

# Water

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### Forward-looking statement

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

# The Board



**B D 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**  
Director and Chief  
Growth Officer

## Corporate Information



**Parthasarathy Gopalan**  
Chief Financial Officer



**Pankaj Sachdeva**  
CEO India Cluster



**R Swaminathan**  
Company Secretary

### 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

### Registrars and Transfer Agents

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

### Bankers

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

### 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  
7<sup>th</sup> Floor, Prestige Polygon,  
471, Anna Salai, Teynampet,  
Chennai - 600 018  
P: +91- 44 - 4294 0000

### Internal Auditors

M/s. PKF Sridhar & Santhanam LLP  
Chartered Accountants  
KRD Gee Gee Crystal, No. 91-92,  
7<sup>th</sup> Floor, Dr. Radhakrishnan Salai,  
Mylapore, Chennai - 600 004  
P: +91 - 44 - 2811 2985

### Cost Auditor

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

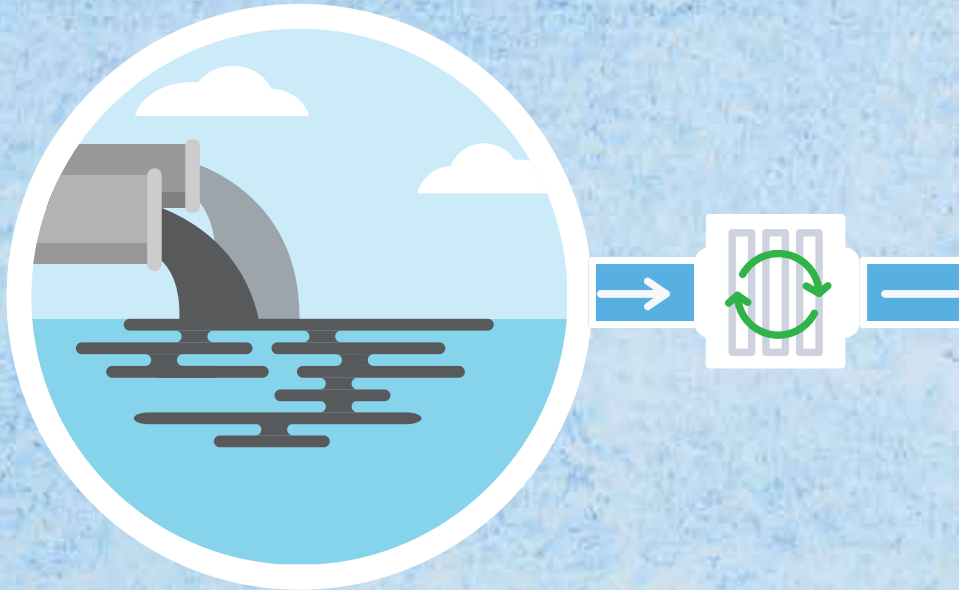


# 4 billion people

**comprising 66% of the global population, face severe water crisis for at least one month of the year.**

The crisis, triggered by limited water availability, is being aggravated by mismanagement of water resources. Poor water management infrastructure has emerged as a major cause for the alarming depletion of the renewable fresh water resources and groundwater.

From 13,390m<sup>3</sup> of renewable internal fresh water resources per capita in 1962 to 5,926m<sup>3</sup> at present, global water resources are depleting at incomprehensible pace. With rising population and ever-increasing demand for water, the situation from here is expected to worsen.



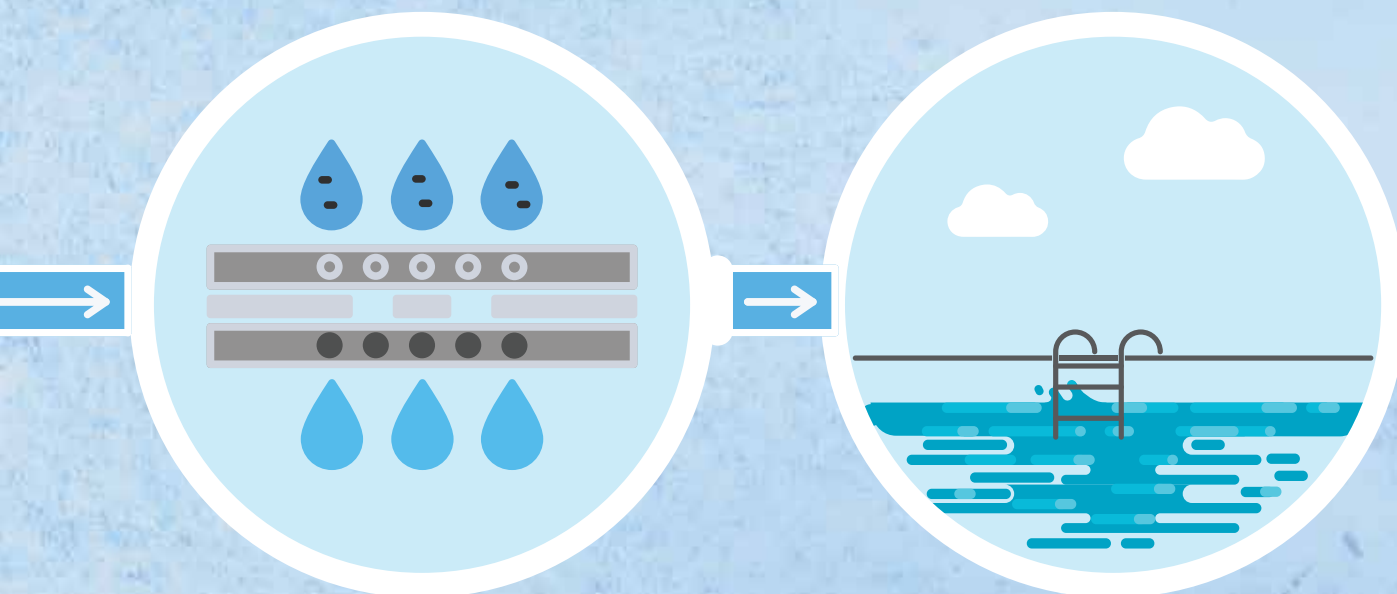
The world is getting  
**water negative.**

As a leading pure-play water Company engaged in providing comprehensive and cost-effective water solutions to the water negative world, we focus on addressing the challenges through our technology, competencies and intellectual capital.

Focussed on the emerging and developing regions of South East Asia, Africa, Middle East, India, Latin America (LATAM) and

Central & Eastern Europe, we are working closely with the municipal and industrial segments to offer technological solutions to overcome water problems.

With robust investments in research & development and passion for innovation, we are capable of handling water EPC projects of any scale across any technology, sector or region.



At WABAG, we are Focussed,  
Committed and Determined  
To make the world...


# water positive.





Polatli WWTP, Turkey





*In existence for over  
nine decades,  
VA Tech WABAG is a leading  
global water technology  
Company.*

It offers a wide range of solutions focussed on conservation, optimisation, recycling and reuse of water resources to address water challenges across the world.

The Company has a growing presence in more than 20 countries across four continents, most of which are emerging markets facing severe water crisis.

# 6 Global Water Experts



## VISION

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

## MISSION

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

## PRESENCE

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

## CERTIFICATIONS

- ISO 9001:2008 for quality
- ISO 14001 for environment
- OHSAS 18001 for operational health and safety

**WABAG's contribution to a water positive world**

**21,700 million**  
litres/day

Estimated clean water produced by WABAG in the last two decades

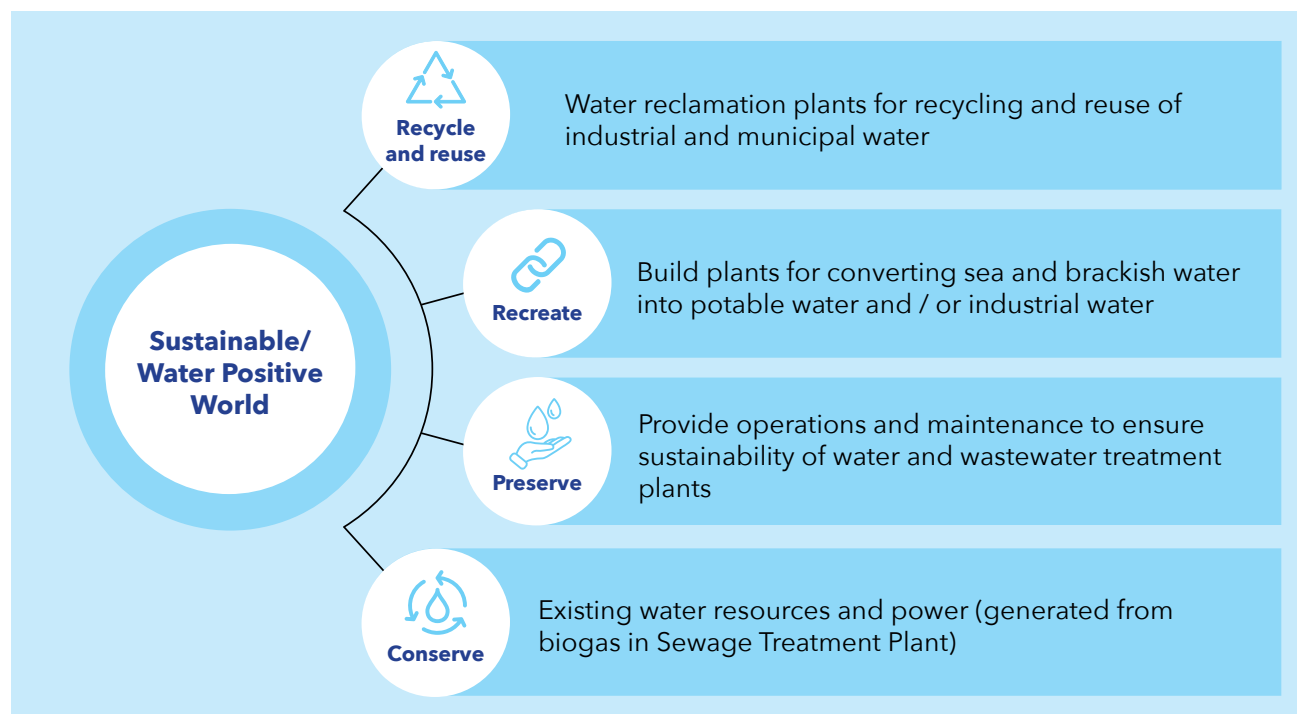
**31,000 million**  
litres/day

Estimated waste water treated by WABAG in the last two decades





## POSITIVE SOLUTIONS FOR A WATER POSITIVE WORLD



### WABAG's EPC solutions

- Drinking water treatment
- Municipal wastewater treatment
- Industrial and process water treatment
- Industrial effluent treatment
- Desalination (sea water and brackish water)
- Recycling (industrial and municipal wastewater)
- Sludge treatment and sludge management

### WABAG's Operations & Maintenance solutions

- Maintenance
- Provide technical team
- Supply chemicals, consumables and spares
- Major and minor repairs
- Equipment replacement
- Plant refurbishment
- Life cycle solution

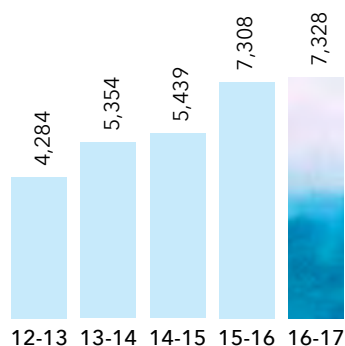
### Sectors catered to

- Municipal Drinking Water and Wastewater
- Oil & gas
- Power
- Fertiliser
- Steel
- Food and beverages
- Chemicals

# Key Performance Indicators

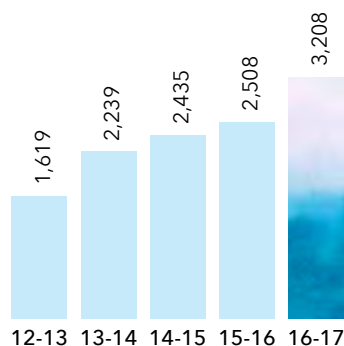
## Order book

(₹ in Crore)



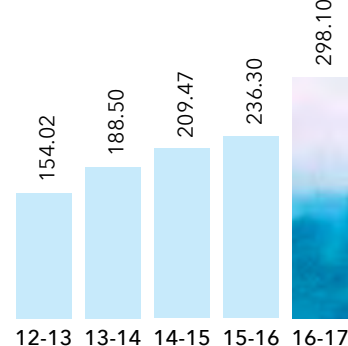
## Revenue from operations

(₹ in Crore)



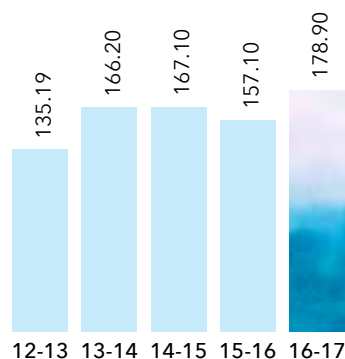
## EBITDA

(₹ in Crore)



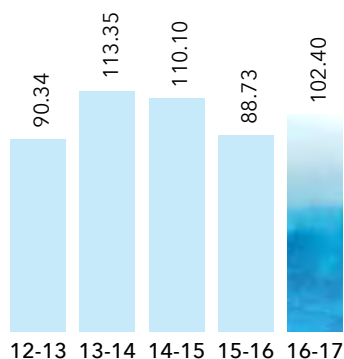
## Profit before tax

(₹ in Crore)



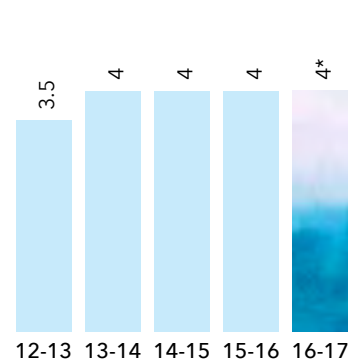
## Profit after tax

(₹ in Crore)



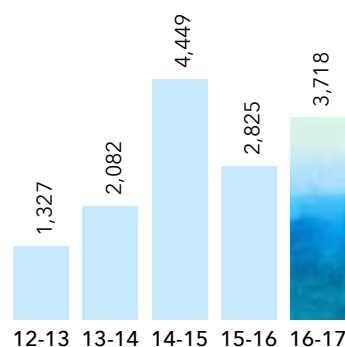
## Dividend

(₹)



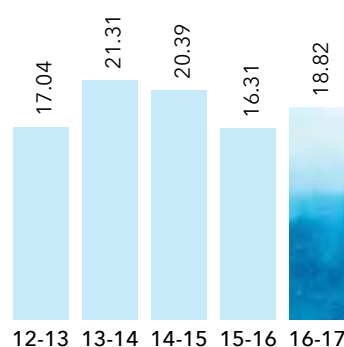
## Market capitalisation

(₹ in Crore)



## Earnings per share

(₹)



\* Dividend recommended by the Board of Directors

2015-16 and 2016-17 numbers are as per Ind AS



# Awards



1. Best Water Technology Company of the Year by Water Digest
2. Business Leader of the Year - Water Management Corporate Leadership and Excellence Award 2017 by Chemtech Foundation



3. TiE Chennai awarded Swachh Bharat (Corporate)
4. D&B Best Infra Project Award for Nemmeli SWRO Desalination Plant
5. BT CSR Excellence Award 2016 - Environmental Sustainability



6. IEI Industry Excellence Award 2016 at 31st Indian Engineering Congress held at Kolkata

# Chairman's Message



## Dear Shareholders,

It is on a positive note that I write to you at the end of FY 2016-17. Despite the water crises prevailing around the globe, the growing awareness on the need to move towards a water positive world has lent a strong impetus to the global efforts to develop a more sustainable water policy framework for the future. As part of this, Governments across the globe are trying to address the universal water challenges through innovative solutions with the support of private sector.



DURING THE YEAR, WE ALSO DEMONSTRATED OUR LEADERSHIP IN THE OIL & GAS SECTOR BY BAGGING A PRESTIGIOUS LARGE CONTRACT WORTH MORE THAN US\$ 84 MN IN THE KINGDOM OF SAUDI ARABIA FROM ONE OF THE WORLD'S LARGEST OIL & GAS COMPANY.

On the Government front, the historic launch of Sustainable Development Goals, the collective agreement among nations at the COP (Conference of Parties) 21 summit and the first-ever official debate on water at the United Nations have put the spotlight on the need to share water as a collective resource.

Further, Governments across the globe are focussing on developing inclusive policies to ensure that water infrastructure and services reach all sections of the society, particularly in the emerging economies, which are bearing the brunt of the problem.

### Creating a water positive world

Given this contextual background, the role of WABAG as a key facilitator of the global transformation from a water negative to a water positive world continues to get bigger and more critical. As we get ready to take on the responsibility of reversing the scenario to make the world water positive, we are working on further augmentation of capacities while leveraging our technological strengths to steer the innovation needed to take us to the next level. We are working closely with municipalities in the emerging and developing nations, as well as industrial units in advanced and emerging nations to spread awareness and find innovative solutions to conserve water.

With our conscious decision of spreading our business judiciously across the developing regions that have severe water concerns, we are continuously striving to address the needs of the most water-starved regions of the world. Further, we are actively leveraging our technological strengths to enhance capabilities in order to expand the ambit of our sectoral offerings and develop innovative solutions that make water infrastructure affordable to Governments and industrial units.



Back in India, the largely ignored water sector is receiving its due importance with Government and municipal bodies getting proactive and setting treated water reuse targets. The water scenario in the country is grave with nearly 22 of the 32 major cities facing daily water shortage. Even the Supreme Court raised its concern by mandating industrial units to set up proper effluent treatment plant within a three months timeframe from judgement, while directing State Governments to build common effluent treatment plants within the next three years.

Also, post the recent State Assembly elections, and the subsequent change of regime in many northern states, we expect the implementation of Namami Gange scheme to gain more traction. The new political scenario would also provide a boost to infrastructural development and facilitate in faster clearance of important bills.

#### The year gone by

FY 2016-17 was interesting for many reasons. For one, we expanded our footprints to Latin America, the fourth continent in our portfolio, by bagging our maiden order in Ecuador. Secondly, we extended our scope of offerings to include the food and beverages sector, which we expect to emerge as a significant contributor to our revenues going forward.

During the year, we also demonstrated our leadership in the Oil & Gas sector by bagging a large repeat order from Dangote for their oil refining company in Nigeria for a value of about US\$ 105.5 Mn and a prestigious large contract worth more than US\$ 84 Mn in the Kingdom of Saudi Arabia from one of the world's largest Oil & Gas Company. Also, we won a Desalination contract for a refinery in Indonesia worth more than US\$ 30 Mn. In addition we bagged a repeat order from Reliance Industries in India for a 24 MLD SWRO & 50 MLD BWRO plants. WABAG's portfolio now boasts of prestigious clients which includes Reliance, IOCL, Petronas, OMV Petrom and large client in Saudi Arabia and Indonesia.

Also, FY 2016-17 was the first full year post the adoption of realignment strategy from the erstwhile Business Unit approach to geographical Cluster approach. We have already started to see the benefits of this realignment through the synergical strengths emanating from our diversified employee base. And finally, we have further strengthened our order book position with new orders worth more than ₹ 3,600 Crore, taking our total order book to around ₹ 8,200 Crore, including framework contracts as on March 31, 2017.

#### Global Water Leader

Before I go further, I would like to take this opportunity to congratulate Mr. Rajiv Mittal, who was voted the 2nd most influential global water leader in the Water and Wastewater International (WWi) magazine's poll for Top 25 Industry Leaders. WABAG is proud of Mr. Mittal for his contribution to the Water Sector as a whole and for stewarding the Company to greater heights.

#### Corporate social responsibility (CSR)

Given the complementary relationship between our business and social development, CSR remains a vital part of our strategy, with our social agenda really close to our hearts. Our social activities revolve around areas of enhancing the planet's sustainability. We collaborate with NABARD and several NGOs to undertake watershed development programmes (focussed on integrated community development), hygiene and sanitation programmes, as well as promotion of water conservation.

We have also undertaken a key initiative in association with Care Earth Trust to restore the wetlands in Narayanpuram – one of the few to have survived Chennai's rapid urbanisation. Our restoration initiatives include bioremediation to cure the lake and soil from contaminants, enhancing water capacity, constructing natural bunds and removal of wild vegetation.

#### The future looks positive

I am confident that as we surge forward towards the realisation of our goal to create a sustainable ecological system built on a water positive ethos, we shall be successful in creating an environment where conservation of water would become top priority for every Government and every institution, as well as individuals, around the world. At WABAG, we shall continue to do our bit with the support of all the stakeholders, who have joined our efforts to make the world a better and more sustainable place. I am grateful to all of them, as well as to all WABAGites and the community at large, for their selfless contribution to this objective. Moving ahead, I see a bright and positive future for all of us as we continue to work passionately and committedly for the creation of a water positive world for sustained collective progress.

Best wishes,  
B D Narang

# MD's Message



## Dear Shareholders,

WABAG stands tall today as an industry leader with global brand recognition having transitioned from an Indian Company into an international player in the field of Total Water Management. With a robust performance on all the key parameters including topline, bottomline, margins, projects secured, etc, we continue to meet the requirement of our clients globally with our quality and commitment to timely delivery.

Our global recognition enabled us to win challenging projects from major international clients, such as Petronas (Malaysia), AMAS (Bahrain), Majis (Oman), Dangote (Nigeria), Pertamina (Indonesia) thereby reaffirming our technological competencies and excellent service capabilities. We offer our clients a unique combination of better and higher standard of quality along with competitive costs, which is an advantage we enjoy due to our human capital spread across Europe, Africa and Asia.

## Highlights FY 2016-17

FY 2016-17 stands out as an important milestone in our growth journey. It marked our foray into Latin America (LATAM), making it the fourth continent of our presence, as we bagged the prestigious US\$ 98 mn municipal wastewater treatment plant order for Las Esclusas in Guayaquil (Ecuador) along with a local partner. Funded by the World Bank, this is the largest order in the region that has not only enhanced our recognition but also opened up vast growth opportunities.

In FY 2016-17, the Company's focussed execution led to a remarkable growth of 28% in the topline and stood at ₹ 3,208 Crore as against ₹ 2,508 Crore during FY 2015-16. The Company also achieved a 26% increase in its operating profits and the EBITDA rose to ₹ 298 Crore in FY 2016-17 from ₹ 236 Crore in FY 2015-16. The PAT for the year stood at ₹ 102 Crore, a rise of 15% from FY 2015-16 despite the impact of liquidated damages paid on the Oman Desalination project. The Company achieved an order intake of over ₹ 3,600 Crore and its backlog stands at around ₹ 8,200 Crore including framework contracts.

## Strategic initiatives

- **Stabilising cluster-based model** - The fiscal under review was the first full year of the Company's operation after organisational realignment. The primary reason for such an arrangement was to enable the Company enhance regional focus through appointment of local business development personnel, effectively deploy resources, reduce redundancies and enhance competitiveness within the organisation. This restructuring had a positive impact on the business performance of the Company in the current fiscal. This enterprise-wide exercise did result in simplification of processes; reinforcement of strengths; re-organisation of business verticals leading to a stronger, better and more focussed global organisation providing comprehensive and competitive end-to-end solutions worldwide.



- **Developing people strength** - We intend to build on the people strength by enhancing their skills, minimising resource redundancies, creating management bandwidth (identifying senior management position gaps and filling them with experienced personnel), imbibing common cultural values among the diversified global team.
- **Sharpening technology edge** - We continue to be a technology savvy organisation and take-up challenging projects. This shall enable us to provide value addition to our customers by reducing competition with low-end technology on pricing front and also ensure better margins.
- **Re-strategising** - We shall continuously evaluate the performance of each subsidiary and geography of our presence to identify key growth drivers and deploy resources accordingly in order to tap new opportunities. Moreover, we shall exit those geographies that are not performing well and where we do not see potential for us in the market.
- **Leveraging group synergies** - We intend to strengthen the synergies among our subsidiaries to help them leverage their relative strengths. While our traditional European operations provide us both references and also access to advanced technologies, our Asian, especially Indian operations provide us resources and cost advantages and the local units complements with local knowledge and competencies.
- **Life cycle partners** - We continue to be the life cycle partner to our clients by providing them quality plant and O&M services to enable them get desired returns on their investments. We continue to have our focus on the O&M business as it has higher margins and provides proximity to our clients to demonstrate our capabilities.

## Outlook

We see huge opportunities coming up in the markets of our presence. The Middle East and South East Asia have huge potential, with large projects coming up in the near term. Armed with local competencies, we are prepared to capitalise on these upcoming opportunities. Despite its huge potential, the LATAM market is yet to pick up. Having established our presence in this market, we intend to strengthen local competencies to prepare ourselves to harness future opportunities that lie ahead.



THE COMPANY  
ACHIEVED AN  
ORDER INTAKE  
OF OVER ₹ 3,600  
CRORE AND ITS  
BACKLOG STANDS  
AT AROUND ₹ 8,200  
CRORE INCLUDING  
FRAMEWORK  
CONTRACTS.

**₹3,208 Cr**  
REVENUE

**₹102 Cr**  
PROFIT AFTER TAX

On the domestic front, India is expected to be the single largest market with massive opportunities likely to come up from the Namami Gange and we, being a leading player in India's water segment, intend to play an important role in water dynamics of the country. Though the scheme has been long delayed, with the change of regime in the recently concluded elections in Uttar Pradesh, things are expected to kickstart sooner than later.

## In conclusion

Before I sign off, I would like to thank all our stakeholders (customers, employees, bankers, contract partners, investor community and shareholders) for reposing their faith in us. I still remember that a few years back, when we had set out on our mission to become a ₹ 1 billion organisation, many people had raised their eyebrows and dismissed it as impossible. However, the confidence and motivation shown by WABAGites over the years has enabled us to reach a point from where this target now seems very much achievable. Though it is longer, it is much safer to follow the organic route in reaching One Billion Euro revenue.

Best regards,  
**Rajiv Mittal**

Committed towards a water positive world...

# *By nurturing passion*



We believe that given the pace of our growth, coupled with our multi-location presence and our aim to become a Billion Euro organisation, imbuing an ethos of passion and common culture among our people is a key to our future progress.

At WABAG, we focus on seeking the brightest and the most passionately-driven people, and invest continuously in nurturing their passion and productivity.

This focus became even sharper as we moved from a strategic business unit (SBU)-based model to a cluster-based model. The shift necessitated a radical change in the organisational set-up, as well as its structures, systems and processes. It also meant forcing people to move out of their comfort zone and take on bigger responsibilities aimed at bringing out their latent potential.

We found that our SBU-based approach, though providing the benefits of being a small, nimble, and agile organisation with cohesive groups and fast decision-making, was leading to lesser collaboration and increased overlapping within the organisation. Thus, it became necessary to integrate the various operations to create a single entity with verticals based not on products but on geographies.





## Creating management bandwidth

As the organisation grows in size and scale, it becomes important to have a strong corporate set-up and wide management bandwidth to address its growing needs. With this objective, we have identified key markets and positions, besides initiating role definition and talent acquisition to enable the Company to handle its operations effectively.

## Targeting higher productivity

At WABAG, we focus on promoting productivity by infusing our people with a common cultural ethos and values along with professional excellence to boost work efficiencies and enable the organisation to achieve bigger goals.

## Grooming fresh talent

We are cognizant of the need to recruit and groom fresh talent and create new avenues for them to take on responsible positions in the future. We provide them with opportunities to shadow key people within the organisation, which enables them to get huge exposure within a short span of time, after which they are encouraged to take on bigger roles. We also focus on enhancing our young entrepreneurs (employees are provided management leadership training) and succession planning programmes.

## Building emotional connect

We believe that every heart that throbs in the organisation is a

WABAG heart. The deep emotional connect that employees have with the Company keeps them motivated to work towards its objectives.

We provide the young Graduate Engineer Trainees a congenial work environment with exciting and challenging responsibilities which paves the way for talent retention. We even adopt an open-door policy wherein many ex-employees choose to return to the Company at the first opportunity.

|                             | SBU concept   | Cluster concept   |
|-----------------------------|---|---|
| Collaboration and synergies | <ul style="list-style-type: none"> <li>Individuals focussed on growth of their respective units</li> </ul>  | <ul style="list-style-type: none"> <li>Individuals can focus on growth of the organisation as a whole</li> </ul>  |
| Redundancies                | <ul style="list-style-type: none"> <li>Separate functional heads and manpower resources for each business groups required</li> <li>High personnel cost</li> </ul>   | <ul style="list-style-type: none"> <li>One head for each function</li> <li>Common manpower resources for effective functioning across all businesses</li> <li>Optimum personnel cost</li> </ul>   |
| Learning and development    | <ul style="list-style-type: none"> <li>Capabilities of individuals getting restricted owing to limited exposure</li> </ul>  | <ul style="list-style-type: none"> <li>Opportunity for individuals to enhance capabilities through exposure to multiple geographies and big ticket-sized projects.</li> </ul>   |
| Competitiveness             | <ul style="list-style-type: none"> <li>Each business group, being small individually could not afford best resource</li> </ul>  | <ul style="list-style-type: none"> <li>The Cluster, being a larger entity, can afford the best resource for each function</li> <li>Enhances competitiveness within the organisation</li> </ul>  |
| Culture                     | <ul style="list-style-type: none"> <li>Each business group had their own distinct culture</li> <li>Disorientation of WABAG's long-term vision</li> </ul>  | <ul style="list-style-type: none"> <li>One WABAG. One culture.</li> <li>Streamlining of brand message, vision and objective</li> </ul>  |
| Resource deployment         | <ul style="list-style-type: none"> <li>Mismatch in resource allocation</li> <li>Certain SBUs had more critical work and less resources, resulting in loss of opportunities and inability to effectively handle projects</li> <li>Others had less work and more critical resources whose capabilities could not be effectively utilised</li> </ul> | <ul style="list-style-type: none"> <li>With resources brought under one umbrella, the Cluster can effectively utilise the same and provide them exposure to large-scale complex projects</li> <li>Enables Company to take on bigger projects, deliver projects on time and enhance capabilities of resources</li> </ul> |

Committed towards a water positive world...

# *By building customer relationships*



At WABAG, we focus on building relationships with our customers by listening to their needs and anticipating their future requirements.



Baraki, Wastewater Treatment, Algeria



We believe that as a Company primarily engaged in EPC and O&M business, with a strong track record and references, it is imperative to provide our customers with value-added services, addressing their specific requirements and enhancing our responsiveness to them in order to get repeat as well as new orders.

Towards this end, we continue to undertake various initiatives to enhance our customer-centricity:

- We leverage robust R&D competencies and patented technologies from our European units, backed by engineering skills from low cost units and customisation ability from local units to deliver world-class projects at affordable cost and within the stipulated time period
- We have developed the ability to understand specific client requirements and provide customised solutions
- We partner with our clients through their project life cycle to ensure that they get the desired return on investment from the plant. We also provide them operational and management services to ensure the long-term sustainable performance of the plant
- We constantly work to maintain high ethical standards, thus building clients' trust in the Company
- We are flexible in our approach and work closely with the clients to match their expectations, where necessary

### Oil and Gas Sector

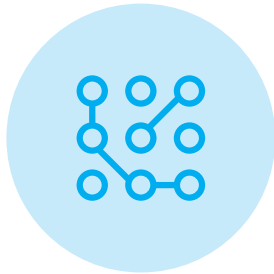
WABAG has been a leading global water technology player offering customised solutions to an array of key clients in the Industrial sector. The success has been more pronounced in the Oil and Gas segment. The number of industrial water, wastewater and reclamation projects executed in the Oil & Gas segment, which sums up to more than 50 globally, stands testimony to WABAG's proven expertise in this segment. The Company has achieved numerous milestones in this segment, with the latest being the 50 MLD UF RO plant executed for Reliance Industries Limited, which was completed and commissioned in a record time of 8.5 months.

Key account management has been a significant contributor to WABAG's success in this sector. Some of the key clients who have reposed their faith in WABAG as a reliable partner include Reliance Industries

Limited, IOCL, Essar (India), Dangote (Nigeria) and OMV (Austria). The Company's order intake from the Oil & Gas segment has seen an uptrend over the previous two years in particular. This has been achieved by the addition of new clients comprising global oil majors to the existing clientele of renowned oil companies, who have entrusted WABAG with major water packages. WABAG has been able to earn the confidence of such global majors on the basis of its customer retention initiatives and proven track record with the existing clients. To substantiate this claim, one of the factors that helped WABAG succeed in bagging the order for an effluent treatment plant at Petronas' RAPID Complex, Malaysia amidst immense global competition was the successful execution and showcase of projects executed by WABAG for Reliance Industries Limited and IOCL over the last 2 decades.

Committed towards a water positive world...

# *By investing in technological innovation*



At WABAG, we are committed to developing business sustainability through regular investment in technological innovation and R&D.

We believe that as a technology-driven engineering player instead of being a mere EPC contractor, we need to provide innovative solutions, backed by advanced technologies and constant investment in research and development (R&D), to secure and successfully execute large-scale technology backed complex projects.



Muttenz WTP, Switzerland



## Strengthening R&D

WABAG has three dedicated R&D centres (Switzerland, Austria and India), housing some of the best talent in the industry. Our R&D activities encompass multiple areas that include:

- Membrane technology
- Micro-pollutants removal
- Direct potable reuse
- Sewage sludge disintegration
- Energy-optimised treatment processes

- Advanced pre-treatment techniques
- High-performance systems for wastewater treatment
- Nitrate removal from drinking water

## Patenting technologies

The Company's European units possess over 100 patented technologies, providing them a competitive advantage to secure new and large orders. Some of these advanced patented technologies include:

### Customised in-house solutions

- Biological Aerobic Treatment
- Sludge Treatment
- Coagulation
- Flocculation • Demineralisation
- Disinfection
- Filtration • Sedimentation
- Reverse Osmosis
- Thermal Desalination • Screening
- Ion Exchange • Ozone Treatment
- UV Treatment

### Patented technology

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



## Pioneering breakthrough

WABAG became the first Company in the world to successfully treat 34.4 MLD PTA (Purified Terephthalic Acid) PX effluent using a combination of advanced technologies (Upflow Anaerobic Sludge Blanket and Membrane Bio Reactor Technology for Anaerobic treatment and Ultra Filtrations and Reverse Osmosis membrane technologies for recycling facility). This recycled water is used back again in the process.

## Making the most of less

In Philippines, the land and power prices are very high, to overcome which WABAG has come up with a unique solution - a self-powering sludge treatment plant that can be installed in small areas. The plant effectively treats sludge and produces energy by utilising the produced biogas during Anaerobic Digestion process.

Committed towards a water positive world...

# *By creating global synergies*



At WABAG, the ability to leverage global competencies and deliver locally makes us GLOCAL (Global Local) with strong synergies among our diversified geographic entities.

We believe that with a large global footprint of having presence in more than 20 countries, mostly emerging and developing markets, it is essential to develop strong synergies among our various global units leveraging each other's strengths, while offering world-class technological and customised water solutions.

### **Synergistic business model**

At WABAG, we have adopted a synergistic business model wherein we effectively utilise our global presence to create new business opportunities. Backed by world-class technologies from European units, along with competitive pricing from our low cost units, we support operations in the Middle East & Africa (MEA), South East Asia (SEA), and Latin America (LATAM) markets.

### **Judicious market strategy**

We continuously evaluate the market demand, political scenario, local Government support and interests of international agencies for project funding across various markets. Based on this, we determine the importance of the region and take necessary actions. In recent times, we entered into new markets like LATAM and Sub Saharan Africa while exiting from China and Algeria.



Wastewater pre-treatment plant at Istanbul, Turkey, operated by WABAG



**EUROPE****technology provider**

- Technology centre for advanced wastewater technologies
- Possesses over 100 patents
- Low working capital requirement
- Provides references for global business

**INDIA****skilled engineering talent base**

- Global headquarters
- Strong balance sheet
- Affordable operational and manpower cost
- High margins
- Technology centre for industrial and desalination business

**SOUTH EAST ASIA**

- Significantly untapped market with huge population

**AFRICA**

- Significantly untapped emerging economy

**MIDDLE EAST**

- Huge desalination market
- High potential for advanced technologies

**LATIN AMERICA**

- Huge market for desalination, industrial and BOOT projects



— — — — Technology provider

- - - - Affordable cost resources provider

Committed towards a water positive world...

# *By focussing on efficiencies*



At WABAG, our focus on streamlining operations and being asset-light enables us to continuously enhance our efficiencies.

We believe that with our multi-locational presence across four continents, it is essential to maintain an asset-light business model with de-risked business approach, for scaling operations and taking on large & complex projects.

## **De-risked business approach**

Our vast geographical spread and business portfolio enables us to remain relatively de-risked. This allows the Company's overall business performance to remain unaffected.



Chirita WTP, Romania



### Augmenting operational efficiencies

We undertook a series of initiatives during the year to further streamline operations and boost efficiencies.

- Identified and created additional management bandwidth at the top level to effectively review operations and undertake strategic decisions to enhance operational efficiencies
- Created new positions in India Cluster (through a combination of internal talents and lateral recruitment) like COO, CEO and more which was necessitated because of growing volume of business

- Commenced project management division in Kolkata for effectively handling projects in eastern India and strengthened manpower in key locations for timely execution of projects

### Asset-light business model

WABAG strategically undertakes high-margin and low-capital intensive jobs (designing & engineering, technology procurement, project management and O&M) in-house, while outsourcing the low-margin and capital intensive civil construction jobs to dedicated contractors. This enables us to remain asset-light.

### Winning Customer Confidence through excellence in execution and maintenance

WABAG had designed, built and successfully commissioned the 20 MLD SWRO Plant in Oman, in 2013. Post this the plant was under Operation & Maintenance by WABAG until November 2014. WABAG was operating this plant as per the requirements and satisfaction of the customer.

Post this, the customer opted for an open tender of 5 years O&M with an option to extend it by 2 years. WABAG submitted its bid along with 4 other bidders.

The contract was awarded to another player in November 2015. Since November 2015 to March 2017, the plant was under operation & maintenance by the other player. But the customer was not happy with the services provided by the player as they were not able to meet the performance requirement. So in late 2016, the customer called WABAG to support the O&M for a further period and the contract, was negotiated and awarded to WABAG.



# 24 *Business Clusters*

## *India Cluster*



The cluster focusses on leveraging technological competence from the European units to provide comprehensive and customised water solutions in the areas of drinking water and wastewater management.



BagBag WWTP, Philippines



Kodungaiyur, WWTP, Chennai, Tamil Nadu, India

### AT A GLANCE

|                                  |   |
|----------------------------------|---|
| Focus Markets                    | Bangladesh, Cambodia, India, Indonesia, Laos, Malaysia, Myanmar, Nepal, Philippines, Singapore, Sri Lanka, Thailand and Vietnam   |
| Key target sectors               | Industrial and Municipal Sector   |
| Strategic importance of location | Largely untapped drinking water and wastewater treatment industry   |
| Advantage                        | <ul style="list-style-type: none"> <li>• Technology</li> <li>• India, the primary resource provider is a part of this cluster</li> <li>• Strong track record and exclusivity (WABAG having the first right of refusal) in certain projects</li> </ul> |

## Europe Cluster



The cluster acts as the Company's technological centre with strong track record and references that facilitates other clusters in winning projects. The cluster has a strong brand reputation in the region having worked on several complex projects.



St. Pourcain WWTP, France



WWTP in Istanbul, Turkey, operated by WABAG

### AT A GLANCE

|                                  |   |
|----------------------------------|---|
| Focus Markets                    | Austria, Czech Republic, Romania, Switzerland and Turkey  |
| Key target sectors               | Industrial sector and Municipal sector  |
| Strategic importance of location | Region provides access to high-end technology-oriented projects   |
| Advantage                        | <ul style="list-style-type: none"> <li>• Robust R&amp;D and patented technology</li> <li>• Track record, project references and excellent reputation</li> <li>• Export business experience</li> </ul> |

## 26 *Business Clusters (continued)*

### *Middle East and Africa (MEA) Cluster*



The cluster has the potential to become the largest revenue generator with significant opportunities in both EPC and O&M business. Within a short span of time, the cluster has earned a strong reputation in the market with large contractors looking to partner with.



Tehran Southern WWTP, Iran



Al Gubrah Desalination, Oman

#### AT A GLANCE

|                                  |  |
|----------------------------------|--|
| Focus Markets                    | Bahrain, Egypt, Iran, Libya, Namibia, Nigeria, Oman, Qatar, Saudi Arabia, Tanzania and Tunisia   |
| Key target sectors               | Municipal EPC and O&M for water desalination and brackish water projects, sewage treatment plants and industrial projects  |
| Strategic importance of location | <ul style="list-style-type: none"> <li>• Huge market potential</li> <li>• Massive scale EPC projects and long-term O&amp;M projects</li> </ul>   |
| Advantage                        | <ul style="list-style-type: none"> <li>• Strong competencies in desalination, municipal and industrial water segments</li> <li>• Cost-effective and recognised technology provider</li> <li>• Reputation of being reliable partners</li> <li>• Established presence in O&amp;M business</li> </ul> |



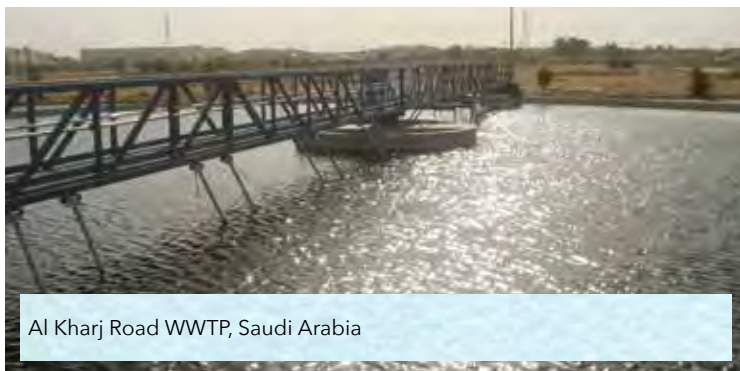
## Latin America (LATAM) Cluster



The cluster received its first order during the current fiscal. The order being the largest order in the region has significantly enhanced the Company's brand recognition in the region. The Company is looking forward to collaborations to further penetrate in the market.



Médéa WWTP, Algeria



Al Kharj Road WWTP, Saudi Arabia

### AT A GLANCE

|                                  |   |
|----------------------------------|---|
| Focus Markets                    | Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru and Uruguay |
| Key target sectors               | Industrial and Municipal Sector                                       |
| Strategic importance of location | Huge market for desalination, municipal, industrial and BOOT projects |
| Advantage                        | Robust technological and resource backing from the group              |

## 28 *Being Positively Responsible*



The Corporate Social Responsibility at WABAG is an integral part of our core business. Our CSR activities revolve primarily around the areas of water and sanitation aimed at benefiting marginal farmers and underprivileged sections of the society.

The Company has made a steady progress in its CSR journey in the past three years while achieving important milestones in the year gone by.

Summary of CSR projects implemented during the year under review and committed under CSR programme are outlined hereunder:

### **Watershed development**

Our watershed development programme targets comprehensive village development through conservation, regeneration and sensible use of resources. In view of this, we partnered with National Agro Foundation and Hand-in-Hand India to undertake watershed development programmes in Kancheepuram and Cuddalore

districts. Further, the Cuddalore site being close to our Veeranam project facilitates regular project overlooking by the Company's employees.

### **E-pios at NCR**

At the request of our client, Delhi Jal Board, we agreed to provide 10 E-pios (water vending machines) at identified locations across the Inner Ring Road, New Delhi for providing

travellers access to cold and clean water free of cost. We have so far installed six units and two more units are ready for commissioning.

### **Hygiene improvement practices**

WABAG tied up with the Centre for Science, Technology and Development Studies for improving hygiene practices at Viralipatti village, Pudukottai district with focus

on making it an open defecation free village. As a result of this CSR intervention with sustained focus on hygiene, the awareness level among the villagers significantly increased. The impact of the programme was such that few house owners even volunteered to contribute their physical labour for constructing toilets in their houses, while others agreed to pay advances for construction. The district administration has sanctioned 30

toilets to individuals in this Panchayat. As part of the programme, training was imparted to the masons on the role in construction of a well-designed toilet as per technical specifications provided by the Department.

### Micro Irrigation System

In line with the Company's focus on water conservation and water use efficiency, WABAG provided grant to National Agro Foundation

Training Centre for establishing micro irrigation system to educate the farmers on the need for drip irrigation and sprinkler system to enhance proportion of dry land cultivation. The project commissioned in January 2017 proves to be one of the best practices for the farmers.

## Concern for environment



**Project:** Restoration of Pallikaranai marshland which is in close proximity to the Company headquarters.

**Status:** Completed.

**Significance of marshland:** Amongst the most productive ecosystems housing over 400 water bodies that provides water to living beings, hosts diverse species and is an important groundwater recharging source for South Chennai.

**Issue:** Rapid urbanisation and climate change led to significant reduction in the size (from 6,000 hectares in 1960s to 593 hectares in early 2000s) of wetlands along with ecological destruction. Besides, the dumping of untreated sewage led to severe contamination.

**WABAG solution:** The Company partnered with Care Earth Trust for restoring the wetlands and enhancing its capacity by removing the massively populated hyacinth with the aid of mechanised extractors and then strengthening bunds by planting vegetation. Prior to commencing the project, training programmes targeted on educating local residents on the benefits of wetland restoration was also undertaken.

**Challenges:** Initial local resistance and Vardah 2016 led to delays in project implementation.



# Ten-Year Financials

₹ in Lakhs

|                      | 2016-17  | 2015-16  | 2014-15  | 2013-14  | 2012-13  | 2011-12  | 2010-11  | 2009-10  | 2008-09  | 2007-08 |
|----------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|---------|
| Share Capital        | 1,091    | 1,090    | 1,086    | 532      | 531      | 530      | 528      | 468      | 415      | 415     |
| Reserves and Surplus | 98,222   | 90,938   | 81,617   | 83,563   | 71,004   | 63,672   | 56,568   | 39,694   | 37,376   | 22,664  |
| NetWorth®            | 1,01,039 | 92,853   | 83,402   | 84,399   | 71,733   | 64,300   | 57,096   | 40,162   | 37,931   | 23,212  |
| Revenue              | 3,20,791 | 2,50,825 | 2,43,515 | 2,23,860 | 1,61,885 | 1,44,352 | 1,24,182 | 1,22,947 | 1,13,081 | 71,307  |
| EBITDA               | 29,810   | 23,630   | 20,947   | 18,850   | 15,401   | 13,003   | 12,103   | 11,713   | 8,352    | 829     |
| Profit Before Tax    | 17,890   | 15,710   | 16,710   | 16,620   | 13,519   | 11,105   | 8,342    | 7,441    | 3,790    | 6,124   |
| Profit After Tax     | 10,240   | 8,873    | 11,010   | 11,335   | 9,034    | 7,375    | 5,257    | 4,476    | 3,488    | 6,073   |
| Dividend per Share^  | 4*       | 4        | 4        | 4        | 3.5      | 3        | 2        | -        | -        | -       |

\* Dividend recommended by the Board of Directors

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

^Adjusted for Bonus issue in FY 2015 and stock split in FY 2012

# *Statutory Reports*

**32** Board's Report

**66** Management Discussion and Analysis

**84** Report on Corporate Governance

**100** Business Responsibility Report



# 32 Board's Report

## Dear Members,

Your Directors are pleased to present the 22<sup>nd</sup> Annual Report of the Company, together with the Audited Financial Statements for the year ended March 31, 2017.

Pursuant to the notification dated February 16, 2015 issued by the Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standards ("IND AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Financial Statements for the year ended and as at March 31, 2016 have been restated to Ind AS. Note 2 to the consolidated financial statements provides further explanation on the transition to Ind AS.

## Financial summary

Your Company's financial performance for the year ended March 31, 2017 is summarized below:

|   | ₹ in Lakh  |          |              |          |
|---|------------|----------|--------------|----------|
|   | Standalone |          | Consolidated |          |
|   | 2016-17    | 2015-16  | 2016-17      | 2015-16  |
| Gross turnover (Revenue from operations)  | 1,79,838   | 1,51,343 | 3,20,791     | 2,50,825 |
| Profit before interest, tax & depreciation (EBITDA) excluding exceptional items | 21,585     | 20,001   | 29,810       | 23,630   |
| Profit before tax   | 12,603     | 17,274   | 17,890       | 15,710   |
| Provision for tax   | (5,105)    | (5,900)  | (6,666)      | (6,680)  |
| Profit after tax attributable to owners of the parent                           | 7,498      | 11,374   | 10,240       | 8,873    |

## Business environment

During the year 2016-17, the global economy continued to witness slowdown driven by high political uncertainty, weak global trade, and market volatility. Among the Advanced Economies the growth slumped to 1.7% (2.1% in 2015). But it was marginally better in the Emerging Markets and Developing Economies (EMDEs) with growth being almost flat at 4.1% (4.2% in 2015).

The Indian economy in 2016-17, witnessed a slowdown in its GDP growth momentum from 7.9 % in 2015-16 to 7.1 %. The industrial, services and agriculture sector witnessed growths of 5.2%, 8.8% and 4.1% respectively. The repo rates further eased by 50 basis points while inflation and fiscal deficits remained comfortable at 3.8% and 3.5% respectively. The year also witnessed the crucial initiatives undertaken by the Indian Government by way of demonetizing high value Indian currency in a bid to eliminate the use of counterfeit notes and facilitate transition from parallel economy to formal one. Though this led to initial setbacks and decline in private consumption,

but this initiative is expected to reap benefits in long run and encourage a shift to digital transaction modes.

## State of affairs

In the financial year 2016-17, your Company continued its growth momentum on key parameters, despite sluggish growth/downturn witnessed by industry across globe. Your Company achieved a consolidated turnover of ₹ 3,208 Crore during the financial year 2016-17, as against previous year's turnover of ₹ 2,508 Crore which records a remarkable growth of 28% over the previous year. The Consolidated Profit after tax for the current financial year rose to ₹ 102 Crore from ₹ 89 Crore in the FY 16, thereby recording a growth of 15%. The Standalone revenue too have increased by 19% and stood at ₹ 1,798 Crore in FY 2016-17 and the standalone Profit after tax was at ₹ 75 Crore as against ₹ 114 Crore in previous year. Your Company also achieved an order intake of over ₹ 3,600 Crore and its order backlog stood at around ₹ 8,200 Crore with framework contracts as at the year end. The consolidated EPS was at ₹ 18.82 for the year ended March 31, 2017 as against ₹ 16.31 in the previous year.



## Dividend

Based on the Company's performance, your directors are pleased to recommend for approval of the members a final dividend of ₹ 4/- per equity share for the FY 2016-17 i.e., 200% dividend. With this recommendation of dividend, your company has been consistent in paying dividend to its members since the date of listing of its securities. The final dividend on equity shares, if approved by the members would involve a cash outflow of ₹ 26.04 Crore (inclusive of dividend tax ₹ 4.21 Crore) resulting in a payout of 34.72% of the profits of the Company for FY 2016-17.

The dividend for the FY 2016-17 will be paid to members of the Company whose names appear in the Register of members as on the record date i.e., July 14, 2017 and in respect of shares held in dematerialized 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 and in respect of shares held in physical form, it will be paid to members whose names appear in the Register of Members as on that date.

## Depository system

Your Company's shares are in compulsorily tradable securities in electronic form. As on March 31, 2017, 99.99% of the Company's total paid up capital representing 5,45,73,058 shares are in dematerialized form. In view of the numerous advantages offered by the Depository system as well as to avoid frauds, members holding shares in physical mode are advised to avail of the facility of dematerialization from either of the depositories.

## Management's discussion and analysis

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

## Key projects updates

During the year, your Company progressed well in the key projects being executed in the various geographies globally. The progress of the major projects including Petronas RAPID Effluent Treatment Plant (ETP) in Malaysia, AMAS Sewage Treatment Plant (STP) in Bahrain, Dangote projects in Nigeria, APGENCO projects in Telangana & Andhra Pradesh in India and Polghawella Water Treatment Plant (WTP) in Sri Lanka are being continuously monitored and reviewed in detail by your Board of Directors.

## AL Gubrah desalination project, Oman:

The state-of-art project i.e., 191 MLD AL GUBRAH Desalination project was executed by International Water Treatment LLC (IWT), a SPV incorporated in Muscat, Oman on a joint venture basis by the Company with 32.5% stake, the other joint venture partners of the SPV are Cadagua SA, Spain (37.5%) and Galfar Engineering & Contracting SAOG, Oman (30%). The Project has been commissioned and handed over to the client during February 2016 and the project is under warranty until completion of defect liability period as per the contract. The arbitration proceedings initiated by SPV against the client on the claim of liquidated damages and costs levied by the client on the SPV for the delay in commissioning the project were rejected by the Arbitral Tribunal and the Tribunal had directed the SPV to pay such costs. The details forming part of this Annual Report is provided in the Note No. 33 of financial statements. Subsequently, in order to reflect the true and fair financial position and as prudent business practise, SPV decided to restructure its balance sheet as of March 2017 by reducing capital in conformity with local laws in Oman. Consequently, your company has initiated the necessary regulatory compliances in India as well.

## Corporate governance

Your Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust and your Company always seeks to ensure that its performance goals are met accordingly. Your Company is committed to maintain the highest standards of corporate governance. The disclosures made by your Company seek to attain the best practices in corporate governance as prevalent globally. Your Company implemented several best corporate governance practices to enhance long-term shareholder value and respect minority rights in all our business decisions.

A report on Corporate Governance along with a certificate from the Auditors of the Company regarding the compliance of conditions of Corporate Governance as stipulated under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") forms part of this Annual Report.

## Business Responsibility Reporting

Your Company is one of the Top 500 listed entities as per Market capitalization data issued by Stock exchanges as on March 31, 2016. In accordance with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, all listed entities whose securities are coming under Top 500 listed entities, has to comply with the additional requirement of disclosure viz., Business Responsibility

Report ("BRR"), which should contain disclosures/details, describing the initiatives taken by the company from an environmental, social and governance perspective. The Business Responsibility Report ('BRR') has been prepared and is set out in this Annual Report. The Report provides an overview of initiatives taken by your Company.

### Directors & Key Managerial Personnel

As on March 31, 2017, your Board comprises of 7 Directors including 5 Independent Directors.

During the year under review, the Board, on the recommendation of the Nomination and Remuneration Committee held on November 8, 2016, appointed Pankaj Sachdeva as CEO - India Cluster w.e.f. November 28, 2016. The Board, on the recommendation of the Nomination and Remuneration Committee, appointed R Swaminathan as Company Secretary & Compliance Officer at its meeting held on February 11, 2017 with immediate effect in place of Rajiv Balakrishnan who has resigned during the year.

As per the provisions of the Companies Act, 2013, S Varadarajan, Director & Chief Growth Officer holding office under section 188(1)(f) liable to retire by rotation at the ensuing annual general meeting and being eligible, offered himself for re-appointment. A brief profile of S Varadarajan is given in the notice dated May 25, 2017 convening the AGM of the Company. Your board recommends his re-appointment.

The Members at the 19<sup>th</sup> AGM held on July 21, 2014, had appointed B D Narang, Jaithirth Rao, Sumit Chandwani and Revathi Kasturi, as the Independent Directors of the Company to hold office for three consecutive years for a term up to the conclusion of the 22<sup>nd</sup> Annual General Meeting of the Company to be held in the calendar year 2017. The Company has received a request from Jaithirth Rao, for not seeking re-appointment for a second term. Your Board, on the recommendation of the Nomination and Remuneration Committee held on May 25, 2017, seek the approval of Members of the Company at the ensuing Annual General Meeting, for re-appointment of B D Narang, Sumit Chandwani and Revathi Kasturi as the Independent Directors of the Company for a period of 3, 2 & 3 years respectively from the conclusion of the ensuing Annual General Meeting viz., July 27, 2017 who shall not be liable to retire by rotation, under section 149 of Companies Act 2013.

Your Directors seek re-appointment of B D Narang (DIN:00826573), Sumit Chandwani (DIN:00179100) and Revathi Kasturi (DIN:01837477), as Independent Directors under section 149 of the Act to hold office for 3, 2 & 3 consecutive years respectively. The details of said appointment of Independent directors are covered in the explanatory statement of the Notice calling for the 22<sup>nd</sup> AGM under Section 102 of the Companies Act, 2013. Your Company has received requisite notices in writing from members proposing B D Narang, Sumit Chandwani and Revathi Kasturi as Independent Directors.

### Declaration by independent directors

Independent Directors of the Company provide declarations, both at the time of appointment and annually, confirming that they meet the criteria of independence as stipulated under the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, as amended from time to time.

### Board diversity

Your Company recognizes 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 & Performance evaluation

The Nomination & Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees, Chairman and individual directors have to be made. Pursuant to the provisions of the Companies Act, 2013 and Regulation 19 of SEBI LODR, the Board has carried out the annual evaluation of its own performance, the performance of the directors individually as well as the evaluation of committees of Board viz., Audit, Nomination and Remuneration, Stakeholders Relationship, Corporate Social Responsibility, Monitoring and 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, judgment etc. The performance evaluation of the Independent Directors were carried out by the entire Board except the presence of directors under evaluation. The performance evaluation of the Chairman and Non-Independent Directors was carried out by the Independent Directors. The evaluation process has been explained in the corporate governance report.

### Policy on directors appointment and remuneration

In compliance with the requirements of Section 178 of the Companies Act, 2013, the 'Nomination & Remuneration Committee' (NRC Committee) of your Board had fixed the criteria for nominating a person on the Board which inter alia include desired size and composition of the Board, age limit, qualification/experience, areas of expertise and independence of the individual. The Committee had also approved the initial term of an Independent Director shall not exceed 3 years. Further, pursuant to provisions of the Act, the NRC Committee of your Board has formulated the Nomination, Evaluation & Remuneration Policy for the appointment and determination of remuneration of the Directors, Key Managerial Personnel, Senior Management and other Employees of your Company and salient features which are disclosed in this report. The NRC Committee has also developed the criteria for determining the qualifications, positive attributes and independence of Directors and for making payments to Executive and Independent Directors of the Company. Policy of the Company on director's appointment and remuneration as required under sub-section (3) of Section 178 of the Companies Act, 2013 are formulated by the NRC Committee and is outlined in the Nomination Evaluation & Remuneration policy of the Company.

Your Company's current policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the board and separate its functions of governance and management. As on March 31, 2017, your 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 chief growth officer, both being promoters

and 4 independent directors. Your Board periodically evaluates the need for change in its composition and size.

### Number of meetings of the board

Your Board met four times during the financial year, the details of which are given in the corporate governance report. The gap between any two meetings was within the period prescribed in the Companies Act, 2013 and SEBI LODR.

### Committees of the board

Currently, the Board has six Committees: Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, Monitoring Committee and Overseas Investment Committee.

As required under section 177 (8) of the Companies Act, 2013, the composition of the Audit Committee comprises of 4 Independent directors viz.,

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

Details of the composition of the Board and other Committees of your Company, which are in accordance with the provisions of Companies Act and SEBI LODR regulations, are provided under the Report on Corporate Governance section and uploaded on the website of the Company.

### Induction & training of board members

Your directors when inducted to the Board, are given introduction to your Company culture through orientation sessions. 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/ other director is taken through a formal induction program including the presentation from the Managing Director & Group CEO / other senior managerial personnel 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(s) etc. The above initiatives help the director to understand the Company, its business and the regulatory framework in which the Company operates and equips him / her to effectively fulfill his/her role as a director of the Company.



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

### Directors responsibility statement

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

- in the preparation of the Financial Statements of the Company, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- they have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls which were adequate and are operating effectively; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

### Remuneration policy

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

The Nomination & Remuneration Committee determines and recommends to the Board the compensation payable to Directors. Directors compensation are approved by the Members of the Company. The remuneration of the Board members is based on the Company's size & global presence, its economic & financial position, industrial trends, compensation paid by the peer companies, etc. Compensation reflects each Board member's responsibility and performance. The level of compensation to Executive Directors is designed to be competitive in the market for highly qualified executives.

The Company pays remuneration to Executive Directors by way of salary, perquisites etc., & variable pay, based on approval of the Nomination & Remuneration Committee of the Board. The compensation payable to independent directors by way of commission is limited to fixed amount as determined and approved by the Board. The commission payable is based on the performance of the business/function as well as qualitative factors. The commission is calculated with reference to net profits of the Company in the financial year subject to overall ceilings stipulated under Section 197 of the Companies Act, 2013.

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 vis-a-vis the Company's goals.

### Policy on preservation & Archival of documents

During the year your Company has framed a policy on "Preservation & Archival of documents". This Policy is intended to provide guidelines for the retention of records and preservation of relevant Documents for a duration after which the documents shall be archived. This policy is implemented as per Regulation 9 read with Regulation 30 (8) of the SEBI LODR for preservation of the documents inter alia to aid the employees in handling the documents efficiently either in physical form or electronic form. It not only covers the various aspects on preservation of the documents, but also archival and safe disposal/destruction of the documents. This policy is available on the Company's website [www.wabag.com](http://www.wabag.com).

## Dividend Distribution Policy

In Compliance with Regulation 43 A of SEBI LODR, your Company has framed a Dividend Distribution Policy. This Policy will regulate the process of dividend declaration and its pay-out by the Company in accordance with the provisions of Companies Act 2013, read with the applicable Rules. The policy covers the following parameters:

- the circumstances under which the Members of the listed entities may or may not expect dividend;
- the financial parameters that shall be considered while declaring dividend;
- internal and external factors that shall be considered for declaration of dividend;
- policy as to how the retained earnings shall be utilized; and
- parameters that shall be adopted with regard to various classes of shares:

This policy is available on the Company's website [www.wabag.com](http://www.wabag.com).

## 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 (SBEB) Regulations. During the year ended March 31, 2017, a total of 76,657 shares were allotted to eligible employees under the Company's prevailing ESOP scheme. During the year ended March 31, 2017 there has been no material change in the Company's existing ESOP scheme and the scheme is in compliance with the applicable Regulations. The details of the scheme as required under SEBI Regulations are available on the Company's website [www.wabag.com](http://www.wabag.com).

The applicable disclosures as stipulated under the SEBI Regulations as on March 31, 2017 is enclosed herewith as **Annexure I to the Board's report**. Your 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 Members. 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 ₹ One crore and two Lakh rupees or more, or employed for part of the year and in receipt of ₹ Eight Lakh and fifty thousand rupees or more a month, under said Rule 5(2) is enclosed herewith as **Annexure II to the Board's report**.

## Equal opportunity

Your 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 gender. Your Company has also framed a policy on 'Prevention of Sexual Harassment' (POSH) at the workplace. Your Company maintains the gender-neutral approach in handling complaints of sexual harassment and 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. There were no cases pending resolution as at March 31, 2017.

## 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 Members. The auditors' report for FY 2016-17 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 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 your Company for the financial year ended March 31, 2016 and year ended March 31, 2017 on a remuneration of ₹ 5 Lakh per year. The same has already been approved by the members at the 21<sup>st</sup> AGM of the Company.

### 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 2016-17. The Secretarial Audit Report for the Financial Year 2016-17 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 2017-18.

### Internal auditor

Pursuant to the provisions of Section 138 of the Companies Act, 2013 and rules thereunder and Regulation 18(3) of SEBI LODR and based on the recommendations of Audit Committee, your Board have appointed M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants, Chennai as Internal Auditors of the Company to conduct the Internal Audit of the Company for the FY 2016-17. The Internal Auditor reports directly to the Audit Committee and make comprehensive presentations at the Audit Committee meeting(s) on the Internal Audit Report.

Your Board has appointed M/s PKF Sridhar & Santhanam LLP, Chartered Accountants, Chennai as an Internal Auditor of the Company for the FY 2017-18.

### 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 2017, the aggregate financial investments in such ODIs amount to ₹ 473.32 Crore as against ₹ 1,192.20 Crore of last year. 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 2017 amounted to ₹ 345.49 Crore (72.99% of total financial exposure). The funded exposure of the Company in ODI for the same period consists of equity ₹ 110.15 Crore (23.27% of total financial exposure) and loans ₹ 17.68 Crore (3.74% of total financial exposure).

Your Company has immensely benefited from these ODI, as its standalone revenue from overseas operations as of March 2017 amounted to ₹ 609 Crore, while consolidated overseas revenue less inter-segment revenue amounted to ₹ 2,027 Crore out of its consolidated revenue of ₹ 3,208 Crore. In all, during the financial

year 2016-17, the aggregate revenue from ODI is ₹ 2,636 Crore (i.e. ₹ 609 Crore + ₹ 2,027 Crore), which accounted for about 82% of the consolidated revenue of ₹ 3,208 Crore, considering its relative meager financial exposure to ODI as stated above.

During the year, your Company has closed/liquidated the following entities, as part of the company's overall revamping of its overseas investment structure:-

1. VA Tech Wabag (Spain) SL, Spain - wholly owned subsidiary
2. VA Tech Wabag (Hong Kong) Limited, Hong Kong- Step down subsidiary.
3. VA Tech Wabag Algeria S A R L, Algeria - Step down subsidiary
4. Beijing VA Tech Wabag Water Treatment Technology Co. Ltd, China- Step down subsidiary

Your Company has complied with relevant regulatory compliances in India in this regard.

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 the 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.

Your Company had 18 subsidiary entities as on March 31, 2017. There has been no change in the nature of business of the subsidiaries during the year. During the year, your 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 Company's website



www.wabag.com. These documents will also be available for inspection during business hours at the registered office of the Company in Chennai, India.

### Corporate social responsibility

Your Company's guiding principle for Corporate Social Responsibility (CSR) is to build its relationship with stakeholders and the community at large, and contribute to their long term social good and welfare. Your Company, in every financial year, in line with the Companies Act, 2013, required to spend at least 2% of the average net profits of its three immediately preceding financial years on CSR-related activities. Accordingly, your Company was required to spend ₹ 2.98 Crore towards CSR activities during the year under review. Your Company has spent ₹ 72.66 Lakh during the FY 2016-17 towards various CSR initiatives.

Your Company's primary CSR focus has been on water and sanitation for the following two reasons:

- a) WABAG, being the water treatment company, would like to contribute our might in the area of its expertise;
- b) As is well known, as against health and education which receive 45% of CSR spend, the water sector receives a mere 2% of CSR fund.

The year under review saw steady progress in terms of major projects numbering 6 and minor projects 3. A few multi-year projects continuing from the last year, were completed during this year and similarly other projects will be completed in the next few years because of the nature of projects. The status of few Watershed Development Projects with NABARD as co-financing partner had a slow progress during the year on account of State elections in Tamil Nadu and in obtaining requisite approvals /NOC from the State Government. The cyclone, which occurred during December 2016 in Tamil Nadu also adversely affected the project schedule of CSR activities. Your Company has already committed an amount of ₹ 97 Lakh and ₹ 140 Lakh for projects at Kanchipuram & Cuddalore districts respectively.

During the year, the CSR committee of your Company has approved further commitment of over ₹ 600 Lakh for certain multi-year watershed development projects at Tuticorin, Virudunagar, Dindigul and Kanchipuram Districts involving various NGOs referred by NABARD, who will be co-financing

the said projects. Your Company initiated suitable steps and sought NABARD clearance for further implementation.

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

Your Company has been making a steady progress with the CSR Committee laying emphasis on outcome & impact. The Committee took adequate precautions in selecting the right NGOs as well as focused on projects in the area of expertise that is, water and wastewater.

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

Pursuant to Section 135(4) of Companies Act, 2013, the major contents of CSR policy are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Rural development projects**

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

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

**Deposits from public**

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

**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**

In compliance with Section 134(5) of Companies Act, 2013, your Company has designed and implemented a process driven framework for Internal Financial Controls ("IFC"). For the year ended March 31, 2017, your Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weakness exists. Your Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

**Risk management**

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 changes/orders**

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

Company to which the financial statements relate and date of this report.

### 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 wastewater 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.

### Cautionary Statement

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

### 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

**B D Narang**

Chairman  
DIN: 00826573

**Rajiv Mittal**

Managing Director & Group CEO  
DIN: 01299110

Chennai  
May 25, 2017



42 *Annexure – I*

## Disclosures with respect to Employees Stock Option Scheme of the Company

**A Summary of Status of ESOSs:**

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 Years  |
| 6      | Source of shares                            | Primary  |
| 7      | Variation in terms of options               | No Variation   |
| 8      | Method used to account for ESOS             | Intrinsic Value Method   |

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

**B Option Movement during the year 2016-17**

| Sr. No | Particulars   | Nos         |
|--------|---|-------------|
| 1      | Options outstanding at the beginning of the year                  | 4,65,785    |
| 2      | Number of options granted during the year                         | -           |
| 3      | Options Forfeited / Surrendered during the year                   | 5,626       |
| 4      | Options Vested during the year                                    | -           |
| 5      | Options Exercised during the year                                 | 76,657      |
| 6      | Options Lapsed during the year                                    | 89,062      |
| 7      | Total number of shares arising as a result of exercise of options | 76,657      |
| 8      | Money realized by exercise of options (₹)                         | 1,37,98,260 |
| 9      | Options outstanding at the end of the year                        | 2,94,440    |
| 10     | Options exercisable at the end of the year                        | 2,94,440    |

**B The impact on the profits and EPS of the fair value method is given in the table below -**

| Sr. No | Particulars                   | ₹ in Lakh |
|--------|-------------------------------|-----------|
| 1      | Profits as reported           | 7,498.00  |
| 2      | Add - Intrinsic Value Cost    | 0.00      |
| 3      | Less - Fair Value Cost        | 0.00      |
| 4      | Profits as adjusted           | 7,498.00  |
| 5      | Earnings Per Equity Share (₹) | ₹         |
| 6      | (Basic) as reported           | 13.78     |
| 7      | (Basic) adjusted              | 13.78     |
| 8      | (Diluted) as reported         | 13.73     |
| 9      | (Diluted) adjusted            | 13.73     |

For and on behalf of the Board of Directors

Chennai  
May 25, 2017

**B D Narang**  
Chairman  
DIN: 00826573

**Rajiv Mittal**  
Managing Director & Group CEO  
DIN: 01299110

## Annexure – II

### Particulars of employees

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

|   |   |
|---|---|
| The ratio of remuneration of each director to the median employee's remuneration of the Company for FY 2016-17.   | B D Narang, Chairman - 3.41:1 ; Jaithirth Rao, Independent Director - 2.56:1; Malay Mukherjee, Independent Director - 2.43:1; Sumit Chandwani, Independent Director - 2.56:1; Revathi Kasturi, Independent Director - 2.56:1; Rajiv Mittal, Managing Director & Group CEO - 45.98:1; S Varadarajan, Director & Chief Growth Officer - 19.43:1 |
| The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in FY 2016-17.  | Managing Director & Group CEO: 1.52%<br>§Director & Chief Growth Officer: 0.00%<br>®Other Directors 0%,<br>*CEO - India Cluster 0%<br>**Chief Financial Officer: 4.99%<br>*Company Secretary 0%   |
| The percentage increase in the median remuneration of employees in the FY 16-17.  | 5.25%   |
| The number of permanent employees on the rolls of the Company as on 31 March 2017.  | 970   |
| Average percentile increase already made in the salaries of employees other than the managerial personnel in the last FY and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.   | Average percentile increase made in the salaries of employees other than the managerial personnel in the last FY is 10% and the average percentile increase in the managerial remuneration in the last FY is 3.58% on a like to like basis#.  |
| Affirmation that the remuneration is as per the remuneration policy of the company.   | It is affirmed that the remunerations are paid as per the remuneration policy of the Company.   |
| A statement showing the name of top ten employee of the company in terms of remuneration drawn.   | Details given below as part of information required as per Rule 5 (3) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)  |
| A statement showing the name of every employee of the company, who if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two Lakh rupees.  | Details given below as part of information required as per Rule 5 (3) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)  |
| A statement showing the name of every employee of the company, who if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight Lakh and fifty thousand rupees per month.   | Details given below as part of information required as per Rule 5 (3) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)  |
| 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  |

@ Variable component for Directors was introduced during FY 2015-16.

\$ S Varadarajan was appointed during FY 2015-16 as Director & Chief Growth Officer.

# Pankaj Sachdeva was appointed as CEO - India Cluster effective November 28, 2016 .

\*\* Parthasarathy Gopalan was appointed as CFO on November 7, 2015.

\* R Swaminathan was appointed as Company Secretary effective February 11, 2017.

## Information as per Rule 5 (3) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| S. No | Name                  | Designation                        | Qualification           | Age | Experience (In Years) | Date of Joining | Nature of Employment | Remuneration* (₹ In Lakh) | No. of Equity shares & % held | Previous Employment                           |
|-------|-----------------------|------------------------------------|-------------------------|-----|-----------------------|-----------------|----------------------|---------------------------|-------------------------------|---|
| 1     | Rajiv Mittal          | Managing Director & Group CEO      | BE (Chemical)           | 57  | 34                    | Oct 01, 1996    | Permanent            | 269.02                    | 9,709,406 (17.79%)            | Wabag Water Engineering Limited, UK           |
| 2     | Parthasarathy Gopalan | Chief Financial Officer            | BSC, PGDBA & CA         | 49  | 24                    | Sep 16, 1915    | Permanent            | 186.31                    | NIL                           | CRH India Management Services Private Limited |
| 3     | Patrick Andrade       | Chief Operating Officer            | DCE (Chemical)          | 55  | 35                    | Jan 01, 2003    | Permanent            | 124.78                    | 16,404 (0.03%)                | Aqua Tech Asia Private Limited                |
| 4     | S Varadarajan         | Director & Chief Growth Officer    | MA, CS & CWA            | 52  | 31                    | Jan 20, 1997    | Permanent            | 113.72                    | 2,185,762 (4.00%)             | PL Agro Technologies Limited                  |
| 5     | Rajneesh Chopra       | Global Head - Business Development | BSC                     | 54  | 32                    | May 20, 2011    | Permanent            | 80.41                     | 6,343 (0.01%)                 | Ion Exchange (India) Limited                  |
| 6     | Venkatasaamy V        | Chief Information Officer          | BE (Indl. Engg), M.B.A. | 57  | 34                    | Aug 18, 1998    | Permanent            | 77.75                     | 14,500 (0.03%)                | BHEL  |
| 7     | Saxena GS             | Vice President - Engineering       | B Tech (Chemical)       | 57  | 34                    | Oct 05, 2004    | Permanent            | 55.88                     | 23,404 (0.04%)                | Paramount Limited                             |
| 8     | Sandip S Kamat        | HEAD - IEC                         | BE (Mechanical)         | 55  | 32                    | Mar 09, 2015    | Permanent            | 54.71                     | 150 (0.00%)                   | Hamon Shriram Cottrell Pvt Ltd                |
| 9     | Ravi Shankar P        | Global Head - HR                   | BA (Eco), PG D IR& PM   | 59  | 36                    | Aug 31, 2015    | Permanent            | 50.68                     | NIL                           | Maries Stopes International                   |
| 10    | Pankaj Sachdeva#      | CEO - India Cluster                | BE (Electrical)         | 56  | 30                    | Nov 28, 2016    | Permanent            | 54.05                     | NIL                           | Fedders Lloyd Corporation                     |

# Pankaj Sachdeva was appointed as CEO - India Cluster effective November 28, 2016.

\* Remuneration includes value of perquisites arising out of exercise of ESOP's.

