Committed to create a

BETTER TOMORROW

WABAG

sustainable solutions. for a better life.

ANNUAL REPORT 2019-20

NAVIGATING THROUGH

Corporate Overview

Statutory Reports

Financial Statements

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

Or simply scan to download:

Disclaimer:

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

THE BOARD

Bhagwan Dass Narang
Chairman

Rajiv Mittal
Managing Director and Group CEO

Malay Mukherjee
Independent Director

Milin Mehta
Independent Director

Revathi Kasturi
Independent Director

S Varadarajan
Whole-Time Director and
Chief Growth Officer

Vijaya Sampath
Additional Director-
Independent

CORPORATE INFORMATION

Sandeep Agrawal
Group Chief Financial Officer

R Swaminathan
Company Secretary

Registered & Corporate Office

'WABAG HOUSE', No.17, 200 Feet
Thoraipakkam - Pallavaram
Main Road,
Sunnambu Kolathur,
Chennai - 600 117
P: +91 - 44 - 6123 2323

Statutory Auditors

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

Internal Auditors

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

Cost Auditor

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

Secretarial Auditor

M. Damodaran
Practicing Company Secretary
Membership No. 5837
M. Damodaran & Associates LLP
"MDA Tower",
New No. 6, Old No.12,
Appavoo Gramani
1st Street, Mandaveli,
Chennai - 600 028
P: +91 - 44 - 4360 1111

Registrar and Transfer Agents

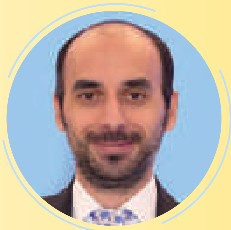
KFIN TECHNOLOGIES PVT LTD
(Formerly known as
Karvy Fintech Private Limited)
Unit: VA TECH WABAG LIMITED
"Selenium Tower B",
Plot Nos. 31 & 32,
Financial District,
Nanakramguda Gachibowli,
Serilingampally Mandal,
Hyderabad - 500 032
P: +91 - 40 - 6716 2222

Bankers

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

Pankaj Sachdeva
CEO-India Cluster

Deep Raj Saxena
CEO-MEA Cluster



Mahmut Gedek
MD-Austria

Erwin Moetz
MD-Austria

Commitment is something that gets you started and keep moving on.

At WABAG, commitment is what leads us into action. It is something we accept no excuses for and the foundation that succeeds to our goal.

With the world grappling with Covid-19, we reaffirmed our commitment to give back to the society, to improve the quality of life is more important than ever today. Providing safe and clean water, prevention of pollution and preserving the environment is more crucial than ever today. A health crisis like this needs to be fought back not just with plans but also a strong commitment. And we are committed

To transform our promise into a reality.

To do more with less.

We are committed to create a better tomorrow.

INR 11,000 crore+

Order Book in FY 2019-20

Ranked 6th globally

Among World's top 50 private water operators

Further on page 10

LETTER FROM THE CHAIRMAN

Dear Members,

Right as you read this, our nation is grappling with the monstrous Coronavirus. The world, as we know it, is fighting a crisis that has brought everything to a standstill. And it is in these testing times, the importance of water is keenly felt. With the water usage growing at double the rate of human population, water stress is a pressing issue that is still not being addressed. The shrinking water supplies across the globe are raising an alarm, some parts of the globe are already facing water crisis, making water management critical.

Creating a water-secure world is more important than ever today.

Various cities in India have been facing chronic water stress but the recent water crisis in Chennai gained global attention. To fight this, the Company built a plant in Chennai which is a fully operational 45 MLD Tertiary treatment plant which converts sewage into usable water for industrial purposes. The Chennai Vision 2023 highlights that around 50-70% of water will be recycled by 2023. Development like these translate into bigger opportunities for a water technology company like WABAG.

Sustainability is the key to development, both in concept and practice. It helps build a more robust, competitive, and resilient business in the long term. Despite the current economic challenges, we continue to invest in R&D that makes our business more sustainable. An additional focus to the projects with long-term benefits were encouraged by the centre for sustainable development. This support is intended to boost innovation and to improve our overall sustainability performance. It is our responsibility to help solve the growing water challenges to create a more sustainable planet. It helps to contribute to the long-term growth in shareholder value.

With the world fighting an unseen enemy, managing water resources effectively is more important than ever today. The Coronavirus crisis has proved that water is indeed the centre piece of all our lives. And we must act before it goes from being a necessity to a luxury. In our endeavour of staying true to our commitments, we are focussed on meeting the needs of our customers while creating a water-secure world for all.

Well-positioned

I am pleased to note here that the strategies we have been putting in place have mitigated some of the challenges. The Company is well-positioned to exploit the opportunities that arise in a growing economy. We are prepared to utilise our strengths in addressing the water challenges by providing innovative solutions to our customers.

Water – a vital component of growth and development

Over the years, the Government has been undertaking various initiatives as measures and action plans to manage water. The Ministry of Power introduced a policy which has mandated placement of a wastewater treatment plant within a 50 km radius of an industry. This measure not only helps recycle the industry water, but it also sends the recycled water back to the same industry. Initiatives like these are a major step towards water conservation. The Hon'ble Prime Minister also emphasised on rainwater harvesting. All major urban areas have been suggested to statutorily and mandatorily harvest rainwater. Great emphasis has also been laid on desalination in coastal belts. Together, these initiatives play a big role in promoting a water-saving culture. It doubles up as bigger opportunities for a water management company like WABAG.

Our state-of-the-art Research and Development centres have developed advanced technologies to treat wastewater which can directly be used as water. There are wise opportunities for us under the National Mission for Clean Ganga. With the Jal Shakti Ministry planning to replicate the model of Namami Gange to another 11 rivers, we foresee a great scope of opportunities for the business of our Company.

Emerging markets – emerging opportunities

With our focus on emerging markets, we find a huge infrastructural gap that needs to be addressed. With India having a vast coastline, it becomes vital for us to make the most of it. The deepening water crisis of India can be resolved using desalination technology, which is used to covert seawater into potable water. This translates into a reliable, sustainable, and perennial source of water for a country with water shortage.

With India's 7800-km long coastline and NITI Aayog's (our national think-tank) plan to build desalination plants along it, poses a big role for companies like WABAG. We estimate desalination to gradually gain scope in most of

One City One Operator Team – Agra, Uttar Pradesh, India

the Indian states like Gujarat, Tamil Nadu, Karnataka and Andhra Pradesh. It is important for the Government to work in tandem with the private sector for greater good of communities. I believe it is crucial to set up low-cost desalination plants in states suffering from acute water shortage. But alongside, we also need Government to plug-in the leakages in the pipelines. We need to set up a national water grid along with a PAN-India network of pipes. This will help us address the issue of uneven water distribution better.

CSR

During the year 2019-20, your Company implemented various CSR projects for the benefit of the communities.

Happy to note that your company has gone beyond Tamil Nadu and made its CSR presence in Telangana State wherein a couple of community water purification plants were built and dedicated. Apart from this, your Company has also built a Decentralized Waste Water Treatment Plant and Recycling at Warangal for the Low Income Housing Colony. This will be dedicated to the community once the Covid-19 restrictions are removed.

In Bengaluru, under the Civic Engagement Program, WATSAN project was implemented which covered around 3,000 students plus neighbouring communities. More than a dozen civic projects were undertaken under the "I change my city" with water and sanitation themes. I feel this is indeed essential to educate the next generation and I am particularly happy that we could focus on school children.

It is also heartening to learn that your Company, in partnership with M S Swaminathan Research Foundation, implemented water augmentation project which made a significant impact in terms of increase in farmers' income, cultivation of three crops in a year and family members' employment in their own field instead of migration to city. Yet another interesting project, is watershed development, is being implemented in West Bengal and Tamil Nadu, which would result in holistic development of the village watershed communities.

We Care

WABAG cares for the communities it operates in. We understand that true success of our business is only when we play our part right in protecting the environment from issues like climate change, water scarcity and wastewater management. Sustainability is what helps us become more resilient to climate change. There are no shortcuts when it comes to conserving the planet we live on. And with this one thought, we are moving towards creating a world with water for all.

Path Forward

We enter the new year as a stronger, and more focused Company. A Company with huge potential to make a difference at a time when our customers need us more than ever.

Let us thank our stars, the Covid-19 pandemic is tapering off. I am proud our team has kept the ball rolling and stepped up to help control the spread of this virus. As circumstances continue to evolve, I am confident in our ability to help our customers and our communities successfully manage through the Coronavirus pandemic.

The world will continue to change and so will we – finding better ways to do our work, developing new capabilities and helping our customers thrive through what is sure to be a dynamic decade.

We'll stay true to our core business principles as we move into the future, investing in our future while delivering to our customers, our shareholders and our communities.

Regards,

B. D. Narang

Petronas ETP, Malaysia

MANAGING DIRECTOR'S PERSPECTIVE

Dear Stakeholders,

I am incredibly proud of the determination and resilience shown by the WABAG Warriors. To the many heroes on the frontlines helping to ensure the health and well-being of our communities around the world, thank you. These are unique and trying times for every one of us. And it has been inspiring to see the global community rally together to help solve this challenge. The WABAG team has its share of heroes as well, particularly those employees on the frontline who have kept our operations running. Staying close to our commitment while adapting to the new normal, WABAG Warriors are assuring a clean and healthy environment needed around the world. In these challenging times, WABAG Warriors are at their very best and most resourceful.

It feels great to achieve a remarkable feat and share stage among the top 10 Global Water Players. Today, WABAG ranks 6th globally among the "World's top 50 private water operators.

The year was busy for us as our key projects picked up pace. This enabled us to achieve good results and cash flows. But this good performance was accompanied by its own set of challenges as the Covid-19 pandemic threatened the world. This caused a great sense of unease towards the end of the year 2019-20. A considerable amount of economic disruption has already been experienced, causing some of the major economies run into recession. On one hand, the Government responded to this crisis with significant intervention. While on the other, businesses and organisations rapidly started adjusting to the changing needs of their people, customers, and suppliers. All of this while navigating their way through the financial and operational challenges. However, even during these trying times while competing priorities, we, as a Company, remained resilient and committed to offering high-quality services. We stayed true to our commitment towards a better tomorrow.

With a vision of creating a water positive world, WABAG has emerged as the reliable industry partner for providing total water solutions with cost competitive technologies, meeting the global standards.

Performance Highlights

The Company had a balanced performance during the year. A healthy improvement in underlying operating margin at 9.6% along with strong operative cash flow at INR 245 crore resulted into good profitability. Our continued efforts in managing working capital, debt reduction, improved collection cycle have equally added to the cash generation. I am happy to state that, during the year, the Company built a strong order book, leading to improved revenue visibilty even in this tough economic scenario.

Our revenue from the operations for the FY 2019-20, stood at INR 2,557 crore and INR 1,746 crore on a consolidated and standalone basis respectively. The international business of our Company, along with the domestic business, performed better. Consolidated order intake for FY 2019-20 was at INR 4,350 crore. Net orders from overseas operations were INR 896 crore, accounting for 21% of the total orders secured during the year. The Company's other new major orders, secured during the year, are also in their early stages of execution. Revenues from new orders are expected to pick up momentum in the next few quarters. Consolidated EBITDA and profit after tax attributable to owners of the parent stood at INR 246 crore and INR 91 crore, respectively, for the year.

We are an Indian multinational player engaged in managing India's water crisis as a priority. Our expertise in the technical integration of various processes in desalination and water reuse supports us in our endeavour towards a water-secure world.

Operational Highlights

Today, our order book stands at INR 11,050 crore (including framework contract), the highest in our 24-year history in India, represents a strong order book. During the year, we successfully commissioned the Koyambedu TTRO Plant in Chennai, inaugurated by the Honorable Chief Minister of Tamil Nadu in November 2019. This is a landmark project for the city of Chennai and for WABAG, as the largest Water Recycle and Reuse Plant in the country.

At our Dangote project in Nigeria, engineering and equipment ordering is largely complete. Client has started issuing dispatch clearances for key equipment and the dispatches are currently underway.

In our Polgahawela (Sri Lanka) project, designs are approved, and the project is now in advanced stage of execution. The treatment plant, intake structures and reservoirs have come above ground level and are progressing well. Supply of all key equipment is complete.

Also, our first EXIM India funded (buyer's credit) project in Dambulla, Sri Lanka was executed successfully. It covered a 64 MLD water intake, 32 MLD WTP as well as 6 water reservoirs and more than 300 km of transmission and distribution pipelines, strengthening the Company's market presence in Sri Lanka.

In India, we received 'One City One Operator' contract in Uttar Pradesh in the cities of Agra and Ghaziabad for a period of 10 years, expandable for an additional period of 5 years. This reaffirms governments trust on us as a competent technology partner for providing long-term sustainable solutions.

Talking about MEA, a cluster of strategic importance, the Company wishes to develop it as a global hub. Improved customer confidence and order inflow traction are the major reasons. At our Jubail STP Project in Saudi Arabia, being implemented for Marafiq, construction work is at peak. At our South Doha Project in Qatar, detailed engineering is nearly completed, all long lead items have been ordered and manufacturing is in progress. In Zarat Project, Tunisia, detailed engineering is underway and ordering of long lead items is nearing completion. We progressed well also in the Europe cluster which is a saturated market.

We can treat any kind of water, be it sea or freshwater or wastewater.

Pioneer in Water Technology

Our innovative technologies and processes not only enhance effectiveness of renewable resources but also reduce adverse environmental impact. Our objective is to progressively increase the use of clean and green technologies and reduce pollution through deployment of superior design, operation, and maintenance processes and through energy efficient alternatives leading to environmental conservation and cost optimisation.

With business spread across varied geographies, there is a constant need to develop innovative ideas and technology to fulfil the need of the market. We have built world-class facilities which provide innovative solutions to various challenges. And thus, it forms a strong pillar of our

Choa Chu Kung Plant, Singapore

434 STPs

Executed

22,238
million litres

Waste water purified per day

64
Desalination Plants

Executed

1,206
million litres

Desalinated water produced every day

development. The Company was successful in pioneering removal of micropollutants which came in as a major landmark of achievement. We have also licensed and worked upon the NEREDA® technology which we believe is going to play a significant role in wastewater treatment in the future. While these kinds of demands come from developed countries, the same standards could become mandatory for the developing world too.

WABAG wants to stay on the cutting edge of water technology through its three state-of-the-art R&D facilities in Switzerland, Austria and India, because new technologies also mean more business.

Closing Thoughts

As I look back on 2019, two words come to mind: gratitude and opportunity. I am deeply grateful to have such a committed and talented workforce. And I believe we have an extraordinary opportunity to make a difference in the world. Our businesses are well-positioned to benefit from the global trends of rapid urbanisation, and unprecedented growth in commercial segment. We have the size, scale and capability to thrive.

We are confident that we would be delivering strong growth on the back of the strong order book. Moving towards water smart infrastructure, we intend on leveraging our geographical and inter-cluster synergies to provide total water solutions at competitive prices. Also, we would be focussing deeply into emerging markets for increasing business profitability.

Our aim is to provide solutions that help extend the life span and usage of water. We will continue partnering with our customers to provide the most of life's essential resource. We are also accelerating the pace of innovation, and continually raising the bar on quality and execution will ultimately contribute to long-term value for our shareholders.

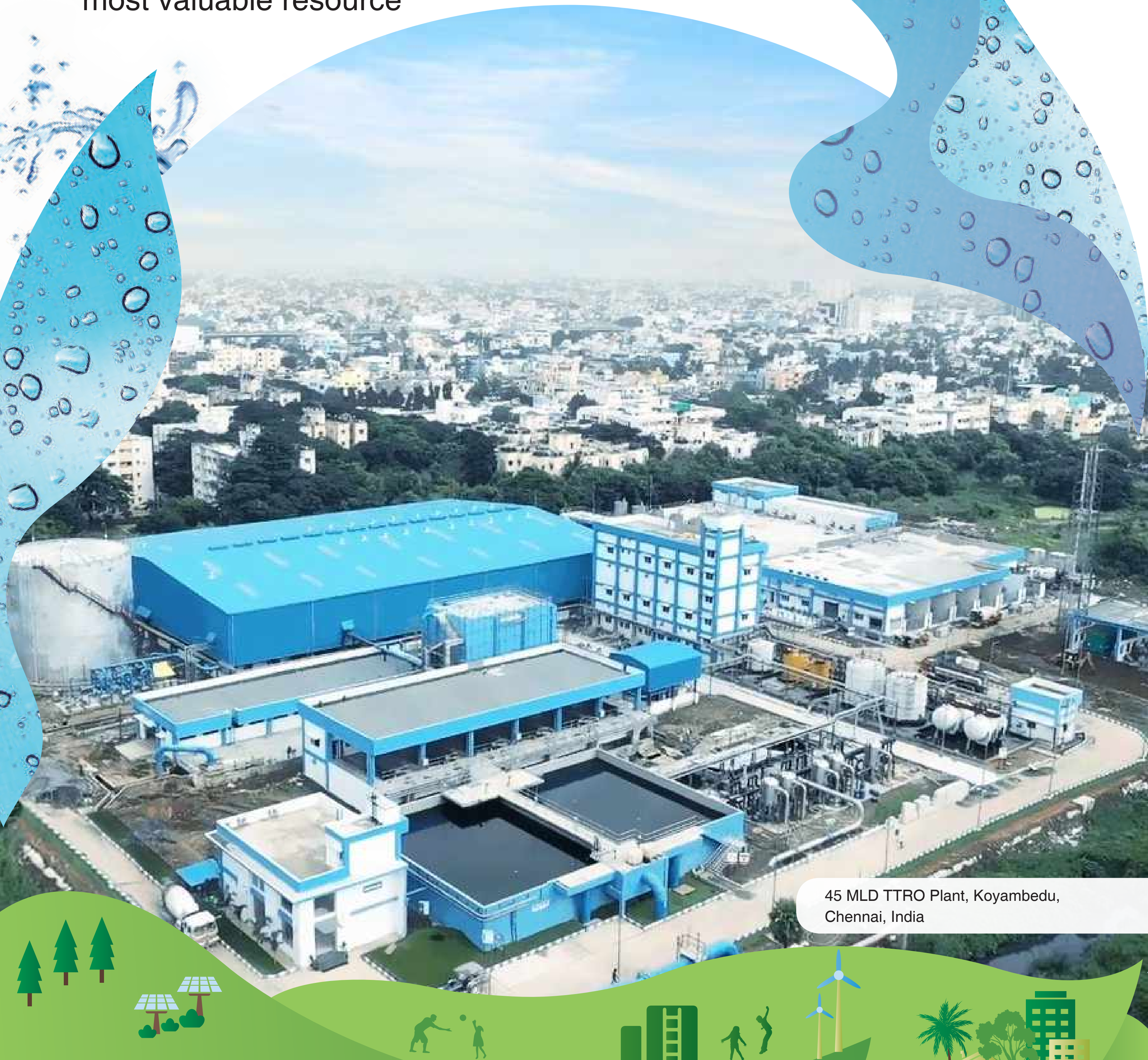
In closing, I want to again express gratitude to our employees for a remarkable year. Thank you also to our valued customers and stakeholders for placing your trust in us and our products. We know you have options when you choose where to invest. Thank you for choosing WABAG. We look forward to your continued support for the upcoming years and beyond.

Best Regards,

Rajiv Mittal

WABAG: THE WATER EXPERTS

Promoting sustainable use of world's most valuable resource



45 MLD TTRO Plant, Koyambedu, Chennai, India

Who we are?

Our History

VA Tech Wabag (henceforth 'WABAG' or 'the Company') is an internationally renowned water expert Company. We facilitate innovative technologies and processes that conserve, reduce, renew and recycle world's most valuable resource – water.

- Established in the year 1924
- System specialist and complete service provider
- Helps enhance effectiveness of renewable resources and reduce adverse environmental impact
- Specialisation and emphasis on planning, installation and operation of drinking and waste water plants for local government and industry
- Dedicated R&D centres in Switzerland, Austria and India
- Aim to implement new solutions to develop a sustainable future for all

Committed to Conserve

Conservation is the best form of care that is crucial for maintaining harmony between nature and humans. It stands for growth and development.

What we do?

Our Science

Water holds supreme importance in the scenario of global commitments towards a sustainable future. Increasing population and climate change are growingly putting water security into spotlight across the globe, making water management and conservation extremely important. This is where the role of WABAG comes in. We provide solutions that focus on conservation, optimisation, recycling and reuse of resources.

- Provide water and wastewater treatment services ranging from conceptualisation, designing, engineering, procurement, construction, installation to Operation and Maintenance (O&M)
- Backed by a strong research and development centre and its passion for innovation, the Company has developed wide range of solutions for sewage treatment, drinking water treatment, effluent treatment, water reuse, sludge treatment and desalination for municipal and industrial users

Water Metrics

We aided our clients

Conserve
2,700+ MLD

Purified
24,000+ MLD

Produced
26,000+ MLD

Desalinated
1,300+ MLD

WHERE WE OPERATE?

Our Geography

What the world is facing today in terms of its water resources and usage is not scarcity. But there is water stress because it is increasingly becoming a stressed resource. We have enough to satisfy our needs at the moment. But going forward, right and smart usage is crucial to continue enjoying the various benefits that water provides. WABAG is spread across the globe in clusters to address this need for its customers globally – a mix of industrial and municipal clients.

The Group operations are divided into four main clusters

- India
- Middle East and Africa (MEA)
- Europe
- Latin America (LATAM)

Footprints

Along with India, we have marked our presence in regions like South East Asia, Middle East, Africa, Europe and Latin America. Our global clientele comprises a mix of municipal and industrial clients who have believed in our competency, both technical as well as commercial.

Our Presence

- 01 India (Head Quarter)
- 02 Nepal
- 03 Sri Lanka
- 04 Thailand
- 05 Malaysia
- 06 Singapore
- 07 Philippines
- 08 Vietnam
- 09 Bahrain
- 10 Saudi Arabia
- 11 Qatar
- 12 Oman
- 13 Tunisia
- 14 Turkey
- 15 Egypt
- 16 Algeria
- 17 Libya
- 18 Nigeria
- 19 Tanzania
- 20 Namibia
- 21 Czech Republic
- 22 Austria
- 23 Switzerland
- 24 Romania
- 25 Ecuador
- 26 Brazil

Mr. Rajiv Mittal, MD & Group CEO felicitated by the Hon'ble Chief Minister and Minister for Municipal Administration, Rural Development and Implementation of Special Programmes of Tamil Nadu on the occasion of 45 MLD TTRO Plant inauguration at Koyambedu, Chennai in November, 2019

Purpose

Vision

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

The success of our efforts helps secure one of Earth's greatest treasures, the very basis of life – Water

Mission

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

Our Commitment

We as a team are committed to provide access to clean and safe water to an increasing population besides securing environmentally compatible disposal of municipal and industrial wastewater. We are engaged in contributing to environment protection and providing enhanced quality of life to people in a sustainable way. This drives us to develop new technologies and optimise our existing processes with the focus on emerging markets.

AWARDS & RECOGNITION

In our endeavour to move towards a better tomorrow, appreciation works as the best form of encouragement.

Global Water Awards 2019

Received two prestigious global laurels at the Global Water Summit 2019, London.

1. The Distinction Award under 'Wastewater Project of the Year', for Madinat Salman WWTP

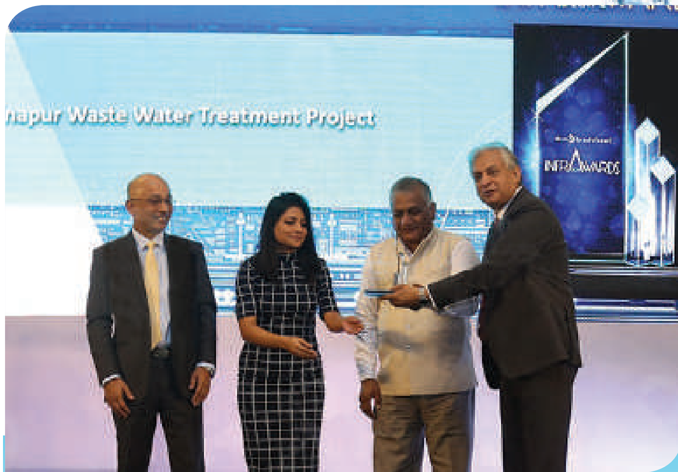
2. The Highly Commended Award under 'Industrial Water Project of the Year' for IOCL, Paradip ETP

GWI – World's top 50 private water operators

Ranked 6th, globally, among the 'World's top 50 private water operators' by Global Water Intelligence for ensuring safe drinking water and clean environment to over 48 million people.

IDA World Congress Awards 2019

Received the ‘Most Innovative Company’ award at the International Desalination Association (IDA) World Congress 2019 in Dubai for developing sustainable water infrastructure globally powered by innovation over 9 decades



Dun & Bradstreet Infra Award 2019

Honoured with the Dun & Bradstreet Infra Award 2019 for the 140 MLD Dinapur Wastewater Treatment Plant (WWTP), Varanasi, which was inaugurated by the Hon’ble PM of India during November 2018. This was the first and largest WWTP executed under the Namami Gange Programme

CSR Journal Excellence Awards

Awarded Second Runner Up position under the ‘Health and Hygiene’ category at the CSR Journal Excellence Awards, New Delhi for Health and Hygiene project at Viralipatti village (Tamil Nadu)

Water Digest Water Awards 2019

Presented with two prestigious awards at the Water Digest Water Awards 2018-19, New Delhi

- In recognition of sustainability initiatives

Best Water Treatment Project – Industrial

- Excellence Awards for Best CSR in Water Sector

25 YEARS OF SUCCESS AND SUSTAINABILITY

Across the globe and round the clock, we are working relentlessly to provide the most urgent need of the hour 'CLEAN & SAFE WATER'

We help varied industries and municipal corporations keep the environment clean and improve the world we all share.

Thus, maintaining the ecological balance.

The indomitable spirit of ONENESS and laser focus on technology has shone through all the years. This has helped us remain committed and steady on our focus to a better world for the future.

Thereby creating a shared opportunity through growth.

That's the essence of OUR EVOLUTION.

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

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

1999 VA Tech, an Austrian conglomerate acquired WABAG Group

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

2002 Commenced operations and maintenance business in Redhills WTP, Chennai

2003 WABAG India crossed INR 100 crore revenue mark

2004 WABAG India doubled its turnover to INR 200 crore

2005 SIEMENS acquired VA Tech Group globally; Management buyout of WABAG India backed by ICICI Ventures

2006 WABAG India celebrated 10 years of success with grant of ESOPs to employees across levels; a first-of-its-kind in the Indian water sector

2007 WABAG India acquired its erstwhile parent – VA Tech WABAG (Austria) from Siemens

2008
WABAG India established International Engineering Centre in Pune

2009
WABAG Group achieved INR 1,000 crore topline

2010
WABAG listed its equity shares in Indian Bourses - NSE and BSE

2013
- WABAG India built the 100 MLD desalination plant at Nemmeli, Chennai
- WABAG recognised as a Top 10 Desal Company of the world by Global Water Intelligence

2014
- WABAG moved into its own Global Headquarters in Chennai 'WABAG HOUSE'
- WABAG received the Distinction Award for the Water Company of the Year by Global Water Intelligence (GWI)
- WABAG Group crossed INR 2,000 crore revenue mark

2015
- WABAG secured its largest-ever ETP order from PETRONAS, Malaysia, worth INR 1,500 crore
- WABAG Group crossed INR 2,500 crore revenue mark

2016
Achieved order intake of INR 5,000 crore

2017
WABAG was ranked among the Top 10 Global Water Companies by GWAI for serving over 20 Million people globally

2018
WABAG Head Quarters "WABAG HOUSE" achieved global leadership in Green Certificate – Platinum Green Building

2019
- WABAG India joined National Mission to clean Ganga and won the biggest order under NMCG, entered into Hybrid Annuity Model (HAM) projects
- Highest-ever Order Book of over INR 11,000 crore (including framework contracts)
- Secured first major EPC order from Public Works Authority (ASHGAL), Qatar
- Major break-through in Kingdom of Saudi Arabia
- Ranked among the Top 6 Global Water Companies by GWAI

2020
- WABAG India completes 25 years of sustainable service to the society and moves one step further towards 'One City One Operator model'
- WABAG India has successfully commissioned the Tertiary Treatment Reverse Osmosis (TTRO), a landmark project for the city of Chennai and is also the largest Water Recycle and Reuse Plant for WABAG

CREATING ENDURING VALUE

Every business thrives amongst fierce competition. But what sets a particular business apart from its competitors is the edge it offers to its customers along with the greater value.

Strong order book

A strong order book is not just a good reflection of a healthy balance sheet, but it also attests our efforts towards collaborative mindset while giving us the ability to ride out market volatilities.

Further on page 22-25

Global

With its footprints across the globe, the Company essentially enjoys a global presence. The main operations remain strong in the Indian market catering municipal corporations and companies in the infrastructure sector (power, steel, chemical and oil & gas). In the international market, its services extend across the Middle East and Africa (MEA), Central and Eastern Europe, Saudi, Qatar and Turkey.

Further on page 12-13

One-stop solution

With its complete range of technological solutions, the Company is a perfect one-stop service provider for water treatment. These services extend right from the treatment of drinking water, sewage, effluent, recycling, sludge and desalination for both its municipal and industrial clients.

Further on page 30-33

Innovation-driven

With innovation forming the heart of the various technologies it offers, the Company continuously works on finding newer ways through its R&D centres. As an innovation-driven Company, it always focuses on making its services better, safer and faster.

Further on page 34-35

Diversity-driven

Being present in advanced, developed as well as developing countries, the Company enjoys the benefit of a robust and diverse task force. Its roots in the different parts of the globe, helps it understand and deploy its asset base to find solutions to problems in a better way.

Further on page 36-38

95+ years

Experience

2,000+

Talented professionals

20+

Countries of presence

6,000+

Projects executed

1 Corporate Overview
2 Statutory Reports
3 Financial Statements

COMMITTED TO EXCELLENCE

Contract Signing Ceremony of HAM Project, Kolkata, India

Contract signing ceremony, Marafiq, Saudi Arabia

One of the key aspects of delivering excellence is building trust. It is the foundation on which huge leaps are taken. Our highlights of the year and order book are good reflection of how we have nurtured and developed trust over the years. The Company's all-time high order book is the testimony of its excellence in engineering and satisfying clients to the core.

Namami Gange Programme - Hybrid Annuity Model (HAM) - KMDA

This is our first project under **the Hybrid Annuity Model**. It has reaffirmed our commitment towards Namami Gange programme by signing a concession agreement for **INR 575 crore**. The scope of the contract includes:

- Engineering, supply and construction of new Sewage Treatment Plants
- Renovation and Up-gradation of existing Sewage Treatment Plants
- Rehabilitation of pumping stations and other associated infrastructure in the Bally, Arupara and Baranagar areas of Kolkata

Namami Gange Programme - HAM - BUIDCO

The Company secured an **INR 1,187 crore** worth order from Bihar Urban Infrastructure Development Corporation (BUIDCO) under the prestigious National Mission for Clean Ganga (NMCG) Scheme. This is the largest order under the Namami Gange Programme. The scope of contract includes:

- Development of Sewage Treatment Plants (STP) of 150 MLD capacity along with sewerage network of over 450 km in the Digha and Kankarbagh zones of Patna. These are one of the most populous cities on the banks of River Ganga.

INR 11,050 crore

Highest-ever order book

INR 4,350 crore

Order intake for the year

INR 1,187 crore

Largest order under Namami Gange

14% CAGR

In order book over the last decade

COMMITTED TO EXCELLENCE (CONTD...)

One City One Operator

This is our first project under 'One City One Operator' model in India. We secured **INR 1,477 crore** worth order from State Mission for Clean Ganga in Uttar Pradesh for the cities of Agra and Ghaziabad. The scope of contract includes:

- Managing, operating and maintenance of 22 Sewage Treatment Plants, 22 Pumping Stations and underground network of over 3,000 kilometers
- Providing uninterrupted operation

Al Madina Al Shamaliya (AMAS) STP

The Company secured 4.5 million Bahraini Dinar (approx. INR 900 million) worth order from the Ministry of Works, Municipalities Affairs and Urban Planning ('MoW') in the Kingdom of Bahrain. The scope of contract includes:

- Operation & Maintenance and Management of the Madinat Salman Sewage Treatment Plant ('STP') and Long Sea Outfall for a period of 5 years

Water Supply System in Bhagalpur, India

The Company secured a DBO project worth over INR 278 crore at Bhagalpur. The project is funded by the Asian Development Bank. The scope of contract includes:

- Design, Build and Operate a 141 MLD Raw Water Intake works on River Ganga
- 90 MLD Water Treatment Plant with proprietary Plate Settler technology
- Operation and maintenance for 10 years

Contract signing ceremony of One City One Operator project, Agra & Ghaziabad, Uttar Pradesh

Drinking Water Treatment plant in Coimbatore, India

The Company secured design and build Water Treatment Plant (`WTP') at Coimbatore worth over INR 94 crore for Tamil Nadu Water Supply and Drainage Board (`TWAD'). The project would be funded by the Atal Mission for Rejuvenation and Urban Transformation CAMR Scheme. The scope of contract includes:

- Design and build 178 MLD Water Treatment Plant
- Operational maintenance of the plant for over a period of 10 years

Plate Settler Technology at WTP, Dambulla, Sri Lanka

Drinking Water Treatment plant in Saint Sulpice, Switzerland

In Switzerland, WABAG secured a Drinking Water Treatment Plant contract at Geneva Lake. The project will be executed by a consortium of WABAG and OTV-Veolia. This makes it, one of the biggest and advanced technology-based drinking water treatment facility in Switzerland and the biggest order in value terms for the WABAG Switzerland organisation. The scope of contract includes:

- Design and implementation of raw water pumping station, pre-filtration, GAC filtration, ultra-filtration, assembly and supply of major equipment, supervision and commissioning worth 24 million Swiss Francs

Changi Water Reclamation Plant, Singapore

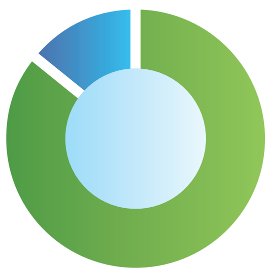
WABAG Singapore has also secured a 12 million Singapore Dollar extension contract for servicing and maintenance of sludge drying systems at Changi Water Reclamation Plant. As per the extended contract, WABAG Singapore will service and maintain the plant for a period of 2 another years.

TUAS WRP & Changi Water Reclamation Plant, Singapore

In Singapore, WABAG has secured a 10 million Singapore Dollar contract for the Influent Pumping Station Package of Tuas Water Reclamation Plant of Public Utilities Board (PUB through Koh Brothers - China Harbor Joint Venture). The scope of contract includes:

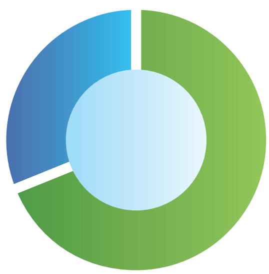
- Design, fabrication, supply, delivery, installation, testing and commissioning of Odour Control Systems

Order book composition



EPC: 85%

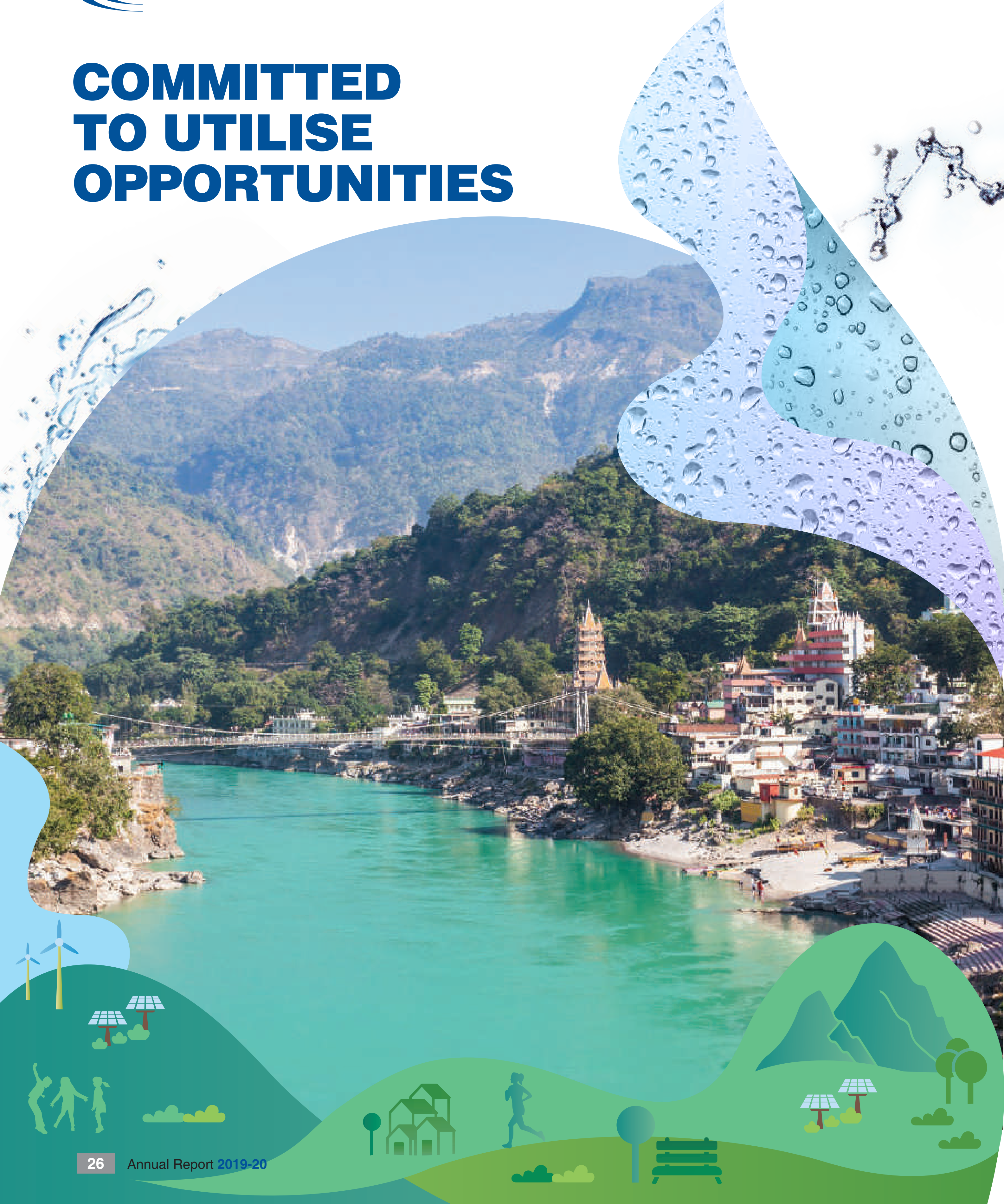
O&M: 15%



Municipal: 70%

Industrial: 30%

COMMITTED TO UTILISE OPPORTUNITIES



At WABAG, we believe opportunities are those doors that lead us to new horizons with new experiences. Following opportunities in the form of Government programmes and initiatives present in the Indian market can potentially lead to bigger opportunities.

Atal Bhujal Yojana (ABHY) – National Groundwater Management Improvement Program

The Government of India and the World Bank signed a USD 450 million loan agreement to support this program. It aims to preserve country's depleting groundwater levels while strengthening groundwater institutions.

Jal Shakti

Jal Shakti is the new Ministry formed by merging the Ministry of Water Resources, River Development and Ganga Rejuvenation, and Ministry of Drinking Water and Sanitation. Launched by the Government, this unified ministry is aimed at providing clean drinking water while also fighting India's water problems. It targets ensuring India's water security and identification of water-stressed districts, blocks, towns and cities.

Jal Jeevan Mission

The Government's Jal Jeevan Mission has allocated INR 3.6 lakh crore towards piped water supply to households. The Mission seeks to provide Functional Household Tap Connection (FHTC) to every rural household by 2024. The Mission is based on a unique model where villagers will themselves decide how much to pay for the water they consume.

Namami Gange

Namami Gange is an integrated conservation mission by the Union Government to conserve and rejuvenate river Ganga. The Jal Shakti Ministry has identified certain rivers for the same to provide solutions to 97 towns and 4,465 villages on the Ganga stem. An effluent treatment project from the largest tannery in Kanpur has been sanctioned worth INR 617 crore. In Uttarakhand, sewage and ghat works have been sanctioned with investments of INR 1,337 crore to be utilised over next 15 years for O&M.

Replication of Namami Gange

With the success of the ongoing Namami Gange Programme, the Jal Shakti Ministry has further identified 11 other rivers to replicate Namami Gange model.

Ministry of Power

The Ministry of Power has a policy stating that if there is a waste water treatment plant within the 50 km radius of a Thermal Power Plant, the treated water, then, must be reused by the thermal power plant.

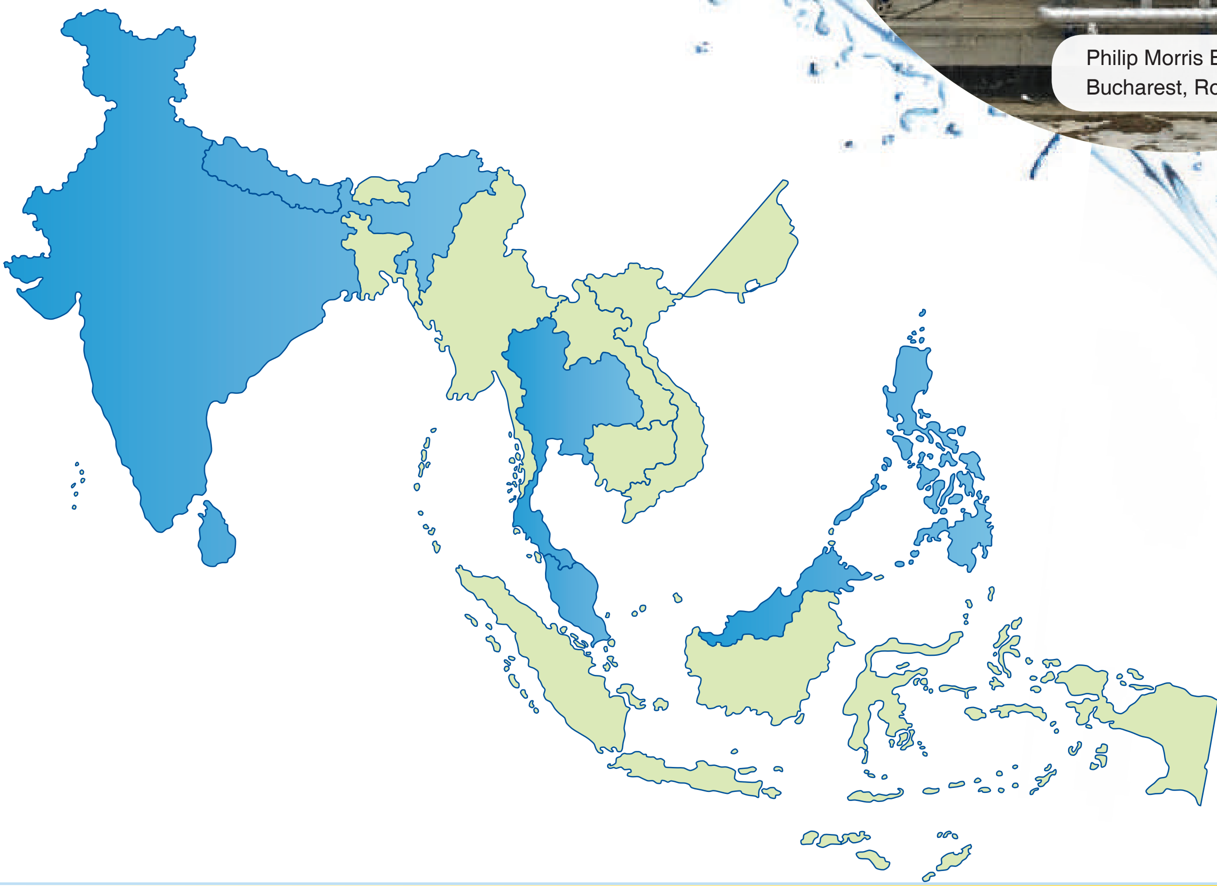
Desalination

With a vast coastal line, India accepts desalinated water as a source of water. There is an immense scope of work in this area with large industries increasingly taking up projects that require desalination. Also, with depleting ground water levels and fresh water scarcity, it opens door for cities near coastline to use this technology.

COMMITTED TO STRENGTHENING OUR CORE

In the process of growth, a strengthened core is what makes all the difference. It is the key to stabilisation and better performance.

Philip Morris ETP, Otopeni, Bucharest, Romania

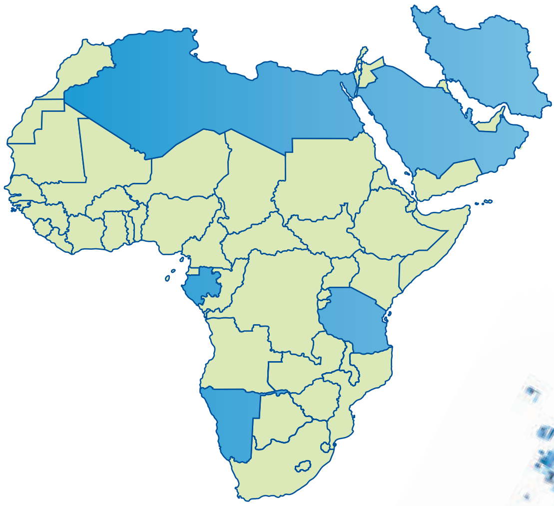


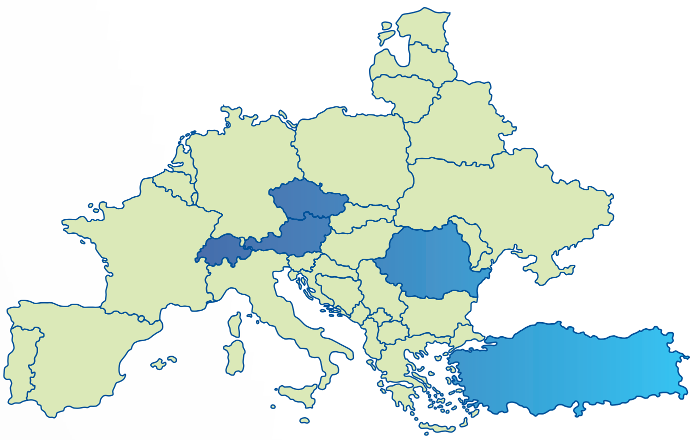
India Cluster Roadmap

- Launch tried and tested initiatives based on integrated model that can be replicated across the country
- To be recognised as a competent technology partner for long-term sustainable solutions
- Secure long-term orders that provide annuity income to help improve cash flow and better revenue predictability
- Increasing efficiencies in BOOT and HAM projects
- Explore and grasp various opportunities through Government initiatives and policies including Jal Jeevan Mission, NMCG and cleaning programme of 11 other rivers
- Gaining momentum in potable water
- Explore opportunities in countries like Sri Lanka, Cambodia, Nepal, Myanmar, Bangladesh, Philippines and Vietnam

MEA Cluster Roadmap

- Build trust through execution quality and win repeat orders from industrial projects
- Develop Middle East & Africa cluster as global hub and continue building trust among the region
- Focus on being partner of choice and achieving execution excellence
- Use a collaborative approach for winning references from clients and help in securing breakthrough orders from marquee customers in the region
- Leverage opportunities in large-size desalination and sewage treatment plants





Europe Cluster Roadmap

- Focus on developing advanced technologies for treating waste as well as potable water
- Enhance global leadership by establishing technology taskforce
- Enhance interactions and communications among business units to solidify WABAG's image as a global technological leader

LATAM Cluster Roadmap

- To create a robust footprint and a prominent name in the water sector
- Bid for funded projects through the alliance with established partners in the region

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

COMMITTED TO GROWTH AND DEVELOPMENT

Constant focus on growth and development is important for moving closer to goals each day. Where we are today speaks about the choices we made in the past. But what we do today will speak of the future we behold.

32 MLD WWTP Plant, Guheshwori, Kathmandu, Nepal

At WABAG, our innovation and advanced technology enables us to provide the best-in-class water and wastewater solutions to our customers. This technology, that helps us innovate, is what comprises our Service Capital with various offering such as EPC, O&M, DBO and BOOT.

Engineering Procurement and Construction (EPC)

In EPC projects, WABAG provides services starting right from conceptualising to commissioning. When EPC projects are being executed, a constant assessment of factors such as multifaceted technologies and different location, among others, is needed.

EPC model projects include STP in Bahrain, WWTP in Africa, Drinking WTP in Geneva, WTP in Polgahawela, Sri Lanka, Total Waste Water Management in Nigeria, EPC plant in Singapore, STP Project in Saudi Arabia, WWTP order from Petronas, Desalination Plant in Tunisia and WTP in Chennai.

Operation and Maintenance (O&M)

WABAG successfully operates and maintains its existing water and wastewater plants. With its rich expertise and experience, the Company is capable of streamlining operational procedures for its clients. Thereby helping them enhance efficiencies.

Some of the projects under this model are O&M of STP in Uttar Pradesh, O&M order in Philippines and O&M projects for rehabilitation from Government of Uttar Pradesh.

Design-Built-Operate (DBO)

WABAG undertakes long-term design-build-operate contracts. These help optimise the cost of project life cycle while enhancing the performance. WABAG's in-house engineering team, quality procurement, quality construction support, and dedicated operations and maintenance, make us a preferred partner for DBO contracts.

DBO project on River Ganga at Bhagalpur, WTP plant in Coimbatore, Drinking Water Treatment plant in Saint Sulpice, Switzerland and STP plant in Patna are some major project under this model.

Build-Own-Operate-Transfer (BOOT)

Under the BOOT Model, WABAG provides complete solutions for financing, construction and operation of water and wastewater projects. An asset-light model helps WABAG gain competitive financing from the available resources and helps us in timely project execution and efficiency enhancement.

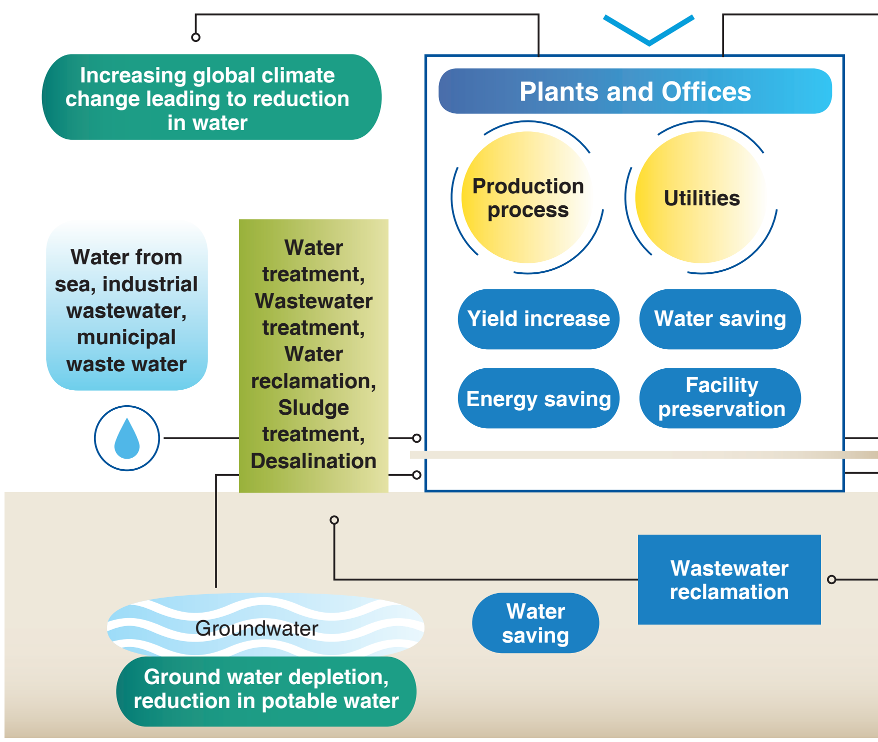
Note:
WTP: Water Treatment Plant
WWTP: Wastewater Treatment Plant
STP: Sewage Treatment Plant

COMMITTED TO CREATING VALUE

VALUE CHAIN

- Research and Development
- Marketing
- Sales and Order book
- Design and Technology
- Procurement
- Construction and Commissioning
- Operation and Maintenance

BUSINESS



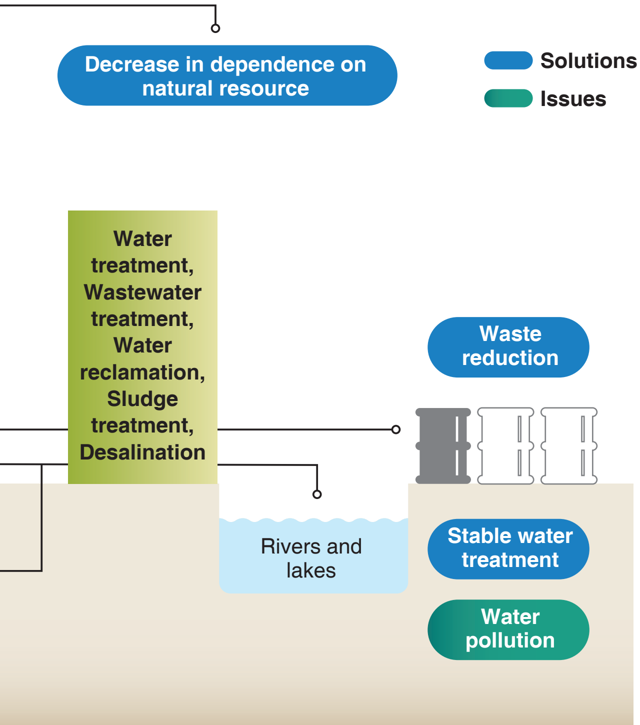
KEY

CLUSTERS: INDIA, MEA, EUROPE, LATAM

OUR CULTURE: Corporate Philosophy, Stable Employment, Sense of Unity, Determination

STRENGTHS: Human Resource, Technological Infrastructure, Intellectual Property, Financial Capability

AREA



IMPACT

SOLVING WATER ISSUES

Purification

- Purifying polluted water
- Purifying groundwater

Water saving

- Recirculating the water in the industry would increase the volume of water

Reclamation and reuse

- Reclaiming and recycling wastewater from industry into reusable condition

Desalination

- Desalinating sea water will ensure increased volume of water

WASTE REDUCTION

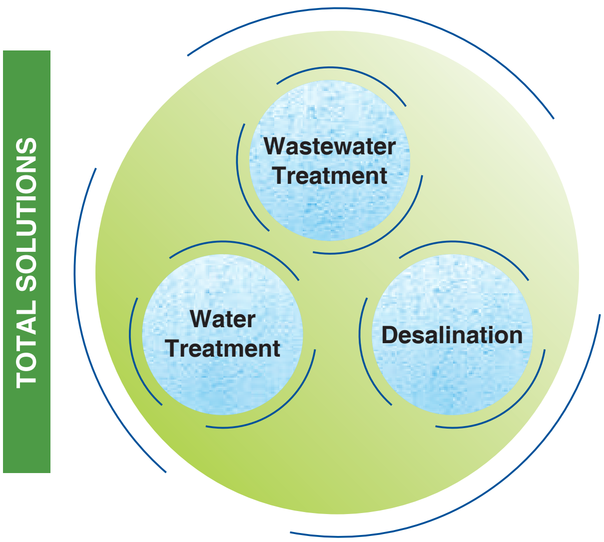
Reducing waste

- Reducing industrial waste will optimise the land used for final disposal sites

Recycle waste

- Recycling the waste generated

FACTORS



45 MLD TTRO Plant, Koyambedu, Chennai, India

1 Corporate Overview
2 Statutory Reports
3 Financial Statements

COMMITTED TO INNOVATE AND EXCEL

Excellence is an ongoing process. The desire to constantly excel is an indispensable ingredient for innovation. It is that urge to continuously strive for improvement while trying to reach full potential.

Research & Development (R&D)

At WABAG, we foster a robust R&D culture to address the emerging challenges and demands of our diverse customer base. Our ability to innovate gives us an edge over our competitors. This not only becomes our intellectual capital but also forms our patented frameworks.

10+
Technologies developed till date

90+
IP Rights

The Company reinforces its business through constant technological development related to recycling and reusing of water. Our three R&D centres, with our experts, proactively engage in product and technology development. This enables us to meet the broad-ranging needs of industrial and municipal corporations.

The Company's Knowledge Management (KM) motive encourages and restates the use of its intellectual capital. Through a collaborative approach, WABAG has been able to inculcate the use of KM. This has resulted in progress in the form of increased efficiencies, reduced error rates and cycle time.

