 2019 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of income tax, sales tax, service tax and value added tax at 31 March 2019 which have not been deposited with statutory authorities on account of a dispute pending are as under:

Annexure A to the Independent Auditor's Report (Contd.)

Name of the statute	Nature of disputed dues	Amount involved in dispute (Rs. in Lakhs)	Unpaid disputed amount (Rs. in Lakhs)	Period to which amount relates	Forum where disputes are pending
Rajasthan Sales Tax Act, 1994	Tax & Penalty	9	9	2003-04, 2009-10 & 2010-11	Tax Assessment Officer
Rajasthan Value Added Tax Act, 2003	Tax & Penalty	33	33	2007-08 & 2009-10	Deputy Commissioner
Karnataka Value Added Tax Act, 2003	Tax & Penalty	24	24	2007-08, 2008-2009 & 2009-10	Deputy Commissioner, Joint Commissioner
Kerala Value Added Tax Act, 2003	Tax & Penalty	91	62	2008-09, 2010-11 & 2011-12	Appellate Tribunal
Odisha Value Added Tax Act, 2005 & Central Sales Tax Act, 1956	Tax Interest & Penalty	746	721	2012-13 to 2014-15	High Court
Odisha Value Added Tax Act, 2005 & Central Sales Tax Act, 1956	Tax Interest & Penalty	940	935	2012-13 to 2014-15, 2016-17 & Q1 2017-18	Deputy Commissioner
Odisha Entry Tax Act, 1999	Tax & Penalty	16	15	2012-13 to 2014-15	Deputy Commissioner
West Bengal Value Added Tax Act, 2003	Tax & Interest	429	429	2007-08 & 2009-10	West Bengal Appellate Tribunal
West Bengal Value Added Tax Act, 2003	Tax & Interest	388	388	2011-12, 2012-13 & 2014-15	Senior Joint Commissioner, Commercial Tax Officer
Gujarat Value Added Tax Act, 2003	Tax, Interest & Penalty	44	36	2010-11 & 2013-14	Gujarat VAT Tribunal & Deputy Commissioner (Appeals)
Delhi Value Added Tax Act, 2004	Tax & Penalty	46	46	2012-13	Additional Commissioner
Andhra Pradesh Value Added Tax Act, 2005	Tax & Penalty	256	256	2012-13 and 2013-14	Deputy Commissioner
Andhra Pradesh Value Added Tax Act, 2005	Tax, Interest & Penalty	232	174	2010-11	High Court
Maharashtra Value added Tax Act, 2005	Tax, Interest & Penalty	314	306	2011-12 to 2014-15	Deputy Commissioner Sales Tax (Nodal Division)
Central Sales Tax Act, 1956 read with Gujarat Value Added Tax Act, 2003	Tax, Interest & Penalty	181	145	2009-10 to 2013-14	Deputy Commissioner (Appeals)
Central Sales Tax Act, 1956 read with the West Bengal Value Added Tax Act, 2003	Tax & Penalty	781	766	2010-11 to 2013-14	Senior Joint Commissioner
Chhattisgarh Value Added Tax Act 2005, Entry Tax Act & Central Sales Act, 1956	Tax & Interest	23	23	2013-14	Deputy Commissioner

Annexure A to the Independent Auditor's Report (Contd.)

Name of the statute	Nature of disputed dues	Amount involved in dispute (Rs. in Lakhs)	Unpaid disputed amount (Rs. in Lakhs)	Period to which amount relates	Forum where disputes are pending
Service Tax under Finance Act, 1994	Tax, Interest & Penalty	15	15	Oct 2011 to Mar 2014	Central Excise and Service Tax Appellate Tribunal, Chennai
Income Tax Act, 1961	Tax & Interest	17	17	AY 2011-12	Income Tax Appellate Tribunal
Income Tax Act, 1961	Tax & Interest	2,933	2,933	AY 2013-14, AY 2014-15, AY 2015-16 & AY 2016-17	Commissioner of Income Tax Appeals

There are no dues in respect of goods and service tax, duty of excise, duty of customs as at 31 March 2019 which have not been deposited with the statutory authorities on account of a dispute.

- (viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to any financial institution or bank during the year. The Company did not have any loans or borrowing from government or dues to debenture holders during the year.
- (ix) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans taken during the year have been applied for the purposes for which they were obtained. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company, and no material frauds on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V to the Companies Act.
- (xii) The Company is not a Nidhi Company. Accordingly, reporting on clause 3(xii) of the Order does not arise.
- (xiii) According to the information and explanations given to us, in our opinion, all transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.
- (xiv) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly reporting on clause 3 (xiv) of the Order does not arise.
- (xv) According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with the directors during the year. Accordingly reporting on clause 3 (xv) of the Order does not arise.

Annexure A to the Independent Auditor's Report (Contd.)

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

for **SHARP & TANNAN**
Chartered Accountants
(Firm's Registration No. 003792S)

V. Viswanathan
Partner
(Membership No. 215565)

Place : Chennai
Date : 21 May 2019

Annexure B to the Independent Auditor's Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of VA Tech Wabag Limited of even date)

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')

We have audited the internal financial controls over financial reporting of VA Tech Wabag Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the 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 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 Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. Our audit is conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 standalone financial statements, whether due to fraud or error.

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 internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting 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 standalone 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 standalone financial statements.

Annexure B to the Independent Auditor's Report (Contd.)**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, 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 internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

for **SHARP & TANNAN**
Chartered Accountants
(Firm's Registration No. 003792S)

V. Viswanathan
Partner
(Membership No. 215565)

Place : Chennai
Date : 21 May 2019

Balance Sheet

as at March 31, 2019

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Note	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Assets				
Non-current assets				
Property, plant and equipment	4	7,751	8,496	8,859
Intangible assets	4	188	252	359
Financial assets				
- Investments	5	2,536	2,536	2,488
- Trade receivables	6	32,479	39,592	36,208
- Bank balances	7	163	498	-
- Other financial assets	8	1,155	423	146
Deferred tax assets (net)	9	9,413	3,361	2,146
Income tax assets (net)	10	4,040	4,903	4,684
Other non-current assets	11	306	306	416
		58,031	60,367	55,306
Current assets				
Inventories	12	1,001	3,264	3,439
Financial assets				
- Investments	5	-	-	1,916
- Trade receivables	6	1,23,171	1,11,220	98,369
- Cash and cash equivalents	13	2,940	2,825	7,216
- Bank balances other than those mentioned in cash and cash equivalents	13	4,396	2,857	2,254
- Loans	14	260	248	295
- Other financial assets	8	8,185	6,752	5,834
Other current assets	15	82,956	69,260	52,615
		2,22,909	1,96,426	1,71,938
Total assets		2,80,940	2,56,793	2,27,244
Equity and Liabilities				
Equity				
Equity share capital	16	1,094	1,093	1,091
Other equity				
- Securities premium reserve	17	27,762	27,694	27,536
- Reserves and surplus		62,815	62,901	53,778
Share application money pending allotment		-	-	1
Total equity		91,671	91,688	82,406
Liabilities				
Non-current liabilities				
Financial liabilities				
- Borrowings	22	6,799	-	-
Trade payables				
Total outstanding dues of micro enterprises and small enterprises	18	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	18	8,801	12,504	14,176
- Other financial liabilities	19	149	224	215
Provisions	20	527	563	549
Other non-current liabilities	21	5,073	6,658	4,481
		21,349	19,949	19,421
Current liabilities				
Financial liabilities				
- Borrowings	22	34,096	27,626	11,986
Trade payables				
Total outstanding dues of micro enterprises and small enterprises	18	922	825	604
Total outstanding dues of creditors other than micro enterprises and small enterprises	18	1,10,532	91,729	82,395
- Other financial liabilities	19	7,471	3,378	3,184
Other current liabilities	21	11,322	13,909	20,269
Provisions	20	861	2,788	2,617
Current tax liabilities (net)	23	2,716	4,901	4,362
		1,67,920	1,45,156	1,25,417
Total liabilities		1,89,269	1,65,105	1,44,838
Total equity and liabilities		2,80,940	2,56,793	2,27,244

Notes 1 to 46 form an integral part of these standalone financial statements

In terms of our report of even date attached

For Sharp & Tannan
Chartered Accountants
Firm's Registration No.: 003792S

per **V Viswanathan**
Partner
(Membership No.: 215565)

Place : Chennai
Date : May 21, 2019

For and on behalf of the Board of Directors of **VA Tech Wabag Limited**

B D Narang
Chairman
(DIN :00826573)

Sandeep Agrawal
Chief Financial Officer

Place : Chennai
Date : May 21, 2019

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

R Swaminathan
Company Secretary
(Membership No.:17696)

Statement of Profit and Loss

for the year ended March 31, 2019

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Note	Year ended March 31, 2019	Year ended March 31, 2018
Income			
Revenue from operations	25	1,74,812	1,85,633
Other income	26	238	2,260
Total income		1,75,050	1,87,893
Expenses			
Cost of sales and services	27	1,29,769	1,43,432
Changes in inventories	28	242	175
Employee benefits expense	29	12,022	12,444
Finance costs	30	4,847	3,083
Depreciation and amortisation expense	31	847	909
Other expenses	32	15,634	10,429
Total expenses		1,63,361	1,70,472
Profit before tax		11,689	17,421
Tax expense			
	33		
Current tax		3,232	6,934
Deferred tax		(1,783)	(1,226)
Profit for the year		10,240	11,713
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Re-measurement gain/(losses) on defined benefit plans		(1)	33
- Income tax relating to items that will not be reclassified to profit and loss		(10)	(11)
Other comprehensive income for the year, net of tax		(11)	22
Total comprehensive income for the year		10,229	11,735
Earnings per equity share			
	34		
Basic (in INR)		18.73	21.45
Diluted (in INR)		18.73	21.41

Notes 1 to 46 form an integral part of these standalone financial statements

In terms of our report of even date attached

For Sharp & Tannan
Chartered Accountants
Firm's Registration No.: 003792S

per **V Viswanathan**
Partner
(Membership No.: 215565)

Place : Chennai
Date : May 21, 2019

For and on behalf of the Board of Directors of **VA Tech Wabag Limited**

B D Narang
Chairman
(DIN :00826573)

Sandeep Agrawal
Chief Financial Officer

Place : Chennai
Date : May 21, 2019

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

R Swaminathan
Company Secretary
(Membership No.:17696)

Statement of cash flows

for the year ended March 31, 2019

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
A. Cash flow from operating activities		
Profit before tax	11,689	17,421
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortisation expense	847	909
Unrealized foreign exchange Loss/(gain)	1,519	(1,485)
Bad and doubtful debts, net	10,057	4,745
Unclaimed credit balances	(2,597)	(440)
Loss/(Gain) on sale of property, plant and equipment, net	(3)	4
Interest expenses	2,731	1,263
Interest and dividend income	(238)	(2,260)
Reversal of provision for foreseeable losses on contracts	9	(33)
Provision for compensated absences and gratuity	446	399
Provision for liquidated damages	589	430
Provision for warranty	(1,900)	133
Operating profit before working capital changes	23,149	21,086
Changes in working capital		
(Increase) in trade receivables	(16,297)	(20,112)
(Increase) in other financial assets	(2,165)	(1,034)
(Increase) in loans and other current assets	(24,050)	(16,598)
Decrease in inventories	242	175
Increase in trade payables	18,014	8,248
Increase in other financial liabilities	1,442	200
(Decrease) in other liabilities	(4,710)	(3,746)
(Decrease) in provisions	(519)	(281)
Cash (used in)/generated from operating activities	(4,894)	(12,062)
Direct taxes paid, net	(4,553)	(6,395)
Net cash (used in)/generated from operating activities	(9,447)	(18,457)
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital advances)	(140)	(402)
Proceeds from sale of property, plant and equipment and intangible assets	106	69
Purchase of investments	0	(48)
Proceeds from sale of investments	-	1,916
Dividend received	26	1,845
Interest received	141	-
Net movement in bank deposits	(1,132)	(1,066)
Net cash generated from /(used in) investing activities	(999)	2,314
C. Cash flow from financing activities		
Proceeds from long-term borrowings	9,375	-
Proceeds from short term borrowings, net	5,951	15,418
Proceeds from issue of equity shares including securities premium	60	151
Interest paid	(2,631)	(1,263)
Dividend paid (including additional tax on dividend)	(2,223)	(2,604)
Net cash generated from /(used in) financing activities	10,532	11,702

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
D. Net change in cash and cash equivalents	86	(4,441)
Effects of foreign currency translation	29	50
E. Cash and cash equivalents at the beginning	2,825	7,216
F. Cash and cash equivalents at the end	2,940	2,825
Cash and cash equivalents include		
Cash on hand	34	11
Cheques on hand	1,955	1,813
Balances with banks		
- in current accounts	951	934
- in deposit accounts (maturity upto 3 months)	-	67
Cash and cash equivalents as per note 13	2,940	2,825

Notes 1 to 46 form an integral part of these standalone financial statements

In terms of our report of even date attached

For Sharp & Tannan
Chartered Accountants
Firm's Registration No.: 003792S

per **V Viswanathan**
Partner
(Membership No.: 215565)

Place : Chennai
Date : May 21, 2019

For and on behalf of the Board of Directors of **VA Tech Wabag Limited**

B D Narang
Chairman
(DIN :00826573)

Sandeep Agrawal
Chief Financial Officer

Place : Chennai
Date : May 21, 2019

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

R Swaminathan
Company Secretary
(Membership No.:17696)

Statement of Changes in Equity

for the year ended March 31, 2019

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

A. Equity share capital (issued, subscribed and fully paid up)

	Notes	Amount
Balance as at April 01, 2017		1,091
Issued pursuant to Employee Stock Option Plan		2
Balance as at March 31, 2018	16	1,093
Issued pursuant to Employee Stock Option Plan		1
Balance as at March 31, 2019		1,094

B. Other equity

	Notes	Other equity							Total
		Reserves and surplus							
		Capital reserve	Stock option outstanding account	General reserve	Surplus in the statement of profit and loss	Accumulated other comprehensive income	Securities premium reserve	Share application money pending allotment	
Balance as at April 01, 2017		250	58	3,301	50,779	(610)	27,536	1	81,315
Additions during the year									
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 March 31, 2018		250	37	3,314	59,888	(588)	27,694	-	90,595
Adjustment as a result of transition to IND AS 115 on April 01, 2018		-	-	-	(12,363)	-	-	-	(12,363)
Deferred tax impact on the above adjustment		-	-	-	4,279	-	-	-	4,279
Adjusted equity as on April 01, 2018		250	37	3,314	51,804	(588)	27,694	-	82,511
Dividends	17	-	-	-	(2,186)	-	-	-	(2,186)
Dividend distribution tax	17	-	-	-	(37)	-	-	-	(37)
Issue of share capital on exercise of employee share option	17	-	(9)	-	-	-	68	-	59
Transfer to general reserve	17	-	(29)	29	-	-	-	-	-

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Notes	Other equity							Total
		Reserves and surplus							
		Capital reserve	Stock option outstanding account	General reserve	Surplus in the statement of profit and loss	Accumulated other comprehensive income	Securities premium reserve	Share application money pending allotment	
Share application money received	17	-	-	-	-	-	-	59	59
Equity shares allotted	17	-	-	-	-	-	-	(59)	(59)
Transactions with owners		-	(37)	29	(2,223)	-	68	-	(2,164)
Profit for the year		-	-	-	10,240	-	-	-	10,240
Other comprehensive income		-	-	-	-	(11)	-	-	(11)
Total comprehensive income		-	-	-	10,240	(11)	-	-	10,229
Balance as at March 31, 2019		250	-	3,343	59,821	(599)	27,762	-	90,577

Notes 1 to 46 form an integral part of these standalone financial statements

In terms of our report of even date attached

For Sharp & Tannan
Chartered Accountants
Firm's Registration No.: 003792S

per **V Viswanathan**
Partner
(Membership No.: 215565)

Place : Chennai
Date : May 21, 2019

For and on behalf of the Board of Directors of **VA Tech Wabag Limited**

B D Narang
Chairman
(DIN :00826573)

Sandeep Agrawal
Chief Financial Officer

Place : Chennai
Date : May 21, 2019

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

R Swaminathan
Company Secretary
(Membership No.:17696)

Summary of Significant Accounting Policies and Other Explanatory Information

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. 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.

Effective April 01, 2018 the Company has adopted Ind AS-115 "Revenue from contracts with customers" using modified retrospective transition method and therefore the comparative information has not been restated. The new standard replaces the existing standards for revenue recognition - Ind AS 18 "Revenue Recognition" and Ind AS 11 "Construction Contracts".

The standalone financial statements as at and for the year ended March 31, 2019 are approved and authorised for issue by the Board of Directors on May 21, 2019.

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.

The Company has reclassified Dues from customers for construction contract work from "Trade Receivables" to "Other Current assets" for better presentation and disclosure. Dues from customers for construction contract work represents receivables recognised as per percentage of completion method pending milestone invoicing to customer. Pursuant to Ind AS 1, para 40A, the Company has presented a third balance sheet dated April 01, 2017, since this being a material reclassification in the financial statements

2.2 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, 2019, 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 April 01, 2019:

a) Ind AS 116, Leases:

On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases standard, Ind AS 17, Leases and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties of the contract i.e. the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low Value.

Summary of Significant Accounting Policies and Other Explanatory Information

The standard can be applied either retrospectively to each prior reporting period presented or can be applied retrospectively with recognition of cumulative effect for contracts lease as at the date of initial application.

b) **Appendix C to Ind AS 12, Uncertainty over Income Tax Treatment:**

The Appendix C clarifies the entities recognition and measurement principles while recognising current tax, deferred tax, taxable profits (losses), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over tax treatments under Ind AS 12. As per the Appendix, the Company needs to assess whether it is probable that a tax authority will accept an uncertain tax treatment used or a treatment which is being proposed to be used in its income tax filings.

c) **Amendment to Ind AS 12, Income Taxes:**

The amendment clarifies that an entity shall recognise income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

d) **Amendment to Ind AS 19- Employee benefits:**

Amendment requires an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement.

The amendments also requires an entity to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The company is in the process of evaluating the impact on account 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 summarised 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 venture 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 March 31, 2019.

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 recognised 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.

Summary of Significant Accounting Policies and Other Explanatory Information

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. Revenue is recognised upon transfer of control of promised goods or services under a contract.