For and on behalf of the Board of Directors

Chennai  
May 25, 2017

**B D Narang**  
Chairman  
DIN: 00826573

**Rajiv Mittal**  
Managing Director & Group CEO  
DIN: 01299110



## Annexure – III

### Form MR 3

**Secretarial Audit Report for the financial year ended March 31, 2017**  
**(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies**  
**(Appointment and Remuneration of Managerial Personnel) Rules, 2014)**

To,  
 The Members,  
**VA TECH WABAG LIMITED**  
**(CIN: L45205TN1995PLC030231)**  
 "WabagHouse", 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 31.03.2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made herein:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31.03.2017** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under 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, 2015
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
  - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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

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

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

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

**I further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Independent Directors. Adequate notice is given to all directors to schedule the Board 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** there were no major events happened during the audit period.

Chennai  
May 25, 2017

**M. Damodaran**

FCS No:5837  
C P No:5081

## Annexure – IV

47

Statutory  
Reports

**Part "A":  
Statement containing the salient features of the financial statements of subsidiaries/associate companies/joint ventures  
(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act 2013, read with Rule 5 of the  
Companies (Accounts) Rules, 2014 - AOC -1)**

| S. No. | Name of the Subsidiary, Country of Incorporation           | Financial period ended | Reporting currency | Capital  | Reserves   | Total Assets | Total Liabilities | Details of Investment (Except in case of Investment in Subsidiary) | Turnover  | Profit before Taxation | Provision for Taxation | Profit after Taxation | Proposed Dividend | % of shareholding |
|--------|--|------------------------|--------------------|----------|------------|--------------|-------------------|--|-----------|------------------------|------------------------|-----------------------|-------------------|-------------------|
| 1      | VA Tech Wabag (Singapore) Pte. Ltd., Singapore             | March 31, 2017         | SGD                | 2,367.78 | 990.09     | 4,148.00     | 790.14            | -  | 2,370.40  | 339.09                 | 14.31                  | 324.78                | -                 | 100               |
| 2      | VA Tech Wabag GmbH, Austria                                | March 31, 2017         | EUR                | 692.23   | 13,383.28  | 46,222.95    | 32,147.43         | 189.27   | 33,342.48 | (541.08)               | (75.04)                | (616.12)              | -                 | 100               |
| 3      | VA Tech Wabag Deutschland GmbH, Germany                    | March 31, 2017         | EUR                | 159.39   | (264.31)   | 625.43       | 730.36            | -  | 19.53     | (4.34)                 | -                      | (4.34)                | -                 | 100               |
| 4      | VA Tech Wabag Algeria S.r.l.                               | March 31, 2017         | EUR                | -        | -          | -            | -                 | -  | 382.19    | 379.85                 | -                      | 379.85                | -                 | 100               |
| 5      | Wabag Wassertechnik AG, Switzerland                        | March 31, 2017         | EUR                | 473.50   | 1,959.55   | 6,422.86     | 3,989.81          | -  | 10,317.79 | 54.43                  | (11.75)                | 42.68                 | -                 | 100               |
| 6      | VA Tech Wabag BRNO spol. S.r.o., Czech Republic            | March 31, 2017         | EUR                | 51.31    | 2,083.94   | 7,527.56     | 5,392.31          | -  | 8,687.42  | 953.16                 | (183.37)               | 769.79                | -                 | 100               |
| 7      | VA Tech Wabag Tunisie S.A.R.L., Tunisia                    | March 31, 2017         | EUR                | 444.44   | 355.56     | 2,960.96     | 2,160.95          | -  | 1,987.36  | 174.41                 | (58.42)                | 115.99                | -                 | 100               |
| 8      | Wabag water services (Macao) Ltd., Macao                   | March 31, 2017         | EUR                | 1.46     | 486.62     | 1,000.16     | 512.07            | -  | 3,347.77  | 562.13                 | (58.01)                | 504.13                | -                 | 100               |
| 9      | Wabag Water Services S.R.L., Romania                       | March 31, 2017         | EUR                | 6.92     | 4,211.60   | 6,276.09     | 2,057.56          | -  | 10,692.13 | 1,187.37               | (193.96)               | 993.41                | -                 | 100               |
| 10     | VA Tech Wabag Su Teknoloji ve Tic. A.Ş., Turkey            | March 31, 2017         | EUR                | 1,054.14 | (6,645.30) | 4,869.77     | 10,400.93         | -  | 16,521.06 | (51,234.11)            | -                      | (51,234.11)           | -                 | 100               |
| 11     | VA Tech Wabag Muscat LLC, Oman                             | March 31, 2017         | OMR                | 252.47   | 306.17     | 1,310.70     | 752.05            | -  | 2,391.20  | 204.13                 | 18.35                  | 185.78                | -                 | 70                |
| 12     | VA Tech Wabag (Philippines) Inc., Philippines              | March 31, 2017         | PHP                | 110.61   | 1,936.10   | 14,714.23    | 12,667.51         | -  | 10,045.50 | 65.06                  | 19.84                  | 45.22                 | -                 | 100               |
| 13     | Ujans Wastewater Treatment Company (Pty) Limited., Namibia | March 31, 2017         | EUR                | 661.56   | 1,084.25   | 7,654.35     | 5,908.54          | -  | 2,709.10  | 763.03                 | (244.30)               | 518.72                | -                 | 66.4              |
| 14     | VA Tech Wabag (SPAIN) S.L.U. Spain                         | March 31, 2017         | EUR                | -        | 2.19       | 2.19         | -                 | -  | 1,394.49  | 927.61                 | -                      | 927.61                | -                 | 100               |
| 15     | VA Tech Wabag Limited Pratibha Industries Limited JV Nepal | March 31, 2017         | NPR                | -        | 326.70     | 3,322.05     | 2,995.35          | -  | 1,062.60  | (403.99)               | -                      | (403.99)              | -                 | 100               |
| 16     | Wabag Operation and Maintenance WLL, Bahrain               | March 31, 2017         | BHD                | 85.93    | 74.81      | 224.58       | 63.83             | -  | 551.99    | 53.47                  | -                      | 53.47                 | -                 | 70                |
| 17     | Wabag Limited, Thailand                                    | March 31, 2017         | THB                | 37.68    | (283.59)   | 52.11        | 298.02            | -  | 78.38     | (104.59)               | -                      | (104.59)              | -                 | 49                |
| 18     | Wabag Muhibbah JV SDN. BHD., Malaysia                      | March 31, 2017         | MYR                | 146.43   | 2,195.27   | 13,497.04    | 11,155.34         | -  | 24,811.53 | 2,849.52               | 683.86                 | 2,165.65              | -                 | 70                |
| 19     | Wabag Belhassa JV WLL, Bahrain                             | March 31, 2017         | BHD                | 8.59     | 3,269.28   | 22,077.14    | 18,799.27         | -  | 27,343.23 | 2,799.28               | -                      | 2,799.28              | -                 | 49                |

Note: Exchange rate used for Balance Sheet items is the rate as on March 31, 2017 and for Profit and Loss account items, the rate used is the average rate for the FY 2016-17

| Currency | Rate for Balance Sheet Items ₹ | Rate for Profit and Loss Account items ₹ |
|----------|--------------------------------|--|
| 1 Euro   | 69.2235                        | 73.5951                                  |
| 1 SGD    | 46.3678                        | 48.4616                                  |
| 1 PHP    | 1.2907                         | 1.3933                                   |
| 1 OMR    | 168.3132                       | 174.1801                                 |
| 1 BHD    | 171.8669                       | 177.8744                                 |
| 1 OAR    | 17.7968                        | 18.4176                                  |
| 1 NPR    | 0.6222                         | 0.6250                                   |
| 1 THB    | 1.8838                         | 1.9075                                   |
| 1 MYR    | 14.6428                        | 15.9727                                  |

Note: Subsidiaries in Algeria, Hongkong, China & Spain liquidated during the year.



**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<br>Roots Contracting L.L.C.<br>Qatar                         | Windhoek Goreangab<br>Operating Company<br>(Pty) Limited, Namibia              | International Water<br>Treatment LLC, Oman                                     | Thoothukudi Renew<br>Waters Private Limited,<br>India                          |
|---|--|--|--|--|
| Latest audited Balance Sheet Date   | March 31, 2017   | March 31, 2017   | March 31, 2017   | March 31, 2017   |
| Shares of Associate/Joint Ventures held by the<br>company on the year end                   |  |  |  |  |
| No of Shares  | 98   | 33   | 48,750   | 2,600  |
| Amount of Investment in Associates/Joint Venture<br>(₹ In Lakh)                             | 17.00  | 189.27   | -  | 0.26   |
| Extend of Holding %   | 49%  | 33%  | 32.50%   | 26%  |
| Description of how there is significant influence   | There is significant<br>influence due to<br>percentage (%) of share<br>capital | There is significant<br>influence due to<br>percentage (%) of share<br>capital | There is significant<br>influence due to<br>percentage (%) of share<br>capital | There is significant<br>influence due to<br>percentage (%) of share<br>capital |
| Reason why the associate/joint venture is not<br>consolidated                               | Not Applicable   | Not Applicable   | Not Applicable   | Non-operative company  |
| Networth attributable to Shareholding as per latest<br>audited Balance Sheet<br>(₹ In Lakh) | 142.51   | 170.36   | (73.91)  | 1  |
| Profit / (Loss) for the year<br>(₹ In Lakh)   |  |  |  |  |
| Considered in Consolidation   | 145.67   | 92.59  | (5,964.57)   | -  |
| Not Considered in Consolidation   | -  | -  | -  | -  |

For and on behalf of the Board of Directors

**B D Narang**  
Chairman  
DIN: 00826573

**Rajiv Mittal**  
Managing Director & Group CEO  
DIN: 01299110

Chennai  
May 25, 2017

## Annexure – V

### Annual report on CSR activities

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

1. CSR is an integral part of WABAG's core business. The importance of water on this planet cannot be overemphasized. Therefore, ensuring its conservation and sustainable utilization 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 FY 2016-17, 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 this emphasis and focus on CSR projects in its areas of expertise i.e., water and wastewater, the Company made steady progress during the first two years. During FY 2016-17, we completed two projects-(1) Capacity Building for Wetlands Management, Chennai and (2) Micro irrigation system, Kanchipuram. The details of the CSR policy and initiatives undertaken by the Company on CSR during the year are available on the Company's website [http://wabagindia.com/documents/resource\\_center/csr\\_policy.pdf](http://wabagindia.com/documents/resource_center/csr_policy.pdf)

**A summary of CSR projects implemented for the year is outlined hereunder:**

#### **STP Project at the Cancer Institute, Gandhi Nagar Complex, Chennai:**

The Cancer Institute is a public charitable voluntary institution dedicated to the care of cancer for over 60 years. With a view to ensure improved quality care and patient safety as part of NABH requirements, the Company came forward to build and donate a Sewage Treatment Plant (STP) at their Gandhi Nagar Complex, Adyar, Chennai. The Cancer Institute is functioning under the leadership of Padma Laureate Dr. V Shanta. The plant was dedicated on 28th April 2016.

#### **Capacity Building for Wetlands Management:**

The Company wanted to protect and conserve wetlands, considered to be the most productive ecosystems which not only provide water to living beings but also hosting a diverse array of species, from recharging the ground water to mitigating climate change. Pallikaranai marshland, Chennai which is in close proximity to the company headquarters is an important groundwater recharging source for South Chennai. This marshland has shrunk overtime due to rapid urbanisation. An effective solution is to protect wetlands around the marsh by awareness building for user communities. The Company partnered with Care Earth Trust to undertake training and capacity building initiatives for various stakeholders. This project was completed during the year under review.

#### **Watershed Development project at Kanchipuram District:**

In keeping with our avowed objective of conservation and management of water and to ensure long term sustainability, the Company roped in National Agro Foundation (NAF) as its Implementing Partner for a watershed project in Kanchipuram District in which our Headquarters is located. The Company signed a MoU with the NGO in this regard followed by another MoU with NABARD as Co-financing partner. The project cost is estimated around ₹ 194 Lakh and the Company's share is 50%. The Company made a capital commitment of around ₹ 97 Lakh for the project. NABARD approved release of funds under Capacity Building Phase (CBP) to NAF for undertaking project treatment measures at Pulleri village, Kanchipuram District which commenced already. WABAG also made a matching contribution to NAF.

#### **E-Pios water ATM at NCR:**

The Company has agreed to provide 10 E-pios (water vending machines) at identified locations at the Inner Ring Road, New Delhi so that during summer, Delhites would be able to drink cold and clean water at free of cost. We have so far installed 6 units and two more units are ready for commissioning. We are awaiting clearance from DJB.

### Improving Hygiene practices with focus on open defecation free village:

The Company tied up with the Centre for Science, Technology and Development Studies for improving hygiene practices at Viralipatti Village, Pudukkottai District with focus on open defecation free village. As a result of our CSR intervention with sustained focus on hygiene, the level of awareness among the villagers increased to a great extent. The impact is such that a few of the house owners volunteered to contribute their physical labour to the construction of toilets in their houses. The beneficiaries volunteered to pay advances for construction. The district administration has sanctioned 30 toilets to individuals in this Panchayat. As part of the program, training was imparted to the masons on their role in construction of a well-designed toilet as per technical specifications.

### Micro Irrigation System at National Agro Foundation Training Centre:

In keeping with the Company's focus on water conservation and water use efficiency, the Company provided grant to National Agro Foundation Training Centre for establishing micro irrigation system to educate the farmers on the need for drip irrigation and sprinkler system to bring more of dry lands under cultivation. The project was commissioned on 20th January 2017 which proves to be one of the best practices for the farmers.

### Restoration of Narayanapuram Wetland:

Following the program on Capacity Building for Wetland Management by Care Earth Trust and post Chennai Floods, WABAG partnered with Care Earth Trust for restoration of Narayanapuram Wetland which is in close

proximity to our Headquarters. The restoration not only included consolidation of boundaries but also removal of water hyacinths; de-silting of lake; fencing and bio remediation measures. The project commenced in August 2016 and is nearing completion.

### Watershed Development Project at Cuddalore District:

The Company signed a MoU with NABARD for one more watershed development project at Cuddalore District followed by MoU with Hand in Hand India for the project implementation at Cuddalore District. We have made a capital commitment of the order of ₹ 140 Lakh spread over a period of three years. The qualifying shramdan has been completed and detailed project report has been submitted to NABARD. The project appraisal and obtaining sanction for Capacity Building Phase are awaited from NABARD.

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

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Revathi Kasturi  
(Chairperson of the Committee)

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Rajiv Mittal

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S Varadarajan

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- |  |                           |
|--|---------------------------|
| 3. Average net profit of the company for the last three FY as prescribed | ₹ 149 Crore               |
| 4. Prescribed CSR Expenditure for 2016-17                                | ₹ 2.98 Crore              |
| 5. Details of CSR spent during the FY                                    |                           |
| (a) Total amount to be spent for the FY                                  | ₹ 2.98 Crore              |
| (b) Amount unspent, if any   | ₹ 5.77 Crore <sup>#</sup> |

<sup>#</sup> 5.77 Crore is a cumulative CSR unspent of last three years. During the year CSR Committee has approved an amount of over ₹ 6.00 Crore for certain multi-year projects.



(c) Manner in which the amount spent during the FY 2016-17 is detailed below.

| ₹ In Lakh |   |  |   |   |   |  |   |
|-----------|---|--|---|---|---|--|---|
| (1)       | (2)   | (3)                                    | (4)   | (5)   | (6)   | (7)  | (8)   |
| S. No     | CSR project or Activity Identified                        | Sector in which the Project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise (₹ in Lakh) | Amount spent on the projects or Programs Subheads: (1) Direct expenditure on projects or programs. (2) Overheads: | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency |
| 1         | Capacity Building for Wetlands Management <sup>\$</sup>   | Education                              | Chennai, Tamil Nadu   | 18.30   | 5.49  | 16.47  | Implementing Agency                                 |
| 2         | Drinking water filtration solution and sanitation project | Water & Sanitation                     | Kodungaiyur, Chennai  | -   | 0.14  | 0.14   | Direct  |
| 3         | E-Pios (Water ATMs)                                       | Drinking Water                         | National Capital Region   | 25.00   | 17.39   | 17.39  | Implementing Agency                                 |
| 4         | Watershed Development                                     | Water Conservation                     | Pulleri Village, Kanchipuram Dist Tamilnadu   | 97.00   | 5.28  | 5.28   | Implementing Agency                                 |
| 5         | Hygiene improvement practices                             | Sanitation                             | Vivalipatti village, Pudukottai Dist, Tamilnadu   | 25.00   | 20.93   | 20.93  | Implementing Agency                                 |
| 6         | Micro irrigation system                                   | Water Conservation                     | NAFs training complex, Kanchipuram Dist, Tamilnadu  | 4.40  | 4.40  | 4.40   | Implementing Agency                                 |
| 7         | Wetland restoration                                       | Environment                            | Narayanapuram wetland pallikarnai marsh, Chennai.   | 19.65   | 16.80   | 16.80  | Implementing Agency                                 |
| 8         | Watershed Development                                     | Water Conservation                     | Cuddalore Dist, Tamilnadu.  | 140.00  | -   | -  | Implementing Agency                                 |
| 9         | CSR Film  | Awareness campaign                     | -   | 1.50  | 1.51  | 1.51   | Implementing Agency                                 |
| 10        | Park Development  | Environment                            | TNPL colony, S Kolathur, Chennai.   | 5.60  | 0.68  | 0.68   | Implementing Agency                                 |

<sup>\$</sup> Multi-year project. Budget of ₹ 18.30 Lakh fixed in the FY 2014-15. Project completed.

6. We hereby affirm that the CSR policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of the CSR projects and activities in compliance with our CSR objectives.
7. Pursuant to Section 135(4) of Companies Act, 2013, the major contents of CSR policy is disclosed in the Board's Report.

For and on behalf of the Board of Directors

Chennai  
May 25, 2017

**Revathi Kasturi**  
Chairperson- CSR Committee  
DIN: 01837477

**Rajiv Mittal**  
Managing Director & Group CEO  
DIN: 01299110

52 *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 by the Company during the year ended March 31, 2017 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, 2017.

For and on behalf of the Board of Directors

Chennai  
May 25, 2017

**B D Narang**  
Chairman  
DIN: 00826573

**Rajiv Mittal**  
Managing Director & Group CEO  
DIN: 01299110

## Annexure – VII

### Extract of Annual Return

Form No. MGT-9

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

### Registration and other details

|   |  |
|---|--|
| Corporate Identity Number (CIN) of the Company                    | L45205TN1995PLC030231  |
| Registration date   | February 17, 1995  |
| Name of the Company   | VA TECH WABAG LIMITED  |
| Category / Sub-category of the Company                            | Public Limited Company / Limited by shares   |
| Address of the registered office                                  | "WABAG HOUSE", No. 17, 200 Feet<br>Thoraipakkam-Pallavaram Main Road, Sunnambu Kolathur,<br>Chennai 600117, Tamil Nadu, India  |
| Company contact details   | Tel: +91 - 44-3923 2323; Fax: +91 - 44-3923 2324<br>Email: companysecretary@wabag.in<br>Website: www.wabag.com   |
| Listed Company (Yes / No)   | Yes  |
| Name, Address and contact details of Registrar and transfer agent | Karvy Computershare Private Limited<br>Unit : VA TECH WABAG LIMITED<br>Karvy Selenium Tower B, Plot 31-32, Gachibowli,<br>Financial District, Nanakramguda, Hyderabad - 500 032.<br>Mr. B. Srinivas,<br>P : +91 - 40-67162222,<br>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                 | 3600                              | 100%                               |



## 54 Particulars of holding, subsidiary, associate companies and joint ventures

| 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.                         | 18, Howard Road, #06-07, Novelty, BIZ centre, Singapore 369585  | NA      | Subsidiary                                       | 100%             | 2(87)              |
| 2     | VA Tech Wabag GmbH  | Dresdner Strasse, 87-91, 1200 Vienna, Austria   | NA      | Subsidiary                                       | 100%             | 2(87)              |
| 3     | VA Tech Wabag (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*                              | 02, Rue Bois des pins, Kouba-Ager, 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., 9th floor Bucharest, Romania.  | NA      | Subsidiary                                       | 100%             | 2(87)              |
| 9     | VA Tech Wabag Su Teknolojisi Ve Tic A.S                     | No. 12 Koza Plaza, A- Block, kat; 8 No.29-32, 4235 Ereter, Istanbul, Turkey   | 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, 7F Peninsula Court Building, 8735 Paseo de Roxas, Makati City 1226. Philippines                                   | NA      | Subsidiary                                       | 100%             | 2(87)              |
| 12    | VA Tech Wabag (Spain) S.L.U*                                | Zurbano, 76, 4, 28010 Madrid  | NA      | Subsidiary                                       | 100%             | 2(87)              |
| 13    | Beijing VA Tech Wabag Water Treatment Techonology 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)              |
| 14    | Wabag Wassertechnik AG                                      | Bürglistrasse 31, Postfach, CH-8401 Winterthur, Switzerland.  | NA      | Subsidiary                                       | 100%             | 2(87)              |
| 15    | Ujams Wastewater Treatment Company (Pty) Ltd                | Matshitshi Street, Goreangab Extension 3, Windhoek, Namibia   | NA      | Subsidiary                                       | 66.40%           | 2(87)              |
| 16    | 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)              |
| 17    | Wabag Limited   | 187/4 Fourm Tower, 10th Floor Ratchadaphisek Road, Khwaeng Huaykwang Khet Huaykwang, Bangkok 10310 Thailand                 | NA      | Subsidiary                                       | 49% <sup>s</sup> | 2(87)              |
| 18    | Wabag Operation and Maintenance WLL                         | Office : 44, Building : 947, Road 3620, Block :436, Seef District, Kingdom of Bahrain.                                      | NA      | Subsidiary                                       | 70%              | 2(87)              |
| 19    | Wabag Belhasa JV WLL  | PO BOX No:82316, Office flat No:2201,Building No:1565, Diplomatic Area 317, Kingdom of Baharain.                            | NA      | Subsidiary                                       | 49%              | 2(87)              |
| 20    | 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)              |

| S. No | Name of the Company                                  | Address of the Company  | CIN/GLN               | Holding / Subsidiary / Associates/ Joint Venture | % of shares held | Applicable Section |
|-------|--|---|-----------------------|--|------------------|--------------------|
| 21    | VA Tech Wabag Limited Pratibha Industries Limited JV | No.51, Sunrise Homes, Balkumari, Lalithpur, Kathmandu, Nepal.                             | NA                    | Subsidiary                                       | 0%               | 2(87)              |
| 22    | International Water Treatment LLC                    | P.O. Box 686, Ruwi, Postal Code 112, Sultanate of Oman                                    | NA                    | Joint Venture                                    | 32.50%           | 2(6)               |
| 23    | VA Tech Wabag & Roots Contracting LLC.               | P.O. Box: 22867 Al Waab City Nbk Building No.5, Salwa Road Doha, Qatar                    | NA                    | Associate  | 49%              | 2(6)               |
| 24    | Windhoek Goreangab Operating Company (Pty) Limited   | Matshitshi Street, Goreangab Ext.3 Windhoek, Namibia                                      | NA                    | Associate  | 33%              | 2(6)               |
| 25    | Thoothukudi Renew Waters Private Limited             | A, 5th Floor, Gokul Arcade-East Wing, No.2 & 2A, Sardar Patel Road, Adyar, Chennai-600020 | U41000TN2013PTC092363 | Associate  | 26%              | 2(6)               |

\* Beijing VA Tech Wabag Water Treatment Technology Co. Ltd, VA Tech Wabag (Hong Kong) Limited, VA Tech Wabag Algeria s.a.r.l and VA Tech Wabag (Spain) S.L.U. companies were liquidated during the year.

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

## Shareholding Pattern as on March 31, 2017

| Category of Shareholder                | Total Shareholding as a % of Total No of Shares |                        |  |                          |                            | Shares Pledge or Otherwise Encumbered |                        |
|--|---|------------------------|--|--------------------------|----------------------------|---------------------------------------|------------------------|
|  | No of Share Holders                             | Total Number of Shares | No of Shares Held in Dematerialized form | As a Percentage of (A+B) | As a Percentage of (A+B+C) | Number of Shares                      | As a Percentage        |
| (I)                                    | (II)  | (III)                  | (IV)                                     | (V)                      | (VI)                       | (VII)                                 | (VIII)=(VII)/(III)*100 |
| Promoter and Promoter Group            |   |                        |  |                          |                            |                                       |                        |
| Indian                                 |   |                        |  |                          |                            |                                       |                        |
| Individual /HUF                        | 2   | 37,86,116              | 37,86,116                                | 6.94                     | 6.94                       | -                                     | -                      |
| Central Government/State Government(s) | 0   | 0                      | 0  | 0.00                     | 0.00                       | -                                     | -                      |
| 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)                         | 2   | 37,86,116              | 37,86,116                                | 6.94                     | 6.94                       | -                                     | -                      |
| Foreign                                |   |                        |  |                          |                            |                                       |                        |
| Individuals (NRIs/Foreign Individuals) | 1   | 97,094,06              | 97,09,406                                | 17.79                    | 17.79                      | -                                     | -                      |
| 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                                 | 1   | 97,09,406              | 97,09,406                                | 17.79                    | 17.79                      | -                                     | -                      |
| Sub-Total A(2)                         | 1   | 97,09,406              | 97,09,406                                | 17.79                    | 17.79                      | -                                     | -                      |
| Total A=A(1)+A(2)                      | 3   | 1,34,95,522            | 1,34,95,522                              | 24.73                    | 24.73                      | -                                     | -                      |
| Public Shareholding                    |   |                        |  |                          |                            |                                       |                        |
| Institutions                           |   |                        |  |                          |                            |                                       |                        |
| Mutual Funds /UTI                      | 49  | 1,16,01,249            | 1,16,01,249                              | 21.26                    | 21.26                      | -                                     | -                      |
| Financial Institutions /Banks          | 2   | 47,474                 | 47,474                                   | 0.09                     | 0.09                       | -                                     | -                      |

| Category of Shareholder  |                     |                        |  | Total Shareholding as a % of Total No of Shares |                            | Shares Pledge or Otherwise Encumbered |                 |
|--|---------------------|------------------------|--|---|----------------------------|---------------------------------------|-----------------|
|  | No of Share Holders | Total Number of Shares | No of Shares Held in Dematerialized form | As a Percentage of (A+B)                        | As a Percentage of (A+B+C) | Number of Shares                      | As a Percentage |
| Central Government / State Government(s)   | 0                   | 0                      | 0  | 0.00  | 0.00                       | -                                     | -               |
| Venture Capital Funds  | 0                   | 0                      | 0  | 0.00  | 0.00                       | -                                     | -               |
| Insurance Companies  | 2                   | 4,43,996               | 4,43,996                                 | 0.81  | 0.81                       | -                                     | -               |
| Foreign Institutional Investors  | 121                 | 1,41,33,264            | 1,41,33,264                              | 25.90   | 25.90                      | -                                     | -               |
| Foreign Venture Capital Investors  | 0                   | 0                      | 0  | 0.00  | 0.00                       | -                                     | -               |
| Foreign Corporate Bodies   | 3                   | 10,03,343              | 10,03,343                                | 1.84  | 1.84                       | -                                     | -               |
| Others   | 0                   | 0                      | 0  | 0   | 0                          | -                                     | -               |
| <b>Sub-Total B(1)</b>  | <b>177</b>          | <b>2,72,29,326</b>     | <b>2,72,29,326</b>                       | <b>49.90</b>                                    | <b>49.90</b>               | <b>-</b>                              | <b>-</b>        |
| <b>Non-Institutions</b>  |                     |                        |  |   |                            |                                       |                 |
| Bodies Corporate   | 768                 | 41,72,934              | 41,72,934                                | 7.65  | 7.65                       | -                                     | -               |
| Individuals  |                     |                        |  |   |                            |                                       |                 |
| (i) Individuals holding nominal share capital upto ₹ 2 Lakh                          | 48,414              | 67,91,400              | 67,90,534                                | 12.44   | 12.44                      | -                                     | -               |
| (ii) Individuals holding nominal share capital in excess of ₹ 2 Lakh                 | 1                   | 21,94,582              | 21,94,582                                | 4.02  | 4.02                       | -                                     | -               |
| <b>NBFC registered with RBI</b>  | <b>8</b>            | <b>20,961</b>          | <b>20,961</b>                            | <b>0.04</b>                                     | <b>0.04</b>                |                                       |                 |
| <b>NRI Non-Repatriation</b>  | <b>347</b>          | <b>1,23,966</b>        | <b>1,23,966</b>                          | <b>0.23</b>                                     | <b>0.23</b>                | <b>-</b>                              | <b>-</b>        |
| <b>Clearing Members</b>  | <b>121</b>          | <b>1,40,023</b>        | <b>1,40,023</b>                          | <b>0.26</b>                                     | <b>0.26</b>                | <b>-</b>                              | <b>-</b>        |
| <b>Non Resident Indians</b>  | <b>1043</b>         | <b>3,92,239</b>        | <b>3,92,239</b>                          | <b>0.72</b>                                     | <b>0.72</b>                | <b>-</b>                              | <b>-</b>        |
| <b>Trusts</b>  | <b>5</b>            | <b>12,105</b>          | <b>12,105</b>                            | <b>0.02</b>                                     | <b>0.02</b>                | <b>-</b>                              | <b>-</b>        |
| <b>Sub-Total B(2)</b>  | <b>50,707</b>       | <b>1,38,48,210</b>     | <b>1,38,47,344</b>                       | <b>25.38</b>                                    | <b>25.38</b>               | <b>-</b>                              | <b>-</b>        |
| <b>Total B=B(1)+B(2)</b>   | <b>50,884</b>       | <b>4,10,77,536</b>     | <b>4,10,76,670</b>                       | <b>75.27</b>                                    | <b>75.27</b>               | <b>-</b>                              | <b>-</b>        |
| <b>Total (A+B)</b>   | <b>50,887</b>       | <b>5,45,73,058</b>     | <b>5,45,72,192</b>                       | <b>100.00</b>                                   | <b>100.00</b>              |                                       |                 |
| <b>Shares Held by Custodians, Against which Depository Receipts have been issued</b> |                     |                        |  |   |                            |                                       |                 |
| Promoter and Promoter Group  | 0                   | 0                      | 0  | 0   | 0                          |                                       |                 |
| Public   | 0                   | 0                      | 0  | 0   | 0                          |                                       |                 |
| <b>Grand Total (A+B+C)</b>   | <b>50,887</b>       | <b>5,45,73,058</b>     | <b>5,45,72,192</b>                       | <b>100.00</b>                                   | <b>0.00</b>                |                                       |                 |

## Shareholding of Promoters

| S. No | Name of Shareholder(s) | 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           | 97,09,406                                 | 17.82%                           | Nil   | 97,09,406                           | 17.79%                            | Nil   | (0.03)                                   |
| 2     | S Varadarajan          | 21,85,762                                 | 4.01%                            | Nil   | 21,85,762                           | 4.00%                             | Nil   | (0.01)                                   |
| 3     | Shiv Narayan Saraf     | 16,00,354                                 | 2.94%                            | Nil   | 16,00,354                           | 2.93%                             | Nil   | (0.01)                                   |

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



## Change in Promoters' Shareholding

| S. No | Name of the Shareholder(s)       | 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     | 97,09,406                                 | 17.82                            | 97,09,406                               | 17.82                            |
|       | Sale/Purchase of shares (if any) | -   | -                                | -                                       | -                                |
|       | At the end of the year           | 97,09,406                                 | 17.79                            | 97,09,406                               | 17.79*                           |
| 2     | S Varadarajan                    |   |                                  |   |                                  |
|       | At the beginning of the year     | 21,85,762                                 | 4.01                             | 21,85,762                               | 4.01                             |
|       | Sale/Purchase of shares (if any) | -   | -                                | -                                       | -                                |
|       | At the end of the year           | 21,85,762                                 | 4.00                             | 21,85,762                               | 4.00*                            |
| 3     | Shiv Narayan Saraf               |   |                                  |   |                                  |
|       | At the beginning of the year     | 16,00,354                                 | 2.94                             | 16,00,354                               | 2.94                             |
|       | Sale/Purchase of shares (if any) | -   | -                                | -                                       | -                                |
|       | At the end of the year           | 16,00,354                                 | 2.93                             | 16,00,354                               | 2.93*                            |

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

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

| S. No | Name of the Shareholder(s) | Type            | Shareholding at the beginning of the Year |                                  | Cumulative Shareholding during the Year |                                  |
|-------|----------------------------|-----------------|---|----------------------------------|---|----------------------------------|
|       |                            |                 | No of Shares                              | % of total shares of the company | No of Shares                            | % of total shares of the company |
| 1     | IDFC PREMIER EQUITY FUND   |                 |   |                                  |   |                                  |
|       | 01/04/2016                 | Opening Balance | 35,61,487                                 | 6.54                             | 35,61,487                               | 6.54                             |
|       | 15/04/2016                 | Sale            | 47,138                                    | 0.09                             | 35,14,349                               | 6.45                             |
|       | 03/06/2016                 | Sale            | 30,879                                    | 0.06                             | 34,83,470                               | 6.39                             |
|       | 15/07/2016                 | Sale            | 1,57,771                                  | 0.29                             | 33,25,699                               | 6.10                             |
|       | 09/09/2016                 | Sale            | 1,27,464                                  | 0.23                             | 31,98,235                               | 5.87                             |
|       | 16/09/2016                 | Sale            | 5,400                                     | 0.01                             | 31,92,835                               | 5.86                             |
|       | 23/09/2016                 | Sale            | 1,483                                     | 0.00                             | 31,91,352                               | 5.85                             |
|       | 30/09/2016                 | Sale            | 80,687                                    | 0.15                             | 31,10,665                               | 5.71                             |
|       | 07/10/2016                 | Sale            | 96  | 0.00                             | 31,10,569                               | 5.70                             |
|       | 14/10/2016                 | Sale            | 18,760                                    | 0.03                             | 30,91,809                               | 5.67                             |
|       | 31/03/2017                 | Sale            | 17,363                                    | 0.03                             | 30,74,446                               | 5.63                             |
|       | 31/03/2017                 | Closing Balance |   | -                                | 30,74,446                               | 5.63                             |
| 2     | SUMITOMO CORPORATION       |                 |   |                                  |   |                                  |
|       | 01/04/2016                 | Opening Balance | 24,56,920                                 | 4.51                             | 24,56,920                               | 4.51                             |
|       | 31/03/2017                 | Closing Balance |   | 0.00                             | 24,56,920                               | 4.50                             |
| 3     | PARVEST EQUITY INDIA       |                 |   |                                  |   |                                  |
|       | 01/04/2016                 | Opening Balance | 23,85,176                                 | 4.38                             | 23,85,176                               | 4.38                             |
|       | 22/04/2016                 | Purchase        | 3,15,000                                  | 0.58                             | 27,00,176                               | 4.95                             |
|       | 30/12/2016                 | Sale            | 25,869                                    | 0.05                             | 26,74,307                               | 4.90                             |
|       | 06/01/2017                 | Sale            | 25,000                                    | 0.05                             | 26,49,307                               | 4.86                             |
|       | 13/01/2017                 | Sale            | 2,50,000                                  | 0.46                             | 23,99,307                               | 4.40                             |
|       | 31/03/2017                 | Closing Balance |   | -                                | 23,99,307                               | 4.40                             |

| S. No    | Name of the Shareholder(s)                         | Type            | Shareholding at the beginning of the Year |                                  | Cumulative Shareholding during the Year |                                  |
|----------|--|-----------------|---|----------------------------------|---|----------------------------------|
|          |  |                 | No of Shares                              | % of total shares of the company | No of Shares                            | % of total shares of the company |
| <b>4</b> | <b>SBI MAGNUM TAXGAIN SCHEME</b>                   |                 |   |                                  |   |                                  |
|          | 01/04/2016   | Opening Balance | 21,64,717                                 | 3.97                             | 21,64,717                               | 3.97                             |
|          | 17/03/2017   | Sale            | 50,000                                    | 0.09                             | 21,14,717                               | 3.88                             |
|          | 31/03/2017   | Closing Balance |   | -                                | 21,14,717                               | 3.88                             |
| <b>5</b> | <b>ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD</b> |                 |   |                                  |   |                                  |
|          | 01/04/2016   | Opening Balance | 21,08,274                                 | 3.87                             | 21,08,274                               | 3.87                             |
|          | 08/04/2016   | Sale            | 1,900                                     | 0.00                             | 21,06,374                               | 3.87                             |
|          | 15/04/2016   | Sale            | 1,85,240                                  | 0.34                             | 19,21,134                               | 3.53                             |
|          | 22/04/2016   | Purchase        | 120340                                    | 0.22                             | 2041474                                 | 3.75                             |
|          | 29/04/2016   | Purchase        | 133                                       | 0.00                             | 20,41,607                               | 3.75                             |
|          | 06/05/2016   | Sale            | 5,083                                     | 0.01                             | 20,36,524                               | 3.74                             |
|          | 13/05/2016   | Sale            | 11,489                                    | 0.02                             | 20,25,035                               | 3.72                             |
|          | 27/05/2016   | Sale            | 25,813                                    | 0.05                             | 19,99,222                               | 3.67                             |
|          | 01/07/2016   | Sale            | 3,416                                     | 0.01                             | 19,95,806                               | 3.66                             |
|          | 08/07/2016   | Sale            | 16,734                                    | 0.03                             | 19,79,072                               | 3.63                             |
|          | 15/07/2016   | Sale            | 1,07,289                                  | 0.20                             | 18,71,783                               | 3.43                             |
|          | 28/10/2016   | Sale            | 28,127                                    | 0.05                             | 18,43,656                               | 3.38                             |
|          | 04/11/2016   | Purchase        | 5,293                                     | 0.01                             | 18,48,949                               | 3.39                             |
|          | 11/11/2016   | Sale            | 48,988                                    | 0.09                             | 17,99,961                               | 3.30                             |
|          | 18/11/2016   | Sale            | 3,400                                     | 0.01                             | 17,96,561                               | 3.29                             |
|          | 25/11/2016   | Sale            | 2,759                                     | 0.01                             | 17,93,802                               | 3.29                             |
|          | 20/01/2017   | Sale            | 24,403                                    | 0.04                             | 17,69,399                               | 3.24                             |
|          | 03/02/2017   | Sale            | 4,535                                     | 0.01                             | 17,64,864                               | 3.23                             |
|          | 10/02/2017   | Sale            | 32,371                                    | 0.06                             | 17,32,493                               | 3.18                             |
|          | 17/02/2017   | Sale            | 17,32,493                                 | 3.18                             | -                                       | 0.00                             |
|          | 31/03/2017   | Closing Balance |   | -                                | -                                       | 0.00                             |
| <b>6</b> | <b>EMERGING MARKETS GROWTH FUND, INC.</b>          |                 |   |                                  |   |                                  |
|          | 01/04/2016   | Opening Balance | 11,45,824                                 | 2.10                             | 11,45,824                               | 2.10                             |
|          | 15/04/2016   | Sale            | 47,255                                    | 0.09                             | 10,98,569                               | 2.02                             |
|          | 22/04/2016   | Sale            | 3,78,828                                  | 0.70                             | 719,741                                 | 1.32                             |
|          | 29/04/2016   | Sale            | 43,055                                    | 0.08                             | 6,76,686                                | 1.24                             |
|          | 17/06/2016   | Sale            | 89,597                                    | 0.16                             | 5,87,089                                | 1.08                             |
|          | 22/07/2016   | Sale            | 1,00,778                                  | 0.18                             | 4,86,311                                | 0.89                             |
|          | 29/07/2016   | Sale            | 1,12,981                                  | 0.21                             | 3,73,330                                | 0.68                             |
|          | 05/08/2016   | Sale            | 26,922                                    | 0.05                             | 3,46,408                                | 0.64                             |
|          | 12/08/2016   | Sale            | 28,726                                    | 0.05                             | 3,17,682                                | 0.58                             |
|          | 19/08/2016   | Sale            | 18,437                                    | 0.03                             | 2,99,245                                | 0.55                             |
|          | 26/08/2016   | Sale            | 53,259                                    | 0.10                             | 2,45,986                                | 0.45                             |
|          | 09/09/2016   | Sale            | 76,729                                    | 0.14                             | 1,69,257                                | 0.31                             |
|          | 14/10/2016   | Sale            | 4,366                                     | 0.01                             | 1,64,891                                | 0.30                             |
|          | 09/12/2016   | Sale            | 1,205                                     | 0.00                             | 1,63,686                                | 0.30                             |
|          | 23/12/2016   | Sale            | 48,617                                    | 0.09                             | 1,15,069                                | 0.21                             |
|          | 06/01/2017   | Sale            | 1,00,446                                  | 0.18                             | 14,623                                  | 0.03                             |
|          | 13/01/2017   | Sale            | 14,623                                    | 0.03                             | -                                       | 0.00                             |
|          | 31/03/2017   | Closing Balance |   | -                                | -                                       | 0.00                             |

| S. No     | Name of the Shareholder(s)                        | Type            | Shareholding at the beginning of the Year |                                  | Cumulative Shareholding during the Year |                                  |
|-----------|---|-----------------|---|----------------------------------|---|----------------------------------|
|           |   |                 | No of Shares                              | % of total shares of the company | No of Shares                            | % of total shares of the company |
| <b>7</b>  | <b>SBI MAGNUM MIDCAP FUND</b>                     |                 |   |                                  |   |                                  |
|           | 01/04/2016  | Opening Balance | 9,87,445                                  | 1.81                             | 9,87,445                                | 1.81                             |
|           | 31/03/2017  | Closing Balance |   | 0.00                             | 9,87,445                                | 1.81                             |
| <b>8</b>  | <b>VAN ECK FUNDS - EMERGING MARKETS FUND</b>      |                 |   |                                  |   |                                  |
|           | 01/04/2016  | Opening Balance | 8,34,160                                  | 1.53                             | 8,34,160                                | 1.53                             |
|           | 22/04/2016  | Purchase        | 1,49,308                                  | 0.27                             | 9,83,468                                | 1.80                             |
|           | 29/04/2016  | Purchase        | 30,692                                    | 0.06                             | 10,14,160                               | 1.86                             |
|           | 25/11/2016  | Sale            | 57,615                                    | 0.11                             | 9,56,545                                | 1.75                             |
|           | 02/12/2016  | Sale            | 65,287                                    | 0.12                             | 8,91,258                                | 1.63                             |
|           | 09/12/2016  | Sale            | 36,267                                    | 0.07                             | 8,54,991                                | 1.57                             |
|           | 16/12/2016  | Sale            | 40,799                                    | 0.07                             | 8,14,192                                | 1.49                             |
|           | 23/12/2016  | Sale            | 84,953                                    | 0.16                             | 7,29,239                                | 1.34                             |
|           | 30/12/2016  | Sale            | 32,122                                    | 0.06                             | 6,97,117                                | 1.28                             |
|           | 06/01/2017  | Sale            | 49,646                                    | 0.09                             | 6,47,471                                | 1.19                             |
|           | 13/01/2017  | Sale            | 2,07,402                                  | 0.38                             | 4,40,069                                | 0.81                             |
|           | 20/01/2017  | Sale            | 40,814                                    | 0.07                             | 3,99,255                                | 0.73                             |
|           | 27/01/2017  | Sale            | 78,764                                    | 0.14                             | 3,20,491                                | 0.59                             |
|           | 03/02/2017  | Sale            | 28,593                                    | 0.05                             | 2,91,898                                | 0.53                             |
|           | 10/02/2017  | Sale            | 77,442                                    | 0.14                             | 2,14,456                                | 0.39                             |
|           | 17/02/2017  | Sale            | 2,14,456                                  | 0.39                             | -                                       | 0.00                             |
|           | 31/03/2017  | Closing Balance |   | -                                | -                                       | 0.00                             |
| <b>9</b>  | <b>SATTVA INDIA OPPORTUNITIES COMPANY LIMITED</b> |                 |   |                                  |   |                                  |
|           | 01/04/2016  | Opening Balance | 8,15,278                                  | 1.50                             | 8,15,278                                | 1.50                             |
|           | 24/02/2017  | Sale            | 8,15,278                                  | 1.49                             | -                                       | 0.00                             |
|           | 31/03/2017  | Closing Balance |   | -                                | -                                       | 0.00                             |
| <b>10</b> | <b>TATA BALANCED FUND</b>                         |                 |   |                                  |   |                                  |
|           | 01/04/2016  | Opening Balance | 6,24,700                                  | 1.15                             | 6,24,700                                | 1.15                             |
|           | 30/06/2016  | Sale            | 2,00,000                                  | 0.37                             | 4,24,700                                | 0.78                             |
|           | 01/07/2016  | Sale            | 1,20,000                                  | 0.22                             | 3,04,700                                | 0.56                             |
|           | 08/07/2016  | Sale            | 50,000                                    | 0.09                             | 2,54,700                                | 0.47                             |
|           | 15/07/2016  | Sale            | 1,65,000                                  | 0.30                             | 89,700                                  | 0.16                             |
|           | 22/07/2016  | Sale            | 89,700                                    | 0.16                             | -                                       | 0.00                             |
|           | 31/03/2017  | Closing Balance |   | -                                | -                                       | 0.00                             |

Note: Details based on DP ID/Client ID



## 60 Shareholding of Directors and Key Managerial Personnel

| S. No | Name of the Director / KMP                   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|-------|--|---|----------------------------------|---|----------------------------------|
|       |  | No. of Shares                             | % of total shares of the Company | No. of Shares                           | % of total shares of the Company |
| 1     | Rajiv Mittal - Managing Director & Group CEO |   |                                  |   |                                  |
|       | At the beginning of the year                 | 97,09,406                                 | 17.82%                           | 97,09,406                               | 17.82%                           |
|       | Sale/Purchase                                | -   | -                                | -                                       | -                                |
|       | At the end of the year                       | -   | -                                | 97,09,406                               | 17.79%*                          |
| 2     | Jaithirth Rao - Director                     |   |                                  |   |                                  |
|       | At the beginning of the year                 | 80,000                                    | 0.15%                            | 80,000                                  | 0.15%                            |
|       | Sale/Purchase                                |   |                                  |   |                                  |
|       | At the end of the year                       |   |                                  | 80,000                                  | 0.14%*                           |
| 3     | S. Varadarajan - Director                    |   |                                  |   |                                  |
|       | At the beginning of the year                 | 21,85,762                                 | 4.01%                            | 21,85,762                               | 4.01%                            |
|       | Sale/Purchase                                | -   | -                                | -                                       | -                                |
|       | At the end of the year                       | -   | -                                | 21,85,762                               | 4.00%*                           |

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

### Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment as on March 31, 2017

| (₹ In Lakh)  |                                  |                 |          |                    |
|--|----------------------------------|-----------------|----------|--------------------|
| Particulars  | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
| Indebtedness at the beginning of the FY (01.04.2016) |                                  |                 |          |                    |
| i) Principal Amount                                  | 23,890                           | -               | -        | 23,890             |
| ii) Interest due but not paid                        | 77                               | -               | -        | 77                 |
| iii) Interest accrued but not due                    | -                                | -               | -        | -                  |
| <b>Total (i+ii+iii)</b>                              | <b>23,967</b>                    | <b>-</b>        | <b>-</b> | <b>23,967</b>      |
| Change in Indebtedness during the FY                 |                                  |                 |          |                    |
| Addition   | 66,412                           |                 | -        | 66,412             |
| Reduction  | (78,373)                         |                 | -        | (78,373)           |
| <b>Net Change</b>                                    | <b>(11,961)</b>                  | <b>-</b>        | <b>-</b> | <b>(11,961)</b>    |
| Indebtedness at the end of the FY (31.03.2017)       |                                  |                 |          |                    |
| i) Principal Amount                                  | 11,986                           | -               | -        | 11,986             |
| ii) Interest due but not paid                        | 20                               | -               | -        | 20                 |
| iii) Interest accrued but not due                    | -                                | -               | -        | -                  |
| <b>Total (i+ii+iii)</b>                              | <b>12,006</b>                    | <b>-</b>        | <b>-</b> | <b>12,006</b>      |

## Remuneration of Directors and Key Managerial Personnel

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

(₹ In Lakh)

| S. No  | Particulars of Remuneration | Managing Director<br>& Group CEO | Total<br>Amount |
|--|-----------------------------|----------------------------------|-----------------|
|  |                             | Rajiv Mittal                     |                 |
| <b>1. Gross salary</b>   |                             |                                  |                 |
| (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961. |                             | 246.48                           | 246.48          |
| (b) Value of perquisites u/s 17(2) Income Tax Act, 1961                              |                             | 8.98                             | 8.98            |
| (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961               |                             | -                                | -               |
| <b>2. Stock Option</b>   |                             | -                                | -               |
| <b>3. Sweat Equity</b>   |                             | -                                | -               |
| <b>4. Commission</b>   |                             |                                  |                 |
| - as % of profit   |                             | -                                | -               |
| - others, please specify   |                             | -                                | -               |
| <b>5. Others (Provident Fund &amp; Superannuation)</b>                               |                             | 13.56                            | 13.56           |
| <b>Total (A)</b>   |                             | <b>269.02</b>                    | <b>269.02</b>   |
| Ceiling as per the Act   |                             | <b>1,210.29</b>                  |                 |

### B. Remuneration to Executive Director:

(₹ In Lakh)

| S. No  | Particulars of Remuneration | Director & Chief<br>Growth Officer | Total<br>Amount |
|--|-----------------------------|------------------------------------|-----------------|
|  |                             | S Varadarajan                      |                 |
| <b>1. Gross salary</b>   |                             |                                    |                 |
| (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961. |                             | 105.40                             | 105.40          |
| (b) Value of perquisites u/s 17(2) Income Tax Act, 1961                              |                             | 2.24                               | 2.24            |
| (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961               |                             | -                                  | -               |
| <b>2. Stock Option</b>   |                             | -                                  | -               |
| <b>3. Sweat Equity</b>   |                             | -                                  | -               |
| <b>4. Commission</b>   |                             |                                    |                 |
| - as % of profit   |                             | -                                  | -               |
| - others, please specify   |                             | -                                  | -               |
| <b>5. Others (Provident Fund &amp; Superannuation)</b>                               |                             | 6.08                               | 6.08            |
| <b>Total (A)</b>   |                             | <b>113.72</b>                      | <b>113.72</b>   |
| <b>Ceiling as per the Act</b>  |                             | <b>242.05</b>                      |                 |

## C. Remuneration to other directors:

| S. No                      | Particulars of Remuneration                  | Name of Directors |               |                 |                 |                 | Total Amount |
|----------------------------|--|-------------------|---------------|-----------------|-----------------|-----------------|--------------|
|                            |  | B D Narang        | Jaithirth Rao | Sumit Chandwani | Revathi Kasturi | Malay Mukherjee |              |
| 1. Independent Directors   |  |                   |               |                 |                 |                 |              |
|                            | Fee for attending Board / Committee Meetings | -                 | -             | -               | -               | -               | -            |
|                            | Commission                                   | 20                | 15            | 15              | 15              | 14.25           | 79.25        |
|                            | Others                                       | -                 | -             | -               | -               | -               | -            |
|                            | <b>Total (1)</b>                             | <b>20</b>         | <b>15</b>     | <b>15</b>       | <b>15</b>       | <b>14.25</b>    | <b>79.25</b> |
| 2. Non-Executive Directors |  |                   |               |                 |                 |                 |              |
|                            | Fee for attending Board / Committee Meetings | -                 | -             | -               | -               | -               | -            |
|                            | Commission                                   | -                 | -             | -               | -               | -               | -            |
|                            | Others                                       | -                 | -             | -               | -               | -               | -            |
|                            | <b>Total (2)</b>                             | <b>-</b>          | <b>-</b>      | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>     |
|                            | <b>Total B = (1+2)</b>                       | <b>20</b>         | <b>15</b>     | <b>15</b>       | <b>15</b>       | <b>14.25</b>    | <b>79.25</b> |
|                            | <b>Total Managerial Remuneration</b>         | <b>20</b>         | <b>15</b>     | <b>15</b>       | <b>15</b>       | <b>14.25</b>    | <b>79.25</b> |
|                            | <b>Ceiling as per the act</b>                | <b>242.05</b>     |               |                 |                 |                 |              |

(₹ In Lakh)

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

| S. No | Particulars of Remuneration  | Key Managerial Personnel                 |  |   |                   | Total Amount |
|-------|--|--|--|---|-------------------|--------------|
|       |  | CEO - India Cluster                      |  | CFO   | Company Secretary |              |
|       |  | Pankaj Sachdeva (from November 28, 2016) | Parthasarathy Gopalan (upto November 30, 2016) | Rajiv Balakrishnan (from February 11, 2017) | R Swaminathan     |              |
| 1.    | Gross salary   |  |  |   |                   |              |
|       | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961. | 49.54                                    | 171.64   | 29.53                                       | 4.30              | 255.01       |
|       | (b) Value of perquisites u/s 17(2) Income Tax Act, 1961                              | 0.55                                     | 5.1  | 0.36  | 0.15              | 6.16         |
|       | (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)   | 3.96                                     | 9.57   | 0.90  | 0.10              | 14.53        |
|       | Total (A)  | 54.05                                    | 186.31   | 30.79                                       | 4.55              | 275.70       |

**Penalties/punishment/compounding of offences**

There were no penalties/punishments/compounding offences for the year ended March 31, 2017.

For and on behalf of the Board of Directors

Chennai  
May 25, 2017

**B D Narang**  
Chairman  
DIN: 00826573

**Rajiv Mittal**  
Managing Director & Group CEO  
DIN: 01299110



**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 natural plants wherein Methane from Biogas is digested and used to generate energy to run the sewage treatment plant (STP) on self-sustaining basis. Biogas generated from the sewage sludge is being used as fuel for generation of electric power and used for operation and maintenance of plant with optimal usage of EB power. This has been demonstrated significantly in various projects of the company viz., K&C Valley, Pappankulam, Varanasi, Effluent Treatment Plant (ETP) in Dahej, STP plants, etc.

The Kodungaiyur 110 MLD STP in Chennai which was commissioned and operated by the Company has been self-sustaining for over a decade and the Bio Gas Engine (single engine) in the plant has recently completed 80,000 operating hours on March 28, 2017, thus generating 43544 MWh of power. The Bio Gas Engine has reduced the dependency of the plant on grid power to less than 12.5%, even in its 11th year of operation including regular maintenance etc.

ETP with Recycle facility in Dahej was designed & built to treat effluents from 'purified terephthalic acid (PTA) plant' and 'polyethylene terephthalate (PET) plant'. The 'ETP and Recycle Facility' is the first large scale recycle plant for PTA wastewater in India. The Bio gas generated has replaced natural gas as fuel for the sludge dryer in the ETP and the dryer in the PTA plant. Two million cubic metres of natural gas is conserved every year in this plant

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

The Company has taken an adequate steps for conservation of energy. Out of total electrical energy of 12,10,792 units consumed in "Wabag House", Chennai 10,72,552 were received in the form of wind energy contributing to a total of 88.58% of the total power consumed during the FY 2016-17 has helped to bring this down the power cost to some extent as well as becoming a part of green energy compliant corporate.

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

NIL

**(B) Technology absorption**

|   |  |
|---|--|
| (i) The efforts made towards technology absorption;   | The details on R&D efforts and technology absorption are disclosed in the report on Management's Discussion and Analysis forming part of this annual 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 FY) |  |
| (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   | INR 94 Lakh  |

**(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 Lakh |         |
|---------------------------------|-----------|---------|
|                                 | 2016-17   | 2015-16 |
| Earnings in Foreign Currency    | 51,171    | 29,634  |
| Expenditure in Foreign Currency | 5,270     | 5,254   |

For and on behalf of the Board of Directors

Chennai  
May 25, 2017

**B D Narang**  
Chairman  
DIN: 00826573

**Rajiv Mittal**  
Managing Director & Group CEO  
DIN: 01299110

# Management Discussion and Analysis

## About WABAG

WABAG Group is one of the leading and most reputed multinational players in water treatment space. It has presence in over 20 countries and offers a comprehensive range of technological solutions. The Group is headquartered in Chennai and has an enviable record of completing more than 2,300 projects over the last 30 years. The Group is actively involved in projects across India, Europe, Middle East, Africa, South-East Asia and recently entered the Latin America market.

The Group's history dates back to 1924 when it operated as a standalone unit in Breslau. Over the years, the Group underwent various restructuring through mergers and acquisitions. In 1973, it became a part of Deutsche Babcock group which was subsequently acquired by VA Tech, an Austrian Conglomerate, in 1999. In 2005, post-merger of VA Tech and SIEMENS, it became part of SIEMENS Group. However, later in 2005, WABAG's Indian subsidiary that commenced operations in 1996 acquired the stake from SIEMENS through a Management Buy-Out. Subsequently, in 2007 WABAG India acquired the erstwhile parent Company WABAG Austria along with its subsidiaries.

### Offers life cycle solutions

- EPC for treatment of drinking water, municipal wastewater, sea & brackish water, industrial and process water, industrial wastewater and recycle & reuse
- Operations and maintenance

### Strategic presence in emerging economics

In regions with perennial water issues

- Middle East • North Africa • Latin America

In regions with underdeveloped water technologies

- India • South East Asia • Sub-Saharan Africa

## What makes WABAG an attractive play?

### Provides European technology at affordable cost

- European units provide strong R&D, technology and over 100+ patents which are utilised across the group
- Regional units provide localisation advantage at affordable cost

### Immense strengths

- Strong brand name and long-term experience
- Skilled and talented intellectual capital
- Extensive R&D capabilities and technological prowess
- Robust track record and references
- Global presence and synergies among various units
- Wide portfolio of offerings
- Asset-light and strong financials

## Global economic scenario

The global economy grew at 3.1% in 2016 compared to 3.4% in 2015 primarily owing to subdued demand in advanced economies, China's economic rebalancing, commodity exporters adjusting to a steady decline in terms of trade and geopolitical uncertainties. The second half of the year witnessed a remarkable shift in activities with stronger-than-expected growth in the advanced economies driven by declining inventory drags and recovery in manufacturing output.

The GDP growth in advanced economies fell from 2.1% in 2015 to 1.7% in 2016. The US economy witnessed a weaker than expected growth of 1.6% compared to 2.6% in 2015 driven by persistent weakness in non-residential investments, sizeable drawdown of inventories and fears of market volatility. In the Euro area, the declining output and demand (primarily low investments) resulted in a decline in growth from 2% in 2015 to 1.7% in 2016. However, the second half of 2016 saw Germany, Spain and United Kingdom witnessing stronger growth. In Japan, the weaker external demand and corporate investments continued to weigh down growth.

The scenario in Emerging Markets and Developing Economies (EMDEs) remained pretty diverse with growth marginally declining from 4.2% in 2015 to 4.1% in 2016. In the Latin America and Caribbean (LAC) region, the growth is expected to rebound followed by six years of slowdown.

However, the countries in the region would be required to look out for newer areas of growth to reduce poverty and boost prosperity. While Argentina and Brazil are steadily coming out of recession, Mexico is likely to continue with moderate growth and the Caribbean region will grow the fastest. Russia on the other hand, is well on way to come out of recession with a negative growth of 0.2% compared to a negative growth of 2.8% in 2015 driven by firming oil prices. Among the Emerging and developing Asia regions, the growth declined from 6.7% in 2015 to 6.4% driven by a slowdown in Indonesia (led by decline in private investments) and Thailand (led by slowdown in consumption and tourism). The growth in Middle East declined driven by slowdown in Saudi Arabia (1.4% growth in 2016 compared to 4.1% in 2015). This was primarily owing to decline in oil prices and civil unrest. The growth momentum in India also faced temporary economic challenges leading to a negative consumption.

The outlook for global economy remains strong with growth expected to be 3.5% in 2017 driven by a positive financial market sentiment towards emerging market economies with expectation of lower interest rates in advanced economies, reduced concern over China's growth prospects and firming commodity prices. Following these economic activities in advanced economies and EMDEs are expected to rebound strongly and growing by 2.0% and 4.5% respectively. The LAC region is expected to grow 1.1% in 2017 and then pick up pace to 2% in 2018.

## World Economic Outlook

(% growth in GDP)

|   | 2015 (E) | 2016 (E) | 2017 (P) | 2018 (P) |
|---|----------|----------|----------|----------|
| World Output  | 3.4      | 3.1      | 3.5      | 3.6      |
| Advanced Economies                                  | 2.1      | 1.7      | 2.0      | 2.0      |
| Emerging Market and Developing Economies            | 4.2      | 4.1      | 4.5      | 4.8      |
| Emerging and Developing Asia                        | 6.7      | 6.4      | 6.4      | 6.4      |
| Emerging and Developing Europe                      | 4.7      | 3.0      | 3.0      | 3.3      |
| Latin America and the Caribbean                     | 0.1      | -1.0     | 1.1      | 2.0      |
| Middle East, North Africa, Afghanistan and Pakistan | 2.7      | 3.9      | 2.6      | 3.4      |

E – Estimate, P – Projection

(Source: IMF – World Economic Outlook, April 2017)

## Indian economic scenario

In FY2016-17, the Indian economy experienced a slowdown in its GDP growth momentum from 7.9% in FY 2015-16 to an estimated 7.1%. This was primarily on account of the demonetisation drive whereby 86% of currency in circulation had been withdrawn resulting in cash crunch issues which negatively impacted the consumption in the second half of FY 2016-17. As a result of this, most of the sectors of the economy are expected to witness a slowdown – the growth

in gross value added (GVA) from services and industrial sector is likely to be 8.8% and 5.2% respectively compared to 9.9% and 8.2% respectively in the previous fiscal. An exception to this shall be the robust growth in agricultural sector which is expected to grow 4.1% compared to 0.76% on account of normal monsoon after two years of deficit.

Despite this near-term slowdown, the long-term prospects of the economy remains positive owing to the government's



commitment on meeting the fiscal targets, and focus on enhancing digital transactions and implementation of Goods and Services Tax (GST) that would lead to healthy growth of the organised sector. An estimate by McKinsey suggests that India's shadow economy is nearly as large as 26% of its GDP resulting in one-fourth of the economy going unaccounted. Initiatives by the government to limit cash transactions and make digital transactions more lucrative are expected to migrate a large chunk of this shadow economy into the formal sector. This will result in higher revenue collection which can be effectively used for infrastructural development. Moreover, there is a strong drive towards enhancing the country's infrastructure scenario with FY 2017-18 budgetary allocation of ₹ 3.96 Lakh Crore towards creating and upgrading infrastructure.

As on 31 March 2017, various economic indicators showed a positive sign with inflation being restricted to 3.81% and forex reserves surging to ₹ 24,103 bn, while fiscal deficit likely to be 3.5% of GDP. One key area that the government is keen to focus on is improving the "Ease of Doing Business" in the country through a series of initiatives. Currently, the country ranks at 130 out of 189 countries and the government aims to improve the country's ranking to under 50 by 2018.

In the short-run, the India's economic outlook remains mildly positive with adjusting to various radical changes. However, in the long-run, the scenario is expected to improve driven by improving investor confidence in the country, important structural reforms, easing supply side bottlenecks, and implementation of facilitative fiscal and monetary policies. Driven by these, the IMF expects the country to grow 7.2% in 2018 and 7.7% in 2019.

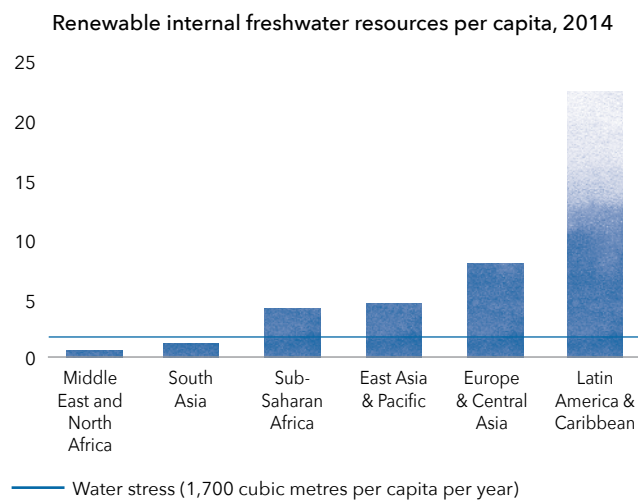
### Global water scenario

Water is the most vital element essential for supporting life. Nearly 42% of the world's total active workforce is heavily dependent on water while another 36% is moderately dependent on it. Despite this, there has been rampant misuse and wastage of water over the past few decades leading to serious water shortage across the globe. Water scarcity led by climatic conditions and poor water management is a key issue worldwide. Globally, the estimated annual fresh water withdrawal is pegged at 3,928 km<sup>3</sup>. As per the World Bank, nearly 660 mn people worldwide (primarily from middle and low income countries) lack access to clean water, resulting in these economies losing over US\$ 250 mn every year because of insufficient water supply and sanitation services. Another 500 mn are located in areas where annual water consumption exceeds the local renewable water resources

by a factor of two. In the past 50 years, the global per capita freshwater supplies have nearly halved with countries in Middle East & North Africa (MENA) and South Asia being classified as water-stressed regions.

### Middle East & North Africa and South Asia are the most water-stressed regions

(thousands of cubic metres)

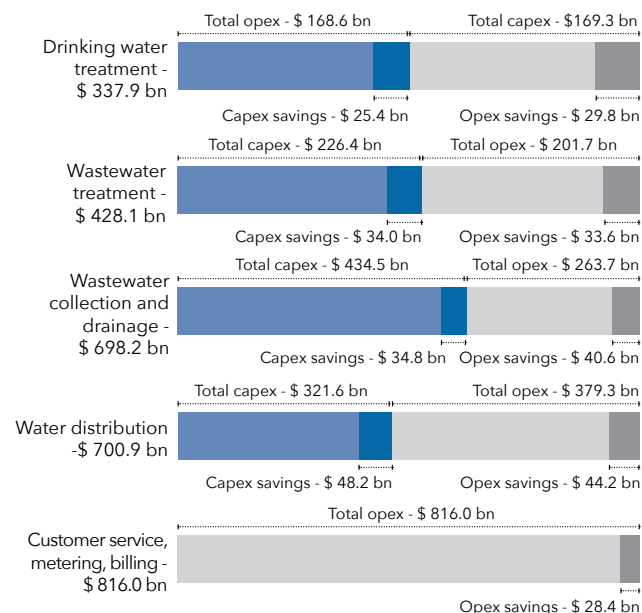


(Source: Food and Agricultural Organisation; World Development Indicators Database)

As per the World Bank, the annual global fresh water withdrawals is estimated at 3,985.7 bn cubic metres, which constitutes nearly 9% of the total global internal resources. Regionally, this figure goes up to 138% in Middle East and North Africa combined and up to 228% in Arab World alone indicating that these regions are withdrawing far more water on an annual basis than the limited internal fresh water available. The scenario is no better in South Asia which withdraws nearly 52% of the total internal fresh water in the region. As per Water's Digital Future Report by GWI, implementation of digital solutions is one key area that can lead to significant savings in capex and opex costs in the water sector. During 2016 to 2020, the total capex and opex spending across different utility spending categories globally is likely to be US\$ 1,152 bn and US\$ 1,829 bn respectively. It is estimated that effective implementation of digital solutions can lead to savings of nearly US\$ 320 bn.

## Benefits from digital solutions

(\$ in Bn)



(Source: Global Water Intelligence Magazine, December 2016 issue)

## Water challenges

### Rising population and demand

As per the United Nations, the global population during 2011-2050 is estimated to grow by 33% to 9.3 bn, and that in the urban areas the population will double to 6.3 bn. During this period, the food demand is likely to increase by 60% while global water demand (fresh water withdrawals) by an estimated 55%. This is likely to increase strains on the global fresh water availability and UN predicts the world to face a 40% deficit in water.

### Climate change

Climate change resulting in erratic rainfalls and surging temperatures is another issue that is drastically impacting

the availability of water resources across the globe. An assessment by Intergovernmental Panel on Climate Change suggests that for each degree of global warming nearly 7% of the global population will face higher exposure to decreased availability of fresh water resources. Several countries in MENA, South Asia and Latin America are already facing troubles due to this and are more vulnerable to increased drought risks.

### Ecosystem health

As per estimates, since 1990s water pollution has worsened nearly all water bodies in Latin America, Africa and Asia primarily owing to discharge of untreated water and unsustainable land use practices leading to erosions. Nearly 80% of the wastewater is released into environment without treatment. The untreated water discharged into the seas and oceans has led to creation of 2,45,000 km<sup>2</sup> of de-oxygenated dead zones that has direct impact on fisheries, livelihoods and food chains. The severe organic pollution to fresh water has directly affected a majority of global population living in the rural areas. This highly necessitates the need for conventional and unconventional wastewater treatment schemes.

### Lack of proper infrastructure

Though at present there is sufficient water to feed the global population, the key issue is the improper distribution of water resources globally. Regions in MENA and South Asia have access to significantly less water resources. Moreover, the lack of proper water infrastructure in these regions leads to rampant mismanagement of water and continuous decline in available fresh water resources. A research by Global Water Leaders Group suggests that inadequate access to water and sanitation inflicts unnecessary costs to the global economy to the tune of US\$ 325 bn which is on top of the US\$ 485 bn of annual direct costs of water and wastewater utility services. By 2030, these costs are expected to surpass the direct costs.

## Wastewater management: importance from a resource perspective

| Resources in wastewater   | Resource management options  | Technical system options   | Multiple potential benefits  |
|---|--|--|--|
| <ul style="list-style-type: none"> <li>• Water</li> <li>• Nutrients</li> <li>• Energy Content</li> <li>• Organic Matter</li> <li>• Other</li> </ul> | <p><b>Water reuse and recycling</b><br/>Potable and non-potable water/industrial use/recharge of water bodies</p> <p><b>Combined water and nutrient reuse</b><br/>Agricultural irrigation/forestry irrigation/ aquaculture</p> <p><b>Nutrient reuse or combined organic matter/nutrient reuse</b><br/>Solid and liquid fertiliser and soil conditioner for agriculture and forestry</p> <p><b>Energy generation</b><br/>Biogas generation/incineration/biomass production</p> <p><b>Ecosystem services</b><br/>i.e. constructed wetlands</p> <p><b>Other outputs</b><br/>i.e. protein feed for livestock/other outputs</p> | <ul style="list-style-type: none"> <li>• Centralised vs decentralised</li> <li>• Waterborne vs Non-waterborne excreta management</li> <li>• Separate greywater management</li> <li>• Sludge management</li> <li>• Off-site vs on-site treatment</li> <li>• Wastewater treatment</li> <li>• Sludge treatment</li> </ul> | <ul style="list-style-type: none"> <li>• Health protection</li> <li>• Environmental protection</li> <li>• Livelihoods</li> <li>• Gender equity</li> <li>• Water security</li> <li>• Food security</li> <li>• Energy security</li> <li>• Climate mitigation and adaptation</li> </ul> |

(Source: The United Nations World Water Development Report, 2017)

### Region-wise demand trend for water and wastewater market

#### Asia-Pacific

The Asia-Pacific region accounts for 60% (4.3 bn people) of the world's population of which nearly 1.7 bn people lack access to basic sanitation. Nearly 80% of the wastewater is discharged into water bodies with little or no treatment. In countries like Indonesia, Philippines, India and Vietnam only 14%, 10%, 9% and 4% respectively of the wastewater is treated, making it highly susceptible to health risks. 7 of the world's 15 biggest groundwater abstractors are from these regions. The region's population is expected to explode to a massive 5.2 bn by 2050 leading to a 55% increase in water demand rise and estimates suggests that nearly 3.4 bn of these could be living in water-stressed areas if no proper actions are taken.

The Asia-Pacific region has shown a positive trend in strengthening water security with number of water-insecure countries declining from 38 (of 49 assessed) in 2015 to 29 (of 48 assessed) in 2016 within the region. Despite this, there exists massive challenges in further strengthening water security. Advanced economies in the region (Australia, New Zealand and Japan) lead the way followed by East Asia, where water security has strengthened. Despite this improvement, majority of the countries in South Asian regions remain the most challenged.

### National water security index score

| Region                | Score |
|-----------------------|-------|
| Advanced Economies    | 80.5  |
| East Asia             | 61.9  |
| Southeast Asia        | 47.3  |
| Pacific               | 43.0  |
| Central and West Asia | 38.2  |
| South Asia            | 33.7  |

(Source: Asian Water Development Outlook 2016 by Asian Development Bank)

#### The key developments across five major areas include:

- **Economic water security** - All regions have shown positive developments and there is further scope for improvements
- **Urban water security** - Besides developed regions, East Asia has shown remarkable positive progress, whereas South-Asian countries, especially Myanmar, Pakistan, and the Philippines have huge potential for improvement
- **Household water security** - All the regions have shown improvements, with South-Asian region showing the least development. A key issue here has been the disparities in household water security between rural and urban
- **Environmental water security** - Strong governance and river health monitoring has shown positive developments across all countries.
- **Resilience to water-related diseases** - Apart from advanced economies, the other countries in the region are still lagging behind with weak resilience

In Singapore, industries account for nearly 55% of the total water demand which is projected to increase to 70% by 2060. The total water demand is expected to double by then. As a landmark initiative intended on curbing the indiscriminate use of water, the government has focussed on increasing water prices by 30% in two phases (phase I in July 2017 and phase II in July 2018).