With the help of our research centres, the Company has been able to develop different innovative and patented technologies listed below:

Drinking Water Treatment

- OPUR®
- OPUR-SK™
- WABAG – advanced filtration system®
- CERAMOPUR®
- CERAMOZONE®
- CARBOPUR®
- PACOPUR®

Industrial Water Treatment

- ADOX®
- BIOZONE®
- BIODEN®
- ENR®
- Bioactive filter®
- iEDR™

Municipal Wastewater

- MICROPUR Fine Sieving®
- MICROPUR-CAS®
- HYBRID™
- CYCLOPUR®
- MARAPUR®
- MICROPUR-MBR®

Industrial Wastewater Treatment

- NEREDA®
- FLUOPUR®
- DAMOPUR®
- BIOPUR®
- MEMTRICK®
- EKJ™

Sludge Treatment

- OPUR™
- ENOPUR-AD™
- BIOZONE-AD®

COMMITTED TO REPLACE 'I' BY 'WE'

Success lies in unleashing the potential in another to realise the potential within. It is the replacement of **I** by **WE** that changes the equation of human capital. It is by helping to build each other that we build ourselves.

Developing our Talent

Our guiding principle of 'One WABAG' forms our workforce philosophy. It is the key to our synergies. With a wide variety of career opportunities, we cater people of varied backgrounds. Our goal is to provide our employees and associates with ample opportunities to level up and succeed in the organisation.

2,000+

Participants benefitted through training

17,000+

Hours of training

During 2019-20, training strategies were designed and developed with a focus on employee development.

Initiatives for Enhancing Human Capital

The following initiatives were implemented to facilitate transition:

Human Resource System-Related Measures	Results
Training management program	Optimal placement of individuals to management positions based on ability as opposed to seniority Formation of strategic placement plans for capable individuals to develop in different areas of the organisation Expanding training management program towards Groupwide/global positions to accelerate global mobility
Installation of new grading system	Restructuring of the traditional seniority-based HR system to a more globally-used system that evaluates and motivates employees based on their contribution and performance
Unified employee classifications	Elimination of employee classifications, allowing all employees to be evaluated and rewarded for highly-skilled work and performance results
Drastic change in promotional examination for management-level positions	Faster promotion of talented employees to management-level positions

COMMITTED TO REPLACE **I** BY **WE** (CONTD...)

Other Programmes

Young Entrepreneur Program (YEP)

A program intended to identify potential talent among young engineers/executives of the Company and develop functional/ business managerial capabilities. The objective of the program is to build middle level leadership pipeline.

Leadership Excellence Program (LEX)

A program intended to identify potential talent among Manager/ Deputy General Manager of the Company and to develop functional/ business managerial capabilities. The objective of the program is to build senior level leadership pipeline.

Strength Finder Program (SFP)

One of our organisational priority is to create a Strengths-based Organisation (SBOs), capitalise on these positive outcomes by systematically selecting employees based on talent, positioning them to use their strengths every day, and integrating strengths into key processes and systems organisation-wide. This yields a multitude of benefits for the organisation, including increased engagement and retention among customers and employees, reduced costs per hire, and a greater earnings per share growth rate. We have already covered our senior leadership and HiPot leaders who took the Gallup Strength Finder assessment to find the Top 5 strengths of employees. In turn, some of these functional leaders have initiated the strengths finder assessment for their teams.

In order to effectively propagate the philosophy of Strengths-based Organisation, few leaders have been selected as Strength Evangelist who underwent a special training to coach employees on their strengths. They have started conducting 1-1 conversation to enable and explore the employee to find ways to leverage their top 5 strengths.

TEN-YEAR FINANCIALS

(INR in crore)

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Order Book*	11,050	9,292	7,743	8,194	8,315	6,844	6,237	5,374	4,561	3,402
Revenue	2,557	2,781	3,457	3,208	2,508	2,435	2,239	1,619	1,443	1,242
EBITDA	246	215	301	298	236	209	188	154	130	121
PBT	132	110	224	179	157	167	166	135	111	83
PAT	91	105	131	102	89	110	113	90	74	52
Networth@	1,172	1,085	1,162	1,010	928	834	844	717	643	571

* Including framework contracts

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

Board's Report

Dear Members,

The Board of Directors hereby submits its report on the performance of the Company along with the Audited Standalone as well as Consolidated Financial Statements for the Financial Year ended March 31, 2020.

Financial/ Operational Highlights

Your Company's financial highlights for the year ended March 31, 2020 are summarised below:

(INR in crore)

Particulars	2019 – 20	
	Standalone	Consolidated
Gross turnover (Revenue from operations)	1746	2557
Profit before interest, tax & depreciation (EBITDA) excluding exceptional items	177	246
Profit before tax	98	132
Provision for tax	39	49
Profit after tax attributable to owners of the parent	59	91

Business Environment

The global economy has witnessed two back to back challenging years. Business activities and overall economic momentum continued to remain flat across the major part of 2019. The stress continued across economies, underpinned by weak business investments, slowdown in trade, intensifying social unrest in several countries, weather-related disasters from hurricanes in the Caribbean, to drought and bushfires in Australia, floods in eastern Africa and drought in southern Africa.

Despite these headwinds, some indications emerged towards the year end indicating bottoming out of the global growth. Just when the world assumed that the storm was settling, the globe was gripped by the pandemic Coronavirus. The growth in the pre-COVID-19 phase in 2019 stood at 2.9% against 3.6% in 2018.

According to the IMF, FY 2019-20 will be remembered as one of the most difficult years in the history of Independent India. Suppressed demand and disrupted supply are likely to pose as key headwinds for the economy. Although Government's ongoing reforms to personal and corporate taxes, measures to alleviate stress on the financial sector will help in India's recovery.

As per Asian Development Bank, domestic demand will gain traction once the pandemic passes and full economic activity resumes. India will be less impacted compared to the larger trends on account of the pro-active measures adopted. Additionally, low oil prices will prove to be boon to the economy and help curb the import bill to a great extent.

The country's consumption accounts for about one-fourth of the globally available groundwater. Moreover, the heavy use of nitrogen-based fertilisers in agriculture and rapid urbanisation have resulted in significant deterioration of both ground and surface water. Today, 21 major Indian cities like Delhi, Bengaluru, Chennai, Hyderabad and others are fast racing towards the dreaded zero groundwater. This will directly affect access to over 100 million people. The per capital water availability has already reduced by $1/4^{th}$ to 1368 cubic metres over the last seven decades. The Composite Water Management Index report projects the country's water demand to be twice the available supply by the year 2030. This simply highlights and implies severe water scarcity for hundreds of millions of people.

The Union budget 2020-21 highlights water as one of the three components of 'Aspirational India'. Measures with significant focus on providing safe and accessible drinking water to all Indians has gained prominence. Various water security measures such as groundwater recharging and augmentation of water resources has also been initiated.

The Union Government recently formed a new 'Jal Shakti' (water) ministry. The basic focus of this Ministry is at managing water issues with a more holistic and integrated approach. The Ministry has also announced the plan to provide piped water connections to every Indian household by 2024.

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

Dividend

Your Company has been consistent in paying dividend to its Members since listing of its securities in 2010 upto Financial Year 2017-18.

Taking into account the present and future growth opportunities including investment to be made by the Company for Hybrid Annuity Model projects under Namami Gange Schemes and considering the difficult market conditions and high cost of borrowings, your Directors have decided to conserve the funds for future and hence have not recommended any dividend for the FY 2019-20.

Company's Performance

- Your Company has a healthy order book of over INR 11,000 crore as on March 31, 2020 (including framework contracts) supported by significant order intake of INR 4,350 crore.
- Total Consolidated and Standalone income, comprising revenue from operations, for the year was INR 2,557 crore and INR 1,746 crore during the Financial Year ended March 31, 2020, as against INR 2,781 crore and INR 1,748 crore respectively in the previous year.
- Consolidated & Standalone Profit After Tax attributable to owners of the parent for the FY 2019-20 was INR 91 crore and INR 59 crore, respectively.
- Consolidated & Standalone EPS of the Company for the FY 2019-20 was INR 19.30 and INR 10.96 as against INR 18.50 and INR 18.71 in the previous year.
- In terms of Section 134(3) (l) of the Companies Act, 2013, except as disclosed elsewhere in this Report, no material changes or commitments affecting the financial position of the Company have occurred between the end of the Financial Year and the date of this Report.
- The revenue and profit for the year is on par with the previous year performance as our new projects secured in FY 2018-19 have moved on to execution phase during the year. The revenue from these projects and new orders secured in FY 2019-20 is expected to pick up momentum in FY 2020-21.

Transfer to Reserves

The Board of Directors of your Company has decided to retain the entire amount of profit in the profit and loss account. Accordingly, the Company has not transferred any amount to the 'Reserves' for the year ended March 31, 2020.

Share Capital

During the Financial Year, your Company has not issued any shares or convertible securities. The issued, subscribed and paid up share capital of the Company stood at INR 10.94 crore as on March 31, 2020 consisting of 5,46,90,428 equity shares of face value of INR 2/- each.

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

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

During the year under review, unclaimed dividend for the FY 2011-12 amounting to INR 1,22,124/- pertaining to 330 Shareholders and 248 shares pertaining to 12 Shareholders in respect of whom dividend had remained unclaimed for seven consecutive years have been transferred to IEPF Authority in September 2019.

Unclaimed dividend for the FY 2012-2013 and shares in respect of which dividend has remained unclaimed for the last consecutive seven years as on due date shall become due for transfer to IEPF authority in August 2020.

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

Depository System

The Company's total paid up capital representing 5,46,90,428 equity shares as on March 31, 2020 wherein 99.99% of equity shares are held in dematerialised form. To protect the interest of Members, your Company approached Members through various modes of communication and elucidated them about dematerialisation of shares.

Credit Rating

On April 06, 2020, ICRA, the credit rating agency as part of their routine periodical review and evaluation, has rated the short - term non - fund based facilities as [ICRA] A2+ and long - term fund and non - fund based facilities as [ICRA] A (negative). The said rating has been disclosed to the Stock Exchanges and this communication is available in the Company's website www.wabag.com under Investor section communication.

Management Discussion and Analysis

A detailed analysis of your Company's performance is discussed in the Management Discussion and Analysis Report on page no. 94, which forms part of this Annual Report.

Corporate Governance

Your Company is committed to highest standards of Corporate Governance and aims to allocate corporate resources in a manner that maximises value for all stakeholders – Shareholders, investors, employees, customers, suppliers, environment and the community at large in line with the law and has also adopted certain principles/process as part of its Corporate Governance even before mandated by law. Your Company places high emphasis on business ethics and ensures best practices throughout the business cycle.

Pursuant to Regulation 34 of SEBI LODR, the Report on Corporate Governance for the year under review, is presented in a separate section, forming part of this Annual Report.

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

Key Projects Update

ONE CITY ONE OPERATOR – MISSION CLEAN FOR GANGA PROJECT – INDIA

Your company has secured a INR 1,477 Crore worth order from State Mission for Clean Ganga – Uttar Pradesh towards Operation, Maintenance and Management of the Sewage treatment and network infrastructure in the cities of Agra and Ghaziabad for a period of 10 years, expandable for an additional period of 5 years.

This is the first initiative across the country on the "One City – One Operator" model. Your Company will manage, operate and maintain 22 Sewage Treatment Plants, 22 Pumping Stations and underground network of over 3,000 kilometers with the objective of providing round the clock uninterrupted operations. Your Company shall also improve, rehabilitate and up-grade facilities related to systems, structures and equipment etc., associated with the Sewage Treatment Plants and underground collection systems.

This project will ensure treatment of over 650 MLD in both cities of Agra and Ghaziabad put together, adhering to national treatment standards thus providing cleaner and healthier eco system to the 3 million population of Agra and Ghaziabad. Your Company is proud to play a significant part in the rejuvenation of river Yamuna, as this will ensure treatment of over 80% of the sewage generated in both the cities.

Your Company has signed contract in November and have started progressively taking over the O&M activity in a phased manner from mid of December. Your Company is confident that the success of this model will enable more state governments to replicate the same.

NAMAMI GANGE PROJECT – INDIA

BUIDCO HAM PROJECT - INDIA:

Your Company, a leading Pure Play Water Technology Indian Multinational Company has secured the largest order under Namami Gange worth INR 1,187 Crore from Bihar Urban Infrastructure Development Corporation (BUIDCO) under the prestigious National Mission for Clean Ganga ('NMCG') Scheme to develop Sewage Treatment Plants (STP) of 150 MLD capacity along with sewerage network of over 450 km in Digha and Kankarbagh zones of Patna, one of the most populous cities on the banks of River Ganga. This project comprises of a Design, Build and Operate (DBO) scope worth INR 940 Crore and Hybrid Annuity scope worth around INR 247 Crore. (40% of CAPEX for HAM portion will be paid in form of grant during construction and 60% will be paid as Annuity over 15 years).

In Digha, the scope comprises of designing and building a 100 MLD STP, Interception & Diversion Work, two Sewage Pumping Stations and survey, redesigning & building new sewerage network of about 300 kilometers. In Kankarbagh, the scope comprises of designing and building a 50 MLD STP, Flow Diversion Works & all appurtenant structures and survey, redesigning & building new sewerage network of about 150 kilometers.

Your Company will also be responsible for the operations and maintenance of the STPs and the sewerage infrastructure for a period of 15 years. The project will be implemented by NMCG and BUIDCO with financial assistance from the World Bank for both DBO and HAM portion of work.

Your Company has incorporated SPV's viz., DK Sewage Project Private Limited and Digha STP Projects Private Limited for executing this project and is taking all necessary steps in coordination with NMCG/ BUIDCO for achieving financial closure and CPs.

KMDA HAM PROJECT – INDIA

This project to develop, maintain, regulate Sewage Treatment facilities will be implemented on PPP basis, under Company's Asset Light Model, through a Hybrid Annuity Model (HAM) such that 40% of CAPEX will be paid in form of grant during construction and 60% will be paid as Annuity over 15 years. This project is funded by NMCG includes Engineering, Supply and Construction of new Sewage Treatment Plant (STP), renovation and upgradation of existing STP, rehabilitation of pumping station and other associated infrastructure. This project is implemented by NMCG and KMDA with financial assistance from World Bank. During the year, Your Company has set up a separate SPV namely M/s. Ganga STP Project Private Limited to execute this project in accordance with the contract conditions and signed concession agreement and is taking all necessary steps in coordination with NMCG/KMDA for achieving financial closure and CPs.

KOYAMBEDU TTRO PROJECT – INDIA

During the year, your Company has successfully commissioned the 45 MLD Tertiary Treatment Reverse Osmosis Plant in Koyambedu, Chennai which was inaugurated by the Honorable Chief Minister of Tamil Nadu, Mr. Edappadi K Palaniswami, in November, 2019. This project also involved supplying & laying of transmission pipe(s) for water to various industries situated in the SIPCOT industrial belt in Irungattukottai, Sriperumbudur & Oragadam.

The TTRO plant, with a capacity of 45 MLD, has been designed and built by a consortium comprising your Company and IDE Technologies. Your Company will also be responsible to operate and maintain the facility for a period of 15 years.

The plant treats secondary treated water from Chennai Metrowater's Koyambedu Sewage Treatment Plant into usable industrial grade water. The plant is set up on Design, Build and Operate basis, and will use technologies such as ultra-filtration and reverse osmosis to get industrial grade water. The treated water will cater to water requirements of the industrial hub in South Chennai via a 60km pipeline, thus releasing potable grade water supply for the people of Chennai and will allow a larger portion of the local potable water sources of nearly 25 MLD of freshwater from Chembarambakkam, to now be diverted for domestic water supply & municipal use.

The successful commissioning of this TTRO project reinforces your Company's position in recycle and reuse, a segment projected to have the highest growth potential in the years to come and is expected to witness exponential growth driven by government policies on municipal industrial partnerships, Jal Jivan Abhiyan and Smart Cities Mission.

This TTRO plant is a landmark project for the city of Chennai and for your Company, and is also the largest Water Recycle and Reuse Plant in the country. It will reduce fresh water stress to the city while also ensuring industrial water security, leading to economic prosperity.

ADB FUNDED WATER SUPPLY SYSTEM IN BHAGALPUR - INDIA

Your Company will be setting up a Design, Build and Operate plant with a 141 MLD Raw Water Intake works on River Ganga at Bhagalpur, 90 MLD Water Treatment Plant with space saving proprietary Plate Settler Technology and 29 KM of Clear Water Rising Main worth over INR 278 Crore. The Project will be executed over a period of 31 months and includes operation and maintenance for 10 years. The project will be funded by Asian Development Bank.

On completion, this project will be the largest water supply scheme of Bhagalpur and will be a lifeline to approximately 6 lakh people and become a reliable and continuous source of clean and safe drinking water for the city.

DRINKING WATER TREATMENT PLANT IN COIMBATORE - INDIA

Your Company will design and build a 178 MLD Water Treatment Plant ('WTP') at Coimbatore for Tamil Nadu Water Supply and Drainage Board ('TWAD') using space saving proprietary Plate Settler technology. The WTP will treat the water from Bhavani river and be supplied to the newly added areas of Coimbatore. Your Company has also been entrusted with the operational maintenance of the plant for over a period of 10 years. The project would be funded by the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) Scheme.

GREATER DAMBULLA WATER SUPPLY PROJECT - SRI LANKA

Your Company has successfully completed and handed over the Greater Dambulla Water Supply Project to National Water Supply & Drainage Board of Sri Lanka.

This EPC contract for 77.8 USD Million was built using conventional multi barrier system including Lamella Clarifiers, Disinfection and PAC dosing for algae removal.

Your Company executed this ambitious project at Sri Lanka comprising a comprehensive water supply scheme covering a 64 MLD water intake, 32 MLD WTP as well as 6 water reservoirs and more than 300 km of transmission and distribution pipelines. The turnkey project was realized under challenging conditions in an area comprising rocky & hilly terrain.

The water supply scheme will benefit over 270,000 people in six regions of Central Sri Lanka. Your Company is proud to have executed the first ever buyers' credit project funded by EXIM Bank India in Sri Lanka. This project will strengthen your Company's market presence in Sri Lanka.

POLGAHAWELA PROJECT – SRILANKA

Your Company is executing its second major Integrated Water Supply Project for National Water Supply and Drainage Board in Polgahawela, Sri Lanka, funded by EXIM India under buyer's credit facility. This project covers design, construction and commissioning of the water supply system and is now in advanced stage of execution. The treatment plant, intake structures and reservoirs have come above ground level and are progressing well. The transmission and distribution pipe laying have progressed well and are in full swing with multiple contractors at site across multiple locations.

JUBAIL STP PROJECT – SAUDI ARABIA

This STP project in the Kingdom of Saudi Arabia is to design and build a large scale sewage treatment plant for Jubail Industrial City for a total contract value of around half a billion Saudi Riyals equivalent to approx. 126 Million USD.

This STP project in Saudi Arabia being implemented for MARAFIQ, is progressing well and 100% of Engineering completion has been achieved. Purchase Orders for all Long Lead Items have been placed and manufacturing clearances have been given. First batch of clarifiers has been dispatched and major process items are lined up for inspection in the next 2 quarters. Piping works are ongoing in full swing alongwith Civil works at site.

SOUTH DOHA PROJECT – QATAR

This EPC project from Pubic Works Authority (ASHGAL) is for rehabilitation of South Doha Sewerage Treatment facility using clarification, filtration and aerobic digestion technologies to treat additional sewage which will be generated from the football stadium which is under construction for the FIFA world cup 2022. This breakthrough EPC order includes rehabilitation of the existing plant while simultaneously operating it till the plant is constructed for new capacity.

In this project detailed engineering is completed, all long lead items have been ordered and manufacturing is in progress with few items delivered and few dispatched. Two sections out of total Twenty-three sections are handed over. Non-process unit rehabilitation work is completed and under handing over. Process units rehabilitation work is progressing well. Civil works for new units Digesters, Side Stream Filtration unit, Bulk Chemical storage is nearing completion.

ZARAT PROJECT – TUNISIA

This project from SONEDE is to Design and Build a 50 MLD Sea Water Desalination plant in Tunisia, expandable upto 100 MLD. The project is a DBO contract, funded by KFW Germany and will be built using State of Art Sea water Reverse Osmosis with energy recovery system. The project also includes design and installation of sea water intake and brine discharge systems. Also, it includes execution of treated water reservoir along with transfer pumping station, execution of HV/MV substation, roads and utility service works.

The detailed engineering is nearing completion and ordering of long lead items is completed. Construction of deep structures are nearing completion and construction works for other structures are in progress. Marine works commenced.

AMAS STP PROJECT - BAHRAIN

Your Company was awarded the EPC scope of the 40 MLD Sewage Treatment Plant and long sea outfall in Oct 2015 by Ministry of Housing, Kingdom of Bahrain to cater to a population of approx. 100,000 (close to 16,000 units). The project was funded by Abu Dhabi Fund for Development. The EPC project cost was approx. 34.74 Million Bahraini Dinar. The project was successfully completed on 31st October 2018, post which your Company through its Bahrain Joint Venture entity has been operating and maintaining this plant for Ministry of Works, Bahrain (MoW). During this year, the MoW awarded a long term 5 year O&M contract towards operation, maintenance and management of the Madinat Salman STP. This plant is a model that showcases an optimum solution to the wastewater treatment needs of not only Bahrain region but also to the entire GCC region as such.

During the year, your Company has received "The Distinction Award under Wastewater Project of the Year" for this project from Global Water Intelligence (GWI).

DANGOTE ETP PROJECT – NIGERIA

In the repeat order from Dangote group towards Engineering, Procurement, Commissioning & Testing of an Effluent Treatment Plant (ETP) with Reverse Osmosis, Demineralization (RODM) & Condensed Polishing Unit (CPU) and Raw Water Treatment Plant (RWTP) - Your Company as part of this contract, is supplying its patented BIOPUR technology for this package.

In this project, Engineering and equipment ordering is largely complete. Client has started issuing dispatch clearances for key equipment and the dispatches are currently underway. Majority of engineering approvals for construction have also been released.

DRINKING WATER TREATMENT PLANT IN SAINT SULPICE, SWITZERLAND

This project in Switzerland is to build the 103 MLD Saint Sulpice II — Drinking Water Treatment Plant at Geneva Lake, making it one of the biggest advanced technology based drinking water treatment facility in Switzerland. The project will be executed in consortium with OTV-Veolia. The plant will be equipped with high-tech multi-barrier treatment chain.

Your Company's scope will include design and implementation of raw water pumping station, pre-filtration, GAC filtration, ultra-filtration, assembly and supply of major equipment, supervision and commissioning. This project is the biggest Advanced Oxidation Process ('AOP') installation in Switzerland with a side-stream injection technology developed by your Company and first nano-filtration in Switzerland supplied by OTV-Veolia. The advance technology is unique in Switzerland and Europe enabling to reduce and eliminate micro-pollutants for drinking water. Once completed, the new treatment plant will cater up to 50% of the total demand for the Lausanne's region (around 3,00,000 inhabitants with expected population growth) for the next 20 years.

TUAS WRP & CHANGI WATER RECLAMATION PLANT, SINGAPORE

In Singapore, your Company through its Subsidiary Company secured contract for design, fabrication, supply, delivery, installation, testing and commissioning of Odour Control Systems for the Influent Pumping Station Package of Tuas Water Reclamation Plant of Public Utilities Board (PUB) in Singapore through Koh Brothers - China Harbor Joint Venture. In addition to this, your Company through its Subsidiary also secured extension contract for servicing and maintenance of sludge drying systems at Changi Water Reclamation Plant for further period of 2 years.

PETRONAS RAPID ETP PROJECT – MALAYSIA

The Malaysian Petronas Rapid Project is completely operational now including the sludge management system. This effluent treatment plant forms part of the largest grass root refinery in the world and will provide a significant reference for your Company.

GENCO PROJECTS - INDIA

TSGENCO- KAKATIYA THERMAL POWER PROJECT (KTPP)

The Performance Guarantee Test Runs (PGTR) of the 600 MW plant in Warangal, Telangana (KTPP) was completed, post which final accounts reconciliation was carried out. Currently we are awaiting the final clearance and settlement of the project accounts with the customer (TSGENCO).

Tecpro is endeavouring to initiate arbitration with TSGENCO.

Your Company and TSGENCO have challenged the same in Supreme Court and obtained an interim injunction order and expect quashing in the next hearing.

APGENCO - RAYALASEEMA THERMAL POWER PROJECT (RTPP)

After achievement of Commercial Operation Date (COD) of the 600 MW project in Cuddapah, Andhra Pradesh, currently completion of peripheral work is going on.

Receivables and retentions relating to APGENCO project are recoverable progressively upon satisfactory completion of the contractual milestones.

Your Company is pursuing legal action to recover dues (INR 695 Mn) from Tecpro which are held under trust. Expect to recover these dues through National Company Law Tribunal post the ruling in National Company Law Appellate Tribunal

MRPL MANGALORE SWRO

Your Company is executing INR 467 Crore worth order from Mangalore Refinery and Petrochemicals Limited ('MRPL') towards engineering and construction of a 30 MLD Sea Water Desalination plant expandable upto 70 MLD in Mangaluru, Karnataka.

This is the second consecutive desalination order by your Company, after the recent order in Tunisia, stands testimony to the proven and advanced WABAG Desalination Technologies.

The scope of this Design and Build contract includes engineering, supply, erection, construction and commissioning of a 30 MLD Sea Water Desalination plant over a period of 22 months. Your Company is setting up the plant using state of the art technologies, including sea water reverse osmosis, brackish water Reverse Osmosis and ultra-filtration systems. The project also includes cross-country piping of 11 Kilometers to deliver the water to MRPL's refinery. The plant aims to minimize the fresh water dependency of MRPL once completed.

Post successful commissioning, your Company will also be awarded a contract towards Operation & Maintenance of the plant for a period of 10 years.

COVID-19

The recent global development due to the COVID–19 has affected many countries, industries and livelihood. Your Company, being a pure play water Company, engaged in the water technology solutions across globe, ensured supply of water, treatment of wastewater /sewage for the society despite this Pandemic situation.

Your Company have ensured continuous O&M operations during this pandemic situation, thanks to the local government(s)/ authorities for providing us support.

In addition, in collaboration with the Client(s), specific permissions/relaxations from the regulatory and other local authorities were obtained at certain highly critical construction sites to continue the work during lock-down.

Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, your Company has filed necessary disclosures with Stock Exchanges.

Please refer our MD&A section and Financial Statements in this Annual Report on page nos. 93, 198 and 272 respectively, for more details on COVID-19 situation including steps taken by your Company.

Business Responsibility Report

Your Company strongly believes that sustainable and inclusive growth is possible by using the levers of environmental and social responsibility while setting targets and improving economic performance to ensure business continuity and growth. Fulfilment of environmental, social and governance responsibility is an integral part of your Company in its business.

As stipulated under the SEBI LODR, the Business Responsibility Report, describing the initiatives taken by the Company from environmental, social and governance perspective forms part of this Annual Report on page no. 123. The Report provides an overview of initiatives taken by your Company.

Policies of the Company

Your Company is committed to continuously review and update statutory policies and codes, in compliance with the changes prescribed under law from time to time. During the FY 2019-20, certain statutory policies and codes were amended by the Company in line with the changes mandated under amendment to SEBI LODR. Some of the key policies adopted by the Company are as follows:

1. **Code of Conduct for Board Members and Senior Management Personnel**
   https://www.wabag.com/compliances/
2. **Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and policy for identifying legitimate purpose.**
   https://www.wabag.com/compliances/
3. **Corporate Social Responsibility Policy**
   https://www.wabag.com/compliances/
4. **Dividend Distribution Policy**
   https://www.wabag.com/compliances/
5. **Nomination, Evaluation & Remuneration Policy**
   https://www.wabag.com/compliances/
6. **Policy for Determination of materiality for disclosure of events or information**
   https://www.wabag.com/compliances/
7. **Policy on determining Material Subsidiaries**
   https://www.wabag.com/compliances/
8. **Policy on preservation and archival of documents**
   https://www.wabag.com/compliances/
9. **Policy on Related Party Transactions & Materiality of Related party Transactions**
   https://www.wabag.com/compliances/
10. **Whistle Blower Policy**
    https://www.wabag.com/compliances/

Name of the Policy/code and links for viewing it: Code of conduct for Prevention of Insider Trading, POSH policy etc., are available on the Company's intranet portal.

70% **of the Board**

comprises Independent Directors

Directors & Key Managerial Personnel

As on date of this report, majority of the Board comprises Independent Directors. WABAG, being a professionally managed Company, is functioning under the overall supervision of 5 Independent Directors including Independent Board Chairman & Independent Woman Director and 2 Executive Directors. During the year 2019-20 following Director & KMP's were appointed:

1. Mr. Milin Mehta (DIN: 01297508), Independent Director w.e.f April 29, 2019
2. Mr. Sandeep Agrawal, Chief Financial Officer w.e.f. April 29, 2019

During the year under review, Mr. Sumit Chandwani, Independent Director of the Company retired from the Board consequent to completion of his two consecutive terms as an Independent Director of the Company. The Board and its Committees appreciates Mr. Sumit Chandwani for the services provided by him during his tenure.

Re-appointment of Mr. Rajiv Mittal as Managing Director & Group CEO

Mr. Rajiv Mittal was appointed as Managing Director & Group CEO by the Members of the Company at the AGM held in 2015, for period of 5 years, w.e.f. October 01, 2015 to September 30, 2020. The Nomination and Remuneration Committee at its meeting held on June 18, 2020, after evaluating the performance of Mr. Rajiv Mittal and considering his exhaustive skills and business expertise recommended to the Board re-appointment of Mr. Rajiv Mittal as Managing Director & Group CEO of the Company for the further period w.e.f. October 01, 2020 till March 31, 2025. Hence, the Board on recommendation of Nomination and Remuneration Committee at its meeting held on July 31, 2020 has recommended to Members to consider re-appointment of Mr. Rajiv Mittal as Managing Director & Group CEO w.e.f. October 01, 2020 to March 31, 2025, at the ensuing AGM. A brief profile of Mr. Rajiv Mittal is given in Notice dated August 25, 2020 convening the AGM of the Company. The Board of Directors of your Company recommends his re-appointment.

Retirement by rotation and subsequent re-appointment

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

In order to comply with the provisions of Section 152 of the Act read with rules issued thereunder, Mr. S Varadarajan, (DIN: 02353065) Whole Time Director & Chief Growth Officer, who was appointed by the Members of the Company at the 23rd AGM held in 2018 for a period of 5 years, has to be considered to retire by rotation at the ensuing Annual General Meeting (AGM) and he being eligible, offers himself for re-appointment. A brief profile of Mr. S Varadarajan is given in the notice dated August 25, 2020 convening the AGM of the Company. The Board of Directors of your Company recommends his re-appointment.

Independent Directors

The Members at the 22nd AGM held on July 27, 2017, had re-appointed Mr. B D Narang (DIN: 00826573) and Ms. Revathi Kasturi (DIN: 01837477), as Independent Directors of the Company to hold office for three consecutive years for a term up to the conclusion of the 25th AGM of the Company to be held in the calendar year 2020. The tenure of Directorship of Mr. B D Narang and Ms. Revathi Kasturi will be completing upon conclusion at the ensuing 25th AGM. They have been appointed for two consecutive terms under the Act and they are not eligible to be re-appointed as Independent Directors of the Company as per the provisions of the Act. The Board of Directors have placed on record its sincere appreciation to each of them for their significant contribution during their term as an Independent Director.

Your Board at their meeting held on July 31, 2020, on the recommendation of the Nomination and Remuneration Committee has approved the appointment of Ms. Vijaya Sampath (DIN: 00641110) in the category of Independent Woman Director of the Company and also recommended her appointment as Independent Woman Director for the approval of the Members of the Company at the ensuing AGM to hold office for a period of 3 consecutive years up to July 31, 2023.

Your Company has received requisite notice in writing from the Member proposing her candidature. The brief profile of Ms. Vijaya Sampath (DIN: 00641110) along with other requisite information have been outlined in the Notice dated August 25, 2020 convening the 25th AGM of the Company.

Mr. Anil Chandanmal Singhvi (DIN: 00239589), who was appointed as an Additional Director in the category of Independent Director of the Company on July 31, 2020 has tendered his resignation from the said position with effect from August 21, 2020. The Board took note of his resignation at their meeting held on August 25, 2020. In order to explain this change regarding resignation of Mr. Anil Chandanmal Singhvi, the Board adopted the amended Board's Report along with Annexures, Report on Corporate Governance, Business Responsibility Report and Management Discussion and Analysis.

Declaration of Independence by Independent Directors

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

Board's opinion on integrity, expertise and experience (including the proficiency) of the Independent Directors appointed during the year

During the year Mr. Milin Mehta, Independent Director was appointed on the Board. Mr. Milin Mehta is a person of high integrity and is a fellow Member of Institute of Chartered Accountants of India. He has experience of more than 30 years in the professional field and expertise in providing consultancy to various corporate and non-corporate bodies in the area of strategy, taxation (domestic & international), mergers and acquisitions. He was also a Member of the Committee appointed by the Finance Ministry under the CBDT for considering the MAT Impact on introduction of IndAS. He has also complied with requirement of the online proficiency self-assessment test conducted by the Institute as notified under sub-section (1) of section 150 of the Companies Act, 2013.

Key Managerial Personnel (KMP)

The KMP of your Company as on Mach 31, 2020 as per Section 203 of the Act, are as follows:

Mr. Rajiv Mittal, Managing Director & Group CEO

Mr. S Varadarajan, Whole - Time Director & CGO

Mr. Pankaj Sachdeva, CEO - India Cluster,

Mr. Sandeep Agrawal, Chief Financial Officer (CFO)

Mr. R Swaminathan, Company Secretary

Pursuant to Rule 8 (5) of Company (Accounts) Rules, 2014, there were no changes in KMP during the year, except the appointment of Mr. Sandeep Agrawal, CFO of the Company on April 29, 2019.

Board Diversity

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

Board & Performance Evaluation

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

A separate exercise was carried out by the Nomination and Remuneration Committee of the Board to evaluate the performance of Individual Directors. The performance evaluation of the Executive Directors and the Board as a whole were carried out by the Independent Directors at their Meeting held during the year 2019-20. The performance evaluation of the Chairman of the Board of Directors of the Company was also carried out by the Independent Directors as a whole, taking into account the views of the Executive Directors. The Report on Corporate Governance forming part of this Annual Report covers details of the evaluation process and other requisite information.

Familiarisation Programme

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

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

Appointment of Directors

The Nomination and Remuneration Committee formulates and reviews the criteria for appointment of Director on the Board of Directors of the Company. Pursuant to sub-section 3 of section 134 of the Act, the Nomination, Evaluation & Remuneration Policy lays down the criteria for determining qualifications, positive attributes, and independence of a Director and on basis of the same the

Nomination and Remuneration Committee makes necessary recommendations to the Board. The Committee also recommends to the Board on extension or continuation of the term of appointment of Independent Directors on the basis of the report of performance evaluation of Directors, from time to time, in accordance with the Act and SEBI LODR.

Board & Committees

A calendar of meetings is circulated to the Directors in advance. During the year, your Board met 5 times on April 29, 2019, May 21, 2019, August 12, 2019, November 12, 2019 and February 8, 2020. The details regarding composition, attendance of the Directors and other relevant details are set out in the Report on Corporate Governance which forms part of this Annual Report.

Your Company is maintaining the highest standards of Corporate Governance practices and is in compliance with the requirements of the relevant provisions of applicable laws and statutes. As on March 31, 2020, the Board has 6 Committees viz. **Stakeholders Relationship Committee** *inter - alia* to look into various matters relating to the securities of the Company, **Nomination and Remuneration Committee** with wider terms of reference as per the statutory requirements, **Corporate Social Responsibility Committee**, *inter - alia*, to undertake CSR activities, monitoring and reporting system for utilisation of funds for the CSR activities, **Risk Management and Monitoring Committee** *inter - alia* to review and monitor the various projects of the Company from time to time and evaluate the risks existing in the business and ensure appropriate mitigation measures in a time bound manner, **Overseas Investment Committee** *inter - alia*, to scrutinise, evaluate and approve any new/enhancement in the investment by the Company in setting up a branch/ subsidiary/joint venture entities, in India or overseas and periodically monitor that the investments made in such group entities are used for such approved purpose so as to ensure that return on investment to the Company are protected in the long run. Please refer page no. 52 for investment made by Company in ODI entities.

The **Audit Committee** acts as an interface between the statutory and internal auditors, the Management and the Board of Directors. It assists the Board in fulfilling its responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for internal financial controls, governance and reviews the Company's statutory and internal audit processes. The recommendations made by the Committee are accepted by the Board. As prescribed under section 177(8) of the Act, the Audit Committee comprises three Independent Directors viz., Mr. Milin Mehta, Chairman of the Committee, Mr. B D Narang and Mr. Malay Mukherjee.

The Meetings of each of these Committees are convened by the respective Chairperson, who also apprises the Board about the summary of discussions held at their Meetings. The Minutes of the Committee Meetings are sent to all Members of the Committees individually for their approval/ comments as prescribed in Secretarial Standards-1. The approved Minutes are circulated to the Members after incorporating the comments, if any through the software/Email and tabled the same at the subsequent Board Meetings.

Directors Responsibility Statement

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

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

Remuneration Policy

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

In accordance with the relevant provisions of the Act and SEBI LODR, the following Policies/ Framework have been adopted by the Board upon recommendation of the Nomination and Remuneration Committee as part of Nomination, Evaluation & Remuneration Policy:

- Board Nomination Policy
- Policy for appointment & removal of Director, Key Managerial Personnel and Senior Management Personnel
- Board Evaluation Policy
- Board Diversity Policy
- Policy related to Remuneration for the Executive Directors, Key Managerial Personnel & Senior Management Personnel
- Policy related to Remuneration for the Non - Executive Directors/ Independent Directors

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

Executive Directors

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

Non-Executive Directors

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

KMP/ Senior Management/ Other Employees

The remuneration of Key Managerial Personnel (other than Executive Directors), shall be approved by the Board and any revision thereof, shall be done as per the compensation and appraisal policy of the Company which consists of fixed and variable pay includes salary, benefits, perquisites, provident fund etc. The Managing Director & Group CEO and Whole Time Director & CGO will appraise the Board/ Nomination and Remuneration Committee on the performance evaluation of senior management/ other employees made by them on the basis on achievement of KPI & KRA and they will be paid remuneration/ any revision thereof.

Policy on Preservation & Archival of Documents

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

Employees stock option scheme (ESOP)

Your Company do not have any existing ESOP Scheme.

Particulars of Employees

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

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

Industrial Relations

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

Policy on Prevention of Sexual Harassment at Workplace

Your Company is an equal opportunity provider. It continuously strives to build a work culture which promotes respect and dignity of all employees across the Organisation. The Company has constituted Internal Compliants Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH"). It comprises 6 Members, majority being Women Members including one external women representative. The Company has a Prevention of Sexual Harassment policy in place in line with the requirements of the POSH.

All permanent, consultant, contractual, temporary, trainees are covered under this Policy. During the year under review, there was one (1) case of POSH complaint received and disposed during the year 2020. As on March 31, 2020 no complaints are pending. Pursuant to Section 21 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 the Internal Complaint Committee has duly submitted the Annual Report at the end of the Calendar Year i.e. December 31, 2020 comprising details of complaints received, disposed off and pending.

Auditors

A. Statutory Auditors

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

The Statutory Auditors of the Company have submitted their report for FY 2019-20 and is forming part of this Annual Report. The Auditor's Report on Standalone Financial Statements of the Company for the Financial Year ended March 31, 2020, does not contain any qualification, reservation or adverse remark. The Auditors' report on Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2020 does not contain any qualification, reservation or adverse remark, except the following:

Qualified Opinion:

Attention is invited to Note 49 to the Consolidated Financial Statements, which includes Financial Statements of VA Tech Wabag GmbH, Austria, a Subsidiary whose accounts reflect Group's share of total assets of INR 63,468 lakhs, networth of INR 18,117 lakhs as at March 31, 2020, net cash inflows for the year of INR 3,111 lakhs, total revenue of INR 48,773 lakhs and net profit after tax of INR 1,229 lakhs for the year ended March 31, 2020 respectively. The Financial Statements of the Subsidiary has been prepared by the management which have not been audited and our opinion is based solely on such unaudited Financial Statements which is certified by the management. We are unable to comment on the adjustment that may have been required to the Consoldiated Financial Statements, had such Financial Statements of the Subsidiary been audited.

Please refer page no. 199 to the Independent Auditor's Report on the Audit of the Consolidated Financial Statements for qualified opinion.

Directors' response to comments of the statutory auditors in the Audit Report:

With regard to the Basis for Qualified Opinion above, pertaining to unaudited Financial Statements of VA Tech Wabag GmbH, Austria, a Subsidiary, it is submitted that due to delays caused by COVID-19 and other factors, the audit of overseas Subsidiary VA Tech Wabag GmbH, Austria, for the Financial Year ended March 31, 2020 could not be completed. The Financial Statements related to VA Tech Wabag GmbH, Austria, included in the Consolidated Financial Statements, in the opinion of the management provides a true and fair view of the overseas Subsidiary.

B. Cost Auditor

Pursuant to the provisions of the Section 148(1) of the Act, your Board of Directors had appointed Mr. K Suryanarayanan, Practicing Cost Accountant (Membership No.24946) as Cost Auditor of the Company, for conducting the audit of costs records for the FY 2019-20. The audit of cost records is in progress and report will be filed with the Authority with the prescribed period in accordance with the Act and relevant rules made thereunder. A proposal for ratification of remuneration of the Cost Auditors for the FY 2019-20 will be placed before the Members of the Company at the ensuing AGM for ratification/approval.

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

C. Secretarial Auditor

Your Board had appointed M Damodaran, Practicing Company Secretary (Membership Number 5837) to undertake the Secretarial Audit of the Company for the FY 2019-20. The Secretarial Audit Report placed before the Board does not contain any qualification, reservation or adverse remark. The Report of the Secretarial Auditor is enclosed as **Annexure II** to the Board's Report.

Your Board has appointed M Damodaran of M/s. M Damodaran & Associates LLP, Practicing Company Secretaries (COP: 5081), as Secretarial Auditor of the Company for the FY 2020-21.

D. Internal Auditors

Your Board had appointed M/s PKF Sridhar & Santhanam LLP, Chartered Accountants, Chennai, (FRN -003990S/ S200018) as Internal Auditors of the Company to conduct the Internal Audit for the FY 2019 - 20. The Internal Auditors reports directly to the Audit Committee and makes comprehensive presentations at the Audit Committee meeting(s) on the Internal Audit Report covering the business areas required by the Audit Committee, from time to time.

Your Board has appointed M/s PKF Sridhar & Santhanam LLP, Chartered Accountants, Chennai as Internal Auditor of the Company for the FY 2020-21.

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

Subsidiaries, Joint Ventures & Associates

During the year under review, your Company has incorporated following subsidiaries in India i.e. Ganga STP Project Private Limited and DK Sewage Project Private Limited. Also, one Subsidiary was incorporated in April 2020 i.e. Digha STP Projects Private Limited.

During the year, the management of your Company's Subsidiary in Austria, as part of Group strategy to remain asset light, decided to transfer its majority stake (58%) in the Subsidiary entity in Ujams Wastewater Treatment Company (Proprietary) Ltd in Namibia ("Ujams") to other overseas JV partner and the share transfer and other formalities have been completed on March 31, 2020. Pursuant to this partial disinvestment, the percentage of shares held in Ujams by your Company's Subsidiary in Austria, reduced from 66.4% to 8.4%.

Your Company has 18 subsidiaries, and 2 associates and 2 joint venture entities as on March 31, 2020. Pursuant to Section 129(3) of the Act, a statement containing the salient features of the Financial Statement of our subsidiaries in the prescribed format AOC - 1 is enclosed as **Annexure III** to the Board's report.

Material Subsidiaries

In accordance with the provisions of SEBI LODR Regulations, your Company has one Material Subsidiary i.e. VA Tech Wabag GmbH, Austria, as on the date of this report.

Your Board of Directors has approved a Policy for "Determining Material Subsidiaries" in accrodance with the SEBI LODR. The Policy has been revised w.e.f. April 1, 2019 in accordance with the amendments made to the SEBI LODR.

The policy is also made available on your Company's website www.wabag.com.

Consolidated Financial Statements

The Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2020 are prepared in compliance with the applicable provisions of the Act including Indian Accounting Standards specified under Section 133 of the Act. The audited consolidated Financial Statements together with the Auditors' Report thereon form part of this Annual Report.

The Financial Statements of the Subsidiaries, Associates and Joint Venture entities are available for inspection by the Members at the Registered Office of the Company pursuant to the provisions of Section 136 of the Act. Your Company shall provide a copy of the Financial Statements of its Subsidiary companies to the Members upon their request. The statements are also available on the website of the Company at www.wabag.com under Investors Section.

Related Party Transactions

During the FY 2019-20, your Company has entered into transactions with Related Parties as defined under Section 2(76) of the Act, all of which were in the ordinary course of business and on arm's length basis and in accordance with the provisions of the Act, read with the Rules issued thereunder and the SEBI LODR.

There are no materially significant Related Party Transactions entered into by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. The details of the same are given in the notes to Financial Statement.

The Related party transactions were placed before the Audit Committee for their review, consideration and approval/ recommendation and then placed before the Board for suitable noting/approval. Amended policy on dealing with Related Party Transactions is available on the Company's website www.wabag.com.

The details as required to be provided under Section 134(3) (h) of the Act, in the prescribed format AOC-2 is enclosed as **Annexure V** to the Board's report.

Overseas Direct Investment

Your Company, over the years has expanded its global reach through Overseas Direct Investments (ODI), either through Subsidiaries, Associate & Joint Venture Entities. As of March 31, 2020, the aggregate financial investments in such ODIs amount to INR 297.51 crore as against INR 381.88 crore as of last year. Out of such overseas investments, a very substantial component of investment comprises guarantees/ non-funded exposure for various projects, which as of March 31, 2020 amounted to INR 268.22 crore (90.15% of total financial exposure). The funded exposure of the Company in ODI for the same period consists of equity investments of INR 27 crore (9% of total financial exposure) and loans amounting to INR 2.54 crore (0.85% of total financial exposure). Your Company has not provided any loan to its ODI entities during the year.

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

The benefits generated by the Company from its overseas entities are substantial considering its relative meagre funded investment in such ODI entities. During the FY 2019-20, the Standalone revenue of the Company included revenue from overseas projects amounting to INR 746 crore as against INR 775 crore last year. The aggregate operational revenue generated by the Group during the FY 2019-20 through Company's overseas entities and exports out of India aggregated to INR 1,520 crore which is 59% of overall consolidated revenue of INR 2,557 crore.

Corporate Social Responsibility (CSR)

Your Company allocated a limit equivalent to 2% of the average net profits of its three immediately preceding Financial Years for implementation of CSR activities as per the Act. During the year under review, your Company spent a sum of INR 74.93 lakhs towards CSR projects implementation.

In keeping with the Company's CSR focus on water and waste water, the Company identified various projects for implementation during the Financial Year 2019-20. The Company had entered into arrangements with NABARD as co-financing partner for implementation of six multi-year watershed projects as part of CSR activities, one each in - Kanchipuram District, Tuticorin District, Dindigul District and Virudunagar District besides two at Cuddalore District, Tamil Nadu along with five reputed local NGOs as implementing partner(s). The estimated cost (WABAG's portion) for the six projects is over INR 4.6 crore.

Furthermore, your Company also entered into a Memorandum of Understanding (MoU) with Bharat Rural Livelihoods Foundation (BRLF), an Independent non-profit society set up by the Government of India under the Ministry of Rural Development for implementing watershed project in six districts in West Bengal for which your Company committed a sum of INR 2.5 crore spread over a period of 4 years. Out of this, your Company so far paid a sum of INR 83.26 lakhs. The key objective behind this CSR investment by your Company is to leverage the MGNREGA funds which will have wider impact in terms of end beneficiaries, i.e. poor farmers and tribals in West Bengal. With this commitment to BRLF the total commitment approved by the CSR Committee towards watershed development multiyear projects is over INR 7 crore. Out of the overall amount unspent as on March 31, 2020, your Company has already committed to spend around INR 7.6 crore. In addition to this, projects around INR 8 crore are under pipeline for Committee evaluation and approval.

All watershed projects undertaken by your Company are long term in nature and contribution are required to be made based on the actual progress of the projects apart from other factors. Though the Company had some challenges in allocating the funds during the year, it remains committed to meet its obligations under CSR program.

Further, your Company also implemented a few CSR projects – i) Community Water Purification plant at Telangana State, ii) Civic Engagement – WATSAN Project at Bangalore City, iii) Decentralized Waste Water Treatment Plant and Recycling at Low Income Housing Colony, Warangal, Telangana State, iv) Water Augmentation project at Mailam Block, Villupuram District, Tamil Nadu, v) Online National Quiz for Ganga Quest for the year gone by.

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

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

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

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

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

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

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

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

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

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

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

Training to promote rural sports, nationally 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 Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

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

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

Particulars of Loans, Guarantees or Investments

Details of loans, guarantees and investments under the provisions of Section 186 of the Act and Schedule V of the SEBI LODR, as on March 31, 2020, are given in the notes to the Financial Statements of the Company.

Internal Control/ Audit & its adequacy

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

1. Achieving strategic objectives
2. Efficiency and effectiveness of business operations
3. Prevention and detection of frauds and errors
4. Safeguarding its assets
5. Complying with applicable laws and regulations
6. Providing reliable financial information

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

Internal Control Over Financial Reporting

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

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

Risk Management

Your Board has constituted a dedicated Committee viz. "Risk Management and Monitoring Committee" to review risks trends, exposure, its potential impact analysis and mitigation plans. The Committee consists of 4 Directors out of which 3 are Independent Directors. The details on your Company's risk management framework/ strategy, risk assessment, risk acceptance, risk avoidance, risk mitigation, risk review etc. forms part of Management Discussion and Analysis Section of this Annual Report.

Awards & Recognitions

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

Please refer page no. 16 of the Annual Report for the details of the rewards and recognition achieved by the Company globally during this year.

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

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

Other Disclosures

Deposits: During the year under review, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Act, read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force);

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

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

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

Conservation of Energy: The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134 of the Act, read with the Companies (Accounts) Rules, 2014, is enclosed as **Annexure VII** to the Board's Report;

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

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

Health, Safety and Environmental Protection (HSE)

Your Company is committed to providing a safe, healthy and conducive environment to all of its employees & associates and complied with labour related laws. The details of quality, health, safety, environment initiatives, objectives and achievements made by the Company are detailed in the Management Discussion and Analysis section of this Annual Report.

Sustainability Initiatives

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

Whistle Blower Policy / Vigil Mechanism

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

Green Initiatives

Your Company believes in creating a clean and green ecosystem (land, air and water) around us for the wellbeing of nature and humanity. A few examples that testify to our vision for a resource positive and sustainable future through green initiatives are: a) the 110 MLD Kodungaiyur WWTP in Chennai, India which has been a role model plant for the entire country in terms of a being a plant powered by green energy for over a decade b) the 144 MLD Sanliurfa WWTP in Turkey, which employs renewable power derived from solar power in its sludge drying beds c) The 36 MLD Effluent Treatment and Recycling Plant at Reliance Dahej where biogas generated during the anaerobic treatment process is used as fuel gas for plant utility purposes, thus providing about 40% savings in heating costs. d) Power optimisation at our desalination plants by integrating energy recovery devices. Pressure energy recovery from the high-pressure brine stream is critical to the economic viability and environmental sustainability.

Green Initiatives begin at home

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

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

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

Appreciation

Your Board of Directors place on record their sincere gratitude and appreciation to all the employees at all levels for their hard work, solidarity, cooperation and dedication during the year. Your Board conveys its appreciation to its Customers, Members, Suppliers, Bankers, Business Associates, Regulatory and Government Authorities for their continued support.

For and on behalf of the Board of Directors

B D Narang
Chairman
(DIN: 00826573)
New Delhi

Rajiv Mittal
Managing Director & Group CEO
(DIN: 0129910)
Chennai

August 25, 2020

Annexure – I

Particulars of employees

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

The ratio of remuneration of each Director to the median employee's remuneration of the Company for the Financial Year 2019-20	Mr. B D Narang, Chairman – 3.56:1 ; Mr. Malay Mukherjee, Independent Director – 2.67:1 ; Mr. Milin Mehta, Independent Director – 2.00:1 ; [#] Ms. Revathi Kasturi, Independent Director – 2.67:1 ; Mr. Sumit Chandwani, Independent Director – 1.33:1; [$] Mr. Rajiv Mittal, Managing Director & Group CEO – 37.12:1; Mr. S Varadarajan, Whole - Time Director & Chief Growth Officer – 16.37:1
The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year 2019-20.	Managing Director & Group CEO – NIL Whole - Time Director & CGO – NIL Other Directors – NIL CEO - India Cluster – NIL Chief Financial Officer – NIL* Company Secretary-12.68%**
The percentage increase in the median remuneration of employees in the Financial Year 2019-20.	NIL
The number of permanent employees on the rolls of the Company as on March 31, 2020	1051
Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	NIL
A statement showing the name of every employee of the Company, who if employed throughout the Financial Year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole-Time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.	None

Affirmation that the remuneration is as per the remuneration policy of the Company.	It is affirmed that the remuneration is paid as per the remuneration policy of the Company.
A statement showing the name of top ten employee of the Company in terms of remuneration drawn.	The statement containing top ten employees in terms of remuneration drawn and particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing AGM and has been uploaded on the website of the Company www.wabag.com. Any Member interested in obtaining a copy of the same may write to the Company Secretary and the same will be provided free of cost to the Member.
A statement showing the name of every employee of the company, who if employed throughout the Financial Year, was in receipt of remuneration for that year which, in the aggregate, was not less than one Crore and two lakh rupees.	
A statement showing the name of every employee of the company, who if employed for a part of the Financial Year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month.	

*During the year, Mr.Sandeep Agrawal was appointed as CFO w.e.f April 29, 2019

** on account of grade change and increase in variable pay

During the year, Mr. Milin Mehta was appointed as Additional Director w.e.f April 29, 2019 and appointed as Independent Director by Shareholders at their meeting held on August 13, 2019

$ During the year, Mr. Sumit Chandwani ceased to be Director w.e.f August 13, 2019

For and on behalf of the Board of Directors

B D Narang
Chairman
(DIN: 00826573)
New Delhi

Rajiv Mittal
Managing Director & Group CEO
(DIN: 0129910)
Chennai

August 25, 2020

Annexure – II

Form MR 3

Secretarial Audit Report

For the Financial Year ended March 31, 2020

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,

The Members,

VA TECH WABAG LIMITED

(CIN: L45205TN1995PLC030231)

"WABAG House", No. 17, 200 Feet

Thoraipakkam- Pallavaram Main Road,

Sunnambu Kolathur, Chennai – 600 117.

I,M Damodaran, Managing Partner of M Damodaran & Associates LLP, 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 authorised 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 **31.03.2020** 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 **31.03.2020** according to the provisions of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

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

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

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

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

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 - Not Applicable to the Company during the review period;

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - Not Applicable to the Company during the review period;

e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;

f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- Not Applicable to the Company during the review period ;

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not Applicable to the Company during the review period.

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

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

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

During the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations, Circulars, 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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

I further report that during the audit period, the Company has passed Special Resolution under Section 149,150,152 and all other applicable provisions, if any, of the Companies Act, 2013 vide Annual General Meeting dated August 13, 2019 for Appointment of Mr. Milin Mehta as an Independent Director.