Revenue is recognised 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.

The Company derives revenues from two types of contracts:

- a) Construction contracts - Customer contracts towards delivering a water treatment facility that is fit for purpose as per the contract
- b) Operation and maintenance contracts - Customer contracts towards operation and maintenance of water treatment facilities

The Company determines its performance obligations included in the contracts signed with customers. Most contracts with customers include a single performance obligation. When a customer contract includes both a construction and operation & maintenance, the performance obligations are separately identified and revenue is recognised in accordance with the principles of Ind AS 115.

a) Construction contracts:

Construction contracts generally involve design, supply, construction, installation and commissioning of water treatment facilities on turnkey basis.

The transaction price is usually a fixed consideration with a variable consideration on a case to case basis. Variable consideration (penalties, damages, claims etc.) is included in the transaction price to the extent it is highly probable that a significant reversal in the amount of revenue recognised will not occur.

Construction contracts usually have a single performance obligation, wherein the control

of goods and services are transferred progressively over the period of the contract. The Company satisfies its performance obligation upon completing the scope of the construction contract and achieving customer acceptance.

Contract revenue and Contract costs in respect of construction contracts, execution of which is spread over different accounting periods is recognised as revenue and expense respectively by reference to the basis of percentage of completion method of the contract 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 Company cannot measure the outcome of a contract reliably, revenue is recognised only to the extent of contract costs that have been incurred and are recoverable. In situations when it is probable that the total contract costs will exceed total contract revenues, the expected loss is recognised immediately in the statement of profit and loss.

The gross amount due from customers for contract work, in excess of the amounts presented as "Trade receivable", are presented as contract assets under "Due from customers for construction contract work" as part of other current assets. Due from customers for construction contract work represents costs incurred plus recognised profits (less recognised losses) in excess of progress billing for all contracts in progress.

The gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses) is presented as contract liabilities under "Billing in advance of work completed" as part of other current liabilities.

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Prepayments received from customers in advance of performance under the contract are also presented as contract liabilities and represented as “Advances from customers” as part of other current liabilities.

b) **Operation and maintenance contracts:**

Operation and maintenance contracts involve operation and maintenance services for water treatment facilities and supply of spares. Revenue from operation and maintenance contracts are recognised as the services are provided and invoiced to the customer, as per the terms of the contract.

The amount due from customers for operation and maintenance contracts are presented as “Trade receivable”. Prepayments received from customers in advance of performance under the contract are presented as contract liabilities and represented as “Advances from customers” as part of other current liabilities.

Interest, dividends, duty drawback and other entitlements

Income from interest is recognised 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 dividend is established by the reporting date.

Income from duty drawback and export benefit under duty free credit entitlements is recognised 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 recognised 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 recognised

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in statement of profit and loss within other income or other expenses.

The components of assets are capitalised 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 amortisation and accumulated impairment, if any.

Software is stated at cost less accumulated amortisation and are being amortised on a straight line basis over the estimated useful life of 5 years.

Amortisation has been included within depreciation and amortisation 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 recognised in profit and loss when the intangible asset is derecognised.

The amortisation 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 recognised 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 reorganisations 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 recognised 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 recognised 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

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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 recognised 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 recognised 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. Amortised 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 amortised cost

A financial asset is subsequently measured at amortised 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

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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 recognised 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 recognised 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 recognised 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 amortised 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 recognised 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 recognised 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 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 recognises 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 derecognised (i.e. removed from the Company's standalone balance sheet) when:

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- 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 recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises 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 amortised cost. The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Subsequent measurement

Financial liabilities are measured subsequently at amortised 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 recognised 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 recognised 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 recognised less cumulative amortisation.

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 derecognised 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 recognised in the statement of profit and loss.

3.12 Inventories

Inventory of stores and spares are stated at lower of cost and net realisable 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 realisable value is the estimated

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selling price in the ordinary course of business less estimated cost to completion and applicable selling expenses.

Contract inventories are contract costs incurred for a future activity on a contract and are recognised 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 recognised in statement of profit and loss comprises the sum of deferred tax and current tax not recognised 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 recognised in other comprehensive income are also disclosed under the same head.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised 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 recognised in full, although Ind AS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the Company does not recognise deferred tax liability on temporary differences relating to goodwill, or to its investments in subsidiaries.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in statement of profit and loss, except where they relate to items that are recognised

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 recognised 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 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 recognised fund.
- b. Contribution to Superannuation Fund is in the nature of defined contribution plan and is

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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 recognised 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 recognised 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 recognised 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).

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3.18 Provisions, contingent assets and contingent liabilities

Provisions for warranties, legal disputes, or other claims are recognised 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 recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised 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 recognise contingent assets unless the realisation of the income is virtually certain, however these are assessed continually to ensure that the developments are appropriately disclosed in the standalone financial statements.

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 capitalised 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

Recognising construction contract revenue also requires significant judgement in determining actual work performed and the estimated costs to complete the work (refer note 35).

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised 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 utilised. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

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(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 realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation 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 41).

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 realisation 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 1 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 March 31, 2019 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.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

4 Property, plant and equipment and intangible assets

	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 April 01, 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 March 31, 2018	1,698	4,026	367	2,072	558	584	439	921	10,665	1,012
Additions	-	-	-	-	1	40	21	34	96	44
Disposals	-	-	-	-	-	(7)	(6)	(256)	(269)	-
Balance as at March 31, 2019	1,698	4,026	367	2,072	559	617	454	699	10,492	1,056
Accumulated depreciation/ amortisation										
Balance as at April 01, 2017	-	126	63	567	147	303	208	144	1,558	592
Depreciation/amortisation expense for the year	-	68	22	218	66	135	68	164	741	168
Reversal on disposal of assets	-	-	-	-	-	-	-	(130)	(130)	-
Balance as at March 31, 2018	-	194	85	785	213	438	276	178	2,169	760
Depreciation/amortisation expense for the year	-	68	25	215	59	138	80	153	738	109
Reversal on disposal of assets	-	-	-	-	-	-	-	(166)	(166)	-
Balance as at March 31, 2019	-	262	110	1,000	272	576	356	165	2,741	868
Net carrying value										
Balance as at April 01, 2017	1,698	3,900	194	1,505	410	279	129	744	8,859	359
Balance as at March 31, 2018	1,698	3,832	282	1,287	345	146	163	743	8,496	252
Balance as at March 31, 2019	1,698	3,764	257	1,072	287	41	98	534	7,751	188

1. Refer note 22 (borrowings) for Land and Buildings pledged as security for the borrowings of the Company

5 Investments

	As at March 31, 2019	As at March 31, 2018	As at April 01, 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 : 5,210,249) equity shares of SGD 1 each)	2,100	2,100	2,052
VA Tech Wabag Muscat LLC (Oman) (105,000 (Previous year : 105,000) equity shares of OMR 1 each)	124	124	124
VA Tech Wabag (Philippines) Inc. (8,570,200 (Previous year: 8,570,200 equity shares of PHP 1 each)	90	90	90
Wabag Limited (Thailand) (29,400 (Previous year : 29,400) equity shares of THB 34.0136 each)	19	19	19

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Wabag Operations and Maintenance WLL (Bahrain) (350 (Previous year : 350) equity shares of BHD 100 each)	58	58	58
VA Tech Wabag and Roots Contracting LLC, (Qatar)# (98 (Previous year : 98) equity shares of QAR 1,000 each)	-	-	-
Wabag Muhibbah JV SDN BHD, (Malaysia) (700,000 (Previous year : 700,000) equity shares of MYR 1 each)	107	107	107
Wabag Belhasa JV WLL,(Bahrain) (49 (Previous year : 49) equity shares of BHD 50 each)	4	4	4
VA Tech Wabag Brazil Servicos De Agua E Saneamento LTDA* (999 (Previous year : Nil) equity shares of BRL 1 each)	-	-	-
	2,502	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	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	69
Less: Provision for impairment of investment in International Water Treatment LLC, (Oman)	(69)	(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 INR 10 each)	15	15	15
Konark Water Infraprojects Private Limited (5,000 (Previous year : 5,000) equity shares of INR 10 each)	1	1	1
Aurangabad City Water Utility Company Limited (5,000 (Previous year : 5,000) equity shares of INR 10 each)	1	1	1
Thoothukudi Renew Waters Private Limited** (2,600 (Previous year : 2,600) equity shares of INR 10 each)	-	-	-
Ganapati Marine Enterprises Private Limited*** (573 (Previous Year: 573) equity shares of INR 10 each)	-	-	-
	17	17	17
Total non-current investments	2,536	2,536	2,488
Aggregate amount of unquoted investments	2,605	2,605	2,557
Aggregate amount of impairment in the value of investments	69	69	69

* Since the amount of investment is INR 18,160 (Previous year: INR Nil), the same is below the rounding off norm adopted by the Company.

** Since the amount of investment is INR 26,000 (Previous year: INR 26,000), the same is below the rounding off norm adopted by the Company.

*** Since the amount of investment is INR 5,730 (Previous year: INR 5,730), the same is below the rounding off norm adopted by the Company.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Extent of investment in subsidiaries			
VA Tech Wabag (Singapore) Pte Ltd	100.0%	100.0%	100.0%
VA Tech Wabag Muscat LLC (Oman)	70.0%	70.0%	70.0%
VA Tech Wabag (Philippines) Inc.	100.0%	100.0%	100.0%
VA Tech Wabag Brazil Servicos De Agua E Saneamento LTDA	100.0%	-	-
Wabag Limited (Thailand)**	49.0%	49.0%	49.0%
Wabag Operations and Maintenance WLL (Bahrain)	70.0%	70.0%	70.0%
VA Tech Wabag and Roots Contracting LLC, (Qatar)#	-	-	-
Wabag Muhibbah JV SDN BHD, (Malaysia)	70.0%	70.0%	70.0%
Wabag Belhasa JV WLL,(Bahrain) ###	49.0%	49.0%	49.0%
Extent of investment in associates			
VA Tech Wabag and Roots Contracting LLC, (Qatar)#	49.0%	49.0%	49.0%
Extent of investment in joint venture			
International Water Treatment LLC (Oman)	32.5%	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 VA Tech Wabag and Roots Contracting LLC, (Qatar), the investment was classified as a subsidiary at inception. During the year ended March 31, 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, Wabag Limited (Thailand) 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 returns of the Wabag Limited (Thailand). 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, Wabag Belhasa JV WLL,(Bahrain) 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 returns of the Wabag Belhasa JV WLL,(Bahrain). Accordingly, the investment has been classified as a subsidiary.

The Company had entered into a joint venture with Pratibha Industries Limited in Nepal to execute a project. Considering the fact that the Company 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.

	As at March 31, 2019	As at March 31, 2018	As at April 01, 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 March 31, 2019	As at March 31, 2018	As at April 01, 2017
Non-current			
Trade receivables	12,035	12,035	12,035
Customer retention	20,444	27,557	24,173
	32,479	39,592	36,208
Current			
Trade receivables	1,04,298	96,492	89,974
Customer retention	18,873	14,728	8,395
	1,23,171	1,11,220	98,369
Credit Impaired			
- Trade receivables	13,652	8,946	5,218
- Customer retention	260	359	333
Less : Allowances for expected credit loss			
- Trade receivables	(13,652)	(8,946)	(5,218)
- Customer retention	(260)	(359)	(333)
	-	-	-
	1,23,171	1,11,220	98,369

Trade receivables include due from related parties amounting to INR 6,346 lakhs (March 31, 2018: INR 5,173 lakhs). The carrying amount of the current trade receivable and customer retention 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 and customer retention have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of INR 4,607 lakhs (2017-18: INR 4,654 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

	Year ended March 31, 2019	Year ended March 31, 2018
Balance at the beginning of the year	9,305	5,551
Additions during the year, net	4,607	4,654
Utilised during the year	-	(900)
Balance at the end of the year	13,912	9,305

7 Bank balances

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Non-current bank balances	163	498	-
	163	498	-

Non-current bank balances represents interest bearing deposits with bank with more than 12 months maturity and 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)

8 Other financial assets (Unsecured, considered good)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Non-current			
Security deposits	1,124	340	55
Advances to employees	31	83	91
	1,155	423	146
Current			
Security deposits	1,924	886	1,384
Tender deposits	965	1,098	1,532
Rental deposits	224	218	392
Dues from related parties (Also refer note 40(c))	4,840	4,271	2,236
Advances to employees	232	279	290
	8,185	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.

Refer Note 42 for description of the Company's financial instrument risks, including risk management objectives and policies.

9 Deferred tax assets (net)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 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	243	164	180
- Allowances for expected credit loss	4,862	3,220	1,921
- Deferred tax impact on transition to Ind AS-115 *	4,320	-	-
- Others	464	524	590
Total deferred tax asset A	9,889	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	(476)	(547)	(545)
Total deferred tax liability B	(476)	(547)	(545)
Net deferred tax assets (A+B)	9,413	3,361	2,146

Deferred tax recognised in statement of profit and loss and other comprehensive income for the year ended March 31, 2019:

	Recognised in other comprehensive income	Recognised in statement of profit and loss
Deferred tax asset arising on account of :		
- Provision for employee benefits, liquidated damages and foreseeable losses	10	(89)
- Allowances for expected credit loss	-	(1,642)
- Others*	-	19
Deferred tax liability arising on account of :		

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Recognised in other comprehensive income	Recognised in statement of profit and loss
- Timing difference between carrying value of property, plant and equipment /Intangible assets as per tax laws	-	(71)
- Others	-	-
Total	10	(1,783)

Deferred tax recognised in statement of profit and loss and in other comprehensive income for the year ended March 31, 2018:

	Recognised in other comprehensive income	Recognised 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)

* Represents deferred tax assets recognised in retained earnings on account of transition to Ind AS-115 amounting to INR 4,279 lakhs and effects of change in tax rate recognised in current tax expense amounting to INR 41 lakhs.

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 realised. The ultimate realisation 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 realisable, 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 recognised in the balance sheet.

10 Income tax assets (net)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Income tax assets net of provision for tax	4,040	4,903	4,684
	4,040	4,903	4,684

11 Other non-current assets (Unsecured, considered good)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Capital advances	306	306	416
	306	306	416

12 Inventories

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Contract Inventories	383	2,626	2,688
Stores and spares	618	638	751
	1,001	3,264	3,439

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

13 Cash and bank balances

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Cash and cash equivalents			
Cash on hand	34	11	11
Cheques on hand	1,955	1,813	5,308
Balances with banks			
- in current accounts	951	934	1,054
- in deposit accounts (with original maturity upto 3 months)	-	67	843
	2,940	2,825	7,216
Bank balances other than mentioned in cash and cash equivalents			
Unpaid dividend account	11	6	3
Deposits with maturity less than 3 months [#]	175	271	1,639
Deposits with maturity more than 3 months but less than 12 months [#]	4,210	2,580	612
	4,396	2,857	2,254

[#] Deposits includes a sum of INR 4,385 lakhs (March 31, 2018: INR 2,851 lakhs) held as margin money or security against the borrowings, guarantees and other commitments.

14 Loans (Unsecured, considered good)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Current			
Loans to related parties (Also refer note 40(c))	260	248	295
	260	248	295

15 Other current assets (Unsecured, considered good)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Dues from customers for construction contract works	58,013	46,035	37,394
Advance to supplier	15,614	14,514	8,657
Balances with government authorities	8,098	8,027	5,015
Duty drawback and other duty free credit entitlement receivable	378	122	301
Prepaid expenses	809	548	1,055
Others	44	14	193
	82,956	69,260	52,615

Effective April 01, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the modified retrospective transition method which is applied to contracts that were not completed as of April 01, 2018. On application of the transition provisions, the company has reassessed contract revenues & contract assets and accordingly an adjustment of INR 10,342 lakhs has been effected to the opening retained earnings as of April 01, 2018 in line with the modified retrospective transition method.

Prepaid expenses includes pre-contract cost of INR 51 lakhs (March 31, 2018 : INR 31 lakhs)

There are no advances due from directors or other officers of the company.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

16 Equity share capital

	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Number	Amount	Number	Amount	Number	Amount
Authorised						
Equity shares of INR 2 each	7,50,00,000	1,500	7,50,00,000	1,500	7,50,00,000	1,500
Issued, subscribed and fully paid up						
Equity shares of INR 2 each	5,46,90,428	1,094	5,46,57,390	1,093	5,45,73,058	1,091
	5,46,90,428	1,094	5,46,57,390	1,093	5,45,73,058	1,091

a) Reconciliation of share capital (Equity)

	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Number	Amount	Number	Amount	Number	Amount
Balance at the beginning of the year	5,46,57,390	1,093	5,45,73,058	1,091	5,44,96,401	1,090
Add : Issued pursuant to Employee Stock Option Plan	33,038	1	84,332	2	76,657	1
Balance at the end of the year	5,46,90,428	1,094	5,46,57,390	1,093	5,45,73,058	1,091

b) Shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Number	% holding	Number	% holding	Number	% holding
Equity Shares of INR 2 each						
Mr. Rajiv Mittal (Managing Director & Group CEO)	97,09,406	17.8%	97,09,406	17.8%	97,09,406	17.8%
IDFC Premier Equity Fund	-	0.0%	32,39,320	5.9%	31,79,446	5.8%
SBI Magnum Taxgain Scheme	-	0.0%	33,82,154	6.2%	33,82,162	6.2%
	97,09,406	17.8%	1,63,30,880	29.9%	1,62,71,014	29.8%

c) Terms/right attached to equity shares

The Company has issued only one class of equity shares having a face value of INR 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 INR 2 per share as fully paid bonus shares during the year ended March 31, 2015, pursuant to the bonus issue approved by the shareholders through postal ballot by capitalisation of securities premium. Bonus share of one equity share for every equity share held had been allotted.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

e) Shares reserved for issue under options

There is no options reserved for issuance of equity shares to the employees as on March 31, 2019. The Company had reserved issuance of 122,714 equity shares of INR 2 each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Plan (ESOP) as on March 31, 2018.

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 March 31, 2019.

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.

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 summarised as follows:

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Borrowings	43,471	27,626	11,986
Less: Cash and bank balances	(7,499)	(6,180)	(9,470)
Net debt (A)	35,972	21,446	2,516
Total equity (B)	91,671	91,688	82,406
Total equity and net debt (C=A+B)	1,27,643	1,13,134	84,922
Gearing ratio (A/C)	28.2%	19.0%	3.0%

17 Other equity

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Securities premium reserve			
Balance at the beginning of the year	27,694	27,536	27,396
Add : Additions made during the year			
On exercise of employee stock options	68	158	138
Transfer from stock option outstanding account	-		2
Balance at the end of the year	27,762	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.