In Vietnam, various utilities across the country are now focussing on consolidating in a bid to attract foreign investments. The rising private participation in the country has led to significant developments in the water market. Further, the Vietnamese government has approved a framework for construction of new regional water supply system (includes five large-scale water treatment plants) to serve the Mekong Delta at an estimated investment of US\$ 1.7 bn (of which US\$ 400 mn would be funded by World Bank).

### Latin America

The LATAM region has abundant water resources, but it is not evenly distributed and varies significantly across the region. The Gulf of Mexico Basin, the South Atlantic Basin, and the La Plata Basin are the most populated regions accounting for nearly 40% of the population, having water intensive industrial operations but with only 10% of the region's water resources. Moreover, the regional economies rely heavily on exploitation of natural resources leading to frequent droughts. It is because of this that the total renewable internal freshwater resources per capita have declined from 59,532 m<sup>3</sup> in 1962 to 22,162 m<sup>3</sup> in 2014.

The water management institutions are pretty weak in most countries across the region with limited implementation capabilities. Further, the region being primarily export-oriented with most products and services being water intensive leads to increasing water related socio-environmental conflicts. Thus, there is an urgent requirement of effective institutional arrangements for integrated water management. This would enhance economic efficiency and at the same time attract investments for water resource development.

The past few years have witnessed rising awareness among the countries in the region to enhance coverage of urban wastewater treatment, which has doubled since late 1990s with coverage ranging from 20-30%. It is estimated that the region shall invest a sum of US\$ 33 bn to further enhance the coverage of wastewater treatment to 64% by 2030.

### Middle East & North Africa (MENA)

The MENA region is amongst the most water scarce region globally, accounting for 6% of the world's population and less than 2% of the world's renewable water resources. The key reasons for this scarcity are due to the arid conditions, rising population, inefficient usage and mismanagement. Forecasts of water scenario in countries like Egypt, Saudi Arabia and United Arab Emirates are pretty bleak. As per the World Bank, the renewable internal fresh water resources per capita in the region has declined from 2,068 m<sup>3</sup> in 1962 to 555 m<sup>3</sup> in 2014 which is a serious cause of concern. On average, the water availability at 1,200 m<sup>3</sup> in the region is nearly six times less than global average of 7,000 m<sup>3</sup>. In 2050, with population growth and increasing demand, the per capita availability of water is expected to be halved from its current levels.

In Saudi Arabia, one of the world's largest water markets, the water ministry has planned a radical restructuring of the water sector aimed at reinventing the massive state bodies, and strengthening national regulators and water purchasers to lure international investors. The market eyes one of the largest privately financed water spending programme with nearly US\$ 53 bn of spending on the agenda over the next five years. The programme would include desalination plants, sewage treatment plants, sewage network, meter installation and leakage reduction, strategic storage, water distribution, water transmission and groundwater sources.

### Outlook

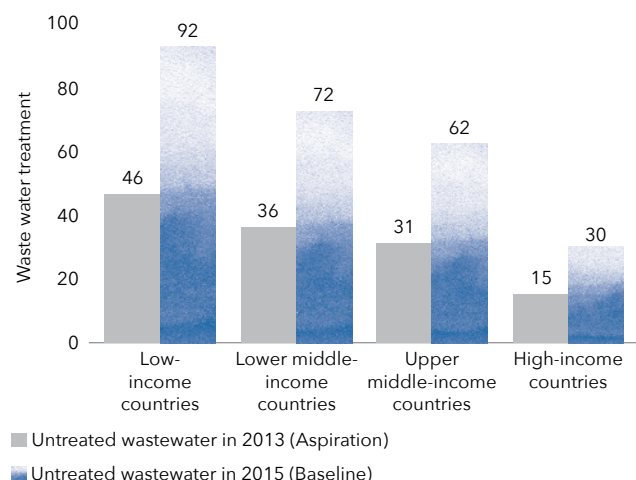
Going forward, the goals set by 193 United Nations Member States in its 2030 Agenda for Sustainable Development shall play a crucial role in determining the future of drinking water, sanitation and hygiene, integrated water management, and protection of ecosystem globally. The World Bank estimates that for meeting the objectives of Sustainable Development Goal for water and sanitation, an investment of US\$ 114 bn every year would be required until 2030, which is four times the current global expenditure level of US\$ 28.4 bn.

Wastewater treatment sector has huge potential in the coming years. In the industrial sector, as the demand for water from the industrial units grow, there will be significant demand for water treatment. It is estimated that by 2020 the market for industrial water treatment technologies will grow by 50%. The agricultural sector accounts for 70% of all fresh water consumption wherein the water reuse shall be critical. It is estimated that the 330 km<sup>3</sup> of municipal wastewater generated every year if treated and used effectively has the potential to irrigate nearly 40 mn hectares or 15% of all irrigated farm lands.



## Target for halving proportion of untreated water across countries

(%)



(Source: The United Nations World Water Development Report, 2017)

## Indian water scenario

The water scenario in India is getting severe as perennial rivers are drying up at several locations and ground water levels reaching all-time low. This has given rise to the growing inequalities in water distribution and consumption resulting in rising socio-economic and environmental complexities. India's per capita renewable internal freshwater resources in 2014 has declined to 1,116 m<sup>3</sup> (close to scarcity levels) compared to the global average of 5,926 m<sup>3</sup>. Though, at present the country's annual water availability of 1,123 bcm (bn cubic metres) is sufficient to meet the current demand, the situation is expected to worsen in future as water demand rises and availability declines. Moreover, the distribution of water is not consistent across geographies resulting in severe crisis in certain regions. Over the next decade, the consumption of water for domestic and industrial purposes is likely to double, while that of the agricultural consumption is expected to rise sharply. Additionally, the complexities arising from climate change and pollution of ground and surface water are aggravating the problems.

### Water usage by various sectors (bn cubic metres)

|                | 2010 | 2025 | 2050  |
|----------------|------|------|-------|
| Irrigation     | 688  | 910  | 1,072 |
| Drinking water | 56   | 73   | 102   |
| Industry       | 12   | 23   | 63    |
| Energy         | 5    | 15   | 130   |
| Other          | 52   | 72   | 80    |

(Source: Central Water Commission)

## Water treatment infrastructure

The water treatment infrastructure in India is at a nascent stage. It is estimated that 70% of the surface water in India is contaminated by biological, toxic, organic and inorganic pollutants. Nearly 66,700 habitations across the country are affected due to presence of arsenic and fluorides in the drinking water. To counter this, the government under a special scheme has allocated a sum of ₹ 25,000 Crore to provide clean and safe drinking water to its citizens.

In India, water is a state subject owing to differences in consumption pattern influenced by local conditions, topography and economy. At the centre, the water management is guided by the National Water Mission (focusses on conservation and equitable distribution of water through integrated water resources development and management) and National Water Policy 2012 (focusses developing guidelines for inclusive, equitable, socially just and transparent planning, distribution and management of water resources).

The concept of wastewater reuse is not new in India. Lack of supportive policy, low sewerage network coverage and insufficient sewage treatment and availability of fresh water led to slower pace of development in wastewater treatment industry. However, with the Government emphasising on reuse of reclaimed water in its various urban development schemes like Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Swachh Bharat Mission, Smart Cities Mission and the Namami Gange programme the industry is likely to witness growth.

As per a research report by TechSci, the wastewater treatment plants market in India is projected to grow at a CAGR of 12% during 2016-21 driven by rising water pollution, stringent regulatory norms and rapid urbanisation. Moreover, the municipal wastewater treatment plants' rising penetration in residential and commercial sectors will further drive Indian wastewater treatment plants market.

## Indian wastewater segment

In India, nearly 70% of the sewage generated remains untreated owing to the limited capacity of treatment plants in India. The country has a total of 522 operational sewage treatment plants with a total capacity of 18,883 mn litres per day (MLD), while the sewage generated from urban areas alone is 62,000 MLD and that from class-I cities and class-II towns is around 38,255 MLD. The untreated water is directly discharged into water bodies, polluting three-fourth of the country's surface water resources. Moreover, of the total available capacity of STPs, utilisation is less than 60% owing

to inadequate sewerage network and power shortages. It is estimated that by 2051, the total wastewater generated from urban centres may cross 1,20,000 MLD and that from rural would be nearly 50,000 MLD.

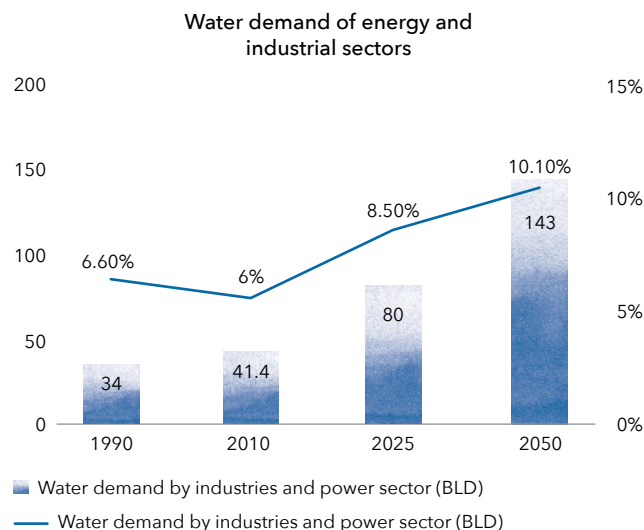
### Wastewater treatment capacity in India

|              | Wastewater generated (MLD) | Wastewater treated (MLD) | %          |
|--------------|----------------------------|--------------------------|------------|
| Metros       | 15,644                     | 8,040                    | 51%        |
| Class I      | 19,914                     | 3,514                    | 18%        |
| Class II     | 2,697                      | 234                      | 8%         |
| <b>Total</b> | <b>38,255</b>              | <b>11,788</b>            | <b>31%</b> |

As India rapidly transforms from agrarian to industrial and services based economy, its demand for water from the industrial sector will significantly rise. By 2050, the demand from energy sector will grow 3.7 times and that from the manufacturing sector will grow 2.2 times. At current levels of water utilisation, the water available to the industrial sector will drop from 491 bcm to 135 bcm in 2050 making reuse of reclaimed water the most reliable solution.

### Industrial demand of water in India

bn litres per day (BLD)



(Source: PWC report: Closing the water loop: Reuse of treated wastewater in urban India)

### Growth drivers

- **Namami Gange** - A multiyear project on a massive scale involving set-up of several sewage treatment plants and effluent treatment plants along the banks of the river focussed on treating wastewater and reuse by industries. The project is gaining momentum with the change in

political climate besides the judicial intervention from the highest court of the land

- **Huge demand-supply gap** - The annual water demand in India is rapidly rising, while the annual water availability is fast depleting making reuse of treated wastewater extremely crucial
- **Government support** - The government increased its FY2017-18 budgetary allocation to the Water Resources, River Development and Ganga Rejuvenation by 11%. Of the total amount, ₹ 6,887 Crore shall be allocated to the Ministry and ₹ 2,250 Crore to Namami Gange programme. Further, the government is also steadily making the regulatory norms in India stringent for promoting reuse of wastewater and even mandating industries with water reuse targets
- **Municipalities getting proactive** - A lot of municipalities across the country are steadily rising to the challenge of water crisis by setting own stringent treated water reuse targets. Some of them have even started awarding reuse projects on PPP (Public Private Partnership) and DBO (Design Build Operate) models
- **International funding** - International agencies like World Bank, Asian Development Banks and Japan International Cooperation Agency are increasingly showing concerns towards India's water crisis and have even funded several water-related projects
- **Huge desalination opportunities** - The desalination segment in India is set to grow strongly backed by a strong pipeline of large-scale projects proposed in Tamil Nadu, Maharashtra, Gujarat, Odisha, Rajasthan, Andhra Pradesh, Karnataka and Puducherry. In Chennai, two more desalination plants are under way and proposed to be finalised - the 150 MLD Nemmeli II plant and 400 MLD plant in Perur

### Indian water outlook

India being an agrarian economy, majority of the population depends on agriculture or allied activities. This results in the country being heavily dependent on water for sustaining its economy. In India, of the 32 major cities, 22 face daily water shortage with Jamshedpur being the worst-hit with a supply gap of 70%. As per the World Bank, with the current pace of climate change and water mismanagement, India could lose nearly 6% of its GDP in 2050. Whereas, with efficient water management, it can add extra 1% to the economy.

Of late, there has been rising awareness on water pollution and mismanagement issues. The government is taking up the matter seriously and making environment and pollution norms stricter. In a landmark ruling by the Hon'ble Supreme Court of India, the industrial units have been provided a deadline of three months to set-up a proper

effluent treatment plant. Directions have been given to the state pollution control boards (PCBs) to disallow industrial units from operating in case of failure and even directed disconnecting the power supply to defaulting industrial units. With this, the industrial houses have to mandatorily abide by the pollution norms and ensure that wastewater is effectively treated and discharged. In addition to this, the states have been provided a timeline of three years to build common effluent treatment plants.

### Group Performance

The Company's operations are spread across the globe in four clusters namely India, Europe, Middle East & Africa (MEA) and LATAM. Though, each of the clusters has various geographies demarcated to them and operates within it, they work closely leveraging each other's strengths. During the year, the company successfully transitioned into cluster-based model by realigning and readjusting strategies and streamlining operations. It also created management bandwidth in terms of key positions like CEO and COO for the India cluster.

#### India cluster

The India cluster of the Company focusses on the countries of India, Philippines, Thailand, Nepal, Sri Lanka, Singapore, Malaysia, Cambodia, Laos, Myanmar, Vietnam, Indonesia, Bangladesh.

#### Cluster overview

##### WABAG India

The India unit is the cluster as well as the Company headquarters and acts as the key strategic unit providing support and resources to other global units. Offering holistic water solutions in the industrial and municipal segments, it is the market leader in the Indian water treatment industry. It has a proven track record of handling various first-of-its-kind, large-scale and complex projects in the water space. Availability of skilled engineering talent leveraging the cost arbitrage makes it an ideal location.

##### WABAG Philippines

WABAG Philippines, a wholly-owned subsidiary of WABAG India, is a leader in Philippines' wastewater treatment sector. The Company leveraged its innovative, technologically advanced and cost-effective solutions to address the scarce water problems in a country denoted by high energy costs making desalination unviable. Driven by strong competencies and execution capabilities, the subsidiary is a leader in the region.

The subsidiary focusses on the local as well as neighbouring countries' (Vietnam and Cambodia) market. The unit

leverages cross-unit collaboration for timely execution of projects at the most cost-effective rates.

#### Cluster highlights

- Key orders bagged:
  - ₹ 5,953 mn integrated water supply project in Barmer (Rajasthan) along with the local partner
  - US\$ 31.5 mn SWRO plant for a major Refinery in Indonesia
  - ₹ 1,400 mn ADB-funded contract for rehabilitation and expansion of Guheshwori wastewater treatment plant (WWTP), including 10-year operation and maintenance
  - ₹ 582 mn operation and maintenance order for PUB Singapore (National Water Agency)
  - ₹ 353 mn sewage treatment plant rehabilitation order at Makati (Philippines)
- Won a first O&M project in Philippines for industrial water and wastewater treatment for a premier micro chip manufacturing company where the product has to be of De-Ionised (DI) water
- In India, the Company commenced a project management division in Kolkata for handling eastern region operations and strengthened Pune office with more manpower for timely execution.
- Undertook promotion of projects with better technologies for significantly reducing plant life-cycle costs
- Successfully completed Reliance Industries' Hazira Effluent Treatment Plant (first ever plant for treating petrochemical cocktail effluent) and JSPL's Angul Effluent Treatment Plant (first ever gasification effluent plant having 80% recovery)

#### Strategic direction ahead

- Regional market strategies –
  - **India:** Target huge upcoming opportunities from the Namami Gange, Smart Cities and Swachh Bharat Mission. Enhance focus on industrial projects. Speedily execute existing legacy projects and reduce focus on such projects that have been laggards to balance sheet.
  - **Philippines:** Target large-scale drinking water and wastewater treatment projects. Leverage local competencies with enhanced focus on Industrial sector.
  - **Malaysia & Indonesia:** Enhance focus on industrial projects owing to dearth of municipal projects
  - **Vietnam:** Reduce costs and re-strategise to act more as a local player to compete in the highly competitive market having large number of medium-sized players

- **Thailand:** Leverage technology to bid for large-scale funded projects
- Cluster strategies –
  - Primarily focus on funded and from financially strong Municipalities projects
  - Focus on technology-oriented projects by leveraging strong R&D and patented technologies to nullify competition from local players
  - Promote brand and create awareness to unlock latent opportunities
  - Explore and enhance presence in the markets of Sri Lanka, Bangladesh, Thailand and Vietnam
  - Strengthen people competencies and develop cross-cultural unity

### Key projects handled

#### WABAG India

- World's largest tannery wastewater treatment plant for the Calcutta Leather Complex
- Asia's largest wastewater treatment plant at the Jamnagar Refinery
- India's largest –
  - Fully potable Seawater RO plant at Nemmeli, Chennai
  - Wastewater recycling plant for IOCL, Panipat
  - Ultra-filtration plant for treated wastewater for the Vizag Steel Plant
- Water treatment plant based on membrane filtration - Delhi Games Village
- India's largest Lamella wastewater treatment plant for the Brihan Mumbai Municipal Corporation (BMC)

#### WABAG Philippines

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

### Europe cluster

The Europe cluster of the Company focusses on the countries of Austria, Czech Republic, Romania, Switzerland and Turkey

### Cluster overview

#### WABAG Austria & Turkey

WABAG Austria is amongst the oldest subsidiary of the group having robust technological competence and engineering capabilities enabling it to provide comprehensive water treatment solutions for municipal and industrial clients. It has rich project experience and international exposure, especially in the Middle East.

WABAG Turkey on the other hand is a relatively newer subsidiary, though the group had presence in the market for over three decades. It is capable of providing comprehensive product and services portfolio and facilitates the group in localising operations in the region.

The strategic realignment of these two organisations was necessary for the following reason:

- **Combine strengths:** WABAG Austria has rich legacy, experienced staff, strong technological competence and regulated systems, whereas, WABAG Turkey is a low cost, young and energetic organisation with execution skills and local expertise. The synergy between the organizations would be an optimum combination to win and execute projects effectively in the region.
- **Leverage European brand image:** The Austrian unit would continue to leverage its technological prowess and references to position the group as a hi-tech European Company
- **Expand market:** The combined strength would enable them to expand aggressively to other markets

#### WABAG Switzerland

WABAG Switzerland, possessing several patented hi-end technologies, is capable of delivering innovative, technologically advanced and customised solutions to customers. It holds over 70% of municipal market share of the advanced technology segment and is an EN ISO 9001:2008 certified Company. It has a robust track record of executing over 200 municipal and industrial projects since 1995.

The subsidiary possesses strong R&D capabilities and infrastructure. It is credited with the development of several ground-breaking innovations and is amongst the first few in the industry to possess technological competence in the removal of micro-pollutants. The subsidiaries' strong repository of innovative technologies has enabled the group's other units to successfully bag complex projects.

#### WABAG Romania

WABAG Romania, established in 2008, focusses on providing EPC and O&M solutions to industrial and municipal customers in the process water and wastewater



treatment space. It is an EN ISO 9001:2008, OHSAS 18001:2007 and ISO 14001:2004 certified organisation.

The subsidiary specializes in providing complex water technology solutions to oil & gas players and has rich experience in operating refinery ETPs. It is highly respected and recognised in the industry for its approach to environment, quality of work and stringent compliance standards.

#### WABAG Czech Republic

WABAG Czech Republic, founded in 1994 is amongst the oldest WABAG subsidiaries. It is headquartered in Brno and caters to both industrial and municipal water markets. Its operations are spread across foreign markets (Slovakia, Serbia, Turkey, Uzbekistan and Vietnam) as well. It played an important role in the group access to Eastern European markets. It is the only unit in Europe which is strictly oriented to business in the energy sector. It also has the distinction of working for small time nuclear power plants in the Czech Republic.

It is an EN 9001:2000, ISO 14001:2004 and OHSAS 18001:2008 certified Company. It offers solutions in the areas of pre-treatment systems, demineralisation, condensate polishing, ion exchange technology, cooling water treatment, filtration and neutralisation. It also serves as a competence centre in industrial water treatment services within WABAG's Europe cluster.

#### Cluster highlights FY 2016-17

- Key orders bagged:
  - US\$ 27 mn industrial water treatment plant from OJSC Power Machines for the Long PHU 1 power plant (Vietnam)
  - € 15 mn, 180 MLD water treatment plant at Ismalia (Egypt)
- Successfully marked presence in new vertical (food and beverages sector) by completing the first ever project in the sector for Albalact (production factory owned by Lactalis) in Romania
- Bagged two contracts from global food and beverages giant PepsiCo for its plants in Bucharest and Moscow
- Successfully extended timeframe and scope of O&M contract with major client, OMV Petrom of Romania. We are now into the ninth successful year of collaboration with them
- Ranked 2nd in the Green Acquisitions category (in respect of supplier's evaluation) and 3rd in the Sustainable Development category out of 400 registered entries in

the Green Business Index (GBI), 2016, the barometer of corporate environmental responsibility in Romania

#### Strategic direction ahead

- Regional market strategies –
  - **Eastern Europe:** Continue bidding to tap funded projects. Market has a sustainable pipeline of projects (drinking water, wastewater, sludge management).
  - **Czech Republic:** Leverage reputation and strong connection with Russian speaking countries (Russia, Uzbekistan and Turkmenistan) to expand business. Increase focus on export business as local markets have limited opportunities and are highly competitive
  - **Romania:** Primarily focus on oil & gas and beverages sector. Explore opportunities for providing multinational clients full range of our services by becoming their lifecycle partner
- Cluster strategies –
  - Position WABAG as a leading technology supplier. Continue to be a technology-driven system integrator and offer hi-tech solutions
  - Enhance focus on operations and maintenance projects that provide long-term exposure to market and revenue visibility
  - Reduce focus on conventional projects and target more technology-oriented projects

#### Key projects handled

##### WABAG Austria and Turkey

- High-end wastewater reclamation system for the Ujams Industrial Park in Windhoek, Namibia (BOOT project)
- 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
- 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
- Operations & maintenance of all entire wastewater treatment plants and pumping stations covering the entire city of Istanbul
- Turnkey drinking water treatment plant at Izmir, Turkey
- Municipal wastewater treatment plant at Siverek, Turkey

- Operations & maintenance of the drinking water treatment plant at Adana, Turkey

#### WABAG Switzerland

- 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

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

#### WABAG Czech Republic

- 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 Plzeň, one of the most important water supply plants in the country
- Municipal wastewater treatment plant at Trenčín, Slovakia

- Industrial water reclamation plant for steel works Smederova, Serbia
- Demineralisation plant for power plant at Khoms, Libya

#### Middle East and Africa (MEA) cluster

The MEA cluster of the Company focusses on the countries of Bahrain, Egypt, Iran, Libya, Namibia, Nigeria, Oman, Qatar, Saudi Arabia, Tanzania and Tunisia.

#### Cluster highlights FY 2016-17

- Key orders bagged:
  - US\$ 105.5 Mn effluent treatment plant for Dangote Oil Refining Company in Nigeria
  - US\$ 84 mn desalination and sewage treatment plant in Saudi Arabia for an Oil major
  - OMR 3.7 mn O&M contract for operations and maintenance of the 20 MLD sea water desalination plant at Sohar Port (Oman) for a period of six years

#### Strategic direction ahead

- Build on the successes of joint ventures in Oman, Qatar and Bahrain, created for handling operations and maintenance projects
- Strengthen local competencies for capitalising on the upcoming opportunities
- Enhance focus on DBO (Design-Build-Operate) type projects
- Undertake strategic partnerships for market penetration and risk sharing

#### Latin America (LATAM) cluster

The LATAM cluster of the Company focusses on the countries of Ecuador, Brazil, Chile, Peru, Uruguay, Mexico, Colombia and Argentina.

#### Cluster highlights FY 2016-17

- The year marked WABAG's entry into the fourth continent as it bagged its maiden order in the region along with a local partner – the US\$ 98 mn municipal wastewater treatment plant for Las Esclusas in Guayaquil, Ecuador

#### Strategic direction ahead

- Partner with strong local companies and bid for funded projects
- Leverage the strong brand image to penetrate the market

#### International Engineering Centre (IEC)

International Engineering centre, in Pune & Vadodara provides project design & 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 & invested in state-of-art softwares with a view to provide global engineering services.

Leveraging on the team's expertise, IEC is able to deliver quality and cost effective engineering solutions which meet global standards.

### WABAG Engineering Services (WES)

IEC, our captive engineering centre has started providing engineering services to global market under the banner of WABAG Engineering Services (WES) and 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 sectors like oil & gas, power, fertiliser, steel, etc.

### Key highlights FY 2016-17

- Continued to extend engineering support to WABAG's global offices in Austria and Romania by providing offshore support
- Utilising IEC's expertise has given competitive edge to our global offices in cost, quality and timeliness
- IEC has won and executed its first external order of consultancy for upgradation of sea water cooling system for KNPC

### Financial performance

In FY 2016-17, WABAG's consolidated turnover grew by an impressive 28% and stood at ₹ 3,208 Crore. The Consolidated Profit after tax for the year rose to ₹ 102 Crore against ₹ 89 Crore in the FY 2015-16 achieving a growth of 15%. The Standalone revenue increased by 19% and stood at ₹ 1,798 Crore in FY 2016-17 and the standalone Profit after tax was at ₹ 75 Crore.

### Human Capital

WABAG has a strong intellectual capital, most of them being engineers, capable of working in large and complex projects. Being an engineering company, employees are the key assets for the organisation and the welfare of the employees are given utmost importance.

In 2015, the Company initiated the "One WABAG" concept by realigning into one unit instead of SBUs approach. This strategy enabled the Company to align itself towards a

common culture and unique brand identity. This ensured all the employees are focussed towards a common goal and facilitated the spirit of team-work within the organisation. It also enabled reduction of various redundancies within the organisation. More importantly, it enabled the Company to overcome the issues of resource allocation.

The Company shall continue with its "One WABAG" culture and focus on strengthening relationships, teamwork and synergies among employees from various WABAG offices across the globe. The Company possesses a unique strength of having rich cultural diversity enabling it to work effectively with clients in various geographies. WABAGites have the competencies of working on diverse technologies and applications suited to the requirements of customers across the world.

WABAG, is an equal opportunity employer, having a well-defined HR policy focussing on promoting a positive workplace environment and prevents harassment of any kind based on age, race, religion, caste, creed, colour, gender, marital status or any other basis protected by law.

### WABAG DNA

WABAGites are aligned towards a common set of goals which is facilitated through core values and are reflected in the DNA which shape the culture and define the character of our employees and Company. These DNAs determine the actions of the organisation. The three enduring values of the DNA include:

- Professional excellence and pride
- Intensity to succeed
- Absolute commitment to WABAG values

### WABAG's Talent Management

#### Recruitment

WABAG, based on its growth targets and business requirements, prepares a comprehensive manpower planning at the start of the year and recruits individuals accordingly. While the Group HR based in Chennai recruits the senior management, the junior and the middle management are recruited locally. Every year the Company recruits Graduate Engineer Trainees (GETs) through campus recruitment programme.

#### Training and development

WABAG considers training and skill development as the most important element necessary for preparing employees to take on bigger responsibilities, enhance their work skills and provide them global opportunities

and growth. The Company annually prepares a training calendar based on the annual performance appraisal process and arranges for necessary in-house training programmes as per individual requirements.

The Company also hires external professionals for functional training skill development and cultural training.

An annual competency mapping exercise is also conducted for identifying and defining competencies required for a particular position. This enables the Company to raise employee productivity levels by identifying performance gaps and address the same through providing requisite training.

One of the key areas that the Company focusses on is the Graduate Engineer Training Programme whereby freshly inducted graduates are provided training across various functions for a period of two years to sharpen their skills and develop fresh pool of skilled employees necessary to cater to the expanding organisation requirements. These trained engineers are then effectively placed in India and overseas units.

Additionally, the Company also runs two leadership programmes:

- Leadership Excellence Programme (LEX) - To inculcate leadership values and skills among the middle level managers focused on developing the next line of managers
- Young Entrepreneurship Programme (YEP) - Focussed on providing outstanding young WABAGites a career development opportunity through a part-time management programme from Tier-I National B-Schools

#### Rewards and Recognition Programme

WABAG, being a pro-people organisation has always focussed on enhancing employee motivation and dedication through providing a positive work environment and appropriately rewarding employees. In view of this, the Company recognises the employees' efforts across the Business Units by conferring 'Star Performer' and 'Best Employee of the Quarter' awards.

#### 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 management system is accredited and re-certified to the amended version of ISO 14001:2015 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, as well as contractual and sub-contractual workers. Besides, the Company focusses on prevention of health issues of its employees like respiratory or skin problems and other diseases, which frequently affect them as they work in plants.

#### Safety

In June 2016, WABAG has prepared HSE training modules to various HSE-related topics (Hydrogen sulphide, Methane awareness, Self-contained breathing apparatus) and HSE bulletins.

WABAG also conducted safety induction, Cardiac Pulmonary Resuscitation training, hazard identification and risk assessment training for its employees and sub contract workers to make them aware of the HSE management system, site safety rules and the procedure to report any incident to their supervisors. The trainings also give them an overview of the do's and don'ts during emergency situations.

WABAG's EPC and O&M project management teams conducted mock drill sessions for its employees and workers, at offices, plants and project sites.

#### Environment

WABAG celebrated the World Environment Day in 21 EPC projects and 42 O&M plants. 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 EPC projects and O&M plants, offices and labour colonies to ensure compliance to ISO 14001:2015 standards.

#### Information Technology

The major focus in FY 2016-17 was to bring Centralisation of infrastructure services and Global ERP upgrade. Centralisation of infrastructure services enabled remote setup capability and helped infrastructure standardisation and technology consolidation. Global ERP upgrade brought web enablement and increased global ERP usage with the better user experience.



### Centralisation of infrastructure services

Most of the collaboration solutions like Active Directory, e-mail, helpdesk, IT policy, data centre, etc. are now consolidated and served from the central location. This gave a lot of benefits not only to standardisation but also in ensuring availability and high level of services. New business and project establishment setup become remote and agile.

### Global ERP upgrade

WABAG undertook technical upgradation of its ERP system to make it much lighter and comprehensive with enriching user interface. The new ERP would facilitate people across the globe to access and transact through a web browser along with improving the Company's Project Management Capabilities. Besides, the existing security systems like VPN and Citrix were replaced with a much advanced security system. The upgraded ERP version was successfully rolled out on time.

### Risk Management and Internal Control

WABAG manages risks and uncertainties through an established risk assessment and governance framework wherein all internal and external risks are subject to continuous assessment and mitigation across various levels. This enables the Company to pursue optimal business opportunities and create continuous shareholder value. The Company's approach towards risk management is reinforced by its experience, knowledge and understanding of the various risks. It is exposed to how they change over time and thereby arriving at a risk appetite. 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 agility for an unhindered business decision-making process within the framework of highest quality of governance.

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, the various risk control and compliance oversight functions established by management are the second line of defence and independent assurance is the third line of defence. Each of these three "lines" plays a distinct role within the organisation's wider governance framework.

The Company's management systems, organisational structures, processes, standards, code of conduct and

behaviours together form a system of internal control that governs its high conduct in business and management of associated risks.

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

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

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

### Macro Economic 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 its risk rating and takes into account of this evaluation, for 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 20 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.

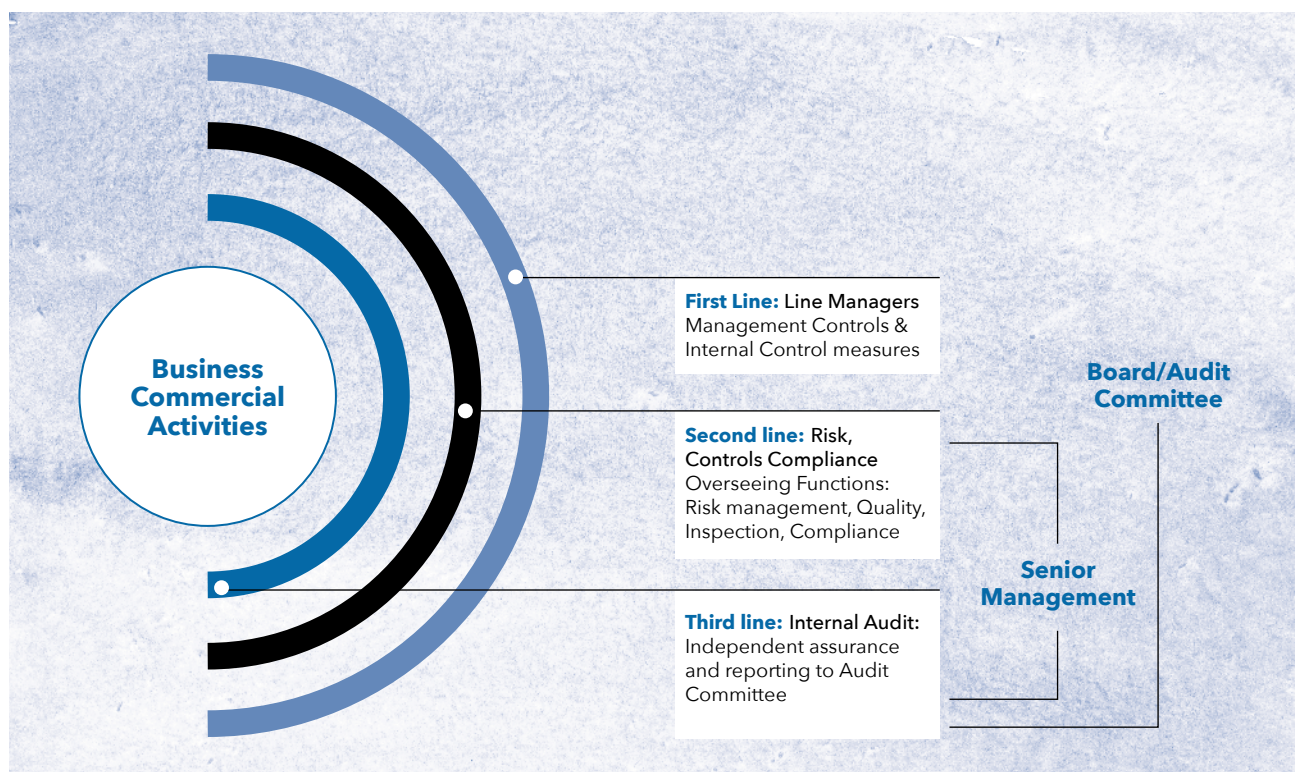
#### Vendor risk

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

### Risk management framework based on Three Lines of Defence:



stratification. There are multiple levels of authority within the Company for approvals to choose an appropriate vendor based on past experience, creditworthiness of the vendor, quality and reputation. Service vendors are also guided and mentored for best practices in project management which is mutually beneficial in project execution.

#### **Customers credit profile risk**

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

##### **Mitigation measures**

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

#### **Consortium partners credit profile risk**

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

##### **Mitigation measures**

WABAG evaluates consortium partners through a detailed due diligence to gauge their business, credentials and financial health at pre-bidding stage. The Company

minimises losses of liquid funds deposited with or invested in such partnerships by careful partner selection.

#### **Commodity price risk**

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

##### **Mitigation measures**

WABAG provides clauses in supplier contracts to deal with price contingencies. The Company optimises operations to estimate overall costs correctly and minimise cost overruns that arise due to unexpected commodity price changes. Most of the contracts with municipalities 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 US\$ 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 overruns on contracts, ability to manage international operations, government policies and actions with respect to investments, fiscal deficits, regulations, interest and other fiscal costs generally prevailing in the economy, etc. Past performance may not be indicative of future performance. The Company does not undertake to make any announcement in case any of these forward-looking statements become materially incorrect in future nor shall the Company update any forward-looking statements made from time to time by or on its behalf.



# Report on Corporate Governance

## 1. Company's Philosophy on Corporate Governance

Corporate Governance is a set of principles, processes and systems which govern a Company. Good corporate governance enhances shareholder's value on a sustainable basis while ensuring fairness to all stakeholders, customers, vendors – partners, investors, employees, government and society.

At VA TECH WABAG LIMITED ("WABAG" or "the Company") we are committed to meet the aspirations of all our stakeholders through ethical business conduct, transparency, integrity, professionalism and accountability. The Company continuously endeavors to improve upon these aspects on an ongoing basis and adopts innovative approaches for leveraging resources, converting opportunities into achievements through proper empowerment and motivation, fostering a healthy growth and development of human resources to take the Company forward in achieving its mission. This has been achieved by taking ethical business decisions and conducting the business with a firm commitment to values.

The Company's essential character revolves around values based on transparency, integrity, professionalism and accountability. We conduct our business in a manner that is fair to all our stakeholders, adherence to a high standard of integrity in all our decisions, actions, and compliance with the applicable laws of the land where we have presence. As part of this, we believe in transparency to all stakeholders by disclosing timely and requisite information relating to the business of the Company and its Group.

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

We believe that an active and a well-informed independent Board is necessary to ensure highest standards of corporate governance. The Board of

WABAG is at the core of corporate governance practice. It oversees how the management functions and protects the long term interest of its stakeholders by following the best practices. Majority of our Board, 5 directors out of 7 directors 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.

WABAG's corporate governance framework is also focused on the legal, regulatory, institutional and ethical environment of the society. We ensure that we evolve and follow not just the stated corporate governance guidelines, but also global best practices. We consider it as our inherent responsibility to disclose timely, adequate and accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") the Company has executed fresh Listing Agreements with the Stock Exchanges. The Company is in compliance with the requirements stipulated under SEBI LODR, as applicable, with regard to corporate governance.

## 2. Board of Directors

The Directors of the Company are in a fiduciary position, empowered to oversee the management functions with a view to ensure its effectiveness and enhancement of shareholder's value. The Board also reviews and approves management's strategic plan & business objectives and monitors the Company's strategic direction. The Board provides strategic guidance on affairs of the Company. The Independent Directors provide independent and objective judgment 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.

None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a member of more than ten Committees or chairman of more than five Committees across all the public companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2017 have been made by the Directors.

## 2.1 Size & Composition of the Board

WABAG's policy is to maintain an optimum combination of Executive (ED), Non-Executive (NEDs), Independent (ID) and Women (WD) Directors to maintain its independence and separate its functions of governance & management. The composition of the Board during the FY was in conformity with SEBI LODR and in line with the Companies Act 2013 (The Act). The Act periodically evaluates the need for change in its composition and size, to the extent required. The detailed profile of the Directors are available on Company's website: [www.wabag.com](http://www.wabag.com). None of the NEDs serve as IDs in over seven listed companies and none of the EDs or Whole-time Directors serves as IDs on any listed Company.

As on March 31, 2017, in compliance with the Corporate Governance norms, the Board comprised of 7 Directors, majority of them being Independent Directors including a Women director. The Chairman of the Board is an Independent Director. Besides the Chairman, the Board comprises of a Managing Director & Group CEO and

a Director & Chief Growth Officer, both of whom are Promoter Directors and 4 Independent Directors. No director is, inter se, related to any other director on the Board.

## 2.2 Board Procedure

The dates of Board Meeting for the next fiscal year are decided in advance and published in Annual Report. An agenda folder with explanatory notes prepared by the Company Secretary in consultation with MD & Group CEO and CFO are sent to all the directors, atleast 9 days in advance of Board and Committee Meetings. All material and relevant information are captured in the agenda for facilitating meaningful discussions and decisions by the Board. 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, with the permission of Board are included and discussed. To enable the Board to discharge its responsibilities effectively, the Managing Director and Group CEO and CFO apprise the Board at every meeting on the performance of the Company and its Group.

The Board reviews and has complete access to the information within the Company, which inter alia includes the following but not limited to:

- Annual revenue budgets and capital expenditure plans
- Annual, half yearly and Quarterly and operational/ financial results
- Business plan, operational data and other relevant business information pertaining to the Company and its Group;
- Minutes of meeting of Board of Directors & Committees of Board
- Details of any joint venture, acquisitions/ Liquidation of companies or collaboration agreements
- Information on recruitment and remuneration of senior officers just below the level of Board of directors
- Details pertaining to Guarantees, Investments & Loans.
- Any materially relevant default, if any, in financial obligations to and by the Company or outstanding receivables for services rendered, if any
- Compliance or Non-compliance of any regulatory, statutory nature or listing requirements and investor service such as non-payment of dividend, delay in share transfer, etc., if any

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 recorded in the Minutes Book within 30 days from the conclusion of the meeting.

Important decisions taken at Board/ Committee meetings are communicated promptly to the concerned departments/divisions for proper implementation/action directed by the Board/Committee. Action-taken report on decisions/minutes of the previous meeting(s) is placed at the succeeding meeting(s) of the Board/Committee, as the case may be, 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 Act, read with rules

thereunder, and the Secretarial Standards recommended by the Institute of Company Secretaries of India, from time to time.

### 2.3 Number of Board Meetings

The Board met four times during FY 2016-17 on May 26, 2016, August 11, 2016, November 8, 2016 and February 11, 2017.

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, which is well within the prescribed time stipulated under the Act and SEBI LODR.

### 2.4 Details of Board Members as on March 31, 2017

The details of Directors along with their attendance at Board/ Annual General Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in public companies as on March 31, 2017, including their position in the Company, are given below.

The number of directorships held by each Directors do not include their directorships in any private limited companies, foreign companies and companies under Section 8 of the Act.

| Name of the Directors & their Din | Category                                   | Attendance Particulars |          |          | No. of Directorships and Committee Memberships/Chairmanships as on March 31, 2017** |                       |                         |
|-----------------------------------|--|------------------------|----------|----------|---|-----------------------|-------------------------|
|                                   |  | No. of Board Meetings  |          | Last AGM | Directorships   | Committee Memberships | Committee Chairmanships |
|                                   |  | Held                   | Attended |          |   |                       |                         |
| B D Narang<br>00826573            | Independent Chairman                       | 4                      | 4        | Present  | 3   | 5                     | 3                       |
| Jaithirth Rao<br>00025289         | Independent Director                       | 4                      | 2        | Absent   | 1   | 1                     | 0                       |
| Malay Mukherjee<br>02861065       | Independent Director                       | 4                      | 4        | Present  | 2   | 2                     | 0                       |
| Sumit Chandwani<br>00179100       | Independent Director                       | 4                      | 2        | Present  | 1   | 3                     | 3                       |
| Revathi Kasturi<br>01837477       | Independent Director                       | 4                      | 4        | Present  | 1   | 0                     | 0                       |
| Rajiv Mittal<br>01299110          | Promoter/Managing Director & Group CEO     | 4                      | 4        | Present  | 1   | 1                     | 0                       |
| S Varadarajan<br>02353065         | Promoter / Director & Chief Growth Officer | 4                      | 4        | Present  | 1   | 1                     | 0                       |

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

## 2.5 Directors Shareholding

The details of equity shares held by the Directors in the Company as on March 31, 2017 are as below:

| Name of Director | No. of equity shares held<br>(₹ 2/- face value) |
|------------------|---|
| B D 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                                       |

\* B D Narang holds 50% of the paid up share capital of Shri Veni Madhav Portfolio Private Limited, which in turn holds 35,740 equity shares of the Company as on March 31, 2017

## 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 process, procedures and standards adopted by the Company for Board meeting(s) are applicable to Committee meeting(s), to the extent applicable. 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 their views/ various details called for by the Committee in its meeting. Minutes of proceedings of Committee meeting(s) are circulated to the Directors and placed before Board meeting(s) for noting. The recommendations of the Committees are submitted to the Board for consideration/approval.

## Terms of Reference and Other Details of Board Committees

### 3.1 Audit Committee

#### Terms of Reference

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

The Audit Committee terms of reference includes various objectives, including but not limited to the following primary objectives:

- monitor and provide an effective supervision of the management's financial reporting process,
- ensure accurate and timely disclosures with the highest levels of transparency, integrity and quality of financial reporting; and
- ensure effective and efficient internal control systems.

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

|  |                      |
|--|----------------------|
| Sumit Chandwani<br>(Chairman of the Committee) | Independent Director |
| B D Narang                                     | Independent Director |
| Jaithirth Rao                                  | Independent Director |
| Malay Mukherjee                                | Independent Director |

The Committee's composition meets with the requirements of Section 177 of the Act, and SEBI LODR. The Board of Directors at their Meeting held on August 11, 2016 reconstituted the Committee by nominating Sumit Chandwani as the Chairman of the Committee. All the members of the Committee are financially literate and possess accounting and related financial management expertise.

The Chief Financial Officer and Internal Auditors are permanent invitees to all the Meetings of the Audit Committee. The Company Secretary is the Secretary to the Committee. Senior Executives of the Accounts / Finance Department and representatives of Statutory Auditors attend all Audit Committee Meetings.

The Chairman of the Audit Committee was present at the last Annual General Meeting held on July 25, 2016.

#### Meetings & Attendance

The Committee met four times during FY 2016-17 on May 26, 2016, August 11, 2016, November 8, 2016 and February 11, 2017. The attendance of the Directors at such meetings are as under:

| Members         | Number of Meetings |          |
|-----------------|--------------------|----------|
|                 | Held               | Attended |
| Sumit Chandwani | 4                  | 2        |
| B D Narang      | 4                  | 4        |
| Jaithirth Rao   | 4                  | 2        |
| Malay Mukherjee | 4                  | 4        |



## 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 terms of reference includes various objectives, including but not limited to the following primary objectives:

- Redressal of shareholders' / investors' / security holders' grievances including complaints related to transfer of shares, non-receipt of dividends, annual reports etc.
- Allotment of equity shares of the Company to option grantees under the prevailing ESOP Scheme of the Company.
- Transfer/Transmission of shares, issue of duplicate & new certificates on split/consolidation/renewal/mutilation/etc. and dematerialization & rematerialisation of shares

### Composition

|  |                                    |
|--|------------------------------------|
| Sumit Chandwani<br>(Chairman of the Committee) | Independent Director               |
| Rajiv Mittal                                   | Managing Director &<br>Group CEO   |
| S Varadarajan                                  | Director & Chief<br>Growth Officer |

The Committee's composition meets with the requirements of Section 178 of the Act, and SEBI LODR. The Chief Financial Officer is a permanent invitee to all Meetings of the Stakeholders Relationship Committee. The Company Secretary is the Secretary to the Committee. Pursuant to the resignation of Rajiv Balakrishnan, Company Secretary & Compliance Officer, R Swaminathan was appointed as Company Secretary & Compliance officer by the Board at its Meeting held on February 11, 2017.

### Meetings & Attendance

The Committee met four times during the Financial Year 2016-17 on May 25, 2016, August 11, 2016, November 8, 2016, February 11, 2017. The attendance at the Meetings is as under:

| Members         | Number of Meetings |          |
|-----------------|--------------------|----------|
|                 | Held               | Attended |
| Sumit Chandwani | 4                  | 2        |
| Rajiv Mittal    | 4                  | 4        |
| S Varadarajan   | 4                  | 4        |

During the year, 19(nineteen) complaints were received and resolved to the satisfaction of investors. As on March 31, 2017, there are no outstanding

complaints from the investors. The quarterly statements on Investor Complaints received and disposed of are filed with Stock Exchanges within 21 days from the end of each quarter/ uploaded on the Company Website [www.wabag.com](http://www.wabag.com) and the statement filed/uploaded 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 Nomination and Remuneration Committee terms of reference includes various objectives, including but not limited to the following primary objectives:

- Screen and reviews individuals qualified to serve as ED/ NED, ID, WD, CEO, CFO and CS
- Recommend the nominees of managerial persons/ Directors for approval by the Board and/or to the Members for their approval, if any applicable.
- Continuously reviews the executive's remuneration structure in benchmark with peer Companies.
- Oversee the annual self-evaluation of individual directors.

### Composition

|   |                         |
|---|-------------------------|
| Revathi Kasturi<br>(Chairperson of the Committee) | Independent<br>Director |
| B D Narang  | Independent<br>Director |
| Sumit Chandwani                                   | Independent<br>Director |

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

### Meetings and Attendance

The Committee met four times during FY 2016-17 on April 22, 2016, July 25, 2016, November 8, 2016 and February 11, 2017. The attendance at the Meetings is as under:

| Members         | Number of Meetings |          |
|-----------------|--------------------|----------|
|                 | Held               | Attended |
| Revathi Kasturi | 4                  | 4        |
| B D Narang      | 4                  | 4        |
| Sumit Chandwani | 4                  | 3        |
| Rajiv Mittal*   | 4                  | 3        |

\* Rajiv Mittal Ceased to be a member of the Committee from November 8, 2016.

## Remuneration to Directors

### Non-Executive /Independent Directors:

Pursuant to the approval of the members at the Annual General Meeting of the Company held on July 21, 2014, for payment of commission to Non-Executive Directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Act, the Board has approved and paying a sum of ₹ 20 Lakh p.a and ₹ 15 Lakh 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, commitment and guidance provided to the Senior Management Personnel outside of Board / Committee Meeting
- Effective deployment of knowledge and expertise
- Effective management of relationship with stakeholders
- Independence of behavior and judgment as set out by Nomination and Remuneration Committee
- Role and Accountability, objectivity, leadership and initiatives & personal attributes

Commission paid/ payable to Independent/ Non-Executive Directors on a quarterly basis is limited to fixed amount per year as determined and approved by Board and is based on the remuneration structure as determined by the Board in line with the Company's remuneration policy.

### Executive Directors:

The members of the Company at the Annual General 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 on July 25, 2016 appointed S Varadarajan, Director liable to retire by rotation in the 21<sup>st</sup> Annual General Meeting as a Director & Chief Growth Officer under section 188(1) (f) of the Act, at such remuneration as approved by the Board. The remuneration component is split into fixed pay and performance pay which is payable on meeting various performance 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 and personal quality etc.
- Role and Accountability, objectivity & personal attributes

The remuneration components payable is also depends on achieving the key performance metrics set by the Board in the areas such as:

- Order Booking/Sales/PAT/Receivables
- Technology/Innovation
- Leadership/Human Resources Management
- Strategy Formulation & Execution
- Stakeholders engagement
- Growth in Profitability/Productivity

The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings and the Company does not have any pecuniary relationship or transactions as per the Act, with the directors.

### Details of Remuneration paid to Directors during the FY 2016 - 17

₹ in Lakh

| Name            | Category                        | Commission | Salary and Perquisites | Performance Incentive | Superannuation and Provident Fund * | Total         |
|-----------------|---------------------------------|------------|------------------------|-----------------------|-------------------------------------|---------------|
| B D Narang      | Independent Chairman            | 20.00      | Nil                    | Nil                   | Nil                                 | <b>20.00</b>  |
| Jaithirth Rao   | Independent Director            | 15.00      | Nil                    | Nil                   | Nil                                 | <b>15.00</b>  |
| Malay Mukherjee | Independent Director            | 14.25      | Nil                    | Nil                   | Nil                                 | <b>14.25</b>  |
| Sumit Chandwani | Independent Director            | 15.00      | Nil                    | Nil                   | Nil                                 | <b>15.00</b>  |
| Revathi Kasturi | Independent Director            | 15.00      | Nil                    | Nil                   | Nil                                 | <b>15.00</b>  |
| Rajiv Mittal    | Managing Director & Group CEO   | Nil        | 187.87                 | 59.00                 | 22.15                               | <b>269.02</b> |
| S Varadarajan   | Director & Chief Growth Officer | Nil        | 90.87                  | 14.67                 | 8.18                                | <b>113.72</b> |

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

Notes:

1. No sitting fees are paid to any Directors for attending meetings.

2. The Company has neither advanced loans nor granted any stock options to any Directors during the year.

### 3.4 Corporate Social Responsibility Committee

#### Terms of Reference

The terms of reference of the Corporate Social Responsibility Committee are in line with the provisions of section 135 of the Act.

The Committee's main objective includes the following but not restricted to:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company;
- Recommend the amount of expenditure to be incurred on the activities
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.
- Assist the Board in discharging its social responsibility

#### Composition

|   |                                    |
|---|------------------------------------|
| Revathi Kasturi<br>(Chairperson of the Committee) | Independent Director               |
| Rajiv Mittal                                      | Managing Director &<br>Group CEO   |
| S Varadarajan                                     | Director & Chief<br>Growth Officer |

The Committee's composition meets with the requirements of Section 135 of the Act.

#### Meetings & Attendance

The Committee met three times during FY 2016-17 on May 2, 2016, August 12, 2016 and January 21, 2017. The attendance at the Meetings is as under:

| Members         | Number of Meetings |          |
|-----------------|--------------------|----------|
|                 | Held               | Attended |
| Revathi Kasturi | 3                  | 3        |
| Rajiv Mittal    | 3                  | 1        |
| S Varadarajan   | 3                  | 3        |

The public relation officer and concerned representative from implementing agencies are invitees to the Committee Meeting.

### 3.5 Monitoring Committee

#### Terms of Reference

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

#### Composition

|  |                                  |
|--|----------------------------------|
| Malay Mukherjee<br>(Chairman of the Committee) | Independent Director             |
| B D Narang                                     | Independent Director             |
| Sumit Chandwani                                | Independent Director             |
| Revathi Kasturi                                | Independent Director             |
| Rajiv Mittal                                   | Managing Director &<br>Group CEO |

The Board of Directors at their Meeting held on August 11, 2016 reconstituted the Chairman of the Committee by nominating Malay Mukherjee as a Chairman of the Committee in place of B D Narang. The Chief Financial Officer and senior management official's are the invitees to all Meetings of the Monitoring Committee.

#### Meeting and Attendance

The Committee met three times during FY 2016-17 on April 22, 2016, July 25, 2016 and February 10, 2017. The attendance at the Meetings is as under:

| Members         | Number of Meetings |          |
|-----------------|--------------------|----------|
|                 | Held               | Attended |
| Malay Mukherjee | 3                  | 3        |
| B D Narang      | 3                  | 3        |
| Sumit Chandwani | 3                  | 2        |
| Revathi Kasturi | 3                  | 3        |
| Rajiv Mittal    | 3                  | 3        |

### 3.6 Overseas Investment Committee

#### Terms of Reference

Compliance has always been priority area of the Board. With more than 18 subsidiaries spread across different geographies, the Board felt the need for a separate Committee to monitor and review compliances and investments made into various overseas entities within the group. Hence, the Board at its meeting held on August 8, 2015 constituted the Loans and Investments Committee, on November 7, 2015, renamed the Loans and Investment 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.

As part of the compliance exercise, the Committee continued to obtain external experts on Overseas Direct Investments to review/monitor and advise the Company from the compliance perspective for revamping the group structure. Accordingly, during the year, the Company has liquidated four of its subsidiaries.

#### Composition

|               |                                    |
|---------------|------------------------------------|
| B D Narang    | Independent<br>Director            |
| Rajiv Mittal  | Managing Director &<br>Group CEO   |
| S Varadarajan | Director & Chief<br>Growth Officer |

#### Meetings and Attendance

The Committee met four times during the FY 2016-17 on April 1, 2016, April 22, 2016, July 7, 2016 and

November 15, 2016. The attendance at the meetings is as under:

| Members       | Number of Meetings |          |
|---------------|--------------------|----------|
|               | Held               | Attended |
| B D Narang    | 4                  | 2        |
| Rajiv Mittal  | 4                  | 4        |
| S Varadarajan | 4                  | 3        |

The Chief Financial Officer is permanent invitee to all Meetings of the Overseas Investment Committee.

## 4. Disclosures

### 4.1 Related Party Transactions.

The Company has formulated a policy on Related Party Transactions and also on dealing with Related Party Transactions. The policy has been uploaded on the website of the Company and is available at the link: <http://www.wabagindia.com/Policies.aspx>. The Company's major related party transactions are generally with its subsidiaries, JV and associate entities. The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, geographic expansion plans, Company's multi domestic unit strategy, profitability, legal requirements, liquidity and capital resources of subsidiaries and associates.

- All related party transactions entered into by the Company during the year has prior approval/ratification 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 disclosed in note 41 of the financial statements for FY 2016-17.
- 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 members.
- All related party transactions are negotiated and carried out on an arm's length basis, and are entered based on omnibus approval granted by the Audit Committee and transactions entered in every quarter is reviewed by the Audit Committee.

### 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

Pursuant to provisions of Regulation 22 read with Regulation 4 of SEBI LODR and section 177 of the Act, the Company has modified its Whistle Blower Policy. The Policy is for stakeholders including directors and employees of the Company and their representative bodies 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 vigil mechanism is overseen by the Audit Committee and provides adequate safeguards against victimization of employees and Directors. It also provides a mechanism for stakeholders to approach the Chairman of Audit Committee. 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](http://www.wabag.com).

### 4.4 CEO/CFO Certification

As required by SEBI LODR, the Managing Director & Group CEO and the Chief Financial Officer of the Company gives annual certification on financial reporting and internal controls to the Board are provided in this report. The Managing Director, who is also a Group Chief Executive Officer 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.

### 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 any Independent Director of the Company on the Board of such Indian entity. The Audit Committee reviews the financial statements, in particular investments made by the unlisted foreign subsidiary entities. Minutes of the Board meetings of unlisted subsidiary, JV entities are placed and reviewed periodically by the Company's Board. A statement containing all significant transactions and arrangements entered into by unlisted subsidiary and associate entities are 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.wabag.com](http://www.wabag.com).



## 4.6 Compliance with Corporate Governance

### Corporate Governance Voluntary Guidelines 2009

Corporate Governance Voluntary Guidelines 2009 of the Ministry of Corporate Affairs, Government of India, encourage the use of better practices for highest standards of ethical and responsible conduct of business. The guidelines broadly focus on areas such as 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.

### SEBI LODR

The SEBI LODR prescribes the various Corporate Governance recommendations in line with SEBI Corporate Governance Committee under the chairmanship of Narayana Murthy who had issued the mandatory and non-mandatory recommendations. Initially the recommendations of Committee were captured under revised clause 49 of the listing agreement and later on the incorporated in the SEBI which is in existence. The Company is in substantial compliance with the SEBI LODR.

## 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 Chandio & 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 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. The Chairman of the Audit Committee is an independent director and he is not the Chairman of the Board.

### 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

In compliance with Regulation 26(3) of SEBI LODR, the Code of Conduct ("the Code") for Board Members and Senior Management Personnel as adopted by the Board, is a comprehensive Code applicable to Directors and Senior Management Personnel. The Code lays down in detail, the standards of business conduct, ethics and strict governance norms for the Board and Senior Management Personnel. A copy of the Code has been put on the Company's website [www.wabag.com](http://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

Pursuant to Schedule IV of Companies Act 2013, Meeting of Independent Directors for FY 2016-17 was held on August 11, 2016 without the presence of Executive Directors and members of management. At such meeting the independent directors discuss among other matters, the performance of the Company and risk faced by it, flow of information to the Board, competition strategy, leadership, strengths and weakness, governance, compliance, human resource matters, performance of the executive members of the Board including the Chairman and performance of Board as a whole in general. The details of the Familiarization programs imparted to Independent Directors is available on the Company's website [www.wabag.com](http://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 thereat are as follows:

| FY      | Date          | Time      | Location  | Special Resolutions passed   |
|---------|---------------|-----------|---|--|
| 2015-16 | July 25, 2016 | 10.00 AM  | Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006 | Nil  |
| 2014-15 | July 27, 2015 | 10.00 AM  | Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006 | 1. Approval of fund based & non fund based borrowing limits.<br>2. Approval for creation of charge on the assets of the Company. |
| 2013-14 | July 21, 2014 | 10.30 A.M | Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006 | Approval for Non - Executive Directors Remuneration  |

### 5.2 Special Resolutions passed through Postal Ballot

No special resolution was passed through postal ballot during FY 2016-17. 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.

**Financial Results:** Quarterly/ Annual Results are published in prominent daily newspapers viz. 'Business Standard and Makkal Kural (Tamil edition) and are also displayed on the Company's website [www.wabag.com](http://www.wabag.com)

**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](http://www.wabag.com).

**Institutional Investors / Analysts:** Presentations are made to institutional investors and financial analysts, on the unaudited quarterly financial results of the Company. These presentations are also uploaded on the Company's website [www.wabag.com](http://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.

**Website:** The Company's website [www.wabag.com](http://www.wabag.com) contains a separate dedicated section 'Investor Relations' where members 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.

**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.

**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 to Issue and Share Transfer Agents are given under Corporate Information Section of this Annual Report.

### 8.3 Company Secretary & Compliance Officer

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

### 8.4 Financial year

The FY covers the period from April 1 to March 31

### 8.5 Annual General Meeting

Date : July 27, 2017  
Time : 10.00 a.m.  
Venue: The Music Academy (Mini Hall),  
New No.168, TTK Road, Royapettah, Chennai-600 014.

### 8.6 Financial Reporting 2017-18

Results for the quarter ending

|                    |  |
|--------------------|--|
| June 30, 2017      | By end of second week of August 2017   |
| September 30, 2017 | By end of second week of November 2017 |
| December 31, 2017  | By end of second week of February 2018 |
| March 31, 2018     | By end of May 2018                     |

Note: The above dates are tentative.

### 8.7 Dates of Book Closure

Saturday, July 15, 2017 to Thursday, July 27, 2017 (both days inclusive) for payment of dividend. Record date is on Friday, July 14, 2017.

### 8.8 Dividend Payment Date

Credit/dispatch of dividend warrants, if approved at the Members' meeting, would be made on or after July 28, 2017 but on or before August 1, 2017.

### 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 2017-18 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

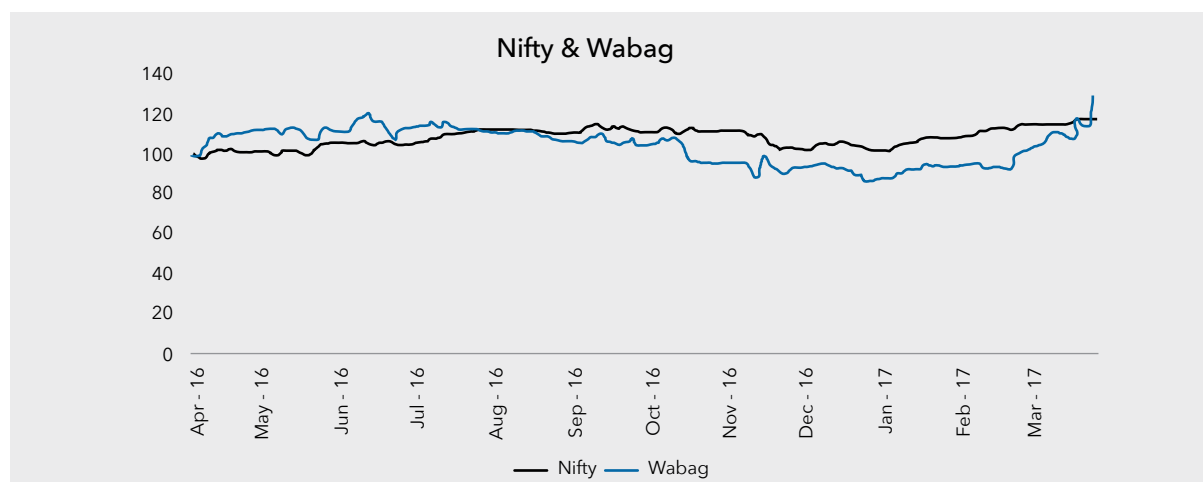
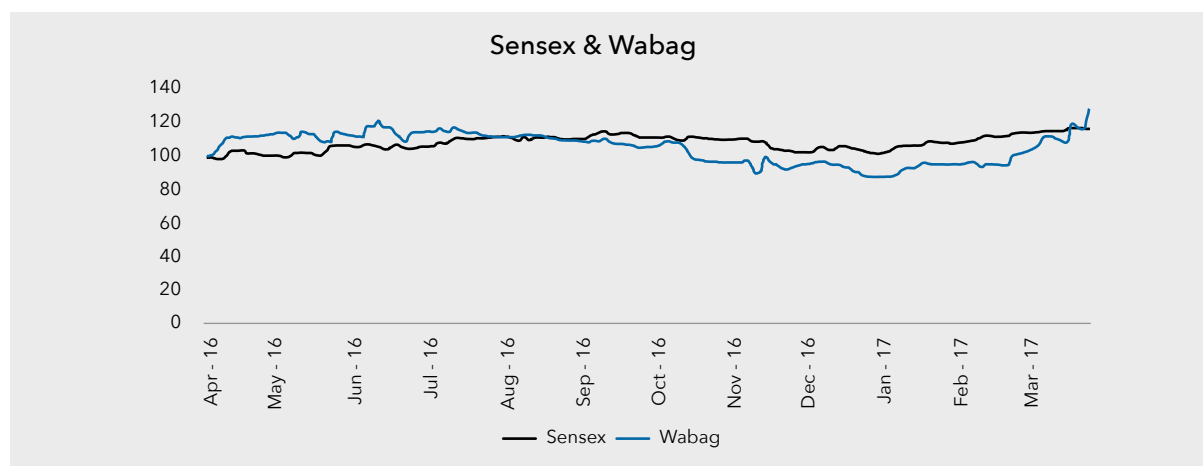
| Month  | National Stock Exchange (NSE) |         |                | Bombay Stock Exchange (BSE) |         |                |
|--------|-------------------------------|---------|----------------|-----------------------------|---------|----------------|
|        | High (₹)                      | Low (₹) | Monthly Volume | High (₹)                    | Low (₹) | Monthly Volume |
| Apr-16 | 594.40                        | 512.50  | 29,88,634      | 593.25                      | 512.90  | 3,03,941       |
| May-16 | 604.90                        | 545.65  | 16,62,641      | 607.00                      | 548.00  | 2,05,274       |
| Jun-16 | 645.00                        | 541.00  | 25,83,547      | 644.00                      | 544.00  | 2,61,134       |
| Jul-16 | 618.75                        | 575.10  | 21,63,586      | 618.00                      | 576.10  | 1,84,165       |
| Aug-16 | 595.00                        | 550.30  | 10,94,901      | 595.00                      | 552.00  | 1,02,513       |
| Sep-16 | 579.95                        | 535.00  | 10,68,423      | 585.00                      | 525.00  | 92,419         |
| Oct-16 | 575.00                        | 490.05  | 18,36,124      | 575.00                      | 490.00  | 3,04,709       |
| Nov-16 | 537.10                        | 449.95  | 25,52,013      | 536.15                      | 450.00  | 3,20,475       |
| Dec-16 | 505.20                        | 450.00  | 10,87,586      | 505.25                      | 449.95  | 1,17,669       |
| Jan-17 | 507.90                        | 468.00  | 22,33,811      | 508.55                      | 466.90  | 2,05,679       |
| Feb-17 | 582.80                        | 479.00  | 38,46,825      | 583.70                      | 480.00  | 3,86,414       |
| Mar-17 | 736.90                        | 555.00  | 75,28,083      | 736.85                      | 550.00  | 12,36,801      |

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

## 3. Share price performance during FY 2016-17 in comparison to broad based indices - BSE Sensex and NSE Nifty

| Month  | VA TECH WABAG's Closing Price on NSE on the last trading day of month (₹) | BSE Sensex at the Close of last trading day of the month | NSE Nifty at the Close of last trading day of the month |
|--------|---|--|---|
| Apr-16 | 574.85  | 25,606.62  | 7,849.80  |
| May-16 | 577.70  | 26,667.96  | 8,160.10  |
| Jun-16 | 592.35  | 26,999.72  | 8,287.75  |
| Jul-16 | 578.70  | 28,051.86  | 8,638.50  |
| Aug-16 | 569.00  | 28,452.17  | 8,786.20  |
| Sep-16 | 549.45  | 27,865.96  | 8,611.15  |
| Oct-16 | 506.75  | 27,930.21  | 8,625.70  |
| Nov-16 | 496.35  | 26,652.81  | 8,224.50  |
| Dec-16 | 468.85  | 26,626.46  | 8,185.80  |
| Jan-17 | 486.55  | 27,655.96  | 8,561.30  |
| Feb-17 | 574.60  | 28,743.32  | 8,879.60  |
| Mar-17 | 681.35  | 29,620.50  | 9,173.75  |

## 4. Share performance in comparison to BSE Sensex and NSE Nifty



## 9 Share Capital Details

### 9.1 Distribution of Shareholding as on March 31, 2017

| Range- Shares    | No.of members | % to members  | Total no.of Shares | % to Equity   |
|------------------|---------------|---------------|--------------------|---------------|
| 1 - 1000         | 49,487        | 97.24         | 43,26,456          | 7.93          |
| 1001 - 2000      | 656           | 1.29          | 9,72,893           | 1.78          |
| 2001 - 3000      | 202           | 0.40          | 5,11,543           | 0.94          |
| 3001 - 5000      | 206           | 0.38          | 7,55,938           | 1.39          |
| 5001 - 10000     | 138           | 0.27          | 9,55,112           | 1.75          |
| 10001 - 20000    | 68            | 0.13          | 9,71,532           | 1.78          |
| 20001 - 30000    | 31            | 0.06          | 7,76,257           | 1.42          |
| 30001 - 50000    | 23            | 0.05          | 9,02,502           | 1.65          |
| 50001 - 100000   | 25            | 0.05          | 17,72,421          | 3.25          |
| 100001 and above | 64            | 0.13          | 4,26,28,404        | 78.11         |
| <b>TOTAL</b>     | <b>50,887</b> | <b>100.00</b> | <b>5,45,73,058</b> | <b>100.00</b> |

9.2 Shareholding Pattern as on March 31, 2017 is provided in Annexure VII to Board's Report.

### 9.3 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.

### 9.4 Dematerialization of Shares

99.99% of the Company's paid-up Equity Share Capital has been dematerialized as on March 31, 2017. Trading in Equity Shares of the Company is permitted only in dematerialized form.

| Mode of holding as on March 31, 2017 | Number of shares   | % of shares   |
|--------------------------------------|--------------------|---------------|
| NSDL                                 | 5,23,24,185        | 95.88         |
| CDSL                                 | 22,48,007          | 4.12          |
| PHYSICAL                             | 866                | 0.00          |
| <b>Total</b>                         | <b>5,45,73,058</b> | <b>100.00</b> |

- **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 Financial Year 2016-17 as compared to 2015 -16.

- **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.

- **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



**9.5 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 members | Number of equity shares |
|-------|---|-------------------|-------------------------|
| 1     | Aggregate number of members and the outstanding shares lying in the Suspense Account as on 01.04.2016         | 2                 | 78                      |
| 2     | Number of members who approached the issuer for transfer of shares from the Suspense Account during the year  | -                 | -                       |
| 3     | Number of members to whom shares were transferred from the Suspense Account during the year                   | -                 | -                       |
| 4     | Aggregate number of members and the outstanding shares lying in the Suspense Account at the end of 31.03.2017 | 2                 | 78*                     |

The voting rights on the shares outstanding in the suspense account as on March 31, 2017 shall remain frozen till the rightful owners of such shares claims the shares.

## 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, 2017, as envisaged in the 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Chennai  
May 25, 2017

**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, 2017 and to the best of our knowledge and belief:

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors

and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectifying these deficiencies.

- (d) We have indicated to the Auditors and the Audit Committee:
  - (i) no significant changes in internal control over financial reporting during the year;
  - (ii) there are significant changes in accounting policies during the year necessitated by IND AS and that the same have been disclosed in the notes to the financial statements;
  - (iii) no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Chennai  
May 25, 2017

**Parthasarathy Gopalan**  
Chief Financial Officer

**Rajiv Mittal**  
Managing Director & Group CEO

## *Independent Auditor's Certificate On Corporate Governance As Per Schedule V Of Securities Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015*

To the Members of **VA TECH WABAG LIMITED**

1. This certificate is issued in accordance with the terms of our engagement letter dated 21 September 2016.
2. We have examined the compliance of conditions of corporate governance by VA Tech Wabag Limited ('the Company') for the year ended on 31 March 2017, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

### Management's Responsibility

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

### Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance

Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2017.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

### Restriction on use

8. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

In terms of our report attached

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sumesh E S**

Partner

Place : Chennai

Date : 25 May 2017

# Business Responsibility Report

(Pursuant to Regulation 34(2)(F) of SEBI LODR)

WABAG's excels for Common Good in sustainable solutions for a better life. Its unique business model ensures its legacy of responsible business and keeping community as the ultimate purpose of its existence. Sustainability and the spirit of giving back to society is the core philosophy and good corporate citizenship is strongly embedded in the DNA of WABAG.

This Business Responsibility Report (BRR) conforms to the requirement of Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibility of business released by Ministry of Corporate Affairs, India (MCA). This Report provides an overview of activities/initiatives carried out by VA TECH WABAG LIMITED ("WABAG").

## Section A: General Information about the Company

- Corporate Identity Number (CIN) of the Company: L45205TN1995PLC030231
- Name of the Company: VA Tech Wabag Limited
- Registered address: "Wabag House", No. 17, 200 Feet, Thoraipakkam - Pallavaram Main Road, Sunnambu Kolathur, Chennai 600117.
- Website: [www.wabag.com](http://www.wabag.com)
- E-mail id: [companysecretary@wabag.in](mailto:companysecretary@wabag.in)
- FY reported: April 1, 2016 - March 31, 2017
- Sector(s) that the Company is engaged in (industrial activity code-wise):

| Group | Class | Activity                               |
|-------|-------|--|
| 360   | 3,600 | Water collection, treatment and supply |
| 370   | 3,700 | Sewerage                               |

- The three key services that the Company provides in the field of water are as follows:
  - Engineering, Procurement & Construction (EPC)
  - Operation & Maintenance and Refurbishment & Lifecycle Extension (O&M)
  - Built Own Operate & Transfer (BOOT)
- Total number of locations where business activity is undertaken by the Company
  - Number of International Locations (Provide details of major 5):** WABAG headquartered in Chennai, India has its presence in South-East

Asia, Middle-East, Africa, Latin America (LATAM) and Europe geographies through 18 direct and indirect subsidiaries.