M. Damodaran
Managing Partner
M DAMODARAN & ASSOCIATES LLP
Membership No.: 5837
COP. No.: 5081
ICSI UDIN No.: F005837B000537863

Place: Chennai
Date: 31.07.2020

Annexure – III

PART - A

Statement containing the salient features of the Financial Statements of Subsidiaries/Associate Companies/Joint Ventures

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

(All amounts are in INR Lakhs)

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, 2020	SGD	2,102.32	1,318.40	5,320.96	1,900.24	-	7,642.58	478.07	(70.13)	407.95	-	100%
2	VA Tech Wabag (Philippines) Inc., Philippines	March 31, 2020	PHP	89.70	2946.86	26,184.32	23,147.76	-	11,765.77	56.51	(8.88)	47.63	-	100%
3	VA Tech Wabag Limited Pratibha Industries Limited JV, Nepal	March 31, 2020	NPR	-	327.20	1,759.17	1,431.96	-	245.35	128.33	(13.19)	115.15	-	NA
4	Wabag Muhibbah JV SDN. BHD., Malaysia	March 31, 2020	MYR	149.85	(1,690.38)	1,787.99	3,328.52	-	1,957.50	(3,192.59)	-	(3,192.59)	-	70%
5	Wabag Limited, Thailand	March 31, 2020	THB	38.62	(363.28)	17.24	341.90	-	23.27	(105.27)	-	(105.27)	-	49%
6	VA Tech Wabag Muscat LLC., Oman	March 31, 2020	OMR	177.04	(12.73)	1,041.15	876.84	-	1,887.34	(483.00)	-	(483.00)	-	70%
7	Wabag Operation and Maintenance WLL, Bahrain	March 31, 2020	BHD	82.96	73.70	213.05	56.39	-	244.10	(29.62)	-	(29.62)	-	70%
8	Wabag Belhasa JV WLL, Bahrain	March 31, 2020	BHD	8.95	2,163.67	3,731.66	1,559.04	-	441.76	(1,326.83)	-	(1,326.83)	-	49%
9	VA Tech Wabag Brazil Servicos De Agua E Saneamento Ltda,Brazil	March 31, 2020	BRL	0.18	(0.08)	0.11	-	-	-	(0.04)	-	(0.04)	-	99.99%
10	Ganga STP Project Private Limited, India	March 31, 2020	INR	1.00	-	186.76	185.76	-	-	-	-	-	-	100%
11	DK Sewage Project Private Limited, India	March 31, 2020	INR	1.00	-	1.00	-	-	-	-	-	-	-	100%
12	VA Tech Wabag GmbH., Austria	March 31, 2020	EUR	822.96	17,293.55	63,468.03	45,351.53	225.01	42,091.41	1,396.14	(166.68)	1,229.46	-	100%
13	VA Tech Wabag Deutschland, GmbH.,Germany	March 31, 2020	EUR	189.49	(235.63)	0.15	46.30	-	-	17.20	-	17.20	-	100%
14	Wabag Wassertechnik AG, Switzerland	March 31, 2020	EUR	562.92	722.45	9,077.07	7,791.71	-	10,514.75	(259.83)	(17.02)	(276.85)	-	100%

Annexure – III (Contd.)

(All amounts are in INR Lakhs)

S. No	Name of the Subsidiary, Country of Incorporation	Financial period ended	Reporting currency	Capital	Reserves	Total Assets	Total Liabilities	Details of Investment (Except in case of Investment in Subsidiary)	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	% of shareholding
15	VA Tech Wabag Brno SPOL. S.R.O., Czech Republic	March 31, 2020	EUR	61.01	1,474.61	7,293.19	5,757.57	-	4,352.93	(148.19)	44.89	(103.31)	-	100%
16	Wabag Water Services S.R.L., Romania	March 31, 2020	EUR	8.23	3,775.13	9,290.48	5,507.13	-	8,348.09	337.90	(80.11)	257.79	-	99.97%
17	VA Tech Wabag Tunisie S.A.R.L., Tunisia	March 31, 2020	EUR	528.37	306.35	4,358.37	3,523.64	-	2,986.70	77.20	(19.30)	57.90	-	100%
18	VA Tech Wabag Su Teknolojisi Ve Tic. A.S , Turkey	March 31, 2020	EUR	1,253.20	(3,853.79)	1,540.27	4,140.86	-	3,849.96	1,609.52	-	1,609.52	-	100%

Note : Exchange rate used for Balance Sheet items is the rate as on March 31, 2020 and for Profit and Loss account items, the rate used is the average rate for the Financial Year 2019 20

Currency	Rate for Balance Sheet Items INR	Rate for Profit & Loss Account items INR
1 SGD	52.539758	51.661516
1 PHP	1.470480	1.378748
1 NPR	0.618137	0.625684
1 MYR	17.341224	17.019375
1 THB	2.285892	2.289570
1 OMR	194.319470	184.058364
1 BHD	198.214138	187.960015
1 BRL	14.397417	17.274013
1 EUR	82.295881	78.749456

Part "B": Associates and Joint Ventures

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

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

Name of Associates/Joint Ventures, Country of Incorporation	VA Tech Wabag and Roots Contracting L.L.C., Qatar	Windhoek Goreangab Operating Company (Pty) Limited, Namibia	International Water Treatment LLC, Oman	Thoothukudi Renew Waters Private Limited, India
Latest audited Balance Sheet date	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020
Shares of Associate/Joint Ventures held by the Company on the year end				
No. of Shares	98	33	48,750	2,600
Amount of Investment in Associates/Joint Venture	16.90	225.01	-	0.26
Extent of Holding %	49%	33%	32.50%	26%
Description of how there is a significant influence	There is significant influence due to percentage (%) of share capital	There is significant influence due to percentage (%) of share capital	There is significant influence due to percentage (%) of share capital	There is significant influence due to percentage (%) of share capital
Reason why the Associate/Joint Venture is not consolidated	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Networth attributable to Shareholding as per latest Audited Balance Sheet	1,281.44	243.37	-	1.00
Profit / (Loss) for the year				
Considered in Consolidation	766.15	166.71	(458.03)	-
Not Considered in Consolidation	-	-	-	-

For and on behalf of the Board of Directors

B D Narang
Chairman
(DIN: 00826573)
New Delhi

Rajiv Mittal
Managing Director & Group CEO
(DIN: 0129910)
Chennai

August 25, 2020

Annexure – IV

Annual report on Corporate Social Responsibility (CSR) activities

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

During the year 2019-20, your Company implemented the following CSR projects under WABAG-CSR Program:

I. CSR Projects implemented during the year 2019-20:

a) **Community Water Purification plant at Telangana State:** During the year under review, one more water purification plant was built at Mettupalli of Jaya Shankarin Bhupalpalli District of Telangana State and one more started. The project cost for 4 units amounted to INR 9.70 lakhs.

b) **Civic Engagement – WATSAN Project at Bangalore City:** During the last Financial Year, this water and sanitation awareness program was commenced and completed.

The project covered around 3000 students plus neighbourhood communities. More than a dozen civic projects were undertaken under the "I change my city" with water and sanitation themes.

About 1700 students were engaged in Civic Festival. 9 WATSAN sessions were held with Water and Sanitation Authorities. Budgetary inputs were received on water and sanitation.

Experiential field visits with WABAG site team formed part of the program. There was positive response from the schools. Furthermore, there was deep engagement with the officials of Bangalore Water Supply and Sewerage Board (BWSSB). Your Company incurred a sum of INR 12.60 lakhs towards this project.

c) **Decentralised Waste Water Treatment Plant and Recycling at Low Income Housing Colony, Warangal, Telangana State:**

This project, under the guidance of Administrative Staff College of India (ASCI) commenced during 2018-19 and all pre-commissioning activities have been completed. Plant commissioning is awaited since the low income housing colony is yet to be occupied by the members concerned. Soon after the occupation, based on the availability of minimum sewage, the plant would be commissioned. The project cost is around INR 70.00 lakhs.

d) **Water Augmentation project at Mailam Block, Villupuram District, Tamil Nadu:**

M S Swaminathan Research Foundation (MSSRF) has completed implementation of Phase II of the Water Augmentation project. The total value of the project is INR 61.72 lakhs.

The project highlights are:

- Rejuvenation of open wells ensuring the livelihood of poor by providing water for crops almost throughout the year
- On an average, 3 meter depth of water holding capacity has been seen in all 43 wells
- Crop diversification – in 19 out of 43 vegetable and 14 out of 43 floriculture units - observed
- Increased cultivation area of 76.07 acres after rejuvenation

This water augmentation project made a significant impact as detailed hereunder:

- Farmers income increased on an average of about 40 per cent after intervention
- Ensured cultivation of three crops in a year – farmers could take up diversified crops
- Ensured almost daily income to the poor families
- Vegetable cultivation and floriculture enabled family members' employment in their own field instead of their usual migration to city / urban centres.

e) **Online National Quiz for Ganga Quest: The project value is INR 9.25 lakhs:**

This Project had a large impact on a low investment as outlined hereunder:

- Instant branding;
- Impacting the next generation;
- Pan India exposure initiative;
- Children are motivated with prizes;
- NRIs are evincing interest which could be capitalised; and

- This leads to participation by schools in regular clean-up of Yamuna Ghats.

II. Multi-year watershed development projects under progress in the State of West Bengal and Tamil Nadu:

1 Projects in West Bengal:

Your Company had entered into a Memorandum of Understanding (MoU) with Bharat Rural Livelihoods Foundation (BRLF), an independent non-profit society set up by the Government of India for implementing watershed projects in six districts in West Bengal for which the Company committed a sum of INR 2.50 crore spread over a period of 4 years.

The key objective behind this CSR investment by your Company is to leverage the MGNREGA funds which will have wider impact in terms of end beneficiaries, i.e. poor farmers, Scheduled Caste, tribals and all others in West Bengal.

BRLF entered into a unique partnership with the Government of West Bengal where efforts are made to undertake a comprehensive set of activities involving planning, capacity building, monitoring and evaluation over a period of 4 years of the Ushar Mukti program. It may be pertinent to mention that not less than 70 per cent of MGNREGA fund will be used for activities supporting implementation of the projects focussing on soil, moisture, nutrients conservation towards rejuvenation, regeneration and restoration of natural resources. In other words, for planning, capacity building and preparation of implementable detailed Project Reports are supported by BRLF-WABAG funds and for implementation mainly MGNREGA funds in convergence with the governments other programs.

2 Projects in Tamil Nadu

In keeping with the Company's CSR focus on water and waste water, the Company had entered into arrangements with NABARD as co-financing partner for implementation of six multi-year watershed projects, one each in – Kanchipuram, Tuticorin, Dindigul and Virudunagar Districts besides two in Cuddalore District of Tamil Nadu along with five reputed local NGOs as Project Facilitating partner(s).

All the six projects are being implemented by the respective watershed level Village Watershed Committee (a representative registered body of the watershed villages), facilitated by the partner NGOs. There are two phases of the projects – Capacity Building Phase followed by Full Implementation Phase (FIP). While one project has entered into Full Implementation Phase, the remaining 5 projects have completed their Capacity Building Phase and will be entering into FIP during 2020-21.

Impact: The Capacity Building Phase projects completed so far have given encouraging impact. There are reports of availability of in-situ soil moisture for additional two to three months, rise in ground water table by a minimum of 3m as also cropping intensity and crop diversification. The other major aspects observed are:

- Convergence initiatives such as with MGNREGA, Government line department projects
- Livelihood activities have been given thrust and focus for the upliftment of women and landless
- Community based organisations such as SHGs, SHG Federation, village level Watershed Committees as also watershed level apex Watershed Committee, Farmers Interest Groups and Farmer Producers Organisations have been formed and are functioning effectively
- It was also found that watershed plus initiatives are to be taken with a view to ensure holistic development. Your Company has already supported such watershed plus activities in two watershed project villages in Cuddalore district.

The Composition of the CSR Committee:

Ms. Revathi Kasturi (Chairperson of the Committee)

Mr. Rajiv Mittal

Mr. S Varadarajan

Average net profit of the Company for the last three FY as prescribed	INR 153.43 crore
Prescribed CSR Expenditure for 2019-20	INR 4.13 crore
Details of CSR spent	
(a) Total amount to be spent for the FY 2019-20	INR 4.13 crore
(b) Amount unspent, if any;	INR 13.32 crore #

#Cumulative CSR unspent of previous years. The Company has entered into commitment of certain multi-year projects for about INR 7 crore and also projects/ proposals of over INR 8 crore are under pipeline for Committee evaluation and approval.

(c) Manner in which the amount spent during the the FY 2019-20 is detailed below.

(INR in lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	**CSR project or Activity Identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken**	**Amount** outlay (budget) project or programs wise**	**Amount spent on the projects or Programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
1	Traditional Irrigation System- Canal restoration	Water Conservation	Killai Village, Cuddalore, Tamil Nadu	18.55	3.74	18.55	Implementing Agency
2	Watershed Development	Water Conservation	West Bengal	250.00	10.00	83.26	Implementing Agency
3	R O Plant, Valluvar Gurukulam School	Drinking Water	Chennai, Tamil Nadu	-	0.99	9.91	Direct
4	Awareness Campaign	Water Conservation	Namami Gange	9.25	7.40	9.25	Implementing Agency
5	Sewage Treatment Plant	Sanitation	Low Income Housing Colony,Warangal, Telangana	75.00	52.80	62.80	Implementing Agency
6	Administrative Expenses- CSR Project Implementation	-	-	-	3.75	3.75	-

**includes previous year's budget unspent.

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

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

For and on behalf of the Board of Directors

Revathi Kasturi
Chairperson-CSR Committee
(DIN: 01837477)
Bengaluru

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

August 25, 2020

Annexure – V

Particulars of contracts/arrangements made with related parties

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

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

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

a.	Name(s) of the related party and nature of relationship	Not applicable since there were no contracts or arrangements or transactions entered into during the year ended March 31, 2020 which were not at arm's length basis.
b.	Nature of contracts/arrangements/transactions	
c.	Duration of the contracts/arrangements/transactions	
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	
e.	Justification for entering into such contracts or arrangements or transactions	
f.	Date (s) of approval by the Board	
g.	Amount paid as advances, if any	
h.	Date on which the resolution was passed in general meeting as required under first proviso to section 188	

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

a.	Name(s) of the related party and nature of relationship	Not applicable since there were no material contracts or arrangements or transactions entered into during the year ended March 31, 2020
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	

All related party transactions are in the ordinary course of business and on arm's length basis and are approved by Audit Committee of the Company.

For and on behalf of the Board of Directors

B D Narang
Chairman
(DIN: 00826573)
New Delhi

Rajiv Mittal
Managing Director & Group CEO
(DIN: 0129910)
Chennai

August 25, 2020

Annexure – VI

Extract of Annual Return

Form No. MGT-9

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

A. Registration and other details

Corporate Identity Number (CIN) of the Company	L45205TN1995PLC030231
Registration date	February 17, 1995
Name of the Company	VA TECH WABAG LIMITED
Category / Sub-category of the Company	Public Limited Company / Limited by Shares
Address of the registered office	"WABAG HOUSE", No. 17, 200 Feet Thoraipakkam-Pallavaram Main Road, Sunnambu Kolathur, Chennai 600117, Tamil Nadu, India
Company contact details	Tel : +91-44-6123 2323; Fax : +91-44-6123 2324 Email : companysecretary@wabag.in Website : www.wabag.com
Listed Company (Yes / No)	Yes
Name, Address and contact details of Registrar and transfer agent	KFin Technologies Private Limited (Formerly known as Karvy Fintech Private Limited) Unit : VA TECH WABAG LIMITED Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032. Telangana, India Mr. B. Srinivas, P : +91 40 67162222 Email: einward.ris@kfintech.com

B. Principal Business Activities of the Company

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

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

S. No	Name of the Company	Address of the Company	CIN/GLN	Holding / Subsidiary / Associate/ Joint Venture	% of shares held	Applicable Section
1	VA Tech Wabag (Singapore) Pte. Ltd.	84, Toh Guan Road, East # 03-10, Singapore Water Exchange, Singapore 608501	NA	Subsidiary	100%	2(87)
2	VA Tech Wabag GmbH	Dresdner Strasse 87-91, 1200, Vienna, Austria	NA	Subsidiary	100%	2(87)
3	VA Tech Wabag Deutschland GmbH	Baumeisterallee 13-15, D-04442, Zwenkau, Germany	NA	Subsidiary	100%	2(87)

S. No	Name of the Company	Address of the Company	CIN/GLN	Holding / Subsidiary / Associate/ Joint Venture	% of shares held	Applicable Section
4	VA Tech Wabag Brno SPOL. S.R.O	Železna 492/16, 619 00 Brno, Czech Republic	NA	Subsidiary	100%	2(87)
5	VA Tech Wabag Tunisie s.a.r.l	21, Rue Abdelaziz MASTOURI, El Menzah 9 - 1013 Ariana, Tunisie	NA	Subsidiary	100%	2(87)
6	Wabag Water Services s.r.l	Dimitrie Pompeiu Blvd., No 6E, 10th floor, Sector 2, Bucharest, Romania	NA	Subsidiary	99.97%	2(87)
7	VA Tech Wabag Su Teknolojisi Ve Tic A.S	Oruc Reis Mah., Tekstilkent Cad., Koza Plaza, No: 12 A- Blok, Kat:8, D:29-32, 34235 Esenler, Istanbul,Turkiye	NA	Subsidiary	100%	2(87)
8	VA Tech Wabag Muscat LLC	P.O. Box 58, Muscat, Postal Code 100, Sultanate of Oman	NA	Subsidiary	70%	2(87)
9	VA Tech Wabag (Philippines) Inc.	Unit 519,7/F The Peninsula Court Building, 8735 Paseo de Roxas, Makati City, 1226, Philippines	NA	Subsidiary	100%	2(87)
10	Wabag Wassertechnik AG	Burglistrasse 31, Postfach, CH-1, 8401 Winterthur, Switzerland	NA	Subsidiary	100%	2(87)
11	Wabag Limited	Unit No. K 009613, 9th Floor, 47/345, Popular Road, Ban Mai Pakkret, Nonthaburi 11120, Thailand	NA	Subsidiary	49% $	2(87)
12	Wabag Operation and Maintenance WLL	Office : 2113, Building : 2504, Road 2832, Block : 428, Al Seef District, Kingdom of Bahrain	NA	Subsidiary	70%	2(87)
13	Wabag Belhasa JV WLL	Office : 52, Building No. 947, Road No. 3620, Block : 436, Al Seef, Diplomatic Area, Kingdom of Bahrain	NA	Subsidiary	49%	2(87)
14	Wabag Muhibbah JV Sdn. Bhd	12th Floor, Menara Symphony, No. 5, Jalan Prof., Khoo Kaykim, Seksyen 13, 46000 Petaling Jeya, Selangor, Malaysia	NA	Subsidiary	70%	2(87)
15	VA Tech Wabag Limited Pratibha Industries Limited JV	Flat No. 4C, Ambe Residency, Behind NTC Tower, Mitra Park, Chabahill, Kathmandu - 44602	NA	Subsidiary	NA	2(87)
16	VA Tech Wabag Brazil Servicos De Agua E Saneamento Ltd	Av Jandira, 257, Conj 21, Indianpolis, Sao Paulo, 04080-917, Brazil	NA	Subsidiary	99.90%	2(87)
17	Ganga STP Project Private Limited	Wabag House, 3rd Floor, No. 17, 200 Feet, Thoraipakkam – Pallavaram Main Road, Sunnambu Kolathur, Chennai – 600 117, Tamil Nadu, India	U41000TN2019 PTC128602	Subsidiary	100%	2(87)

S. No	Name of the Company	Address of the Company	CIN/GLN	Holding / Subsidiary / Associate/ Joint Venture	% of shares held	Applicable Section
18	DK Sewage Project Private Limited	Wabag House, 3rd Floor, No. 17, 200 Feet, Thoraipakkam – Pallavaram Main Road, Sunnambu Kolathur, Chennai – 600 117, India	U41000TN2019 PTC131821	Subsidiary	100%	2(87)
19	International Water Treatment LLC	P.O. Box 533, Muscat, Postal Code 100, Sultanate of Oman	NA	Joint Venture	32.50%	2(6)
20	Ujams Wastewater Treatment Company (Pty) Ltd*	P.O. Box: 9779, 3 Kerby Street, Windhoek, Namibia	NA	Joint Venture	8.40%	2(6)
21	VA Tech Wabag & Roots Contracting LLC.	P.O. BOX: 22867 Al Waab City Nbk Building No.15, Salwar Road Doha, Qatar	NA	Associate	49%	2(6)
22	Windhoek Goreangab Operating Company (Pty) Limited	P.O. Box : 9779, 3 Kerby Street, Windhoek, Namibia	NA	Associate	33%	2(6)
23	Thoothukudi Renew Waters Private Limited	A, 5th Floor, Gokul Arcade-East Wing, No. 2 & 2A, Sardar Patel Road, Adyar, Chennai-600020 Tamil Nadu, India	U41000TN2013 PTC092363	Associate	26%	2(6)

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

*Considered as Subsidiary upto March 31, 2020 for consolidation of accounts. Further, please refer page no. 52 of the Annual Report.

Note: Digha STP Projects Private Limited was incorporated as Wholly Owned Subsidiary of Company on April 30, 2020

D. Shareholding Pattern (Category-wise)

Category of Shareholder	No. of Shares held at the Beginning of the Year 01/04/2019				No. of Shares held at the end of the Year 31/03/2020				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)
PROMOTER AND PROMOTER GROUP									
INDIAN									
Individual /HUF	37,86,116	0	37,86,116	6.92	37,86,116	0	37,86,116	6.92	0.00
Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00

Category of Shareholder	No. of Shares held at the Beginning of the Year 01/04/2019				No. of Shares held at the end of the Year 31/03/2020				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)
Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total A(1) :	**37,86,116**	**0**	**37,86,116**	**6.92**	**37,86,116**	**0**	**37,86,116**	**6.92**	**0.00**
FOREIGN									
Individuals (NRIs/Other Individuals)	97,09,406	0	97,09,406	17.75	97,09,406	0	97,09,406	17.75	0.00
Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
Banks/Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total A(2) :	**97,09,406**	**0**	**97,09,406**	**17.75**	**97,09,406**	**0**	**97,09,406**	**17.75**	**0.00**
Total A=A(1)+A(2)	**1,34,95,522**	**0**	**1,34,95,522**	**24.68**	**1,34,95,522**	**0**	**1,34,95,522**	**24.68**	**0.00**
PUBLIC SHAREHOLDING									
INSTITUTIONS									
Mutual Funds /UTI	44,07,514	0	44,07,514	8.06	26,39,598	0	26,39,598	4.83	-3.23
Financial Institutions / Banks	49,929	0	49,929	0.09	1,59,336	0	1,59,336	0.29	0.20
Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
Insurance Companies	4,43,996	0	4,43,996	0.81	4,43,996	0	4,43,996	0.81	0.00
Foreign Institutional Investors	1,28,42,041	0	1,28,42,041	23.48	1,31,66,917	0	1,31,66,917	24.08	0.59
Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total B(1) :	**1,77,43,480**	**0**	**1,77,43,480**	**32.44**	**1,64,09,847**	**0**	**1,64,09,847**	**30.00**	**-2.44**
NON-INSTITUTIONS									
Bodies Corporate (Indian)	18,09,228	0	18,09,228	3.31	18,10,736	0	18,10,736	3.31	0.00
Individuals									
(i) Individual shareholders holding nominal share capital upto INR 1 lakh	1,37,62,088	896	1,37,62,984	25.17	1,49,98,307	666	1,49,98,973	27.43	2.26

Category of Shareholder	No. of Shares held at the Beginning of the Year 01/04/2019				No. of Shares held at the end of the Year 31/03/2020				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)
(ii) Individual shareholders holding nominal share capital in excess of INR 1 lakh	24,66,387	0	24,66,387	4.51	26,47,003	0	26,47,003	4.84	0.33
Others									
Clearing Members	81,789	0	81,789	0.15	2,09,692	0	2,09,692	0.38	0.23
Foreign Bodies	9,92,417	0	9,92,417	1.81	7,00,313	0	7,00,313	1.28	-0.53
I E P F	63	0	63	0.00	311	0	311	0.00	0.00
Non Resident Indians	14,60,451	0	14,60,451	2.67	13,73,404	0	13,73,404	2.51	-0.16
NRI Non-Repatrition	5,48,602	0	5,48,602	1.00	5,71,187	0	5,71,187	1.04	0.04
Qualified Institutional Buyer	0	0	0	0.00	95,000	0	95,000	0.17	0.13
Trusts	22,505	0	22,505	0.04	8,610	0	8,610	0.02	0.02
AIF	23,07,000	0	23,07,000	4.22	23,69,830	0	23,69,830	4.33	0.11
Qualified Foreign Investor	0	0	0	0	0	0	0	0.00	0.00
Sub-Total B(2) :	**2,34,50,530**	**896**	**2,34,50,530**	**42.88**	**2,47,84,393**	**666**	**2,47,85,059**	**45.32**	**2.44**
Total B=B(1)+B(2) :	**4,11,94,010**	**896**	**4,11,94,906**	**75.32**	**4,11,94,240**	**666**	**4,11,94,906**	**75.32**	**0.00**
Total (A+B) :	**5,46,89,532**	**896**	**5,46,90,428**	**100.00**	**5,46,89,762**	**666**	**5,46,90,428**	**100.00**	**0.00**
Shares held by custodians, against which Depository Receipts have been issued	0	0	0	0.00	0	0	0	0.00	0.00
Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
Public	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A+B+C)	**5,46,89,532**	**896**	**5,46,90,428**	**100.00**	**5,46,89,762**	**666**	**5,46,90,428**	**100.00**	0.00

E. Shareholding of Promoters

Sl. No	Name of Promoter	Shareholding at the beginning of the year 01/04/2019			Shareholding at the end of the year 31/03/2020			
		No. of shares	% of total shares of the Company	% of shares Pledged/ Encumbered to total shares	No. of shares	% of total shares of the Company	% of shares Pledged/ Encumbered to total shares	% change in shareholding during the year
1	Mr. Rajiv Mittal	97,09,406	17.75	Nil	97,09,406	17.75	Nil	-
2	Mr. S Varadarajan	21,85,762	4.00	76.72	21,85,762	4.00	76.72	-
3	Mr. Shiv Narayan Saraf	16,00,354	2.92	Nil	16,00,354	2.92	Nil	-

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

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

Sl. No.	Name of Shareholder(s)	Type	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**SUMITOMO CORPORATION**					
	01-04-2019	Opening Balance	24,56,920	4.49	-	-
		Sale/Purchase/Transfer	-	-	-	-
	31-03-2020	Closing Balance	-	-	24,56,920	4.49
2	**GOVERNMENT PENSION FUND GLOBAL**					
	01-04-2019	Opening Balance	16,34,434	2.99	-	-
		Sale/Purchase/Transfer	-	-	1,48,496	-
	31-03-2020	Closing Balance	-	-	17,82,930	3.26
3	**VANTAGE EQUITY FUND**					
	01-04-2019	Opening Balance	16,85,000	3.08	-	-
		Sale/Purchase/Transfer	-	-	(1,00,420)	-
	31-03-2020	Closing Balance	-	-	15,84,580	2.90
4	**SBI MUTUAL FUND**					
	01-04-2019	Opening Balance	27,12,700	4.96	-	-
		Sale/Purchase/Transfer	-	-	(11,34,537)	-
	31-03-2020	Closing Balance	-	-	15,78,163	2.89
5	**MASSACHUSETTS INSTITUTE OF TECHNOLOGY**					
	01-04-2019	Opening Balance	15,44,234	2.82	-	-
		Sale/Purchase/Transfer	-	-	22,766	-
	31-03-2020	Closing Balance	-	-	15,67,000	2.87
6	**AMIT SENGUPTA**					
	01-04-2019	Opening Balance	14,06,539	2.57	-	-
		Sale/Purchase/Transfer	-	-	(12,603)	-
	31-03-2020	Closing Balance	-	-	13,93,936	2.55
7	**SUNDARAM MUTUAL FUND**					
	01-04-2019	Opening Balance	10,11,631	1.85	-	-
		Sale/Purchase/Transfer	-	-	(12,881)	-
	31-03-2020	Closing Balance	-	-	9,98,750	1.83
8	**KBI INSTITUTIONAL WATER FUND**					
	01-04-2019	Opening Balance	8,41,667	1.54	-	-
		Sale/Purchase/Transfer	-	-	1,45,224	-
	31-03-2020	Closing Balance	-	-	9,86,891	1.80

Sl. No.	Name of Shareholder(s)	Type	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
9	**SATTVA INDIA OPPORTUNITIES COMPANY LIMITED**					
	01-04-2019	Opening Balance	8,15,278	1.49	-	-
		Sale/Purchase/Transfer	-	-	(1,14,965)	-
	31-03-2020	Closing Balance	-	-	7,00,313	1.28
10	**KBI DST WATER FUND**					
	01-04-2019	Opening Balance	7,08,527	1.30	-	-
		Sale/Purchase/Transfer	-	-	(42,868)	-
	31-03-2020	Closing Balance	-	-	6,65,659	1.22
11	**PARVEST GREEN TIGERS**					
	01-04-2019	Opening Balance	10,57,596	1.93	-	-
		Sale/Purchase/Transfer	-	-	(5,02,945)	-
	31-03-2020	Closing Balance	-	-	5,54,651	1.01
12	**THE WELLINGTON TRUST COMPANY, NATIONAL ASSOCIATION**					
	01-04-2019	Opening Balance	-	-	-	-
		Sale/Purchase/Transfer	-	-	4,61,832	-
	31-03-2020	Closing Balance	-	-	4,61,832	0.84
13	**VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND**					
	01-04-2019	Opening Balance	3,49,766	0.64	-	-
		Sale/Purchase/Transfer	-	-	29,547	-
	31-03-2020	Closing Balance	-	-	3,79,313	0.69
14	**EQ INDIA FUND**					
	01-04-2019	Opening Balance	2,87,000	0.52	-	-
		Sale/Purchase/Transfer	-	-	88,000	-
	31-03-2020	Closing Balance	-	-	3,75,000	0.69
15	**UNION INVESTMENT LUXEMBOURG S.A. A/C UNIEM GLOBAL**					
	01-04-2019	Opening Balance	-	-	-	-
		Sale/Purchase/Transfer	-	-	3,50,000	-
	31-03-2020	Closing Balance	-	-	3,50,000	0.64

Sl. No.	Name of Shareholder(s)	Type	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
16	**VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERI**					
	01-04-2019	Opening Balance	3,44,406	0.63	-	-
		Sale/Purchase/Transfer	-	-	-	-
	31-03-2020	Closing Balance	-	-	3,44,406	0.63
17	**ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C**					
	01-04-2019	Opening Balance	4,30,301	0.79	-	-
		Sale/Purchase/Transfer	-	-	(4,30,301)	-
	31-03-2020	Closing Balance	-	-	-	-
18	**IMPAX ASIAN ENVIRONMENTAL MARKETS (IRELAND) FUND**					
	01-04-2019	Opening Balance	4,30,530	0.79	-	-
		Sale/Purchase/Transfer		-	(2,68,859)	-
	31-03-2020	Closing Balance		-	1,61,671	0.30

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

Sl. No.	Name of the Director / KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Rajiv Mittal – Managing Director & Group CEO				
	At the beginning of the year	97,09,406	17.75	97,09,406	17.75
	Sale/Purchase	-	-	-	-
	At the end of the year	-	-	97,09,406	17.75
2	Mr. S Varadarajan– Whole-Time Director & CGO				
	At the beginning of the year	21,85,762	4.00	21,85,762	4.00
	Sale/Purchase	-	-	-	-
	At the end of the year	-	-	21,85,762	4.00
3	Mr. Sumit Chandwani – Director*				
	At the beginning of the year	1759	0.003	1,759	0.003
	Sale/Purchase	-	-	-	-
	At the end of the year	-	-	1,759	0.003

Sl. No.	Name of the Director / KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
4	Mr. Sandeep Agrawal - CFO**				
	At the beginning of the year	1,000	0.002	1,000	0.002
	Sale/Purchase	-	-	-	-
	At the end of the year	-	-	1,000	0.002

**ceased to be Director of the Company w.e.f. August 13, 2019*

*** appointed as CFO of the Company w.e.f April 29, 2019*

I. Indebtedness

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

(INR in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year 01.04.2019				
i) Principal Amount	40,396	3,075	-	43,471
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	18.14	10.86	-	29
Total (i+ii+iii)	**40,414.14**	**3,085.86**		**43,500**
Change in Indebtedness during the Financial Year				
Addition	3,094.86	-	-	3,094.86
Reduction	-	(2,396.86)	-	(2,396.86)
Net Change	**3,094.86**	**(2,396.86)**	**-**	**698**
Indebtedness at the end of the Financial Year 31.03.2020				
i) Principal Amount	43,372	689	-	44,061
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	137	-	-	137
Total (i+ii+iii)	**43,509**	**689**	**-**	**44,198**

J. Remuneration of Directors and Key Managerial Personnel

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

(INR in lakhs)

Sl. No	Particulars of Remuneration	Managing Director & Group CEO	Whole-Time Director & CGO	Total Amount
		Mr. Rajiv Mittal	Mr. S Varadarajan	
1.	Gross salary	-	-	-
	(a) Salary as per provisions contained in section 17(1) of Income-tax Act, 1961	187.46	85.13	272.59
	(b) Value of perquisites u/s 17(2)of Income Tax Act, 1961	8.96	2.50	11.46
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission -as % of profit - others, please specify	-	-	-
5.	Others (Provident Fund & Superannuation)	12.07	4.32	16.39
	Total (A)	**208.49**	**91.95**	**300.44**
	Ceiling as per the Act		**2,071.80**	

b. Remuneration to Executive Director: As mentioned above.

c. Remuneration to other directors:

(INR in lakhs)

Sl. No	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. BD Narang	Mr. Malay Mukherjee	Mr. Milin Mehta**	Ms. Revathi Kasturi	Mr. Sumit Chandwani*	
1	**Independent Directors**						
	Fee for attending Board / Committee meetings	-	-	-	-	-	-
	Commission	20	15	11.25	15	7.5	68.75
	Others	-	-	-	-	-	-
	Total (1)	**20**	**15**	**11.25**	**15**	**7.5**	**68.75**
2	**Non-Executive Directors**						
	Fee for attending Board / Committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others	-	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**	**-**
	Total C = (1+2)	**20**	**15**	**11.25**	**15**	**7.5**	**68.75**
	Total Managerial Remuneration						**369.19**
	Overall ceiling as per the Act			**2,278.98**			

**Ceased to be Director w.e.f. August 13, 2019*

***Appointed as Additional Director w.e.f April 29, 2019 and appointed as Independent Director by Shareholders at their meeting held on August 13, 2019*

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

Sl. No	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO-India Cluster	Company Secretary	CFO	
		Mr. Pankaj Sachdeva	Mr. R Swaminathan	Mr. Sandeep Agrawal*	
1	Gross salary	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	170.56	39.13	143.83	353.52
	(b) Value of perquisites u/s 17(2) Income tax Act, 1961	5.31	0.00	4.26	9.57
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission -as % of profit -others, please specify	-	-	-	-
5	Others (Provident Fund & Superannuation)	7.70	0.88	6.85	15.43
	Total (D)	**183.57**	**40.01**	**154.94**	**378.52**

**appointed w.e.f April 29, 2019*

K. Penalties / punishment / compounding of offences

There were no penalties/punishments/compounding offences for the Financial Year ended March 31, 2020.

For and on behalf of the Board of Directors

B D Narang
Chairman
(DIN: 00826573)
New Delhi

Rajiv Mittal
Managing Director & Group CEO
(DIN: 0129910)
Chennai

August 25, 2020

Annexure – VII

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

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

(A) Conservation of energy

During the year, your Company's Annual Energy consumption has reduced from 13.33 lakhs units in 2018-19 to 12.59 lakhs units 2019-20. It results in a reduction of **0.74 Lakh** Units and an overall percentage reduction of **5.55%**.

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

Energy Conservation measures adopted at WABAG

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

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

c. Operation of Active Harmonic Filter to improve Power quality and increasing lifecycle of equipment.

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

Entered into a wheeling agreement with Wind power generating Company and obtained an overall **63.70%** wind power against the total annual consumption.

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

Nil.

B) Technology absorption-

(i)	The efforts made towards technology absorption;	The details on R&D efforts and technology absorption are disclosed in the Managements' Discussion & Analysis and in story section forming part of this report
(ii)	The benefits derived like product improvement, cost reduction, Product Development or import substitution;	
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year)	
	(a) The details of technology imported;	
	(b) The year of import;	
	(c) Whether the technology been fully absorbed;	
	(d) If not fully absorbed, areas where absorption has not taken	
(iv)	The expenditure incurred on Research and Development	INR 64.76 Lakhs

C) Foreign exchange earnings and Outgo

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

(INR in Lakhs)

	2019-20	2018-19
Earnings in Foreign Currency	75,393	64,516
Expenditure in Foreign Currency	14,118	25,137

For and on behalf of the Board of Directors

B D Narang
Chairman
(DIN: 00826573)
New Delhi

Rajiv Mittal
Managing Director & Group CEO
(DIN: 0129910)
Chennai

August 25, 2020

MANAGEMENT DISCUSSION AND ANALYSIS

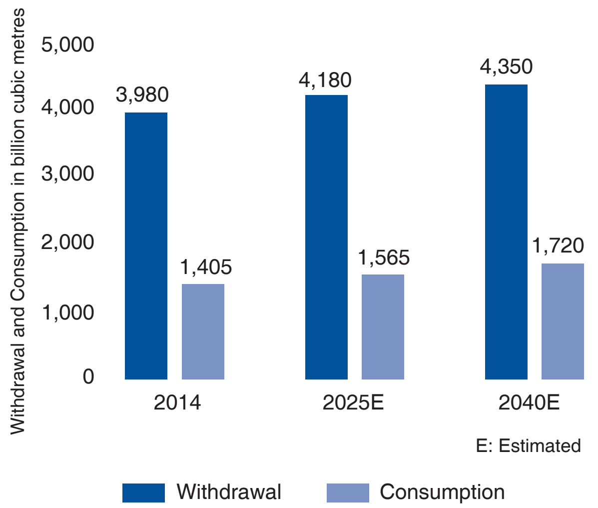
Global Water Overview

Water is an indispensable element for the survival of humans and economic growth. It is essential for human consumption, food production, health and sanitation, business activities and overall economic development. Water is also one of the most precious resources that touches every aspect of development. It is life and also finite. With only 0.5% of freshwater available for human consumption, our natural resources are depleting much faster than they should, making future water availability a global concern. Water conservation is the need of the hour.

The growing world population, changing consumption patterns and socio-economic developments, along with other factors, are increasing the water use by 1% annually since 1980s. With the world population at seven billion, more than one billion people lack access to clean drinking water and sanitation. The need for clean, accessible drinking water, along with the demands of a growing world population and an increased use by developing countries will burden our natural resources further.

Water availability is becoming scarce in many places. Numerous factors like global warming, more extreme and less predictable weather conditions are projected to affect the availability and distribution of rainfall, snowmelt, river flows and groundwater. This is further anticipated to worsen water quality, making a safe water supply for everyone a challenge. The quantity of wastewater generated and its overall pollution load is also increasing globally. Together these factors make reducing water pollution and improving wastewater management extremely crucial. The Organisation for Economic Co-operation and Development (OECD) forecasts an increase in global water consumption to almost six trillion cubic meters in 2050. Most of this predicted demand increase is expected to come from the growing demand from industry. The biggest challenge that we are faced with right now is not its scarcity but the security of what we have.

Projected water withdrawal and consumption



(Source: OECD)

Global Water Treatment Industry

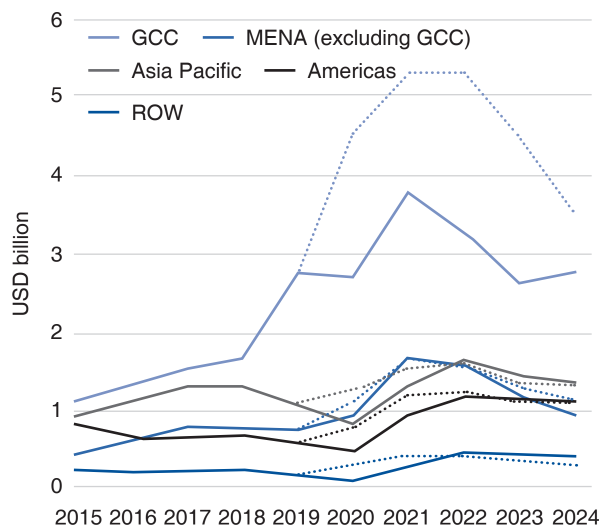
Water plays a significant role in human existence and its sustained availability is extremely crucial. The global average for water stress stands at 11%. But still about 31 countries experience this between 25%-70% (the minimum threshold of water stress) while 22 countries fall above 70%. Together these countries are the ones under serious water stress *(Source: UN Report, 2019)*.

This growing water stress clearly indicates three things:

1. Substantial use of water resources
2. Greater impact of increasing water use on resource sustainability
3. Potential conflict among the users

The global water treatment industry has undergone a sea change over the past decade. This is owing to rising awareness about water scarcity, innovations in water treatment technologies and investments by Governments and Private Sectors in this segment.

Global desalination capex



(Source: Cision, 2019)

The global water and wastewater treatment market is estimated to reach a size of USD 211 billion by 2025, at a CAGR of 6.5% over 2019-2025. *(Source: Global Businesswire)*

Freshwater demand is driven by factors like growing requirement for alternative water sources, rising focus on water quality and public health, growing requirement of treating industrial wastewater and strict Government regulations.

Developing improved wastewater treatment methods are driving the global wastewater treatment market. This especially holds true for membrane-based water treatment methods.

WATER FACTS

2.2 billion
People lack safe drinking water

3 billion
People lack basic handwashing facility

144 million
People drink untreated & polluted surface water

22%
Water is withdrawn for industrial uses

80-90%
Of wastewater is discharged in the environment untreated

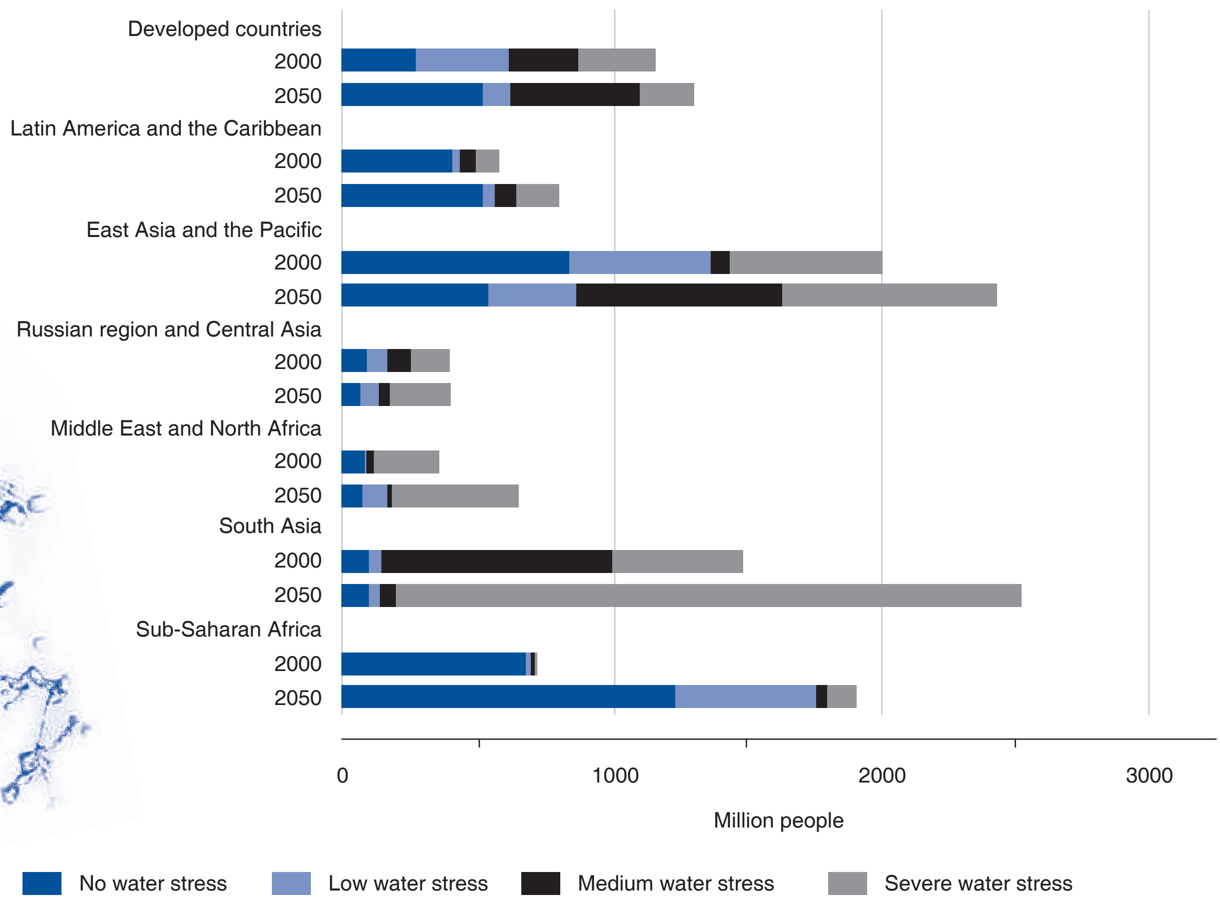
55%
Increase in water demand globally by 2050

50%
Of the global population will live in water stressed areas by 2025

The global wastewater treatment market is segmented into

Amongst these, APAC is one of the fastest-growing markets. Moreover, growing focus on both sewage treatment (in countries like the SEA, China and India) and potable water for small communities, present significant opportunities in this market. Additionally, ageing water infrastructure, excess energy consumption and rising expenditure and land management concerns due to excess sludge production constitute some major challenges in the global water and wastewater treatment market.

Number of people living under water stress under the baseline scenario



(Source: The UN World Water Development Report, 2020)

Water Trends Across Regions: Overview

Asia-Pacific Region

The Asia-Pacific region comprises extremely diverse range of countries with varied climates. These regions experience different kinds of water scarcity and severities, making water insecurity one of the prime problems that the region is exposed to. So much so that the economic growth of this region can be hindered if the issue isn't addressed. The Pacific islands are largely dependent on limited groundwater supplies that are susceptible to pollution and saline intervention, making the islands face distinctive water scarcity challenges. In monsoon and irrigation dependent countries like India, China, Bangladesh and Pakistan, the irrigated agriculture consumes more than 70% of the annual average water resource availability.

2/3rd
Population experiencing water scarcity

1%
Average increase in water withdrawal per year

3.5%
Freshwater available, of which only 0.5% is accessible

55%
Increase in water demand in Asia-Pacific region by 2030

4 billion
Asian people extract water from Earth every day

Water Ranking of Association of Southeast Asian Nations (ASEAN) Markets

Country ranking	Overall ranking water pillar	Equity	Security		Availability		Efficiency
		Access to improved drinking water	Water stress	Total precipitation	Water withdrawal pp	Renewable water resources, pp	Water productivity
Singapore	6	1	81	9	95	91	1
Malaysia	9	49	23	1	56	23	45
Vietnam	15	46	49	10	20	35	94
Philippines	21	73	62	2	23	50	89
Thailand	22	52	56	15	21	44	83
Indonesia	42	80	44	5	49	39	90

(Source: Euromonitor) pp: per person

(On a scale of 1-97, higher the number indicates higher levels of stress in the particular category)

Rising population, growing urbanisation and poor water management is leading to depletion of freshwater in Southeast Asia. The stress on water resources of these regions is intensifying each year. Inadequate and reduced access of freshwater can result in undesirable consequences like impaired food production, loss of livelihood security, large-scale migration and increased economic and geopolitical tensions.

However, the urban water infrastructure in the Asia-Pacific (APAC) region is witnessing immense investments for catering the growing population needs. These investments are directed towards addressing the challenges of urbanisation and climate change. Along with this, climate change policies and the UN's Sustainable Development Goal of universal access to clean drinking water and sanitation, are also encouraging APAC countries to invest in developing adequate infrastructure and provide sanitation facilities for their citizens.

Countries with biggest opportunities for wastewater treatment:

China | India | Japan | Bangladesh | Vietnam

1 Corporate Overview
2 Statutory Reports
3 Financial Statements

Keeping these opportunities in mind, various institutions have adopted different policies with the following principles:

- Promoting water sector reform by bringing national focus on it
- Encouraging integrated management of water resources
- Enhancing water services delivery
- Boosting water conservation and enhancing system efficiencies
- Fostering regional cooperation and reaping benefits of increased use of mutually-shared water resources between and within countries
- Facilitating the exchange of information on water sector and the experience associated with water problems globally
- Improving water governance and capacity building

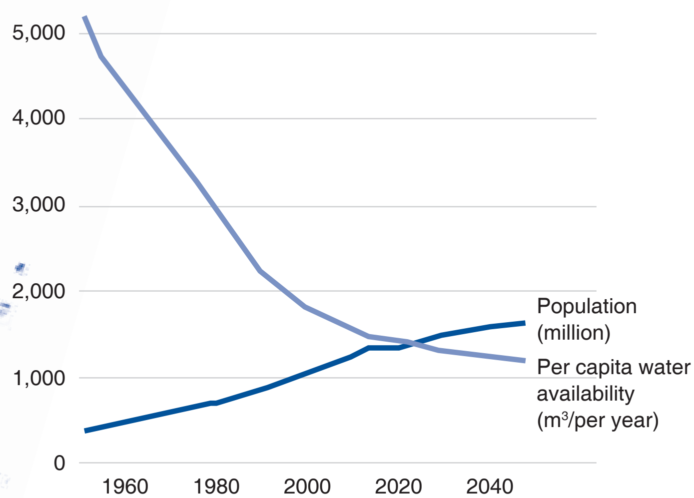
Market Drivers

- Vietnam Government has made considerable progress in investments providing for 85% of urban population with clean and safe water and treating 45% of urban wastewater till 2020.
- Under the umbrella of National Mission for clean Ganga, the Indian Government has undertaken 28 river-development projects. The programme has initiated renovation and modernisation of 182 ghats and construction of 33 entry level projects. Additionally, the Government has also identified 11 rivers for replicating Namami Gange.
- The Jal Jeevan Mission, formulated by the Government of India's Jal Shakti Ministry is aiming to give functional household tap connections to every household in rural India. Its aim is to provide water for domestic purposes by 2024 with 55 litres per capita per day (lpcd). An amount of INR 3.6 lakh crore has been approved by the cabinet for this scheme.
- Community-Based Drinking Water Supply and Sanitation program, initiated by the Government of Indonesia, focuses on expanding access to clean water for the rural poor. It provides grants directly to the communities for local water and sanitation infrastructure. The Indonesian Government has committed USD 538 million and the Australian Government has also made contributions worth USD 102 million for the same.
- The Philippines Government has collaborated with French Development Agency to manage Pasay City's household waste management along with improving Pasig's water quality. The entire project is worth €623,000 financed by the agency support of the Metro Manila Development Authority (MMDA).

India

Water is a limited resource. With only about 0.5% of the world's water being fresh, India has access to only 4% of world's freshwater resources – a relatively low percentile despite a population of more than 1.3 billion people. The remaining percentage is unevenly distributed while the accessible supplies are severely contaminated with waste and pollution from industry. The ever-growing population, rapid industrialisation, growing agriculture and increasing lifestyle changes have pushed up the water demand and stress significantly.

Population growth to per-capita water availability



(Source: LiveMint, 2020)

As one of the world's biggest groundwater consumers, India's water crisis can easily be called the 'groundwater crisis'. The country's consumption accounts for about one-fourth of the globally available groundwater. Moreover, the heavy use of nitrogen-based fertilisers in agriculture and rapid urbanisation have resulted in significant deterioration of both ground and surface water. Today, 21 major Indian cities like Delhi, Bengaluru, Chennai, Hyderabad and others, are fast racing towards the dreaded zero groundwater. This will directly affect access to over 100 million people. The per capita water availability has already reduced by 1/4th to 1,368 cubic metres over the last seven decades. The Composite Water Management Index report projects the country's water demand to be twice the available supply by the year 2030. This simply implies severe water scarcity for hundreds of millions of people.

89% Groundwater extracted	**62%** Groundwater used for irrigation
163 million People lack access to safe drinking water	**210 million** People lack access to improved sanitation
21% Communicable diseases are associated to unsafe water	**500 children** less than 5 years of age die from diarrhoea every day

(Source: UN, Water, 2019)

Most of the Indian rivers are highly polluted and at a level considered unsafe against common standards. The waters of the Yamuna, Ganga and Sabarmati carry the dirtiest water. These rivers run a perilous mix of pollutants that are both hazardous and organic in nature.

The Government can focus on implementation of various water initiatives in the direction of resource preservation, such as:

- Practising mindful ways of reducing the harm to groundwater resources
- Sensitising and encouraging farmers to use modernised irrigation procedures
- Increasing and encouraging rainwater harvesting

The Union budget 2020-21 highlights water as one of the three components of 'Aspirational India'. Measures with significant focus on providing safe and accessible drinking water to all Indians has gained prominence. Various water security measures such as groundwater recharging and augmentation of water resources have also been initiated.

The Union Government recently formed a new 'Jal Shakti' (water) Ministry. The basic focus of this Ministry is at managing water issues with a more holistic and integrated approach. The Ministry has also announced the plan to provide piped water connections to every Indian household by 2024.

13th **India's ranking** On the Aqueduct's list of 'extremely highly' water-stressed countries	**40%** Population will have no access to water by 2030

Initiatives adopted

The water stress and rapid depletion of fresh groundwater is driving the growth of water solutions industry in India.

- The manufacturing and hospitality sectors, part of the water-intensive industry, are increasingly reducing their water usage. These sectors are also actively investing and taking measures towards improved waste treatment systems to conserve water
- CEO Water Alliance (CEWA), India's first corporate-led water alliance addressing water scarcity and management, was launched through US-India partnership to address India's water challenges and promote sustainable water usage

Opportunities

- **Namami Gange Mission:** Using the Namami Gange as a stimulus, the Jal Shakti Ministry is replicating the successful model. It has already identified 11 other rivers for taking the clean river mission to the next level. The World Bank would provide an assistance of USD 400 million to support the Second National Ganga River Basin Project (SNGRBP)to strengthen the river basin management and control the 80% untreated water to flow directly to the river.
- **Desalination as key technology:** India has a long coastal line of 7,800 km. NITI Aayog is planning to set up desalination plants and tap the seawater. The dwindling water resources, and excessive groundwater exploitation will help desalination emerge as the key technology in water space.

- **One City One operator:** The Government is looking at 'One City One Operator' model wherein a single contractor will be in-charge of the entire sewage infrastructure of a city, including the O&M. This will lead to single source accountability and long-term sustenance, and open-up opportunities for integrated players.
- **Upgradation and modernisation:** The State and Central Governments have initiated actions for modernisation and upgradation of outdated STPs. Several water supply and sewage treatment projects are on the anvil. Close to 150 sewage projects with an investment outlay of over INR 230 billion have been allotted for the same till last year.
- **Stricter discharge norms:** The National Green Tribunal has directed for stricter norms for effluent discharge from sewage treatment plants.
- **Comprehensive measures:** The Government is proposing comprehensive measures for one hundred water-stressed districts.

Step Forward

Policy	Purpose
Atal Bhujal Yojana (ABHY) – National Groundwater Management Improvement Program	The Government of India and the World Bank signed a USD 450 million loan agreement to support the national program to preserve country's depleting groundwater levels and strengthen groundwater institutions
AMRUT	AMRUT aims at providing water supply, sewerage and drainage amenities to the poor and disadvantaged. The Government has committed an investment of USD 1.25 billion across states citing 111 opportunities
National River Conservation Plan and River Basin Management	The Government has allocated INR 840 crore in the budget 2020-21 towards conservation of other major rivers along with the Namami Gange project
Jal Shakti Ministry	The Government's water conservation campaign to cover 256 districts across India. Launched to focus on seven aspects - water conservation, and rainwater harvesting, renovation of traditional and other water bodies, reuse of water, recharging of structures, watershed development, and intensive afforestation
Jal Jeevan Mission	Government's ambitious programme to provide tap water to all households in the country by 2024. A sum of INR 3.6 lakh crore is allotted to the scheme over a period of 5 years, with INR 11,500 crore allotted in latest budget. To support the mission, the Government plans to tap local water sources, recharge existing sources and promote water harvesting and de-salination. It also proposes comprehensive measures for one hundred water stressed districts **Nal se Jal** A part of the Jal Jeevan Mission, this scheme aims at providing potable water to 18 lakh rural households by 2024. It is based on a unique model where villagers themselves will decide the amount they would pay, based on their personal water consumption. Under the scheme, the Government plans to provide a minimum of 55 litres of water per person per day
National Infrastructure Pipeline	It plans to invest INR 111 lakh crore by 2025. The investments will be made in areas of energy, social and commercial infrastructure, communication, water and sanitation

Middle East & North Africa (MENA)

This region has been facing water stress since decades. Water scarcity is a potential cause for conflict, migrations, livelihood and threats in business. It is a growing cause of global conflict. According to the World Resource Institute (WRI), 12 out of the 17 water-stressed countries are located in the Middle East and North Africa (MENA) region.

According to WRI, on the list of water risk areas, Qatar is ranked first, followed by Gulf Cooperation Council (GCC) countries. The hot and dry region of MENA explains its low water supply. However, the growing water demand is further pushing the region into a state of extreme water stress.

