WABAG

for a better future

ANNUAL REPORT
2015-16

Forward-looking statement

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

Contents

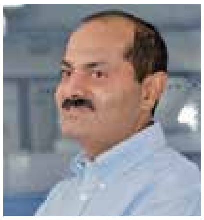
The Board

Bhagwan Dass Narang
Chairman

Rajiv Mittal
Managing Director
and Group CEO

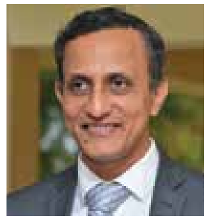
Jaithirth Rao
Independent
Director

Malay Mukherjee
Independent
Director



Sumit Chandwani
Independent
Director

Revathi Kasturi
Independent
Director



S. Varadarajan
Executive Director
and Chief Growth
Officer

Corporate Information

Parthasarathy Gopalan
Chief Financial
Officer

Rajiv Balakrishnan
Company
Secretary

Registered & Corporate Office

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

Statutory Auditors

Walker Chandiok & Co LLP
Chartered Accountants
Arihant Nitco Park, 6th floor
No.90, Dr. Radhakrishnan Salai
Mylapore, Chennai - 600 004
P : +91- 44 - 4294 0000

Internal Auditors

G. Balu Associates
Chartered Accountants
4 – A, Venkatesa Agraharam Road
Mylapore, Chennai - 600 004
P : +91- 44 - 2464 2377

Cost Auditor

S. Chandrasekaran
Practicing Cost Accountant
Membership No. 4784
4 Sreshta, 57 Subramaniam Street
Abhiramapuram, Chennai - 600 018
P: +91- 44 - 2499 0286

Secretarial Auditor

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

Registrar and Transfer Agents

Karvy Computershare Private Limited
Unit: VA TECH WABAG LIMITED
"Karvy Selenium Tower B", Plot No. 31
& 32, Financial District, Nanakramguda
Gachibowli, Hyderabad - 500 032
P : +91- 040 - 6716 1530

Bankers

- Axis Bank
- Canara Bank
- Export Import Bank of India
- HDFC Bank
- HSBC
- ICICI Bank
- IDBI Bank
- Kotak Mahindra Bank
- Punjab National Bank
- Societe Generale Bank
- Standard Chartered Bank
- State Bank of India
- YES Bank

Uster, Wastewater Treatment Plant, Switzerland

For a better future for all

We are providing replicable, scalable and sustainable solutions to ensure the availability of safe and clean water globally.

We are building a more robust and resilient operating model to grow consistently in a slow-growth scenario.

We are raising our performance bar to offer better and bespoke solutions.

We are developing a young talent pool to support our ambitious growth plans.

During the year, we embarked on an organisational realignment programme. Four geographic clusters were formed to build synergies across geographies; expand global footprint; delivering world-class design and execution capabilities to catalyse our growth vision of € 1 bn revenue.

Over nine decades of experience with mature process knowhow and competence, we contribute to the wellbeing of present and future generations, as the demand for safe and clean water continues to grow exponentially.

We are leveraging advanced technologies, putting in place better diligence and monitoring mechanisms to minimise risks; besides focusing on governance standards to build a future-ready organisation.

Positioned attractively Performing sustainably

for a **better future**

In a world that is desperately seeking sustainable water solutions, WABAG's intervention brings hope of a better tomorrow. We are one of the world's leading providers of design, construction and operational management of water and wastewater treatment plants globally.

We collaborate with local governments and industries across four geographic clusters - India, Europe, Middle East & Africa (MEA) and Latin America (LATAM). Through the conservation and ecological use of the world's most valuable resource, we have made a sustained contribution to the improvement in the quality of life of well over millions of people.

Vision

WABAG shall be 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 water business.

WABAG shall encourage and practice a culture of caring, trust and continuous learning while meeting expectations of employees, stakeholders and society.

WABAG-ites 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.

Water challenge needs to be addressed with urgency

for a **better future**

Large parts of the world are grappling with unprecedented water challenges. Global water demand is increasing owing to population growth, urbanisation, food and energy security policies and macro-economic processes such as trade globalisation and changing consumption patterns. However, appropriate innovation and initiatives can help save the situation from turning worse. The data presented below shows that we need to act responsibly before it is too late.

Grim reality

40%

By 2030, the world is projected to face a 40% global water deficit in the business-as-usual (BAU) scenario

36%

On an average about 36% of the population does not have access to improved water resources in Africa

6,900 km^3

Global annual water extraction volumes are now estimated at 4,500 km^3; this trend is likely to continue in the coming years, with withdrawals reaching 6,900 km^3 in 2030

748 mn

Around the world, 748 million people lack access to an improved drinking water source

64 bn

The world's population is growing by about 80 million people a year resulting in an increased freshwater demand of about 64 billion m^3/year

1/5th

Almost one-fifth of the world's population – over 1.2 billion people – live in areas where water is scarce

75%

Almost 75% of the Arab population lives under the water scarcity level

60%+

Most Latin American and the Caribbean countries have an extremely limited formal institutional capacity to manage water resources

40%

Globally, the volume of renewable water per capita has declined by 40% in the last 22 years

Sources: UN Water and RobecoSAM

The world needs sustainable water solutions more than ever before. This can be achieved by:

- Employing highly efficient water treatment technologies as well as desalination technologies
- Strengthening water reuse and water recycling
- Utilising used water as a resource for multiple applications

Steering to a better future

A snapshot of how we have created a better future in the water space since 1995.

299
Drinking water treatment plants

288
Industrial water treatment plants

60
Desalination plants

23
Water reclamation plants

423
Municipal used water plants

152
Industrial effluent treatment plants

68
Anaerobic sludge treatment plants

27
Industrial water reuse and recycling plants

Comprehensive water solutions

WABAG offers a comprehensive service range in the water sector - extending from project conceptualisation to long-term plant operation.

Full Service Range

- Conceptualising
- Financing
- Design and Engineering
- Procurement
- Equipment Supply
- Construction
- Installation
- Commissioning
- Operations and Maintenance

Product Portfolio

- Drinking water treatment
- Industrial water treatment
- Desalination of sea and brackish water
- Water reclamation
- Municipal used water treatment
- Industrial effluent treatment
- Anaerobic sludge treatment
- Industrial water reuse and recycling

Business Solutions

- DBO – Design-Build-Operate
- Turnkey order realisation
- Supply of System Components
- Plant Modernisation
- Plant Upgrade and Extension
- BOOT – Build-Own-Operate-Transfer

Technology driven

Our proven technologies are aimed at delivering sustainable performance

- Moving bed process
- Biofiltration
- Membrane filtration technologies
- Denitrification
- Oxidation processes
- Elimination of micro-pollutants
- Water reclamation systems
- Sludge digestion and disintegration

Accreditations

- Our quality management system conforms to international standards (ISO 9001:2008)
- We maintain highest standards in health, safety and environment (HSE) as per (ISO 14001 and OHSAS 18001certifications)

Transnational Presence

- Headquartered in Chennai, India
- International Engineering Centres at Pune and Vadodara
- Subsidiaries across South-east Asia, Middle East, Europe and Africa
- R&D centres located in India, Austria and Switzerland
- Presence in more than 30 countries

Ghedir El Golla WTP, Tunisia

Počerady Power Plant, Industrial WTP, Czech Republic

20+

Global reach
We have 21 subsidiaries across diverse geographies spanning three continents

30+

Leadership team
We are a professionally managed company with promoters having an average of 30 years work experience in the water sector

90+

Experience counts
Over nine decades of rich experience in the constantly evolving water solutions industry

100+

Knowhow matters
We possess over hundred patented technologies, enabling us to deliver bespoke solutions to our customers

Al Kharj WWTP, Saudi Arabia

1,200+

Multiple projects
We have executed over 1,200 projects since 1995 for diverse industries and municipal bodies.

2,000+

Team WABAG
Our team of professionals drive consistent innovation, higher efficiencies and better project execution.

5,000+

Record order intake
We have won orders of more than ₹ 5,000 Crore during the year.

Making in India for 20 years

1996
Commences water business in India under the name of Balcke Durr and WABAG Technologies Limited

1997
WABAG India wins its first order from Reliance to build the biggest ETP in Asia at that point of time

1999
VA Tech an Austrian conglomerate acquires WABAG Group

2000
WABAG India wins the first municipal order from Chennai Metro water, one of its key clients

2002
Commences operations and maintenance business in Redhills WTP, Chennai

2003
WABAG India crosses ₹ 100 Crore revenue mark

2004
WABAG India doubles its turnover to ₹ 200 Crore

2005
SIEMENS acquires VA Tech Group globally; Management Buyout of WABAG India backed by ICICI Ventures

2006

WABAG India celebrates 10 years of success with grant of ESOPs to employees across levels; a first of its kind in the Indian water sector

2007

- VA Tech WABAG (India) acquires its erstwhile parent – VA Tech WABAG (Austria) from Siemens
- WABAG India re-organises and adopts SBU model

2008

WABAG India establishes International Engineering Centre in Pune

2009

WABAG Group achieves ₹ 1,000-Crore top line

2010

WABAG lists its equity shares in Indian Bourses - NSE and BSE

2013

- WABAG India builds the 100 MLD desalination plant at Nemmeli, Chennai
- WABAG recognised as a Top 10 Desal Company of the World by Global Water Intelligence

2014

- WABAG moves into its own Global Headquarters in Chennai
- WABAG receives the Distinction Award for the Water Company of the Year at the Global Water Summit held in Paris
- Crosses ₹ 2,000-Crore revenue mark

2015

- WABAG secures its largest ever ETP order from PETRONAS, Malaysia worth ₹ 1,500 Crore
- WABAG India realigned; WABAG Global restructured into four Clusters

2016

WABAG India celebrates 20 years of excellence

Chairman’s Message

“TODAY WE HAVE A MARQUEE OF REFERENCES IN INDIA SHOWCASING LANDMARK PROJECTS IN ALL GAMUT OF WATER AND WASTEWATER TREATMENT.”

“The best way to predict your future is to create it” – Abraham Lincoln

50%

OF THE WORLD’S POPULATION WILL BE LIVING IN CONDITIONS OF ‘WATER STRESS’ BY 2030

Dear Shareholders,

As often shared with you in my previous communications the fundamental objective that has guided WABAG in all these years is helping to ensure a better future for all by enabling the availability of clean and safe water worldwide. In an age of environmental degradation and climate change ‘water’ needs to be seen through a different prism. We have to learn to look at water as a finite economic resource, that is only renewable if well managed.

Water will have the same scarcity value in this twenty-first century like oil in the twentieth century. According to estimates, 50% of the world’s population will be living in conditions of ‘water stress’ by 2030 and 40% in ‘severe water stress’ by 2050. Globally, 45% of projected 2050 GDP is at risk and as many as 50 countries are potential locations for conflicts over water.

Coming to India, large parts of the country, especially the states of Maharashtra, Telengana and Karnataka are suffering from an acute water scarcity, leading to distress of farmers. Many states have recognised that water management needs to top their list of priorities. Maharashtra and nine other states, including Madhya Pradesh, Karnataka and Uttar Pradesh are reeling under a drought-like situation. Depleting groundwater is also posing a major challenge to the farmers of Punjab.

According to the Ministry of Water Resources, water levels in India’s 91 major reservoirs were at 25% of capacity. It is 30% lower than that of last year and 25% less than the average storage in a decade.

Many factories in India are witnessing either shutdown or interrupted operations owing to water crisis. Closure of Parli & Kordi power plants and Mangalore refinery are few examples. Also, the recent Bombay High Court order to shift IPL cricket matches out of the State goes to show that water crisis has already started to impact the regular business.

One of the direct methods of increasing water reserves are desalination of sea water. Desalination is now resorted to in 150 countries and it is set to emerge as a US$ 41 billion industry by 2025. With the commissioning of the 100 MLD Nemmeli desalination plant in 2013 by WABAG, Chennai has now two desalination plants that reduce the city’s dependence on rain-fed reservoirs to a large extent. Chennai has shown the way forward with desalination and has also proposed to set up desalination plants to produce additional 550 MLD of potable water in the near future. Taking a cue out of Tamil Nadu, coastal states like Gujarat and Maharashtra can benefit by building desalination plants to help mitigate their water crisis considerably.

Enormous business opportunity

Water treatment is a critical necessity with growing demand from agriculture, residential and industrial sectors. Agriculture in India currently accounts for 80% of water use; and the demand looks set to rise due to changing food habits. With stricter enforcement of environmental norms, the industrial sector is under pressure to treat water. Moreover, industries are asked to look for alternate sources of water like desalination and water reuse. Municipal and residential water use is also growing owing to rapid urbanisation.

There are significant opportunities around water treatment with less than 3% of water globally being recycled. This market is barely tapped with insufficient wastewater treatment around the world. Furthermore, wastewater reuse stands at only 2.4% of all water withdrawals globally.

In this context, it is essential to understand and appreciate WABAG's contribution in the water landscape. Around the world, our efforts make possible innovative and feasible solutions in the water engineering sector. Our rich experience in delivering optimum water solutions across geographies over nine decades has recognised us as a global water technology leader. Today, your Company possesses more than 100 patents, a result of constant Research and Development activities carried out across our dedicated R&D centres in Vienna, Winterthur and Chennai. European water treatment technologies are considered to be the most advanced for achieving highest purity standards. Possession of this technology coupled with rich engineering capabilities in emerging markets led by India makes your Company competitive across the world. Since 1995, we have built 1,200+ projects contributing to the conservation of water and improving the quality of life of over millions of people.

Year in retrospect

I am happy to share that despite a difficult macro environment, WABAG has stood its ground and has won several big-ticket orders during the year. The year 2015-16 witnessed the highest ever order intake (over ₹ 5,000 Crore) by the Group in a single financial year. This was achieved through our diversified geographic presence with focus on emerging markets.

I am also glad that the year 2016 marks 20 years of our successful journey in India. In this journey we had our share of challenges and headwinds, which we converted into opportunities and steadily built on our strengths. Today, we have a marquee of references in India showcasing landmark projects in all gamut of water and wastewater treatment.

Corporate Governance

In the years of its existence, your Company has constituted a richly competent, informed and diverse Board. Four of my colleagues besides me on the Board are Independent Directors. We, as Independent Directors oversee how the management serves and protects stakeholder interests by following best practices. The Board focuses on upholding the core values of excellence, integrity, responsibility and unity to ensure that there is a strong legacy of fair, transparent and ethical governance practice in the Company.

WABAG and social responsibility

During the year, WABAG partnered with M.S. Swaminathan Research Foundation to implement a project on augmentation of water resources. The Water Augmentation project aimed at improving the lives and livelihood of marginal farmers in Mailam Block, Villupuram District, Tamil Nadu was completed during October 2015 benefiting more than 200 acres of rain-fed lands. The Company built and donated a Sewage Treatment Plant at Cancer Institute, Adyar, Chennai. As part of environmental sustainability initiative, the Company partnered with Care Earth Trust to undertake training and capacity building for various stakeholders with special focus on Pallikaranai marshlands. The Company also implemented a drinking water filtration solution and sanitation facility for the school children of Govt. High School, Kodungaiyur which is in the outskirts of Chennai. Since such initiatives can be easily replicated, we are also looking at extending such programme to other needy schools in our project neighbourhood.

We are working collectively and passionately. I seek the support of all WABAGites and the larger community of stakeholders in our journey forward.

Best wishes
Bhagwan Dass Narang

Managing Director's Letter

"FY 2015-16 WAS A SIGNIFICANT YEAR FOR WABAG WHEREIN WE CLOCKED RECORD ORDER INTAKE OF MORE THAN ₹ 5,000 CRORE."

"We are made wise not by recollection of our past, but by the responsibility for our future" - George Bernard Shaw

Dear Shareholders,

WABAG has sustained and surged ahead despite witnessing economic uncertainties and years of sluggish economic growth globally because of one basic reality. Fresh, clean water is a finite resource. At WABAG, we ensure that this limited resource is managed effectively and leveraged to the benefit of one and all. Our total water solutions are critical for socio-economic growth across the world. Our services underpin poverty reduction along with economic and environmental sustainability. We continue to lay the foundation for an enhanced quality of life for the local population across geographies. We are in the business of creating a better world by providing one of the most vital ingredients for life and it drives our year-on-year performance.

20 SMART CITIES

IN THE SMART CITIES INITIATIVE (COMPRISING 100 CITIES) THE GOVERNMENT HAS ALREADY ANNOUNCED THE FIRST LIST OF 20 CITIES THAT WOULD BE DEVELOPED INTO SMART CITIES.

Bucking the trend

FY 2015-16 was a significant year for WABAG wherein we clocked record order intake of more than ₹ 5,000 Crore. It is heartening that most of these orders were bagged from the India and Middle East & Africa (MEA) Cluster. The highlight of the orders secured during the year was the Effluent Treatment Plant order bagged from PETRONAS, Malaysia for their RAPID Project valued at ₹ 1,500 Crore which was the single biggest order in the history of WABAG. Further it is significant to note that the high value orders from multiple geographies encompasses different product portfolios – WTP, ETP, STP, RWTP and water recycling and reuse.

During FY 2015-16, on a consolidated basis we reported a revenue of ₹ 2,549 Crore as compared to ₹ 2,435 Crore in FY 2014-15. We registered an EBITDA of ₹ 225 Crore for the FY 2015-16 as against ₹ 209 Crore in FY 2014-15. Our PAT stood at ₹ 92 Crore as against ₹ 110 Crore in the previous year. The Board has recommended a dividend of ₹ 4/- per equity share which is a 200% dividend on face value of ₹ 2/- per share subject to approval of the shareholders.

What got us here, won't get us there

With a view to become a stronger, better and more agile organisation and to achieve our vision of becoming a Billion Euro Company, we realigned the organisation during the year into four clusters - India, Europe, MEA and LATAM. We launched this organisational development initiative during the year as we realised that 'what got us here, won't get us there'. Since 2007 we have come a long way with the Strategic Business Unit (SBU) approach which over a period of time resulted in the emergence of silos. This growth initiative is aimed at leveraging synergies and tapping newer markets and will transform WABAG into a geographic cluster-based functional organisation.

Brand WABAG

WABAG is a 92-year-old brand reflecting more than nine decades of customers' trust and patronage. It is our responsibility to protect and preserve this inheritance. WABAG is a respected brand in the global water arena and enjoys international reputation and recognition in various global forums. It is our endeavour to promote the WABAG Brand among our customers reflecting WABAG technology, heritage and success stories.

A world of opportunities

India remains a bright spot in the global economy, being the world's fastest growing major economy in FY2015-16 registering a growth rate of over 7%. The country offers significant business opportunities in the water sector with major programmes like Namami Gange (National Mission for Clean Ganga), Smart Cities Mission and Swachh Bharat Abhiyan (Clean India Mission).

The two major initiatives of the Government of India - Clean Ganga and the Smart Cities programme - have recently witnessed actions in the right direction. The hybrid-annuity-based PPP model was approved by the cabinet for the Namami Gange programme, where up to 40% of the capital outlay would be invested by the Government of India through construction linked milestones and the balance through an annuity model over the contract duration of up to 20 years.

In the Smart Cities Initiative (comprising 100 cities) the Government has already announced the first list of 20 cities that would be developed into smart cities. Each of these 20 cities would receive funding to the tune of ₹ 1,000 Crore over a period of 5 years. It is important to note that 13 of these 20 cities are in the WHO list of the 20 most polluted cities, globally. Any smart city should have the core infrastructure elements, including adequate water supply, proper wastewater treatment and disposal or even reuse of water, which augurs well for WABAG.

Mumbai, India's bustling financial capital, lacks proper sewage treatment facilities. There is a significant drive from the Central Pollution Control Board on the State Government to build a robust sewage treatment architecture.

The Industrial sector in India promises to bring a good amount of opportunities, thanks to the awareness of the prudent measures that needs to be implemented to conserve and preserve the precious water sources. The long coastal line will help the industries to tap into the seawater to build efficient desalination plants to reduce their dependence on fresh water sources. Recycle and reuse of water is also gaining prominence with the government's increased focus on developing more zero-liquid discharge industrial plants in the country. The recent tertiary treatment plant order won by us to build a reuse plant for supplying water to the industrial belt in Chennai is a testimony to this changing mindset.

The emerging economies in Asia, Middle East, Africa and Eastern Europe have increased their focus on providing drinking water and the same has reflected in our order book over the previous years. There is increasing demand for setting up water and wastewater treatment plants from our neighbouring countries like Sri Lanka, Nepal and Bangladesh. With multi-lateral agencies willing to fund the developmental goals of these emerging markets in Asia and Africa, there is a tremendous opportunity for WABAG to build treatment plants in many of these regions over the coming years. Last year we succeeded in winning orders in Malaysia, Sri Lanka and Nigeria. The Middle East region has always been a major market for us. Our service business has gained traction in this region with setting up of dedicated units in Oman, Qatar and Bahrain for Operation and Maintenance.

20 years of excellence in India

Year 2016 is very special to us as our India team celebrates 20 years of spectacular success. Starting with core six-member team way back in 1996, today, WABAG India with more than 1,000 employees has made deep inroads into many states and changed the dynamics of water treatment in the country. With a maiden order of ₹ 35 Crore for an ETP, WABAG India today is a pure play water technology company with references spanning across all product lines and executing large and complex project sizes of more than ₹ 500 Crore. Looking back, I would say that the journey has been very satisfying as well as inspiring.

Envisioning the future

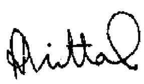
WABAG matters because water matters. Being in a critical sector naturally entails significant responsibility and commitment "For a better future". At WABAG we are driven by a purpose to provide sustainable solutions globally.

Towards this purpose we constantly strive to enhance our capabilities by

- Ensuring efficient project execution and completion within specific timeline
- Accelerating profitable growth
- Leveraging synergies across clusters to drive better results
- Instilling a culture of entrepreneurship and ownership amongst my fellow WABAGites

On behalf of the entire leadership team, I am thankful to:

- Our customers for their continued patronage
- Our employees for their dedication and commitment
- Our associates for their partnership, particularly during the challenging times
- Our bankers and financial institutions for their assistance and support
- My colleagues on the Board for their advice and guidance
- Our family of shareholders for their continued trust

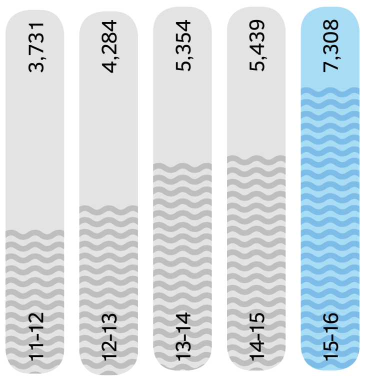


Best regards,
Rajiv Mittal

Key Performance Indicators

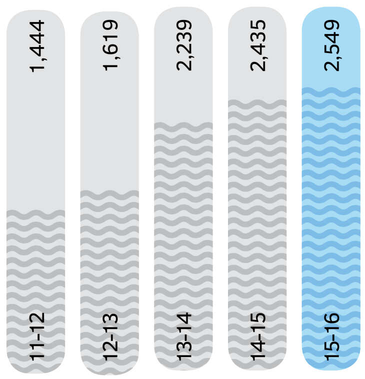
Order Book
(₹ in Crore)

5 Yr CAGR **18.3%**



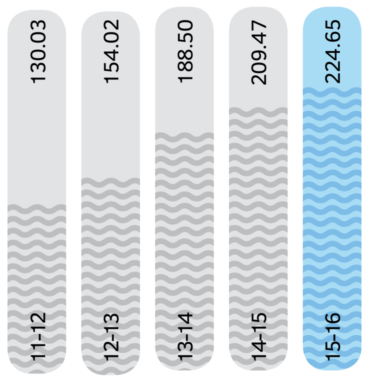
Revenue
(₹ in Crore)

5 Yr CAGR **15.26%**



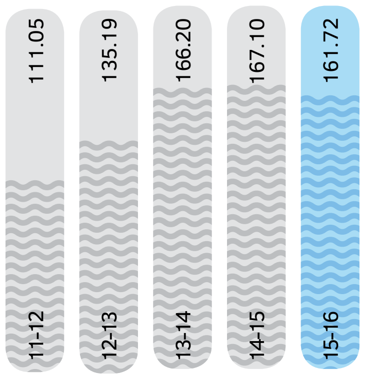
EBITDA
(₹ in Crore)

5 Yr CAGR **14.65%**



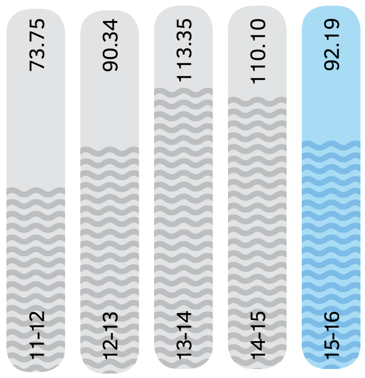
Profit Before Tax
(₹ in Crore)

5 Yr CAGR **9.85%**



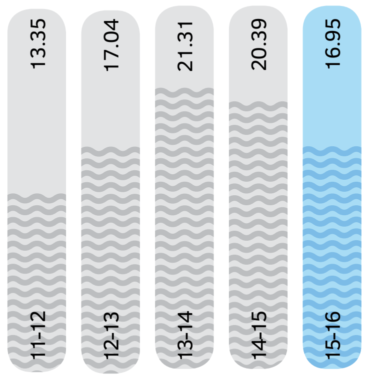
Profit After Tax
(₹ in Crore)

5 Yr CAGR **5.74%**



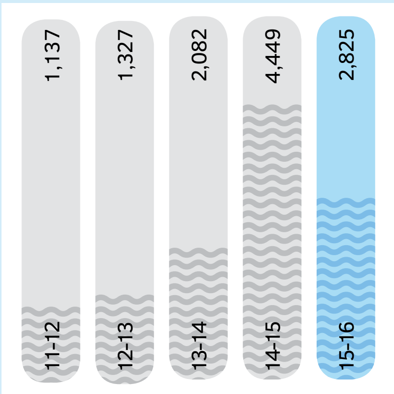
Earning Per Share
(₹)

5 Yr CAGR **6.15%**



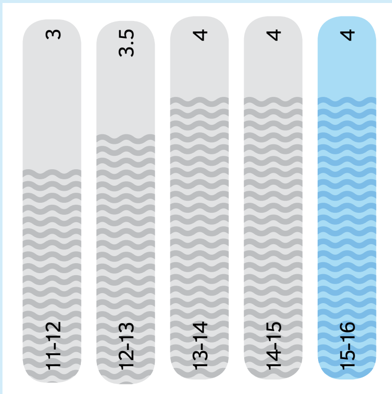
Market Capitalisation
(₹ in Crore)

5 Yr CAGR **25.54%**

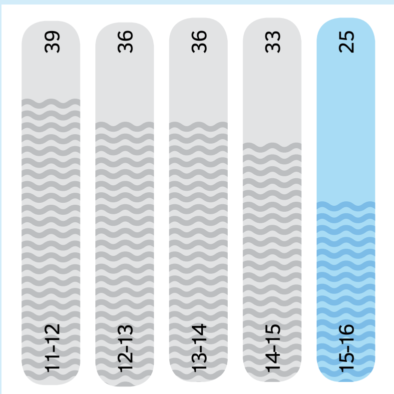


Dividend Per Share
(₹)

Consistent dividend payout



ROACE*
(%)



*Return on Average Capital Employed

Windhoek Water Reclamation Plant, Namibia

Ten Years Financial Highlights

in ₹ Lakhs

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07*
Share Capital	1,090	1,086	532	531	530	528	468	415	415	880
Reserves & Surplus	98,082	89,178	83,563	71,004	63,672	56,568	39,694	37,376	22,664	13,868
Net Worth@	99,997	90,763	84,399	71,733	64,300	57,096	40,162	37,931	23,212	14,748
Revenue	254,857	243,515	223,860	161,885	144,352	124,182	122,947	113,081	71,307	26,012
EBITDA	22,465	20,947	18,850	15,401	13,003	12,103	11,713	8,352	829	1,556
Profit Before Tax	16,172	16,710	16,620	13,519	11,105	8,342	7,441	3,790	6,124	1,005
Profit After Tax	9,219	11,010	11,335	9,034	7,375	5,257	4,476	3,488	6,073	682
Dividend per share^	4	4	4	3.5	3	2	-	-	-	-

* Standalone Financials
@ Networth includes Share application money pending allotment and minority interest
^ Adjusted for Bonus issue in FY 2015 and stock split in FY 2012

Fostering Global Synergies

for a **better future**

We at WABAG conducted an enterprise-wide exercise that has resulted in a reengineering of processes, realignment of strengths and reorganisation of business verticals. With a refreshed management philosophy, we transformed the organisation into a stronger, better and more focused global organisation providing comprehensive and competitive end-to-end water treatment solutions worldwide.

Since 2007 we operated through four Strategic Business Units (SBUs) comprising Municipal Business Group (MBG), Industrial Water Group (IWG), Operations Business Group (OBG) and Desalination Business Group (DBG) earlier known as International Business Group (IBG).

As part of organisational realignment, we fine-tuned our business strategy and created four clusters — India, Europe, Middle East & Africa (MEA) and LATAM.

The cluster approach strikes a balance between centralisation and decentralisation leading to enhanced capacity, better collaboration, greater competitiveness, increased competency and high performance culture.

Al Ghubrah seawater desalination plant, Oman

Chasing Opportunities

for a **better future**

Our four clusters are engaging with clients across geographies and providing customised and need-based interventions. The result is collaboration and competition for greater value creation in the long-term.

India cluster

The India cluster provides end-to-end water solutions for drinking water and wastewater plants – both in the municipal and industrial sectors. The cluster offers customised solutions and comprises more than 1,000 employees.

Major countries catering to

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

Cluster strategy

- Leverage low operational cost
- Target the emerging and untapped South East Asian markets
- Increase competitiveness in other countries forming part of India Cluster through support from India
- Tap funded opportunities in the region
- Leveraging opportunities from Namami Gange, Smart Cities and Swachh Bharat Mission

Cluster strengths

- Possesses two decades of rich experience
- Technology centre for industrial business and desalination
- Multiple innovative and path-breaking projects in water treatment and wastewater recycling
- Best-in-class quality and delivery model
- Glocal approach

LARGEST
ever order bagged from Petronas RAPID ETP, Malaysia - ₹ 1,500 Crore

Landmark projects

Nemmeli SWRO, Chennai, India

WABAG has built the largest seawater desalination plant in India for Chennai Metropolitan Water Supply and Sewerage Board. The new drinking water plant is based on RO Technology for a capacity of 100 MLD. Design-Build-Operate project with 7 years of operation and maintenance.

Reliance PTA Wastewater Treatment Plant, Dahej, Gujarat, India

WABAG has built the largest Membrane Bio Reactor (MBR) Petrochemical wastewater treatment plant for Reliance Industries Limited at Dahej. This Effluent Treatment and Recycle Facility has Anaerobic treatment using Upflow Anaerobic Sludge Blanket (UASB) Technology followed by Aerobic treatment using the state-of-the-art Membrane Bio Reactor (MBR) Technology. This is followed by recycling facility using Membrane Technologies such as Ultra Filtration and Reverse Osmosis.

Europe cluster

The European cluster primarily caters to small and mid-sized projects. It has distinct strengths in engineering and technological capabilities with a repository of references in building advanced technology plants. The aim is to leverage knowhow, showcase WABAG's technological proficiency and consolidate competencies across the Group for increased business.

Major countries catering to

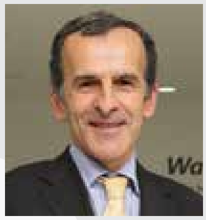
Austria, Czech Republic, Romania, Switzerland and Turkey.

Cluster strategy

- Leverage low working capital
- Showcase references for global business
- Front- ending to secure key projects in historic Middle East market
- Increase technological synergy with India and MEA cluster

Cluster strengths

- Dedicated R&D centres for advanced technologies and innovation
- Possesses more than 100 patents
- Marquee references in building advanced technology plants across geographies



"We ensure seamless technology sharing between Europe and other clusters, facilitating best-in-class project delivery. We aim to reinforce WABAG brand in this region as the most preferred technology partner for end-to-end water solutions."

Bernard Birou
Cluster Head, Europe

Landmark projects

Izmir WTP, Turkey

WABAG has built a new large-scale drinking water treatment plant (360 MLD) in Bornova, an upcoming suburb of the Izmir metropolis. A tailor-made multi-barrier system with aeration, ozonisation, clarification, filtration, disinfection and sludge dewatering as its main elements was employed for the treatment of reservoir water.

Petrobrazi ETP, Romania

WABAG has undertaken this ambitious project of refurbishing the existing, out-dated refinery ETP (36 MLD) of OMV Petrom SA. The plant was comprehensively refurbished and technologically upgraded to achieve stringent environmental standards of the local authorities and the Austria-based OMV Group. The modernisation process was realised in two phases during continuous plant operation. In addition, a new filtration system was installed which enables the reuse of part of the treated water (15 MLD) as service water.

Middle East & Africa (MEA) cluster

The MEA cluster was created to bring in more focus on this high-potential market. This cluster has two major regions – the Middle East and Africa. Saudi Arabia is the largest market in the Middle East and its water market size is larger than the sum of all markets in other Gulf States. The service business has gained traction in this region with setting up of dedicated units in Oman, Qatar and Bahrain for Operation and Maintenance business. We have a strong foothold in the MEA region and have executed many prestigious and first-of-its-kind projects in countries like Algeria, Libya and Tunisia. During FY 2015-16, MEA cluster reported good order intake from Bahrain, Saudi Arabia, Nigeria and Egypt.

Africa continues to be a big and largely untapped market. The cluster has special focus to develop this market through co-ordinated, multi-pronged approach to tap opportunities. The cluster has bagged projects in Tanzania and Nigeria.

Major countries catering to
Bahrain, Egypt, Iran, Namibia, Nigeria, Oman, Qatar, Saudi Arabia, Tanzania and Tunisia.

Cluster strategy

- Capitalise on the huge desalination opportunity in the Middle East
- Showcase advanced European technologies to secure business
- Increase competitiveness in the Middle East and African markets through support from India
- Capture the opportunities arising from emerging African market

Cluster strengths

- Specialist for complex water technology solutions (in industrial and desalination segments)
- Ability to handle large-ticket projects
- Strong and trusted Brand for many decades; deep domain knowledge and execution experience in the Middle East and African markets

"MEA region holds significant opportunity in the water space. We are collaborating with strong local companies to strengthen our presence and capitalise on emerging opportunities emanating from this region."

Erik Göthlin
Cluster Head, MEA

Landmark projects

Al Ghubrah SWRO, Oman

WABAG in consortium with Cadagua, Spain and Galfar, Oman built the Al Ghubrah SWRO plant with a capacity of 191 MLD, the largest desalination plant in Oman. The plant has an innovative design that provides it with a compact footprint and employs technology that includes a two-pass reverse osmosis system with pre-treatment using dissolved air floation (DAF) and dual media filters.

Dar Es Salaam Water & Sewerage Authority (DAWASA) WTP, Tanzania

WABAG is currently expanding the drinking water treatment plant for Dar Es Salaam Water & Sewerage Authority (DAWASA) in Tanzania. The works include rehabilitation and expansion of the intake and raw water transmission system at Ruvu river and the building of a new water treatment stream with an output of 130 MLD. The expanded WTP will produce 200 MLD of safe drinking water for over 700,000 people.

Latin America (LATAM) cluster

The LATAM cluster has made significant progress in terms of gaining market insight and forging local partnerships for bidding in this region. This region holds good business prospect which WABAG hopes to tap in the near future.

Major countries catering to

Brazil, Chile, Colombia, Ecuador, Mexico and Peru.

Cluster strategy

- Capitalise on huge market for desalination, STP, industrial and BOOT projects
- Partner with strong local companies to foray into this market

Cluster strengths

- Extensive knowledge and capacities to undertake desalination projects
- Leverage Group's strength and strong repository of global references to secure projects

Building Stakeholder Consensus

for a **better future**

The interests and concerns of our key stakeholders are important to us. We are committed to creating value for them. Here we provide an overview of our key stakeholder groups and how we engage with them to protect their interests.

Customers

- We ensure best-in-class services and solutions at a competitive cost structure
- We engage with our customers to understand their exact needs and provide customised solutions
- We deliver on our promises which enable us to generate repeat orders

Vendors / suppliers

- We at WABAG, consider our vendors / suppliers as our partners in progress
- We ensure constant interaction with our partners to facilitate faster execution of projects

Government

- We regularly connect with government authorities and other regulatory agencies to promote the importance of clean and safe drinking water, wastewater treatment, water recycling and reuse
- We partner with the government by operating and maintaining various water and wastewater treatment plants to ensure reliable and sustainable water solutions to the public at large

Employees

- We organise leadership development programmes for employees, to develop them emerge as future business leaders
- We believe in creating and sharing wealth with our employees across all levels through our ESOP schemes
- We focus on various competency based training programmes for our employees to enhance their skills
- We identify high potential employees and chart their accelerated growth paths

Shareholders

- We communicate with our shareholders across multiple forums throughout the year
- We focus on transparency and encourage meaningful interactions
- We aim to generate more value to our shareholders. We have been consistently paying dividends to our shareholders

Local communities

- We focus on helping farmers to easily access water for agricultural purposes through our various CSR programmes
- We undertake community development initiatives in our project neighbourhood with a view to improve their lives and livelihoods

Thinking Through Tomorrow

for a **better future**

We are uniquely placed in the global water management industry through our dedicated Research and Development (R&D) units in Switzerland, Austria and India. The Company possesses over 100 patents in water treatment technology.

Our technology portfolio offers a wide range of possibilities, considering the importance of maintaining water purity standards.

We focus on multiple areas which also include membrane technology, removal of micro-pollutants, energy-optimised processes and advanced pre-treatment techniques. We are concentrating on the development and use of technologies that conserve resources by means of using modern concepts for energy recovery.

WABAG's R&D canvas

- Membrane technology
- Removal of micro-pollutants
- Direct Potable Reuse (DPR)
- Sewage sludge disintegration
- High-performance systems for used water treatment

Membrane technology

- MICROPUR®: Fine sieving for pre-treatment of MBR and energy recovery in conventional activated sludge processes
- MARAPUR®: Optimised membrane bioreactor for municipal and industrial wastewater treatment
- CERAMOPUR® and CERAMOZONE®: Water treatment and recycling through ceramic membranes, as a response to strict demands for flexibility and purity levels (Micro, Ultra & Nano filtration and Reverse Osmosis)
- MEMTRICK®: Cost-effective combination of trickling filters and membrane technology for agricultural water reuse
- ZEROPUR™: Membrane distillation and crystallisation for 'Zero Liquid Discharge' in industrial water management

Removal of micro-pollutants

- PACOPUR®: Adsorption onto powder activated carbon for the elimination of persistent contaminants like micro-pollutants
- CARBOPUR®: Adsorption onto granular activated carbon
- BIOZONE-MP™: Advanced biological treatment using ozone. It ensures advanced treatment of used water with high percentage of persistent organic compounds

High-performance systems for wastewater treatment

- FLUOPUR®: Fluidised/moving bed technology (MBBR)
- BIOPUR®: Biofiltration with the use of different filter media enables the process to be adapted to a wide range of used water types and treatment targets
- BIOZONE®: Elimination of micro-pollutants by using ozone
- HYBRID™: Two-stage activated sludge process for nitrogen removal

Sewage sludge disintegration

- BIOZONE-AD®: Disintegration, using ozone for effective sewage sludge stabilisation, reduction of sludge volume, hygienisation and elimination of micro-pollutants

Nitrate removal from drinking water

- BIODEN® and ENR®: Selective denitrification of high nitrate content in ground-water

WABAG's New Process for Nitrogen Removal - Damopur™

Niederglatt, WWTP, Switzerland

As Anammox was discovered, WABAG worked together with the Suisse Federal Research Institute (EAWAG) to develop a new technology. After testing different technology approaches like Sequencing Batch Reactors and Aerobic Granules, finally a solution was found at WABAG called DAMOPUR.

After testing in laboratory and pilot scale, DAMOPUR is now being implemented for the treatment of nitrogen-rich digester return stream on two WWTPs in Switzerland.

Based on the results, WABAG together with the Anna University of Chennai will test DAMOPUR in full scale on an existing Indian WWTP.

Generally, two processes are involved in removing nitrogen from wastewater. At first, incoming nitrogen in the form of organic bound nitrogen and ammonia is transferred into nitrate in two steps. This process is called Nitrification by Bacteria that grow on inorganic carbon from CO_2. In the second step called Denitrification, nitrate is used as oxygen source for bacteria that grow on organic carbon.

If the organic carbon used for Denitrification is not oxidised, the net oxygen consumption for removing 1 kg nitrogen comes to 1.7 kg O_2/kg N or approx. 0.6 kWh of energy consumed. As COD is needed for Denitrification, it is impossible to use this process for downstream treatment of any existing WWTP. The plants are designed to remove as much COD as possible.

About 20 years ago a new bacteria named Anammox was discovered that is able to transfer nitrogen from ammonia and nitrite to free nitrogen following a completely different pathway.

The gains are:

- 63% reduction in oxygen demand (Electrical power)
- Nearly 100% reduction in carbon demand
- 80% reduction in sludge production

'Namami Gange' is paving the way towards a remarkable transformation in Indian wastewater treatment landscape. WWTPs will now be able to use Damopur™ technology to remove nutrient from influent.

Community Engagements

We are expanding our community engagements and leveraging our expertise and experience in water infrastructure and management to benefit a large cross-section of society. In FY 2015-16, we undertook multiple initiatives to support marginal farmers and facilitate water availability and sanitation.

CSR Committee Chairperson Revathi Kasturi inspecting the work progress and interacting with the farmers at Mailam Block, Villupuram District, Tamil Nadu

The wells in Tamil Nadu's Mailam region turned dry following inadequate rainfall over the past two years. The wells were the only source of irrigation for farmers. The farmers lacked the financial capability to further deepen those wells. WABAG entered into a partnership with M.S. Swaminathan Research Foundation to implement a project on the augmentation of water resources in Mailam Block, Villupuram District, Tamil Nadu. Our initiative aimed to enhancing crop diversity and productivity of small farmers led to improvement in their lives and livelihoods.

The project helped in more ways than one:

- Rejuvenated 45 open-wells belonging to 67 small and marginal farmers from six villages. It reclaimed over 100 acres of fallow land
- The baseline of cumulative water holding capacity increased to 16,106 m^3 from 6,078 m^3, significantly contributing to ground water, as well as surface water storage
- Promoted crop diversity by increasing 156 acres of crop area. Farmers are now migrating from

casuarinas and eucalyptus to more food crops, thus promoting crop diversity and ensuring household food security

- WABAG donated a revolving fund to bring about a catalytic effect and to address issues of equity
- The Company enabled the farmers to cultivate crops during off-season by facilitating water access, generating higher income
- Prevented the farmers from going to neighbouring fields for farm labour

We facilitated sanitation facilities for school students and installed a drinking water facility at Government high school, Kodungaiyur.

With a view to ensure improved quality care and patient safety as part of NABH requirements, WABAG built and donated a Sewage Treatment Plant at the Cancer Institute, Adyar, Chennai.

Pallikaranai marshland which is in close proximity to the Company headquarters is an important groundwater recharging source for South Chennai city. WABAG partnered with Care Earth Trust to undertake training and capacity building initiatives for various stakeholders to protect the wetlands.

In keeping with our avowed objective of conservation and management of water and to ensure long-term sustainability, WABAG roped in National Agro Foundation as its Implementing Partner for a watershed project in Kancheepuram District.