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Capital reserve			
Balance at the beginning of the year	250	250	250
Add : Additions made during the year	-	-	-
Balance at the end of the year	250	250	250

Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Stock option outstanding account			
Balance at the beginning of the year	37	58	62
Less: Options exercised during the year	(9)	(8)	(4)
Less: Options lapsed during the year	(29)	(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.

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
General reserve			
Balance at the beginning of the year	3,314	3,301	3,301
Add : Transfer from stock option outstanding account	29	13	-
Balance at the end of the year	3,343	3,314	3,301

General reserve represents an appropriation of profits by the Company.

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Surplus in the statement of profit and loss			
Balance at the beginning of the year	59,888	50,779	45,917
Add : Transfer from statement of profit and loss	10,240	11,713	7,498
Less: Adjustment as a result of transition to Ind AS 115 on April 01, 2018	(8,084)	-	-
Less : Final equity dividend declared	(2,186)	(2,183)	(2,180)
Less : Tax on equity dividend declared	(37)	(421)	(456)
Balance at the end of the year	59,821	59,888	50,779

Surplus in the statement of profit and loss comprises of prior years' undistributed earnings after taxes.

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Accumulated other comprehensive income			
Balance at the beginning of the year	(588)	(610)	(467)
Add / (Less) : Transfer from other comprehensive income	(11)	22	(143)
Balance at the end of the year	(599)	(588)	(610)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Share application money pending allotment			
Balance at the beginning of the year	-	1	4
Add : Share application money received	59	151	138
Less : Equity shares allotted	(59)	(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.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Total other equity	90,577	90,595	81,315
Dividends			
Final dividend paid INR 4 per equity share	2,186	2,183	2,180
Dividend distribution tax	37	421	456
	2,223	2,604	2,636

18 Trade payables

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Non-current			
Dues to micro and small enterprises (Also, refer note (a) below)	-	-	-
Dues to others	8,801	12,504	14,176
	8,801	12,504	14,176
Current			
Dues to micro and small enterprises (Also refer note (a) below)	922	825	604
Dues to others	1,10,532	91,729	82,395
	1,11,454	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 March 31, 2019	As at March 31, 2018	As at April 01, 2017
i) Principal amount remaining unpaid	922	825	604
ii) Interest due thereon	111	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	111	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.

- b) Unclaimed credit balances amounting to INR 2,597 lakhs (March 31, 2018 : INR 440 lakhs) have been adjusted from trade payable.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

19 Other financial liabilities

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Non-current			
Employee related payables	149	224	215
	149	224	215
Current			
Current maturities of long term borrowings, Secured (Also refer note 22 (a))	1,008	-	-
Current maturities of long term borrowings, Unsecured (Also refer note 22 (a))	1,568	-	-
Financial guarantee obligation	1,259	1,446	1,446
Dues to related parties (Also refer note 40(c))	2,494	364	216
Unpaid dividends	11	6	3
Employee related payables	1,131	1,562	1,519
	7,471	3,378	3,184
Total financial liabilities	7,620	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 amortised cost	6,361	2,156	1,953
Financial liabilities carried at fair value through profit and loss	1,259	1,446	1,446

20 Provisions

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Non-current			
Provisions for employee benefits			
- Compensated absences	527	563	549
	527	563	549
Current			
Provision for warranty	448	2,525	2,392
Provision for liquidated damages	-	-	-
Provision for foreseeable losses on contracts	10	1	34
Provisions for employee benefits			
- Gratuity	98	102	84
- Compensated absences	305	160	107
	861	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

	Year ended March 31, 2019	Year ended March 31, 2018
Balance at the beginning of the year	2,525	2,392
(Reversed) /Created during the year, net	(1,900)	133
Utilised during the year	(177)	-
Balance at the end of the year	448	2,525

A provision is recognised 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

	Year ended March 31, 2019	Year ended March 31, 2018
Balance at the beginning of the year	-	-
Created during the year, net	589	430
Utilised during the year	(589)	(430)
Balance at the end of the year	-	-

The Company provides performance guarantees to its customers which require it to complete projects within a specified time frame. 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 recognised in accordance with the terms of the contracts with customers.

c) Provision for foreseeable losses on contracts

	Year ended March 31, 2019	Year ended March 31, 2018
Balance at the beginning of the year	1	34
Created / (Reversed) during the year, net	9	(33)
Utilised during the year	-	-
Balance at the end of the year	10	1

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.

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.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

The following tables 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.

	Year ended March 31, 2019	Year ended March 31, 2018
Change in projected benefit obligation		
Defined benefit obligation at the beginning of the year	750	656
Current service cost	95	91
Past service cost	-	41
Interest cost	50	43
Actuarial gain / (loss)	7	(38)
Benefits paid	(42)	(43)
Defined benefit obligation at the end of the year	860	750
Thereof		
Unfunded	98	102
Funded	762	648
Change in plan assets		
Fair value of plan assets at the beginning of the year	648	572
Expected return on plan assets	47	40
Actuarial gain / (loss)	6	(5)
Employer contributions	102	84
Benefits paid	(42)	(43)
Fair value of plan assets at the end of the year	762	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	860	750
Fair value of plan assets at the end of the year	(762)	(648)
Liability recognised in the balance sheet	98	102
Components of net gratuity costs are:		
Current service cost	95	91
Interest cost	51	43
Past service cost	-	41
Expected return on plan assets	(47)	(40)
Recognised net actuarial (gain)/loss	(1)	(33)
Net gratuity costs recognised during the year	98	102
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	430	346
Group debt fund	330	300
Cash and cash equivalents	2	2
Total	762	648

All equity and debt instruments have quoted prices in active markets (Level 1). Fair values of real estate investments do not have quoted prices and have been determined based on professional appraisals that would be classified as Level 3 of the fair value hierarchy as defined in Ind AS 113.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
Principal actuarial assumptions used:		
Discount rate	7.07%	7.28%
Long-term rate of compensation increase	8.00%	7.00%
Expected rate of return on plan assets	7.07%	7.28%
Average remaining life (in years)	22	24
Attrition rate	19.00%	18.00%

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 INR 98 lakhs to be paid for financial year 2019-20. The weighted average duration of the defined benefit obligation as at March 31, 2019 is 4.94 years (March 31, 2018: 4.8 years)

Employee benefits - Maturity profile

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
March 31, 2019					
Defined benefit obligation	165	173	352	317	1,007
March 31, 2018					
Defined benefit obligation	136	123	342	289	890

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 at March 31, 2019.

	Attrition rate		Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
March 31, 2019						
> Sensitivity Level	0.5%	(0.5%)	0.5%	(0.5%)	0.5%	(0.5%)
> Impact on defined benefit obligation	(1)	1	(16)	17	16	(16)
March 31, 2018						
> 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 recognised in the statement of profit and loss for the year is INR 345 lakhs (2017-18 INR 264 lakhs).

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
Principal actuarial assumptions used :		
Discount rate	7.07%	7.28%
Long-term rate of compensation increase	8.00%	7.00%
Average remaining life	22	24
Attrition rate	19.00%	18.00%

21 Other liabilities

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Non-current			
Advance from customers	5,073	6,658	4,481
	5,073	6,658	4,481
Current			
Statutory dues	434	336	301
Billing in advance of work completed	729	588	6,324
Advance from customers	8,424	11,952	12,665
Others	1,735	1,033	979
	11,322	13,909	20,269

22 Borrowings

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Non-current borrowings (Secured)			
Term loans from banks	5,992	-	-
Non-current borrowings (Unsecured)			
Term loans from others	807	-	-
	6,799	-	-
Current borrowings (Secured)			
From Banks			
Packing credit	13,265	24,005	11,974
Cash Credit	18,891	3,621	-
Working Capital Demand Loan	1,240	-	12
Loan from related parties (Unsecured) (Also refer note 40(c))	700	-	-
	34,096	27,626	11,986

The carrying amount of short term borrowings is considered to be a reasonable approximation of fair value.

a) Terms, repayment and guarantee details of borrowings

- The Company has availed packing credit facilities in Indian rupees and US dollars at an interest rate of 7% p.a to 9.25% p.a (March 31, 2018: 4.65% p.a to 5.50% p.a) and 5.25% p.a to 6.18% p.a (March 31, 2018: 1.78% p.a to 4.46% p.a) respectively. These packing credits are repayable within 180 days, as applicable, from the date of availment and are secured against foreign currency receivables.
- The Company has availed cash credit facilities from banks at an interest rate of 9% p.a to 10% p.a (March 31, 2018: 8% p.a to 9% p.a)
- The Company has availed working capital demand loan at an interest rate of 9% p.a to 10% p.a (March 31, 2018 :Nil). Working capital demand loan is repayable within 180 days, as applicable, from the date of availment and are secured against receivables of the Company
- The Company has availed term loan from bank at an interest of 11.90% p.a (March 31, 2018 :Nil) which is secured by First pari-pasu charge on the entire current assets of the company along with other consortium member banks and exclusive charge on the corporate land and buildings of the company. The same is repayable by 28 monthly instalments from end of moratorium period of 8 months.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

- 5) The Company has availed term loan from others, which is secured by 16,77,000 equity shares held by promoter of the Company. The same is repayable over the period of 16 months
- 6) The Company has availed loan from related party, and the same is repayable within 12 months.

23 Current tax liabilities (net)

	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Current tax liabilities net of advance taxes	2,716	4,901	4,362
	2,716	4,901	4,362

24 Financial instruments

Categories of financial assets and financial liabilities

	Financial assets at fair value through profit and loss	Financial assets at amortised cost	Total
As at March 31, 2019			
Financial assets			
Investments	17	-	17
Loans	-	260	260
Trade receivables	-	1,55,650	1,55,650
Cash and bank balances	-	7,499	7,499
Other financial assets	-	9,340	9,340
	17	1,72,749	1,72,766

	Financial assets at fair value through profit and loss	Financial assets at amortised cost	Total
As at March 31, 2019			
Financial liabilities			
Trade payables	-	1,20,255	1,20,255
Borrowings	-	40,895	40,895
Other financial liabilities	1,259	6,361	7,620
	1,259	1,67,511	1,68,770

	Financial assets at fair value through profit and loss	Financial assets at amortised cost	Total
As at March 31, 2018			
Financial assets			
Investments	17	-	17
Loans	-	248	248
Trade receivables	-	1,50,812	1,50,812
Cash and bank balances	-	6,180	6,180
Other financial assets	-	7,175	7,175
	17	1,64,415	1,64,432

	Financial assets at fair value through profit and loss	Financial assets at amortised cost	Total
As at March 31, 2018			
Financial liabilities			
Trade payables	-	1,05,058	1,05,058
Borrowings	-	27,626	27,626
Other financial liabilities	1,446	2,156	3,602
	1,446	1,34,840	1,36,286

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Investments excludes equity instruments in subsidiaries and associates amounting to INR 2,519 lakhs (March 31, 2018 INR 2,519 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 March 31, 2019 and March 31, 2018.

Also refer note 41 fair value measurement

25 Revenue from operations

	Year ended March 31, 2019	Year ended March 31, 2018
Sale of services		
Export	75,024	71,646
Domestic	93,588	1,10,232
	1,68,612	1,81,878
Other operating revenues, net (Also refer note 18 (b))	6,200	3,755
	1,74,812	1,85,633

A Disaggregation of sale of services

Revenue from operations are disaggregated based on projects, based on customer, based on timing of revenue recognition and based on geography.

a) Based on product

	Year ended March 31, 2019
Construction contracts	1,51,869
Operation and maintenance contracts	16,743
	1,68,612

b) Based on Customer

	Year ended March 31, 2019
Industrial	92,562
Municipal	76,050
	1,68,612

c) Based on Timing of revenue recognition

Revenues from construction contracts and operation and maintenance contracts are recognised on 'Over a point in time' basis and 'At a point in time' basis respectively.

d) Based on geography

Revenue from operations can be disaggregated based on geography into 'India' and 'Rest of the World'. Refer the above note for classification .

B Transaction price allocated to the remaining sales contracts (Order backlog)

Revenues expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied as at March 31, 2019 Amounting to INR 616,786 lakhs.

Order backlog relating to construction contracts are expected to be executed over a period of 3 years based on progress of the projects. Order backlog relating to operation and maintenance contracts are expected to be executed over a period of 1 to 15 years, primarily on an annuity basis.

C Reconciliation of sale of services with contract price

	Year ended March 31, 2019
Opening contract price of orders as at April 01, 2018	4,75,646
Fresh orders /Change in orders received, net	3,04,695
Total revenue recognised during the year	(1,68,612)
Effects of foreign exchange movement	5,057
Closing contract price of orders as at March 31, 2019	6,16,786

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

26 Other income

	Year ended March 31, 2019	Year ended March 31, 2018
Interest income from deposits with banks	-	1
Interest income - others	212	252
Dividend income	26	2,007
	238	2,260

27 Cost of sales and services

	Year ended March 31, 2019	Year ended March 31, 2018
Material costs	76,494	73,646
Civil costs	20,799	34,667
Erection and commissioning costs	4,951	7,302
Taxes and duties	1,044	1,918
Site establishment costs	5,242	4,602
Engineering costs	7,109	3,305
Project consultancy fee	1,560	892
Warranty expenses (Also refer note 20(a))	(1,900)	133
Foreseeable losses on contracts (Also refer note 20(c))	9	(33)
Project travel	1,670	1,850
Insurance costs	688	637
Power and fuel	261	410
Liquidated damages (Also refer note 20(b))	589	430
Other project expenses, net	11,253	13,673
	1,29,769	1,43,432

28 Changes in inventories

	Year ended March 31, 2019	Year ended March 31, 2018
Inventories at the beginning of the year		
Contract Inventories	2,626	2,688
Stores and spares	638	751
	(A) 3,264	3,439
Less: Adjustment on account of transition to IND AS 115	(B) 2,021	-
Less: Inventories at the end of the year		
Contract Inventories	383	2,626
Stores and spares	618	638
	(C) 1,001	3,264
Total (A-B-C)	242	175

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

29 Employee benefits expense

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages	10,391	10,791
Gratuity and compensated absences (Also refer note 20(d))	446	399
Contribution to provident and other defined contribution funds	582	555
Staff welfare expenses	603	699
	12,022	12,444

30 Finance costs

	Year ended March 31, 2019	Year ended March 31, 2018
Interest expenses for borrowings at amortised cost	2,731	1,263
Bank charges	2,116	1,820
	4,847	3,083

31 Depreciation and amortisation expense

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of property, plant and equipment (Also refer note 4)	738	741
Amortisation of intangible assets (Also refer note 4)	109	168
	847	909

32 Other expenses

	Year ended March 31, 2019	Year ended March 31, 2018
Rent (Also refer note 36)	205	291
Insurance	38	70
Power and fuel	186	193
Rates and taxes	40	29
Repairs and maintenance	553	582
Professional charges (Also refer note 37)	1,487	1,451
Communication expenses	94	111
Travelling and conveyance	831	1,034
Foreign exchange loss, net	756	214
Bad and doubtful debts, net	10,057	4,745
Loss on sale of property, plant and equipment, net	-	4
Corporate social responsibility expenses (Also refer note 38)	254	194
Printing and stationery	89	118
Office and maintenance expenses	274	300
Miscellaneous expenses	770	1,093
	15,634	10,429

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

33 Income taxes

The major components of income tax expense for the year ended March 31, 2019 and March 31, 2018 are:

	Year ended March 31, 2019	Year ended March 31, 2018
Current tax:		
Income tax expense	5,876	6,934
Tax expense in respect of earlier years	(2,644)	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(1,709)	(1,226)
Relating to change in tax rate	(74)	-
Tax expense reported in the statement of profit and loss	1,449	5,708
Deferred tax related to net (gain)/loss on remeasurements of defined benefit plans recognised in other comprehensive income	10	11
Tax expense reported in other comprehensive income	10	11

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 34.944% (March 31, 2018 : 34.608%) and the reported tax expense in the statement of profit and loss are as follows:

	Year ended March 31, 2019	Year ended March 31, 2018
Profit before taxes	11,689	17,421
Enacted tax rates	34.94%	34.61%
Tax on profit at enacted tax rate	4,085	6,029
Tax reversal relating to previous years	(2,644)	-
Dividend Income taxed at lower rate	(4)	(347)
Effect of change in tax rate	(74)	-
Tax effect on non deductible expenses	96	67
Others	(10)	(41)
Income tax expense	1,449	5,708
Current tax	5,876	6,934
Tax reversal relating to previous years	(2,644)	-
Deferred tax	(1,783)	(1,226)
Income tax expense reported in the statement of profit and loss	1,449	5,708

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

34 Earnings per equity share (EPS)

	Year ended March 31, 2019	Year ended March 31, 2018
For profit for the year		
Nominal value of equity shares (in INR)	2	2
Profit attributable to equity shareholders (A)	10,240	11,713
Weighted average number of equity shares outstanding during the year (B)	5,46,70,821	5,46,11,241
Basic earnings per equity share (A/B) (in INR)	18.73	21.45
For total comprehensive income		
Nominal value of equity shares (in INR)	2	2
Total comprehensive income attributable to equity shareholders (a)	10,229	11,735
Weighted average number of equity shares outstanding during the year (b)	5,46,70,821	5,46,11,241
Basic earnings per equity share (a/b) (in INR)	18.71	21.49
For profit for the year		
Dilutive effect on profit (C)	-	-
Profit attributable to equity shareholders for computing diluted EPS (D) = (A+C)	10,240	11,713
Dilutive effect on weighted average number of equity share options outstanding during the year (E)	-	84,696
Weighted average number of equity shares for computing diluted EPS (F) = (B+E)	5,46,70,821	5,46,95,937
Diluted earnings per equity share (D/F) (in INR)	18.73	21.41
For total comprehensive income		
Dilutive effect on profit (c)	-	-
Total comprehensive income attributable to equity shareholders for computing diluted EPS (d) = (a+c)	10,229	11,735
Dilutive effect on weighted average number of equity share options outstanding during the year (e)	-	84,696
Weighted average number of equity shares for computing diluted EPS (f) = (b+e)	5,46,70,821	5,46,95,937
Diluted earnings per equity share (d/f) (in INR)	18.71	21.45

35 Contract balances

	Year ended March 31, 2019
Movement in contract assets	
Opening balance as at April 01, 2018	46,035
Changes in the measure of progress, claims and other adjustments	37,640
Transfer to trade receivables	(15,320)
(Allowance)/ reversal of expected credit losses	(10,342)
Closing balance as at March 31, 2019	58,013
Movement in contract liabilities	
Opening balance as at April 01, 2018	19,198
Billing in advance for work completed	4,824
Advances received during the year	728
Revenues recognised during the period	(9,938)
Advances offset against contract assets	(586)
Closing balance as at March 31, 2019	14,226

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

36 Leases

	Year ended March 31, 2019	Year ended March 31, 2018
Operating lease commitments - as lessee		
Total lease payments charged off to the statement of profit and loss (Also refer note 32)	205	291

Disclosures in respect of non-cancellable

The lease rentals charged for the years ended March 31, 2019 and March 31, 2018 and maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

	Year ended March 31, 2019	Year ended March 31, 2018
The total of future minimum lease payments for each of the following periods:		
(i) Not later than one year	-	5
(ii) Due later than one year and not later than five years	-	5
(iii) Due later than five years	-	-
	-	10

37 Remuneration to auditors (included as part of Professional charges)*

	Year ended March 31, 2019	Year ended March 31, 2018
As auditor		
Statutory audit	28	27
Limited review #	8	8
Taxation matters	3	3
Other services	7	15
Reimbursement of expenses	2	2
	48	55

* excluding taxes.

includes INR 2.5 lakhs fees paid to Walker Chandiook & Co LLP, being predecessor auditor of the Company.