WATER FACTS

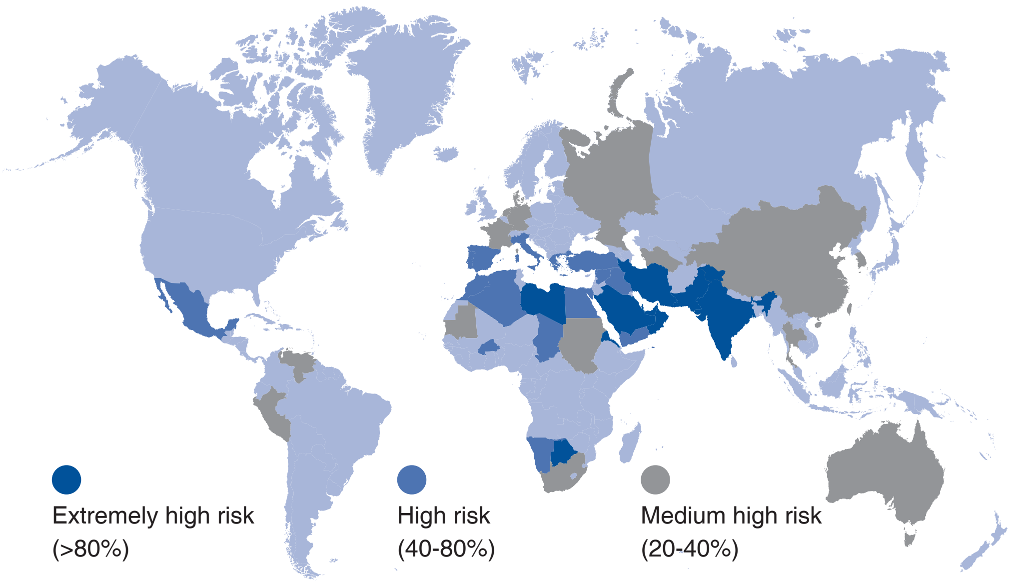
60%

Regions that will face extremely high-water stress by 2040

42 billion m³

Water deficit of Egypt per year

Water Risks & Opportunities



82%

Volume of MENA's wastewater that is not reused

43%

Volume of water usage that is expected to be saved in the next decade through Saudi Arabia's Qatrah program

44%

Volume of treated wastewater in the Gulf region that is reused

84%

Volume of wastewater collected and treated to safe levels in GCC countries

12/17

Most water-stressed countries in the world are in the MENA region

8

Saudi Arabia's rank in Aqueduct Water Risk Atlas

6-14%

Projected GDP loss due to climate-related water scarcity in the MENA region by 2050, as per the World Bank

(Source: Arab News, 2020)

Step Forward

- The Government of Saudi Arabia started charging for water as a step towards preserving the resource
- The new 'Qatrah' programme sets a target for conservation with an aim to reduce water usage by 43% till next decade
- Arab Water Security Strategy 2010-2030 aims at achieving major goals in development and economics, politics and institution
- Egypt plans to build 21 desalination plants by 2022
- Abu Dhabi targets to ensure optimal utilisation of recycled water in the Emirate, supporting efforts to preserve water resources

Latin America

Latin America homes 30% of the world's freshwater and has only 8% of population to cater. These figures give out an impression of abundance in terms of water resources. But the truth is, water scarcity is driving migration in this region.

One of the prime reasons behind central Americans migrating to the US is drought. Taps in and around Mexico city sometimes go dry for weeks. High water prices ignited violent protests in Chile. The water in this region is not just scarce but also poor in quality to be consumed. One of the important reasons behind such water scarcity is the untreated water. More than 60% of wastewater in Latin America is not treated. Such water does not just contaminate the region's lakes, rivers and oceans but also attract a huge cost to public health.

However, the Governments of Latin America have taken various corrective initiatives. Technologies like solar-powered desalinisation to centuries-old techniques borrowed from the Incas are being implemented to overcome water scarcity. The Government is also investing towards finding innovative solutions to bridge the gap between both geographic and class barriers.

Ongoing Initiatives and Goals

Mexico:
Initiative on preventing untreated factory waste and wastewater from directly entering river

Chile:
Construction of three new private wastewater treatment plants. One of the projects, already completed in 2012, treats wastewater 100%

WATER FACTS

20 cities
Under water stress regions

Sao Paulo, Lima & Mexico
Cities running out of water

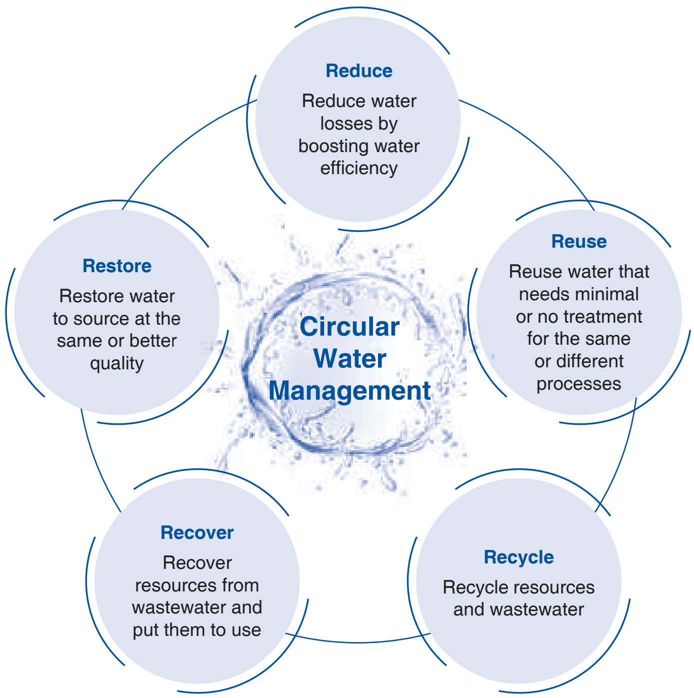
VA TECH WABAG

VA TECH WABAG is a leading water technology multinational company providing technology and services to protect one of the most vital resources – water. With partners across the globe, the Company focusses on complete water solutions for industrial and municipal users. The Company, one of the top technology players in the water space, is spread across the globe and headquartered in India. For over 95 years, the Company has been facilitating access to clean and safe water to over 500 million people. It caters to major industrial segments such as oil & gas, power, steel and food & beverages. WABAG's cutting edge technology supported by constant R&D has helped the Company to continuously evolve and mark its presence across all formats of water management.

One of the significant ways the Group contributes to a healthy environment is by optimising use of the water resource. As a company working in a growing market, WABAG is a system specialist that provides full services right from engineering, procurement, construction to the O&M services having presence across the length and breadth of water management.

With decades of rich experience, over 6,000 projects across multiple sectors and state-of-the-art plants in over 20 countries, WABAG is a globally respected organisation with sustained contribution to millions of people globally. Today the Company stands tall as an Indian MNC with footprints across Middle East and Africa, Europe, South-East Asia and Latin America.

Presence across the value chain



Growth Pockets

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

Middle East and Africa (MEA) cluster
Kingdom of Saudi Arabia, Bahrain, Egypt, Libya, Nigeria, Oman, Qatar, Tanzania, Tunisia, UAE

Europe cluster
Austria, Czech Republic, Romania, Switzerland, Turkey, Namibia

Latin America (LATAM) cluster
Argentina, Brazil, Chile, Ecuador

India Cluster

Key competencies

- **Credible:** Proven track record of handling large and complex projects
- **Capable:** Presence across various business formats EPC, DBO, BOOT, O&M, HAM and One City One Operator
- **Competitive:** Offers European technology at competitive prices
- **Confident:** Efficient human resources team aligned with the common goal and essence of ONE WABAG
- **Collaborative:** Leveraging opportunities across the water management value chain

Flagship projects

- World's first Wastewater Effluent Re-use Plant converting effluent into ultra-pure demineralised water at Panipat
- World's first Purified Terephthalic Acid (PTA) plant along with other petrochemical effluent treatment through UASB process followed by MBD UFRO Wastewater recovery for reuse at Reliance Dahej
- Asia's first wastewater treatment plant for the 20 million tonne Reliance refinery at Jamnagar
- India's first and largest seawater RO plant (100 MLD) at Nemmeli on DBO basis, meant for 100% potable use
- Kodungaiyur Power Neutral Plant in India, leads in achieving the milestone of generating over 50,000 MWH power from single gas engine
- The largest Single train 28 MLD Sea water Desal Plant (UFRO) at Reliance Jamnagar Refinery
- Drinking water treatment plant with capacity of 192,000 m^3/day in Muscat, catering over 5 lakh people

Key highlights of the cluster

- **Re-affirms commitment for the Government's Mission Namami Gange:**

a) Secured the largest-ever order under Clean Ganga for sewage management in Patna city worth INR 1,187 crore. The scope is to develop sewage treatment plants (STP) of 150 MLD capacity, along with sewerage network of over 450 km in various zones of Patna

b) Signed concession agreement for first HAM project secured worth INR 575 crore, with KMDA in Howrah

- **One City One Operator:** Signed India's first 'One City One Operator' contract worth INR 1,477 crore in Uttar Pradesh for operation, maintenance and management of the sewage treatment and network infrastructure in the cities of Agra and Ghaziabad
- **Project under Atal Mission for Rejuvenation and Urban Transformation (AMRUT) scheme:** To set-up a 178 MLD drinking water treatment plant in Coimbatore valued at INR 94 crore for Tamil Nadu Water Supply and Drainage Board
- **Asian Development Bank-funded project:** Design, build and operate a 90 MLD water treatment plant on river Ganga at Bhagalpur (Bihar) worth INR 278 crore
- **Successful completion of Sri Lankan contract:** The EPC contract for USD 77.8 million, funded by EXIM Buyers Credit for National Water Supply & Drainage Board of Sri Lanka was built at Dambulla using conventional multi-barrier system including Lamella Clarifiers, Disinfection and Polyaluminium chloride (PAC) dosing for algae removal
- **Executed one of India's largest and advanced water reuse plant:** Successfully executed the Tertiary Treatment Reverse Osmosis (TTRO) Plant for Chennai Metropolitan Water Supply & Sewerage Board (CMWSSB) in Koyambedu, Chennai. WABAG will also be responsible for its O&M for the next 15 years
- **Desalination project:** Executing, engineering and construction of desalination plant worth INR 467 crore for Mangalore Refinery Petrochemicals Ltd (MRPL)
- **Orders from Singapore:**

a) WABAG Singapore secured a 10 Million Singapore Dollar contract for design, fabrication, supply, delivery, installation, testing and commissioning of Odour Control Systems for the Influent Pumping Station

b) Also secured a 12 million Singapore Dollar extension contract to service and maintain sludge drying systems at Changi Water Reclamation Plant

WABAG Philippines

Key competencies

- **Credible:** Enjoys leadership position in the Philippines water management services
- **Capable:** Timely project execution
- **Competitive:** Offers cost-effective solutions in a region marked by high-energy costs

Flagship projects

Treatment Plants at:

- Bagbag, Tatalon and Ilugin CYCLOPUR® – SBR technology
- Dona Imelda with MBBR – FLUOPUR® technology
- Muntinlupa, Tunasan and Valenzuela with activated sludge process
- Drinking WTP with innovative WABAG filtration system at Putatan
- Building 5 MLD STP for the University Diliman, Quezon City employing innovative Nereda® technology for the first time at the Philippines
- WTP retrofit project, 900 MLD La Mesa-2 for Metro Manila, the world's ninth largest drinking WTP

Key highlights of the cluster

- Bagged an Operation and Maintenance order for the first time ever
- Setting a pilot plant using ceramic technology which will also help find business opportunity in Philippines

(Please refer to page 28 for details on strategies and outlook)

Middle East & Africa (MEA) Cluster

Growth engine of WABAG for the next quantum leap

Key competencies

- **Capable:** Emphasis on providing EPC and O&M services to the municipal and industrial clients primarily across Oil & Gas sector

Flagship projects and key highlights

- Awarded INR 600 crore worth order from Societe Nationale D'exploitation Et De Distribution Des Eaux, Tunisia ('SONEDE') towards engineering, supply and construction of a Sea Water Desalination Plant of capacity 50 MLD, expandable to 100 MLD in Tunisia
- Awarded INR 1,000 crore worth order from Power and Water Utility Company for Jubail and Yanbu (MARAFIQ), Kingdom of Saudi Arabia for the construction of World Class Sewage Treatment Plant
- Awarded a first major EPC order worth INR 555 crore from Public Works Authority of Qatar (ASHGHAL) for rehabilitation of Doha South Sewage Treatment Works
- Water reclamation plant for a new and exclusive satellite city near Cairo. With a capacity of 40,000 m³/day purified water was pumped into special service water network for irrigation purpose

WABAG is well-poised to leverage its global credentials for the large scale O&M opportunities in GCC. Focus countries include Qatar and Bahrain.

(Please refer to page 29 for details on strategies and outlook)

Europe Cluster

WABAG Austria and Turkey

Key competencies

- **Capable:** Experienced and highly qualified team, along with the Austrian unit with a strong execution track record and sound technologies with an international approach. R&D Management Competence Centre including special R&D projects (e.g. removal of antimicrobial resistance)
- **Competitive:** Turkey unit enjoys a competitive edge backed by a young and energetic European team

Flagship projects and key highlights

- High-end water reclamation system for the Ujams Industrial Park in Windhoek, Namibia (BOOT project)
- World's first and unique direct potable water reuse plant at Goreangab, Windhoek, Namibia

- Turnkey drinking WTP employing an advanced multi-barrier system for the entire district of Brčko in Bosnia and Herzegovina
- Turnkey sludge treatment plant for the Xiaohongmen WWTP in Beijing, China
- Brackish water desalination plant (200,000 m^3/d) Al Wasia, near Riyadh in Saudi Arabia
- Innovative biological denitrification systems (BIODEN®) for ground water treatment in Austria, Poland and Saudi Arabia
- Water reclamation plant for Madinaty – a new satellite city near Cairo, Egypt
- WTP for the purification of contaminated Nile water for the city of Suez
- WABAG was awarded to complete the Al Kharj WWTP (200,000 m^3/d) in Saudi Arabia, comprising three-stage wastewater treatment and reuse plant including anaerobic sludge treatment and biogas utilisation for energy production
- New order for Hussanya WWTP in Egypt
- PAC received for the 360,000 m^3/d turnkey drinking WTP at Izmir, Turkey
- FAC received for energy-neutral municipal WWTP at Sanliurfa (140,000 m^3/d), Turkey employing innovative solar sludge drying system
- Completion of first project in Ethiopia
- Completion of WWTP and water reuse plant with CYCLOPUR®-SBR technology and tertiary filtration and disinfection at Port Said in Egypt
- Integrated wastewater management system (O&M) of the entire city of Istanbul
- O&M of the drinking WTP (500,000 m^3/d) at Adana, Turkey

WABAG Switzerland

Key competencies

- **Credible:** Market leader with significant market share in the advanced technology segment and is EN ISO 9001:2008 certified. Ground-breaking innovations with several patents to its credit
- **Capable:** Strong R&D capabilities and in-house technologies for the removal of micro-pollutants in wastewater
- **Competent:** The unit has executed over 200 municipal and industrial projects and offers customised solutions

Flagship projects and key highlights

- Pioneer in adopting advanced oxidation, PAC-adsorption and ultrafiltration
- Pioneer and market leader in Switzerland in developing technologies for the safe removal of micro-pollutants in wastewater
- Building first WWTP employing innovative Nereda® technology in Alpnach (Switzerland)
- Innovative process design for groundwater treatment at Muttenz for the removal of micro-pollutants
- Lake WTP with ultrafiltration, ozonation, activated carbon filtration and final disinfection at Horgen
- Largest tertiary wastewater filtration plant at Zurich
- Largest tertiary treatment for eliminating micro-pollutants
- WABAG to build the 103 MLD Saint Sulpice II — Drinking Water Treatment Plant at Geneva Lake, making it one of the biggest and advanced technology-based drinking water treatment facility
- WABAG to build first PACOPUR-MBR® plant for the removal of micropollutants in wastewater for the Zimmerberg WWTP at Thalwil
- WABAG won the order for the first installation of Nereda®-technology in Germany for the Altena WWTP

WABAG Romania

Key competencies

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

Flagship projects and key highlights

- Produced Water Treatment Plant for Romania's largest oilfield, Suplacu de Barcău
- Comprehensive refurbishment and upgradation in two stages and simultaneous operational management for PetroBrazi Refinery Effluent Treatment Plant (ETP), Romania
- Tertiary filtration system for water reuse at PetroBrazi refinery ETP, Romania
- Compact ETP (containerised) for KAR refinery at Erbil, Iraq
- Operational management at Arpechim refinery ETP, Romania
- Modernisation and extension of the WWTP of Kashira snacks manufacturing site of PepsiCO Inc. located near Moscow, Russia
- Successfully commissioned the Industrial Effluent Treatment Plant for Philip Morris International at Otopeni, Bucharest. WABAG implemented a multi-stage treatment system comprising DAF, cooling system, the highly flexible FLUOPUR® process, which is the biological part of the scheme, sludge treatment, dual media and GAC (Granular Activated Carbon) filtration with an odor control system
- WABAG executing a project for Purolite, Romania towards Design & Engineering, Procurement, Construction, Supply, Installation & Conversation of Effluent treatment plant for Purolite's resin production facility. The plant will discharge effluent in accordance with the Romanian Water quality regulations. Post completion, WABAG will also operate O&M of the plant for 15 years

WABAG Czech Republic

Key competencies

- **Capable:** Specialises in water/wastewater technology solutions in the energy sector. Gained expertise on conventional power plants and also nuclear power plants especially for water solutions for the secondary circle
- **Confident:** Gained proficiency in pre-treatment systems, demineralisation, condensate polishing, ion exchange technology, cooling water treatment, filtration and neutralisation
- **Credible:** Serves as a central point catering to industrial and municipal clients projects across Slovakia, Serbia, Turkey, Uzbekistan and Vietnam

Flagship projects and key highlights

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

(Please refer to page 29 for details on strategies and outlook)

Latin America (LATAM) Cluster

The cluster will lead to more business opportunities and growth over a medium to long term.

(Please refer to page 29 for details on strategies and outlook)

Fighting the fear: Covid-19

In March 2020, the World Health Organisation (WHO) declared Public Health Emergency of International Concern (PHEIC) Covid-19 as a global pandemic. Subsequently, there were lockdowns announced globally derailing economies and human life. It took the world by a storm. Social distancing, work from home, sanitisation, thermal checks and an additional impetus on the health and safety have become the new normal of the same world. Managing information, security, infrastructure, productivity and coordination added to the challenges encountered by every industry. This ongoing crisis calls for the entire nation to fight it collectively and face it unitedly.

VA TECH WABAG is no stranger to challenges and adversities. The Corona crisis compelled Governments across nations to rightly priortise life over everything else and imposed extensive lockdowns. Occupations, lives and businesses were jeopardised. An event of such scale and impact puts to test the core strengths of any organisation. WABAG has time and again demonstrated its abilities to adapt to the changing realities. Several measures were taken to ensure safety, health and well-being of all our employees and other stakeholders across the organisation.

We adhered to all protocols laid down by the Governments across all our operational sites:

- High level steering committee was formed comprising functions, disciplines and management to respond to the situation
- Specific SOPs were implemented and monitored across sites
- Social distancing was maintained
- Washing hands at regular intervals
- Sanitisers were kept at all entry and exit gates
- Thermal scanning at entry and exit from sites
- PPE kits were provided
- Employees were asked to immediately report in case of any symptoms

Business continuity

With clear strategy by IT team, the Company transitioned its employees to a virtual environment with ease. Project activities continued to progress without any disruption including submissions of drawings to customers, consultants and follow up activities. The top management, functional heads & other key personnel continued to attend meetings virtually for business continuity.

WABAG continues to honour all its financial obligations with banks/institution. The Company is currently evaluating the business impact due to supply chain stress. The commodities/ equipment prices are expected to drop on account of low demand and this will help the Company contain costs.

International Engineering Centre (IEC)

The International Engineering Centre (IEC) of WABAG is located in Pune and Vadodara. It offers a comprehensive design and engineering support to the Company's EPC business. The Centre is well-equipped with state-of-the-art software and world-class services and hence attracts global business. IEC has evolved its market share gradually under WABAG Engineering Service (WES). The Centre now provides services to the oil & gas, power, fertiliser and steel companies in the global market.

IEC boasts of a prestigious clientele with names of the likes of Reliance Industries Ltd, Dangote and HMEL. With WES, IEC continually provides services to WABAG onshore and offshore. The focus of IEC remains on increasing its efficiency and productivity as it constantly works on innovation and upgradation of its designs and processes.

Financial Performance

The order book during FY 2019-20 stood at the highest at INR 11,050 crore. On a consolidated basis, the Group's revenues stood at INR 2,557 crore in FY 2019-20 as compared to INR 2,781 crore in FY 2018-19. Profit after tax for FY 2019-20 stood at INR 91 crore. On a standalone basis, revenue for FY 2019-20 stood at INR 1,746 crore as compared to INR 1,748 crore in FY 2018-19. Profit after tax reported for FY 2019-20 stood at INR 58 crore.

The key metrics of the year under review as per SEBI's regulations were as follows: debtors turnover ratio 1.72 times, interest coverage ratio 3.11 times, current ratio stood at 1.29 times, debt equity ratio at 0.41 times. The EBITDA and net profit margin stood at 9.60% and 3.56%, respectively and return on networth at 7.74%, for FY 2019-20.

Human Capital

The right mix of knowledge and skills is what helps an organisation achieve its goals. At WABAG, our people are the priority. As an effort towards empowering our employees, the following initiatives were taken and implemented through the year.

Training management program:

- To enable right placement of individuals at managerial positions based on ability

- To enable forming of strategic placement plans for identifying and placing right individuals at the right position with the motive of developing different areas of the organisation
- To enable expansion of the training management program for global positions to accelerate global mobility

Installation of new grading system:

- Restructured a traditional seniority-based HR system into a system that evaluates and motivates employees based on their contribution and performance

Unified employee classifications:

- Eliminates employee classifications which allows all employees to be evaluated and rewarded for highly skilled work and performance results

Drastic change in promotional examination for management-level positions:

- Talented employees are promoted to management-level positions faster than before
- Promotion of youngest employee to a management-level position

Additionally, self-development workshops were held for employees to help them better understand the changes in their roles. These workshops were aimed at helping employees take the first step in tackling new challenges. Going forward, the line-up of these self-development training programs will be enhanced to support employee skill development.

Quality, Health, Safety and Environment (QHSE)

Quality

Our constant focus is on improving our efficiency through delivering high quality services to our customers. We proactively seek to understand their needs and priorities. Based on our understanding, we make the most of new technologies and innovation to work on appropriate improvements. We aim to ensure that our quality control procedures are effective, understood and applied. The core team members and cross functional team is created to adhere the IMS management system throughout the organisation. Client feedback matters to us, and hence, we conduct a Client Satisfaction Survey, every year. Our client satisfaction score (4.7 out of 5) in 2019-20 reflects our stringent policies in place to give the best quality.

The FIFO was implemented in the EPC sites and operational and maintenance of the plant along with the work procedure. During supplier registration process we do check the process, their certification, credentials and so on. The vendor portal system is well established where core process and multi activities take place in the software portal in the single system.

During the year, a remarkable improvement was seen in our customer service performance. This was due to our stringent policies placed at right place to provide quality services. With the help of professional experts and a pro-active approach, we constantly make an effort to deliver the superior quality at every stage of the project.

Health

WABAG's policy is to provide and maintain a safe working environment while preventing injury and ill health, wherever possible. We continue to target improvement through training programmes. Various initiatives like campaigns for first aid, general health check-up for all the employees and workmen, heat stress prevention to promote awareness and prevent illness have been undertaken at regular intervals. Essential health-related topics are shared with employees via toolbox talk on a daily basis. We strive for the highest standards of safety to achieve our objective of an accident-free environment. Several health camps are conducted at regular intervals at the EPC, BOOT and O&M sites for all. To enhance learning and cascading the safety awareness, E-learning program has been launched for employees for self-training and certification.

We are committed to provide a safe place for our people to work where health and well-being comes first.

Safety

Achieved one million safe man hours at WABAG's Polgahawela Water Supply Project, Sri Lanka, on November 01, 2019 and MARAFIQ SWTP 9 STAGE 6 Phase–1 Project- Kingdom of Saudi Arabia (KSA) on February 23, 2020, respectively.

The projects and the corporate office celebrated the 49th National Safety Week with all the stakeholders' participation. The best workers and the contractors were awarded. This year, a new initiative has been taken by the Company to promote and encourage hazard reporting and conduct HSE awareness communication etc., by implementing a system called 'HSE Assessment Index' across all the project sites. Assessment of the same is done on a monthly basis. The QHSE Passport has been updated by the department to circulate to all our engineers; this is aimed at continually developing the professional capability of our workforce in the matters pertaining to QHSE. A SIMOPS procedure has been developed to support project teams to safely manage critical activities that progress simultaneously during construction and commissioning phases. The Management of Change procedure has been updated according to the requirements of ISO 45001:2018. The HSE Performance of sites is monitored through a well-developed internal and external audit system. We periodically review our Integrated Management Systems to improve efficiency and effectiveness. WABAG has a self-developed HSE index system, which helps in:

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

Environment

Various initiatives have been taken by the Company for improving reduction in the in-house water and energy use and waste emissions. The main aim is to

i) Improve greenery development

ii) Avoid/reduce utilisation of plastic materials

iii) Minimise use of groundwater

iv) Reuse treated water

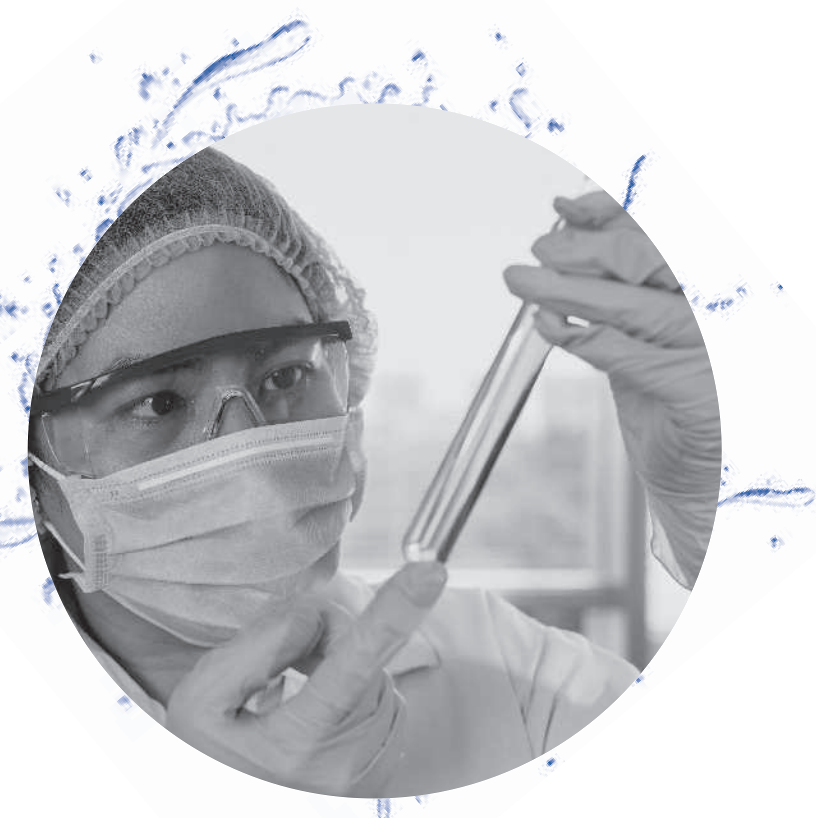
v) Control oil slippages

vi) Protect soil surface contamination

vii) Noise pollution control

viii) Avoid the odour in the treatment process, and

ix) Effective management of concrete waste



All our sites and plants are inspected by the external agency at regular intervals. This helps us to keep a check on the necessary measures to be taken for the air and water quality and noise levels as well. To meet the desired objective, we use LED bulbs, recycle and reuse sewage-treated water, undertake landscaping and plant trees to prevent soil erosion.

Information Technology

Ongoing efforts are directed towards making WABAG digital by adopting various digital initiatives

Digital initiatives

- Implemented a cloud-based MIS system for HR processes
- Continuous project and financial position monitoring through the dashboard
- Portable biometric devices designed for capturing the real-time attendance of geographically remote EPC sites
- Order procurement through e-Tendering applications, resulting in improved productivity and efficiency
- Enhanced the Company's corporate website with a fresh new and appealing look
- Mobile apps for monitoring projects on real-time basis by project key stakeholders

R&D Programmes at WABAG - 2019-20

1) CERAMOPUR®

CERAMOPUR® pilot plant trials were conducted for treating groundwater with the Ceramic Membrane Filtration process at the Commonwealth Games Village Drinking Water Treatment Plant in Delhi (Client - Delhi Jal Board) and was concluded in February 2018. The Pilot plant was then transferred to Pappankalan STP Delhi (Client - Delhi Jal Board) for its refurbishment as a part of another study CERAMOZONE in 2019-20. There are good market chances for CERAMOPUR also in the industry,i.e. water recycling e.g. in refining and petro-chemical production. The lab scale tests at ICT Mumbai on CERAMOPUR are on hold due to COVID -19 outbreak

2) CERAMOZONE®

CERAMOZONE® pilot plant is a combination of the CERAMOPUR®- pilot plant and the Ozone pilot plant which was transported from Vienna to Pappankalan STP, Delhi. The Pilot tests will be started in the FY 2020-21 (post COVID-19 pandemic) at Pappankalan STP, Delhi, for potable water reuse. It has a high mid-term potable reuse market potential (India, South Africa, Botswana, Namibia, Brazil, Mexico, USA, Singapore, Australia, etc.). A patent has also been filed for this process.

3)DAMOPUR®

DAMOPUR® is WABAG's technology for the Deammonification process (Ammonia removal) in the mainstream. The detailed engineering of Pilot plant is in progress and the construction of Pilot plant is planned in the FY 2020-21 and the Pilot tests are planned at Delhi/Kondli STP in the FY 2021-22.

4) Membrane Distillation (MD)

The Pilot tests at Panipat Refinery (IOCL) was completed in 2018. The pilot plant is currently at Chennai/Nemmeli Seawater Desalination Plant for potential pilot tests for further recoveries from RO Brine at Nemmeli Sea Water Desalination Plant and from RO reject at IOCL Paradip refinery. The technology for Zero Liquid Discharge (or minimum liquid discharge) which has an increasing market potential and has several advantages against classical evaporation.

The membrane prices are still too high. A new idea has been developed on membrane distillation crystallisation and a patent application was also prepared in the FY 2019-20 and filed in June 2020. This new technology has the potential of a breakthrough technology within a Zero Liquid Discharge (ZLD) process.

5) Hard Chemical Oxygen Demand (COD)

Hard COD removal by BIOZONE® – The Pilot tests at HEML Bathinda, Punjab was completed in 2018 (pilot plant currently in a WABAG ware house at Chennai), the important add-on as COD discharge has been limited (IOCL Paradip, RIL Dahej, HEML). After COVID – 19 outbreak, potential pilot tests will be started at Chennai/Koyambedu Water Reclamation Plant and at IOCL Paradip refinery (in both cases RO brine treatment/oxidation).

6) NEREDA® – Granular Activated Sludge

The NEREDA®-process is one of the possible opportunities to upgrade the existing wastewater treatment processes with limited space. WABAG Switzerland provided a pilot plant with RHDHV at Berlin and the tests were completed in the FY 2019-20.

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

The pilot plant has treatment steps such as Ultrafiltration, Ozone/AOP, Activated Carbon Filtration and Reverse Osmosis in different combinations. The tests were completed in the FY 2019-20 and a full-scale project is in tender stage.

8) Altenrhein - Micro-pollutants Removal

The pilot plant for removal of micro-pollutants in line with Switzerland law has completed the tests in Altenrhein in the FY 2019-20.

9) Klosters - Arsenic Removal

The pilot plant trials completed at Klosters in Switzerland and the decision with regard to the realisation of the full scale project will be made in the FY 2020-21.

10) Windhoek - Antimicrobial resistance in water reclamation and reuse

The project has been carried out by WABAG AT in cooperation with the Vienna University of Technology to assess the efficiency of conventional and advanced treatment technologies in removing Antibiotic Resistant Bacteria (ARB) and Antibiotic Resistant Genes (ARG) at New Goreangab Water Reclamation Plant (NGWRP) in Windhoek, Nambia.

A publication in a high quality/high impact Journal (International Water Association/IWA) is under preparation.

11) Frauenkirchen - Micro-pollutants removal by ozone and activated carbon (KomOzAk)

The pilot tests completed by WABAG Austria in cooperation with the Vienna University of Technology in fall 2019 at Frauenkirchen, Austria and the planning of full scale project has been started.

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

MICROPU-CASR® pilot tests were successfully completed in Q1 of 2017 at Birsig/Therwil, Switzerland, to reduce the organic load to activated sludge process. The contract for full scale plant at Birsig STP in Therwil was awarded in Q4 of 2019. This contract is under execution and expected start-up at the end of 2021.

The pilot tests at Nidda, Germany were successfully completed in Q4 of 2019. The additional pilot tests at Aarbergen, Germany will be started and there are several potential projects in Germany.

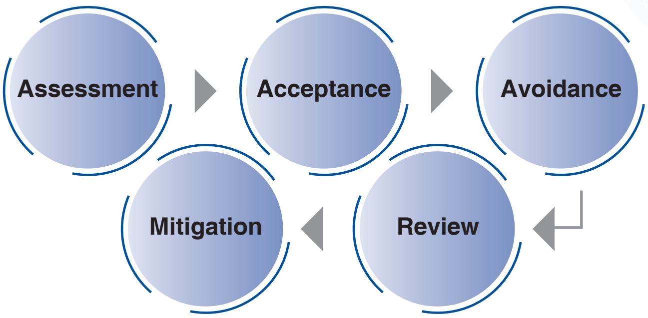
Our Risk Management Strategy

The Company faces a number of risks which, if they arise, could affect its ability to achieve its strategic objectives. The Board is responsible for identifying principal risks and ensuring appropriate risk mitigation is in place to manage them effectively.

Successful management of existing and emerging risks is essential to the long-term success of the Company. WABAG has established a risk management framework, to identify significant risks and determine whether they are being mitigated properly.

From tendering stage till closure of projects, the Company identifies both internal and external risks. During execution of these processes, a continuous risk monitoring system, is being followed, Enterprise Resource Planning (ERP), which helps us make more prudent decisions.

Risk assessment process



Our risk identification and management activities are continuous and ongoing. Each functional area is responsible for assessing, articulating and controlling relevant risks. This includes scanning of the internal and external business environment to identify and review new and emerging risks. Such risks could lead to a future impact or emerging circumstances of existing risk, affecting the exposure in the short to medium term.

Risk events are assessed in their current state for the likelihood of occurrence, based on the level of threat and the vulnerability of controls. When we are not satisfied with current state of our general risk appetite or when we can present an unacceptable risk in relation to a specific risk appetite, we determine an appropriate risk exposure as a target state. We further develop mitigating measures to deliver this within a definite time frame.

Risks are identified by the Board, Audit Committee and Risk Management & Monitoring Committee. These bodies ensure effective risk management across the Group Risk framework of WABAG. This is based on the concept of 'three lines of defence' wherein the management control is the first, oversight functions established by the management the second and independent assurance the third.

The Managing Director and Group CEO identifies various operational, business, commercial and external risks and implements processes to address them. Also, periodic review and audit are also conducted to mitigate these risks.

WABAG continues to adapt and plan for climate change. We continue to plan and prepare its significant and permanent impacts on the water cycle, our operations and the broader operating environment. This includes consideration of the long-term viability of water and wastewater services such as water abstraction, drinking water supply and treatment capability, drainage and sewer capacity, wastewater treatment and its discharge efficiency and effectiveness.

Cautionary Statement

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

Report on Corporate Governance

1. VA TECH WABAG's Philosophy on Corporate Governance

Corporate Governance is an ethically driven business process that is committed to values aimed at enhancing an organisation's wealth generating capacity. We conduct our business in a manner that is fair to all our stakeholders, practice a high standard of integrity in all our actions, respect and comply with the laws of the geographies in which we are present.

Business Ethics and Corporate Governance have been an integral part of the Company since inception. The Company strongly believes that the best Corporate Governance practices have been the key enablers in inculcating stakeholders' trust & confidence, attracting & retaining financial & human capital and meeting societal aspirations.

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organisation. Good Corporate Governance leads to long-term stakeholder value and enhances interests of all stakeholders. It brings into focus the fiduciary and trusteeship role of the Board to align and direct the actions of the organisation towards creating wealth and stakeholder value.

At WABAG, it is imperative that business is conducted in a fair and transparent manner. The Corporate Governance framework ensures effective engagement with various stakeholders and helps the Company evolve with changing times. The Board of the Company focuses on upholding the core values of excellence, integrity, responsibility, unity and understanding to ensure that there is a strong legacy of fair, transparent and ethical governance practice in the Company.

The Company is in compliance with the Corporate Governance requirements as enshrined in the Companies Act, 2013 read with the Rules made thereunder ("Act"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") and other applicable laws, rules and regulations, as amended from time to time.

The Company will continue to ensure that its governance framework incorporates the amendments introduced in the SEBI LODR and the same are complied with on or before the effective date.

In terms of Schedule V of SEBI LODR, the Company hereby presents this report on compliance with the principles of corporate governance.

2. Board of Directors

The Board of Directors of the Company ("Board") is at the core of our corporate governance practice. The Board being aware of its fiduciary responsibilities, recognises its responsibilities towards all stakeholders to uphold highest standards in all matters concerning the Company and has empowered responsible persons to implement its broad policies and guidelines and has set up adequate review processes. The Board provides strategic guidance on affairs of the Company.

The Board is committed towards compliance of sound principles of corporate governance and plays the crucial role in overseeing how the management serves the short and long-term interests of the Members and other stakeholders. This belief is reflected in the governance practices of the Company, under which it strives to maintain an effective, informed and Independent Board.

The Company's Board continue to constitute with majority of the Independent Directors at all times, though statutory law prescribes lesser norm. The Independent Directors provide Independent and objective judgment on matters placed before them including issues on strategy, policies, operations, risk management and overall governance.

All Independent Directors have confirmed that they meet the "Independence criteria" as mentioned under Regulation 16(1)(b) of the SEBI LODR and Section 149 of the Act. In addition, they maintain their limits of Directorships as required under SEBI LODR.

The Company's day to day affairs are primarily managed by Managing Director & Group CEO, Whole Time Director & CGO, Chief Executive Officer and Chief Financial Officer, assisted by adept management and business teams. The Board plays a pivotal role in safeguarding the interests of all stakeholders.

The Company's Board Members are encouraged to meet and interact with the Management of the Company and advice the Senior Management on various business or strategic decisions.

2.1 Size & Composition of the Board

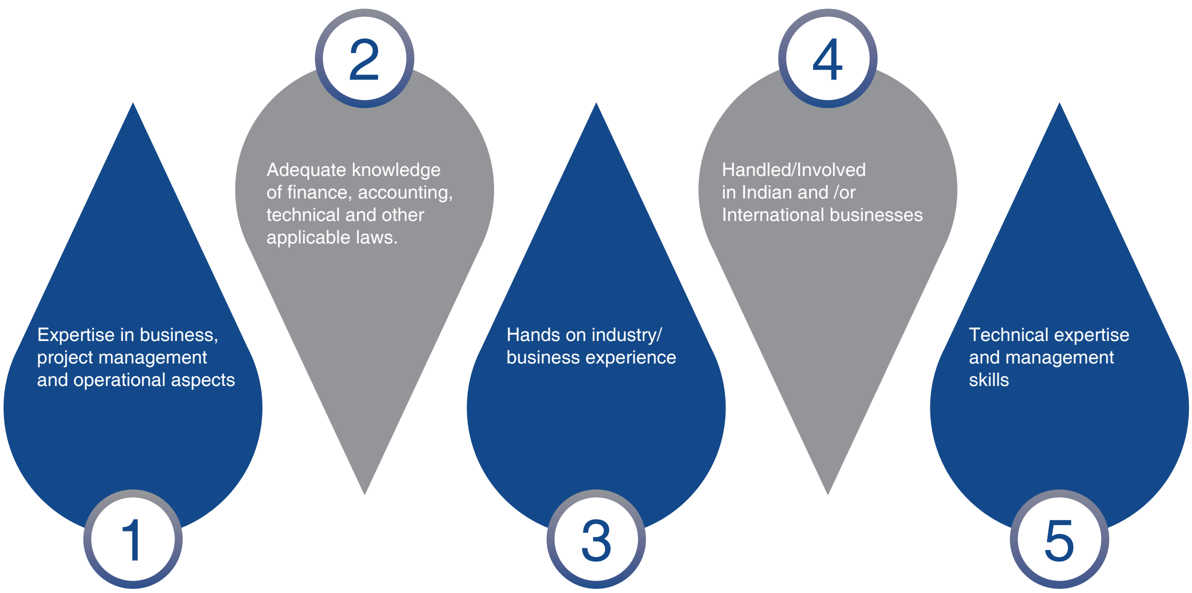
The Company has a balance mix of eminent Executive, Non - Executive Independent Directors on the Board. As on March 31, 2020, WABAG's Board consists of 6 (Six) Directors consisting of 4 (Four) Non - Executive Independent Directors including 1 (one) Independent Woman Director and 2 (Two) Executive Directors. The Chairman of the Board is a Non - Executive Independent Director. The composition of the Board is in conformity with the Act and SEBI LODR as amended from time to time. As on March 31, 2020, about 66% of the Board comprises of Independent Directors. There are no Nominee Directors representing any institution on Board of the Company. The profile of Directors can be found at our website www.wabag.com.

The Board consists of the following Directors as on March 31, 2020, categorised as indicated below:

Mr. Bhagwan Dass Narang	Chairman (Non - Executive Independent Director)
Mr. Malay Mukherjee	Non - Executive Independent Director
Ms. Revathi Kasturi	Non - Executive Independent Woman Director
Mr. Milin Mehta	Non - Executive Independent Director
Mr. Rajiv Mittal	Executive Director - Managing Director & Group CEO
Mr. S Varadarajan	Executive Director - Whole - Time Director & CGO

Board Skill

The Company has vibrant Board of Directors with requisite skills, expertise and experience as required. The key skills identified by the Board are as follows:



Skills Identified by the Board

The skills and backgrounds collectively represented on the Board reflect the diverse nature of the business environment in which the Company operates. Accordingly, a matrix chart setting out the core skills, experience, and competencies of the Board of Directors is mentioned below:

Key Skills/ Expertise/ Competencies	Mr. Bhagwan Dass Narang	Mr. Malay Mukherjee	Mr. Milin Mehta	Ms. Revathi Kasturi	Mr. Rajiv Mittal	Mr. S. Varadarajan
Knowledge of Industry	√	√	√	√	√	√
Project Management	√	√		√	√	√
Engineering Expertise	√	√		√	√	
Accounting	√		√		√	√
Finance	√	√	√	√	√	√
Corporate Governance and Compliances	√	√	√	√	√	√
Sales and Marketing Experience	√	√	√	√	√	√
Handled/ Involved in Indian/ International Business	√	√	√	√	√	√
Stakeholders Relationship	√	√	√	√	√	√
Risk Management	√	√	√	√	√	√
Leadership	√	√	√	√	√	√
Behavioral Competencies	√	√	√	√	√	√

2.2 Board Procedure

The yearly calendar for the Board/Committee meetings is fixed well in advance and is in confirmation with the availability of the Directors, so as to facilitate active and consistent participation of all Directors in the Board/ Committee meetings.

Minimum four prescheduled Board Meetings are held every year (within the prescribed timeline under the Act and SEBI LODR). Additional Board Meetings are convened to address the specific needs of the Company. In case of business exigencies or matters of urgency, resolutions are passed by circulation, as permitted by law. Audio/Video conferencing facilities are available to enable active participation by Directors who are unable to attend the meetings in person.

The Board has access to all Company related information. All Board Meetings are governed by a structured agenda which is backed by comprehensive background information. Detailed presentations are made to the Board regularly which covers performance and operational matters (financial & non-financial), opportunities, business strategy, project status, status of action points, Human resource, legal, risk perspective, update on relevant statutory changes, judicial pronouncements encompassing significant laws and their impact on the Company's business operations, quarterly/ annual financial results, and other relevant information required under law for Board/ Committee's review and consideration. All necessary information including but not limited to mandatory information required to be given as per Part A of Schedule II to the SEBI LODR, are provided to the Board as part of the Board papers well in advance before the Board meetings (except for certain confidential information which are provided separately in secured manner). Press releases, reports, business updates and all other data as may be required by the Board are also circulated to all the Directors. All Board Members have access to accurate, relevant and timely information to fulfil their responsibilities.

The Members of the Board are at liberty to bring up any matter for discussions at the Board Meetings and the functioning of the Board is democratic. The senior management of the Company make disclosures to the Board of Directors relating to any material, financial and commercial transactions, wherever they have personal/financial interest in any transaction or matter that may have a potential conflict with the interest of the Company at large on a periodical basis. The Company has a well-established process in place for reporting to the Board/ Committee the compliance status of various laws applicable to the Company. The action taken report on matters arising from the previous meetings of Board/ Committees is placed at the succeeding meeting of the Board/Committees for discussions, approvals, notings, etc.

As part of Green initiatives to protect environment, the Company has started using secured electronic software application system through which Board and Committee Meetings agenda, notes, supporting documents and other communication are being circulated/shared with Directors and accessed in meetings, thereby saving time and costs and adhering to the requisite procedures as prescribed under law.

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

2.3 Directorships of Directors in other listed entities:

Pursuant to Regulations 26 and 17A of the SEBI LODR, none of the Directors is a member of more than ten Board level Committees (considering only Audit Committee and Stakeholders' Relationship Committee) or Chairman of more than five Committees across all public limited Companies (listed or unlisted) in which he/she is a Director. No Director of the Company serves as a Director / Independent Director in more than seven listed Companies, and in case he/she is serving as a Whole- Time Director in any listed Company, does not hold the position of Independent Director in more than three listed Companies.

Further, all Directors have informed about their Directorships, Committee Memberships/Chairmanships including any changes in their positions. None of the Directors of the Company are related inter-se, in terms of Section 2(77) of the Act. The Company has not issued any convertible instruments, hence, disclosure in this respect is not applicable.

In terms of the SEBI LODR, Company hereby furnishes the details of Directorships, Chairmanships held by the Company's Directors in other listed entities and Memberships in Committees including public limited Companies and WABAG as on March 31, 2020:

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

**Excluding Private Limited Companies, Foreign Companies and Companies under section 8 of the Act.*

***Pursuant to Regulation 26 of SEBI LODR, Chairmanships/ Memberships of Board Committees shall only include Audit Committee and Stakeholders' Relationship Committee including that of the Company, Committee Membership includes Chairmanship.*

^Mr. Sumit Chandwani ceased to be Director of the Company w.e.f August 13, 2019

^^Mr. Milin Mehta was appointed as an Additional Director by the Board on April 29, 2019 and the Members approved his appointment as an Independent Director at the last AGM held on August 13, 2019

All the Directors have furnished their Directorship and Committee's position in other entities as on March 31, 2020 as required under the Act and SEBI LODR.

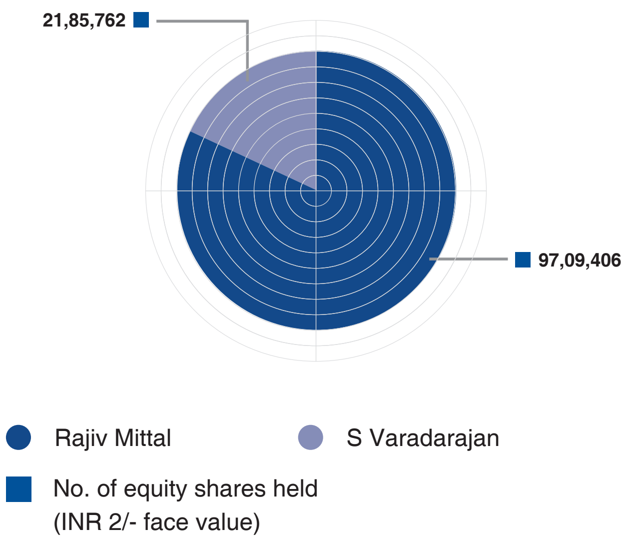
Ms. Vijaya Sampath (DIN: 00641110), and Mr. Anil Chandanmal Singhvi (DIN:00239589), were appointed as Additional Directors in the category of Independent Woman Director and Independent Director, respectively, on July 31, 2020. Mr. Anil Chandanmal Singhvi ceased to be Additional Director in the Category of Independent Director of the Company w.e.f. August 21, 2020.

2.4 Post Meeting follow up mechanism

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

2.5 Directors Shareholding

The details of equity shares held by the Directors of the Company as on March 31, 2020 are as below:



Other Directors: Nil, except Mr. Bhagwan Dass Narang 50% of the paid up share capital of M/s Shri Veni Madhav Portfolio Private Limited, which in turn holds 35,740 equity shares of the Company as on March 31, 2020

2.6 Independent Directors

Meeting without Management

The Independent Directors of the Company met on November 11, 2019 without the presence of Non-Independent Directors & Members of the management pursuant to Schedule IV of the Act and Regulation 25 of SEBI LODR.

All the Independent Directors were present at the Meeting and discussed among other matters,

- the performance of the Company and flow of information to the Board,
- competition strategy, leadership, strengths and weakness, governance, compliance, human resource matters,
- Requirement of New Independent Directors on Board.

Declaration/ confirmation

The Independent Directors of the Company have confirmed that they meet the criteria of Independence as laid down under the section 149 (6) of the Act and Regulation 16(1)(b) & 25 of the SEBI LODR.

The Board have taken on record the declaration and confirmation submitted by the Independent Directors after undertaking due assessment of the veracity of the same.

Terms & Conditions of Appointment

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

Tenure of Independent Directors

In accordance with section 149 (11) of the Act the current tenure of Appointment of Independent Director is as follows:

Independent Directors	From the date of AGM	Till the date of AGM	Term
Mr. B D Narang – 3 years	22nd AGM held on July 27, 2017	25th AGM to be held in the calendar year 2020	Second Term
Ms. Revathi Kasturi – 3 years	22nd AGM held on July 27, 2017	25th AGM to be held in the calendar year 2020	Second Term
Mr. Malay Mukherjee – 4 years	23rd AGM held on August 10, 2018	27th AGM to be held in the calendar year 2022	Second Term
Mr. Milin Mehta – 3 years	24th AGM held on August 13, 2019	27th AGM to be held in the calendar year 2022	First Term

Familiarisation Program

Pursuant to Regulation 25(7) of SEBI LODR, the Company conducts Familiarisation Programme for the Independent Directors to enable them to familiarise with Company, its management, operation, business and general laws governing the Company so as to gain clear understanding of their roles, rights and responsibilities for the purpose of contributing significantly towards the growth of the Company.

During the year Mr. Milin Mehta was appointed as an Independent Director on the Board of the Company. To familiarise him with the Company, an information kit containing Annual Reports including Company's corporate profile, Statement of Vision and Values, organisational structure, the Company's history and milestones, Code of Conduct applicable to Directors/ Senior Management employees of the Company and other Reports were provided.

The details of familiarisation programme conducted by the Company have been disclosed on the Company's website https://www.wabag.com/compliances/.

2.7 Meetings of the Board

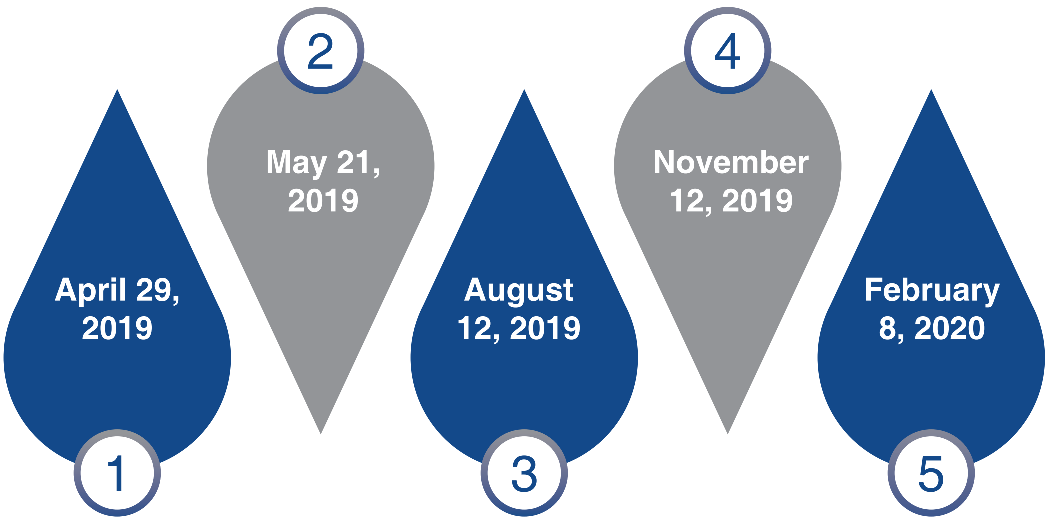
The Board meets at least once in every quarter to review the Company's operations and to consider, among other business, the quarterly performance and financial results of the Company. The Board of Director also meets / passes circular resolution (prescribed items as specified in the Act) as and when necessary to deal with specific matters concerning the Company.

The Company adheres to the provisions of the Act, SEBI LODR and Secretarial Standards as amended from time to time with respect to convening of the meetings of the Board of Directors.

The Board met 5 (five) times during the Financial Year 2019 – 20 and the gap between any 2 (two) consecutive Board Meeting(s) was not more than one hundred and twenty days, thereby complying with applicable statutory requirements. The meetings of the Board of Director are usually convened on the dates suitable to all the Directors to ensure presence of all Directors for such meetings. The notice of the Board meeting provides option for the Directors to participate in Board Meeting through video conferencing or any other audio visual means. During the FY 2019-20, none of the Directors attended the meeting through video conferencing or any other audio visual means.

The calendar of Meetings of the Board of Directors to be held on quarterly basis is prepared and circulated in advance to the Directors. The tentative schedule of such meetings as required under SEBI LODR is published in the Annual Report.

Meetings of the Board during the FY 2019 – 20



Directors' Attendance in Board/ Other Committees

The name and categories of Directors, DIN, their Committee positions and attendance particulars of Board and other Committees meetings held during the Financial Year 2019-20 are given below:

Name of the Directors & their DIN	ATTENDANCE PARTICULARS OF Board & CommitteeS																
	ATTENDANCE PARTICULARS				AUDIT		STAKEHOLDERS RELATIONSHIP		NOMINATION AND REMUNERATION		RISK MANAGEMENT AND MONITORING		CORPORATE SOCIAL RESPONSIBILITY		OVERSEAS INVESTMENT	
	No. of Board Meetings				No. of Meetings											
	Category	Held	Attended	Last AGM	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr. Bhagwan Dass Narang 00826573	Independent Chairman	5	5	✓	5	5	NA		4	4	2	2	NA		2	2
Mr. Malay Mukherjee@ 02861065	Independent Director	5	4	✓	5	4	NA		4	2	2	2	NA		NA	
Mr. Sumit Chandwani* 00179100	Independent Director	5	3	✓	5	3	4	2	4	2	NA		NA		NA	
Mr. Milin Mehta^ 01297508	Independent Director	5	4	✓	5	2	4	2	NA		NA		NA		NA	
Ms. Revathi Kasturi 01837477	Independent Director	5	5	✓	NA				4	4	2	2	3	3	NA	
Mr. Rajiv Mittal 01299110	Promoter /Managing Director & Group CEO	5	5	✓	NA		4	4	NA		2	2	3	3	2	2
Mr. S Varadarajan 02353065	Promoter / Whole Time Director & Chief Growth Officer	5	5	✓	NA		4	4	NA		NA		3	3	2	1

*Mr. Sumit Chandwani ceased to be Independent Director of the Company w.e.f August 13, 2019. He attended all the meetings of Board / Committees held during the Financial Year till completion of his tenure.

^Mr. Milin Mehta was appointed as an Additional Director by the Board on April 29, 2019 and the Members approved his appointment as an Independent Director at the last AGM held on August 13, 2019. He attended all the meetings of Board / Committees held during the Financial Year after his appointment.

^Mr. Milin Mehta was appointed as Chairman of Audit Committee and Stakeholders Relationship Committee w.e.f. August 14, 2019.

@Mr. Malay Mukherjee was appointed as member of the Nomination and Remuneration Committee w.e.f. August 14, 2019. He attended all the meetings of Nomination and Remuneration Committee held during the Financial Year after his appointment as member in the said Committee.

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

3. Committees of the Board

The Committees of the Board play an important role in the governance, focus on specific areas and make informed decisions within the delegated authority. The Board is responsible for constituting, assigning, co-opting and fixing the terms of reference of various Committees. Each Committee is guided by its terms of reference, which provides for the compositions, scope, powers & duties and responsibilities. The Board of the Company has 6 Committees to support the Board in discharging its responsibilities.

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

A. Audit Committee (AC)

B. Stakeholders Relationship Committee (SRC)

C. Nomination and Remuneration Committee (NRC)

D. Corporate Social Responsibility Committee (CSR)

E. Risk Management and Monitoring Committee (RMMC)

F. Overseas Investment Committee (OIC)

The composition of various Committees of the Board are given below and also available on the website of the Company at www.wabag.com. The Committees have optimum representation of Members of the Board with requisite expertise who hold meetings at such intervals as deemed necessary to effectively perform the task assigned to them. The process, procedures and standards adopted by the Company for Board meeting(s) are applicable to Committee meeting(s). The Chairperson of respective Committees report to the Board about the deliberations and decisions taken by the Committees. The recommendations of the Committees are submitted to the Board for their consideration/approval. The minutes of the meetings of all Committees of Board are placed before the Board for their noting.