S. Varadarajan, Executive Director and CGO dedicated the STP facility at Cancer Institute, Adyar, Chennai in the presence of Dr. V. Shanta, Chairperson of the Institute

NAFPCL, along with MSSRF formed a committee and decided to work on 45 wells across six villages.

Planning with the community → De-silting and deepening work → Strengthening wall construction → Completion of rejuvenating the open-wells

Board's Report

Dear Shareholders,

Your Directors are pleased to present the 21st Annual Report of the Company, together with the Audited Financial Statements for the year ended March 31, 2016.

Financial summary

Your Company's financial performance for the year ended March 31, 2016 is summarised below:

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2015-16	2014-15	**2015-16**	2014-15
Gross turnover	**1,51,343**	1,23,336	**2,54,857**	2,43,515
Profit before interest, tax & depreciation (EBITDA)	**20,607**	14,926	**22,465**	20,947
Net profit before tax	**17,853**	13,601	**16,172**	16,710
Provision for tax	**(6,110)**	(4,560)	**(6,890)**	(5,664)
Net profit after tax	**11,743**	9,041	**9,282**	11,046
Proposed dividend on equity shares	**(2,180)**	(2,176)	**(2,180)**	(2,176)
Tax on proposed dividend	**(456)**	(443)	**(456)**	(443)
Retained profit carried forward to the following year	**46,008**	36,901	**49,730**	43,302

Business environment

The global business environment during the year was subdued and witnessed slow growth across geographies. The oil price crisis in Middle East dominated throughout the year and had its effects spread across the world. The currency devaluation by China and the slowdown in this region witnessed tremendous volatility in the major currencies and commodities. Despite the global turmoil, Indian economy remained fairly stable but the growth momentum which was expected during the year did not happen on the back of slow decision making and lead up to various state elections held in May 2016.

Forecasting these developments to an extent, your Company had proactively spread its wings in the international emerging geographies where better visibility was seen in terms of new projects in the water treatment space. The focused approach of the business development and sales team helped your company in garnering good order intake in Malaysia, Bahrain, Sri Lanka, Nigeria and Saudi Arabia. Towards the end of the year, your company also bagged a big ticket tertiary treatment order in Chennai, India. The strategy of diversifying into targeted geographies for newer opportunities helped the Company secure its biggest ever order intake in a single financial year and thereby helped in navigating your Company safely amidst tough macro-economic conditions.

State of affairs

In the financial year 2015-16, your Company continued its growth momentum on key parameters. During the year, your company recorded order intake of ₹ 5,140 Crore which helped your Company to close the year with a strong order book of ₹ 7,308 Crore as on March 31, 2016. Your Company's consolidated turnover stood at ₹ 2,549 Crore compared to previous year's turnover of ₹ 2,435 Crore recording a growth of 5%. The standalone turnover stood at ₹ 1,513 Crore, an increase of 23%, compared to previous year's turnover of ₹ 1,233 Crore. The consolidated EBITDA increased to ₹ 225 Crore in FY 2015-16 as against ₹ 209 Crore in the previous year registering a growth of 8% over previous year. On a standalone basis the EBITDA stood at ₹ 206 Crore in FY 2015-16 as against the previous year's EBITDA of ₹ 149 Crore. The consolidated PAT stood at ₹ 92 Crore as against ₹ 110 Crore in the previous year. The increase in working capital due to the liquidity stress in the market impacted the Company's bottom-line adversely. The consolidated EPS was at ₹ 16.95 for the year ended March 31, 2016 as against ₹ 20.39 in the previous year.

Dividend

Your directors are pleased to recommend a final dividend of ₹ 4/- per equity share on the face value of ₹ 2/- per equity share for the financial year ended March 31, 2016 amounting to ₹ 26.36 Crore (inclusive of tax ₹ 4.56 Crore). The dividend payout is subject to approval of members at the ensuing Annual General Meeting (AGM).

The dividend will be paid to members whose names appear in the Register of members as on July 15, 2016 in respect of shares held in dematerialised form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.

Management's discussion and analysis

In terms of the provisions of Regulation 34 of the SEBI Listing Obligations And Disclosures Requirements Regulation (SEBI LODR) 2015, the Management's discussion and analysis is set out in this Annual Report.

Key projects updates

PETRONAS RAPID ETP PROJECT, Malaysia

During the year, Malaysia's National Oil and Gas company, Petroliam Nasional Berhad (PETRONAS), through its subsidiary under the PETRONAS Group, PRPC Utilities and Facilities Sdn. Bhd. (PRPC UF), signed a contract with VA Tech Wabag Limited and Muhibbah Engineering (M) Bhd for the ReFEED and Engineering, Procurement, Construction and Commissioning of the Effluent Treatment Plant (ETP) for PETRONAS' Refinery and Petrochemicals Integrated Development (RAPID) Project in Pengerang, Johor. The project is being executed by Wabag-Muhibbah JV Sdn. Bhd., a JV company incorporated in Malaysia. The contract's scope covers RAPID Complex's effluent and waste water treatment to below the regulatory discharge limits with a state-of-the-art water treatment system. The project is progressing as per schedule. The ReFEED Engineering approval has been obtained while the detailed engineering, procurement and construction activities are progressing as planned.

AMAS STP PROJECT, Bahrain

The year 2015-16 saw your Company winning a large EPC order from the Kingdom of Bahrain, to Design and Build a Sewage Treatment Plant (STP) for Al Madina Al Shamaliya (AMAS), the new town being developed in Bahrain. The project is funded by Abu Dhabi Fund for Development (ADFD). WABAG is partnering with Belhasa Projects LLC, UAE for executing this project. AMAS is a mixed used new town on reclaimed land off the north coast of the Kingdom of Bahrain. With a total land area of approximately 750ha over 13 islands, AMAS shall be developed for Housing, Recreational, and Business activities purpose which will provide approximately 15,000 dwelling units. The STP plant with tertiary treatment will cater to the entire irrigation water requirements of all the 13 islands. The client has approved the basic engineering; the civil work has commenced and the detailed engineering and procurement is at an advanced stage.

DANGOTE RWTP PROJECT, Nigeria

WABAG is designing and building a Raw Water Treatment plant for Dangote Fertilizer Ltd a Company forming part of the Dangote Group, one of Africa's most diversified business groups. The greenfield, integrated fertiliser and refinery complex will be located near Lagos, Nigeria's largest city, and will be the largest of its kind in Africa. 60 MLD of raw water from the lagoon will be processed using a combination of ultrafiltration/reverse osmosis. The scope of the contract includes design, engineering and supply of raw water treatment plant, as well as supervision of installation and commissioning. The project is progressing well and reached the final stages of engineering completion.

AL GHUBRAH DESALINATION PROJECT, Oman

During the year, the 191 MLD Al Ghubrah Desalination Project was completed and handed over to the client. The project was executed by International Water Treatment LLC (IWT) a SPV incorporated in Muscat, Oman, with the Company holding 32.5% stake and the other joint venture partners of the SPV being Cadagua SA, Spain (37.5%) and Galfar Engineering & Contracting SAOG, Oman (30%). The plant has an innovative design that provides it with a compact footprint and employs technology that includes a two-pass reverse osmosis system with pre-treatment using dissolved air flotation (DAF) and dual media filters. The Project suffered a time over-run which led to delay in the overall commissioning of the plant that has eroded the expected margins on the Project. As per terms of the contract the SPV is liable to pay liquidated damages (LD) to the client. The Company's share of the liquidated damages would amount to 32.5% of the overall liquidated damages that could be levied. The SPV has initiated arbitration proceedings with the client on the extent of liquidated damages and the matter is sub judice. Although the Project suffered losses, the state-of-the-art Plant is a good reference for the Company which will enable it to win large projects in Desalination space.

APGENCO KAKATIYA and RAYALASEEMA THERMAL POWER PROJECT, India

Andhra Pradesh Power Gen. Co. Ltd. had placed orders for two 600 MW Thermal Power Plants – one at Warangal and another at Cuddapah. The orders were placed on a consortium in which WABAG was joint partner along with two more contractors.

WABAG was initially responsible for Water Systems Package. Due to financial issues on the part of the Consortium leader, WABAG had to take lead of the consortium from mid-2014 and took over the overall responsibility of completing the entire balance of plant for the 600 MW Power plant. For the first time, WABAG ventured into the construction of the full Balance of Plant package.

The first of the 600 MW Kakatiya Thermal Power projects was completed successfully and the Plant was inaugurated by the Chief Minister of Telengana in the Month of January 2016. The other 600 MW Rayalaseema Thermal Power plant is under construction and the plant is in progress as per schedule for completion.

Corporate governance

Your Company is committed to maintain the highest standards of corporate governance. We believe sound corporate governance is critical to enhance and retain investor trust. Our disclosures seek to attain the best practices in corporate governance as prevalent globally. We have implemented several best corporate governance practices in the Company to enhance long-term shareholder value and respect minority rights in all our business decisions. Our corporate governance report for FY 2015-16 forms part of this Annual Report. The requisite certificate from the auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under SEBI LODR is annexed to the corporate governance report.

Directors & Key managerial personnel

Rajiv Mittal was appointed as the Managing Director & Group CEO for a period of 5 years effective October 1, 2015 by the members at the 20th AGM held on July 27, 2015. The members at the said AGM also appointed S Varadarajan as a Director of the Company liable to retire by rotation and Malay Mukherjee as an Independent Director for a period of 3 consecutive years for a term up to the conclusion of the 23rd AGM of the Company in the calendar year 2018. We thank the members for their support in confirming the above-mentioned appointments.

The board, on the recommendation of the Nomination and Remuneration Committee, appointed Parthasarathy Gopalan as the Chief Financial Officer (CFO) effective November 7, 2015 in place of S Varadarajan who relinquished his post as the CFO of the Company. The board places on record its appreciation for the services rendered by S Varadarajan during his tenure as CFO with the Company. Further, based on the recommendation of the Nomination and Remuneration Committee, S Varadarajan was designated as the Director & Chief Growth Officer of the Company effective November 7, 2015.

As per the provisions of the Companies Act, 2013, S Varadarajan, retires by rotation at the ensuing annual general meeting and being eligible, seeks re-appointment. A brief profile of S Varadarajan is given in the notice dated May 26, 2016 convening the AGM of the Company. The board recommends his re-appointment.

Declaration by independent directors

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI LODR.

Board diversity

The Company recognises the importance of a diverse board for its success and believes that a diverse board will leverage inter alia differences in thought, knowledge, skills, regional and industry experience, cultural and geographical background which in the long run will enhance shareholder value. The Nomination and Remuneration Committee sets out the approach to diversity of the board of directors.

Board evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 19 of SEBI LODR, the board has carried out the annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration, Stakeholders Relationship, Corporate Social Responsibility, Monitoring & Overseas Investment Committee. A structured questionnaire was prepared after taking into consideration inputs received from the directors, covering various aspects of the board's functioning such as adequacy of the composition of the board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual directors including the Chairman of the board, who were evaluated on parameters such as participation and contribution by a director, commitment, including guidance provided to the senior management outside of board / committee meetings, effective deployment of knowledge and expertise, effective management of relationship with various stakeholders, independence of behavior and judgment etc. The performance evaluation of the Independent Directors was carried out by the entire board. The performance evaluation of the Chairman and Managing Director were carried out by the Independent Directors. The board also reviewed the performance of the Chief Financial Officer, Company Secretary and other senior managerial personnel. The evaluation process has been explained in the corporate governance report. The board approved the evaluation results as collated by the Nomination and Remuneration Committee.

Policy on directors appointment and remuneration

The Company's current policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the board and separate its functions of governance and management. As on March 31, 2016 the board consists of 7 Directors, majority of them being independent directors. Besides the Chairman who is an independent director, the board comprises the managing director and an executive director both being promoters and 4 independent directors. The board periodically evaluates the need for change in its composition and size.

The policy of the Company on director's appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters as required under sub-section (3) of Section 178 of the Companies Act, 2013 are formulated by the Nomination and Remuneration Committee and is outlined in the Nomination Evaluation & Remuneration policy of the Company.

Number of meetings of the board

The board met four times during the financial year, the details of which are given in the corporate governance report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

Committees of the board

Currently, the board has six Committees: the Audit Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee, the Stakeholders Relationship Committee, the Monitoring Committee and the Overseas Investment Committee. As required under section 177 (8) of the Companies Act, 2013, the composition of the Audit Committee is disclosed as under:

B D Narang, Chairman of the Committee, Jaithirth Rao, Malay Mukherjee and Sumit Chandwani.

A detailed note on the composition of the board and other committees is provided in the corporate governance report section of this annual report.

Induction & training of board members

On appointment, the concerned director is issued a letter of appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed/ designated independent director is taken through a formal induction program including the presentation from the managing director & group CEO on the Company's operations, marketing, finance and other important functions. The company secretary briefs the director about their legal and regulatory responsibilities as a director. The induction for independent directors include interactive sessions with executive committee members, business and functional heads, visit to the plant site etc. The above initiatives help the director to understand the Company, its business and the regulatory framework in which the Company operates and equips him/ her to effectively fulfill his role as a director of the Company.

Periodic presentations are also made at the board and committee meetings on business and performance updates of the Company, global business environment, business strategy and risks involved.

Director's responsibility statement

Pursuant to the requirement under Section 134 (3) (c) of the Companies Act, 2013, your directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 and loss of the Company for that period;

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

Remuneration policy

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, your Company endeavors to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed pay benefits and performance based variable pay. Individual performance pay is determined by business performance and the performance of the individuals are measured through quarterly & annual appraisal process.

The primary objective of the remuneration policy is to formulate the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director and recommend to the board policies relating to the remuneration of the directors, KMPs and other employees. This includes reviewing and approving corporate goals and objectives relevant to the compensation of the executive directors, evaluating executive directors' performance in the light of those goals and objectives, and either as a committee or together with the other independent directors (as directed by the board), determine and approve the executive directors' compensation level based on this evaluation and making recommendations to the board with respect to key managerial personnel's (KMPs) compensation, performance incentives and equity based plans that are subject to the board's approval.

The purpose of the policy is also to assess the effectiveness of the board as a whole, committees of the board and individual directors on regular basis through the Nomination and Remuneration Committee of the board. The policy also addresses board diversity and outlines remuneration principles for directors, KMP's and other employees based on various evaluation criteria determined by the Nomination and Remuneration Committee including measuring their performance and achievement against the Company's goals.

Employees' stock option scheme

Nomination and Remuneration Committee of the Board of directors of the Company, inter alia administers and monitors the Company's employees' stock option scheme (ESOP Scheme) in accordance with the applicable SEBI Regulations. During the year ended March 31, 2016, a total of 2,11,911 shares were allotted to eligible employees under the Company's prevailing ESOP scheme. During the year ended March 31, 2016 there has been no material change in the Company's existing ESOS and the scheme is in compliance with the applicable Regulations. The details of the scheme as required under SEBI Regulations is available on the Company's website *www. wabag.com*.

The applicable disclosures as stipulated under the SEBI Regulations as on March 31, 2016 is enclosed herewith as ***Annexure I to the Board's report.*** The Company has received a certificate from the statutory auditors that the scheme has been implemented in accordance with the SEBI Regulations and the resolutions passed by the shareholders. The certificate would be placed at the AGM for inspection by the members.

Particulars of employees

The ratio of remuneration of each director to the median of employees' remuneration as per Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and a statement containing the names of every employee employed throughout the financial year and in receipt of remuneration of ₹ 60 Lakhs or more, or employed for part of the year and in receipt of ₹ 5 Lakhs or more a month, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed herewith as ***Annexure II to the Board's report.***

Equal opportunity

The Company has always provided a congenial atmosphere for work to all employees that is free from discrimination of any kind. It has provided equal opportunities of employment to all without regard to the nationality, religion, caste, color, language, marital status and sex. The Company has also framed a policy on 'Prevention of Sexual Harassment' (POSH) at the workplace. We follow a gender-neutral approach in handling complaints of sexual harassment and we are compliant with the law of the land wherever we operate. We have also constituted an Internal Complaints Committee to consider and address sexual harassment complaints. The details of issues raised and resolved regarding sexual harassment of women at the workplace is available in the human resources section which forms part of this annual report.

Auditors

Statutory auditors

At the AGM held on July 27, 2015, Walker Chandiok & Co. LLP, Chartered Accountants, were appointed as statutory auditors of the Company to hold office till the conclusion of AGM to be held in the calendar year 2018. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every AGM. Accordingly, the appointment of Walker Chandiok & Co. LLP, Chartered Accountants, as statutory auditors of the Company, is placed for ratification by the shareholders.

The auditors' report for FY 2015-16 does not contain any qualification, reservation or adverse remark. The auditors' report is enclosed with the financial statements in this annual report.

Cost auditor

Section 148 of the Companies Act, 2013 pertaining to audit of cost records is applicable to the Company. Based on the recommendation of the Audit Committee, the board has appointed S Chandrasekaran, Practicing Cost Accountant (Membership No.4784) to audit the cost accounts of the Company for the financial year ended March 31, 2016 and ending March 31, 2017 on a remuneration of ₹ 5 Lakhs per year. As per the provisions of Section 148 of the Companies Act, 2013, the remuneration payable to the cost auditor is required to be ratified by the members. Accordingly, the remuneration payable to S Chandrasekaran, Practicing Cost Accountant, cost auditors of the Company is placed for ratification by the shareholders.

Secretarial auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules thereunder, M.Damodaran (Membership No. 5837) of M.Damodaran & Associates, Practicing Company Secretaries was appointed to conduct the secretarial audit of the Company for the FY 2015-16. The secretarial audit Report for FY 2015-16 is enclosed herewith as ***Annexure III to the Board's report.*** The secretarial audit Report does not contain any qualification, reservation or adverse remark.

The board has appointed M. Damodaran of M. Damodaran & Associates, Practicing Company Secretaries, as secretarial auditor of the Company for the FY 2016-17.

ODI in Subsidiaries, joint ventures and associate companies

WABAG, over the years has expanded its global reach through Overseas Direct Investments (ODI), either through subsidiaries, joint venture or associate companies. As of March 2016, the aggregate financial investments in such ODIs amount to ₹ 1,192.20 Crore. Out of such overseas investments, a very substantial component of investment comprises of guarantees or non-funded exposure for various projects, which as of March 2016 amounted to ₹ 1,149.18 Crore (96.40% of total financial exposure). The funded exposure of the Company in ODI for the same period consists of equity ₹ 29.50 Crore (2.47% of total financial exposure) and loans ₹ 13.52 Crore (1.13% of total financial exposure).

The Company has immensely benefited from these ODI, as its standalone revenue from overseas operations as of March 2016 amounted to ₹ 538 Crore, while consolidated overseas revenue less inter-segment revenue amounted to ₹ 1,039 Crore out of its consolidated revenue of ₹ 2,542 Crore. In all, during the financial year 2015-16, the aggregate revenue from ODI is ₹1,577 Crore (i.e. ₹ 538 crore + ₹ 1,039 crore), which accounted for about 62 % of the consolidated revenue of ₹ 2,542 crore, considering its relative meager financial exposure to ODI as stated above.

The consolidated financial statements of the Company and all its subsidiaries which form part of the annual report have been prepared in accordance with Section 129(3) of the Companies Act, 2013 and regulation 33 of SEBI LODR. Further, a statement containing the salient features of the financial statement of our subsidiaries, joint ventures and associates in the prescribed format AOC-1 is enclosed herewith as ***Annexure IV to the Board's report.*** The statement also provides the details of performance and financial position of each of the subsidiaries, joint ventures and associates.

During the year, WABAG MUHIBBAH JV SDN, BHD was incorporated in MALAYSIA as a subsidiary to carry out the RAPID Project. WABAG BELHASA JV WLL was incorporated in BAHRAIN as a subsidiary to carry out AMAS Project. VA TECH WABAG EGYPT LIMITED, EGYPT ceases to be a step down subsidiary of the Company since the Company was liquidated in the month of February 2016. Your Company had 21 subsidiaries as on March 31, 2016. BEIJING VA TECH WABAG WATER TREATMENT TECHNOLOGY CO. LTD ceases to be a step down subsidiary of the Company since the Company was liquidated in the month of April 2016. There has been no change in the nature of business of the subsidiaries during the year. During the year, the board of directors reviewed the affairs of the subsidiary Companies. Details of major subsidiaries of the Company and their business operations during the year under review are covered in the management's discussion and analysis report.

In accordance with Section 136 of the Companies Act, 2013 the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries are available on our Company's website *www.wabag.com*.These documents will also be available for inspection during business hours at our registered office in Chennai, India.

Corporate social responsibility

As per the provisions of the Companies Act, 2013 all Companies having a net worth of ₹ 500 Crore or more, or turnover of ₹ 1,000 Crore or more or a net profit of ₹ 5 Crore or more during any financial year are required to constitute a Corporate Social Responsibility (CSR) Committee of the board of directors comprising three or more directors, atleast one of whom should be an independent director. All such Companies are required to spend atleast 2% of the average net profits of their three immediately preceding financial years on CSR-related activities. Accordingly, the Company was required to spend ₹ 2.50 Crore towards CSR activities during the year. The Company spent ₹ 96.54 Lakhs during the FY 2015-16 towards various CSR initiatives. Further a capital commitment of ₹ 97 Lakhs was made in the month of March 2016 towards CSR program implementation on watershed development in partnership with NABARD. The implementing agency is National Agro Foundation, founded by late C Subramanian. Since the roll out of CSR program effective April 2014, the Company has been making a slow and steady progress. The CSR Committee has laid emphasis on outcome & impact than merely on expenditure being met during the year. Secondly, the Committee took extra time & caution in selecting the right NGO's as well as focused on projects in our area of expertise that is, water and waste water.

During FY 2015-16, we completed three projects – (1) Augmentation of water resources; (2) Sewage treatment plant for Cancer Institute, Adyar, Chennai and (3) Drinking water filtration solution and sanitation for the Govt. High School, Kodungaiyur, Chennai. One of the project identified i.e. Capacity Building for wetlands management could not be completed on account of apprehension by the intended participants and largely due to Chennai floods. This project is being implemented by an external agency – Care Earth Trust which has sought extension of time till September 2016.

Your Company's CSR Committee comprises Revathi Kasturi (Chairperson), Rajiv Mittal and S Varadarajan. The Committee is responsible for formulating and monitoring the CSR policy of the Company.

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

Deposits

Your Company has not accepted any deposit and as such no amount of principal and interest were outstanding as of the Balance Sheet date.

Particulars of loans, guarantees or investments

Details of loans, guarantees and investments covered under the provisions of section 186 of the Companies Act, 2013 form part of the notes to the financial statements.

Internal financial control and its adequacy

The board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures.

Risk management policy

Details on the Company's risk management framework, risk identification, risk evaluation, mitigation measures and monitoring mechanism forms part of the management's discussion and analysis section of this annual report.

Particulars of contracts or arrangements made with related parties

Particulars of contracts or arrangements with related parties referred to in Section 188 (1) of the Companies Act 2013, in the prescribed Form AOC – 2, is enclosed herewith as ***Annexure VI to the Board's report.***

Significant and material orders

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

Extract of annual return

In accordance with section 134(3) (a) of the Companies Act, 2013, an extract of the annual return in the prescribed format is enclosed herewith as ***Annexure VII to the Board's report***.

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

The particulars as prescribed under Section 134(3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is enclosed herewith as ***Annexure VIII to the Board's report***.

Sustainability initiatives

Your Company is in the space of providing solutions in the realm of water and waste water treatment. Sustainability runs through the Company in all its operations and functions. Your Company continuously focuses on solutions which have low carbon footprint and that are sustainable. Globally, your Company is actively involved in providing solutions that are eco-friendly and renewable in nature. Your Company's contribution towards sustainability is continuous in nature as is reflected throughout this report and forms an integral part of our business.

Acknowledgments

We place on record our appreciation for the committed services from every member of the WABAG family globally. We thank our customers, vendors, investors, banks, various financial institutions, government/regulatory authorities and members for their continued assistance and cooperation received during the year.

For and on behalf of the Board of Directors

Bucharest, Romania	**B D Narang**	**Rajiv Mittal**
May 26, 2016	Chairman	Managing Director & Group CEO

ANNEXURE – I

Disclosures with respect to Employees Stock Option Scheme of the Company

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

* No. of options approved and exercise price is adjusted for sub-division of face value of shares from ₹5/- to ₹ 2/- each and bonus issue of shares in the ratio 1:1 post approval for the issuance of options by shareholders in the year 2010.

B	Option Movement during the year 2015-16	
Sr. No	Particulars	Nos
1	Options outstanding at the beginning of the year	720,308
2	Number of options granted during the year	NIL
3	Options Forfeited / Surrendered during the year	43,232
4	Options Vested during the year	0
5	Options Exercised during the year	211,291
6	Options Lapsed during the year	-
7	Total number of shares arising as a result of exercise of options	211,291
8	Money realised by exercise of options (₹)	3,80,32,380.00
9	Options outstanding at the end of the year	465,785
10	Options exercisable at the end of the year	465,785

C	The impact on the profits and EPS of the fair value method is given in the table below -	
		₹ in Lakhs
	Profits as reported	11,743.00
	Add - Intrinsic Value Cost	0.00
	Less - Fair Value Cost	0.00
	Profits as adjusted	11,743.00
	Earnings Per Equity Share (₹)	
	(Basic) as reported	21.59
	(Basic) adjusted	21.59
	(Diluted) as reported	21.43
	(Diluted) adjusted	21.43

For and on behalf of the Board of Directors

Bucharest, Romania

May 26, 2016

B D Narang
Chairman

Rajiv Mittal
Managing Director
& Group CEO

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 15-16.	B D Narang, Chairman - 3.05:1; Jaithirth Rao, Independent Director - 2.29:1; ^Malay Mukherjee, Independent Director - 1.07:1; Sumit Chandwani, Independent Director - 2.29:1; Revathi Kasturi, Independent Director - 2.29:1; Rajiv Mittal, Managing Director & Group CEO - 47.6:1; ^S Varadarajan, Director & Chief Growth Officer - 17.24:1.
The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the FY 15-16.	Managing Director : 0% Other Directors : 0% #Chief Financial Officer : 0% Company Secretary : 0%
The percentage increase in the median remuneration of employees in the FY 15-16.	1.4%
The number of permanent employees on the rolls of the Company.	871
The explanation on the relationship between average increase in remuneration and company performance.	The growth in standalone sales and net profit in FY 2015-16 over FY 2014-15 is 23% and 30% respectively. However consolidated sales increased only marginally by 5% and the consolidated Net profit was down by 16% in FY 2015-16 compared to FY 2014-15. The average remuneration of employees grew by 2.8% during 2015-16 over 2014-15.
Comparison of the remuneration of the Key Managerial Personnel against the performance of the company.	The total remuneration paid to Key Managerial Personnel for the FY 2015-16 is ₹ 4,15,16,540. The standalone sales and net profit in the FY 2015-16 are ₹ 1513.43 Crore and ₹ 117.43 Crore respectively. The consolidated sales and net profit in the FY 2015-16 are ₹ 2548.57 Crore and ₹ 92.82 Crore respectively.
Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer.	Company's market capitalisation decreased by 36.42% from ₹ 4455.99 Crore as on March 31, 2015 to ₹ 2833.31 Crore as on March 31, 2016. The price earnings ratio decreased by 23.93% from 40.20 as on March 31, 2015 to 30.58 as on March 31,2016. The closing price of the Company's equity shares on the NSE and BSE as on March 31, 2016 was ₹518.35 and ₹ 520 respectively, representing a 1.08% (NSE) decrease over the IPO price* (₹ 524).
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.	There was no increase in the salaries of employees or in the managerial remuneration during FY 2015-16.
Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company.	The remuneration paid to Key Managerial Personnel for the FY 2015-16 is as follows: Managing Director - ₹ 2,64,99,640; @Chief Financial Officer - ₹ 1,27,55,631; Company Secretary - ₹ 22,61,296; There was no increase in the remuneration of Key Managerial Personnel during the FY 2015-16. The growth in standalone sales and net profit in FY 2015-16 over FY 2014-15 is 23% and 30% respectively. However consolidated sales increased only marginally by 5% and the consolidated Net profit was down by 16% in FY 2015-16 compared to FY 2014-15.
The key parameters for any variable component of remuneration availed by the directors.	Key parameters for variable component of remuneration availed by the Directors are participation and contribution by the Director, commitment including guidance provided to the Senior Management outside of Board/ Committee Meetings, effective deployment of knowledge and expertise, effective management of relationship with various stakeholders; independence of behaviour and judgment etc., as set out by the Nomination & Remuneration Committee.

The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.	During the year 2015-16 no employee received remuneration in excess of the highest-paid director.
Affirmation that the remuneration is as per the remuneration policy of the company.	The remuneration paid to the Directors, KMP's and employees are as per the remuneration policy of the Company.
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 sixty lakh rupees.	Rajiv Mittal, Managing Director & Group CEO S Varadarajan, Director & CGO Patrick Andrade, Chief Operating Officer - India Cluster Rajneesh Chopra, Global Head- Business Development Rajesh Singh, Head-Treasury S Natrajan, Sales Head - India Cluster
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 five lakh rupees per month.	Parthasarathy Gopalan, Chief Financial Officer
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

^ S Varadarajan and Malay Mukherjee was appointed as Executive Director and Independent Diretor respectively effective June 24, 2015
# Parthasarathy Gopalan was appointed as CFO effective November 7, 2015 in place of S Varadarajan, Director & Chief Growth Officer
* adjusted for stock split and bonus issue of shares to date.
@ Remuneration of CFO includes remuneration paid to S Varadarajan upto November 6, 2015 and to Parthasarathy Gopalan from November 7, 2015.

Information as per rule 5(3) of chapter XIII, Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014

S.no	Name	Designation	Qualification	Age	Experience (in years)	Date of Joining	Nature Of Employment	Remuneration (In ₹)	Previous Employment
1	Rajiv Mittal	MD & Group CEO	Chemical Engineering	56	40	01.10.1996	Permanent	2,64,99,640	Wabag Water Engineering Limited, UK
2	S Varadarajan	Director & CGO	MA, CS & CWA	51	30	20.01.1997	Permanent	95,85,129	PL Agro Technologies Limited
3	Parthasarathy Gopalan	CFO	BSC, PGDBA & CA	48	23	16.09.2015	Permanent	69,78,293	CRH India Management Services Private Limited, Subsidiary of CRH PLC
4	Patrick Andrade	Chief Operating Officer - India Cluster	DCE (Chemical)	54	34	01.01.2003	Permanent	81,60,173	Aqua Tech Asia Private Limited
5	Rajneesh Chopra	Global Head-Business Development	BSC	53	31	20.05.2011	Permanent	73,55,724	Ion Exchange (India) Limited
6	Rajesh Singh	Head Treasury	MBA (Finance)	44	19	04.11.2005	Permanent	73,51,026	Va Tech Finance Private Limited
7	S Natrajan	Sales Head- India Cluster	BE & DBM	51	27	03.12.2002	Permanent	66,98,576	Nash Water Technologies Private Limited

For and on behalf of the Board of Directors

Bucharest, Romania
May 26, 2016

B D Narang
Chairman

Rajiv Mittal
Managing Director & Group CEO

ANNEXURE – III

Secretarial Audit Report for the financial year ended March 31, 2016
[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- MR-3]

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 31.03.2016 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 **31.03.2016** 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 thereunder;

(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');

(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, 1992 and 2015;

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

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

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

I have also examined compliance with the applicable clauses of the following:

(i) The Listing Agreements entered into by the Company with The National Stock Exchange of India Limited and BSE Limited.

(ii) 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

(iii) 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 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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:

(i) The Company has passed Ordinary Resolution vide Annual General Meeting dated 27.07.2015 under section 196, 197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the Re-appointment of Mr. Rajiv Mittal (DIN:01299110) as Managing director of the Company for a period of 5 (Five) years w.e.f. October 1, 2015.

(ii) The Company has passed Ordinary Resolution vide Annual General Meeting dated 27.07.2015 under Section 149, 152 read with schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (.the Act.) and the Companies (Appointment and Qualification of Directors) Rules, 2014 for the appointment of Mr. Malay Mukherjee as Independent Director of the Company for a period three years.

(iii) The Company has passed Ordinary Resolution vide Annual General Meeting dated 27.07.2015 under Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 for the appointment of S. Varadarajan, (DIN 02353065), as Director of the Company.

(iv) The Company has passed Special Resolution vide Annual General Meeting dated 27.07.2015 under Section 180(1) (c) of the Companies Act, 2013 to borrow money in form of both fund based and non fund based borrowing shall not at any time exceed ₹ 3000 Crore (Rupees Three Thousand Crore) or the aggregate of the paid up capital and free reserves of the Company which is higher.

(v) The Company has passed Special Resolution vide Annual General Meeting dated 27.07.2015 under Section 180(1)(a) of the Companies Act, 2013 for approval of Creation of Charge/Mortgage/ Hypothecation in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit shall not at any time exceed ₹ 3000 Crore (Rupees Three Thousand Crore) or the aggregate of the paid up capital and free reserves of the Company, whichever is higher.

Sd/-

Chennai — **M. DAMODARAN**

May 23, 2016 — FCS No: 5837

C P No: 5081

ANNEXURE – IV

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)

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
				₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs	
1	VA Tech Wabag (Singapore) Pte. Ltd., Singapore	March 31, 2016	SGD	2,425.49	2,276.22	4,957.10	255.39	-	1,331.41	657.89	4.43	653.46	-	100
2	VA Tech Wabag (Hongkong) Ltd., Hong Kong	March 31, 2016	HKD	2,410.79	(468.33)	1,942.46	-	-	-	(196.59)	-	(196.59)	-	100
3	Beijing VA Tech Wabag Water Treatment Technology Co. Ltd., China	March 31, 2016	CNY	1,873.27	(1,872.36)	0.91	-	-	137.43	104.02	-	104.02	-	100
4	VA Tech Wabag GmbH., Austria	March 31, 2016	EUR	751.51	15,150.61	44,008.77	28,106.65	205.48	28,357.87	(1,142.63)	32.53	(1,175.16)	-	100
5	VA Tech Wabag Deutschland GmbH,Germany	March 31, 2016	EUR	173.04	(282.52)	690.63	800.11	-	454.42	350.74	-	350.74	-	100
6	VA Tech Wabag Algerie s.a.r.l., Algeria	March 31, 2016	EUR	947.13	(1,330.08)	0.73	383.68	-	10.22	(26.30)	-	(26.30)	-	100
7	WABAG Wassertechnik AG, Switzerland	March 31, 2016	EUR	514.05	2,369.70	8,156.16	5,272.42	-	14,237.90	186.64	40.24	146.40	-	100
8	VA Tech Wabag BRNO spol. S.r.o., Czech Republic	March 31, 2016	EUR	55.71	2,080.52	7,110.20	4,973.97	-	4,965.82	40.11	8.30	31.81	-	100
9	VA Tech Wabag Tunisie S.A.R.L., Tunisia	March 31, 2016	EUR	482.50	317.44	2,344.45	1,544.51	-	1,107.37	120.27	0.16	120.11	-	100
10	Wabag water services (Macao) Ltd., Macao	March 31, 2016	EUR	1.59	713.14	1,020.01	305.28	-	1,744.17	156.21	19.15	137.06	-	100
11	Wabag Water Services S.R.L., Romania	March 31, 2016	EUR	7.52	3,635.71	7,174.73	3,531.50	-	10,515.45	1,432.22	238.69	1,193.53	-	100
12	VA Tech Wabag Su Teknolojisi Ve Tic. A.S, Turkey	March 31, 2016	EUR	1,144.41	(2,778.70)	7,130.45	8,764.74	-	20,132.94	(1,834.40)	-	(1,834.40)	-	100
13	VA Tech Wabag Muscat LLC., Oman	March 31, 2016	OMR	257.85	129.36	941.88	554.67	-	1,411.76	53.96	0.48	53.48	-	70
14	VA Tech Wabag (Philippines) Inc., Philippines	March 31, 2016	PHP	123.29	2,111.35	15,151.94	12,917.30	-	14,169.52	573.79	173.10	400.68	-	100
15	Ujams Wastewater Treatment Company (Pty) Limited., Namibia	December 31, 2015	EUR	718.21	586.51	7,141.16	5,836.44	-	2,516.83	623.90	201.30	422.60	-	66.4
16	VA Tech Wabag (Spain) S.L.U, Spain	March 31, 2016	EUR	395.00	(1,339.84)	239.27	1,184.11	-	31.12	(589.85)	2.58	(592.43)	-	100
17	VA Tech Wabag Limited Pratibha Industries Limited JV, Nepal	March 31, 2016	NPR	-	730.96	6,717.17	5,986.21	-	2,445.85	(209.48)	-	(209.48)	-	100
18	Wabag Operation and Maintenance WLL, Bahrain	March 31, 2016	BHD	87.78	23.64	140.87	29.45	-	175.44	11.38	-	11.38	-	70
19	Wabag Limited, Thailand	March 31, 2016	THB	37.63	(180.07)	38.09	180.53	-	14.90	(152.35)	-	(152.35)	-	90.6
20	Wabag Muhibbah JV SDN. BHD., Malaysia	March 31, 2016	MYR	169.24	242.62	6,065.46	5,653.60	-	3,131.38	305.93	73.42	232.51	-	70
21	Wabag Belhasa JV WLL, Bahrain	March 31, 2016	BHD	8.78	576.67	8,035.51	7,450.06	-	9,014.47	569.83	-	569.83	-	100

Note: Exchange rate used for Balance Sheet items is the rate as on March 31, 2016 and for Profit and Loss account items, the rate used is the average rate for FY 2015-16

Currency	Rate for Balance Sheet Items ₹	Rate for Profit & Loss Account items ₹
1 Euro	75.1513	72.2395
1 Singapore dollar	49.0845	47.1925
1 HKD	8.5338	8.4327
1 CNY	10.2611	10.3396
1 PHP	1.4386	1.4154
1 OMR	171.9030	169.8950
1 BHD	175.5590	173.4790
1 QAR	18.1770	17.9653
1 NPR	0.6240	0.6256
1 THB	1.8814	1.8700
1 MYR	16.9237	16.2182

Part "B": Associates and Joint Ventures

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

Name of Associates/Joint Ventures	VA Tech Wabag and Roots Contracting L.L.C (Qatar)	Windhoek Goreangab Operating Company (Pty) Limited, Namibia	International Water Treatment L.L.C., Oman	OEG Renew Waters (Thoothukudi) Pvt Ltd, India
Latest audited balance sheet date	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2016
Shares of Associate/Joint Ventures held by the company on the year end				
No of Shares	98	33	48,750	2,600
Amount of Investment in Associates/Joint Venture (₹ In Lakhs)	17.00	197.90	69.00	0.26
Extent of Holding %	49%	33%	32.50%	26%
Description of how there is significant influence	There is significant influence due to percentage (%) of share capital	There is significant influence due to percentage (%) of share capital	There is significant influence due to percentage (%) of share capital	There is significant influence due to percentage (%) of share capital
Reason why the associate/joint venture is not consolidated	Not Applicable	Not Applicable	Not Applicable	Non-operative company
Networth attributable to Shareholding as per latest audited Balance Sheet (₹ In Lakhs)	58.52	197.34	(1,781.50)	1
Profit / Loss for the year (₹ In Lakhs)				
Considered in Consolidation	58.52	34.97	(1,847.90)	-
Not Considered in Consolidation	-	-	-	-

For and on behalf of the Board of Directors

Bucharest, Romania
May 26, 2016

B D Narang
Chairman

Rajiv Mittal
Managing Director & Group CEO

ANNEXURE – V

Annual report on CSR activities
(Pursuant to Section 135 of the Companies Act, 2013)

1. We are proud to be in a business that generates sustainable value and helps in preserving and promoting the planet's environmental sustainability. The importance for water on this planet cannot be overemphasised. Therefore, ensuring its conservation and sustainable utilisation is both a daily challenge and a social responsibility. Through our experience and expertise, we are committed to play our part in the water landscape responsibly for today, tomorrow and beyond.

   In pursuance of CSR Policy and programs for the year 2015-16, the company made substantial progress since the roll out of CSR program effective April 2014. The CSR Committee and the Board strongly believe in outcome rather than expenditure driven approach to CSR implementation. With emphasis on an outcome based approach and focus on CSR projects in our area of expertise,i.e., water and waste water the company made slow and steady progress during the first year. During FY 2015-16, we completed three projects-(1) Augmentation of water resources; (2) Sewage treatment plant for cancer institute, Adyar, Chennai and (3) Drinking water filtration solution and sanitation for the Govt.high school, kodungaiyur, Chennai. Details of the CSR policy and initiatives adopted by the Company on CSR during the year is available on the Company's website *http://wabagindia.com/documents/resource_center/csr_policy.pdf*

2. The Composition of the CSR Committee.

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

3. Average net profit of the company for the last three financial years as prescribed is ₹ 125 Crore.
4. Prescribed CSR Expenditure- - ₹ 2.50 Crore
5. Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year; - ₹ 2.50 Crore

(b) Amount unspent, if any;- - ₹ 3.51 Crore #

(c) Manner in which the amount spent during FY 2015-16 is detailed below

(1) S. No	(2) CSR project or activity Identified	(3) Sector in which the Project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) project or programs wise (₹ in Lakhs)	(6) Amount spent on the projects or Programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads:	(7) Cumulative expenditure upto the reporting period	(8) Amount spent: Direct or through implementing agency
1	Water Augmentation Project*	Livelihood Enhancement	Villupuram, Tamil Nadu	-	19.32	44.32	Implementing Agency
2	Drinking water filtration solution and sanitation project	Water & Sanitation	Kodungaiyur, Chennai	6.50	6.46	6.46	Direct
3	Sewage Treatment Plant at cancer Institute^	Environment	Chennai, Tamil Nadu	15.00	65.27	65.27	Direct
4	Capacity Building for Wetland Management$	Education	Chennai, Tamil Nadu	-	5.49	10.98	Implementing Agency
				21.50	96.54	127.03	

*Multi-year project. Budget of ₹ 45 Lakhs fixed in the FY 2014-15. Successfully completed in the FY 2015-16

^ Multi–year project. Budget of ₹ 50 lakhs and ₹ 15 lakhs for the FY 2014-15 and FY 2015-16 respectively. Successfully completed in the FY 2015-16.

$ Multi-year project. Budget of ₹ 18.30 lakhs fixed in the FY 2014-15. Project is in progress.

Cumulative CSR unspent as on March 31, 2016

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

For and on behalf of the CSR Committee of the Board

Bucharest, Romania

May 26, 2016

Ravathi Kasturi
Chairperson- CSR Committee

Rajiv Mittal
Managing Director & Group CEO

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 arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis
   - (a) Name(s) of the related party and nature of relationship
   - (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, 2016 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, 2016.