**(b) Number of National Locations:** WABAG has 4 regional offices at Delhi, Kolkata, Pune and Vadodara and presence in over 50 sites in India.

- Markets served by the Company - Local/State/ National/International: PAN India and over 20 countries worldwide.

## Section B: Financial Details of the Company (as on March 31, 2017)

- Paid up Capital (₹) : 10,91,46,116/-
- Total Turnover (₹ in Lakh): 1,81,963/-
- Total profit after taxes (₹ in Lakh): 7,498/-
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): **Please refer Annexure V to the Board's Report**
- List of activities in which expenditure in 4 above has been incurred: **Please refer Annexure V to the Board's Report**

## Section C: Other Details

- Does the Company have any Subsidiary Company/ Companies?**  
Yes.
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Companies.**

The Business Responsibility Report has become mandatory for the Company effective from April 1, 2016, however the Company has been maintaining

and following the initiatives under Business Responsibility Report as part of its business operations which extends to its overseas group entities also, to the extent applicable and required.

**3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

Yes. The Company promotes BR initiatives in its value chain. At present, less than 30% of its suppliers/distributors participate in BR initiatives

## Section D: BR Information

### 1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

1. DIN Number: 02353065
2. Name: S Varadarajan
3. Designation: Director & Chief Growth Officer

### (b) Details of the BR head

| Sl No. | Particulars                | Details                         |
|--------|----------------------------|---------------------------------|
| 1      | DIN Number (if applicable) | 02353065                        |
| 2      | Name                       | S Varadarajan                   |
| 3      | Designation                | Director & Chief Growth Officer |
| 4      | Telephone Number           | +91 - 44 - 39232323             |
| 5      | Email id                   | varadarajan@wabag.in            |

### 2. Principle-wise (as per National Voluntary Guidelines prescribed by MCA) BR Policy/Policies:

(a) The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

|     |  | Business Ethics  | Product Responsibility | Employee Wellbeing | Stakeholder's Engagement | Human Rights | Environmental Protection | Public and Regulatory Policy | CSR | Customer Relation |
|-----|--|--|------------------------|--------------------|--------------------------|--------------|--------------------------|------------------------------|-----|-------------------|
| No. | Questions  | P1   | P2                     | P3                 | P4                       | P5           | P6                       | P7                           | P8  | P9                |
| 1.  | Do you have a policy/ policies for?  | Y  | Y                      | Y                  | Y                        | Y            | Y                        | Y                            | Y   | Y                 |
| 2.  | Has the policy being formulated in consultation with the relevant stakeholders?  | Y  | Y                      | Y                  | Y                        | Y            | Y                        | Y                            | Y   | Y                 |
| 3.  | Does the policy conform to any national / international standards? If yes, specify? (50 words)   | Yes, the policies of the Company are prepared ensuring adherence to applicable laws and in line with the international standards, as applicable for operations of the Company and its group, from time to time.  |                        |                    |                          |              |                          |                              |     |                   |
| 4.  | Has the policy being approved by the Board?<br>Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?                                   | Y  | Y                      | Y                  | Y                        | Y            | Y                        | Y                            | Y   | Y                 |
| 5.  | Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?                                  | Y  | Y                      | Y                  | Y                        | Y            | Y                        | Y                            | Y   | Y                 |
| 6.  | Indicate the link for the policy to be viewed online?  | Most of the relevant policies are disseminated and uploaded for information to the relevant stakeholders and employees. The management policies are available in the intralink facility and statutory policies are available on <a href="http://www.wabagindia.com/Policies.aspx">http://www.wabagindia.com/Policies.aspx</a> .  |                        |                    |                          |              |                          |                              |     |                   |
| 7.  | Has the policy been formally communicated to all relevant internal and external stakeholders?  | Yes, the policies have been communicated to all internal/external stakeholders, as the case may be and/or made available to the concerned based on their relevance.  |                        |                    |                          |              |                          |                              |     |                   |
| 8.  | Does the Company have in-house structure to implement the policy/ policies   | Yes, the Company has established in-house structures to implement these policies.  |                        |                    |                          |              |                          |                              |     |                   |
| 9.  | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Yes, the Company continue to maintain its standards and commitment to its stakeholders, at all times thereby addressing their grievances, concerns, if any, from time to time through its in house process and methods.<br>Human resource grievance redressal system, The Whistle Blower mechanism, Prevention of Sexual Harassment policy, etc., provides opportunity to report any concerns or grievances pertaining to any potential or actual violation of the policies including remedial measures available to address such violation/concern, as the case may be. An Investor grievance mechanism is also in place to respond to any investor grievances. |                        |                    |                          |              |                          |                              |     |                   |
| 10. | Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?                                 | The implementation of the policies are reviewed/evaluated through internal control/audit function of the Company and/or periodically reviewed and monitored by external agency, as and when required.  |                        |                    |                          |              |                          |                              |     |                   |



- (b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)  
Not applicable.

### 3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The Board of Directors of the Company, either directly or through its Committees, assesses various initiatives forming part of the BR performance of the Company on a periodic basis. The CSR Committee meets every quarter to review implementation of the projects/programmes/activities to be undertaken in the field of CSR. Other supporting functions/groups like Sustainability, meet on a periodic basis to assess the BR performance.

The Company publishes the information on BR which forms part of the Annual Report of the Company. The Annual Report is also uploaded on the website of the Company [www.wabag.com](http://www.wabag.com)

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Business Responsibility Report forming part of Annual Report is available on the Company's website and can be accessed at [www.wabagindia.com](http://www.wabagindia.com). Business Responsibility Report is published on an annual basis. WABAG is publishing the report for the first time as part of compliance of SEBI requirements.

## Section E: Principle-wise Performance

### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?

Ethics, Transparency and Accountability are the bedrock of Company's operations. WABAG's philosophy is to conduct the business with high ethical standards in dealings with all their stakeholders

including employees, customers, suppliers, government and the community. The key core business principles of WABAG is to abide by the law of the land, commitment to the health, safety and environment, provide innovative and technological solutions, and optimise costs, avoid wastage and emphasize quality.

Good corporate governance enhances shareholder's value on a sustainable basis while ensuring fairness to all stakeholders, customers, vendors – partners, investors, employees, government and society. The philosophy of the Company is to conduct the business with high ethical standards in dealing with all the stakeholders dealing with the Company inclusive of customers, suppliers, contractors, government and the community. This has been maintained and ensured by all entities of WABAG Group.

Some of the policies falling under the purview of this principle are as follows:

- a. **Code of Conduct for employees** - It covers guidance, rules, process and procedure to be adhered to by all employees of the Company and the Group and ethical standards, guiding principles to be maintained in performing their respective duties. It also provides an opportunity to the employees to report any grievance arising out of such policy with authorised person appointed by the Company for such purposes.
- b. **Whistle Blower Policy** - To provide an avenue for directors and employees to inform about any misconduct in the Company and assurance that they will be protected from reprisals or victimization.
- c. **Policy for Determining Materiality of Events and Information** - The objective of this Policy is: (a) to ensure disclosure of any event or information which, pursuant to SEBI regulations is material, (b) to determine whether an event or information is material or not and (c) to ensure timely, accurate, uniform and transparent disclosure.
- d. **Code of Conduct for Directors & Senior Management** - To ensure, inter alia protection of confidential information, preventing conflict of interest, ensuring that anti-bribery and corruption laws are complied with, and ensure compliance with all the applicable laws, regulations and Company's policies.

- e. **Company's Code of Conduct for prevention of Insider Trading** - To prevent insider trading and protect price sensitive information.
- f. **Policy on Prevention of Sexual Harassment.**

**2. How many stakeholder complaints have been received in the past FY and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

All internal stakeholders' queries/issues have been satisfactorily resolved by the management through various open house forum /discussions organised by the Company from time to time.

The stakeholder's complaints arising out of securities of the Company have been addressed as part of investor services and the details of cases handled by the Company during the FY is referred in Report on Corporate Governance.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

WABAG exist to provide total water solutions to its valued customers. It has significant business presence in the global market, both in the EPC & service sector of water business. It provides innovative, entrepreneurial and empowered team committed to total customer satisfaction and value creation.

Sustainability and Safety are the two guiding principles of WABAG business. Its projects are technology intensive to meet customer critical needs and derives significant revenue from its EPC and O&M businesses. Being in EPC business, WABAG's customers prescribe safety & sustainability standards in its tender specification for setting up plans, WABAG ensures it meets these standards before handing over of plant. Also WABAG meets the regulatory compliance in terms of Pollution Control Board, Inspector of boiler etc., while delivering the plant on turnkey basis.

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

WABAG'S core business is aligned to providing sustainable solutions with the key focus on reuse and recycle of water including waste water. Our objective is to provide access to clean drinking water and ecologically treated process water, as well as to secure

the environmentally compatible disposal of municipal and industrial wastewater through innovative means of technology, and thus make a major and sustainable contribution to environmental protection and an enhanced quality of life. WABAG primarily engaged in setting up of desalination plant, sewage treatment plant, effluent treatment plant and water treatment plant.

The projects undertaken by WABAG globally have an impact on the improvement of environmental and social conditions.

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**

- (a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?
- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

This is better demonstrated through details of specific projects executed.

Some of the key services (Projects) undertaken by WABAG in the recent years having a high social and environmental impact are as follows:

- a. Nemmeli 100 MLD Sea water Desalination Plant, Chennai, India.
- b. Effluent Treatment Recycle Plant for IOCL in Paradip, India.
- c. 32.4 MLD Effluent Treatment Recycle Plant in Reliance Dahej, India.
- d. K&C Valley 60 MLD Sewage Treatment Plant, Bengaluru, India.
- e. 2.5 MLD STP/RO Plant - NTPC Badarpur, Delhi, India.
- f. 100 MLD Effluent recycle plant - JSPL, Angul, India.

**I. Nemmeli 100 MLD Sea water Desalination Plant, Chennai, India**

The desalination plant located in Sulerikadu, Chennai, is providing 100 million litres of potable water per day to the residents of south Chennai, by drawing sea water from the Bay of Bengal. The plant is constructed in only 23 acres of the allotted 40.5 acres of land leased by Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB). The Plant used state of art modern technologies making it compact, reliable,

and suitable for faster start-up and shutdown process compared to the Thermal Desalination Process.

#### Energy Recovery -

In order to conserve energy wastage, the design adopted by WABAG in the Nemmeli Desalination Plant uses pressure exchangers with 97% efficiency, which extracts energy from the waste high pressure brine and transfers it to the feed water, thereby reducing the size of the high pressure pumps and the energy consumed.

- a) This has helped us reduce the plant's power consumption.
- b) The Nemmeli Desalination Plant is supplying water to the southern parts of the Chennai city and has helped to ease the water supply situation in the city. It has reduced the dependence of natural precipitation / ground water in Chennai by around 12.5%.

### II. Effluent Treatment Plant for IOCL in Paradip, India

The Effluent Treatment Plant and water reclamation plant designed and built for IOCL, at Paradip, is a prime example of sustainable water recycling and reuse. The treated water is reused, achieving 75% water recovery.

WABAG has managed to efficiently reuse water to reduce the fresh water consumption through its wide range of proven and innovative technologies. The fresh water consumption during production has reduced by 9 million cubic metres per year in this plant.

### III. 32.4 MLD Recycle Effluent Treatment Plant in Reliance Dahej, India

The 32.4 MLD Effluent Treatment Plant with Recycle Facility for the Reliance Hazira Complex in Dahej was designed and built to treat effluents from 'purified terephthalic acid (PTA) plant' and 'polyethylene terephthalate (PET) plant'. The 'ETP and Recycle Facility' is the first large scale recycle plant for PTA wastewater in India.

This state of the art plant employs a tailor made advanced process design, treats industrial effluent which minimizes the dependence on external water sources. In addition, the Bio gas generated has replaced natural gas as fuel for the sludge dryer in the effluent treatment plant and the dryer in the PTA plant. Two million cubic metres of natural gas is conserved every year in this plant.

### IV. K&C Valley 60 MLD Sewage Treatment Plant, Bengaluru, India

#### Environmental Protection -

The K&C Valley 60 MLD Sewage Treatment Plant (STP) located in the Koramangala and Chalaghatta valley in Bangalore treats waste water generated from the surrounding regions. The plant also utilizes a Biological Nutrient Removal (BNR), a process where nitrogen and phosphorus are removed from the waste water before it is discharged making the water suitable for non-potable purposes:

- a) It is a first of its kind STP in Karnataka which produces power from biogas. This also reduces the greenhouse gases generated by this plant. Being a power neutral STP producing captive green power, the dependency on grid power will reduce drastically and so will the operating expenditure.
- b) Bangalore Water Supply and Sewerage Board (BWSSB) also intends to supply the secondary treated waste water to the nearby industries in future thereby reducing the demand on freshwater. This helps in generating revenue for the Urban Local Bodies. It is in line with an earlier executed reuse project in Chennai where 36 MLD of secondary treated wastewater was supplied for industrial use in a nearby refinery. The treated wastewater is also helping in the rejuvenation of Bellandur-Varthur Lake and the restoration of marine life.

### V. 2.5 MLD STP/RO NTPC Badarpur, Delhi, India

This plant has ensured two fold benefit. First, in line with Ministry of Power's notification to reuse treated municipal wastewater to ensure water security at Power Plants and to reduce freshwater consumption, the STP at NTPC, Badarpur employs state of the art technologies to treat wastewater to levels fit for use as industrial process water. Second, in the treatment process, river water polluted with municipal and industrial waste is treated for use in the industry.

### VI. 100 MLD Effluent recycle plant - JSPL, Angul, India

WABAG has set up a treatment plant to treat the gasification effluent for a 6 MTPA steel plant on the east coast of India. The project is unique in the sense that for the first time gasification effluent is recycled with a very high recovery rate of 80 %. WABAG through its efficient process design ensures no harmful effluents are discharged to the environment as the treatment process removes alarming amount

of heavy metals exists in Coal effluent in addition to high COD and BOD. Post treatment through the ETP, the effluent contains heavy metals in the range 1-2 ppm, apart from COD to the tune of 50 ppm and BOD to the tune of 250 ppm. The effluent is further treated through high rate solid contact clarifier with proper limited dosing and CLO2 dosing, wherein heavy metals and COD and BOD are brought down. This project has acted as a role model both in terms of water reuse and zero liquid discharge. The effluent post tertiary treatment using sand bed filters followed by ultra-filtration and reverse osmosis, is taken to the demineralization unit and finally sent as boiler feed water. The success of the project reinforces the belief that water recycle is a viable option and the way ahead to ensure water security especially in countries that are water stressed.

### 3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

- (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

WABAG is conscious of its individual role in social progress and environmental protection and realizes that the collective impact on sustainability is far greater, and follows stringent norms for selection of Vendor by giving preference to players who have taken green initiatives. WABAG emphasize its critical vendors and suppliers to adhere to its Health, Safety and Environment policies and continuously collaborate with International Vendors, who are compliant with the highest environmental & safety standards.

In an effort to provide cost effective and sustainable transportation of goods to our Clients, WABAG has entrusted a significant proportion of its sourcing requirements to local suppliers.

It is also in the process of establishing a e-procurement platform that would provide greater transparency to our purchasing, and ensure optimal material procurement through effective communication.

### 4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

Yes, WABAG is working globally with the underlying philosophy of creating/increasing the competence

of local and small producers in the areas/countries of operation, which encourages human asset creation amongst local communities.

- (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Greater Dambulla Water Supply Scheme with a WTP of 30 MLD and Intake designed for 65 MLD in Srilanka:

In Dambulla project site, the Company have employed local contractors for pipe laying and hydro testing and has been engaging significant local personnel through local sub-contractors. The Company helped them to adopt global best practices on erection and testing of pipelines.

The Company have procured locally PVC pipes, which was a major boost for the local PVC manufacturing industry in addition to other critical electrical equipment's like Control Panels. This has ensured that the local industries in Sri Lanka assemble global products locally and provides impetus to the local service and assembling industry. This boosts the local economy and creates a lasting impact on the people. The Company deployed more than 50 technical staff locally, out of which about 30% of them are from in an around the project site location.

- (b) Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

#### Mechanism to recycle products and waste

WABAG has been a pioneer in the area of water recycling and reuse. The reuse plants Windhoek, Namibia to provide potable water and at Chennai Petroleum Corporation Limited, Chennai, India to provide industrial water are few examples that add credibility to its bellwether tag. WABAG has always advocated the reuse of water conveyed through an oft repeated slogan "Water is too precious to be used just once". A majority of the freshwater sources in India are contaminated and it is of late that the Government has been advocating the policy of zero liquid discharge. With an efficient treatment and recycle mechanism in place, WABAG has successfully demonstrated the concept of zero liquid discharge.

### 110 MLD Sewage Treatment Plant in Kodungaiyur, Chennai

The Kodungaiyur 110 MLD Sewage Treatment Plant in Chennai was commissioned by the Company in 2006 and is a prime example of reusing waste. The Kodungaiyur sewage treatment plant has paved the way to perceive sludge as a resource rather than a liability. Resource recovery is achieved in the plant in terms of harnessing the energy potential of sludge. The biogas generated through the process of sludge digestion comprises methane, which is a highly hazardous greenhouse gas with a high calorific value. This methane content is utilized generate green power, thus ensuring the process reduces the greenhouse effect by averting release of methane gas into the atmosphere.

The plant has been self-sustaining for over a decade and the Bio Gas Engine (single engine) in the plant has recently completed 80,000 operating hours as on March 28, 2017 thus generating 43544 MWh of power. The Bio Gas Engine has reduced the dependency of the plant on grid power to less than 12.5%, even in its 11th year of operation including regular maintenance etc. This is in line with the MNRE (Ministry of New and Renewable Energy) programme that incentivizes the production of green power from Biogas at STPs. Kodungaiyur STP demonstrates our commitment to utilizing renewable resources, protecting the environment and generating value throughout the life cycle of the plant.

The same plant has successfully demonstrated the thought that "Water is too precious to be used just once". The secondary treated wastewater from the plant has been used as industrial water in a nearby refinery thus reducing the burden on freshwater sources and ensuring water security for the industry. This has helped prioritize freshwater for domestic and agricultural use. It is also in line with the recent notifications from Ministry of Power, which mandate reuse of sewage (from STPs within 50 kms radius) as intake water for thermal plants and Ministry of Environment and Forests, which mandate reduction in specific water consumption and focuses on zero liquid discharge. To top it up, this is in line with the recently ratified CoP 21 Paris Climate Change agreement where India has committed to produce 40% of the country's

power from non-fossil sources to achieve carbon emission reduction by 33% from its 2005 levels.

### 20 MGD STP in Pappankalan, Delhi

Dwarka (Pappankalan) sub city located in South-West Delhi is one of the fastest growing city which requires all necessary infrastructure. Company has commissioned a 20 MGD STP plant for Delhi Jal Board authority. The biological removal of Nitrogen and Phosphorous are done through a process which helps the plant to reduce the required dosing of Chlorine and to avoid algal growth in down streams. Rapid Gravity sand filter used to remove the TSS and turbidity of treated water. Flap valve is provided instead of normal gate increase the performance of backwash and it reduce the wastewater generation during backwash. Digested sludge after dewatering through Belt Filter Press proceed through the unit of sludge decomposition which will have 21 days residence time and pass through 100 M tunnels to complete its decomposition. The final product after decomposition will be produced in powder form and can be used in agricultural field as manure.

### Principle 3: Businesses should promote the wellbeing of all employees

With the belief that employees are one of its greatest strengths, WABAG nurtures a high-performance culture and provides a safe, productive and inclusive work environment for all. WABAG believes that our human capital is one of the most valuable resource to tap the perennial growth of business. An organisation success is the aggregation of the individual success of its employees. WABAG ensures overall well-being of its employees. It organises programs in various areas like financial well-being, physical well-being etc. WABAG would focus more on capability building of the personnel based on job/role requirements, technical knowledge and soft skills so as to integrate the HR practices with business strategies to provide employees the opportunity to fulfil their career aspiration and development needs.

#### 1. Please indicate the Total number of employees.

970 employees on rolls as on March 31, 2017

#### 2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.

5335(O&M-2281, EPC-3054) as on March 31, 2017 predominantly in direct sites



## 3. Please indicate the Number of permanent women employees.

104 permanent women employees

## 4. Please indicate the Number of permanent employees with disabilities

Nil

## 5. Do you have an employee association that is recognized by management?

Nil

## 6. What percentage of your permanent employees is members of this recognized employee association?

Nil

## 7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the FY.

Nil

## 8. What percentage of your under mentioned employees were given safety &amp; skill up-gradation training in the last year?

|    |  | Safety  | Skill upgradation  |
|----|--|---|--|
| a. | Permanent Employees                      | 40.50%<br>(No. of employees trained during the year - 429)  | 59.58%<br>(No. of employees trained during the year - 631)       |
| b. | Permanent Women Employees                | Included in column 8 (a)                                    | 58.65%<br>(No. of women employees participated in training - 61) |
| c. | Casual/ Temporary/ Contractual Employees | 74.70%<br>(No. of employees trained during the year - 3985) | 8.99%<br>(No. of employees trained during the year - 480)        |
| d. | Employees with Disabilities              | Nil   | Nil  |

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

WABAG operates in one of the world's most imperative sector "Water" with diverse and transparent shareholding. The Company recognizes that stakeholders form part of

a vast and heterogeneous community who have been guidepost for decision-making processes of the Company. The Company engages with its identified stakeholders on an on-going basis through business-level engagements and structured stakeholder engagement programmes.

**1. Has the Company mapped its internal and external stakeholders? Yes/No**

Yes. WABAG has always acknowledged the vital contribution of all stakeholders such as employees, communities, suppliers, customers, regulatory bodies, industry associations, shareholders, academic institutes and media in building a sustainable business and has accorded importance to their voices and concerns. During FY16-17, WABAG has carried out comprehensive stakeholder identification programs like Road Shows, Investor Meets, CSR Programs, other seminars and programmes etc.,. This helped us not only to understand the needs and expectations of the stakeholders better but also helped us to communicate the efforts put in by WABAG in providing a sustainable water solution to the society. The employees of the Company are also actively involved in various external stakeholder programmes. This has helped the Company to map its internal and external stakeholders. It uses both formal and informal mechanisms to engage with various stakeholders to understand their concerns and expectations.

**2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders ?**

Yes, the Company did identify its disadvantaged, vulnerable and marginalised stakeholders. who are the guideposts to the Company business decision making processes.

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

The Company engages with its identified stakeholders through various business and structured level engagements/programmes on an ongoing basis. The Company also focus on delivering value to all its stakeholders, especially the disadvantaged and vulnerable communities. Some of the CSR programmes undertaken by the Company are focused primarily on those sections of the local communities which are disadvantaged, vulnerable and marginalized. The Company being the water solution provider is conscious of the impact created out of our operations on the stakeholders and endeavour to contribute

positively to improve the standard of living of such communities through various water solutions, health and other CSR related activities.

Some of the CSR initiatives taken by the Company:

- Water augmentation program for marginal farmers at Mailam Block, Villupuram District, Tamil Nadu
- Drinking water filtration and toilet construction for Government School children at Kodungaiyur, Chennai, Tamil Nadu
- Hygiene improvement practices at Viralipatti Village, Pudhukottai District, Tamil Nadu
- Micro Irrigation System at NAF Training Centre and serve as a model to the farmers
- Water ATMs at select locations at the Inner Ring Road, NCR and similar other initiatives are being implemented too.

#### **Principle 5: Businesses should respect and promote human rights**

WABAG ensures compliance with all applicable laws of the land pertaining to human rights, in order to preserve the rights of all its internal and external stakeholders. A legal compliance report is submitted to the Company's Board of Directors on a quarterly basis.

##### **1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Company doesn't have a standalone Human Rights policy. Aspects of human rights such as child labour, forced labour, occupational safety, non-discrimination are covered by its various Human Resource policies.

##### **2. How many stakeholder complaints have been received in the past FY and what percent was satisfactorily resolved by the management?**

There were no reported complaints on violation of human rights during the year 2016-17.

#### **Principle 6: Business should respect, protect, and make efforts to restore the environment**

WABAG continues to protect the environment, conservation of resources, mitigating climate change and its impact through its technology and innovative ideas and methods. Further, it is committed to creating and preserving a clean environment and society. WABAG Safety, Health and Environment Policy is a core pillar of the Company. 'Safety' embeds a safe and secure working environment

at the Company and ensures accident probabilities are reduced to a great extent.

##### **1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

The policy related to the said principle covers only to the Company and its group business operations.

##### **2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

The Company has taken initiatives to address global environmental issues like climate change, global warming, etc. The Company does not maintain a webpage for the same. The initiatives are carried forward depending upon notifications made on the meteorological department of different regions.

##### **3. Does the Company identify and assess potential environmental risks? Y/N**

Yes, the Company has identified and assessed potential environmental risks and suitable remedial measures to overcome such potential risks are evaluated and monitored by the Company as part of its ongoing business activities.

##### **4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

Yes, the Company has been providing sustainable solution in the field of Water and Waste water sectors by ensuring adherence to environmental, ecological and other laws of the land in all its projects, where it is set up or operated, through its innovative and technological methods.

#### **Project related to Clean Development Mechanism -**

Clean development mechanism is encouraged in CMWSSB project in areas like Biogas (Biogas is a by-product of anaerobic digestion of sludge). Biogas comprises of 60% methane, and 25-30% carbon dioxide with traces of other gases. The potential to reduce the emissions of greenhouse gases and the associated prospects of carbon credits through methane capturing and power generation

components. The odor control system will be provided as in sewage treatment plant which will remove odor gas or polluted gas.

Please refer the details of projects covered under principle 2 of BRR which are also falling under the purview of clean development mechanism criteria.

**5. Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

Yes, the Company has adopted the following initiatives apart from the initiatives taken that's related to project. The Company does not maintain a webpage for the same.

- Biogas generated from the sewage sludge is being used as fuel for generation of electric power and used for operation and maintenance of plant with optimal usage of EB power.
- Waste water are treated and used for gardening purpose and recycling purpose.
- Adapting of carbon free energy from wind power.

**6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the FY being reported?**

The emissions/ waste generated by the Company are within the permissible limits stated by CPCB/ SPCB. The emissions generated are monitored by an external agency every year and the NABL reports are verified by Quality and Health & Safety in order to ensure that compliances are within the limits.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

As on March 31, 2017, there are no pending / no show cause/ legal notices received from CPCB/ SPCB

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

**1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Company regularly engages with other industry members, professional bodies &, expert agencies

to contribute in policy making process to align with Global Standards. The list of Company's memberships:

- a. Confederation of Indian Industry
- b. Madras chamber of commerce and industry
- c. Indo-German Chamber of Commerce & Industry
- d. India Netherlands Business Council, Chennai
- e. International Water Association
- f. International Desalination Association
- g. Indian Desalination Association
- h. British Council
- i. Indian Environmental Association
- j. FICCI (Federation Of India Chamber Of Commerce & Industry)

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

Yes, WABAG has represented before various forums on the following areas Energy Security, Water, Sustainable Business Principles

**Principle 8: Businesses should support inclusive growth and equitable development**

WABAG's main focus is to provide sustainable solutions for a better life. A firm has to work closely with its ecosystem to create a sustainable & inclusive growth for all. WABAG believes that social, environmental and economic values are interlinked and WABAG belong to an Interdependent Ecosystem comprising Shareholders, Consumers, Associates, Employees, Government, Environment and Society. WABAG committed to ensure a positive impact of our existence on all these stakeholders.

**1. Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Some of the growth and equitable development programmes initiated by the Company are Corporate Social Responsibility (CSR) programmes, sourcing of goods and materials for the business operations from local and small vendors, providing opportunity to stakeholders to have business relationship with the Company if they meet Company's standards, quality

and principles, sourcing of local workmen in and around the project sites, etc.

**2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

Yes, it is undertaken through in-house team with support of external experts.

The CSR programmes of the Company are overseen largely by in house teams. Wherever needed services of NGO partners and other agencies with subject expertise are being taken and necessary steps shall be made for implementation.

**3. Have you done any impact assessment of your initiative?**

The CSR programmes and their impacts/outcomes are monitored and reviewed by the management periodically as also by the CSR Committee of the Board.

**4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

Details on the Company's CSR programmes on community development have been mentioned in Annexure V to the Board's Report.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Yes. Most of our CSR programmes are participatory in nature and focus on institution development and capacity building. For instance the construction of water harvesting structures (ponds) has empowered community and is a step in providing sustainable water solutions for irrigation purpose. By involving community based institutions in construction of water harvesting structures, the community members have developed a sense of ownership as they are involved in planning and implementation of the construction work for ponds.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

The Business of WABAG is concerned with providing sustainable solutions for Drinking water treatment,

Industrial and process water treatment, Water reclamation, Sea and brackish water desalination, Municipal waste water treatment, Industrial waste water treatment and sludge treatment by engaging and providing value to their customers and consumers in a responsible manner

**1. What percentage of customer complaints/consumer cases are pending as on the end of FY.**

The Company is engaged in infrastructure business, there were no major customer/consumer cases applicable/lodged during the FY 2016-17.

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**

Displaying of product information on the product are not applicable to the Company, as the Company is in Infrastructure business in Water Sector. As part of prudent business practise, the Company hands over a project document to its client upon completion of its EPC project, which includes critical information realting to Operation & Maintenance manual, Material record book, Performance guarantee test run, drawings and such other documents as may required for the said project, etc., for efficient and effective use of the plant by the Client.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of FY. If so, provide details thereof, in about 50 words or so.**

There has been no case filed by any stakeholder against the Company with regard to unfair trade practices, irresponsible advertising or anti-competitive behaviour during the last 5 years and as on March 31, 2017.

**4. Did your Company carry out any consumer survey/ consumer satisfaction trends?**

Yes. The Company has carried out the survey on a periodical basis and for consumer satisfaction trends the Company has received the satisfactory certificates from the concerned.



# *Financial Statements*

**112** Standalone Financials

**175** Consolidated Financials



# 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 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

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

## Auditor's Responsibility

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

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone financial statements.

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the

Company as at 31 March 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Other Matter

9. The Company had prepared separate sets of standalone financial statements for the year ended 31 March 2016 and 31 March 2015 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports to the shareholders of the Company dated 26 May 2016 and 25 May 2015 respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
- 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;
  - 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;
  - the standalone financial statements dealt with by this report are in agreement with the books of account;
  - in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;
  - on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;
  - we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 25 May 2017 as per Annexure B expressed an unmodified opinion.
  - with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - the Company, as detailed in Note 46 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;
    - the Company, as detailed in Note 20 to the standalone financial statements, has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
    - there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
    - the Company, as detailed in Note 13 to the standalone financial statements, has made requisite disclosures in these standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 08 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the Company.

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

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

Place : Chennai  
Date : 25 May 2017

## *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 2017

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties which are included under the head 'Property, plant and equipment' are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act.

Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

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

| Name of the statute   | Nature of dues          | Amount * (₹) | Period to which the amount relates  | Forum where dispute is pending       |
|---|-------------------------|--------------|-------------------------------------|--------------------------------------|
| Rajasthan Sales Tax Act, 1994                                       | Tax & Penalty           | 8,88,468     | 2003-04, 2009-10 & 2010-11          | Tax Assessment Officer               |
| Rajasthan Value Added Tax, 2003                                     | Tax & Penalty           | 33,05,061    | 2007-08 & 2009-10                   | Deputy Commissioner                  |
| Karnataka Value Added Tax, 2003                                     | Tax & Penalty           | 24,10,920    | 2007-08, 2009-10 & 2010-11          | Deputy Commissioner                  |
| Kerala Value Added Tax, 2003  | Tax & Penalty           | 90,61,767    | 2008-09, 2010-11 & 2011-12          | Appellate Tribunal                   |
| West Bengal VAT Act, 2003   | Tax & interest          | 6,70,14,198  | 2007-08, 2009-10, 2011-12 & 2012-13 | Various Forums                       |
| Gujarat Value Added Tax, 2003                                       | Tax & Penalty           | 29,46,011    | 2010-11                             | Gujarat VAT Tribunal                 |
| Delhi Value Added Tax, 2004   | Tax & Penalty           | 62,10,89,408 | 2009-10 to 2012-13                  | Various Forums                       |
| Andhra Pradesh VAT Act, 2005  | Tax & Penalty           | 2,56,20,491  | 2012-13 and 2013-14                 | Deputy Commissioner                  |
| Central Sales Tax Act, 1956 read with Gujarat Value Added Tax       | Tax, Interest & penalty | 1,09,97,652  | 2010-11 and 2011-12                 | Deputy Commissioner                  |
| Central Sales Tax Act, 1956 read with the West Bengal VAT Act, 2003 | Tax & Penalty           | 7,80,69,942  | 2010-11 to 2013-14                  | Senior Joint Commissioner            |
| Income Tax Act, 1961  | Tax & Interest          | 5,97,36,952  | AY 2012-13                          | Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961  | Tax & Interest          | 4,01,00,433  | AY 2011-12                          | Income Tax Appellate Tribunal        |
| Income Tax Act, 1961  | Tax & Interest          | 6,38,81,812  | AY 2009-10                          | Income Tax Appellate Tribunal        |

\* No amount has been paid under protest.

- |  |   |
|--|---|
| <p>(viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.</p> <p>(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.</p> <p>(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.</p> <p>(xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.</p> <p>(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.</p> | <p>(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.</p> <p>(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.</p> <p>(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.</p> <p>(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.</p> |
|--|---|

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

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

Place : Chennai  
Date : 25 May 2017

# 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 2017

## 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 2017, 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 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sumesh E S**

Partner

Membership No.: 206931

Place : Chennai

Date : 25 May 2017

# Balance Sheet

As at 31 March 2017

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

|   | Note | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|---|------|------------------------|------------------------|------------------------|
| <b>Assets</b>   |      |                        |                        |                        |
| <b>Non-current assets</b>   |      |                        |                        |                        |
| Property, plant and equipment   | 4    | 8,859                  | 8,860                  | 9,064                  |
| Capital work-in-progress  |      | -                      | 242                    | 55                     |
| Intangible assets   | 4    | 359                    | 397                    | 780                    |
| <b>Financial assets</b>   |      |                        |                        |                        |
| Investments   | 5    | 2,488                  | 4,656                  | 2,536                  |
| Trade receivables   | 6    | 36,208                 | 27,491                 | 13,346                 |
| Bank balances   | 7    | -                      | 1,600                  | 9,021                  |
| Other financial assets  | 8    | 146                    | 1,117                  | 432                    |
| Deferred tax assets (net)   | 9    | 2,146                  | 2,321                  | 3,494                  |
| Income tax assets (net)   | 10   | 4,684                  | 3,321                  | 3,321                  |
| Other non-current assets  | 11   | 416                    | 416                    | 518                    |
|   |      | <b>55,306</b>          | <b>50,421</b>          | <b>42,567</b>          |
| <b>Current assets</b>   |      |                        |                        |                        |
| Inventories   | 12   | 3,439                  | 6,546                  | 2,983                  |
| <b>Financial assets</b>   |      |                        |                        |                        |
| Investments   | 5    | 1,916                  | 1,178                  | 3,800                  |
| Trade receivables   | 6    | 135,763                | 103,829                | 95,561                 |
| Cash and cash equivalents   | 13   | 7,216                  | 8,425                  | 12,562                 |
| Bank balances other than those mentioned in cash and cash equivalents | 13   | 2,254                  | 5,558                  | 587                    |
| Loans   | 14   | 295                    | 1,267                  | 418                    |
| Other financial assets  | 8    | 5,834                  | 4,411                  | 3,353                  |
| Other current assets  | 15   | 15,221                 | 13,270                 | 10,854                 |
|   |      | <b>171,938</b>         | <b>144,484</b>         | <b>130,118</b>         |
| <b>Total assets</b>   |      | <b>227,244</b>         | <b>194,905</b>         | <b>172,685</b>         |
| <b>Equity and Liabilities</b>   |      |                        |                        |                        |
| <b>Equity</b>   |      |                        |                        |                        |
| Equity Share capital  | 16   | 1,091                  | 1,090                  | 1,086                  |
| Other equity  | 17   |                        |                        |                        |
| Share premium   |      | 27,536                 | 27,396                 | 27,003                 |
| Reserves and surplus  |      | 53,778                 | 49,063                 | 40,358                 |
| Share application money pending allotment                             |      | 1                      | 4                      | 13                     |
| <b>Total equity</b>   |      | <b>82,406</b>          | <b>77,553</b>          | <b>68,460</b>          |
| <b>Liabilities</b>  |      |                        |                        |                        |
| <b>Non-current liabilities</b>  |      |                        |                        |                        |
| <b>Financial liabilities</b>  |      |                        |                        |                        |
| Trade payables  | 18   | 14,176                 | 14,716                 | 14,427                 |
| Other financial liabilities   | 19   | 215                    | 204                    | 170                    |
| Provisions  | 20   | 549                    | 418                    | 1,686                  |
| Other non-current liabilities   | 21   | 4,481                  | -                      | 5,863                  |
|   |      | <b>19,421</b>          | <b>15,338</b>          | <b>22,146</b>          |
| <b>Current liabilities</b>  |      |                        |                        |                        |
| <b>Financial liabilities</b>  |      |                        |                        |                        |
| Borrowings  | 22   | 11,986                 | 23,890                 | 6,260                  |
| Trade payables  | 18   | 82,999                 | 63,248                 | 55,753                 |
| Other financial liabilities   | 19   | 3,184                  | 3,143                  | 2,029                  |
| Other current liabilities   | 21   | 20,269                 | 5,383                  | 9,158                  |
| Provisions  | 20   | 2,617                  | 1,990                  | 5,073                  |
| Current tax liabilities(net)  | 23   | 4,362                  | 4,360                  | 3,806                  |
|   |      | <b>125,417</b>         | <b>102,014</b>         | <b>82,079</b>          |
| <b>Total liabilities</b>  |      | <b>144,838</b>         | <b>117,352</b>         | <b>104,225</b>         |
| <b>Total equity and liabilities</b>                                   |      | <b>227,244</b>         | <b>194,905</b>         | <b>172,685</b>         |

Notes 1 to 47 form an integral part of the standalone financial statements

In terms of our report attached

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

per **Sumesh E S**  
Partner  
Place : Chennai  
Date : 25 May 2017

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

**B D Narang**  
Chairman  
(DIN: 00826573)

**G Parthasarathy**  
Chief Financial Officer  
Place : Chennai  
Date : 25 May 2017

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

**R Swaminathan**  
Company Secretary  
(Membership No.:17696)

# Statement of Profit and Loss

For the year ended 31 March 2017

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

|   | Note | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|---|------|-----------------------------|-----------------------------|
| <b>Revenue from operations</b>  | 25   | 179,838                     | 151,343                     |
| Other income  | 26   | 2,125                       | 1,482                       |
| <b>Total income</b>   |      | <b>181,963</b>              | <b>152,825</b>              |
| <b>Expenses</b>   |      |                             |                             |
| Cost of sales and services  | 27   | 136,696                     | 119,039                     |
| Changes in inventories  | 28   | 3,107                       | (3,563)                     |
| Employee benefits expense   | 29   | 10,258                      | 9,381                       |
| Finance costs   | 30   | 2,334                       | 1,885                       |
| Depreciation and amortization expense   | 31   | 954                         | 1,207                       |
| Other expenses  | 32   | 9,579                       | 7,602                       |
| <b>Total expenses</b>   |      | <b>162,928</b>              | <b>135,551</b>              |
| <b>Profit before exceptional items and tax</b>                                |      | <b>19,035</b>               | <b>17,274</b>               |
| Exceptional items   | 33   | (6,432)                     | -                           |
| <b>Profit before tax</b>  |      | <b>12,603</b>               | <b>17,274</b>               |
| <b>Tax expense</b>  | 34   |                             |                             |
| Current tax   |      | 4,854                       | 4,717                       |
| Deferred tax  |      | 251                         | 1,183                       |
| <b>Profit for the year</b>  |      | <b>7,498</b>                | <b>11,374</b>               |
| <b>Other comprehensive income</b>   |      |                             |                             |
| <b>Items that will not be reclassified to profit and loss</b>                 |      |                             |                             |
| Re-measurement (losses) on defined benefit plans                              |      | (219)                       | (29)                        |
| Income tax relating to items that will not be reclassified to profit and loss |      | 76                          | 10                          |
| <b>Other comprehensive income for the year, net of tax</b>                    |      | <b>(143)</b>                | <b>(19)</b>                 |
| <b>Total comprehensive income for the year</b>                                |      | <b>7,355</b>                | <b>11,355</b>               |
| <b>Earnings per equity share</b>  | 35   |                             |                             |
| Basic (in ₹)  |      | 13.78                       | 20.91                       |
| Diluted (in ₹)  |      | 13.73                       | 20.76                       |

Notes 1 to 47 form an integral part of the standalone financial statements

In terms of our report attached

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sumesh E S**

Partner

Place : Chennai

Date : 25 May 2017

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

**B D Narang**

Chairman

(DIN: 00826573)

**G Parthasarathy**

Chief Financial Officer

Place : Chennai

Date : 25 May 2017

**Rajiv Mittal**

Managing Director & Group CEO

(DIN: 01299110)

**R Swaminathan**

Company Secretary

(Membership No.:17696)

# Cash Flow Statement

For the year ended 31 March 2017

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

|  | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|--|-----------------------------|-----------------------------|
| <b>A. Cash flow from operating activities</b>                                    |                             |                             |
| <b>Profit before tax</b>   | <b>12,603</b>               | <b>17,274</b>               |
| Adjustments to reconcile net income to net cash provided by operating activities |                             |                             |
| Depreciation and amortization expense  | 954                         | 1,207                       |
| Unrealized foreign exchange (gain)   | (556)                       | (972)                       |
| Bad and doubtful debts, net  | 4,311                       | 3,192                       |
| (Gain)/loss on sale of property, plant and equipment                             | (10)                        | 20                          |
| Impairment of investments  | 6,938                       | -                           |
| Interest expenses  | 1,174                       | 980                         |
| Interest and dividend income   | (738)                       | (365)                       |
| Provision for foreseeable losses on contracts                                    | (35)                        | (2,830)                     |
| Provision for compensated absences and gratuity                                  | 165                         | 191                         |
| Provision for warranty   | 617                         | (1,004)                     |
| <b>Operating profit before working capital changes</b>                           | <b>25,423</b>               | <b>17,693</b>               |
| Changes in assets and liabilities  |                             |                             |
| (Increase) in trade receivables  | (42,960)                    | (24,633)                    |
| (Increase) in other financial assets   | (452)                       | (1,743)                     |
| (Increase) in loans and other assets   | (979)                       | (3,309)                     |
| Decrease/(Increase) in inventories   | 3,107                       | (3,563)                     |
| Increase in trade payables   | 19,211                      | 7,784                       |
| Increase in other financial liabilities  | 3                           | 1,148                       |
| Increase/(Decrease) in other liabilities   | 19,365                      | (9,657)                     |
| (Decrease) in provisions   | (208)                       | (737)                       |
| <b>Cash generated from/(used) in operating activities</b>                        | <b>22,510</b>               | <b>(17,017)</b>             |
| Direct taxes paid, net   | (6,219)                     | (4,163)                     |
| <b>Net cash generated from/(used) in operating activities</b>                    | <b>16,291</b>               | <b>(21,180)</b>             |
| <b>B. Cash flow from investing activities</b>                                    |                             |                             |
| Purchase of assets (including capital work-in-progress and capital advances)     | (723)                       | (718)                       |
| Proceeds from sale of property, plant and equipment                              | 60                          | 37                          |
| Purchase of investments  | (7,940)                     | (348)                       |
| Proceeds from sale of investments  | 1,178                       | 850                         |
| Dividend received  | 134                         | -                           |
| Interest received  | 447                         | 365                         |
| Movement in bank deposits  | 4,918                       | 2,449                       |
| <b>Net cash (used) in/generated from investing activities</b>                    | <b>(1,926)</b>              | <b>2,635</b>                |

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

|   | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|---|-----------------------------|-----------------------------|
| <b>C. Cash flow from financing activities</b>                     |                             |                             |
| Proceeds from short-term borrowings                               | 65,238                      | 65,463                      |
| Repayment of short-term borrowings                                | (77,142)                    | (47,833)                    |
| Proceeds from issue of equity shares including securities premium | 138                         | 371                         |
| Interest paid to banks and others                                 | (1,172)                     | (960)                       |
| Dividend Paid   | (2,636)                     | (2,633)                     |
| <b>Net cash (used) in/generated from financing activities</b>     | <b>(15,574)</b>             | <b>14,408</b>               |
| <b>D. Net change in cash and cash equivalents</b>                 | <b>(1,209)</b>              | <b>(4,137)</b>              |
| <b>E. Cash and cash equivalents at the beginning</b>              | <b>8,425</b>                | <b>12,562</b>               |
| <b>G. Cash and cash equivalents at the end</b>                    | <b>7,216</b>                | <b>8,425</b>                |
| <b>Cash and cash equivalents include</b>                          |                             |                             |
| Cash on hand  | 11                          | 90                          |
| Cheques on hand   | 5,308                       | 6,233                       |
| Balances with banks   |                             |                             |
| - in current accounts   | 1,054                       | 1,049                       |
| - in deposit accounts (maturity upto 3 months)                    | 843                         | 1,053                       |
| <b>Cash and cash equivalents as per note 13</b>                   | <b>7,216</b>                | <b>8,425</b>                |

Notes 1 to 47 form an integral part of the standalone financial statements

In terms of our report attached

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sumesh E S**

Partner

Place : Chennai

Date : 25 May 2017

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

Chairman

(DIN: 00826573)

**G Parthasarathy**

Chief Financial Officer

Place : Chennai

Date : 25 May 2017

**Rajiv Mittal**

Managing Director &amp; Group CEO

(DIN: 01299110)

**R Swaminathan**

Company Secretary

(Membership No.:17696)



# Statement of Changes in Equity

For the year ended 31 March 2017

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

## A. Equity share capital

| Particulars                                     | Notes | Amount       |
|---|-------|--------------|
| Balance as at 01 April 2015                     | 16    | 1,086        |
| Changes in equity share capital during the year |       | 4            |
| Balance as at 31 March 2016                     |       | 1,090        |
| Changes in equity share capital during the year |       | 1            |
| <b>Balance as at 31 March 2017</b>              |       | <b>1,091</b> |

## B. Other equity

| Particulars   | Notes | Other equity    |                                  |                 |   |  | Share application money pending allotment | Total    |  |
|---|-------|-----------------|----------------------------------|-----------------|---|--|---|----------|--|
|   |       | Capital reserve | Stock option outstanding account | General reserve | Surplus in the statement of profit and loss | Accumulated other comprehensive income |   |          | Share premium Securities premium account |
| <b>Balance as at 01 April 2015</b>                          |       | 250             | 85                               | 3,295           | 37,176                                      | (448)                                  | 27,003                                    | 13       | 67,374                                   |
| Dividends   | 17    | -               | -                                | -               | (2,188)                                     | -                                      | -   | -        | (2,188)                                  |
| Dividend distribution tax                                   | 17    | -               | -                                | -               | (445)                                       | -                                      | -   | -        | (445)                                    |
| Issue of share capital on exercise of employee share option | 40    | -               | (17)                             | -               | -   | -                                      | 393                                       | -        | 376                                      |
| Options lapsed during the year                              | 40    | -               | (6)                              | 6               | -   | -                                      | -   | -        | -  |
| Share application money received                            | 17    | -               | -                                | -               | -   | -                                      | -   | 371      | 371                                      |
| Equity shares allotted                                      | 17    | -               | -                                | -               | -   | -                                      | -   | (380)    | (380)                                    |
| <b>Transactions with owners</b>                             |       | -               | (23)                             | 6               | (2,633)                                     | -                                      | 393                                       | (9)      | (2,266)                                  |
| Profit for the year   |       | -               | -                                | -               | 11,374                                      | -                                      | -   | -        | 11,374                                   |
| Other comprehensive income (net of tax)                     |       | -               | -                                | -               | -   | (19)                                   | -   | -        | (19)                                     |
| <b>Total comprehensive income</b>                           |       | -               | -                                | -               | 11,374                                      | (19)                                   | -   | -        | 11,355                                   |
| <b>Balance as at 31 March 2016</b>                          |       | <b>250</b>      | <b>62</b>                        | <b>3,301</b>    | <b>45,917</b>                               | <b>(467)</b>                           | <b>27,396</b>                             | <b>4</b> | <b>76,463</b>                            |
| Dividends   | 17    | -               | -                                | -               | (2,180)                                     | -                                      | -   | -        | (2,180)                                  |
| Dividend distribution tax                                   | 17    | -               | -                                | -               | (456)                                       | -                                      | -   | -        | (456)                                    |
| Issue of share capital on exercise of employee share option | 40    | -               | (4)                              | -               | -   | -                                      | 140                                       | -        | 136                                      |
| Options lapsed during the year                              | 40    | -               | -                                | -               | -   | -                                      | -   | -        | -  |
| Share application money received                            | 17    | -               | -                                | -               | -   | -                                      | -   | 138      | 138                                      |
| Equity shares allotted                                      | 17    | -               | -                                | -               | -   | -                                      | -   | (141)    | (141)                                    |
| <b>Transactions with owners</b>                             |       | -               | (4)                              | -               | (2,636)                                     | -                                      | 140                                       | (3)      | (2,503)                                  |
| Profit for the year   |       | -               | -                                | -               | 7,498                                       | -                                      | -   | -        | 7,498                                    |
| Other comprehensive income (net of tax)                     |       | -               | -                                | -               | -   | (143)                                  | -   | -        | (143)                                    |
| <b>Total comprehensive income</b>                           |       | -               | -                                | -               | 7,498                                       | (143)                                  | -   | -        | 7,355                                    |
| <b>Balance as at 31 March 2017</b>                          |       | <b>250</b>      | <b>58</b>                        | <b>3,301</b>    | <b>50,779</b>                               | <b>(610)</b>                           | <b>27,536</b>                             | <b>1</b> | <b>81,315</b>                            |

Notes 1 to 47 form an integral part of the standalone financial statements

In terms of our report attached

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

per **Sumesh E S**  
Partner  
Place : Chennai  
Date : 25 May 2017

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

**B D Narang**  
Chairman  
(DIN: 00826573)

**G Parthasarathy**  
Chief Financial Officer  
Place : Chennai  
Date : 25 May 2017

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

**R Swaminathan**  
Company Secretary  
(Membership No.:17696)

# Summary of Significant Accounting Policies and Other Explanatory Information

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

## 1 | Nature of Operations

VA Tech Wabag Limited ('the Company'), its subsidiaries, associates and joint ventures (collectively referred to as 'the Group') is one of the world's leading companies in the water treatment field. The Company's principal activities include design, supply, installation, construction and operational management of drinking water, waste water treatment, industrial water treatment and desalination plants. The shares of the Company are listed in the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company is domiciled in India and its registered office and its principal place of business is 'WABAG HOUSE', No.17, 200 Feet Thoraipakkam - Pallavaram Main Road, Sunnambu Kolathur, Chennai - 600 117.

## 2 | General information and statement of compliance with Indian Accounting Standards (Ind AS)

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016 as notified under section 133 of Companies Act, 2013 (the "Act") and other relevant provisions of the Act.

The Company has adopted all the Indian Accounting Standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

The standalone financial statements as at and for the year ended 31 March 2017 are approved and authorized for issue by the Board of Directors on 25 May 2017.

The standalone financial statements of the Company are prepared in accordance with Indian Accounting

Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial assets and financial liabilities that have been measured at fair value. These standalone financial statements are presented in lakhs of Indian rupees ₹ which is also the Company's functional currency, except per share data and as otherwise stated. Figures for the previous years have been regrouped/rearranged wherever considered necessary to conform to the figures presented in the current year.

## 3 | Summary of significant accounting policies

### 3.1 Overall considerations

The standalone financial statements have been prepared using the significant accounting policies and measurement basis summarized below. These accounting policies have been used throughout all periods presented in the standalone financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

In accordance with Ind AS 101, the Company presents three balance sheets, two statement of profit and loss, two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented, in its first Ind AS financial statements. In future periods, Ind AS 1 requires two comparative periods to be presented for the balance sheet only in certain circumstances.

### 3.2 Investments in subsidiaries, joint venture, associates and joint operations

Investments in subsidiaries, joint ventures and associates are accounted at cost less impairment, if any. Investments in joint operations are accounted by using proportionate consolidation method in the standalone financial statements. The Company

# 124 *Summary of Significant Accounting Policies and Other Explanatory Information*

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

does not have any investments in joint operations for the year ended 31 March 2017.

## 3.3 Foreign currency translation

### Functional and presentation currency

The standalone financial statements are presented in Indian Rupees ₹, which is also the functional currency of the Company.

### Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions, duly approximated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the measurement of monetary items denominated in foreign currency at year-end exchange rates are recognized as other income in statement of profit and loss.

Non-monetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

## 3.4 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable by the Company for goods supplied and services provided, excluding trade discounts, Value Added Taxes and other applicable taxes and are recognized upon the performance of service or transfer of risk to the customer.

Revenue is recognized when the amount can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Company's different activities has been met. These activity-specific recognition criteria

are based on the goods or services provided to the customer and the contract conditions in each case, and are as described below.

### Construction contracts

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

The percentage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Only costs that reflect work performed are included in cost incurred to date.

When the Company cannot measure the outcome of a contract reliably, revenue is recognized only to the extent of contract costs that have been incurred and are recoverable. Contract costs are recognized in the period in which they are incurred. In situations when it is probable that the total contract costs will exceed total contract revenues, the expected loss is recognized immediately in the statement of profit and loss.

The gross amount due from customers for contract work is presented within trade receivables for all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceeds progress billing. The gross amount due to customers for contract work is presented within other liabilities for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses).

### Operations and maintenance

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

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

#### Interest, dividends, duty drawback and other entitlements

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 recognized when the right to receive dividend is established by the reporting date.

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

### 3.5 Cost of sales and services

Cost of sales and services comprise costs including estimated costs that are directly related to the contract, attributable to the contract activity in general and such costs that can be allocated to the contract and specifically chargeable to the customer under the terms of the contracts, which is charged to the statement of profit and loss.

### 3.6 Property, plant and equipment

#### Land

Land (other than investment property) held for use in production or administration is stated at cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

#### Buildings and other equipment

Buildings and other equipment (comprising plant and machinery, furniture and fittings, electrical equipment, office equipment, computers and vehicles) are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management. Buildings and other equipment are subsequently measured at cost less accumulated depreciation

and any impairment losses. Cost of property, plant and equipment not ready for the intended use before reporting date is disclosed as capital work in progress.

Subsequent expenditure incurred on an item of property, plant and equipment is added to the book value of that asset only if this increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Depreciation on assets is provided on straight-line method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013 except for vehicles where the management believes that the useful life of 5 years would best represent the period over which the management expects to use these assets and the residual value is 20% of the acquisition cost which is considered to be the amount recoverable at the end of the asset's useful life. Hence the useful life of these assets is different from that prescribed under Part C of Schedule II to the Companies Act, 2013.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in statement of profit and loss within other income or other expenses.

The components of assets are capitalized only if the life of the components vary significantly and whose cost is significant in relation to the cost of respective asset. The life of components in assets are determined based on technical assessment and past history of replacement of such components in the assets.

### 3.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, the intangible assets are carried at cost less accumulated amortization and accumulated impairment, if any.

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Software is stated at cost less accumulated amortization and are being amortized on a straight line basis over the estimated useful life of 5 years.

Amortization has been included within depreciation & amortization expense.

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

The amortization period and method are reviewed at each balance sheet date. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment as detailed in note 3.8.

## **3.8 Impairment testing of intangible assets and property, plant and equipment**

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill (if any) is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Company at which management monitors goodwill.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the

value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro-rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

## **3.9 Operating leases**

All leases other than finance lease are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

## **3.10 Finance leases**

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include i) the length of the lease term in relation to the economic life of the asset ii) the present value of the minimum lease payments in relation to the asset's fair value, and iii) whether the Company obtains ownership of the asset at the end of the lease term.



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

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interest. If the minimum lease payments cannot be allocated reliably between the two components, entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

The interest element of lease payments is charged to statement of profit and loss, as finance costs over the period of the lease.

### 3.11 Financial instruments

Financial assets (other than trade receivables) and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through statement of profit and loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below. Trade receivables are recognized at their transaction price as the same do not contain significant financing component.

#### a) Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified and measured based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

- a. Amortized cost
- b. Fair Value Through Other Comprehensive Income (FVTOCI) or
- c. Fair Value Through Profit or Loss (FVTPL)

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

#### b) Financial assets at amortized cost

Includes assets that are held within a business model where the objective is to hold the financial assets to collect contractual cash flows and the contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are measured subsequently at amortized cost using the effective interest method. The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

#### c) Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

Includes assets that are held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, the Company based on its assessment makes an irrevocable election to present in other comprehensive income the changes in the fair value of an investment in an equity instrument that is not held for trading. These elections are made on an instrument-by instrument (i.e., share-by-share)

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basis. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in other comprehensive income. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. The dividends from such instruments are recognized in the statement of profit and loss.

The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the balance sheet.

## **d) Financial assets at Fair Value Through Profit or Loss (FVTPL)**

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortized cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognized in statement of profit and loss. The fair value of financial assets in this category are determined by

reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in the statement of profit and loss.

## **Hedge accounting**

To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness.

These arrangements have been entered into to mitigate currency exchange risk arising from certain legally binding sales and purchase orders denominated in foreign currency. For the reporting periods under review, the Company has not designated any forward currency contracts as hedging instruments.

## **e) Trade receivables**

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables which does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime Expected Credit Loss at each reporting date, right from its initial recognition.

## **f) Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e.

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

removed from the Company's standalone balance sheet) when:

- i. The rights to receive cash flows from the asset have expired, or
- ii. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**g) Classification, subsequent measurement and derecognition of financial liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortized cost.

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

**h) Subsequent measurement**

Financial liabilities are measured subsequently at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in statement of profit and loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognized less cumulative amortization.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in statement of profit and loss are included within finance costs or finance income.

**Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition

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of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

## 3.12 Inventories

Inventory of stores and spares are stated at lower of cost and net realizable value and is determined on weighted average cost method. Cost of inventories include all other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost to completion and applicable selling expenses.

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

## 3.13 Income taxes

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates in accordance with tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at reporting date. Deferred taxes pertaining to items recognized in other comprehensive income are also disclosed under the same head.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future opening

results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are generally recognized in full, although Ind AS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the Company does not recognize deferred tax liability on temporary differences relating to goodwill, or to its investments in subsidiaries.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in statement of profit and loss, except where they relate to items that are recognized in other comprehensive income (such as re-measurement of net defined benefit plan) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

## 3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 3 months from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

## 3.15 Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued and paid-up.

Other components of equity include the following:

- i. Accumulated other comprehensive income which includes re-measurement of net defined benefit liabilities.
- ii. General reserve represents the accumulated surplus transferred from the Statement of Profit and Loss.

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- iii. Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.
- iv. Surplus in the statement of profit and loss includes all current and previous period retained profits.
- v. Stock option outstanding account includes the value of equity-settled share based payment transactions with employees.

All transactions with owners are recorded separately within equity.

### 3.16 Post-employment benefits and short-term employee benefits

#### Defined contribution plan

- a. Contribution to Provident Fund is in the nature of defined contribution plan and are made to a recognized fund.
- b. Contribution to Superannuation Fund is in the nature of defined contribution plan and is remitted to Insurance Company in accordance with the scheme framed by the Corporation.

The Company has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognized as an expense in the period that related employee services are received.

#### Provident fund

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

#### Superannuation Fund

Contribution made towards Superannuation Fund (funded by payments to Insurance Company) which is a defined contribution plan, is charged

as expenses on accrual basis. There are no obligations other than the contribution made to respective fund.

#### Defined benefit plan

Under the Company's defined benefit plans, the amount of benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The defined benefit plans maintained by the Company are as below:

#### i. Gratuity

The liability recognized in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity liability.

Service cost on the Company's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Actuarial gains and losses resulting from measurements of the net defined benefit liability are included in other comprehensive income.

The plan assets represent qualifying insurance policies that are administered by Insurance Company.



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### ii. **Leave salary - compensated absences**

The Company also extends defined benefit plans in the form of compensated absences to employees. Provision for compensated absences is made on actuarial valuation basis.

### **3.17 Employees stock option plan**

Share-based compensation benefits are provided to employees via "Employee Stock Option Scheme 2010" of the Company.

The fair value of options granted under the "Employee Stock Option Scheme 2010" is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- a) including any market performance conditions (e.g., the entity's share price) including any market performance conditions (e.g., the entity's share price)
- b) excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period) and
- c) including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

### **3.18 Provisions, contingent assets and contingent liabilities**

Provisions for warranties, legal disputes, or other claims are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present

obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company is virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities if the outflow of resources is remote.

The Company does not recognize contingent assets unless the realization of the income is virtually certain, however these are assessed continually to ensure that the developments are appropriately disclosed in the standalone financial statements.

### **3.19 Earnings per equity share**

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per equity share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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### 3.20 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other short- term highly liquid investments with original maturities of 3 months or less, as applicable.

### 3.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

### 3.22 Significant management judgment in applying accounting policies and estimation uncertainty

When preparing the standalone financial statements, management makes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

#### (i) Significant management judgment

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the standalone financial statements.

#### Recognition of construction contract revenues

Recognizing construction contract revenue also requires significant judgement in determining actual work performed and the estimated costs to complete the work (refer note 36).

#### Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of

the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

#### (ii) Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

#### Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash- generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

#### Inventories

Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

#### Defined Benefit Obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as attrition rate, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analyzed in Note 20).

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## **Useful lives of depreciable assets**

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

## **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability, or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an

arm's length transaction at the reporting date (see Note 42).

## **Current and non-current classification**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

## **3.23 Transfer Pricing**

As per the Transfer pricing norms introduced in India with effect from 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 2017 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.

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**4 | Property, plant and equipment and intangible assets**

| Particulars                                    | Property, plant and equipment |              |                     |                        |                      |                  |            |            | Intangible assets |                   |
|--|-------------------------------|--------------|---------------------|------------------------|----------------------|------------------|------------|------------|-------------------|-------------------|
|  | Freehold land                 | Buildings    | Plant and machinery | Furniture and fittings | Electrical equipment | Office equipment | Computers  | Vehicles   | Total             | Computer software |
| <b>Gross block</b>                             |                               |              |                     |                        |                      |                  |            |            |                   |                   |
| Deemed cost as at 01 April 2015                | <b>1,698</b>                  | <b>3,588</b> | <b>173</b>          | <b>1,724</b>           | <b>495</b>           | <b>533</b>       | <b>218</b> | <b>635</b> | <b>9,064</b>      | <b>780</b>        |
| Additions                                      | -                             | 182          | 46                  | 168                    | 33                   | 11               | 38         | 130        | 608               | 25                |
| Disposals                                      | -                             | -            | -                   | -                      | 11                   | -                | 22         | 91         | 124               | -                 |
| Assets held for sale*                          | -                             | -            | 38                  | 138                    | 26                   | 26               | -          | -          | 228               | -                 |
| <b>Balance as at 31 March 2016</b>             | <b>1,698</b>                  | <b>3,770</b> | <b>257</b>          | <b>2,030</b>           | <b>543</b>           | <b>570</b>       | <b>234</b> | <b>674</b> | <b>9,776</b>      | <b>805</b>        |
| Additions                                      | -                             | 256          | -                   | 42                     | 14                   | 12               | 103        | 392        | 819               | 146               |
| Disposals                                      | -                             | -            | -                   | -                      | -                    | -                | -          | 178        | 178               | -                 |
| <b>Balance as at 31 March 2017</b>             | <b>1,698</b>                  | <b>4,026</b> | <b>257</b>          | <b>2,072</b>           | <b>557</b>           | <b>582</b>       | <b>337</b> | <b>888</b> | <b>10,417</b>     | <b>951</b>        |
| <b>Accumulated depreciation/ amortization</b>  |                               |              |                     |                        |                      |                  |            |            |                   |                   |
| Depreciation/amortization expense 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*                          | -                             | -            | 30                  | 123                    | 12                   | 19               | -          | -          | 184               | -                 |
| <b>Balance as at 31 March 2016</b>             | <b>-</b>                      | <b>62</b>    | <b>45</b>           | <b>344</b>             | <b>82</b>            | <b>166</b>       | <b>100</b> | <b>117</b> | <b>916</b>        | <b>408</b>        |
| Depreciation/amortization expense for the year | -                             | 64           | 18                  | 223                    | 65                   | 137              | 108        | 155        | 770               | 184               |
| Reversal on disposal of assets                 | -                             | -            | -                   | -                      | -                    | -                | -          | 128        | 128               | -                 |
| <b>Balance as at 31 March 2017</b>             | <b>-</b>                      | <b>126</b>   | <b>63</b>           | <b>567</b>             | <b>147</b>           | <b>303</b>       | <b>208</b> | <b>144</b> | <b>1,558</b>      | <b>592</b>        |
| <b>Net block</b>                               |                               |              |                     |                        |                      |                  |            |            |                   |                   |
| <b>Balance as at 01 April 2015</b>             | <b>1,698</b>                  | <b>3,588</b> | <b>173</b>          | <b>1,724</b>           | <b>495</b>           | <b>533</b>       | <b>218</b> | <b>635</b> | <b>9,064</b>      | <b>780</b>        |
| <b>Balance as at 31 March 2016</b>             | <b>1,698</b>                  | <b>3,708</b> | <b>212</b>          | <b>1,686</b>           | <b>461</b>           | <b>404</b>       | <b>134</b> | <b>557</b> | <b>8,860</b>      | <b>397</b>        |
| <b>Balance as at 31 March 2017</b>             | <b>1,698</b>                  | <b>3,900</b> | <b>194</b>          | <b>1,505</b>           | <b>410</b>           | <b>279</b>       | <b>129</b> | <b>744</b> | <b>8,859</b>      | <b>359</b>        |

\*Assets held for sale: The Company had, during financial year ended 31 March 2014 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. During the previous year ended 31 March 2016, a part of these assets have been brought back to active use and accordingly included as part of property, plant and equipment.

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

## 5 | Investments

|  | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|--|------------------------|------------------------|------------------------|
| <b>Non-current</b>   |                        |                        |                        |
| <b>Investments carried at cost</b>   |                        |                        |                        |
| <b>Investments in equity instruments of subsidiaries (fully paid-up)</b>                                     |                        |                        |                        |
| VA Tech Wabag (Singapore) Pte Ltd<br>(5,106,509 (Previous year : 4,941,452) equity shares of SGD 1 each)     | 2,052                  | 1,972                  | 1,735                  |
| VA Tech Wabag Muscat LLC (Oman)<br>(105,000 (Previous year : 105,000) equity shares of OMR 1 each)           | 124                    | 124                    | 124                    |
| VA Tech Wabag (Philippines) Inc.<br>(8,570,200 (Previous year: 8,570,200 equity shares of PHP 1 each)        | 90                     | 90                     | 90                     |
| VA Tech Wabag ( Spain ) S.L.U<br>(Nil (Previous year : 525,604) equity shares of Euro 1 each)                | -                      | 407                    | 407                    |
| Wabag Limited (Thailand)<br>(29,400 (Previous year : 29,400) equity shares of THB 34.0136 each)              | 19                     | 19                     | 19                     |
| Wabag Operations and Maintenance WLL (Bahrain)<br>(350 (Previous year : 350) equity shares of BHD 100 each)  | 58                     | 58                     | 58                     |
| VA Tech Wabag and Roots Contracting LLC, Qatar#<br>(98 (Previous year : 98) equity shares of QAR 1000 each)  | -                      | -                      | 17                     |
| Wabag Muhibbah JV SDN BHD, (Malaysia)<br>(700,000 (Previous year : 700,000) equity shares of MYR 1 each)     | 107                    | 107                    | -                      |
| Wabag Belhasa JV WLL,(Bahrain)<br>(49 (Previous year : 49) equity shares of BHD 50 each)                     | 4                      | 4                      | -                      |
|  | <b>2,454</b>           | <b>2,781</b>           | <b>2,450</b>           |
| <b>Investments in associates (fully paid-up)</b>   |                        |                        |                        |
| VA Tech Wabag and Roots Contracting LLC, Qatar#<br>(98 (Previous year : 98) equity shares of QAR 1,000 each) | 17                     | 17                     | -                      |
|  | <b>17</b>              | <b>17</b>              | <b>-</b>               |
| <b>Investments in joint venture (fully paid-up)</b>  |                        |                        |                        |
| International Water Treatment LLC (Oman)<br>(48,750 (Previous year : 48,750) equity shares of OMR 1 each)    | 69                     | 69                     | 69                     |
| Less: Provision for impairment of investment in International Water Treatment LLC, (Oman)                    | (69)                   | -                      | -                      |
|  | <b>-</b>               | <b>69</b>              | <b>69</b>              |
| <b>Investments carried at fair value through profit and loss</b>   |                        |                        |                        |
| <b>Investments in other companies (fully paid-up)</b>  |                        |                        |                        |
| First STP Private Limited<br>(150,000 (Previous year :150,000) equity shares of ₹ 10 each)                   | 15                     | 15                     | 15                     |
| Konark Water Infraprojects Private Limited<br>(5,000 (Previous year : 5,000) equity shares of ₹ 10 each)     | 1                      | 1                      | 1                      |
| Aurangabad City Water Utility Company Limited<br>(5,000 (Previous year : 5,000) equity shares of ₹ 10 each)  | 1                      | 1                      | 1                      |
| Thoothukudi Renew Waters Private Limited*<br>(2,600 (Previous year : 2,600) equity shares of ₹ 10 each)      | -                      | -                      | -                      |
| Ganapati Marine Enterprises Private Limited**<br>(473 (Previous Year: 473) equity shares of ₹ 10 each)       | -                      | -                      | -                      |
|  | <b>17</b>              | <b>17</b>              | <b>17</b>              |

\* 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 ₹ 4,730, the same is below the rounding off norm adopted by the Company.



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

|  | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|--|------------------------|------------------------|------------------------|
| <b>Investments carried at fair value through profit and loss</b> |                        |                        |                        |
| <b>Investments in mutual funds</b>                               |                        |                        |                        |
| - ICICI Prudential fixed maturity plan                           | -                      | 1,183                  | -                      |
| - UTI fixed term interval fund                                   | -                      | 589                    | -                      |
|  | -                      | <b>1,772</b>           | -                      |
| <b>Total non-current investments</b>                             | <b>2,488</b>           | <b>4,656</b>           | <b>2,536</b>           |
| Aggregate amount of quoted investments and market value thereof  | -                      | 1,772                  | -                      |
| Aggregate amount of unquoted investments                         | 2,488                  | 2,884                  | 2,536                  |
| Aggregate amount of impairment in the value of investments       | 69                     | -                      | -                      |

|   | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|---|------------------------|------------------------|------------------------|
| <b>Extent of investment in subsidiaries</b>                 |                        |                        |                        |
| VA Tech Wabag (Singapore) Pte Ltd                           | 100.0%                 | 100.0%                 | 100.0%                 |
| VA Tech Wabag Muscat LLC                                    | 70.0%                  | 70.0%                  | 70.0%                  |
| VA Tech Wabag (Philippines) Inc.                            | 100.0%                 | 100.0%                 | 100.0%                 |
| VA Tech Wabag ( Spain ) S.L.U                               | -                      | 100.0%                 | 100.0%                 |
| Wabag Limited (Thailand) <sup>##</sup>                      | 49.0%                  | 49.0%                  | 49.0%                  |
| Wabag Operations and Maintenance WLL (Bahrain)              | 70.0%                  | 70.0%                  | 70.0%                  |
| VA Tech Wabag and Roots Contracting LLC, Qatar <sup>#</sup> | -                      | -                      | 49.0%                  |
| Wabag Muhibbah JV SDN BHD, (Malaysia)                       | 70.0%                  | 70.0%                  | -                      |
| Wabag Belhasa JV WLL, (Bahrain) <sup>###</sup>              | 49.0%                  | 49.0%                  | -                      |
| <b>Extent of investment in associates</b>                   |                        |                        |                        |
| VA Tech Wabag and Roots Contracting LLC, Qatar <sup>#</sup> | 49.0%                  | 49.0%                  | -                      |
| <b>Extent of investment in joint venture</b>                |                        |                        |                        |
| International Water Treatment LLC                           | 32.5%                  | 32.5%                  | 32.5%                  |

<sup>#</sup>Pursuant to an exclusive contractual arrangement providing for a majority share in the economic interests and control of voting power in the Project-I of the Company, the investment was classified as a subsidiary at inception. During the year ended 31 March 2016, consequent to a similar arrangement for Project-II providing for majority rights in the new project to the other partner, the investment in the legal entity has been now reclassified as an associate based on ownership as against the economic interests in the respective projects.

<sup>##</sup> Pursuant to the statutory document providing for a share of 90.6% of the economic interests in the entity, the Company has assessed and determined that it has power over the entity, exposure, or rights, to variable returns and the ability to use its power to affect the amount of the Company's returns. Accordingly, the investment has been classified as a subsidiary.

<sup>###</sup> Pursuant to an exclusive contractual arrangement providing for a share of 100% of the economic interests in the entity, the Company has assessed and determined that it has power over the entity, exposure, or rights, to variable returns and the ability to use its power to affect the amount of the Company's returns. Accordingly, the investment has been classified as a subsidiary.