Brief details on Committee of the Board are as follows:

A. Audit Committee

The constitution and terms of reference of the Audit Committee are in conformity with Section 177 of the Act, and Regulation 18 of the SEBI LODR read with Part C of Schedule II of the said Regulations. The Audit Committee of the Board of the Company was re-constituted w.e.f August 14, 2019 and comprises of Mr. Milin Mehta, Independent Director and Chairman of the Committee, Mr. Bhagwan Dass Narang and Mr. Malay Mukherjee, Independent Directors and Members of the Committee. The Company Secretary is the Secretary to the Committee. All the Members of the Committee possess relevant knowledge and experience in accounting and financial matters. All the Members of the Audit Committee including the Chairman were present at the last Annual General Meeting of the Company held on August 13, 2019.

The terms of reference of this Committee are very wide and are in line with the regulatory requirements mandated by the Act and Part C of Schedule II of the SEBI LODR. The main responsibility of Audit Committee of the Board is to supervise the Company's internal controls and financial reporting process, in addition to matters as required to be reviewed/ approved by the Audit Committee. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. The Committee also reviews Financial Statements and Investments of unlisted Subsidiary Companies, Management Discussion & Analysis of financial condition and results of operations.

The Meetings of the Audit Committee are also attended by the Executive Directors, Chief Financial Officer, Chief Executive Officer, Statutory Auditors and Internal Auditors. As and when needed, Senior Executives of the Accounts/ Finance Department, Corporate Assurance department and other officials/external experts, representatives of Statutory and Internal Auditors also attend the meetings of Audit Committee. The Cost Auditor also attends the Committee Meeting at which the Cost Audit Report(s) are considered.

The Committee met five (5) times during the year under review on April 29, 2019, May 20, 2019, August 12, 2019, November 11, 2019, and February 7, 2020. The time gap between two Meetings did not exceed 120 days. The quorum was present in all the meetings of the Committee.

The details on Composition, Category of Members and their attendance to the Committee Meetings held during the year are covered in the table given on page no. 105 of this report.

B. Stakeholders Relationship Committee

The Company's Stakeholders Relationship Committee functions under the Chairmanship of Mr. Milin Mehta, Independent Director. Mr. Rajiv Mittal and Mr. S Varadarajan are the other Members of the Committee. Mr. R. Swaminathan, Company Secretary & Compliance Officer of the Company acts as the Secretary to the Committee. The constitution and terms of reference of the Stakeholders Relationship Committee are in line with the Act and SEBI LODR and also covers all matters prescribed under Section 178 of the Act, and Regulation 20 of the SEBI LODR read with Part D of Schedule II of the said Regulations. The terms of reference of the Committee have been aligned with the amended SEBI LODR and has come into effect w.e.f. April 1, 2019.

The role of Stakeholders' Relationship Committee includes, without limitation, resolving the grievances of Members, ensuring expeditious share transfer process, evaluating performance and service standards of the Registrar and Share Transfer Agent of the Company, amongst other aspects. The role and terms of reference of the Committee cover the areas as contemplated under Regulation 20 read with Part D of Schedule II of the SEBI LODR and Section 178 of the Act, as applicable, besides other terms as referred by the Board from time to time.

The Status of complaints received and resolved during the year as under:

No. of Complaints pending as on April 1, 2019	:	Nil
No. of Complaints received during the year 2019-20	:	18
No. of Complaints resolved during the year 2019-20	:	18
No. of Complaints pending as on March 31, 2020	:	Nil

Pursuant to Regulation 13 (3) of the SEBI LODR, the statement of Investor Complaints received and disposed off in every quarter is filed with Stock Exchanges within 21 days from the end of each quarter and uploaded on the Company's website www.wabag.com. The statements of uploaded file are also placed before the subsequent Meeting of Board of Directors.

During the Financial Year 2019-20, the Stakeholders Relationship Committee met four (4) times on May 20, 2019, August 11, 2019, November 11, 2019 and February 07, 2020. The necessary quorum was present in all the meetings. All the Members of the Committee attended the last Annual General Meeting of the Company held on August 13, 2019.

The details on Composition, Category of Members and their attendance to the Committee Meetings held during the year are covered in the table given on page no. 105 of this report.

C. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board of Directors meets the criteria laid down under section 178 the Act, and Regulation 19 of the SEBI LODR, as amended from time to time. The Nomination and Remuneration Committee comprises Ms. Revathi Kasturi, Independent Director and Chairperson, Mr. Bhagwan Dass Narang and Mr. Malay Mukherjee, Independent Director and Members of the Committee. All the Members of the Committee are Independent Directors including the Chairperson. The Chairperson of the Committee is different from the Chairman of the Board.

The constitution and terms of reference of the Nomination and Remuneration Committee are in conformity with the Act and SEBI LODR and also covers all the matters specified under Section 177 of the Act and Regulation 19 of the SEBI LODR read with Part D of Schedule II of the said Regulations, as amended from time to time. The Nomination and Remuneration Committee has been vested with the responsibilities to, inter – alia, formulate the criteria for appointment of Director/ Senior Management Personnel and review the said criteria for determining the qualifications, skills, positive attributes necessary for inducting Members on the Board/Senior Management. The Committee is also responsible for screening the candidates who meet the criteria, reviewing their appointment/ re-appointment and making recommendations to the Board in this regard. The Committee reviews the performance evaluation of Independent Directors, Board as a whole and that of its Committees, and Senior Management personnel done by Executive Directors.

The Nomination and Remuneration Committee met four (4) times during the Financial Year 2019-20 on April 29, 2019, August 11, 2019, November 11, 2019 and February 07, 2020. The quorum was present in all the meetings. All the Members of the Committee attended the last Annual General Meeting of the Company held on August 13, 2019.

The details on Composition, Category of Members and their attendance to the Committee Meetings held during the year are covered in the table given on page no. 105 of this report.

C.1 Remuneration to Directors

Non-Executive /Independent Directors:

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

Pursuant to the approval of the Members at the 19th AGM of the Company held on July 21, 2014, and as per Nomination, Evaluation & Remuneration Policy, the Company pays commission on quarterly basis to Non-Executive Directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Act, from time to time.

The performance evaluation of Independent Director was done by the entire Board, except the Director concerned being evaluated. During the performance evaluation of Independent Directors criteria's such as time devoted by the Director, strategic guidance given to the Company, advice given for determining important policies, external expertise provided and Independent judgment that contributes objectively in the Board's deliberation were also considered.

Executive Directors:

The Key Performance objectives of the Executive Directors are fixed by the Nomination and Remuneration Committee of the Board each year. The Committee sets that the Performance objectives are aligned with the immediate and long term goals of the Company. On the basis of these Key Performance objectives, the Committee evaluates the performance of Managing Director & Group CEO and Whole Time Director & CGO after the close of the Financial Year.

The remuneration structure of the Managing Director & Group CEO and Whole - Time Director & CGO comprises of basic salary, commission/ bonus, perquisites and other allowances, contribution to provident fund etc. The remuneration is determined considering various factors such as relevant qualification, experience, expertise, roles, functions, responsibilities, prevailing remuneration in the industry and the financial position of the Company. The Members of the Company had re-appointed Mr. Rajiv Mittal, Managing Director & Group CEO for a period of 5 years with effect from October 1, 2015 at the AGM of the Company held on July 27, 2015. Mr. S Varadarajan, was re-appointed as a Whole time Director of the Company for a period of 5 years with effect from June 1, 2018 by the Members of the Company on August 10, 2018. The remuneration component is split into fixed pay and performance pay which is payable on achieving various performance criteria including but not limited to the following:

- Leadership, strategy formulation, strategy execution, financial planning & performance.
- Relationship with other Board Members, external relations, human resource management/relation, succession planning, product/service knowledge and personal qualities etc.
- Role and Accountability, objectivity & personal attributes.

The remuneration components payable also depends on achieving the key performance metrics set by the Nomination and Remuneration Committee and Board, from time to time, covering the areas such as:

- Order Booking/Sales/PAT/Receivables/ cash flow etc.
- Institution building
- Leadership/Human Resources Management
- Strategy Formulation & Execution
- Stakeholders engagement
- Successful Financial Closure of Projects/ Secure Order Intake
- Other factors as may be fixed by the NRC/Board

The Company makes necessary arrangements to the Directors for attending the meetings and reimburses the out-of-pocket expenses, if any, incurred by the Directors. The Company does not have any pecuniary relationship or transactions as per the Act with the Independent Directors.

Details of Remuneration paid to Directors during the Financial Year 2019 –20 are as follows:

(INR in Lakhs)

	Name	Category	Commission	Salary and Perquisites	Performance Incentive	Superannuation and Provident Fund *	Total
1.	Mr. Bhagwan Dass Narang	Independent Director - Chairman	20	-	-	-	20
2.	Mr. Malay Mukherjee	Independent Director	15	-	-	-	15
3.	Mr. Sumit Chandwani	Independent Director	7.5	-	-	-	7.5
4.	Mr. Milin Mehta	Independent Director	11.25	-	-	-	11.25
5.	Ms. Revathi Kasturi	Independent Director	15	-	-	-	15
6.	Mr. Rajiv Mittal	Managing Director & Group CEO	-	196.42	-	12.07	208.49
7.	Mr. S Varadarajan	Whole -Time Director & Chief Growth Officer	-	87.63	-	4.32	91.95

*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. Notice period for termination of appointment of Executive Directors is 6 months on either side. No severance pay is payable on termination of appointment.

D. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee (CSR) of the Board of Directors of the Company functions under the Chairmanship of Ms. Revathi Kasturi, Independent Director, along with other Committee Members viz., Mr. Rajiv Mittal and Mr. S Varadarajan.

The constitution and terms of reference of the Corporate Social Responsibility Committee are in conformity with the Act and SEBI LODR and covers all the matters specified under Section 135 of the Act. The role of CSR Committee includes:

- formulating and recommending to the Board the CSR Policy and activities to be undertaken by the Company
- recommending the amount of expenditure to be incurred on CSR activities of the Company,
- reviewing the performance of CSR activities undertaken by the Company.

During the year under review, the Corporate Social Responsibility Committee met three (3) times on May 21, 2019, August 31, 2019 and November 12, 2019. The quorum was present in all the meetings. The Public Relation Officer is in-charge of CSR activities and CSR Lead of the Company also attend the meetings by way of invitation. As and when required other, officials, experts and representatives concerned from external/ implementing agencies are invited to the meeting(s) of the Committee. All the Members of the Committee attended the last Annual General Meeting of the Company held on August 13, 2019.

The Board of the Company strives to have effective and efficient CSR programs. Hence, they have also formed a CSR sub-Committee, to screen and scrutinise the proposals and recommend CSR proposals for consideration of the Committee.

The details on Composition, Category of Members and their attendance to the Committee Meetings held during the year are covered in the table given on page no.105 of this report.

E. Risk Management and Monitoring Committee

The Board of the Company has also constituted Risk Management and Monitoring Committee to assist the Board in their responsibilities of overseeing the risk management policies and processes and the Company's exposure to unmitigated risks. The constitution of Risk Management & Monitoring Committee comprises of Mr. Malay Mukherjee, Independent Director and Chairman, Mr. Bhagwan Dass Narang, Ms. Revathi Kasturi, Independent Directors and Members and Mr. Rajiv Mittal, Executive Director and Member.

The Committee's terms of reference, among other things, include the following:

- implementation of Risk Management Systems and Framework;
- review of the Company's financial and risk management policies;
- assessment of risk and procedures to minimise the same;
- to monitor the various operational and other business related issues including the new/ ongoing projects;
- risk aspects arising out of the project/business and other specific matters directed by the Board.

The Committee reviews the business issues in depth and suggests/recommends various solution and risk management framework including amendments to various policy decisions, strategies and ensures mitigation/minimisation of risks from business, to the extent required and necessitated.

During the Financial Year 2019-20, two (2) meetings of the Risk Management & Monitoring Committee were held i.e. on August 13, 2019 & December 10, 2019. The requisite quorum was present in all the meetings. The Chief Executive Officer, Chief Financial Officer, Company Secretary, Cluster heads, Regional heads and other officials/external consultants, as appropriate, attend the Committee meeting(s) by invitation.

The details of Composition, Category of Members and their attendance to the Committee Meetings held during the year are covered in the table given on page no.105 of this report.

F. Overseas Investment Committee

Compliance has always been priority area of the Board. The Company has more than 20 Subsidiaries/ Associates/JVs spread across different geographies and to monitor and review compliances and Investments made into various entities of the group, the Board constitutes a separate Committee as Overseas Investment Committee. As part of the compliance exercise, the Committee continued to engage external experts on Overseas Direct Investments to review/ monitor and advise the Company from the compliance perspective for revamping/restructuring the group structure.

During the year, the Overseas Investment Committee of the Board of Directors of the Company met two times (2) on April 03, 2019 and November 11, 2019.

The details of Composition, Category of Members and their attendance to the Committee Meetings held during the year are covered in the table given on page no.105 of this report.

4. Affirmations & Disclosures

4.1 Compliance with Corporate Governance Requirements:

Disclosure on mandatory requirements of SEBI LODR:

The Company has complied with Corporate Governance requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of the SEBI LODR and necessary disclosures thereof have been made in this Corporate Governance Report. The Compliance Status of Company on respective regulations are as given below:

Regulation	Particulars of Regulation	Compliance Status
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination & Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Not applicable as per SEBI LODR. The Board has constituted Risk Management & Monitoring Committee as part of governance principles.

Regulation	Particulars of Regulation	Compliance Status
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance Requirements with respect to Subsidiary of listed entity	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to Directors and Senior Management Personnel	Yes
27	Other Corporate Governance Requirements	Yes
46 (2) (b) to (i)	Disclosures on website	Yes

Compliance with adoption of discretionary requirements of SEBI LODR and the Act:

a. **Maintenance of the Chairman's Office:**

The Chairman of the Board is an Independent Director and expense, if any, incurred by him in performance of his duties gets reimbursed by the Company.

b. **Shareholders rights**

The quarterly and financial results of the Company are published in English Newspaper having nationwide circulation and in regional language newspaper. The said results are published by the Company on its website: www.wabag.com. The quarterly financial results were sent to the registered email addresses of Members, as and when requested.

c. **Modified opinion in Audit Report**

The auditors have expressed unmodified opinion on the Standalone Financial Statements of the Company for the Financial Year ended March 31, 2020.

The auditors have expressed modified opinion on the Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2020. The details of which is given on page no. 199 of Annual Report.

d. **Separate posts of Chairman and CEO**

The post of the Chairman and Managing Director/ CEO are held by two separate persons. The Chairman of the Board is Mr. Bhagwan Dass Narang, Independent Director and whereas, Mr. Rajiv Mittal is Managing Director & Group CEO of the Company.

e. **Reporting of Internal Auditor**

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

4.2 Related Party Transactions

In accordance with Section 188 of the Act and Regulation 23 of the SEBI LODR as amended from time to time, the Company has formulated a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions (policy). The policy is available on the website of the Company at the link https://www.wabag.com/compliances. The Company's major related party transactions are generally with its Subsidiaries, JV and Associate entities.

- All related party transactions entered into by the Company during the year has prior approval/ ratification of Audit Committee. The Audit Committee reviews at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval granted.
- During the Financial Year 2019 – 20 all related party transactions are negotiated and carried out on arm's length basis and in the ordinary course of business.
- There were no materially significant Related Party Transactions of the Company which have potential conflict with the interest of the Company at large.
- The transactions with related parties are in compliance with section 188 of the Act and Regulation 23 of the SEBI LODR as amended from time to time.

The details of the related party transactions entered during the year and disclosures as required by the Indian Accounting Standards (IND AS 24) are made in Note 40 of the Financial Statements.

On a quarterly basis, a certificate issued by the Chief Financial Officer confirming that all the related party transactions entered into by the Company are in ordinary course of business and are at arm's length basis, is placed before the Board of Directors and Audit Committee at their meetings.

The Audit Committee consider/approve/ratify the overall limit for the related party transactions with each of the related Parties by way of an Omnibus approval. All related party transactions entered by the Company are covered in the statement circulated/provided to the Audit Committee on quarterly basis along with the details of overall omnibus approval given/ratified by the Audit Committee from time to time.

4.3 Dealing in Company Securities

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

4.4 Disclosure by Directors & Senior Management Personnel

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

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

Where they have personal interest, stating that the said dealings and transactions, if any, have no potential conflict with the interests of the Company at large.

4.5 Capital Market Compliance matters

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

4.6 Disclosure of commodity price risks and hedging activities

As the Company is not engaged in commodity business, commodity risk is not applicable. The foreign exchange risks are managed/hedged to the extent deemed necessary.

4.7 Disclosure on Accounting Standards:

The Company has followed the relevant Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, while preparing Financial Statements. Kindly refer page nos. 152 and 214 of the Financial Statements (standalone and consolidated respectively) for significant accounting policies adopted by the Company.

4.8 Whistle Blower Policy/ Vigil Mechanism

The Company is committed to the high standards of Corporate Governance and stakeholder responsibility. The Company has adopted a Whistle Blower Policy and an effective Vigil Mechanism system to provide a formal mechanism to its Directors, Employees and other stakeholders to voice their concerns, if any, in a responsible, effective and transparent manner regarding suspected unethical matters involving serious malpractice, abuse or wrongdoing within the organisation and also safeguards against victimisation of Directors/Employees, Business Associates and the other stakeholders who avails the mechanism.

The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for direct appeal to the Chairman of the Audit Committee. No personnel had been denied access to the Audit Committee. The said policy has been posted on the Company's website at the ink https://www.wabag.com/compliances/. Any whistle blower has the option to approach the Committee Members and/or Chairman of the Audit Committee directly through electronic platform with their concerns, if any and take up the matter accordingly without any interference or involvement of any suspected person.

The vigil mechanism is periodically reviewed and overseen by the Audit Committee and provides adequate protection and safeguards against victimisation of employees and Directors, wherever applicable.

During the year 2019-20, there were no complaints received by the Committee Members /Chairman of the Audit Committee.

4.9 CEO/CFO Certification

In terms of Regulation 17 of SEBI LODR, the Managing Director & Group CEO and the Chief Financial Officer of the Company ("MD/ CFO") have positively certified to the Board of Directors of the Company in their meeting held on July 31, 2020, with regard to the Financial Statements and other matters specified in the said regulation, for the Financial Year 2019-20. The said certification is placed on page no. 121 of this report. The MD/CFO also give quarterly certification on financial results while placing the financial results before the Board confirming that the limited review/ audited financial results for the quarter/ year ended do not contain any false or misleading statements or figures and do not omit any material fact which may make the statements or figures contained therein misleading.

4.10 Governance of Subsidiary Companies

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

a. The Board of Directors reviews the Board Meeting minutes and statements of all significant transactions and arrangements, if any, of Subsidiary Companies on a periodical basis.

b. All the Company's Subsidiaries are managed with their respective Boards having the rights and obligations to manage such Companies in the best interest of their stakeholders and the cluster/ business heads of group entities periodically report to Management/Board.

c. The Audit Committee reviews Financial Statements of the Subsidiary entities, along with investments made by them.

d. The Audit Committee reviews the utilisation of loans and/ or advances from/investment by the holding Company in the Subsidiary exceeding rupees 100 crore or 10% of the asset size of the Subsidiary, whichever is lower including existing loans / advances / investments.

In accordance with the provisions of SEBI LODR Regulations, your Company has one Material Subsidiary i.e. VA Tech Wabag GmbH, Austria, as on the date of this report.

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

4.11 Code of Conduct

The Company has adopted a Code of Conduct for all employees including the Members of the Board and Senior Management Personnel in compliance with Regulation 26(3) of SEBI LODR. The Code has been circulated to Directors and Senior Management Personnel. All Members of the Board and Senior Management Personnel have affirmed compliance with the said code of conduct for the Financial Year 2019-20. A copy of the Code has been put on the Company's website www.wabag.com. A declaration signed by the Company's Managing Director & Group CEO to this effect is published in this Report.

4.12 Code for Prevention of Insider Trading Practices

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

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

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

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

4.13 Prevention of Sexual Harassment of Women at Workplace

During the FY 2019-20, one case was reported to the Internal Compliant Committee. The necessary action was taken by the Committee to the satisfaction of complainant and the complaint was disposed off.

The status of complaints received and resolved during the year are as follows:

Number of complaints filed during the Financial Year 2019 - 20	:	1
Number of complaints disposed off during the Financial Year 2019 - 20	:	1
Number of complaints pending as on end of the Financial Year 2019 - 20	:	0

4.14 Credit Rating

During the year, ICRA has rated A+ (negative)/A1. Further, on April 06, 2020 ICRA has revised the credit rating to A (negative)/ A 2+. Please refer to the Board's Report for further details.

4.15 Disclosure in respect of Unclaimed Suspense Account

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

4.16 Reconciliation of Share Capital Audit

As required by the SEBI, quarterly audit of the Company's share capital is being carried out by an Independent Practicing Company Secretary (PCS) with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and

Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The PCS Certificate in regard to the same is submitted to stock exchanges and is also placed before Stakeholders' Relationship Committee and the Board of Directors.

4.17 Auditors Fees

Particulars of total fees paid to statutory auditors are provided in Note No. 36 to the consolidated Financial Statements.

4.18 Details of Public Funding Obtained in the last three years

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

4.19 Recommendation of Mandatory Committees

In terms of the amendments made to the SEBI LODR, the Board of Directors confirm that during the year, it has accepted all recommendations received from its mandatory Committees.

4.20 Compliance Certificate on Corporate Governance

Pursuant to Schedule V of SEBI LODR, a certificate from Mr. M Damodaran of M/s Damodaran & Associates LLP, Practicing Company Secretary, confirming compliance with conditions of Corporate Governance as stipulated under SEBI LODR is forming part of this Annual Report.

The Company has also received certificate from them confirming that none of the Directors are disqualified pursuant to section 164 of the Act.

5. General Body Meetings

5.1 Annual General Meetings

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

Financial Year	Date	Time	Location	Special Resolutions passed
2018 – 19	August 13, 2019	10:30 AM	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	1. Appointment of Mr. Milin Mehta (DIN: 01297508), as an Independent Director
2017-18	August 10,2018	10:00 AM	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	1. Re-appointment of Mr. Malay Mukherjee as an Independent Director 2. Issuance of Non-convertible Debentures and/or other Debt Securities through Private Placement mode
2016-17	July 27, 2017	10.00 AM	The Music Academy (Mini Hall), New No. 168, TTK Road, Royapettah, Chennai 600014.	1.Re-appointment of Mr. B D Narang as an Independent Director 2.Re-appointment of Mr. Sumit Chandwani as an Independent Director 3.Re-appointment of Ms. Revathi Kasturi as an Independent Director 4.Increase in the borrowing limits of the Company 5.Increase in limits for Creation of Charges on the assets of the Company 6.Raising of funds through QIP/Private Placement/ Preferential Allotment

5.2 Special Resolutions passed through Postal Ballot

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

6. Means of Communication

The Company recognises the importance of two way communication with Members and of giving a balanced reporting of results and progress and responds to questions and issues raised in a timely and consistent manner. Members seeking information may contact the Company directly throughout the year. They also have an opportunity to ask questions in person at the AGM. Some of the modes of communication are mentioned below:

a. Financial Results:

The approved financial results are forthwith sent to the Stock Exchanges, where the shares are listed, on Quarterly basis and also displayed on the Company's website www.wabag.com. The Annual Financial results of the Company are published in widely circulated **a.**

national newspapers such as The Business Standard and the local vernacular daily newspaper, Makkal Kural (Tamil edition).

b. **News Releases, Presentations etc.:**

Official press releases, presentations made to the media, analysts, institutional investors, etc. are disseminated to the stock exchanges in the prescribed format and are displayed on the Company's website www.wabag.com. An analysis of the various means of dissemination of information during the year under review is produced in table below:

Means of Communication	Frequency
Press/ Media Release	8 times
Earnings Call/Investors Meet	4 times
Publication of results	4 times

c. **Institutional Investors / Analysts:**

Presentations are made to institutional investors and financial analysts, on the audited/unaudited quarterly financial results of the Company. These presentations are also uploaded on the Company's website www.wabag.com and are sent to stock exchanges. The schedule of institutional investors/financial analyst's meetings are intimated in advance to the stock exchanges and disclosed on the Company's website.

d. **Website:**

The Company's website www.wabag.com contains a separate dedicated section 'Investor Relations' where Members information is available. The information such as Press Releases on Financial Results, Notice of Board Meeting, outcome of Board Meeting, revision in credit rating, clippings of newspaper publications etc., are uploaded on the website.

e. **Annual report:**

The Company's Annual Report containing, inter alia, the Board's Report along with relevant annexures, the Corporate Governance Report, Management Discussion and Analysis (MD&A), Business Responsibility Report, Audited Standalone and Consolidated Financial Statements, Auditors' Report and other important information is circulated to Members and others so entitled. The annual report is also available on the website of the Company in a user friendly and downloadable form.

f. **Chairman's speech:**

Chairman speech made at the AGM is made available on the Company's website.

g. **Reminder to Shareholders:**

In accordance with IEPF rules, the dividend declared by the Company not claimed by the Members for a period of 7 consecutive years and then the said unclaimed dividend along with the corresponding shares held by them are to be transferred to the IEPF authority and no further claim can be made to the Company on such dividend/shares.

The Company encourages its Members to encash their unclaimed dividend before the said dividend / corresponding shares gets transferred to Investor Education and Protection Fund in compliance with the IEPF rules, 2018, as amended from time to time.

The Company sends Periodical reminders/ communication to those Members who have not encashed their dividend(s) so as to help them to approach the Company/ RTA with appropriate documents to get their dividend entitlements.

Members are requested to claim their unclaimed dividend(s), if any.

h. **Compliances with Stock Exchanges:**

The National Stock Exchange of India Limited. (NSE) and BSE Limited. (BSE) maintain separate online portals i.e. NEAPS and BSE Listing Centre respectively for electronic submission of information by listed companies. Various communications such as notices, press releases, the regular quarterly, half-yearly and annual compliances and disclosures are filed electronically on these portals. In addition, such disclosures and communications are hosted on the Company's website www.wabag.com.

The quarterly compliance report on Corporate Governance has been submitted to the stock exchanges where the Company's equity shares are listed in the prescribed format duly signed by the Company Secretary and placed before the Board held after the said submission.

i. **Designated Mail Id:** The Company has designated mail ID for Shareholder services: companysecretary@wabag.in.

j. **Communication to Shareholders on email:**

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

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

k. Dissemination:

The Company has a policy on the determination of materiality for disclosure of events or information. The said policy is also available on the Company's website www.wabag.com.

l. Investor Relations:

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

7. SEBI Complaints Redress System (SCORES):

SEBI vide its circular dated 26th March, 2018 issued new policy measures w.r.t. SEBI Complaints Redress System (SCORES). As per the new process, SEBI has requested the Members to approach the Company directly at the first instance for their grievance.

8. General Shareholder Information

8.1	**Company Registration details**	Registered in the State of Tamil Nadu, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L45205TN1995PLC030231
8.2	**Company address for correspondence and details of Registrar to Issue and Share Transfer Agents**	Given under Corporate Information Section of this Annual Report
8.3	**Company Secretary & Compliance Officer**	Mr. R Swaminathan VA TECH WABAG LIMITED 'WABAG HOUSE' No.17, 200 Feet Thoraipakkam – Pallavaram Main Road, Sunnambu Kolathur, Chennai 600 117 Phone : 91-44-6123 2323 Fax : 91-44-6123 2324 Email: companysecretary@wabag.in
8.4	**Annual General Meeting**	Date: Wednesday, September 23, 2020 Time : 3:00 P.M. (IST) Venue : Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")
8.5	**Financial Calendar**	Financial Year: April 1 to March 31
		For the Financial Year ended March 31, 2020 results were announced on:

June 30, 2019	August 12, 2019
September 30, 2019	November 12, 2019
December 31, 2019	February 08, 2020
March 31, 2020	July 31, 2020 *(within extended time permitted by SEBI due to COVID-19 pandemic situation)*

For the Financial Year ending March 31, 2021 results will be announced (tentatively) on:

June 30, 2020	By end of second week of September 2020*
September 30, 2020	By end of second week of November 2020*
December 31, 2020	By end of second week of February 2020*
March 31, 2021	By end of May 2021*

*Note: The above dates are tentative and Meetings will be held well within the prescribed time limit under Law.

8.6 Dates of Book Closure

Tuesday, September 15, 2020 to Wednesday, September 23, 2020 (both days inclusive) for 25th AGM of the Company.

8.7 Listing Details:

Name & Address of Stock Exchanges	Stock Codes
BSE Limited (BSE) - Floor 25, PJ Towers, Dalal Street, Mumbai - 400 001.	**533269**
National Stock Exchange of India Limited (NSE) - Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.	**WABAG**
ISIN for depositories	INE956G01038

The Company has paid the listing fees to BSE & NSE and the custodian charges to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the Financial Year ended March 31, 2020.

9. Market Price Data & Performance

A. Stock Performance

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

Month	National Stock Exchange			BSE		
	High (INR)	Low (INR)	Monthly volume	High (INR)	Low (INR)	Monthly volume
April 2019	333.00	283.50	16,79,988	332.50	282.50	1,68,283
May 2019	324.65	256.90	25,03,345	324.40	256.95	3,37,640
June 2019	343.30	289.10	18,28,413	343.80	290.00	1,56,225
July 22019	352.75	283.20	66,93,329	352.45	284.00	6,55,670
August 2019	294.25	258.55	20,20,864	294.70	258.45	2,24,616
September 2019	312.00	266.50	12,85,266	311.90	265.00	1,67,067
October 2019	274.80	167.15	52,46,281	275.00	167.35	5,63,312
November 2019	201.60	160.30	27,97,056	201.25	160.20	2,39,125
December 2019	196.70	164.00	75,21,976	196.95	164.00	7,58,823
January 2020	237.75	178.40	1,96,42,182	236.45	178.40	21,81,111
February 2020	235.00	187.10	76,51,641	235.00	185.00	6,73,544
March 2020	197.70	81.80	36,93,896	197.30	82.70	6,32,994

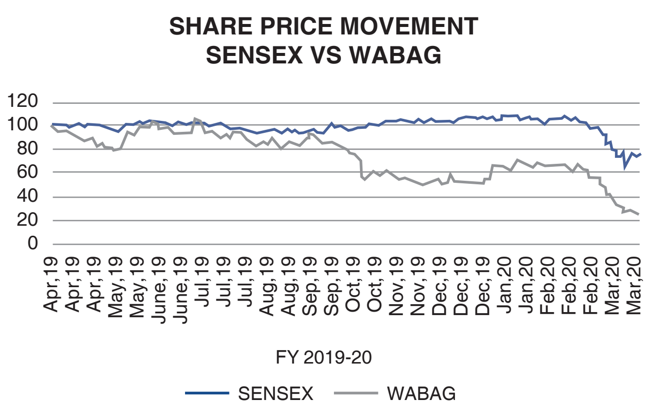
[Source: This information is compiled from the data available from the websites of NSE and BSE]

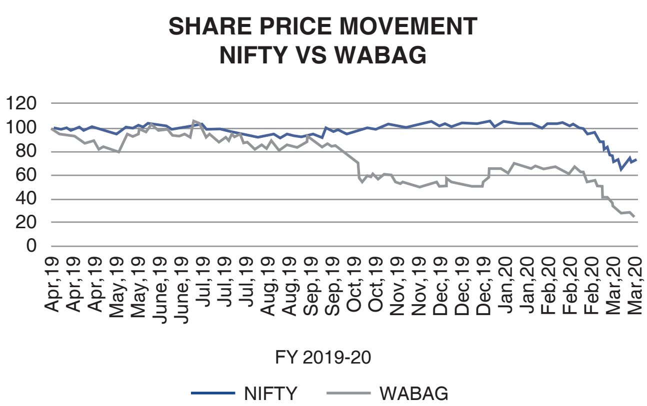
2. **Share price performance during Financial Year 2019-20 in comparison to broad based indices - BSE Sensex and NSE Nifty**

Month	VA TECH WABAG's Closing Price on NSE on the last trading day of month (INR)	BSE Sensex at the Close of last trading day of the month	NSE Nifty at the Close of last trading day of the month
Apr-19	286.25	39031.55	11748.15
May-19	318.95	39714.20	11922.80
Jun-19	309.20	39394.64	11788.85
Jul-19	290.70	37481.12	11118.00
Aug-19	276.30	37332.79	11023.25
Sep-19	271.20	38667.33	11474.45
Oct-19	197.05	40129.05	11877.45
Nov-19	175.15	40793.81	12056.05
Dec-19	182.50	41253.74	12168.45
Jan-20	215.05	40723.49	11962.10
Feb-20	188.25	38297.29	11201.75
Mar-20	82.35	29468.49	8597.75

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

A.





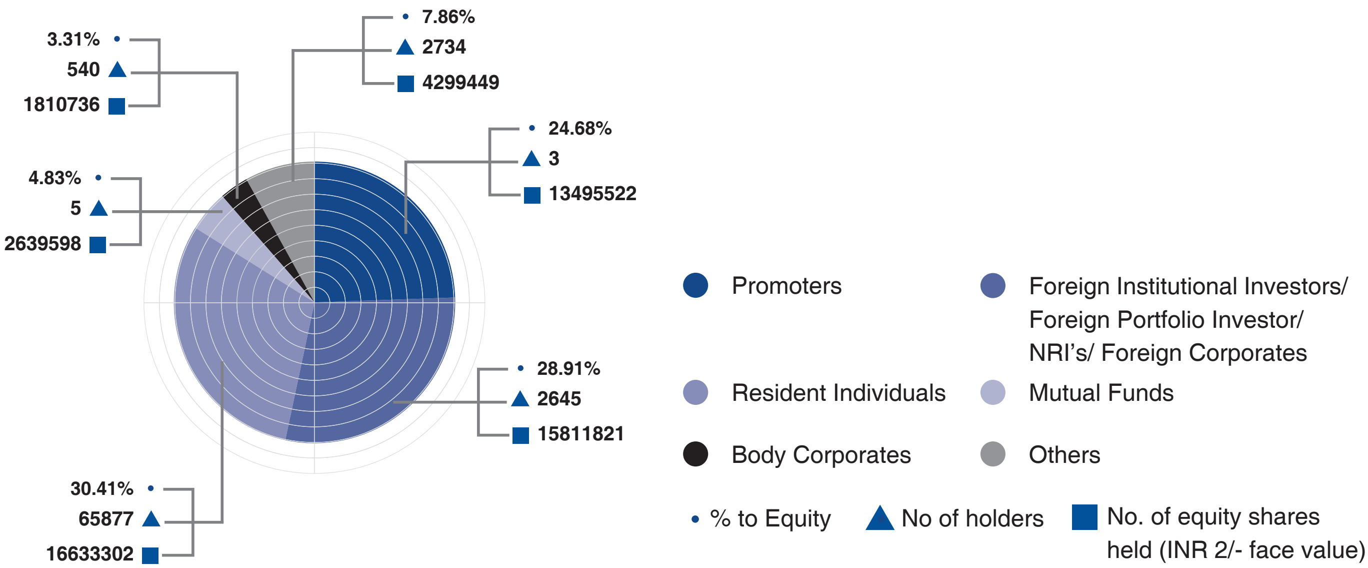
B. Share Capital Details: Distribution of Equity Shareholding as on March 31, 2020

Distribution of Shareholding as on March 31, 2020 (PAN based)

Sl. No	Range of shares	No. of Shareholders	% to Shareholders	Total no. of Shares	% to Equity
1	1 - 1000	68433	95.31	8331328	15.23
2	1001 - 2000	2045	2.85	2979479	5.45
3	2001 - 3000	494	0.70	1246048	2.28
4	3001 - 4000	237	0.33	843192	1.54
5	4001- 5000	140	0.19	651330	1.19
6	5001 - 10000	239	0.33	1689268	3.09
7	10001 - 20000	95	0.13	1343282	2.46
8	20001 - 30000	30	0.04	742653	1.36
9	30001- 40000	17	0.02	598708	1.09
10	40001 - 50000	5	0.01	230815	0.42
11	50001 - 100000	23	0.03	1574891	2.88
12	100001 and above	46	0.06	34459434	63.01
	Total:	**71804**	**100.00**	**54690428**	**100.00**

C. Shareholding Pattern as on March 31, 2020 is provided in Annexure VI to Board's Report.

D. Categories of Equity Shareholders as on March 31, 2020 (PAN based)



E. Share Transfer System/ Other Related Matters

Share transfer

M/s. KFin Technologies Private Limited erstwhile known as Karvy Fintech Private Limited is the Company's Registrar and Transfer Agent ("RTA") for carrying out share related activities like transfer of shares, transmission of shares, transposition of shares, name deletion, change of address, amongst others. All the documents received from shareholders are scrutinised by the Company's RTA. The shares lodged for transfer etc. are processed and share certificates duly endorsed are returned within the stipulated time, subject to documents being valid and complete in all respects. The Stakeholders Relationship Committee ("the Committee") has delegated the authority for approving transfer, transmission etc., of the Company's securities to the Managing Director / Chief Financial Officer / Company Secretary.

A summary of approved transfers, transmissions, deletion requests, etc., if any, are subsequently placed before the Committee of the Board from time to time as per SEBI LODR. Pursuant to regulation 40(9) of the SEBI LODR as amended from time to time, the Company obtains certificate from a practicing Company Secretary on a half-yearly basis to the effect that all the transfers, if any, are completed within the statutory stipulated period. A copy of the certificate, so received, is submitted to both Stock Exchanges, where the shares of the Company are listed.

During the year the name of RTA was changed from Karvy Fintech Private Limited to KFin Technologies Private Limited and e-mail was updated as einward.ris@kfintech.com. The Company on December 17, 2019 had duly intimated the stock exchanges about the change in name and e-mail address of RTA.

Nomination facility for shareholding

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

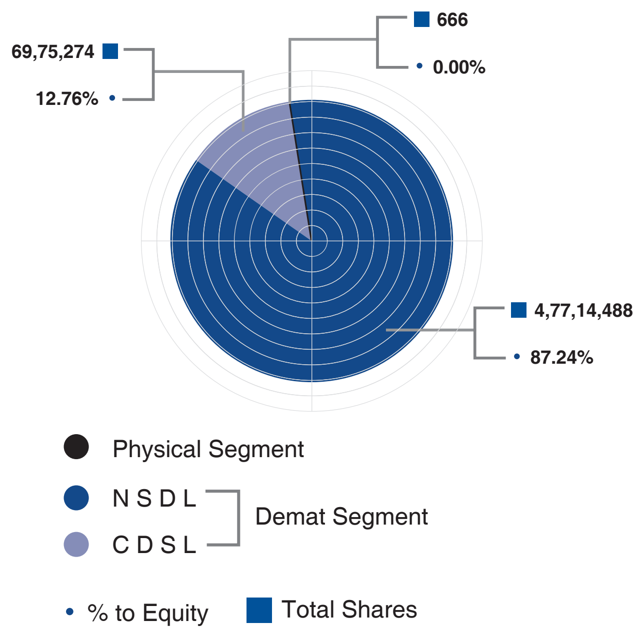
Permanent Account Number (PAN)/ Bank Mandate

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

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

F. Dematerialisation of Shares

99.99% of Company's equity shares representing 54689762 equity shares have been dematerialised as on March 31, 2020. Trading in Equity Shares of the Company is permitted only in dematerialised form. Break up details of shares in physical and demat form as on March 31, 2020:



In terms of the Regulation 40(1) of the SEBI LODR as amended from time to time, except in case of transmission or transposition, requests for effecting transfer of securities of listed companies shall not be processed unless the securities are held in dematerialised form with a Depository. In view of the above, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form.

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

G. Liquidity

The Company's Equity Shares are actively traded on both NSE and BSE. Substantial increase in trading activity of the Company's equity shares was witnessed during FY 2019-20 as compared to FY 2018-19.

H. Outstanding ADRs/GDRs/Warrants or any Convertible Instruments, conversion date and likely impact on Equity

The Company has not issued any ADRs/GDRs/ Warrants or any convertible instruments.

10. Global presence: Given under Management Discussion and Analysis of this Annual Report.

Declaration on Code of Conduct

To

The Members of VA TECH WABAG LIMITED

This is to confirm that the Board has laid down a Code of Conduct for all Board of Directors and Senior Management Personnel of the Company.

It is further confirmed that all Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company as at March 31, 2020, as envisaged in the 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Chennai
July 31, 2020

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, 2020 and to the best of our knowledge and belief:

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

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

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

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

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

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

(ii) no significant changes in accounting policies during the year 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.

July 31, 2020

Sandeep Agrawal
Chief Financial Officer
New Delhi

Rajiv Mittal
Managing Director & Group CEO
Chennai

Certificate on Corporate Governance

To

The Members of VA TECH WABAG LIMITED,

I have examined the compliance of the conditions of Corporate Governance by VA TECH WABAG LIMITED, Chennai for the year ended on March 31, 2020, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR")

The compliance of the conditions of corporate governance is the responsibility of the management. My examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of corporate governance as stipulated in the SEBI LODR during the year ended March 31, 2020.

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

For M. Damodaran & Associates LLP

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

Place: Chennai
Date: July 31, 2020

Business Responsibility Report

[Pursuant to Regulation 34(2) (f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI LODR")]

Sustainability is an integral part of business in WABAG. Sustainable management of water, energy & waste have always been a priority at WABAG business proposals, which the Company believes, shall also enhance stakeholder's value in the long term. 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. WABAG continues to be resource efficient and put in efforts towards better environment management.

This Business Responsibility Report (BRR) conforms to the requirement of SEBI LODR and the National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibility of business released by Ministry of Corporate Affairs, Government of India (MCA).This Report provides an overview of activities/initiatives carried out by WABAG.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: **L45205TN1995PLC030231**
2. Name of the Company: **VA Tech Wabag Limited**
3. Registered address: **"WABAG HOUSE", No. 17, 200 Feet, Thoraipakkam - Pallavaram Main Road, Sunnambu Kolathur, Chennai 600117, Tamil Nadu, India.**
4. Website: www.wabag.com
5. E-mail id: companysecretary@wabag.in
6. FY reported: **April 1, 2019 – March 31, 2020**
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

GROUP	CLASS	ACTIVITY
360	3600	**Water collection, treatment and supply**
370	3700	**Sewerage**

8. The three key services that the Company provides in the field of water are as follows:
   a. **Engineering, Procurement & Construction (EPC)**
   b. **Operation & Maintenance and Refurbishment & Lifecycle Partnership (O & M)**
   c. **Build Own Operate & Transfer (BOOT)**
9. Total number of locations where business activity is undertaken by the Company
   (a) Number of International Locations (Provide details of major 5):

   WABAG headquartered in Chennai, Tamil Nadu, India has its presence in South-East Asia, Middle-East, Africa and Europe geographies through 22 direct and indirect Subsidiaries, JV's and Associates.

   (b) Number of National Locations: WABAG headquartered in Chennai, Tamil Nadu, India has 4 regional offices at Delhi, Kolkata, Pune and Vadodara in India and presence in over 50 sites in India.
10. **Markets served by the Company** – Local/State/National/International:

Local	State	National	International
✓	✓	✓	✓

SECTION B: FINANCIAL DETAILS OF THE COMPANY

(As on 31.03.2020)

1. Paid up Capital (INR): 10,93,80,856/-
2. Total Turnover (INR in lakhs):1,76,693/-
3. Total Profit after Taxes (INR in lakhs): 5,876/-
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after Tax (%): 2% of average net profits of the Company made during the three immediately preceding Financial Years: **Please refer Annexure IV to the Board's Report**
5. List of activities in which expenditure in 4 above has been incurred: **Please refer Annexure IV to the Board's Report**

SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?**

   Yes.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such Subsidiary Company (ies).

The BR initiatives of the Company are extended to the Subsidiary/Associate/ JV entities of the Company to the extent applicable. In addition to this, Subsidiary Companies are also encouraged to take various other initiatives besides their own BR initiatives. WABAG encourages its Subsidiary Companies to adopt its Corporate Policies and practice, to the extent required for better governance.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) does business with, participate in the Business Responsibility (BR) initiatives of the Company?

If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]

Yes. WABAG continues to promote BR initiatives in its value chain and encourage its suppliers, vendors etc., to adopt BR initiatives in their dealings with the Company. The size of the suppliers base are increasing for business requirements and the Company continuously engage its best efforts to enhance the participation in the Business Responsibility initiatives of the Company. At present, less than 30% of its suppliers/ vendors participate in BR initiatives.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

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

1. DIN: 02353065
2. Name: Mr. S Varadarajan
3. Designation: Whole - Time Director & Chief Growth Officer

(b) Details of the BR head

Sl No.	Particulars	Details
1	DIN (if applicable)	02353065
2	Name	Mr. S Varadarajan
3	Designation	Whole - Time Director & Chief Growth Officer
4	Telephone Number	+91 - 44 - 61232323
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 Principles of Business Responsibility.

Name of the Principles

P1 - Business Ethics

P2- Product Responsibility

P3- Employee Wellbeing

P4- Stakeholders' Engagement

P5 - Human Rights

P6- Environmental Protection

P7- Public and Regulatory Policy

P8- CSR

P9- Customer Relation

Sl. 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 /process framed by the Company are prepared in accordance with the applicable laws and in line with the international standards, as applicable for the business operations of the Company and its group, from time to time.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	The policies have been signed by one of the Key Managerial Personnel and/ or placed before the Committee/Board, for their review and approval.								

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
5.	Does the Company have a specified Committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	Most of the relevant policies are disseminated and uploaded for information to the relevant stakeholders and employees. The statutory policies are available on www.wabag.com/compliances and certain management policies are available in the intralink facility for information of relevant stakeholders.								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, the policies have been communicated to all internal/external stakeholders, as the case may be, and/or made available to the concerned stakeholders based on their relevance.								
8.	Does the Company have in-house structure to implement the policy/ policies?	Yes, WABAG has established in-house structures to implement the policies.								
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes, WABAG continue to maintain its standards and commitment to its stakeholders, at all times thereby addressing their grievances and concerns, if any, from time to time through its in house process and methods. Human resource grievance redressal system, Whistle Blower mechanism, Prevention of Sexual Harassment policy ("POSH") etc., provides opportunity to report any concerns or grievances pertaining to any potential or actual violation of the relevant policies including remedial measures /action taken by appropriate Committee / Members to address such violation/concern, as the case may be. An Investor grievance mechanism is also in place to respond to any investor grievances. WABAG also through various modes viz., open house forum, year end presentation, town hall and quarterly review meetings, discuss on various stakeholders issues and take appropriate action to address such issues/ concern. WABAG also receives customer feedback on an annual basis and initiate necessary action for modification /amendment to such policies on a periodical basis based on feedback/legal /business requirements.								
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The implementation of the policies are reviewed/evaluated through internal control/audit function of the Company and/or periodically reviewed and monitored by internal / external members, as and when required.								

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

3. Governance related to BR

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

The Comprehensive BR performance will be assessed annually.

(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.wabag.com. Business Responsibility Report is published as and when applicable.

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?

   Yes. The Company has built trust with its stakeholders by adhering and ensuring commitment to compliance, disclosure, responsible and ethical business conduct. The Company's Governance framework urge the high standards of ethical and responsible conduct of business to create value for all the stakeholders. The Company's approach covers key principles of transparency, responsibility and accountability. Across the organisation, it strives to ensure highest levels of adherence to these principles through its policies like Code of Conduct for Board Members and Senior Management Personnel, Code of Conduct for Employees, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, Policy on POSH, Anti-Bribery Policy, Whistle blower policy, amongst others. The codes and policies communicate our zero tolerance approach towards ethical violation and requirement for good culture of promoting ethics and integrity.

   The Company's code of conduct covers the issues inter alia related to ethics & bribery. It covers all dealings with suppliers, customers & other business partners, Subsidiaries, Joint Ventures, Associates and other stakeholders. The Code guides the Directors, Senior Management Personnel & Employees to conduct themselves in professional, courteous and respectful manner and also ensure their independent judgement is not impacted.

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

   The Vigil Mechanism Policy serves as a mechanism for its Directors, employees and other stakeholders to report any genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Code of Conduct. The Company has not received any significant complaints from stakeholders in the previous Financial Year under such policy. The normal grievances, complaints of the stakeholders are attended to and resolved on a periodical basis within the timeline prescribed under law.

   The stakeholder's complaints arising out of dealing in securities of the Company have been addressed as part of investor services and the details of such cases handled by the Company during the FY 2019-20 is referred in Corporate Governance section of this Annual Report.

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

WABAG is committed to providing innovative and sustainable water technology solutions to its customers / clients. Sustainability and Safety are the two guiding principles of WABAG's business. Its projects are not only technology intensive but tailor made to meet customer critical needs. The number of desalination, zero liquid discharge and re-use plants that we build for our customers are testimony of our business philosophy on sustainability and has significant business presence in the Global Market both in the EPC and Service sector of Water business. WABAG provides innovative, entrepreneurial and empowered team committed to total customer satisfaction and value creation. Also, as part of business, customers prescribe safety and sustainability standards in its tender specifications for setting up their plants, which WABAG ensures adherence to such standards not only during engineering, procurement, construction but also in O&M of the said plant(s) wherever applicable.

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

   WABAG is committed to provide sustainable water solutions including by way of reusing and recycling of water. WABAG provides access to clean drinking water and treat municipal and industrial wastewater making it environment friendly.

   WABAG is a system integrator and provides designs, processes to address social and environmental concerns. In the perspective of UN SDGs 2030, WABAG's projects have contributed to the goals of clean water and sanitation, affordable and clean energy, good health and well being, mitigation of climate change challenge, responsible consumption and production and economic growth.

   Three major offerings that contribute in this regard are: Drinking Water Schemes, Municipal & Industrial Effluent Treatment and Sludge Management.

WABAG is committed to safeguarding the health and safety of its stakeholders by providing clean environment through technological innovation, training, procedures and bench-marking. This in turn improves the productivity and operational efficiency thereby complementing timely delivery of the project. Thus, WABAG contribute in a sustainable way for environmental protection.

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

(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

WABAG engaged in providing innovative water solutions to its clients by setting up plants and/or provides O&M services. Every O&M site for us is a water factory where we produce quality water or quality treated water for use by industries or people in the cities concerned. To quote a few, the TTRO commissioned by WABAG in Koyambedu Chennai is a 45 MLD capacity plant producing potable water from domestic sewage and it is consumed by certain industries in Chennai. Our operation of Kodungaiyur STP with high quality secondary treated water goes to another TTP and caters to industries around. These kind of plants have achieved reduction of river/reservoir water consumption by Industries and that much water becomes available for domestic consumption.

In O&M services, the Kodungaiyur and Perungudi STP plants operated by WABAG have produced cumulatively approx. 48 million metre cube of gas and have generated approx. 88 million KWH of power from the gas in the last 14 years.

The projects executed by WABAG across the Globe have an impact in enhancing quality of life of the people. A few of the key projects undertaken by WABAG in recent years have an impact on improvement of environmental and social impact which are as follows:

A. UP Jal Nigam – 140 MLD STP at Dinapur

B. OWSSB - I - 36 MLD STP at Cuttack

C. Petronas Rapid Project - Package N° 16A - ETP, Malaysia

A. UP Jal Nigam – 140 MLD STP at Dinapur U.P:

The 140 MLD Sewage Treatment Plant in Dinapur, U.P. with Power Generation was commissioned in November, 2018 in the presence of our Hon'ble Prime Minister Shri. Narendra Modi and is producing high quality treated water which is put back into Ganga River.

This STP is the first plant commissioned in the Ganga River belt under "Namami Gange" with highest quality. Namami Gange is an integrated conservation mission by both National Mission for Clean Ganga (NMCG) and State Mission for Clean Ganga (SMCG) duly funded by Japan International Cooperation Agency (JICA).

This STP is one of the largest plants in Ganga River belt, which is built to treat the sewage, to the international standard and pumping into River Ganga.

The STP is also producing power, which is sufficient to run the plant from Bio gas generation. This STP is recommended by JICA and many other leading consultancy organizations as a State of the Art project with advanced technology incorporating Power Generation.

The successful implementation of the project has helped to reduce the volume of untreated sewage discharge into River Ganga at Varanasi by over 50%.

The plant is powered by green energy generated from bio sludge.

The salient features of the plant are:

i) Treatment system comprises - Grid Removal System, Primary Clarification, followed by Activated Sludge process, Secondary Clarification, Chlorination and then the treated water is discharged in Varuna River which is the minor tributory of River Ganga.

ii) The sludge from the primary clarification is taken to Digester System wherein the gas is generated and after treatment fed to Biogas engine to produce the power, which is sufficient to run the power plant, by captive consumption.

B. OWSSB – Cuttack–I – 36 MLD – STP:

Cuttack is an ancient city having no Sewerage Treatment Plant and with the setting up of this 36 MLD Sewage Treatment Plant at Cuttack-I, the high quality treated sewage is channelled to Mahanadi River.

The plant was commissioned in December, 2018 and is producing high quality treated water.

This is the first Sewerage Treatment Plant in Cuttack-I.

This plant is recommended and funded by JICA and many other leading consulting organizations as a State of the Art project with advanced technology.

The salient features of the plant are:

i) Treatment system comprises - Grid Removal System, Primary Clarification, Activated Sludge process, Secondary Clarification, Chlorination and then the treated water is disposed to Mahanadi River.

C. Petronas Rapid Project - Package Nº 16 A ETP, Malaysia

This Effluent Treatment Plant forms part of the largest grass root Refinery in the world and provides a significant reference for WABAG.

The different Units which are part of Effluent Treatment plant are as follows:

- Common Facilities Unit -
  - Provided for the treatment of Utility Effluents
  - Treated effluent from all Unit sent to Observation pond and pumped to Sea outfall
  - Off-spec effluent/Treated effluent management
- AOC Treatment Unit – Run off Rainwater collected in complete RAPID site is sent to this unit for treatment.
- Process Effluent Pre Treatment Unit – Spent caustic effluent of high strength is pretreated in Wet Air Oxidation (WAO) system.
- Conventional Treatment Unit
  - Continously Oil Contaminated water (COC) process effluent generated from Refinery and petrochemical process units are treated in this Unit.
  - Oil seperation system, 2-Stage Biological system and tertiary filters provided as part of process scheme.
- Sanitary Wastewater Treatment Unit – Sanitary wastewater from complete RAPID site is sent through a single header to this unit for treatment.
- Sludge Treatment Unit – Sludge generated within the ETP are processed for easy handling and disposal.
- Vapor Recovery Unit – Offgas and VOC gas from oil handling areas in ETP are treated in carbon filters.
- Slop Oil Handling Unit – Oil seperated in ETP is segreated and stored for disposal through tankers.
- ETP Interconnecting Unit.

The salient features of the plant are:

i) Treatment of effluent streams at a centralized ETP.

ii) Treated effluent quality Stringent IFC environmental norms.

iii) Designed to comply Industrial effluent Regulations 2009, Clean Air Regulations Act 2014, SPAN guidelines (for sanitary).

iv) Treated effluent from AOC Treatment Unit is reused as Service water in Refinery complex and ETP complex for more than 10% generated.

v) Treated Sanitary will be reused for irrigational purpose within the Refinery complex.

vi) Online performance monitoring system provided at different stages of treatment to classify quality standards compliance.

vii) Sludge generated is dryed upto 90%, Dry Solids concentration for easy handling and disposal.

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

Yes

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

WABAG endeavors to integrate sustainability in the procurement of goods / products required for setting up / maintaining the plants / projects. The Company has a stated Procurement Procedures and Policy manual and an Environmental, occupation health and safety policy. Every supplier is required to adhere to these policies. The team is in continuous pursuit to increase the degree of compliance with these policies with each passing year. The policy covers issues like health of their workers deployed, safety measures (helmet, rope, safety belt etc.) adopted, discharge from equipment, hygiene norms, and prevention of child or forced labour, etc. WABAG procures 30% of its equipments from International vendors from Europe and USA, where stringent compliance to Environmental & safety standards are adhered to. WABAG advocates significant proportion of its sourcing requirements from local suppliers, in an effort to provide cost effective and sustainable transportation of goods to our Clients.

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

Yes

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

WABAG awards most of its Service contracts like security, canteen, employee transport, housekeeping and other repairs and maintenance, erection contractors through local sources neighbouring its sites, thus creating employment opportunities. Since WABAG deals in engineering products, most of the sourcing are from the organized sector. However, keeping in mind the need for community development, WABAG do procure some engineering items from small producers (MSMEs) and WABAG help them improve their product quality through continuous collaboration to hone their engineering skills. In projects funded by EXIM, around 75% of the project component is sourced from local players in India.

(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.