For and on behalf of the Board of Directors

Bucharest, Romania

May 26, 2016

B D Narang
Chairman

Rajiv Mittal
Managing Director
& Group CEO

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)

Registration and other details

Corporate Identity Number (CIN) of the Company	L4520TN1995PLC030231
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.
Company contact details	Tel : 044-3923 2323; Fax : 044-3923 2324 Email : companysecretary@wabag.in Website : www.wabag.com
Listed Company (Yes / No)	Yes
Name, Address and contact details of Registrar and transfer agent	Karvy Computershare Private Limited Unit : VA TECH WABAG LIMITED Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Mr. B. Srinivas, P : +91 040 67161530 Email: einward.ris@karvy.com

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	519	100%

Particulars of holding, subsidiary and associate companies

S. No	Name of the Company	Address of the Company	CIN/GLN	Holding / Subsidiary / Associates/ Joint Venture	% of shares held	Applicable Section
1	VA Tech Wabag (Singapore) Pte. Ltd.	16 Collyer Quay #17-00, Hitachi Tower, Singapore (049318)	NA	Subsidiary	100%	2(87)
2	VA Tech Wabag GmbH	VA TECH WABAG GmbH Dresdner Str. 87-91, 1200 Vienna, Austria	NA	Subsidiary	100%	2(87)
3	VA Tech Wabag (Hong Kong) Limited	Room 1902, 19/F, Asia Orient Tower, 33, Lockhart Road, Wan Chai, Hong Kong	NA	Subsidiary	100%	2(87)
4	VA Tech Wabag Deutschland GmbH	Baumeisterallee 13-15, D-04442 Zwenkau	NA	Subsidiary	100%	2(87)
5	VA Tech Wabag Algerie s.a.r.l	45, Avnue des Frères Abdelslami Kouba-16006 Alger, Algeria	NA	Subsidiary	100%	2(87)
6	VA Tech Wabag Brno spol S.R.O	Železná 492/16, 619 00 Brno, Czech Republic	NA	Subsidiary	100%	2(87)
7	VA Tech Wabag Tunisie s.a.r.l	21, Rue Abdelaziz MASTOURI El Menzah 9 - 1013 Ariana, TUNISIE	NA	Subsidiary	100%	2(87)
8	Wabag Water Services s.r.l	Dimitrie Pompeiu Blv., No 6E, 9th floor, 2nd District, 20337 Bucuresti, Romania.	NA	Subsidiary	100%	2(87)
9	VA Tech Wabag S U Teknolojisi Ve Tic A.S	Oruç Reis Mah., Tekstilkent Cad. Koza Plaza No:12 A-Blok Kat:8 D:29-32 34235 Esenler, İstanbul, Türkiye	NA	Subsidiary	100%	2(87)
10	VA Tech Wabag Muscat LLC	P.O. Box 58, Muscat, Postal Code 100, Sulatanate of Oman.	NA	Subsidiary	70%	2(87)
11	VA Tech Wabag (Philippines) Inc.	Unit 519, 5F Peninsula Court Building, 8735 Paseo de Roxas, Makati City 1226. Philippines	NA	Subsidiary	100%	2(87)
12	VA Tech Wabag Egypt Limited *	Street No. 4 - Villa No. 44 - 2nd Floor, New Cairo - Fifth District - Region 1 Cairo - Arab Republic of Egypt	NA	Subsidiary	100%	2(87)
13	VA Tech Wabag (Spain) S.L.U	Zurbano, 76,4, 28010, Madrid	NA	Subsidiary	100%	2(87)
14	Beijing VA Tech Wabag Water Treatment Technology Co. Ltd. *	Room No 707 – 709, Towercrest Plaza, No. 3, Mai Zi Dian Xi Road, Chaoyang District 100016 Beijing, P.R. China	NA	Subsidiary	100%	2(87)
15	Wabag Wassertechnik AG	Bürglistrasse 31, Postfach, CH-8401 Winterthur	NA	Subsidiary	100%	2(87)
16	Ujams Wastewater Treatment Company (Pty) Ltd	Matshitshi Street, Goreangab Extension 3, Windhoek, Namibia	NA	Subsidiary	66.40%	2(87)
17	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)

S. No	Name of the Company	Address of the Company	CIN/GLN	Holding / Subsidiary / Associates/ Joint Venture	% of shares held	Applicable Section
18	Wabag Limited	187/4 Fourm Tower, 10th Floor Ratchadaphisek Road, Khwaeng Huaykwang Khet Huaykwang, Bangkok 10310 Thailand	NA	Subsidiary	49%	2(87)
19	Wabag Operation and Maintenance WLL	Office : 44, Building : 947, Road 3620, Block :436, Seef District, Kingdom of Bahrain.	NA	Subsidiary	70%	2(87)
20	Wabag Belhasa JV WLL	CR No;96150-1, PO BOX No:82316, Office flat No:2201,Building No:1565, Diplomatic Area 317, Kingdom of Baharain.	NA	Subsidiary	49%	2(87)
21	Wabag Muhibbah JV SDN BHD	Suite P1.05, Level P1, Menara Intan Millenium Square,68, Jalan Batai Laut 4, Taman Intan, 41300 Klang, Selangor Darul Ehsan,	NA	Subsidiary	70%	2(87)
22	VA Tech Wabag Limited Pratibha Industries Limited JV	No.51, Sunrise Homes, Balkumari, Lalithpur, Kathmandu, Nepal.	NA	Joint Venture	0%	2(6)
23	International Water Treatment LLC	P.O. Box 686, Ruwi, Postal Code 112, Sultanate of Oman	NA	Joint Venture	32.50%	2(6)
24	VA Tech Wabag & Roots Contracting LLC.	P.O. BOX: 22867 DOHA, QATAR	NA	Associate	49%	2(6)
25	Windhoek Goreangab Operating Company (Pty) Limited	Matshitshi Street, Goreangab Ext.3 Windhoek, Namibia	NA	Associate	33%	2(6)
26	OEG Renew Waters (Thoothukudi) Pvt. Ltd	A, 5th Floor, Gokul Arcade-East Wing, No.2 & 2A,Sardar Patel Road, Adyar, Chennai-600020	U41000TN2013PTC092363	Associate	26%	2(6)

* VA Tech Wabag Egypt Limited and Beijing VA Tech Wabag Water Treatment Technology Co. Ltd. Liquidated in the month of February & April 2016 respectively.

Shareholding Pattern

Category of Shareholder	No of Share Holders	Total Number of Shares	No of Shares Held In Dematerialized form	Total Shareholding as a % of Total No of Shares		Shares Pledge or Otherwise Encumbered Holders	
				As A Percentage of (A+B)	As A Percentage of (A+B+C)	Number of Shares	As A Percentage
(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
Promoter and Promoter Group							
Indian							
Individual /HUF	3	6063998	6063998	11.13	11.13	-	-
Central Government/State Government(s)	0	0	0	0.00	0.00	-	-

Category of Shareholder	No of Share Holders	Total Number of Shares	No of Shares Held In Dematerialized form	Total Shareholding as a % of Total No of Shares		Shares Pledge or Otherwise Encumbered Holders	
				As A Percentage of (A+B)	As A Percentage of (A+B+C)	Number of Shares	As A Percentage
Bodies Corporate	0	0	0	0.00	0.00	-	-
Financial Institutions / Banks	0	0	0	0.00	0.00	-	-
Others	0	0	0	0.00	0.00	-	-
Sub-Total A(1):	**3**	**6063998**	**6063998**	**11.13**	**11.13**	**-**	**-**
Foreign							
Individuals (NRIs/Foreign Individuals)	1	9709406	9709406	17.82	17.82	-	-
Bodies Corporate	0	0	0	0.00	0.00	-	-
Institutions	0	0	0	0.00	0.00	-	-
Qualified Foreign Investor	0	0	0	0.00	0.00	-	-
Others	0	0	0	0.00	0.00	-	-
Sub-Total A(2):	**1**	**9709406**	**9709406**	**17.82**	**17.82**	**-**	**-**
Total A=A(1)+A(2)	**4**	**15773404**	**15773404**	**28.95**	**28.95**	**-**	**-**
Public Shareholding							
Institutions							
Mutual Funds /UTI	53	12277264	12277264	22.52	22.52	-	-
Financial Institutions /Banks	4	19320	19320	0.04	0.04	-	-
Central Government / State Government(s)	0	0	0	0	0	-	-
Venture Capital Funds	0	0	0	0	0	-	-
Insurance Companies	3	473059	473059	0.87	0.87	-	-
Foreign Institutional Investors	117	14749822	14749822	27.06	27.06	-	-
Foreign Venture Capital Investors	0	0	0	0	0	-	-
Qualified Foreign Investor	0	0	0	0	0	-	-
Others	0	0	0	0	0	-	-
Sub-Total B(1):	**177**	**27519465**	**27519465**	**50.49**	**50.49**	**-**	**-**
Non-Institutions							
Bodies Corporate	861	3843148	3843148	7.05	7.05	-	-
Individuals							
(i) Individuals holding nominal share capital upto ₹ 1 lakh	48410	5775647	5775461	10.60	10.60	-	-
(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	0	0	0	0	0	-	-
Others							
Foreign Bodies	3	1060186	1060186	1.95	1.95	-	-
Clearing Members	92	122439	122439	0.22	0.22	-	-
Non Resident Indians	1223	391812	391812	0.72	0.72	-	-
Trusts	4	10300	10300	0.02	0.02	-	-
Qualified Foreign Investor	0	0	0	0	0	-	-
Sub-Total B(2):	**50593**	**11203532**	**11203346**	**20.56**	**20.56**	**-**	**-**
Total B=B(1)+B(2):	**50770**	**38722997**	**38722811**	**71.05**	**71.05**	**-**	**-**
Total (A+B):	**50774**	**54496401**	**54496215**	**100.00**	**100.00**		**-**
Shares Held By Custodians, Against Which Depository Receipts Have Been Issued							
Promoter and Promoter Group	0	0	0	0	0		
Public	0	0	0	0	0		
Grand Total (A+B+C) :	**50774**	**54496401**	**54496215**	**100**	**100**		

Shareholding of Promoters

Sl No	Name of the Shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		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	
1	Rajiv Mittal	9709406	17.89%	Nil	9709406	17.82%	Nil	(0.07)
2	S Varadarajan	2185762	4.03%	Nil	2185762	4.01%	Nil	(0.02)
3	Amit Sengupta	2277882	4.20%	Nil	2277882	4.18%	Nil	(0.02)
4	Shiv Narayan Saraf	1600354	2.95%	Nil	1600354	2.94%	Nil	(0.01)

Change in Promoters' Shareholding

Sl No	Name of the Shareholder	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				
	At the beginning of the year	9709406	17.89	9709406	17.89
	Sale/Purchase of shares (if any)	-	-	-	-
	At the end of the year	9709406	17.82	9709406	17.82
2	S Varadarajan				
	At the beginning of the year	2185762	4.03	2185762	4.03
	Sale/Purchase of shares (if any)	-	-	-	-
	At the end of the year	2185762	4.01	2185762	4.01
3	Amit Sengupta				
	At the beginning of the year	2277882	4.20	2277882	4.20
	Sale/Purchase of shares (if any)	-	-	-	-
	At the end of the year	2277882	4.18	2277882	4.18
4	Shiv Narayan Saraf				
	At the beginning of the year	1600354	2.95	1600354	2.95
	Sale/Purchase of shares (if any)	-	-	-	-
	At the end of the year	1600354	2.94	1600354	2.94

Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S.No	Name of the Shareholder		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	**IDFC PREMIER EQUITY FUND**					
	01/04/2015	Opening Balance	3937178	7.25	39137178	7.25
	19/02/2016	Sale	44309	0.08	3892869	7.14
	26/02/2016	Sale	58713	0.11	3834156	7.04
	04/03/2016	Sale	16447	0.03	3817709	7.01
	18/03/2016	Sale	94501	0.17	3723208	6.83
	25/03/2016	Sale	154142	0.28	3569066	6.55
	31/03/2016	Sale	7579	0.01	3561487	6.54
	31/03/2016	Closing Balance	-	-	3561487	6.54

S.No	Name of the Shareholder		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
2	**HSBCBANK(MAURITIUS) LIMITED A/C SUMITOMO CORPORATION**					
	01/04/2015	Opening Balance	2456920	4.53	2456920	4.53
	31/03/2016	Closing Balance	-	-	2456920	4.51
3	**SBI MAGNUM TAXGAIN SCHEME**					
	01/04/2015	Opening Balance	2382341	4.39	2382341	4.39
	10/04/2015	Sale	41431	0.08	2340910	4.31
	15/05/2015	Sale	80041	0.15	22608869	4.16
	12/06/2015	Sale	5424	0.01	2255445	4.15
	19/06/2015	Sale	90728	0.17	2164717	3.99
	31/03/2016	Closing Balance	-	-	2164717	3.97
4	**PARVEST EQUITY INDIA**					
	01/04/2015	Opening Balance	2010176	3.70	2010176	3.70
	10/04/2015	Purchase	50000	0.09	2060176	3.80
	07/08/2015	Purchase	50000	0.09	2110176	3.88
	14/08/2015	Purchase	50000	0.09	2160176	3.97
	21/08/2015	Purchase	175000	0.32	2335176	4.29
	08/01/2016	Purchase	50000	0.09	2385176	4.38
	31/03/2016	Closing Balance	-	-	2385176	4.38
5	**ICICI PRUDENTIAL LIFE INSURANCE CO LTD**					
	01/04/2015	Opening Balance	1878234	3.46	1878234	3.46
	10/04/2015	Sale	160	0.00	1878074	3.46
	17/04/2015	Sale	2600	0.00	1875474	3.45
	24/04/2015	Purchase	715	0.00	1876189	3.46
	01/05/2015	Purchase	503101	0.93	2379290	4.38
	15/05/2015	Sale	244675	0.45	2134615	3.93
	22/05/2015	Purchase	244540	0.45	2379155	4.38
	12/06/2015	Purchase	6612	0.01	2385767	4.39
	19/06/2015	Purchase	15547	0.03	2401314	4.42
	26/06/2015	Purchase	5443	0.01	2406757	4.42
	03/07/2015	Sale	765	0.00	2405992	4.42
	10/07/2015	Sale	1991	0.00	2404001	4.42
	17/07/2015	Sale	925	0.00	2403076	4.41
	31/07/2015	Sale	88892	0.16	2314184	4.25
	07/08/2015	Sale	21572	0.04	2292612	4.21
	14/08/2015	Sale	27310	0.05	2265302	4.16
	21/08/2015	Sale	6109	0.01	2259193	4.15
	28/08/2015	Purchase	11580	0.02	2270773	4.17
	04/09/2015	Sale	46990	0.09	2223783	4.08
	18/09/2015	Sale	1020	0.00	2222763	4.08
	02/10/2015	Purchase	1773	0.00	2224536	4.08
	09/10/2015	Sale	412	0.00	2224124	4.08
	23/10/2015	Sale	10	0.00	2224114	4.08
	30/10/2015	Purchase	10	0.00	2224124	4.08
	06/11/2015	Sale	20310	0.04	2203814	4.05
	13/11/2015	Sale	25044	0.05	2178770	4.00
	20/11/2015	Purchase	1420	0.00	2180190	4.00
	04/12/2015	Purchase	1145	0.00	2181335	4.00

S.No	Name of the Shareholder		Shareholding at the Beginning of the Year		Cumulative Shareholding during the Year	
			No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
	11/12/2015	Purchase	1490	0.00	2182825	4.01
	18/12/2015	Sale	11834	0.02	2170991	3.98
	25/12/2015	Sale	5350	0.01	2165641	3.97
	31/12/2015	Purchase	1648	0.00	2167289	3.98
	08/01/2016	Sale	175	0.00	2167114	3.98
	15/01/2016	Purchase	4020	0.01	2171134	3.98
	22/01/2016	Purchase	10163	0.02	2181297	4.00
	12/02/2016	Sale	12011	0.02	2169286	3.98
	19/02/2016	Sale	57742	0.11	2111544	3.87
	26/02/2016	Purchase	1848	0.00	2113392	3.88
	11/03/2016	Sale	1910	0.00	2111482	3.87
	18/03/2016	Purchase	315	0.00	2111797	3.88
	25/03/2016	Sale	1947	0.00	2109850	3.87
	31/03/2016	Sale	1576	0.00	2108274	3.87
	31/03/2016	Closing Balance	-	-	2108274	3.87
6	**EMERGING MARKETS GROWTH FUND, INC.**					
	01/04/2015	Opening Balance	1466254	2.70	1466254	2.70
	24/04/2015	Sale	106758	0.20	1359496	2.50
	08/05/2015	Sale	23242	0.04	1336254	2.46
	11/12/2015	Sale	87599	0.16	1248655	2.29
	25/12/2015	Sale	34575	0.06	1214080	2.23
	05/02/2016	Sale	8666	0.02	1205414	2.21
	12/02/2016	Sale	17354	0.03	1188060	2.18
	31/03/2016	Sale	42236	0.08	1145824	2.10
	31/03/2016	Closing Balance	-	-	1145824	2.10
7	**GOVERNMENT PENSION FUND GLOBAL**					
	01/04/2015	Opening Balance	1122737	2.07	1122737	2.07
	01/05/2015	Sale	100000	0.18	1022737	1.88
	22/05/2015	Purchase	70000	0.13	1092737	2.01
	10/07/2015	Sale	43355	0.08	1049382	1.93
	17/07/2015	Sale	125600	0.23	923782	1.70
	24/07/2015	Sale	74798	0.14	848984	1.56
	31/07/2015	Sale	81138	0.15	767846	1.41
	07/08/2015	Sale	165800	0.30	602046	1.11
	14/08/2015	Sale	97973	0.18	504073	0.93
	21/08/2015	Sale	249219	0.46	254854	0.47
	28/08/2015	Sale	440	0.00	254414	0.47
	23/10/2015	Sale	30000	0.06	224414	0.41
	30/10/2015	Sale	40000	0.07	184414	0.34
	27/11/2015	Sale	5980	0.01	178434	0.33
	04/12/2015	Sale	29859	0.05	148575	0.27
	11/12/2015	Sale	148575	0.27	0.00	0.00
	31/03/2016	Closing Balance	-	-	0.00	0.00

S.No	Name of the Shareholder		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
8	**SATTVA INDIA OPPORTUNITIES CO LTD**					
	01/04/2015	Opening Balance	815278	1.50	815278	1.50
	31/03/2016	Closing Balance	-	-	815278	1.50
9	**GOVERNMENT OF SINGAPORE**					
	01/04/2015	Opening Balance	638716	1.18	638716	1.18
	29/05/2015	Sale	80860	0.15	557856	1.03
	05/06/2015	Sale	45675	0.08	512181	0.94
	24/07/2015	Sale	80098	0.15	432083	0.79
	31/07/2015	Sale	105000	0.19	327083	0.60
	26/02/2016	Sale	14672	0.03	312411	0.57
	04/03/2016	Sale	78429	0.14	233982	0.43
	31/03/2016	Closing Balance	-	-	233982	0.43
10	**AMUNDI FUNDS A/C AMUNDI FUNDS-EQUITY INDIA**					
	01/04/2015	Opening Balance	600000	1.11	600000	1.11
	31/03/2016	Sale	30000	0.06	570000	1.05
	31/03/2016	Closing Balance	-	-	570000	1.05
	TATA BALANCED FUND					
	01/04/2015	Opening Balance	600000	1.11	600000	1.11
	07/08/2015	Purchase	50000	0.09	650000	1.19
	09/10/2015	Sale	25300	0.05	624700	1.15
	31/03/2016	Closing Balance	-	-	624700	1.15

Shareholding of Directors and Key Managerial Personnel

Sl No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Rajiv Mittal – Managing Director				
	At the beginning of the year	97,09,406	17.89%	97,09,406	17.89%
	Sale/Purchase	-	-	-	-
	At the end of the year	-	-	97,09,406	17.82%*
2	Jaithirth Rao - Director				
	At the beginning of the year	1,60,000	0.29%	1,60,000	0.29%
	Sale	23,500	0.04%	1,36,500	0.25%
	Sale	56500	0.10%	80,000	0.15%
	At the end of the year	-	-	80,000	0.15%
3	S. Varadarajan - Director				
	At the beginning of the year	21,85,762	4.03%	21,85,762	4.03%
	Sale/Purchase	-	-	-	-
	At the end of the year	-	-	21,85,762	4.01%*
4	Rajiv Balakrishnan - KMP				
	At the beginning of the year	2,502	0.00%	2,502	0.00%
	Sale	425	0.00%	2,077	0.00%
	At the end of the year	-	-	2,077	0.00%

* The decrease in % of total shares of the company is due to ESOP allotment during the year.

Indebtedness

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

(₹ in Lakhs)

Particulars		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year					
i)	Principal Amount	6,260	-	-	6,260
ii)	Interest due but not paid	2	-	-	2
iii)	Interest accrued but not due	-	-	-	-
Total (i+ii+iii)		**6,262**	**-**	**-**	**6,262**
Change in Indebtedness during the financial year					
•	Addition	58,651	7,591	-	66,242
•	Reduction	40946	7,591	-	48,538
Net Change		**17,705**	**-**	**-**	**17,705**
Indebtedness at the end of the financial year					
i)	Principal Amount	23890	-	-	23890
ii)	Interest due but not paid	77	-	-	77
iii)	Interest	-	-	-	-
Total (i+ii+iii)		**23967**	**-**	**-**	**23967**

Remuneration of Directors and Key Managerial Personnel

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

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Managing Director Rajiv Mittal	Total Amount
1.	**Gross salary**		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	242.42	242.42
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	9.48	9.48
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	**Stock Option**	-	-
3.	**Sweat Equity**	-	-
4.	**Commission**	-	-
	- as % of profit	-	-
	- others, please specify	-	-
5.	**Others (Provident Fund & Superannuation)**	13.09	13.09
	Total (A)	**264.99**	**264.99**
	Ceiling as per the Act	**1037.75**	

B. Remuneration to Executive Director:

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Executive Director* S Varadarajan	Total Amount
1.	**Gross salary**		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	89.90	89.90
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	1.33	1.33
	(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)**	4.62	4.62
	Total (B)	**95.85**	**95.85**
	Ceiling as per the Act	**207.55**	

*S. Varadarajan was the Chief Financial Officer of the Company upto November 6, 2015

C. Remuneration to other Directors:

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Name of Directors					Total Amount
		BD Narang	Jaithirth Rao	Sumit Chandwani	Revathi Kasturi	Malay Mukherjee	
1.	**Independent Directors**						
	Fee for attending Board / Committee meetings	-	-	-	-	-	-
	Commission	17	12.75	12.75	12.75	6	61.25
	Others	-	-	-	-	-	-
	Total (1)	**17**	**12.75**	**12.75**	**12.75**	**6**	**61.25**
2.	**Non-Executive Directors**						
	Fee for attending Board / Committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others	-	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**	**-**
	Total C = (1+2)	17	12.75	12.75	12.75	6	61.25
	Total Managerial Remuneration	**17**	**12.75**	**12.75**	**12.75**	**6**	**61.25**
	Overall ceiling as per the act	207.55					

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

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Chief Financial Officer		Company Secretary	
		S Varadarajan (upto November 6, 2015)	Parthasarathy Gopalan (from November 7, 2015)	Rajiv Balakrishnan	
1.	**Gross salary**				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	54.18	64.00	20.62	138.80
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.89	1.88	0.54	3.31
	(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)**	2.70	3.89	1.45	8.04
	Total (D)	**57.77**	**69.77**	**22.61**	**150.15**

PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties/punishments/compounding offences for the year ended March 31, 2016.

For and on behalf of the Board of Directors

Bucharest, Romania

May 26, 2016

B D Narang
Chairman

Rajiv Mittal
Managing Director & Group CEO

ANNEXURE – VIII

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

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

(A) Conservation of energy

(i)	The steps taken or impact on conservation of energy:	The Company has been designing and executing 'Power Neutral' plants wherein methane from biogas is digested and used to generate energy to run the sewage treatment plants on self-sustaining basis. We have incorporated this significant feature in our recent projects at K&C Valley, Pappankalan and Varanasi. Further we have installed Energy Recovery System in 191 MLD Sea Water Desalination Plant at Al Ghubrah, Oman which was executed during FY 2015-16.
(ii)	The steps taken by the company for utilizing alternate sources of energy;	Out of a total of 11, 84,724 units consumed by WABAG HOUSE, Chennai, 701,840 units were received in the form of wind power thereby bringing down energy cost by 6% as well as becoming a part of green energy compliant corporate. We are also contemplating on introducing solar power to go further green on this green energy initiative.
(iii)	The capital investment on energy conservation equipments;	The Company has installed ACTIVE HARMONIC FILTER in the Corporate Office at a cost of ₹7 Lakhs which improves the quality of power by the way of reducing distortion thereby improving the life period of all electrical and electronic systems installed in the Corporate Office.

(B) Technology absorption

(i) The efforts made towards technology absorption;		The details on R&D efforts and technology absorption are disclosed in the Management's Discussion and Analysis forming part of this report.
(ii) The benefits derived like product improvement, cost reduction, Product development or import substitution;		
(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)		
(a) The details of technology imported;		
(b) The year of import;		
(c) Whether the technology been fully absorbed;		
(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and		
(iv) The expenditure incurred on Research and Development –	₹ 154.00 Lakhs	

(C) Foreign exchange earnings and Outgo

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

(₹ in Lakhs)

	2015-16	2014-15
Earnings in Foreign Currency	**29,634.00**	29,067.00
Expenditure in Foreign Currency	**5,254.00**	5,184.00

For and on behalf of the Board of Directors

Bucharest, Romania	**B D Narang**	**Rajiv Mittal**
May 26, 2016	Chairman	Managing Director & Group CEO

Management Discussion and Analysis

World of WABAG

WABAG was founded in 1924 in Breslau and became part of Deutsche Babcock group in 1973. In the year 1999, VA Tech, an Austrian Conglomerate acquired the WABAG Group. In 2005 as a result of the merger between VA Tech and SIEMENS, VA Tech WABAG became part of the SIEMENS Group. WABAG entered India through incorporation of a subsidiary in 1996. During 2005, WABAG India was acquired through a Management Buy-Out from SIEMENS. In 2007, WABAG India, reverse acquired its erstwhile parent Company in Austria along with its eight subsidiaries which paved the way for emergence of an Indian Multi-National Company headquartered in Chennai, India. Today, WABAG provides a multi-dimensional approach through its rich expertise and diversified presence across the globe and is active in the markets of Europe, Middle East, Africa, South-East Asia apart from India.

The erstwhile European parent Company, apart from possession of over 100 patents, through its multi-decade experience in the Water and Waste Water Treatment Industry, provides a rich repository of references for the global business of the Group. The European operations of VA Tech WABAG brings with it a wide variety of advanced technologies in waste water treatment which provides the WABAG brand a Global edge among the competition.

The Middle East and North Africa region is a perennially water starved area and holds more than 50% of the world's desalination market. WABAG has delivered some of the prestigious projects in this region and was historically operating through its European entity. Today, with the references built through the European subsidiaries and its competitive costing of the Indian resources, WABAG is poised to become a significant player in this high potential space.

Over the last few years, WABAG has entered the sub-Saharan Africa and the South East Asian markets through jobs funded by Multi-lateral agencies/Exim Bank of India or Industrial jobs by established Multi-National Companies. These are largely untapped emerging economies where WABAG is building competitiveness through its Indian operations.

In India, with presence over two decades, WABAG has built many first of its kind plants and is recognized as a technology leader in this space. With its strong references in India, Europe and other global markets WABAG is a market leader in the Water and Waste Water treatment market.

Core strengths

- **Rich experience:** WABAG is one of the most trusted pure-play water solution providers globally for over nine decades. We have gained a respectable position through its deep technological insight and expertise.
- **Diverse offerings:** We provide turnkey solutions in drinking water treatment, industrial waste water treatment, municipal waste water treatment and desalination, among others.
- **Top ranked:** We are ranked among one of the top 10 desalination companies in the world.
- **Strong order book:** A strong order book of over ₹ 7,300 crore ensures sustainable revenue inflow for the future years.
- **Patents:** With over 100 patented technologies, WABAG offers customised solutions to its clients.
- **Project references:** Since 1995, WABAG has executed more than 1,200+ projects.
- **Credible certifications:** Our quality management system is accredited with ISO 9001:2008. WABAG also received ISO 14001 and OHSAS 18001 certifications for maintaining highest standards in health, safety and environment (HSE).
- **Skilled workforce:** We have an experienced workforce of more than 2,000 people across diverse locations.
- **Global presence:** We are present in more than 30 countries across three continents.

Global economic scenario

The global recovery is progressing at a sluggish pace. In 2015, economic activity was largely uneven across advanced economies; large emerging economies also showed considerable stress. The result is that global growth declined from 3.4% in 2014 to 3.1% in 2015.

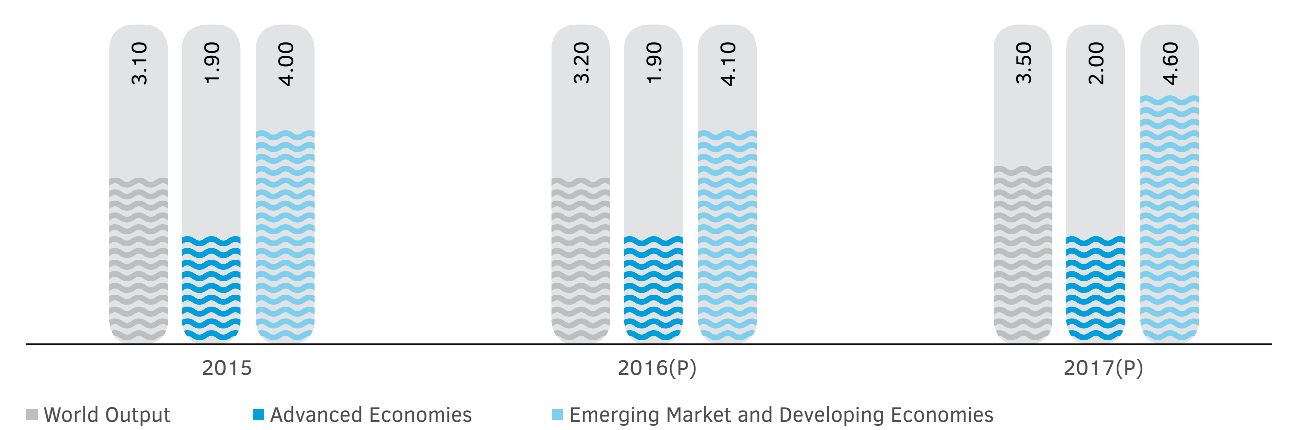
In major developing countries, the recovery gained traction in 2015 and has been increasingly driven by stronger domestic demand as labour markets and credit conditions started improving. However, 2016 growth forecasts for high-income countries have been marked down, considering the likely impact of dollar appreciation in USA and slowing down of trade in Asia. Conditions for a continued, but slow upturn in the Eurozone are still intact, despite soft external demand and rising geopolitical concerns.

The global impact of China's slowdown continues to dampen overall global economic growth. Given China's important role in global trade, its rebalancing efforts can have substantial spill-over effects, especially in emerging market and developing economies. Oil prices responded to the weak market sentiments and fell sharply in early 2016. However, market sentiments began to improve in mid-February 2016 and by the end of March this year, market valuations had recovered most or all of the ground lost earlier in the year.

Going forward, global growth is projected to remain modest in 2016, at 3.2%, and slightly higher to 3.5% in 2017. Emerging markets and developing economies will still account for a major share in 2016.

Global GDP trend

(%)



Source: International Monetary Fund's (IMF) World Economic Outlook

Indian Economy

India is now widely viewed as a beacon of stability in an uncertain global economy. Weaker commodity prices have helped the country tame its escalating inflation and improve its current account and fiscal deficits. In FY 2015-16, India's GDP grew by 7.6% (vis-à-vis 7.2% in FY 2014-15), overtaking that of China. Similarly, the growth rate of Gross Value Added (GVA) for FY 2015-16 is estimated at 7.3% vis-à-vis 7.1% in FY 2014-15.

Inflation is now under control at around 5.5%, while measures of underlying trends like core inflation, rural wage growth and minimum support price increases have remained muted. The WPI has been in negative territory since November 2014 as a result of the slump in commodity prices, especially oil. The Current Account Deficit has declined and is at a comfortable level. The fiscal deficit stood at 3.9% of GDP during the year owing to continued fiscal consolidation.

Global Water and Water Treatment Industry

Clean and safe water – A global mandate

Water is vital to economic growth. Almost all of society's commercial activities, from agriculture and electricity generation to the production of consumer goods depend on the availability of water. Demand for water resources is growing rapidly but supply is limited. Globally, the volume of renewable water per capita has declined by 40% in the last 22 years.

Among all natural resources, water faces one of the most serious threats both in terms of demand and supply. On the demand side, agricultural, industrial and municipal/ residential usage is set to grow fast over the next 20 years. On the supply side, the world is facing a combination of insufficient freshwater, uneven distribution, widely varying quality, water losses and also adverse impacts due to climate change.

Global water challenges

Rising demand

According to UN data, around 1.2 billion people, or almost one-fifth of the world's population, live in areas of physical scarcity and 500 million people are likely to face this situation in the near future. Another 1.6 billion people, or almost one quarter of the world's population, face economic water shortage (where countries lack the necessary infrastructure to take water from rivers and aquifers).

The increase in the number of people without access to water and sanitation in urban areas is directly related to the rapid growth of urban population in the developing world and the inability of local and national governments to provide adequate water and sanitation facilities in this regard.

Water, Sanitation and Hygiene (WASH)

Water, sanitation and hygiene is fundamentally important to lives and livelihoods of people and is today a major factor contributing to sustainable development. Lack of WASH takes a huge toll on health and well-being and comes at a large financial cost in many countries. While the impacts are most pronounced in lower income countries, challenges remain in wealthier nations where concerns regarding water safety and environmental sustainability persist alongside inequalities.

Insufficient freshwater

Freshwater accounts for 2.5% to 3% of the total water on the planet, most of which is locked in the two polar ice caps. Groundwater, a critical source of potable water for the world's major cities, makes up about 30% of freshwater resources. Lakes, rivers, wetlands and different soil types account for only 1.2% of freshwater. Nevertheless, humans rely on these sources more than any other.

Freshwater availability will be increasingly strained going forward. There is clear evidence that groundwater supplies are diminishing, with an estimated 20% of the world's aquifers being over-exploited.

Water in a rapidly urbanising world

Urban cities are where development challenges and opportunities directly come face-to-face. In 2014, 3.9 billion people or 54% of the global population lived in cities and by 2050, two-thirds of the global population will be living in cities. Furthermore, most of this growth is happening in developing countries, which have limited capacity to deal with this rapid change.

Rapid urbanisation, increased industrialisation and improving living standards combine to increase the overall demand for water in cities. As easily available surface water and groundwater sources have depleted in many urbanised areas, cities will have to go further or dig deeper to access water, or will have to depend on innovative solutions or more advanced technologies such as reverse osmosis for desalination, or reclaimed water to meet their water demands.

Pollution and wastewater management

Many cities in developing countries do not have the necessary infrastructure to collect and treat wastewater. In the absence of proper drainage systems, sewage mixes with storm water causing further pollution. It is estimated that up to 90% of all wastewater in developing countries is discharged untreated directly into rivers, lakes or the oceans, causing major environmental and health risks. This has huge social and economic impact due to increased healthcare costs and lower labour productivity.

Water stress to water scarcity

It can be argued that water is available in the wrong quantity and quality at the wrong places – with 47 countries suffering from water stress and water scarcity.

Countries suffering from water stress, water scarcity, and absolute water scarcity (m^3/inhabitant/year)

Water stress	m^3/p/yr	Water Scarcity	m^3/p/yr	Absolute Water Scarcity	m^3/p/yr
Poland	1608	Morocco	890	Oman*	482
Comoros	1552	Rwanda	843	Saint Kitts and Nevis	444
Zimbabwe	1537	Syrian Arab Republic	796	Tunisia*	429
India*	1519	Kenya	1181	Djibouti	325
Somalia	1500	Burkina Faso	715	Algeria*	320
Republic of Korea	1435	Cyprus	6919	Barbados	291
Burundi	1433	Egypt*	683	Israel	231
Sudan and South Sudan	1411	Cape Verde	594	Occupied Palestinian Territory	196
Ethiopia	1410	Antigua and Barbuda	571	Jordan	145
Pakistan	1371			Malta	121

Water stress	m^3/p/yr	Water Scarcity	m^3/p/yr	Absolute Water Scarcity	m^3/p/yr
Haiti	1368			Singapore*	114
Lesotho	1363			Libya*	108
Czech Republic*	1245			Maldives	93
Eritrea	1129			Bahrain*	85
Malawi	1088			Saudi Arabia*	84
Denmark	1073			Yemen	82
Lebanon	1049			Bahamas	57
South Africa	1013			Qatar*	30
				United Arab Emirates*	19
				Kuwait	7

Source: Aquastat, BofA Merrill Lynch Global Research | * Countries where WABAG is active.
18 countries facing water stress: when annual water supplies drop below 1,700m^3 per person; 9 countries facing water scarcity: when annual water supplies drop below 1,000m^3 per person; and 20 countries facing absolute water scarcity: when annual water supplies drop below 500m^3.

Region-wise demand trend for water and wastewater market

Asia-Pacific region

The Asia-Pacific region faces challenges associated with water-related disaster, risk reduction in the context of climate change, accelerated urbanisation and the quality and quantity of available water supplies. Although some progress has been made in terms of access to improved drinking water (people using improved water supplies rose 19% in Southern Asia and 23% in Eastern Asia between 1990 and 2012), nearly 1.7 billion people in the region (with more than half of these living in rural areas) still did not have access to improved sanitation in 2012.

The Asia-Pacific region faces a myriad of urban water challenges. These include drinking water supply (compounded by a high proportion of water loss in distribution), water quality control, limited coverage of sewerage networks and wastewater treatment systems, pollution control and ecosystem degradation, especially in peri-urban areas and in surrounding river basins.

Sustainability of cities in the region is intimately linked to the key water-related challenges: Lack of access to safe water and sanitation; increasing water demand for multiple uses and concurrent pollution loads; and increasing resilience to disaster events such as floods and droughts.

India, China, Nepal, Bangladesh and Pakistan alone account for nearly half of the world's total groundwater use. Provision of safe water has been primarily under the aegis of governmental bodies, but public-private partnerships are also well established in the region, including with the Manila Water Company in the Philippines, SYABAS in Malaysia and Shenzhen Water Group in China. Financing and managing the future needs of urban water infrastructure will be a considerable challenge, particularly for the region's rapidly growing small and medium-sized cities where resources and capacities are often limited.

Middle East region

Water scarcity stands at the forefront when considering the water-related challenges that impede progress towards sustainable development in the Middle East region. Other important challenges include the need for more sustainable water use, access to more reliable water services (particularly in the least developed countries and countries suffering directly and indirectly from conflict), and improved water governance for national and trans-boundary surface water and groundwater resources.

Population growth and increasing socio-economic pressures have reduced the availability of freshwater resources in this region. Availability dropped from 921m^3 per capita per year in 2002 to 727m^3 per capita per year a decade later, with 16 of 22 countries falling below the water scarcity level of 1,000m^3 per capita per year and able to withdraw on average only 292m^3 per capita per year.

Substantial part of the population live under the water scarcity level, and nearly half lives under extreme water scarcity level of 500 m^3 per capita per year. Artificial groundwater recharge is being pursued in the Persian Gulf sub-region as a means to harvest water from flash floods to increase water storage capacity and freshwater availability in face of increasing scarcity.

Iran is set to spend nearly USD 20 billion on its water and wastewater infrastructure over the next five years, according to new research from Global Water Intelligence with at least USD 600 million of that expected to come from the private sector. With the end of sanctions, Iran's water authorities are hoping that international investors, contractors and equipment suppliers will get involved through a wave of upcoming PPP projects.

Latin America and the Caribbean

The first priority for Latin America and the Caribbean is to improve and consolidate water governance, with a paradigm shift to the sustainable integration of water resources management and use into socio-economic development and poverty reduction. Given the relative abundance of water in the region, any 'water crisis' is more institutional than related to physical availability. Most countries have an extremely limited formal institutional capacity to manage water resources, and effective implementation of existing management instruments is not very high on political agendas.

The second priority for Latin America and the Caribbean is to consolidate the progress achieved in providing drinking water and sanitation services. Governments will have to concentrate efforts to achieve universal service coverage with emphasis on household connections, improvement in service quality and sustainability which could take 10 to 20 years in many countries, while the expansion of wastewater treatment and storm water drainage systems is likely to require similar time.

With the expansion of wastewater treatment (and reuse), attention will have to centre on more advanced treatment technologies (tertiary with nutrient removal) and sludge disposal as well as solid waste management and industrial and non-point source pollution control, particularly in agriculture.

Africa

In the midst of an apparently substantial supply of water at continental level, there are sub regions and countries in Africa that are experiencing growing water scarcity. This situation is a result of a number of issues that face the continent in the area of water resources. These issues all into two broad categories: resource-side and demand-side issues. The resource-side issues are concerned with the occurrence, distribution, protection and management of available water resources. They also relate to the sustainability of the available resource. The demand-side issues regard the management of competing demands for available water resources. They are concerned with the extent to which such demands are satisfied in an equitable and sustainable way.

Fortunately, many African countries have risen to the challenges that confront them. In the field of water policy, strategy an institutional arrangements, a number of advances have been made. These include an increased awareness of, and political commitment to, Integrated Water Resources Management (IWRM). There is also an increasing commitment to water-policy reform and a strong trend towards decentralisation of water institutions. Furthermore, there is a thrust towards financial sustainability in the water sector and a realisation of the importance of treating water as an economic good, while providing a safety net for the poor.

Outlook

There are significant opportunities around water treatment and wastewater reuse with less than 3% of water globally being recycled. Water treatment covers the processes used to make water more acceptable for a desired end-use, such as drinking water, usage or re-usage by industry, and irrigation. Moreover, this market is barely tapped with insufficient wastewater treatment around the world. For instance, wastewater reuse stands at only 2.41% of all water withdrawals globally.

On the municipal side, the increasing scrutiny of environmental regulations and the need to extract more value from the water cycle is driving the market.

We anticipate that large opportunities will also emerge from the USD 50 billion industrial water treatment market, vis-à-vis sectors with heavy volumes and environmental constraints (utilities, oil & gas, mining), strict water constraints (cosmetics), variable effluents (petrochemicals, energy, breweries) as well as in emerging areas like ship ballast water treatment.

Desalination is also set to emerge as a US$ 41 billion industry by 2025 with increased development in technology making desalination affordable in emerging markets like India.

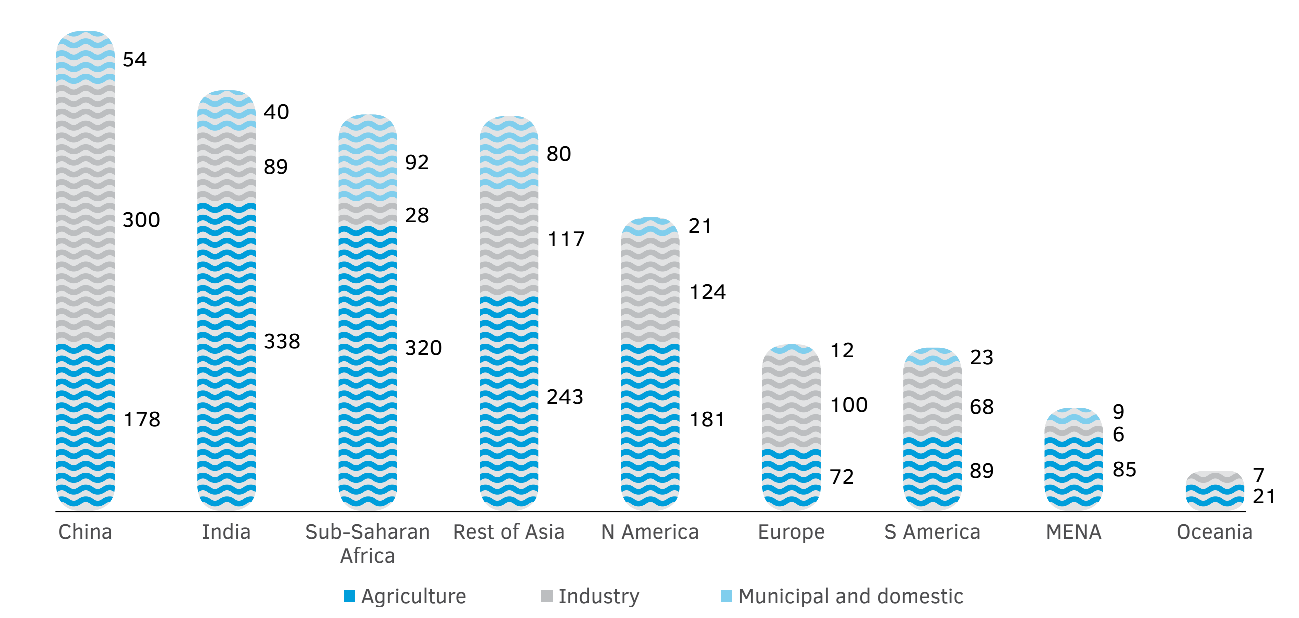
Indian Water and Water Treatment Industry

Water is a finite resource. Therefore, conserving and recycling every drop of water is critical for humanity. India accounts for 18% of the world population and about 4% of the world's water resources. The challenge to provide clean drinking water to a growing population is enormous and policy action to tackle this is critical for the sustainable growth of the country.