38 Expenditure on Corporate Social Responsibility (CSR)

	Year ended March 31, 2019	Year ended March 31, 2018
a) Gross amount required to be spent	421	302
b) Amount spent on:		
(i) Construction/acquisition of any asset	147	163
(ii) On purposes other than (i) above	107	31
	254	194

39 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 INR 900 (Face value of INR 5 each) on the grant date.

	Number of shares for the year ended March 31, 2019	Weighted average exercise price INR	Number of shares for the year ended March 31, 2018	Weighted average exercise price INR
Options outstanding at the beginning of the year	1,22,714	180	2,94,440	180
Exercised during the year	33,038	180	84,332	180
Expired/ lapsed during the year	89,676	180	87,394	180
Options outstanding at the end of the year	-		1,22,714	
Options exercisable as at the end of the period	-		1,22,714	

During the year ended March 31, 2019 and March 31, 2018, the weighted average share price of options exercised under the Plan on the date of exercise was INR 283 and INR 594. The weighted average remaining contractual life of the Plan outstanding as of March 31, 2019 and March 31, 2018 is Nil and 0.5 years respectively.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

40 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 March 08, 2018)	
Associate	Windhoek Goreangab Operating Company (Pty) Limited, Namibia
	VA Tech Wabag and Roots Contracting LLC, Qatar
Joint Venture	Thoothukudi Renew Waters Private Limited
Key Managerial Personnel (KMP)	International Water Treatment LLC, Oman
	Mr. Rajiv Mittal - Managing Director & Group Chief Executive Officer
	Mr. S Varadarajan - Whole-time 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. Milin Mehta - Additional director (Appointed w.e.f April 29, 2019)
	Mr. Jaithirth Rao -Independent director (Resigned w.e.f July 27, 2017)
	Mr. Pankaj Sachdeva - Chief Executive Officer
	Mr. Sandeep Agrawal - Chief Financial Officer (Appointed w.e.f April 29, 2019)
	Mr. G Parthasarathy - Chief Financial Officer (Resigned w.e.f November 09 ,2018)
	Other Related Party

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

b) Transactions with related parties

	Year ended March 31, 2019				Year ended March 31, 2018			
	Subsidiaries	Associates	Joint venture	KMP and other related party	Subsidiaries	Associates	Joint venture	KMP
(Sale)/Purchase of goods/services	15,408	(144)	-	-	(2,143)	98	-	-
Purchase of investments	-	-	-	-	48	-	-	-
Others - expense / (income) *	404	(27)	-	-	2,398	130	-	-
Reimbursements received/receivable	207	1	(5)	-	269	12	4	-

* Other income also include group fees and Other expenses excludes allowances for expected credit loss which have been recognised during the year for subsidiaries amounting to INR 1,483 lakhs and Joint venture amounting to INR 332 lakhs

c) Balances with related parties

	Year ended March 31, 2019				Year ended March 31, 2018			
	Subsidiaries	Associates	Joint venture	KMP and other related party	Subsidiaries	Associates	Joint venture	KMP
Advances/ amount recoverable **	12,444	306	456	-	8,599	388	426	-
Loan to/(from) and amounts payable	274	-	-	(829)	255	-	-	(42)
"Creditors/ payables"	(6,662)	(27)	(5)	-	(1,413)	-	-	-

** Excludes allowances for expected credit loss for Subsidiaries amounting to INR 1,483 lakhs and Joint venture amounting to INR 332 lakhs

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 - INR 260 lakhs (March 31, 2018 INR 248 lakhs)

ii) Mr. Rajiv Mittal - INR (700 lakhs) (March 31, 2018 : Nil)

d) List of guarantees

	As at March 31, 2019				As at March 31, 2018			
	Subsidiaries	Associates	Joint venture	KMP and other related party	Subsidiaries	Associates	Joint venture	KMP
Corporate guarantee for securing banking lines	20,916	-	-	-	24,958	-	-	-
Bank guarantee for contract performance	11,421	1,011	-	-	10,982	681	-	-
Bank guarantee for contract performance and warranty	-	-	1,216	-	-	-	1,135	-

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

e) Remuneration to Key Managerial Personnel and Other Related Parties

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries including bonus	663	738
Post employment and termination benefits	49	57
Commission	65	69

Note :Does not include remunerations paid to Mr. Milin Mehta and Mr. Sandeep Agrawal since they were appointed after year ended March 31, 2019.

41 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 maximise the use of observable inputs and minimise 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 at March 31, 2019, March 31, 2018:

(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					
2019	March 31, 2019	17	-	-	17
2018	March 31, 2018	17	-	-	17

	Fair value measurement using				
	Date of valuation	Carrying value	Level 1	Level 2	Level 3
ii) Liabilities measured at fair value:					
Financial guarantees					
2019	March 31, 2019	1,259	-	-	1,259
2018	March 31, 2018	1,446	-	-	1,446

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
iii) Liabilities measured at amortised cost:		
a) Interest-bearing loans and borrowings:		
Floating rate borrowings	-	-
Fixed rate borrowings	43,471	27,626

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.

42 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 and 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.

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 and are translated at the closing rate:-

	Foreign currency exposure (in INR in lakhs)	
	USD	EUR
March 31, 2019		
Financial assets	35,913	312
Financial liabilities	7,728	2,972
March 31, 2018		
Financial assets	25,850	372
Financial liabilities	14,378	202

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

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

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/ INR exchange rate and EUR/ INR exchange rate 'all other things being equal'. It assumes a +/-1% change of the INR /USD and INR /EUR exchange rate for the year ended March 31, 2019 (March 31, 2018: 1%).

If the INR had strengthened against the USD by 1% during the year ended March 31, 2019 (March 31, 2018: 1%), and EUR by 1% during the year ended March 31, 2019 (March 31, 2018: 1%) respectively then this would have had the following impact on profit before tax and equity before tax:

		As at March 31, 2019	As at March 31, 2018
Profit before tax			
USD	+1%	282	115
EUR	+1%	(27)	2
		255	117
Equity before tax			
USD	+1%	282	115
EUR	+1%	(27)	2
		255	117

If the INR had weakened against the USD by 1% during the year ended March 31, 2019 (March 31, 2018: 1%) and EUR by 1% during the year ended March 31, 2019 (March 31, 2018: 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 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 March 31, 2019	As at March 31, 2018
Classes of financial assets		
Trade receivables	1,55,650	1,50,812
Cash and bank balances	7,499	6,180
Other financial assets	9,340	7,175

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 March 31, 2019, the Company had 10 (Previous year 2017-18 : 8) customers that owed the Company more than INR 3,000 lakhs each and accounted for approximately 80% (Previous year 2017-18: 70%) of all the receivables outstanding.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

As at March 31, 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 including interest as at March 31, 2019 and March 31, 2018.

Year ended March 31, 2019	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Borrowings	37,434	-	7,156	-
Trade payables	1,11,454	-	8,801	-
Other financial liabilities	3,636	1,259	149	-
	1,52,524	1,259	16,106	-
Year ended March 31, 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	-
	1,22,387	1,446	12,728	-

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

43 Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the reporting date (March 31, 2019) and the date of authorisation.

44 Contingent liabilities, commitments and guarantees

a) Claims against the Company not acknowledged as debt

	As at March 31, 2019	As at March 31, 2018
Income tax demand including interest contested in appeal for various assessment years	2,950	3,096
Indirect tax matters under dispute including interest contested in appeal for various years	4,569	2,618

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 March 31, 2019	As at March 31, 2018
Guarantees issued by the Company for:		
- subsidiaries/joint venture/ associates	13,648	12,798
- Others	48,633	45,483

45 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.

46 The Company has been executing certain projects in the states of Andhra Pradesh and Telangana as part of a consortium. The Company took over the projects as consortium leader in 2014-15 and a corporate insolvency resolution process was ordered against the erstwhile consortium lead member Tecpro Systems Limited (Tecpro') in 2017-18. The amounts receivable from these projects of INR 41,556 lakhs, which are net of expected credit loss accounted as per Company's accounting policy, are recoverable progressively upon satisfactory completion of the contractual milestones. The Company is also pursuing legal action to recover an amount of INR 6,953 lakhs from Tecpro and has filed an appeal with National Company Law Appellate Tribunal.

In terms of our report of even date attached

For Sharp & Tannan
Chartered Accountants
Firm's Registration No.: 003792S

per **V Viswanathan**
Partner
(Membership No.: 215565)

Place : Chennai
Date : May 21, 2019

For and on behalf of the Board of Directors of **VA Tech Wabag Limited**

B D Narang
Chairman
(DIN :00826573)

Sandeep Agrawal
Chief Financial Officer

Place : Chennai
Date : May 21, 2019

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

R Swaminathan
Company Secretary
(Membership No.:17696)

Independent Auditor's Report

To the members of VA Tech Wabag Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of VA Tech Wabag Limited (hereinafter referred to as the "Company" / "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") which includes Group's share of profit / loss in its associates and its joint ventures, which comprise the Consolidated Balance Sheet as at 31 March 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year ended on that date and notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint venture as at 31 March 2019, the consolidated profit and consolidated total comprehensive income, its consolidated cash flows and consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint

venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

We draw reference to Note 49 of the consolidated financial statements which describes that the Holding Company has been executing certain projects in the states of Andhra Pradesh and Telangana as part of a consortium. The Holding Company took over the projects as consortium leader in 2014-15 and a corporate insolvency resolution process was ordered against the erstwhile consortium lead member Tecpro Systems Limited ('Tecpro') in 2017-18. The amounts receivable from these projects of Rs. 41,556 Lakhs, which are net of expected credit loss accounted as per Holding Company's accounting policy, are recoverable progressively upon satisfactory completion of the contractual milestones. The Holding Company is also pursuing legal action to recover an amount of Rs. 6,953 Lakhs from Tecpro and has filed an appeal with National Company Law Appellate Tribunal. Based on the management's assessment, on which we have relied upon and the audit procedures carried out by us, there are no significant risks in the recovery of the above-mentioned amounts. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Independent Auditor's Report (Contd.)

S No	Key audit matter description and principal audit procedures
1	<p data-bbox="199 389 443 413">Revenue recognition</p> <p data-bbox="199 421 880 445">Refer Notes 4.4, 12 and 24 in consolidated financial statements</p> <p data-bbox="199 459 1471 747">The Group has implemented the new revenue accounting standard (Ind AS 115 – Revenue from contracts with Customers) during the year and accordingly carried out the recognition, measurement, presentation and disclosures of revenue in the consolidated financial statements. The Group recognises revenue and margin on the stage of completion based on the proportion of contract costs incurred relative to the estimated total costs of each contract. The recognition of revenue and margin therefore relies on estimates in relation to the forecasted total costs on each contract. Cost contingencies may also be included in these estimates to take account of specific uncertain risks arising within each contract. These cost estimates are reviewed by the Group on a regular basis during contract execution and adjusted where appropriate. There is significant management judgement in estimating the amount of revenue and margin to be recognised by the Group up to the balance sheet date and changes to these estimates could give rise to material variances, hence revenue recognition has been considered as a key audit matter.</p> <p data-bbox="199 753 715 778">The auditors' procedures included the following:</p> <ul data-bbox="199 792 1471 1346" style="list-style-type: none"> <li data-bbox="199 792 1471 983">• Evaluated management's processes and controls in respect of the recognition of revenue through the following procedures. As part of this process, we tested key controls including: <ul data-bbox="231 854 1471 983" style="list-style-type: none"> <li data-bbox="231 854 1471 909">- the preparation, review and authorisation of contract review sheets for contracts which contains estimated total costs for the contracts including risk provisions <li data-bbox="231 919 995 943">- the project reviews that are undertaken by the Group's management <li data-bbox="231 953 1027 977">- the controls in relation to accrual of cost towards materials and services <li data-bbox="199 993 1235 1018">• Recalculated revenue recognised under the percentage of completion method on a test basis <li data-bbox="199 1028 1471 1082">• Evaluated the financial performance of contracts against budget / earlier year and obtained reasons for significant deviations thereto. <li data-bbox="199 1092 1471 1177">• Tested the contract value considered by reference to underlying contract document, costs incurred to date and total contract costs for a sample of contracts selected based on factors such as value of contracts, material new contracts and contracts where significant risks have been identified either by the management or the audit team. <li data-bbox="199 1187 1331 1211">• Conducted site visits on a test basis to confirm our understanding of the risks and controls at site level. <li data-bbox="199 1221 1471 1306">• Reviewed management's assessment of impact of pre-GST taxes on the contract revenue and its effect on the consolidated financial statements for contracts entered into prior to the introduction of GST where execution is under progress, <li data-bbox="199 1316 1315 1340">• Reviewed compliance with the new revenue accounting standard including the transitional provisions
2	<p data-bbox="199 1356 828 1380">Dues from customers (unbilled) and Trade receivables</p> <p data-bbox="199 1389 995 1413">Refer Notes 2.1, 4.4, 7, 12, 34 and 49 in consolidated financial statements</p> <p data-bbox="199 1427 1471 1707">The Group measures revenue to be recognised based on the contract costs incurred over the total estimated costs for each contract. Such revenue recognised in excess of progress billing is presented as 'Dues from customers' which are yet to be billed. Such Dues from customers are recognised based on the contractual terms and management's assessment of recoverability from customers. Management also assesses the recoverability of Trade receivables including those which have remained unsettled beyond contractual credit period using judgement and past collection trends in similar contracts and customers. The management estimates and recognises allowance for expected credit losses on Trade receivables which involves estimation of expected default and/or delay in the customer making payment over the duration of the contract and realisability of Dues from customers, considering the past trend and management assessment on the reporting date. Since the valuation of Dues from customers and Trade receivables involve significant management judgement and estimates, it has been considered as a key audit matter.</p>

Independent Auditor's Report (Contd.)

S No	Key audit matter description and principal audit procedures
	<p>The auditors' procedures included the following:</p> <ul style="list-style-type: none"> • Evaluated management's processes and controls in respect of Dues from customers and Trade receivables for the following, <ul style="list-style-type: none"> - risk assessment pertaining to invoicing and recoverability - assessment of the probability of default and delay - assessment of the significant increases in credit risk, if any • Requested confirmation of balances from customers having significant outstanding balances during the year • Reviewed the project progress, invoicing and collection history of customers with significant Dues from customers or Trade receivables. Discussed with the project team to understand the management's assessment of risk associated with recoverability • Analysed the past trend and inquired into the reasonableness of provision matrix developed by the management for estimating the allowance for Dues from customers and Trade receivables. • Considered the subsequent events and collections in assessing the recoverability of Dues from customers and Trade receivables • Consulted legal counsel wherever necessary for legal disputes to assess the valuation of Trade receivables.

Other matters

1. During the year, the Group has carried out a reclassification as described in Note 2.1 of the consolidated financial statements, in the comparative balance sheets as of 1 April 2017 and 31 March 2018. We have not carried out any audit procedures on the financial information of the comparative periods presented in the consolidated financial statements other than the audit of the abovementioned reclassification.
2. The comparative consolidated financial information of the Group for the year ended 31 March 2018 presented in the consolidated financial statements were audited by the predecessor auditor who had issued unmodified audit report dated 25 May 2018
3. The consolidated financial statements include the financial statements of eighteen subsidiaries, whose financial information reflect total assets of Rs. 138,379 Lakhs and net assets of Rs. 34,695 Lakhs as at 31 March 2019, total revenues of Rs. 127,189 Lakhs, net loss (including other comprehensive income) of Rs. 2,376 Lakhs and net cash outflows amounting to Rs. 2,104 Lakhs for the year ended on that date, which have not been audited by us. The consolidated financial statements also include the Group's share of total comprehensive income (net) of Rs. 333 Lakhs for the year ended 31 March 2019, in respect of two associates and one joint venture, whose financial statements have not been audited by us. The financial information of these subsidiaries, associates and joint venture have

been audited by other auditors whose reports have been furnished to us by the management of the Holding Company 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 such 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.

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Board of Directors of the Holding Company is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis and Report on Corporate Governance but does not include the consolidated financial statements and our report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information

Independent Auditor's Report (Contd.)

is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

The Board of Directors of the Holding Company is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associates and joint venture in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, and of its associates and joint venture and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for assessing the ability of the Group and of its associates and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for overseeing the financial reporting process of the Group and of its associates and joint venture.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based

Independent Auditor's Report (Contd.)

on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group, its associates and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group, its associates and joint venture to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, its associates and joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may

reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit 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 purposes 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 Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity 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 the Ind AS specified under section 133 of the Act and read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) on the basis of the written representations received from the directors of the Company as on 31 March 2019 taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

Independent Auditor's Report (Contd.)

(f) with respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on our report of the Company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting for the Company for reasons stated therein.