WABAG has always advocated the reuse of water conveyed through an often repeated slogan "Water is too precious to be used just once". With an efficient treatment and recycle mechanism in place, WABAG has successfully demonstrated the concept of recycle mechanism in the following projects:

Rehabilitation and Expansion of WWTP at Guheshwori, Nepal

The Purpose of the project is to rehabilitate and expand the Guheshwori WWTP so as to reduce pollution load to be discharged into Bagmati River due to malfunctioning of the existing WWTPs. The plant is designed & built to treat an average flow of 32.4 MLD by Rehabilitation and Expansion and thereafter Operation and Maintenance for a period of 10 years.

The Guheshwori WWTP is located beside the sacred Bagmati River in Kathmandu, Nepal. The Pasupatinath temple, religious Ghats are situated near WWTP.

The biological treatment for the plant offered is based on Conventional Activated Sludge Process with the existing oxidation ditch based on surface aerator is converted to diffused aeration system. Further the sludge generated from the treatment plant is anaerobically digested to generate Biogas which in turn is used for generation of power using gas engines.

WABAG started commissioning of the plant at the end of 2019 and was now able to complete the liquid stream Performance Guarantee Test Run.

The project is funded by the Asian Development Bank (ADB) and represents the second order in Nepal after the Melamchi Drinking Water Treatment Plant (funded by JICA, Japan), which was completed in 2018.

The salient features of the plant are:

i) A first of its kind in Kathmandu, a Wastewater treatment plant with Power generation facility reducing the dependency on grid power.

ii) Tertiary Treatment with disc filter & disinfection provided with facility to divert the treated water for ritual bathing in the banks of Bagmati River near Guheshwori temple.

iii) The treated effluent has to achieve stringent contract norms in terms of quality parameters than that specified in the Nepal Gazette.

iv) Plant is designed for future expansion.

v) The existing WWTP remained operational during the plant expansion, to maintain the effluent quality.

vi) Odour control system with bio filters to achieve odour levels outside the plant boundary.

Koyambedu TTRO Chennai, India – The plant helps save over 16 million m^3 liters of freshwater every year, thus providing a role model in urban water governance

WABAG was entrusted with the technologically most advanced and the largest water reuse plant in India, the Koyambedu Reuse Project, under Govt. of India's flagship AMRUT program. WABAG successfully commissioned the Koyambedu TTRO Plant in Chennai, India, which was inaugurated by the Honorable Chief Minister of Tamil Nadu Shri. Edappadi K. Palaniswami in November, 2019.

The project marks a decisive step in the direction of municipal water recycling, thereby promoting an alternative and viable model for urban water governance. Successful execution of the 45,000 m^3/day Koyambedu water reuse project in 2019 emerged as the messiah for water security. Marking a milestone in making Chennai water resilient, the reuse project will help save over 16 million m^3 of freshwater every year, securing water supply for Chennai's population of over 10 million people.

The salient features of the plant are

i) This project is of mutual benefit to both municipalities and industries, thus giving impetus to the recent policies framed by Government of India on municipal industrial partnerships for reuse of treated water

ii) This project proves to be a robust revenue model to enhance the financial muscle of utilities in India.

iii) Tertiary treated water from the plant would be supplied to industries in south of Chennai through a 60 km pipeline

iv) Chennai Metro Water, the city's utility, would earn a handsome INR 120 per m^3 of treated water sold to the industries, thus accruing around INR 200 crore per annum which would supplement the utility's finances, enhance its credibility, help pioneer more such projects and present a role model for other utilities to replicate such projects across India.

v) The project has been a bellwether, Integrating a multi-stage treatment scheme i.e. Ultrafiltration (UF) and Reverse Osmosis (RO), with the RO stage achieving an excellent recovery rate of 80%.

vi) As the first reuse plant in the country to integrate ozonation technology for disinfection, the process guarantees superior quality water equal to drinking water standards, setting a benchmark for future reuse plants planned across India by the Government.

Energy Conservation/Recovery – 24MLD Desalination Plant at Jamnagar

In order to conserve energy, the design adopted by WABAG in 24 MLD desalination plant for Reliance Industries Limited at Jamnagar, which is engineered for 72 MLD capacity which supply the process water for their refinery.

The plant uses pressure exchanger with up to 97% efficiency which extract energy from high pressure brine (Waste) and transfer to the feed water thereby reducing the size of high pressure pump and energy consumed. This has helped WABAG to reduce the plant's power consumption.

Principle 3: Businesses should promote the wellbeing of all employees

Since WABAG employees are from various states of the Country, we do the celebrations periodically at regional offices & sites. For wellbeing of employees, Company periodically conducts the health camps like eye care, dental care etc. WABAG also provides healthy snacks & drinks as part of employee welfare activities. To showcase the talent & to unleash the hidden potential of various employees, periodical stage shows/ games are being conducted to make them feel good.

1. Please indicate the Total number of employees.

   1051 employees on rolls as on March 31, 2020

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

   Number of employees hired on contractual / consultant basis are 277 as on March 31, 2020

3. Please indicate the Number of permanent women employees.

   95 permanent women employees as on March 31, 2020

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 FY and pending, as on the end of the FY.

   We received only one complaint relating to POSH during the Financial Year 2019-20 and the same was resolved and there is no complaint pending under POSH as at the Financial Year ended March 31, 2020.

8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?

S. No.	Details	Safety Training		Skill & Development Training	
		No of employees in %	Hours of Training	No of employees in %	Hours of Training
(a)	Permanent Employees	76.59	864	42.76	16277.5
(b)	Permanent Women Employees	6.38	72	70.52	2335
(c)	Casual/ Temporary/ Contractual Employees	14.89	168	19.71	135.5
(d)	Employees with Disabilities	-	-	-	-

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

As part of day to day operations, WABAG business is responsive towards its stakeholders. For FY 2019-20, the Company has disposed 4.2 Tons of paper waste as against an average of 6 Tons every year. This reduction in waste generation is due to various conservation activities we have carried out like double side printing of paper and automatic deletion of print command in the printer if print not taken within reasonable time. These papers are being sent to recycling to TNPCB – authorised recycler ITC for recycling. The proceeds of this recycled papers are obtained in the form of school stationeries like note book, pencils, erasers etc. which are being distributed to nearby government panchayat school students who are in need of the same instead of being used/ converted as revenue to the Company. These sort of activities performed by the Company are again in addition to and outside the purview of CSR activities of the Company.

In the process of such paper recycling, we are also conserving the environmental resources by reducing the cutting of trees to the tune of 200 trees, which would have been cut if at all we are going for equivalent amount of stationery. This also being certified by "Wealth out of Waste" initiative by ITC paper Board.

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

   Yes, the Company has mapped its key internal and external stakeholders such as Employees, Members, Lenders, Government and Regulatory Authorities, Local Communities, Suppliers and Contractors and NGOs etc.

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. It also forms the basis of the Company's CSR initiatives design to make it more focused towards improving life quality of local community people.

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

   The Company engages with its identified stakeholders through various business and structured level engagements / programmes on an ongoing basis. We run specific programs under our "Corporate Social Responsibility (CSR)" umbrella focused on benefitting the disadvantaged vulnerable and marginalized communities. Our CSR Projects not only run around our operations, but are extended much beyond that.

   Some of the Key initiatives taken by the Company during the FY 2019-20:

   1. Restoration of Traditional Irrigation System, at Killai, Cuddalore
   2. Drinking Water Project (RO) Valluvar Gurukulam

3. Awarness Program on Ganga River
4. Community Water Purification Projects
5. STP Project at Warangal
6. Watershed Development Projects at West Bengal and TamilNadu
7. WATSAN Project of Janaagraha

The details of the above mentioned projects are covered in CSR section of this Annual Report.

Principle 5: Businesses should respect and promote human rights

WABAG ensures compliance with applicable laws of the land pertaining to human rights, in order to preserve the rights of all its internal and external stakeholders. The compliance under this aspect is reviewed by the Management and / Board of Directors from time to time.

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

   Aspects of Human Rights such as Child Labour, Forced Labour, Occupational Safety, Non-discrimination are covered by various human resource policies and are strictly adhered by WABAG including Subsidiary and JV / Associate Companies.

   Further WABAG has formulated & circulated a policy on Prevention of Sexual Harassment at Workplace, Whistle-blower Policy and has created grievance redressal mechanism.

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 2019-20 except a complaint as indicated in Principle 3.

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

WABAG stands for sustainability. The Company's wide array of offerings focuses on highest standards of treatment to preserve, rejuvenate and recharge natural water sources.

On the industrial front, WABAG has globally ensured that harmful industrial contaminants do not pollute the limited freshwater sources. Further, WABAG has contributed to maintaining the water balance by promoting treatment and recycle of industrial effluents to reduce the burden on freshwater sources.

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

   The Company has well-defined policies/principles in place relating to Health, Safety and Environment. These policies foster utmost employee safety and wellbeing which not only takes care of the wellness of employees but also the environment. At present the said policy extends to all personnel who are involved in the project.

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

   Yes. WABAG being an environmentally conscious organization, seeks to develops strategies & initiatives which promotes Sustainability. The leadership commitment reflects in the technology & practices applied at our EPC sites & Water Treatment Plants. The aim is to reduce the wastage of resources and protect the Environment.

   WABAG constantly endeavours to promote production of green power from bio sludge at its wastewater treatment plants. The Kodungaiyur STP in Chennai has the national distinction of completing maximum runtime with a single gas engine to produce green power from wastewater. This model has resulted in significant reduction of carbon emissions for over a decade.

   The plant has not only promoted the concept of sewage as a resource rather than a liability but has also demonstrated a successful model which focuses on a self-sufficient uninterrupted power supply model for treatment plants across India, which is a critical factor in ensuring the performance of plants with biological treatment at the heart of the process. By implementing such a successful model more than a decade ago, the plant has acted as a precedent to the recent Government notifications on production of green power from bio sludge, for which the Government also provides a CFA (Central Financial Assistance) as part of subsidy.

   Highest standards in wastewater treatment – removal of micro pollutants at Switzerland, the first country to come up with a legislation of the same. WABAG has innovated and demonstrated patented technologies across the various processes proven to eliminate micro-pollutants.

   MICROPUR® represents an in-house development by WABAG for advanced mechanical pre-treatment and includes an innovative fine sieving system. After a series of pilot plants, the first customer plant for the

Ujams Industrial Park project in Windhoek, Namibia 2014 was installed for an MBR plant (MICROPUR-MBR®). The second customer plant - this time for a conventional activated sludge plant (MICROPUR-CAS®) - is now being implemented in Therwil.

The main technologies to facilitate the elimination of micro pollutants are ozonation and activated carbon adsorption and their combination. Based on these basic processes, WABAG has developed and introduced the BIOZONE® process (ozonation & filtration), for adsorption with Powdered Activated Carbon (PAC) the PACOPUR® and with Granulated Activated Carbon (GAC) the CARBOPUR® process. Combinations of BIOZONE® with PACOPUR® or CARBOPUR® are also suitable and have been already realized. Furthermore, for tailor-made solutions the PAC adsorption can be combined with different filtration technologies, such as the conventional filtration: PACOPUR-SF® or with membrane filtration: PACOPUR-MF® as well as with a membrane bioreactor: PACOPUR-MBR® process.

Replicating the success story globally and making a breakthrough in advanced water technologies with constant innovation, as proof of technological excellence on removal of micro pollutants, WABAG has successfully demonstrated the technology for elimination of micro pollutants. WABAG has successfully applied this technology at 7 WWTPs having a cumulative capacity of over 150,000 m^3/d with an additional 11 WWTPs under construction.

WABAG has been recently awarded an important order in this segment: Thalwil WWTP on Lake Zurich in Switzerland, the world's first municipal WWTP (73,400 m^3/d) with a PAC dosing directly into the membrane filtration plant (MBR). WABAG has emerged as the technology and market leader in Switzerland in this segment and continues to grow backed for innovation, thus transforming the market for elimination of micro pollutants.

The hyperlink as below: https://www.wabag.com/sustainability/

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

Yes. The Organization has established an Environmental Aspect /Impact process to identify & control potential Environmental Risks for all its 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. WABAG has been providing sustainable solution in the field of Water and Waste water sectors by ensuring adherence to environmental, ecological and other laws of land in all its projects, where it is set up or operated, through its innovative and technological methods. The details of such projects are available in our website www.wabag.com and some of which are covered in this report as response to questionnaire and/or also covered in other sections of the Annual Report FY 2019-20.

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. WABAG has done Waste Water Treatment projects which focused on energy recovery from waste. This model involved sludge management and production of biogas which is then used as an energy source. The details of the projects related to Drinking water treatment, Desalination, Wastewater treatment, Sludge Treatment and Energy Recovery, Operation & Maintenance and Water Reclamation are available in our website www.wabag.com

Also some of the technologies indicated in response to Q 6.2 above are part of WABAG initiatives on clean technology, energy efficiency, renewable energy etc,.

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

WABAG's business is not into the generation of any waste. We are treating the waste and the by-products generated from our plants such as sludge & biogas, which are within the permissible limits stated by CPCB/SPCB. The emissions generated are monitored by an external agency every year and the NABL reports are verified by Quality and Health & Safety in order to ensure that compliances are within the limits.

WABAG has an environmental legal monitoring system which ensures that it is updated regarding the CPCB/SPCB requirements and the same is complied with at all projects. The output is tested and strictly conform to the legal and statutory requirements.

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

As on March 31, 2020, 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

WABAG actively participates in industrial forums and professional bodies to engage in proactive dialogue and have an understanding of policies and expectations of stakeholders. The senior leadership team offers their expertise and insights during public policy formulation.

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

   The Company has always adhered to its principle of transparency through timely and adequate disclosure of information to public and regulatory bodies. The Company has been an active participant in representations to the regulatory bodies or trade associations on the matters relevant to the industry as a whole. As on March 31, 2020 the Company is a member of the following trade associations:

   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)

   In fact, some of our officials are serving on the Expert Committees of a couple of chambers.

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

   Yes, WABAG has represented before various forums on Energy Security, Comprehensive Water & Sanitation Policies, Sustainable Business Principles, etc.,

Principle 8: Businesses should support inclusive growth and equitable development

WABAG's main focus is to provide sustainable solutions for a better life. WABAG believes that social, environmental and economic values are interlinked and WABAG belong to an Interdependent Ecosystem comprising Members, Consumers, Associates, Employees, Government, Environment and Society. WABAG is committed to ensure a positive impact of its existence on all stakeholders.

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

   Yes. We have programs/ initiatives / projects that are designed to ensure the principle 8.

   The details of initiative are furnished in the Annexure IV to the Boards Report.

   However, following are some of the projects in support of Principle 8:

   i) **Community Water Purification plant at Telangana State:** During the last Financial Year, WABAG , in partnership with Bala Vikasa, an NGO based out of Warangal District, put up two drinking water treatment plants. Also, during the year under review, one more water purification plant was built at Mettupalli of Jaya Shankarin Bhupalpalli District of Telangana State and one more started.

   ii) **Civic Engagement – WATSAN Project at Bangalore City:** During the last Financial Year, this water and sanitation awareness program was commenced and completed.

   The project covered around 3000 students plus neighbourhood communities. More than a dozen civic projects were undertaken under the "I change my city" with water and sanitation themes.

   About 1700 students were engaged in Civic Festival. 9 WATSAN sessions were held with Water and Sanitation Authorities. Budgetary inputs were received on water and sanitation.

   Experiential field visits with WABAG site team formed part of the program. There was positive response from the schools. Furthermore, there was deep engagement with the officials of Bangalore Water Supply and Sewerage Board (BWSSB).

   iii) **Decentralized Waste Water Treatment Plant and Recycling at Low Income Housing Colony, Warangal, Telangana State:**

   This project, under the guidance of Administrative Staff College of India (ASCI) commenced during 2018-19 and all pre-commissioning activities have been completed. Plant commissioning is awaited since the low income housing colony is yet to be occupied by the members concerned. Soon after the occupation, based on the availability of minimum sewage, the plant would be commissioned.

iv) **Water Augmentation project at Mailam Block, Villupuram District, Tamil Nadu:**

M S Swaminathan Research Foundation (MSSRF) has completed implementation of Phase II of the Water Augmentation project.

The project highlights are:

- Rejuvenation of open wells ensuring the livelihood of poor by providing water for crops almost throughout the year.
- On an average, 3 meter depth of water holding capacity has been seen in all 43 wells.
- Crop diversification – in 19 out of 43 vegetable and 14 out of 43 floriculture units - observed.
- Increased cultivation area of 76.07 acres after rejuvenation.

This water augmentation project made a significant impact as detailed hereunder:

- Farmers income has increased on an average of about 40 per cent after the intervention.
- Ensured cultivation of three crops in a year – farmers could take up diversified crops.
- Ensured almost daily income to the poor families.
- Vegetable cultivation and floriculture enabled family members' employment in their own field instead of their usual migration to city / urban centres.

v) **Online National Quiz for Ganga Quest:**

The impact highlights are:

- Instant branding;
- Impacting the next generation;
- Pan India exposure initiative;
- Children are motivated with prizes;
- NRIs are evincing interest which could be capitalized; and
- This leads to participation by schools in regular clean-up of Yamuna Ghats.

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 the 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 engaged.

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

Yes. The CSR programmes and their impacts/ outcomes are monitored and reviewed by the management periodically and 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 IV to the Boards 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. Once WABAG creates community assets, the assets are maintained by the local community themselves by setting up a local village Committee which WABAG insist upon. This strategy impacts a sense of ownership among the communities.

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

The Business of WABAG is to provide 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.

WABAG is focused on closing all the old projects and accordingly Company closed almost 20 projects and has been attending to customer complaints and sorting out the issues and so far no pending cases as on the end of the FY 2019-20. Company is not dealing with any consumer products.

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 label is not applicable to WABAG. However, WABAG is in Infrastructure business in Water Sector, it displays Safety precautions in all Operation and Maintenance (O&M) projects.

   As part of prudent business practice, WABAG hands over a project document to its client upon completion of its EPC project, which includes critical information relating to Operation & Maintenance manual, Material record book, Performance guarantee test run, drawings and such other documents as may be required for the said project, etc., for efficient and effective operation 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 during the last 5 years and as on March 31, 2020.

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

   In our sector, repeat orders from key clients stand testimony to their faith in our expertise.

   Regarding repeat orders, WABAG have been receiving continuously repeat orders from Reliance. Reliance is one of the most valued customers. WABAG can proudly say that almost all the plants of Reliance built by WABAG are in fine settle.

   Apart from Reliance, there are other customers like Bangalore Water Supply and Sewerage Board (BWSSB), Delhi Jal Board (DJB), Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB), Kolkata Metropolitan Development Authority (KMDA) and Kolkata Municipal Corporation (KMC). WABAG have been receiving repeat orders from these Government bodies. The orders from other clients viz., Dangote Group,Nigeria, Societe Nationale D'exploitation Et De Distribution Des Eaux, ("SONEDE"), Tunisia, Public Utility Board, Singapore and EPC order from Public Authorities of Qatar (ASHGHAL) are some of other repeat orders/projects obtained based on our satisfactory performance of earlier projects/orders.

   Customer feedback are obtained on an annual basis. Visitor book at project sites are being maintained, comments are reviewed and suitable actions are taken to resolve the issues.

For and on behalf of the Board

S Varadarajan
Whole - Time Director & Chief Growth Officer
(DIN: 02353065)

Place: Chennai
Date: August 25, 2020

Independent Auditor's Report

To the members of VA Tech Wabag Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone financial statements of VA Tech Wabag Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, its profit and total comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("Standards" or "SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Emphasis of Matter

a. We draw reference to the note 46 of the standalone financial statements which describes that the Company has been executing projects for M/s. Andhra Pradesh Power Generation Corporation Limited and M/s. Telangana Power Generation Corporation Limited as part of a consortium. The Company took over the projects as consortium leader in 2014-15 and a corporate insolvency resolution process was ordered against the erstwhile consortium lead member M/s. Tecpro Systems Limited ('Tecpro') in 2017-18. The net receivables on these projects of Rs. 47,535 Lakhs, its status and process of recoverability is explained in the aforementioned note. Our opinion is not modified in this regard.

b. We draw reference to note 47 of the standalone financial statements, wherein the Company has disclosed impact assessment due to COVID-19 pandemic. As stated in the said note, the Company has used the principles of prudence in applying judgements, estimates and assumptions to assess the impact of the COVID-19 pandemic on the standalone financial statements and in its assessment based on estimates and judgements considering available information does not indicate any material impact on the carrying value of assets and liabilities as on the reporting date. Further, it will continue to monitor the future economic conditions and assess its impact on the standalone financial statements. Also, the assessment as on date with the available information does not indicate any adverse impact on the ability of the Company to continue as a going concern. Our opinion is not modified in this regard.

Key Audit Matters

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

Independent Auditor's Report (Contd.)

S. No	Key audit matter description and principal audit procedures
1	**Revenue recognition** Refer Notes 3.4, 15 and 25 in standalone financial statements The Company recognises revenue and margin on the stage of completion based on the proportion of contract costs incurred relative to the estimated total costs of each contract. The recognition of revenue and margin therefore relies on estimates in relation to the forecasted total costs on each contract. Cost contingencies may also be included in these estimates to take account of specific uncertain risks arising within each contract. These cost estimates are reviewed by the Company on a regular basis during contract execution and adjusted where appropriate. There is significant management judgement in estimating the amount of revenue and margin to be recognised by the Company up to the balance sheet date and changes to these estimates could give rise to material variances, hence revenue recognition has been considered as a key audit matter. Our procedures included the following: • Evaluated and tested key controls in the management processes in relation to recognition of revenue and margin including: - the preparation, review and authorisation of contract review sheets for contracts which contains estimated total costs for the contracts including cost contingencies - the project reviews that are undertaken by the Company's management - the controls in relation to accrual of cost towards materials and services • Recalculated revenue recognised under the percentage of completion method on a test basis • Evaluated the financial performance of contracts against budget / earlier year and obtained reasons for significant variances thereto. • Tested the contract value, costs incurred to date including the costs accrued for work completed, total contract costs for a sample of contracts selected based on factors such as value of contracts, material new contracts and contracts where significant risks have been identified by the management of the Company. • Conducted site visits on a test basis to confirm our understanding of the risks and controls at site level. • Reviewed the management's assessment of pre-GST taxes adjustment for projects where it is under finalisation with customers
2	**Dues from customers (unbilled) and Trade receivables** Refer Notes 3.10, 6, 15, 35 and 46 in standalone financial statements The Company measures revenue to be recognised based on the contract costs incurred over the total estimated costs for each contract. Such revenue recognised in excess of progress billing is presented as 'Dues from customers' which are yet to be billed. Such Dues from customers are accounted based on the contractual terms and management's assessment of recoverability from customers. Management also assesses the recoverability of Trade receivables including those which have remained unsettled beyond contractual credit period using judgement and past collection trends in similar contracts and customers. The management estimates and recognises allowance for expected credit losses on Trade receivables which involves estimation of expected default and/or delay in the customer making payment over the duration of the contract and realisability of Dues from customers, considering the past trend and its assessment on the reporting date. Since the valuation of Dues from customers and Trade receivables involve significant management judgement and estimates, it has been considered as a key audit matter.

Independent Auditor's Report (Contd.)

S. No	Key audit matter description and principal audit procedures
	Our procedures included the following: • Evaluated management's processes and controls in respect of Dues from customers and Trade receivables for the following, - risk assessment pertaining to invoicing and recoverability - assessment of the probability of default and delay - assessment of the significant increases in credit risk, if any • Requested confirmation of balances from customers having significant outstanding balances as at the reporting date • Reviewed the project progress, invoicing and collection history of customers with significant Dues from customers or Trade receivables. Discussed with the project team to understand the management's assessment of risk associated with recoverability • Analysed the past trend and inquired into the reasonableness of provision matrix developed by the management for estimating the allowance for Trade receivables. • Considered the subsequent events and collections in assessing the recoverability of Dues from customers and Trade receivables • Consulted legal counsel wherever necessary for legal disputes to assess the valuation of Trade receivables.

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

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

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

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

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

The Board of Directors of the Company is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud and error.

Independent Auditor's Report (Contd.)

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

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

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

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

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

- identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls over financial reporting and the operating effectiveness of such controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because

Independent Auditor's Report (Contd.)

the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in Annexure 'A' to this report, a statement on the matters specified in para 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit
   (b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books
   (c) the Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this report are in agreement with the books of account
   (d) in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended
   (e) on the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act
   (f) with respect to the adequacy of internal financial controls over financial reporting of the Company and the operative effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   (g) with respect to other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
      i. the Company, as detailed in Note 44 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;
      ii. the Company did not have any long term contracts including derivative contracts with material foreseeable losses;
      iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

V. Viswanathan
Partner
Membership No. 215565
UDIN: 20215565AAAABF7825

Place: Chennai
Date: 31 July 2020

Annexure A to the Independent Auditor's Report

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its property, plant and equipment.

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

(c) The title deeds of all the immovable properties which are included under the head 'Property, plant and equipment' are held in the name of the Company.

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

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, reporting on clause 3 (iii) of the Order does not arise.

(iv) According to the information and explanations given to us, the Company has not advanced any loan, made any investment, given any guarantee or provided any security to which the provisions of Section 185 and 186 of the Companies Act, 2013 are applicable. Accordingly, reporting on clause 3 (iv) of the Order does not arise.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from public during the year and does not have any unclaimed deposits as at 31 March 2020. Accordingly, reporting under clause 3 (v) of the Order does not arise.

(vi) The Central Government has specified maintenance of cost records under section 148(1) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 (as amended) for the operations of the Company. We have broadly reviewed the books of account maintained by the Company in respect of Company's services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and other material statutory dues applicable to the Company during the year with appropriate authorities except for dues in respect of goods and service tax of Rs. 1,118 lakhs. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess or other material statutory dues outstanding as at 31 March 2020 for a period of more than six months from the date they became payable except property tax for land and building amounting to INR 21 lakhs pertaining to the FY 2018-19, which is outstanding for a period of 16 months.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of income tax, sales tax, service tax and value added tax at 31 March 2020 which have not been deposited with statutory authorities on account of a dispute pending are as under:

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

Name of the statute	Nature of disputed dues	Amount involved in dispute (Rs. in Lakhs)	Unpaid disputed amount (Rs. in Lakhs)	Period to which amount relates	Forum where disputes are pending
Rajasthan Sales Tax Act, 1994	Tax & Penalty	9	9	2003-04, 2009-10 & 2010-11	Tax Assessment Officer
Rajasthan Value Added Tax Act, 2003	Tax & Penalty	33	33	2007-08 & 2009-10	Deputy Commissioner
Karnataka Value Added Tax Act, 2003	Tax & Penalty	24	24	2007-08, 2008-2009 & 2009-10	Deputy Commissioner, Joint Commissioner
Kerala Value Added Tax Act, 2003	Tax & Penalty	91	62	2008-09, 2010-11 & 2011-12	Appellate Tribunal
Odisha Value Added Tax Act, 2005 & Central Sales Tax Act, 1956	Tax Interest & Penalty	1,686	1,585	2012-13 to 2014- 15, 2016-17 & Q1 2017-18	Deputy Commissioner – Appeals
Odisha Entry Tax Act, 1999	Tax & Penalty	16	15	2012-13 to 2014-15	Deputy Commissioner
West Bengal Value Added Tax Act, 2003	Tax & Interest	429	429	2007-08, 2009-10	West Bengal Appellate Tribunal,
West Bengal Value Added Tax Act, 2003	Tax & Interest	958	958	2011-12 to Q1 2017-18	Senior Joint Commissioner
Gujarat Value Added Tax Act, 2003	Tax, Interest & Penalty	44	36	2010-11 & 2013-14	Gujarat VAT Tribunal, Deputy Commissioner (Appeals)
Delhi Value Added Tax Act, 2004	Tax & Penalty	46	46	2012-13	Additional Commissioner
Andhra Pradesh Value Added Tax Act, 2005	Tax & Penalty	232	174	2010-11	High Court
Maharashtra Value added Tax Act, 2005	Tax, Interest & Penalty	314	306	2011-12 to 2014- 15	Deputy Commissioner Sales Tax (Nodal Division)
Central Sales Tax Act, 1956 read with Gujarat Value Added Tax Act, 2003	Tax, Interest & Penalty	181	145	2009-10 to 2013-14	Deputy Commissioner (Appeals)
Central Sales Tax Act, 1956 read with the West Bengal Value Added Tax Act,2003	Tax & Penalty	781	766	2010-11 to 2013-14	Senior Joint Commissioner, WB Appellate tribunal
Chhattisgarh Value Added Tax Act 2005, Entry Tax Act & Central Sales Act, 1956	Tax & Interest	23	23	2013-14	Deputy Commissioner
Service tax under Finance Act, 1994	Tax, Interest & Penalty	15	15	Oct-11 to Mar-14	Central Excise and Service Tax Appellate Tribunal, Chennai
Income Tax Act, 1961	Tax & Interest	17	17	AY 2011-12	Income Tax Appellate Tribunal
Income Tax Act, 1961	Tax & Interest	3,103	3,103	AY 2013-14, AY 2014-15, AY 2015-16, AY 2016-17 and AY 2017-18	Commissioner of Income Tax Appeals

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

There are no dues in respect of goods and service tax, duty of excise, duty of customs as at 31 March 2020 which have not been deposited with the statutory authorities on account of a dispute.

(viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to any financial institution or bank during the year. The Company did not have any loans or borrowing from government or dues to debenture holders during the year.

(ix) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. The Company has not availed any term loans during the year and accordingly reporting under clause 3(ix) of the Order are not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company. Accordingly, reporting on clause 3(xii) of the Order does not arise.

(xiii) According to the information and explanations given to us, in our opinion, all transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly reporting on clause 3 (xiv) of the Order does not arise.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with the directors during the year. Accordingly reporting on clause 3 (xv) of the Order does not arise.

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

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

V. Viswanathan
Partner
Membership No. 215565
UDIN: 20215565AAAABF7825

Place: Chennai
Date: 31 July 2020

Annexure B to the Independent Auditor's Report

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

Independent Auditors' Report on the Internal Financial Controls over financial reporting under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of VA Tech Wabag Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

V. Viswanathan
Partner
Membership No. 215565
UDIN: 20215565AAAABF7825

Place: Chennai
Date: 31 July 2020

Balance Sheet as at March 31, 2020

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

Particulars	Note	As at March 31, 2020	As at March 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	4	7,259	7,751
Intangible assets	4	124	188
Financial assets			
- Investments	5	2,538	2,536
- Trade receivables	6	40,305	32,479
- Bank balances	7	1,692	163
- Other financial assets	8	965	1,155
Deferred tax assets (net)	9	2,027	9,413
Income tax assets (net)	10	9,369	4,040
Other non-current assets	11	306	306
		64,585	**58,031**
Current assets			
Inventories	12	757	1,001
Financial assets			
- Trade receivables	6	1,24,580	1,23,171
- Cash and cash equivalents	13	8,822	2,940
- Bank balances other than those mentioned in cash and cash equivalents	13	7,136	4,396
- Loans	14	271	260
- Other financial assets	8	10,685	8,185
Other current assets	15	85,474	82,956
		2,37,725	**2,22,909**
Total assets		**3,02,310**	**2,80,940**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	1,094	1,094
Other equity	17		
- Securities premium reserve		27,762	27,762
- Reserves and surplus		68,808	62,815
Share application money pending allotment		-	-
Total equity		**97,664**	**91,671**
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	22	2,968	6,799
- Trade payables			
Total outstanding dues of micro enterprises and small enterprises	18	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	18	13,556	8,801
- Other financial liabilities	19	163	149
Provisions	20	488	527
Other non-current liabilities	21	8,271	5,073
		25,446	**21,349**
Current liabilities			
Financial liabilities			
- Borrowings	22	37,380	34,096
- Trade payables			
Total outstanding dues of micro enterprises and small enterprises	18	1,275	922
Total outstanding dues of creditors other than micro enterprises and small enterprises	18	1,14,798	1,10,532
- Other financial liabilities	19	8,682	7,471
Other current liabilities	21	15,074	11,322
Provisions	20	745	861
Current tax liabilities (net)	23	1,246	2,716
		1,79,200	**1,67,920**
Total liabilities		**2,04,646**	**1,89,269**
Total equity and liabilities		**3,02,310**	**2,80,940**

Notes 1 to 47 form an integral part of the standalone financial statements

In terms of our report of even date attached

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

V Viswanathan
Partner
(Membership No.: 215565)

Place: Chennai
Date : July 31, 2020

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

B D Narang
Chairman
(DIN :00826573)

Sandeep Agrawal
Chief Financial Officer

Place: New Delhi
Date : July 31, 2020

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

R Swaminathan
Company Secretary
(Membership No.:17696)

Place: Chennai
Date : July 31, 2020

Statement of Profit and Loss for the year ended March 31, 2020

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

Particulars	Note	Year ended March 31, 2020	Year ended March 31, 2019
Income			
Revenue from operations	25	1,74,632	1,74,812
Other income	26	2,061	238
Total income		**1,76,693**	**1,75,050**
Expenses			
Cost of sales and services	27	1,31,761	1,29,769
Changes in inventories	28	244	242
Employee benefits expense	29	12,115	12,022
Finance costs	30	7,654	4,847
Depreciation and amortisation expense	31	667	847
Other expenses	32	14,474	15,634
Total expenses		**1,66,915**	**1,63,361**
Profit before tax		**9,778**	**11,689**
Tax expense	33		
Current tax		(3,508)	3,232
Deferred tax		7,410	(1,783)
Profit for the year		**5,876**	**10,240**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Re-measurement gain/(losses) on defined benefit plans		93	(1)
- Income tax relating to items that will not be reclassified to profit and loss		23	(10)
Other comprehensive income for the year, net of tax		**116**	**(11)**
Total comprehensive income for the year		**5,992**	**10,229**
Earnings per equity share	34		
Basic (in INR)		10.75	18.73
Diluted (in INR)		10.75	18.73

Notes 1 to 47 form an integral part of the standalone financial statements

In terms of our report of even date attached

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

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

B D Narang
Chairman
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Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No.:17696)

Place: Chennai
Date : July 31, 2020

Place: New Delhi
Date : July 31, 2020

Place: Chennai
Date : July 31, 2020

Statement of cash flows for the year ended March 31, 2020

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flow from operating activities		
Profit before tax	**9,778**	**11,689**
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortisation expense	667	847
Unrealised foreign exchange Loss/(gain)	(2,381)	1,519
Bad and doubtful debts, net	10,557	10,057
Unclaimed credit balances	(775)	(2,597)
Loss/(Gain) on sale of property, plant and equipment, net	15	(3)
Interest expenses on lease liabilities	2	-
Interest expenses	4,459	2,731
Interest and dividend income	(443)	(238)
Provision for foreseeable losses on contracts	(11)	9
Provision for compensated absences and gratuity	303	446
Provision for liquidated damages	564	589
Provision for warranty	(38)	(1,900)
Operating profit before working capital changes	**22,697**	**23,149**
Changes in working capital		
(Increase) in trade receivables	(17,093)	(16,297)
(Increase) in other financial assets	(2,310)	(2,165)
(Increase) in loans and other current assets	(2,529)	(24,050)
Decrease in inventories	244	242
Increase in trade payables	9,656	18,014
Increase in other financial liabilities	53	1,442
Increase/(Decrease) in other liabilities	6,645	(4,710)
(Decrease) in provisions	(880)	(519)
Cash (used in)/generated from operating activities	**16,483**	**(4,894)**
Direct taxes paid, net	(3,291)	(4,553)
Net cash (used in)/generated from operating activities	**13,192**	**(9,447)**
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital advances)	(72)	(140)
Proceeds from sale of property, plant and equipment and intangible assets	17	106
Purchase of investments	(2)	-
Dividend received	-	26
Interest received	249	141
Net movement in bank deposits	(4,078)	(1,132)
Net cash generated from /(used in) investing activities	**(3,886)**	**(999)**

Statement of cash flows for the year ended March 31, 2020 (Contd.)

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
C. Cash flow from financing activities		
Proceeds from long-term borrowings	-	9,375
Proceeds from short term borrowings, net	3,020	5,951
Repayment of long term borrowings	(2,694)	-
Proceeds from issue of equity shares including securities premium	-	60
Interest paid	(4,155)	(2,631)
Repayment of lease liabilities	(37)	-
Dividend paid (including additional tax on dividend)	-	(2,223)
Net cash generated from /(used in) financing activities	**(3,866)**	**10,532**
D. Net change in cash and cash equivalents	**5,440**	**86**
Effects of foreign currency translation	442	29
E. Cash and cash equivalents at the beginning	**2,940**	**2,825**
F. Cash and cash equivalents at the end	**8,822**	**2,939**
Cash and cash equivalents include		
Cash on hand	-	34
Cheques on hand	1,793	1,955
Balances with banks		
- in current accounts	7,029	951
Cash and cash equivalents as per note 13	**8,822**	**2,940**

Notes 1 to 47 form an integral part of the standalone financial statements

In terms of our report of even date attached

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

V Viswanathan
Partner
(Membership No.: 215565)

Place: Chennai
Date : July 31, 2020

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

B D Narang
Chairman
(DIN :00826573)

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

Sandeep Agrawal
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No.:17696)

Place: New Delhi
Date : July 31, 2020

Place: Chennai
Date : July 31, 2020

Statement of Changes in Equity for the year ended March 31, 2020

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

A. Equity share capital (issued,subscribed and fully paid up)

Particulars	Notes	Amount
Balance as at March 31, 2018	16	**1,093**
Issued pursuant to Employee Stock Option Plan		1
Balance as at March 31, 2019		**1,094**
Issued pursuant to Employee Stock Option Plan		-
Balance as at March 31, 2020		**1,094**

B. Other equity

Particulars	Notes	Other equity							Total
		Reserves and surplus					Securities premium reserve	Share application money pending allotment	
		Capital reserve	Stock option outstanding account	General reserve	Surplus in the statement of profit and loss	Accumulated other comprehensive income			
Balance as at March 31, 2018		**250**	**37**	**3,314**	**59,888**	**(588)**	**27,694**	**-**	**90,595**
Adjustment as a result of transition to IND AS 115 on April 01, 2018		-	-	-	(12,363)	-	-	-	**(12,363)**
Deffered tax impact on the above adjustment		-	-	-	4,279	-	-	-	**4,279**
Adjusted equity as on April 01, 2018		**250**	**37**	**3,314**	**51,804**	**(588)**	**27,694**	**-**	**82,511**
Dividends	17	-	-	-	(2,186)	-	-	-	**(2,186)**
Dividend distribution tax	17	-	-	-	(37)	-	-	-	**(37)**
Issue of share capital on exercise of employee share option	17	-	(9)	-	-	-	68	-	**59**
Transfer to general reserve	17	-	(29)	29	-	-	-	-	**-**
Share application money received	17	-	-	-	-	-	-	59	**59**
Equity shares allotted	17	-	-	-	-	-	-	(59)	**(59)**
Transactions with owners		**-**	**(37)**	**29**	**(2,223)**	**-**	**68**	**-**	**(2,164)**
Profit for the year		-	-	-	10,240	-	-	-	**10,240**
Other comprehensive income		-	-	-	-	(11)	-	-	**(11)**
Total comprehensive income		**-**	**-**	**-**	**10,240**	**(11)**	**-**	**-**	**10,229**

Statement of Changes in Equity for the year ended March 31, 2020 (Contd.)

Particulars	Notes	Other equity							Total
		Reserves and surplus					Securities premium reserve	Share application money pending allotment	
		Capital reserve	Stock option outstanding account	General reserve	Surplus in the statement of profit and loss	Accumulated other comprehensive income			
Balance as at March 31, 2019		**250**	**-**	**3,343**	**59,821**	**(599)**	**27,762**	**-**	**90,577**
Adjustment as a result of transition to IND AS 116 on April 01, 2019		-	-	-	1	-	-	-	1
Employee share-based compensation	17	-	-	-	-	-	-	-	-
Issue of share capital on exercise of employee share option	17	-	-	-	-	-		-	-
Transfer to general reserve	17	-	-		-	-	-	-	-
Share application money received	17	-	-	-	-	-	-	-	-
Equity shares allotted	17	-	-	-	-	-	-	-	-
Transactions with owners		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit for the year		-	-	-	5,876	-	-	-	**5,876**
Other comprehensive income		-	-	-	-	116	-	-	**116**
Total comprehensive income		**-**	**-**	**-**	**5,876**	**116**	**-**	**-**	**5,992**
Balance as at March 31, 2020		**250**	**-**	**3,343**	**65,698**	**(483)**	**27,762**	**-**	**96,570**

Notes 1 to 47 form an integral part of the standalone financial statements

In terms of our report of even date attached

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

V Viswanathan
Partner
(Membership No.: 215565)

Place: Chennai
Date : July 31, 2020

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

B D Narang
Chairman
(DIN :00826573)

Sandeep Agrawal
Chief Financial Officer

Place: New Delhi
Date : July 31, 2020

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

R Swaminathan
Company Secretary
(Membership No.:17696)

Place: Chennai
Date : July 31, 2020

Summary of significant accounting policies and other explanatory information

1. Nature of Operations

VA Tech Wabag Limited ('the Company'), its subsidiaries, associates and joint venture (collectively referred to as 'the Group') is one of the world's leading companies in the water treatment field. Company's principal activities include design, supply, installation, construction and operational management of drinking water, waste water treatment, industrial water treatment and desalination plants. The shares of the Company are listed in the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company is domiciled in India and its registered office and its principal place of business is 'WABAG HOUSE', No.17, 200 Feet Thoraipakkam - Pallavaram Main Road, Sunnambu Kolathur, Chennai - 600 117.

2. Basis of preparation of financial statements

2.1 General information and statement of compliance with Indian Accounting Standards (Ind AS)

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016 as notified under section 133 of Companies Act, 2013 (the "Act") and other relevant provisions of the Act.

Effective April 01, 2018 the Company has adopted Ind AS-115 "Revenue from contracts with customers" using modified retrospective transition method. The new standard replaces the existing standards for revenue recognition - Ind AS 18 "Revenue Recognition" and Ind AS 11 "Construction Contracts".

The standalone financial statements as at and for the year ended March 31, 2020 are approved and authorised for issue by the Board of Directors on July 31, 2020.

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 summarised below. These accounting policies have been used throughout all periods presented in the standalone financial statements.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

3.2 Investments in subsidiaries, associates, joint venture and joint operations

Investments in subsidiaries, associates and joint venture are accounted at cost less impairment, if any. Investments in joint operations are accounted by using proportionate consolidation method in the standalone financial statements. The Company does not have any investments in joint operations for the year ended March 31, 2020.

3.3 Foreign currency translation

Functional and presentation currency

The standalone financial statements are presented in Indian Rupees, which is also the functional currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions, duly approximated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised as other income/other expenses in statement of profit and loss.

Non-monetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Summary of significant accounting policies and other explanatory information (Contd.)

3.4 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable by the Company for goods supplied and services provided, excluding trade discounts and other applicable taxes. Revenue is recognised upon transfer of control of promised goods or services under a contract.

Revenue is recognised when the amount can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Company's different activities has been met.

The Company derives revenues from two types of contracts:

a) Construction contracts - Customer contracts towards delivering a water treatment facility that is fit for purpose as per the contract

b) Operation and maintenance contracts - Customer contracts towards operation and maintenance of water treatment facilities

The Company determines its performance obligations included in the contracts signed with customers. Most contracts with customers include a single performance obligation. When a customer contract includes both a construction and operation & maintenance, the performance obligations are separately identified and revenue is recognised in accordance with the principles of Ind AS 115.

a) Construction contracts:

Construction contracts generally involve design, supply, construction, installation and commissioning of water treatment facilities on turnkey basis.

The transaction price is usually a fixed consideration with a variable consideration on a case to case basis. Variable consideration (penalties, damages, claims etc.) is included in the transaction price to the extent it is highly probable that a significant reversal in the amount of revenue recognised will not occur.

Construction contracts usually have a single performance obligation, wherein the control of goods and services are transferred progressively over the period of the contract. The Company satisfies its performance obligation upon completing the scope of the construction contract and achieving customer acceptance.

Contract revenue and Contract costs in respect of construction contracts, execution of which is spread over different accounting periods is recognised as revenue and expense respectively by reference to the basis of percentage of completion method of the contract at the reporting date.

The percentage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Only costs that reflect work performed are included in cost incurred to date.

When the Company cannot measure the outcome of a contract reliably, revenue is recognised only to the extent of contract costs that have been incurred and are recoverable. In situations when it is probable that the total contract costs will exceed total contract revenues, the expected loss is recognised immediately in the statement of profit and loss.

The gross amount due from customers for contract work, in excess of the amounts presented as "Trade receivable", are presented as contract assets under "Due from customers for construction contract work" as part of other current assets. Due from customers for construction contract work represents costs incurred plus recognised profits (less recognised losses) in excess of progress billing for all contracts in progress.

The gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses) is presented as contract liabilities under "Billing in advance of work completed" as part of other current liabilities. Prepayments received from customers in advance of performance under the contract are also presented as contract liabilities and represented as "Advances from customers" as part of other current liabilities.

b) Operation and maintenance contracts:

Operation and maintenance contracts involve operation and maintenance services for water treatment facilities and supply of spares. Revenue

Summary of significant accounting policies and other explanatory information (Contd.)

from operation and maintenance contracts are recognised as the services are provided and invoiced to the customer, as per the terms of the contract.

The amount due from customers for operation and maintenance contracts are presented as "Trade receivable". Prepayments received from customers in advance of performance under the contract are presented as contract liabilities and represented as "Advances from customers" as part of other current liabilities.

Interest, dividends, duty drawback and other entitlements

Income from interest is recognised using effective interest method taking into account the amount outstanding and the applicable rate of interest.

Dividend income is recognised when the right to receive dividend is established by the reporting date.

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

3.5 Cost of sales and services

Cost of sales and services comprise costs including estimated costs that are directly related to the contract, attributable to the contract activity in general and such costs that can be allocated to the contract and specifically chargeable to the customer under the terms of the contracts, which is charged to the statement of profit and loss.

3.6 Property, plant and equipment

Land

Land (other than investment property) held for use in production or administration is stated at cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Buildings and other equipment

Buildings and other equipment (comprising plant and machinery, furniture and fittings, electrical equipment, office equipment, computers and vehicles) are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management. Buildings and other equipment are subsequently measured at cost less accumulated depreciation and any impairment losses.

Advances paid towards acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of property, plant and equipment not ready for the intended use before reporting date is disclosed as capital work in progress.

Subsequent expenditure incurred on an item of property, plant and equipment is added to the book value of that asset only if this increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Depreciation on assets is provided on straight-line method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013 except for vehicles where the management believes that the useful life of 5 years would best represent the period over which the management expects to use these assets and the residual value is 20% of the acquisition cost which is considered to be the amount recoverable at the end of the asset's useful life. Hence the useful life of these assets is different from that prescribed under Part C of Schedule II to the Companies Act, 2013.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in statement of profit and loss within other income or other expenses.

The components of assets are capitalised only if the life of the components vary significantly and whose cost is significant in relation to the cost of respective asset. The life of components in assets are determined based on technical assessment and past history of replacement of such components in the assets.

3.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, the

Summary of significant accounting policies and other explanatory information (Contd.)

intangible assets are carried at cost less accumulated amortisation and accumulated impairment, if any.

Software is stated at cost less accumulated amortisation and are being amortised on a straight line basis over the estimated useful life of 5 years.

Amortisation has been included within depreciation and amortisation expense.

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

The amortisation period and method are reviewed at each balance sheet date. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment as detailed in note 3.8.

3.8 Impairment testing of property, plant and equipment and intangible assets

For the purpose of impairment assessment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill (if any) is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Company at which management monitors goodwill.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro-rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

3.9 Leases

The Company adopted Ind AS-116 with effect from April 01, 2019 retrospectively and recognised the cumulative effect for lease contracts as at April 01, 2019.

The Company recognises lease contracts as per the single lease accounting model for lessee's. The model requires a lessee to recognise right to use assets and corresponding lease liabilities for all leases with a lease term of more than 12 months, unless the underlying asset is of a low value. For such leases the lease payments are recognised as an operating expense on a straight line basis over the term of the lease contract.

The recognition, measurement, presentation and disclosure of leases are in accordance with the principles of the standard. At the time of initial measurement, the lease liabilities are recognised at the present value of lease payments payable. The lease liability is discounted at the interest rate implicit to the lease, or incremental borrowing rate to arrive at the present value. The lease liabilities are diluted over the remaining lease period by lease payments. The right to use assets are initially recognised at lease liability amount. The right to use assets are thereafter depreciated over the period of lease term or the useful life of underlying asset whichever is lower. An impairment loss is recognised where the carrying amount right to use asset exceeds its recoverable amount.

The Company determines the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis.

3.10 Financial instruments

Summary of significant accounting policies and other explanatory information (Contd.)

Financial assets (other than trade receivables) and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through statement of profit and loss which are measured initially at fair value. Trade receivables are recognised at their transaction price as the same do not contain significant financing component. Subsequent measurement of financial assets and financial liabilities are described below.

a) Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets are classified and measured based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

a. Amortised cost

b. Fair Value Through Other Comprehensive Income (FVTOCI) or

c. Fair Value Through Profit or Loss (FVTPL)

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets are impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

b) Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost using effective interest rate if it is held within a business model where the objective is to hold the financial assets to collect contractual cash flows and the contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

c) Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, the Company, based on its assessment, makes an irrevocable election to present in other comprehensive income the changes in the fair value of an investment in an equity instrument that is not held for trading. These elections are made on an instrument-by instrument (i.e.., share-by-share) basis. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognised in other comprehensive income. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. The dividends from such instruments are recognised in statement of profit and loss.

The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the balance sheet.

Summary of significant accounting policies and other explanatory information (Contd.)

d) Financial assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortised cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognised in statement of profit and loss. The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognised in the statement of profit and loss.

Hedge accounting

To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness.

These arrangements have been entered into to mitigate currency exchange risk arising from certain legally binding sales and purchase orders denominated in foreign currency. For the reporting periods under review, the Company has not designated any forward currency contracts as hedging instruments.

e) Trade receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

f) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's standalone balance sheet) when:

i. The rights to receive cash flows from the asset have expired, or

ii. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Summary of significant accounting policies and other explanatory information (Contd.)

g) Classification, subsequent measurement and derecognition of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortised cost. The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Subsequent measurement

Financial liabilities are measured subsequently at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in statement of profit and loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortisation.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in statement of profit and loss are included within finance costs or finance income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

3.11 Inventories

Inventory of stores and spares are stated at lower of cost and net realisable value and is determined on weighted average cost method. Cost of inventories include all other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost to completion and applicable selling expenses.

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

3.12 Income taxes

Tax expense recognised in statement of profit and loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates in accordance with tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at reporting date. Deferred taxes pertaining to items recognised in other comprehensive income are also disclosed under the same head.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future opening results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are generally recognised in full, although Ind AS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the Company does not recognise deferred tax liability on temporary differences relating to goodwill, or to its investments in subsidiaries.

Summary of significant accounting policies and other explanatory information (Contd.)

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in statement of profit and loss, except where they relate to items that are recognised in other comprehensive income (such as re-measurement of net defined benefit plans) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Appendix C to Ind AS 12 - Uncertainty over income tax treatments,

Appendix C to Ind AS 12 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. The adoption of Appendix C to Ind AS 12 did not have any material impact on the standalone financial statements of the Company.

Amendment to Ind AS 12 – Income Taxes,

The Ministry of Corporate Affairs issued amendments to Ind AS 12 – Income Taxes. The amendments clarify that an entity shall recognise the income tax consequences of dividends on financial instruments classified as equity according to where the entity originally recognised those past transactions or events that generated distributable profits were recognised. The adoption of amendment to Ind AS 12 did not have any material impact on the standalone financial statements of the Company.

3.13 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.

3.14 Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued and paid-up.

Other components of equity include the following:

i. Accumulated other comprehensive income which includes re-measurement of net defined benefit liabilities.

ii. General reserve represents the accumulated surplus transferred from the Statement of profit and loss

iii. Securities premium reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from securities premium, net of any related income tax benefits.

iv. Surplus in the statement of profit and loss includes all current and previous period retained profits.

v. Stock option outstanding account includes the value of equity-settled share based payment transactions with employees.

All transactions with owners are recorded separately within equity.

3.15 Post-employment benefits and short-term employee benefits

Defined contribution plan

a. Contribution to Provident Fund is in the nature of defined contribution plan and are made to a recognised fund.

b. Contribution to Superannuation Fund is in the nature of defined contribution plan and is remitted to insurance company in accordance with the scheme framed by the Corporation.

The Company has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

Provident fund

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

Superannuation Fund

Contribution made towards Superannuation Fund (funded by payments to insurance company) which is a defined contribution plan, is charged as expenses on accrual basis. There are no obligations other than the contribution made to respective fund.

Defined benefit plan

Under the Company's defined benefit plans, the amount of benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The defined benefit plans maintained by the Company are as below:

i. Gratuity

The liability recognised in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity liability.

Service cost on the Company's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Actuarial gains and losses resulting from measurements of the net defined benefit liability are included in other comprehensive income.

The plan assets represent qualifying insurance policies that are administered by an Insurance company.

ii. Leave salary - compensated absences

The Company also extends defined benefit plans in the form of compensated absences to employees. Provision for compensated absences is made on actuarial valuation basis.

Amendment to Ind AS 19 - Plan Amendment, Curtailment or Settlement,

The Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements requiring an entity to determine the current service costs and the net interest for the period after the remeasurement using the assumptions used for the remeasurement; and determine the net interest for the remaining period based on the remeasured net defined benefit liability or asset. The adoption of amendment to Ind AS 19 did not have any material impact on the standalone financial statements of the Company.

3.16 Employees stock option plan

Share-based compensation benefits are provided to employees via "Employees Stock Option Scheme 2010" of the Company.

The fair value of options granted under the "Employees Stock Option Scheme 2010" is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

a) including any market performance conditions (e.g. the entity's share price) including any market performance conditions (e.g. the entity's share price)

b) excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period) and

c) including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

3.17 Provisions, contingent assets and contingent liabilities

Provisions for warranties, legal disputes, or other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will

Summary of significant accounting policies and other explanatory information (Contd.)

be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities if the outflow of resources is remote.

The Company does not recognise contingent assets unless the realisation of the income is virtually certain, however these are assessed continually to ensure that the developments are appropriately disclosed in the standalone financial statements.

3.18 Earnings per equity share

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per equity share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.19 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.

3.20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

3.21 Significant management judgment in applying accounting policies and estimation uncertainty

When preparing the standalone financial statements, management makes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

(i) Significant management judgment

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the standalone financial statements.

Recognition of construction contract revenues

Recognising construction contract revenue also requires significant judgement in determining actual work performed and the estimated costs to complete the work (refer note 35).

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

(ii) Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash- generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Defined Benefit Obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as attrition rate, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analyzed in Note 20).

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or

ii. In the absence of a principal market, in the most advantageous market for the asset or liability

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (refer Note 41).

Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities

3.22 Transfer Pricing

As per the Transfer pricing norms introduced in India with effect from April 1, 2001, the Company is required to use certain specific methods in computing arm's length price of international transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Transfer pricing study for the fiscal year ended March 31, 2020 is in progress and accordingly, the contracts may be amended subsequently and related adjustment, if any, will be quantified upon completion of this study. However, in the opinion of the Management, the outcome of the study will not have material impact on the Company's results.

Summary of significant accounting policies and other explanatory information (Contd.)

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

4. Property, plant and equipment and intangible assets

Particulars	Property, plant and equipment										Intangible assets
	Freehold land	Buildings	Right to Use Asset	Plant and machinery	Furniture and fittings	Electrical equipment	Office equipment	Computers	Vehicles	Total	Computer software
Gross carrying value											
Balance as at March 31, 2018	**1,698**	**4,026**	**-**	**367**	**2,072**	**558**	**584**	**439**	**921**	**10,665**	**1,012**
Additions	-	-	-	-	-	1	40	21	34	96	44
Disposals	-	-	-	-	-	-	(7)	(6)	(256)	(269)	-
Balance as at March 31, 2019	**1,698**	**4,026**	**-**	**367**	**2,072**	**559**	**617**	**454**	**699**	**10,492**	**1,056**
Right to Use Assets on account of adoption of IND AS 116	-	-	118	-	-	-	-	-	-	118	-
Additions	-	-	-	-	-	-	-	64	-	64	7
Disposals	-	-	-	-	-	-	-	-	(111)	(111)	(7)
Balance as at March 31, 2020	**1,698**	**4,026**	**118**	**367**	**2,072**	**559**	**617**	**518**	**588**	**10,563**	**1,057**
Accumulated depreciation/ amortization											
Balance as at March 31, 2018	**-**	**194**	**-**	**85**	**785**	**213**	**438**	**276**	**178**	**2,169**	**760**
Depreciation/amortization expense for the year	-	68	-	25	215	59	138	80	153	738	109
Reversal on disposal of assets	-	-	-	-	-	-	-	-	(166)	(166)	-
Balance as at March 31, 2019	**-**	**262**	**-**	**110**	**1,000**	**272**	**576**	**356**	**165**	**2,741**	**868**
Right to Use Assets on account of adoption of IND AS 116	-	-	47	-	-	-	-	-	-	47	-
Depreciation/amortization expense for the year	-	68	35	25	215	58	12	68	122	602	65
Reversal on disposal of assets	-	-		-	-	-	-	-	(87)	(87)	-
Balance as at March 31, 2020	**-**	**331**	**82**	**135**	**1,215**	**330**	**588**	**424**	**199**	**3,304**	**933**
Net carrying value											
Balance as at March 31, 2019	**1,698**	**3,764**	**-**	**257**	**1,072**	**287**	**41**	**98**	**534**	**7,751**	**188**
Balance as at March 31, 2020	**1,698**	**3,695**	**36**	**232**	**857**	**229**	**29**	**94**	**389**	**7,259**	**124**

1. Refer note 22 (borrowings) for Land and Buildings pledged as security for the borrowings of the Company
2. Right to Use asset inculdes leases on office building

Summary of significant accounting policies and other explanatory information (Contd.)