The Indian water sector, which comprises the drinking water segment and the wastewater treatment segment, is growing at a rate of 20% every year, according to a Ministry of Water Resources (MoWR) study in 2014. India spends less than USD 5 per person on providing water as compared to USD 28 per person in the US, as per Avalon Global Research.

Expected increase in global water demand by 2030

(Billion m³)



Source: 2030 Water Working group

Per capita availability of freshwater has dropped significantly from 5,177 cubic metres in 1951 to 1,820 cubic metres in 2001. As per the MoWR, per capita water availability in 2025 and 2050 is estimated to come down by almost 36% and 60% respectively, from the 2001 levels.

Indian water treatment infrastructure scenario

Creation of water treatment infrastructure is the responsibility of the State governments/urban local bodies though their efforts are supplemented through Central schemes, such as the National River Conservation Plan, National Lake Conservation Plan, Atal Mission for Rural and Urban Transformation (AMRUT) and the Urban Infrastructure Scheme for Small and Medium Towns. However, the sole responsibility of operation and maintenance of water and sewerage infrastructure including treatment plants lies with the State governments/urban local bodies and their agencies. The Ministry of Environment and Forests (MoEF), Government of India, initiated a technical and financial support scheme to promote common facilities for treatment of effluents generated from SSI units located in clusters.

Under the Common Effluent Treatment Plant (CETP) financial assistance scheme, 50% subsidy on project capital cost – 25% share each of Central and State Governments was provided. In addition to setting up treatment plants, Central Government, State Government and the Board have given fiscal incentives to industries/investors to encourage them to invest in pollution control.

Indian wastewater scenario

The wastewater market, currently in a growth phase, holds immense potential in India. With rapid expansion of cities and domestic water supply, quantity of wastewater generated is increasing. The per capita wastewater generation by Tier-I cities and Tier-II towns, representing 72% of India's urban population, is around 98 LPCD (Litres per capita per day). For instance, Delhi NCR alone contributes 220 LPCD wastewater.

As per Central Pollution Control Board (CPCB) estimates, the total wastewater generation from Tier I cities (498) and Tier II (410) towns in the country is around 35,558 and 2,696 MLD respectively.

Municipal wastewater

It is estimated that about 38,254 MLD of wastewater is generated in urban centres comprising Tier I cities and Tier II towns having a population of more than 50,000. The municipal wastewater treatment capacity developed so far is about 11,787 MLD, which is about 31% of wastewater generation in these two classes of urban centres. In view of the population increase, freshwater demand for all uses will become unmanageable.

Painting a gloomy picture, it is estimated that the projected wastewater from urban centres may cross 120,000 MLD by 2051 and that rural India will also generate not less than 50,000 MLD in view of water supply designs for community supplies in rural areas. However, wastewater management plans do not address this increasing pace of wastewater generation. Studies carried out by the CPCB depict that the existing treatment capacity is just 21% of the present sewage generation. The remaining untreated sewage is the primary cause of pollution of rivers and lakes.

Industrial wastewater

Nearly 13,468 MLD of wastewater is generated by industries of which only 60% (mostly large scale industries) is treated. In case of small scale industries that can not afford the cost of wastewater treatment plant, Common Effluent Treatment Plants (CETPs) are set-up for cluster of small scale industries. The treatment methods adopted in these plants are dissolved air floatation, dual media filter, activated carbon filter, sand filtration and tank stabilisation, flash mixer, clariflocculator, secondary clarifiers and sludge drying beds, and so on. Coarse material and settable solids are removed during primary treatments by screening, grit removal and sedimentation. Treated industrial wastewater from CETPs is discharged into rivers.

Emerging opportunities in India

Desalination in India

India has a long coastline of 7,600 kms and is most likely to witness high growth rates in desalination business. Unequal water distribution exists within the country and desalination technology is gaining traction in water scarce states such as Tamil Nadu, Gujarat, Andhra Pradesh among other coastal states.

Desalination Plants in Tamil Nadu: Tamil Nadu State government has plans to build a third desalination plant in the city of Chennai with investment from a German government funding agency. The facility will have a capacity of 150 MLD. Once operational, the plant will supply drinking water to at least 900,000 people in southern and central localities of Chennai. The city requires 1100 MLD as against the current supply of 550 MLD from its four reservoirs and the two 100 MLD desalination plants at Nemmeli and Minjur near Chennai.

Water treatment technology roadmap 1980-2020

1980	1990	2000	2011	2020
Thermal Desalination	• Turnkey Solutions • Membrane Technology • RO Desalination	• Bio Solids Management • Service Outsourcing • Worldwide Sanitation	• Material, Resource & Energy Recovery • Advanced WW Treatment (ex. Nutrient removal) • Re-Use & Recycling	• Smart Water Solutions • Water Needs of Developing Countries • Storm Water Management • Chemical Free Treatment • Ballast Water Treatment • Treatment Systems for Small Communities

Water & Wastewater Treatment → **Water Management** → **Water Re-Use & Recycling** → **Sustainable/ Low-Carbon Solutions & Services**

It is expected that the city's water demand will reach 1,600 MLD to meet the need from growing industry as well as residential areas. The Chennai-Bengaluru industrial belt in particular, which is expected to comprise more than 10,000 industrial units would add huge pressure to an already scarce water resource. The state government has budgeted for a fourth plant in Perur, a few kilometres away from Chennai with capacity to produce potable water initially at 200 MLD and eventually at 400 MLD.

Encouraged by the success of the desalination plants in Chennai, the Tamil Nadu State government has sanctioned 60 MLD capacity seawater reverse osmosis desalination plants, one each at Kuthiraimozhi in Ramanathapuram and Alanthalai in Tuticorin to benefit over 1,100 rural habitations where safe drinking water has been a perennial problem. The project will benefit about 15 town panchayats, 16 unions and a municipality in these two coastal districts.

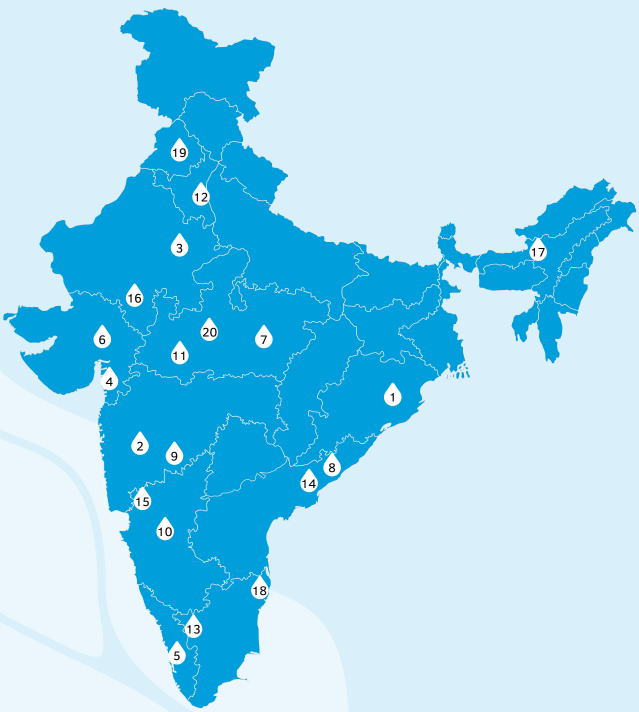
Clean Ganga and Smart Cities

Clean Ganga: The ambitious Namami Gange project to clean up the Holy Ganges would involve setting up of many Sewage Treatment Plants and Effluent Treatment Plants along the banks of the river Ganges to stop the flow of waste water into the river. The five states through which the river flows would be supported by the Central Government funding.

The Union Cabinet approved a proposal for taking up hybrid annuity-based public-private partnership (PPP) model under Namami Gange Programme to clean up the Holy Ganges, and also reform the wastewater sector in the states where the river is flowing through. Keeping in view the specialised nature of this model and to scale it up in future on sustainable basis, the government is establishing a special purpose vehicle (SPV) to plan, structure, procure concessionaires and monitor implementation of such PPP projects and develop market for treated wastewater through appropriate policy advocacy under the overall guidance of National Mission for Clean Ganga.

Smart cities: India's Smart Cities Mission has gained traction during the year under review. A first list of 20 cities has been finalised to build smart infrastructure with ₹ 200 crore to each city from the Central government's first phase of funding. According to mission guidelines, the total State and Central financial assistance for each smart city would be ₹ 1,000 crore.

Upcoming 20 Smart Cities



1 Bhubaneswar, Odisha
2 Pune, Maharashtra
3 Jaipur, Rajasthan
4 Surat, Gujarat
5 Kochi, Kerala
6 Ahmedabad, Gujarat
7 Jabalpur, Madhya Pradesh
8 Visakhapatnam, Andhra Pradesh
9 Solapur, Maharashtra
10 Davangere, Karnataka
11 Indore, Madhya Pradesh
12 New Delhi, Delhi
13 Coimbatore, Tamil Nadu
14 Kakinada, Andhra Pradesh
15 Belagavi, Karnataka
16 Udaipur, Rajasthan
17 Guwahati, Assam
18 Chennai, Tamil Nadu
19 Ludhiana, Punjab
20 Bhopal, Madhya Pradesh

India water outlook

With India's high population growth and intensifying water consumption, per capita availability of water, has declined steadily over the years. There is an urgent need to generate water from all available alternate sources including wastewater by recycling, reuse, recharging, and storages. There is increased awareness among the Indian Environment and Pollution Control Boards and the norms are getting stricter by the day. Desalination of seawater, wastewater treatment and usage of recycled water for the industries is being tapped into by a few states which is providing a sustainable solution to the water issues.

Although there has been increased focus on wastewater treatment over the last few years, there is still a big gap between generation and treatment which needs to be addressed on priority with policy actions.

WABAG Group

Global clusters

WABAG realigned its organisation structure to become a stronger and more agile global organisation. WABAG Group has been structured into four clusters — India, Europe, Middle East & Africa (MEA) and LATAM. These structures operate through the existing umbrella of global subsidiaries.

WABAG India

WABAG India, over the last two decades, has emerged as one of the leaders in the Indian water technology market. It offers end-to-end water solutions in the areas of municipal and industrial water segment.

WABAG India has a reputation for innovative and path-breaking projects in the fields of water treatment and wastewater recycling.

A few flagship projects

- India's largest seawater RO plant, Chennai – Nemmeli
- Water treatment plant based on membrane filtration - Delhi Games Village
- Asia's largest wastewater treatment plant at the Jamnagar Refinery
- India's first wastewater recycling plant for IOCL, Panipat
- India's largest lamella wastewater treatment plant for the Brihan Mumbai Municipal Corp. (BMC)
- World's largest tannery wastewater treatment plant for the Calcutta Leather Complex
- India's first ultra-filtration plant for treated wastewater for the Vizag Steel Plant
- India's first wastewater treatment plant based on a BOOT model for Alandur Municipality

WABAG Austria

WABAG Austria has strong engineering and technological capabilities with a history of building high-quality plants. It provides complete water treatment solutions, wastewater treatment, desalination and sludge treatment for municipalities as well as industries. Its international experience and deep insight in water treatment technologies has helped it in executing many projects in various regions particularly in the Middle East over the years.

A few flagship projects

- High-end wastewater reclamation system for the Ujams Industrial Park in Windhoek, Namibia (BOOT project)
- A turnkey drinking water treatment plant for the district of Brčko in Bosnia and Herzegovina
- The first fully-biological wastewater treatment plant on the Croatian coast for the city of Senj
- A turnkey sludge treatment plant for the Xiaohongmen WWTP in Beijing, China
- A DBO, turnkey contract for a sustainable municipal wastewater treatment plant in Tehran, Iran
- Brackish water desalination plant, Al Wasia, near Riyadh in Saudi Arabia
- A complex water treatment system for a Refinery complex in Bandar Imam, Iran
- The worldwide first and unique direct potable water reuse plant (DPR) at Goreangab, Windhoek, Namibia

WABAG Switzerland

WABAG Switzerland offers innovative, advanced and tailor-made treatment solutions to its customers. With more than 70% market share in Swiss high-end technology, it has executed around 200 municipal and industrial projects since 1995. The subsidiary is accredited to EN ISO 9001:2008.

The subsidiary's in-house R&D Centre has helped to develop a number of patents and has strong repository of innovative technologies including BIOPUR® and FLUOPUR® for biological wastewater treatment as well as MARAPUR® and CYCLOPUR®.

Furthermore, WABAG Switzerland has been involved in R&D aimed at the elimination of micro pollutants for more than a decade. As a result, WABAG is now one of the few companies able to offer all the relevant technologies (BIOZONE®, CARBOPUR®, PACOPUR®) and has already executed some projects in this specific field.

A few flagship projects

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

WABAG Romania

WABAG Romania came into existence in 2008, primarily to focus on EPC and operational management of industrial and municipal wastewater plants. It has proved to be a specialist for complex water technology solutions in oil and gas industry.

The subsidiary has been accredited to quality management system - ISO 9001:2008, OHSAS 18001:2007 and ISO 14001:2004. Going forward, WABAG Romania aims to leverage evolving opportunities in the country's food and steel industry.

A few flagship projects

- Suplaco de Barcau - Produced water treatment plant for Romania's largest oilfield
- PetroBrazi refinery ETP, Romania - comprehensive refurbishment and upgrade in two stages and simultaneous operational management
- PetroBrazi refinery ETP, Romania - tertiary filtration system for water reuse
- Compact ETP (containerised) for KAR refinery at Erbil, Iraq
- Arpechim refinery ETP, Romania - operational management and technical adaptations
- Municipal wastewater treatment plants at Cugir, Aiud and Ocna Mures, Romania

WABAG Philippines

WABAG Philippines is the market leader in the Philippines's wastewater treatment sector. It leverages opportunities in the local markets and also looks to tap the markets in the neighbouring countries like Vietnam and Cambodia. In Philippines there is limited availability of freshwater, coupled with high power costs for desalination. The Company has countered these challenges and is using cost-effective as well as best-in-class technologies to deal with the problems.

WABAG Philippines has gained over 50% market share over the last few years and has made a mark with a blend of advanced technology and execution capabilities. The adoption of effective cross-unit collaboration helps the subsidiary to deliver projects successfully on time and in some cases, ahead of time which has facilitated repeat orders.

A few flagship projects

- Sewage Treatment Plant at Bagbag with SBR technology
- Sewage Treatment Plant at Tatalon with SBR technology
- Sewage Treatment Plant at Dona Imelda with MBBR – FLUOPUR® technology
- Drinking water treatment Plant at Putatan
- Sewage Treatment Plant at Ilugin with SBR technology
- Sewage Treatment Plant at Muntinlupa, Tunasan with activated sludge process
- Sewage Treatment Plant at Valenzuela with activated sludge process

WABAG Czech Republic

Headquartered in Brno, WABAG Czech Republic was founded in 1994 to cater mainly to the Czech industrial water market. Being one of the oldest WABAG subsidiaries, it has executed a wide range of projects for industrial water treatment in its initial years and later on expanded also to the municipal sector. Besides, it has also played a vital role in gaining business in Eastern Europe. Furthermore, in recent years, WABAG Czech Republic was successful in expanding its business into foreign markets – e.g. in Slovakia, Serbia, Turkey and Uzbekistan.

WABAG Czech Republic offers pre-treatment systems, demineralisation, condensate polishing, ion exchange technology, cooling water treatment, filtration and neutralisation. It also serves as WABAG Austria Group's competence centre in industrial water treatment services. WABAG Czech is accredited to EN 9001:2000 certification.

A few flagship projects
- Industrial water treatment at Slovnaft, Slovakia
- Reconstruction of industrial WTP for the Prerov Power Station, Czech Republic
- Modernisation of the drinking water treatment plant in the famous Czech city Plzen, one of the most important water supply plants in the country
- Municipal wastewater treatment plant at Trencín, Slovakia
- Industrial water reclamation plant for steel works Smederova, Serbia
- Demineralisation plant for power plant at Khoms, Libya

WABAG Turkey
With over 30 years of presence in Turkey, WABAG chose to establish its own entity through a subsidiary in the country in 2011. WABAG Turkey helped localising the entire operations, using the experienced local manpower. It provides comprehensive product and services portfolio in the Turkish market right from design and construction to operational management of municipal as well as industrial plants.

WABAG Turkey is today a market leader in Turkey with strong brand positioning. Its strong workforce of over 1,100 people (including O&M) and technological back-up help it manage large and diverse projects. The company has already executed turnkey projects including sludge treatment and power production through use of biogas in Siverek.

A few flagship projects
- Operations & maintenance of entire wastewater treatment plants and pumping stations of Istanbul city
- Turnkey drinking water treatment plant at Izmir
- Municipal wastewater treatment plant at Siverek
- Operations & maintenance of the drinking water treatment plant at Adana

WABAG Tunisia
WABAG Tunisia was established in 1997 as a subsidiary of WABAG Austria. Its primary focus is to cater to the Tunisian and Algerian markets by providing local support during project execution. This subsidiary has completed more than 20 projects, comprising compact plants for industrial units, large scale plants for urban drinking water and wastewater treatment.

A few flagship projects
- WWTP El Attar in Tunis including O&M
- Enlargement of a drinking water treatment plant at Belli
- Modernisation and enlargement of a municipal wastewater treatment plant, including anaerobic sludge treatment at Choutrana
- Enlargement of the drinking water treatment plant at Ghedir El Ghoula

International Engineering Centre (IEC)
International Engineering Centre in Pune and Vadodara provides project design and engineering support to WABAG's EPC business. Since its establishment in 2008, IEC has gradually developed its capabilities to deliver world-class engineering services. IEC has built a competent team of engineers and invested in state-of-the-art softwares with a view to attract global engineering business.

Leveraging on the team's expertise, IEC is able to deliver quality and cost effective engineering solutions which meet global standards. IEC will be providing engineering services to global market under the banner of WABAG Engineering Services (WES).

Key objectives of WABAG Engineering Services (WES)
- IEC which is presently a captive engineering centre will be progressively transformed to a profit centre, providing engineering and consultancy services for global clients
- Utilisation of team strength for providing engineering services to other verticals like oil & gas, power, fertiliser, steel, etc

Key highlights 2015-16
- Extended its engineering support to WABAG's global offices in Austria, Romania, Oman and Philippines by deputing its engineers to work on critical projects
- Utilising IEC's expertise has given competitive edge to our global offices in terms of cost, quality and timeliness
- Team handled engineering for crucial projects like RAPID, and Dangote fertilisers

Financial Performance
On a consolidated basis, the Company achieved sales of ₹ 2,542 Crore in FY 2015-16 as compared to ₹ 2,428 Crore in FY 2014-15, registering a growth of 5% over the previous year. Net profit for the year stood at ₹ 92 Crore in FY 2015-16 as compared to ₹ 110 Crore in FY 2014-15. Delay in obtaining Engineering approvals from certain clients in the European cluster contributed to the lower than expected sales in the fourth quarter. Further, 7% depreciation in Rupee-Euro accentuated the sales drop for the full year.

The standalone sales for the year stood at ₹ 1,503 Crore in FY 2015-16 as compared to ₹ 1,220 Crore in the previous year, registering a growth of 23%. EBITDA recorded an impressive growth of 38% in FY 2015-16 and was at ₹ 206 Crore as against ₹149 Crore in FY 2014-15. Net profit stood at ₹ 117 Crore in FY 2015-16 as against ₹ 90 Crore during last year, recording a growth of 30%. Execution of good margin project mix by the standalone team helped to increase the operating margin in the standalone numbers. Net working capital in terms of number of days was at 96 days as on March 31, 2016.

Human capital

We realise that the true potential of "One WABAG" is realised only when we utilise the full potential of every employee at WABAG across clusters, functions and levels. The organisational realignment carried out during the year is aimed at this objective of unleashing the full potential of all employees.

WABAG's global team comprises over 2,000 employees with varied experiences and qualifications. Each of these employees represent the unique strength of WABAG – diversity in culture, working on broadest spectrum of technologies, huge variety in applications, meeting the needs of various customers across the world.

The Company also promotes positive workplace environment through its policies and best practices. The Company policy prohibits harassment of any kind, including harassment based on age, race, religion, caste, creed, colour, sex, marital status or any other basis protected by law. During the year, the Company's POSH (Prevention of Sexual Harassment) Committee received one complaint and the same was resolved post due hearings from both parties by the Committee.

WABAG's Talent Management

Talent Acquisition

WABAG analyses its targeted growth and business needs for each year during the budget session which precedes the recruitment process. Junior and middle management are recruited locally, while senior management is recruited by the Group HR at Chennai. Talent acquisition is carried out through employee referrals, job portals and HR consultants among others. Besides, the Company also recruits Graduate Engineer Trainees (GETs) through campus recruitment programme.

Training and development

Training and development forms the core part of the HR function in WABAG. The employees skill set is continuously assessed and enriched through various in-house training programmes. Apart from the yearly training calendar, outbound training programmes are organised based on the specific requirements from the various teams across the Group.

Skill development programmes are organised in the various departments of Engineering, Planning, Procurement, Project Management and other core areas. Also, cross cultural training programmes are conducted through external professionals which would help to leverage the synergy of WABAG's diversity.

The Company also undertakes a mapping exercise to identify the required competencies across various positions. It not only helps to identify performance gaps but also aligns the training requirements accordingly. WABAG's GET Programme imparts training to graduate engineers across different business functions over two years which provides the Company with a vast pool of skilled resource to aid in its growth journey.

The Company primarily runs two leadership programmes.

- Leadership Excellence Programme (LEX) – To develop leaders from middle level managers.
- Young Entrepreneurship Programme (YEP) for outstanding GETs – provides opportunities through a part-time management programme from Tier-I national B-Schools.

Health, Safety and Environment (HSE)

The Company takes timely measures to protect the health and safety of its employees and minimise pollution to preserve the internal as well as the surrounding environment. WABAG's HSE system is accredited to ISO 14001:2004 Environmental and BS OHSAS 18001:2007 certifications by Bureau Veritas Certification Ltd. (BVCI).

Health

WABAG conducted several health camps at its EPC and O&M plants for its employees including contractual and sub-contractual workers. Besides, the Company focuses on preventing health issues of its employees which frequently affect them as they work in plants.

Safety

In June 2015, WABAG launched the 'Tool Box Talks Booklets', containing 100 HSE-related topics on hazards, risks, control measures and legal requirements associated with the everyday work of employees. All employees are required to follow the guidelines prior to starting their work in plants.

Apart from first aid training, the Company conducts safety induction trainings for its employees and workers to make them aware of the HSE management system, site safety rules and the procedure to report any incident to their supervisors. The training programmes also give them an overview of the do's and don'ts during emergency situations.

WABAG's project management and admin team periodically conducts mock drills for all its employees, at offices, plants and project sites. The Company lays emphasis on the personal protective equipment (PPE) compliance to prevent injuries during the course of employment.

Environment

During the year, the employees undertook tree plantation drives at various plant locations. WABAG celebrated the World Environment Day in all its project locations. This initiative helped minimise environmental pollution, thereby improving the work as well as the surrounding environment.

Additionally, environmental tests were conducted by the authorised NABL laboratory during this year. The authority monitored ambient air quality at the dust-prone areas and tracked emission and noise pollution from diesel generator sets and conducted tests to gauge the quality of drinking water at the plant locations, offices and labour colonies to ensure compliance to ISO 14001:2004 standards.

Information Technology

WABAG Information Technology, as always, has been the business enabler for WABAG Business Operations. During the year FY 15-16 WABAG Group IT actively took part in design, installation and commissioning of the IT Infrastructure at WABAG Philippines office. We have also linked some of our global offices to WABAG House through CUG communication.

In continuation of One WABAG initiatives, the disparate domains of WABAG globally have been consolidated into one.

Another major initiative WABAG Group IT had undertaken was on finalising the ERP Application Upgrade to a more user friendly, intuitive and versatile version. We had exercised due diligence and taken this decision to get our ERP to be upgraded for all WABAG Global locations.

The year 2015-16 also saw WABAG Group IT augment the capability by establishing the required IT Infrastructure environment including SmartPlant Plant Design Ecosystem for the PETRONAS RAPID project.

Risk Management and Internal Control

WABAG believes in managing risks and uncertainties in a manner that allows the Company to pursue business opportunities and create continuous shareholder value. The Company's approach towards risk management is reinforced by its understanding of the risks that it is exposed to, its risk appetite and how the risks change over time. The objective of the Company's risk management is to ensure that an appropriate balance is maintained between the levels of risk assumed and expected return, while ensuring that it remains agile and have an unhindered business decision-making process.

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

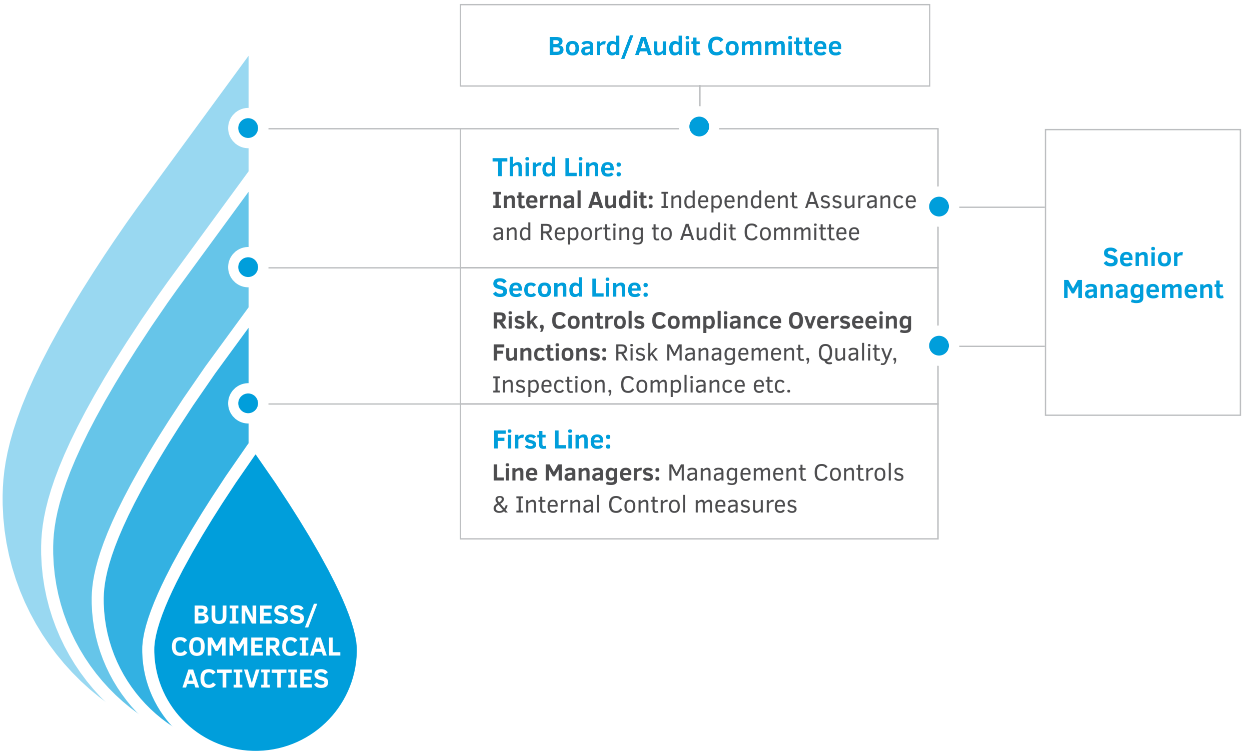
The Company's management systems, organisational structures, processes, standards, code of conduct and behaviours together form a system of internal control that governs how it conducts its businesses and manages associated risks.

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

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

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

Risk management framework based on three lines of defence



Macroeconomic risk

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

Mitigation measures

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

Political risk

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

Mitigation measures

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

Competition risk

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

Mitigation measures

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

Vendor risk

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

Mitigation measures

WABAG has vendor sourcing decisions incorporated into its key risk factors. The Company follows a strict vendor evaluation and re-classification programme along with vendor due diligence for a comprehensive vendor stratification. There are multiple levels of authority within the Company for approvals to choose an appropriate vendor based on past experience, credit worthiness of the vendor, quality and reputation.

Customers credit profile risk

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

Mitigation measures

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

Consortium partners credit profile risk

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

Mitigation measures

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

Commodity price risk

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

Mitigation measures

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

Forex risk

Volatile global currencies may impact WABAG's profitability adversely.

Mitigation measures

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

Disclaimer

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 over runs 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, and so on. Past performance may not be indicative of future performance. The Company does not undertake to make any announcement in case any of these forward-looking statements become materially incorrect in future nor shall the Company update any forward-looking statements made from time to time by or on its behalf.

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

At Wabag, we are engaged in a business that makes the world a better and cleaner place through the nature of services we provide. We created a modern business around enduring values. We conduct our business in a manner that is fair to all our stakeholders, practice a high standard of integrity in all our actions, respect and comply with the laws of the geographies in which we are present.

We also consider it as our inherent responsibility to disclose timely and accurate information regarding our financials and performance, as well as the leadership and governance of the Company. All Wabagites are committed to a balanced corporate governance system which provides the framework for attaining the company's objectives encompassing practically every sphere of management from action plans and internal controls to corporate disclosure.

At Wabag, Corporate Governance goals are principally driven by the dream of creating a trusty relationship to maximize stakeholder's value, be it shareholders, employees, suppliers, customers, prospective investors, communities or policy makers.

In the years of its existence, Wabag has created a richly competent, informed and independent Board of Directors ("the Board"). The Board of Wabag is at the core of our corporate governance practice. It oversees how the management serves and protects stakeholder interests by following best practices. The majority of our Board, 5 out of 7 are Independent Directors. The Board focuses on upholding the core values of excellence, integrity, responsibility, unity and understanding to ensure that there is a strong legacy of fair, transparent and ethical governance practice in the Company. At the same time we believe our management act as trustees of stakeholder's wealth, reflected in a culture of austerity and making a clear distinction between personal convenience and corporate resources.

Wabag's corporate governance framework is also focused on the legal, regulatory, institutional and ethical environment of the society.

With the objective of bringing the basic framework governing the regime of listed entities in line with the Companies Act, 2013 and at the same time compiling all the mandates of varied SEBI regulations/circulars governing equity as well as debt segments of capital market under the ambit of a single document, recently, the Securities and Exchange Board of India (SEBI) introduced SEBI Listing Obligations and Disclosure Requirements Regulations, 2015 ("SEBI LODR"). These Regulations provide for stricter disclosures and protection of investor rights, including equitable treatment for minority and foreign shareholders. The SEBI LODR is aimed to encourage companies to "adopt best practices on corporate governance".

The Company is not only in compliance with the requirements stipulated under SEBI LODR with regard to corporate governance but is also committed to sound corporate governance principles & practices and constantly strives to adopt emerging best corporate governance practices being followed worldwide.

2. Board of Directors

The Board being aware of its fiduciary responsibilities recognizes its responsibilities towards all stakeholders to uphold highest standards in all matters concerning the Company. It has empowered responsible persons to implement its broad policies, guidelines and has set up adequate review processes. The Board provides strategic guidance on affairs of the Company. The Independent Directors provide independent and objective judgement on matters placed before them.

The Company's day to day affairs are managed by the Managing Director & Group CEO, assisted by a competent management team under the overall supervision of the Board. The Company's commitment to ethical and lawful business conduct is a fundamental shared value of the Board, senior management and all its employees. The Board is committed to representing the long term interests of the stakeholders and in providing effective governance over the Company's affairs and exercise reasonable business judgment on the affairs of the Company.

The Directors are elected based on their qualification and experience in varied fields. At the time of induction of a Director, a formal invitation to join the Board is sent out and a Directors' handbook comprising a compendium of the role, powers and duties to be performed is given to the new Director. The Independent Directors annually provide a certificate of independence in accordance with the applicable laws which is taken on record by the Board. All Board members are encouraged to meet and interact with the management. Board Members are invited at key meetings of Senior Management for strategic guidance and advice.

2.1 Composition Of The Board

The Company's policy is to maintain optimum combination of Directors. The composition of the Board during the financial year was in conformity with SEBI LODR and in line with the Companies Act 2013. The Board has been constituted in an appropriate manner, to preserve its independence and to separate the Board functions of governance and management.

As on March 31, 2016, in compliance with the Corporate Governance norms, the Board comprised 7 Directors majority of them being Independent Directors. The Chairman of the Board is an Independent Director. Besides the Chairman, the Board comprises of a Managing Director and an Executive Director, who are Promoter Directors and 4 Independent Directors. No director is, inter se, related to any other director on the Board.

2.2 Board Procedure

A detailed agenda folder is sent to each Director atleast 9 days in advance of Board and Committee Meetings. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted. To enable the Board to discharge its responsibilities effectively, the Managing Director apprises the Board at every meeting, the overall performance of the Company.

The Board reviews strategy and business plans, annual operating and capital expenditure budgets, investment and exposure limits, compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any. The Board also reviews major legal issues, minutes of meeting of various Committees of the Board and subsidiary companies, significant transactions and arrangements entered into by the subsidiary companies, adoption of financial results, transactions pertaining to purchase or disposal of properties, major accounting provisions and write-offs, corporate restructuring and information on appointment & removal of officers just below the Board level and Key Managerial Personnel.

The Company Secretary records minutes of proceedings of each Board and Committee meetings. Draft minutes are circulated to Board/ Committee members within 15 days from the meeting for their comments. Directors communicate their comments (if any) in writing on the draft minutes within seven days from the date of circulation. The minutes are entered in the Minutes Book and signed by the Chairman within 30 days from the conclusion of the meeting.

The guidelines for Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for decisions taken by the Board and Committees thereof. Important decisions taken at Board/ Committee meetings are communicated promptly to the concerned departments/divisions. Action-taken report on decisions/minutes of the previous meeting(s) is placed at the succeeding meeting of the Board/ Committee for noting.

The Company Secretary, while preparing the agenda, notes on agenda, minutes of the meeting(s) etc., is responsible for and ensures adherence to all applicable laws and regulations, including the Companies Act, 2013 read with rules thereunder, and the Secretarial Standards recommended by the Institute of Company Secretaries of India as applicable.

2.3 Number of Board Meetings:

The Board met four times during the FY 2015-16 on May 25, 2015, August 8, 2015, November 7, 2015 and February 6, 2016.

The Company held at least one Board meeting in every three months. The maximum gap between any two meetings was less than one hundred and twenty days, as stipulated under SEBI LODR.

2.4 Details of Board Members as on March 31, 2016

Name/DIN	Category	Attendance Particulars			No. of Directorships and Committee Memberships/ Chairmanships as on March 31, 2016*		
		No. of Board Meetings		Last AGM	Directorships@	Committee Memberships#	Committee Chairmanships#
		Held	Attended				
Bhagwan Dass Narang 00038052	Independent Chairman	4	4	Present	3	5	4
Jaithirth Rao 00025289	Independent Director	4	3	Absent	1	1	0
Malay Mukherjee 02861065	Independent Director	4	3^	Absent	2	2	0
Sumit Chandwani 00179100	Independent Director	4	3	Absent	1	2	1
Revathi Kasturi 01837477	Independent Director	4	3	Present	1	0	0
Rajiv Mittal 01299110	Promoter /Managing Director	4	4	Present	1	1	0
S Varadarajan 02353065	Promoter /Executive Director	4	3$	Present	1	1	0

* Excludes Private Limited Companies, Foreign Companies and Companies registered under Section 8 of the Companies Act, 2013.
@ Excludes alternate Directorships but includes Additional Directorships and Directorship in VA TECH WABAG LIMITED.
# Committees considered are Audit Committee and Stakeholders Relationship Committee including that of WABAG.
^ Malay Mukherjee was appointed by the Board and shareholders on June 24, 2015 and July 27, 2015 respectively.
$ S Varadarajan was appointed by the Board and shareholders on June 24, 2015 and July 27, 2015 respectively.

2.5 Directors Shareholding

The details of company's shares held by the Directors as on March 31, 2016 are as below:

Name of Director	No. of shares held (₹ 2/- paid up)
Bhagwan Dass Narang*	NIL
Jaithirth Rao	80,000
Malay Mukherjee	NIL
Sumit Chandwani	NIL
Revathi Kasturi	NIL
Rajiv Mittal	97,09,406
S Varadarajan	21,85,762

* Bhagwan Dass Narang currently holds 50% of the Share Capital of Shri Venimadhav Portfolio Private Limited, which in turn held 35,740 equity shares of the Company as on March 31, 2016

3. Committees of the Board

The Board has constituted various Committees to support the Board in discharging its responsibilities. There are six Committees constituted by the Board

- Audit Committee
- Stakeholders Relationship Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Monitoring Committee
- Overseas Investment Committee

The Company's guidelines relating to Board meetings are applicable to Committee meetings as far as practicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its functions. Senior officers/ functional heads of Company are invited to present various details called for by the Committee in its meeting. Minutes of proceedings of Committee meetings are circulated to the Directors and placed before Board meetings for noting. The recommendations of the Committees are submitted to the Board for approval.

Terms of Reference and other details of Board Committees

3.1 Audit Committee

Terms of Reference

The powers, role and terms of reference of the audit Committee are in line with the provisions of Section 177 of the Act and SEBI LODR.

The primary objective of the Committee is to monitor and provide an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures with the highest levels of transparency, integrity and quality of financial reporting. The Committee oversees the work carried out in the financial reporting process by the Management, the internal auditors and the independent auditors and notes the processes and safeguards employed by each of them.

Composition

Bhagwan Dass Narang (Chairman of the Committee)	Independent Director
Jaithirth Rao	Independent Director
Malay Mukherjee	Independent Director
Sumit Chandwani	Independent Director

The Committee's composition meets with the requirements of Section 177 of the Companies Act, 2013 and SEBI LODR. The Board of Directors at their meeting held on August 8, 2015 reconstituted the Committee by inducting Malay Mukherjee as a member of the Committee. All the members of the Committee are financially literate and possess accounting or related financial management expertise.

Senior Executives of the Accounts /Finance Department and representatives of Statutory and Internal Auditors attend all Audit Committee Meetings. The Company Secretary acts as the Secretary to the Audit Committee.

The Chairman of the Audit Committee, Bhagwan Dass Narang was present at the last Annual General Meeting held on July 27, 2015.

Meetings & Attendance

The Committee met four times during the FY 2015-16 on May 25, 2015, August 8, 2015, November 6, 2015 and February 6, 2016. The attendance at the meetings is as under:

Members	Number of Meetings	
	Held	Attended
Bhagwan Dass Narang	4	4
Jaithirth Rao	4	3
Malay Mukherjee	4	2*
Sumit Chandwani	4	3

* Malay Mukherjee was inducted into the Committee effective August 8, 2015

3.2 Stakeholders Relationship Committee

Terms of Reference

The terms of reference of the Stakeholders Relationship Committee are in line with the provisions of section 178 of the Act and SEBI LODR.

The Stakeholders Relationship Committee is primarily responsible for redressal of shareholders' / investors' / security holders' grievances including complaints related to transfer of shares, non-receipt of declared dividends, annual reports etc. The Committee's terms of reference also include allotment of equity shares to option grantees under the prevailing ESOP Scheme of the Company.

Composition

Sumit Chandwani (Chairman of the Committee)	Independent Director
Rajiv Mittal	Managing Director
S Varadarajan	Executive Director

The Committee's composition meets with the requirements of Section 178 of the Companies Act, 2013 and SEBI LODR. The Board of Directors at their meeting held on August 8, 2015 has reconstituted the Committee by inducting S Varadarajan as a member of the Committee.

Meetings & Attendance

The Committee met three times during the Financial Year 2015-16 on May 25, 2015, November 7, 2015 and February 4, 2016. The attendance at the Meetings is as under:

Members	Number of Meetings	
	Held	Attended
Sumit Chandwani	3	3
Rajiv Mittal	3	3
S Varadarajan	3	2*

* S Varadarajan, was inducted into the Committee effective August 8, 2015

During the year, 45 complaints were received and resolved to the satisfaction of investors. As on March 31, 2016, there are no outstanding complaints from the investors. The quarterly statement on investor complaints received and disposed of are filed with Stock Exchanges within 21 days from the end of each quarter and the statement filed is also placed before the subsequent meeting of Board of Directors.

3.3 Nomination and Remuneration Committee

Terms of Reference

The terms of reference of the Nomination & Remuneration Committee are in line with the provisions of section 178 of the Act and SEBI LODR.

The purpose of the Committee is to oversee the nomination process for top-level management positions and review executive remuneration structure. The Committee identifies, screens and reviews individuals qualified to serve as executive directors, non-executive directors and independent directors consistent with criteria approved by the Board and recommends, for approval by the Board, nominees for election at the AGM.

Composition

Revathi Kasturi (Chairperson of the Committee)	Independent Director
Bhagwan Dass Narang	Independent Director
Sumit Chandwani	Independent Director
Rajiv Mittal	Managing Director

The Committee's composition meets with the requirements of Section 178 of the Act and SEBI LODR.

Meetings and Attendance

The Committee met three times during FY 2015-16 on May 25, 2015, July 27, 2015 and November 7, 2015. The attendance at the Meetings is as under:

Members	Number of Meetings	
	Held	Attended
Revathi Kasturi	3	3
Bhagwan Dass Narang	3	3
Sumit Chandwani	3	2
Rajiv Mittal	3	3

Remuneration to Directors

Non-Executive /Independent Directors

At the Annual General Meeting of the Company held on July 21, 2014, the shareholders approved payment of commission to the Non-Executive Directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Companies Act, 2013. Subject to the above ceiling, the Board has approved a sum of ₹ 20 lakhs p.a and ₹ 15 lakhs p.a each to the Chairman and other Independent Directors respectively. The above commission component is split into fixed fee (80%) and variable pay (20%) which is payable on meeting various performance parameters/criteria's including the following but not restricted to participation and contribution by a Director, commitment, including guidance provided to the Senior Management outside of Board/ Committee Meetings, effective deployment of knowledge and expertise, effective management of relationship with various stakeholders; independence of behavior and judgment, etc., as set out by the Nomination & Remuneration Committee. Commission is paid to the Non-Executive Directors on a quarterly basis and is based on the remuneration structure as determined by the Board in line with the Company's remuneration policy.