(g) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with provisions of Section 197 of the Act.

(h) 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:

- i. the Group, as detailed in Note 47 to the consolidated financial statements, has disclosed the impact of pending litigations on its consolidated financial position of the Group;
- ii. the Group, as detailed in Note 20 to the consolidated 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.

for **SHARP & TANNAN**
Chartered Accountants
(Firm's Registration No. 003792S)

V. Viswanathan
Partner
Membership No. 215565

Place : Chennai
Date : 21 May 2019

Annexure A to the Independent Auditor's Report

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of VA Tech Wabag Limited of even date)

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')

We have audited the internal financial controls over financial reporting of VA Tech Wabag Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("the 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 its 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 Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 internal financial control over financial reporting 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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and

Annexure A to the Independent Auditor's Report (Contd.)

not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively

as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

for **SHARP & TANNAN**
Chartered Accountants
(Firm's Registration No. 003792S)

V. Viswanathan
Partner
Membership No. 215565

Place : Chennai
Date : 21 May 2019

Consolidated Balance Sheet

as at March 31, 2019

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Note	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
ASSETS				
Non-current assets				
Property, plant and equipment	5	8,823	9,921	10,530
Intangible assets	5	6,057	7,321	6,914
Investments accounted for using the equity method	6	815	436	313
Financial assets				
- Investments	6	17	17	17
- Trade receivables	7	35,653	41,706	38,773
- Bank balances	8	163	498	-
- Other financial assets	9	1,480	550	205
Deferred tax assets (net)	10	9,909	3,801	2,468
Income tax assets (net)	11	5,608	6,485	5,374
Other non-current assets	12	312	319	431
		68,837	71,054	65,025
Current assets				
Inventories	13	1,536	3,822	3,850
Financial assets				
- Investments	6	-	-	1,916
- Trade receivables	7	1,35,105	1,30,279	1,17,193
- Cash and cash equivalents	14	13,453	13,656	23,905
- Bank balances other than those mentioned in cash and cash equivalents	14	4,449	4,861	2,269
- Other financial assets	9	4,494	3,484	4,087
Other current assets	12	1,49,977	1,45,873	1,16,813
		3,09,014	3,01,975	2,70,033
Total assets		3,77,851	3,73,029	3,35,058
EQUITY AND LIABILITIES				
Equity				
Equity share capital	15	1,094	1,093	1,091
Other equity				
- Securities premium reserve		27,762	27,694	27,536
- Reserves and surplus		78,035	84,079	70,686
Share application money pending allotment		-	-	1
Equity attributable to owners of the parent		1,06,891	1,12,866	99,314
Non-controlling interest		1,667	3,375	1,725
Total equity		1,08,558	1,16,241	1,01,039
Liabilities				
Non-current liabilities				
Financial liabilities				
- Borrowings	17	9,959	4,993	6,322
- Trade payables				
total outstanding dues of micro enterprises and small enterprises	18	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	18	9,561	12,772	14,269
- Other financial liabilities	19	150	224	215
Provisions	20	1,296	1,385	1,358
Deferred tax liabilities (net)	10	1,283	1,289	307
Other non-current liabilities	21	5,073	6,658	4,481
		27,322	27,321	26,952
Current liabilities				
Financial liabilities				
- Borrowings	17	48,411	42,738	24,586
- Trade payables				
total outstanding dues of micro enterprises and small enterprises	18	922	825	604
total outstanding dues of creditors other than micro enterprises and small enterprises	18	1,58,215	1,48,162	1,25,140
- Other financial liabilities	19	5,316	3,087	5,275
Other current liabilities	21	21,963	23,201	41,159
Provisions	20	4,032	5,535	5,213
Current tax liabilities (net)	22	3,112	5,919	5,090
		2,41,971	2,29,467	2,07,067
Total liabilities		2,69,293	2,56,788	2,34,019
Total equity and liabilities		3,77,851	3,73,029	3,35,058

Notes 1 to 49 form an integral part of these consolidated financial statements

In terms of our report even date attached

For **Sharp & Tannan**
Chartered Accountants
Firm's Registration No.: 003792S

per **V Viswanathan**
Partner
(Membership No.: 215565)

Place : Chennai
Date : May 21, 2019

For and on behalf of the Board of Directors of **VA Tech Wabag Limited**

B D Narang
Chairman
(DIN :00826573)

Sandeep Agrawal
Chief Financial Officer

Place : Chennai
Date : May 21, 2019

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

R Swaminathan
Company Secretary
(Membership No.:17696)

Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Note	Year ended March 31, 2019	Year ended March 31, 2018
Income			
Revenue from operations	24	2,78,096	3,45,728
Other income	25	435	565
Total income		2,78,531	3,46,293
Expenses			
Cost of sales and services	26	2,11,862	2,73,300
Changes in inventories	27	271	62
Employee benefits expense	28	25,377	26,371
Finance costs	29	7,532	5,768
Depreciation and amortisation expense	30	1,679	1,784
Other expenses	31	21,172	16,819
Total expenses		2,67,893	3,24,104
Profit before share of net profits of investments accounted for using equity method and tax		10,638	22,189
Share of profit of associates and a joint venture, net		333	256
Profit before tax		10,971	22,445
Tax expense	32		
Current tax		3,766	8,185
Deferred tax		(1,717)	(445)
Profit for the year		8,922	14,705
Profit for the year attributable to:			
Owners of the parent		10,502	13,151
Non-controlling interests		(1,580)	1,554
		8,922	14,705
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Re-measurement gains/(losses) on defined benefit plans		33	(8)
- Income tax relating to items that will not be reclassified to profit and loss		(10)	(14)
- Exchange differences on translation of foreign operations		(49)	167
		(26)	145
Items that will be reclassified subsequently to profit and loss			
- Exchange differences on translation of foreign operations		(411)	2,875
		(411)	2,875
Other comprehensive income for the year, net of tax		(437)	3,020
Total comprehensive income for the year		8,485	17,725
Other comprehensive income for the year, net of tax attributable to:			
Owners of the parent		(388)	2,853
Non-controlling interests		(49)	167
		(437)	3,020
Total comprehensive income for the year attributable to:			
Owners of the parent		10,114	16,004
Non-controlling interests		(1,629)	1,721
		8,485	17,725
Earnings per equity share	33		
Basic (in INR)		19.21	24.08
Diluted (in INR)		19.21	24.04

Notes 1 to 49 form an integral part of these consolidated financial statements

In terms of our report even date attached

For **Sharp & Tannan**
Chartered Accountants
Firm's Registration No.: 003792S

per **V Viswanathan**
Partner
(Membership No.: 215565)

Place : Chennai
Date : May 21, 2019

For and on behalf of the Board of Directors of **VA Tech Wabag Limited**

B D Narang
Chairman
(DIN :00826573)

Sandeep Agrawal
Chief Financial Officer

Place : Chennai
Date : May 21, 2019

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

R Swaminathan
Company Secretary
(Membership No.:17696)

Consolidated Statement of cash flows

for the year ended March 31, 2019

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
A. Cash flow from operating activities		
Profit before tax	10,971	22,445
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>		
Depreciation and amortisation expense	1,679	1,784
Share of (gain) of associates and a joint venture, net	(333)	(256)
Unrealised foreign exchange loss/(gain)	1,395	(488)
Bad and doubtful debts, net	9,247	5,784
Unclaimed credit balances	(2,597)	(440)
(Gain)/Loss on sale of property, plant and equipment, net	(7)	4
Interest expenses	4,255	2,689
Interest income	(435)	(565)
Provision for foreseeable losses on contracts	203	168
Provision for compensated absences and gratuity	632	605
Provision for liquidated damages	929	477
(Reversal)/Provision for warranty	(1,302)	207
Operating profit before working capital changes	24,637	32,414
Changes in working capital		
(Increase) in trade receivables	(8,833)	(20,458)
(Increase)/ Decrease in other financial assets	(1,940)	258
(Increase) in other assets	(20,389)	(29,058)
Decrease in inventories	271	62
Increase in trade payables	10,011	22,746
(Decrease) in other financial liabilities	(366)	(2,163)
(Decrease) in other liabilities	(3,361)	(15,781)
(Decrease) in provisions	(1,960)	(1,350)
Cash (used in) operating activities	(1,930)	(13,330)
Direct taxes paid, net	(5,696)	(8,248)
Net cash (used in) operating activities	(7,626)	(21,578)
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital advances)	(280)	(638)
Proceeds from sale of property, plant and equipment and Intangible assets	110	276
Proceeds from sale of investments	-	1,916
Dividend received	107	109
Interest received	377	312
Net movement in bank deposits	805	(3,056)
Net cash generated from / (used in) investing activities	1,119	(1,081)
C. Cash flow from financing activities		
Proceeds from long-term borrowings	9,375	-
(Repayment) of long-term borrowings	(1,888)	(1,345)
Proceeds/(Repayment) of short-term borrowings, net	3,764	17,169
Proceeds from issue of equity shares including securities premium	61	151
Interest paid	(4,155)	(2,689)
Dividend paid (including additional tax on dividend)	(2,302)	(2,674)
Net cash generated from financing activities	4,855	10,611

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
D. Net change in cash and cash equivalents	(1,652)	(12,048)
Effects of foreign currency translation	187	2,233
E. Cash and cash equivalents at the beginning	13,656	23,905
F. Bank overdraft at the beginning	(373)	(807)
G. Cash and cash equivalents in Cash Flow Statement at the end	11,818	13,283
Cash and cash equivalents include		
Cash on hand	137	125
Cheques on hand	1,955	1,813
Balances with banks		
- in current accounts	11,254	9,643
- in deposit accounts (maturity upto 3 months)	107	2,075
Cash and cash equivalents as per note 14	13,453	13,656
Bank overdraft as per note 17	(1,635)	(373)
Cash and cash equivalents in Cash Flow Statement	11,818	13,283

Notes 1 to 49 form an integral part of these consolidated financial statements

In terms of our report even date attached

For Sharp & Tannan
Chartered Accountants
Firm's Registration No.: 003792S

per **V Viswanathan**
Partner
(Membership No.: 215565)

Place : Chennai
Date : May 21, 2019

For and on behalf of the Board of Directors of **VA Tech Wabag Limited**

B D Narang
Chairman
(DIN :00826573)

Sandeep Agrawal
Chief Financial Officer

Place : Chennai
Date : May 21, 2019

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

R Swaminathan
Company Secretary
(Membership No.:17696)

Consolidated Statement of Changes in Equity

For the year ended March 31, 2019

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

A. Equity share capital (Issued, subscribed and fully paid-up)

Particulars	Notes	Amount
Balance as at April 01, 2017		1,091
Issued pursuant to Employee Stock Option Plan	2	
Balance as at April 01, 2018	15	1,093
Issued pursuant to Employee Stock Option Plan	1	
Balance as at March 31, 2019		1,094

B. Other equity

Particulars	Attributable to the equity holders of the Parent										Non-controlling interest	Total equity	
	Reserves and surplus												
	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	Total reserves and surplus	Securities premium reserve	Share application money pending allotment			Total attributable to the equity holders of the Parent
Balance as at April 01, 2017	15,617	58	3,301	50,316	61	1,969	(636)	70,686	27,536	1	98,223	1,725	99,948
Dividends	16	-	-	(2,183)	-	-	-	(2,183)	-	-	(2,183)	(71)	(2,254)
Dividend distribution tax	16	-	-	(421)	-	-	-	(421)	-	-	(421)	-	(421)
Issue of share capital on exercise of employee share option	-	(8)	-	-	-	-	-	(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 interest	220	(21)	13	(2,833)	10	-	-	(2,611)	158	(1)	(2,455)	(71)	(2,525)
Profit for the year	-	-	-	13,151	-	-	-	13,151	-	-	13,151	1,554	14,705
Other comprehensive income (net of tax)	-	-	-	-	-	2,875	(22)	2,853	-	-	2,853	167	3,020
Total comprehensive income	-	-	-	13,151	-	2,875	(22)	16,004	-	-	16,004	1,721	17,725
Balance as at March 31, 2018	15,837	37	3,314	60,634	71	4,844	(658)	84,079	27,694	-	1,11,773	3,375	1,15,148

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Particulars	Attributable to the equity holders of the Parent										Non-controlling interest	Total equity		
	Reserves and surplus					Securities premium reserve							Share application money pending allotment to the equity holders of the Parent	
	Notes	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	Total reserves and surplus	Total premium reserve				
Balance as at March 31, 2018		15,837	37	3,314	60,634	71	4,844	(658)	84,079	27,694	-	1,11,773	3,375	1,15,148
Adjustment on adoption of Ind AS-115		-	-	-	(18,206)	-	-	-	(18,206)	-	-	(18,206)	-	(18,206)
Deferred tax impact on transition		-	-	-	4,279	-	-	-	4,279	-	-	4,279	-	4,279
Balance as at April 01, 2018		15,837	37	3,314	46,707	71	4,844	(658)	70,152	27,694	-	97,846	3,375	1,01,221
Dividends	16	-	-	-	(2,186)	-	-	-	(2,186)	-	-	(2,186)	(79)	(2,265)
Dividend distribution tax	16	-	-	-	(37)	-	-	-	(37)	-	-	(37)	-	(37)
Issue of share capital on exercise of employee share option		-	(8)	-	-	-	-	-	(8)	68	-	60	-	60
Transfer to general reserve		-	(29)	29	-	-	-	-	-	-	-	-	-	-
Share application money received		-	-	-	-	-	-	-	-	-	59	59	-	59
Equity shares allotted		-	-	-	-	-	-	-	-	-	(59)	(59)	-	(59)
Transfer between reserves		-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners/ Non-controlling interest		-	(37)	29	(2,223)	-	-	-	(2,231)	68	-	(2,163)	(79)	(2,242)
Profit/(loss) for the year		-	-	-	10,502	-	-	-	10,502	-	-	10,502	(1,580)	8,922
Other comprehensive income (net of tax)		-	-	-	-	-	(411)	23	(388)	-	-	(388)	(49)	(437)
Total comprehensive income		-	-	-	10,502	-	(411)	23	10,114	-	-	10,114	(1,629)	8,485
Balance as at March 31, 2019		15,837	-	3,343	54,986	71	4,433	(635)	78,035	27,762	-	1,05,797	1,667	1,07,464

Notes 1 to 49 form an integral part of these consolidated financial statements

In terms of our report even date attached

For Sharp & Tannan
Chartered Accountants
Firm's Registration No.: 003792S

per V Viswanathan
Partner
(Membership No.: 215565)

Place : Chennai
Date : May 21, 2019

For and on behalf of the Board of Directors of **VA Tech Wabag Limited**

B D Narang
Chairman
(DIN : 00826573)

Sandeep Agrawal
Chief Financial Officer

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

R Swaminathan
Company Secretary
(Membership No.: 17696)

Place : Chennai
Date : May 21, 2019

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 ('Parent'), and its subsidiaries, its associates and joint venture (collectively referred to as '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.

Effective April 01, 2018 the Group has adopted Ind AS-115 "Revenue from contracts with customers" using modified retrospective transition method and therefore the comparative information has not been restated. The new standard replaces the existing standards for revenue recognition - Ind AS 18 "Revenue Recognition" and Ind AS 11 "Construction Contracts".

The consolidated financial statements as at and for the year ended March 31, 2019 are approved and authorized for issue by the Board of Directors on May 21, 2019.

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.

The Group has reclassified its Dues from customers for construction contract work from "Trade Receivables" to "Other Current assets" for better presentation and disclosure. Such dues from customers for construction contract work represents receivables recognised as per percentage of completion method pending milestone invoicing to customer. Pursuant to Ind AS 1, Para 40A the group has presented a third balance sheet dated April 01, 2017 this being a material reclassification in the financial statements.

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 Group has not applied as they are effective for annual periods beginning on or after April 01, 2019:

a. Ind AS 116- Leases :

Ind AS 116 will replace the existing leases standard, Ind AS 17, Leases and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties of the contract i.e. the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The standard can be applied either retrospectively to each prior reporting period presented or can be applied retrospectively with recognition of cumulative effect for lease contracts as at the date of initial application.

b. Ind AS 12- Income taxes, Appendix C :

Appendix-C clarifies the recognition and measurement principles while recognizing current tax, deferred tax, taxable profits (losses), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over tax treatments under Ind AS 12. As per the Appendix, the Company

Summary of Significant Accounting Policies and Other Explanatory Information

needs to assess whether it is probable that a tax authority will accept an uncertain tax treatment used or a treatment which is being proposed to be used in its income tax filings.

c. **Amendment of Ind AS-12- Income taxes:**

Amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

d. **Amendment to Ind AS 19- Employee benefits:**

Amendment requires an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement.

The amendments also requires an entity to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The Group is in the process of evaluating the impact on account 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 March 31, 2019. 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	
		March 31, 2019	March 31, 2018
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 Bmo 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	-
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

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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 consolidated 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 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.

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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.

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.

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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. Revenue is recognized upon transfer of control of promised goods or services under a contract.

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 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.

The Group derives revenues from two types of contracts:

- a. Construction contracts - Customer contracts towards delivering a water treatment facility that is fit for purpose as per the contract
- b. Operation and maintenance contracts - Customer contracts towards operation and maintenance of water treatment facilities

The Group determines its performance obligations included in the contracts signed with customers. Most contracts with customers include a single performance obligation. When a customer contract includes both a construction and operation & maintenance, the performance obligations are separately identified and revenue is recognized in accordance with the principles of Ind AS 115.

a. Construction contracts:

Construction contracts generally involve design, supply, construction, installation and commissioning of water treatment facilities on turnkey basis.

The transaction price is usually a fixed consideration with a variable consideration on a case to case basis. Variable consideration (penalties, damages, claims etc.) is included in the transaction price to the extent it is highly probable that a significant reversal in the amount of revenue recognized will not occur.

Construction contracts usually have a single performance obligation, wherein the control of goods and services are transferred progressively over the period of the contract. The group satisfies its performance obligation upon completing the scope of the construction contract and achieving customer acceptance.

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 contract 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. 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, in excess of the amounts presented as "Trade receivable", are presented as contract assets under "Due from customers for construction contract work" as part of other current assets. Due from customers for construction contract work represents costs incurred plus recognized profits (less recognized losses) in excess of progress billing for all contracts in progress.

The gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses) is presented as contract liabilities under "Billing in advance of work

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completed” as part of other current liabilities. Prepayments received from customers in advance of performance under the contract are also presented as contract liabilities and represented as “Advances from customers” as part of other current liabilities.

b. Operation and maintenance contracts:

Operation and maintenance contracts involve operation and maintenance services for water treatment facilities and supply of spares. Revenue from operation and maintenance contracts are recognized as the services are provided and invoiced to the customer, as per the terms of the contract.

The amount due from customers for operation and maintenance contracts are presented as “Trade receivable”. Prepayments received from customers in advance of performance under the contract are presented as contract liabilities and represented as “Advances from customers” as part of other current liabilities.

c. 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 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

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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

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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 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

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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.

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.

e) 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

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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.

f) **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.

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 and 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.

Contract inventories 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 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.

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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

Parent

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 Parent 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

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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.

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:

Summary of Significant Accounting Policies and Other Explanatory Information

- 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
- 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 recognised 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 recognise contingent assets unless the realisation 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 and 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 capitalised 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

a. 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

Summary of Significant Accounting Policies and Other Explanatory Information

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 geographies. The entities in the Group are organised 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.

b. Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

c. 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 recognise 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.

Recognising 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 recognised 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 utilised. 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 realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation 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)).

Summary of Significant Accounting Policies and Other Explanatory Information

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 realisation 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 April 01, 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 March 31, 2019 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.

Summary of Significant Accounting Policies and Other Explanatory Information

(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 April 01, 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	-	-	-
Effects of foreign currency translation	-	2	54	(28)	1	75	72	183	359	135	956	1,091
Balance as at March 31, 2018	1,698	4,037	849	2,397	565	1,068	993	1,464	13,071	1,396	7,909	9,305
Additions	-	-	3	11	1	76	82	55	228	52	-	52
Disposals	-	-	-	-	-	8	54	273	335	1	-	1
Effects of foreign currency translation	-	-	(10)	(1)	-	(4)	(18)	(25)	(58)	(28)	(1,034)	(1,062)
Balance as at March 31, 2019	1,698	4,037	842	2,407	566	1,132	1,003	1,221	12,906	1,419	6,875	8,294
Accumulated depreciation/ amortisation												
Balance as at April 01, 2017	-	127	128	673	149	356	356	386	2,175	648	565	1,213
Depreciation/amortisation 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	-	-	-
Effects of foreign currency translation	-	-	22	14	-	(42)	74	28	96	117	123	240
Balance as at March 31, 2018	-	195	205	928	216	528	673	405	3,150	978	1,006	1,984
Depreciation/amortisation expense for the year	-	68	56	258	60	199	251	277	1,169	143	367	510
Reversal on disposal of assets	-	-	-	-	-	1	49	182	232	1	-	1
Effects of foreign currency translation	-	-	(4)	11	-	(15)	(40)	44	(4)	(18)	(238)	(256)
Balance as at March 31, 2019	-	263	257	1,197	276	711	835	544	4,083	1,102	1,135	2,237
Net carrying value												
Balance as at April 01, 2017	1,698	3,908	551	1,814	414	596	392	1,157	10,530	526	6,388	6,914
Balance as at March 31, 2018	1,698	3,842	644	1,469	349	540	320	1,059	9,921	418	6,903	7,321
Balance as at March 31, 2019	1,698	3,774	585	1,210	290	421	168	677	8,823	317	5,740	6,057

Refer note 17 for details of exclusive charge on Freehold Land and Buildings of the parent against borrowings.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

6 Investments

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 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)	299	257	229
VA Tech Wabag and Roots Contracting L.L.C, Qatar* (98 (Previous year : 98) equity shares of Qatari Rial 1,000 each)	516	179	84
International Water Treatment LLC, Oman** (48,750 (Previous year : 48,750) equity shares of OMR 1 each)	69	69	69
Less: Provision for impairment of investment in International Water Treatment LLC, Oman	(69)	(69)	(69)
	815	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 INR 10 each)	15	15	15
Konark Water Infraprojects Private Limited (5,000 (Previous year : 5,000) equity shares of INR 10 each)	1	1	1
Aurangabad City Water Utility Company Limited (5,000 (Previous year : 5,000) equity shares of INR 10 each)	1	1	1
Thoothukudi Renew Waters Private Limited*** (2,600 (Previous year : 2,600) equity shares of INR 10 each)	-	-	-
Ganapati Marine Enterprises Private Limited# (573 (Previous Year: 573) equity shares of INR 10 each)	-	-	-
	17	17	17
Total non-current investments	832	453	330
Aggregate amount of unquoted investments	901	522	399
Aggregate amount of impairment in the value of investments	(69)	(69)	(69)
Extent of investment in those accounted for using the equity method			
Windhoek Goreangab Operating Company (Pty) Limited, Namibia	33.0%	33.0%	33.0%
VA Tech Wabag and Roots Contracting L.L.C, Qatar*	49.0%	49.0%	49.0%
International Water Treatment L.L.C, Oman**	32.5%	32.5%	32.5%

Also refer note 45 - Interest in other entities

* 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 VA Tech Wabag and Roots Contracting L.L.C, Qatar, the investment was classified as a subsidiary at inception. During the year ended March 31, 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.

** 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 INR 26,000 (March 31, 2018 : INR 26,000) the same is below the rounding off norm adopted by the Group.

Since the amount of investment is INR 5,730 (March 31, 2018 : INR 5,730) the same is below the rounding off norm adopted by the Group.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 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)

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Non-current	Current	Non-current	Current	Non-current	Current
Trade receivables	12,738	1,12,629	12,035	1,11,553	12,035	1,05,949
Customer retention	22,915	22,476	29,671	18,726	26,738	11,244
	35,653	1,35,105	41,706	1,30,279	38,773	1,17,193
Credit Impaired						
- Trade receivables and customer retention	-	21,223	18	16,773	-	8,725
Less : Allowances for expected credit loss						
- Trade receivables and customer retention	-	(21,223)	(18)	(16,773)	-	(8,725)
	-	-	-	-	-	-
	35,653	1,35,105	41,706	1,30,279	38,773	1,17,193

The carrying amount of the current trade receivables and customer retention 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 INR 371 lakhs (March 31, 2018: INR 372 lakhs). Also refer note 39(c). There are no receivables due from directors or other officers.

All of the Group's trade receivables and customer retentions have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of INR 4,432 lakhs (Year ended March 31, 2018: INR 7,697 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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Balance at the beginning of the year	16,791	9,994
Additions during the year, net	4,432	7,697
Utilised during the year	-	(900)
Balance at the end of the year	21,223	16,791

8 Bank balances

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Non-current bank balances	163	498	-
	163	498	-

Non-current bank balances represents interest bearing deposits with bank with more than 12 months maturity and 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)

9 Other financial assets (Unsecured, considered good)

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Non-current	Current	Non-current	Current	Non-current	Current
Security deposits	1,364	2,032	373	1,051	55	1,421
Tender deposits	-	965	-	1,098	-	1,532
Rental deposits	85	420	94	380	59	524
Advances to employees	31	467	83	434	91	495
Other financial assets	-	610	-	521	-	115
	1,480	4,494	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.

Refer note 41 for a description of Group's financial instrument risks, including risk management objectives and policies.

10 Deferred tax assets (net)

Particulars		As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
The breakup of net deferred tax assets is as follows:				
Deferred tax asset arising on account of :				
- Provision for employee benefits, liquidated damages and foreseeable losses		442	296	604
- Allowances for expected credit loss		4,929	3,238	2,192
- Deferred tax impact on transition to Ind AS-115*		4,320	-	-
- Others		1,502	1,735	2,326
Total deferred tax asset	A	11,193	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		1,592	1,902	545
- Others		847	935	2,309
Total deferred tax liability	B	2,439	2,837	2,854
Foreign exchange fluctuation	C	128	(80)	107
	(A-B-C)	8,626	2,512	2,161
Disclosed as				
Deferred tax assets		9,909	3,801	2,468
Deferred tax liabilities		1,283	1,289	307

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Deferred tax recognised in statement of profit and loss and in other comprehensive income for the year ended March 31, 2019 :

Particulars	Recognised in other comprehensive income	Recognised in statement of profit and loss
Deferred tax asset arising on account of :		
- Provision for employee benefits, liquidated damages and foreseeable losses	10	(156)
- Allowances for expected credit loss	-	(1,691)
- Others*	-	192
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	-	(310)
- Others	-	120
Foreign exchange fluctuation	-	128
Total	10	(1,717)

Deferred tax recognised in statement of profit and loss and in other comprehensive income for the year ended March 31, 2018:

Particulars	Recognised in other comprehensive income	Recognised in statement of profit and loss
Deferred tax asset arising on account of :		
- Provision for employee benefits, liquidated damages and foreseeable losses	14	294
- Allowances for expected credit loss	-	(1,046)
- Others	-	591
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)

* Represent deferred tax assets recognised in retained earnings on account of transition to Ind AS-115 amounting to INR 4,279 lakhs and effects of change in tax rate recognised in current tax expenses amounting INR 41 lakhs.

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 realised. The ultimate realisation 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 realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

The Group carries unused tax losses amounting to INR 1,892 lakhs (March 31, 2018 : INR 5,028 lakhs) on which deferred tax assets have not been recognised as at March 31, 2019. These carry forward losses expires in various years through financial year 2023-24 and exclude losses where usability is estimated to be remote as at reporting date.

11 Income tax assets (net)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Income tax assets net of provision for tax	5,608	6,485	5,374
	5,608	6,485	5,374

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

12 Other assets (Unsecured, considered good)

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Non-current	Current	Non-current	Current	Non-current	Current
Dues from customers for construction contract works	-	1,19,169	-	1,15,333	-	95,183
Advances to supplier	-	17,827	-	16,434	15	11,163
Balances with government authorities	-	10,710	-	11,765	-	6,970
Duty drawback and other duty free credit entitlement receivable	-	378	-	122	-	301
Prepaid expenses	6	1,849	13	2,205	-	2,865
Capital advances	306	-	306	-	416	-
Other assets	-	44	-	14	-	331
	312	1,49,977	319	1,45,873	431	1,16,813

All of the Group's other current assets have been reviewed for indicators of impairment. There are no advances due from directors or other officers.

Effective April 01, 2018, the Group adopted Ind AS-115 "Revenue from Contracts with Customers" using the modified retrospective transition method which is applied to contracts that were not completed as of April 01, 2018. On application of transition provision, the Group has reassessed contract revenues and contract assets and accordingly an adjustment of INR 16,185 lakhs have been effected to the opening retained earning as of April 01, 2018 in line with the modified retrospective transition method.

Prepaid expenses includes pre-contract costs amounting to INR 51 lakhs (March 31, 2018: INR 31 lakhs).

13 Inventories

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Contract inventories	523	2,943	2,814
Stores and spares	1,013	879	1,036
	1,536	3,822	3,850

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

14 Cash and bank balances

Particulars	As at		As at		As at	
	March 31, 2019		March 31, 2018		April 01, 2017	
Cash and cash equivalents						
Cash on hand		137		125		169
Cheques on hand		1,955		1,813		5,308
Balances with banks						
- in current accounts *		11,254		9,643		15,010
- in deposit account (with original maturity upto 3 months)		107		2,075		3,418
	(A)	13,453		13,656		23,905
Bank balances other than those mentioned in cash and cash equivalents						
Unpaid dividend account		11		6		3
Deposits with maturity less than 3 months		210		271		1,639
Deposits with maturity more than 3 months but less than 12 months #		4,210		4,567		612
Balances with bank held as margin money		18		17		15
	(B)	4,449		4,861		2,269
	(A+B)	17,902		18,517		26,174

* Restricted bank balances: Balances with banks include INR 3,658 lakhs (March 31, 2018: INR 3,876 lakhs) held in a foreign country which are not freely remissible because of exchange/ contractual restrictions.

Deposits includes a sum of INR 4,385 lakhs (March 31, 2018: INR 2,851 lakhs) held as margin money or security against the borrowings, guarantees and other commitments.

15 Equity share capital

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Number	Amount	Number	Amount	Number	Amount
Authorised						
Equity shares of INR 2 each	7,50,00,000	1,500	7,50,00,000	1,500	7,50,00,000	1,500
Issued, subscribed and fully paid up						
Equity shares of INR 2 each	5,46,90,428	1,094	5,46,57,390	1,093	5,45,73,058	1,091
	5,46,90,428	1,094	5,46,57,390	1,093	5,45,73,058	1,091

a) Reconciliation of share capital (Equity)

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Number	Amount	Number	Amount	Number	Amount
Balance at the beginning of the year	5,46,57,390	1,093	5,45,73,058	1,091	5,44,96,401	1,090
Add : Issued pursuant to Employee Stock Option Plan	33,038	1	84,332	2	76,657	1
Balance at the end of the year	5,46,90,428	1,094	5,46,57,390	1,093	5,45,73,058	1,091

b) Shareholders holding more than 5% of the aggregate shares in the Parent

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Number	% holding	Number	% holding	Number	% holding
Equity Shares of INR 2 each						
Mr. Rajiv Mittal (Managing Director & Group CEO)	97,09,406	17.8%	97,09,406	17.8%	97,09,406	17.8%
IDFC Premier Equity Fund	-	-	32,39,320	5.9%	31,79,446	5.8%
SBI Magnum Taxgain Scheme	-	-	33,82,154	6.2%	32,82,162	6.0%
	97,09,406	17.8%	1,63,30,880	29.9%	1,61,71,014	29.6%

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

c) Terms/right attached to equity shares

The Parent has issued only one class of equity shares having a face value of INR 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 2,71,42,555 equity shares of face value INR 2 per share as fully paid up bonus shares during the year ended March 31, 2015, pursuant to the bonus issue approved by the shareholders through postal ballot by capitalisation of share premium. Bonus share of one equity share for every equity share held had been allotted.

e) Shares reserved for issue under options

There are no options reserved for issuance of equity shares as at March 31, 2019. The Parent had reserved issuance of 1,22,714 equity shares of INR 2 each for offering to eligible employees of the Parent and its subsidiaries under Employees Stock Option Plan (ESOP) as at March 31, 2018.

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 March 31, 2019.

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 interests 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 summarised as follows:

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Borrowings	61,332	48,172	31,365
Less : Cash and bank balances	18,065	19,015	26,174
Net debt (A)	43,267	29,157	5,191
Total equity (B)	1,08,558	1,16,241	1,01,039
Total equity and net debt (C=A+B)	1,51,825	1,45,398	1,06,230
Gearing ratio (A/C)	28.5%	20.1%	4.9%

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

16 Dividends

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Final dividend paid INR 4 per equity share	2,186	2,183	2,180
Dividend distribution tax	37	421	456
	2,223	2,604	2,636

17 Borrowings

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Non-current	Current	Non-current	Current	Non-current	Current
Secured						
Term loans from banks	5,992	-	800	-	2,169	-
Working capital loan repayable on demand	-	13,964	-	14,738	-	12,250
Overdraft account/Packing credit/ Cash credit	-	33,571	-	27,802	-	12,240
	5,992	47,535	800	42,540	2,169	24,490
Unsecured						
From financial institutions and other parties	3,967	-	4,193	-	4,153	-
From banks	-	176	-	198	-	96
From related parties (Also refer note 39(c))	-	700	-	-	-	-
	3,967	876	4,193	198	4,153	96
Total	9,959	48,411	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) The Parent has obtained Term loan from bank which is secured by First pari-pasu charge on the entire current assets of the parent along with other consortium member banks and exclusive charge on the land and buildings of the Parent. The same has been obtained at an interest rate of 11.90% per annum and is repayable by 28 monthly installments from end of moratorium period of 8 months. The parent has obtained Term loan from other parties which is secured by 16,77,000 equity shares held by promoters. The same is repayable over a period of 16 months.
- (ii) Ujams Wastewater Treatment Company (Pty) Limited has obtained unsecured loan from financial institution at an interest rate of 12.35% (March 31 2018 : 12.35%) per annum which is repayable in 50 equated quarterly instalments beginning from May 2015 and unsecured loans from two minority shareholders at an interest rate of 12.25% (March 31, 2018 : 12.25%) per annum which are repayable on demand.
- (iii) The Parent has availed working capital facilities which is secured against receivables of the Parent. The same has been obtained at an interest rate of 9% to 10% per annum, and is repayable within 180 days from the date of availment.
- (iv) VA Tech Wabag GmbH has availed working capital facilities which are secured by Parent guarantees and its trade receivables. The same has been obtained at an interest rate ranging upto 2.75% (March 31, 2018: Upto 2.75%) per annum and are repayable on demand.
- (v) VA Tech Wabag Su Teknolojisi Ve Tic. A S has availed working capital facility which are secured by Parent guarantees. The same has been obtained at an average interest rate of 8.16% (March 31, 2018 : 4.46%) per annum and is repayable on demand.
- (vi) VA Tech Wabag Muscat LLC and VA Tech Wabag (Philippines) Inc. have availed working capital facilities secured by Parent guarantees and are repayable on demand.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

- (vii) The Parent has availed packing credit facilities in Indian rupees and US dollars at an interest rate of 7.00 % to 9.25% per annum (March 31, 2018: 4.65% to 5.50% per annum) and 5.25% to 6.18% per annum (March 31, 2018: 1.78% to 4.46% per annum) respectively. These packing credits are repayable within 180 days, as applicable, from the date of availment and are secured against foreign currency receivables.
- (viii) The Parent has availed secured cash credit facilities from banks at an interest rate of 9% to 10% per annum (March 31, 2018: 8% to 9% per annum).
- (ix) VA Tech Wabag GmbH and VA Tech Wabag Brno spol S.R.O have obtained overdraft facilities which are secured by Parent guarantee and trade receivables and these are repayable within 180 days.
- (x) VA Tech Wabag Tunisie s.a.r.l has availed unsecured overdraft facilities from banks and these are repayable within 180 days.
- (xi) The Parent has availed unsecured loan from related party and the same is repayable within 12 months.

18 Trade payables

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Non-current	Current	Non-current	Current	Non-current	Current
Dues to micro and small enterprises (Also refer note below)	-	922	-	825	-	604
Dues to others	9,561	1,58,215	12,772	1,48,162	14,269	1,25,140
	9,561	1,59,137	12,772	1,48,987	14,269	1,25,744

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.