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

5. Investments

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Investments carried at cost		
Investments in equity instruments of subsidiaries (fully paid-up)		
VA Tech Wabag (Singapore) Pte Ltd	2,100	2,100
(5,210,249 (Previous year : 5,210,249) equity shares of SGD 1 each)		
VA Tech Wabag Muscat LLC (Oman)	124	124
(105,000 (Previous year : 105,000) equity shares of OMR 1 each)		
VA Tech Wabag (Philippines) Inc.	90	90
(8,570,200 (Previous year: 8,570,200) equity shares of PHP 1 each)		
Wabag Limited (Thailand)	19	19
(29,400 (Previous year : 29,400) equity shares of THB 34.0136 each)		
Wabag Operations and Maintenance WLL (Bahrain)	58	58
(350 (Previous year : 350) equity shares of BHD 100 each)		
VA Tech Wabag and Roots Contracting LLC, (Qatar) #	-	-
(98 (Previous year : 98) equity shares of QAR 1,000 each)		
Wabag Muhibbah JV SDN BHD, (Malaysia)	107	107
(700,000 (Previous year : 700,000) equity shares of MYR 1 each)		
Wabag Belhasa JV WLL,(Bahrain)	4	4
(49 (Previous year : 49) equity shares of BHD 50 each)		
VA Tech Wabag Brazil Servicos De Agua E Saneamento LTDA *	-	-
(999 (Previous year : 999) equity shares of BRL 1 each)		
Ganga STP Project Private Limited	1	-
(9,999 (Previous year :Nil) equity shares of INR 10 each)		
DK Sewage Project Private Limited	1	-
(9,999 (Previous Year: Nil) equity shares of INR 10 each)		
	2,504	**2,502**
Investments in equity instruments of associates (fully paid-up)		
VA Tech Wabag and Roots Contracting LLC, (Qatar) #	17	17
(98 (Previous year : 98) equity shares of QAR 1,000 each)		
	17	**17**
Investments in equity instruments of joint venture (fully paid-up)		
International Water Treatment LLC (Oman)	69	69
(48,750 (Previous year : 48,750) equity shares of OMR 1 each)		
Less: Provision for impairment of investment in International Water Treatment LLC, (Oman)	**(69)**	**(69)**

Summary of significant accounting policies and other explanatory information (Contd.)

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

Particulars	As at March 31, 2020	As at March 31, 2019
Investments carried at fair value through profit and loss		
Investments in equity instruments of other companies (fully paid-up)		
First STP Private Limited	15	15
(150,000 (Previous year :150,000) equity shares of INR 10 each)		
Konark Water Infraprojects Private Limited	1	1
(5,000 (Previous year : 5,000) equity shares of INR 10 each)		
Aurangabad City Water Utility Company Limited	1	1
(5,000 (Previous year : 5,000) equity shares of INR 10 each)		
Thoothukudi Renew Waters Private Limited **	-	-
(2,600 (Previous year : 2,600) equity shares of INR 10 each)		
Ganapati Marine Enterprises Private Limited ***	-	-
(573 (Previous Year: 573) equity shares of INR 10 each)		
	17	**17**
Total non-current investments	**2,538**	**2,536**
Aggregate amount of unquoted investments	2,607	2,605
Aggregate amount of impairment in the value of investments	**69**	**69**

* Since the amount of investment is INR 18,160 (Previous year: INR 18,160), the same is below the rounding off norm adopted by the Company.

** Since the amount of investment is INR 26,000 (Previous year: INR 26,000), the same is below the rounding off norm adopted by the Company.

*** Since the amount of investment is INR 5,730 (Previous year: INR 5,730), the same is below the rounding off norm adopted by the Company.

Particulars	As at March 31, 2020	As at March 31, 2019
Extent of investment in subsidiaries		
VA Tech Wabag (Singapore) Pte Ltd	100.0%	100.0%
VA Tech Wabag Muscat LLC (Oman)	70.0%	70.0%
VA Tech Wabag (Philippines) Inc.	100.0%	100.0%
VA Tech Wabag Brazil Servicos De Agua E Saneamento LTDA	100.0%	100.0%
Wabag Limited (Thailand) ##	49.0%	49.0%
Wabag Operations and Maintenance WLL (Bahrain)	70.0%	70.0%
VA Tech Wabag and Roots Contracting LLC, (Qatar) #	-	-
Wabag Muhibbah JV SDN BHD, (Malaysia)	70.0%	70.0%
Wabag Belhasa JV WLL,(Bahrain) ###	49.0%	49.0%
Ganga STP Project Private Limited	100.0%	-
DK Sewage Project Private Limited	100.0%	-

Summary of significant accounting policies and other explanatory information (Contd.)

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

Particulars	As at March 31, 2020	As at March 31, 2019
Extent of investment in associates		
VA Tech Wabag and Roots Contracting LLC, (Qatar) #	49.0%	49.0%
Extent of investment in joint venture		
International Water Treatment LLC (Oman)	32.5%	32.5%

Pursuant to an exclusive contractual arrangement providing for a majority share in the economic interests and control of voting power in the Project-I of VA Tech Wabag and Roots Contracting LLC, (Qatar), the investment was classified as a subsidiary at inception. During the year ended March 31, 2016 and March 31, 2020 for Project-II and Project-III respectively, a similar arrangement providing for majority rights in the new projects to the other partner was entered, hence the investment in the legal entity has been reclassified as an associate based on ownership as against the economic interests in the projects respectively.

Pursuant to the statutory document providing for a majority share of 90.6% of the economic interests in the entity, Wabag Limited (Thailand) has assessed and determined that it has power over the entity, exposure, or rights, to variable returns and the ability to use its power to affect the amount of returns of the Wabag Limited (Thailand). Accordingly, the investment has been classified as a subsidiary.

Pursuant to an exclusive contractual arrangement providing for a share of 100% of the economic interests in the entity, Wabag Belhasa JV WLL,(Bahrain) has assessed and determined that it has power over the entity, exposure, or rights, to variable returns and the ability to use its power to affect the amount of returns of the Wabag Belhasa JV WLL,(Bahrain). Accordingly, the investment has been classified as a subsidiary.

The Company had entered into a joint venture with Pratibha Industries Limited in Nepal to execute a project. Considering the fact that the Company has control over the governing body and thereby has power over the entity, has rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of its returns, the same has been treated as a subsidiary in the consolidated financial statements.

Note: The Company regularly assesses the financial health of its subsidiaries to ensure their good standing and wherever necessary a letter of support is provided to assure the stakeholders of operational and/or financial support in the operations of the subsidiaries. In line with the same, the Company had issued a letter of support to VA Tech Wabag GmbH, Austria during the financial year 2019-20, which was valid until 31 July 2020.

6. Trade receivables (Unsecured considered good, unless stated otherwise)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Trade receivables	11,235	12,035
Customer retention	29,070	20,444
	40,305	**32,479**
Current		
Trade receivables	1,03,402	1,04,298
Customer retention	21,178	18,873
	1,24,580	**1,23,171**
Credit impaired		
- Trade receivables	7,716	13,652
- Customer retention	301	260
Less : Allowances for expected credit loss		
- Trade receivables	(7,716)	(13,652)
- Customer retention	(301)	(260)
	-	-
	1,24,580	**1,23,171**

Summary of significant accounting policies and other explanatory information (Contd.)

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

Trade receivables include due from related parties amounting to INR 7,228 lakhs (31 March 2019: INR 6,346 lakhs). The carrying amount of the current trade receivable and customer retention is considered a reasonable approximation of fair value as is expected to be collected within twelve months, such that the effect of any difference between the effective interest rate applied and the estimated current market rate is not significant.

There are no receivables due from directors or other officers of the company.

All of the Company's trade receivables and customer retention have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of INR (5,895 lakhs) (2018-19: INR 4,607 lakhs) has been (utilised) / created respectively within other expenses. The Company has impaired its trade receivables using a provisioning matrix and specific provisioning where appropriate, representing expected credit losses based on a range of outcomes.

Movement in allowances for expected credit loss	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	**13,912**	**9,305**
Additions during the year, net	11,358	10,243
Utilised during the year, net	(17,253)	(5,636)
Balance at the end of the year	**8,017**	**13,912**

7. Bank balances

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current bank balances	1,692	163
	1,692	**163**

Non-current bank balances represents interest bearing deposits with bank with more than 12 months maturity and held as margin money or security against the borrowings, guarantees and other commitments.

8. Other financial assets (Unsecured, considered good)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Security deposits	944	1,124
Advances to employees	21	31
	965	**1,155**
Current		
Security deposits	2,697	1,924
Tender deposits	290	965
Rental deposits	182	224
Dues from related parties (Also refer note 40(c))	7,255	4,840
Advances to employees	261	232
	10,685	**8,185**

There are no other financial assets due from directors or other officers of the Company. The carrying amount of the other financial assets are considered as a reasonable approximation of fair value.

Refer note 42 for description of the Company's financial instrument risks, including risk management objectives and policies

Summary of significant accounting policies and other explanatory information (Contd.)

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

9. Deferred tax assets (net)

Particulars		As at March 31, 2020	As at March 31, 2019
The breakup of net deferred tax asset is as follows:			
Deferred tax asset arising on account of :			
- Provision for employee benefits, liquidated damages and foreseeable losses		208	243
- Allowances for expected credit loss		2,038	4,862
- Deffered tax impact on transition to Ind AS-115 *		-	4,320
- Others		133	464
Total deferred tax asset	**A**	**2,379**	**9,889**
Deferred tax liability arising on account of :			
- Timing difference between carrying value of property, plant and equipment / Intangible assets as per tax laws		(352)	(476)
Total deferred tax liability	**B**	**(352)**	**(476)**
Net deferred tax assets	**(A+B)**	**2,027**	**9,413**

Deferred tax recognized in statement of profit and loss and other comprehensive income for the year ended 31 March 2020:

Particulars	Recognised in Other comprehensive Income	Recognised in Statement of Profit and loss
Deferred tax asset arising on account of :		
- Provision for employee benefits, liquidated damages and foreseeable losses	23	(11)
- Allowances for expected credit loss	-	4,514
- Others *	-	204
Deferred tax liability arising on account of :		
- Timing difference between carrying value of property, plant and equipment / Intangible assets as per tax laws	-	9
Movement on account of adoption of reduced rate #	-	2,694
Total	**23**	**7,410**

Summary of significant accounting policies and other explanatory information (Contd.)

Deferred tax recognized in statement of profit and loss and in other comprehensive income for the year ended 31 March 2019:

Particulars	Recognised in Other comprehensive Income	Recognised in Statement of Profit and loss
Deferred tax asset arising on account of :		
- Provision for employee benefits, liquidated damages and foreseeable losses	10	(89)
- Allowances for expected credit loss	-	(1,642)
- Others	-	19
Deferred tax liability arising on account of :		
- Timing difference between carrying value of property, plant and equipment / Intangible assets as per tax laws	-	(71)
Total	**10**	**(1,783)**

* Represents deferred tax assets recognised in retained earnings on account of transition to Ind AS-115 amounting to INR 4,279 lakhs and effects of change in tax rate recognised in current tax expense amounting to INR 41 Lakhs

Pursuant to the Taxation Laws (Amendment) Ordinance, 2019 ("Ordinance") enacted by the Government of India, the Company has opted for one-time option to adopt a reduced maximum marginal tax rate ("reduced rate"), which shall apply for financial years starting April 01, 2019. Accordingly, the Company has re-measured its deferred tax assets, net as on April 01, 2019 and a charge of INR 2,694 lakhs has been made in the financial statements.

In assessing the recoverability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

All deferred tax assets have been recognised in the balance sheet.

10. Income tax assets (net)

Particulars	As at March 31, 2020	As at March 31, 2019
Income tax assets net of provision for tax	9,369	4,040
	9,369	**4,040**

11. Other non-current assets (Unsecured, considered good)

Particulars	As at March 31, 2020	As at March 31, 2019
Capital advances	306	306
	306	**306**

Summary of significant accounting policies and other explanatory information (Contd.)

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

12. Inventories

Particulars	As at March 31, 2020	As at March 31, 2019
Contract inventories	172	383
Stores and spares	585	618
	757	**1,001**

13. Cash and bank balances

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
Cash on hand	-	34
Cheques on hand	1,793	1,955
Balances with banks		
- in current accounts	7,029	951
	8,822	**2,940**
Bank balances other than mentioned in cash and cash equivalents		
Unpaid dividend account	10	11
Deposits with maturity less than 3 months #	3,366	175
Deposits with maturity more than 3 months but less than 12 months #	3,760	4,210
	7,136	**4,396**

Deposits includes a sum of INR 7,126 lakhs (March 31, 2019: INR 4,385 lakhs) held as margin money or security against the borrowings, guarantees and other commitments.

14. Loans (Unsecured, considered good)

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Loans to related parties (Also refer note 40(c))	271	260
	271	**260**

Summary of significant accounting policies and other explanatory information (Contd.)

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

15. Other current assets (Unsecured, considered good)

Particulars	As at March 31, 2020	As at March 31, 2019
Dues from customers for construction contract works	59,808	58,013
Advance to supplier	15,727	15,614
Balances with government authorities	8,387	8,098
Duty drawback and other duty free credit entitlement receivable	63	378
Prepaid expenses	1,440	809
Others	49	44
	85,474	**82,956**

Prepaid expenses includes pre-contract cost of Nil (31 March 2019 : ₹ 51 Lakhs)

There are no advances due from directors or other officers of the Company.

16. Equity share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
Authorised				
Equity shares of INR 2 each	7,50,00,000	1,500	7,50,00,000	1,500
Issued, subscribed and fully paid up				
Equity shares of INR 2 each	5,46,90,428	1,094	5,46,90,428	1,094
	5,46,90,428	**1,094**	**5,46,90,428**	**1,094**

a) Reconciliation of share capital (Equity)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
Balance at the beginning of the year	5,46,90,428	1,094	5,46,57,390	1,093
Add : Issued pursuant to Employee Stock Option Plan	-	-	33,038	1
Balance at the end of the year	**5,46,90,428**	**1,094**	**5,46,90,428**	**1,094**

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

	Number	% holding	Number	% holding
Equity Shares of INR 2 each				
Mr. Rajiv Mittal (Managing Director & Group CEO)	97,09,406	17.8%	97,09,406	17.8%
	97,09,406	**17.8%**	**97,09,406**	**17.8%**

Summary of significant accounting policies and other explanatory information (Contd.)

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

c) Terms/right attached to equity shares

The Company has issued only one class of equity shares having a face value of INR 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, which can be approved by the Board of Directors. In the event of liquidation, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

d) Bonus issue

The Company had allotted 27,142,555 equity shares of face value INR 2 per share as fully paid bonus shares during the year ended March 31, 2015, pursuant to the bonus issue approved by the shareholders through postal ballot by capitalisation of securities premium. Bonus share of one equity share for every equity share held had been allotted.

e) Shares reserved for issue under options

There is no options reserved for issuance of equity shares to the employees as on March 31, 2020.

f) Buy back of shares

There were no buy back of shares and shares issued pursuant to contract without payment being received in cash during the last 5 years immediately preceding March 31, 2020.

g) Capital management

The Company's capital management objectives are:

- to safeguard the Company's ability to continue as a going concern, and continue to provide optimum returns to the shareholders and all other stakeholders by building a strong capital base.
- to maintain an optimum capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders plus its borrowings, if any, less cash and bank balances.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The amounts managed as capital by the Company for the reporting periods under review are summarised as follows:

Particulars		As at March 31, 2020	As at March 31, 2019
Borrowings		44,061	43,471
Less: Cash and bank balances		(17,650)	(7,499)
Net debt	**(A)**	**26,411**	**35,972**
Total equity	**(B)**	**97,664**	**91,671**
Total equity and net debt	**(C=A+B)**	**1,24,075**	**1,27,643**
Gearing ratio	**(A/C)**	**21.3%**	**28.2%**

Summary of significant accounting policies and other explanatory information (Contd.)

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

17. Other equity

Particulars	As at March 31, 2020	As at March 31, 2019
Securities premium reserve		
Balance at the beginning of the year	27,762	27,694
Add : Additions made during the year		
On exercise of employee stock options	-	68
Balance at the end of the year	**27,762**	**27,762**

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.

Particulars	As at March 31, 2020	As at March 31, 2019
Capital reserve		
Balance at the beginning of the year	250	250
Add : Additions made during the year	-	-
Balance at the end of the year	**250**	**250**

Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve.

Particulars	As at March 31, 2020	As at March 31, 2019
Stock option outstanding account		
Balance at the beginning of the year	-	37
Less: Options exercised during the year	-	(9)
Less: Options lapsed during the year	-	(29)
Balance at the end of the year	**-**	**-**

The stock option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to securities premium reserve upon exercise of stock options by employees. In case of forfeiture, corresponding balance is transferred to general reserve.

Particulars	As at March 31, 2020	As at March 31, 2019
General reserve		
Balance at the beginning of the year	3,343	3,314
Add : Transfer from stock option outstanding account	-	29
Balance at the end of the year	**3,343**	**3,343**
General reserve represents an appropriation of profits by the Company		

Summary of significant accounting policies and other explanatory information (Contd.)

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

Particulars	As at March 31, 2020	As at March 31, 2019
Surplus in the statement of profit and loss		
Balance at the beginning of the year	59,821	59,888
Add : Transfer from statement of profit and loss	5,876	10,240
Add: Adjustment as a result of transition to IND AS 116 on April 01, 2019	1	-
Less: Adjustment as a result of transition to IND AS 115 on April 01, 2018	-	(8,084)
Less : Final equity dividend declared	-	(2,186)
Less : Tax on equity dividend delcared	-	(37)
Balance at the end of the year	**65,695**	**59,821**

Surplus in the statement of profit and loss comprises of prior years' undistributed earnings after taxes.

Particulars	As at March 31, 2020	As at March 31, 2019
Accumulated other comprehensive income		
Balance at the beginning of the year	(599)	(588)
Add / (Less) : Transfer from other comprehensive income	116	(11)
Balance at the end of the year	**(483)**	**(599)**

Particulars	As at March 31, 2020	As at March 31, 2019
Share application money pending allotment		
Balance at the beginning of the year	-	-
Add : Share application money received	-	59
Less : Equity shares allotted	-	(59)
Balance at the end of the year	**-**	**-**

Share application money pending allotment represents applications received towards subscription from employees under ESOP schemes. The equity shares are expected to be allotted against the share application money within a reasonable period, not later than three months from the Balance Sheet date. The Company has sufficient authorised capital to cover the share capital amount on allotment of above shares.

Total other equity	**96,570**	**90,577**
Dividends		
Final dividend paid INR 4 per equity share	-	2,186
Dividend distribution tax	-	37
	-	**2,223**

Summary of significant accounting policies and other explanatory information (Contd.)

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

18. Trade payables

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Dues to micro and small enterprises (Also, refer note (a) below)	-	-
Dues to others	13,556	8,801
	13,556	**8,801**
Current		
Dues to micro and small enterprises (Also refer note (a) below)	1,275	922
Dues to others	1,14,798	1,10,532
	1,16,073	**1,11,454**

The carrying value of trade payables are considered to be a reasonable approximation of fair value.

a) Dues to micro, small and medium enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006:

Particulars		As at March 31, 2020	As at March 31, 2019
i)	Principal amount remaining unpaid	1,275	922
ii)	Interest due thereon	142	111
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	142	111
vi)	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

b) Unclaimed credit balances amounting to INR 775 lakhs (31 March 2019: INR 2,597 lakhs) have been reversed from trade payables

Summary of significant accounting policies and other explanatory information (Contd.)

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

19. Other financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Employee related payables	163	149
	163	**149**
Current		
Current maturities of long term borrowings, Secured (Also refer note 22 (a))	3,024	1,008
Current maturities of long term borrowings, Unsecured (Also refer note 22 (a))	689	1,568
Financial guarantee obligation	459	1,259
Lease Liabilities	35	-
Dues to related parties	3,175	2,494
Unpaid dividends	10	11
Employee related payables	1,290	1,131
	8,682	**7,471**
Total financial liabilities	**8,845**	**7,620**

Financial guarantee obligation represents the allowance for expected credit losses on financial guarantee provided by the Company to financial institutions for banking facilities of its subsidiaries and joint venture.

Financial liabilities carried at amortised cost	**8,386**	**6,361**
Financial liabilities carried at fair value through profit and loss	**459**	**1,259**

20. Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Provisions for employee benefits		
- Compensated absences	488	527
	488	**527**
Current		
Provision for warranty	411	448
Provision for liquidated damages	-	-
Provision for foreseeable losses on contracts	-	10
Provisions for employee benefits		
- Gratuity	11	98
- Compensated absences	323	305
	745	**861**

Summary of significant accounting policies and other explanatory information (Contd.)

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

a) Provision for warranty

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	448	2,525
(Reversed) /Created during the year, net	(38)	(1,900)
Utilised during the year	1	(177)
Balance at the end of the year	**411**	**448**

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

b) Provision for liquidated damages

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	-	-
Created during the year, net	564	589
Utilised during the year	(564)	(589)
Balance at the end of the year	**-**	**-**

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. 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. Liquidated damages are generally measured and recognized in accordance with the terms of the contracts with customers.

c) Provision for foreseeable losses on contracts

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	10	1
Created / (Reversed) during the year, net	(11)	9
Utilised during the year	(1)	-
Balance at the end of the year	**-**	**10**

The Company provides for foreseeable losses on contracts when it is probable that total contract cost, including expected cost to complete, will exceed the economic benefits expected to be received under it.

Summary of significant accounting policies and other explanatory information (Contd.)

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

d) Provision for employee benefits

i) Gratuity

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. Liabilities with regard to the Gratuity plan are determined by actuarial valuation on the reporting date and the Company makes annual contribution to the gratuity fund maintained by ICICI Prudential Life Insurance.

The following 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.

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Change in projected benefit obligation		
Defined benefit obligation at the beginning of the year	860	750
Current service cost	102	95
Past service cost	-	-
Interest cost	55	50
Actuarial gain/(loss)	(81)	7
Benefits paid	(72)	(42)
Defined benefit obligation at the end of the year	**864**	**860**
Thereof		
Unfunded	11	98
Funded	853	762
Change in plan assets		
Fair value of plan assets at the beginning of the year	**761**	**648**
Expected return on plan assets	54	47
Actuarial gain/(loss)	12	6
Employer contributions	98	102
Benefits paid	(72)	(42)
Fair value of plan assets at the end of the year	**853**	**762**
Reconciliation of present value of obligation on the fair value of plan assets		
Present value of defined benefit obligation at the end of the year	864	860
Fair value of plan assets at the end of the year	(853)	(762)
Liability recognised in the balance sheet	**11**	**98**
Components of net gratuity costs are:		
Current service cost	102	95
Interest cost	56	51
Past service cost	-	-
Expected return on plan assets	(54)	(47)
Recognised net actuarial (gain)/loss	(93)	(1)
Net gratuity costs recognised during the year	**11**	**98**

Summary of significant accounting policies and other explanatory information (Contd.)

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
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	452	430
Group debt fund	399	330
Cash and cash equivalents	1	2
Total	**853**	**762**
Principal actuarial assumptions used:		
Discount rate	6.15%	7.07%
Long-term rate of compensation increase	1% for first year there after 8%	8.00%
Expected rate of return on plan assets	6.15%	7.07%
Average remaining life (in years)	22	22
Attrition rate	18.00%	19.00%

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

Based on historical data, the Company expects contributions of INR 11 lakhs to be paid for financial year 2019-20. The weighted average duration of the defined benefit obligation as at March 31, 2020 is 5.17 years (March 31, 2019: 4.94 years)

Employee benefits - Maturity profile

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
March 31, 2020					
Defined benefit obligation	194	137	336	307	**974**
March 31, 2019					
Defined benefit obligation	165	173	352	317	1,008

The significant actuarial assumptions for the determination of the defined benefit obligation are the attrition rate, discount rate and the long-term rate of compensation increase. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability at March 31, 2020.

	Attrition rate		Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
March 31, 2020						
> Sensitivity Level	0.5%	(0.5%)	0.5%	(0.5%)	0.5%	(0.5%)
> Impact on defined benefit obligation	(2)	2	(17)	17	17	(16)
March 31, 2019						
> Sensitivity Level	0.5%	(0.5%)	0.5%	(0.5%)	0.5%	(0.5%)
> Impact on defined benefit obligation	(1)	1	(16)	17	16	(16)

Summary of significant accounting policies and other explanatory information (Contd.)

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

ii) Compensated absences

The Company permits encashment of compensated absences accumulated by their employees on retirement, separation and during the course of service. The liability in respect of the Company, for outstanding balance of privilege leave at the balance sheet date is determined and provided on the basis of actuarial valuation performed by an independent actuary. The Company does not maintain any plan assets to fund its obligation towards compensated absences. The total Compensated absences recognized in the statement of profit and loss for the year is INR 201 lakhs (2018-19 INR 345 lakhs).

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Principal actuarial assumptions used :		
Discount rate	6.15%	7.07%
Long-term rate of compensation increase	1% for first year there after 8%	8.00%
Average remaining life	23	23
Attrition rate	18.00%	19.00%

21. Other liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Advance from customers	8,271	5,073
	8,271	**5,073**
Current		
Statutory dues	501	434
Billing in advance of work completed	227	729
Advance from customers	12,060	8,424
Others	2,286	1,735
	15,074	**11,322**

22. Borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current borrowings (Secured)		
Term loans from banks	2,968	5,992
Non-current borrowings (Unsecured)		
Term loans from others	-	807
	2,968	**6,799**
Current borrowings (Secured)		
From Banks		
Packing credit	13,367	13,265
Cash Credit	10,700	18,891
Working Capital Demand Loan	13,313	1,240
Loan from related parties (Unsecured) (Also refer note 40(c))	-	700
	37,380	**34,096**

The carrying amount of short term borrowings is considered to be a reasonable approximation of fair value.

Summary of significant accounting policies and other explanatory information (Contd.)

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

a) Terms, repayment and guarantee details of borrowings

i) The Company has availed packing credit facilities in Indian rupees and US dollars at an interest rate of 7.00% p.a to 11.30% p.a (March 31, 2019: 7.00% p.a to 9.25% p.a) and 3.91% p.a to 8.15% p.a (March 31, 2019: 5.25% p.a to 6.18% p.a) respectively. These packing credits are repayable within 180 days, as applicable, from the date of availment and are secured against foreign currency receivables.

ii) The Company has availed cash credit facilities from banks at an interest rate of 8.90% p.a to 11.20% p.a (March 31, 2019: 9.00% p.a to 10.00% p.a)

iii) The Company has availed working capital demand loan at an interest rate of 9.20% p.a to 12.00% p.a (March 31, 2019 : 9.00% p.a to 10.00% p.a). Working capital demand loan is repayable within 180 days, as applicable, from the date of availment and are secured against receivables of the Company

iv) The Company has availed term loan from bank at an interest of 11.90% p.a (March 31, 2019 :11.90% p.a) which is secured by First pari-pasu charge on the entire current assets of the Company along with other consortium member banks and exclusive charge on the corporate land and buildings of the Company. The same is repayable by 28 monthly instalments from end of moratorium period of 8 months.

v) The Company has availed term loan from others during the previous year, which is secured by 1,677,000 equity shares held by promoter of the Company. The same is repayable over the period of 16 months

23. Current tax liabilities (net)

Particulars	As at March 31, 2020	As at March 31, 2019
Current tax liabilities net of advance taxes	1,247	2,716
	1,247	**2,716**

24. Financial instruments

Categories of financial assets and financial liabilities

Particulars	Financial assets at fair value through profit and loss	Financial assets at amortised cost	Total
As at March 31, 2020			
Financial assets			
Investments	17	-	17
Loans	-	271	271
Trade receivables	-	1,64,885	1,64,885
Cash and bank balances	-	17,650	17,650
Other financial assets	-	11,650	11,650
	17	**1,94,456**	**1,94,473**
	Financial liabilities at fair value through profit and loss	**Financial liabilities at amortised cost**	**Total**
Financial liabilities			
Trade payables	-	1,29,629	1,29,629
Borrowings	-	40,348	40,348
Other financial liabilities	459	8,386	8,845
	459	**1,78,363**	**1,78,822**

Summary of significant accounting policies and other explanatory information (Contd.)

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

Particulars	Financial assets at fair value through profit and loss	Financial assets at amortised cost	Total
As at March 31, 2019			
Financial assets			
Investments	17	-	17
Loans	-	260	260
Trade receivables	-	1,55,650	1,55,650
Cash and bank balances	-	7,499	7,499
Other financial assets	-	9,340	9,340
	17	**1,72,749**	**1,72,766**
	Financial liabilities at fair value through profit and loss	**Financial liabilities at amortised cost**	**Total**
Financial liabilities			
Trade payables	-	1,20,255	1,20,255
Borrowings	-	40,895	40,895
Other financial liabilities	1,259	6,361	7,620
	1,259	**1,67,511**	**1,68,770**

Investments excludes equity instruments in subsidiaries and associates amounting to INR 2,521 lakhs (previous year INR 2,519 lakhs) which are measured at cost.

The carrying value of financial asset and financial liabilities approximates the fair value of financial asset and financial liabilities as at March 31, 2020 and March 31, 2019.

Also refer note 41 fair value measurement

25. Revenue from operations

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Sale of services		
Export	73,292	75,024
Domestic	98,901	93,588
	1,72,193	**1,68,612**
Other operating revenues, net (Also refer note 18 (b)) *	2,439	6,200
	1,74,632	**1,74,812**

* Other operating revenue includes income from scrip sales and duty drawback of INR 1,513 lakhs (31March 2019 : INR 2,523 lakhs)

A. Disaggregation of sale of services

Revenue from operations are disaggregated based on projects, based on customer, based on timing of revenue recognition and based on geography.

a) Based on Product	Year ended March 31, 2020	Year ended March 31, 2019
Construction contracts	1,52,674	1,51,869
Operation and maintenance contracts	19,519	16,743

Summary of significant accounting policies and other explanatory information (Contd.)

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

b) Based on Customer	Year ended March 31, 2020	Year ended March 31, 2019
Industrial	65,863	92,562
Municipal	1,06,330	76,050

c) Based on Timing of revenue recognition

Revenues from construction contracts and operation and maintenance contracts are recognised on 'Over a point in time' basis and 'At a point in time' basis respectively.

d) Based on geography

Revenue from operations can be disaggregated based on geography into 'India' and 'Rest of the World'. Refer the above note for classification .

B. Transaction price allocated to the remaining sales contracts (Order backlog)

Revenues expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied as at 31 March 2020 amounting to INR 6,14,417 Lakshs (31 March 2019 : INR 616,786 Lakhs)

Construction contracts are progressively executed over a period of upto 3 years and based on specific project schedules. Operation and maintenance contracts are expected to be executed over a period of 1 to 15 years, primarily on a monthly basis.

C. Reconciliation of sale of services with contract price

	Year ended March 31, 2020	Year ended March 31, 2019
Opening contract price of orders as at 01 April	**6,16,786**	**4,75,646**
Fresh orders /Change in orders received, net	1,58,638	3,04,695
Total revenue recognised during the year	(1,72,193)	(1,68,612)
Effects of foreign exchange movement	11,186	5,057
Closing contract price of orders as at 31 March	**6,14,417**	**6,16,786**

26. Other income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest income - others	443	212
Foreign currency gain, net	1,618	-
	2,061	**238**

Summary of significant accounting policies and other explanatory information (Contd.)

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

27. Cost of sales and services

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Material costs	64,113	76,494
Civil costs	33,747	20,799
Erection and commissioning costs	4,480	4,951
Taxes and duties	1,135	1,044
Site establishment costs	6,445	5,242
Engineering costs	4,126	7,109
Project consultancy fee	1,070	1,560
Warranty expenses (Also refer note 20(a))	(38)	(1,900)
Foreseeable losses on contracts (Also refer note 20(c))	(11)	9
Project travel	1,338	1,670
Insurance costs	681	688
Power and fuel	350	261
Liquidated damages (Also refer note 20(b))	564	589
Other operation and maintenance expenses, net	8,068	5,959
Other project expenses, net	5,693	5,294
	1,31,761	**1,29,769**

28. Changes in inventories

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
Inventories at the beginning of the year			
Contract inventories		383	2,626
Stores and spares		618	638
	(A)	**1,001**	**3,264**
Less: Adjustment on account of transition to IND AS 115	**(B)**	**-**	**2,021**
Less: Inventories at the end of the year			
Contract inventories		172	383
Stores and spares		585	618
	(C)	**757**	**1,001**
Total	**(A-B-C)**	**244**	**242**

29. Employee benefits expense

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	10,899	10,391
Gratuity and compensated absences (Also refer note 20(d))	303	446
Contribution to provident and other defined contribution funds	523	582
Staff welfare expenses	390	603
	12,115	**12,022**

Summary of significant accounting policies and other explanatory information (Contd.)

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

30. Finance costs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest expenses for borrowings at amortised cost	4,459	2,731
Bank charges	3,193	2,116
Interest on lease liabilities	2	-
	7,654	**4,847**

31. Depreciation and amortisation expense

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of property, plant and equipment (Also refer note 4)	602	738
Amortisation of intangible assets (Also refer note 4)	65	109
	667	**847**

32. Other expenses

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rent (Also refer note 36)	176	205
Insurance	93	38
Power and fuel	184	186
Rates and taxes	93	40
Repairs and maintenance	422	553
Professional charges (Also refer note 37)	1,045	1,487
Communication expenses	84	94
Travelling and conveyance	523	831
Foreign exchange loss, net	-	756
Bad and doubtful debts, net	10,557	10,057
Loss on sale of property, plant and equipment, net	15	-
Corporate social responsibility expenses (Also refer note 38)	95	254
Printing and stationery	13	89
Office and maintenance expenses	232	274
Miscellaneous expenses	942	770
	14,474	**15,634**

Summary of significant accounting policies and other explanatory information (Contd.)

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

33. Income taxes

The major components of income tax expense for the year ended March 31, 2020 and March 31, 2019 are:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current tax:		
Income tax expense	864	5,876
Tax expense/(reversal) in respect of earlier years	(4,372)	(2,644)
Deferred tax:		
Relating to allowances for credit losses	4,514	(1,642)
Relating to change in tax rate *	2,694	(74)
Relating to origination and reversal of temporary differences	202	(67)
Tax expense reported in the statement of profit and loss	**3,902**	**1,449**
Deferred tax related to net (gain)/loss on remeasurements of defined benefit plans recognized in other comprehensive income	(23)	10
Tax expense reported in other comprehensive income	**(23)**	**10**

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 25.168% (31 March 2019: 34.944%) and the reported tax expense in the statement of profit and loss are as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit before taxes	9,778	11,689
Enacted tax rates *	25.168%	34.944%
Tax on profit at enacted tax rate	2,461	4,085
Effect of Tax reversal relating to previous years #	(1,208)	(2,644)
Dividend Income taxed at lower rate	-	(4)
Effect of change in tax rate *	2,694	(74)
Tax effect on non deductible expenses	(68)	96
Others	23	(10)
Income tax expense	**3,902**	**1,449**
Current tax	864	5,876
Tax reversal relating to previous years	(4,372)	(2,644)
Deferred tax	7,410	(1,783)
Income tax expense reported in the statement of profit and loss	**3,902**	**1,449**

* Pursuant to the Taxation Laws (Amendment) Ordinance, 2019 (“Ordinance”) enacted by the Government of India, the Company has opted for one-time option to adopt a reduced maximum marginal tax rate (“reduced rate”), which shall apply for financial years starting April 01, 2019. Accordingly, the Company has re-measured its deferred tax assets, net as on April 01, 2019 and a charge of INR 2,694 lakhs has been made in the financial statements.

The Tax Expenses (Current tax and Deferred tax) for the year ended March 31, 2020 includes a reversal of provision for tax amounting to INR 1,208 lakhs based on consideration of adjustments made in opening equity of the financial year 2018-19.

Summary of significant accounting policies and other explanatory information (Contd.)

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

34. Earnings per equity share (EPS)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
For profit for the year		
Nominal value of equity shares (in INR)	2	2
Profit attributable to equity shareholders (A)	5,876	10,240
Weighted average number of equity shares outstanding during the year (B)	5,46,90,428	5,46,70,821
Basic earnings per equity share (A/B) (in INR)	**10.75**	**18.73**
For total comprehensive income		
Nominal value of equity shares (in INR)	2	2
Total comprehensive income attributable to equity shareholders (a)	5,992	10,229
Weighted average number of equity shares outstanding during the year (b)	5,46,90,428	5,46,70,821
Basic earnings per equity share (a/b) (in INR)	**10.96**	**18.71**
For profit for the year		
Dilutive effect on profit (C)	-	-
Profit attributable to equity shareholders for computing diluted EPS (D) = (A+C)	5,876	10,240
Dilutive effect on weighted average number of equity share options outstanding during the year (E)	-	-
Weighted average number of equity shares for computing diluted EPS (F) = (B+E)	5,46,90,428	5,46,70,821
Diluted earnings per equity share (D/F) (in INR)	**10.75**	**18.73**
For total comprehensive income		
Dilutive effect on profit (c)	-	-
Total comprehensive income attributable to equity shareholders for computing diluted EPS (d) = (a+c)	5,992	10,229
Dilutive effect on weighted average number of equity share options outstanding during the year (e)	-	-
Weighted average number of equity shares for computing diluted EPS (f) = (b+e)	5,46,90,428	5,46,70,821
Diluted earnings per equity share (d/f) (in INR)	**10.96**	**18.71**

Summary of significant accounting policies and other explanatory information (Contd.)

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

35. Contract assets and contract liabilities

	Year ended March 31, 2020	Year ended March 31, 2019
Contract Balances		
Movement in contract assets		
Opening balance	**58,013**	**46,035**
Changes in the measure of progress, claims and other adjustments, net	16,221	37,640
Transfer to trade receivables, net	(14,426)	(15,320)
Remeasurement of Revenues on account of transition to IND AS 115	-	(10,342)
Closing balance	**59,808**	**58,013**
Movement in contract Liabilities		
Opening balance	**14,226**	**19,198**
Advances received during the year	12,640	4,824
Billing in advance for work completed	195	728
Advances offset against billing, net	(5,805)	(9,938)
Revenues recognised during the period	(699)	(586)
Closing balance	**20,558**	**14,226**

36. Leases

	Year ended March 31, 2020
(A) Expenses related to leases recognised in Statement of Profit and Loss for the Year ended March 31, 2020 :	
Depreciation expense from right to use assets	35
Interest expenses on lease liabilities	2
Rent expenses (Refer note : 32)	176
(B) Payments related to leases recognised in Statement of Cash Flows for the Year ended March 31, 2020 :	
Recognition of finance lease liabilities	35
Interest paid on finance lease liabilities	2
(C) Maturity analysis of lease liabilities as at March 31, 2020 :	
Current lease liabilities liquidity analysis	
Within 6 months	13
Within 6-12 months	22

Right to Use of asset for the year ended March 31, 2020 has been seperately disclosed in Note 4.

Summary of significant accounting policies and other explanatory information (Contd.)

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

37. Remuneration to auditors (included as part of Professional charges) *

	Year ended March 31, 2020	Year ended March 31, 2019
As auditor		
Statutory audit	33	28
Limited review #	10	8
Taxation matters	3	3
Other services	9	7
Reimbursement of expenses	8	2
	63	**48**

* excluding taxes

includes INR 2.5 lakhs fees paid to Walker Chandiok & Co LLP, being predecessor auditor of the Company for the financial year 2018-19.

38. Expenditure on Corporate Social Responsibility (CSR)

	Year ended March 31, 2020	Year ended March 31, 2019
a) Gross amount required to be incurred	413	421
b) Amount incurred on:		
(i) Construction/acquisition of any asset	74	147
(ii) On purposes other than (i) above	21	107
	95	**254**

39. Employee stock based option

Employee share based plan - ESOP 2010 scheme

In August 2010, the Board of Directors approved and the Company adopted the “ESOP 2010” (the “Plan”) under which not more than 467,831 shares of the Company’s equity shares was reserved for issuance to employees. The Board of Directors determined that the options granted under the Plan would vest not less than one year and not more than five years from the date of grant. The exercise price of options shall be INR 900 (Face value of INR 5 each) on the grant date.

Particulars	Number of shares for the year ended March 31, 2020	Weighted average exercise price INR	Number of shares for the year ended March 31, 2019	Weighted average exercise price INR
Options outstanding at the beginning of the year	-	-	1,22,714	180
Exercised during the year	-	-	33,038	180
Expired/ lapsed during the year	-	-	89,676	180
Options outstanding at the end of the year	-	-	-	-
Options exercisable as at the end of the period	-	-	-	-

During the year ended March 31, 2019, the weighted average share price of options exercised under the Plan on the date of exercise was INR 283 . The weighted average remaining contractual life of the plan outstanding as of March 31, 2019 Nil .

Summary of significant accounting policies and other explanatory information (Contd.)

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

40. Related party disclosures

a) Names of related parties and nature of relationship

Nature of relationship	Name of related party
Subsidiary companies	VA Tech Wabag (Singapore) Pte Ltd, Singapore
	VA Tech Wabag GmbH, Austria
	Wabag Wassertechnik AG, Switzerland
	VA Tech Wabag Deutschland GmbH, Germany
	VA Tech Wabag Brno spol S.R.O, Czech Republic
	Wabag Water Services (Macao) Limited, Macao (Liquidated effective July 29, 2019)
	Wabag Water Services s.r.l., Romania
	VA Tech Wabag Tunisie s.a.r.l, Tunisia
	Ujams Wastewater Treatment Company (Pty) Ltd, Namibia (Disinvested effective March 31, 2020)
	VA Tech Wabag Su Tecknolojisi Ve Tic A.S, Turkey
	VA Tech Wabag Muscat LLC, Oman
	VA Tech Wabag (Philippines) Inc, Philippines
	VA Tech Wabag Limited Pratibha Industries Limited JV, Nepal
	Wabag Limited, Thailand
	Wabag Operation and Maintenance WLL, Bahrain
	Wabag Muhibbah JV Sdn Bhd, Malaysia
	Wabag Belhasa JV WLL, Bahrain
	VA Tech Wabag and Roots Contracting LLC, Qatar
	VA Tech Wabag Brazil Servicos De Agua E Saneamento LTDA (Incorporated effective March 08, 2018)
	Ganga STP Project Private Limited (Incorporated effective April 05, 2019)
	DK Sewage Project Private Limited (Incorporated effective September 26, 2019)
Associate	Windhoek Goreangab Operating Company (Pty) Limited, Namibia
	VA Tech Wabag and Roots Contracting LLC, Qatar
	Thoothukudi Renew Waters Private Limited
Joint Venture	International Water Treatment LLC, Oman
Key Managerial Personnel (KMP)	Mr. Rajiv Mittal - Managing Director & Group Chief Executive Officer
	Mr. S Varadarajan - Whole Time Director & Chief Growth Officer
	Mr. Bhagwan Dass Narang - Independent director, Chairman
	Mr. Malay Mukherjee - Independent director
	Mr. Milin Mehta - Independent director (Appointed w.e.f April 29, 2019)
	Ms. Revathi Kasturi - Independent director
	Ms. Vijaya Sampath - Additional director (Appointed w.e.f July 31, 2020)
	Mr. Anil Chandanmal Singhvi - Additional director (Appointed w.e.f July 31, 2020)
	Mr. Sumit Chandwani - Independent director (Ceased to be director w.e.f August 13, 2019)
	Mr. Sandeep Agrawal - Chief Financial Officer (Appointed w.e.f April 29, 2019)
	Mr. Pankaj Sachdeva - Chief Executive Officer
	Mr. G Parthasarathy - Chief Financial Officer- Group (Resigned w.e.f November 09, 2018)
Other Related Party	Mr. Rohan Mittal-Graduate Engineering Trainee, Relative of Managing Director (Appointed w.e.f July 02, 2018)

Summary of significant accounting policies and other explanatory information (Contd.)

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

b) Transactions with related parties

Particulars	Year ended March 31, 2020				Year ended March 31, 2019			
	Subsidiaries	Associates	Joint venture	KMP and other related party	Subsidiaries	Associates	Joint venture	KMP and other related party
Sale of goods/services	10,562	187	-	-	3,851	84	-	-
Purchase of goods/ services	9,802	-	-	-	19,199	-	(332)	-
Others operating income#	(319)	-	-	-	1,031	-	-	-
Other expenses*	1,449	106	-	-	2,121	16	337	-
Reimbursements received/receivable	288	2	-	-	208	-	-	-

Includes *bad and doubtful debts, net and # reversals amounting to INR 1,707 lakhs (31 March 2019 INR 1,483 Lakhs) towards subsidiaries and *bad and doubtful debts, net towards joint venture amounting to Nil (31 March 2019 INR 332 Lakhs).

c) Balances with related parties

Particulars	As at March 31, 2020				As at March 31, 2019			
	Subsidiaries	Associates	Joint venture	KMP and other related party	Subsidiaries	Associates	Joint venture	KMP and other related party
Advances/ amount recoverable	14,288	-	168	-	11,267	-	124	-
Loan to/(from) including interest and amounts payable	298	-	-	(37)	274	-	-	(829)
Creditors/payables	9,376	68	5	-	6,689	-	5	-

All transactions with these related parties are priced on an arm's length basis. None of the balances are secured.

Note:

The maximum amount of Loans and advances in the nature of Loans outstanding during the year in accordance with Regulation 34(3) of the SEBI(Listing Obligations and Disclosure Requirements) Regulations 2015 is as below:

i) Wabag Limited, Thailand - INR 271 lakhs (March 31, 2019 INR 260 lakhs)

ii) Mr. Rajiv Mittal - INR (765 Lakhs) (31 March 2019 : INR (700 Lakhs))

Summary of significant accounting policies and other explanatory information (Contd.)

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

d) List of guarantees

Purpose of Guarantee	As at March 31, 2020				As at March 31, 2019			
	Subsidiaries	Associates	Joint venture	KMP and other related party	Subsidiaries	Associates	Joint venture	KMP and other related party
Corporate guarantee for securing banking lines*	10,174	-	-	-	20,916	-	-	-
Bank guarantee for contract performance#	11,972	590	-	-	11,421	1,011	-	-
Bank guarantee for warranty#	-	-	1,310	-	-	-	1,216	-

* As at 31 March 2020, underlying borrowings in the books of subsidiaries amounts to INR 4,145 Lakhs (31 March 2019: INR 12,802 Lakhs).

Subsequent to the year ended 31 March 2020, Bank guarantees issued for subsidiaries and joint venture towards contract performance and warranty amounting to INR 5,902 Lakhs and INR 1,310 Lakhs respectively, have been released.

e) Remuneration to Key Managerial Personnel and Other Related Parties

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries including bonus	591	663
Post employment and termination benefits	52	49
Commission	69	65

Summary of significant accounting policies and other explanatory information (Contd.)

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

41. Fair value measurement

Fair value measurement hierarchy

The Company records certain financial assets and financial liabilities at fair value on a recurring basis. The Company determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The Company holds certain fixed income investments and other financial assets such as employee loans, deposits etc. which must be measured using the fair value hierarchy and related valuation methodologies. The guidance specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about current market conditions. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three Levels of fair value hierarchy. These levels are based on the observability of significant inputs to the measurement, as follows:

> **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities

> **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e prices) or indirectly (i.e derived from prices)

> **Level 3:** Inputs for assets or liabilities that are not based on observable market data (unobservable inputs)

The following table shows the Levels within the hierarchy of financial and non-financial assets and liabilities measured at fair value on a recurring basis at 31 March 2020, 31 March 2019:

(a) Quantitative disclosures fair value measurement hierarchy for assets as at March 31,:

	Fair value measurement using				
	Date of valuation	Carrying value	Level 1	Level 2	Level 3
i) Assets measured at fair value:					
Fair value through statement of profit and loss					
Investments					
2020	March 31, 2020	17	-	-	17
2019	March 31, 2019	17	-	-	17

	Fair value measurement using				
	Date of valuation	Carrying value	Level 1	Level 2	Level 3
ii) Liabilities measured at fair value:					
Financial guarantees					
2020	March 31, 2020	459	-	-	459
2019	March 31, 2019	1,259	-	-	1,259

	As at March 31, 2020	As at March 31, 2019
iii) Liabilities measured at amortised cost:		
a) Interest-bearing loans and borrowings:		
Floating rate borrowings	-	-
Fixed rate borrowings	44,061	43,471

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.

Summary of significant accounting policies and other explanatory information (Contd.)

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

42. Nature and extent of risks arising from financial instruments and respective financial risk management objectives and policies

The Company's principal financial liabilities comprise of loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its and group companies operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and short-term deposits that derive directly from its operations. The Company also enters into derivative transactions and holds short term investments.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by the Group Treasury Team that advises on financial risks and the appropriate financial risk governance framework in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by Group Treasury Team that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors review and agree on policies for managing each of these risks, which are summarised below.

a) Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates are managed by borrowing at fixed interest rates. During the year Company did not have any floating rate borrowings.

Foreign currency risk

Most of the Company's transactions are carried out in Indian rupees. Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in US dollars (USD) and Euro (EUR).

To mitigate the Company's exposure to foreign currency risk, cash flows are monitored and forward exchange contracts are entered into in accordance with the Company's risk management policies. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward exchange contracts are mainly entered into for net foreign currency exposures that are not expected to be offset by other same currency transactions.

Foreign currency denominated financial assets and financial liabilities which expose the Company to currency risk are disclosed below. The amounts shown are those reported to key management and are translated at the closing rate:-

	Foreign currency exposure (in INR in lakhs)	
	USD	EUR
March 31, 2020		
Financial assets	38,320	342
Financial liabilities	8,278	1,348
March 31, 2019		
Financial assets	35,913	312
Financial liabilities	7,728	2,972

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..

Summary of significant accounting policies and other explanatory information (Contd.)

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

The following table illustrates the sensitivity of profit and equity in regards to the Company's financial assets and financial liabilities and the USD/ INR exchange rate and EUR/ INR exchange rate 'all other things being equal'. It assumes a +/- 1% change of the INR/USD and INR/EUR exchange rate for the year ended March 31, 2020 (March 31, 2019: 1%).

If the INR had strengthened against the USD by 1% during the year ended 31 March 2020 (31 March 2019: 1%), and EUR by 1% during the year ended 31 March 2020 (31 March 2019: 1%) respectively then this would have had the following impact on profit before tax and equity before tax:

		As at March 31, 2020	As at March 31, 2019
Profit before tax			
USD	+1%	300	282
EUR	+1%	(10)	(27)
		290	**255**
Equity before tax			
USD	+1%	300	282
EUR	+1%	(10)	(27)
		290	**255**

If the INR had weakened against the USD by 1% during the year ended March 31, 2020 (March 31, 2019: 1%) and EUR by 1% during the year ended March 31, 2020 (March 31, 2019: 1%) respectively, there would be an equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

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 March 31, as summarised below:

	As at March 31, 2020	As at March 31, 2019
Classes of financial assets		
Trade receivables	1,64,885	1,55,650
Cash and bank balances	17,650	7,499
Other financial assets	11,650	9,340

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 other than matters disclosed in note 46. 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 2020, the Company had 14 (Previous year 2018-19 : 10) customers that owed the Company more than INR 3,000 lakhs each and accounted for approximately 78% (Previous year 2018-19: 80%) of all the receivables outstanding. As at 31 March 2020, the Company has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired.

Summary of significant accounting policies and other explanatory information (Contd.)

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

The credit risk for cash and cash equivalents, fixed deposits and mutual funds are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Other financial assets mainly comprises of tender deposits and security deposits which are given to customers or other governmental agencies in relation to contracts executed and are assessed by the Company for credit risk on a continuous basis.

c) Liquidity risk

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on a monthly, quarterly, and yearly basis depending on the business needs. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Company's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade receivables are all contractually due within six months except for retention and long term trade receivables which are governed by the relevant contract conditions.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, and short-term borrowings. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below analyses non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows including interest as at March 31, 2020 and March 31, 2019.

As at March 31, 2020	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Borrowings	41,825	-	2,968	-
Trade payables	1,16,073	-	13,556	-
Other financial liabilities	4,475	459	163	-
Lease liabilities	35	-	-	-
	1,62,408	**459**	**16,687**	**-**

As at March 31, 2019	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Borrowings	37,434	-	7,156	-
Trade payables	1,11,454	-	8,801	-
Other financial liabilities	3,636	1,259	149	-
	1,52,524	**1,259**	**16,106**	**-**

Summary of significant accounting policies and other explanatory information (Contd.)

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

43. Events after the reporting period

No adjusting or significant non-adjusting events have occured between the reporting date (March 31, 2020) and the date of authorisation, other than those disclosed under respective notes.

44. Contingent liabilities, commitments and guarantees

a) Claims against the Company not acknowledged as debt

Particulars	As at March 31, 2020	As at March 31, 2019
Income tax demand including interest contested in appeal for various assessment years	3,120	2,950
Indirect tax matters under dispute including interest contested in appeal for various years	4,883	4,569

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

Particulars	As at March 31, 2020	As at March 31, 2019
Guarantees issued by the Company for:		
- subsidiaries/joint venture/ associates*	13,872	13,648
- Others#	52,390	48,633

* Subsequent to the year ended 31 March 2020, guarantees issued by the company for subsidiaries and joint venture amounting to INR 5,902 Lakhs and INR 1,310 Lakhs respectively, have been released.

Subsequent to the year ended 31 March 2020, guarantees issued to others have been fully released.

45. Segment reporting

The Company publishes standalone financial statements along with the consolidated financial statements in the annual report. In accordance with Ind AS 108, Operating segments, the Company has disclosed the segment information in the consolidated financial statements.

46. The Company has been executing certain projects for Andhra Pradesh Power Generation Corporation Limited (APGENCO) and Telangana State Power Generation Corporation Limited (TSGENCO) as part of a consortium. With financial difficulties faced by other two partners, the Company took over as consortium leader for these projects in 2014-15.

Corporate insolvency resolution process was ordered against the erstwhile consortium leader Tecpro Systems Limited ('Tecpro') in 2017-18. The receivables from these projects, net of provision for expected credit losses are as follows:

a) The Company is pursuing legal action to recover an amount of INR 6,953 lakhs from Tecpro held under trust. The company expects to recover these dues through National Company Law Tribunal post the ruling in National Company Law Appellate Tribunal.

b) The Company has completed the project for TSGENCO and is in the process of recovering the receivables and retentions of INR 13,875 lakhs. Tecpro is endeavouring to initiate arbitration with TSGENCO. The Company and TSGENCO have challenged the same legally and obtained an interim injunction order against the arbitration proceedings.

Summary of significant accounting policies and other explanatory information (Contd.)

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

c) The receivables and retentions pertaining to APGENCO project of INR 26,707 lakhs, are recoverable progressively upon satisfactory completion of the contractual milestones.

d) The COVID-19 pandemic and the Lockdown imposed by the Government, resulted in delays in NCLT & legal proceedings and also impacted the project (c above) progress and collection.

47. The Company has used the principles of prudence in applying judgements, estimates and assumptions to assess the impact of the COVID-19 pandemic on the financial statements. Our assessment based on estimates and judgements considering available information does not indicate any material impact on the carrying value of assets and liabilities as on the reporting date. The Company will continue to monitor the future economic conditions and assess its impact on the financial statements. The assessment as on date with the available information does not indicate any adverse impact on the ability of the Company to continue as a going concern.