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

|  | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|--|------------------------|------------------------|------------------------|
| <b>Current (quoted)</b>  |                        |                        |                        |
| <b>Investments carried at fair value through profit and loss</b> |                        |                        |                        |
| <b>Investments in mutual funds</b>                               |                        |                        |                        |
| - HDFC Mutual Fund fixed maturity plan                           | -                      | -                      | 1,082                  |
| - ICICI Prudential fixed maturity plan                           | 1,278                  | -                      | 1,086                  |
| - Reliance yearly interval fund                                  | -                      | 1,178                  | 1,088                  |
| - UTI fixed term interval fund                                   | 638                    | -                      | 544                    |
| <b>Total current investments</b>                                 | <b>1,916</b>           | <b>1,178</b>           | <b>3,800</b>           |
| Aggregate amount of quoted investments and market value thereof  | 1,916                  | 1,178                  | 3,800                  |
| Aggregate amount of unquoted investments                         | -                      | -                      | -                      |
| Aggregate amount of impairment in the value of investments       | -                      | -                      | -                      |

## 6 | **Trade receivables** (Unsecured considered good, unless stated otherwise)

|   | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|---|------------------------|------------------------|------------------------|
| <b>Non-current</b>                                |                        |                        |                        |
| Trade receivables                                 | 12,035                 | 9,160                  | -                      |
| Customer retention                                | 24,173                 | 18,331                 | 13,346                 |
|   | <b>36,208</b>          | <b>27,491</b>          | <b>13,346</b>          |
| <b>Current</b>                                    |                        |                        |                        |
| Trade receivables                                 | 1,29,392               | 97,627                 | 91,158                 |
| Customer retention                                | 8,481                  | 8,720                  | 6,114                  |
|   | <b>1,37,873</b>        | <b>1,06,347</b>        | <b>97,272</b>          |
| <b>Doubtful</b>                                   |                        |                        |                        |
| - Trade receivables                               | 3,194                  | 3,670                  | 4,687                  |
| - Customer retention                              | 247                    | 148                    | 525                    |
| <b>Less : Allowances for expected credit loss</b> |                        |                        |                        |
| - Trade receivables                               | (5,218)                | (6,118)                | (6,148)                |
| - Customer retention                              | (333)                  | (218)                  | (775)                  |
|   | <b>(2,110)</b>         | <b>(2,518)</b>         | <b>(1,711)</b>         |
|   | <b>1,35,763</b>        | <b>1,03,829</b>        | <b>95,561</b>          |

Trade receivables include due from related parties amounting to ₹ 11,569 lakhs (31 March 2016: ₹ 8,499 lakhs, 01 April 2015: ₹ 8,990 lakhs). The carrying amount of the current trade receivables is considered a reasonable approximation of fair value as is expected to be collected within six months, such that the effect of any difference between the effective interest rate applied and the estimated current market rate is not significant.

All of the Company's trade receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of ₹ 375 lakhs (2015-16: ₹ 1,678 lakhs) has been recorded accordingly within other expenses. The Company has impaired its trade receivables using a provisioning matrix representing expected credit losses based on a range of outcomes.

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

### Movement in allowances for expected credit loss

|   | As at<br>31 March 2017 | As at<br>31 March 2016 |
|---|------------------------|------------------------|
| <b>Balance at beginning of the year</b>   | <b>6,336</b>           | <b>6,923</b>           |
| Additions/(reversal) during the year, net | 375                    | 1,678                  |
| Utilised during the year                  | (1,160)                | (2,265)                |
| <b>Balance at end of the year</b>         | <b>5,551</b>           | <b>6,336</b>           |

Customer credit risk is managed based on the Company's established policy, procedures and control relating to customer credit risk management, pursuant to which outstanding customer receivables are regularly monitored by the management. Outstanding customer receivables are regularly monitored by the management to ensure the risk of credit loss is minimal. Credit quality of a customer is assessed based on historical information in relation to pattern of collections, defaults and credit worthiness of the customer. As at 31 March 2017, the Company had 10 (Previous year 2015-16 : 11, 2014-15: 11 ) customers that owed the Company more than ₹ 3,000 lakhs each and accounted for approximately 78% (Previous year 2015-16: 76%, 2014-15: 65%) of all the receivables outstanding. As at 31 March, the Company has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired.

## 7 | Bank balances

|                           | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|---------------------------|------------------------|------------------------|------------------------|
| Non-current bank balances | -                      | 1,600                  | 9,021                  |
|                           | -                      | <b>1,600</b>           | <b>9,021</b>           |

Non-current bank balances represents interest bearing deposits with bank with more than 12 months maturities.

## 8 | Other financial assets (Unsecured, considered good)

|  | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|--|------------------------|------------------------|------------------------|
| <b>Non-current</b>                             |                        |                        |                        |
| Security deposits                              | 55                     | 996                    | 343                    |
| Advances to employees                          | 91                     | 121                    | 89                     |
|  | <b>146</b>             | <b>1,117</b>           | <b>432</b>             |
| <b>Current</b>                                 |                        |                        |                        |
| Security deposits                              | 1,384                  | 899                    | 1,079                  |
| Tender deposits                                | 1,532                  | 824                    | 557                    |
| Rental deposits                                | 392                    | 379                    | 316                    |
| Dues from subsidiaries (Also refer note 41(c)) | 2,236                  | 2,094                  | 1,157                  |
| Advances to employees                          | 290                    | 215                    | 244                    |
|  | <b>5,834</b>           | <b>4,411</b>           | <b>3,353</b>           |

There are no other financial assets due from directors or other officers of the Company. The carrying amount of the other financial assets are considered as a reasonable approximation of fair value.

A description of the Company's financial instrument risks, including risk management objectives and policies are given in Note 43.

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

## 9 | Deferred tax assets (net)

|  | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|--|------------------------|------------------------|------------------------|
| The breakup of net deferred tax asset is as follows:   |                        |                        |                        |
| <b>Deferred tax asset arising on account of :</b>  |                        |                        |                        |
| - Provision for employee benefits, liquidated damages and foreseeable losses                         | 180                    | 148                    | 1,192                  |
| - Allowances for expected credit loss  | 1,921                  | 2,195                  | 2,371                  |
| - Others   | 590                    | 484                    | 511                    |
| <b>Total deferred tax assets</b> <b>A</b>  | <b>2,691</b>           | <b>2,827</b>           | <b>4,074</b>           |
| <b>Less: Deferred tax liability arising on account of :</b>  |                        |                        |                        |
| - Timing difference between depreciation/ amortization as per financials and depreciation as per tax | (545)                  | (506)                  | (580)                  |
| <b>Total deferred tax liability</b> <b>B</b>   | <b>(545)</b>           | <b>(506)</b>           | <b>(580)</b>           |
| <b>Net deferred tax assets</b> <b>(A-B)</b>  | <b>2,146</b>           | <b>2,321</b>           | <b>3,494</b>           |

Deferred tax recognized in statement of profit and loss and in other comprehensive income for the year ended 31 March 2017:

| Particulars  | Recognized in other<br>comprehensive income | Recognized in statement<br>of profit and loss |
|--|---|---|
| Deferred tax asset arising on account of :   |   |   |
| - Provision for employee benefits, liquidated damages and foreseeable losses                         | (76)  | 45  |
| - Allowances for expected credit loss  | -   | 274   |
| - Others   | -   | (106)   |
| Less: Deferred tax liability arising on account of :   |   |   |
| - Timing difference between depreciation/ amortization as per financials and depreciation as per tax | -   | 38  |
| - Others   | -   | -   |
| <b>Total</b>   | <b>(76)</b>                                 | <b>251</b>                                    |

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

**Deferred tax recognized in statement of profit and loss and in other comprehensive income for the year ended 31 March 2016:**

| Particulars  | Recognized in other comprehensive income | Recognized in statement of profit and loss |
|--|--|--|
| Deferred tax asset arising on account of :   |  |  |
| - Provision for employee benefits, liquidated damages and foreseeable losses                         | (10)                                     | 1,054                                      |
| - Allowances for expected credit loss  | -  | 176  |
| - Others   | -  | 27   |
| Less: Deferred tax liability arising on account of :   |  |  |
| - Timing difference between depreciation/ amortization as per financials and depreciation as per tax | -  | (74)                                       |
| - Others   | -  | -  |
| <b>Total</b>   | <b>(10)</b>                              | <b>1,183</b>                               |

In assessing the recoverability of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

All deferred tax assets have been recognized in the balance sheet.

**10 | Income tax assets (net)**

|                         | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|-------------------------|------------------------|------------------------|------------------------|
| Income tax assets (net) | 4,684                  | 3,321                  | 3,321                  |
|                         | <b>4,684</b>           | <b>3,321</b>           | <b>3,321</b>           |

**11 | Other non-current assets** (Unsecured, considered good)

|                  | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|------------------|------------------------|------------------------|------------------------|
| Capital advances | 416                    | 416                    | 518                    |
|                  | <b>416</b>             | <b>416</b>             | <b>518</b>             |

**12 | Inventories**

|                               | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|-------------------------------|------------------------|------------------------|------------------------|
| Construction work-in-progress | 2,688                  | 5,926                  | 2,285                  |
| Stores and spares             | 751                    | 620                    | 698                    |
|                               | <b>3,439</b>           | <b>6,546</b>           | <b>2,983</b>           |



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

## 13 | Cash and bank balances

|  | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|--|------------------------|------------------------|------------------------|
| <b>Cash and cash equivalents</b>                                       |                        |                        |                        |
| Cash on hand   | 11                     | 90                     | 36                     |
| Cheques on hand  | 5,308                  | 6,233                  | 9,088                  |
| Balances with banks  |                        |                        |                        |
| - in current accounts  | 1,054                  | 1,049                  | 1,851                  |
| - in deposit account (with original maturity upto 3 months)            | 843                    | 1,053                  | 1,587                  |
|  | <b>7,216</b>           | <b>8,425</b>           | <b>12,562</b>          |
| <b>Bank balances other than mentioned in cash and cash equivalents</b> |                        |                        |                        |
| Unpaid dividend account  | 3                      | 3                      | 3                      |
| Deposits with maturity less than 3 months                              | 1,639                  | -                      | -                      |
| Deposits with maturity more than 3 months but less than 12 months      | 612                    | 5,555                  | 584                    |
|  | <b>2,254</b>           | <b>5,558</b>           | <b>587</b>             |

### Disclosure on specified bank notes

The details of Specified Bank Notes (SBN) and other denomination notes held and transacted during the period from 08 November 2016 to 30 December 2016 is given below:

| Particulars                                 | Specified<br>bank notes* | Other<br>denomination notes | Total<br>In ₹ |
|---|--------------------------|-----------------------------|---------------|
| Closing cash in hand as on 08 November 2016 | 62,000                   | 75,571                      | 1,37,571      |
| (+) Permitted receipts                      | -                        | 4,01,830                    | 4,01,830      |
| (-) Permitted payments                      | -                        | 4,40,261                    | 4,40,261      |
| (-) Amount deposited in Banks               | 62,000                   | -                           | 62,000        |
| Closing cash in hand as on 30 December 2016 | -                        | 37,140                      | 37,140        |

\*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 08 November 2016.

## 14 | Loans (Unsecured, considered good)

|   | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|---|------------------------|------------------------|------------------------|
| <b>Current</b>                                    |                        |                        |                        |
| (Unsecured, considered good)                      |                        |                        |                        |
| Loans to related parties ( Also refer note 41(c)) | 295                    | 1,267                  | 418                    |
|   | <b>295</b>             | <b>1,267</b>           | <b>418</b>             |

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

## 15 | Other current assets (Unsecured, considered good)

|   | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|---|------------------------|------------------------|------------------------|
| Advance to supplier   | 8,657                  | 5,848                  | 4,519                  |
| Balances with government authorities                            | 5,015                  | 5,943                  | 4,074                  |
| Duty drawback and other duty free credit entitlement receivable | 301                    | 532                    | 1,265                  |
| Prepaid expenses  | 1,055                  | 768                    | 959                    |
| Others  | 193                    | 179                    | 37                     |
|   | <b>15,221</b>          | <b>13,270</b>          | <b>10,854</b>          |

All of the Company's other assets have been reviewed for indicators of impairment. There were no allowances for credit losses for the year ended 31 March 2017 and 31 March 2016.

## 16 | Equity share capital

|   | As at 31 March 2017 |              | As at 31 March 2016 |              | As at 01 April 2015 |              |
|---|---------------------|--------------|---------------------|--------------|---------------------|--------------|
|   | Number              | ₹            | Number              | ₹            | Number              | ₹            |
| <b>Authorized</b>                           |                     |              |                     |              |                     |              |
| Equity Shares of ₹ 2 each                   | 7,50,00,000         | 1,500        | 7,50,00,000         | 1,500        | 7,50,00,000         | 1,500        |
| <b>Issued, subscribed and fully paid up</b> |                     |              |                     |              |                     |              |
| Equity Shares of ₹ 2 each                   | 5,45,73,058         | 1,091        | 5,44,96,401         | 1,090        | 5,42,85,110         | 1,086        |
|   | <b>5,45,73,058</b>  | <b>1,091</b> | <b>5,44,96,401</b>  | <b>1,090</b> | <b>5,42,85,110</b>  | <b>1,086</b> |

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

|   | As at 31 March 2017 |              | As at 31 March 2016 |              | As at 01 April 2015 |              |
|---|---------------------|--------------|---------------------|--------------|---------------------|--------------|
|   | Number              | ₹            | Number              | ₹            | Number              | ₹            |
| <b>Balance at the beginning of the year</b>                         | 5,44,96,401         | 1,090        | 5,42,85,110         | 1,086        | 2,65,92,130         | 532          |
| Add : Issued pursuant to Employee Stock Option Plan                 | 76,657              | 1            | 2,11,291            | 4            | 5,50,425            | 11           |
| Add : Issued pursuant to Bonus issue<br>(Also refer note (d) below) | -                   | -            | -                   | -            | 2,71,42,555         | 543          |
| <b>Balance at the end of the year</b>                               | <b>5,45,73,058</b>  | <b>1,091</b> | <b>5,44,96,401</b>  | <b>1,090</b> | <b>5,42,85,110</b>  | <b>1,086</b> |

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

|  | Number             | % holding    | Number             | % holding    | Number             | % holding    |
|--|--------------------|--------------|--------------------|--------------|--------------------|--------------|
| <b>Equity Shares of ₹ 2 each</b>                 |                    |              |                    |              |                    |              |
| Mr. Rajiv Mittal (Managing Director & Group CEO) | 97,09,406          | 17.8%        | 97,09,406          | 17.8%        | 97,09,406          | 17.9%        |
| IDFC Premier Equity Fund                         | 31,79,446          | 5.8%         | 36,18,487          | 6.6%         | 39,37,178          | 7.3%         |
| SBI Magnum Taxgain Scheme                        | 32,82,162          | 6.0%         | 33,92,162          | 6.2%         | 23,82,341          | 4.4%         |
|  | <b>1,61,71,014</b> | <b>29.6%</b> | <b>1,67,20,055</b> | <b>30.7%</b> | <b>1,60,28,925</b> | <b>29.5%</b> |

### c) Terms/right attached to equity shares

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

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ensuing Annual General Meeting, except interim dividend, which can be approved by the Board of Directors. In the event of liquidation, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

## d) Bonus issue

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

## e) Shares reserved for issue under options

The Company has reserved issuance of 2,94,440 equity shares of ₹ 2 each (Previous year : 4,65,785 shares of ₹ 2 each) for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Plan (ESOP).

## f) Buy back of shares

There were no buy back of shares and shares issued pursuant to contract without payment being received in cash during the last 5 years immediately preceding 31 March 2017.

## g) Capital management

The Company's capital management objectives are:

- to safeguard the Company's ability to continue as a going concern, and continue to provide optimum returns to the shareholders and all other stakeholders by building a strong capital base.
- to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders plus its borrowings, if any, less cash and cash equivalents as presented on the face of the balance sheet.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The amounts managed as capital by the Company for the reporting periods under review are summarized as follows:

|                                | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|--------------------------------|------------------------|------------------------|------------------------|
| Borrowings                     | 11,986                 | 23,890                 | 6,260                  |
| Cash and bank balances         | 9,470                  | 15,583                 | 22,170                 |
| <b>Net debt (A)</b>            | <b>2,516</b>           | <b>8,307</b>           | <b>(15,910)</b>        |
| <b>Total equity (B)</b>        | <b>82,406</b>          | <b>77,553</b>          | <b>68,460</b>          |
| <b>Overall financing (A+B)</b> | <b>84,922</b>          | <b>85,860</b>          | <b>52,550</b>          |
| <b>Gearing ratio</b>           | <b>3.0%</b>            | <b>9.7%</b>            | <b>-</b>               |

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

## 17 | Other equity

|  | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|--|-----------------------------|-----------------------------|
| <b>Securities premium account</b>              |                             |                             |
| Balance at the beginning of the year           | 27,396                      | 27,003                      |
| Add : Additions made during the year           |                             |                             |
| On exercise of employee stock options          | 138                         | 376                         |
| Transfer from stock option outstanding account | 2                           | 17                          |
| Balance at the end of the year                 | <b>27,536</b>               | <b>27,396</b>               |

Securities premium account is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

|                                      |            |            |
|--------------------------------------|------------|------------|
| <b>Capital reserve</b>               |            |            |
| Balance at the beginning of the year | 250        | 250        |
| Add : Additions made during the year | -          | -          |
| Balance at the end of the year       | <b>250</b> | <b>250</b> |

Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve.

|   |           |           |
|---|-----------|-----------|
| <b>Stock option outstanding account</b> |           |           |
| Balance at the beginning of the year    | 62        | 85        |
| Add: Options granted during the year    | -         | -         |
| Less: Options exercised during the year | (4)       | (17)      |
| Less: Options lapsed during the year    | -         | (6)       |
| Balance at the end of the year          | <b>58</b> | <b>62</b> |

The stock option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to share premium upon exercise of stock options by employees. In case of forfeiture, corresponding balance is transferred to general reserve.

|  |              |              |
|--|--------------|--------------|
| <b>General reserve</b>                               |              |              |
| Balance at the beginning of the year                 | 3,301        | 3,295        |
| Add : Transfer from stock option outstanding account | -            | 6            |
| Balance at the end of the year                       | <b>3,301</b> | <b>3,301</b> |

General reserve represents an appropriation of profits by the Company.

|  |               |               |
|--|---------------|---------------|
| <b>Surplus in the statement of profit and loss</b> |               |               |
| Balance at the beginning of the year               | 45,917        | 37,176        |
| Add : Transfer from statement of profit and loss   | 7,498         | 11,374        |
| Less : Final equity dividend declared              | (2,180)       | (2,188)       |
| Tax on equity dividend declared                    | (456)         | (445)         |
| Balance at the end of the year                     | <b>50,779</b> | <b>45,917</b> |

Retained earnings comprises of prior years' undistributed earnings after taxes.

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|  | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|--|-----------------------------|-----------------------------|
| <b>Accumulated other comprehensive income</b>    |                             |                             |
| Balance at the beginning of the year             | (467)                       | (448)                       |
| Add : Transfer from other comprehensive income   | (143)                       | (19)                        |
| Balance at the end of the year                   | <b>(610)</b>                | <b>(467)</b>                |
| <b>Share application money pending allotment</b> |                             |                             |
| Balance at the beginning of the year             | 4                           | 13                          |
| Add : Share application money received           | 138                         | 371                         |
| Less : Equity shares allotted                    | 141                         | 380                         |
| Balance at the end of the year                   | <b>1</b>                    | <b>4</b>                    |
| <b>Total other equity</b>                        | <b>81,315</b>               | <b>76,463</b>               |

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.

## Dividends

|  |              |              |
|--|--------------|--------------|
| <b>Final dividend declared and paid</b>                    |              |              |
| ₹ 4 per equity share (31 March 2016: ₹ 4 per equity share) | 2,180        | 2,188        |
| Dividend distribution tax                                  | 456          | 445          |
|  | <b>2,636</b> | <b>2,633</b> |

In the Board Meeting held 25 May 2017, Board of directors have proposed a dividend of ₹ 4 per equity share of the Company subject to shareholders' approval at the annual general meeting. This amount has not been recorded as a liability for the year ended 31 March 2017.

## 18 | Trade payables

Trade payables consist of the following:

|  | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|--|------------------------|------------------------|------------------------|
| <b>Non-current</b>   |                        |                        |                        |
| Dues to others   | 14,176                 | 14,716                 | 14,427                 |
|  | <b>14,176</b>          | <b>14,716</b>          | <b>14,427</b>          |
| <b>Current</b>   |                        |                        |                        |
| Dues to micro and small enterprises (also, refer note (a) below) | 604                    | 389                    | 77                     |
| Dues to others   | 82,395                 | 62,859                 | 55,676                 |
|  | <b>82,999</b>          | <b>63,248</b>          | <b>55,753</b>          |

The carrying values of trade payables are considered to be a reasonable approximation of fair value.



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

a) Dues to micro, small and medium enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006:

|  | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|--|------------------------|------------------------|------------------------|
| i) Principal amount remaining unpaid   | 604                    | 389                    | 77                     |
| ii) Interest due thereon   | 40                     | 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 the year end  | 40                     | 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.

## 19 | Other financial liabilities

|  | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|--|------------------------|------------------------|------------------------|
| <b>Non-current</b>                             |                        |                        |                        |
| Employee related payables                      | 215                    | 204                    | 170                    |
|  | <b>215</b>             | <b>204</b>             | <b>170</b>             |
| <b>Current</b>                                 |                        |                        |                        |
| Financial guarantee obligation                 | 1,446                  | 1,398                  | 1,398                  |
| Due to subsidiaries (Also refer note (41 (c))) | 216                    | 291                    | 97                     |
| Unpaid dividends                               | 3                      | 3                      | 3                      |
| Employee related payables                      | 1,519                  | 1,451                  | 531                    |
|  | <b>3,184</b>           | <b>3,143</b>           | <b>2,029</b>           |
| <b>Total financial liabilities</b>             | <b>3,399</b>           | <b>3,347</b>           | <b>2,199</b>           |

Financial guarantee obligation represents the loss allowance for expected credit losses on financial guarantee provided by the Company to financial institutions for banking facilities of its subsidiaries and joint venture.

|  |              |              |              |
|--|--------------|--------------|--------------|
| <b>Financial liabilities carried at amortized cost</b>                     | <b>1,953</b> | <b>1,949</b> | <b>801</b>   |
| <b>Financial liabilities carried at fair value through profit and loss</b> | <b>1,446</b> | <b>1,398</b> | <b>1,398</b> |

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## 20 | Provisions

|   | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|---|------------------------|------------------------|------------------------|
| <b>Non-current</b>                            |                        |                        |                        |
| Provision for foreseeable losses on contracts | -                      | -                      | 1,256                  |
| Provisions for employee benefits              |                        |                        |                        |
| Compensated absences                          | 549                    | 418                    | 430                    |
|   | <b>549</b>             | <b>418</b>             | <b>1,686</b>           |
| <b>Current</b>                                |                        |                        |                        |
| Provision for warranty                        | 2,392                  | 1,786                  | 3,179                  |
| Provision for liquidated damages              | -                      | -                      | 78                     |
| Provision for foreseeable losses on contracts | 34                     | 69                     | 1,643                  |
| Provisions for employee benefits              |                        |                        |                        |
| Gratuity                                      | 84                     | 54                     | 78                     |
| Compensated absences                          | 107                    | 81                     | 95                     |
|   | <b>2,617</b>           | <b>1,990</b>           | <b>5,073</b>           |

### a) Provision for warranty

|   | As at<br>31 March 2017 | As at<br>31 March 2016 |
|---|------------------------|------------------------|
| Balance at the beginning of the year      | 1,786                  | 3,179                  |
| Created / (Reversed) during the year, net | 617                    | (1,004)                |
| Utilized during the year                  | (11)                   | (389)                  |
| <b>Balance at the end of the year</b>     | <b>2,392</b>           | <b>1,786</b>           |

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

### b) Provision for liquidated damages

|                                       | As at<br>31 March 2017 | As at<br>31 March 2016 |
|---------------------------------------|------------------------|------------------------|
| Balance at the beginning of the year  | -                      | 78                     |
| Created during the year, net          | 892                    | 2,073                  |
| Utilised during the year              | (892)                  | (2,151)                |
| <b>Balance at the end of the year</b> | <b>-</b>               | <b>-</b>               |

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

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

c) Provision for foreseeable losses on contracts

|                                       | As at<br>31 March 2017 | As at<br>31 March 2016 |
|---------------------------------------|------------------------|------------------------|
| Balance at the beginning of the year  | 69                     | 2,899                  |
| (Reversed) during the year, net       | (35)                   | (2,830)                |
| Utilised during the year              | -                      | -                      |
| <b>Balance at the end of the year</b> | <b>34</b>              | <b>69</b>              |

The Company provides for foreseeable losses on contracts when it is probable that total contract cost, including expected cost to complete, will exceed the economic benefits expected to be received under it.

d) Provision for employee benefits

i) Gratuity

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date and the Company makes annual contribution to the gratuity fund maintained by ICICI Prudential Life Insurance.

The following tables summarise the components of net benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the Gratuity.

|   | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|---|------------------------|------------------------|------------------------|
| <b>Change in projected benefit obligation</b>             |                        |                        |                        |
| Projected benefit obligation at the beginning of the year | 556                    | 528                    | 441                    |
| Service cost  | 78                     | 75                     | 65                     |
| Interest cost   | 42                     | 39                     | 37                     |
| Actuarial (gain) / loss                                   | 23                     | (32)                   | 37                     |
| Benefits paid   | (43)                   | (54)                   | (52)                   |
| Projected benefit obligation at the end of the year       | <b>656</b>             | <b>556</b>             | <b>528</b>             |
| <b>Thereof</b>  |                        |                        |                        |
| Unfunded  | 84                     | 54                     | 78                     |
| Partly or wholly funded                                   | 572                    | 502                    | 450                    |
| <b>Change in plan assets</b>                              |                        |                        |                        |
| Fair value of plan assets at the beginning of the year    | 502                    | 450                    | 371                    |
| Expected return on plan assets                            | 40                     | 41                     | 34                     |
| Actuarial (loss)/gain                                     | 19                     | (13)                   | 27                     |

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|  | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|--|------------------------|------------------------|------------------------|
| Employer contributions   | 54                     | 78                     | 70                     |
| Benefits paid  | (43)                   | (54)                   | (52)                   |
| <b>Fair value of plan assets at the end of the year</b>  | <b>572</b>             | <b>502</b>             | <b>450</b>             |
| <b>Reconciliation of present value of obligation on the fair value of plan assets</b>  |                        |                        |                        |
| Present value of projected benefit obligation at the end of the year   | 656                    | 556                    | 528                    |
| Fair value of plan assets at the end of the year   | (572)                  | (502)                  | (450)                  |
| <b>Liability recognised in the balance sheet</b>   | <b>84</b>              | <b>54</b>              | <b>78</b>              |
| Components of net gratuity costs are:  |                        |                        |                        |
| Current service cost   | 78                     | 75                     | 65                     |
| Interest cost  | 42                     | 39                     | 37                     |
| Expected returns on plan assets  | (40)                   | (41)                   | (34)                   |
| Recognized net actuarial (gain)/loss   | 4                      | (19)                   | 10                     |
| <b>Net gratuity costs recognised in the statement of profit and loss</b>   | <b>84</b>              | <b>54</b>              | <b>78</b>              |
| Plan assets do not comprise any of the Company's own financial instruments or any assets used by the company. Plan assets can be broken down into the following categories of investments: |                        |                        |                        |
| Group balance fund   | 2                      | 33                     | 53                     |
| Group debt fund  | 516                    | 469                    | 397                    |
| Cash and cash equivalents  | 54                     | -                      | -                      |
| <b>Total</b>   | <b>572</b>             | <b>502</b>             | <b>450</b>             |
| Principal actuarial assumptions used:  |                        |                        |                        |
| Discount rate  | 6.8%                   | 7.8%                   | 7.8%                   |
| Long-term rate of compensation increase  | 7.5%                   | 7.5%                   | 7.5%                   |
| Expected rate of return on plan assets   | 8.0%                   | 9.0%                   | 9.0%                   |
| Average remaining life (in years)  | 24                     | 24                     | 24                     |
| Attrition rate   | 15.0%                  | 15.0%                  | 15.0%                  |

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

Based on historical data, the Company expects contributions of ₹ 84 Lakhs to be paid for 2017-18. The weighted average duration of the defined benefit obligation as at 31 March 2017 is 5.6 years (31 March 2016: 5.7 years)

## Employee benefits - Maturity profile

|                            | Less than<br>a year | Between<br>1-2 years | Between<br>2-5 years | Over<br>5 years | <b>Total</b> |
|----------------------------|---------------------|----------------------|----------------------|-----------------|--------------|
| <b>31 March 2017</b>       |                     |                      |                      |                 |              |
| Defined benefit obligation | 101                 | 88                   | 259                  | 292             | <b>740</b>   |
| <b>31 March 2016</b>       |                     |                      |                      |                 |              |
| Defined benefit obligation | 86                  | 86                   | 226                  | 259             | <b>657</b>   |

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

The significant actuarial assumptions for the determination of the defined benefit obligation are the attrition rate, discount rate and the long-term rate of compensation increase. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability at 31 March 2017.

|  | Attrition rate |          | Discount rate |          | Future salary increases |          |
|--|----------------|----------|---------------|----------|-------------------------|----------|
|  | Increase       | Decrease | Increase      | Decrease | Increase                | Decrease |
| <b>31 March 2017</b>                   |                |          |               |          |                         |          |
| > Sensitivity Level                    | 0.5%           | (0.5%)   | 0.5%          | (0.5%)   | 0.5%                    | (0.5%)   |
| > Impact on defined benefit obligation | (1)            | 1        | (16)          | 17       | 16                      | (15)     |
| <b>31 March 2016</b>                   |                |          |               |          |                         |          |
| > Sensitivity Level                    | 0.5%           | (0.5%)   | 0.5%          | (0.5%)   | 0.5%                    | (0.5%)   |
| > Impact on defined benefit obligation | (0)            | 0        | (13)          | 14       | 13                      | (13)     |

## (ii) Compensated absences

The Company permits encashment of compensated absences accumulated by their employees on retirement, separation and during the course of service. The liability in respect of the Company, for outstanding balance of privilege leave at the balance sheet date is determined and provided on the basis of actuarial valuation performed by an independent actuary. The Company does not maintain any plan assets to fund its obligation towards compensated absences. The total Compensated absences recognized in the schedule of profit and loss for the year is ₹ 85 lakhs (2015-16 ₹ 89 lakhs).

|   | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|---|------------------------|------------------------|------------------------|
| <b>Principal actuarial assumptions used :</b> |                        |                        |                        |
| Discount rate                                 | 6.8%                   | 7.8%                   | 7.8%                   |
| Long-term rate of compensation increase       | 7.5%                   | 7.5%                   | 7.5%                   |
| Average remaining life                        | 24                     | 24                     | 24                     |
| Attrition rate                                | 15.0%                  | 15.0%                  | 15.0%                  |

## 21 | Other liabilities

|                                      | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|--------------------------------------|------------------------|------------------------|------------------------|
| <b>Non-current</b>                   |                        |                        |                        |
| Advance from customers               | 4,481                  | -                      | 5,863                  |
|                                      | <b>4,481</b>           | <b>-</b>               | <b>5,863</b>           |
| <b>Current</b>                       |                        |                        |                        |
| Statutory dues                       | 301                    | 312                    | 271                    |
| Billing in advance of work completed | 6,324                  | 125                    | 4,552                  |
| Advance from customers               | 12,665                 | 4,071                  | 3,478                  |
| Others                               | 979                    | 875                    | 857                    |
|                                      | <b>20,269</b>          | <b>5,383</b>           | <b>9,158</b>           |



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## 22 | Borrowings

|                | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|----------------|------------------------|------------------------|------------------------|
| <b>Secured</b> |                        |                        |                        |
| Packing credit | 11,986                 | 23,890                 | 6,260                  |
|                | <b>11,986</b>          | <b>23,890</b>          | <b>6,260</b>           |

The carrying amount of short term borrowings is considered to be a reasonable approximation of fair value.

### Terms, repayment and guarantee details of short-term borrowings

The Company has availed packing credit facilities in Indian rupees and US dollars at an interest rate of 5.55% to 6.30% (31 March 2016: 6.00% to 6.30%, 01 April 2015: Nil) and 1.41% to 2.15% (31 March 2016: 0.91% to 1.42%, 01 April 2015: 0.9% to 1.5%) respectively. These packing credits are repayable within 180 days, as applicable, from the date of availment and are secured against foreign currency receivables.

## 23 | Current tax liabilities (net)

|                               | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|-------------------------------|------------------------|------------------------|------------------------|
| Current tax liabilities (net) | 4,362                  | 4,360                  | 3,806                  |
|                               | <b>4,362</b>           | <b>4,360</b>           | <b>3,806</b>           |

## 24 | Financial assets and liabilities

### Categories of financial assets and financial liabilities

|                              | Financial assets at fair value<br>through profit and loss      | Financial assets at<br>amortised cost      | Total           |
|------------------------------|--|--|-----------------|
| <b>As at 31 March 2017</b>   |  |  |                 |
| <b>Financial assets</b>      |  |  |                 |
| Investments                  | 1,933  | 2,471                                      | 4,404           |
| Loans                        | -  | 295  | 295             |
| Trade receivables            | -  | 1,71,971                                   | 1,71,971        |
| Cash and bank balances       | -  | 9,470                                      | 9,470           |
| Other financial assets       | -  | 5,980                                      | 5,980           |
|                              | <b>1,933</b>   | <b>1,90,187</b>                            | <b>1,92,120</b> |
|                              |  |  |                 |
|                              | Financial liabilities at fair<br>value through profit and loss | Financial liabilities at<br>amortised cost | Total           |
| <b>As at 31 March 2017</b>   |  |  |                 |
| <b>Financial liabilities</b> |  |  |                 |
| Trade payables               | -  | 97,175                                     | 97,175          |
| Borrowings                   | -  | 11,986                                     | 11,986          |
| Other financial liabilities  | 1,446  | 1,953                                      | 3,399           |
|                              | <b>1,446</b>   | <b>1,11,114</b>                            | <b>1,12,560</b> |

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

|                            | Financial assets at fair value<br>through profit and loss | Financial assets at<br>amortised cost | Total           |
|----------------------------|---|---------------------------------------|-----------------|
| <b>As at 31 March 2016</b> |   |                                       |                 |
| <b>Financial assets</b>    |   |                                       |                 |
| Investments                | 2,967   | 2,867                                 | 5,834           |
| Loans                      | -   | 1,267                                 | 1,267           |
| Trade receivables          | -   | 1,31,320                              | 1,31,320        |
| Cash and bank balances     | -   | 15,583                                | 15,583          |
| Other financial assets     | -   | 5,528                                 | 5,528           |
|                            | <b>2,967</b>  | <b>1,56,565</b>                       | <b>1,59,532</b> |

|                              | Financial liabilities at fair<br>value through profit and loss | Financial liabilities at<br>amortised cost | Total           |
|------------------------------|--|--|-----------------|
| <b>As at 31 March 2016</b>   |  |  |                 |
| <b>Financial liabilities</b> |  |  |                 |
| Trade payables               | -  | 77,964                                     | 77,964          |
| Borrowings                   | -  | 23,890                                     | 23,890          |
| Other financial liabilities  | 1,398  | 1,949                                      | 3,347           |
|                              | <b>1,398</b>   | <b>1,03,803</b>                            | <b>1,05,201</b> |

|                            | Financial assets at fair value<br>through profit and loss | Financial assets at<br>amortised cost | Total           |
|----------------------------|---|---------------------------------------|-----------------|
| <b>As at 01 April 2015</b> |   |                                       |                 |
| <b>Financial assets</b>    |   |                                       |                 |
| Investments                | 3,817   | 2,519                                 | 6,336           |
| Loans                      | -   | 418                                   | 418             |
| Trade receivables          | -   | 1,08,907                              | 1,08,907        |
| Cash and bank balances     | -   | 22,170                                | 22,170          |
| Other financial assets     | -   | 3,785                                 | 3,785           |
|                            | <b>3,817</b>  | <b>1,37,799</b>                       | <b>1,41,616</b> |

|                              | Financial assets at fair value<br>through profit and loss | Financial assets at<br>amortised cost | Total         |
|------------------------------|---|---------------------------------------|---------------|
| <b>As at 01 April 2015</b>   |   |                                       |               |
| <b>Financial liabilities</b> |   |                                       |               |
| Trade payables               | -   | 70,180                                | 70,180        |
| Borrowings                   | -   | 6,260                                 | 6,260         |
| Other financial liabilities  | 1,398   | 801                                   | 2,199         |
|                              | <b>1,398</b>  | <b>77,241</b>                         | <b>78,639</b> |

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

## 25 | Revenue from operations

|                               | Year ended<br>31 March 2017 | Year ended 31<br>March 2016 |
|-------------------------------|-----------------------------|-----------------------------|
| Sale of services              |                             |                             |
| Export                        | 60,866                      | 53,979                      |
| Domestic                      | 1,17,080                    | 96,303                      |
|                               | <b>1,77,946</b>             | <b>1,50,282</b>             |
| Other operating revenues, net | 1,892                       | 1,061                       |
|                               | <b>1,79,838</b>             | <b>1,51,343</b>             |

## 26 | Other income

|  | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|--|-----------------------------|-----------------------------|
| Interest income from deposits with banks | 475                         | 249                         |
| Interest income - others                 | 129                         | 116                         |
| Dividend income                          | 134                         | -                           |
| Foreign currency gain, net               | 1,387                       | 1,117                       |
|  | <b>2,125</b>                | <b>1,482</b>                |

## 27 | Cost of sales and services

|   | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|---|-----------------------------|-----------------------------|
| Material costs  | 76,963                      | 58,461                      |
| Civil costs   | 25,042                      | 31,613                      |
| Erection and commissioning costs                        | 5,934                       | 5,910                       |
| Taxes and duties  | 7,331                       | 5,562                       |
| Site establishment cost                                 | 3,749                       | 3,241                       |
| Engineering costs                                       | 2,677                       | 1,047                       |
| Project consultancy fee                                 | 1,625                       | 331                         |
| Warranty expenses/(reversal)                            | 617                         | (1,004)                     |
| Foreseeable losses on contracts [Also refer note 20(c)] | (35)                        | (2,830)                     |
| Project travel  | 1,359                       | 1,199                       |
| Insurance costs   | 681                         | 449                         |
| Power and fuel  | 136                         | 4,746                       |
| Liquidated damages                                      | 892                         | 2,073                       |
| Other project expenses, net                             | 9,725                       | 8,241                       |
|   | <b>1,36,696</b>             | <b>1,19,039</b>             |

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

**28 | Changes in inventories**

|  | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|--|-----------------------------|-----------------------------|
| Inventories at the beginning of the year |                             |                             |
| Construction work-in-progress            | 5,926                       | 2,285                       |
| Stores and spares                        | 620                         | 698                         |
|  | <b>6,546</b>                | <b>2,983</b>                |
| Less: Inventories at the end of the year |                             |                             |
| Construction work-in-progress            | 2,688                       | 5,926                       |
| Stores and spares                        | 751                         | 620                         |
|  | <b>3,439</b>                | <b>6,546</b>                |
|  | <b>3,107</b>                | <b>(3,563)</b>              |

**29 | Employee benefits expense**

|  | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|--|-----------------------------|-----------------------------|
| Salaries and wages   | 8,959                       | 8,189                       |
| Gratuity and compensated absences                              | 165                         | 164                         |
| Contribution to provident and other defined contribution funds | 385                         | 494                         |
| Staff welfare expenses   | 749                         | 534                         |
|  | <b>10,258</b>               | <b>9,381</b>                |

**30 | Finance costs**

|   | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|---|-----------------------------|-----------------------------|
| Interest expenses for borrowing at amortised cost | 1,174                       | 980                         |
| Bank charges                                      | 1,160                       | 905                         |
|   | <b>2,334</b>                | <b>1,885</b>                |

**31 | Depreciation and amortization expense**

|   | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|---|-----------------------------|-----------------------------|
| Depreciation of tangible assets (Also refer note 4)   | 770                         | 799                         |
| Amortization of intangible assets (Also refer note 4) | 184                         | 408                         |
|   | <b>954</b>                  | <b>1,207</b>                |

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

## 32 | Other expenses

|   | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|---|-----------------------------|-----------------------------|
| Rent  | 222                         | 220                         |
| Insurance   | 27                          | 5                           |
| Power and fuel  | 220                         | 177                         |
| Rates and taxes   | 55                          | 46                          |
| Repairs and maintenance                                       | 634                         | 409                         |
| Professional charges (Also refer note 38)                     | 1,136                       | 894                         |
| Communication expenses  | 147                         | 137                         |
| Travelling and conveyance                                     | 902                         | 816                         |
| Bad and doubtful debts, net                                   | 4,311                       | 3,192                       |
| Loss on sale of tangible assets, net                          | -                           | 20                          |
| Impairment of investments                                     | 407                         | -                           |
| Corporate social responsibility expenses (Also refer note 39) | 73                          | 97                          |
| Printing and stationery                                       | 114                         | 92                          |
| Office and maintenance expenses                               | 329                         | 225                         |
| Miscellaneous expenses  | 1,002                       | 1,272                       |
|   | <b>9,579</b>                | <b>7,602</b>                |

## 33 | Exceptional item

Consequent to International Water Treatment LLC, a Joint venture entity in Oman (IWT/Joint venture), being unsuccessful in its arbitration claim for Liquidated Damages (LD) against project related time overruns, the Company, as part of its contractual obligation under the EPC contract, had to pay its share of LD for the claim levied on the Joint venture. Pursuant to the arbitration award rejecting such a claim, the Company has made payments amounting to ₹ 7,860 lakhs towards its share of LD and costs as investments in IWT. Consequent to IWT carrying out a capital reduction, the Company has impaired its entire investments in the Joint venture. An impairment loss of ₹ 6,432 lakhs (net of provisions already made in the earlier years) has been accounted for during the current year and the same has been disclosed as an Exceptional item in the Statement of profit and loss.

## 34 | Income taxes

The major components of income tax expense for the year ended 31 March 2017 and 31 March 2016 are:

|  | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|--|-----------------------------|-----------------------------|
| <b>Current tax:</b>  |                             |                             |
| Current tax  | 4,854                       | 4,717                       |
| <b>Deferred tax:</b>   |                             |                             |
| Relating to origination and reversal of temporary differences  | 251                         | 1,183                       |
| <b>Tax expense reported in the statement of profit and loss</b>  | <b>5,105</b>                | <b>5,900</b>                |
| Deferred tax related to net (gain) on remeasurements of defined benefit plans recognized in other comprehensive income | (76)                        | (10)                        |
| <b>Tax expense reported in other comprehensive income</b>  | <b>(76)</b>                 | <b>(10)</b>                 |



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

#### Tax reconciliation:

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Company at 34.61% (2015-16: 34.61%) and the reported tax expense in statement of profit and loss are as follows:

|   | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|---|-----------------------------|-----------------------------|
| Accounting profit before taxes                                  | 12,603                      | 17,274                      |
| Enacted tax rates   | 34.61%                      | 34.61%                      |
| Tax on profit at enacted tax rate                               | 4,362                       | 5,979                       |
| Income from mutual funds  | (27)                        | (41)                        |
| Impairment of loan and investments                              | 624                         | -                           |
| Others  | 146                         | (38)                        |
| <b>Actual tax expense</b>                                       | <b>5,105</b>                | <b>5,900</b>                |
| Current tax   | 4,854                       | 4,717                       |
| Deferred tax  | 251                         | 1,183                       |
| <b>Tax expense reported in the statement of profit and loss</b> | <b>5,105</b>                | <b>5,900</b>                |

### 35 | Earnings per equity share (EPS)

|  | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|--|-----------------------------|-----------------------------|
| <b>For profit for the year</b>   |                             |                             |
| Nominal value of equity shares   | 2                           | 2                           |
| Profit attributable to equity shareholders (A)   | 7,498                       | 11,374                      |
| Weighted average number of equity shares outstanding during the year (B)                             | 5,45,32,970                 | 5,44,36,869                 |
| <b>Basic earnings per equity share (A/B) (in ₹)</b>  | <b>13.78</b>                | <b>20.91</b>                |
| <b>For total comprehensive income</b>  |                             |                             |
| Nominal value of equity shares   | 2                           | 2                           |
| Total comprehensive income attributable to equity shareholders (A)                                   | 7,355                       | 11,355                      |
| Weighted average number of equity shares outstanding during the year (B)                             | 5,45,32,970                 | 5,44,36,869                 |
| <b>Basic earnings per equity share (A/B) (in ₹)</b>  | <b>13.52</b>                | <b>20.87</b>                |
| <b>For profit for the year</b>   |                             |                             |
| Dilutive effect on profit (C)  | -                           | -                           |
| Profit attributable to equity shareholders for computing diluted EPS (D) = (A+C)                     | 7,498                       | 11,374                      |
| Dilutive effect on weighted average number of equity shares outstanding during the year (E)          | 1,97,886                    | 3,28,124                    |
| Weighted average number of equity shares for computing diluted EPS (F) = (B+E)                       | 5,47,30,856                 | 5,47,64,993                 |
| <b>Diluted earnings per equity share (D/F) (in ₹)</b>  | <b>13.73</b>                | <b>20.76</b>                |
| <b>For total comprehensive income</b>  |                             |                             |
| Dilutive effect on profit (C)  | -                           | -                           |
| Total comprehensive income attributable to equity shareholders for computing diluted EPS (D) = (A+C) | 7,355                       | 11,355                      |
| Dilutive effect on weighted average number of equity shares outstanding during the year (E)          | 1,97,886                    | 3,28,124                    |
| Weighted average number of equity shares for computing diluted EPS (F) = (B+E)                       | 5,47,30,856                 | 5,47,64,993                 |
| <b>Diluted earnings per equity share (D/F) (in ₹)</b>  | <b>13.47</b>                | <b>20.72</b>                |

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

## 36 | Construction contracts

In terms of the disclosures required to be made under the Ind AS 11 as notified in section 133 of the Companies Act, 2013, the amounts considered in the financial statements up to the balance sheet date are as follows:

|  | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|--|-----------------------------|-----------------------------|
| Contract revenue recognised during the year  | 1,63,087                    | 1,30,731                    |
| Aggregate amount of costs incurred and recognized profits and losses for all contracts in progress               | 5,77,985                    | 3,91,480                    |
| Less : Progress billings   | 5,46,919                    | 3,91,605                    |
|  | <b>31,066</b>               | <b>(125)</b>                |
| Recognized as :  |                             |                             |
| Due from customers for construction contract work, recognized in "Trade receivables"                             | 37,390                      | -                           |
| Due to customers for construction contract work, recognized in "Other liabilities"                               | (6,324)                     | (125)                       |
|  | <b>31,066</b>               | <b>(125)</b>                |
| Advances received from customers for contracts related to work not yet performed included in "Other liabilities" | 17,146                      | 4,071                       |
| Retention on contracts in progress included within "Trade receivables"   | 29,103                      | 21,125                      |

## 37 | Leases

|  | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|--|-----------------------------|-----------------------------|
| <b>Operating lease commitments - as lessee</b>                       |                             |                             |
| Total lease payments charged off to the statement of profit and loss | 222                         | 220                         |

### Disclosures in respect of non-cancellable operating leases

The lease rentals charged for the years ended 31 March 2017 and 31 March 2016 and maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

|   | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|---|-----------------------------|-----------------------------|
| The total of future minimum lease payments for each of the following periods: |                             |                             |
| (i) Not later than one year   | 12                          | 22                          |
| (ii) Due later than one year and not later than five years                    | -                           | -                           |
| (iii) Due later than five years   | -                           | -                           |
|   | <b>12</b>                   | <b>22</b>                   |

## 38 | Remuneration to auditors (included as part of Professional charges)\*

|                          | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|--------------------------|-----------------------------|-----------------------------|
| <b>As auditor</b>        |                             |                             |
| Statutory audit          | 27                          | 25                          |
| Limited review           | 8                           | 7                           |
| Taxation matters         | 3                           | 3                           |
| <b>In other capacity</b> |                             |                             |
| Other services           | 4                           | 14                          |
|                          | <b>42</b>                   | <b>49</b>                   |

\* excluding service tax

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

### 39 | Expenditure on Corporate Social Responsibility (CSR)

|   | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|---|-----------------------------|-----------------------------|
| a) Gross amount required to be spent        | 298                         | 250                         |
| b) Amount spent on:                         |                             |                             |
| (i) Construction / acquisition of any asset | 33                          | 65                          |
| (ii) On purposes other than (i) above       | 40                          | 32                          |
|   | <b>73</b>                   | <b>97</b>                   |

### 40 | Employee stock based option

#### Employee share based plan- ESOP 2010 Scheme

In August 2010, the Board of Directors approved and the Company adopted the "ESOP 2010" (the "Plan") under which not more than 467,831 shares of the Company's equity shares was reserved for issuance to employees. The Board of Directors determined that the options granted under the Plan would vest not less than one year and not more than five years from the date of grant. The exercise price of options shall be ₹ 900 (Face value of ₹ 5 each) on the grant date.

| Particulars                                      | As at<br>31 March 2017 | Weighted<br>average exercise<br>price ₹ | As at<br>31 March 2016 | Weighted<br>average exercise<br>price ₹ | As at<br>01 April 2015 | Weighted<br>average exercise<br>price ₹ |
|--|------------------------|---|------------------------|---|------------------------|---|
| Options outstanding at the beginning of the year | 4,65,785               | 180                                     | 7,03,308               | 180                                     | 9,55,679               | 360                                     |
| Granted during the year                          |                        |   |                        |   |                        |   |
| Bonus shares issued during the year              | -                      | -                                       | -                      | -                                       | 3,51,654               | 180                                     |
| Forfeited during the year                        | -                      | -                                       | -                      | -                                       | -                      | -                                       |
| Exercised during the year                        | 76,657                 | 180                                     | 2,11,291               | 180                                     | 5,45,291               | 360                                     |
| Expired/ lapsed during the year                  | 94,688                 | 180                                     | 26,232                 | 180                                     | 58,734                 | 360                                     |
| Options outstanding at the end of the year       | <b>2,94,440</b>        |   | <b>4,65,785</b>        |   | <b>7,03,308</b>        |   |
| Options exercisable as at the end of the period  | <b>2,94,440</b>        |   | <b>4,65,785</b>        |   | <b>7,03,308</b>        |   |

During the year ended 31 March 2017 and 31 March 2016, the weighted average share price of options exercised under the Plan on the date of exercise was ₹ 548 and ₹ 673. The weighted average remaining contractual life of the Plan outstanding as of 31 March 2017 and 31 March 2016 is 1.5 year and 2.5 years respectively.

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

## 41 | Related party disclosures

### a) Names of related parties and nature of relationship

| Nature of relationship                | Name of related party  |
|---------------------------------------|--|
| <b>Subsidiary companies</b>           | 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 (Liquidated effective 24 October 2016)                            |
|                                       | VA Tech Wabag Su Tecknolojisi Ve Tic A.S, Turkey   |
|                                       | VA Tech Wabag (Hong Kong) Limited, Hong Kong (Liquidated effective 14 April 2016)                        |
|                                       | VA Tech Wabag Egypt Limited, Egypt (Liquidated effective 15 February 2016)                               |
|                                       | Beijing VA Tech Wabag Water Treatment Technology Co. Limited, China (Liquidated effective 12 April 2016) |
|                                       | VA Tech Wabag Muscat LLC, Oman   |
|                                       | VA Tech Wabag (Philippines) Inc, Philippines   |
|                                       | VA Tech Wabag (Spain) S.L.U, Spain (Liquidated effective 30 March 2017)                                  |
|                                       | 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  |
| <b>Associate</b>                      | Windhoek Goreangab Operating Company (Pty) Limited, Namibia  |
|                                       | VA Tech Wabag and Roots Contracting LLC, Qatar   |
|                                       | Thoothukudi Renew Waters Private Limited   |
| <b>Joint Venture</b>                  | International Water Treatment LLC, Oman  |
| <b>Key Managerial Personnel (KMP)</b> | Mr. Rajiv Mittal - Managing Director & Group CEO   |
|                                       | Mr. S Varadarajan - Executive Director   |
|                                       | Mr. B D Narang - Independent director  |
|                                       | Mr. Jaithirth Rao - Independent director   |
|                                       | Mr. Malay Mukherjee - Independent director   |
|                                       | Mr. Sumit Chandwani - Independent director   |
|                                       | Ms. Revathi Kasturi - Independent director   |
|                                       | Mr. Pankaj Sachdeva - Chief Executive Officer (w.e.f 28 November 2016)                                   |
|                                       | Mr. G Parthasarathy - Chief Financial Officer (w.e.f 16 September 2015)                                  |

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

**b) Transactions with related parties**

| Related Party                            | 2016-17      |            |               | 2015-16      |            |               |
|--|--------------|------------|---------------|--------------|------------|---------------|
|  | Subsidiaries | Associates | Joint venture | Subsidiaries | Associates | Joint venture |
| <b>Transactions with related parties</b> |              |            |               |              |            |               |
| (Sale)/Purchase of goods/services        | (11,743)     | (100)      | (25)          | (8,941)      | (80)       | 657           |
| Purchase of investments                  | 80           | -          | 7,860         | -            | -          | -             |
| Others - expense/(income)*               | 488          | (137)      | 506           | (260)        | (5)        | -             |
| Reimbursements received/receivable       | (590)        | 8          | (18)          | (611)        | (50)       | (33)          |

\* Other income also include group fees.

**c) Balances with related party**

| Related Party                      | 2016-17      |            |               | 2015-16      |            |               |
|------------------------------------|--------------|------------|---------------|--------------|------------|---------------|
|                                    | Subsidiaries | Associates | Joint venture | Subsidiaries | Associates | Joint venture |
| <b>Balances with related party</b> |              |            |               |              |            |               |
| Advances/ amount recoverable       | 13,117       | 277        | 422           | 8,716        | 394        | 875           |
| Loan to related parties            | 295          | -          | -             | 1,267        | -          | -             |
| Creditors/payables                 | 210          | 6          | -             | 24           | -          | -             |

All transactions with these related parties are priced on an arm's length basis. None of the balances is secured.

Note:

The maximum amount of Loans and advances in the nature of Loans outstanding during the year in accordance with Regulation 34(3) of the SEBI(Listing Obligations and Disclosure Requirements) Regulations 2015 is as below:

- i) VA Tech Wabag (Spain) S.L.U, Spain - ₹ 1,393 Lakhs (Previous year ₹ 1,090 Lakhs)
- ii) VA Tech Wabag and Roots Contracting LLC, Qatar - Nil (Previous year ₹ 500 Lakhs)
- iii) Wabag Limited, Thailand - ₹ 295 Lakhs (Previous year ₹ 177 Lakhs)

**d) List of guarantees given to subsidiaries/joint venture/associates**

| Purpose of Guarantee                                 | 2016-17      |            |               | 2015-16      |            |               |
|--|--------------|------------|---------------|--------------|------------|---------------|
|  | Subsidiaries | Associates | Joint venture | Subsidiaries | Associates | Joint venture |
| Corporate guarantee for securing banking lines       | 19,491       | -          | -             | 13,855       | -          | -             |
| Corporate guarantee for contract performance         | -            | 106        | -             | 7,515        | 257        | -             |
| Bank guarantee for contract performance              | 10,111       | 532        | -             | 10,972       | 109        | 46,344        |
| Bank guarantee for contract performance and warranty | -            | -          | 2,513         | -            | -          | 17,156        |

**e) Remuneration to Key Managerial Personnel**

| Particulars                              | 2016-17 | 2015-16 |
|--|---------|---------|
| Salaries including bonus                 | 566     | 431     |
| Post employment and termination benefits | 93      | 86      |
| Commission                               | 75      | 61      |

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

## 42 | Fair value measurement

### Fair value measurement hierarchy

The Company records certain financial assets and financial liabilities at fair value on a recurring basis. The Company determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The Company holds certain fixed income investments and other financial assets such as employee loans, deposits etc. which must be measured using the fair value hierarchy and related valuation methodologies. The guidance specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about current market conditions. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three Levels of fair value hierarchy. These levels are based on the observability of significant inputs to the measurement, as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- **Level 3:** Unobservable inputs for the asset or liability.

The following table shows the Levels within the hierarchy of financial and non-financial assets and liabilities measured at fair value on a recurring basis at 31 March 2017, 31 March 2016 and 01 April 2015:

### (a) Quantitative disclosures Fair value measurement hierarchy for assets as at 31 March:

|   |               | Fair value measurement using |                                       |                                     |                                       |           |
|---|---------------|------------------------------|---------------------------------------|-------------------------------------|---------------------------------------|-----------|
|   |               |                              | Quoted prices<br>in active<br>markets | Significant<br>observable<br>inputs | Significant<br>unobservable<br>inputs |           |
|   |               | Date of valuation            | Total                                 | (Level 1)                           | (Level 2)                             | (Level 3) |
| i) Assets measured at fair value:   |               |                              |                                       |                                     |                                       |           |
| Fair value through statement of profit and loss   |               |                              |                                       |                                     |                                       |           |
| Investments   |               |                              |                                       |                                     |                                       |           |
| 2017  | 31 March 2017 | 1,933                        | -                                     | 1,916                               | 17                                    |           |
| 2016  | 31 March 2016 | 2,967                        | -                                     | 2,950                               | 17                                    |           |
| 2015  | 01 April 2015 | 3,817                        | -                                     | 3,800                               | 17                                    |           |
| Investment in mutual funds are valued based on the Net Asset Value (NAV) of the funds as at the year end. The NAV of the funds are provided by the fund management company at the end of each reporting year. |               |                              |                                       |                                     |                                       |           |
| ii) Liabilities measured at fair value:   |               |                              |                                       |                                     |                                       |           |
| Financial guarantees  |               |                              |                                       |                                     |                                       |           |
| 2017  | 31 March 2017 | 1,446                        | -                                     | -                                   | 1,446                                 |           |
| 2016  | 31 March 2016 | 1,398                        | -                                     | -                                   | 1,398                                 |           |
| 2015  | 01 April 2015 | 1,398                        | -                                     | -                                   | 1,398                                 |           |

The fair value of the financial guarantees are based on the credit risk associated with the guarantees extended and the maximum exposure that is expected to have on the event of default by the debtor.

There have been no transfers between Level 1 and Level 2 during the year.



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

|  | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|--|------------------------|------------------------|------------------------|
| iii) Liabilities measured at amortised cost: |                        |                        |                        |
| a) Interest-bearing loans and borrowings:    |                        |                        |                        |
| Floating rate borrowings                     | Nil                    | Nil                    | Nil                    |
| Fixed rate borrowings                        | 11,986                 | 23,890                 | 6,260                  |

The fair values of the Company's interest-bearing borrowings and loans are determined under amortised cost method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. These rates are considered to reflect the market rate of interest and hence the carrying value are considered to be at fair value.

#### 43 | Nature and extent of risks arising from financial instruments and respective financial risk management objectives and policies

The Company's principal financial liabilities comprise of loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its and group companies operations. The Company's principal financial assets include loans, trade and other receivables, cash and short-term deposits that derive directly from its operations. The Company also enters into derivative transactions and holds short term investments.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by the Group Treasury Team that advises on financial risks and the appropriate financial risk governance framework in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by Group Treasury Team that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors review and agree on policies for managing each of these risks, which are summarised below.

##### a) Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates are managed by borrowing at fixed interest rates. During the year Company did not have any floating rate borrowings.

##### Foreign currency risk

Most of the Company's transactions are carried out in Indian rupees. Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in US dollars (USD) and Euro (EUR).

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To mitigate the Company's exposure to foreign currency risk, cash flows are monitored and forward exchange contracts are entered into in accordance with the Company's risk management policies. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward exchange contracts are mainly entered into for net foreign currency exposures that are not expected to be offset by other same currency transactions.

Foreign currency denominated financial assets and financial liabilities which expose the Company to currency risk are disclosed below. The amounts shown are those reported to key management translated at the closing rate:-

|                       | Foreign currency exposure<br>(in ₹ in lakhs) |       |
|-----------------------|--|-------|
|                       | USD  | EUR   |
| <b>31 March 2017</b>  |  |       |
| Financial assets      | 23,849                                       | 703   |
| Financial liabilities | 9,886  | 1,288 |
| <b>31 March 2016</b>  |  |       |
| Financial assets      | 31,217                                       | 2,098 |
| Financial liabilities | 11,354                                       | 351   |
| <b>01 April 2015</b>  |  |       |
| Financial assets      | 19,528                                       | 1,467 |
| Financial liabilities | 10,643                                       | 249   |

Currency risk (or foreign exchange risk) arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this disclosure, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

The following table illustrates the sensitivity of profit and equity in regards to the Company's financial assets and financial liabilities and the USD/INR exchange rate and EUR/INR exchange rate 'all other things being equal'. It assumes a +/- 1% change of the INR/USD exchange rate for the year ended at 31 March 2017 (31 March 2016: 1%, 1 April 2015: 1%). A +/- 1% change is considered for the INR/EUR exchange rate for the year ended (31 March 2016: 1%, 1 April 2015: 1%).

If the INR had strengthened against the USD by 1% during the year ended 31 March 2017 (31 March 2016: 1%, 01 April 2015: 1%) and EUR by 1% during the year ended 31 March 2017 (31 March 2016: 1%, 01 April 2015: 1%) respectively then this would have had the following impact on profit before tax and equity before tax:

|                   |     | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|-------------------|-----|---------------|---------------|---------------|
| Profit before tax |     |               |               |               |
| USD               | +1% | 140           | 199           | 89            |
| EUR               | +1% | (6)           | 17            | 12            |
|                   |     | <b>134</b>    | <b>216</b>    | <b>101</b>    |
| Equity before tax |     |               |               |               |
| USD               | +1% | 140           | 199           | 89            |
| EUR               | +1% | (6)           | 17            | 12            |
|                   |     | <b>134</b>    | <b>216</b>    | <b>101</b>    |

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

If the INR had weakened against the USD by 1% during the year ended 31 March 2017 (31 March 2016: 1%, 1 April 2015: 1%) and EUR by 1% during the year ended 31 March 2017 (31 March 2016: 1%, 1 April 2015: 1%) respectively then this would have had the following impact:

|                   |     | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|-------------------|-----|---------------|---------------|---------------|
| Profit before tax |     |               |               |               |
| USD               | -1% | (140)         | (199)         | (89)          |
| EUR               | -1% | 6             | (17)          | (12)          |
|                   |     | (134)         | (216)         | (101)         |
| Equity before tax |     |               |               |               |
| USD               | -1% | (140)         | (199)         | (89)          |
| EUR               | -1% | 6             | (17)          | (12)          |
|                   |     | (134)         | (216)         | (101)         |

The movement in the pre-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in US dollars and EUR. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

#### b) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example trade receivables, placing deposits, investment in mutual funds etc. the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 March, as summarised below:

|                                    | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|------------------------------------|---------------|---------------|---------------|
| <b>Classes of financial assets</b> |               |               |               |
| Investments                        | 4,404         | 5,834         | 6,336         |
| Trade receivables                  | 1,71,971      | 1,31,320      | 1,08,907      |
| Cash and bank balances             | 9,470         | 15,583        | 22,170        |
| Other financial assets             | 5,980         | 5,528         | 3,785         |

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls. The Company's policy is to transact only with counterparties who are highly creditworthy which are assessed based on internal due diligence parameters.

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents, fixed deposits and mutual funds are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

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Other financial assets mainly comprises of tender deposits and security deposits which are given to customers or other governmental agencies in relation to contracts executed and are assessed by the Company for credit risk on a continuous basis.

## c) Liquidity risk

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on a monthly, quarterly, and yearly basis depending on the business needs. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Company's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade receivables are all contractually due within six months except for retention and long term trade receivables which are governed by the relevant contract conditions.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, and short-term borrowings. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

As at 31 March 2017, the Company's non-derivative financial liabilities have contractual maturities as summarised below:

| Year ended 31 March 2017    | Current         |                | Non-current   |                    |
|-----------------------------|-----------------|----------------|---------------|--------------------|
|                             | Within 6 months | 6 to 12 months | 1 to 5 years  | Later than 5 years |
| Borrowings                  | 11,986          | -              | -             | -                  |
| Trade payables              | 82,999          | -              | 14,176        | -                  |
| Other financial liabilities | 1,738           | 1,446          | 215           | -                  |
|                             | <b>96,723</b>   | <b>1,446</b>   | <b>14,391</b> | -                  |

| Year ended 31 March 2016    | Current         |                | Non-current   |                    |
|-----------------------------|-----------------|----------------|---------------|--------------------|
|                             | Within 6 months | 6 to 12 months | 1 to 5 years  | Later than 5 years |
| Borrowings                  | 23,890          | -              | -             | -                  |
| Trade payables              | 63,248          | -              | 14,716        | -                  |
| Other financial liabilities | 1,745           | 1,398          | 204           | -                  |
|                             | <b>88,883</b>   | <b>1,398</b>   | <b>14,920</b> | -                  |

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

## 44 | First-time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with Companies (Accounting Standard) Rules, 2006, notified under section 133 of the Act and other relevant provisions of the Act (Previous GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on or after 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016. This note explains the principal adjustments made by the Company in restating its statement of financial position as at 1 April 2015 and its previously published financial statements as at and for the year ended 31 March 2016 under previous GAAP.

### a) First time adoption exemptions applied

Upon transition, Ind AS 101 permits certain exemptions from full retrospective application of Ind AS. The Company has applied the mandatory exceptions and certain optional exemptions, as set out below:

#### Mandatory exceptions adopted by the Company

##### (i) De-recognition of financial assets and liabilities

The de-recognition criteria of Ind AS 109 Financial Instruments has been applied prospectively for transactions occurring on or after the date of transition to Ind AS. Non-derivative financial assets and non-derivative financial liabilities derecognized before date of transition under previous GAAP are not recognized on the opening Ind AS Balance Sheet.

##### (ii) Estimates

Hindsight is not used to create or revise estimates. The estimates made by the Company under previous GAAP were not revised for the application of Ind AS except where necessary to reflect any differences in accounting policies or errors.

#### Optional exemptions availed by the Company

##### (i) Property, plant and equipment

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. The Company has elected to use carrying value under previous GAAP as the deemed cost on the date of transition to Ind AS for all property, plant and equipment (including intangible assets). Land and buildings (properties) were carried in the Balance Sheet prepared in accordance with Previous GAAP on the basis of historical cost. The Company has elected to regard those values of property as deemed cost at the date of the transition since they were broadly comparable to fair value. Accordingly, the Company has not revalued the property at 01 April 2015.

##### (ii) Investment in subsidiaries, joint ventures and associates

Investment in subsidiaries, joint ventures and associates are measured at the carrying value under previous GAAP on the date of transition to Ind AS. These carrying value under previous GAAP are considered to be the deemed cost as at the date of transition.

##### (iii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess the classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Company has elected to apply this exemption to its financial assets.

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## (iv) Leases

Appendix C to Ind AS 17, Leases, requires an entity to assess whether a contract or arrangement contains a lease. As per Ind AS 17, this assessment should be carried out at inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

## b) Reconciliation of Equity

### Reconciliation of equity as at 01 April 2015 (date of transition to Ind AS)

|  | Foot<br>note | Previous GAAP*  | Adjustments    | Ind AS          |
|--|--------------|-----------------|----------------|-----------------|
| <b>Assets</b>  |              |                 |                |                 |
| <b>Non-current assets</b>  |              |                 |                |                 |
| Property, plant and equipment  |              | 9,064           | -              | 9,064           |
| Capital work-in-progress   |              | 55              | -              | 55              |
| Intangible assets  |              | 780             | -              | 780             |
| <b>Financial assets</b>  |              |                 |                |                 |
| - Investments  | a            | 2,536           | -              | 2,536           |
| - Trade receivables  |              | 13,346          | -              | 13,346          |
| - Bank balances  |              | 9,021           | -              | 9,021           |
| - Other financial assets   | g            | 439             | (7)            | 432             |
| Deferred tax assets (net)  | f            | 2,009           | 1,485          | 3,494           |
| Income tax assets (net)  |              | 3,321           | -              | 3,321           |
| Other non-current assets   |              | 518             | -              | 518             |
|  |              | <b>41,089</b>   | <b>1,478</b>   | <b>42,567</b>   |
| <b>Current assets</b>  |              |                 |                |                 |
| Inventories  |              | 2,983           | -              | 2,983           |
| <b>Financial assets</b>  |              |                 |                |                 |
| - Investments  | a            | 3,800           | -              | 3,800           |
| - Trade receivables  | b            | 98,447          | (2,886)        | 95,561          |
| - Cash and cash equivalents  |              | 12,562          | -              | 12,562          |
| - Bank balance other than those mentioned in cash and cash equivalents |              | 587             | -              | 587             |
| - Loans  |              | 418             | -              | 418             |
| - Other financial assets   |              | 3,353           | -              | 3,353           |
| Other current assets   |              | 10,854          | -              | 10,854          |
|  |              | <b>1,33,004</b> | <b>(2,886)</b> | <b>1,30,118</b> |
| <b>Total assets</b>  |              | <b>1,74,093</b> | <b>(1,408)</b> | <b>1,72,685</b> |
| <b>Equity and Liabilities</b>  |              |                 |                |                 |
| <b>Equity</b>  |              |                 |                |                 |
| Equity share capital   |              | 1,086           | -              | 1,086           |
| <b>Other equity</b>  |              |                 |                |                 |
| - Share premium  |              | 27,003          | -              | 27,003          |
| - Reserves and surplus   | a-g          | 40,531          | (173)          | 40,358          |
| - Share application money pending allotment                            |              | 13              | -              | 13              |
| <b>Total equity</b>  |              | <b>68,633</b>   | <b>(173)</b>   | <b>68,460</b>   |



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

|                                     | Foot<br>note | Previous GAAP*  | Adjustments    | Ind AS          |
|-------------------------------------|--------------|-----------------|----------------|-----------------|
| <b>Liabilities</b>                  |              |                 |                |                 |
| <b>Non-current liabilities</b>      |              |                 |                |                 |
| Financial liabilities               |              |                 |                |                 |
| - Trade payables                    |              | 14,427          | -              | 14,427          |
| - Other financial liabilities       |              | 170             | -              | 170             |
| Provisions                          |              | 1,686           | -              | 1,686           |
| Other non-current liabilities       |              | 5,863           | -              | 5,863           |
|                                     |              | <b>22,146</b>   | <b>-</b>       | <b>22,146</b>   |
| <b>Current liabilities</b>          |              |                 |                |                 |
| Financial liabilities               |              |                 |                |                 |
| - Borrowings                        |              | 6,260           | -              | 6,260           |
| - Trade payables                    |              | 55,753          | -              | 55,753          |
| - Other financial liabilities       | b            | 631             | 1,398          | 2,029           |
| Other current liabilities           |              | 9,158           | -              | 9,158           |
| Provisions                          | c            | 7,706           | (2,633)        | 5,073           |
| Current tax liabilities (net)       |              | 3,806           | -              | 3,806           |
|                                     |              | <b>83,314</b>   | <b>(1,235)</b> | <b>82,079</b>   |
| <b>Total liabilities</b>            |              | <b>1,05,460</b> | <b>(1,235)</b> | <b>1,04,225</b> |
| <b>Total equity and liabilities</b> |              | <b>1,74,093</b> | <b>(1,408)</b> | <b>1,72,685</b> |

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

**Reconciliation of equity as at 31 March 2016**

|                               | Foot<br>note | Previous GAAP* | Adjustments  | Ind AS        |
|-------------------------------|--------------|----------------|--------------|---------------|
| <b>Assets</b>                 |              |                |              |               |
| <b>Non-current assets</b>     |              |                |              |               |
| Property, plant and equipment |              | 8,860          | -            | 8,860         |
| Capital work-in-progress      |              | 242            | -            | 242           |
| Intangible assets             |              | 397            | -            | 397           |
| Financial assets              |              |                |              |               |
| - Investments                 | a            | 4,638          | 18           | 4,656         |
| - Trade receivables           |              | 27,491         | -            | 27,491        |
| - Bank balances               |              | 1,600          | -            | 1,600         |
| - Other financial assets      | g            | 1,124          | (7)          | 1,117         |
| Deferred tax assets (net)     | f            | 616            | 1,705        | 2,321         |
| Income tax assets (net)       |              | 3,321          | -            | 3,321         |
| Other non-current assets      |              | 416            | -            | 416           |
|                               |              | <b>48,705</b>  | <b>1,716</b> | <b>50,421</b> |

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

|  | Foot<br>note | Previous GAAP*  | Adjustments    | Ind AS          |
|--|--------------|-----------------|----------------|-----------------|
| <b>Current assets</b>  |              |                 |                |                 |
| Inventories  |              | 6,546           | -              | 6,546           |
| Financial assets   |              |                 |                |                 |
| - Investments  | a            | 1,169           | 9              | 1,178           |
| - Trade receivables  | b            | 1,07,350        | (3,521)        | 1,03,829        |
| - Cash and cash equivalents  |              | 8,425           | -              | 8,425           |
| - Bank balance other than those mentioned in cash and cash equivalents |              | 5,558           | -              | 5,558           |
| - Loans  |              | 1,267           | -              | 1,267           |
| - Other financial assets   |              | 4,411           | -              | 4,411           |
| Other current assets   |              | 13,270          | -              | 13,270          |
|  |              | <b>1,47,996</b> | <b>(3,512)</b> | <b>1,44,484</b> |
| <b>Total assets</b>  |              | <b>1,96,701</b> | <b>(1,796)</b> | <b>1,94,905</b> |
| <b>Equity and Liabilities</b>  |              |                 |                |                 |
| <b>Equity</b>  |              |                 |                |                 |
| Equity share capital   |              | 1,090           | -              | 1,090           |
| Other equity   |              |                 |                |                 |
| - Share premium  |              | 27,396          | -              | 27,396          |
| - Reserves and surplus   | a-g          | 49,621          | (558)          | 49,063          |
| - Share application money pending allotment                            |              | 4               | -              | 4               |
| <b>Total equity</b>  |              | <b>78,111</b>   | <b>(558)</b>   | <b>77,553</b>   |
| <b>Liabilities</b>   |              |                 |                |                 |
| <b>Non-current liabilities</b>   |              |                 |                |                 |
| Financial liabilities  |              |                 |                |                 |
| - Trade payables   |              | 14,716          | -              | 14,716          |
| - Other financial liabilities  |              | 204             | -              | 204             |
| Provisions   |              | 418             | -              | 418             |
|  |              | <b>15,338</b>   | <b>-</b>       | <b>15,338</b>   |
| <b>Current liabilities</b>   |              |                 |                |                 |
| Financial liabilities  |              |                 |                |                 |
| - Borrowings   |              | 23,890          | -              | 23,890          |
| - Trade payables   |              | 63,248          | -              | 63,248          |
| - Other financial liabilities  | b            | 1,745           | 1,398          | 3,143           |
| Other current liabilities  |              | 5,383           | -              | 5,383           |
| Provisions   | c            | 4,626           | (2,636)        | 1,990           |
| Current tax liabilities (net)  |              | 4,360           | -              | 4,360           |
|  |              | <b>1,03,252</b> | <b>(1,238)</b> | <b>1,02,014</b> |
| <b>Total liabilities</b>   |              | <b>1,18,590</b> | <b>(1,238)</b> | <b>1,17,352</b> |
| <b>Total equity and liabilities</b>                                    |              | <b>1,96,701</b> | <b>(1,796)</b> | <b>1,94,905</b> |

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

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

**Reconciliation of equity****Reconciliation of profit and loss for the year ended 31 March 2016**

|   | Foot<br>note | Previous GAAP*  | Adjustments  | Ind AS          |
|---|--------------|-----------------|--------------|-----------------|
| <b>Revenue</b>  |              | <b>1,51,343</b> | <b>-</b>     | <b>1,51,343</b> |
| Other income  | a            | 1,455           | 27           | 1,482           |
| <b>Total Income</b>   |              | <b>1,52,798</b> | <b>27</b>    | <b>1,52,825</b> |
| <b>Expenses</b>   |              |                 |              |                 |
| Cost of sales and services  |              | 1,19,039        | -            | 1,19,039        |
| Changes in inventories  |              | (3,563)         | -            | (3,563)         |
| Employee benefits expense   | d            | 9,410           | (29)         | 9,381           |
| Finance costs   |              | 1,885           | -            | 1,885           |
| Depreciation and amortization expense   |              | 1,207           | -            | 1,207           |
| Other expenses  | b            | 6,967           | 635          | 7,602           |
| <b>Total expenses</b>   |              | <b>1,34,945</b> | <b>606</b>   | <b>1,35,551</b> |
| <b>Profit before exceptional items and tax</b>                                  |              | <b>17,853</b>   | <b>(579)</b> | <b>17,274</b>   |
| Exceptional items   |              | -               | -            | -               |
| <b>Profit before tax</b>  |              | <b>17,853</b>   | <b>(579)</b> | <b>17,274</b>   |
| <b>Tax expense</b>  |              |                 |              |                 |
| Current tax   |              | 4,717           | -            | 4,717           |
| Deferred tax  | f            | 1,393           | (210)        | 1,183           |
| <b>Profit for the year</b>  |              | <b>11,743</b>   | <b>(369)</b> | <b>11,374</b>   |
| Other comprehensive income  | e            |                 |              |                 |
| <b>Items that will not be reclassified to profit and loss</b>                   |              |                 |              |                 |
| - Re-measurement gains (losses) on defined benefit plans                        | d            | -               | (29)         | (29)            |
| - Income tax relating to items that will not be reclassified to profit and loss | f            | -               | 10           | 10              |
|   |              | -               | <b>(19)</b>  | <b>(19)</b>     |
| <b>Total comprehensive income for the year, net of tax</b>                      |              | <b>11,743</b>   | <b>(388)</b> | <b>11,355</b>   |

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

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

## Footnotes to the reconciliations

### a) Fair valuation of Investments

Under the previous GAAP, investments in mutual funds were classified as long-term investments or current investments based on intended holding period or realisability and were accounted at cost less provision for diminution in value of investments. Under Ind AS, these investments are required to be measured at fair value. The Company has designated the investments as classified at fair value through profit or loss. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31 March 2016.