Executive Directors

The shareholders of the company at their meeting held on July 27 2015 has re-appointed Rajiv Mittal, Managing Director & Group CEO for a period of 5 years with effect from October 1, 2015 and appointed S Varadarajan as a Director at such remuneration as approved by the Board. The remuneration component is split into fixed pay and performance pay which is payable on meeting various performance parameters/criteria including the following but not restricted to leadership, strategy formulation, strategy execution, financial planning & performance, relationship with other Board members, external relations, human resource management/ relation, succession planning, product/service knowledge, personal quality etc.

The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings.

Details of Remuneration paid to Directors during the financial year 2015-16

₹ In Lakhs

Name	Category	Commission	Salary and Perquisites	Performance Incentive	Superannuation and Provident Fund (refer note 1)	Total
Bhagwan Dass Narang	Independent Chairman	17	Nil	Nil	Nil	17
Jaithirth Rao	Independent Director	12.75	Nil	Nil	Nil	12.75
Malay Mukherjee	Independent Director	6	Nil	Nil	Nil	6
Sumit Chandwani	Independent Director	12.75	Nil	Nil	Nil	12.75
Revathi Kasturi	Independent Director	12.75	Nil	Nil	Nil	12.75
Rajiv Mittal	Managing Director	Nil	188.00	55	22.00	265.00
S Varadarajan (refer note 2)	Executive Director	Nil	91.36	Nil	4.49	95.85

Notes:

1. Represents aggregate of the Company's contributions to Superannuation Fund and Provident Fund.
2. S Varadarajan was the Chief Financial Officer of the Company upto November 6, 2015.
3. No sitting fees is paid to any Directors for attending meetings.
4. The Company has neither advanced loans nor granted any stock options to any Directors during the year.

3.4 Corporate Social Responsibility Committee

Terms of Reference

The terms of reference of the Committee are in line with the provisions of section 135 of the Companies Act, 2013.

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating, monitoring and implementing a framework in line with the corporate social responsibility policy of the Company.

Composition

Revathi Kasturi (Chairperson of the Committee)	Independent Director
Rajiv Mittal	Managing Director
S Varadarajan	Executive Director

The Board of Directors at their meeting held on August 8, 2015 has reconstituted the Committee by inducting S Varadarajan as a member of the Committee in place of Sumit Chandwani.

Meeting and Attendance

The Committee met twice during the Financial Year 2015-16 year on May 25, 2015 and January 12, 2016. The attendance at the Meetings is as under:

Members	Number of Meetings	
	Held	Attended
Revathi Kasturi	2	2
Sumit Chandwani	2	1*
Rajiv Mittal	2	2
S Varadarajan	2	1*

* S Varadarajan, was inducted to the Committee by the Board on August 8, 2015 in place of Sumit Chandwani

3.5 Monitoring Committee

Terms of Reference

The terms of reference of the Committee inter-alia includes:

- To monitor various on-going projects.
- To review projects that are time-over-run, cost-over-run etc.
- To review specific matters that is assigned by the Board.
- To review Company's risk management practices and activities.

Composition

Bhagwan Dass Narang (Chairman of the Committee)	Independent Director
Malay Mukherjee	Independent Director
Sumit Chandwani	Independent Director
Revathi Kasturi	Independent Director
Rajiv Mittal	Managing Director

The Board of Directors at their meeting held on August 8, 2015 reconstituted the Committee by inducting Malay Mukherjee as a member of the Committee.

Meeting and Attendance

The Committee met three times during FY 2015-16 on April 10, 2015, July 27, 2015 and February 5, 2016. The attendance at the Meetings is as under:

Members	Number of Meetings	
	Held	Attended
Bhagwan Dass Narang	3	3
Malay Mukherjee	3	1*
Sumit Chandwani	3	2
Revathi Kasturi	3	1
Rajiv Mittal	3	3

* Malay Mukherjee was inducted into the Committee by the Board on August 8, 2015

3.6 Overseas Investment Committee

Terms of Reference

The Board of Directors at their Meeting held on August 8, 2015 constituted the Loans & Investments Committee of the Board with the objective of investing the funds of the Company, grant loans or give guarantee or provide security in respect of loans to existing Subsidiaries/Joint Ventures and making investments in new Subsidiaries and Joint Venture Companies subject to a limit of ₹100 Crore in a financial year.

In view of increasing revenue streams from its overseas operations and considering the extent of global presence of the Company, its investments, intellectual property rights and other spin-off the Board felt the need for a separate committee to monitor and review compliances and investments made into various overseas entities. Hence, the Board at its meeting held on 7 November 2015, renamed the Loans & Investments Committee as Overseas Investment Committee (OIC) and increased the scope of the Committee to review and monitor all overseas investments comprehensively for its efficacy, viability, increased risk assessment leading to continued compliances.

Further, the Committee has engaged external specialists on Overseas/Foreign Investments to advise the Company. In addition, the scope of internal audit and secretarial audit have been expanded to include legal and regulatory matters relevant to overseas investments and its periodic review to suggest revamp of Group structure. As initial part of this exercise, foreign subsidiaries in Egypt and China are liquidated.

Composition

Bhagwan Dass Narang	Independent Director
Rajiv Mittal	Managing Director
S Varadarajan	Executive Director

Meetings and Attendance

The Committee met twice during FY 2015-16 on October 7, 2015 and February 4, 2016. The attendance at the meetings is as under:

Members	Number of Meetings	
	Held	Attended
Bhagwan Dass Narang	2	1
Rajiv Mittal	2	2
S Varadarajan	2	2

4. Disclosures

4.1 Related Party Transactions.

All related party transactions entered into by the Company during the year has prior approval of the Audit Committee. There has been no materially significant related party transactions with the Company's Subsidiaries, Promoters, Directors, Management or their relatives which may have potential conflict with the interests of the Company. The necessary disclosures regarding the transactions with related parties are given in the Notes to the Annual Accounts for the FY 2015-16.

The transactions with related parties are disclosed in note 32 of the financial statements in the annual report. There were no materially significant transactions with related parties during the year that may have potential conflict with the interests of the Company at large or that requires approval of the shareholders. The Company's major related party transactions are generally with its subsidiaries and associates. The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, geographic expansion plans, Company's multi domestic unit strategy, profitability, legal requirements, liquidity and capital resources of subsidiaries and associates.

All related party transactions are negotiated on arm's length basis, and are intended to further the Company's interests. The related party transactions are entered based on omnibus approval granted by the Audit Committee. At every meeting of the Audit Committee, the related party transactions entered into by the Company are reviewed. The related party transactions of the Company during the year are as per the related party transactions policy available on the Company's website *www.wabagindia.com/documents/resource_centre/Related_Party_Transaction_Policy.pdf*

4.2 Non Compliance

There have been no instances of non-compliance by the Company on any matters related to the capital markets, nor have any penalty/strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on such matters during the last three years.

4.3 Whistle Blower Policy/ Vigil Mechanism

The Company has established a whistle blower mechanism to provide an avenue to raise concerns, in line with the Company's commitment to the high standards of ethical, moral and legal conduct of business. The mechanism also provides for adequate safeguards against victimization of employees 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. It is affirmed that during the year, no employee has been denied access to the Audit Committee. The Company's Whistle Blower policy approved by the Board is available on the Company's website *www.wabag.com*.

4.4 CEO/CFO Certification

The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of SEBI LODR. The Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of SEBI LODR. The annual certificate given by the Managing Director and the Chief Financial

Officer is provided in this Report.

4.5 Subsidiary Companies Monitoring Framework.

All the Company's subsidiaries are Board managed with their respective Boards having the rights and obligations to manage such Companies in the best interest of their stakeholders. The Company does not have any material unlisted subsidiary incorporated in India and hence is not required to nominate an Independent Director of the Company on the Board of such subsidiaries. The Audit Committee reviews the financial statements, in particular investments made by the unlisted subsidiary companies. Minutes of the Board meetings of unlisted subsidiary companies are placed and reviewed periodically by the Company's Board. A statement containing all significant transactions and arrangements entered into by unlisted subsidiary companies is placed before the Company's Board periodically. The Company's Material Subsidiary Policy approved by the Board is available on the Company's website *www.wabagindia.com/documents/resource_centre/material_subsidiaries_policy.pdf*

4.6 Corporate Governance Voluntary Guidelines 2009

The Ministry of Corporate Affairs, Government of India, published the Corporate Governance Voluntary Guidelines in 2009. These guidelines provide corporate India a framework to govern themselves voluntarily as per the highest standards of ethical and responsible conduct of business. The guidelines broadly focus on areas such as Board, responsibilities of the Board, Audit Committee functions, roles and responsibilities, appointment of auditors, compliance with secretarial standards and a mechanism for whistleblower support. The Company is in substantial compliance with the Corporate Governance Voluntary Guidelines.

4.7 Adoption of Mandatory and Non- Mandatory requirements of SEBI LODR

The Company has complied with all the mandatory requirements of SEBI LODR and complied with the Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI LODR as applicable. Certificate from M/s Walker Chandiok & Co LLP, Statutory Auditors, confirming compliance with conditions of Corporate Governance as stipulated under SEBI LODR is forming part of the Annual Report.

The Company has adopted following non-mandatory requirements of SEBI LODR and the Companies Act 2013.

The Board

The Chairman of the Board is an Independent Director and a Chairman's office is maintained at the Company's expense. The Company reimburses the Chairman any expenses incurred in performance of his duties.

Audit Qualification

The Company is in the regime of unqualified financial statements.

Separate posts of Chairman and CEO

The post of the Chairman and Managing Director of the Company are held by separate persons.

Reporting of Internal Auditor

The Internal auditor of the Company reports directly to the Audit Committee.

4.8 Code of Conduct

The Code of Conduct ("the Code") for Board Members and Senior Management Personnel as adopted by the Board, is a comprehensive Code applicable to Directors and senior management personnel. The Code lays down in detail, the standards of business conduct, ethics and strict governance norms for the Board and senior management personnel. A copy of the Code has been put on the Company's website *www.wabag.com*. The Code has been circulated to Directors and senior management personnel and its compliance is affirmed by them annually. A declaration signed by the Company's Managing Director to this effect is published in this Report.

4.9 Code for Prevention of Insider Trading Practices

The Company had formulated a comprehensive Code of Conduct for Prevention of Insider Trading for its Designated Employees, in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time. The Directors, Officers, Designated Employees & other connected persons of VA TECH WABAG LIMITED are governed by the Code. During the year under review, there has been due compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

4.10 Meeting of Independent Directors

During the Financial Year 2015-16, the Company's Independent Directors met on May 25, 2015 without the presence of Executive Directors and members of management. All the Independent Directors were present at the meeting. The details of the Familiarization programs imparted to Independent directors is available on the Company's website *www.wabag.com*

5. General Body Meetings

5.1 Annual General Meetings

The date, time, location of Annual General Meetings held during last three years and the special resolutions passed there at are as follows:

Year	Date	Time	Location	Special Resolutions passed
FY 2014-15	July 27, 2015	10.00 AM	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	1. Approval of fund based & non fund based borrowing limits. 2. Approval for creation of charge on the assets of the Company.
FY 2013-14	July 21, 2014	10.30 A.M	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	Approval for Non – Executive Directors Remuneration
FY 2012-13	July 25, 2013	10.00 AM	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	Nil

5.2 Special Resolutions passed through Postal Ballot

No special resolution was passed through postal ballot during FY 2015-16. None of the business proposed to be transacted in the ensuing Annual General Meeting requires passing of special resolution through postal ballot.

6. Means of Communication

6.1 Quarterly Results: Quarterly Results of the Company are published in 'Business Standard' and 'Makkal Kural' (Tamil edition) and are also displayed on the Company's website *www.wabag.com*

6.2 News Releases, Presentations etc.: Official news / Press releases are sent to the Stock Exchanges and are displayed on the Company's website *www.wabag.com*.

6.3 Institutional Investors / Analysts: Presentations are made to institutional investors and financial analysts, on the 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.

6.4 Website: The Company's website *www.wabag.com* contains a separate dedicated section 'Investor Relations' where shareholders information is available. The information such as Press releases, Notice of Board Meeting, outcome of Board meeting , revision in credit rating, clippings of newspaper publications etc., are uploaded on the website. The Company's Annual Report is also uploaded on the website in a user-friendly and downloadable form.

6.5 NSE Electronic Application Processing System (NEAPS): The NEAPS is a web-based application designed by NSE for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases among others are filed electronically on NEAPS.

6.6 BSE Corporate Compliance & Listing Centre (the 'Listing Centre'): BSE's Listing Centre is a web-based application designed for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases among others are also filed electronically on the Listing Centre.

7. SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a Centralized web-based complaints redress system. Centralized database of all complaints received, online upload of Action Taken Reports (ATRs) by company and online viewing by investors of actions taken on the complaint and its current status are updated/resolved electronically in the SEBI SCORES system.

8. General Shareholder Information

8.1 Company Registration details

The Company is 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 and Share Transfer Agents are given under corporate information section of this Annual Report.

8.3 Company Secretary & Compliance Officer

Rajiv Balakrishnan
VA TECH WABAG LIMITED
'WABAG HOUSE'
No.17, 200 Feet Thoraipakkam – Pallavaram Main Road,
Sunnambu Kolathur, Chennai 600 117
Phone: 91-44-3923 2323
Fax: 91-44-3923 2324
Email: companysecretary@wabag.in

8.4 Financial year

The financial year covers the period from April 1 to March 31

8.5 Annual General Meeting

Date : July 25, 2016
Time : 10.00 a.m.
Venue : Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006

8.6 Financial Reporting 2016-17

Results for the quarter ending

June 30, 2016	By end of second week of August 2016
September 30, 2016	By end of second week of November 2016
December 31, 2016	By end of second week of February 2017
March 31, 2017	By end of May 2017

Note: The above dates are tentative.

8.7 Dates of Book Closure

Saturday, July 16, 2016 to Monday, July 25, 2016 (both days inclusive) for payment of dividend.

8.8 Dividend Payment Date

Credit/dispatch of dividend warrants, if approved at the members' meeting, would be made on or after July 26, 2016 but before July 30, 2016.

8.9 Stock Market Information:

Listed on Stock Exchanges

a) BSE Limited (BSE)
PJ Towers, Dalal Street,
Mumbai 400 001
Scrip Code: 533269

b) National Stock Exchange (NSE)
"Exchange Plaza", Bandra - Kurla Complex,
Bandra(E), Mumbai 400 051
Trading Symbol – WABAG

Listing Fees

a) Payment of Listing Fees:

Annual listing fee for the year 2016-17 has been paid by the Company to BSE and NSE.

b) Demat International Security Identification Number (ISIN) in NSDL and CDSL for equity shares

ISIN: INE956G01038

Market Price Data & Performance

Stock Performance

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

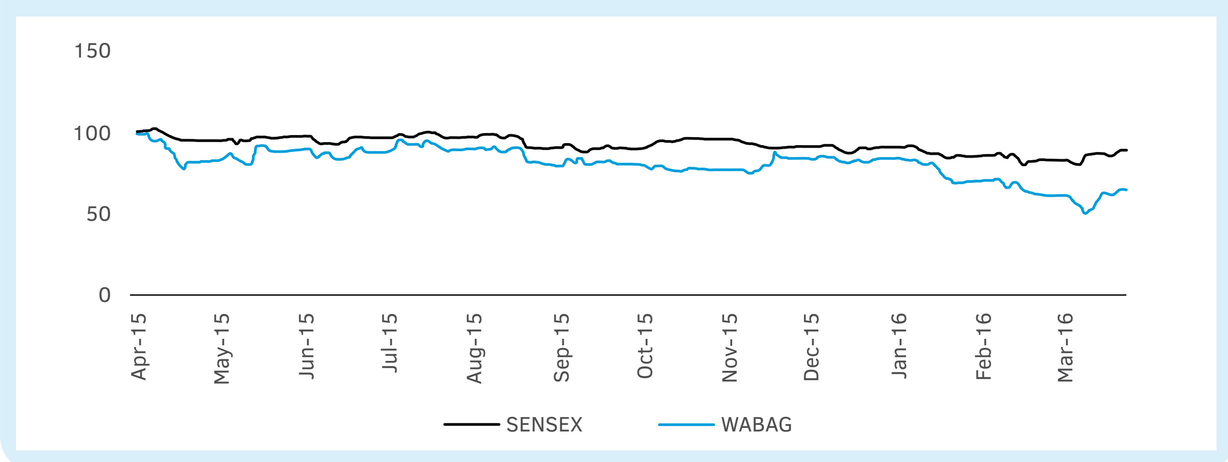
	National Stock Exchange (NSE)			Bombay Stock Exchange (BSE)		
Month	High (₹)	Low (₹)	Monthly Volume	High (₹)	Low (₹)	Monthly Volume
April-15	847.90	615.00	23,75,751	849.00	617.20	3,90,938
May-15	802.00	651.35	31,88,561	802.00	652.05	4,39,574
June-15	783.95	681.60	14,91,628	784.00	685.00	2,56,595
July-15	834.00	726.00	20,50,493	833.00	725.00	3,29,276
August-15	777.00	639.00	20,80,366	775.90	640.10	3,25,977
September-15	739.00	657.10	9,88,241	735.35	658.30	1,53,069
October-15	681.00	625.80	14,99,742	679.90	627.00	2,10,719
November-15	769.60	620.00	15,96,441	766.55	321.00	2,96,249
December-15	721.05	672.05	9,71,244	721.00	673.05	1,02,687
January-16	698.50	568.00	12,38,473	698.45	570.00	1,89,647
February-16	597.90	440.45	10,86,565	598.70	443.00	1,85,837
March-16	558.00	408.80	63,82,810	558.00	409.30	12,01,173

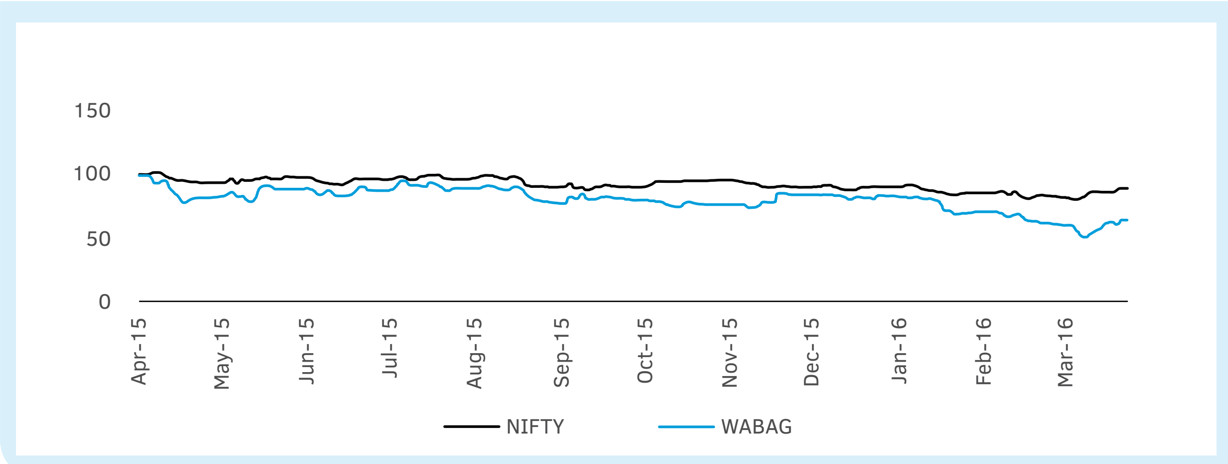
Source: This information is compiled from the data available from the websites of NSE and BSE

2. Share price performance during FY 2015-16 in comparison to broad based indices - BSE Sensex and NSE Nifty

Month	VA TECH WABAG's closing Price on NSE on the last trading day of month (₹)	BSE Sensex at the close of last trading day of the month	NSE Nifty at the close of last trading day of the month
April-15	699.20	27011.31	8181.50
May-15	732.35	27828.44	8433.65
June-15	739.80	27780.83	8368.50
July-15	759.80	28114..56	8532.85
August-15	695.20	26283.09	7971.30
September-15	667.85	26154.83	7948.90
October-15	642.25	26656.83	8065.80
November-15	701.15	26145.67	7935.25
December-15	695.15	26117.54	7946.35
January-16	590.75	24870.69	7563.55
February-16	449.55	23002.00	6987.05
March-16	520.00	25341.86	7738.40

3 Share performance in comparison to BSE Sensex and NSE Nifty





Share Capital Details

1. Distribution of Shareholding as on March 31, 2016

Sr.no	Category (Shares)	No.of Shareholders	% to Shareholders	Total no.of Shares	% To Equity
1	1 - 1,000	49653	97.78	39,51,557	7.25
2	1,001 - 2,000	537	1.06	7,94,672	1.46
3	2,001 - 3,000	166	0.33	4,18,934	0.77
4	3,001 - 4,000	74	0.15	2,64,835	0.49
5	4,001 - 5,000	60	0.12	2,79,526	0.51
6	5,001 - 10,000	101	0.20	7,17,401	1.32
7	10,001 - 20,000	48	0.09	6,78,119	1.24
8	20,001 - 30,000	28	0.06	6,93,283	1.27
9	30,001 - 40,000	18	0.04	6,30,069	1.16
10	40,001 - 50,000	7	0.01	3,18,228	0.58
11	50,001 - 1,00,000	21	0.04	14,93,259	2.74
12	1,00,001 and above	65	0.13	4,42,56,518	81.21
	Total	**50,778**	**100.00**	**5,44,96,401**	**100.00**

2. Shareholding Pattern as on March 31, 2016 is provided in Annexure VII to Board's Report.

3. Share Transfer System

Share transfers are processed and share certificates duly endorsed are returned within a period of fifteen days from the date of receipt, 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 transfer/transmission of securities of the Company so approved by the Managing Director / Chief Financial Officer /Company Secretary is placed at every Committee meeting. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under SEBI LODR and files a copy of the said certificate with the Stock Exchanges.

4. Dematerialization of Shares

99.99% of the Company's paid-up Equity Share Capital has been dematerialized as on March 31, 2016. Trading in Equity Shares of the Company is permitted only in dematerialized form.

Mode of holding as on March 31, 2016	Number of shares	% of shares
NSDL	5,24,43,983	96.23
CDSL	20,52,232	3.77
PHYSICAL	186	0.00
Total	**5,44,96,401**	**100**

5. Liquidity

The Company's equity shares are actively traded on both NSE and BSE. Substantial increase in daily trading activity of the Company's equity shares was witnessed during FY 2015-16 as compared to FY 2014 -15.

6. 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.

7. Designated exclusive email-id:

The Company has designated the following email-id exclusively for investor servicing companysecretary@wabag.in. The ID has also been displayed on the Company's website *www.wabag.com*.

8 Equity Shares in the Suspense Account

In terms Regulation 39 of SEBI LODR, the Company reports the following details in respect of equity shares issued pursuant to Initial Public Offer (IPO) and are lying in the "VA TECH WABAG LIMITED – Unclaimed Shares Demat Suspense account:

S. No	Particulars	Number of shareholders	Number of equity shares
1	Aggregate number of shareholders and the outstanding shares lying in the Suspense Account as on 01.04.2015	2	78
2	Number of shareholders who approached the issuer for transfer of shares from the Suspense Account during the year	-	-
3	Number of shareholders to whom shares were transferred from the Suspense Account during the year	-	-
4	Aggregate number of shareholders and the outstanding shares lying in the Suspense Account at the end of 31.03.2016	2	78*

*The voting rights on the shares outstanding in the suspense account as on March 31, 2016 shall remain frozen till the rightful owners of such shares claims the shares. Reminder letters were sent to the rightful owners during the year to transfer the shares from the Demat Suspense Account to their concerned demat accounts.

9. Plant Locations

S No	Country	Locations/Project
1	Algeria	Beni Messous
2	Austria	Vienna
3	Bahrain	Tubli, Al Madina Al Shamaliya
4	Bosnia and Herzegovina	Bijeljina
5	Bulgaria	Vidin
6	China	Changchun
7	Czech	Prunéřov, Mostiště, Meziboří, Břeclav, Plzeň, Semtin,Sous-flotace,Chvaletice.
8	Egypt	Madinaty,Suez,El Razwa, Port Said
9	Germany	Miltenberg
10	India	Andhra Pradesh, Assam, Chattisgarh, New Delhi, Gujarat, Haryana, Jharkand, Karnataka, Kerala, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telegana, Uttar Pradesh, and West Bengal.
11	Libya	Tripoli
12	Macao	Macao
13	Malaysia	Pahang,Johor
14	Namibia	Windhoek,Ujams
15	Nepal	Sundari Jal
16	Nigeria	Port Harcourt
17	Oman	Duqum ,Ibri, Majis, Muscat
18	Philippines	Tunasan,Valenzuela,South Pasig, Illugin, Putatan, Babgbag, Tatalon and Donaimelda.
19	Qatar	Barwa,Doha
20	Republic of Uzbekistan	Ferghana
21	Romania	Suplacu, Bucharest, Ploieşti, Piteşti, Ocna Mures, Auid and Cugir
22	Saudi Arabia	Al Kharj Mecca ,Al Kharj Madinah, Al Saad
23	Singapore	Singapore City
24	Spain	Antilla
25	Sri Lanka	Dambulla
26	Switzerland	Vuippens, Muttenz, Lauterbrunnen, Frauenfeld Thunbach, Windisch, Zurich lengg, Seengen, Bauma, Rute, Ilanz , Reinach, Weesen, Uerikon,Bulach, Altenrhein
27	Tanzania	Dar es salaam
28	Tunisia	Gafsa , Bizerte & Choutrana , Mazzouna, Charguia
29	Turkey	Istanbul, Adana, Izmir, Polatli, Eskişehir, Sanliurfa, Adularia
30	Turkmenistan	Sojunali

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, 2016, as envisaged in Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Bucharest, Romania
May 26, 2016

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, 2016 and to the best of our knowledge and belief certify that:

(a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectifying these deficiencies.

(d) We have indicated to the Auditors and the Audit Committees that there are:

(i) no significant changes in internal control over financial reporting during the year;

(ii) no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;

(iii) no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Parthasarathy Gopalan
Chief Financial Officer

Rajiv Mittal
Managing Director
& Group CEO

Bucharest, Romania
May 26, 2016

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT AND THE CORRESPONDING SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,
The Members of VA Tech Wabag Limited

We have examined the compliance of conditions of Corporate Governance by VA Tech Wabag Limited ("the Company"), for the year ended 31 March 2016, as stipulated in Clause 49 of the Listing Agreement and the corresponding Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of corporate governance is the responsibility of the management. Our examinations were limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and the corresponding Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further 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 **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

per **Sumesh E S**
Partner
Membership No: 206931

Bucharest, Romania
May 26, 2016

Financial Statements

Independent Auditor's Report

To the Members of VA Tech Wabag Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of VA Tech Wabag Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

9. We draw attention to notes 3.3(a) and 3.3(b) to the accompanying financial statements which describe the uncertainty related to the outcome of litigations in connection with certain deductions being disallowed which, according to the management, is due to retrospective amendment of section 80-IA of the Income tax Act, 1961 pursuant to Finance Act, 2009. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:

    a. we have sought, and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the standalone financial statements dealt with by this report are in agreement with the books of account;

    d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

    e. on the basis of the written representations received from the directors as on 31 March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;

    f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 26 May 2016 as per Annexure B expressed that the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on IFCoFR criteria established by the Company considering the essential components of internal financial controls stated in the Guidance Note issued by the ICAI for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

    g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. as detailed in Note 3.3 to the standalone financial statements, the Company has disclosed the impact of pending litigations on its standalone financial position;

        ii. the Company, as detailed in Note 8(b)(iii) to the standalone financial statements, has made provisions, as required under applicable law or accounting standards, for material foreseeable losses, if any, on the long-term contracts including derivative contracts;

        iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Sumesh E S**
Partner
Membership No.: 206931

Bucharest, Romania
26 May 2016

Annexure A to the Independent Auditor's Report

of even date to the members of VA Tech Wabag Limited, on the Standalone Financial Statements for the year ended 31 March 2016

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification

(iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable.

(iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Amount Paid (₹) Under Protest	Period to which the amount relates	Forum where dispute is pending
Rajasthan Sales Tax Act, 1994	Tax and penalty	8,88,468	-	2003-04, 2009-10 and 2010-11	Various Forums
Rajasthan VAT Act, 2003	Tax and penalty	33,05,061	-	2007-08 and 2008-09	Deputy Commissioner
Karnataka VAT Act, 2003	Tax, Interest and penalty	24,10,920	-	2007-08 to 2011-12	Various forums
Delhi VAT Act, 2004	Tax, Interest and penalty	62,10,89,408	-	2009-10, 2010-11, 2011-12, 2012-13	Deputy Commissioner Special Commissioner
Gujarat VAT Act, 2003	Tax, Interest and penalty	43,53,507	-	20011-12 and 2010-11	Various Forums
West Bengal VAT Act, 2003	Tax and interest	6,26,42,485	-	2007-08, 2009-10 and 2011-12	Various forums
Central Sales Tax Act,1956 read with the West Bengal VAT Act, 2003	Tax and penalty	6,63,82,813	-	2009-10 to 2012-13	Senior Joint Commissioner
Andhra Pradesh VAT Act, 2005	Tax and penalty	2,56,20,491	-	2012-13 to 2013-14	Various Forums
Kerala VAT Act, 2003	Tax and penalty	90,61,767	-	2008-09, 2010-11 and 2011-12	Appellate Tribunal
Orissa VAT Act, 2004	Tax and Penalty	92,09,424	-	2010-11 and 2011-12	Deputy Commissioner
Income tax Act 1961	Tax, Interest and Penalty	6,38,81,812	-	2011-12	Income Tax Appellate Tribunal
Income tax Act 1961	Tax, Interest and Penalty	4,01,00,433	-	2009-10	Commissioner of Income Tax (Appeals)

(viii) In our opinion, the Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or government or any dues to debenture-holders during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) In our opinion, managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.

(xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) The company has not entered into any non-cash transactions with directors or persons connected with them.

(xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Sumesh E S**
Partner
Membership No.: 206931

Bucharest, Romania
26 May 2016

Annexure B to the Independent Auditor's Report

of even date to the members of VA Tech Wabag Limited, on the Standalone Financial Statements for the year ended 31 March 2016

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the standalone financial statements of VA Tech Wabag Limited ("the Company") as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the company as of that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on IFCoFR criteria established by the Company considering the essential components of internal financial controls stated in the Guidance Note issued by the ICAI for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that are operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR include obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on IFCoFR criteria established by the Company considering the essential components of internal financial controls stated in the Guidance Note issued by the ICAI for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Sumesh E S**
Partner
Membership No.: 206931

Bucharest, Romania
26 May 2016

Balance Sheet

₹ In Lakhs

	Note	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	1,090	1,086
Reserves and surplus	5	77,017	67,534
		78,107	**68,620**
Share application money pending allotment	6	4	13
Non-current liabilities			
Other long-term liabilities	7	14,920	20,462
Long-term provisions	8	418	1,686
		15,338	**22,148**
Current liabilities			
Short-term borrowings	9	23,890	6,260
Trade payables	10		
Total outstanding dues of micro enterprises and small enterprises		389	77
Total outstanding dues of creditors other than micro enterprises and small enterprises		61,958	55,676
Other current liabilities	11	7,012	9,681
Short-term provisions	8	5,665	8,177
		98,914	**79,871**
Total		**1,92,363**	**1,70,652**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	8,860	9,064
Intangible assets	12	397	780
Capital work-in-progress		242	55
Non-current investments	13	4,384	2,536
Deferred tax assets, net	14	616	2,009
Long-term loans and advances	15	1,539	955
Other non-current assets	16	28,184	22,367
		44,222	**37,766**
Current assets			
Current investments	17	1,000	3,500
Inventories	18	6,546	2,983
Trade receivables	19	1,07,494	98,331
Cash and bank balances	20	12,352	12,826
Short-term loans and advances	15	10,322	7,417
Other current assets	21	10,427	7,829
		1,48,141	**1,32,886**
Total		**1,92,363**	**1,70,652**

Notes 1 to 43 form an integral part of these financial statements

This is the balance sheet referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sumesh E S**
Partner

Bucharest, Romania
26 May 2016

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

B D Narang
Chairman

Rajiv Mittal
Managing Director

G Parthasarathy
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Bucharest, Romania
26 May 2016

Statement of Profit and Loss

₹ In Lakhs

	Note	Year ended 31 March 2016	Year ended 31 March 2015
Revenue			
Revenue from operations	22	1,51,343	1,23,336
Other income	23	1,455	912
Total revenue		**1,52,798**	**1,24,248**
Expenses			
Cost of sales and services	24	1,19,039	95,766
Change in inventories	25	(3,563)	(1,541)
Employee benefits expense	26	9,410	8,060
Other expenses	27	6,967	6,125
Finance costs	28	1,885	1,492
Depreciation and amortization expense	29	1,207	745
Total expenses		**1,34,945**	**1,10,647**
Profit before tax		**17,853**	**13,601**
Tax expense			
Current tax		4,717	5,522
Deferred tax		1,393	(962)
		6,110	**4,560**
Profit for the year		**11,743**	**9,041**
Earnings per equity share (Nominal value ₹ 2 per share) (In ₹)	30		
Basic		21.59	16.74
Diluted		21.43	16.59

Notes 1 to 43 form an integral part of these financial statements

This is the statement of profit and loss referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sumesh E S**
Partner

Bucharest, Romania
26 May 2016

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

B D Narang
Chairman

Rajiv Mittal
Managing Director

G Parthasarathy
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Bucharest, Romania
26 May 2016

Cash Flow Statement

₹ In Lakhs

		Year ended 31 March 2016		Year ended 31 March 2015	
A.	**Cash flow from operating activities**				
	Profit before tax		**17,853**		**13,601**
	Adjustments for:				
	Depreciation and amortization	1,207		745	
	Interest expenses	980		689	
	Interest and dividend income	(338)		(912)	
	Unrealised forex gain, net	(972)		(366)	
	Loss on sale of tangible assets, net	20		34	
	Bad and doubtful debts, net	2,557		2,201	
	Expense on Employee Stock Option Plan (ESOP)	-		77	
	Provision for foreseeable losses on contracts	(2,830)		2,899	
	Provision for compensated absences and gratuity	191		308	
	Provision for security deposit	57		-	
	Provision for liquidated damages	2,073		2,252	
	Provision for warranty	(1,004)	**1,941**	949	**8,876**
	Operating profit before working capital changes		**19,794**		**22,477**
	Adjustments for:				
	Increase in trade receivables	(10,749)		(7,798)	
	Increase in short-term loans and advances	(2,962)		(859)	
	Increase in long-term loans and advances	(686)		(340)	
	Increase in inventories	(3,563)		(1,541)	
	Increase in other current assets	(1,463)		(596)	
	Increase in other non-current assets	(12,985)		(1,390)	
	Increase in trade payables	6,594		1,310	
	Decrease in short-term provisions	(2,769)		(4,328)	
	Decrease in long-term provisions	(12)		(307)	
	Decrease in other current liabilities	(2,689)		(3,870)	
	(Decrease)/Increase in other long term liabilities	(5,542)	**(36,826)**	4,974	**(14,745)**
	Cash generated from operations		**(17,032)**		**7,732**
	Direct taxes paid		(4,162)		(4,648)
	Net cash (used in)/from operating activities		**(21,194)**		**3,084**
B.	**Cash flow from investing activities**				
	Purchase of assets (including capital work-in-progress and capital advances)		(718)		(1,148)
	Proceeds on disposal of fixed assets		37		32
	Purchase of non-current investments		(348)		(289)
	Purchase of current investments		-		(2,500)
	Proceeds on sale of current investments		1,000		1,000
	Movement in bank deposits		2,223		3,455
	Interest and dividend received		387		739
	Net cash from investing activities		**2,581**		**1,289**

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
C.	**Cash flow from financing activities**		
	Proceeds from issue of share capital including share premium and share application money	371	1,957
	Repayment of short term borrowings	(47,833)	(38,478)
	Proceeds from short term borrowings	65,463	35,835
	Interest paid to banks and others	(960)	(751)
	Dividend paid	(2,176)	(2,139)
	Dividend distribution tax paid	(443)	(363)
	Net cash from/(used in) financing activities	**14,422**	**(3,939)**
D.	**Net cash flows during the year**	(4,191)	434
E.	**Cash and cash equivalents at the beginning**	12,363	11,929
F.	**Cash and cash equivalents at the end**	**8,172**	**12,363**
	Cash and cash equivalents comprise of:		
	Cash on hand	90	36
	Cheques on hand	6,233	9,088
	Balances with banks - in current accounts	1,049	1,851
	Balances with banks - in deposit accounts (maturity upto 3 months)	800	1,388
	Cash and cash equivalents as per note 20	**8,172**	**12,363**

This is the cash flow statement referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sumesh E S**
Partner

Bucharest, Romania
26 May 2016

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

B D Narang
Chairman

Rajiv Mittal
Managing Director

G Parthasarathy
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Bucharest, Romania
26 May 2016

Summary of Significant Accounting Policies and Other Explanatory Information

1 General Information

VA Tech Wabag Limited ('the Company'), its subsidiaries, associates and joint ventures (collectively referred to as 'the Group') is one of the world's leading companies in the water treatment field. The group's principal activities include design, supply, installation, construction and operational management of drinking water, waste water treatment, industrial water treatment and desalination plants. The shares of the Company are listed in the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

All amounts in the standalone financial statements are presented in Rupees in lakhs except per share data and as otherwise stated. Figures for the previous year have been regrouped / rearranged wherever considered necessary to conform to the figures presented in the current year.

The Company is in the business of execution of turnkey projects for water management and hence the requirements under paragraph 5(ii)(a), 5(ii)(b) and 5(ii)(d) of Part II of Schedule III to the Companies Act, 2013 are not applicable.

2 Summary of accounting policies

2.1 Basis of accounting

These standalone financial statements are prepared under the historic cost convention on accrual basis of accounting in accordance with generally accepted accounting principles ("GAAP") applicable in India. GAAP comprises mandatory accounting standards prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and pronouncements of the Institute of Chartered Accountants of India, the provisions of Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied as in the previous year. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

2.2 Use of estimates

The preparation of standalone financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of the standalone financial statements and the results of operations during the reporting periods. Significant estimates include percentage of completion of contracts, estimate of costs to complete, provision for doubtful receivables and loans and advances, income taxes, future obligations under employee benefit plans, estimated useful life of tangible and intangible assets, provision for warranty, liquidated damages and litigations. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates and any revisions to accounting estimates is recognised prospectively in the current and future periods.

Assets and liabilities are classified as current or non-current as per Company's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of work, the Company has ascertained its operating cycle as upto twelve months for the purpose of current and non-current classification of assets and liabilities.

2.3 Tangible assets and depreciation

Tangible assets are stated at acquisition cost less accumulated depreciation and impairment losses, if any. Cost of acquisition comprises of purchase price and directly attributable costs of bringing the asset to its working condition for the intended use and is net of refundable duties and taxes as applicable. Cost of tangible assets not ready for the intended use before such date is disclosed as capital work in progress.

Subsequent expenditure incurred on an item of tangible asset 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.

Gains or losses that arise on disposal or retirement of an asset are measured as the difference between net disposal proceeds and the carrying value of an asset and are recognised in the statement of profit and loss when the asset is derecognised.

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.

Tangible assets held for sale or retired from active use are stated at the lower of their net book value and net realisable value and shown separately in the standalone financial statements. In addition, any expected loss is recognized immediately in the statement of profit and loss.

2.4 Intangible assets and amortization

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 amortised on a straight line basis over the estimated useful life of 5 years.

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 the statement of profit and loss when the intangible asset is derecognised.

The amortization period and method are reviewed at each balance sheet date. If the expected useful life of the asset is significantly different from the previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefit from the asset, the method of amortization is changed to reflect the changed pattern. Such changes are accounted in accordance with Accounting Standard (AS) 5, Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

2.5 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's or cash generating unit's net selling price and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows from continuing use that are largely independent of those from other assets or group of assets. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the statement of profit and loss.

2.6 Investments

Investments that are readily realizable and are intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments. Long-term investments are valued at cost. Provision is made for diminution in value to recognize a decline, if any, other than that of temporary in nature. Current investments are valued at lower of cost and fair market value. Gains or losses that arise on disposal of an investment are measured as the difference between disposal proceeds and the carrying value and are recognised in the statement of profit and loss.

2.7 Inventories

Inventory of stores and spares are stated at lower of cost and net realizable value and is determined on

Summary of Significant Accounting Policies and Other Explanatory Information

weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost to completion and applicable selling expenses.

Construction work in progress are contract costs incurred for a future activity on a contract and are recognized as an asset if it is probable that they would be recovered. The cost comprises of material and other expenses directly attributable to the contract.

2.8 Revenue recognition

Revenue is measured on the basis of consideration received or receivable by the Company for goods supplied and services provided, excluding trade discounts, VAT and other applicable taxes and are recognised upon the performance of service or transfer of risk to the customer.

Revenue is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Company's different activities has been met. These activity-specific recognition criteria are based on the goods or services provided to the customer and the contract conditions in each case, and are as described below.

Operations and Maintenance

The revenue from operations and maintenance for water and waste water treatment is recognised over the period during which the service is rendered.

Construction contracts

Contract Revenue and Contract Costs in respect of construction contracts, execution of which is spread over different accounting periods is recognized as revenue and expense respectively by reference to the basis of percentage of completion method of the project at the Balance Sheet date.

Determination of revenues under the percentage of completion method by the Company is based on estimates (some of which are technical in nature) concerning the percentage of completion, which is a proportion of work certified to contract value, costs to completion, expected revenue from the contract and the foreseeable losses of completion.

Foreseeable losses, if any, which are based on technical estimates, are provided in the accounts irrespective of the work done.

Unearned revenue on contracts where progress billings exceed costs incurred plus recognized profits (less loss) is the gross advance amount received from customers for contract work and is presented as a liability for all contracts in progress.

Other revenues

Income from interest is being accounted for on time proportion basis taking into account the amount outstanding and the applicable rate of interest. Dividend income is recognised when the right to receive is established by the reporting date.

Income from duty drawback and export benefit under duty free credit entitlements is recognized in the statement of profit and loss, when right to receive license as per terms of the scheme is established in respect of exports made and there is no significant uncertainty regarding the ultimate collection of the export proceeds, as applicable.

2.9 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 account based on the percentage of revenue recognised as per accounting policy 2.8 above, in consonance with the concept of matching costs and revenue. Final adjustment is made on completion of the applicable project.

2.10 Taxation

Provision for tax for the year comprises current income tax and deferred tax. Provision for current income tax is made based on the estimated tax liability in accordance with the relevant tax rates and tax laws.

Current tax is payable on taxable profits, which differ from profit or loss in the standalone financial statements. Current tax is computed based on tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets are reviewed by the Company at each balance sheet date and the carrying amount of a deferred tax asset is written down to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised.

Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

The Company offsets deferred tax assets and deferred tax liabilities if the Company has a legally enforceable right to set off assets against liabilities representing current tax.

2.11 Borrowing cost

Borrowing cost includes interest incurred in connection with the arrangement of borrowings. Borrowings costs directly attributable to the construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they are incurred.

2.12 Foreign currency transactions

Transactions in foreign currency and non-monetary assets are accounted for at the exchange rate prevailing on the date of the transaction duly approximated. All monetary items denominated in foreign currency are converted at the year-end exchange rate. The exchange differences arising on such conversion and on settlement of the transactions are dealt with in the statement of profit and loss.

Gain or loss on forward exchange contract, not in the nature of hedge, is calculated based on difference between forward rate available at the reporting date for the remaining maturity of the contract and the contracted forward rate. The premium or discount arising at the inception of forward exchange contracts is amortised as income or expense over the life of contract and exchange differences on such contracts is recognised as income or expense in the reporting period in which the exchange rate change.