19 Other financial liabilities

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Non-current	Current	Non-current	Current	Non-current	Current
Current maturities of long term debts, secured*	-	1,394	-	-	-	-
Current maturities of long term debts, unsecured *	-	1,568	-	441	-	457
Employee related payables	149	2,179	224	2,610	215	3,153
Unpaid dividends	-	11	-	6	-	3
Other liabilities	1	164	-	30	-	1,662
	150	5,316	224	3,087	215	5,275

* Also refer note 17 for terms, guarantee and repayment details of borrowings.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

20 Provisions

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Non-current	Current	Non-current	Current	Non-current	Current
Provision for warranty	-	1,997	-	3,566	-	3,263
Provision for liquidated damages	-	-	-	51	-	-
Provision for litigations	-	31	-	32	-	28
Provision for foreseeable losses on contracts	-	364	-	214	-	34
Provision for employee benefits						
Gratuity, anniversary, severance payments and others	769	930	822	935	809	1,538
Compensated absences	527	710	563	737	549	350
	1,296	4,032	1,385	5,535	1,358	5,213

a) Provision for warranty

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Balance at the beginning of the year	3,566	3,263
(Reversed) / Created during the year, net	(1,302)	207
Utilised during the year	(229)	(13)
Foreign exchange fluctuation	(38)	109
Balance at the end of the year	1,997	3,566

A provision is recognised 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.

b) Provision for liquidated damages

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Balance at the beginning of the year	51	-
Created during the year, net	929	477
Utilised during the year	(979)	(430)
Foreign exchange fluctuation	(1)	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 time frame. 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 recognised in accordance with the terms of the contracts with customers.

c) Provision for litigations

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Balance at the beginning of the year	32	28
Foreign exchange fluctuation	(1)	4
Balance at the end of the year	31	32

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.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

d) Provision for foreseeable losses on contracts

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Balance at the beginning of the year	214	34
Created during the year, net	203	168
Utilised during the year	(42)	-
Foreign exchange fluctuation	(11)	12
Balance at the end of the year	364	214

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.

e) Provision for employee benefits

The following tables summarise the components of all defined benefit plans for the year ended March 31, 2019 :

For the year ended March 31, 2019	Gratuity	Anniversary	Severance payments
Change in defined benefit obligation			
Defined benefit obligation at the beginning of the year	750	81	703
Current Service cost	95	3	7
Past Service cost	-	-	-
Interest cost	50	1	9
Actuarial (gain) / loss	7	8	(81)
Benefits paid	(42)	-	-
Foreign exchange fluctuation	-	(27)	(16)
Defined benefit obligation at the end of the year	860	66	622
Thereof			
Unfunded	98	66	622
Funded	762	-	-
Change in plan assets			
Fair value of plan assets at the beginning of the year	648	-	-
Expected return on plan assets	47	-	-
Actuarial gain	6	-	-
Employer contributions	102	-	-
Benefits paid	(41)	-	-
Fair value of plan assets at the end of the year	762	-	-
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	860	66	622
Fair value of plan assets at the end of the year	762	-	-
Liability recognised in the balance sheet	98	66	622
Components of expenses :			
Current service cost	95	3	7
Past service cost	-	-	-
Interest cost	51	1	9
Expected returns on plan assets	(47)	-	-
Recognised net actuarial (gain)/loss	(1)	8	(40)
Foreign exchange fluctuation	-	(27)	(16)
Net expense recognised in the statement of profit and loss	98	(15)	(40)

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	430	-	-
Group debt fund	330	-	-
Cash and cash equivalents	2	-	-
Total	762	-	-
Principal actuarial assumptions used:			
Discount rate	7.1%	1.3%	1.3%
Long-term rate of compensation increase	8.0%	3.0%	3.0%
Attrition rate	19.0%	-	-
Expected rate of return on plan assets	7.1%	-	-
Average remaining life (in years)	22	12	8

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 INR 98 lakhs to be paid for Financial year 2019-20. The weighted average duration of the defined benefit obligation as at March 31, 2019 is 4.9 years (March 31, 2018: 4.8 years)

Employee benefits - Maturity profile

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
March 31, 2019					
Gratuity	165	173	352	317	1,007
Anniversary	-	66	-	-	66
Severance payments	-	622	-	-	622

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 March 31, 2019.

Gratuity	Attrition rate		Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
March 31, 2019						
> Sensitivity level	0.5%	(0.5%)	0.5%	(0.5%)	0.5%	(0.5%)
> Impact on defined benefit obligation	(1)	1	(16)	17	16	(16)

Anniversary	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
March 31, 2019				
> Sensitivity level	1.0%	(1.0%)	1.0%	(1.0%)
> Impact on defined benefit obligation	(5)	6	5	(5)

Severance payments	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
March 31, 2019				
> Sensitivity level	1.0%	(1.0%)	1.0%	(1.0%)
> Impact on defined benefit obligation	(38)	42	40	(37)

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

e) Provision for employee benefits (continued)

The following tables summarise the components of all defined benefit plans for the year ended March 31, 2018 :

For the year ended March 31, 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 loss / (gain)	(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
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)	-	-
Recognised net actuarial (gain)/loss	(33)	14	36
Foreign exchange fluctuation	-	10	103
Net expense recognised in the statement of profit and loss	102	27	156

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:			
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.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Employee benefits - Maturity profile

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
March 31, 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 March 31, 2018.

Gratuity	Attrition rate		Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
March 31, 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)

Anniversary	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
March 31, 2018				
> Sensitivity level			1.0%	(1.0%)
> Impact on defined benefit obligation			(5)	5

Severance payments	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
March 31, 2018				
> Sensitivity level			1.0%	(1.0%)
> Impact on defined benefit obligation			(38)	42

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 recognised in the statement of profit and loss for the year is INR 345 lakhs (Year ended March 31, 2018: INR 264 lakhs).

Principal actuarial assumptions used :	Year ended March 31, 2019	Year ended March 31, 2018
Discount rate	7.1%	7.3%
Long-term rate of compensation increase	8.0%	7.0%
Attrition rate	19.0%	18.0%
Average remaining life (in years)	22	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.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

The defined benefit obligation and plan assets are composed by geographical locations as follows:

Particulars	India	Rest of the world	Total
March 31, 2019			
Defined benefit obligation	1,692	688	2,380
Fair value of plan assets	762	-	762
	930	688	1,618

Particulars	India	Rest of the world	Total
March 31, 2018			
Defined benefit obligation	1,473	784	2,257
Fair value of plan assets	648	-	648
	825	784	1,609

21 Other liabilities

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Non-current	Current	Non-current	Current	Non-current	Current
Advance from customers	5,073	15,652	6,658	19,064	4,481	24,064
Statutory dues	-	1,350	-	1,263	-	1,682
Billing in advance of work completed	-	2,329	-	1,249	-	11,811
Others	-	2,632	-	1,625	-	3,602
	5,073	21,963	6,658	23,201	4,481	41,159

22 Current tax liabilities (net)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Current tax liabilities net of advance taxes	3,112	5,919	5,090
	3,112	5,919	5,090

Summary of Significant Accounting Policies and Other Explanatory Information

(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 March 31, 2019			
Financial assets			
Investments	17	-	17
Trade receivables	-	1,70,758	1,70,758
Cash and bank balances	-	18,065	18,065
Other financial assets	-	5,974	5,974
	17	1,94,797	1,94,814

Particulars	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
As at March 31, 2019			
Financial liabilities			
Trade payables	-	1,68,698	1,68,698
Borrowings	-	58,370	58,370
Other financial liabilities	-	5,466	5,466
	-	2,32,534	2,32,534

Particulars	Financial assets at fair value through profit and loss	Financial assets at amortised cost	Total
As at March 31, 2018			
Financial assets			
Investments	17	-	17
Trade receivables	-	1,71,985	1,71,985
Cash and bank balances	-	19,015	19,015
Other financial assets	-	4,034	4,034
	17	1,95,034	1,95,051

Particulars	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
As at March 31, 2018			
Financial liabilities			
Trade payables	-	1,61,759	1,61,759
Borrowings	-	47,731	47,731
Other financial liabilities	-	3,311	3,311
	-	2,12,801	2,12,801

The carrying value of financial asset and financial liabilities approximates the fair value of financial asset and financial liabilities as at March 31, 2019 and March 31, 2018. Also refer note 40- fair value measurement.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

24 Revenue from operations

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Sale of services	2,72,318	3,42,884
Other operating revenues, net	5,778	2,844
	2,78,096	3,45,728

A Disaggregation of sale of services

Sale of services are disaggregated based on projects, based on customer, based on timing of revenue recognition and based on geography.

a) Based on Product

Particulars	Year ended March 31, 2019
Construction contracts	2,36,865
Operation and maintenance contracts	35,453
	2,72,318

b) Based on Customer

Particulars	Year ended March 31, 2019
Industrial	1,45,365
Municipal	1,26,953
	2,72,318

c) Based on Timing of revenue recognition

Revenues from construction contracts and operation and maintenance contracts are recognised on 'Over a point in time' basis and 'At a point in time' basis respectively.

d) Based on geography

Revenue from operations can be disaggregated based on geography into 'India' and 'Rest of the World'. Refer Note 42 - Segment Reporting for further details.

B Transaction price allocated to the remaining performance obligation (Order backlog)

Revenues expected to be recognised in the future relating to performance obligations that are unsatisfied or partially unsatisfied as at March 31, 2019 amount to INR 859,252 lakhs.

Order backlog relating to construction contract are expected to be executed over a period of 3 years based on progress of the projects. Order backlog relating to operation and maintenance contract are expected to be executed over a period of 1 to 15 year, primarily on an annuity basis.

C Reconciliation of sale of services with contract price :

Particulars	Year ended March 31, 2019
Opening contract price of orders as at April 01, 2018	6,80,580
Fresh order / change orders received, net	4,54,144
Total revenue recognised during the year	(2,72,318)
Effects of foreign exchange movement	(3,154)
Closing contract price of orders as at March 31, 2019	8,59,252

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

25 Other income

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest income from deposits with banks	236	328
Interest income - others	199	237
	435	565

26 Cost of sales and services

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Material costs	1,05,692	1,29,762
Civil costs	36,281	71,421
Erection and commissioning costs	22,500	15,819
Taxes and duties	1,498	3,188
Site establishment costs	16,356	19,482
Engineering costs	10,290	8,414
Project consultancy fee	1,707	1,385
Warranty expenses (reversal) (Also refer note 20(a))	(1,302)	207
Foreseeable losses on contracts (Also refer note 20(d))	203	168
Project travel	2,116	2,794
Insurance costs	1,136	1,098
Power and fuel	558	688
Liquidated damages (Also refer note 20(b))	929	477
Other project expenses, net	13,898	18,397
	2,11,862	2,73,300

27 Changes in inventories

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Inventories at the beginning of the year		
Contract inventories	2,943	2,814
Stores and spares	879	1,036
	(A) 3,822	3,850
Less: Adjustment on account of transition to IND AS 115	(B) 2,021	-
Less: Inventories at the end of the year		
Contract inventories	523	2,943
Stores and spares	1,013	879
	(C) 1,536	3,822
Net exchange differences	(D) 6	34
Total	(A-B-C+D) 271	62

28 Employee benefits expense

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages	21,814	22,336
Contribution to defined benefit plans (Also refer note 20(e))	632	605
Contribution to provident and other defined contribution funds	1,011	1,265
Staff welfare expenses	1,920	2,165
	25,377	26,371

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

29 Finance costs

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest expenses for borrowings at amortised cost	4,255	2,689
Bank charges	3,277	3,079
	7,532	5,768

30 Depreciation and amortisation expense

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of property, plant and equipment (Also refer note 5)	1,169	1,253
Amortisation of intangible assets (Also refer note 5)	510	531
	1,679	1,784

31 Other expenses

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Rent (Also refer note 35)	1,252	1,489
Insurance	631	498
Power and fuel	359	354
Rates and taxes	526	260
Repairs and maintenance	895	974
Professional charges (Also refer note 36)	2,364	2,253
Communication expenses	320	349
Travelling and conveyance	1,457	1,663
Foreign exchange loss, net	2,074	945
Bad and doubtful debts, net	9,247	5,784
Advertisement	309	249
Loss on sale of property, plant and equipment and Intangible assets, net	-	4
Research and development expenses	39	82
Corporate social responsibility expenses (Also refer note 37)	254	194
Miscellaneous expenses	1,445	1,721
	21,172	16,819

32 Income taxes

The major components of income tax expense for the year ended March 31, 2019 and March 31, 2018 are:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Current tax:		
Income tax expense	6,410	8,185
Tax expense in respect of earlier years	(2,644)	-
Deferred tax :		
Relating to origination and reversal of temporary differences	(1,643)	(445)
Relating to change in tax rates	(74)	-
Tax expense reported in the statement of profit and loss	2,049	7,740
Deferred tax related to net loss on remeasurements of defined benefit plans recognized in other comprehensive income	10	14
Tax expense reported in other comprehensive income	10	14

Summary of Significant Accounting Policies and Other Explanatory Information

(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 34.94% (Year ended March 31, 2018 : 34.61%) and the reported tax expense in the statement of profit and loss are as follows:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Profit before taxes	10,971	22,445
Enacted tax rates in India	34.94%	34.61%
Tax on profit at enacted tax rate	3,834	7,768
Tax reversal relating to previous years	(2,644)	-
Difference between Indian and foreign tax rates and net result of subsidiaries	843	293
Dividend Income taxed at lower rate	4	(347)
Effect of change in tax rate	(74)	-
Tax effect on non deductible expenses	96	67
Others	(10)	(41)
Income tax expense	2,049	7,740
Current tax	6,410	8,185
Tax expense in respect of earlier years	(2,644)	-
Deferred tax	(1,717)	(445)
Income tax expense reported in the statement of profit and loss	2,049	7,740

33 Earnings per equity share (EPS)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
For profit for the year		
Nominal value of equity shares (in INR)	2	2
Profit attributable to owners of the parent (A)	10,502	13,151
Weighted average number of equity shares outstanding during the year (B)	5,46,70,821	5,46,11,241
Basic earnings per equity share (in INR) (A/B)	19.21	24.08
For total comprehensive income		
Nominal value of equity shares (in INR)	2	2
Total comprehensive income attributable to owners of the Parent (a)	10,114	16,004
Weighted average number of equity shares outstanding during the year (b)	5,46,70,821	5,46,11,241
Basic earnings per equity share (in INR) (a/b)	18.50	29.31
For profit for the year		
Dilutive effect on profit (C)	-	-
Profit attributable to owners of the Parent for computing diluted EPS (D) = (A+C)	10,502	13,151
Dilutive effect on weighted average number of equity shares outstanding during the year (E)	-	84,696
Weighted average number of equity shares for computing Diluted EPS (F) = (B+E)	5,46,70,821	5,46,95,937
Diluted earnings per equity share (in INR) (D/F)	19.21	24.04
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)	10,114	16,004
Dilutive effect on weighted average number of equity shares outstanding during the year (e)	-	84,696
Weighted average number of equity shares for computing Diluted EPS (f) = (b+e)	5,46,70,821	5,46,95,937
Diluted earnings per equity share (in INR) (d/f)	18.50	29.26

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

34 Contract balances

Movement in contract assets	Year ended March 31, 2019
Opening balance as at April 01, 2018	1,15,333
Changes in the measure of progress, claims and other adjustments	57,044
Transfers to trade receivables	(36,894)
(Allowance) for expected credit losses	(16,314)
Closing balance as at March 31, 2019	1,19,169

Movement in contract liabilities	Year ended March 31, 2019
Opening balance as at April 01, 2018	26,971
Billing-in-advance for work completed	2,779
Advances received during the year	8,238
Revenues recognised during the period	(1,698)
Advances offset against contract assets	(13,236)
Closing balance as at March 31, 2019	23,054

35 Leases

Operating lease commitments - as lessee	Year ended March 31, 2019	Year ended March 31, 2018
Total lease payments charged off to the statement of profit and loss (Also refer note 31)	1,252	1,489

Disclosures in respect of non-cancellable operating leases

The lease rentals charged for the years ended March 31, 2019 and March 31, 2018 and maximum obligation on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as provided below:

	Year ended March 31, 2019	Year ended March 31, 2018
The total of future minimum lease payments for each of the following periods:		
(i) Not later than one year	464	564
(ii) Due later than one year not later than five years	808	735
(iii) Due later than five years	-	-
	1,272	1,299

36 Remuneration to auditors (included as part of professional charges)*

	Year ended March 31, 2019	Year ended March 31, 2018
As auditor		
Statutory audit	28	27
Limited review #	8	8
Taxation matters	3	3
Other services	9	19
Reimbursement of expenses	2	2
	50	59

* excluding taxes

Includes INR 2.50 lakhs fees paid to previous auditors of the Parent.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

37 Expenditure on Corporate Social Responsibility (CSR)

	Year ended March 31, 2019	Year ended March 31, 2018
a) Gross amount required to be spent	421	372
b) Amount spent on:		
(i) Construction / acquisition of any asset	147	163
(ii) On purposes other than (i) above	107	31
	254	194

38 Employee stock based option

Employee share based plan - ESOP 2010 Scheme

In August 2010, the Board of Directors approved and the Parent adopted the “ESOP 2010” (the “Plan”) under which not more than 4,67,831 shares of the Parent’s equity shares was reserved for issuance to its 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 INR 900 (Face value of INR 5 each) on the grant date.

Particulars	Number of shares Year ended March 31, 2019	Weighted average exercise price in INR	Number of shares Year ended March 31, 2018	Weighted average exercise price in INR
Options outstanding at the beginning of the year	1,22,714	180	2,94,440	180
Exercised during the year	33,038	180	84,332	180
Expired/ lapsed during the year	89,676	180	87,394	180
Options outstanding at the end of the year	-		1,22,714	
Options exercisable as at the end of the period	-		1,22,714	

During the year ended March 31, 2019 and March 31, 2018, the weighted average share price of options exercised under the Plan on the date of exercise was INR 283 and INR 594. The weighted average remaining contractual life of the Plan outstanding as of March 31, 2019 and March 31, 2018 is Nil and 0.5 years respectively.