### b) Expected credit losses

Under previous GAAP, the Company had created provision for doubtful receivables based on overdue receivables that reflected incurred losses. Under Ind AS 109 'Financial Instruments', the Company has to determine expected credit loss that reflects, amongst other factors, unbiased probability weighted amounts determined by evaluating a range of outcomes based on supportable and available information. The Company has used practical expedients for measuring these expected credit losses using a provisioning matrix. Based on this assessment, the Company impaired its financial assets by ₹ 2,886 lakhs on 01 April 2015 which has been recognised in opening retained earnings. The impact of ₹ 635 lakhs for year ended on 31 March 2016 has been recognized in the statement of profit and loss.

Under previous GAAP, the provision for impairment of financial guarantees are recognised only when there is a "more likely than not" possibility of a probable outflow of economic resources. However, under Ind AS 109, an entity shall recognize a loss allowance for expected credit losses on a financial guarantee contract at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The impairment allowance has been determined based on Expected Credit Loss model (ECL). Under ECL model, the Company impaired its financial guarantees by ₹ 1,398 lakhs on 01 April 2015 which has been recognised in opening retained earnings.

### c) Provisions

Under previous GAAP, the proposed dividends (along with related dividend distribution tax) are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, proposed dividends are considered as a non-adjusting post balance sheet event and recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. Accordingly the provision for proposed dividend, including dividend distribution tax, recognised under previous GAAP has been reversed.

### d) Defined benefit obligation

Both under previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind-AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income.

### e) Other Comprehensive Income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements

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

of defined benefit plans, foreign exchange differences arising on translation of foreign operations, effective portion of gains and losses on cash flow hedging instruments and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

**f) Deferred tax**

The various transitional adjustments lead to temporary differences that result in deferred tax liability/asset (as the case may be). Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or Other Comprehensive Income. On the date of transition, the net impact on deferred tax assets is of ₹ 1,485 lakhs (31 March 2016: ₹ 1,705 lakhs).

**g) Loans**

Employee loans were carried at cost under previous GAAP. However, under Ind AS, these loans are classified as financial asset and is carried at its fair value.

## 45 | Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the reporting date (31 March 2017) and the date of authorization except for proposed dividend as disclosed in note 17.

## 46 | Contingent liabilities, commitments and guarantees

**a) Claims against the Company not acknowledged as debt**

| Particulars  | As at<br>31 March 2017 | As at<br>31 March 2016 |
|--|------------------------|------------------------|
| Income tax impact on account of non-deductibility U/s 80-IA                        | -                      | 2,422                  |
| Out of the above, Income tax demand contested in appeal                            | -                      | 939                    |
| Interest U/s 234B on the tax liability referred above                              | -                      | 2,855                  |
| Income tax demand including interest contested in appeal (Assessment Year 2011-12) | 401                    | 401                    |
| Income tax demand including interest contested in appeal (Assessment Year 2009-10) | 639                    | 639                    |
| Income tax demand including interest contested in appeal (Assessment Year 2012-13) | 597                    | -                      |
| Indirect tax matters under dispute   | 8,214                  | 8,050                  |

- 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 believed that this amendment was in line with the objective of the government of incentivizing only a developer of infrastructure facility and not a mere works contractor. The Company strongly opined that, being a developer of infrastructure turnkey development contracts starting from the conceptualization 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 had filed a writ petition in the High Court of Madras challenging the Constitutional validity of the retrospective amendment. The Company had 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 had 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

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

on appeal against the CIT (Appeals) order and was pending at the Income Tax Appellate Tribunal till the previous year. Considering these facts and as a matter of prudence, the Company had disclosed the total tax benefit so far claimed u/s 80-IA as contingent liability in the standalone financial statements upto 31 March 2016. However during the current year favourable orders from Income Tax Appellate Tribunal have been received by the Company which has not been contested. Hence the demand has not been considered as a contingent liability.

- 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 had been disclosed as contingent liability. However as detailed in paragraph 'a' above, the same has not been considered as a contingent liability during the current year.

## b) Capital commitments

The estimated amounts of contracts to be executed on capital account and not provided for (net of advances) Nil (Previous year - Nil). Other commitments are cancellable at the option of the company and hence not disclosed.

## c) Guarantees excluding financial guarantees

|   | As at<br>31 March 2017 | As at<br>31 March 2016 |
|---|------------------------|------------------------|
| Guarantees issued by the Company for:   |                        |                        |
| - subsidiaries/joint venture/associates | 13,263                 | 82,353                 |
| - Others                                | 48,477                 | 46,344                 |

## 47 | Segment reporting

The Company publishes standalone financial statements along with the consolidated financial statements in the annual report. In accordance with Ind AS 108, Operating segments, the Company has disclosed the segment information in the consolidated financial statements.

Notes 1 to 47 form an integral part of these standalone financial statements

In terms of our report attached

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sumesh E S**

Partner

Place : Chennai

Date : 25 May 2017

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

**B D Narang**

Chairman

(DIN: 00826573)

**G Parthasarathy**

Chief Financial Officer

Place : Chennai

Date : 25 May 2017

**Rajiv Mittal**

Managing Director & Group CEO

(DIN: 01299110)

**R Swaminathan**

Company Secretary

(Membership No.:17696)



# Independent Auditor's Report

To the **Members of VA Tech Wabag Limited**

## Report on the 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 venture, which comprise the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group including its associates and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The Holding Company's Board of Directors and the respective Board of Directors/management of the subsidiaries included in the Group, and its associates and joint venture are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms of the provisions of the Act, the respective Board of Directors/management of the companies included in the Group, and its associate companies and joint venture company covered under

the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's

preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 10 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint venture, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (consolidated financial position) of the Group, its associates and joint venture as at 31 March 2017, and their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

### Emphasis of Matter

9. We draw attention to Note 50 of the consolidated financial statements which describes the uncertainty related to the outcome of the reorganization insolvency proceedings against a customer of its subsidiary in the Czech Republic. The Group based on the positive developments during the year believes that the amounts outstanding from this customer need not be impaired and are fully recoverable. Pending ultimate outcome of this matter which cannot be determined presently, no impairment has been made in the consolidated financial statements. Our opinion is not modified in respect of this matter.

### Other Matters

10. We did not audit the financial statements of 18 subsidiaries, whose financial statements reflect

total assets of ₹ 136,778 lakhs and net assets of ₹ 28,152 lakhs as at 31 March 2017, total revenues of ₹ 154,436 lakhs and net cash outflows amounting to ₹ 4,393 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 5,819 lakhs for the year ended 31 March 2017, as considered in the consolidated financial statements, in respect of 2 associates and 1 joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associates and joint venture, is based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

11. The Holding Company had prepared separate sets of consolidated financial statements for the year ended 31 March 2016 and 31 March 2015 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports dated 26 May 2016 and 25 May 2015 respectively. These separate sets of consolidated financial statements have been adjusted for the differences in the accounting principles adopted by the Holding Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

12. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, associates and joint venture, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;
- e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies, associate companies and joint venture company covered under the Act, none of the directors of the Group companies, its associate companies and joint venture company covered under the Act, are disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary companies, associate companies and joint venture company covered under the Act and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial

statements as also the other financial information of the subsidiaries, associates and joint venture:

- (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint venture as detailed in Note 49 to the consolidated financial statements;
- (ii) Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses on long-term contracts including derivative contracts, as detailed in Note 20(d) to the consolidated financial statements;
- (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 venture company covered under the Act during the year ended 31 March 2017;
- (iv) These consolidated financial statements have made requisite disclosures as to holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 by the Holding Company, and its subsidiary companies, associate companies and joint venture company covered under the Act, if any. Based on the audit procedures performed and taking into consideration the information and explanations given to us and on consideration of the reports of the other auditors on separate financial statements and other financial information, in our opinion, these disclosures are in accordance with the books of account maintained by the respective companies.

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

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

Place : Chennai  
Date : 25 May 2017

# Annexure A to the Independent Auditor's Report

of even date to the members of VA Tech Wabag Limited, on the consolidated financial statements for the year ended 31 March 2017

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

1. In conjunction with our audit of the consolidated financial statements of VA Tech Wabag Limited ("the Holding Company") and its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company which is a company incorporated in India, as of that date.

## Management's Responsibility for Internal Financial Controls

2. The Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls over Financial Reporting issued by Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of the company's assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditors' Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note"), issued by the ICAI.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company.

## Meaning of Internal Financial Controls over Financial Reporting

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

## Inherent Limitations of Internal Financial Controls over Financial Reporting

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

## Opinion

8. In our opinion, the Holding Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls over Financial Reporting issued by Institute of Chartered Accountants of India ("ICAI")

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

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

Place : Chennai  
Date : 25 May 2017

# Consolidated Balance Sheet

As at 31 March 2017

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

|   | Note | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|---|------|------------------------|------------------------|------------------------|
| <b>Assets</b>   |      |                        |                        |                        |
| <b>Non-current assets</b>   |      |                        |                        |                        |
| Property, plant and equipment   | 5    | 10,530                 | 10,842                 | 10,696                 |
| Capital work-in-progress  |      | -                      | 242                    | 55                     |
| Intangible assets   | 5    | 6,914                  | 6,707                  | 8,437                  |
| Investments accounted for using the equity method                     | 6    | 313                    | 187                    | 257                    |
| <b>Financial assets</b>   |      |                        |                        |                        |
| Investments   | 6    | 17                     | 1,859                  | 17                     |
| Trade receivables   | 7    | 38,773                 | 28,588                 | 14,686                 |
| Bank balances   | 8    | -                      | 1,600                  | 9,435                  |
| Other financial assets  | 9    | 205                    | 1,161                  | 459                    |
| Deferred tax assets (net)   | 10   | 2,468                  | 2,487                  | 3,974                  |
| Income tax assets (net)   | 11   | 5,374                  | 3,596                  | 3,633                  |
| Other non-current assets  | 12   | 431                    | 435                    | 519                    |
|   |      | <b>65,025</b>          | <b>57,704</b>          | <b>52,168</b>          |
| <b>Current assets</b>   |      |                        |                        |                        |
| Inventories   | 13   | 3,850                  | 9,762                  | 4,699                  |
| <b>Financial assets</b>   |      |                        |                        |                        |
| Investments   | 6    | 1,916                  | 1,178                  | 3,800                  |
| Trade receivables   | 7    | 2,12,376               | 1,65,651               | 1,32,791               |
| Cash and cash equivalents   | 14   | 23,905                 | 30,703                 | 22,110                 |
| Bank balances other than those mentioned in cash and cash equivalents | 14   | 2,269                  | 5,558                  | 7,284                  |
| Loans and other financial assets                                      | 9    | 4,087                  | 2,730                  | 2,353                  |
| Other current assets  | 12   | 21,630                 | 18,871                 | 17,073                 |
|   |      | <b>2,70,033</b>        | <b>2,34,453</b>        | <b>1,90,110</b>        |
| <b>Total assets</b>   |      | <b>3,35,058</b>        | <b>2,92,157</b>        | <b>2,42,278</b>        |
| <b>Equity and Liabilities</b>   |      |                        |                        |                        |
| <b>Equity</b>   |      |                        |                        |                        |
| Equity share capital  | 15   | 1,091                  | 1,090                  | 1,086                  |
| Other equity  |      |                        |                        |                        |
| Share premium   |      | 27,536                 | 27,396                 | 27,003                 |
| Reserves and surplus  |      | 70,686                 | 63,542                 | 54,614                 |
| Share application money pending allotment                             |      | 1                      | 4                      | 13                     |
| <b>Equity attributable to owners of the parent</b>                    |      | <b>99,314</b>          | <b>92,032</b>          | <b>82,716</b>          |
| Non-controlling interests   |      | 1,725                  | 821                    | 686                    |
| <b>Total equity</b>   |      | <b>1,01,039</b>        | <b>92,853</b>          | <b>83,402</b>          |
| <b>Liabilities</b>  |      |                        |                        |                        |
| <b>Non-current liabilities</b>  |      |                        |                        |                        |
| <b>Financial liabilities</b>  |      |                        |                        |                        |
| Borrowings  | 17   | 6,322                  | 5,012                  | 6,932                  |
| Trade payables  | 18   | 14,269                 | 14,992                 | 15,054                 |
| Other financial liabilities   | 19   | 215                    | 239                    | 206                    |
| Provisions  | 20   | 1,358                  | 1,695                  | 2,799                  |
| Deferred tax liabilities (net)  | 10   | 307                    | 307                    | 300                    |
| Other non-current liabilities   | 21   | 4,481                  | -                      | 5,863                  |
|   |      | <b>26,952</b>          | <b>22,245</b>          | <b>31,154</b>          |
| <b>Current liabilities</b>  |      |                        |                        |                        |
| <b>Financial liabilities</b>  |      |                        |                        |                        |
| Borrowings  | 17   | 24,586                 | 32,721                 | 8,391                  |
| Trade payables  | 18   | 1,25,744               | 1,02,873               | 83,020                 |
| Other financial liabilities   | 19   | 4,818                  | 4,387                  | 3,080                  |
| Other current liabilities   | 21   | 41,616                 | 27,768                 | 20,143                 |
| Provisions  | 20   | 5,213                  | 4,718                  | 8,644                  |
| Current tax liabilities (net)   | 22   | 5,090                  | 4,592                  | 4,444                  |
|   |      | <b>2,07,067</b>        | <b>1,77,059</b>        | <b>1,27,722</b>        |
| <b>Total liabilities</b>  |      | <b>2,34,019</b>        | <b>1,99,304</b>        | <b>1,58,876</b>        |
| <b>Total equity and liabilities</b>                                   |      | <b>3,35,058</b>        | <b>2,92,157</b>        | <b>2,42,278</b>        |

Notes 1 to 50 form an integral part of these consolidated financial statements

In terms of our report attached

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

per **Sumesh E S**  
Partner  
Place : Chennai  
Date : 25 May 2017

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

**B D Narang**  
Chairman  
(DIN: 00826573)

**G Parthasarathy**  
Chief Financial Officer  
Place : Chennai  
Date : 25 May 2017

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

**R Swaminathan**  
Company Secretary  
(Membership No.:17696)



# Consolidated Statement of Profit and Loss

For the year ended 31 March 2017

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

|  | Note | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|--|------|-----------------------------|-----------------------------|
| <b>Revenue from operations</b>   | 24   | <b>3,20,791</b>             | <b>2,50,825</b>             |
| Other income   | 25   | 1,123                       | 790                         |
| <b>Total income</b>  |      | <b>3,21,914</b>             | <b>2,51,615</b>             |
| <b>Expenses</b>  |      |                             |                             |
| Cost of sales and services   | 26   | 2,48,200                    | 1,98,955                    |
| Changes in inventories   | 27   | 5,677                       | (4,932)                     |
| Employee benefits expense  | 28   | 24,397                      | 21,133                      |
| Finance costs  | 29   | 5,258                       | 4,574                       |
| Depreciation and amortization expense  | 30   | 1,911                       | 2,049                       |
| Other expenses   | 31   | 12,855                      | 12,372                      |
| <b>Total expenses</b>  |      | <b>2,98,298</b>             | <b>2,34,151</b>             |
| <b>Profit before share of net profits of investments accounted for using equity method and tax</b> |      | <b>23,616</b>               | <b>17,464</b>               |
| Share of loss of associates and a joint venture, net   |      | (5,726)                     | (1,754)                     |
| <b>Profit before tax</b>   |      | <b>17,890</b>               | <b>15,710</b>               |
| Tax expense  | 32   |                             |                             |
| Current tax  |      | 6,418                       | 5,497                       |
| Deferred tax   |      | 248                         | 1,183                       |
| <b>Profit for the year</b>   |      | <b>11,224</b>               | <b>9,030</b>                |
| <b>Profit for the year attributable to:</b>  |      |                             |                             |
| Non-controlling interests  |      | 984                         | 157                         |
| <b>Owners of the parent</b>  |      | <b>10,240</b>               | <b>8,873</b>                |
|  |      | <b>11,224</b>               | <b>9,030</b>                |
| <b>Other comprehensive income</b>  |      |                             |                             |
| <b>Items that will not be reclassified to profit and loss</b>                                      |      |                             |                             |
| Re-measurement (losses) on defined benefit plans   |      | (211)                       | (58)                        |
| Income tax relating to items that will not be reclassified to profit and loss                      |      | 76                          | 10                          |
|  |      | (135)                       | (48)                        |
| <b>Items that will be reclassified subsequently to profit and loss</b>                             |      |                             |                             |
| Exchange differences on translation of foreign operations  |      | (1,514)                     | 2,818                       |
|  |      | (1,514)                     | 2,818                       |
| <b>Other comprehensive income for the year, net of tax</b>   |      | <b>(1,649)</b>              | <b>2,770</b>                |
| <b>Total comprehensive income for the year</b>   |      | <b>9,575</b>                | <b>11,800</b>               |
| <b>Other comprehensive income for the year, net of tax attributable to:</b>                        |      |                             |                             |
| Non-controlling interests  |      | (80)                        | (22)                        |
| <b>Owners of the parent</b>  |      | <b>(1,569)</b>              | <b>2,792</b>                |
|  |      | <b>(1,649)</b>              | <b>2,770</b>                |
| <b>Total comprehensive income for the year attributable to:</b>                                    |      |                             |                             |
| Non-controlling interests  |      | 904                         | 135                         |
| <b>Owners of the parent</b>  |      | <b>8,671</b>                | <b>11,665</b>               |
|  |      | <b>9,575</b>                | <b>11,800</b>               |
| <b>Earnings per equity share</b>   | 33   |                             |                             |
| Basic (in ₹)   |      | 18.82                       | 16.31                       |
| Diluted (in ₹)   |      | 18.75                       | 16.19                       |

Notes 1 to 50 form an integral part of these consolidated financial statements

In terms of our report attached

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sumesh E S**

Partner

Place : Chennai

Date : 25 May 2017

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

**B D Narang**

Chairman

(DIN: 00826573)

**G Parthasarathy**

Chief Financial Officer

Place : Chennai

Date : 25 May 2017

**Rajiv Mittal**

Managing Director & Group CEO

(DIN: 01299110)

**R Swaminathan**

Company Secretary

(Membership No.:17696)

**VA TECH WABAG LIMITED**

# Consolidated Cash Flow Statement

For the year ended 31 March 2017

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

|   | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|---|-----------------------------|-----------------------------|
| <b>A. Cash flow from operating activities</b>   |                             |                             |
| <b>Profit before tax</b>  | <b>17,890</b>               | <b>15,710</b>               |
| <i>Adjustments to reconcile net income to net cash provided by operating activities</i> |                             |                             |
| Depreciation and amortization expense   | 1,911                       | 2,049                       |
| Share of loss of associates and a joint venture, net                                    | 5,726                       | 1,754                       |
| Unrealized foreign exchange (gain)  | (162)                       | (773)                       |
| Bad and doubtful debts, net   | 4,604                       | 3,320                       |
| (Gain)/loss on sale of property, plant and equipment                                    | (85)                        | 24                          |
| Interest expenses   | 2,674                       | 2,452                       |
| Interest income   | (979)                       | (498)                       |
| Provision for foreseeable losses on contracts   | (35)                        | (2,830)                     |
| Provision for compensated absences and gratuity   | 945                         | 581                         |
| Provision for liquidated damages  | 892                         | 2,073                       |
| Provision for warranty  | 610                         | (742)                       |
| <b>Operating profit before working capital changes</b>                                  | <b>33,991</b>               | <b>23,120</b>               |
| <b>Changes in assets and liabilities</b>  |                             |                             |
| (Increase) in trade receivables   | (60,958)                    | (48,336)                    |
| (Increase) in other financial assets  | (401)                       | (1,079)                     |
| (Increase) in other assets  | (2,755)                     | (1,861)                     |
| Decrease/(Increase) in inventories  | 5,677                       | (4,932)                     |
| Increase in trade payables  | 21,754                      | 20,231                      |
| Increase in other financial liabilities   | 407                         | 1,340                       |
| Increase/(Decrease) in other liabilities  | 12,911                      | (661)                       |
| (Decrease) in provisions  | (2,316)                     | (4,243)                     |
| <b>Cash generated from/(used) in operating activities</b>                               | <b>8,310</b>                | <b>(16,421)</b>             |
| Direct taxes paid, net  | (7,698)                     | (5,312)                     |
| <b>Net cash generated from/(used) in operating activities</b>                           | <b>612</b>                  | <b>(21,733)</b>             |
| <b>B. Cash flow from investing activities</b>   |                             |                             |
| Purchase of assets (including capital work-in-progress and capital advances)            | (1,391)                     | (1,517)                     |
| Proceeds from sale of property, plant and equipment                                     | 278                         | 63                          |
| Proceeds from sale of investments   | 1,178                       | 940                         |
| Dividend received   | 166                         | 118                         |
| Interest received   | 958                         | 498                         |
| Movement in bank deposits   | 4,889                       | 9,561                       |
| <b>Net cash generated from investing activities</b>                                     | <b>6,078</b>                | <b>9,663</b>                |

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

|   | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|---|-----------------------------|-----------------------------|
| <b>C. Cash flow from financing activities</b>                     |                             |                             |
| Proceeds from borrowings  | 72,145                      | 72,901                      |
| Repayment of borrowings   | (79,623)                    | (50,030)                    |
| Proceeds from issue of equity shares including securities premium | 138                         | 371                         |
| Interest paid to banks and others                                 | (2,674)                     | (2,452)                     |
| Dividend paid   | (2,636)                     | (2,633)                     |
| <b>Net cash (used) in/generated from financing activities</b>     | <b>(12,650)</b>             | <b>18,157</b>               |
| <b>D. Net change in cash and cash equivalents</b>                 | <b>(5,960)</b>              | <b>6,087</b>                |
| Effects of foreign currency translation                           | (838)                       | 2,506                       |
| <b>E. Cash and cash equivalents at the beginning</b>              | <b>30,703</b>               | <b>22,110</b>               |
| <b>F. Cash and cash equivalents at the end</b>                    | <b>23,905</b>               | <b>30,703</b>               |
| <b>Cash and cash equivalents include</b>                          |                             |                             |
| Cash on hand  | 169                         | 181                         |
| Cheques on hand   | 5,308                       | 4,361                       |
| Balances with banks   |                             |                             |
| - in current accounts   | 15,010                      | 18,617                      |
| - in deposit accounts (maturity upto 3 months)                    | 3,418                       | 7,544                       |
| <b>Cash and cash equivalents as per note 14</b>                   | <b>23,905</b>               | <b>30,703</b>               |

Notes 1 to 50 form an integral part of these consolidated financial statements

In terms of our report attached

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sumesh E S**

Partner

Place : Chennai

Date : 25 May 2017

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

Chairman

(DIN: 00826573)

**G Parthasarathy**

Chief Financial Officer

Place : Chennai

Date : 25 May 2017

**Rajiv Mittal**

Managing Director &amp; Group CEO

(DIN: 01299110)

**R Swaminathan**

Company Secretary

(Membership No.:17696)

# Consolidated Statements of Changes in Equity

For the year ended 31 March 2017

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

## A. Equity share capital

| Particulars                                     | Notes | Amount       |
|---|-------|--------------|
| Balance as at 01 April 2015                     | 15    | 1,086        |
| Changes in equity share capital during the year |       | 4            |
| Balance as at 31 March 2016                     |       | 1,090        |
| Changes in equity share capital during the year |       | 1            |
| <b>Balance as at 31 March 2017</b>              |       | <b>1,091</b> |

## B. Other equity

| Particulars   | Notes | Attributable to the equity holders of the Parent |                                  |                 |   |               |                                      |  |               | Share application money pending allotment | Total attributable to the equity holders of the Parent | Non-controlling interests | Total equity   |
|---|-------|--|----------------------------------|-----------------|---|---------------|--------------------------------------|--|---------------|---|--|---------------------------|----------------|
|   |       | Reserves and surplus                             |                                  |                 |   |               |                                      |  | Share premium |   |  |                           |                |
|   |       | Capital reserve                                  | Stock option outstanding account | General reserve | Surplus in the statement of profit and loss | Legal reserve | Foreign currency translation reserve | Accumulated other comprehensive income |               |   |  |                           |                |
| <b>Balance as at 01 April 2015</b>                          |       | <b>14,504</b>                                    | <b>85</b>                        | <b>3,295</b>    | <b>36,593</b>                               | <b>27</b>     | <b>563</b>                           | <b>(453)</b>                           | <b>27,003</b> | <b>13</b>                                 | <b>81,630</b>  | <b>686</b>                | <b>82,316</b>  |
| Dividends   |       | -  | -                                | -               | (2,188)                                     | -             | -                                    | -                                      | -             | -   | (2,188)  | -                         | (2,188)        |
| Dividend distribution tax                                   |       | -  | -                                | -               | (445)                                       | -             | -                                    | -                                      | -             | -   | (445)  | -                         | (445)          |
| Exercise of employee stock options                          | 38    | -  | (17)                             | -               | -   | -             | -                                    | -                                      | 393           | (9)                                       | 367  | -                         | 367            |
| Options lapsed during the year                              | 38    | -  | (6)                              | 6               | -   | -             | -                                    | -                                      | -             | -   | -  | -                         | -              |
| Adjustments for change in ownership interests in subsidiary |       | -  | -                                | -               | (87)  | -             | -                                    | -                                      | -             | -   | (87)   | -                         | (87)           |
| Transfer to legal reserves                                  |       | -  | -                                | -               | (68)  | 68            | -                                    | -                                      | -             | -   | -  | -                         | -              |
| <b>Transactions with owners</b>                             |       | <b>-</b>   | <b>(23)</b>                      | <b>6</b>        | <b>(2,788)</b>                              | <b>68</b>     | <b>-</b>                             | <b>-</b>                               | <b>393</b>    | <b>(9)</b>                                | <b>(2,353)</b>   | <b>-</b>                  | <b>(2,353)</b> |
| Profit for the year   |       | -  | -                                | -               | 8,873                                       | -             | -                                    | -                                      | -             | -   | 8,873  | 157                       | 9,030          |
| Other comprehensive income (net of tax)                     |       | -  | -                                | -               | -   | -             | 2,840                                | (48)                                   | -             | -   | 2,792  | (22)                      | 2,770          |
| <b>Total comprehensive income</b>                           |       | <b>-</b>   | <b>-</b>                         | <b>-</b>        | <b>8,873</b>                                | <b>-</b>      | <b>2,840</b>                         | <b>(48)</b>                            | <b>-</b>      | <b>-</b>                                  | <b>11,665</b>  | <b>135</b>                | <b>11,800</b>  |
| <b>Balance as at 31 March 2016</b>                          |       | <b>14,504</b>                                    | <b>62</b>                        | <b>3,301</b>    | <b>42,678</b>                               | <b>95</b>     | <b>3,403</b>                         | <b>(501)</b>                           | <b>27,396</b> | <b>4</b>                                  | <b>90,942</b>  | <b>821</b>                | <b>91,763</b>  |
| Dividends   |       | -  | -                                | -               | (2,180)                                     | -             | -                                    | -                                      | -             | -   | (2,180)  | -                         | (2,180)        |
| Dividend distribution tax                                   |       | -  | -                                | -               | (456)                                       | -             | -                                    | -                                      | -             | -   | (456)  | -                         | (456)          |
| Capital reserve generated                                   |       | 1,113  | -                                | -               | -   | -             | -                                    | -                                      | -             | -   | 1,113  | -                         | 1,113          |
| Exercise of employee stock options                          | 38    | -  | (4)                              | -               | -   | -             | -                                    | -                                      | 140           | (3)                                       | 133  | -                         | 133            |
| Transfer from legal reserves                                |       | -  | -                                | -               | 34  | (34)          | -                                    | -                                      | -             | -   | -  | -                         | -              |
| <b>Transactions with owners</b>                             |       | <b>1,113</b>                                     | <b>(4)</b>                       | <b>-</b>        | <b>(2,602)</b>                              | <b>(34)</b>   | <b>-</b>                             | <b>-</b>                               | <b>140</b>    | <b>(3)</b>                                | <b>(1,390)</b>   | <b>-</b>                  | <b>(1,390)</b> |
| Profit for the year   |       | -  | -                                | -               | 10,240                                      | -             | -                                    | -                                      | -             | -   | 10,240   | 984                       | 11,224         |
| Other comprehensive income (net of tax)                     |       | -  | -                                | -               | -   | -             | (1,434)                              | (135)                                  | -             | -   | (1,569)  | (80)                      | (1,649)        |
| <b>Total comprehensive income</b>                           |       | <b>-</b>   | <b>-</b>                         | <b>-</b>        | <b>10,240</b>                               | <b>-</b>      | <b>(1,434)</b>                       | <b>(135)</b>                           | <b>-</b>      | <b>-</b>                                  | <b>8,671</b>   | <b>904</b>                | <b>9,575</b>   |
| <b>Balance as at 31 March 2017</b>                          |       | <b>15,617</b>                                    | <b>58</b>                        | <b>3,301</b>    | <b>50,316</b>                               | <b>61</b>     | <b>1,969</b>                         | <b>(636)</b>                           | <b>27,536</b> | <b>1</b>                                  | <b>98,223</b>  | <b>1,725</b>              | <b>99,948</b>  |

Notes 1 to 50 form an integral part of these consolidated financial statements

In terms of our report attached

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

per **Sumesh E S**  
Partner  
Place : Chennai  
Date : 25 May 2017

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

**B D Narang**  
Chairman  
(DIN: 00826573)

**G Parthasarathy**  
Chief Financial Officer  
Place : Chennai  
Date : 25 May 2017

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

**R Swaminathan**  
Company Secretary  
(Membership No.:17696)

# Summary of Significant Accounting Policies and Other Explanatory Information

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

## 1 | Nature of Operations

VA Tech Wabag Limited ('the Parent'), and its subsidiaries, its associates and joint venture (collectively referred to as 'the Group') is one of the world's leading companies in the water treatment field. The Group's principal activities include design, supply, installation, construction and operational management of drinking water, waste water treatment, industrial water treatment and desalination plants. The shares of the Parent are listed in the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Parent is domiciled in India and its registered office and its principal place of business is 'WABAG HOUSE', No.17, 200 Feet Thoraipakkam - Pallavaram Main Road, Sunnambu Kolathur, Chennai - 600 117.

## 2 | General information and statement of compliance with Indian Accounting Standards (Ind AS)

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016 as notified under section 133 of Companies Act, 2016 (the "Act") and other relevant provisions of the Act.

The Group has adopted all the Indian Accounting standards and the adoption was carried out in accordance with Ind AS 101 - First-time adoption of Indian Accounting Standards. The transition was

carried out from Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

The consolidated financial statements as at and for the year ended 31 March 2017 are approved and authorized for issue by the board of directors on 25 May 2017.

The consolidated financial statements of the Group are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial assets and financial liabilities that have been measured at fair value. These consolidated financial statements are presented in lakhs of Indian Rupees which is also the Parent's functional currency, except per share data and as otherwise stated. Figures for the previous years have been regrouped/rearranged wherever considered necessary to conform to the figures presented in the current year.

## 3 | Basis of consolidation

The consolidated financial statements include the financial statements of the Parent and all of its subsidiaries, joint venture and associates as listed below. The financial statements of the subsidiaries, joint venture and associates forming part of these consolidated financial statements are drawn up to 31 March 2017. All material inter-company transactions and balances are eliminated on consolidation.

The following subsidiaries, associates and joint venture have been included in the consolidated financial statements:

| Particulars  | Country of incorporation | Percentage of holding/interest as at |               |               |
|--|--------------------------|--------------------------------------|---------------|---------------|
|  |                          | 31 March 2017                        | 31 March 2016 | 01 April 2015 |
| VA Tech Wabag (Singapore) Pte Ltd                    | Singapore                | 100                                  | 100           | 100           |
| VA Tech Wabag (Philippines) Inc                      | Philippines              | 100                                  | 100           | 100           |
| VA Tech Wabag Limited Pratibha Industries Limited JV | Nepal                    | 100                                  | 100           | 100           |
| Wabag Limited  | Thailand                 | 90.6                                 | 90.6          | 90.6          |
| Wabag Muhibbah JV SDN BHD                            | Malaysia                 | 70                                   | 70            | -             |
| VA Tech Wabag GmbH                                   | Austria                  | 100                                  | 100           | 100           |
| Wabag Wassertechnik AG                               | Switzerland              | 100                                  | 100           | 100           |

# 186 *Summary of Significant Accounting Policies and Other Explanatory Information*

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

| Particulars   | Country of incorporation | Percentage of holding/interest as at |               |               |
|---|--------------------------|--------------------------------------|---------------|---------------|
|   |                          | 31 March 2017                        | 31 March 2016 | 01 April 2015 |
| VA Tech Wabag Deutschland GmbH  | Germany                  | 100                                  | 100           | 100           |
| VA Tech Wabag Brno spol S.R.O   | Czech Republic           | 100                                  | 100           | 100           |
| Wabag Water Services (Macao) Limited  | Macao                    | 100                                  | 100           | 100           |
| Wabag Water Services s.r.l  | Romania                  | 100                                  | 100           | 100           |
| VA Tech Wabag Tunisie s.a.r.l.  | Tunisia                  | 100                                  | 100           | 100           |
| VA Tech Wabag S u Teknolojisi Ve Tic. A S   | Turkey                   | 100                                  | 100           | 100           |
| Ujams Wastewater Treatment Company (Pty) Ltd.   | Namibia                  | 66.4                                 | 66.4          | 78.9          |
| VA Tech Wabag Muscat LLC  | Oman                     | 70                                   | 70            | 70            |
| Wabag Operation and Maintenance W.L.L.  | Bahrain                  | 70                                   | 70            | 70            |
| VA Tech Wabag and Roots Contracting L.L.C. - Project 1  | Qatar                    | 60                                   | 60            | 60            |
| Wabag Belhasa JV WLL  | Bahrain                  | 100                                  | 100           | 100           |
| VA Tech Wabag (Spain) S.L.U (Liquidated w.e.f. 30 March 2017)   | Spain                    | -                                    | 100           | 100           |
| VA Tech Wabag Algeria s.a.r.l, Algeria (Liquidated w.e.f. 24 October 2016)                            | Algeria                  | -                                    | 100           | 100           |
| VA Tech Wabag (Hong Kong) Limited, Hong Kong (Liquidated w.e.f. 14 April 2016)                        | Hong Kong                | -                                    | 100           | 100           |
| Beijing VA Tech Wabag Water Treatment Technology Co. Limited, China (Liquidated w.e.f. 12 April 2016) | China                    | -                                    | 100           | 100           |
| <b>Associates</b>   |                          |                                      |               |               |
| Windhoek Goreangab Operating Company (Pty) Limited  | Namibia                  | 33                                   | 33            | 33            |
| VA Tech Wabag and Roots Contracting L.L.C. - Project 2  | Qatar                    | 49                                   | 49            | -             |
| <b>Joint Venture</b>  |                          |                                      |               |               |
| International Water Treatment LLC   | Oman                     | 32.5                                 | 32.5          | 32.5          |

The subsidiaries in China, Hong Kong, Algeria and Spain have been liquidated during the year.

The Group had entered into a joint venture with Pratibha Industries Limited in Nepal to execute a project. Considering the fact that the Group has control over the governing body and thereby has power over the entity, has rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of its returns, the same has been treated as a subsidiary in the consolidated financial statements.

The Group had entered into a Joint Venture with Cadagua S.A and Galfar LLC in Oman to construct a desalination water treatment plant in the Sultanate of Oman. The Group has classified this as a joint venture and it has been accounted accordingly.

Pursuant to exclusive contractual arrangements providing for a majority share in the economic interests and control of voting power differently to the shareholders in each of the projects, i.e. Project - I and Project- II being executed under the same legal entity VA Tech Wabag and Roots Contracting LLC, these projects have been treated as separate enterprises with varying controlling interests and accordingly



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

consolidated for as a subsidiary and an associate, respectively.

The Group had entered into a joint venture with Belhasa Projects LLC, Dubai to execute a project in Bahrain. Considering the fact that the group has control over the governing body and over the operating and financial decisions of the joint venture entity, Wabag Belhasa JV, the same has been treated as a subsidiary in the consolidated financial statements.

#### **Principles of consolidation**

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under Ind AS 110 - Consolidated Financial Statements, Ind AS 28 - Accounting for Investments in Associates and Joint Ventures and accounting standards as specified in the Ind ASs notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 .

The Group combines the financial statements of the Parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses resulting from intra-group transactions are also eliminated except to the extent recoverable value of related assets is lower than their cost to the Group. Profit or loss of subsidiaries acquired or disposed during the year is recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted.

Subsidiaries are all entities over which the Group exercises control. The Group controls an entity when the Group is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct relevant activities of the entity. Subsidiaries are

fully consolidated from the date on which the control is transferred to the Group and are deconsolidated from the date the control ceases.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss and balance sheet respectively. Non-controlling interests in net profits/ losses of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the owners of the Parent. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual/legal obligation on the minorities, the same is accounted for by the Parent, except where there is a contractual/legal obligation on minority interests.

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint venture are recognised as a reduction in the carrying amount of the investment. After the investor's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the investee. If the investee subsequently reports profits, the investor resumes recognising its share of those profits only

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after its share of the profits equals the share of losses not recognised. Unrealised gains on transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The carrying amount of equity accounted investments are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired.

Excess of acquisition cost over the carrying amount of the Parent's share of equity of the acquiree at the date of acquisition is recognized as goodwill. In cases where the share of the equity in the acquiree as on the date of acquisition is in excess of acquisition cost, such excess of share in equity is recognised as 'Capital reserve' and classified under 'Reserves and Surplus'. The Parent's share of equity in the subsidiary is determined on the basis of book values of assets and liabilities as per the financial statements of the subsidiary as at the date of acquisition.

The construction cost incurred by the Group as part of the Build-Own-Operate-Transfer (BOOT) contract is considered as exchanged with the grantor against the right to operate and generate revenues from the project and the profit from such contract is considered as realized. Accordingly the BOOT contract awarded to the entities of the Group where work is subcontracted to other entities within the Group, the intra-group transactions on the BOOT contract and the profits arising thereon are taken as realized and not eliminated on consolidation under Ind AS 110.

The amounts shown in respect of reserves comprise the amount of relevant reserves as per the balance sheet of the Parent and its share in the relevant reserves of the subsidiary.

As per Ind AS 110 - Consolidated Financial Statements prescribed under the Ind ASs notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards)

Amendment Rules, 2016 only the notes involving items which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary or the Parent having no bearing on the true and fair view of the consolidated financial statements of the group are not disclosed in the consolidated financial statements.

## 4 | Summary of significant accounting policies

### 4.1 Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement basis summarized below. These accounting policies have been used throughout all periods presented in the financial statements, except where the Group has applied certain accounting policies and exemptions upon transition to Ind AS.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

In accordance with Ind AS 101, the Group presents three balance sheets, two statements of profit and loss, two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented, in its first Ind AS consolidated financial statements. In future periods, Ind AS 1 requires two comparative periods to be presented for the balance sheet only in certain circumstances.

### 4.2 Investments in subsidiaries, joint venture, associates and joint operations

Investments in subsidiaries, joint venture and associates are accounted for using the equity method of accounting, after initially being recognised at cost less impairment, if any. Investments in joint operations are accounted

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for using proportionate consolidation method in the consolidated financial statements. The Group does not have any investments in joint operations for the year ended 31 March 2017.

#### 4.3 Foreign currency translation

##### Reporting and presentation currency

The consolidated financial statements are presented in Indian Rupees, which is also the functional currency of the Parent.

##### Foreign currency transactions and balances

Foreign currency transactions are translated into the respective functional currencies of the entities of the Group, using the exchange rates prevailing at the dates of the transactions, duly approximated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the measurement of monetary items denominated in foreign currency at year-end exchange rates are recognized as other income in statement of profit or loss.

Non-monetary items are not translated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

#### 4.4 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding trade discounts, VAT and other applicable taxes and are recognized upon the performance of service or transfer of risk to the customer.

Revenue is recognized when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Group, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities has been met. These activity-specific recognition

criteria are based on the goods or services provided to the customer and the contract conditions in each case, and are as described below.

##### Construction contracts

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

The percentage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Only costs that reflect work performed are included in cost incurred to date.

When the Group cannot measure the outcome of a contract reliably, revenue is recognized only to the extent of contract costs that have been incurred and are recoverable. Contract costs are recognized in the period in which they are incurred. In situations when it is probable that the total contract costs will exceed total contract revenues, the expected loss is recognized immediately in the statement of profit and loss.

The gross amount due from customers for contract work is presented within trade receivables for all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceeds progress billing. The gross amount due to customers for contract work is presented within other current liabilities for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses).

##### Operations and maintenance

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

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## **Interest, dividends, duty drawback and other entitlements**

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 as at the reporting date.

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

## **4.5 Cost of sales and services**

Cost of sales and services comprise costs including estimated costs that are directly related to the contract, attributable to the contract activity in general and such costs that can be allocated to the contract and specifically chargeable to the customer under the terms of the contracts, which is charged to the statement of profit and loss.

## **4.6 Property, plant and equipment**

### **Land**

Land (other than investment property) held for use in production or administration is stated at cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

### **Buildings and other equipment**

Buildings and other equipment (comprising plant and machinery, furniture and fittings, electrical equipment, office equipment, computers and vehicles) are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. Buildings and other equipment are subsequently measured at cost less accumulated depreciation and any impairment losses. Cost of property, plant

and equipment not ready for the intended use before reporting date is disclosed as capital work in progress.

Subsequent expenditure incurred on an item of property, plant and equipment is added to the book value of that asset only if this increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Depreciation on assets is provided on straight line method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013 except for vehicles where the management believes that the useful life of 5 years would best represent the period over which the management expects to use these assets and the residual value is 20% of the acquisition cost which is considered to be the amount recoverable at the end of the asset's useful life. Hence the useful life of these assets is different from that prescribed under Part C of Schedule II to the Companies Act, 2013.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in the statement of profit and loss within other income or other expenses.

The components of assets are capitalized only if the life of the components vary significantly and whose cost is significant in relation to the cost of respective asset. The life of components in assets are determined based on technical assessment and past history of replacement of such components in the assets.

## **4.7 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, the intangible assets are carried at cost less accumulated amortization and accumulated impairment, if any.

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Software is stated at cost less accumulated amortization and are being amortized on a straight line basis over the estimated useful life of 5 years.

Amortization has been included within depreciation and amortization expense.

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

The amortization period and method are reviewed at each balance sheet date. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment as detailed in note 4.8.

#### 4.8 Impairment testing of intangible assets and property, plant and equipment

For the purpose of impairment assessment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill (if any) is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future

cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

#### 4.9 Operating leases

All leases other than finance lease are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

#### 4.10 Finance leases

The Group management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include i) the length of the lease term in relation to the economic life of the asset ii) the present value of the minimum lease payments in relation to the asset's fair value, and iii) whether the Group obtains ownership of the asset at the end of the lease term.

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For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interest. If the minimum lease payments cannot be allocated reliably between the two components, entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

The interest element of lease payments is charged to statement of profit and loss, as finance costs over the period of the lease.

## 4.11 Financial instruments

Financial assets (other than trade receivables) and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit and loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below. Trade receivables are recognized at their transaction price as the same do not contain significant financing component.

### a) Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets are classified and measured based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

- a. Amortized cost
- b. Fair Value Through Other Comprehensive Income (FVTOCI) or
- c. Fair Value Through Profit and Loss (FVTPL)

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

### b) Financial assets at amortized cost

Includes assets that are held within a business model where the objective is to hold the financial assets to collect contractual cash flows and the contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are measured subsequently at amortized cost using the effective interest method. The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

### c) Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

Includes assets that are held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, the Group, based on its assessment, makes an irrevocable election to present in other comprehensive income the changes in the fair value of an investment in an equity instrument that is not held for trading. These elections are made on an instrument-by-instrument (i.e., share-by-



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share) basis. If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in other comprehensive income. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. The dividends from such instruments are recognized in statement of profit and loss.

The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the balance sheet.

**d) Financial assets at Fair Value Through Profit and Loss (FVTPL)**

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortized cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair value of financial assets in this category are determined by reference to

active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in profit and loss.

**Hedge accounting**

To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness.

These arrangements have been entered into to mitigate currency exchange risk arising from certain legally binding sales and purchase orders denominated in foreign currency. For the reporting periods under review, the Group has not designated any forward currency contracts as hedging instruments.

**e) Trade receivables**

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

**f) Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized

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(i.e. removed from the Group's consolidated balance sheet) when:

- i. The rights to receive cash flows from the asset have expired, or
- ii. The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## g) **Classification, subsequent measurement and derecognition of financial liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortized

cost. The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

## h) **Subsequent measurement**

Financial liabilities are measured subsequently at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognized less cumulative amortization.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

## **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition

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of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

#### 4.12 Inventories

Inventory of stores and spares are stated at lower of cost and net realizable value and is determined on weighted average cost method. Cost of inventories include all other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost to completion and applicable selling expenses.

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

#### 4.13 Income taxes

Tax expense recognized in the statement of profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates in accordance with tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at reporting date. Deferred taxes pertaining to items recognized in other comprehensive income are also disclosed under the same head.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the respective entity's forecast of future opening results, adjusted for significant non-

taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are generally recognized in full, although Ind AS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the Group does not recognize deferred tax liability on temporary differences relating to goodwill, or to its investments in subsidiaries.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in the statement of profit and loss, except where they relate to items that are recognized in other comprehensive income (such as the re-measurement of defined benefit plans) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

#### 4.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 3 months from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

#### 4.15 Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued and paid-up.

Other components of equity include the following:

- i. Accumulated other comprehensive income which includes re-measurement of net defined benefit liabilities.
- ii. General reserve represents the accumulated surplus transferred from the statement of profit and loss.

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- iii. Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.
- iv. Surplus in the statement of profit and loss includes all current and previous period retained profits.
- v. Stock option outstanding account includes the value of equity-settled share based payment transactions with employees.

All transactions with owners of the parents are recorded separately within equity.

## 4.16 Post-employment benefits and short-term employee benefits

### Defined contribution plan

- a. Contribution to Provident Fund in India and other defined contribution plans in the other entities of the Group are in the nature of defined contribution plan and are made to a recognized fund.
- b. Contribution to Superannuation Fund is in the nature of defined contribution plan and is remitted to insurance company in accordance with the scheme framed by the Corporation.

The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognized as an expense in the period that related employee services are received.

### i. Provident fund

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

### ii. Other funds

The Group's contribution towards defined contribution plan is accrued in compliance with the requirement of the domestic laws of the countries in which the consolidated entities operate in the year of which the contributions are done. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

### iii. Superannuation fund

Contribution made towards Superannuation Fund (funded by payments to an insurance company) which is a defined contribution plan, is charged as expenses on accrual basis. There are no obligations other than the contribution made to respective fund.

### Defined benefit plan

Under the Group's defined benefit plans, the amount of benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The defined benefit funds maintained by the Group are as below:

### i. Gratuity

The liability recognized in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets. The Group estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have

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terms to maturity approximating the terms of the related gratuity liability.

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Actuarial gains and losses resulting from measurements of the net defined benefit liability are included in other comprehensive income.

The plan assets represents qualifying insurance policies that are administered by an Insurance Company.

#### ii. Leave salary - compensated absences

The Group also extends defined benefit plans in the form of compensated absences to employees. Provision for compensated absences is made on actuarial valuation basis.

#### Overseas entities

##### Defined contribution

The Group's contribution towards defined contribution plan is accrued in compliance with the requirement of the domestic laws of the countries in which the consolidated entities operate in the year of which the contributions are done. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

##### Defined benefit liability

The Group estimates the defined benefit liability annually. The actual outcome may vary due to estimation uncertainties. The estimate of its defined benefit liability is based on standard rates of inflation, medical cost trends and mortality. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity

approximating to the terms of the related pension liability. Estimation uncertainties exist particularly with regard to medical cost trends, which may vary significantly in future appraisals of the Group's defined benefit obligations.

#### 4.17 Employees stock option plan

Share-based compensation benefits are provided to employees via "Employee Stock Option Scheme 2010" of the Parent.

The fair value of options granted under the "Employees Stock Option Scheme" is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- a) including any market performance conditions (e.g., the entity's share price)
- b) excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- c) including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

#### 4.18 Provisions, contingent assets and contingent liabilities

Provisions for warranties, legal disputes, or other claims are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present

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obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities if the outflow of resources is remote.

The Group does not recognize contingent assets unless the realization of the income is virtually certain, however these are assessed continually to ensure that the developments are appropriately disclosed in the consolidated financial statements.

## 4.19 Earnings per equity share

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to owners of the parent by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per equity share, the net profit or loss for the period attributable to the owners of the parent and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## 4.20 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other short- term highly liquid investments with original maturities of 3 months or less, as applicable.

## 4.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

## 4.22 Segment reporting

### Identification of segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

The Group is engaged in the construction and maintenance of water treatment plants across geographies. The entities in the Group are organized and managed separately according to their respective geographical location. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.



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

#### Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

#### Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group as a whole.

### 4.23 Significant management judgment in applying accounting policies and estimation uncertainty

When preparing the consolidated financial statements, management makes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

#### (i) Significant management judgments

The following are significant management judgments in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements.

##### Recognition of service and construction contract revenues

Determining when to recognize revenues from operation and maintenance of water treatment plants services requires an understanding of both the nature and timing of the services provided and the customers' pattern of consumption of those services, based on historical experience and knowledge of the market. Recognizing construction contract revenue also requires significant judgement in determining actual work performed and the estimated costs to complete the work (refer note 34).

##### Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible

temporary differences and tax loss carry-forwards can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

#### (ii) Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

##### Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

##### Inventories

The Group estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

##### Defined benefit obligation (DBO)

Group's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 20(e)).

##### Useful lives of depreciable assets

Group reviews its estimate of the useful lives of depreciable assets at each reporting

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

date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

### **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability, or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The Group uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets.

This involves developing estimates and assumptions consistent with how market participants would price the instrument. The Group bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual

prices that would be achieved in an arm's length transaction at the reporting date (Refer note 41).

### **Current and non-current classification**

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

### **4.24 Transfer pricing**

As per the transfer pricing norms introduced in India with effect from 1 April 2001, the Group is required to use certain specific methods in computing arm's length price of international transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The transfer pricing study for the fiscal year ended 31 March 2017 is in progress and accordingly, the contracts may be amended subsequently and related adjustment, if any, will be quantified upon completion of this study. However, in the opinion of the Group management, the outcome of the study will not have material impact on the Group's results.

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

**5 | Property, plant and equipment and intangible assets**

| Particulars                                    | Property, plant and equipment |              |                     |                        |                      |                  |            | Intangible assets |               |                   |                               |              |
|--|-------------------------------|--------------|---------------------|------------------------|----------------------|------------------|------------|-------------------|---------------|-------------------|-------------------------------|--------------|
|  | Freehold land                 | Buildings    | Plant and machinery | Furniture and fittings | Electrical equipment | Office equipment | Computers  | Vehicles          | Total         | Computer software | Project concessionaire rights | Total        |
| <b>Gross block</b>                             |                               |              |                     |                        |                      |                  |            |                   |               |                   |                               |              |
| Deemed cost as at 01 April 2015                | <b>1,698</b>                  | <b>3,639</b> | <b>474</b>          | <b>2,071</b>           | <b>493</b>           | <b>771</b>       | <b>406</b> | <b>1,144</b>      | <b>10,696</b> | <b>963</b>        | <b>7,474</b>                  | <b>8,437</b> |
| Additions                                      | -                             | 182          | 121                 | 336                    | 38                   | 93               | 199        | 375               | 1,344         | 88                | -                             | 88           |
| Disposals                                      | -                             | 46           | 5                   | 13                     | 11                   | 2                | 29         | 108               | 214           | 13                | -                             | 13           |
| Assets held for sale*                          | -                             | -            | 38                  | 138                    | 27                   | 26               | -          | -                 | 229           | -                 | -                             | -            |
| Net exchange differences                       | -                             | 5            | 28                  | 4                      | -                    | 48               | 38         | 25                | 148           | 95                | (1,087)                       | (992)        |
| <b>Balance as at 31 March 2016</b>             | <b>1,698</b>                  | <b>3,780</b> | <b>656</b>          | <b>2,536</b>           | <b>547</b>           | <b>936</b>       | <b>614</b> | <b>1,436</b>      | <b>12,203</b> | <b>1,133</b>      | <b>6,387</b>                  | <b>7,520</b> |
| Additions                                      | -                             | 256          | 53                  | 117                    | 18                   | 100              | 344        | 558               | 1,446         | 187               | -                             | 187          |
| Disposals                                      | -                             | -            | 7                   | 75                     | 1                    | 17               | 130        | 291               | 521           | 42                | -                             | 42           |
| Net exchange differences                       | -                             | (1)          | (23)                | (91)                   | (1)                  | (67)             | (80)       | (160)             | (423)         | (104)             | 566                           | 462          |
| <b>Balance as at 31 March 2017</b>             | <b>1,698</b>                  | <b>4,035</b> | <b>679</b>          | <b>2,487</b>           | <b>563</b>           | <b>952</b>       | <b>748</b> | <b>1,543</b>      | <b>12,705</b> | <b>1,174</b>      | <b>6,953</b>                  | <b>8,127</b> |
| <b>Accumulated depreciation/ amortization</b>  |                               |              |                     |                        |                      |                  |            |                   |               |                   |                               |              |
| Depreciation/amortization expense for the year | -                             | 63           | 52                  | 274                    | 78                   | 223              | 229        | 317               | 1,236         | 463               | 351                           | 814          |
| Reversal on disposal of assets                 | -                             | 2            | 1                   | 6                      | 8                    | 14               | 42         | 54                | 127           | 13                | -                             | 13           |
| Assets held for sale*                          | -                             | -            | 30                  | 123                    | 12                   | 19               | -          | -                 | 184           | -                 | -                             | -            |
| Net exchange differences                       | -                             | 2            | 10                  | 5                      | -                    | (16)             | 40         | 27                | 68            | 80                | (68)                          | 12           |
| <b>Balance as at 31 March 2016</b>             | <b>-</b>                      | <b>63</b>    | <b>91</b>           | <b>396</b>             | <b>82</b>            | <b>212</b>       | <b>227</b> | <b>290</b>        | <b>1,361</b>  | <b>530</b>        | <b>283</b>                    | <b>813</b>   |
| Depreciation/amortization expense for the year | -                             | 64           | 49                  | 300                    | 68                   | 221              | 269        | 356               | 1,327         | 244               | 340                           | 584          |
| Reversal on disposal of assets                 | -                             | -            | -                   | 14                     | 1                    | 14               | 105        | 198               | 332           | 38                | -                             | 38           |
| Net exchange differences                       | -                             | -            | (12)                | (9)                    | -                    | (63)             | (35)       | (62)              | (181)         | (88)              | (58)                          | (146)        |
| <b>Balance as at 31 March 2017</b>             | <b>-</b>                      | <b>127</b>   | <b>128</b>          | <b>673</b>             | <b>149</b>           | <b>356</b>       | <b>356</b> | <b>386</b>        | <b>2,175</b>  | <b>648</b>        | <b>565</b>                    | <b>1,213</b> |
| <b>Net block</b>                               |                               |              |                     |                        |                      |                  |            |                   |               |                   |                               |              |
| <b>Balance as at 01 April 2015</b>             | <b>1,698</b>                  | <b>3,639</b> | <b>474</b>          | <b>2,071</b>           | <b>493</b>           | <b>771</b>       | <b>406</b> | <b>1,144</b>      | <b>10,696</b> | <b>963</b>        | <b>7,474</b>                  | <b>8,437</b> |
| <b>Balance as at 31 March 2016</b>             | <b>1,698</b>                  | <b>3,717</b> | <b>565</b>          | <b>2,140</b>           | <b>465</b>           | <b>724</b>       | <b>387</b> | <b>1,146</b>      | <b>10,842</b> | <b>603</b>        | <b>6,104</b>                  | <b>6,707</b> |
| <b>Balance as at 31 March 2017</b>             | <b>1,698</b>                  | <b>3,908</b> | <b>551</b>          | <b>1,814</b>           | <b>414</b>           | <b>596</b>       | <b>392</b> | <b>1,157</b>      | <b>10,530</b> | <b>526</b>        | <b>6,388</b>                  | <b>6,914</b> |

\*Assets held for sale: The parent had, during the Financial year ended 31 March 2014 moved into its new premises "Wabag House" and hence retired certain assets as its old premises from active use. These assets were valued at lower of net book value and net realizable value. During the previous year ended 31 March 2016, a part of these assets have been brought back to active use and accordingly included as part of property, plant and equipment.

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

## 6 | Investments

|   | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|---|------------------------|------------------------|------------------------|
| <b>Non-current</b>  |                        |                        |                        |
| <b>Investments carried at cost</b>  |                        |                        |                        |
| <b>Investments accounted for using the equity method</b>  |                        |                        |                        |
| Windhoek Goreangab Operating Company (Pty) Limited<br>(33 (Previous year: 33) equity shares of 1 Namibian Dollar each)  | 229                    | 129                    | 257                    |
| VA Tech Wabag and Roots Contracting L.L.C, Qatar**<br>(98 (Previous year : 98) equity shares of Qatari Rial 1,000 each) | 84                     | 58                     | -                      |
|   | <b>313</b>             | <b>187</b>             | <b>257</b>             |
| <b>Investments carried at fair value through profit and loss</b>  |                        |                        |                        |
| <b>Investments in other companies (fully paid-up)</b>   |                        |                        |                        |
| First STP Private Limited<br>(1,50,000 (Previous year :1,50,000) equity shares of ₹ 10 each)                            | 15                     | 15                     | 15                     |
| Konark Water Infraprojects Private Limited<br>(5,000 (Previous year : 5,000 ) equity shares of ₹ 10 each)               | 1                      | 1                      | 1                      |
| Aurangabad City Water Utility Company Limited<br>(5,000 (Previous year : 5,000 ) equity shares of ₹ 10 each)            | 1                      | 1                      | 1                      |
| Thoothukudi Renew Waters Private Limited*<br>(2,600 (Previous year : 2,600 ) equity shares of ₹10 each)                 | -                      | -                      | -                      |
| Ganapati Marine Enterprises Private Limited#<br>(473 (Previous Year: 473) equity shares of ₹10 each)                    | -                      | -                      | -                      |
| <b>Investments in mutual funds</b>  |                        |                        |                        |
| - ICICI Prudential fixed maturity plan  | -                      | 1,253                  | -                      |
| - UTI fixed term interval fund  | -                      | 589                    | -                      |
|   | <b>17</b>              | <b>1,859</b>           | <b>17</b>              |
| <b>Total non-current investments</b>  | <b>330</b>             | <b>2,046</b>           | <b>274</b>             |
| Aggregate amount of quoted investments and market value thereof   | -                      | 1,842                  | -                      |
| Aggregate amount of unquoted investments  | 330                    | 204                    | 274                    |
| Aggregate amount of impairment in the value of investments  | -                      | -                      | -                      |

|  | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|--|------------------------|------------------------|------------------------|
| <b>Extent of investment in those accounted for using the equity method</b> |                        |                        |                        |
| Windhoek Goreangab Operating Company (Pty) Limited                         | 33.0%                  | 33.0%                  | 33.0%                  |
| VA Tech Wabag and Roots Contracting L.L.C, Qatar **                        | 49.0%                  | 49.0%                  | -                      |
| International Water Treatment L.L.C***                                     | 32.5%                  | 32.5%                  | 32.5%                  |

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

# Since the amount of investment is ₹ 4,730, the same is below the rounding off norm adopted by the Group.

\*\* Pursuant to an exclusive contractual arrangement providing for a majority share in the economic interests and control of voting power in the Project-I of the Company, the investment was classified as a subsidiary at inception. During the year ended 31 March 2016, consequent to a similar arrangement for Project-II providing for majority rights in the new project to the other partner, the investment in the legal entity has been now reclassified as an associate based on ownership as against the economic interests in the respective projects.

\*\*\* In respect of International Water Treatment L.L.C, the Group has accounted for losses over its investment as it has a legal obligation to meet its share of losses.

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

|  | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|--|------------------------|------------------------|------------------------|
| <b>Current (quoted)</b>  |                        |                        |                        |
| <b>Investments carried at fair value through profit and loss</b> |                        |                        |                        |
| <b>Investments in mutual funds</b>                               |                        |                        |                        |
| - HDFC Mutual Fund fixed maturity plan                           | -                      | -                      | 1,082                  |
| - ICICI Prudential fixed maturity plan                           | 1,278                  | -                      | 1,086                  |
| - Reliance yearly interval fund                                  | -                      | 1,178                  | 1,088                  |
| - UTI fixed term interval fund                                   | 638                    | -                      | 544                    |
| <b>Total current investments</b>                                 | <b>1,916</b>           | <b>1,178</b>           | <b>3,800</b>           |
| Aggregate amount of quoted investments and market value thereof  | 1,916                  | 1,178                  | 3,800                  |
| Aggregate amount of unquoted investments                         | -                      | -                      | -                      |
| Aggregate amount of impairment in the value of investments       | -                      | -                      | -                      |

## 7 | Trade receivables (Unsecured considered good, unless stated otherwise)

|  | As at 31 March 2017 |                 | As at 31 March 2016 |                 | As at 01 April 2015 |                 |
|--|---------------------|-----------------|---------------------|-----------------|---------------------|-----------------|
|  | Non-current         | Current         | Non-current         | Current         | Non-current         | Current         |
| Trade receivables                          | 12,035              | 2,03,156        | 9,160               | 1,57,127        | -                   | 1,27,582        |
| Customer retention                         | 26,738              | 11,330          | 19,428              | 11,042          | 14,686              | 6,920           |
|  | <b>38,773</b>       | <b>2,14,486</b> | <b>28,588</b>       | <b>1,68,169</b> | <b>14,686</b>       | <b>1,34,502</b> |
| Doubtful                                   |                     |                 |                     |                 |                     |                 |
| - Trade receivables and customer retention | -                   | 7,884           | -                   | 8,756           | -                   | 9,762           |
| Less : Allowances for expected credit loss |                     |                 |                     |                 |                     |                 |
| - Trade receivables and customer retention | -                   | (9,994)         | -                   | (11,274)        | -                   | (11,473)        |
|  | -                   | <b>(2,110)</b>  | -                   | <b>(2,518)</b>  | -                   | <b>(1,711)</b>  |
|  | <b>38,773</b>       | <b>2,12,376</b> | <b>28,588</b>       | <b>1,65,651</b> | <b>14,686</b>       | <b>1,32,791</b> |

The carrying amount of the current trade receivables is considered a reasonable approximation of fair value as it is expected to be collected within six months, such that the effect of any difference between the effective interest rate applied and the estimated current market rate is not significant.

Receivable include dues from related parties amounting to ₹ 325 lakhs (31 March 2016: ₹ 928 lakhs). Also refer note 39(c).

All of the Group's trade receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance/(reversal) for credit losses of ₹ 120 lakhs (31 March 2016: ₹ 2,066 lakhs) has been recorded accordingly within other expenses. The Group has impaired its trade receivables using a provisioning matrix representing expected credit losses based on a range of outcomes.

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

### Movement in allowances for expected credit loss

|   | As at<br>31 March 2017 | As at<br>31 March 2016 |
|---|------------------------|------------------------|
| <b>Balance at beginning of the year</b>   | <b>11,274</b>          | <b>11,473</b>          |
| Additions/(reversal) during the year, net | (120)                  | 2,066                  |
| Utilized during the year                  | (1,160)                | (2,265)                |
| <b>Balance at end of the year</b>         | <b>9,994</b>           | <b>11,274</b>          |

Customer credit risk is managed based on Group's established policy, procedures and control relating to customer credit risk management, pursuant to which outstanding customer receivables are regularly monitored by the management. Credit quality of the customer is assessed based on historical information in relation to pattern of collections, defaults and credit worthiness of the customer. As at 31 March 2017, the Group had 11 (31 March 2016: 10, 01 April 2015: 7) customers that owed the Group more than ₹ 5,000 lakhs each (approximately 2% of the trade receivables as at 31 March 2017) and accounted for approximately 56% (31 March 2016: 47%, 01 April 2015: 43%) of all the receivables outstanding. As at 31 March 2017, the Group has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired.

### 8 | Bank balances

|                           | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|---------------------------|------------------------|------------------------|------------------------|
| Non-current bank balances | -                      | 1,600                  | 9,435                  |
|                           | -                      | <b>1,600</b>           | <b>9,435</b>           |

Non-current bank balances represents interest bearing deposits with bank with more than 12 months maturities.

### 9 | Loans and other financial assets (Unsecured, considered good)

|                       | As at 31 March 2017 |              | As at 31 March 2016 |              | As at 01 April 2015 |              |
|-----------------------|---------------------|--------------|---------------------|--------------|---------------------|--------------|
|                       | Non-current         | Current      | Non-current         | Current      | Non-current         | Current      |
| Security deposits     | 55                  | 1,421        | 996                 | 1,009        | 343                 | 1,082        |
| Tender deposits       | -                   | 1,532        | -                   | 824          | -                   | 557          |
| Rental deposits       | 59                  | 524          | 44                  | 436          | 27                  | 370          |
| Advances to employees | 91                  | 495          | 121                 | 461          | 89                  | 344          |
| Others                | -                   | 115          | -                   | -            | -                   | -            |
|                       | <b>205</b>          | <b>4,087</b> | <b>1,161</b>        | <b>2,730</b> | <b>459</b>          | <b>2,353</b> |

There are no financial assets due from directors or other officers. The carrying amount of the current financial assets are considered as a reasonable approximation of fair value.

A description of the Group's financial instrument risks, including risk management objectives and policies are given in Note 41.



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

**10 | Deferred tax assets (net)**

|  | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|--|------------------------|------------------------|------------------------|
| The breakup of net deferred taxes is as follows:   |                        |                        |                        |
| <b>Deferred tax asset arising on account of:</b>   |                        |                        |                        |
| - Provision for employee benefits, liquidated damages and foreseeable losses                         | 763                    | 958                    | 1,425                  |
| - Allowances for expected credit loss  | 3,755                  | 3,211                  | 3,947                  |
| - Others   | 604                    | 513                    | 748                    |
| <b>Total deferred tax asset (A)</b>  | <b>5,122</b>           | <b>4,682</b>           | <b>6,120</b>           |
| <b>Less: Deferred tax liability arising on account of :</b>  |                        |                        |                        |
| - Timing difference between depreciation/ amortization as per financials and depreciation as per tax | 545                    | 506                    | 580                    |
| - Others   | 2,309                  | 2,009                  | 2,765                  |
| <b>Total deferred tax liability (B)</b>  | <b>2,854</b>           | <b>2,515</b>           | <b>3,345</b>           |
| <b>Foreign exchange fluctuation (C)</b>  | <b>107</b>             | <b>(13)</b>            | <b>(899)</b>           |
| <b>(A-B-C)</b>   | <b>2,161</b>           | <b>2,180</b>           | <b>3,674</b>           |
| Disclosed as   |                        |                        |                        |
| Deferred tax assets  | 2,468                  | 2,487                  | 3,974                  |
| Deferred tax liabilities   | 307                    | 307                    | 300                    |

Deferred tax recognized in statement of profit and loss and in other comprehensive income for the year ended 31 March 2017:

| Particulars  | Recognized in other<br>comprehensive income | Recognized in statement<br>of profit and loss |
|--|---|---|
| <b>Deferred tax asset arising on account of:</b>   |   |   |
| - Provision for employee benefits, liquidated damages and foreseeable losses                         | (76)  | 271   |
| - Allowances for expected credit loss  | -   | (544)   |
| - Others   | -   | (91)  |
| <b>Less: Deferred tax liability arising on account of:</b>   |   |   |
| - Timing difference between depreciation/ amortization as per financials and depreciation as per tax | -   | 39  |
| - Others   | -   | 466   |
| <b>Foreign exchange fluctuation</b>  | -   | 107   |
| <b>Total</b>   | <b>(76)</b>                                 | <b>248</b>                                    |

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Deferred tax recognized in statement of profit and loss and in other comprehensive income for the year ended 31 March 2016:

| Particulars   | Recognized in other comprehensive income | Recognized in statement of profit and loss |
|---|--|--|
| <b>Deferred tax asset arising on account of :</b>   |  |  |
| - Provision for employee benefits, liquidated damages and foreseeable losses                        | (10)                                     | 477  |
| - Allowances for expected credit loss   | -  | 736  |
| - Others  | -  | 235  |
| <b>Less: Deferred tax liability arising on account of :</b>   |  |  |
| - Timing difference between depreciation/amortization as per financials and depreciation as per tax | -  | (74)                                       |
| - Others  | -  | (178)                                      |
| <b>Foreign exchange fluctuation</b>   | -  | (13)                                       |
| <b>Total</b>  | <b>(10)</b>                              | <b>1,183</b>                               |

In assessing the recoverability of deferred income tax assets, group management considers whether it is more likely than not that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

All deferred tax assets have been recognized in the balance sheet.

### 11 | Income tax assets (net)

|                         | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|-------------------------|------------------------|------------------------|------------------------|
| Income tax assets (net) | 5,374                  | 3,596                  | 3,633                  |
|                         | <b>5,374</b>           | <b>3,596</b>           | <b>3,633</b>           |

### 12 | Other assets (Unsecured, considered good)

|   | As at 31 March 2017 |               | As at 31 March 2016 |               | As at 01 April 2015 |               |
|---|---------------------|---------------|---------------------|---------------|---------------------|---------------|
|   | Non-current         | Current       | Non-current         | Current       | Non-current         | Current       |
| Advances to supplier  | 15                  | 11,163        | 15                  | 7,155         | -                   | 6,872         |
| Capital advances  | 416                 | -             | 416                 | -             | 518                 | -             |
| Balances with government authorities                            | -                   | 6,970         | -                   | 8,242         | -                   | 6,235         |
| Duty drawback and other duty free credit entitlement receivable | -                   | 301           | -                   | 532           | -                   | 1,265         |
| Prepaid expenses  | -                   | 2,865         | -                   | 2,076         | -                   | 2,344         |
| Others  | -                   | 331           | 4                   | 866           | 1                   | 357           |
|   | <b>431</b>          | <b>21,630</b> | <b>435</b>          | <b>18,871</b> | <b>519</b>          | <b>17,073</b> |

All of the Group's other assets have been reviewed for indicators of impairment. There were no allowances for credit losses for the year ended 31 March 2017 and 31 March 2016.