2.13 Retirement and other employee benefits

Provident fund

The Company makes contribution to the statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952, which is a defined contribution plan, and contribution paid or payable is recognized as an expense in the period in which it falls due.

Gratuity

Gratuity is a post employment benefit and is in the nature of a defined benefit obligation. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated at the balance sheet date by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the year in which such losses or gains are determined.

Summary of Significant Accounting Policies and Other Explanatory Information

Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the year in which such losses or gains are determined. Accumulated compensated absences which are expected to be availed or encashed beyond 12 month from the end of the year end are treated as other long term employee benefits.

Superannuation Fund

Contribution made towards Superannuation Fund (funded by payments to ICICI Prudential Life Insurance) 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.

2.14 Employees stock option plan

The accounting value of stock options is determined on the basis of "intrinsic value" representing the excess of the market price on the date of grant over the exercise price of the shares granted under the "Employees Stock Option Scheme" of the Company, and is being amortised as "Deferred employees compensation" on a straight-line basis over the vesting period in accordance with the Guidance Note 18 "Employee share-based payments" issued by the Institute of Chartered Accountants of India and Securities and Exchange Board of India (share-based employee benefits) Regulations, 2014.

2.15 Contingent liabilities and provisions

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. A disclosure is made for a contingent liability when there is a:

a) possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully with in the control of the Company;

b) present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;

c) present obligation, where a reliable estimate cannot be made.

A provision is recognized when the Company has a present obligation as a result of past event i.e., it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A disclosure of the contingent liability is made when there is a possible or a present obligation that may, but probably will not, require an outflow of resources.

2.16 Cash and Cash equivalents

In the cash flow statement, cash and cash equivalent includes cash in hand, cheques on hand, balances with banks in current accounts and other short term highly liquid investments with original maturities of three months or less.

2.17 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes, if any) 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). In this scenario, the number of equity shares outstanding increases without an increase in resources due to which the number of equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.For the purpose of calculating diluted earnings per 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.

2.18 Leases

Leases where the lessor effectively retains, substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

3 Others

3.1 Capital Commitments

The estimated amount of contracts to be executed on capital account and not provided for, (net of advances) ₹ Nil (Previous year – ₹ 516 lakhs). Other commitments are cancellable at the option of the Company and hence not disclosed.

3.2 Guarantees

₹ In Lakhs

	As at 31 March 2016	As at 31 March 2015
Corporate Guarantees issued by the Company		
- For its Subsidiaries, Joint Ventures and Associates	38,869	42,676
- For others	46,344	43,842

3.3 Contingent liabilities

₹ In Lakhs

	As at 31 March 2016	As at 31 March 2015
Income tax impact on account of non-deductibility U/s 80-IA (Refer ‘a’ below)	2,422	2,422
Out of the above, Income tax demand contested in appeal	939	939
Interest U/s 234B on the tax liability referred above (Refer ‘b’ below)	2,855	2,559
Income Tax demand including interest contested in Appeal (AY 2011-12)	401	-
Income Tax demand including interest contested in Appeal (AY 2009-10)	639	-
Indirect tax matters under dispute (Refer ‘c’ below)	8,050	1,875

Summary of Significant Accounting Policies and Other Explanatory Information

a) The Company had been claiming deduction under section 80-IA of the Income Tax Act, 1961 from the financial year ended 31 March 2002 as a developer of infrastructure projects in India. The Finance Act 2009 amended the provisions of Section 80-IA retrospectively with effect from 01 April 2000 to make it inapplicable for persons having a mere works contract with the government or statutory authority. The Company believes that this amendment is in line with the objective of the government of incentivising only a developer of infrastructure facility and not a mere works contractor.

The Company strongly opines that, being a developer of infrastructure turnkey development contracts starting from the conceptualisation to execution assuming significant financial commitment and risks, the Company would be treated as a developer and the amendment would not apply to it. Based on a legal opinion from a Senior Counsel, the Company has filed a writ petition in the High Court of Madras challenging the Constitutional validity of the retrospective amendment. The Company has subsequently received favourable Appellate Orders from CIT (Appeals) from financial years 2001-02 to 2006-07 allowing the benefit under section 80-IA of the Income Tax Act, while, the Income Tax department has raised a demand for ₹939 lakhs denying benefit under section 80-IA for the financial year 2008-09. Further to this, the Income Tax department had gone on appeal against the CIT (Appeals) order and is currently pending at the Income Tax Appellate Tribunal. Considering these facts and as a matter of prudence, the Company has disclosed the total tax benefit so far claimed u/s 80-IA as contingent liability in the standalone financial statements for 31 March 2016. However, on a conservative basis the liability on account of possible denial of deduction prospectively from 01 April 2009 has been fully provided as current tax in the respective years.

b) The Company, also based on an opinion taken from a professional firm believes that the interest under section 234B on account of 80-IA disallowance discussed in paragraph 'a' above amounting to ₹ 2,855 lakhs as at 31 March 2016 would not be payable as the Jurisdictional High Court rulings and various assessment orders commencing from financial year 2001-02 are in favour of the Company on this aspect and on this basis, the amount of interest has been disclosed as contingent liability.

c) The additional liability assessed by Indirect tax authorities for various financial years from 2003-04 to 2012-13 amounts to ₹ 8,050 lakhs.

3.4 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 31 March 2016 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.

3.5 Corporate Social Responsibility

As mandated by Section 135 of the Companies Act, 2013, the company has constituted a CSR committee. The company has identified areas for its CSR activities as specified in schedule VII of the Companies Act, 2013 and incurred expenses as disclosed in Note 27 to these financial statements towards such activities.

₹ In Lakhs

	As at 31 March 2016		As at 31 March 2015	
	Nos.	Amount	Nos.	Amount
4 Share capital				
Authorised				
Equity Shares of ₹ 2 each	7,50,00,000	1,500	7,50,00,000	1,500
Issued, subscribed and fully paid up				
Equity Shares of ₹ 2 each	5,44,96,401	1,090	5,42,85,110	1,086
	5,44,96,401	**1,090**	**5,42,85,110**	**1,086**

a) **Reconciliation of share capital (Equity)**

Balance at the beginning of the year	5,42,85,110	1,086	2,65,92,130	532
Add : Issued pursuant to Employee Stock Option Plan	211,291	4	550,425	11
Add : Issued pursuant to Bonus issue (Also refer note 4(c))	-	-	2,71,42,555	543
Balance at the end of the year	**5,44,96,401**	**1,090**	**5,42,85,110**	**1,086**

b) **Shareholders holding more than 5% of the aggregate shares in the Company**

	Nos.	% holding	Nos.	% holding
Equity Shares of ₹ 2 each				
Mr. Rajiv Mittal (Managing Director)	97,09,406	18%	97,09,406	18%
IDFC Premier Equity Fund	36,18,487	7%	39,37,178	7%
SBI Magnum Taxgain Scheme	33,92,162	6%	23,82,341	4%
	1,67,20,055		**1,60,28,925**	

c) **Bonus issue**

The Company had allotted 2,71,42,555 fully paid up equity shares of face value ₹ 2 each during the year ended 31 March 2015, pursuant to the bonus issue approved by the shareholders through postal ballot by capitalization of share premium. Bonus share of one equity share for every equity share held had been allotted.

d) **Terms/ rights attached to equity shares**

The Company has issued only one class of equity shares having a face value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, which can be approved by the Board of Directors.

In the event of liquidation, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year ended 31 March 2016, the amount of dividend per share, recognised as distributions to the equity shareholders of face value ₹ 2 each was ₹ 4 (Previous year : ₹ 4).

e) **Shares reserved for issue under options**

The Company had reserved issuance of Equity shares 4,65,785 of ₹ 2 each (Previous year : 7,03,308 shares of ₹ 2 each) for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Plan (ESOP).

Summary of Significant Accounting Policies and Other Explanatory Information

f) **Employee share based plan**

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 4,67,831 shares of the Company’s equity shares was reserved for issuance to employees. The Board of Directors determined that the options granted under the Plan would vest not less than one year and not more than five years from the date of grant. The exercise price of options shall be ₹ 900 (Face value of ₹ 5 each) on the grant date.

Particulars	Number of options	Weighted average exercise price (₹)
Outstanding as at 01 April 2014	9,55,679	360
Exercised	5,45,291	360
Lapsed	58,734	360
Bonus Issue	3,51,654	180
Outstanding as at 31 March 2015	7,03,308	180
Exercised	2,11,291	180
Lapsed	26,232	180
Outstanding as at 31 March 2016	4,65,785	180

The Company has calculated the employee compensation cost using the intrinsic value of the stock options. Had the Company used the fair value model to determine Compensation Costs, the impact on the reported net profit and earnings per equity share is presented below :

₹ In Lakhs

	Year ended 31 March 2016	Year ended 31 March 2015
Profit after tax	11,743	9,041
Add : Employee stock compensation under intrinsic value method	-	77
Less : Employee stock compensation under fair value method	-	128
Pro-forma profit	11,743	8,990
Earnings per equity share (in ₹)		
Basic		
- As reported	21.59	16.74
- Pro-forma	21.59	16.65
Diluted		
- As reported	21.43	16.59
- Pro-forma	21.43	16.50

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
5	**Reserves and surplus**		
	Capital reserve		
	Balance at the beginning of the year	250	250
	Add : Additions made during the year	-	-
	Balance at the end of the year	**250**	**250**
	Securities premium account		
	Balance at the beginning of the year	27,003	25,473
	Add : Additions made during the year		
	On exercise of employee stock options	376	1,955
	Transfer from stock option outstanding account	17	118
	Transfer to Share Capital on bonus issue	-	(543)
	Balance at the end of the year	**27,396**	**27,003**
	Stock option outstanding account		
	Balance at the beginning of the year	85	132
	Add: Options granted during the year	-	77
	Less: Options exercised during the year	(17)	(118)
	Less: Options lapsed during the year	(6)	(6)
	Balance at the end of the year	**62**	**85**
	General reserve		
	Balance at the beginning of the year	3,295	3,289
	Add : Transfer from stock option outstanding account	6	6
	Balance at the end of the year	**3,301**	**3,295**
	Surplus in the statement of profit and loss		
	Balance at the beginning of the year	36,901	30,607
	Add : Transfer from statement of profit and loss	11,743	9,041
	Less : Final equity dividend proposed/ paid	(2,180)	(2,188)
	Tax on proposed equity dividend	(456)	(445)
	Adjustments consequent to change in useful life (Also refer note 12(c))	-	(114)
	Balance at the end of the year	**46,008**	**36,901**
		77,017	**67,534**

₹ In Lakhs

		As at 31 March 2016		As at 31 March 2015	
		Nos.	Amount	Nos.	Amount
6	**Share application money pending allotment**				
	Equity Shares of ₹ 2 each	1,961	4	3,728	13
		1,961	**4**	**3,728**	**13**

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

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
7	**Other long term liabilities**		
	Trade payables including acceptances		
	Dues to micro and small enterprises (Also refer note 10 (a))	-	-
	Dues to others	14,716	14,428
	Advance from customers	-	5,864
	Others	204	170
		14,920	**20,462**

₹ In Lakhs

		As at 31 March 2016		As at 31 March 2015	
		Long term	Short term	Long term	Short term
8	**Provisions**				
	Proposed dividend to equity shareholders (Also refer note (a) below)	-	2,180	-	2,176
	Dividend tax	-	456	-	443
	Provision for warranty (Also refer note b(i) below)	-	1,786	-	3,179
	Provision for liquidated damages (Also refer note b(ii) below)	-	-	-	78
	Provision for foreseeable losses on contracts (Also refer note b(iii) below)	-	69	1,256	1,643
	Provisions for employee benefits (Also refer note (c) below)				
	Gratuity	-	54	-	78
	Compensated absences	418	81	430	95
	Provision for taxation (Net of Advance tax ₹ 28,700 lakhs; Previous year ₹24,538 lakhs;)	-	1,039	-	485
		418	**5,665**	**1,686**	**8,177**

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
a)	**Details with respect to proposed dividend**		
	Dividends proposed to		
	Equity shareholders	2,180	2,176
	Proposed dividend per share		
	Equity shareholders (₹) - Face value of ₹ 2 each	4	4
b)	**Reconciliation of provision**		
i	**Provision for warranty**		
	Balance at the beginning of the year	3,179	2,679
	(Reversed)/Created during the year, net	(1,004)	949
	Utilised during the year	(389)	(449)
	Balance at the end of the year	**1,786**	**3,179**

A provision is recognized for expected warranty claims on construction contracts completed, based on past experience of level of repairs and returns. It is expected that these costs would be predominantly incurred within one year from the balance sheet date, which generally coincides with the completion of warranty period of the contract. The assumption used to calculate the provision for warranties are based on the company's current status of contracts under execution and information available about expenditure more probable to be incurred based on the company's warranty period for contracts completed.

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
ii	**Provision for liquidated damages**		
	Balance at the beginning of the year	78	719
	Created during the year, net	2,073	2,252
	Utilised during the year	(2,151)	(2,893)
	Balance at the end of the year	**-**	**78**

The Company provides performance guarantees to its customers which require it to complete projects within a specified timeframe. In the event of failure to complete a project as scheduled, or in case of a performance shortfall, the Company may generally be held liable for penalties in the form of agreed liquidated damages. The Company provides for liquidated damages when it reasonably expects that a delay in the completion of the project or a shortfall in the performance parameters might give rise to a claim from the customer. Liquidated damages are generally measured and recognized in accordance with the terms of the contracts with customers.

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
iii	**Provision for foreseeable losses on contracts**		
	Balance at the beginning of the year	2,899	1,078
	(Reversed) /Created during the year, net	(2,830)	2,899
	Utilised during the year	-	(1,078)
	Balance at the end of the year	**69**	**2,899**

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.

c) 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

The following table sets out the funded status of the Gratuity Plan and the amounts recognized in the financial statement:

₹ In Lakhs

	As at 31 March 2016	As at 31 March 2015
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	528	441
Service cost	75	65
Interest cost	39	37
Actuarial (gain) / loss	(32)	37
Benefits paid	(54)	(52)
Projected benefit obligation at the end of the year	**556**	**528**
Thereof		
Unfunded	54	78
Partly or wholly funded	502	450

₹ In Lakhs

	As at 31 March 2016	As at 31 March 2015
Change in plan assets		
Fair value of plan assets at the beginning of the year	450	371
Expected return on plan assets	41	34
Actuarial gain / (loss)	(13)	27
Employer contributions	78	70
Benefits paid	(54)	(52)
Fair value of plan assets at the end of the year	**502**	**450**
Reconciliation of present value of obligation on the fair value of plan assets		
Present value of projected benefit obligation at the end of the year	556	528
Fair value of plan assets at the end of the year	(502)	(450)
Liability recognised in the balance sheet	**54**	**78**
Components of net gratuity costs are		
Current Service cost	75	65
Interest cost	39	37
Expected returns on plan assets	(41)	(34)
Recognized net actuarial (gain)/ loss	(19)	10
Net gratuity costs recognised in the income statement	**54**	**78**
Principal actuarial assumptions used:		
Discount rate	7.80%	7.80%
Long-term rate of compensation increase	7.50%	7.50%
Expected rate of return on plan assets	9.00%	9.00%
Average remaining life (in years)	23	24
Attrition rate	15.00%	15.00%

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

(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.

	As at 31 March 2016	As at 31 March 2015
Principal actuarial assumptions used :		
Discount rate	7.80%	7.80%
Long-term rate of compensation increase	7.50%	7.50%
Average remaining life	23	24
Attrition rate	15.00%	15.00%
Proportion of leave availment	20%	20%
Proportion of encashment on separation	80%	80%

₹ In Lakhs

	As at 31 March 2016	As at 31 March 2015
9 Short-term borrowings		
Secured		
From banks		
Overdraft account/Packing credit	23,890	6,260
	23,890	**6,260**

1 During the year the Company has availed packing credit:

a. in foreign currency of USD 415 Lakhs (₹ 27,239 Lakhs) (Previous year: USD 315 Lakhs (₹ 19,247 Lakhs)), at an interest rate of 0.91% to 1.42%

b. in INR packing credit of ₹13,950 Lakhs (Previous year : Nil), at an interest rate of 6.00% to 6.30% These packing credits are repayable within 170 to 180 days, as applicable, from the date of availment and is secured against foreign currency receivables.

2 During the year the Company has availed secured overdraft facility from HDFC bank, Chennai for ₹ 6,393 Lakhs and repaid ₹ 5,718 Lakhs (Previous year: Nil), This overdraft facility was availed at an interest rate ranging from 9.50% to 9.60%, and is secured against fixed deposits.

₹ In Lakhs

	As at 31 March 2016	As at 31 March 2015
10 Trade payables		
Dues to micro and small enterprises (Also refer note (a) below)	389	77
Dues to others	61,958	55,676
	62,347	**55,753**

Summary of Significant Accounting Policies and Other Explanatory Information

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
a)	**Dues to micro, small and medium enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006:**		
i)	Principal amount remaining unpaid	389	77
ii)	Interest due thereon	38	9
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 31 March 2016	38	9
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.

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
11	**Other current liabilities**		
	Billing in advance (Also refer note 31)	125	4,552
	Advance from customers	3,955	3,362
	Unpaid dividends	4	3
	Statutory dues	312	271
	Due to subsidiaries (Also refer note 32 (c))	291	97
	Other payables	875	771
	Employee related payables	1,450	625
		7,012	**9,681**

There are no amounts due for payment to the Investor education and protection fund under Section 125 of the Companies Act, 2013 as at the balance sheet date.

₹ In Lakhs

12 Fixed Assets	Tangible assets									Intangible assets
	Freehold land	Buildings	Plant and machinery	Furniture and fittings	Electrical equipment	Office equipment	Computers	Vehicles	Total	Computer Software
Gross block										
Balance as at 31 March 2014	1,698	3,653	202	1,916	597	747	1,111	908	10,832	2,288
Additions	-	-	7	39	12	4	74	226	362	218
Disposals	-	-	34	106	18	13	1	117	289	-
Balance as at 31 March 2015	**1,698**	**3,653**	**175**	**1,849**	**591**	**738**	**1,184**	**1,017**	**10,905**	**2,506**
Additions	-	182	46	168	33	11	38	130	608	25
Disposals	-	-	-	-	11	-	22	91	124	-
Assets held for Sale (also refer note(a))	-	-	38	138	26	26	-	-	228	-
Balance as at 31 March 2016	**1,698**	**3,835**	**259**	**2,155**	**639**	**775**	**1,200**	**1,056**	**11,617**	**2,531**
Accumulated depreciation/amortization										
Balance as at 31 March 2014	-	14	42	99	71	60	847	424	1,557	1,374
Depreciation/amortization for the year	-	51	(14)	124	26	119	77	10	393	352
Reversal on disposal of assets	-	-	31	105	6	12	1	68	223	-
Adjustments consequent to change in useful life	-	-	5	7	5	38	43	16	114	-
Balance as at 31 March 2015	**-**	**65**	**2**	**125**	**96**	**205**	**966**	**382**	**1,841**	**1,726**
Depreciation/amortization for the year	-	62	15	221	78	147	122	154	799	408
Reversal on disposal of assets	-	-	-	-	8	-	22	37	67	-
Assets held for Sale (also refer note(a))	-	-	30	123	12	19	-	-	184	-
Balance as at 31 March 2016	-	127	47	469	178	371	1,066	499	2,757	2,134
Net block										
Balance as at 31 March 2015	1,698	3,588	173	1,724	495	533	218	635	9,064	780
Balance as at 31 March 2016	**1,698**	**3,708**	**212**	**1,686**	**461**	**404**	**134**	**557**	**8,860**	**397**

Notes

a. **Assets held for sale:**

The Company had during 2013-14 moved into its new premises “Wabag house” and hence retired certain assets at its old premises from active use. These assets were valued at lower of net book value and net realisable value. In the current year, a part of these assets have been brought back to active use and accordingly included as part of the Fixed Asset.

b. **Change in method of depreciation**

The company has changed the accounting policy for providing depreciation on tangible assets from ‘Written Down Value’ method to ‘Straight Line’ method effective 01 April 2014 in order to reflect a suitable allocation of cost of tangible and intangible assets over the pattern in which the economic benifits are derived from the use of these assets and resulting in more appropriate presentation of the financial statements. Accordingly an amount of ₹ 597 lakhs being accumulated depreciation charged during the earlier years has been reversed in the statement of profit and loss for the year ended 31 March 2015 and depreciation is being computed accordingly under the revised policy.

c. **Change in useful life of tangible assets**

Effective 01 April 2014, the Company has revised the useful life of fixed assets based on Schedule II to the Companies Act, 2013. Consequently, the depreciation for the year ended 31 March 2015 is higher to the extent of ₹ 426 lakhs. Further, an amount of ₹ 114 lakhs representing the carrying value of assets with revised useful life as nil, has been charged to the opening reserves as on 01 April, 2014.

Summary of Significant Accounting Policies and Other Explanatory Information

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
13	**Non-current investments**		
	Trade Investments (Valued at cost unless stated otherwise)		
	Investments in equity instruments - Unquoted		
	In Subsidiaries		
	VA Tech Wabag (Singapore) Pte Ltd	1,972	1,735
	(4,941,452 (Previous year : 4,441,478) equity shares of SGD 1 each)		
	VA Tech Wabag Muscat LLC	124	124
	(105,000 (Previous year : 105,000) equity shares of OMR 1 each)		
	VA Tech Wabag (Philippines) Inc.	90	90
	(8,570,200 (Previous year:8,570,200 equity shares of PHP 1 each)		
	VA Tech Wabag (Spain) S.L.U	407	407
	(525,604 (Previous year : 525,604) equity shares of Euro 1 each)		
	Wabag Limited (Thailand)	19	19
	(29,400 (Previous year : 29,400) preference shares of THB 34.0136 each)		
	Wabag Operations and Maintenance LLC, (Bahrain)	58	58
	(350 (Previous year : 350) equity shares of BHD 100 each)		
	VA Tech Wabag and Roots Contracting LLC, (Qatar)**	-	17
	(98 (Previous year : 98) equity shares of QAR 1000 each)		
	Wabag Muhibbah JV SDN BHD, (Malaysia)	107	-
	(700,000 (Previous year : Nil) equity shares of MYR 1 each)		
	Wabag Belhasa JV WLL, (Bahrain)	4	-
	(49 (Previous year : Nil) equity shares of BHD 50 each)		
	In Associates		
	VA Tech Wabag and Roots Contracting LLC, (Qatar)**	17	-
	(98 (Previous year : 98) equity shares of QAR 1000 each)		
	In Joint Venture		
	International Water Treatment LLC, (Oman)	69	69
	(48,750 (Previous year : 48,750) equity shares of OMR 1 each)		
	In Other Companies		
	First STP Private Limited	15	15
	(150,000 (Previous year :150,000) equity shares of ₹ 10 each)		
	Konark Water Infraprojects Private Limited	1	1
	(5,000 (Previous year : 5,000) equity shares of ₹10 each)		
	Aurangabad City Water Utility Company Limited	1	1
	(5,000 (Previous year : 5,000) equity shares of ₹10 each)		
	OEG Renew Waters (Thoothukudi) Private Limited*	-	-
	(2,600 (Previous year : 2,600) equity shares of ₹10 each)		
	Ganpati Marine Enterprises Private Limited#	-	-
	(158 (Previous Year:158) equity shares of ₹10 each)		
	In Mutual Funds		
	- ICICI Prudential fixed maturity plan (10,000,000 units of ₹ 10 each)	1,000	-
	- UTI fixed term interval fund (5,000,000 units of ₹ 10 each)	500	-
		4,384	**2,536**
	Aggregate amount of		
	- Unquoted investments	**4,384**	**2,536**
	- Provision for diminution in value of investments	**-**	**-**

* Since the amount of investment is ₹ 26,000, the same is below the rounding off norm adopted by the Company.

Since the amount of investment is ₹ 1,580, the same is below the rounding off norm adopted by the Company.

	As at 31 March 2016	As at 31 March 2015
Extent of Investment in Subsidiaries		
VA Tech Wabag (Singapore) Pte Ltd	100%	100%
VA Tech Wabag Muscat LLC	70%	70%
VA Tech Wabag (Philippines) Inc.	100%	100%
VA Tech Wabag (Spain) S.L.U	100%	100%
Wabag Limited (Thailand)##	49%	49%
Wabag Operations and Maintenance LLC, (Bahrain)	70%	70%
VA Tech Wabag and Roots Contracting LLC, (Qatar) **	-	49%
Wabag Muhibbah JV SDN BHD, (Malaysia)	70%	-
Wabag Belhasa JV WLL, (Bahrain) ###	49%	-
Extent of Investment in Associates		
VA Tech Wabag and Roots Contracting LLC, (Qatar) **	49%	-
Extent of Investment in Joint Venture		
International Water Treatment LLC, (Oman)	32.50%	32.50%
Extent of Investment in Other Companies		
First STP Private Limited	5%	5%
Konark Water Infraprojects Private Limited	10%	10%
Aurangabad City Water Utility Company Limited	10%	10%
OEG Renew Waters (Thoothukudi) Private Limited	26%	26%
Ganpati Marine Enterprises Private Limited #	0%	0%

**Pursuant to an exclusive contractual arrangement providing for a majority share in the economic interests and control of voting power in the Project-I of the Company, the investment was classified as a Subsidiary at inception. During the year, 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 now reclassified as an associate based on ownership as against the economic interests in the respective projects.

Since the extent of investment is .016%, the same is below the rounding off norm adopted by the Company.

Pursuant to the statutory document providing for a share of 90.6% of the economic interests in the entity, control of voting power and control over composition of board of directors, 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, control of voting power and control over composition of board of directors, the investment has been classified as a subsidiary.

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
14	**Deferred tax asset, net**		
	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	124	1,217
	- Allowances for bad and doubtful debts	974	1,372
	- Other provisions	24	-
		1,122	2,589
	Less: Deferred tax liability arising on account of :		
	- Timing difference between depreciation/ amortization as per financials and depreciation as per tax	(506)	(580)
		616	**2,009**

Summary of Significant Accounting Policies and Other Explanatory Information

₹ In Lakhs

		As at 31 March 2016		As at 31 March 2015	
		Long term	Short term	Long term	Short term
15	**Loans and advances**				
	Capital advances				
	- Secured, considered good	416	-	518	-
	(A)	**416**	**-**	**518**	**-**
	Security deposits				
	- Unsecured, considered good	996	899	342	1,079
	(B)	**996**	**899**	**342**	**1,079**
	Other loans and advances				
	(Unsecured, considered good)				
	- Advances to supplier	-	5,848	-	4,519
	- Advances to employees#	127	215	95	244
	- Due from subsidiaries (Also refer note 32(c))	-	3,360	-	1,575
	(C)	**127**	**9,423**	**95**	**6,338**
	Total (A+B+C)	**1,539**	**10,322**	**955**	**7,417**

No amount is due from officers of the company

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
16	**Other non-current assets**		
	Non-current bank balances (Also refer note 20)	1,600	7,540
	Interest accrued on mutual funds and fixed deposits	253	1,481
	Long-term trade receivables and retention - Unsecured, considered good	26,331	13,346
		28,184	**22,367**

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
17	**Current investments**		
	Valued at lower of cost and fair value		
	Investments in mutual funds - Unquoted		
	- Reliance yearly interval fund (4,591,916 units of ₹10.8887 each)	500	500
	- Reliance yearly interval fund (4,590,694 units of ₹10.8916 each)	500	500
	- HDFC Mutual Fund fixed maturity plan (10,000,000 units of ₹10 each)	-	1,000
	- ICICI Prudential fixed maturity plan (10,000,000 units of ₹10 each)	-	1,000
	- UTI fixed term interval fund (5,000,000 units of ₹10 each)	-	500
		1,000	**3,500**
	Aggregate amount of		
	-Unquoted investments	1,000	3,500
	-Provision for diminution in value of investments	-	-

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
18	**Inventories**		
	Construction work-in-progress	5,926	2,285
	Stores and spares	620	698
		6,546	**2,983**

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
19	**Trade receivables**		
	(Unsecured considered good, unless stated otherwise)		
	Outstanding for a period exceeding six months from the date they are due for payment		
	Considered good (Also refer note 32(c))	39,171	25,602
	Doubtful	2,597	3,262
		41,768	**28,864**
	Less : Allowances for bad and doubtful debts	(2,597)	(3,262)
	(A)	**39,171**	**25,602**
	Outstanding for a period less than six months from the date they are due for payment		
	Other debts (Also refer note 32(c))	59,673	66,865
	(B)	**59,673**	**66,865**
	Customer retention		
	Considered Good	8,650	5,864
	Doubtful	218	775
		8,868	**6,639**
	Less : Allowances for doubtful retention	(218)	(775)
	(C)	**8,650**	**5,864**
	Total (A+B+C)	**1,07,494**	**98,331**

₹ In Lakhs

		As at 31 March 2016		As at 31 March 2015	
		Current	Non-current	Current	Non-current
20	**Cash and bank balances**				
	Cash and cash equivalents				
	Cash on hand	90	-	36	-
	Cheques on hand	6,233	-	9,088	-
	Balances with banks				
	- in current accounts	1,049	-	1,851	-
	- in deposit account (with maturity upto 3 months)	800	-	1,388	-
	(A)	**8,172**	**-**	**12,363**	**-**
	Other bank balances				
	Unpaid dividend account	3	-	3	-
	Deposits with maturity more than 3 months but less than 12 months*	4,177	-	460	-
	Balances with bank held as margin money	-	1,600	-	7,540
	(B)	**4,180**	**1,600**	**463**	**7,540**
	Less: Amounts disclosed as other non-current assets (Also refer note 16) **(C)**	**-**	**1,600**	**-**	**7,540**
	Total (A+B-C)	**12,352**	**-**	**12,826**	**-**

* Deposits amounting to ₹ 675 Lakhs (Previous year Nil) are subject to a charge to secure the Company's short term borrowings (Also refer note 9 (2))

Summary of Significant Accounting Policies and Other Explanatory Information

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
21	**Other current assets**		
	(Unsecured, considered good)		
	Balances with government authorities	5,943	4,074
	Tender deposits	824	557
	Duty drawback and other duty free credit entitlement receivable	532	1,265
	Assets held for sale (at lower of net book value and net realisable value) (Also refer note 12 (a))	-	18
	Rent advance	379	316
	Prepaid expenses	769	959
	Interest accrued	1,801	622
	Others*	179	18
		10,427	**7,829**

* Include due from subsidiary ₹ 80 Lakhs (Previous year: Nil)

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
22	**Revenue from operations**		
	Sale of services		
	Export	53,979	31,198
	Domestic	96,303	90,815
		1,50,282	**1,22,013**
	Other operating revenues, net	1,061	1,323
		1,51,343	**1,23,336**

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
23	**Other income**		
	Interest income	338	749
	Dividend income	-	163
	Foreign currency gain, net	1,117	-
		1,455	**912**

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
24	**Cost of sales and services**		
	Material costs	58,461	39,433
	Civil costs	31,613	19,454
	Erection and commissioning costs	5,910	2,667
	Taxes and duties	5,562	6,562
	Site establishment cost	3,241	2,941
	Engineering costs	1,047	1,133
	Project consultancy fee	331	458
	Warranty expenses/(reversal)	(1,004)	949
	Forseeable losses on contracts (Also refer note 8 b(iii))	(2,830)	2,899
	Project travel	1,199	1,164
	Insurance costs	449	437
	Power and fuel	4,746	5,878
	Liquidated damages	2,073	2,252
	Other project expenses, net	8,241	9,539
		1,19,039	**95,766**

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
25	**Changes in inventories**		
	Inventories at the beginning of the year		
	Construction work-in-progress	2,285	798
	Stores and spares	698	644
		2,983	**1,442**
	Less: Inventories at the end of the year		
	Construction work-in-progress	5,926	2,285
	Stores and spares	620	698
		6,546	**2,983**
		(3,563)	**(1,541)**

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
26	**Employee benefits expense**		
	Salaries and wages	8,189	6,637
	Gratuity (Also refer note 8(c))	54	78
	Contribution to provident and other defined contribution funds	494	485
	Expense on Employee Stock Option Plan (ESOP) (Also refer note 4(f))	-	77
	Staff welfare expenses	673	783
		9,410	**8,060**

Summary of Significant Accounting Policies and Other Explanatory Information

₹ In Lakhs

	Year ended 31 March 2016	Year ended 31 March 2015
27 Other expenses		
Rent	220	203
Insurance	5	8
Power and fuel	177	185
Rates and taxes	46	3
Repairs and maintenance	409	266
Professional charges (Also refer note 39)	894	672
Communication expenses	137	139
Travelling and conveyance	816	707
Foreign currency loss, net	-	440
Bad and doubtful debts, net	2,557	2,201
Advertisement	25	47
Loss on sale of tangible assets, net	20	34
Other selling expenses	52	87
Corporate social responsibility expenses	97	33
Printing and stationery	92	93
Office and maintanence expenses	225	218
Miscellaneous expenses	1,195	789
	6,967	**6,125**

₹ In Lakhs

	Year ended 31 March 2016	Year ended 31 March 2015
28 Finance costs		
Interest expenses	980	689
Bank charges	905	803
	1,885	**1,492**

₹ In Lakhs

	Year ended 31 March 2016	Year ended 31 March 2015
29 Depreciation and amortization expense		
Depreciation of tangible assets (Refer note 12)	799	393
Amortization of intangible assets (Refer note 12)	408	352
	1,207	**745**

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
30	**Earnings per equity share (EPS)**		
	Nominal value of equity shares	2	2
	Profit attributable to equity shareholders (A)	11,743	9,041
	Weighted average number of equity shares outstanding during the year (B)*	5,44,36,869	5,40,04,064
	Basic earnings per equity share (A/B) (in ₹)	**21.59**	**16.74**
	Dilutive effect on profit (C)	-	-
	Profit attributable to equity shareholders for computing diluted EPS (D) = (A+C)	11,743	9,041
	Dilutive effect on weighted average number of equity shares outstanding during the year (E)	3,28,124	5,37,281
	Weighted average number of equity shares for computing Diluted EPS (F) = (B+E)*	5,47,64,993	5,45,41,345
	Diluted earnings per equity share (D/F) (in ₹)	**21.43**	**16.59**

*adjusted for bonus issue (Also refer note 4(c))

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
31	**Construction contracts**		
	In terms of the disclosures required to be made under the Accounting Standard (AS) 7 as notified in section 133 of the Companies Act, 2013, the amounts considered in the financial statements up to the balance sheet date are as follows:		
	Contract revenue recognised	1,30,731	95,497
	Aggregate amount of costs incurred and recognised profits and losses for all contracts in progress	3,91,480	2,54,809
	Less : Progress billings	3,91,605	2,59,361
		(125)	**(4,552)**
	Recognised as :		
	Due to customers for construction contract work, recognised in current liabilities	(125)	(4,552)
		(125)	**(4,552)**
	Advances received from customers for contracts related to work not yet performed included in 'Other long term liabilities' and 'Other current liabilities'	3,955	9,226
	Retention on contracts included within ‘Trade receivables’ and 'Other non-current assets’	27,199	19,985

Summary of Significant Accounting Policies and Other Explanatory Information

32 Related parties

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 Algerie s.a.r.l, Algeria
	VA Tech Wabag S u Teknolojisi Ve Tic A.S, Turkey
	VA Tech Wabag (Hong Kong) Limited, Hong Kong
	VA Tech Wabag Egypt Limited, Egypt #
	Beijing VA Tech Wabag Water Treatment Technology Co. Limited, China
	VA Tech Wabag Muscat LLC, Oman
	VA Tech Wabag (Philippines) Inc, Philippines
	VA Tech Wabag (Spain) S.L.U, Spain
	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
Associates	Windhoek Goreangab Operating Company (Pty) Limited, Namibia
	VA Tech Wabag and Roots Contracting LLC, Qatar
	OEG Renew Waters (Thoothukudi) Private Limited
Joint Venture	International Water Treatment LLC, Oman
Key Management Personnel (KMP)	Mr. Rajiv Mittal – Managing Director
	Mr. S Varadarajan – Executive Director
	Mr. G Parthasarathy – Chief Financial Officer
	Mr. Patrick Andrade – Chief Operating Officer (India Cluster)
	Mr. Shiv Shukla - Head Sales and Marketing (India Cluster)
	Mr. Rajneesh Chopra - Global Head Business Development

Liquidated effective 15 February 2016

b) Transactions with related parties

₹ In Lakhs

Related Party	2015-16 Purchase/ (Sale) of goods/ Assets	2015-16 Rendering of services	2015-16 Investment purchased/ (sold)	2015-16 Remuneration paid	2015-16 Dividend Paid	2015-16 Others - Expense / (Income) *	2015-16 Reimbursements received/ receivable	2014-15 Purchase/ (Sale) of goods/ Assets	2014-15 Rendering of services	2014-15 Investment purchased/ (sold)	2014-15 Remuneration paid	2014-15 Dividend Paid	2014-15 Others - Expense / (Income) *	2014-15 Reimbursements received/ receivable
VA Tech Wabag GmbH, Austria	(3,180)	-	-	-	-	255	86	-	(1,116)	-	-	-	(216)	(122)
Wabag Wassertechnik AG, Switzerland	6	-	-	-	-	(16)	(30)	-	-	-	-	-	54	(45)
VA Tech Wabag (Singapore) Pte Ltd, Singapore	21	(80)	-	-	-	(1)	-	-	-	195	-	-	-	(6)
VA Tech Wabag (Philippines) Inc, Philippines	(1,215)	-	-	-	-	(119)	(89)	(3,346)	(506)	-	-	-	(113)	(274)
VA Tech Wabag Muscat LLC, Oman	(2)	(81)	-	-	-	9	(8)	531	(62)	-	-	-	(1)	(22)
Beijing VA Tech Wabag Water Treatment Technology Co. Limited, China	-	-	-	-	-	-	-	-	-	-	-	-	2	-
VA Tech Wabag S u Teknolojisi Ve Tic A.S, Turkey	-	-	-	-	-	(151)	(39)	-	-	-	-	-	(169)	(49)
Wabag Water Services s.r.l., Romania	-	-	-	-	-	(105)	(10)	-	-	-	-	-	(90)	(20)
VA Tech Wabag (Spain) S.L.U, Spain	-	-	-	-	-	(43)	(2)	-	-	405	-	-	67	(12)
International Water Treatment LLC, Oman	679	(22)	-	-	-	-	(33)	-	(496)	-	-	-	-	(49)
VA Tech Wabag Brno spol S.R.O, Czech Republic	-	-	-	-	-	(42)	(4)	-	-	-	-	-	(73)	(9)
VA Tech Wabag Limited Pratibha Industries Limited JV, Nepal	475	(334)	-	-	-	-	(122)	(2,767)	(825)	-	-	-	-	(375)
Ujams Wastewater Treatment Company (Pty) Ltd, Namibia	-	-	-	-	-	(12)	-	-	-	-	-	-	(13)	-
Wabag Water Services (Macao) Limited, Macao	-	-	-	-	-	(10)	-	-	-	-	-	-	(9)	-
VA Tech Wabag Tunisie s.a.r.l, Tunisia	-	-	-	-	-	(11)	(2)	-	-	-	-	-	(8)	(3)
Wabag Operation and Maintenance WLL, Bahrain	-	-	-	-	-	-	-	-	-	58	-	-	-	(35)
VA Tech Wabag and Roots Contracting LLC, Qatar	-	(80)	-	-	-	7	(50)	-	(41)	17	-	-	-	(215)
Wabag Limited, Thailand	-	-	-	-	-	(4)	(1)	-	-	19	-	-	8	-
Wabag Belhasa JV WLL, Bahrain	(7,731)	-	-	-	-	(22)	(390)	-	-	-	-	-	-	-
Wabag Muhibbah JV Sdn Bhd, Malaysia	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Key Management Personnel														
Rajiv Mittal	-	-	-	265	388	-	-	-	-	-	256	391	-	-
Others	-	-	-	405	89	-	-	-	-	-	629	257	-	-

* Other income also includes group fees

c) **Balance with related parties**

₹ In Lakhs

Related Party	As at 31 March 2016			As at 31 March 2015		
	Investments	Advances/ Amount recoverable	Creditors/ Payables	Investments	Advances/ Amount recoverable	Creditors/ Payables
VA Tech Wabag (Singapore) Pte Ltd, Singapore	1,972	223	-	1,735	456	-
VA Tech Wabag GmbH, Austria	-	2,400	-	-	1,800	-
Wabag Wassertechnik AG, Switzerland	-	-	-	-	29	-
VA Tech Wabag (Philippines) Inc, Philippines	90	216	-	90	2,668	-
VA Tech Wabag Muscat LLC, Oman	124	49	-	124	70	94
Wabag Water Services s.r.l., Romania	-	28	-	-	34	-
VA Tech Wabag (Spain) S.L.U, Spain *(Ref. Note)*	407	1,090	-	407	408	3
International Water Treatment LLC, Oman	69	875	-	69	1,422	-
VA Tech Wabag S u Teknolojisi Ve Tic A.S, Turkey	-	461	-	-	237	-
VA Tech Wabag Limited Pratibha Industries Limited JV, Nepal	-	3,986	-	-	4,528	-
Ujams Wastewater Treatment Company (Pty) Ltd, Namibia	-	33	-	-	18	-
VA Tech Wabag Brno spol S.R.O, Czech Republic	-	-	24	-	9	-
Wabag Operation and Maintenance WLL, Bahrain	58	-	-	58	35	-
VA Tech Wabag and Roots Contracting LLC, Qatar *(Ref. Note)*	17	361	-	17	260	-
Wabag Limited, Thailand *(Ref. Note)*	19	177	-	19	-	-
Wabag Water Services (Macao) Limited, Macao	-	-	-	-	2	-
VA Tech Wabag Tunisie s.a.r.l, Tunisia	-	25	-	-	10	-
Wabag Belhasa JV WLL, Bahrain	4	1,317	-	-	-	-
Wabag Muhibbah JV Sdn Bhd, Malaysia	107	11	-	-	-	-
Beijing VA Tech Wabag Water Treatment Technology Co. Limited, China	-	-	-	-	-	-

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:

a. VA Tech Wabag (Spain) S.L.U, Spain - ₹ 1,090 Lakhs (Previous year ₹ 408 Lakhs)

b. VA Tech Wabag and Roots Contracting LLC, Qatar - ₹ 500 Lakhs (Previous year Nil)

c. Wabag Limited, Thailand - ₹ 177 Lakhs (Previous year Nil)

₹ In Lakhs

33 Derivative instruments and unhedged foreign currency exposure

Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	In USD	In Euro	In OMR	In GBP	In CNY	In JPY	In MYR	In SGD	In TZS	In LKR	In QAR	In Rupee equivalent
a) Trade receivables including retention net of advances	473	6	3	-	-	4,532	15	2	-	-	5	35,685
(Previous year)	*239*	*13*	*8*	-	-	*7,562*	*21*	-	-	-	*2*	*21,463*
b) Project related creditors	33	11	2	2	-	47	-	-	20	1,886	1	4,291
(Previous year)	*66*	*1*	*4*	*7*	-	-	*1*	-	-	*3,417*	-	*7,218*

34 Interest in joint venture

The group has 32.5% (31 March 2015 : 32.5%) interest in International Water Treatment LLC, a joint venture, classified as a Jointly controlled entity domiciled in Oman which is involved in contruction of a desalination plant. The joint venture was incorporated during February 2013 and commenced operations from April 2013.