39 Related party disclosures

a) Names of related parties and nature of relationship

Nature of relationship	Name of related party
Associates	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 - Whole-time 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. Milin Mehta - Additional director (Appointed w.e.f April 29, 2019) Mr. Sandeep Agrawal - Chief Financial Officer- Group (Appointed w.e.f April 29, 2019) Mr. Pankaj Sachdeva - Chief Executive Officer- India Cluster Mr. Jaithirth Rao - Independent director (Resigned w.e.f July 27, 2017) Mr. G Parthasarathy - Chief Financial Officer- Group (Resigned w.e.f November 09, 2018)
Other Related Party	Mr. Rohan Mittal - Graduate Engineering Trainee, Relative of Managing Director (Appointed w.e.f July 02, 2018)

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

b) Transactions with related parties

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	Associates	Joint venture*	Associates	Joint venture
(Sale)/purchase of goods/services	(155)	-	(99)	-
Reimbursements received/ receivable	16	5	-	4

c) Balances with related parties

Particulars	As at March 31, 2019			As at March 31, 2018		
	Associates	Joint venture*	KMP and other related party	Associates	Joint venture	KMP
Advances/ amount recoverable	209	451	-	344	426	-
Amount payable	-	-	(829)	-	-	(42)

All transactions with these related parties are priced on an arm's length basis. None of the balances are secured.

* Does not include allowances for expected credit losses which have been recognised during the year under trade receivables to the extent of INR 332 lakhs.

Note :

The maximum amount of loans outstanding as at the year ended in accordance with Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 are as below :

- i) Mr. Rajiv Mittal- INR (700) lakhs (March 31, 2018 : Nil)

d) Remuneration to Key Management Personnel and Other Related Party

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries including bonus	663	738
Post employment and termination benefits	49	57
Commission	65	69

Does not include remunerations paid to Mr. Milin Mehta and Mr. Sandeep Agrawal since they were appointed after year ended March 31, 2019.

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 maximise the use of observable inputs and minimise 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)

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

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 March 31, 2019 and March 31, 2018 :

Quantitative disclosures for 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					
2019	March 31, 2019	17	-	-	17
2018	March 31, 2018	17	-	-	17

Particulars	As at March 31, 2019	As at March 31, 2018
ii) Liabilities measured at amortised cost:		
Interest-bearing loans and borrowings:		
Floating rate borrowings	11,982	11,577
Fixed rate borrowings	49,350	36,595

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 March 31, 2019 approximately 80% (March 31, 2018: 76%) of the Group's borrowings are at a fixed rate of interest.

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

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 March 31, 2019 (March 31, 2018: +/- 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 March 31, 2019 and March 31, 2018. All other variables are held constant.

Particulars		As at March 31, 2019	As at March 31, 2018
Profit before tax			
Increase	+1%	120	116
Decrease	-1%	(120)	(116)
Equity before tax			
Increase	+1%	120	116
Decrease	-1%	(120)	(116)

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 (INR) 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 and are translated at the closing rate:-

Particulars	Foreign currency exposure (in INR in lakhs)	
	USD	EUR
March 31, 2019		
Financial assets	32,941	1,760
Financial liabilities	12,158	5,471
March 31, 2018		
Financial assets	26,355	3,528
Financial liabilities	17,221	10,509

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 entity, 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/INR exchange rate and EUR/INR exchange rate 'all other things being equal'. It assumes a +/- 1% change of the USD/INR and EUR/INR exchange rate for the year ended March 31, 2019 (March 31, 2018: +/- 1%).

If the INR had strengthened against the USD by 1% during the year ended March 31, 2019 (March 31, 2018: 1%) and EUR by 1% during the year ended March 31, 2019 (March 31, 2018: 1%) respectively, then it would have had the following impact on profit before tax and equity before tax :

Particulars		As at March 31, 2019	As at March 31, 2018
Profit before tax			
USD	+1%	208	91
EUR	+1%	(37)	(70)
		171	21
Equity before tax			
USD	+1%	207	90
EUR	+1%	(37)	(70)
		170	20

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If the INR had weakened against the USD by 1% during the year ended March 31, 2019 (March 31, 2018: 1%) and EUR by 1% during the year ended March 31, 2019 (March 31, 2018: 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:

Particulars	As at March 31, 2019	As at March 31, 2018
Classes of financial assets		
Trade receivables	1,70,758	1,71,985
Cash and bank balances	18,065	19,015
Other financial assets	5,974	4,034

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 March 31, 2019, the Group had 8 (March 31, 2018: 5) customers that owed the Group more than INR 5,000 lakhs each and accounted for approximately 62% (March 31, 2018: 50%) of all the receivables outstanding. As at March 31, 2019, 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.

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(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 including interest as at March 31, 2019 and March 31, 2018.

Year ended March 31, 2019	Current			Non-current
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Borrowings	47,513	5,027	10,617	1,128
Trade payables	1,57,068	2,069	9,561	-
Other financial liabilities	2,354	-	150	-
	2,06,935	7,096	20,328	1,128
Year ended March 31, 2018	Current			Non-current
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Borrowings	37,154	6,756	5,026	1,873
Trade payables	1,47,373	1,614	12,772	-
Other financial liabilities	2,646	-	224	-
	1,87,173	8,370	18,022	1,873

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(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.

Particulars	India	Rest of world	Unallocated	Total
For the year ended March 31, 2019				
Revenue				
External sales	93,589	1,97,239	-	2,90,828
Other operating income	-	-	6,526	6,526
Inter-segment sales	-	(19,258)	-	(19,258)
Total revenue	93,589	1,77,981	6,526	2,78,096
Results				
Segment result	18,723	43,847	-	62,570
Share of profit of associates and a joint venture, net	-	333	-	333
Unallocated corporate expenses	-	-	(48,228)	(48,228)
Operating profit	18,723	44,180	(48,228)	14,675
Interest and finance charges, net	-	-	(7,097)	(7,097)
Other income	-	-	3,393	3,393
Profit before tax	18,723	44,180	(51,932)	10,971
Income taxes	-	-	(2,049)	(2,049)
Profit after tax	18,723	44,180	(53,981)	8,922
Non-controlling interests	-	1,580	-	1,580
Profit for the year attributable to owners of the parent	18,723	45,760	(53,981)	10,502
As at March 31, 2019				
Other information				
Segment assets	1,72,816	1,72,846	-	3,45,662
Unallocated corporate assets	-	-	32,189	32,189
Total assets	1,72,816	1,72,846	32,189	3,77,851
Segment liabilities	79,849	1,42,934	-	2,22,783
Unallocated corporate liabilities	-	-	46,510	46,510
Total liabilities	79,849	1,42,934	46,510	2,69,293
For the year ended March 31, 2019				
Capital expenditure	-	-	280	280
Depreciation and amortisation	-	-	1,679	1,679
Other non cash expenditure, net	-	-	8,500	8,500

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Particulars	India	Rest of world	Unallocated	Total
For the year ended March 31, 2018				
Revenue				
External sales	94,595	2,59,256	-	3,53,851
Other operating income	-	-	2,923	2,923
Inter-segment sales	-	(11,046)	-	(11,046)
Total revenue	94,595	2,48,210	2,923	3,45,728
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
As at March 31, 2018				
Other information				
Segment assets	1,70,460	1,76,700	-	3,47,160
Unallocated corporate assets	-	-	25,869	25,869
Total assets	1,70,460	1,76,700	25,869	3,73,029
Segment liabilities	56,489	1,60,033	-	2,16,522
Unallocated corporate liabilities	-	-	40,266	40,266
Total liabilities	56,489	1,60,033	40,266	2,56,788
For the year ended March 31, 2018				
Capital expenditure	-	-	638	638
Depreciation and amortisation	-	-	1,784	1,784
Other non cash expenditure, net	-	-	6,317	6,317

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 as at		Share in profit or (loss) for the year ended		Share in other comprehensive income for the year ended		Share in total comprehensive income for the year ended	
	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								
March 31, 2019	84.4%	91,671	114.8%	10,240	96.6%	(422)	115.7%	9,818
March 31, 2018	78.9%	91,688	79.7%	11,713	95.9%	2,897	82.4%	14,610
Foreign subsidiaries								
VA Tech Wabag (Philippines) Inc								
March 31, 2019	2.5%	2,677	2.6%	231	-	-	2.7%	231
March 31, 2018	2.0%	2,310	2.3%	338	-	-	1.9%	338
VA Tech Wabag Muscat LLC								
March 31, 2019	0.4%	438	(0.4%)	(35)	-	-	(0.4%)	(35)
March 31, 2018	0.4%	466	0.5%	74	-	-	0.4%	74
Wabag Muhibbah JV SDN. BHD.								
March 31, 2019	1.1%	1,176	(45.7%)	(4,081)	-	-	(48.1%)	(4,081)
March 31, 2018	4.4%	5,167	20.6%	3,026	-	-	17.1%	3,026
Wabag Belhasa JV WLL								
March 31, 2019	3.1%	3,315	(0.7%)	(61)	-	-	(0.7%)	(61)
March 31, 2018	2.7%	3,157	11.9%	1,757	-	-	9.9%	1,757
VA Tech Wabag And Roots Contracting LLC- Project-I								
March 31, 2019	0.1%	162	(0.6%)	(50)	-	-	(0.6%)	(50)
March 31, 2018	0.2%	198	0.7%	97	-	-	0.5%	97
Wabag Operation And Maintenance WLL								
March 31, 2019	0.1%	122	(0.2%)	(21)	-	-	(0.2%)	(21)
March 31, 2018	0.1%	134	0.1%	21	-	-	0.1%	21
Wabag Limited								
March 31, 2019	(0.2%)	(209)	(0.7%)	(58)	-	-	(0.7%)	(58)
March 31, 2018	(0.1%)	(143)	0.8%	113	-	-	0.6%	113
VA Tech Wabag (Singapore) Pte Limited								
March 31, 2019	2.7%	2,969	2.9%	263	-	-	3.1%	263
March 31, 2018	2.3%	2,669	1.0%	143	-	-	0.8%	143
VA Tech Wabag Brazil Servicos De Agua E Saneamento LTDA								
March 31, 2019	-	-	-	-	-	-	-	-
March 31, 2018	-	-	-	-	-	-	-	-
Va Tech Wabag Limited Pratibha Industries Limited JV								
March 31, 2019	0.2%	216	0.5%	45	-	-	0.5%	45
March 31, 2018	0.1%	170	(1.1%)	(158)	-	-	(0.9%)	(158)
VA Tech Wabag Gmbh								
March 31, 2019	14.7%	16,001	(1.0%)	(88)	(7.8%)	34	(0.6%)	(54)
March 31, 2018	15.2%	17,711	9.5%	1,403	(1.7%)	(50)	7.6%	1,353
Wabag Wassertechnik Ag								
March 31, 2019	1.3%	1,423	(11.4%)	(1,021)	-	-	(12.0%)	(1,021)
March 31, 2018	2.0%	2,376	(1.2%)	(179)	-	-	(1.0%)	(179)

Summary of Significant Accounting Policies and Other Explanatory Information

(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 as at		Share in profit or (loss) for the year ended		Share in other comprehensive income for the year ended		Share in total comprehensive income for the year ended	
	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								
March 31, 2019	1.5%	1,639	(6.2%)	(549)	-	-	(6.5%)	(549)
March 31, 2018	2.0%	2,268	(2.3%)	(342)	-	-	(1.9%)	(342)
Wabag Water Services S.R.L.								
March 31, 2019	3.1%	3,368	10.1%	905	-	-	10.7%	905
March 31, 2018	3.3%	3,874	3.8%	560	-	-	3.2%	560
VA Tech Wabag Su Teknolojisi Ve Tic. A.S								
March 31, 2019	(3.7%)	(4,054)	34.9%	3,115	-	-	36.7%	3,115
March 31, 2018	(6.2%)	(7,250)	(15.1%)	(2,226)	-	-	(12.6%)	(2,226)
VA Tech Wabag Tunisie S.A.R.L								
March 31, 2019	0.6%	680	0.0%	1	-	-	0.0%	1
March 31, 2018	0.7%	798	0.3%	38	-	-	0.2%	38
Ujams Wastewater Treatment Company (Pty) Ltd.								
March 31, 2019	1.7%	1,805	6.0%	534	-	-	6.3%	534
March 31, 2018	1.4%	1,635	2.8%	419	-	-	2.4%	419
Wabag Water Services (Macao) Ltd								
March 31, 2019	0.0%	40	0.4%	37	-	-	0.4%	37
March 31, 2018	0.2%	234	1.6%	231	-	-	1.3%	231
VA Tech Wabag Deutscheland GmbH								
March 31, 2019	(0.1%)	(61)	0.0%	(1)	-	-	0.0%	(1)
March 31, 2018	(0.1%)	(61)	0.4%	56	-	-	0.3%	56
Non-controlling interest in all subsidiaries								
March 31, 2019	1.5%	1,667	(17.7%)	(1,580)	11.2%	(49)	(19.2%)	(1,629)
March 31, 2018	2.9%	3,375	10.6%	1,554	5.5%	167	9.7%	1,721
Foreign associates (investments as per equity method)								
VA Tech Wabag And Roots Contracting LLC- Project-II								
March 31, 2019	0.5%	515	3.8%	336	-	-	4.0%	336
March 31, 2018	0.2%	179	0.6%	91	-	-	0.5%	91
Windhoek Goreangab Operating Company (Pty) Limited								
March 31, 2019	0.3%	299	1.8%	159	-	-	1.9%	159
March 31, 2018	0.2%	257	1.1%	165	-	-	0.9%	165
Foreign joint venture (investments as per equity method)								
International Water Treatment L.L.C								
March 31, 2019	(7.5%)	(8,165)	(1.8%)	(162)	-	-	(1.9%)	(162)
March 31, 2018	(6.9%)	(8,003)	-	-	-	-	-	-

Summary of Significant Accounting Policies and Other Explanatory Information

(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 as at		Share in profit or (loss) for the year ended		Share in other comprehensive income for the year ended		Share in total comprehensive income for the year ended	
	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
Intercompany eliminations and other adjustments								
March 31, 2019	(8.4%)	(9,136)	8.6%	763	-	-	9.0%	763
March 31, 2018	(6.0%)	(6,968)	(28.5%)	(4,189)	0.2%	6	(23.6%)	(4,183)
Total								
March 31, 2019	100%	1,08,558	100%	8,922	100%	(437)	100%	8,485
March 31, 2018	100%	1,16,241	100%	14,705	100%	3,020	100%	17,725

44 Authorisation of financial statements

The consolidated financial statements for the year ended March 31, 2019 (including comparatives) is approved by the Board of Directors on May 21, 2019.

45 Interest in other entities

Summarised 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 March 31, 2019	As at March 31, 2018
Aggregate carrying amount of individually immaterial associates	815	436

Aggregate amount of the group's share of:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Profit for the year	495	256
Other comprehensive income	-	-
Total comprehensive income	495	256

(b) Investments in joint venture

Particulars	As at March 31, 2019	As at March 31, 2018
Aggregate carrying amount of individually immaterial joint venture	-	-

Aggregate amounts of the group's share of:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(Loss) for the year	(162)	-
Other comprehensive income	-	-
Total comprehensive income	(162)	-

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Share of (losses) from joint venture	(162)	-
Share of profits from associates	495	256

Summary of Significant Accounting Policies and Other Explanatory Information

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

46 Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the reporting date (March 31, 2019) and the date of authorisation.

47 Contingent liabilities, commitments and guarantees

a) Claims against the Group not acknowledged as debt

Particulars	As at March 31, 2019	As at March 31, 2018
Income tax demand including interest contested in appeal for various assessment years	2,950	3,096
Indirect tax matters under dispute including interest contested in appeal for various year	4,569	2,618
Tax liability of the permanent establishment in Algeria*	2,270	2,250

* During the year ended March 31, 2014, VA Tech Wabag Deutschland GmbH ("Subsidiary") had received a demand order from the Office of the General Directorate of Taxes Algeria for an amount of Algerian Dinar DZD 3,941 lakhs (INR 2,270 lakhs). During the previous year, the subsidiary had approached the Administrative Court in this matter, however, the same was rejected citing delay in filing. The subsidiary intends to appeal before the Council of the State and believes that the demand order would be overturned. Hence this has been disclosed as 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 Group and hence not disclosed.

c) Guarantees excluding financial guarantees

Particulars	As at March 31, 2019	As at March 31, 2018
Guarantees issued by the Group for:		
- Others	48,633	45,483

48 The functional currency of VA Tech Wabag Su Teknolojisi Ve Tic. A.S ("Subsidiary") has been changed from Turkish Lira to Euro effective April 01, 2018 since the revenues and financing activities of the Subsidiary are predominantly denominated in Euro. The financial statements of the Subsidiary reported in Euro has been considered for consolidation.

49 The Parent has been executing certain projects in the states of Andhra Pradesh and Telangana as part of a consortium. The Parent took over the projects as consortium leader in 2014-15 and a corporate insolvency resolution process was ordered against the erstwhile consortium lead member Tecpro Systems Limited ("Tecpro") in 2017-18. The amounts receivable from these projects of INR 41,556 lakhs, which are net of expected credit loss accounted as per Group's accounting policy, are recoverable progressively upon satisfactory completion of the contractual milestones. The Parent is also pursuing legal action to recover an amount of INR 6,953 lakhs from Tecpro and has filed an appeal with National Company Law Appellate Tribunal.

Notes 1 to 49 form an integral part of these consolidated financial statements

In terms of our report even date attached

For **Sharp & Tannan**
Chartered Accountants
Firm's Registration No.: 003792S

per **V Viswanathan**
Partner
(Membership No.: 215565)

Place : Chennai
Date : May 21, 2019

For and on behalf of the Board of Directors of **VA Tech Wabag Limited**

B D Narang
Chairman
(DIN :00826573)

Sandeep Agrawal
Chief Financial Officer

Place : Chennai
Date : May 21, 2019

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

R Swaminathan
Company Secretary
(Membership No.:17696)



India

- Baroda
- Chennai (Headquarters)
- Delhi
- Kolkata
- Pune



Asia

- India
- Malaysia
- Nepal
- Philippines
- Singapore
- Sri Lanka
- Thailand
- Turkmenistan
- Vietnam



Middle East and Africa

- Bahrain
- Egypt
- Ethiopia
- Iran
- Libya
- Namibia
- Nigeria
- Oman
- Qatar
- Saudi Arabia
- Tanzania
- Tunisia
- UAE



Europe

- Austria
- Bulgaria
- Czech Republic
- Germany
- Romania
- Russia
- Switzerland
- Turkey



Latin America

- Argentina
- Brazil
- Ecuador



sustainable solutions. for a better life.

VA TECH WABAG LIMITED

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