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

### 13 | Inventories

|                               | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|-------------------------------|------------------------|------------------------|------------------------|
| Construction work-in-progress | 2,814                  | 8,959                  | 4,001                  |
| Stores and spares             | 1,036                  | 803                    | 698                    |
|                               | <b>3,850</b>           | <b>9,762</b>           | <b>4,699</b>           |

### 14 | Cash and bank balances

|  | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|--|------------------------|------------------------|------------------------|
| <b>Cash and cash equivalents</b>                                       |                        |                        |                        |
| Cash on hand   | 169                    | 181                    | 151                    |
| Cheques on hand  | 5,308                  | 4,361                  | 9,088                  |
| Balances with banks  |                        |                        |                        |
| - in current accounts*   | 15,010                 | 18,617                 | 9,289                  |
| - in deposit account (with original maturity upto 3 months)            | 3,418                  | 7,544                  | 3,582                  |
| <b>(A)</b>   | <b>23,905</b>          | <b>30,703</b>          | <b>22,110</b>          |
| <b>Bank balances other than mentioned in cash and cash equivalents</b> |                        |                        |                        |
| Unpaid dividend account  | 3                      | 3                      | 3                      |
| Deposits with maturity less than 3 months                              | 1,639                  | -                      | -                      |
| Deposits with maturity more than 3 months but less than 12 months      | 612                    | 5,555                  | 7,281                  |
| Balances with bank held as margin money                                | 15                     | -                      | -                      |
| <b>(B)</b>   | <b>2,269</b>           | <b>5,558</b>           | <b>7,284</b>           |
| <b>(A+B)</b>   | <b>26,174</b>          | <b>36,261</b>          | <b>29,394</b>          |

\* **Restricted bank balances:** Balances with bank include ₹ 2,907 lakhs (31 March 2016: Nil) held in a foreign country which are not freely remissible because of exchange restrictions.

#### Disclosure on specified bank notes for the parent

The details of Specified Bank Notes for the parent (SBN) held and transacted during the period from 08 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification are given below:

| Particulars  | (Amount in ₹)            |                             |               |
|--|--------------------------|-----------------------------|---------------|
|  | Specified<br>bank notes* | Other<br>denomination notes | Total         |
| Closing cash in hand as on 08 November 2016        | 62,000                   | 75,571                      | 1,37,571      |
| (+) Permitted receipts                             | -                        | 4,01,830                    | 4,01,830      |
| (-) Permitted payments                             | -                        | 4,40,261                    | 4,40,261      |
| (-) Amount deposited in Banks                      | 62,000                   | -                           | 62,000        |
| <b>Closing cash in hand as on 30 December 2016</b> | <b>-</b>                 | <b>37,140</b>               | <b>37,140</b> |

\* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 08 November 2016.

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

## 15 | Equity share capital

|   | As at 31 March 2017 |              | As at 31 March 2016 |              | As at 01 April 2015 |              |
|---|---------------------|--------------|---------------------|--------------|---------------------|--------------|
|   | Number              | Amount       | Number              | Amount       | Number              | Amount       |
| <b>Authorised</b>                           |                     |              |                     |              |                     |              |
| Equity Shares of ₹ 2 each                   | 7,50,00,000         | 1,500        | 7,50,00,000         | 1,500        | 7,50,00,000         | 1,500        |
| <b>Issued, subscribed and fully paid up</b> |                     |              |                     |              |                     |              |
| Equity Shares of ₹ 2 each                   | 5,45,73,058         | 1,091        | 5,44,96,401         | 1,090        | 5,42,85,110         | 1,086        |
|   | <b>5,45,73,058</b>  | <b>1,091</b> | <b>5,44,96,401</b>  | <b>1,090</b> | <b>5,42,85,110</b>  | <b>1,086</b> |

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

|  | As at 31 March 2017 |              | As at 31 March 2016 |              | As at 01 April 2015 |              |
|--|---------------------|--------------|---------------------|--------------|---------------------|--------------|
|  | Number              | Amount       | Number              | Amount       | Number              | Amount       |
| <b>Balance at the beginning of the year</b>                      | 5,44,96,401         | 1,090        | 5,42,85,110         | 1,086        | 2,65,92,130         | 532          |
| Add : Issued pursuant to Employee Stock Option Plan              | 76,657              | 1            | 2,11,291            | 4            | 5,50,425            | 11           |
| Add : Issued pursuant to Bonus issue (Also refer note (d) below) | -                   | -            | -                   | -            | 2,71,42,555         | 543          |
| <b>Balance at the end of the year</b>                            | <b>5,45,73,058</b>  | <b>1,091</b> | <b>5,44,96,401</b>  | <b>1,090</b> | <b>5,42,85,110</b>  | <b>1,086</b> |

### b) Shareholders holding more than 5% of the aggregate shares in the Parent

|  | Number             | % holding    | Number             | % holding    | Number             | % holding    |
|--|--------------------|--------------|--------------------|--------------|--------------------|--------------|
| <b>Equity Shares of ₹ 2 each</b>                 |                    |              |                    |              |                    |              |
| Mr. Rajiv Mittal (Managing Director & Group CEO) | 97,09,406          | 17.8%        | 97,09,406          | 17.8%        | 97,09,406          | 17.9%        |
| IDFC Premier Equity Fund                         | 31,79,446          | 5.8%         | 36,18,487          | 6.6%         | 39,37,178          | 7.3%         |
| SBI Magnum Taxgain Scheme                        | 32,82,162          | 6.0%         | 33,92,162          | 6.2%         | 23,82,341          | 4.4%         |
|  | <b>1,61,71,014</b> | <b>29.6%</b> | <b>1,67,20,055</b> | <b>30.7%</b> | <b>1,60,28,925</b> | <b>29.5%</b> |

### c) Terms/right attached to equity shares

The Parent has issued only one class of equity shares having a face value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Parent declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, which can be approved by the Board of Directors. In the event of liquidation, the holders of equity shares will be entitled to receive remaining assets of the Parent, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

### d) Bonus issue

The Parent had allotted 2,71,42,555 equity shares of face value ₹ 2 per share as fully paid up bonus shares 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.

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

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

The Parent has reserved issuance of 2,94,440 equity shares of ₹ 2 each (Previous year : 4,65,785 shares of ₹ 2 each) for offering to eligible employees of the Parent and its subsidiaries under Employees Stock Option Plan (ESOP).

**f) Buy back of shares**

There were no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and buy back of shares during the last 5 years immediately preceding 31 March 2017.

**g) Capital management**

The Group's capital management objectives are:

- to safeguard the Group's ability to continue as a going concern, and continue to provide optimum returns to the shareholders and all other stakeholders by building a strong capital base
- to maintain an optimum capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders including non-controlling interests and borrowings, less cash and cash equivalents as presented on the face of the balance sheet.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The amounts managed as capital by the Group for the reporting periods under audit are summarized as follows:

|                                | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|--------------------------------|------------------------|------------------------|------------------------|
| Borrowings                     | 31,365                 | 38,843                 | 15,972                 |
| Cash and bank balances         | 26,174                 | 37,861                 | 38,829                 |
| <b>Net debt (A)</b>            | <b>5,191</b>           | <b>982</b>             | <b>(22,857)</b>        |
| <b>Total equity (B)</b>        | <b>1,01,039</b>        | <b>92,853</b>          | <b>83,402</b>          |
| <b>Overall financing (A+B)</b> | <b>1,06,230</b>        | <b>93,835</b>          | <b>60,545</b>          |
| <b>Gearing ratio</b>           | <b>4.9%</b>            | <b>1.0%</b>            | <b>-</b>               |

## 16 | Dividends

|  | As at<br>31 March 2017 * | As at<br>31 March 2016 |
|--|--------------------------|------------------------|
| <b>Final dividend declared and paid</b>                    |                          |                        |
| ₹ 4 per equity share (31 March 2016: ₹ 4 per equity share) | 2,180                    | 2,188                  |
| Dividend distribution tax                                  | 456                      | 445                    |
|  | <b>2,636</b>             | <b>2,633</b>           |

\* In the Board meeting held on 25 May 2017, the Board of directors have proposed a dividend of ₹ 4 per equity share subject to shareholders' approval at the annual general meeting. This amount has not been recorded as a liability for the year ended 31 March 2017.

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

### 17 | Borrowings

|   | As at 31 March 2017 |               | As at 31 March 2016 |               | As at 01 April 2015 |              |
|---|---------------------|---------------|---------------------|---------------|---------------------|--------------|
|   | Non-current         | Current       | Non-current         | Current       | Non-current         | Current      |
| <b>Secured</b>                                |                     |               |                     |               |                     |              |
| Term loans from banks                         | 2,169               | -             | 747                 | -             | 1,320               | -            |
| Working capital loan repayable on demand      | -                   | 12,250        | -                   | 6,490         | -                   | 2,203        |
| Overdraft account/Packing credit              | -                   | 12,240        | -                   | 25,932        | -                   | 6,135        |
|   | <b>2,169</b>        | <b>24,490</b> | <b>747</b>          | <b>32,422</b> | <b>1,320</b>        | <b>8,338</b> |
| <b>Unsecured</b>                              |                     |               |                     |               |                     |              |
| From other parties and financial institutions | 4,153               | -             | 4,265               | -             | 5,612               | -            |
| From banks                                    | -                   | 96            | -                   | 299           | -                   | 53           |
|   | <b>4,153</b>        | <b>96</b>     | <b>4,265</b>        | <b>299</b>    | <b>5,612</b>        | <b>53</b>    |
| <b>Total</b>                                  | <b>6,322</b>        | <b>24,586</b> | <b>5,012</b>        | <b>32,721</b> | <b>6,932</b>        | <b>8,391</b> |

The carrying amount of current borrowings is considered to be a reasonable approximation of fair value.

#### Terms, guarantee and repayment of borrowings

- (i) Term loans from banks availed by VA Tech Wabag GmbH which is partly secured by parent company guarantee and is repayable over a period of 12 to 36 months.
- (ii) Working capital loans are availed by VA Tech Wabag GmbH, VA Tech Wabag S u Teknolojisi Ve Tic. A S, Wabag Muhibbah JV SDN. BHD and VA Tech Wabag Brno spol S.R.O which are secured by parent company guarantees, trade receivables, assets purchased and are repayable on demand.
- (iii) The Parent has availed packing credit facilities in Indian Rupees and United States Dollar at an interest rate of 5.55% to 6.30% (31 March 2016: 6.00% to 6.30%, 01 April 2015: Nil) and 1.41% to 2.15% (31 March 2016: 0.91% to 1.42%, 01 April 2015: 0.90% to 1.50%) respectively. These packing credits are repayable within 180 days, as applicable, from the date of availment and are secured against foreign currency receivables.
- (iv) Overdraft facilities are availed by VA Tech Wabag Muscat LLC Oman and VA Tech Wabag GmbH and are secured by parent company guarantee.
- (v) Unsecured loan availed by Ujams Wastewater Treatment Company (Pty) Limited from a financial institution which is repayable in 50 quarterly instalments beginning May 2015.
- (vi) Unsecured loan availed by Ujams Wastewater Treatment Company (Pty) Limited from two minority shareholders.
- (vii) Unsecured overdraft facilities represents loans availed by VA Tech Wabag Tunisie s.a.r.l from banks during the year.



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

## 18 | Trade payables

|  | As at 31 March 2017 |                 | As at 31 March 2016 |                 | As at 01 April 2015 |               |
|--|---------------------|-----------------|---------------------|-----------------|---------------------|---------------|
|  | Non-current         | Current         | Non-current         | Current         | Non-current         | Current       |
| Trade payables consist of the following:                         |                     |                 |                     |                 |                     |               |
| Dues to micro and small enterprises (also, refer note (a) below) | -                   | 604             | -                   | 389             | -                   | 77            |
| Dues to others   | 14,269              | 1,25,140        | 14,992              | 1,02,484        | 15,054              | 82,943        |
|  | <b>14,269</b>       | <b>1,25,744</b> | <b>14,992</b>       | <b>1,02,873</b> | <b>15,054</b>       | <b>83,020</b> |

(a) For details of disclosures pursuant to Section 22 of Micro, Small and Medium Enterprises Development Act (MSMED), 2006 refer note 18(a) of standalone financial statements.

## 19 | Other financial liabilities

|                  | As at 31 March 2017 |              | As at 31 March 2016 |              | As at 01 April 2015 |              |
|------------------|---------------------|--------------|---------------------|--------------|---------------------|--------------|
|                  | Non-current         | Current      | Non-current         | Current      | Non-current         | Current      |
| Unpaid dividends | -                   | 3            | -                   | 3            | -                   | 3            |
| Other liability  | 215                 | 4,815        | 239                 | 4,384        | 206                 | 3,077        |
|                  | <b>215</b>          | <b>4,818</b> | <b>239</b>          | <b>4,387</b> | <b>206</b>          | <b>3,080</b> |

The other financial liabilities are carried at amortized cost.

## 20 | Provisions

|   | As at 31 March 2017 |              | As at 31 March 2016 |              | As at 01 April 2015 |              |
|---|---------------------|--------------|---------------------|--------------|---------------------|--------------|
|   | Non-current         | Current      | Non-current         | Current      | Non-current         | Current      |
| Provision for warranty                                  | -                   | 3,263        | -                   | 3,064        | -                   | 4,126        |
| Provision for liquidated damages                        | -                   | -            | -                   | -            | -                   | 81           |
| Provision for litigations                               | -                   | 28           | -                   | 30           | -                   | 27           |
| Provision for foreseeable losses on contracts           | -                   | 34           | -                   | 69           | 1,256               | 1,697        |
| Provision for employee benefits                         |                     |              |                     |              |                     |              |
| Gratuity, anniversary and severance payments and others | 809                 | 1,538        | 1,277               | 1,191        | 1,113               | 2,373        |
| Compensated absences                                    | 549                 | 350          | 418                 | 364          | 430                 | 340          |
|   | <b>1,358</b>        | <b>5,213</b> | <b>1,695</b>        | <b>4,718</b> | <b>2,799</b>        | <b>8,644</b> |

### a) Provision for warranty

|   | As at<br>31 March 2017 | As at<br>31 March 2016 |
|---|------------------------|------------------------|
| Balance at the beginning of the year    | 3,064                  | 4,126                  |
| Created/(Reversed) during the year, net | 610                    | (742)                  |
| Utilized during the year                | (340)                  | (414)                  |
| Foreign exchange fluctuation            | (71)                   | 94                     |
| <b>Balance at the end of the year</b>   | <b>3,263</b>           | <b>3,064</b>           |

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

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year from the balance sheet date, which generally coincides with the completion of warranty period of the contract. The assumption used to calculate the provision for warranties are based on the Group's current status of contracts under execution and information available about expenditure more probable to be incurred based on the Group's warranty period for contracts completed.

### b) Provision for liquidated damages

|                                       | As at<br>31 March 2017 | As at<br>31 March 2016 |
|---------------------------------------|------------------------|------------------------|
| Balance at the beginning of the year  | -                      | 81                     |
| Created during the year, net          | 892                    | 2,073                  |
| Utilized during the year              | (892)                  | (2,154)                |
| <b>Balance at the end of the year</b> | <b>-</b>               | <b>-</b>               |

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

### c) Provision for litigations

|                                       | As at<br>31 March 2017 | As at<br>31 March 2016 |
|---------------------------------------|------------------------|------------------------|
| Balance at the beginning of the year  | 30                     | 27                     |
| Foreign exchange fluctuation          | (2)                    | 3                      |
| <b>Balance at the end of the year</b> | <b>28</b>              | <b>30</b>              |

The Group provides for litigation, which is predominantly on account of disputes on statutory dues. The Group assesses each demand raised by the statutory authorities and based on responses and discussions with the attorneys and when there is a present obligation as a result of a past event, where the outflow of economic resources is probable and a reliable estimate of the amount of obligation, a provision for litigation is created. Instances when there is no present obligation or where the present obligation would probably not require outflow of resources or where the same cannot be reliably estimated, the same is disclosed as contingent liability in the financial statements. The Group reverses its provisions on receipt of a favorable order from the appropriate authority and when no further obligation is envisaged.

### d) Provision for foreseeable losses on contracts

|                                       | As at<br>31 March 2017 | As at<br>31 March 2016 |
|---------------------------------------|------------------------|------------------------|
| Balance at the beginning of the year  | 69                     | 2,953                  |
| (Reversed) during the year, net       | (35)                   | (2,830)                |
| Utilized during the year              | -                      | (54)                   |
| <b>Balance at the end of the year</b> | <b>34</b>              | <b>69</b>              |

The Group provides for foreseeable losses on contracts when it is probable that total contract cost, including expected cost to complete, will exceed the economic benefits expected to be received under it.

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

**e) Provision for employee benefits**

The following tables summarize the components of all defined benefit plans for the year ended 31 March 2017:

|   | For the year ended 31 March 2017 |             |                    |
|---|----------------------------------|-------------|--------------------|
|   | Gratuity                         | Anniversary | Severance payments |
| <b>Change in projected benefit obligation</b>   |                                  |             |                    |
| Projected benefit obligation at the beginning of the year                             | 556                              | 77          | 1,177              |
| Service cost  | 78                               | 3           | 27                 |
| Interest cost   | 42                               | 1           | 22                 |
| Actuarial (gain) / loss   | 23                               | (8)         | 46                 |
| Benefits paid   | (43)                             | (9)         | (508)              |
| Foreign exchange fluctuation  | -                                | (5)         | (68)               |
| <b>Projected benefit obligation at the end of the year</b>                            | <b>656</b>                       | <b>60</b>   | <b>696</b>         |
| <b>Thereof</b>  |                                  |             |                    |
| Unfunded  | 84                               | 60          | 696                |
| Partly or wholly funded   | 572                              | -           | -                  |
| <b>Change in plan assets</b>  |                                  |             |                    |
| Fair value of plan assets at the beginning of the year                                | 502                              | -           | -                  |
| Expected return on plan assets  | 40                               | -           | -                  |
| Actuarial gain  | 19                               | -           | -                  |
| Employer contributions  | 54                               | -           | -                  |
| Benefits paid   | (43)                             | -           | -                  |
| <b>Fair value of plan assets at the end of the year</b>                               | <b>572</b>                       | <b>-</b>    | <b>-</b>           |
| <b>Reconciliation of present value of obligation on the fair value of plan assets</b> |                                  |             |                    |
| Present value of projected benefit obligation at the end of the year                  | 656                              | 60          | 696                |
| Fair value of plan assets at the end of the year                                      | 572                              | -           | -                  |
| <b>Liability recognized in the balance sheet</b>                                      | <b>84</b>                        | <b>60</b>   | <b>696</b>         |
| <b>Components of expenses:</b>  |                                  |             |                    |
| Current service cost  | 78                               | 3           | 27                 |
| Interest cost   | 42                               | 1           | 22                 |
| Expected returns on plan assets   | (40)                             | -           | -                  |
| Recognized net actuarial (gain)/loss  | 4                                | (8)         | 46                 |
| Foreign exchange fluctuation  | -                                | (5)         | (68)               |
| <b>Net expenses recognized in the statement of profit and loss</b>                    | <b>84</b>                        | <b>(9)</b>  | <b>26</b>          |

Plan assets do not comprise any of the Group's own financial instruments or any assets used by the entities of the Group. Plan assets can be broken down into the following categories of investments:

|                           | For the year ended 31 March 2017 |             |                    |
|---------------------------|----------------------------------|-------------|--------------------|
|                           | Gratuity                         | Anniversary | Severance payments |
| <b>Total plan assets</b>  |                                  |             |                    |
| Group balance fund        | 2                                | -           | -                  |
| Group debt fund           | 516                              | -           | -                  |
| Cash and cash equivalents | 54                               | -           | -                  |
| <b>Total</b>              | <b>572</b>                       | <b>-</b>    | <b>-</b>           |

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|  | For the year ended 31 March 2017 |             |                    |
|--|----------------------------------|-------------|--------------------|
|  | Gratuity                         | Anniversary | Severance payments |
| <b>Principal actuarial assumptions used:</b> |                                  |             |                    |
| Discount rate                                | 6.8%                             | 2.0%        | 0.6%               |
| Long-term rate of compensation increase      | 7.5%                             | 3.0%        | 3.0%               |
| Attrition rate                               | 15.0%                            | -           | -                  |
| Expected rate of return on plan assets       | 8.0%                             | -           | -                  |
| Average remaining life (in years)            | 24                               | 13          | 8                  |

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

Based on historical data, the Group expects contributions of ₹ 84 Lakhs to be paid for 2017-18. The weighted average duration of the defined benefit obligation as at 31 March 2017 is 5.6 years (31 March 2016: 5.7 years).

### Employee benefits - Maturity profile

| Particulars          | Less than a year | Between 1-2 years | Between 2-5 years | Over 5 years | Total |
|----------------------|------------------|-------------------|-------------------|--------------|-------|
| <b>31 March 2017</b> |                  |                   |                   |              |       |
| Gratuity             | 101              | 88                | 259               | 292          | 740   |
| Anniversary          | -                | 60                | -                 | -            | 60    |
| Severance payments   | -                | 696               | -                 | -            | 696   |

The significant actuarial assumptions for the determination of the defined benefit obligation are the attrition rate, discount rate and the long-term rate of compensation increase. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarizes the effects of changes in these actuarial assumptions on the defined benefit liability as at 31 March 2017.

| Gratuity                               | Attrition rate |          | Discount rate |          | Future salary increases |          |
|--|----------------|----------|---------------|----------|-------------------------|----------|
|  | Increase       | Decrease | Increase      | Decrease | Increase                | Decrease |
| <b>31 March 2017</b>                   |                |          |               |          |                         |          |
| > Sensitivity level                    | 0.5%           | -0.5%    | 0.5%          | -0.5%    | 0.5%                    | -0.5%    |
| > Impact on defined benefit obligation | (1)            | 1        | (16)          | 17       | 16                      | (15)     |

| Anniversary                            | Discount rate |          | Future salary increases |          |
|--|---------------|----------|-------------------------|----------|
|  | Increase      | Decrease | Increase                | Decrease |
| <b>31 March 2017</b>                   |               |          |                         |          |
| > Sensitivity level                    | 1.0%          | -1.0%    | 1.0%                    | -1.0%    |
| > Impact on defined benefit obligation | (4)           | 4        | 4                       | (3)      |

| Severance payments                     | Discount rate |          | Future salary increases |          |
|--|---------------|----------|-------------------------|----------|
|  | Increase      | Decrease | Increase                | Decrease |
| <b>31 March 2017</b>                   |               |          |                         |          |
| > Sensitivity level                    | 1.0%          | -1.0%    | 1.0%                    | -1.0%    |
| > Impact on defined benefit obligation | (31)          | 33       | 32                      | (30)     |

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

The following tables summarize the components of all defined benefit plans for the year ended 31 March 2016:

|   | For the year ended 31 March 2016 |             |                    |
|---|----------------------------------|-------------|--------------------|
|   | Gratuity                         | Anniversary | Severance payments |
| <b>Change in projected benefit obligation</b>   |                                  |             |                    |
| Projected benefit obligation at the beginning of the year                             | 528                              | 74          | 1,022              |
| 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                |
| <b>Projected benefit obligation at the end of the year</b>                            | <b>556</b>                       | <b>77</b>   | <b>1,177</b>       |
| <b>Thereof</b>  |                                  |             |                    |
| Unfunded  | 54                               | 77          | 1,177              |
| Partly or wholly funded   | 502                              | -           | -                  |
| <b>Change in plan assets</b>  |                                  |             |                    |
| Fair value of plan assets at the beginning of the year                                | 450                              | -           | -                  |
| Expected return on plan assets  | 42                               | -           | -                  |
| Actuarial loss  | (13)                             | -           | -                  |
| Employer contributions  | 78                               | -           | -                  |
| Benefits paid   | (55)                             | -           | -                  |
| <b>Fair value of plan assets at the end of the year</b>                               | <b>502</b>                       | <b>-</b>    | <b>-</b>           |
| <b>Reconciliation of present value of obligation on the fair value of plan assets</b> |                                  |             |                    |
| Present value of projected benefit obligation at the end of the year                  | 556                              | 77          | 1,177              |
| Fair value of plan assets at the end of the year                                      | 502                              | -           | -                  |
| <b>Liability recognized in the balance sheet</b>                                      | <b>54</b>                        | <b>77</b>   | <b>1,177</b>       |
| <b>Components of expenses:</b>  |                                  |             |                    |
| Current service cost  | 75                               | 3           | 33                 |
| Interest cost   | 39                               | 2           | 27                 |
| Expected returns on plan assets   | (42)                             | -           | -                  |
| Recognized net actuarial (gain)/loss  | (18)                             | 5           | 37                 |
| Foreign exchange fluctuation  | -                                | 8           | 110                |
| <b>Net expenses recognized in the statement of profit and loss</b>                    | <b>54</b>                        | <b>18</b>   | <b>207</b>         |

Plan assets do not comprise any of the Group's own financial instruments or any assets used by the entities of the Group. Plan assets can be broken down into the following categories of investments:

|                          | For the year ended 31 March 2016 |             |                    |
|--------------------------|----------------------------------|-------------|--------------------|
|                          | Gratuity                         | Anniversary | Severance payments |
| <b>Total plan assets</b> |                                  |             |                    |
| Group balance fund       | 32                               | -           | -                  |
| Group debt fund          | 469                              | -           | -                  |
| <b>Total</b>             | <b>502</b>                       | <b>-</b>    | <b>-</b>           |

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

|  | For the year ended 31 March 2016 |             |                    |
|--|----------------------------------|-------------|--------------------|
|  | Gratuity                         | Anniversary | Severance payments |
| <b>Principal actuarial assumptions used:</b> |                                  |             |                    |
| Discount rate                                | 7.8%                             | 2.0%        | 2.0%               |
| Long-term rate of compensation increase      | 7.5%                             | 3.0%        | 3.0%               |
| Attrition rate                               | 15.0%                            | -           | -                  |
| Expected rate of return on plan assets       | 9.0%                             | -           | -                  |
| Average remaining life (in years)            | 23                               | 14          | 8                  |

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

### Employee benefits - Maturity profile

| Particulars        | Less than a year | Between 1-2 years | Between 2-5 years | Over 5 years | Total |
|--------------------|------------------|-------------------|-------------------|--------------|-------|
| 31 March 2016      |                  |                   |                   |              |       |
| Gratuity           | 86               | 86                | 226               | 259          | 657   |
| Anniversary        | -                | 77                | -                 | -            | 77    |
| Severance payments | -                | 1,177             | -                 | -            | 1,177 |

The significant actuarial assumptions for the determination of the defined benefit obligation are the attrition rate, discount rate and the long-term rate of compensation increase. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarizes the effects of changes in these actuarial assumptions on the defined benefit liability as at 31 March 2016.

| Gratuity                               | Attrition rate |          | Discount rate |          | Future salary increases |          |
|--|----------------|----------|---------------|----------|-------------------------|----------|
|  | Increase       | Decrease | Increase      | Decrease | Increase                | Decrease |
| 31 March 2016                          |                |          |               |          |                         |          |
| > Sensitivity level                    | 0.5%           | -0.5%    | 0.5%          | -0.5%    | 0.5%                    | -0.5%    |
| > Impact on defined benefit obligation | (0)            | 0        | (13)          | 14       | 13                      | (13)     |

| Anniversary                            | Discount rate |          | Future salary increases |          |
|--|---------------|----------|-------------------------|----------|
|  | Increase      | Decrease | Increase                | Decrease |
| 31 March 2016                          |               |          |                         |          |
| > Sensitivity level                    | 1.0%          | -1.0%    | 1.0%                    | -1.0%    |
| > Impact on defined benefit obligation | (4)           | 5        | 5                       | (5)      |

| Severance payments                     | Discount rate |          | Future salary increases |          |
|--|---------------|----------|-------------------------|----------|
|  | Increase      | Decrease | Increase                | Decrease |
| 31 March 2016                          |               |          |                         |          |
| > Sensitivity level                    | 1.0%          | -1.0%    | 1.0%                    | -1.0%    |
| > Impact on defined benefit obligation | (59)          | 65       | 48                      | (43)     |



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

The following tables summarize the components of all defined benefit plans for the year ended 01 April 2015:

|   | For the year ended 01 April 2015 |             |                    |
|---|----------------------------------|-------------|--------------------|
|   | Gratuity                         | Anniversary | Severance payments |
| <b>Change in projected benefit obligation</b>   |                                  |             |                    |
| Projected benefit obligation at the beginning of the year                             | 441                              | 86          | 1,320              |
| Service cost  | 65                               | 4           | 42                 |
| Interest cost   | 37                               | 3           | 40                 |
| Actuarial (gain) / loss   | 37                               | (1)         | 38                 |
| Benefits paid   | (52)                             | -           | (197)              |
| Foreign exchange fluctuation  | -                                | (18)        | (221)              |
| <b>Projected benefit obligation at the end of the year</b>                            | <b>528</b>                       | <b>74</b>   | <b>1,022</b>       |
| <b>Thereof</b>  |                                  |             |                    |
| Unfunded  | 78                               | 74          | 1,022              |
| Partly or wholly funded   | 450                              | -           | -                  |
| <b>Change in plan assets</b>  |                                  |             |                    |
| Fair value of plan assets at the beginning of the year                                | 371                              | -           | -                  |
| Expected return on plan assets  | 34                               | -           | -                  |
| Actuarial gain  | 27                               | -           | -                  |
| Employer contributions  | 70                               | -           | -                  |
| Benefits paid   | (52)                             | -           | -                  |
| <b>Fair value of plan assets at the end of the year</b>                               | <b>450</b>                       | <b>-</b>    | <b>-</b>           |
| <b>Reconciliation of present value of obligation on the fair value of plan assets</b> |                                  |             |                    |
| Present value of projected benefit obligation at the end of the year                  | 528                              | 74          | 1,022              |
| Fair value of plan assets at the end of the year                                      | 450                              | -           | -                  |
| <b>Liability recognized in the balance sheet</b>                                      | <b>78</b>                        | <b>74</b>   | <b>1,022</b>       |
| <b>Components of expenses:</b>  |                                  |             |                    |
| Current service cost  | 65                               | 4           | 42                 |
| Interest cost   | 37                               | 3           | 40                 |
| Expected returns on plan assets   | (34)                             | -           | -                  |
| Recognized net actuarial (gain)/loss  | 10                               | (1)         | 38                 |
| Foreign exchange fluctuation  | -                                | (16)        | (220)              |
| <b>Net expenses recognized in the statement of profit and loss</b>                    | <b>78</b>                        | <b>(10)</b> | <b>(100)</b>       |

Plan assets do not comprise any of the Group's own financial instruments or any assets used by the entities of the Group. Plan assets can be broken down into the following categories of investments:

|  | For the year ended 01 April 2015 |             |                    |
|--|----------------------------------|-------------|--------------------|
|  | Gratuity                         | Anniversary | Severance payments |
| <b>Total plan assets</b>                     |                                  |             |                    |
| Group balance fund                           | 53                               | -           | -                  |
| Group debt fund                              | 397                              | -           | -                  |
| <b>Total</b>                                 | <b>450</b>                       | <b>-</b>    | <b>-</b>           |
| <b>Principal actuarial assumptions used:</b> |                                  |             |                    |
| Discount rate                                | 7.8%                             | 1.5%        | 2.5%               |
| Long-term rate of compensation increase      | 7.5%                             | 3.0%        | 2.0%               |
| Attrition rate                               | 15.0%                            | -           | -                  |
| Expected rate of return on plan assets       | 9.0%                             | -           | -                  |
| Average remaining life (in years)            | 24                               | 15          | 9                  |

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

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

### (ii) Compensated absences

The Group permits encashment of compensated absences accumulated by their employees on retirement, separation and during the course of service. The liability in respect of the Group, for outstanding balance of privilege leave at the balance sheet date is determined and provided on the basis of actuarial valuation performed by an independent actuary. The Group does not maintain any plan assets to fund its obligation towards compensated absences. The total compensated absences recognised in the statement of profit or loss for the year is ₹ 85 lakhs (2015-16: ₹ 89 lakhs).

|   | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|---|------------------------|------------------------|------------------------|
| <b>Principal actuarial assumptions used :</b> |                        |                        |                        |
| Discount rate                                 | 6.8%                   | 7.8%                   | 7.8%                   |
| Long-term rate of compensation increase       | 7.5%                   | 7.5%                   | 7.5%                   |
| Average remaining life (in years)             | 24                     | 24                     | 24                     |
| Attrition rate                                | 15.0%                  | 15.0%                  | 15.0%                  |

The estimates of future salary increases, considered in actuarial valuation taking into account of inflation, seniority, promotion, attrition and relevant factors, such as supply and demand in the employment market.

The defined benefit obligation and plan assets are composed by geographical locations as follows:

|                            | India     | Rest of the world | Total        |
|----------------------------|-----------|-------------------|--------------|
| <b>31 March 2017</b>       |           |                   |              |
| Defined benefit obligation | 656       | 756               | 1,412        |
| Fair value of plan assets  | 572       | -                 | 572          |
|                            | <b>84</b> | <b>756</b>        | <b>840</b>   |
| <b>31 March 2016</b>       |           |                   |              |
| Defined benefit obligation | 556       | 1,254             | 1,810        |
| Fair value of plan assets  | 502       | -                 | 502          |
|                            | <b>54</b> | <b>1,254</b>      | <b>1,308</b> |
| <b>01 April 2015</b>       |           |                   |              |
| Defined benefit obligation | 528       | 1,096             | 1,624        |
| Fair value of plan assets  | 450       | -                 | 450          |
|                            | <b>78</b> | <b>1,096</b>      | <b>1,174</b> |

### 21 | Other liabilities

|                                       | As at 31 March 2017 |               | As at 31 March 2016 |               | As at 01 April 2015 |               |
|---------------------------------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|
|                                       | Non-current         | Current       | Non-current         | Current       | Non-current         | Current       |
| Advance from customers                | 4,481               | 24,064        | -                   | 18,008        | 5,863               | 11,797        |
| Current maturities of long term debts | -                   | 457           | -                   | 1,110         | -                   | 649           |
| Statutory dues                        | -                   | 1,682         | -                   | 2,244         | -                   | 1,522         |
| Billing in advance of work completed  | -                   | 11,811        | -                   | 3,079         | -                   | 4,552         |
| Others                                | -                   | 3,602         | -                   | 3,327         | -                   | 1,623         |
|                                       | <b>4,481</b>        | <b>41,616</b> | <b>-</b>            | <b>27,768</b> | <b>5,863</b>        | <b>20,143</b> |

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

**22 | Current tax liabilities (net)**

|                               | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|-------------------------------|------------------------|------------------------|------------------------|
| Current tax liabilities (net) | 5,090                  | 4,592                  | 4,444                  |
|                               | <b>5,090</b>           | <b>4,592</b>           | <b>4,444</b>           |

**23 | Financial assets and liabilities****Categories of financial assets and financial liabilities**

| Particulars                      | Financial assets at fair value<br>through profit and loss | Financial assets at<br>amortised cost | Total           |
|----------------------------------|---|---------------------------------------|-----------------|
| <b>As at 31 March 2017</b>       |   |                                       |                 |
| <b>Financial assets</b>          |   |                                       |                 |
| Investments                      | 1,933   | -                                     | 1,933           |
| Trade receivables                | -   | 2,51,149                              | 2,51,149        |
| Cash and bank balances           | -   | 26,174                                | 26,174          |
| Loans and other financial assets | -   | 4,292                                 | 4,292           |
|                                  | <b>1,933</b>  | <b>2,81,615</b>                       | <b>2,83,548</b> |

| Particulars                  | Financial liabilities at fair<br>value through profit and loss | Financial liabilities at<br>amortised cost | Total           |
|------------------------------|--|--|-----------------|
| <b>As at 31 March 2017</b>   |  |  |                 |
| <b>Financial liabilities</b> |  |  |                 |
| Trade payables               | -  | 1,40,013                                   | 1,40,013        |
| Borrowings                   | -  | 30,908                                     | 30,908          |
| Other financial liabilities  | -  | 5,033                                      | 5,033           |
|                              | -  | <b>1,75,954</b>                            | <b>1,75,954</b> |

| Particulars                      | Financial assets at fair value<br>through profit and loss | Financial assets at<br>amortised cost | Total           |
|----------------------------------|---|---------------------------------------|-----------------|
| <b>As at 31 March 2016</b>       |   |                                       |                 |
| <b>Financial assets</b>          |   |                                       |                 |
| Investments                      | 3,037   | -                                     | 3,037           |
| Trade receivables                | -   | 1,94,239                              | 1,94,239        |
| Cash and bank balances           | -   | 37,861                                | 37,861          |
| Loans and other financial assets | -   | 3,891                                 | 3,891           |
|                                  | <b>3,037</b>  | <b>2,35,991</b>                       | <b>2,39,028</b> |

| Particulars                  | Financial liabilities at fair<br>value through profit and loss | Financial liabilities at<br>amortised cost | Total           |
|------------------------------|--|--|-----------------|
| <b>As at 31 March 2016</b>   |  |  |                 |
| <b>Financial liabilities</b> |  |  |                 |
| Trade payables               | -  | 1,17,865                                   | 1,17,865        |
| Borrowings                   | -  | 37,733                                     | 37,733          |
| Other financial liabilities  | -  | 4,626                                      | 4,626           |
|                              | -  | <b>1,60,224</b>                            | <b>1,60,224</b> |

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

| Particulars                      | Financial assets at fair value<br>through profit and loss | Financial assets at<br>amortised cost | Total           |
|----------------------------------|---|---------------------------------------|-----------------|
| As at 01 April 2015              |   |                                       |                 |
| <b>Financial assets</b>          |   |                                       |                 |
| Investments                      | 3,817   | -                                     | 3,817           |
| Trade receivables                | -   | 1,47,477                              | 1,47,477        |
| Cash and bank balances           | -   | 38,829                                | 38,829          |
| Loans and other financial assets | -   | 2,812                                 | 2,812           |
|                                  | <b>3,817</b>  | <b>1,89,118</b>                       | <b>1,92,935</b> |

| Particulars                  | Financial assets at fair value<br>through profit and loss | Financial assets at<br>amortised cost | Total           |
|------------------------------|---|---------------------------------------|-----------------|
| As at 01 April 2015          |   |                                       |                 |
| <b>Financial liabilities</b> |   |                                       |                 |
| Trade payables               | -   | 98,074                                | 98,074          |
| Borrowings                   | -   | 15,323                                | 15,323          |
| Other financial liabilities  | -   | 3,286                                 | 3,286           |
|                              | <b>-</b>  | <b>1,16,683</b>                       | <b>1,16,683</b> |

### 24 | Revenue from operations

|                               | Year ended<br>31 March 2017 | Year ended 31<br>March 2016 |
|-------------------------------|-----------------------------|-----------------------------|
| Sale of services              | 3,19,815                    | 2,50,341                    |
| Other operating revenues, net | 976                         | 484                         |
|                               | <b>3,20,791</b>             | <b>2,50,825</b>             |

### 25 | Other income

|  | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|--|-----------------------------|-----------------------------|
| Interest income from deposits with banks | 905                         | 423                         |
| Interest income - others                 | 74                          | 75                          |
| Foreign currency gain, net               | 144                         | 292                         |
|  | <b>1,123</b>                | <b>790</b>                  |

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

**26 | Cost of sales and services**

|   | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|---|-----------------------------|-----------------------------|
| Material costs  | 1,15,965                    | 93,490                      |
| Civil costs   | 62,102                      | 41,318                      |
| Erection and commissioning costs                        | 9,296                       | 7,275                       |
| Taxes and duties  | 8,316                       | 7,047                       |
| Site establishment cost                                 | 12,396                      | 8,464                       |
| Engineering costs                                       | 16,349                      | 18,811                      |
| Project consultancy fee                                 | 2,815                       | 1,716                       |
| Warranty expenses/(reversal)                            | 610                         | (742)                       |
| Foreseeable losses on contracts (Also refer note 20(d)) | (35)                        | (2,830)                     |
| Project travel  | 2,186                       | 1,987                       |
| Insurance costs   | 1,178                       | 1,095                       |
| Power and fuel  | 164                         | 4,786                       |
| Liquidated damages                                      | 892                         | 2,073                       |
| Other project expenses, net                             | 15,966                      | 14,465                      |
|   | <b>2,48,200</b>             | <b>1,98,955</b>             |

**27 | Changes in inventories**

|  | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|--|-----------------------------|-----------------------------|
| Inventories at the beginning of the year |                             |                             |
| Construction work-in-progress            | 8,959                       | 4,001                       |
| Stores and spares                        | 803                         | 698                         |
|  | <b>9,762</b>                | <b>4,699</b>                |
| Less: Inventories at the end of the year |                             |                             |
| Construction work-in-progress            | 2,814                       | 8,959                       |
| Stores and spares                        | 1,036                       | 803                         |
|  | <b>3,850</b>                | <b>9,762</b>                |
| Net exchange differences                 | (235)                       | 131                         |
|  | <b>5,677</b>                | <b>(4,932)</b>              |

**28 | Employee benefits expense**

|  | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|--|-----------------------------|-----------------------------|
| Salaries and wages   | 19,989                      | 17,566                      |
| Contribution to defined benefit plans                          | 945                         | 581                         |
| Contribution to provident and other defined contribution funds | 912                         | 892                         |
| Staff welfare expenses   | 2,551                       | 2,094                       |
|  | <b>24,397</b>               | <b>21,133</b>               |

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

### 29 | Finance costs

|  | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|--|-----------------------------|-----------------------------|
| Interest expenses for borrowings at amortised cost | 2,674                       | 2,452                       |
| Bank charges                                       | 2,584                       | 2,122                       |
|  | <b>5,258</b>                | <b>4,574</b>                |

### 30 | Depreciation and amortization expense

|   | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|---|-----------------------------|-----------------------------|
| Depreciation of tangible assets (Also refer note 5)   | 1,327                       | 1,236                       |
| Amortization of intangible assets (Also refer note 5) | 584                         | 813                         |
|   | <b>1,911</b>                | <b>2,049</b>                |

### 31 | Other expenses

|   | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|---|-----------------------------|-----------------------------|
| Rent  | 1,417                       | 1,245                       |
| Insurance   | 475                         | 345                         |
| Power and fuel  | 421                         | 325                         |
| Rates and taxes   | 324                         | 295                         |
| Repairs and maintenance                                       | 1,029                       | 794                         |
| Professional charges (Also refer note 36)                     | 1,958                       | 1,805                       |
| Communication expenses  | 364                         | 325                         |
| Travelling and conveyance                                     | 1,620                       | 1,539                       |
| Bad and doubtful debts, net                                   | 4,604                       | 3,320                       |
| Advertisement   | 234                         | 257                         |
| Loss on sale of tangible assets, net                          | -                           | 24                          |
| Research and development expenses                             | 94                          | 154                         |
| Corporate social responsibility expenses (Also refer note 37) | 73                          | 97                          |
| Miscellaneous expenses  | 242                         | 1,847                       |
|   | <b>12,855</b>               | <b>12,372</b>               |

### 32 | Income taxes

The major components of income tax expense for the year ended 31 March 2017 and 31 March 2016 are:

| Particulars  | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|--|-----------------------------|-----------------------------|
| <b>Current tax:</b>  |                             |                             |
| Current tax  | 6,418                       | 5,497                       |
| <b>Deferred tax:</b>   |                             |                             |
| Relating to origination and reversal of temporary differences  | 248                         | 1,183                       |
| <b>Tax expense reported in the statement of profit and loss</b>  | <b>6,666</b>                | <b>6,680</b>                |
| Deferred tax related to net (gain) on remeasurements of defined benefit plans recognized in other comprehensive income | (76)                        | (10)                        |
| <b>Tax expense reported in other comprehensive income</b>  | <b>(76)</b>                 | <b>(10)</b>                 |



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

### Tax reconciliation:

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Parent at 34.61% (2015-16: 34.61%) and the tax expense reported in the statement of profit and loss are as follows:

|   | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|---|-----------------------------|-----------------------------|
| Accounting profit before taxes                                  | 17,890                      | 15,710                      |
| Enacted tax rates in India                                      | 34.61%                      | 34.61%                      |
| Tax on profit at enacted tax rate                               | 6,191                       | 5,437                       |
| Difference between Indian and foreign tax rates                 | (192)                       | 1,332                       |
| Income from mutual funds  | (27)                        | (41)                        |
| Impairment of loan and investments                              | 624                         | -                           |
| Others  | 70                          | (48)                        |
| <b>Actual tax expense</b>                                       | <b>6,666</b>                | <b>6,680</b>                |
| Current tax   | 6,418                       | 5,497                       |
| Deferred tax  | 248                         | 1,183                       |
| <b>Tax expense reported in the statement of profit and loss</b> | <b>6,666</b>                | <b>6,680</b>                |

### 33 | Earnings per equity share (EPS)

|  | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|--|-----------------------------|-----------------------------|
| <b>For profit for the year</b>   |                             |                             |
| Nominal value of equity shares   | 2                           | 2                           |
| Profit attributable to owners of the parent (A)  | 10,240                      | 8,873                       |
| Weighted average number of equity shares outstanding during the year (B)                             | 5,45,32,970                 | 5,44,36,869                 |
| <b>Basic earnings per equity share (A/B) (in ₹)</b>  | <b>18.82</b>                | <b>16.31</b>                |
| <b>For total comprehensive income</b>  |                             |                             |
| Nominal value of equity shares   | 2                           | 2                           |
| Total comprehensive income attributable to owners of the parent (A)                                  | 8,671                       | 11,665                      |
| Weighted average number of equity shares outstanding during the year (B)                             | 5,45,32,970                 | 5,44,36,869                 |
| <b>Basic earnings per equity share (A/B) (in ₹)</b>  | <b>15.94</b>                | <b>21.44</b>                |
| <b>For profit for the year</b>   |                             |                             |
| Dilutive effect on profit (C)  | -                           | -                           |
| Profit attributable to equity shareholders for computing diluted EPS (D) = (A+C)                     | 10,240                      | 8,873                       |
| Dilutive effect on weighted average number of equity shares outstanding during the year (E)          | 1,97,886                    | 3,28,124                    |
| Weighted average number of equity shares for computing Diluted EPS (F) = (B+E)                       | 5,47,30,856                 | 5,47,64,993                 |
| <b>Diluted earnings per equity share (D/F) (in ₹)</b>  | <b>18.75</b>                | <b>16.19</b>                |
| <b>For total comprehensive income</b>  |                             |                             |
| Dilutive effect on profit (C)  | -                           | -                           |
| Total comprehensive income attributable to equity shareholders for computing diluted EPS (D) = (A+C) | 8,671                       | 11,665                      |
| Dilutive effect on weighted average number of equity shares outstanding during the year (E)          | 1,97,886                    | 3,28,124                    |
| Weighted average number of equity shares for computing Diluted EPS (F) = (B+E)                       | 5,47,30,856                 | 5,47,64,993                 |
| <b>Diluted earnings per equity share (D/F) (in ₹)</b>  | <b>15.88</b>                | <b>21.92</b>                |

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

### 34 | Construction contracts

In terms of the disclosures required to be made under the Ind AS 11 as notified in section 133 of the Companies Act, 2013, the amounts considered in the financial statements up to the balance sheet date are as follows:

|  | As at<br>31 March 2017 | As at<br>31 March 2016 |
|--|------------------------|------------------------|
| Contract revenue recognized during the year  | 2,81,261               | 2,08,584               |
| Aggregate amount of costs incurred and recognized profits and losses for all contracts in progress                       | 8,65,032               | 5,40,347               |
| Less: Progress billings  | 7,79,875               | 4,92,200               |
|  | <b>85,157</b>          | <b>48,147</b>          |
| Recognized as:   |                        |                        |
| Due from customers for construction contract work, recognized in 'Trade receivables'                                     | 96,969                 | 51,226                 |
| Due to customers for construction contract work, recognized in 'Other current liabilities'                               | (11,812)               | (3,079)                |
|  | <b>85,157</b>          | <b>48,147</b>          |
| Advances received from customers for contracts related to work not yet performed included in 'Other current liabilities' | 28,545                 | 18,008                 |
| Retention on contracts in-progress included within 'Trade receivables'   | 33,162                 | 24,202                 |

### 35 | Leases

|  | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|--|-----------------------------|-----------------------------|
| <b>Operating lease commitments - as lessee</b>                       |                             |                             |
| Total lease payments charged off to the statement of profit and loss | 1,417                       | 1,245                       |

#### Disclosures in respect of non-cancellable operating leases

The lease rentals charged for the years ended 31 March 2017 and 31 March 2016 and maximum obligation on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as provided below:

|   | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|---|-----------------------------|-----------------------------|
| The total of future minimum lease payments for each of the following periods: |                             |                             |
| (i) Not later than one year   | 416                         | 801                         |
| (ii) Due later than one year not later than five years                        | 200                         | 790                         |
| (iii) Due later than five years   | -                           | -                           |
|   | <b>616</b>                  | <b>1,591</b>                |

### 36 | Remuneration to auditors (included as part of professional charges)\*

|                          | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|--------------------------|-----------------------------|-----------------------------|
| <b>As auditor</b>        |                             |                             |
| Statutory audit          | 27                          | 25                          |
| Limited review           | 8                           | 7                           |
| Taxation matters         | 3                           | 3                           |
| <b>In other capacity</b> |                             |                             |
| Other services           | 28                          | 36                          |
|                          | <b>66</b>                   | <b>71</b>                   |

\* excluding service tax

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

### 37 | Expenditure on Corporate Social Responsibility (CSR)

|   | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |
|---|-----------------------------|-----------------------------|
| a) Gross amount required to be spent        | 298                         | 250                         |
| b) Amount spent on:                         |                             |                             |
| (i) Construction / acquisition of any asset | 33                          | 65                          |
| (ii) On purposes other than (i) above       | 40                          | 32                          |
|   | <b>73</b>                   | <b>97</b>                   |

### 38 | Employee stock based option

#### Employee share based plan- ESOP 2010 Scheme

In August 2010, the Board of Directors approved and the Company adopted the "ESOP 2010" (the "Plan") under which not more than 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                                      | As at<br>31 March 2017 | Weighted<br>average exercise<br>price in ₹ | As at<br>31 March 2016 | Weighted<br>average exercise<br>price in ₹ | As at<br>01 April 2015 | Weighted<br>average exercise<br>price in ₹ |
|--|------------------------|--|------------------------|--|------------------------|--|
| Options outstanding at the beginning of the year | 4,65,785               | 180  | 7,03,308               | 180  | 9,55,679               | 360  |
| Granted during the year                          | -                      | -  | -                      | -  | -                      | -  |
| Bonus shares issued during the year              | -                      | -  | -                      | -  | 3,51,654               | 180  |
| Forfeited during the year                        | -                      | -  | -                      | -  | -                      | -  |
| Exercised during the year                        | 76,657                 | 180  | 2,11,291               | 180  | 5,45,291               | 360  |
| Expired/ lapsed during the year                  | 94,688                 | 180  | 26,232                 | 180  | 58,734                 | 360  |
| Options outstanding at the end of the year       | <b>2,94,440</b>        |  | <b>4,65,785</b>        |  | <b>7,03,308</b>        |  |
| Options exercisable as at the end of the period  | <b>2,94,440</b>        |  | <b>4,65,785</b>        |  | <b>7,03,308</b>        |  |

During the year ended 31 March 2017 and 31 March 2016, the weighted average share price of options exercised under the Plan on the date of exercise was ₹ 548 and ₹ 673.

The weighted average remaining contractual life of the Plan outstanding as of 31 March 2017 and 31 March 2016 is 1.5 years and 2.5 years respectively.

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

### 39 | Related party disclosures

#### a) Names of related parties and nature of relationship

| Nature of relationship                | Name of related party  |
|---------------------------------------|--|
| <b>Associates</b>                     | Windhoek Goreangab Operating Company (Pty) Limited, Namibia                            |
|                                       | VA Tech Wabag and Roots Contracting LLC, Qatar   |
| <b>Joint Venture</b>                  | International Water Treatment LLC, Oman  |
| <b>Key Management Personnel (KMP)</b> | Mr. Rajiv Mittal - Managing Director & Group CEO                                       |
|                                       | Mr. S Varadarajan - Executive Director   |
|                                       | Mr. B D Narang - Independent director  |
|                                       | Mr. Jaithirth Rao - Independent director   |
|                                       | Mr. Malay Mukherjee - Independent director   |
|                                       | Mr. Sumit Chandwani - Independent director   |
|                                       | Ms. Revathi Kasturi - Independent director   |
|                                       | Mr. Pankaj Sachdeva - Chief Executive Officer - India Cluster (w.e.f 28 November 2016) |
|                                       | Mr. G Parthasarathy - Chief Financial Officer (w.e.f 16 September 2015)                |

#### b) Transactions with related party

| Related Party                       | 2016-17    |               | 2015-16    |               |
|-------------------------------------|------------|---------------|------------|---------------|
|                                     | Associates | Joint venture | Associates | Joint venture |
| (Sale) of goods/services            | (38)       | (25)          | (63)       | (679)         |
| Purchase of investments             | -          | 7,860         | -          | -             |
| Others - Expense/(Income)           | (4)        | 506           | -          | -             |
| Rendering of services               | -          | -             | -          | 22            |
| Reimbursements received/ receivable | -          | 18            | -          | 33            |

#### c) Balance with related parties

| Related Party | 2016-17    |               | 2015-16    |               |
|---------------|------------|---------------|------------|---------------|
|               | Associates | Joint venture | Associates | Joint venture |
| Advances      | 18         | 422           | 105        | 875           |

All transactions with these related parties are priced on an arm's length basis. None of the balances are secured.

#### d) Remuneration to Key Management Personnel

| Particulars                              | 2016-17 | 2015-16 |
|--|---------|---------|
| Salaries including bonus                 | 566     | 431     |
| Post employment and termination benefits | 93      | 86      |
| Commission                               | 75      | 61      |

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

## 40 | Fair value measurement

### Fair value measurement hierarchy

The Group records certain financial assets and financial liabilities at fair value on a recurring basis. The Group determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The Group holds certain fixed income instruments, forward contracts and unquoted investments in joint venture and associates which must be measured using the fair value hierarchy and related valuation methodologies. The guidance specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Group's assumptions about current market conditions. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three Levels of fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The following table shows the Levels within the hierarchy of financial assets and financial liabilities measured at fair value on a recurring basis at 31 March 2017, 31 March 2016, and 01 April 2015:

### Quantitative for disclosures Fair value measurement hierarchy for assets as at 31 March:

|   | Date of valuation | Total | Fair value measurement using                    |   |   |
|---|-------------------|-------|---|---|---|
|   |                   |       | Quoted prices<br>in active markets<br>(Level 1) | Significant<br>observable inputs<br>(Level 2) | Significant<br>unobservable inputs<br>(Level 3) |
| i) Assets measured at fair value:               |                   |       |   |   |   |
| Fair value through statement of profit and loss |                   |       |   |   |   |
| Investments                                     |                   |       |   |   |   |
| 2017  | 31 March 2017     | 1,933 | -   | 1,933   | -   |
| 2016  | 31 March 2016     | 3,037 | -   | 3,037   | -   |
| 2015  | 01 April 2015     | 3,817 | -   | 3,817   | -   |

Investments in mutual funds are valued based on the Net Asset Value (NAV) of the funds as at the year end. The NAV of the funds are provided by the fund management company at the end of each reporting year.

|  | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|--|------------------------|------------------------|------------------------|
| <b>ii) Liabilities measured at amortised cost:</b> |                        |                        |                        |
| <b>Interest-bearing loans and borrowings:</b>      |                        |                        |                        |
| Floating rate borrowings                           | 8,770                  | 8,173                  | 2,344                  |
| Fixed rate borrowings                              | 22,595                 | 30,671                 | 13,628                 |

The fair values of the Group's interest-bearing borrowings and loans are determined under amortised cost method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. These rates are considered to reflect the market rate of interest and hence the carrying values are considered to be at fair value.

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### 41 | **Nature and extent of risks arising from financial instruments and respective financial risk management objectives and policies**

The Group's principal financial liabilities, comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include trade and other receivables and cash and short-term deposits that derive directly from its operations. The Group also enters into derivative transactions and holds short term investments.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by the Group Treasury Team that advises on financial risks and the appropriate financial risk governance framework in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by Group Treasury Team that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors review and agree on policies for managing each of these risks, which are summarised below.

#### a) **Market risk**

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

#### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed rate loans and borrowings. At 31 March 2017, approximately 72% (31 March 2016: 79%, 1 April 2015: 85%) of the Group's borrowings are at a fixed rate of interest.

#### **Interest rate sensitivity**

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% for the year ended 31 March 2017 (31 March 2016: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. Sensitivity calculations are based on annualised interest cost on the borrowings at floating rate as of the reporting dates 31 March 2017 and 31 March 2016. All other variables are held constant.

|                          |     | As at<br>31 March 2017 | As at<br>31 March 2016 |
|--------------------------|-----|------------------------|------------------------|
| <b>Profit before tax</b> |     |                        |                        |
| Increase                 | +1% | 88                     | 82                     |
| Decrease                 | -1% | (88)                   | (82)                   |
| <b>Equity before tax</b> |     |                        |                        |
| Increase                 | +1% | 88                     | 82                     |
| Decrease                 | -1% | (88)                   | (82)                   |

#### **Foreign currency risk**

The Group enters into transactions of sales and purchases in various currencies based on the domiciliation of the entities of the group. Euro (EUR) and United States Dollar (USD) are the major currencies transacted in, outside the functional currency (₹) of the Parent.



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

To mitigate the Group's exposure to foreign currency risk, cash flows in foreign currencies are monitored and forward exchange contracts are entered into in accordance with the Group's risk management policies. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward exchange contracts are mainly entered into for net foreign currency exposures that are not expected to be offset by other same currency transactions.

Foreign currency denominated financial assets and financial liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to the key management translated at the closing rate:-

|                       | Foreign Currency exposure<br>(in ₹ in lakhs) |        |
|-----------------------|--|--------|
|                       | USD  | EUR    |
| <b>31 March 2017</b>  |  |        |
| Financial assets      | 26,089                                       | 31,169 |
| Financial liabilities | 14,078                                       | 16,266 |
| <b>31 March 2016</b>  |  |        |
| Financial assets      | 34,833                                       | 32,678 |
| Financial liabilities | 12,048                                       | 5,449  |
| <b>01 April 2015</b>  |  |        |
| Financial assets      | 20,025                                       | 30,956 |
| Financial liabilities | 12,826                                       | 18,504 |

Currency risk (or foreign exchange risk) arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this disclosure, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency of the Parent.

The following table illustrates the sensitivity of profit and equity with regard to the Group's financial assets and financial liabilities and the USD/INR exchange rate and EUR/INR exchange rate 'all other things being equal'. It assumes a +/- 1% change of the USD/INR and EUR/INR exchange rate for the year ended at 31 March 2017 (31 March 2016: +/- 1%, 01 April 2015: +/- 1%).

If the INR had strengthened against the USD by 1% during the year ended 31 March 2017 (31 March 2016: 1%, 01 April 2015: 1%) and EUR by 1% during the year ended 31 March 2017 (31 March 2016: 1%, 01 April 2015: 1%) respectively, then it would have had the following impact on profit before tax and equity before tax:

|                          |     | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|--------------------------|-----|---------------|---------------|---------------|
| <b>Profit before tax</b> |     |               |               |               |
| USD                      | +1% | 402           | 469           | 329           |
| EUR                      | +1% | 474           | 381           | 495           |
|                          |     | <b>876</b>    | <b>850</b>    | <b>824</b>    |
| <b>Equity before tax</b> |     |               |               |               |
| USD                      | +1% | 401           | 469           | 329           |
| EUR                      | +1% | 474           | 381           | 495           |
|                          |     | <b>875</b>    | <b>850</b>    | <b>824</b>    |

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If the ₹ had weakened against the USD by 1% during the year ended 31 March 2017 (31 March 2016: 1%, 01 April 2015: 1%) and EUR by 1% during the year ended 31 March 2017 (31 March 2016: 1%, 01 April 2015: 1%) respectively then it would have had the following impact:

|                          |     | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|--------------------------|-----|---------------|---------------|---------------|
| <b>Profit before tax</b> |     |               |               |               |
| USD                      | -1% | (402)         | (469)         | (329)         |
| EUR                      | -1% | (474)         | (381)         | (495)         |
|                          |     | <b>(876)</b>  | <b>(850)</b>  | <b>(824)</b>  |
| <b>Equity before tax</b> |     |               |               |               |
| USD                      | -1% | (401)         | (469)         | (329)         |
| EUR                      | -1% | (474)         | (381)         | (495)         |
|                          |     | <b>(875)</b>  | <b>(850)</b>  | <b>(824)</b>  |

The movement in the pre-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in USD and EUR. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

### b) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example on trade receivables, placing deposits, investment in mutual funds, etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 March, as summarised below:

|                                    | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
|------------------------------------|------------------------|------------------------|------------------------|
| <b>Classes of financial assets</b> |                        |                        |                        |
| Investments                        | 2,246                  | 3,224                  | 4,074                  |
| Trade receivables                  | 2,51,149               | 1,94,239               | 1,47,477               |
| Cash and bank balances             | 26,174                 | 37,861                 | 38,829                 |
| Other financial assets             | 4,292                  | 3,891                  | 2,812                  |

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. The Group's policy is to transact only with counterparties who are highly creditworthy which are assessed based on internal due diligence parameters.

In respect of trade receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, the Group considers the credit quality of trade receivables that are not past due or not impaired to be good.

The credit risk for cash and bank balances, investments and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Other financial assets mainly comprises of tender deposits and security deposits which are given to customers or other governmental agencies in relation to contracts executed and are assessed by the Group for credit risk on a continuous basis.

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

### c) Liquidity risk

Liquidity risk is risk of the Group not being able to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on a monthly, quarterly and yearly basis depending on the business needs. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-days period at a minimum. This objective was met for the reporting periods. Funding for long term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade receivables are due within six months except for retentions and long term trade receivables which are governed by the relevant contract conditions.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and short term borrowings. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

As at 31 March 2017 and 31 March 2016, the Group's non-derivative financial liabilities have contractual maturities as summarised below:

| Year ended 31 March 2017    | Current         |                | Non-current   |                    |
|-----------------------------|-----------------|----------------|---------------|--------------------|
|                             | Within 6 months | 6 to 12 months | 1 to 5 years  | Later than 5 years |
| Borrowings                  | 17,103          | 7,483          | 3,715         | 2,607              |
| Trade payables              | 1,25,741        | 3              | 14,269        | -                  |
| Other financial liabilities | 4,818           | -              | 215           | -                  |
|                             | <b>1,47,662</b> | <b>7,486</b>   | <b>18,199</b> | <b>2,607</b>       |
|                             |                 |                |               |                    |
| Year ended 31 March 2016    | Current         |                | Non-current   |                    |
|                             | Within 6 months | 6 to 12 months | 1 to 5 years  | Later than 5 years |
| Borrowings                  | 30,203          | 2,518          | 747           | 4,265              |
| Trade payables              | 1,02,873        | -              | 14,992        | -                  |
| Other financial liabilities | 4,387           | -              | 239           | -                  |
|                             | <b>1,37,463</b> | <b>2,518</b>   | <b>15,978</b> | <b>4,265</b>       |

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### 42 | 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 Indian Accounting Standard (Ind AS) 108 Operating Segments issued by Companies (Accounts) Rules, 2014. The Group does not have any secondary segment.

#### Year ended 31 March 2017

| Particulars   | India           | Rest of world   | Unallocated     | Total           |
|---|-----------------|-----------------|-----------------|-----------------|
| <b>Revenue</b>  |                 |                 |                 |                 |
| External sales  | 1,17,080        | 2,15,332        | -               | 3,32,412        |
| Other operating income  | -               | -               | 976             | 976             |
| Inter-segment sales   | -               | (12,597)        | -               | (12,597)        |
| <b>Total revenue</b>  | <b>1,17,080</b> | <b>2,02,735</b> | <b>976</b>      | <b>3,20,791</b> |
| <b>Results</b>  |                 |                 |                 |                 |
| Segment result  | 11,239          | 54,699          | -               | 65,938          |
| Share of loss of associates and a joint venture, net            | -               | (5,726)         | -               | (5,726)         |
| Unallocated corporate expenses                                  | -               | -               | 39,162          | 39,162          |
| <b>Operating profit</b>   | <b>11,239</b>   | <b>48,973</b>   | <b>(39,162)</b> | <b>21,050</b>   |
| Interest and finance charges (net)                              | -               | -               | 4,279           | 4,279           |
| Other income  | -               | -               | 1,119           | 1,119           |
| <b>Profit before tax</b>  | <b>11,239</b>   | <b>48,973</b>   | <b>(42,322)</b> | <b>17,890</b>   |
| Income taxes  | -               | -               | 6,666           | 6,666           |
| <b>Profit after tax</b>   | <b>11,239</b>   | <b>48,973</b>   | <b>(48,988)</b> | <b>11,224</b>   |
| Non-controlling interests                                       | -               | 984             | -               | 984             |
| <b>Profit for the year attributable to owners of the parent</b> | <b>11,239</b>   | <b>42,263</b>   | <b>(48,988)</b> | <b>10,240</b>   |
| <b>Other information</b>  |                 |                 |                 |                 |
| Segment assets  | 1,65,982        | 1,40,687        | -               | 3,06,669        |
| Unallocated corporate assets                                    | -               | -               | 28,389          | 28,389          |
| <b>Total assets</b>   | <b>1,65,982</b> | <b>1,40,687</b> | <b>28,389</b>   | <b>3,35,058</b> |
| Segment liabilities   | 67,005          | 1,48,672        | -               | 2,15,677        |
| Unallocated corporate liabilities                               | -               | -               | 18,341          | 18,341          |
| <b>Total liabilities</b>  | <b>67,005</b>   | <b>1,48,672</b> | <b>18,341</b>   | <b>2,34,018</b> |
| Capital expenditure   | -               | -               | -               | 1,391           |
| Depreciation and amortization                                   | -               | -               | -               | 1,911           |
| Other non cash expenditure, net                                 | -               | -               | -               | 6,769           |

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

## Year ended 31 March 2016

| Particulars   | India           | Rest of world   | Unallocated     | Total           |
|---|-----------------|-----------------|-----------------|-----------------|
| <b>Revenue</b>  |                 |                 |                 |                 |
| External sales  | 96,460          | 1,66,733        | -               | 2,63,193        |
| Other operating income  | -               | -               | 484             | 484             |
| Inter-segment sales   | -               | (12,852)        | -               | (12,852)        |
| <b>Total revenue</b>  | <b>96,460</b>   | <b>1,53,881</b> | <b>484</b>      | <b>2,50,825</b> |
| <b>Results</b>  |                 |                 |                 |                 |
| Segment result  | 19,382          | 36,934          | -               | 56,316          |
| Share of loss of associates and a joint venture, net            | -               | (1,754)         | -               | (1,754)         |
| Unallocated corporate expenses                                  | -               | -               | 35,553          | 35,553          |
| <b>Operating profit</b>   | <b>19,382</b>   | <b>35,180</b>   | <b>(35,553)</b> | <b>19,009</b>   |
| Interest and finance charges (net)                              | -               | -               | 4,079           | 4,079           |
| Other income  | -               | -               | 781             | 781             |
| <b>Profit before tax</b>  | <b>19,382</b>   | <b>35,180</b>   | <b>(38,851)</b> | <b>15,711</b>   |
| Income taxes  | -               | -               | 6,680           | 6,680           |
| <b>Profit after tax</b>   | <b>19,382</b>   | <b>35,180</b>   | <b>(45,531)</b> | <b>9,031</b>    |
| Non-controlling interests                                       | -               | 157             | -               | 157             |
| <b>Profit for the year attributable to owners of the parent</b> | <b>19,382</b>   | <b>33,269</b>   | <b>(45,531)</b> | <b>8,874</b>    |
| <b>Other information</b>  |                 |                 |                 |                 |
| Segment assets  | 1,27,174        | 1,32,867        | -               | 2,60,041        |
| Unallocated corporate assets                                    | -               | -               | 32,116          | 32,116          |
| <b>Total assets</b>   | <b>1,27,174</b> | <b>1,32,867</b> | <b>32,116</b>   | <b>2,92,157</b> |
| Segment liabilities   | 62,158          | 1,07,513        | -               | 1,69,671        |
| Unallocated corporate liabilities                               | -               | -               | 29,632          | 29,632          |
| <b>Total liabilities</b>  | <b>62,158</b>   | <b>1,07,513</b> | <b>29,632</b>   | <b>1,99,303</b> |
| Capital expenditure   | -               | -               | -               | 1,517           |
| Depreciation and amortization                                   | -               | -               | -               | 2,049           |
| Other non cash expenditure, net                                 | -               | -               | -               | 1,653           |

## 43 | Statutory group information

| Name of the entity in the Group | Net assets, i.e. total assets minus total liabilities |        | Share in profit or (loss)             |        | Share in other comprehensive income |         | Share in total comprehensive income |        |
|---------------------------------|---|--------|---------------------------------------|--------|-------------------------------------|---------|-------------------------------------|--------|
|                                 | As % of consolidated net assets                       | Amount | As % of consolidated profit or (loss) | Amount | As % of other comprehensive income  | Amount  | As % of total comprehensive income  | Amount |
| <b>Parent</b>                   |   |        |                                       |        |                                     |         |                                     |        |
| Va Tech Wabag Limited           |   |        |                                       |        |                                     |         |                                     |        |
| Balance as on 31 March 2017     | 81.6%   | 82,406 | 66.8%                                 | 7,498  | 100.5%                              | (1,657) | 61.0%                               | 5,841  |
| Balance as on 31 March 2016     | 83.5%   | 77,553 | 126.0%                                | 11,374 | 101.0%                              | 2,799   | 120.1%                              | 14,173 |
| <b>Foreign subsidiaries</b>     |   |        |                                       |        |                                     |         |                                     |        |
| Va Tech Wabag (Philippines) Inc |   |        |                                       |        |                                     |         |                                     |        |
| Balance as on 31 March 2017     | 2.0%  | 2,051  | 0.4%                                  | 45     | -                                   | -       | 0.5%                                | 45     |
| Balance as on 31 March 2016     | 2.4%  | 2,240  | 4.4%                                  | 401    | -                                   | -       | 3.4%                                | 401    |

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

| Name of the entity in the Group                              | Net assets, i.e. total assets minus total liabilities |        | Share in profit or (loss)             |         | Share in other comprehensive income |        | Share in total comprehensive income |         |
|--|---|--------|---------------------------------------|---------|-------------------------------------|--------|-------------------------------------|---------|
|  | As % of consolidated net assets                       | Amount | As % of consolidated profit or (loss) | Amount  | As % of other comprehensive income  | Amount | As % of total comprehensive income  | Amount  |
| Va Tech Wabag Muscat LLC, Oman                               |   |        |                                       |         |                                     |        |                                     |         |
| Balance as on 31 March 2017                                  | 0.4%  | 391    | 1.2%                                  | 130     | -                                   | -      | 1.4%                                | 130     |
| Balance as on 31 March 2016                                  | 0.3%  | 271    | 0.4%                                  | 37      | -                                   | -      | 0.3%                                | 37      |
| Va Tech Wabag (Spain) S.L.U.                                 |   |        |                                       |         |                                     |        |                                     |         |
| Balance as on 31 March 2017                                  | -   | 29     | 8.5%                                  | 956     | -                                   | -      | 10.0%                               | 956     |
| Balance as on 31 March 2016                                  | -1.0%   | (945)  | -6.6%                                 | (592)   | -                                   | -      | -5.0%                               | (592)   |
| Wabag Muhibbah JV SDN BHD                                    |   |        |                                       |         |                                     |        |                                     |         |
| Balance as on 31 March 2017                                  | 1.6%  | 1,639  | 13.5%                                 | 1,516   | -                                   | -      | 15.8%                               | 1,516   |
| Balance as on 31 March 2016                                  | 0.3%  | 288    | 1.8%                                  | 163     | -                                   | -      | 1.4%                                | 163     |
| Wabag Belhasa JV   |   |        |                                       |         |                                     |        |                                     |         |
| Balance as on 31 March 2017                                  | 3.2%  | 3,274  | 24.9%                                 | 2,799   | -                                   | -      | 29.2%                               | 2,799   |
| Balance as on 31 March 2016                                  | 0.6%  | 581    | 6.3%                                  | 570     | -                                   | -      | 4.8%                                | 570     |
| Va Tech Wabag And Roots Contracting LLC, Qatar               |   |        |                                       |         |                                     |        |                                     |         |
| Balance as on 31 March 2017                                  | 0.2%  | 206    | 1.3%                                  | 148     | -                                   | -      | 1.5%                                | 148     |
| Balance as on 31 March 2016                                  | 0.1%  | 128    | -0.6%                                 | (52)    | -                                   | -      | -0.4%                               | (52)    |
| Wabag Operation And Maintenance WLL                          |   |        |                                       |         |                                     |        |                                     |         |
| Balance as on 31 March 2017                                  | 0.1%  | 113    | 0.3%                                  | 37      | -                                   | -      | 0.4%                                | 37      |
| Balance as on 31 March 2016                                  | 0.1%  | 78     | 0.1%                                  | 8       | -                                   | -      | 0.1%                                | 8       |
| Wabag Limited  |   |        |                                       |         |                                     |        |                                     |         |
| Balance as on 31 March 2017                                  | -0.2%   | (237)  | -0.8%                                 | (94)    | -                                   | -      | -1.0%                               | (94)    |
| Balance as on 31 March 2016                                  | -0.2%   | (143)  | -1.5%                                 | (137)   | -                                   | -      | -1.2%                               | (137)   |
| Va Tech Wabag Singapore (Pte) Limited                        |   |        |                                       |         |                                     |        |                                     |         |
| Balance as on 31 March 2017                                  | 3.3%  | 3,358  | 2.9%                                  | 325     | -                                   | -      | 3.4%                                | 325     |
| Balance as on 31 March 2016                                  | 3.4%  | 3,145  | 7.0%                                  | 632     | -                                   | -      | 5.4%                                | 632     |
| Va Tech Wabag Limited Pratibha Industries Limited JV         |   |        |                                       |         |                                     |        |                                     |         |
| Balance as on 31 March 2017                                  | 0.3%  | 327    | -3.6%                                 | (404)   | -                                   | -      | -4.2%                               | (404)   |
| Balance as on 31 March 2016                                  | 0.8%  | 731    | -2.3%                                 | (209)   | -                                   | -      | -1.8%                               | (209)   |
| Va Tech Wabag Hong Kong Limited                              |   |        |                                       |         |                                     |        |                                     |         |
| Balance as on 31 March 2017                                  | -   | -      | -                                     | -       | -                                   | -      | -                                   | -       |
| Balance as on 31 March 2016                                  | 0.1%  | 64     | -2.2%                                 | (197)   | -                                   | -      | -1.7%                               | (197)   |
| Beijing Va Tech Wabag Water Treatment Technology Co. Limited |   |        |                                       |         |                                     |        |                                     |         |
| Balance as on 31 March 2017                                  | -   | -      | -                                     | -       | -                                   | -      | -                                   | -       |
| Balance as on 31 March 2016                                  | -   | 1      | 1.2%                                  | 104     | -                                   | -      | 0.9%                                | 104     |
| Va Tech Wabag GmbH, Austria                                  |   |        |                                       |         |                                     |        |                                     |         |
| Balance as on 31 March 2017                                  | 13.9%   | 14,076 | -5.5%                                 | (616)   | -0.5%                               | 8      | -6.3%                               | (608)   |
| Balance as on 31 March 2016                                  | 17.1%   | 15,902 | -13.0%                                | (1,175) | -1.0%                               | (29)   | -10.2%                              | (1,204) |
| Wabag Wassertechnik Ag, Switzerland                          |   |        |                                       |         |                                     |        |                                     |         |
| Balance as on 31 March 2017                                  | 2.4%  | 2,433  | 0.4%                                  | 43      | -                                   | -      | 0.4%                                | 43      |
| Balance as on 31 March 2016                                  | 3.1%  | 2,884  | 1.6%                                  | 146     | -                                   | -      | 1.2%                                | 146     |
| Va Tech Wabag Brno Spol. S.R.O., Czech Republic              |   |        |                                       |         |                                     |        |                                     |         |
| Balance as on 31 March 2017                                  | 2.1%  | 2,135  | 6.9%                                  | 770     | -                                   | -      | 8.0%                                | 770     |
| Balance as on 31 March 2016                                  | 2.3%  | 2,136  | 0.4%                                  | 32      | -                                   | -      | 0.3%                                | 32      |
| Wabag Water Services S.R.L., Romania                         |   |        |                                       |         |                                     |        |                                     |         |
| Balance as on 31 March 2017                                  | 4.2%  | 4,219  | 8.8%                                  | 993     | -                                   | -      | 10.4%                               | 993     |
| Balance as on 31 March 2016                                  | 3.9%  | 3,643  | 13.2%                                 | 1,194   | -                                   | -      | 10.1%                               | 1,194   |



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

| Name of the entity in the Group                             | Net assets, i.e. total assets minus total liabilities |          | Share in profit or (loss)             |         | Share in other comprehensive income |         | Share in total comprehensive income |         |
|---|---|----------|---------------------------------------|---------|-------------------------------------|---------|-------------------------------------|---------|
|   | As % of consolidated net assets                       | Amount   | As % of consolidated profit or (loss) | Amount  | As % of other comprehensive income  | Amount  | As % of total comprehensive income  | Amount  |
| Va Tech Wabag Teknolojisi Ve Ticaret Limited Şirket, Turkey |   |          |                                       |         |                                     |         |                                     |         |
| Balance as on 31 March 2017                                 | -5.5%   | (5,591)  | -45.6%                                | (5,123) | -                                   | -       | -53.5%                              | (5,123) |
| Balance as on 31 March 2016                                 | -1.8%   | (1,634)  | -20.3%                                | (1,834) | -                                   | -       | -15.5%                              | (1,834) |
| Va Tech Wabag Tunisie S.A.R.L, Tunisie                      |   |          |                                       |         |                                     |         |                                     |         |
| Balance as on 31 March 2017                                 | 0.8%  | 800      | 1.0%                                  | 116     | -                                   | -       | 1.2%                                | 116     |
| Balance as on 31 March 2016                                 | 0.9%  | 800      | 1.3%                                  | 120     | -                                   | -       | 1.0%                                | 120     |
| Ujams Wastewater Treatment Company (Pty) Ltd.               |   |          |                                       |         |                                     |         |                                     |         |
| Balance as on 31 March 2017                                 | 1.7%  | 1,746    | 3.1%                                  | 344     | -                                   | -       | 3.6%                                | 344     |
| Balance as on 31 March 2016                                 | 1.4%  | 1,305    | 3.4%                                  | 305     | -                                   | -       | 2.6%                                | 305     |
| Wabag Water Services (Macao) Ltd                            |   |          |                                       |         |                                     |         |                                     |         |
| Balance as on 31 March 2017                                 | 0.5%  | 488      | 4.5%                                  | 504     | -                                   | -       | 5.3%                                | 504     |
| Balance as on 31 March 2016                                 | 0.8%  | 715      | 1.5%                                  | 137     | -                                   | -       | 1.2%                                | 137     |
| Va Tech Wabag Deutschland GmbH, Germany                     |   |          |                                       |         |                                     |         |                                     |         |
| Balance as on 31 March 2017                                 | -0.1%   | (105)    | -                                     | (4)     | -                                   | -       | -                                   | (4)     |
| Balance as on 31 March 2016                                 | -0.1%   | (109)    | 3.9%                                  | 351     | -                                   | -       | 3.0%                                | 351     |
| Va Tech Wabag Algerie S.A.R.L, Algeria                      |   |          |                                       |         |                                     |         |                                     |         |
| Balance as on 31 March 2017                                 | -   | -        | 3.4%                                  | 380     | -                                   | -       | 4.0%                                | 380     |
| Balance as on 31 March 2016                                 | -0.4%   | (383)    | -0.3%                                 | (26)    | -                                   | -       | -0.2%                               | (26)    |
| Non-controlling interest in all subsidiaries                |   |          |                                       |         |                                     |         |                                     |         |
| Balance as on 31 March 2017                                 | 1.7%  | 1,725    | 8.8%                                  | 984     | 4.9%                                | (80)    | 9.4%                                | 904     |
| Balance as on 31 March 2016                                 | 0.9%  | 821      | 1.7%                                  | 157     | -0.8%                               | (22)    | 1.1%                                | 135     |
| Foreign associates (investments as per equity method)       |   |          |                                       |         |                                     |         |                                     |         |
| VA Tech Wabag and Roots Contracting LLC, Qatar              |   |          |                                       |         |                                     |         |                                     |         |
| Balance as on 31 March 2017                                 | 0.2%  | 204      | 1.3%                                  | 146     | -                                   | -       | 1.5%                                | 146     |
| Balance as on 31 March 2016                                 | 0.1%  | 59       | 0.7%                                  | 59      | -                                   | -       | 0.5%                                | 59      |
| Windhoek Goreangab Operating Company Limited, Namibia       |   |          |                                       |         |                                     |         |                                     |         |
| Balance as on 31 March 2017                                 | 0.1%  | 80       | 0.8%                                  | 93      | -                                   | -       | 1.0%                                | 93      |
| Balance as on 31 March 2016                                 | -   | (8)      | 0.4%                                  | 35      | -                                   | -       | 0.3%                                | 35      |
| Foreign joint ventures (investments as per equity method)   |   |          |                                       |         |                                     |         |                                     |         |
| International Water Treatment L.L.C                         |   |          |                                       |         |                                     |         |                                     |         |
| Balance as on 31 March 2017                                 | -7.9%   | (8,003)  | -53.1%                                | (5,965) | -                                   | -       | -62.3%                              | (5,965) |
| Balance as on 31 March 2016                                 | -1.9%   | (1,912)  | -20.5%                                | (1,848) | -                                   | -       | -15.7%                              | (1,848) |
| Intercompany eliminations and other adjustments             |   |          |                                       |         |                                     |         |                                     |         |
| Balance as on 31 March 2017                                 | -6.7%   | (6,724)  | 49.9%                                 | 5,603   | -4.9%                               | 80      | 59.4%                               | 5,683   |
| Balance as on 31 March 2016                                 | -16.5%  | (15,357) | -8.0%                                 | (725)   | 0.8%                                | 22      | -6.0%                               | (703)   |
| <b>Total</b>  |   |          |                                       |         |                                     |         |                                     |         |
| Balance as on 31 March 2017                                 | 100.0%  | 1,01,039 | 100.0%                                | 11,224  | 100.0%                              | (1,649) | 100.0%                              | 9,575   |
| Balance as on 31 March 2016                                 | 100.0%  | 92,853   | 100.0%                                | 9,030   | 100.0%                              | 2,770   | 100.0%                              | 11,800  |

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

### 44 | Authorization of financial statements

The consolidated financial statements for the year ended 31 March 2017 (including comparatives) is approved by the Board of Directors on 25 May 2017.