The aggregate amounts of each of the assets, liabilities, income and expenses related to the Company's interest in the jointly controlled entity is as follows:

₹ In Lakhs

Particulars	As at 31 March 2016	As at 31 March 2015
Non-current assets		
Property, plant and equipment	-	-
Deferred tax assets	-	-
	-	-
Current assets		
Trade receivables	3,582	7,752
Loans and advances and other current assets	16	402
Cash and cash equivalents	1,206	2,046
	4,804	**10,200**
Total assets	**4,804**	**10,200**
Non current liabilities		
Deferred tax liabilities	-	-
Current Liabilities		
Short-term borrowings	-	2,092
Provisions	4,265	4,013
Trade and other liabilities	2,319	4,011
	6,584	**10,116**
Total liabilities	**6,584**	**10,116**

Included in the Consolidated Statement of Profit and Loss

₹ In Lakhs

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Income		
Revenue from operations	3,651	19,292
Other income	208	120
Finance income	4	19
	3,863	**19,431**
Expenditure		
Cost of material	4,213	19,135
Employee benefits expense	575	556
Depreciation	2	163
Other expenses	781	673
Finance costs	140	58
	5,711	**20,585**
Profit before tax	(1,848)	(1,154)
Income tax expense	-	(141)
Profit after tax	**(1,848)**	**(1,013)**

Notes :

i. Contingent liabilities of the above joint venture entity ₹ Nil (Previous year ₹ Nil)

ii. Capital commitments of the above joint venture entity ₹ Nil (Previous year ₹ Nil)

Summary of Significant Accounting Policies and Other Explanatory Information

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
35	**Earnings in foreign currency (accrual basis)**		
	Export value on FOB basis	29,634	29,067
		29,634	**29,067**

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
36	**Expenditure in foreign currency (accrual basis)**		
	Professional charges	158	326
	Travelling and conveyance	82	423
	Site establishment cost	999	1,237
	Overseas regional office expenses	89	61
	Other project expenses	3,840	2,776
	Miscellaneous expenses	86	361
		5,254	**5,184**

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
37	**Value of imports on CIF basis**		
	Raw materials	2,080	2,155
		2,080	**2,155**

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
38	**Disclosures in respect of non-cancellable operating leases**		
	The lease rentals charged for the years ended 31 March 2016 and 2015 and maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:		
	The total of future minimum lease payments for each of the following periods:		
	(i) Not later than one year	108	167
	(ii) Due later than one year and not later than five years	54	106
	(iii) Due later than five years	-	-
		162	**273**
	Lease payments charged off to the statement of profit and loss	220	203

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
39	**Payments to auditors (included as part of professional charges)***		
	As auditor		
	Statutory audit	25	25
	Limited review	7	7
	Tax audit	3	3
		35	**35**
	In other capacity		
	Other services	14	10
		49	**45**

* excluding service tax

₹ In Lakhs

40	**Dividend remitted in foreign currency**		
	Period to which it relates	2014-15	2013-14
	Number of non - resident shareholders (No.)	2	2
	Number of shares held on which dividend was due	48,602	3,542
	(Equity shares of ₹ 2 each)		
	Amount remitted (Euro 2,773.99, Previous year: Euro 355.54)	1,94,408	28,336

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
41	**Aggregate of expenses that have been bifurcated and grouped under different heads are provided below:**		
	Professional charges	1,225	1,130
	Travelling and conveyance	2,015	1,871
	Power and fuel	4,923	6,063
	Rates and taxes	5,608	6,565
		13,771	**15,629**

Summary of Significant Accounting Policies and Other Explanatory Information

42 Corporate social responsibility expenditure

(a)	Gross amount required to be spent by the company during the year.		250	
(b)	Amount spent during the year on:			
		In cash	**Yet to be paid in cash**	**Total**
(i)	Construction/acquisition of any asset	65	-	65
(ii)	On purposes other than (i) above	31	1	32
		96	**1**	**97**

43 Segment reporting

The Company publishes standalone financial statements along with the consolidated financial statements in the annual report. In accordance with Accounting Standard 17, Segment Reporting, the Company has disclosed the segment information in the consolidated financial statements.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sumesh E S**
Partner

Bucharest, Romania
26 May 2016

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

B D Narang
Chairman

Rajiv Mittal
Managing Director

G Parthasarathy
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Bucharest, Romania
26 May 2016

Independent Auditor's Report

To the Members of VA Tech Wabag Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of VA Tech Wabag Limited, ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint controlled entities, which comprise the Consolidated Balance Sheet as at 31 March 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and its associates and jointly controlled entities, in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Holding Company's Board of Directors, and the respective Board of Directors/management of the subsidiaries included in the Group, and of its associates and jointly controlled entities are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms with the provisions of the Act, the respective Board of Directors of the Holding Company and its subsidiary, associate and jointly controlled companies, which are incorporated in India are responsible for maintenance of adequate accounting records; safeguarding the assets; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the auditor's report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 10 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, associates and jointly controlled entities as noted below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at 31 March 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

9. We draw attention to notes 3.3(a) and 3.3(b) to the accompanying financial statements which describe the uncertainty related to the outcome of litigations in connection with certain deductions being disallowed which, according to the management, is due to retrospective amendment of section 80-IA of the Income tax Act, 1961 pursuant to Finance Act, 2009. Our opinion is not qualified in respect of this matter.

Other Matters

10. We did not audit the financial statements of 18 subsidiaries and 1 jointly controlled entities, included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹ 1,15,868 lakhs as at 31 March 2016, total revenues (after eliminating intra-group transactions) of ₹ 1,14,318 lakhs and net cash flows amounting to ₹ 8,665 lakhs for the year ended on that date. The consolidated financial statements also include the Group's share of net profit of ₹ 94 lakhs for the year ended 31 March 2016, as considered in the consolidated financial statements, in respect of 2 associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, 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, jointly controlled entities and associates, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors

Report on Other Legal and Regulatory Requirements

11. As required by Section 143(3) of the Act, and based on the auditor's reports of the Holding Company, subsidiaries, associates and jointly controlled entities, we report, to the extent applicable, that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

c) the consolidated financial statements dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014(as amended);

e) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2016 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India none of the directors of the Group companies, its associate companies and jointly controlled companies, incorporated in India is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

f) 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, in our opinion and to the best of our information and according to the explanations given to us:

(i) as detailed in Note 3.3, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities;

(ii) as detailed in Note 10(c) to the consolidated financial statements, provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts;

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate companies and joint controlled companies incorporated in India.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Sumesh E S**
Partner
Membership No.: 206931

Bucharest, Romania
26 May 2016

Consolidated Balance Sheet

₹ In Lakhs

	Note	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	1,090	1,086
Reserves and surplus	5	98,082	89,178
		99,172	**90,264**
Share application money pending allotment	6	4	13
Minority interest		821	486
Non-current liabilities			
Long-term borrowings	7	5,012	6,932
Deferred tax liabilities	8	307	300
Other long term liabilities	9	15,231	21,126
Long-term provisions	10	1,695	2,799
		22,245	**31,157**
Current liabilities			
Short-term borrowings	7	32,721	10,483
Trade payables	11		
Total outstanding dues of micro enterprises and small enterprises		389	77
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,03,604	86,454
Other current liabilities	12	28,814	21,754
Short-term provisions	10	12,890	16,087
		1,78,418	**1,34,855**
Total		**3,00,660**	**2,56,775**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	13	10,842	10,696
Intangible assets	13	6,707	8,437
Capital work-in-progress		242	55
Non-current investments	14	1,773	274
Deferred tax assets	8	782	2,289
Long-term loans and advances	15	1,554	955
Other non-current assets	16	29,329	24,149
		51,229	**46,855**
Current assets			
Current investments	17	1,000	3,500
Inventories	18	9,762	4,699
Trade receivables	19	1,76,819	1,48,066
Cash and bank balances	20	35,836	31,117
Short-term loans and advances	15	10,987	10,629
Other current assets	21	15,027	11,909
		2,49,431	**2,09,920**
Total		**3,00,660**	**2,56,775**

Notes 1 to 36 form an integral part of these consolidated financial statements

This is the consolidated balance sheet referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sumesh E S**
Partner

Bucharest, Romania
26 May 2016

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

B D Narang
Chairman

Rajiv Mittal
Managing Director

G Parthasarathy
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Bucharest, Romania
26 May 2016

Consolidated Statement of Profit and Loss

₹ In Lakhs

	Note	Year ended 31 March 2016	Year ended 31 March 2015
Revenue			
Revenue from operations	22	2,54,857	2,43,515
Other income	23	805	778
Total revenue		**2,55,662**	**2,44,293**
Expenses			
Cost of sales and services	24	2,03,823	1,92,488
Changes in inventories	25	(4,932)	(1,510)
Employee benefits expense	26	21,766	20,062
Other expenses	27	12,068	11,528
Finance costs	28	4,714	3,923
Depreciation and amortisation expense	29	2,051	1,092
Total expenses		**2,39,490**	**2,27,583**
Profit before tax		**16,172**	**16,710**
Tax expense			
Current tax		5,399	7,012
Deferred tax		1,491	(1,348)
		6,890	**5,664**
Profit for the year before share of profit in associates		**9,282**	**11,046**
Add: Share of profit in associates		94	159
Profit for the year before minority interest		**9,376**	**11,205**
Less: Minority interest		157	195
Profit for the year attributable to equity shareholders		**9,219**	**11,010**
Earnings per equity share (Nominal value ₹ 2 per share) (In ₹)	30		
Basic		16.95	20.39
Diluted		16.82	20.20

Notes 1 to 36 form an integral part of these consolidated financial statements

This is the consolidated statement of profit and loss referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sumesh E S**
Partner

Bucharest, Romania
26 May 2016

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

B D Narang
Chairman

Rajiv Mittal
Managing Director

G Parthasarathy
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Bucharest, Romania
26 May 2016

Consolidated Cash Flow Statement

₹ In Lakhs

		Year ended 31 March 2016		Year ended 31 March 2015	
A.	**Cash flow from operating activities**				
	Profit before tax		**16,172**		**16,710**
	Adjustments for:				
	Depreciation and amortisation	2,051		1,092	
	Interest expenses	2,490		1,479	
	Interest and dividend income	(472)		(778)	
	Unrealised forex (gain)/ loss, net	(773)		170	
	Loss on sale of tangible assets, net	24		51	
	Bad debts and provision for bad and doubtful debts	2,685		2,766	
	Expense on Employee Stock Option Plan (ESOP)	-		77	
	Provision for foreseeable losses on contracts	(2,830)		2,899	
	Provision for compensated absences and gratuity	131		499	
	Provision for warranty, liquidated damages, litigations and others	1,363	**4,669**	6,746	**15,001**
	Operating profit before working capital changes		**20,841**		**31,711**
	Adjustments for:				
	Increase in trade receivables	(31,105)		(12,254)	
	Increase in short-term loans and advances	(83)		(1,073)	
	Increase in long-term loans and advances	(701)		(340)	
	Increase in inventories	(4,932)		(1,510)	
	Increase in other current assets	(1,984)		(1,181)	
	Increase in other non-current assets	(12,348)		(3,147)	
	Increase in trade payables	17,902		336	
	Decrease in provisions	(3,890)		(9,270)	
	Increase/(Decrease) in other current liabilities	6,598		(2,609)	
	(Decrease)/Increase in other long term liabilities	(5,895)	**(36,439)**	5,392	**(25,656)**
	Cash generated from operations		**(15,598)**		**6,055**
	Direct taxes paid		(5,213)		(5,499)
	Net cash (used in)/from operating activities		**(20,811)**		**556**
B.	**Cash flow from investing activities**				
	Purchase of fixed assets (including capital work-in-progress and capital advances)		(1,519)		(2,873)
	Proceeds on disposal of fixed assets		63		61
	Purchase of current investments		-		(2,500)
	Proceeds on sale of current investments		1,000		1,000
	Dividend received from associates		118		147
	Movement in bank deposits		8,921		(2,978)
	Interest and dividend received		521		385
	Net cash from/(used in) investing activities		**9,104**		**(6,758)**

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
C.	**Cash flow from financing activities**		
	Proceeds from issue of share capital including share premium and share application money	371	1,957
	Repayment of borrowings	(52,122)	(38,648)
	Proceeds from borrowings	72,901	40,887
	Interest paid to banks and others	(2,490)	(1,479)
	Dividend paid	(2,176)	(2,139)
	Dividend distribution tax paid	(443)	(363)
	Net cash from financing activities	**16,041**	**215**
D.	**Net cash flows during the year**	4,334	(5,987)
	Effects of foreign currency translation	3,365	(3,094)
E.	**Cash and cash equivalents at the beginning**	23,957	33,038
F.	**Cash and cash equivalents at the end**	**31,656**	**23,957**
	Cash and cash equivalents comprise of:		
	Cash on hand	182	154
	Cheques on hand	4,361	9,088
	Balances with banks - in current accounts	19,822	10,112
	Balances with banks - in deposit accounts (maturity upto 3 months)	7,291	4,603
	Cash and cash equivalents as per note 20	**31,656**	**23,957**

This is the consolidated cash flow statement referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sumesh E S**
Partner

Bucharest, Romania
26 May 2016

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

B D Narang
Chairman

Rajiv Mittal
Managing Director

G Parthasarathy
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Bucharest, Romania
26 May 2016

Summary of Significant Accounting Policies and Other Explanatory Information

1. General Information

VA Tech Wabag Limited ('the Company'), its subsidiaries, associates and joint ventures as listed in note 2.2 (collectively referred to as 'the Group') is one of the world's leading companies in the water treatment field. The group's principal activities include design, supply, installation, construction and operational management of drinking water, waste water treatment, industrial water treatment and desalination plants. The shares of the Company are listed in the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

All amounts in the consolidated financial statements are presented in Rupees in Lakhs except per share data and as otherwise stated. Figures for the previous year have been regrouped / rearranged wherever considered necessary to conform to the figures presented in the current year.

The Group is in the business of execution of turnkey projects for water management and hence the requirements under paragraph 5(ii)(a), 5(ii)(b) and 5(ii)(d) of Part II of Schedule III to the Companies Act, 2013 are not applicable.

2 Summary of accounting policies

2.1 Basis of accounting

The financial statements are prepared under the historic cost convention on accrual basis of accounting in accordance with generally accepted accounting principles ("GAAP") applicable in India. GAAP comprises mandatory accounting standards prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and pronouncements of the Institute of Chartered Accountants of India, the provisions of Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied as in the previous year. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

2.2 Basis of consolidation

The Consolidated financial statements include the financial statements of the subsidiary companies, joint ventures and associates as listed below. The financial statements of the subsidiary undertakings and associates forming part of these consolidated financial statements are drawn up to 31 March 2016. Subsidiaries are entities over which the Company has the ability to control the financial and operating policies. All material inter-company transactions and accounts are eliminated on consolidation.

The following subsidiaries, associates and joint ventures have been included in the consolidated financial statements:

Subsidiaries	Country of Incorporation	Percentage of Interest As at 31 March	
		2016	2015
VA TECH WABAG (Singapore) Pte Ltd	Singapore	100	100
VA TECH WABAG GmbH	Austria	100	100
WABAG Wassertechnik AG	Switzerland	100	100
VA TECH WABAG Deutschland GmbH	Germany	100	100
VA TECH WABAG Brno spol S.R.O	Czech Republic	100	100
Wabag Water Services (Macao) Limited	Macao	100	100
WABAG Water Services s.r.l	Romania	100	100
VA TECH WABAG Tunisie s.a.r.l.	Tunisia	100	100
VA TECH WABAG Algerie s.a.r.l.	Algeria	100	100
Beijing VA TECH WABAG Water Treatment Technology Co. Limited	China	100	100
VA Tech Wabag S u Teknolojisi Ve Tic. A S	Turkey	100	100
VA TECH WABAG (Hong Kong) Limited	Hong Kong	100	100
Ujams Wastewater Treatment Company (Pty) Ltd.	Namibia	66.40	78.90

The following subsidiaries, associates and joint ventures have been included in the consolidated financial statements:

Subsidiaries	Country of Incorporation	Percentage of Interest As at 31 March	
		2016	2015
VA TECH WABAG (SPAIN) S.LU	Spain	100	100
VA Tech Wabag Muscat LLC	Oman	70	70
VA Tech Wabag (Philippines) Inc	Philippines	100	100
VA Tech Wabag Limited Pratibha Industries Limited JV	Nepal	100	100
Wabag Operation and Maintenance W.L.L.	Bahrain	70	70
Wabag Limited	Thailand	90.60	90.60
Wabag Muhibbah JV SDN BHD(Incorporated on 14 September 2015)	Malaysia	70	-
VA Tech Wabag and Roots Contracting L.L.C. – Project I	Qatar	60	60
Wabag Belhasa JV WLL (Incorporated on 24 December 2015)	Bahrain	100	-
Associates			
Windhoek Goreangab Operating Company (Pty) Limited	Namibia	33	33
VA Tech Wabag and Roots Contracting L.L.C. – Project II	Qatar	49	-
Joint Venture			
International Water Treatment LLC	Oman	32.50	32.50

The subsidiary in Egypt has been liquidated during the year. The accounting period for the associate in Namibia is 01 January 2015 to 31 December 2015. However, for the purpose of inclusion in the consolidated financial statements of the parent, the accounts of the associate company in Namibia have been drawn up for the period from 01 April 2015 to 31 March 2016.

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 over the operating and financial decisions of the joint venture entity, 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 for 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.

During the year, the group had entered into a joint venture with Belhasa Projects LLC, Dubai in Bahrain to execute a project. 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.

2.3 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 the accounting standards 21 (AS 21) on Consolidated Financial Statements, accounting standards 23 (AS 23) on Accounting for Investments in Associates in Consolidated Financial Statements and accounting standards 27 (AS 27) on Financial Reporting of Interests in Joint Ventures as specified in the standards prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the

Summary of Significant Accounting Policies and Other Explanatory Information

Companies (Accounts) Rules, 2014 (as amended) and pronouncements of the Institute of Chartered Accountants of India.

The financial statements of the parent company and its subsidiary have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transaction and unrealized profits in full. 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 of during the year is recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Investments in Associates are accounted for using the equity method, under which the investment is initially recorded at cost, identifying any goodwill or capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the accumulated losses (not accounted for by the Group) are recouped. Where the associate prepares and presents consolidated financial statements, such consolidated financial statements of the associate are used for the purpose of equity accounting. In other cases, standalone financial statements of associates are used for the purpose of consolidation.

Interests in the assets, liabilities, income and expenses of the Joint Ventures are consolidated using proportionate consolidation method. Intra group balances, intra-group transactions and unrealized profit or loss are eliminated to the extent of the Company's proportionate share, except where cost cannot be recovered.

Minorities' interest 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 shareholders of the Company. 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 holding company, except where there is contractual/legal obligation on minority.

Excess of acquisition cost over the carrying amount of the parent company'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 company'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 BOOT contract awarded to group companies where work is subcontracted to other group companies, the intra group transactions on BOOT contract and the profits arising thereon are taken as realized and not eliminated on consolidation under AS 21.

The amounts shown in respect of reserves comprise the amount of relevant reserves as per the balance sheet of the parent company and its share in the relevant reserves of the subsidiary.

The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended 31 March 2016.

As far as practicable, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements. Differences in accounting policies are disclosed separately.

As per Accounting Standard 21 - Consolidated Financial Statements prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) 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 is not disclosed in the consolidated financial statements.

2.4 Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of the consolidated financial statements and the results of operations during the reporting periods. Significant estimates include percentage of completion of contracts, revenues recognised under BOOT contracts, estimate of costs to complete, provision for doubtful receivables and loans and advances, income taxes, future obligations under employee benefit plans, estimated useful life of tangible and intangible assets, provision for warranty, liquidated damages and litigations foreseeable. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates and any revisions to accounting estimates is recognised prospectively in the current and future periods.

Assets and liabilities are classified as current or non-current as per Group's normal operating cycle and other criteria set out in schedule III to the Act. Based on the nature of work, the Company has ascertained its operating cycle as up to twelve months for the purpose of current and non-current classification of assets and liabilities.

2.5 Tangible assets and depreciation

Tangible assets are stated at acquisition cost less accumulated depreciation and impairment losses, if any. Cost of acquisition comprises of purchase price and directly attributable costs of bringing the asset to its working condition for the intended use and is net of refundable duties and taxes. Cost of tangible assets not ready for the intended use before such date is disclosed as capital work in progress.

Subsequent expenditure incurred on an item of tangible asset 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.

Gains or losses that arise on disposal or retirement of an asset are measured as the difference between net disposal proceeds and the carrying value of an asset and are recognised in the Statement of profit and loss when the asset is derecognised.

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. Hence the useful life of these assets is different from that prescribed under Part C of Schedule II to the Companies Act, 2013.

Tangible assets held for sale or retired from active use are stated at the lower of their net book value and net realisable value and shown separately in the financial statements. In addition, any expected loss is recognized immediately in the statement of profit and loss.

2.6 Intangible assets and amortisation

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.

Summary of Significant Accounting Policies and Other Explanatory Information

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.

Gains or losses that arise on de-recognition 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 the Statement of profit and loss when the intangible asset is derecognised.

The amortisation period and method are reviewed at each balance sheet date. If the expected useful life of the asset is significantly different from the previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefit from the asset, the method of amortisation is changed to reflect the changed pattern. Such changes are accounted in accordance with Accounting Standard (AS) 5, Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Intangibles under development

The right to operate and generate revenues from projects under BOOT contract are capitalized as an intangible asset under development based on the cumulative construction costs incurred by the group including related margins (refer accounting policy on revenue recognition). This intangible asset arising out of BOOT contract is being amortised over the operating period of the concession agreement.

2.7 Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows from continuing use that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the Statement of profit and loss.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the statement of profit and loss.

2.8 Investments

Investments that are readily realizable and are intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments. Long-term investments are valued at cost. Provision is made for diminution in value to recognize a decline other than temporary in the value of the investments. Current investments are valued at lower of cost and fair market value. Gains or losses that arise on disposal of an investment are measured as the difference between disposal proceeds and the carrying value and are recognised in the Statement of profit and loss.

2.9 Inventories

Inventory of stores and spares are stated at lower of cost and net realizable value and is determined on weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost to completion and applicable selling expenses.

Construction work-in-progress is 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.

2.10 Revenue recognition

Revenue is measured on the basis of consideration received or receivable by the Group for goods supplied and services provided, excluding trade discounts, VAT and other applicable taxes and are recognised upon the performance of service or transfer of risk to the customer.

Revenue is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Group, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities have been met. These activity-specific recognition criteria are based on the goods or solutions provided to the customer and the contract conditions in each case, and are as described below.

Operations and Maintenance

The revenue from operations and maintenance for water and waste water treatment is recognised over the period during which the service is rendered.

Construction contracts

Contract Revenue and Contract Costs in respect of construction contracts, execution of which is spread over different accounting periods is recognized as revenue and expense respectively by reference to the basis of percentage of completion method of the project at the Balance Sheet date.

For the Company, determination of revenues under the percentage of completion method is based on estimates (some of which are technical in nature) concerning the percentage of completion, which is a proportion of work certified to contract value, costs to completion, expected revenue from the contract and the foreseeable losses of completion.

For overseas entities, determination of revenues under the percentage of completion method is based on estimates concerning the percentage of completion, which is determined by the proportion that contract costs incurred for the work performed bear to the estimated total contract costs up to the balance sheet date.

Foreseeable losses, if any, which are based on technical estimates, are provided in the accounts irrespective of the work done.

Unearned revenue on contracts where progress billings exceed costs incurred plus recognized profits (less loss) is the gross advance amount received from customers for contract work and is presented as a liability for all contracts in progress.

Revenue relatable to construction services rendered in connection with BOOT projects undertaken by the group is recognized during the period of construction and is measured at fair value of consideration receivable using percentage of completion method. After the completion of construction period, revenue relatable to collections of such projects from users of facilities is accounted when the amount is due and recovery is certain.

Other revenues

Income from interest is being accounted for on time proportion basis taking into account the amount outstanding and the applicable rate of interest. Dividend income is recognised when the right to receive is established by the reporting date.

Income from duty drawback and export benefit under duty free credit entitlements is recognized in the Statement of profit and loss, when 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.

Summary of Significant Accounting Policies and Other Explanatory Information

2.11 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 account based on the percentage of revenue recognised as per accounting policy (2.9) above, in consonance with the concept of matching costs and revenue. Final adjustment is made on completion of the applicable project.

2.12 Taxation

Provision for tax for the year comprises current income tax and deferred tax. Provision for current income tax is made based on the estimated tax liability in accordance with the relevant tax rates and tax laws.

Current tax is payable on taxable profits, which differ from profit or loss in the financial statements. Current tax is computed based on tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets are reviewed by the Group management at each balance sheet date and the carrying amount of a deferred tax asset is written down to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised.

Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

The Group offsets deferred tax assets and deferred tax liabilities if there is a legally enforceable right to set off assets against liabilities representing current tax.

2.13 Borrowing costs

Borrowing cost includes interest incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they are incurred.

2.14 Foreign currency transactions

Transactions in foreign currency and non-monetary assets are accounted for at the exchange rate prevailing on the date of the transaction duly approximated. All monetary items denominated in foreign currency are converted at the year-end exchange rate. The exchange differences arising on such conversion and on settlement of the transactions are dealt with in the statement of profit and loss.

Gain or loss on forward exchange contract, not in the nature of hedge, is calculated based on difference between forward rate available at the reporting date for the remaining maturity of the contract and the contracted forward rate. The premium or discount arising at the inception of forward exchange contracts is amortized as income or expense over the life of contract and exchange differences on such contracts is recognised as income or expense in the reporting period in which the exchange rate change. Any profit or loss arising on cancellation or renewal of forward foreign exchange contracts is recognised as income or expense for the year upon such cancellation or renewal.

2.15 Translation of integral and non-integral foreign operations

The group classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations".

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself. The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Items of profit and loss are translated at the average exchange rates for the year. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

2.16 Retirement and other employee benefits

Provident fund

The Parent Company makes contribution to the statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952, which is a defined contribution plan, and contribution paid or payable is recognized as an expense in the period in which it falls due.

Gratuity

Gratuity is a post-employment benefit and is in the nature of a defined benefit obligation. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated at the balance sheet date by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the year in which such losses or gains are determined.

Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the profit and loss account in the year in which such losses or gains are determined. Accumulated compensated absences which are expected to be availed or en-cashed beyond 12 month from the end of the year end are treated as other long term employee benefits.

Superannuation Fund

Contribution made towards Superannuation Fund (funded by payments to ICICI Prudential Life Insurance) which is a defined contribution plan, is charged to revenue on accrual basis. There are no obligations other than the contribution made to respective fund.

Overseas entities

Post-employment benefits

- 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

  Management 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.

Summary of Significant Accounting Policies and Other Explanatory Information

2.17 Employees stock option plan

The accounting value of stock options is determined on the basis of "intrinsic value" representing the excess of the market price on the date of grant over the exercise price of the shares granted under the "Employees Stock Option Scheme" of the Company, and is being amortised as "Deferred employees compensation" on a straight-line basis over the vesting period in accordance with the Guidance Note on "Employee share-based payments" issued by the Institute of Chartered Accountants of India and Securities and Exchange Board of India (share-based employee benefits) Regulations, 2014.

2.18 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. A disclosure is made for a contingent liability when there is a:

a) possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully with in the control of the Company;

b) present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;

c) present obligation, where a reliable estimate cannot be made.

2.19 Provisions

A provision is recognised when the Group has a present obligation as a result of past event i.e., it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A disclosure of the contingent liability is made when there is a possible or a present obligation that may, but probably will not, require an outflow of resources.

2.20 Cash and cash equivalents

In the cash flow statement, cash and cash equivalent includes cash in hand, demand deposits with banks, cheques on hand, balances with banks in current accounts and other short term deposits with banks, other short term highly liquid investments with original maturities of three months or less.

2.21 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 (after deducting preference dividends and attributable taxes, if any) 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 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.

2.22 Segment reporting

Identification of segments

The Group is engaged in the construction and maintenance of water treatment plants which is considered as a single business segment. However, the entities in the group are organized and managed separately according to their respective geographical location. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

2.23 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset, is classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

3 Others

3.1 Capital Commitments

The estimated amounts of contracts to be executed on capital account and not provided for (net of advances) Nil (Previous year – ₹ 516 lakhs). Other commitments are cancellable at the option of the Group and hence not disclosed.

3.2 Guarantees

₹ In Lakhs

	As at 31 March 2016	As at 31 March 2015
Corporate Guarantees issued by the Company for others	46,344	43,842

3.3 Contingent liabilities

₹ In Lakhs

	As at 31 March 2016	As at 31 March 2015
Income tax impact on account of non-deductibility U/s 80-IA (Refer ‘a’ below)	2,422	2,422
Out of the above, Income tax demand contested in appeal	939	939
Interest U/s 234B on the tax liability referred above (Refer ‘b’ below)	2,855	2,559
Income Tax demand including interest contested in Appeal (AY 2011-12)	401	-
Income Tax demand including interest contested in Appeal (AY 2009-10)	639	-
Indirect tax matters under dispute (Refer ‘c’ below)	8,050	1,875
Tax liability of the permanent establishment in Algeria (Refer ‘d’ below)	2,992	3,057

a) The Company had been claiming deduction under section 80-IA of the Income Tax Act, 1961 from the financial year ended 31 March 2002 as a developer of infrastructure projects in India. The Finance Act 2009 amended the provisions of Section 80-IA retrospectively with effect from 01 April 2000 to make it inapplicable for persons having a mere works contract with the government or statutory authority. The Company believes that this amendment is in line with the objective of the government of incentivising only a developer of infrastructure facility and not a mere works contractor.

Summary of Significant Accounting Policies and Other Explanatory Information

The Company strongly opines that, being a developer of infrastructure turnkey development contracts starting from the conceptualisation to execution assuming significant financial commitment and risks, the Company would be treated as a developer and the amendment would not apply to it. Based on a legal opinion from a Senior Counsel, the Company has filed a writ petition in the High Court of Madras challenging the Constitutional validity of the retrospective amendment. The Company has subsequently received favourable Appellate Orders from CIT (Appeals) from financial years 2001-02 to 2006-07 allowing the benefit under section 80-IA of the Income Tax Act, while, the Income Tax department has raised a demand for ₹ 939 lakhs denying benefit under section 80-IA for the financial year 2008-09. Further to this, the Income Tax department had gone on appeal against the CIT (Appeals) order and is currently pending at the Income Tax Appellate Tribunal. Considering these facts and as a matter of prudence, the Company has disclosed the total tax benefit so far claimed u/s 80-IA as contingent liability in the standalone financial statements for 31 March 2016.

However, on a conservative basis the liability on account of possible denial of deduction prospectively from 01 April 2009 has been fully provided as current tax in the respective years.

b) The Company, also based on an opinion taken from a professional firm believes that the interest under section 234B on account of 80-IA disallowance discussed in paragraph ‘a’ above amounting to ₹ 2,855 lakhs as at 31 March 2016 would not be payable as the Jurisdictional High Court rulings and various assessment orders commencing from financial year 2001-02 are in favour of the Company on this aspect and on this basis, the amount of interest has been disclosed as contingent liability.

c) The additional liability assessed by sales tax authorities for various financial years from 2003-04 to 2012-13 amounts to ₹ 8,050 lakhs.

d) During the year 2013-14, VA Tech Wabag Deutschland GmbH has received a demand order from the Office of the General Directorate of Taxes Algeria for an amount of ₹ 2,992 Lakhs. The subsidiary noted that there were prima facie errors on the order and hence during the previous year, has filed an appeal against the order with The Board of Central Appeals. The appeal is still under review and the subsidiary believes that the demand would be overturned. Hence this has been disclosed as a contingent liability.

3.4 Transfer Pricing

As per the Transfer pricing norms introduced in India with effect from 01 April 2001, the Company is required to use certain specific methods in computing arm’s length price of international transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Transfer pricing study for the fiscal year ended 31 March 2016 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.

3.5. Corporate Social Responsibility

As mandated by Section 135 of the Companies Act, 2013, the company has constituted a CSR committee. The company has identified areas for its CSR activities as specified in schedule VII of the Companies Act, 2013 and incurred expenses as disclosed in Note 27 to these consolidated financial statements towards such activities.

₹ In Lakhs

		As at 31 March 2016		As at 31 March 2015	
		Nos.	Amount	Nos.	Amount
4	**Share capital**				
	Authorised				
	Equity Shares of ₹ 2 each	7,50,00,000	1,500	7,50,00,000	1,500
	Issued, subscribed and fully paid up				
	Equity Shares of ₹ 2 each	5,44,96,401	1,090	5,42,85,110	1,086
		5,44,96,401	**1,090**	**5,42,85,110**	**1,086**

a) **Reconciliation of share capital (Equity)**

Balance at the beginning of the year	5,42,85,110	1,086	2,65,92,130	532
Add : Issued pursuant to Employee Stock Option Plan	2,11,291	4	5,50,425	11
Add : Issued pursuant to Bonus issue (Also refer note 4(c))	-	-	2,71,42,555	543
Balance at the end of the year	**5,44,96,401**	**1,090**	**5,42,85,110**	**1,086**

b) **Shareholders holding more than 5% of the aggregate shares in the Company**

	Nos.	% holding	Nos.	% holding
Equity Shares of ₹ 2 each				
Mr. Rajiv Mittal (Managing Director)	97,09,406	18%	97,09,406	18%
IDFC Premier Equity Fund	36,18,487	7%	39,37,178	7%
SBI Magnum Taxgain Scheme	33,92,162	6%	23,82,341	4%
	1,67,20,055		**1,60,28,925**	

c) **Bonus issue**

The Company had allotted 2,71,42,555 fully paid up equity shares of face value ₹ 2 each during the year ended 31 March 2015, pursuant to the bonus issue approved by the shareholders through postal ballot by capitalization of share premium. Bonus share of one equity share for every equity share held has been allotted.

d) **Terms/ rights attached to equity shares**

The Company has issued only one class of equity shares having a face value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, which was 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.

During the year ended 31 March 2016, the amount of dividend per share, recognised as distributions to the equity shareholders of face value ₹ 2 each was ₹ 4 (Previous year : ₹ 4).

e) **Shares reserved for issue under options**

The Company had reserved issuance of Equity shares 4,65,785 of ₹ 2 each (Previous year : 7,03,308 shares of ₹ 2 each) for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Plan (ESOP).

Summary of Significant Accounting Policies and Other Explanatory Information

f) **Employee share based plan**

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 4,67,831 shares of the Company's equity shares was reserved for issuance to employees. The Board of Directors determined that the options granted under the Plan would vest not less than one year and not more than five years from the date of grant. The exercise price of options shall be ₹ 900 (Face value of ₹ 5 each) on the grant date.

Particulars	Number of options	Weighted average exercise price (₹)
Outstanding as at 1 April 2014	9,55,679	360
Exercised	5,45,291	360
Lapsed	58,734	360
Bonus Issue	3,51,654	180
Outstanding as at 31 March 2015	7,03,308	180
Exercised	2,11,291	180
Lapsed	26,232	180
Outstanding as at 31 March 2016	4,65,785	180

The Company has calculated the employee compensation cost using the intrinsic value of the stock options. Had the Company used the fair value model to determine Compensation Costs, the impact on the reported net profit and earnings per equity share is presented below :

₹ In Lakhs

	Year ended 31 March 2016	Year ended 31 March 2015
Profit after tax	9,219	11,010
Add : Employee stock compensation under intrinsic value method	-	77
Less : Employee stock compensation under fair value method	-	128
Pro-forma profit	9,219	10,959
Earnings per equity share (In ₹)		
Basic		
- As reported	16.95	20.39
- Pro-forma	16.95	20.29
Diluted		
- As reported	16.82	20.20
- Pro-forma	16.82	20.09

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
5	**Reserves and surplus**		
	Capital reserve		
	Balance at the beginning of the year	14,504	13,948
	Add : Additions made during the year	-	556
	Balance at the end of the year	**14,504**	**14,504**
	Securities premium account		
	Balance at the beginning of the year	27,003	25,473
	Add : Additions made during the year		
	On exercise of employee stock options	376	1,955
	Transfer from stock option outstanding account	17	118
	Transfer to Share Capital on bonus issue	-	(543)
	Balance at the end of the year	**27,396**	**27,003**
	Stock option outstanding account		
	Balance at the beginning of the year	85	132
	Add: Options granted during the year	-	77
	Less : Options exercised during the year	(17)	(118)
	Less: Options lapsed during the year	(6)	(6)
	Balance at the end of the year	**62**	**85**
	General reserve		
	Balance at the beginning of the year	3,295	3,289
	Add : Transfer from stock option outstanding account	6	6
	Balance at the end of the year	**3,301**	**3,295**
	Surplus in the statement of profit and loss		
	Balance at the beginning of the year	43,302	35,895
	Add : Transfer from statement of profit and loss	9,219	11,010
	Less : Final equity dividend proposed/ paid	(2,180)	(2,188)
	Tax on proposed equity dividend	(456)	(445)
	Transfer to capital reserve	-	(556)
	Adjustments for change in ownership interests in subsidiary	(87)	-
	Transfer to legal reserves	(68)	(8)
	Adjustments consequent to change in useful life (Also refer note 13(c))	-	(406)
	Balance at the end of the year	**49,730**	**43,302**
	Legal Reserves		
	Balance at the beginning of the year	27	19
	Add : Transfer from statement of profit and loss	68	8
	Balance at the end of the year	**95**	**27**
	Foreign currency translation reserve	**2,994**	**962**
		98,082	**89,178**

Summary of Significant Accounting Policies and Other Explanatory Information

₹ In Lakhs

	As at 31 March 2016		As at 31 March 2015	
	Nos.	Amount	Nos.	Amount
6 Share application money pending allotment				
Equity Shares of ₹ 2 each	1,961	4	3,728	13
	1,961	**4**	**3,728**	**13**

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.

₹ In Lakhs

	As at 31 March 2016		As at 31 March 2015	
	Long-term	Short-term	Long-term	Short-term
7 Borrowings				
Secured				
Overdraft account/Packing credit	-	25,932	-	6,135
Term loans from banks	747	-	1,320	-
Working capital loan repayable on demand	-	6,490	-	4,296
	747	32,422	1,320	10,431
Unsecured				
Term loans				
From banks	-	299	-	52
From other parties	4,265	-	5,612	-
	5,012	**32,721**	**6,932**	**10,483**

1 During the year the Company has availed packing credit

a. in foreign currency amounting to USD 415 Lakhs (₹ 27,239 Lakhs) (Previous year: USD 315 Lakhs (₹ 19,247 Lakhs)), at an interest rate ranging from 0.91% to 1.42% .

b. in INR packing credit of ₹ 13,950 Lakhs (Previous year - Nil), at an interest rate ranging from 6.00% to 6.30%. These packing credits are repayable within 170 to 180 days, as applicable, from the date of availment and is secured against foreign currency receivables.

2 During the year the Company has availed secured overdraft facility from HDFC bank, Chennai for ₹ 6,393 Lakhs and repaid ₹ 5,718 Lakhs (Previous year: Nil). This overdraft facility was availed at an interest rate ranging from 9.50% to 9.60%, and is secured against fixed deposits.

3 VA Tech Wabag GmbH, has secured term loan facilities for an amount of ₹ 3,690 Lakhs (Previous Year - ₹ 1,699 Lakhs) which is partly secured by parent company guarantee.

4 VA Tech Wabag GmbH, has a working capital loan for an amount of ₹ 1,529 Lakhs (Previous Year - ₹ 1,457 Lakhs) which is repayable on demand and is secured by Raffeisen Bank International guarantee.

5 VA TECH WABAG Tunisie s.a.r.l., had availed unsecured overdraft facilities for an amount of ₹ 299 Lakhs during the year (Previous year - ₹ 52 Lakhs)

6 WABAG MUHIBBAH JV SDN. BHD., has availed a loan of ₹ 55 Lakhs (Previous Year - Nil) for purchase of vehicles.

7 VA TECH WABAG Brno spol S.R.O, has a demand loan of ₹ 150 Lakhs (Previous Year - ₹ 620 Lakhs) which is secured by its trade receivables.

8 VA Tech Wabag S u Teknolojisi Ve Tic. A S availed a demand loan for ₹ 4,470 Lakhs (Previous year - Nil) which is secured by parent company guarantee. The Company also repaid the car loan taken during the previous year for an amount of ₹ 270 Lakhs.

9 Ujams Wastewater Treatment Company (Pty) Limited has an unsecured loan ₹ 357 lakhs (Previous Year - ₹ 434 Lakhs) taken from 2 minority shareholders repayable in 24 instalments beginning June 2015.

10 Ujams Wastewater Treatment Company (Pty) Limited has an unsecured loan ₹ 4,265 Lakhs (Previous Year - ₹ 5,178 Lakhs) from a financial institution DEG-Deutsche Investitions- und Entwicklungsgesellschaft mbH repayable in 50 quarterly instalments beginning May 2015.

11 During the year, International Water Treatment LLC, Muscat, repaid the working capital loan for ₹ 2,092 Lakhs.

12 VA TECH WABAG MUSCAT LLC, OMAN, has availed an overdraft facility for an amount of ₹ 138 Lakhs (Previous Year - Nil) secured by parent company guarantee.

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
8	**Deferred taxes**		
	Deferred tax asset arising on account of:		
	- Provision for employee benefits, liquidated damages and foreseeable losses	933	1,487
	- Allowances for bad and doubtful debts	1,990	2,948
	- Other provisions	54	-
	Total deferred tax asset	**2,977**	**4,435**
	Deferred tax liability arising on account of:		
	Timing difference between depreciation/amortisation as per financials and depreciation as per tax	506	580
	- Receivables and other assets	1,973	1,803
	Total deferred tax liability	**2,497**	**2,383**
	Foreign exchange fluctuation	(23)	(63)
	Total Deferred tax asset, net	**475**	**1,989**
	Disclosed as		
	Deferred tax assets	782	2,289
	Deferred tax liabilities	307	300

Summary of Significant Accounting Policies and Other Explanatory Information

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
9	**Other long term liabilities**		
	Trade payables including acceptances		
	Dues to micro and small enterprises (Also, refer note 11 (a))	-	-
	Dues to others	14,992	15,056
	Advance from customers	-	5,864
	Others	239	206
		15,231	**21,126**

₹ In Lakhs

		As at 31 March 2016		As at 31 March 2015	
		Long-term	Short-term	Long-term	Short-term
10	**Provisions**				
	Proposed dividend to equity shareholders(Also refer note (a) below)	-	2,180	-	2,176
	Dividend tax	-	456	-	443
	Provision for warranty (Also refer note b(i) below)	-	3,492	-	4,500
	Provision for liquidated damages (Also refer note b(ii) below)	-	3,825	-	3,697
	Provision for litigations (Also refer note b(iii) below)	-	30	-	27
	Provision for foreseeable losses on contracts (Also refer note (c) below)	-	69	1,256	1,697
	Provisions for employee benefits (Also refer note (d) below)				
	Gratuity, anniversary and severance payments and others	1,277	1,203	1,113	2,397
	Compensated absences	418	364	430	340
	Provision for taxation (net of advance tax)	-	1,271	-	810
		1,695	**12,890**	**2,799**	**16,087**

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
a)	**Details with respect to proposed dividend**		
	Dividends proposed to		
	Equity shareholders	2,180	2,176
	Proposed dividend per share		
	Equity shareholders (₹) - Face value of ₹ 2 each	4	4
b)	**Reconciliation of provision**		
i	**Provision for warranty**		
	Balance at the beginning of the year	4,500	5,277
	(Reversed)/ created during the year, net	(710)	847
	Utilised during the year	(415)	(1,439)
	Foreign exchange fluctuation	117	(185)
	Balance at the end of the year	**3,492**	**4,500**

A provision is recognized for expected warranty claims on construction contracts completed, based on past experience of level of repairs and returns. It is expected that these costs would be predominantly incurred within one year from the balance sheet date, which generally coincides with the completion of warranty period of the contract. The assumption used to calculate the provision for warranties are based on the company's current status of contracts under execution and information available about expenditure more probable to be incurred based on the company's warranty period for contracts completed.

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
ii	**Provision for liquidated damages**		
	Balance at the beginning of the year	3,697	775
	Created during the year, net	2,073	5,871
	Utilised during the year	(2,154)	(2,893)
	Foreign exchange fluctuation	209	(56)
	Balance at the end of the year	**3,825**	**3,697**

The Company provides performance guarantees to its customers which require it to complete projects within a specified timeframe. In the event of failure to complete a project as scheduled, or in case of a performance shortfall, the Company may generally be held liable for penalties in the form of agreed liquidated damages. The Company provides for liquidated damages when it reasonably expects that a delay in the completion of the project or a shortfall in the performance parameters might give rise to a claim from the customer. Liquidated damages are generally measured and recognized in accordance with the terms of the contracts with customers.

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
iii	**Provision for litigations**		
	Balance at the beginning of the year	27	33
	Foreign exchange fluctuation	3	(6)
	Balance at the end of the year	**30**	**27**

The Company provides for litigations, which is predominantly on account of disputes on statutory dues. The Company 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 Company reverses its provisions on receipt of a favourable order from the appropriate authority and when no further obligation is envisaged.

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
c)	**Provision for foreseeable losses on contracts**		
	Balance at the beginning of the year	2,953	1,655
	(Reversed)/ created during the year, net	(2,830)	2,899
	Utilised during the year	(54)	(1,601)
	Balance at the end of the year	**69**	**2,953**

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.

Summary of Significant Accounting Policies and Other Explanatory Information

d) **Employee benefits**

The Status of all the plans (for the year ended 31 March 2016) are set out in the following tables:

₹ In Lakhs

Particulars	Gratuity	Anniversary	Severence Payments
Defined benefit obligation 1 April 2015	528	74	1,022
Current service cost	75	3	33
Interest cost	39	2	27
Actuarial (gain)/loss	(32)	5	37
Benefits paid	(54)	(15)	(52)
Foreign exchange fluctuation	-	8	110
Defined benefit obligation 31 March 2016	**556**	**77**	**1,177**
Defined benefit obligation 31 March 2016			
Represented by :			
- Unfunded	54	77	1,177
- Partly or Wholly Funded	502	-	-
Total	**556**	**77**	**1,177**
Reconciliation of the Plan Assets			
Fair value of plan assets as at start of the year	450	-	-
Expected return on plan assets	42	-	-
Actuarial losses	(13)	-	-
Contributions by the Group	78	-	-
Benefits paid	(55)	-	-
Fair value of plan assets at Year End	**502**	**-**	**-**
Reconciliation of the liability:			
Defined benefit obligation	556	77	1,177
Fair value of plan assets	502	-	-
Defined benefit plans	**54**	**77**	**1,177**
Classified as:			
Provisions	54	77	1,177
Expense recognized:			
Service costs	75	3	33
Interest costs	39	2	27
Expected return on plan assets	(42)	-	-
Actuarial (gains) losses	(18)	5	37
Total expense recognized	**54**	**10**	**97**
Foreign exchange fluctuation	-	8	110
Total expense recognized in the income statement	**54**	**18**	**207**
Principal actuarial assumptions used:			
Discount rate	7.80%	2.00%	2.00%
Long-term rate of compensation increase	7.50%	3.00%	3.00%
Expected rate of return on plan assets	9.00%	NA	NA
Average remaining life (in years)	23	14	8
Attrition Rate	15.00%	NA	NA

d) Employee benefits (continued)

The Status of all the plans (for the year ended 31 March 2015) are set out in the following tables:

₹ In Lakhs

Particulars	Gratuity	Anniversary	Severence Payments
Defined benefit obligation 1 April 2014	441	86	1,320
Current service cost	65	4	42
Interest cost	37	3	40
Actuarial (gain)/losses	37	(1)	38
Benefits paid	(52)	-	(197)
Foreign exchange fluctuation	-	(18)	(221)
Defined benefit obligation 31 March 2015	**528**	**74**	**1,022**
Defined benefit obligation 31 March 2015			
Represented by :			
- Unfunded	78	74	1,022
- Partly or Wholly Funded	450	-	-
Total	**528**	**74**	**1,022**
Reconciliation of the Plan Assets			
Fair value of plan assets as at start of the year	371	-	-
Expected return on plan assets	34	-	-
Actuarial gains/ (losses)	28	-	-
Contributions by the Group	69	-	-
Benefits paid	(52)	-	-
Fair value of plan assets at Year End	**450**	**-**	**-**
Reconciliation of the liability:			
Defined benefit obligation	528	74	1,022
Fair value of plan assets	450	-	-
Defined benefit plans	**78**	**74**	**1,022**
Classified as:			
Provisions	78	74	1,022
Expense recognized:			
Current and Past service cost	65	4	42
Interest costs	37	3	40
Expected return on plan assets	(34)	-	-
Actuarial (gains) losses	10	(1)	38
Foreign exchange fluctuation	-	-	-
Total expense recognized	**78**	**6**	**120**
Foreign exchange fluctuation	-	(16)	(220)
Total expense recognized in the income statement	**78**	**(10)**	**(100)**
Actuarial Assumptions:			
Discount rate	7.80%	1.50%	2.50%
Long-term rate of compensation increase	7.50%	3.00%	2.00%
Expected rate of return on plan assets	9.00%	NA	NA
Average remaining life (in years)	24	15	9
Attrition Rate	15.00%	NA	NA

Summary of Significant Accounting Policies and Other Explanatory Information

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
11	**Trade payables**		
	Dues to micro and small enterprises (Also, refer note (a) below)	389	77
	Dues to others	1,03,604	86,454
		1,03,993	**86,531**

(a) For details of disclosure pursuant to section 22 of Micro, Small and Medium Enterprises Development Act (MSMED), 2006 refer note 10(a) of standalone financial statements.

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
12	**Other current liabilities**		
	Current maturities of long term debts	1,110	649
	Billing in advance	3,079	4,552
	Advance from customers	17,892	11,680
	Unpaid dividends	4	3
	Statutory dues	2,256	1,523
	Other payables	1,817	1,679
	Employee related payables	2,656	1,668
		28,814	**21,754**

There are no amounts due for payment to the Investor education and protection fund under Section 125 of the Companies Act, 2013 as at the balance sheet date.

₹ In Lakhs

	Tangible Assets								Intangible assets		
	Freehold land	Buildings	Plant and machinery	Furniture and fittings	Electrical equipment	Office equipment	Computers	Vehicles	Total	Computer Software	Project concessionaire rights	Total
13 Tangible and Intangible assets												
Gross block												
Balance as at 31 March 2014	1,698	3,715	684	2,581	607	1,521	1,650	1,414	13,870	3,646	-	3,646
Additions	-	-	190	301	12	46	231	615	1,395	249	8,262	8,511
Disposals/ adjustment	-	-	54	577	22	70	65	164	952	59	-	59
Foreign exchange fluctuation	-	(11)	(37)	(47)	(1)	(75)	(78)	(101)	(350)	(165)	(691)	(856)
Balance as at 31 March 2015	**1,698**	**3,704**	**783**	**2,258**	**596**	**1,422**	**1,738**	**1,764**	**13,963**	**3,671**	**7,571**	**11,242**
Additions	-	182	123	336	38	93	199	375	1,346	88	-	88
Disposals/ adjustment	-	46	5	13	11	2	29	108	214	13	-	13
Assets held for sale (Also refer note (a) below)	-	-	38	138	27	26	-	-	229	-	-	-
Foreign exchange fluctuation	-	5	28	4	-	48	38	25	148	95	(1,087)	(992)
Balance as at 31 March 2016	**1,698**	**3,845**	**967**	**2,723**	**650**	**1,587**	**1,946**	**2,056**	**15,472**	**3,841**	**6,484**	**10,325**
Accumulated depreciation/amortization												
Balance as at 31 March 2014	-	14	265	373	77	438	1,222	675	3,064	2,534	-	2,534
Depreciation/amortization for the year	-	51	93	132	25	71	127	58	557	424	111	535
Reversal on disposal of assets/ adjustments	-	-	35	316	10	44	62	97	564	56	-	56
Adjustments consequent to change in useful life	-	-	6	9	6	243	114	28	406	-	-	-
Foreign exchange fluctuation	-	-	(20)	(11)	-	(52)	(69)	(44)	(196)	(194)	(14)	(208)
Balance as at 31 March 2015	**-**	**65**	**309**	**187**	**98**	**656**	**1,332**	**620**	**3,267**	**2,708**	**97**	**2,805**
Depreciation/amortization for the year	-	63	54	274	78	223	229	317	1,238	462	351	813
Reversal on disposal of assets/ adjustment	-	2	1	6	8	14	42	54	127	13	-	13
Assets held for sale (Also refer note (a) below)	-	-	30	123	12	19	-	-	184	-	-	-
Foreign exchange fluctuation	-	2	10	5	-	(16)	40	27	68	81	(68)	13
Balance as at 31 March 2016	**-**	**128**	**402**	**583**	**180**	**868**	**1,559**	**910**	**4,630**	**3,238**	**380**	**3,618**
Net block												
Balance as at 31 March 2015	**1,698**	**3,639**	**474**	**2,071**	**498**	**766**	**406**	**1,144**	**10,696**	**963**	**7,474**	**8,437**
Balance as at 31 March 2016	**1,698**	**3,717**	**565**	**2,140**	**470**	**719**	**387**	**1,146**	**10,842**	**603**	**6,104**	**6,707**

Notes

a. Assets held for sale:

The Company had during 2013-14 moved into its new premises “Wabag house” and hence retired certain assets at its old premises from active use. These assets were valued at lower of net book value and net realisable value. In the current year, a part of these assets have been brought back to active use and included as part of the fixed assets.

b. Change in method of depreciation

The company has changed the accounting policy for providing depreciation on tangible assets from ‘Written Down Value’ method to ‘Straight Line’ method effective 01 April 2014 in order to reflect a suitable allocation of cost of tangible and intangible assets over the pattern in which the economic benifits are derived from the use of these assets and resulting in more appropriate presentation of the financial statements. Accordingly an amount of ₹ 1,061 lakhs (net) being accumulated depreciation charged during the earlier years has been reversed in the consolidated results for the year ended 31 March 2015 and depreciation is being computed accordingly under the revised policy.

c. Change in useful life of tangible assets

Effective 01 April 2014, the Company has revised the useful life of fixed assets based on Schedule II to the Companies Act, 2013. Consequently, the depreciation for the year ended 31 March 2015 is higher to the extent of ₹ 629 lakhs. Further, an amount of ₹ 406 lakhs representing the carrying value of assets with revised useful life as Nil, has been charged to the opening reserves as on 01 April 2014.

Summary of Significant Accounting Policies and Other Explanatory Information

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
14	**Non-current investments**		
	Trade Investments (Valued at cost unless stated otherwise)		
	Investments in Associate Companies		
	Windhoek Goreangab Operating Company (Pty) Limited	198	257
	(The group holds 33 shares of 1 Namibian dollar each, representing 33% of the share capital (Previous year: 33 Shares))		
	VA Tech Wabag and Roots Contracting (Qatar) L.L.C***	58	-
	(The group holds 98 shares of QAR 1,000 each, representing 49% of the share capital (Previous year: 98 shares))		
	Investments in Other Companies		
	First STP Private Limited	15	15
	(150,000 (Previous year :150,000) equity shares of ₹ 10 each)		
	Konark Water Infraprojects Private Limited	1	1
	(5,000 (Previous year : 5,000) equity shares of ₹10 each)		
	Aurangabad City Water Utility Company Limited	1	1
	(5,000 (Previous year : 5,000) equity shares of ₹10 each)		
	OEG Renew Waters (Thoothukudi) Private Limited *	-	-
	(2,600 (Previous year : 2,600) equity shares of ₹ 10 each)		
	Ganapati Marine Enterprises Private Limited #	-	-
	(158 (Previous Year:158) equity shares of ₹10 each)		
	Investments in Mutual Funds		
	- ICICI Prudential fixed maturity plan (10,000,000 units of ₹ 10 each)	1,000	-
	- UTI fixed term interval fund (5,000,000 units of ₹ 10 each)	500	-
		1,773	**274**
	Aggregate amount of		
	-Unquoted investments	1,773	274
	-Provision for diminution in value of investments	-	-
	Extent of Investment in Other Companies		
	First STP Private Limited	5%	5%
	Konark Water Infraprojects Private Limited	10%	10%
	Aurangabad City Water Utility Company Limited	10%	10%
	OEG Renew Waters (Thoothukudi) Private Limited	26%	26%
	Ganapati Marine Enterprises Private Limited**	0%	0%

* Since the amount of investment is ₹ 26,000, the same is below the rounding off norm adopted by the Company.

Since the amount of investment is ₹ 1,580, the same is below the rounding off norm adopted by the Company.

** Since the extent of investment is .016%, the same is below the rounding off norm adopted by the Company.

*** Pursuant to an exclusive contractual arrangement providing for a majority share in the economic interests and control of voting power in the Project-I of the Company, the investment was classified as a Subsidiary at inception. During the year, 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 now reclassified as an associate based on ownership as against the economic interests in the respective projects.

₹ In Lakhs

		As at 31 March 2016		As at 31 March 2015	
		Long-term	Short-term	Long-term	Short-term
15	**Loans and advances**				
	Capital advances				
	- Secured, considered good	416	-	518	-
	(A)	416	-	518	-
	Security deposits				
	- Unsecured, considered good	996	899	342	1,079
	(B)	996	899	342	1,079
	Other loans and advances				
	(Unsecured, considered good)				
	- Advances to supplier	15	9,471	-	9,250
	- Advances to employees*	127	342	95	300
	- Advance tax (Net of provision for tax)	-	275	-	-
	(C)	142	10,088	95	9,550
	Total (A+B+C)	1,554	10,987	955	10,629

* No amount is due from officers of the company

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
16	**Other non-current assets**		
	Non-current bank balances (Also refer note 20)	1,600	7,540
	Interest accrued on mutual funds and fixed deposits	253	1,481
	Long term trade receivables and retention - Unsecured, considered good	27,476	15,128
		29,329	24,149

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
17	**Current investments**		
	Valued at lower of cost and fair value		
	Investments in mutual funds - Unquoted		
	- Reliance yearly interval fund (45,91,916 units of ₹ 10.8887 each)	500	500
	- Reliance yearly interval fund (45,90,694 units of ₹ 10.8916 each)	500	500
	- HDFC Mutual Fund fixed maturity plan (1,00,00,000 units of ₹ 10 each)	-	1,000
	- ICICI Prudential fixed maturity plan (1,00,00,000 units of ₹ 10 each)	-	1,000
	- UTI fixed term interval fund (50,00,000 units of ₹ 10 each)	-	500
		1,000	3,500
	Aggregate amount of		
	-Unquoted investments	1,000	3,500
	-Provision for diminution in value of investments	-	-

Summary of Significant Accounting Policies and Other Explanatory Information

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
18	**Inventories**		
	Construction work-in-progress	8,959	4,001
	Stores and spares	803	698
		9,762	**4,699**

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
19	**Trade receivables**		
	(Unsecured considered good, unless stated otherwise)		
	Outstanding for a period exceeding six months from the date they are due for payment		
	Considered good	38,643	17,590
	Doubtful	3,147	3,453
		41,790	**21,043**
	Less : Allowances for bad and doubtful debts	(3,147)	(3,453)
	(A)	**38,643**	**17,590**
	Outstanding for a period less than six months from the date they are due for payment		
	Other debts	1,27,204	1,23,806
	(B)	**1,27,204**	**1,23,806**
	Customer retention		
	Considered Good	10,972	6,670
	Doubtful	400	937
		11,372	**7,607**
	Less : Allowances for doubtful retention	(400)	(937)
	(C)	**10,972**	**6,670**
	Total (A+B+C)	**1,76,819**	**1,48,066**

₹ In Lakhs

			As at 31 March 2016		As at 31 March 2015	
			Current	Non-current	Current	Non-current
20	**Cash and bank balances**					
	Cash and cash equivalents					
	Cash on hand		182	-	154	-
	Cheques on hand		4,361	-	9,088	-
	Balances with banks					
	- in current accounts		19,822	-	10,112	-
	- in deposit account (with maturity upto 3 months)		7,291	-	4,603	-
		(A)	**31,656**	**-**	**23,957**	**-**
	Other bank balances					
	Unpaid dividend account		3	-	3	-
	Deposits with maturity more than 3 months but less than 12 months*		4,177	-	7,157	-
	Balances with bank held as margin money		-	1,600	-	7,540
		(B)	**4,180**	**1,600**	**7,160**	**7,540**
	Less : Amounts disclosed as other non-current assets (refer note 16)	**(C)**	**-**	**1,600**	**-**	**7,540**
		Total (A+B-C)	**35,836**	**-**	**31,117**	**-**

* Deposits amounting to ₹ 675 Lakhs (Previous year Nil) are subject to a charge to secure the Company's short term borrowings (Also refer note 7(2))

₹ In Lakhs

		As at 31 March 2016	As at 31 March 2015
21	**Other current assets**		
	(Unsecured, considered good)		
	Balances with government authorities	8,242	6,235
	Duty drawback and other duty free credit entitlement receivable	532	1,265
	Assets held for sale (at lower of net book value and net realisable value) (Also refer note 13(a))	-	18
	Rent advance	447	381
	Prepaid expenses	2,076	2,435
	Interest accrued	1,801	622
	Other deposits	1,929	953
		15,027	**11,909**

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
22	**Revenue from operations**		
	Sale of services	2,54,205	2,42,838
	Other operating revenues, net	652	677
		2,54,857	**2,43,515**

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
23	**Other income**		
	Interest income	472	778
	Foreign currency gain, net	333	-
		805	**778**

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
24	**Cost of sales and services**		
	Material costs	94,218	76,803
	Civil costs	41,944	41,289
	Erection and commissioning costs	9,402	12,013
	Taxes and duties	7,047	8,294
	Site establishment cost	8,464	5,901
	Engineering costs	18,883	14,712
	Project consultancy fee	1,716	2,465
	Warranty expenses/(reversal)	(710)	847
	Forseeable losses on contracts (Also refer note 10(c))	(2,830)	2,899
	Project travel	1,987	2,103
	Insurance costs	1,095	1,032
	Power and fuel	4,786	6,062
	Liquidated damages	2,073	5,871
	Other project expenses, net	15,748	12,197
		2,03,823	**1,92,488**

Summary of Significant Accounting Policies and Other Explanatory Information

₹ In Lakhs

	Year ended 31 March 2016	Year ended 31 March 2015
25 Changes in inventories		
Inventories at the beginning of the year		
Construction work-in-progress	4,001	2,858
Stores and spares	698	644
	4,699	**3,502**
Less: Inventories at the end of the year		
Construction work-in-progress	8,959	4,001
Stores and spares	803	698
	9,762	**4,699**
Foreign exchange fluctuation	131	(313)
	(4,932)	**(1,510)**

₹ In Lakhs

	Year ended 31 March 2016	Year ended 31 March 2015
26 Employee benefits expense		
Salaries and wages	18,182	16,080
Contribution to defined benefit plans (Also refer note 10(d))	131	278
Contribution to provident and other defined contribution funds	1,222	1,282
Expense on Employee Stock Option Plan (ESOP) (Also refer note 4(f))	-	77
Staff welfare expenses	2,231	2,345
	21,766	**20,062**

₹ In Lakhs

	Year ended 31 March 2016	Year ended 31 March 2015
27 Other expenses		
Rent	1,333	1,635
Insurance	344	264
Power and fuel	335	294
Rates and taxes	295	131
Repairs and maintenance	857	709
Professional charges (Also refer note 33)	1,894	1,481
Communication expenses	340	362
Traveling and conveyance	1,573	1,355
Foreign currency loss, net	-	170
Bad and doubtful debts, net	2,685	2,766
Advertisement	282	312
Loss on sale of tangible assets, net	24	51
Other selling expenses	12	158
Research and development expenses	154	141
Corporate social responsibility expenses	97	33
Miscellaneous expenses	1,843	1,666
	12,068	**11,528**

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
28	**Finance costs**		
	Interest expenses	2,490	1,479
	Bank charges	2,224	2,444
		4,714	**3,923**

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
29	**Depreciation and amortisation expense**		
	Depreciation of tangible assets (Also refer note 13)	1,238	557
	Amortisation of intangible assets (Also refer note 13)	813	535
		2,051	**1,092**

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
30	**Earnings per equity share (EPS)**		
	Nominal value of equity shares	2	2
	Profit attributable to equity shareholders (A)	9,219	11,010
	Weighted average number of equity shares outstanding during the year (B) *	5,44,36,869	5,40,04,064
	Basic earnings per equity share (A/B) (in ₹)	**16.95**	**20.39**
	Dilutive effect on profit (C)	-	-
	Profit attributable to equity shareholders for computing diluted EPS (D) = (A+C)	9,219	11,010
	Dilutive effect on weighted average number of equity shares outstanding during the year (E)	3,28,124	5,37,281
	Weighted average number of equity shares for computing Diluted EPS (F) = (B+E) *	5,47,64,993	5,45,41,345
	Diluted earnings per equity share (D/F) (in ₹)	**16.82**	**20.20**

*adjusted for bonus issue (Also refer note 4(c))

Summary of Significant Accounting Policies and Other Explanatory Information

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
31	**Construction contracts**		
	In terms of the disclosures required to be made under the Accounting Standard (AS) 7 as notified in section 133 of the Companies Act, 2013, the amounts considered in the financial statements up to the balance sheet date are as follows:		
	Contract revenue recognised	2,19,817	1,97,627
	Aggregate amount of costs incurred and recognised profits and losses for all contracts in progress	6,90,921	4,12,290
	Less : Progressive billings	6,40,481	3,70,875
		50,440	**41,415**
	Recognised as :		
	Due from customers for construction contract work, recognised in Trade receivables	53,519	45,981
	Due to customers for construction contract work, recognised in current liabilities	(3,079)	(4,566)
		50,440	**41,415**
	Advances received from customers for contracts related to work not yet performed included in 'Other long term liabilities' and 'Other current liabilities'.	17,892	17,531
	Retention on contracts included within 'Trade receivables' and 'Other non-current assets'.	30,750	22,294

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
32	**Disclosures in respect of non-cancellable operating leases**		
	The lease rentals charged for the years ended 31 March 2016 and 2015 and maximum obligation on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as provided below:		
	The total of future minimum lease payments for each of the following periods:		
	(i) Not later than one year	801	547
	(ii) Due later than one year and not later than five years	790	311
	(iii) Due later than five years	-	-
	Total	**1,591**	**858**
	Lease payments charged off to the statement of profit and loss	1,333	1,635

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
33	**Payments to auditors (included as part of professional charges)***		
	As auditor		
	Statutory audit	25	25
	Limited review	7	7
	Tax audit	3	3
		35	**35**
	In other capacity		
	Other services	36	39
		36	**39**
		71	**74**

* excluding service tax

₹ In Lakhs

		Year ended 31 March 2016	Year ended 31 March 2015
34	**Remuneration to key managerial personnel**		
	The following table describes the compensation to key managerial personnel which comprises of directors and other managerial personnel. Refer note 32 of the standalone financial statements for details.		
	Rajiv Mittal	265	243
	Others	405	610
	Total	**670**	**853**

₹ In Lakhs

35	**Dividend remitted in foreign currency**		
	Period to which it relates	2014-15	2013-14
	Number of non - resident shareholders (No.)	2	2
	Number of shares held on which dividend was due	48,602	3,542
	(Equity shares of ₹ 2 each)		
	Amount remitted (Euro 2,773.99, Previous year: Euro 355.54)	1,94,408	28,336

Summary of Significant Accounting Policies and Other Explanatory Information

36 Segment reporting

Considering the risk/return profiles of the segments between product and geography, the Group has identified geography as primary segment in accordance with Accounting Standard (AS) 17 Segment Reporting issued by Companies (Accounts) Rules, 2014. The Group does not have any secondary segment.

Year ended 31 March 2016

₹ In Lakhs

Particulars	India	Rest of world	Unallocated	Total
Revenue				
External sales	96,460	1,70,383	-	2,66,843
Other operating income	-	-	652	652
Inter-segment sales	-	(12,638)	-	(12,638)
Total revenue	**96,460**	**1,57,745**	**652**	**2,54,857**
Results				
Segment result	19,380	35,934	-	55,314
Other operating income	-	-	652	652
Unallocated corporate expenses	-	-	35,885	35,885
Operating profit	**19,380**	**35,934**	**(35,233)**	**20,081**
Interest and finance charges	-	-	4,714	4,714
Other income	-	-	805	805
Profit before tax	**19,380**	**35,934**	**(39,142)**	**16,172**
Income taxes	-	-	6,890	6,890
Profit after tax	**19,380**	**35,934**	**(46,032)**	**9,282**
Share of profit in Associate	-	94	-	94
Minority Interest	-	157	-	157
Profit for the year attributable to equity shareholders	**19,380**	**35,871**	**(46,032)**	**9,219**
Other information				
Segment assets	1,71,629	1,28,563	-	3,00,192
Unallocated corporate assets	-	-	468	468
Total assets	**1,71,629**	**1,28,563**	**468**	**3,00,660**
Segment liabilities	1,03,147	96,951	-	2,00,098
Unallocated corporate liabilities	-	-	565	565
Total liabilities	**1,03,147**	**96,951**	**565**	**2,00,663**
Capital expenditure	-	-	-	1,519
Depreciation and amortisation	-	-	-	2,051
Other non cash expenditure, net	-	-	-	599

36 Segment reporting (Continued)

Year ended 31 March 2015

₹ In Lakhs

Particulars	India	Rest of world	Unallocated	Total
Revenue				
External sales	90,815	1,61,863	-	2,52,678
Other operating income	-	-	677	677
Inter-segment sales	-	(9,840)	-	(9,840)
Total revenue	**90,815**	**1,52,023**	**677**	**2,43,515**
Results				
Segment result	16,009	35,851	-	51,860
Other operating income	-	-	677	677
Unallocated corporate expenses	-	-	32,682	32,682
Operating profit	**16,009**	**35,851**	**(32,005)**	**19,855**
Interest and finance charges	-	-	3,923	3,923
Other income	-	-	778	778
Exceptional item	-	-	-	-
Profit before tax	**16,009**	**35,851**	**(35,150)**	**16,710**
Income taxes			5,664	5,664
Profit after tax	**16,009**	**35,851**	**(40,814)**	**11,046**
Share of profit in Associate	-	159	-	159
Minority Interest	-	195	-	195
Profit for the year attributable to equity shareholders	**16,009**	**35,815**	**(40,814)**	**11,010**
Other information				
Segment assets	1,49,903	1,06,280	-	2,56,183
Unallocated corporate assets	-	-	592	592
Total assets	**1,49,903**	**1,06,280**	**592**	**2,56,775**
Segment liabilities	90,078	75,052	-	1,65,130
Unallocated corporate liabilities	-	-	882	882
Total liabilities	**90,078**	**75,052**	**882**	**1,66,012**
Capital expenditure	-	-	-	8,509
Depreciation and amortisation	-	-	-	1,092
Other non cash expenditure, net	-	-	-	13,208

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Sumesh E S**
Partner

Bucharest, Romania
26 May 2016

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

B D Narang
Chairman

Rajiv Mittal
Managing Director

G Parthasarathy
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Bucharest, Romania
26 May 2016

VA TECH WABAG LIMITED

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

Notice

Notice is hereby given that the Twenty First Annual General Meeting (AGM) of the members of VA TECH WABAG LIMITED will be held on Monday, July 25, 2016 at 10.00 a.m. at Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006 to transact the following businesses:

Ordinary Business

1. To consider and adopt:

   a) The audited financial statements of the Company for the financial year ended March 31, 2016, the reports of the Board of Directors and Auditors thereon; and

   b) The audited consolidated financial statements of the Company for the financial year ended March 31, 2016.

2. To declare a dividend on equity shares.

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

4. To ratify the appointment of statutory auditors and in this regard to consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the resolution passed by the members at the AGM held on July 27, 2015, the appointment of M/s. Walker Chandiok & Co. LLP, Chartered Accountants, Chennai (LLP Registration No. AAC- 2085), as the statutory auditors of the Company to hold office till the conclusion of twenty third AGM of the Company to be held in the calendar year 2018 be and is hereby ratified."

Special Business

5. To ratify the remuneration of the Cost Auditors for the financial year ended March 31, 2016 & ending March 31, 2017 and in this regard to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditor S. Chandrasekaran, Practicing Cost Accountant (Membership No.4784) appointed by the Board of Directors of the Company, to conduct audit of cost records of the Company for the financial years, March 31, 2016 & March 31, 2017 be paid a remuneration of ₹ 5,00,000/- per year (Rupees Five Lakhs only) exclusive of service tax and out-of-pocket expenses, if any, incurred in connection with the cost audit"

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

By Order of the Board of Directors
Rajiv Balakrishnan
Company Secretary & DGM –Investor Relations
May 26, 2016

Notes:

1. **A member entitled to attend and vote at the Annual General Meeting (the "Meeting" or "AGM") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.**

   A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. A proxy form for the AGM is enclosed.

2. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company, a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.

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

4. A Statement pursuant to section 102(1) of the Companies Act, 2013, relating to the special business to be transacted at the meeting is annexed hereto.

5. Members are requested to bring their attendance slip along with their copy of annual report to the meeting.

6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

7. Relevant documents referred to in the accompanying notice and the statements are open for inspection by the members at the registered office of the Company on all working days, except saturdays, during business hours up to the date of the meeting.

8. a) The Company has notified closure of register of members and share transfer books from saturday, July 16, 2016 to monday, July 25, 2016 (both days inclusive) for determining the names of members eligible for dividend on equity shares, if declared at the meeting.

   b) The dividend on equity shares, if declared at the meeting, will be credited / dispatched between July 26, 2016 and July 30, 2016 to those members whose names shall appear on the Company's register of members on July 15, 2016 in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.

9. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, Karvy Computershare Private Limited ("Karvy") cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the depository participant by the members.

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

11. The Ministry of Corporate Affairs (MCA) on May 10, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. Pursuant to the said IEPF Rules, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on July 27, 2015 (date of last AGM) on the website of the Company (www.wabag.com) and also on the website of the Ministry of Corporate Affairs. Members wishing to claim dividends,

which remain unclaimed, are requested to correspond with the Company Secretary at the Company's registered office. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's unpaid dividend account, will, as per section 124 of the Companies Act, 2013 (section 205A of the erstwhile Companies Act 1956), be transferred to the Investor Education and Protection Fund.

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

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

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

15. Non-resident Indian members are requested to inform Karvy immediately of:
    a) Change in their residential status on return to India for permanent settlement.

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

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

17. Copies of the annual report 2016 and the notice of the 21st AGM along with the attendance slip and proxy form are being sent by electronic mode only to all the members whose e-mail addresses are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the annual report 2016 are being sent by the permitted mode. Members may also note that the notice of the 21st AGM and the annual report 2016 will be available on the Company's website www.wabag.com. The physical copies of the aforesaid documents will also be available at the registered office of the Company on all working days, except saturdays, during business hours up to the date of the meeting. Members, who require communication in physical form in addition to e-communication, may write to companysecretary@wabag.in.

18. **The business set out in the notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are as under:**
    (i) Pursuant to the provisions of section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI LODR, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the meeting ('remote e-voting')

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

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

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

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

(vi) Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member /beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. July 15, 2016. In other words, a person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, which is July 15, 2016 only shall be entitled to avail the facility of remote e-voting & Insta Poll.

(vii) Any person who becomes a member of the Company after dispatch of the notice of the meeting and holding shares as on the cut-off date i.e. July 15, 2016, may obtain the User ID and password in the manner as mentioned below:

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

Example for NSDL
MYEPWD <space>IN12345612345678

Example for CDSL
MYEPWD <space> 1402345612345678

Example for Physical
MYEPWD <space> XXXX1234567890

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

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

d) If the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.

(viii) The remote e-voting facility will be available during the following period:

Commencement of remote e-voting: From 9.00 a.m. (IST) on July 19, 2016

End of remote e-voting: Up to 5.00 p.m. (IST) on July 24, 2016

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of aforesaid period.

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

(x) Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting, i.e. July 25, 2016.

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

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

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

(b) Enter the login credentials (i.e. User ID and password). In case of physical folio, the User ID will be the E-Voting Event Number (2371)+ Folio number. In case of Demat Account, DP ID + Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit https:// evoting.karvy.com or contact toll free number 1-800- 3454-001 for your existing password.

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

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

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

(f) On successful login, the system will prompt you to select the E-Voting Event Number i.e. 2371 for VA TECH WABAG LIMITED

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

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

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

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

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

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

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

a) E-voting Event Number-2371, User ID and password is provided in the attendance slip.

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

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

3. In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website https://evoting. karvy.com or contact
Mr. B. Srinivas, Deputy Manager
Phone: 040-67161508 or
Tollfree number 1800 345 4001

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")

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

Item No.5

The Board, on the recommendation of the audit committee, has approved the appointment and remuneration of the cost auditor S. Chandrasekaran, Practicing Cost Accountant (Membership No.4784) to conduct the audit of the cost records of the Company for the financial years ended March 31, 2016 and ending March 31, 2017 at a remuneration of ₹ 5, 00,000 (Rupees Five Lakhs only) per financial year in addition to reimbursement of travel and out-of-pocket expenses.

In accordance with the provisions of section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an ordinary resolution as set out at Item No. 5 of the notice for ratification of the remuneration payable to the cost auditors for the financial year ended March 31, 2016 & ending March 31, 2017.

None of the Directors / Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The board commends the ordinary resolution set out at Item No. 5 of the notice for approval by the members.

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36 (3) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

S Varadarajan

S Varadarajan joined the Company as Senior Manager – Finance cum Company Secretary in January 1997. During the last 19 years of his service in the Company, he played active role in demerger of the Company prior to its acquisition by VA Tech Wabag GmbH, Austria in the year 2000. He was part of the management team that carried out management buyout in the year 2005. He played active role in formation of 4 Strategic Business Units (SBU's) in the Company in the year 2007 and took additional charge as SBU Head for O&M business of the Company for a few years. He also played active role in the reverse acquisition of the erstwhile parent Company in Austria in the year 2007 and was instrumental in successful listing of the Company in the Indian bourses in the year 2010. During his tenure with Wabag, Varadarajan has also been overseeing corporate service functions like Human Resources, IT, Legal, Secretarial and General Administration. He is one of the promoters of the Company and holds 21, 85,762 equity shares of the Company as on 31st March 2016.

He is a Graduate in Commerce and Post Graduate in Public Administration. He is a member of the Institute of Cost & Works Accountants of India and the Institute of Company Secretaries of India. Varadarajan has served in Companies like Oil & Natural Gas Corporation, Bharat Electronics Limited and PL Agro Technologies Limited prior to joining the Company. He was honored with CFO-100 Award for three years consecutively for his achievements by CFO India magazine which also carried his cover story in June 2012. Varadarajan does not hold directorships in any other listed Companies in India.

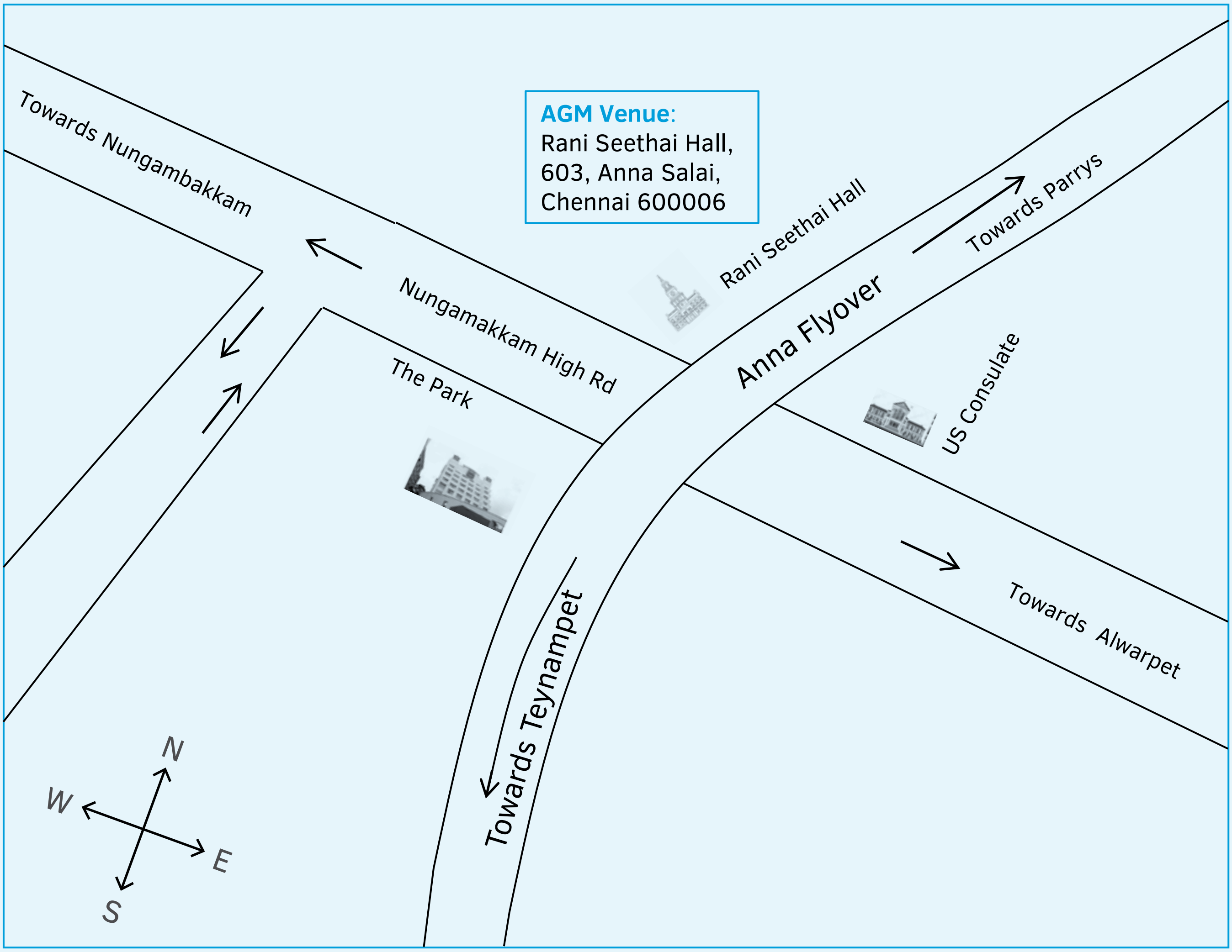
Varadarajan was appointed as a director liable to retire by rotation by the members at the 20th AGM of the Company held on 27th July 2015. He is a member of Stakeholders Relationship Committee, Corporate Social Responsibility Committee & Overseas Investment Committee of the Board.

Further, pursuant to the powers delegated by the members at the 20th AGM of the Company and based on the recommendation of the Nomination and Remuneration Committee of the Board, the Board of Directors at their meeting held on 07th November 2015 designated Varadarajan as Director & Chief Growth Officer of the Company and fixed his remuneration at a Basic Salary of ₹ 3 lakhs per month and other perquisites comprising HRA – not exceeding ₹ 1.50 lakhs per month, Other allowances not exceeding - ₹ 2.32 lakhs per month, Medical expenses reimbursements, Life Insurance/Personal Accident Insurance/ Leave Travel Concession/Encashment of Leave/Contribution to various statutory funds /Provision of Car with driver - as per Company policy, Variable Pay - not exceeding ₹ 3.35 lakhs per month and Productivity Reward- not exceeding ₹ 67,000 per month. As per the terms of employment, the office of Chief Growth Officer may be terminated by the Company or Varadarajan by giving the other 6 (six) month's prior notice in writing. Varadarajan being a related party under section 188 is interested in the resolution set out at Item No. 3 of the Notice. None of the Directors or Key Managerial Personnel of the Company or their relatives, except Varadarajan is concerned or interested in the resolution. The Board commends the re-appointment of S Varadarajan as a Director & Chief Growth Officer of the Company.

Registered Office:
VA TECH WABAG LIMITED
'WABAG HOUSE',
No.17, 200 Feet Thoraipakkam – Pallavaram Main Road, Sunnambu Kolathur,
Chennai 600 117

By Order of the Board of Directors
Rajiv Balakrishnan
Company Secretary & DGM –Investor Relations
May 26, 2016

ROUTE MAP


AGM Venue:
Rani Seethai Hall,
603, Anna Salai,
Chennai 600006
Towards Nungambakkam
Nungamakkam High Rd
The Park
Rani Seethai Hall
Anna Flyover
Towards Parrys
US Consulate
Towards Alwarpet
Towards Teynampet
N
W
E
S

VA TECH WABAG LIMITED

CIN - L45205TN1995PLC030231

Registered Office: 'WABAG HOUSE', No.17, 200 Feet Thoraipakkam - Pallavaram Main Road, Sunnambu Kolathur, Chennai - 600 117

Email : companysecretary@wabag.in | Website: www.wabag.com

PROXY FORM

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

21st Annual General Meeting - July 25, 2016

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

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

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

Address : ....

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

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

Address : ....

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

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

Address : ....

....Signature : ....

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 21st Annual General Meeting of the Company, to be held on Monday, July 25, 2016 at 10.00 a.m. at Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006 and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

Resolution No.	Resolutions	Vote (optional) Refer note 2 below (Please mention no. of shares)		
		For	Against	Abstain
Ordinary business				
1.	Consider and adopt audited financial statements, reports of the board of directors and auditors & audited consolidated financial statements for the FY 2015-16			
2.	Declaration of dividend on equity shares.			
3.	Re-appointment of S Varadarajan, who retires by rotation.			
4.	Ratification of appointment of M/s. Walker Chandiok & Co. LLP as the statutory auditors of the Company.			
Special business				
5.	Ratification of remuneration of the cost auditors for the FY ended March 31, 2016 and ending March 31, 2017.			

Signed this...................................... day of...........2016

Affix
Revenue
Stamp of not
less than ₹1

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

Notes:

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

Europe

1. Austria
2. Switzerland
3. Germany
4. Czech Republic
5. Romania
6. Spain
7. Turkey
8. Russia
9. Bulgaria
10. Bosnia and Herzegovina

Africa

11. Algeria
12. Tunisia
13. Libya
14. Egypt
15. Namibia
16. Tanzania
17. Nigeria

Middle East and Asia

18. Saudi Arabia
19. Oman
20. India
21. P.R. China
22. Macao
23. Singapore
24. Vietnam
25. Philippines
26. Thailand
27. Bahrain
28. Qatar
29. Nepal
30. Malaysia
31. Hong Kong
32. Kazakhstan
33. Turkmenistan
34. Sri Lanka

VA TECH WABAG LIMITED

CIN - L45205TN1995PLC030231
'WABAG HOUSE'
No. 17, 200 Feet,
Thoraipakkam – Pallavaram Main Road,
Sunnambu Kolathur, Chennai – 600 117
T: 91-44-3923 2323
F: 91-44-3923 2324
E: companysecretary@wabag.in
W: www.wabag.com