### 45 | Interest in other entities

Summarized financial information of the associates and joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

#### a) Investments in associates

|   | As at<br>31 March 2017      | As at<br>31 March 2016      | As at<br>01 April 2015 |
|---|-----------------------------|-----------------------------|------------------------|
| Aggregate carrying amount of individually immaterial associates | 313                         | 187                         | 257                    |
|   |                             |                             |                        |
|   | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |                        |
| Aggregate amount of the group's share of:                       |                             |                             |                        |
| Profit for the year   | 239                         | 94                          |                        |
| Other comprehensive income                                      | -                           | -                           |                        |
| <b>Total comprehensive income</b>                               | <b>239</b>                  | <b>94</b>                   |                        |

#### (b) Investments in joint venture

|  | As at<br>31 March 2017      | As at<br>31 March 2016      | As at<br>01 April 2015 |
|--|-----------------------------|-----------------------------|------------------------|
| Aggregate carrying amount of individually immaterial joint venture | -                           | -                           | -                      |
|  |                             |                             |                        |
|  | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |                        |
| Aggregate amounts of the group's share of:                         |                             |                             |                        |
| Loss for the year  | (5,965)                     | (1,848)                     |                        |
| Other comprehensive income   | -                           | -                           |                        |
| <b>Total comprehensive income</b>                                  | <b>(5,965)</b>              | <b>(1,848)</b>              |                        |
|  |                             |                             |                        |
|  | Year ended<br>31 March 2017 | Year ended<br>31 March 2016 |                        |
| <b>Share of losses from joint venture</b>                          | <b>(5,965)</b>              | <b>(1,848)</b>              |                        |
| <b>Share of profits from associates</b>                            | <b>239</b>                  | <b>94</b>                   |                        |

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

#### 46 | Investment in joint ventures - Transition from proportionate consolidation to equity method of accounting

The following is a breakdown of the assets and liabilities that have been aggregated into a single line investment balance as at the date of transition to Ind AS (01 April 2015)

|   | As at<br>01 April 2015 |
|---|------------------------|
| Total current assets                                | 10,200                 |
| Total non-current assets                            | -                      |
| Total current liabilities                           | 10,117                 |
| Total non-current liabilities                       | -                      |
| <b>Net assets</b>                                   | <b>83</b>              |
| <b>Reconciliation to carrying amounts</b>           |                        |
| Opening net assets                                  | 3,393                  |
| Loss for the year                                   | (3,216)                |
| Other comprehensive income                          | -                      |
| Dividends paid                                      | -                      |
| <b>Closing net assets</b>                           | <b>177</b>             |
| Group's share in %                                  | 32.5%                  |
| <b>Group's share of net assets</b>                  | <b>57</b>              |
| Foreign exchange fluctuation                        | 26                     |
| <b>Carrying amount of interest in joint venture</b> | <b>-</b>               |

#### 47 | First-time adoption of Ind AS

These are the Group's first financial statements prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Group prepared its financial statements in accordance with Companies (Accounting Standard) Rules, 2006, notified under section 133 of the Act and other relevant provisions of the Act (Previous GAAP). Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on or after 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016. This note explains the principal adjustments made by the Group in restating its statement of financial position as at 01 April 2015 and its previously published financial statements as at and for the year ended 31 March 2016 under previous GAAP.

##### A) First time adoption exemptions applied

Upon transition, Ind AS 101 permits certain exemptions from full retrospective application of Ind AS. The Group has applied the mandatory exceptions and certain optional exemptions, as set out below:

##### (a) Mandatory exceptions adopted by the Group:

##### (i) De-recognition of financial assets and liabilities

The de-recognition criteria of Ind AS 109 Financial Instruments has been applied prospectively for transactions occurring on or after the date of transition to Ind AS. Non-derivative financial assets and non-derivative financial liabilities derecognized before date of transition under previous GAAP are not recognized on the opening Ind AS balance sheet.

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

### (ii) Estimates

Hindsight is not used to create or revise estimates. The estimates made by the Group under previous GAAP were not revised for the application of Ind AS except where necessary to reflect any differences in accounting policies or errors.

### (b) Optional exemptions availed by the Group:

#### (i) Property, plant and equipment

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. The Group has elected to use carrying value under previous GAAP as the deemed cost on the date of transition to Ind AS for all property, plant and equipment (including intangible assets). Land and buildings (properties) were carried in the balance sheet prepared in accordance with previous GAAP on the basis of historical cost. The Group has elected to regard those values of property as deemed cost at the date of the transition since they were broadly comparable to fair value. Accordingly, the Group has not revalued the property at 01 April 2015.

#### (ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess the classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Group has elected to apply this exemption to its financial assets.

#### (iii) Leases

Appendix C to Ind AS 17, Leases, requires an entity to assess whether a contract or arrangement contains a lease. As per Ind AS 17, this assessment should be carried out at inception of the contract or arrangement. However, the Group has used Ind AS 101 exemption and assessed all arrangements based on conditions in place as at the date of transition.

## B) Reconciliation of Equity

### Reconciliation of equity as at 01 April 2015 (date of transition to Ind AS)

|   | Foot<br>note | Previous GAAP* | Adjustments  | Ind AS        |
|---|--------------|----------------|--------------|---------------|
| <b>Assets</b>                                     |              |                |              |               |
| <b>Non-current assets</b>                         |              |                |              |               |
| Property, plant and equipment                     |              | 10,696         | -            | 10,696        |
| Capital work-in-progress                          |              | 55             | -            | 55            |
| Intangible assets                                 |              | 8,437          | -            | 8,437         |
| Investments accounted for using the equity method |              | 257            | -            | 257           |
| <b>Financial assets</b>                           |              |                |              |               |
| - Investments                                     |              | 17             | -            | 17            |
| - Trade receivables                               |              | 14,686         | -            | 14,686        |
| - Bank balances                                   |              | 9,435          | -            | 9,435         |
| - Other financial assets                          | g            | 466            | (7)          | 459           |
| Deferred tax assets (net)                         | f            | 2,289          | 1,685        | 3,974         |
| Income tax assets (net)                           |              | 3,633          | -            | 3,633         |
| Other non-current assets                          |              | 519            | -            | 519           |
|   |              | <b>50,490</b>  | <b>1,678</b> | <b>52,168</b> |

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

|  | Foot<br>note | Previous GAAP*  | Adjustments     | Ind AS          |
|--|--------------|-----------------|-----------------|-----------------|
| <b>Current assets</b>  |              |                 |                 |                 |
| Inventories  |              | 4,699           | -               | 4,699           |
| Financial assets   |              |                 |                 |                 |
| - Investments  |              | 3,800           | -               | 3,800           |
| - Trade receivables  | b,h          | 1,48,181        | (15,390)        | 1,32,791        |
| - Cash and cash equivalents  | h            | 24,158          | (2,048)         | 22,110          |
| - Bank balance other than those mentioned in cash and cash equivalents |              | 7,284           | -               | 7,284           |
| - Loans and other financial assets                                     |              | 2,353           | -               | 2,353           |
| Other current assets   | b,h          | 19,564          | (2,491)         | 17,073          |
|  |              | <b>2,10,039</b> | <b>(19,929)</b> | <b>1,90,110</b> |
| <b>Total assets</b>  |              | <b>2,60,529</b> | <b>(18,251)</b> | <b>2,42,278</b> |
| <b>Equity and Liabilities</b>  |              |                 |                 |                 |
| <b>Equity</b>  |              |                 |                 |                 |
| Equity share capital   |              | 1,086           | -               | 1,086           |
| Other equity   |              |                 |                 |                 |
| - Share premium  |              | 27,003          | -               | 27,003          |
| - Reserves and surplus   | a-h          | 62,175          | (7,561)         | 54,614          |
| - Share application money pending allotment                            |              | 13              | -               | 13              |
| <b>Equity attributable to owners of the parent</b>                     |              | <b>90,277</b>   | <b>(7,561)</b>  | <b>82,716</b>   |
| Non-controlling interests  | f            | 486             | 200             | 686             |
| <b>Total equity</b>  |              | <b>90,763</b>   | <b>(7,361)</b>  | <b>83,402</b>   |
| <b>Liabilities</b>   |              |                 |                 |                 |
| <b>Non-current liabilities</b>   |              |                 |                 |                 |
| Financial liabilities  |              |                 |                 |                 |
| - Borrowings   |              | 6,932           | -               | 6,932           |
| - Trade payables   |              | 15,054          | -               | 15,054          |
| - Other financial liabilities  |              | 206             | -               | 206             |
| Provisions   |              | 2,799           | -               | 2,799           |
| Deferred tax liabilities (net)   |              | 300             | -               | 300             |
| Other non-current liabilities  |              | 5,863           | -               | 5,863           |
|  |              | <b>31,154</b>   | <b>-</b>        | <b>31,154</b>   |
| <b>Current liabilities</b>   |              |                 |                 |                 |
| Financial liabilities  |              |                 |                 |                 |
| - Borrowings   | h            | 10,483          | (2,092)         | 8,391           |
| - Trade payables   | h            | 86,531          | (3,511)         | 83,020          |
| - Other financial liabilities  | b            | 1,682           | 1,398           | 3,080           |
| Provisions   | h            | 20,182          | (39)            | 20,143          |
| Current tax liabilities (net)  | c,h          | 15,290          | (6,646)         | 8,644           |
| Other current liabilities  |              | 4,444           | -               | 4,444           |
|  |              | <b>1,38,612</b> | <b>(10,890)</b> | <b>1,27,722</b> |
| <b>Total liabilities</b>   |              | <b>1,69,766</b> | <b>(10,890)</b> | <b>1,58,876</b> |
| <b>Total equity and liabilities</b>                                    |              | <b>2,60,529</b> | <b>(18,251)</b> | <b>2,42,278</b> |

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

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

## Reconciliation of equity as at 31 March 2016

|  | Foot<br>note | Previous GAAP*  | Adjustments     | Ind AS          |
|--|--------------|-----------------|-----------------|-----------------|
| <b>Assets</b>  |              |                 |                 |                 |
| <b>Non-current assets</b>  |              |                 |                 |                 |
| Property, plant and equipment  |              | 10,842          | -               | 10,842          |
| Capital work-in-progress   |              | 242             | -               | 242             |
| Intangible assets  |              | 6,707           | -               | 6,707           |
| Investments accounted for using the equity method                      |              | 187             | -               | 187             |
| <b>Financial assets</b>  |              |                 |                 |                 |
| - Investments  | a, h         | 1,839           | 20              | 1,859           |
| - Trade receivables  |              | 28,588          | -               | 28,588          |
| - Bank balances  |              | 1,600           | -               | 1,600           |
| - Other financial assets   | g            | 1,168           | (7)             | 1,161           |
| Deferred tax assets (net)  | f            | 782             | 1,705           | 2,487           |
| Income tax assets (net)  |              | 3,596           | -               | 3,596           |
| Other non-current assets   |              | 435             | -               | 435             |
|  |              | <b>55,986</b>   | <b>1,718</b>    | <b>57,704</b>   |
| <b>Current assets</b>  |              |                 |                 |                 |
| Inventories  |              | 9,762           | -               | 9,762           |
| <b>Financial assets</b>  |              |                 |                 |                 |
| - Investments  | a            | 1,169           | 9               | 1,178           |
| - Trade receivables  | b, h         | 1,76,674        | (11,023)        | 1,65,651        |
| - Cash and cash equivalents  | h            | 31,909          | (1,206)         | 30,703          |
| - Bank balance other than those mentioned in cash and cash equivalents |              | 5,558           | -               | 5,558           |
| - Loans and other financial assets                                     | h            | 2,735           | (5)             | 2,730           |
| Other current assets   | b, h         | 21,199          | (2,328)         | 18,871          |
|  |              | <b>2,49,006</b> | <b>(14,553)</b> | <b>2,34,453</b> |
| <b>Total assets</b>  |              | <b>3,04,992</b> | <b>(12,835)</b> | <b>2,92,157</b> |
| <b>Equity and Liabilities</b>  |              |                 |                 |                 |
| <b>Equity</b>  |              |                 |                 |                 |
| Equity share capital   |              | 1,090           | -               | 1,090           |
| <b>Other equity</b>  |              |                 |                 |                 |
| - Share premium  |              | 27,396          | -               | 27,396          |
| - Reserves and surplus   | a-h          | 70,686          | (7,144)         | 63,542          |
| - Share application money pending allotment                            |              | 4               | -               | 4               |
| <b>Equity attributable to owners of the parent</b>                     |              | <b>99,176</b>   | <b>(7,144)</b>  | <b>92,032</b>   |
| Non-controlling interests  |              | 821             | -               | 821             |
| <b>Total equity</b>  |              | <b>99,997</b>   | <b>(7,144)</b>  | <b>92,853</b>   |



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

|                                     | Foot<br>note | Previous GAAP*  | Adjustments     | Ind AS          |
|-------------------------------------|--------------|-----------------|-----------------|-----------------|
| <b>Liabilities</b>                  |              |                 |                 |                 |
| <b>Non-current liabilities</b>      |              |                 |                 |                 |
| Financial liabilities               |              |                 |                 |                 |
| - Borrowings                        |              | 5,012           | -               | 5,012           |
| - Trade payables                    |              | 14,992          | -               | 14,992          |
| - Other financial liabilities       |              | 239             | -               | 239             |
| Provisions                          |              | 1,695           | -               | 1,695           |
| Deferred tax liabilities (net)      |              | 307             | -               | 307             |
| Other non-current liabilities       |              | -               | -               | -               |
|                                     |              | <b>22,245</b>   | <b>-</b>        | <b>22,245</b>   |
| <b>Current liabilities</b>          |              |                 |                 |                 |
| Financial liabilities               |              |                 |                 |                 |
| - Borrowings                        |              | 32,721          | -               | 32,721          |
| - Trade payables                    | h            | 1,04,894        | (2,021)         | 1,02,873        |
| - Other financial liabilities       | b            | 2,989           | 1,398           | 4,387           |
| Provisions                          | c,h          | 25,935          | 1,833           | 27,768          |
| Current tax liabilities (net)       |              | 11,619          | (6,901)         | 4,718           |
| Other current liabilities           | h            | 4,592           | -               | 4,592           |
|                                     |              | <b>1,82,750</b> | <b>(5,691)</b>  | <b>1,77,059</b> |
| <b>Total liabilities</b>            |              | <b>2,04,995</b> | <b>(5,691)</b>  | <b>1,99,304</b> |
| <b>Total equity and liabilities</b> |              | <b>3,04,992</b> | <b>(12,835)</b> | <b>2,92,157</b> |

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

**Reconciliation of Profit****Reconciliation of profit and loss for the year ended 31 March 2016**

|                                       | Foot<br>note | Previous GAAP*  | Adjustments    | Ind AS          |
|---------------------------------------|--------------|-----------------|----------------|-----------------|
| <b>Revenue from operations</b>        |              |                 |                |                 |
| Other income                          | a,h          | 805             | (15)           | 790             |
| <b>Total income</b>                   |              | <b>2,55,662</b> | <b>(4,047)</b> | <b>2,51,615</b> |
| <b>Expenses</b>                       |              |                 |                |                 |
| Cost of sales and services            | h            | 2,03,823        | (4,868)        | 1,98,955        |
| Changes in inventories                |              | (4,932)         | -              | (4,932)         |
| Employee benefits expense             | d,h          | 21,766          | (633)          | 21,133          |
| Finance costs                         | h            | 4,714           | (140)          | 4,574           |
| Depreciation and amortization expense | h            | 2,051           | (2)            | 2,049           |
| Other expenses                        | b,h          | 12,068          | 304            | 12,372          |
| <b>Total expenses</b>                 |              | <b>2,39,490</b> | <b>(5,339)</b> | <b>2,34,151</b> |

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

|  | Foot<br>note | Previous GAAP* | Adjustments  | Ind AS        |
|--|--------------|----------------|--------------|---------------|
| <b>Profit before share of net profits of investments accounted for using equity method and tax</b> |              | 16,172         | 1,292        | 17,464        |
| Share of profit/(loss) of an associate and a joint venture, net                                    | h            | 94             | (1,848)      | (1,754)       |
| <b>Profit before tax</b>   |              | <b>16,266</b>  | <b>(556)</b> | <b>15,710</b> |
| <b>Tax expense</b>   |              |                |              |               |
| Current tax  |              | 5,497          | -            | 5,497         |
| Deferred tax   | f            | 1,393          | (210)        | 1,183         |
| <b>Profit for the year</b>   |              | <b>9,376</b>   | <b>(346)</b> | <b>9,030</b>  |
| <b>Profit for the year attributable to:</b>  |              |                |              |               |
| Non-controlling interests  |              | 157            | -            | 157           |
| <b>Owners of the parent</b>  |              | <b>9,219</b>   | <b>(346)</b> | <b>8,873</b>  |
| <b>Other comprehensive income</b>  |              |                |              |               |
| <b>Items that will not be reclassified to profit and loss</b>                                      |              |                |              |               |
| - Re-measurement losses on defined benefit plans   |              | -              | (58)         | (58)          |
| - Income tax relating to items that will not be reclassified to profit and loss                    |              | -              | 10           | 10            |
|  |              | -              | <b>(48)</b>  | <b>(48)</b>   |
| <b>Items that will be reclassified subsequently to profit and loss</b>                             |              |                |              |               |
| - Exchange differences on translation of foreign operations  |              | 2,210          | 608          | 2,818         |
|  |              | <b>2,210</b>   | <b>608</b>   | <b>2,818</b>  |
| <b>Other comprehensive income for the year, net of tax</b>   |              | <b>2,210</b>   | <b>560</b>   | <b>2,770</b>  |
| <b>Total comprehensive income for the year</b>   |              | <b>11,586</b>  | <b>214</b>   | <b>11,800</b> |

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

### Footnotes to the reconciliations

#### a) Fair valuation of Investments

Under the previous GAAP, investments in mutual funds were classified as long-term investments or current investments based on intended holding period or realisability and were accounted at cost less provision for diminution in value of investments. Under Ind AS, these investments are required to be measured at fair value. The Group has designated the investments as classified at fair value through profit or loss. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31 March 2016.

#### b) Expected credit losses

Under the previous GAAP, the Group had created provision for doubtful receivables based on overdue receivables that reflected incurred losses. Under Ind AS 109 'Financial Instruments', the Group has to determine expected credit loss that reflects, amongst other factors, unbiased probability weighted amounts determined by evaluating a range of outcomes based on supportable and available information. The Group has used practical expedients for measuring these expected credit losses using a provisioning matrix. In arriving at a range of outcomes, the group, in line with the requirements of Ind AS 109, considered the risk or probability that a credit loss occurs and no credit loss occurs, even if the possibility of a credit loss occurring is very low. Based on this assessment, the Group impaired its financial assets by ₹ 10,193 lakhs on 01 April 2015 which has been recognised in opening retained earnings.

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

Under the previous GAAP, the provision for impairment of financial guarantees are recognised only when there is a "more likely than not" possibility of a probable outflow of economic resources. However, under Ind AS 109, an entity shall recognize a loss allowance for expected credit losses on a financial guarantee contract at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The impairment allowance has been determined based on Expected Credit Loss model (ECL). Under ECL model, the Group recognised a loss allowance for its financial guarantees amounting to ₹ 1,398 lakhs on 01 April 2015 which has been recognised in opening retained earnings.

**c) Provisions**

Under the previous GAAP, the proposed dividends (along with related dividend distribution tax) are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, proposed dividends are considered as a non-adjusting post balance sheet event and recognised as a liability in the period in which it is declared by the group (usually when approved by shareholders in a general meeting) or paid. Accordingly the provision for proposed dividend, including dividend distribution tax, recognised under the previous GAAP has been reversed.

**d) Defined benefit obligation**

Both under the previous GAAP and Ind AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind-AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other comprehensive income.

**e) Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans and foreign exchange differences arising on translation of foreign operations. The concept of other comprehensive income did not exist under previous GAAP.

**f) Deferred Tax**

The various transitional adjustments lead to temporary differences that result in deferred tax liability/asset (as the case may be). Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or Other Comprehensive Income. On the date of transition, the net impact on deferred tax assets is of ₹ 1,685 lakhs (31 March 2016: ₹ 1,705 lakhs).

**g) Loans**

Employee loans were carried at cost under the previous GAAP. However, under Ind AS, these loans are classified as financial asset and is carried at its fair value.

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

### h) Equity method of accounting for investment in joint venture

Under the previous GAAP, International Water Treatment LLC (Oman) was classified as jointly controlled entity and accounted for using the proportionate consolidation method. Under Ind AS, International Water Treatment LLC (Oman) has been classified as a joint venture and accounted for using the equity method since the company is a limited liability company whose legal form offers separation of the company from the investors. The parties to the joint arrangements do not have direct rights to the assets and liabilities of International Water Treatment LLC (Oman). For the purposes of applying the equity method, the investment in International Water Treatment LLC (Oman) of ₹ 81 lakhs, as at the date of transition, has been measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated. An impairment assessment has been performed as at 1 April 2015 and no impairment provision is considered necessary.

### 48 | Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the reporting date (31 March 2017) and the date of authorization except for proposed dividend as disclosed in note 16.

### 49 | Contingent liabilities, commitments and guarantees

#### a) Claims against the Group not acknowledged as debt

| Particulars  | As at<br>31 March 2017 | As at<br>31 March 2016 |
|--|------------------------|------------------------|
| Income tax impact on account of non-deductibility U/s 80-IA                        | -                      | 2,422                  |
| Out of the above, income tax demand contested in appeal                            | -                      | 939                    |
| Interest U/s 234B on the tax liability referred above                              | -                      | 2,855                  |
| Income tax demand including interest contested in appeal (Assessment year 2011-12) | 401                    | 401                    |
| Income tax demand including interest contested in appeal (Assessment year 2009-10) | 639                    | 639                    |
| Income tax demand including interest contested in appeal (Assessment year 2012-13) | 597                    | -                      |
| Indirect tax matters under dispute   | 8,214                  | 8,050                  |
| Tax liability of the permanent establishment in Algeria                            | 3,115                  | 2,992                  |

- i) The Parent 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 Parent believed that this amendment was in line with the objective of the government of incentivizing only a developer of infrastructure facility and not a mere works contractor. The Parent strongly opined that, being a developer of infrastructure turnkey development contracts starting from the conceptualization to execution assuming significant financial commitment and risks, the Parent would be treated as a developer and the amendment would not apply to it. Based on a legal opinion from a Senior Counsel, the Parent had filed a writ petition in the High Court of Madras challenging the Constitutional validity of the retrospective amendment. The Parent had subsequently received favorable 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 had 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 was pending at the Income Tax Appellate Tribunal till the previous year. Considering these facts and as a matter of prudence, the Parent had disclosed the total tax benefit so far claimed u/s 80-IA as contingent liability in the consolidated financial statements upto

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

31 March 2016. However during the current year favourable orders from Income Tax Appellate Tribunal have been received by the Parent which has not been contested. Hence the demand has not been considered as a contingent liability.

- ii) The Parent, also based on an opinion taken from a professional firm believed that the interest under section 234B on account of 80-IA disallowance discussed in paragraph 'i' 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 Parent on this aspect and on this basis, the amount of interest had been disclosed as contingent liability. However as detailed in paragraph 'i' above, the same has not been considered as a contingent liability during the current year.
- iii) During the year 2013-14, VA Tech Wabag Deutschland GmbH had received a demand order from the Office of the General Directorate of Taxes Algeria for an amount of ₹ 3,115 Lakhs. The subsidiary noted that there were prima facie errors on the order and hence 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.

**b) Capital commitments**

The estimated amounts of contracts to be executed on capital account and not provided for (net of advances) Nil (Previous year - Nil). Other commitments are cancellable at the option of the company and hence not disclosed.

**c) Guarantees excluding financial guarantees**

|                                     | As at<br>31 March 2017 | As at<br>31 March 2016 |
|-------------------------------------|------------------------|------------------------|
| Guarantees issued by the Group for: |                        |                        |
| Others                              | 48,477                 | 46,344                 |

**50 |** VA Tech Wabag Brno spol. S.R.O, subsidiary company (the 'subsidiary') domiciled in the Czech Republic has reported an amount of 12 lakh Euros (₹ 839 Lakhs) as at 31 March 2017 as net receivable from a customer towards construction of water treatment plant in Turkey. During the current year, the customer has applied for reorganization insolvency under the laws of Czech Republic. The subsidiary has since received communications from the holding entity of the customer and Czech Export Bank ('CEB'), expressing support and continued co-operation with the sub-contractors of the project. Considering the positive developments, the Group believes that the receivables are not impaired and are fully recoverable.

Notes 1 to 50 form an integral part of these consolidated financial statements.

In terms of our report attached

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sumesh E S**

Partner

Place : Chennai

Date : 25 May 2017

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

**B D Narang**

Chairman

(DIN: 00826573)

**G Parthasarathy**

Chief Financial Officer

Place : Chennai

Date : 25 May 2017

**Rajiv Mittal**

Managing Director & Group CEO

(DIN: 01299110)

**R Swaminathan**

Company Secretary

(Membership No.:17696)

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## Notes

[illegible]

## Notes

[illegible]

**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](mailto:companysecretary@wabag.in) | Website: [www.wabag.com](http://www.wabag.com)

## Notice

Notice is hereby given that the twenty second Annual General Meeting (AGM) of the members of VA TECH WABAG LIMITED will be held on Thursday, July 27, 2017 at 10.00 a.m. at The Music Academy (Mini Hall), New No. 168, T.T.K. Road, Royapettah Chennai - 600 014. 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, 2017, 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, 2017.
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 to consider, if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) rules 2014 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 Chandio & 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. Re-appointment of B D Narang (DIN: 00826573) as an Independent Director

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) B D Narang (DIN: 00826573), an independent Director of the Company whose period of office is liable to expire at the conclusion of 22<sup>nd</sup> Annual General Meeting, who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for re appointment for a second term under the provisions of the Companies Act, 2013, Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company to hold office for 3 consecutive years for a term upto the conclusion of the 25<sup>th</sup> AGM of the Company to be held in the calendar year 2020 and who shall not be liable to retire by rotation."

6. Re-appointment of Sumit Chandwani (DIN: 00179100) as an Independent Director

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) Sumit Chandwani (DIN: 00179100), an independent Director of the Company whose period of office is liable to expire at the conclusion of 22<sup>nd</sup> Annual General Meeting, who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for re appointment for a second term under the provisions of the Companies Act, 2013, Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company to hold office for 2 consecutive years for a term upto the conclusion of the 24<sup>th</sup> AGM of the Company to be held in the calendar year 2019 and who shall not be liable to retire by rotation."

7. Re-appointment of Revathi Kasturi (DIN: 01837477) as an Independent Director

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) Revathi Kasturi (DIN: 01837477), an independent Director of the Company whose period of office is liable to expire at the conclusion of 22<sup>nd</sup> Annual General Meeting, who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for re appointment for a second term under

the provisions of the Companies Act, 2013, rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company to hold office for 3 consecutive years for a term upto the conclusion of the 25<sup>th</sup> AGM of the Company to be held in the calendar year 2020 and who shall not be liable to retire by rotation."

8. Increase in the borrowing limits of the Company

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** in supersession to the resolution passed by the shareholders at the Twentieth AGM of the Company held on July 27, 2015, and pursuant to provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and in terms of Article 128 of Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof for exercising the powers conferred on the Board by this Resolution) for borrowing, from time to time, as they may deem fit, any sum or sum of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of paid up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed, in the form of both fund based and non-fund based borrowing, shall not at any time exceed ₹ 5,000 Crore (Rupees Five Thousand Crore) or the aggregate of the paid up capital and free reserves of the Company from time to time whichever is higher."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized and empowered to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this Resolution."



## 9. Increase in limits for Creation of Charges on the assets of the Company

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** in supersession to the resolution, passed by the shareholders at the 20<sup>th</sup> AGM of the Company held on July 27, 2015, and pursuant to provisions of section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and in terms of Article 128 of Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "The Board" which term shall be deemed to include any Committee thereof for exercising the powers conferred on the Board by this resolution) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable assets of the Company, both present and future, in such manner as the Board may deem fit, together with the power to take over the substantial assets of the Company in certain events in favor of financial institutions, investment institutions, banks, mutual funds, trusts, other bodies corporate or any other investing agencies and trustees for the holders of debentures/bonds/qualified institutional placement/other instruments which may be issued on private placement basis or otherwise to secure rupee/ foreign currency loans and/ or the issue of debentures whether partly/ fully convertible or non-convertible and/ or other securities and/ or rupee/ foreign currency convertible bonds and/ or bonds with share warrants attached (hereinafter collectively referred to as "Loans") provided that the total amount of Loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premium on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of the said Loans for which the charge created/ to be created on Fund based and Non-fund based borrowings of the Company, shall not, at any time exceed ₹ 5,000 Crore (Rupees Five Thousand Crore ) or the aggregate of the paid up capital and free reserves of the Company from time to time whichever is higher."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized and empowered to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this Resolution."

## 10. Raising of funds through Qualified Institutional Placement (QIP)/Private Placement/ Preferential Allotment

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 42, 62 and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof for the time being in force) as amended from time to time, Foreign Exchange Management Act, 1999, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('SEBI Regulations'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in accordance with the Memorandum and Articles of Association of the Company, any other applicable laws, rules and regulations (including any amendments thereto or re-enactments thereof for the time being in force) and subject to such approvals, consents, permissions and sanctions of the Securities and Exchange Board of India (SEBI), Government of India (GOI), Reserve Bank of India (RBI) and all other appropriate and/or concerned authorities, or bodies and subject to such conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company ('Board' which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution), the Board be and is hereby authorized to offer, issue and allot in one or more tranches, to Investors whether Indian or Foreign, including Foreign Institutions, Foreign Institutional Investors, Foreign Portfolio Investors, Foreign Venture Capital Investors, Venture Capital Funds, Non Resident Indians, Corporate Bodies, Mutual Funds, Banks, Insurance Companies, Pension Funds, Individuals or otherwise, and other categories whether shareholders of the Company or not, through an issue of convertible bonds and/or equity

shares by way of one or more public and/or private offerings, and/or on preferential allotment basis including Qualified Institutional Placement ("QIP") or any combination thereof, through issue of prospectus and /or placement document/ or other permissible/ requisite offer document to any eligible person, including Qualified Institutional Buyers ("QIBs") in terms of Chapter VIII of the SEBI Regulations, through one or more placements of Equity Shares (hereinafter collectively referred to as "Securities"), whether by way of private placement or otherwise as the Board may determine, so that the total amount raised through issue of the Securities shall not exceed ₹ 400 Crore (Rupees Four Hundred Crore) or equivalent thereof, in one or more foreign currency and/or Indian rupee, inclusive of such premium as may be fixed on such Securities by offering the Securities through public offer(s) or private placement(s) or a combination thereof at such time or times, at such price or prices, at a discount or premium to market price or prices permitted under applicable laws in such manner and on such terms and conditions including security, rate of interest etc. as may be deemed appropriate including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of other categories of Investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead manager(s) and/or underwriter(s) and/or merchant bankers and/or financial/legal and/or other advisor(s) appointed and / or to be appointed by the Company (the "Issue")."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby also authorized to determine the form, terms and timing of the issue(s), including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, premium amount in issue/conversion/ exercise/ redemption, rate of interest, redemption period, listings on one or more stock exchanges in India or abroad as the Board may in its absolute discretion deems fit and to make and accept any modifications in the proposals as may be required by the authorities involved in such issue(s) in India and/or abroad, to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the issue(s)."

**"RESOLVED FURTHER THAT** in case of QIP issue it shall be completed within 12 months from the date of passing of this resolution."

**"RESOLVED FURTHER THAT** in case of QIP issue the relevant date for determination of the floor price of the Equity Shares to be issued shall be the date of meeting in which the Board decides to open the proposed issue or any other date as may be determined by the Board and the Equity Shares if so issued shall rank *pari passu* with the existing Equity Shares of the Company in all respects and the Equity Shares to be offered and allotted shall be in dematerialized form."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to any offer, issue or allotment of Securities, the Board, be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the terms thereof, for entering into arrangements for managing, underwriting, marketing, listing and trading, to issue placement documents and to sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such offer(s) or issue(s) or allotment(s) as it may, in its absolute discretion, deems fit."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to appoint Lead Manager(s) in offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memoranda, documents, etc. with Lead Manager(s) and to seek listing of such securities."

**"RESOLVED FURTHER THAT** the Company do apply for listing of the new Equity Shares as may be issued with the BSE Limited and/or National Stock Exchange of India Limited or any other Stock Exchange(s)."

**"RESOLVED FURTHER THAT** the Company do apply to the National Securities Depository Limited and/ or Central Depository Services (India) Limited for admission of the Securities."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to create necessary charge on such

of the assets and properties (whether present or future) of the Company in respect of Securities and to approve, accept, finalize and execute facilities, sanctions, undertakings, agreements, promissory notes, credit limits and any of the documents and papers in connection with the issue of Securities."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers in such manner as they may deem fit."

By Order of the Board of Directors

**R Swaminathan**

Company Secretary  
Membership No.: 17696  
May 25, 2017

### Notes:

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting" or "AGM") is entitled to appoint a proxy, or, where that is allowed, one or more proxies, to attend and vote on a poll instead of himself/herself and that a proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than 48 (forty-eight) hours before the commencement of the Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights and such person, who shall not act as a proxy for any other member. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member. A proxy form for the AGM is enclosed.

2. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company, a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. Additional information pursuant to Regulation 36 of Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (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. In order to enable us to register your attendance at the venue of the Annual General Meeting, we request you to please bring your folio number/demat account number/DP ID-Client ID to enable us to give you a duly filled attendance slip for your signature and participation at 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. Registers under the Act and 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 register of members and share transfer books will remain closed from Saturday, July 15, 2017 to Thursday, July 27, 2017 (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 28, 2017 and August 1, 2017 to those members whose names shall appear on the Company's register of members on July 14, 2017 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 Registrar and Transfer Agent, 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 10th May, 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 and Pursuant to Section 124 & 125 of Act read with The Companies (Declaration and payment of Dividend) Rules, 2014, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on July 25, 2016 (date of last AGM) on the website of the Company ([www.wabag.com](http://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 or the Company's Registrar and Share Transfer Agent (Karvy Computershare Private Limited) for revalidation and encash them before the due dates. 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 (IEPF).
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](http://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. The route map to reach the venue of the Annual General Meeting is annexed.
18. Copies of the Annual Report 2017 and the Notice of the 22<sup>nd</sup> 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 2017 are being sent by the permitted mode. Members may also note that the Notice of the 22<sup>nd</sup> AGM and the Annual Report 2017 will be available on the Company's website [www.wabag.com](http://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](mailto:companysecretary@wabag.in).

**19. The business set out at 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 read with 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/s 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 14, 2017. 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 14, 2017 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 14, 2017, 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**

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Example for NSDL

MYEPWD <space> IN12345612345678

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Example for CDSL

MYEPWD <space> 1402345612345678

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Example for physical XXXX1234567890

MYEPWD <space> xxxx1234567890

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- b) If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- c) If both email and mobile number of a member is not registered, such members may call Karvy's toll free number 1-800-3454-001 or send an e-mail request to [evoting@karvy.com](mailto: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.
- e) Member can also update their mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- (viii) The remote e-voting period commences on Friday, July 21, 2017 (9.00 a.m. IST) and ends on Wednesday, July 26, 2017 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized



form, as on the cut-off date of Friday, July 14, 2017, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.

- (ix) The scrutinizer, after scrutinizing the votes cast at the meeting (Insta Poll) and through remote e-voting, will, not later than 48 hours of conclusion of the meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.wabag.com](http://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 27, 2017.

**(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 (3116)+ 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. 3116 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 3116, User ID and password is provided in the attendance slip.
- b) Please follow all steps from Sr. No. (a) to (l) as mentioned in (A) above, to cast your vote

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

**3. Voting at AGM: The Members, who have not cast their vote through Remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. The facility for voting through ballot shall be made available at the Meeting. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting; however those Members are not entitled to cast their vote again in the Meeting**

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

5. In case of any query pertaining to e-voting, Members can Contact Mr B Srinivas , Deputy Manager, Karvy Computershare Private Limited at Contact No.: 04067162222, email id.: einward.ris@karvy.com

By Order of the Board of Directors

**R Swaminathan**  
Company Secretary  
Membership No.: 17696  
May 25, 2017

## 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

B D Narang is an Independent Director of the Company, appointed pursuant to approval of the Members under the provisions of the Companies Act, 2013 through resolutions passed at the 19th AGM held on July 21, 2014 for a period of 3 years upto the conclusion of 22nd AGM.

Pursuant to Section 149 of the Companies Act, 2013, read with Articles of Association of the Company and based on the recommendation of the Nomination & Remuneration Committee, the Board of Directors ("Board") of the Company passed a resolution in their Meeting held on May 25<sup>th</sup> 2017, approving re-appointment of B D Narang as an Independent Director of the Company with effect from July 27, 2017 for a second term of 3 years based on skills, experience, knowledge and performance evaluation. The re appointment is subject to the approval of shareholders at this Annual General Meeting by way of Special Resolution.

B D Narang holds office up to the date of the closure of ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of B D Narang for the office of Independent Director to be re-appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from B D Narang (i) consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualification of

Directors) Rules 2014, (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013.

Pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, the resolution as set out at item No. 5 seeks approval of the members for the re-appointment of B D Narang as an Independent Director of the Company for a period of 3 consecutive years up to the conclusion of 25<sup>th</sup> AGM to be held in the calendar year 2020 at such remuneration/ commission as approved by the Members at the 19<sup>th</sup> AGM held on July 21, 2014. He shall not be liable to retire by rotation.

In the opinion of the Board, B D Narang, the Independent Director proposed to be re-appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is independent of the Management. Brief resume of B D Narang, nature of his expertise in specific functional areas, names of listed companies in which he holds directorship and membership/ chairmanship of Board Committees, shareholding and relationships amongst directors inter-se as stipulated under SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015 with the Stock Exchanges, are provided in this notice.

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

No Director, Key Managerial Personnel or their relatives, except B D Narang, to whom the resolution relates, are interested or concerned in the resolution.

The Board commends the Special Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

#### **Profile of B D Narang:**

B D Narang has 37 years of banking experience. He served as the Chairman and Managing Director of Oriental Bank of Commerce until April 30, 2005. He was nominated by RBI as a member of expert group formed for examining problems of distressed farmers. He was also nominated

by Ministry of Corporate Affairs, Government of India as a member of the committee formed to oversee the working of Investor Education & Protection Fund (IEPF). B D Narang has handled various special assignments including chairing a Panel on serious financial frauds appointed by RBI, and was appointed as chairman of various panels on construction industry appointed by Indian Banks Association. He also served as the Chairman of Governing Council of National Institute of Banking Studies & Corporate Management, and was a member of the Advisory Council of Bankers Training College (RBI) Mumbai. B D Narang was also the Deputy Chairman of Indian Banks Association, Mumbai and a Fellow member of Governing Council of the Indian Institute of Banking & Finance, Mumbai. B D Narang also serves as an Independent Director on the Board of various other Corporates/ entities.

Under his stewardship Oriental Bank of Commerce was declared "Best under a billion 200 small companies for 2003" by Forbes global out of 1900 companies from Asia & Europe.

He is the recipient of Business Standard "Banker of the Year" Award in the year 2004. B D Narang holds a Master's degree in Agricultural Economics from Punjab Agriculture University.

#### **Item No. 6**

Sumit Chandwani is an Independent Director of the Company, appointed pursuant to approval of the Members under the provisions of the Companies Act, 2013 through resolutions passed at the 19<sup>th</sup> AGM held on July 21, 2014 for a period of 3 years upto the conclusion of 22<sup>nd</sup> AGM.

Pursuant to Section 149 of the Companies Act, 2013, read with Articles of Association of the Company and based on the recommendation of the Nomination & Remuneration Committee, the Board of Directors ("Board") of the Company passed a resolution at their Meeting held on May 25 2017, approving re-appointment of Sumit Chandwani as Independent Director of the Company with effect from July 27, 2017 for a second term of 2 years based on skills, experience, knowledge and performance evaluation. The re-appointment is subject to the approval of shareholders at this Annual General Meeting by way of Special Resolution.

Sumit Chandwani holds office up to the date of the closure of ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of

Sumit Chandwani for the office of Independent Director to be re-appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Sumit Chandwani (i) consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013.

Pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, the resolution as set out at item No.6 seeks approval of the members for the re-appointment of Sumit Chandwani as an Independent Director of the Company for a period of 2 consecutive years up to the conclusion of 24<sup>th</sup> AGM to be held in the calendar year 2019 at such remuneration/ commission as approved by the Members at the 19<sup>th</sup> AGM held on July 21, 2014. He shall not be liable to retire by rotation.

In the opinion of the Board, Sumit Chandwani, the Independent Director proposed to be re-appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is Independent of the Management. Brief resume of Sumit Chandwani, nature of his expertise in specific functional areas, names of listed companies in which he holds directorship and membership/ chairmanship of Board Committees, shareholding and relationships amongst directors inter-se as stipulated under SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015 with the Stock Exchanges, are provided in this notice.

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

No Director, Key Managerial Personnel or their relatives, except Sumit Chandwani, to whom the resolution relates, are interested or concerned in the resolution.

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

### Profile of Sumit Chandwani

Sumit Chandwani has over 23 years of experience in private equity, structured finance and project finance. He is currently Member / Designated Partner of Arth Equity Advisors LLP. Sumit Chandwani has served as a board member of ICICI Venture, and was the President of the Private Equity business. He has worked with companies in a variety of industries such as pharmaceuticals, healthcare, manufacturing, services, consumer and engineering.

Prior to joining ICICI Venture, Sumit Chandwani worked with ICICI Ltd. and GE Capital. At ICICI, he was with the project financing group and led several project financing transactions in industries like cement, steel, sugar, textiles and auto components. At GE Capital, Sumit Chandwani was part of the core team that set up Commercial Finance operations in India. He played a key role in purchase of distressed commercial assets in Thailand in 1998. His last assignment at GE Capital was as Country Head for Vendor Financing business in India. In 2010, Sumit Chandwani was awarded the "Indian Private Equity Professional of the Year" by the Asian Venture Capital Journal, a reputed industry publication.

Sumit Chandwani has an MBA from IIM Bangalore and a bachelor's degree in Industrial Engineering from IIT Roorkee.

### Item No. 7

Revathi Kasturi is an Independent Director of the Company, appointed pursuant to approval of the Members under the provisions of the Companies Act, 2013 through resolutions passed at the 19<sup>th</sup> AGM held on July 21, 2014 for a period of 3 years upto the conclusion of 22<sup>nd</sup> AGM.

Pursuant to Section 149 of the Companies Act, 2013, read with Articles of Association of the Company and based on the recommendation of the Nomination & Remuneration Committee, the Board of Directors ("Board") of the Company passed a resolution at their Meeting held on May 25, 2017, approving re-appointment of Revathi Kasturi as Independent Director of the Company with effect from July 27, 2017 for a second term of 3 years based on skills, experience, knowledge and performance evaluation. The re appointment is subject to the approval of shareholders at this Annual General Meeting by way of Special Resolution.

Revathi Kasturi holds office up to the date of closure of ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/-

proposing the candidature of Revathi Kasturi for the office of Independent Director to be re-appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Revathi Kasturi (i) consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under Sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that she meets the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013.

Pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, the resolution as set out at item No. 7 seeks approval of the members for the re-appointment of Revathi Kasturi as an Independent Director of the Company for a period of 3 consecutive years up to the conclusion of 25<sup>th</sup> AGM to be held in the calendar year 2020 at such remuneration/ commission as approved by the Members at the 19th AGM held on July 21, 2014. She shall not be liable to retire by rotation.

In the opinion of the Board, Revathi Kasturi, the Independent Director proposed to be re-appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and she is Independent of the Management. Brief resume of Revathi Kasturi, nature of his expertise in specific functional areas, names of listed companies in which she holds directorship and membership/ chairmanship of Board/Committees, shareholding and relationships amongst directors inter-se as stipulated under SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015 with the Stock Exchanges, are provided in this notice.

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

No Director, Key Managerial Personnel or their relatives, except Revathi Kasturi, to whom the resolution relates, are interested or concerned in the resolution.

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

#### Profile of Revathi Kasturi:

Revathi Kasturi is an Entrepreneur, heading LAQSH Job Skills Academy, Bengaluru, a Company focused on employability skills and on bridging the talent gap. Building world class skills in employees is the key to higher productivity, strong growth and a sustainable business. LAQSH engages with all the stakeholders including students, academia, governments and corporates to deliver solutions and transform the skills landscape.

Revathi Kasturi was earlier the Managing Director of Novell West Asia responsible for building the Novell business in the region. Prior to this she was Founder & President of Tarang Software Technologies, a SEI CMM Level 5 Global IT services company focused on e-learning and payment systems. Before her entrepreneurial stint Revathi Kasturi worked with Wipro Technologies for 17 years in various leadership positions. She was the Chief Executive - Finance Solutions Division when she left in 2000 to start Tarang Software Technologies.

Revathi Kasturi has over 35 years of experience in the IT Industry and has led businesses engaged in Enterprise Software Development, Systems Integration, Customer Support, IT hardware and now skills development.

Revathi Kasturi holds a Bachelor's degree in Electrical Engineering from Indian Institute of Technology (IIT) Bombay.

Revathi Kasturi has been a speaker on various subjects related to Technology, Leadership, Education, Skills & Entrepreneurship at both International and local forums.

A former board member of NASSCOM Executive Council, she is also a charter member of TIE Bangalore and is passionate about fostering entrepreneurship.

#### Item No. 8 & 9

Pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013, the Board of Directors of the Company could, with the consent of the Members obtained by a Special Resolution, borrow monies of such sum as may be approved by the Members, apart from the temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid up capital and free reserves of the Company from time to time that is to say reserves not set apart for any specific purpose.

Also, under the provisions of Section 180(1)(a) of the Companies Act, 2013, the Board of Directors of a Company

could, with the consent of the Members obtained by an Special Resolution, create charge/mortgage/hypothecation on the Company's assets, both present and future, in favour of the lenders/trustees for the holders of debentures/bonds, to secure the repayment of moneys borrowed by the Company (including temporary loans obtained from the Company's Bankers in the ordinary course of business).

The Members of the Company at the 20th AGM held on July 27, 2015, authorised the Board of Directors (which term shall be deemed to include any Committee of the Board) to borrow money(ies) on behalf of the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) and for creation of charge on movable and immovable properties of the Company as security in favour of lending agencies for a sum not exceeding ₹ 3,000 Crore (rupees three thousand Crore only), or aggregate of the paid-up share capital and free reserves of the Company from time to time whichever is higher. Keeping in view your Company's business requirements and growth plans, it is considered desirable to increase the said borrowing limits under the provisions of Section 180(1)(c) of the Companies Act, 2013.

Considering the present and future business opportunities and growth plans of the company, it is proposed to increase the borrowing limits from the existing limit of ₹ 3,000 Crore to ₹ 5,000 Crore, to enable the Board of directors to avail such facilities as and when required. The proposed enhancement is mainly in the form of non-fund based limits. In this connection, it is proposed to seek the approval of the shareholders by way of a special resolution to enable the Directors to borrow monies, provided that the total amount so borrowed (both Fund based & Non-fund based) shall not at any time exceed ₹ 5,000 Crore (Rupees Five Thousand Crore) or the aggregate of the paid-up capital and free reserves of the Company from time to time, whichever is higher.

The increase in the limits of borrowings of the Company may, if necessary be secured by way of mortgages, charges & hypothecation on the Company's movable/ immovable assets of the Company, present and future, in favour of the financial institutions/ banks/ insurance companies/ other investing agencies/ trustees for the holders of debentures/bonds/ other instruments as detailed in the notice, it is necessary for the Members to pass a special resolution for creation of mortgages, charges and hypothecation to secure such borrowings.

Due to the above, it is proposed to seek Members' consent by way of a Special Resolution under Section

180(1)(c) of the Act for both fund based and non fund based borrowings not exceeding ₹ 5,000 Crore (Rupees Five Thousand Crore) or the aggregate of the paid-up capital and free reserves of the Company time to time whichever is higher and under Section 180(1)(a) of the Act for creation of charges/mortgages/hypothecations on the above borrowing limit.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolutions at item nos. 8 & 9 of the accompanying notice.

The Board commends the Resolutions set out at Item Nos. 8 & 9 of the accompanying Notice for approval by the shareholders of the Company by a Special Resolution.

#### Item No. 10

In order to meet the business exigencies and high growth opportunities from time to time the Company requires adequate capital to meet the needs of growing business. While it is expected that the internal generation of funds would partially finance the need for capital and raising funds by way of public/private/preferential allotment would be another source of funds, it is thought prudent for the Company to have enabling approvals to raise a part of the funding requirements for the said purposes as well as for such other corporate purposes as may be permitted under applicable laws through the issue of appropriate securities as defined in the resolution, in Indian or international markets.

The fund raising may be through a mix of equity/equity linked instruments, as may be appropriate. Members' approval is sought for the issue of securities linked to or convertible into Equity Shares of the Company. The Listing Agreement executed by the Company with the Stock Exchanges also provides that the Company shall, in the first instance, offer all Securities for subscription pro-rata to the Shareholders unless the Shareholders in a general meeting decide otherwise. Members' approval is sought for issuing any such instrument as the Company may deem appropriate. The equity shares, if any, allotted on issue, conversion of Securities shall rank in all respects *pari passu* with the existing Equity Shares of the Company.

Hence it is proposed to seek approval of the members in favor of the Board of Directors ("Board" which expression for the purposes of this resolution shall include any committee of Directors constituted/ to be constituted by the Board) of the Company to offer, issue and allot in one or more tranches, to Investors whether Indian or Foreign, including Foreign Institutions, Foreign Institutional Investors, Foreign



Portfolio Investors, Foreign Venture Capital Fund Investors, Venture Capital Funds, Non Resident Indians, Corporate Bodies, Mutual Funds, Banks, Insurance Companies, Pension Funds, Individuals or otherwise, whether shareholders of the Company or not, through an issue of convertible bonds and/or equity shares by way of one or more public and/or private offerings, and/or on preferential allotment basis including Qualified Institutional Placement ("QIP") or any combination thereof, through issue of prospectus and / or placement document/ or other permissible/requisite offer document to any eligible person, including Qualified Institutional Buyers ("QIBs") in terms of Chapter VIII of the SEBI Regulations, through one or more placements of Equity Shares (hereinafter collectively referred to as "Securities"), whether by way of private placement or otherwise as the Board may determine, so that the total amount raised through issue of the Securities shall not exceed ₹ 400 Crore (Rupees Four Hundred Crore) or equivalent thereof, in one or more foreign currency and/or Indian rupees, inclusive of such premium as may be fixed on such Securities by offering the Securities through public offer(s) or private placement(s) or a combination thereof at such time or times, at such price or prices, at a discount or premium to market price or prices permitted under applicable laws in such manner and on such terms and conditions including security, rate of interest etc. as may be deemed appropriate including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of other categories of Investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead manager(s) and/or underwriter(s) and/or other advisor(s) appointed and / or to be appointed by the Company (the "Issue") as set out in this special resolution.

The Company may also opt for issue of securities through Qualified Institutional Placement. Accordingly, the Company may issue securities by way of a QIP in terms of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI Regulations"). The resolution proposed is an enabling resolution and the exact price, proportion and timing of the issue of the securities will be decided by the Board based on an analysis of the specific requirements after consulting all concerned. Therefore the proposal seeks to confer upon the Board the absolute discretion to determine the terms of issue in consultation with the Lead Managers to the Issue.

As per Chapter VIII of the SEBI Regulations, an issue of securities on QIP basis shall be made at a price not less than

the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the two weeks preceding the "relevant date." The Board may, at its absolute discretion, issue equity shares at a discount of not more than five percent or such other discount as may be permitted under applicable regulations to the 'floor price' as determined in terms of the SEBI Regulations, subject to Section 53 of the Companies Act, 2013. As the pricing of the offer cannot be decided except at a later stage, it is not possible to state the price of shares to be issued. However, the same would be in accordance with the provisions of the SEBI Regulations, the Companies Act, 2013, or any other guidelines/regulations/consents as may be applicable or required. In case of issue of convertible bonds and/or equity shares through depository receipts the price will be determined on the basis of the current market price and other relevant guidelines.

The proposed issue may be of QIP of Securities as above may be made in one or more tranches such that the aggregate amount raised by the issue of QIP Securities shall not exceed ₹ 400 Crore, with or without a green shoe option, as may be determined by the Board. The proposed special resolution is only enabling in nature and the Board may from time to time consider the extent, if any, to which the proposed securities may be issued.

The relevant date for the determination of applicable price for the issue of the QIP Securities shall be the date of the meeting in which the Board of the Company decides to open the proposed issue or in case of convertible securities, either the date of the meeting in which the board of directors of the issuer or the committee of directors duly authorised by the board of directors of the issuer decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares.

Shareholders' resolution for QIP issuance is valid for a period of 12 months from the date of passing of the resolution. Accordingly, the Shareholders' approval is sought for the same.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolutions at Item No. 10 of the accompanying notice.

The Board commends the Resolutions set out at Item No. 10 of the accompanying Notice for approval by the shareholders of the Company by a Special Resolution.

## DETAILS OF DIRECTOR RETIRES BY ROTATION AND BEING ELIGIBLE HAS OFFERED HIMSELF FOR RE-APPOINTMENT

### Item no.3

S Varadarajan was appointed as a Director & Chief Growth Officer liable to retire by rotation by the members at the 21st AGM of the Company held on 25th July 2016. As per the said resolution and pursuant to provisions of Section 152 of Companies Act, 2013, the term of appointment of Director expires on conclusion of 22nd AGM. Pursuant to Section 152 of the Companies Act, 2013, read with Articles of Association of the Company the Board of Directors ("Board") of the Company passed a resolution in their Meeting held on May 25, 2017, approving re-appointment of S Varadarajan as Director & Chief Growth Officer liable to retire by rotation of the Company with effect from July 27, 2017 subject to the approval of shareholders at this Annual General Meeting by way of Ordinary Resolution.

The Company has received from S Varadarajan (i) consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014 and (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Sub-section (2) of Section 164 of the Companies Act, 2013.

Pursuant to Section 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, the resolution as set out at item No.3 seeks approval of the members for the appointment of S Varadarajan as a Director & Chief Growth Officer of the Company, liable to retire by rotation. 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.

### Profile of 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 Finance, 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 March 31, 2017.

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 (ICWAI) and the Institute of Company Secretaries of India (ICSI). 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.



## 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.

|   |  |  |   |   |
|---|--|--|---|---|
| Name of Director  | S Varadarajan  | B D Narang   | Sumit Chandwani   | Revathi Kasturi   |
| DIN   | 02353065   | 00826573   | 00179100  | 01837477  |
| Date of Birth   | 23.09.1965   | 12.04.1945   | 11.11.1967  | 05.05.1959  |
| Age   | 51   | 72   | 49  | 58  |
| Date of first Appointment   | 24.06.2015   | 07.06.2007   | 13.09.2005  | 09.02.2012  |
| Qualifications  | Member of ICWAI, ICSI                                | Master's degree in Agricultural Economics  | IIM Banglore -MBA<br>IIT Roorkee- Industrial Engineering  | IIT Bombay- Electrical Engineering  |
| Expertise   | Vast experience in the field of Finance and Accounts | Vast experience in the field of Banking and financial sector   | Vast experience in private equity funding/ project finance  | Vast experience in the IT industry in the field of Training and Soft Skills |
| Terms and conditions of re-appointment  | Refer Resolution No. 3 and its explanatory statement | Refer Resolution No. 5 and its explanatory statement   | Refer Resolution No. 6 and its explanatory statement  | Refer Resolution No. 7 and its explanatory statement                        |
| Details of Remuneration (₹ In Lakh) (FY 2016-17)  | 113  | 20   | 15  | 15  |
| Directorships in other Companies (excluding foreign companies, & Section 8 companies)       | NIL  | 1. Dish TV India Limited<br>2. Shivam Autotech Limited<br>3. Karvy Financial Services Limited<br>4. Karvy Stock Broking Limited<br>5. SLR Metaliks Limited<br>6. Jubilee Hills Landmark Projects Private Limited<br>7. Multiples Equity Fund Trustee Private Limited<br>8. Semac Consultants Private Limited<br>9. Arvind Techno Engineers Private Limited<br>10. Ovington Finance Private Limited | 1. Rubamin Limited<br>2. Petalite Consultants Private Limited<br>3. CHNHB Health Insurance Co. Limited<br>4. CEPHEUS Growth Opportunities Private Limited | 1. Laqsh Job Skills Academy Private Limited                                 |
| Membership of Committees/ Chairmanship in other Companies (Regulation 26 (1) of SEBI LODR ) | NIL  | <b>Chairman:</b><br><b>Audit Committee:</b><br>Dish TV India Limited<br>Karvy Financial Services Limited<br><b>Stakeholders Relationship Committee:</b><br>Shivam Autotech Limited<br><b>Nomination &amp; Remuneration Committee:</b><br>Shivam Autotech Limited<br>Dish TV India Limited<br><b>CSR Committee:</b><br>Shivam Autotech Limited  | <b>Chairman:</b><br><b>Audit Committee:</b><br>Rubamin Limited<br><b>Member:</b><br><b>Nomination &amp; Remuneration Committee:</b><br>Rubamin Limited    | NIL   |

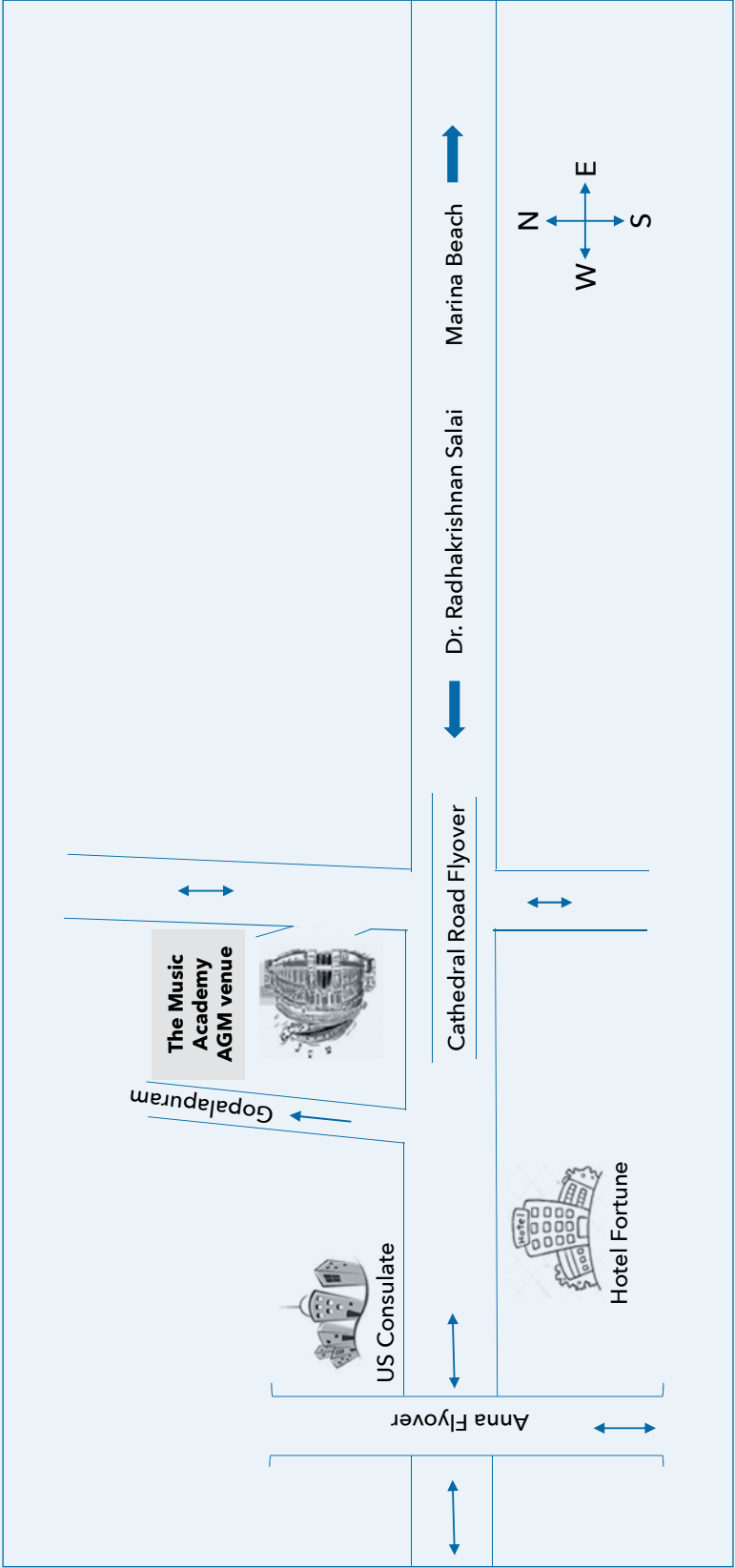
| Name of Director  | S Varadarajan   | B D Narang  | Sumit Chandwani  | Revathi Kasturi   |
|---|---|---|--|---|
| Membership of Committees/<br>Chairmanship in VA<br>TECH WABAG LIMITED | <b>Member:</b><br>Stakeholders Relationship Committee, Corporate Social responsibility Committee, Overseas Investment Committee | <b>Chairman:</b><br>Overseas Investment Committee<br><br><b>Member:</b><br>Audit Committee, Nomination & Remuneration Committee, Monitoring Committee | <b>Chairman:</b><br>Audit Committee & Stakeholders Relationship Committee<br><br><b>Member:</b><br>Nomination & Remuneration Committee, Monitoring Committee | <b>Chairperson:</b><br>Nomination & Remuneration Committee, Corporate Social Responsibility Committee<br><br><b>Member:</b><br>Monitoring Committee |
| No. of Board meetings attended during the year                        | 4 out of 4  | 4 out of 4  | 2 out of 4   | 4 out of 4  |
| No. of shares held:   |   |   |  |   |
| 1) Own  | 21,85,762   | NIL   | NIL  | NIL   |
| 2) Beneficial Basis   | NIL   | 35,740 shares held by Shri Veni Madhav Portfolio Private Limited, in which B D Narang holds 50% of paid up share capital.                             | NIL  | NIL   |
| Relationships between directors inter-se                              | NIL   | NIL   | NIL  | NIL   |

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

By Order of the Board of Directors

**R Swaminathan**  
Company Secretary  
Membership No.: 17696  
May 25, 2017

AGM Venue – The Music Academy (Mini Hall), New No. 168, TTK Road,  
Royapettah, Chennai 600014





## 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)

22<sup>nd</sup> Annual General Meeting - July 27, 2017

|                       |  |
|-----------------------|--|
| Name of the member(s) | <input type="text"/>   |
| Registered address    | <input type="text"/><br><input type="text"/>   |
| Email                 | <input type="text"/>   |
| Folio No. / Client ID | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |
| DP ID                 | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>                      |

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

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

Address : .....

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

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

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

Address : .....

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

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

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 22nd Annual General Meeting of the Company to be held on Thursday, July 27, 2017 at 10.00 a.m. at The Music Academy (Mini Hall), New No.168, TTK Road, Royapettah, Chennai-600 014 and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

| Resolution No.    | Resolutions  | Vote (optional) Refer note 2 below<br>(Please mention no. of shares) |         |         |
|-------------------|--|--|---------|---------|
|                   |  | For  | Against | Abstain |
| Ordinary business |  |  |         |         |
| 1.                | Consider and adopt audited financial statements, reports of the board of directors & auditors and audited consolidated financial statements for the FY 2016-17 |  |         |         |
| 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.                | Re-appointment of B D Narang (DIN: 00826573) as an Independent Director  |  |         |         |
| 6.                | Re-appointment of Sumit Chandwani (DIN: 00179100) as an Independent Director   |  |         |         |
| 7.                | Re-appointment of Revathi Kasturi (DIN: 01837477) as an Independent Director   |  |         |         |
| 8.                | Increase in the borrowing limits of the Company  |  |         |         |
| 9.                | Increase in limits for Creation of Charges on the assets of the Company  |  |         |         |
| 10.               | Raising of funds through QIP/Private Placement/ Preferential Allotment   |  |         |         |

Signed this..... day of.....2017

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

Affix  
Revenue  
Stamp of not  
less than ₹1

**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.

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## Europe

Austria  
Switzerland  
Germany  
Czech Republic  
Romania  
Spain  
Turkey  
Russia  
Bulgaria  
Bosnia and Herzegovina

## Africa

Tunisia  
Libya  
Egypt  
Namibia  
Tanzania  
Nigeria

## Middle East and Asia

Saudi Arabia  
Oman  
India  
Macao  
Singapore  
Vietnam  
Philippines  
Thailand  
Bahrain  
Qatar  
Nepal  
Malaysia  
Turkmenistan  
Uzbekistan  
Sri Lanka

## Latin America

Ecuador

## India

Delhi  
Baroda  
Pune  
Chennai  
Kolkata





**VA TECH WABAG LIMITED**

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