Notes 1 to 47 form an integral part of the standalone financial statements

In terms of our report of even date attached

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

V Viswanathan
Partner
(Membership No.: 215565)

Place: Chennai
Date : July 31, 2020

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

B D Narang
Chairman
(DIN :00826573)

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

Sandeep Agrawal
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No.:17696)

Place: New Delhi
Date : July 31, 2020

Place: Chennai
Date : July 31, 2020

Independent Auditor's Report

To the members of VA Tech Wabag Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Qualified Opinion

We have audited the accompanying consolidated financial statements of VA Tech Wabag Limited (hereinafter referred to as the "Company" / "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") which includes Group's share of profit in its associates and its joint ventures, which comprise the Consolidated Balance Sheet as at 31 March 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year ended on that date and notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect of the matters described in Basis for Qualified Opinion section of our report the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint venture as at 31 March 2020, the consolidated profit and consolidated total comprehensive income, its consolidated cash flows and consolidated changes in equity for the year ended on that date.

Basis for Qualified Opinion

Attention is invited to Note 49 to the Consolidated Financial Statements, which includes the financial statements of VA Tech Wabag GmbH, Austria, a subsidiary whose accounts reflect Group's share of total assets of Rs. 63,468 lakhs, networth of Rs. 18,117 lakhs as at 31 March 2020, net cash inflows for the year of Rs. 3,111 lakhs, total revenue of Rs. 48,773 lakhs and net profit after tax of Rs. 1,229 lakhs for the year ended 31 March 2020. The financial statements of the subsidiary have been prepared by the management which have not been audited and our opinion is based solely on such unaudited financial statements which is certified by the management. We are unable to comment on the adjustment that may have been required to the Consolidated Financial Statements, had such financial statements of the subsidiary been audited.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Emphasis of Matter

a. We draw reference to the note 48 of the consolidated financial statements which describes that the Company has been executing projects for M/s. Andhra Pradesh Power Generation Corporation Limited and M/s. Telangana Power Generation Corporation Limited as part of a consortium. The Company took over the projects as consortium leader in 2014-15 and a corporate insolvency resolution process was ordered against the erstwhile consortium lead member M/s. Tecpro Systems Limited ('Tecpro') in 2017-18. The net receivables on these projects of Rs. 47,535 Lakhs, its status and process of recoverability is explained in the aforementioned note. Our opinion is not modified in this regard.

b. We draw reference to note 50 of the consolidated financial statements, wherein the Company has disclosed impact assessment due to COVID-19 pandemic. As stated in the said note, the Company has used the principles of prudence in applying judgements, estimates and assumptions to assess the impact of the COVID-19 pandemic on the consolidated financial statements and in its assessment based on estimates

Independent Auditor's Report (Contd.)

and judgements considering available information does not indicate any material impact on the carrying value of assets and liabilities as on the reporting date. Further, it will continue to monitor the future economic conditions and assess its impact on the consolidated financial statements. Also, the assessment as on date with the available information does not indicate any adverse impact on the ability of the Company to continue as a going concern. Our opinion is not modified in this regard.

Key Audit Matters

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

<table>
<tr><th>S. No</th><th>Key audit matter description and principal audit procedures</th></tr>
<tr><td>1</td><td>Revenue recognition

Refer Notes 4.4,12 and 24 in consolidated financial statements

The Group recognises revenue and margin on the stage of completion based on the proportion of contract costs incurred relative to the estimated total costs of each contract. The recognition of revenue and margin therefore relies on estimates in relation to the forecasted total costs on each contract. Cost contingencies may also be included in these estimates to take account of specific uncertain risks arising within each contract. These cost estimates are reviewed by the Group on a regular basis during contract execution and adjusted where appropriate. There is significant management judgement in estimating the amount of revenue and margin to be recognised by the Group up to the balance sheet date and changes to these estimates could give rise to material variances, hence revenue recognition has been considered as a key audit matter.

Our procedures included the following:

• Evaluated and tested key controls in the management processes in relation to recognition of revenue and margin including:
- the preparation, review and authorisation of contract review sheets for contracts which contains estimated total costs for the contracts including cost contingencies
- the project reviews that are undertaken by the Group's management
- the controls in relation to accrual of cost towards materials and services
• Recalculated revenue recognised under the percentage of completion method on a test basis
• Evaluated the financial performance of contracts against budget / earlier year and obtained reasons for significant variances thereto.
• Tested the contract value, costs incurred to date including the costs accrued for work completed, total contract costs for a sample of contracts selected based on factors such as value of contracts, material new contracts and contracts where significant risks have been identified by the management of the Group.
• Conducted site visits on a test basis to confirm our understanding of the risks and controls at site level.
• Reviewed the management's assessment of pre-GST taxes adjustment for projects where it is under finalisation with customers</td></tr>
</table>

Independent Auditor's Report (Contd.)

S. No	Key audit matter description and principal audit procedures
2	**Dues from customers (unbilled) and Trade receivables** Refer Notes 4.4, 7, 12, 34 and 48 in consolidated financial statements The Group measures revenue to be recognised based on the contract costs incurred over the total estimated costs for each contract. Such revenue recognised in excess of progress billing is presented as 'Dues from customers' which are yet to be billed. Such Dues from customers are accounted based on the contractual terms and management's assessment of recoverability from customers. Management also assesses the recoverability of Trade receivables including those which have remained unsettled beyond contractual credit period using judgement and past collection trends in similar contracts and customers. The management estimates and recognises allowance for expected credit losses on Trade receivables which involves estimation of expected default and/or delay in the customer making payment over the duration of the contract and realisability of Dues from customers, considering the past trend and its assessment on the reporting date. Since the valuation of Dues from customers and Trade receivables involve significant management judgement and estimates, it has been considered as a key audit matter. Our procedures included the following: • Evaluated management's processes and controls in respect of Dues from customers and Trade receivables for the following, - risk assessment pertaining to invoicing and recoverability - assessment of the probability of default and delay - assessment of the significant increases in credit risk, if any • Requested confirmation of balances from customers having significant outstanding balances as at the reporting date • Reviewed the project progress, invoicing and collection history of customers with significant Dues from customers or Trade receivables. Discussed with the project team to understand the management's assessment of risk associated with recoverability • Analysed the past trend and inquired into the reasonableness of provision matrix developed by the management for estimating the allowance for Trade receivables. • Considered the subsequent events and collections in assessing the recoverability of Dues from customers and Trade receivables • Consulted legal counsel wherever necessary for legal disputes to assess the valuation of Trade receivables.

Other matters

The consolidated financial statements include the financial statements of eighteen subsidiaries, whose financial information reflect total assets of Rs. 74,755 Lakhs and net assets of Rs. 13,845 Lakhs as at 31 March 2020, total revenues of Rs. 61,145 Lakhs, net loss (including other comprehensive income) of Rs. 2,096 Lakhs and net cash outflows amounting to Rs. 1,041 Lakhs for the year ended on that date, which have not been audited by us. The consolidated financial statements also include the Group's share of total comprehensive income (net) of Rs. 475 Lakhs for the year ended 31 March 2020, in respect of two associates and one joint venture, whose financial statements have not been audited by us. The financial information of these subsidiaries, associates and joint venture have been audited by other auditors whose reports have been furnished to us by the management of the Holding Company and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associates and joint venture, is based solely on the reports of such other auditors

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

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

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

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

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

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

The Board of Directors of the Holding Company is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associates and joint venture in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, and of its associates and joint venture and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for assessing the ability of the Group and of its associates and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for overseeing the financial reporting process of the Group and of its associates and joint venture.

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

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

Independent Auditor's Report (Contd.)

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal financial controls over financial reporting relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company and its subsidiary companies incorporated in India, have adequate internal financial controls over financial reporting system in place with reference to the financial statements and the operating effectiveness of such controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management of the Holding Company.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group, its associates and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group, its associates and joint venture to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, its associates and joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of the Holding Company included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit we report that:

(a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements, except for the matter described in Basis for qualified opinion section of our report,

(b) in our opinion, except for the possible effects of the matter described in Basis for qualified opinion section of our report, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements, except for the possible effects of matters described in Basis for qualified opinion section of our report.

(d) in our opinion, except for the possible effects of the matter described in Basis for qualified opinion section of our report, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act and read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of subsidiary companies incorporated in India, none of the directors of the Holding Company and subsidiary companies incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act .

(f) we are unable to comment whether the matter described in Basis for qualified opinion section of our report may have an adverse effect on the functioning of the Company

(g) with respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on our report of the Holding Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting for those Companies for reasons stated therein.

(h) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

(i) 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, except for the possible effects of the matter described in Basis for qualified opinion section of our report:

i. the Group, as detailed in Note 47 to the consolidated financial statements, has disclosed the impact of pending litigations on its consolidated financial position of the Group;

Independent Auditor's Report (Contd.)

ii. the Group, as detailed in Note 20 to the consolidated financial statements, has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on longterm contracts including derivative contracts;

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

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

V. Viswanathan
Partner
Membership No. 215565
UDIN: 20215565AAAABG7980

Place: Chennai
Date: 31 July 2020

Annexure A to the Independent Auditor's Report

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

Independent Auditor's Report on the Internal Financial Controls over financial reporting under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting of VA Tech Wabag Limited (hereinafter referred to as "Holding Company") and its subsidiary companies which are companies incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary companies which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors referred to in the Other Matters paragraph below, the Holding Company and its subsidiary companies which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to two subsidiary companies which are companies incorporated in India, is based solely on the corresponding reports furnished to us by the auditors of such companies incorporated in India. Our opinion is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of such other auditors.

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

V. Viswanathan
Partner
Membership No. 215565
UDIN: 20215565AAAABG7980

Place: Chennai
Date: 31 July 2020

Consolidated Balance Sheet as at March 31, 2020

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

Particulars	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	5	8,387	8,823
Intangible assets	5	247	6,057
Investments accounted for using the equity method	6	1,525	815
Financial assets			
- Investments	6	465	17
- Trade receivables	7	42,632	35,653
- Bank balances	8	1,692	163
- Other financial assets	9	1,400	1,480
Deferred tax assets (net)	10	2,453	9,909
Income tax assets (net)	11	10,179	5,608
Other non-current assets	12	306	312
		69,286	**68,837**
Current assets			
Inventories	13	2,641	1,536
Financial assets			
- Trade receivables	7	1,58,935	1,35,105
- Cash and cash equivalents	14	24,891	13,453
- Bank balances other than those mentioned in cash and cash equivalents	14	7,163	4,449
- Other financial assets	9	4,944	4,494
Other current assets	12	1,34,496	1,49,977
		3,33,070	**3,09,014**
Total assets		**4,02,356**	**3,77,851**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	1,094	1,094
Other equity			
- Securities premium reserve		27,762	27,762
- Reserves and surplus		88,588	78,035
Share application money pending allotment		-	-
Equity attributable to owners of the Parent		**1,17,444**	**1,06,891**
Non-controlling interest		(225)	1,667
Total equity		**1,17,219**	**1,08,558**
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	17	2,968	9,959
- Trade payables			
total outstanding dues of micro enterprises and small enterprises	18	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	18	13,617	9,561
- Other financial liabilities	19	252	150
Provisions	20	1,346	1,296
Deferred tax liabilities (net)	10	197	1,283
Other non-current liabilities	21	8,271	5,073
		26,651	**27,322**
Current liabilities			
Financial liabilities			
- Borrowings	17	45,277	48,411
- Trade payables			
total outstanding dues of micro enterprises and small enterprises	18	1,275	922
total outstanding dues of creditors other than micro enterprises and small enterprises	18	1,61,418	1,58,215
- Other financial liabilities	19	7,226	5,316
Other current liabilities	21	37,396	21,963
Provisions	20	4,457	4,032
Current tax liabilities (net)	22	1,437	3,112
		2,58,486	**2,41,971**
Total liabilities		**2,85,137**	**2,69,293**
Total equity and liabilities		**4,02,356**	**3,77,851**

Notes 1 to 50 form an integral part of these consolidated financial statements

In terms of our report even date attached

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

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

V Viswanathan
Partner
(Membership No.: 215565)

Place: Chennai
Date : July 31, 2020

B D Narang
Chairman
(DIN :00826573)

Sandeep Agrawal
Chief Financial Officer

Place: New Delhi
Date : July 31, 2020

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

R Swaminathan
Company Secretary
(Membership No.:17696)

Place: Chennai
Date : July 31, 2020

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

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

Particulars	Note	Year ended March 31, 2020	Year ended March 31, 2019
Income			
Revenue from operations	24	2,55,715	2,78,096
Other income	25	3,517	435
Total income		**2,59,232**	**2,78,531**
Expenses			
Cost of sales and services	26	1,94,625	2,11,862
Changes in inventories	27	(1,109)	271
Employee benefits expense	28	23,558	25,377
Finance costs	29	10,902	7,532
Depreciation and amortisation expense	30	1,539	1,679
Other expenses	31	16,943	21,172
Total expenses		**2,46,458**	**2,67,893**
Profit before share of net profits of investments accounted for using equity method and tax		**12,774**	**10,638**
Share of profit of associates and a joint venture, net		475	333
Profit before tax		**13,249**	**10,971**
Tax expense	32		
Current tax		(2,570)	3,766
Deferred tax		7,426	(1,717)
Profit for the year		**8,393**	**8,922**
Profit for the year attributable to:			
Owners of the parent		**9,096**	**10,502**
Non-controlling interests		(703)	(1,580)
		8,393	**8,922**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Re-measurement gains on defined benefit plans		25	33
- Income tax relating to items that will not be reclassified to profit and loss		23	(10)
- Exchange differences on translation of foreign operations		(1,009)	(49)
		(961)	**(26)**
Items that will be reclassified subsequently to profit and loss			
- Exchange differences on translation of foreign operations		1,405	(411)
		1,405	**(411)**
Other comprehensive income for the year, net of tax		**444**	**(437)**
Total comprehensive income for the year		**8,837**	**8,485**
Other comprehensive income for the year, net of tax attributable to:			
Owners of the parent		1,453	(388)
Non-controlling interests		(1,009)	(49)
		444	**(437)**
Total comprehensive income for the year attributable to:			
Owners of the parent		**10,549**	**10,114**
Non-controlling interests		(1,712)	(1,629)
		8,837	**8,485**
Earnings per equity share	33		
Basic (in INR)		16.64	19.21
Diluted (in INR)		16.64	19.21

Notes 1 to 50 form an integral part of these consolidated financial statements

In terms of our report even date attached

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

V Viswanathan
Partner
(Membership No.: 215565)

Place: Chennai
Date : July 31, 2020

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

B D Narang
Chairman
(DIN :00826573)

Sandeep Agrawal
Chief Financial Officer

Place: New Delhi
Date : July 31, 2020

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

R Swaminathan
Company Secretary
(Membership No.:17696)

Place: Chennai
Date : July 31, 2020

Consolidated Statement of cash flows for the year ended March 31, 2020

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flow from operating activities		
Profit before tax	**13,249**	**10,971**
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortisation expense	1,539	1,679
Share of (gain) from associates and a joint venture, net	(475)	(333)
Unrealised foreign exchange (gain)/loss	(2,642)	1,395
Bad and doubtful debts, net	8,588	9,247
Unclaimed credit balances	(775)	(2,597)
Loss/(gain) on sale of property, plant and equipment, net	31	(7)
(Gain) on sale of investments	(1,931)	-
Interest expenses on lease liabilities	14	-
Interest expenses	5,989	4,255
Interest income	(604)	(435)
(Reversal)/Provision for foreseeable losses on contracts	(1)	203
Provision for compensated absences and gratuity	543	632
Provision for liquidated damages	565	929
Provision/(Reversal) for warranty	325	(1,302)
Operating profit before working capital changes	**24,415**	**24,637**
Changes in working capital		
(Increase) in trade receivables	(36,697)	(8,833)
(Increase) in other financial assets	(370)	(1,940)
Decrease/(Increase) in other assets	15,615	(20,389)
(Increase)/Decrease in inventories	(1,109)	271
Increase in trade payables	8,047	10,011
Increase/(Decrease) in other financial liabilities	1,009	(366)
Increase/(Decrease) in other liabilities	18,327	(3,361)
(Decrease) in provisions	(1,084)	(1,960)
Cash generated from/ (used in) operating activities	**28,153**	**(1,930)**
Direct taxes paid, net	(3,676)	(5,696)
Net cash generated from/ (used in) operating activities	**24,477**	**(7,626)**
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital advances)	(363)	(280)
Proceeds from sale of property, plant and equipment and Intangible assets	6,866	110
Dividend received	236	107
Interest received	476	377
Net movement in bank deposits	(4,243)	805
Net cash generated from investing activities	**2,972**	**1,119**

Consolidated Statement of cash flows for the year ended March 31, 2020 (Contd.)

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
C. Cash flow from financing activities		
Proceeds from long term borrowings	-	9,375
(Repayment) of long term borrowings	(6,240)	(1,888)
(Repayment)/Proceeds of short term borrowings, net	(1,675)	3,764
Proceeds from issue of equity shares including securities premium	-	61
Recognition of lease liabilities	252	-
Interest paid on lease liabilities	(14)	-
Interest paid	(5,685)	(4,155)
Dividend paid (including additional tax on dividend)	(180)	(2,302)
Net cash (used in)/generated from financing activities	**(13,542)**	**4,855**
D.Net change in cash and cash equivalents	**13,907**	**(1,652)**
Effects of foreign currency translation	(834)	187
E. Cash and cash equivalents at the beginning	13,453	13,656
F. Bank overdraft at the beginning	**(1,635)**	**(373)**
G. Cash and cash equivalents in Cash Flow Statement at the end	**24,891**	**11,818**
Cash and cash equivalents include		
Cash on hand	175	137
Cheques on hand	1,793	1,955
Balances with banks		
- in current accounts	19,531	11,254
- in deposit account (with original maturity upto 3 months)	3,392	107
Cash and cash equivalents as per note 14	24,891	13,453
Bank overdraft as per note 17	-	(1,635)
Cash and cash equivalents in Cash Flow Statement	**24,891**	**11,818**

Notes 1 to 50 form an integral part of these consolidated financial statements

In terms of our report even date attached

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

V Viswanathan
Partner
(Membership No.: 215565)

Place: Chennai
Date : July 31, 2020

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

B D Narang
Chairman
(DIN :00826573)

Sandeep Agrawal
Chief Financial Officer

Place: New Delhi
Date : July 31, 2020

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

R Swaminathan
Company Secretary
(Membership No.:17696)

Place: Chennai
Date : July 31, 2020

Consolidated Statement of Changes in Equity for the year ended March 31, 2020

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

A. Equity share capital (issued,subscribed and fully paid up)

Particulars	Notes	Amount
Balance as at March 31, 2018	15	**1,093**
Issued pursuant to Employee Stock Option Plan		1
Balance as at April 01, 2019		**1,094**
Issued pursuant to Employee Stock Option Plan		-
Balance as at March 31, 2020		**1,094**

B. Other equity

Particulars	Notes	Attributable to the equity holders of the Parent											Non-controlling interest	Total equity
		Reserves and surplus								Securities premium reserve	Share application money pending allotment	Total attributable to the equity holders of the Parent		
		Capital reserve	Stock option outstanding account	General reserve	Surplus in the statement of profit and loss	Legal reserve	Foreign currency translation reserve	Accumulated other comprehensive income	Total reserves and surplus					
Balance as at March 31, 2018		**15,837**	**37**	**3,314**	**60,634**	**71**	**4,844**	**(658)**	**84,079**	**27,694**	**-**	**1,11,773**	**3,375**	**1,15,148**
Adjustment on adoption of Ind AS 115		-	-	-	(18,206)	-	-	-	(18,206)	-	-	(18,206)	-	**(18,206)**
Deferred tax impact on transition		-	-	-	4,279	-	-	-	4,279	-	-	4,279	-	**4,279**
Balance as at April 01, 2018		**15,837**	**37**	**3,314**	**46,707**	**71**	**4,844**	**(658)**	**70,152**	**27,694**	**-**	**97,846**	**3,375**	**1,01,221**
Dividends	16	-	-	-	(2,186)	-	-	-	(2,186)	-	-	(2,186)	(79)	**(2,265)**
Dividend distribution tax	16	-	-	-	(37)	-	-	-	(37)	-	-	(37)	-	**(37)**
Issue of share capital on exercise of employee share option		-	(8)	-	-	-	-	-	(8)	68	-	60	-	**60**
Transfer to general reserve		-	(29)	29	-	-	-	-	-	-	-	-	-	**-**
Share application money received		-	-	-	-	-	-	-	-	-	59	59	-	**59**
Equity shares allotted		-	-	-	-	-	-	-	-	-	(59)	(59)	-	**(59)**
Transactions with owners/ Non-controlling interests		**-**	**(37)**	**29**	**(2,223)**	**-**	**-**	**-**	**(2,231)**	**68**	**-**	**(2,163)**	**(79)**	**(2,242)**
Profit/(loss) for the year		-	-	-	10,502	-	-	-	10,502	-	-	10,502	(1,580)	**8,922**
Other comprehensive income (net of tax)		**-**	**-**	**-**	**-**	**-**	**(411)**	**23**	**(388)**	**-**	**-**	**(388)**	**(49)**	**(437)**
Total comprehensive income		**-**	**-**	**-**	**10,502**	**-**	**(411)**	**23**	**10,114**	**-**	**-**	**10,114**	**(1,629)**	**8,485**
Balance as at March 31, 2019		**15,837**	**-**	**3,343**	**54,986**	**71**	**4,433**	**(635)**	**78,035**	**27,762**	**-**	**1,05,797**	**1,667**	**1,07,464**

B. Other equity *(Contd.)*

Particulars	Notes	Attributable to the equity holders of the Parent											Non-controlling interest	Total equity
		Reserves and surplus								Securities premium reserve	Share application money pending allotment	Total attributable to the equity holders of the Parent		
		Capital reserve	Stock option outstanding account	General reserve	Surplus in the statement of profit and loss	Legal reserve	Foreign currency translation reserve	Accumulated other comprehensive income	Total reserves and surplus					
Balance as at March 31, 2019		**15,837**	**-**	**3,343**	**54,986**	**71**	**4,433**	**(635)**	**78,035**	**27,762**	**-**	**1,05,797**	**1,667**	**1,07,464**
Adjustment on adoption of Ind AS 116		-	-	-	4	-	-	-	4	-	-	4	-	**4**
Balance as at April 01, 2019		**15,837**	**-**	**3,343**	**54,990**	**71**	**4,433**	**(635)**	**78,039**	**27,762**	**-**	**1,05,801**	**1,667**	**1,07,468**
Dividends	16	-	-	-	-	-	-	-	-	-	-	-	(180)	**(180)**
Dividend distribution tax	16	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Issue of share capital on exercise of employee share option		-	-	-	-	-	-	-	-	-	-	-	-	**-**
Transfer to general reserve		-	-	-	-	-	-	-	-	-	-	-	-	**-**
Share application money received		-	-	-	-	-	-	-	-	-	-	-	-	**-**
Equity shares allotted		-	-	-	-	-	-	-	-	-	-	-	-	**-**
Transactions with owners/ Non-controlling interests		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(180)**	**(180)**
Profit/(loss) for the year		-	-	-	9,096	-	-	-	9,096	-	-	9,096	(703)	**8,393**
Other comprehensive income (net of tax)		-	-	-	-	-	1,405	48	1,453	-	-	1,453	(1,009)	**444**
Total comprehensive income		**-**	**-**	**-**	**9,096**	**-**	**1,405**	**48**	**10,549**	**-**	**-**	**10,549**	**(1,712)**	**8,837**
Balance as at March 31, 2020		**15,837**	**-**	**3,343**	**64,086**	**71**	**5,838**	**(587)**	**88,588**	**27,762**	**-**	**1,16,350**	**(225)**	**1,16,125**

Notes 1 to 50 form an integral part of these consolidated financial statements

In terms of our report even date attached

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

V Viswanathan
Partner
(Membership No.: 215565)

Place: Chennai
Date : July 31, 2020

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

B D Narang
Chairman
(DIN :00826573)

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

Sandeep Agrawal
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No.:17696)

Place: New Delhi
Date : July 31, 2020

Place: Chennai
Date : July 31, 2020

Summary of significant accounting policies and other explanatory information

1. Nature of Operations

VA Tech Wabag Limited ('Parent'), and its subsidiaries, its associates and joint venture (collectively referred to as 'Group') is one of the world's leading companies in the water treatment field. The Group's principal activities include design, supply, installation, construction and operational management of drinking water, waste water treatment, industrial water treatment and desalination plants. The shares of the Parent are listed in the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Parent is domiciled in India and its registered office and its principal place of business is 'WABAG HOUSE', No.17, 200 Feet Thoraipakkam - Pallavaram Main Road, Sunnambu Kolathur, Chennai - 600 117.

2. Basis of preparation of Consolidated financial statements

General information and statement of compliance with Indian Accounting Standards (Ind AS)

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016 as notified under section 133 of Companies Act, 2016 (the "Act") and other relevant provisions of the Act.

Effective April 01, 2019 the Group has adopted Ind AS-116 "Leases" using modified retrospective transition method and therefore the comparative information has not been restated. The new standard replaces the existing standards for Leases - Ind AS 17 "Leases".

Effective April 01, 2018 the Group has adopted Ind AS-115 "Revenue from contracts with customers" using modified retrospective transition method. The new standard replaces the existing standards for revenue recognition - Ind AS 18 "Revenue Recognition" and Ind AS 11 "Construction Contracts".

The consolidated financial statements as at and for the year ended March 31, 2020 are approved and authorised for issue by the Board of Directors on July 31, 2020.

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, associates and joint venture as listed below. The financial statements of the subsidiaries, associates and joint venture forming part of these consolidated financial statements are drawn up to March 31, 2020. All material inter-company transactions and balances are eliminated on consolidation. The following subsidiaries, associates and joint venture have been included in the consolidated financial statements:

Particulars	Country of incorporation	Percentage of holding/interest as at	
		March 31, 2020	March 31, 2019
Subsidiaries			
VA Tech Wabag (Singapore) Pte Ltd	Singapore	100	100
VA Tech Wabag (Philippines) Inc	Philippines	100	100
VA Tech Wabag Limited Pratibha Industries Limited JV	Nepal	100	100
Wabag Limited	Thailand	90.6	90.6
Wabag Muhibbah JV SDN BHD	Malaysia	70	70
VA Tech Wabag GmbH	Austria	100	100
Wabag Wassertechnik AG	Switzerland	100	100
VA Tech Wabag Deutschland GmbH	Germany	100	100
VA Tech Wabag Brno spol S.R.O	Czech Republic	100	100
Wabag Water Services (Macao) Limited (1)	Macao	-	100
Wabag Water Services s.r.l	Romania	100	100

Summary of significant accounting policies and other explanatory information (Contd.)

Particulars	Country of incorporation	Percentage of holding/interest as at	
		March 31, 2020	March 31, 2019
VA Tech Wabag Tunisie s.a.r.l.	Tunisia	100	100
VA Tech Wabag Su Teknolojisi Ve Tic. A S	Turkey	100	100
Ujams Wastewater Treatment Company (Pty) Ltd. (2)	Namibia	-	66.4
VA Tech Wabag Muscat LLC	Oman	70	70
Wabag Operation and Maintenance W.L.L.	Bahrain	70	70
VA Tech Wabag and Roots Contracting L.L.C. – Project I	Qatar	60	60
Wabag Belhasa JV WLL	Bahrain	100	100
Va Tech Wabag Brazil Servicos De Agua E Saneamento LTDA	Brazil	100	100
Ganga STP Project Private Limited (3)	India	100	-
DK Sewage Project Private Limited (4)	India	100	-
Associates			
Windhoek Goreangab Operating Company (Pty) Limited	Namibia	33	33
VA Tech Wabag and Roots Contracting L.L.C. – Project II	Qatar	49	49
VA Tech Wabag and Roots Contracting L.L.C. – Project III	Qatar	25	-
Joint Venture			
International Water Treatment LLC	Oman	32.5	32.5

(1) Wabag Water Services (Macao) Limited has been liquidated with effect from July 29, 2019.

(2) The group has disinvested in Ujams Wastewater Treatment Company (Pty) Ltd. with effect from March 31, 2020.

(3) Ganga STP Project Private Limited has been incorporated on April 05, 2019 as a project specific entity.

(4) DK Sewage Project Private Limited has been incorporated on September 26, 2019 as a project specific entity.

The Group had entered into a joint venture with Pratibha Industries Limited in Nepal to execute a project. Considering the fact that the Group has control over the governing body and thereby has power over the entity, has rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of its returns, the same has been treated as a subsidiary in the consolidated financial statements.

The Group had entered into a Joint Venture with Cadagua S.A and Galfar LLC in Oman to construct a desalination water treatment plant in the Sultanate of Oman. The Group has classified this as a joint venture and it has been consolidated accordingly.

Pursuant to exclusive contractual arrangements providing for a majority share in the economic interests and control of voting power differently to the shareholders in each of the projects, i.e. Project – I, Project- II and Project-III are 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 Project-I is consolidated for as a subsidiary and Project-II and Project-III are consolidated for as an associate.

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

Summary of significant accounting policies and other explanatory information (Contd.)

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

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 consolidated balance sheet respectively. Non-controlling interests in net profits/losses of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the owners of the Parent. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual/legal obligation on the minorities, the same is accounted for by the Parent, except where there is a contractual/legal obligation on minority interests.

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Interests in joint venture are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint venture are recognised as a reduction in the carrying amount of the investment. After the investor's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the investee. If the investee subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Unrealised gains on transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The carrying amount of equity accounted investments are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired.

Excess of acquisition cost over the carrying amount of the Parent's share of equity of the acquiree at the date of acquisition is recognised 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 realised. 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 realised 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.

Summary of significant accounting policies and other explanatory information (Contd.)

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

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 summarised below. These accounting policies have been used throughout all periods presented in the financial statements.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

4.2 Investments in subsidiaries, associates, joint venture and joint operations

Investments in subsidiaries are being recognised at cost less impairment, if any. Investments in associates and joint venture are accounted for using the equity method of accounting, after initially being recognised at cost less impairment, if any. Investments in joint operations are accounted for using proportionate consolidation method in the consolidated financial statements.

4.3 Foreign currency translation

Financial 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 recognised as other income/ other expenses respectively in statement of profit and loss.

Non-monetary items are not translated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

4.4 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding trade discounts and other applicable taxes. Revenue is recognised upon transfer of control of promised goods or services under a contract.

Revenue is recognised when the amount can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Group, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities has been met.

The Group derives revenues from two types of contracts:

a. Construction contracts - Customer contracts towards delivering a water treatment facility that is fit for purpose as per the contract

b. Operation and maintenance contracts - Customer contracts towards operation and maintenance of water treatment facilities

The Group determines its performance obligations included in the contracts signed with customers. Most contracts with customers include a single performance obligation. When a customer contract includes both a construction and operation & maintenance, the performance obligations are separately identified and revenue is recognised in accordance with the principles of Ind AS 115.

a. Construction contracts:

Construction contracts generally involve design, supply, construction, installation and commissioning of water treatment facilities on turnkey basis.

The transaction price is usually a fixed consideration with a variable consideration on a case to case basis. Variable consideration (penalties, damages, claims etc.) is included in the transaction price to the extent it is highly probable that a significant reversal in the amount of revenue recognised will not occur.

Construction contracts usually have a single performance obligation, wherein the control of goods and services are transferred progressively over the period of the contract. The group satisfies its performance obligation upon completing the scope of the construction contract and achieving customer acceptance.

Summary of significant accounting policies and other explanatory information (Contd.)

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

Contract revenue and Contract costs in respect of construction contracts, execution of which is spread over different accounting periods is recognised as revenue and expense respectively by reference to the basis of percentage of completion method of the contract at the reporting date.

The percentage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Only costs that reflect work performed are included in cost incurred to date.

When the Group cannot measure the outcome of a contract reliably, revenue is recognised only to the extent of contract costs that have been incurred and are recoverable. In situations when it is probable that the total contract costs will exceed total contract revenues, the expected loss is recognised immediately in the statement of profit and loss.

The gross amount due from customers for contract work, in excess of the amounts presented as “Trade receivable”, are presented as contract assets under “Due from customers for construction contract work” as part of other current assets. Due from customers for construction contract work represents costs incurred plus recognised profits (less recognised losses) in excess of progress billing for all contracts in progress.

The gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses) is presented as contract liabilities under “Billing in advance of work completed” as part of other current liabilities. Prepayments received from customers in advance of performance under the contract are also presented as contract liabilities and represented as “Advances from customers” as part of other current liabilities.

b. Operation and maintenance contracts:

Operation and maintenance contracts involve operation and maintenance services for water treatment facilities and supply of spares. Revenue from operation and maintenance contracts are recognised as the services are provided and invoiced to the customer, as per the terms of the contract.

The amount due from customers for operation and maintenance contracts are presented as “Trade receivable”. Prepayments received from customers in advance of performance under the contract are presented as contract liabilities and represented as “Advances from customers” as part of other current liabilities.

Interest, dividends, duty drawback and other entitlements

Income from interest is recognised using effective interest method taking into account the amount outstanding and the applicable rate of interest.

Dividend income is recognised when the right to receive is established as at the reporting date.

Income from duty drawback and export benefit under duty free credit entitlements is recognised in the statement of profit and loss, when 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, vehicles and right to use assets) 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

Summary of significant accounting policies and other explanatory information (Contd.)

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

Group's management. Buildings and other equipment are subsequently measured at cost less accumulated depreciation and any impairment losses. Right to use assets are recognised as per Ind AS-116. Refer note 4.9 for details of recognition and measurement.

Advances paid towards acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of property, plant and equipment not ready for the intended use before reporting date is disclosed as capital work-in-progress.

Subsequent expenditure incurred on an item of property, plant and equipment is added to the book value of that asset only if this increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Depreciation on assets is provided on straight line method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013 except for vehicles where the management believes that the useful life of 5 years would best represent the period over which the management expects to use these assets and the residual value is 20% of the acquisition cost which is considered to be the amount recoverable at the end of the asset's useful life. Hence the useful life of these assets is different from that prescribed under Part C of Schedule II to the Companies Act, 2013.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss within other income or other expenses.

The components of assets are capitalised only if the life of the components vary significantly and whose cost is significant in relation to the cost of respective asset. The life of components in assets are determined based on technical assessment and past history of replacement of such components in the assets.

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 amortisation and accumulated impairment, if any.

Software is stated at cost less accumulated amortisation and are being amortised on a straight line basis over the estimated useful life of 5 years.

Amortisation has been included within depreciation and amortisation expense.

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

The amortisation period and method are reviewed at each balance sheet date. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment as detailed in note 4.8.

4.8 Impairment testing of property, plant and equipment and intangible assets

For the purpose of impairment assessment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill (if any) is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill,

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

all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

4.9 Leases

The group recognizes lease contracts as per the single lease accounting model for lessee's. The model requires a lessee to recognize right-of-use assets and corresponding lease liabilities for all leases with a lease term of more than 12 months, unless the underlying asset is of a low value. For such leases the lease payments are recognised as an operating expense on a straight line basis over the term of the lease contract.

The recognition, measurement, presentation and disclosure of leases are in accordance with the principles of the standard. At the time of initial measurement, the lease liabilities are recognised at the present value of lease payments payable. The lease liability is discounted at the interest rate implicit to the lease, or incremental borrowing rate to arrive at the present value. The lease liabilities are diluted over the remaining lease period by lease payments. The right-of-use assets are initially recognised at lease liability amount. The right-of-use assets are thereafter depreciated over the period of lease term or the useful life of underlying asset whichever is lower. An impairment loss is recognised where the carrying amount of right-of-use asset exceeds its recoverable amount.

The Group determines the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis.

4.10 Financial instruments

Financial assets (other than trade receivables) and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit and loss which are measured initially at fair value. Trade receivables are recognised at their transaction price as the same do not contain significant financing component. Subsequent measurement of financial assets and financial liabilities are described below.

a) Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets are classified and measured based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

a. Amortised cost

b. Fair Value Through Other Comprehensive Income (FVTOCI) or

c. Fair Value Through Profit and Loss (FVTPL)

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets are impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

b) Financial assets at amortised Cost

A financial asset is subsequently measured at amortised cost using effective interest rate if it is held within a business model where the objective is to hold the financial assets to collect contractual cash flows and the contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

c) Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows

Summary of significant accounting policies and other explanatory information (Contd.)

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

that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, the Group, based on its assessment, makes an irrevocable election to present in other comprehensive income the changes in the fair value of an investment in an equity instrument that is not held for trading. These elections are made on an instrument-by-instrument (i.e., share-by-share) basis. If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognised in other comprehensive income. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. The dividends from such instruments are recognised in statement of profit and loss.

The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The 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 recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the balance sheet.

d) **Financial assets at Fair Value Through Profit 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 amortised cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognised in 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 recognised in profit and loss.

Hedge accounting

To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness.

These arrangements have been entered into to mitigate currency exchange risk arising from certain legally binding sales and purchase orders denominated in foreign currency. For the reporting periods under review, the Group has not designated any forward currency contracts as hedging instruments.

Trade receivables

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

e) **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (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

Summary of significant accounting policies and other explanatory information (Contd.)

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

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.

f) Classification, subsequent measurement and derecognition of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortised cost. The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Subsequent measurement

Financial liabilities are measured subsequently at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in 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 recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortisation.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

4.11 Inventories

Inventory of stores and spares are stated at lower of cost and net realizable value and is determined on weighted average cost method. Cost of inventories include all other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost to completion and applicable selling expenses.

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

4.12 Income taxes

Tax expense recognised in the statement of profit and loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Summary of significant accounting policies and other explanatory information (Contd.)

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

Calculation of current tax is based on tax rates in accordance with tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at reporting date. Deferred taxes pertaining to items recognised in other comprehensive income are also disclosed under the same head.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the 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 recognised 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 recognised as a component of tax income or expense in the statement of profit and loss, except where they relate to items that are recognised 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 recognised in other comprehensive income or equity, respectively.

4.13 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.

4.14 Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued and paid-up.

Other components of equity include the following:

i. Accumulated other comprehensive income which includes re-measurement of net defined benefit liabilities.

ii. General reserve represents the accumulated surplus transferred from the statement of profit and loss.

iii. Securities premium reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from securities premium, net of any related income tax benefits.

iv. Surplus in the statement of profit and loss includes all current and previous period retained profits.

v. Stock option outstanding account includes the value of equity-settled share based payment transactions with employees.

vi. All transactions with owners of the parent and non-controlling interests are recorded separately within equity.

4.15 Post-employment benefits and short-term employee benefits

Parent

Defined contribution plan

a. Contribution to Provident Fund in India and other defined contribution plans in the other entities of the Group are in the nature of defined contribution plan and are made to a recognised 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 recognised as an expense in the period that related employee services are received.

i. Provident fund

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

Summary of significant accounting policies and other explanatory information (Contd.)

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

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 recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets. The Group estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity liability.

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Actuarial gains and losses resulting from measurements of the net defined benefit liability are included in other comprehensive income.

The plan assets represents qualifying insurance policies that are administered by an Insurance company.

ii. **Leave salary - compensated absences**

The Group also extends defined benefit plans in the form of compensated absences to employees. Provision for compensated absences is made on actuarial valuation basis.

Overseas entities

Defined contribution

The Group's contribution towards defined contribution plan is accrued in compliance with the requirement of the domestic laws of the countries in which the consolidated entities operate in the year of which the contributions are done. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Defined benefit liability

The Group estimates the defined benefit liability annually. The actual outcome may vary due to estimation uncertainties. The estimate of its defined benefit liability is based on standard rates of inflation, medical cost trends and mortality. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Estimation uncertainties exist particularly with regard to medical cost trends, which may vary significantly in future appraisals of the Group's defined benefit obligations.

Summary of significant accounting policies and other explanatory information (Contd.)

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

4.16 Employees stock option plan

Share-based compensation benefits are provided to employees via "Employees Stock Option Scheme 2010" of the Parent.

The fair value of options granted under the "Employees Stock Option Scheme" is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

a) including any market performance conditions (e.g., the entity's share price).

b) excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and

c) including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holding shares for a specific period of time).

4.17 Provisions, contingent assets and contingent liabilities

Provisions for warranties, legal disputes, or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities if the outflow of resources is remote.

The Group does not recognize contingent assets unless the realisation of the income is virtually certain, however these are assessed continually to ensure that the developments are appropriately disclosed in the consolidated financial statements.

4.18 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.

4.19 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and overdraft accounts and other short- term highly liquid investments with original maturities of 3 months or less, as applicable.

4.20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

4.21 Segment reporting

a. Identification of segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses,

Summary of significant accounting policies and other explanatory information (Contd.)

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

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 organised and managed separately according to their respective geographical location. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

b. Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

c. Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group as a whole.

4.22 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 recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

(ii) Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash- generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Inventories

The Group estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Defined benefit obligation (DBO)

Group's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 20(e)).

Summary of significant accounting policies and other explanatory information (Contd.)

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

Useful lives of depreciable assets

Group reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or

ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The Group uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets.

This involves developing estimates and assumptions consistent with how market participants would price the instrument. The Group bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (Refer note 40).

(iii) Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

4.23 Transfer pricing

As per the transfer pricing norms introduced in India with effect from April 01, 2001, the Group is required to use certain specific methods in computing arm's length price of international transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The transfer pricing study for the fiscal year ended March 31, 2020 is in progress and accordingly, the contracts may be amended subsequently and related adjustment, if any, will be quantified upon completion of this study. However, in the opinion of the Group management, the outcome of the study will not have material impact on the Group's results.

Summary of significant accounting policies and other explanatory information (Contd.)

(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[1]	Buildings[1]	Plant and machinery	Furniture and fittings	Electrical equipment	Office equipment	Computers	Vehicles	Right to use asset[2]	Total	Computer software	Project concessionaire rights	Total
Gross carrying value													
Balance as at March 31, 2018	**1,698**	**4,037**	**849**	**2,397**	**565**	**1,068**	**993**	**1,464**	**-**	**13,071**	**1,396**	**7,909**	**9,305**
Additions	-	-	3	11	1	76	82	55	-	**228**	52	-	**52**
Disposals	-	-	-	-	-	8	54	273	-	**335**	1	-	**1**
Effects of foreign currency translation	-	-	(10)	(1)	-	(4)	(18)	(25)	-	**(58)**	(28)	(1,034)	**(1,062)**
Balance as at March 31, 2019	**1,698**	**4,037**	**842**	**2,407**	**566**	**1,132**	**1,003**	**1,221**	**-**	**12,906**	**1,419**	**6,875**	**8,294**
Balance as at April 01, 2019	**1,698**	**4,037**	**842**	**2,407**	**566**	**1,132**	**1,003**	**1,221**	**-**	**12,906**	**1,419**	**6,875**	**8,294**
Recognition of Right to use Assets on account of adoption of IND AS-116	-	-	-	-	-	-	-	-	552	**552**	-	-	**-**
Additions	-	-	-	1	-	30	76	86	143	**336**	27	-	**27**
Disposals	-	-	124	67	-	46	99	270	17	**623**	15	8,300	**8,315**
Effects of foreign currency translation	-	-	37	17	-	77	55	30	18	**234**	78	1,425	**1,503**
Balance as at March 31, 2020	**1,698**	**4,037**	**755**	**2,358**	**566**	**1,193**	**1,035**	**1,067**	**696**	**13,405**	**1,509**	**-**	**1,509**
Accumulated depreciation/ amortisation													
Balance as at March 31, 2018	**-**	**195**	**205**	**928**	**216**	**528**	**673**	**405**	**-**	**3,150**	**978**	**1,006**	**1,984**
Depreciation/ amortisation expense for the year	-	68	56	258	60	199	251	277	-	**1,169**	143	367	**510**

Summary of significant accounting policies and other explanatory information (Contd.)

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

5. Property, plant and equipment and intangible assets *(Contd.)*

Particulars	Property, plant and equipment										Intangible assets		
	Freehold land[1]	Buildings[1]	Plant and machinery	Furniture and fittings	Electrical equipment	Office equipment	Computers	Vehicles	Right to use asset[2]	Total	Computer software	Project concessionaire rights	Total
Reversal on disposal of assets	-	-	-	-	-	1	49	182	-	**232**	1	-	**1**
Effects of foreign currency translation	-	-	(4)	11	-	(15)	(40)	44	-	**(4)**	(18)	(238)	**(256)**
Balance as at March 31, 2019	**-**	**263**	**257**	**1,197**	**276**	**711**	**835**	**544**	**-**	**4,083**	**1,102**	**1,135**	**2,237**
Balance as at April 01, 2019	**-**	**263**	**257**	**1,197**	**276**	**711**	**835**	**544**	**-**	**4,083**	**1,102**	**1,135**	**2,237**
Recognition of Right to use Assets on account of adoption of IND AS-116	-	-	-	-	-	-	-	-	215	**215**	-	-	**-**
Depreciation/ amortisation expense for the year	-	68	46	255	59	69	162	228	221	**1,108**	83	348	**431**
Reversal on disposal of assets	-	-	84	57	-	40	82	262	17	**542**	-	1,162	**1,162**
Effects of foreign currency translation	-	-	19	(8)	1	50	20	60	12	**154**	77	(321)	**(244)**
Balance as at March 31, 2020	**-**	**331**	**238**	**1,387**	**336**	**790**	**935**	**570**	**431**	**5,018**	**1,262**	**-**	**1,262**
Net carrying value													
Balance as at March 31, 2019	**1,698**	**3,774**	**585**	**1,210**	**290**	**421**	**168**	**677**	**-**	**8,823**	**317**	**5,740**	**6,057**
Balance as at March 31, 2020	**1,698**	**3,706**	**517**	**971**	**230**	**403**	**100**	**497**	**265**	**8,387**	**247**	**-**	**247**

[1] Refer note 17 for details of exclusive charge on Freehold Land and Buildings of the parent against its borrowings.

[2] Refer note 35(C) for details of category of assets of right to use assets.

Summary of significant accounting policies and other explanatory information (Contd.)

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

6. Investments

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Investments carried at cost		
Investments accounted for using the equity method		
Windhoek Goreangab Operating Company (Pty) Limited, Namibia	243	299
(33 (Previous year: 33) equity shares of Namibian Dollar 1 each)		
VA Tech Wabag and Roots Contracting L.L.C, Qatar- Project-II and Project-III (1)	1,282	516
(98 (Previous year : 98) equity shares of Qatari Rial 1,000 each)		
International Water Treatment LLC, Oman(2)	69	69
(48,750 (Previous year : 48,750) equity shares of OMR 1 each)		
Less: Provision for impairment of investment in International Water Treatment LLC, Oman	(69)	(69)
	1,525	**815**
Investments carried at fair value through profit and loss		
Investments in equity instruments of other companies (fully paid-up)		
First STP Private Limited	15	15
(1,50,000 (Previous year : 1,50,000) equity shares of INR 10 each)		
Konark Water Infraprojects Private Limited	1	1
(5,000 (Previous year : 5,000) equity shares of INR 10 each)		
Aurangabad City Water Utility Company Limited	1	1
(5,000 (Previous year : 5,000) equity shares of INR 10 each)		
Thoothukudi Renew Waters Private Limited (3)	-	-
(2,600 (Previous year : 2,600) equity shares of INR 10 each)		
Ganapati Marine Enterprises Private Limited (4)	-	-
(573 (Previous Year: 573) equity shares of INR 10 each)		
Ujams Wastewater Treatment Company (Pty) Ltd. (5)	448	-
(84 (Previous Year: 664) equity shares of NAD 1 each)		
	465	**17**
Total non-current investments	**1,990**	**832**
Aggregate amount of unquoted investments	2,059	901
Aggregate amount of impairment in the value of investments	(69)	(69)
Extent of investment in those accounted for using the equity method (6)		
Windhoek Goreangab Operating Company (Pty) Limited, Namibia	33.0%	33.0%
VA Tech Wabag and Roots Contracting L.L.C, Qatar- Project-II (1)	49.0%	49.0%
VA Tech Wabag and Roots Contracting L.L.C, Qatar- Project-III (1)	25.0%	-
International Water Treatment L.L.C, Oman (2)	32.5%	32.5%

(1) Pursuant to an exclusive contractual arrangement providing for a majority share in the economic interests and control of voting power in the Project-I of VA Tech Wabag and Roots Contracting L.L.C, Qatar, the investment was classified as a subsidiary at inception. During the year ended March 31, 2016 and March 31, 2020 for Project-II and Project-III respectively, a similar arrangement providing for majority rights in the new projects to the other partner was entered, hence the investment in the legal entity has been reclassified as an associate based on ownership as against the economic interests in the projects respectively.

Summary of significant accounting policies and other explanatory information (Contd.)

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

(2) In respect of International Water Treatment L.L.C, Oman, the Group has accounted for losses over its investment as it has a legal obligation to meet its share of losses.

(3) Since the amount of investment is INR 26,000 (March 31, 2019 : INR 26,000), the same is below the rounding off norm adopted by the Group.

(4) Since the amount of investment is INR 5,730 (March 31, 2019 : INR 5,730), the same is below the rounding off norm adopted by the Group.

(5) Also refer foot note (3) of Note 10 - Deferred taxes (net).

(6) Also refer note 45- Interest in other entities.

7. Trade receivables (Unsecured considered good, unless stated otherwise)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Trade receivables	11,235	1,33,552	12,738	1,12,629
Customer retention	31,397	25,383	22,915	22,476
	42,632	**1,58,935**	**35,653**	**1,35,105**
Credit Impaired				
- Trade receivables and customer retention	-	16,676	-	21,223
Less : Allowances for expected credit loss				
- Trade receivables and customer retention	-	(16,676)	-	(21,223)
	-	-	-	-
	42,632	**1,58,935**	**35,653**	**1,35,105**

The carrying amount of the current trade receivables and customer retention is considered a reasonable approximation of fair value as it is expected to be collected within twelve months, such that the effect of any difference between the effective interest rate applied and the estimated current market rate is not significant.

Trade Receivables include dues from related parties amounting to INR 433 lakhs (March 31, 2019: INR 371 lakhs). Also refer note 39(c). There are no receivables due from directors or other officers.

All of the Group's trade receivables and customer retentions have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of INR (4,547) lakhs (Year ended March 31, 2019 : INR 4,432 lakhs) has been (utilised)/created respectively within other expenses. The Group has impaired its trade receivables using a provisioning matrix representing expected credit losses based on a range of outcomes.

Movement in allowances for expected credit loss	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	**21,223**	**16,791**
Additions/(reversal) during the year, net	10,009	4,432
Utilised during the year, net	(14,556)	-
Balance at the end of the year	**16,676**	**21,223**

Summary of significant accounting policies and other explanatory information (Contd.)

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

8. Bank balances

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current bank balances	1,692	163
	1,692	**163**

Non-current bank balances represents interest bearing deposits with bank with more than 12 months maturity and held as margin money or security against the borrowings, guarantees and other commitments.

9. Other financial assets (Unsecured, considered good)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Security deposits	1,248	3,144	1,364	2,032
Tender deposits	-	290	-	965
Rental deposits	130	302	85	420
Advances to employees	22	603	31	467
Other financial assets	-	605	-	610
	1,400	**4,944**	**1,480**	**4,494**

There are no financial assets due from directors or other officers. The carrying amount of the current financial assets are considered as a reasonable approximation of fair value.

Refer Note 41 for description of Group's financial instrument risks, including risk management objectives and policies.

10. Deferred taxes (net)

Particulars		As at March 31, 2020	As at March 31, 2019
The breakup of deferred taxes is as follows:			
Deferred tax asset arising on account of :			
- Provision for employee benefits, liquidated damages and foreseeable losses		320	442
- Allowances for expected credit loss		2,057	4,929
- Deferred tax impact on transition to Ind AS-115[1]		-	4,320
- Others		1,708	1,502
Total deferred tax asset	**A**	**4,085**	**11,193**
Less: Deferred tax liability arising on account of :			
- Timing difference between carrying value of Property, plant and equipment/Intangible assets as per books and tax laws		377	1,592
- Others		1,476	847
Total deferred tax liability	**B**	**1,853**	**2,439**
Foreign exchange fluctuation	**C**	**(24)**	**128**
	(A-B-C)	**2,256**	**8,626**
Disclosed as			
Deferred tax assets		2,453	9,909
Deferred tax liabilities		197	1,283

Summary of significant accounting policies and other explanatory information (Contd.)

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

10. Deferred taxes (net) *(Contd.)*

Deferred tax recognised in statement of profit and loss and in other comprehensive income for the year ended March 31, 2020 :

Particulars	Recognised in other comprehensive income	Recognised in statement of profit and loss
Deferred tax asset arising on account of :		
- Provision for employee benefits, liquidated damages and foreseeable losses	23	99
- Allowances for expected credit loss	-	4,498
- Others	-	(206)
Deferred tax liability arising on account of :		
- Timing difference between carrying value of Property, plant and equipment/ Intangible assets as per books and tax laws	-	(1,215)
- Others	-	477
Foreign exchange fluctuation	**-**	**(24)**
Movement on account of adoption of reduced rate[(2)]	**-**	**2,694**
Derecognition of deferred tax liabilities, net on account of disinvestment of subsidiary[(3)]	**-**	**1,057**
Total	**23**	**7,380**

Deferred tax recognised in statement of profit and loss and in other comprehensive income for the year ended March 31, 2019:

Particulars	Recognised in other comprehensive income	Recognised in statement of profit and loss
Deferred tax asset arising on account of :		
- Provision for employee benefits, liquidated damages and foreseeable losses	10	(156)
- Allowances for expected credit loss	-	(1,691)
- Others	-	192
Deferred tax liability arising on account of :		
- Timing difference between carrying value of Property, plant and equipment/ Intangible assets as per books and tax laws	-	(310)
- Others	-	120
Foreign exchange fluctuation	**-**	**128**
Total	**10**	**(1,717)**

(1) Represents deferred tax assets recognised in retained earnings on account of transition to Ind AS-115 amounting to INR 4,279 lakhs and effects of change in tax rate recognised in current tax expense amounting to INR 41 lakhs during the year March 31, 2019.

(2) Pursuant to the Taxation Laws (Amendment) Ordinance, 2019 ("Ordinance") enacted by the Government of India, the Parent has opted for one-time option to adopt a reduced maximum marginal tax rate ("reduced rate"), which shall apply for financial years starting April 01, 2019. Accordingly, the Parent has re-measured its deferred tax assets, net as on April 01, 2019 and a charge of INR 2,694 lakhs has been made in the financial statements.

Summary of significant accounting policies and other explanatory information (Contd.)

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

(3) During the current year the Parent disinvested from its overseas subsidiary Ujams Wastewater Treatment Company (Proprietary) Ltd to the extent of 58% and has recognised balance holding of 8.4% as investments. The sale consideration was INR 3,133 Lakhs. The turnover and net worth of the overseas subsidiary during previous financial year was INR 3,123 Lakhs and INR 2,719 Lakhs respectively.

In assessing the recoverability of deferred tax assets, group management considers whether it is more likely than not that some portion or all of the deferred income tax assets will be realised. The ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

The Group carries unused tax losses amounting to INR 1,475 lakhs (March 31, 2019: INR 1,892 lakhs) on which deferred tax assets have not been recognised as at March 31, 2020. These carry forward losses expires in various years through financial year 2023-24 and excludes losses where usability is estimated to be remote as at reporting date.

11. Income tax assets (net)

Particulars	As at March 31, 2020	As at March 31, 2019
Income tax assets net of provision for tax	10,179	5,608
	10,179	**5,608**

12. Other assets (Unsecured, considered good)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Dues from customers for construction contract works	-	1,04,611	-	1,19,169
Advances to supplier	-	17,765	-	17,827
Balances with government authorities	-	9,804	-	10,710
Duty drawback and other duty free credit entitlement receivable	-	63	-	378
Prepaid expenses	-	2,204	6	1,849
Capital advances	306	-	306	-
Other assets	-	49	-	44
	306	**1,34,496**	**312**	**1,49,977**

All of the Groups other current assets have been reviewed for indicators of impairment. There are no advances due from directors or other officers.

Prepaid expenses includes pre-contract costs amounting to INR Nil lakhs (March 31, 2019 : INR 51 lakhs).

Summary of significant accounting policies and other explanatory information (Contd.)

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

13 Inventories

Particulars	As at March 31, 2020	As at March 31, 2019
Contract inventories	1,607	523
Stores and spares	1,034	1,013
	2,641	**1,536**

14. Cash and bank balances

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
Cash on hand	175	137
Cheques on hand	1,793	1,955
Balances with banks		
- in current accounts *	19,531	11,254
- in deposit account (with original maturity upto 3 months)	3,392	107
(A)	**24,891**	**13,453**
Bank balances other than those mentioned in cash and cash equivalents		
Unpaid dividend account	10	11
Deposits with maturity less than 3 months #	3,374	210
Deposits with maturity more than 3 months but less than 12 months #	3,760	4,210
Balances with bank held as margin money #	19	18
(B)	**7,163**	**4,449**
(A+B)	**32,054**	**17,902**

* Restricted bank balances: Balances with banks include INR 2,398 lakhs (March 31, 2019: INR 3,658 Lakhs) held in a foreign country which are not freely remissible because of exchange/ contractual restrictions.

\# Deposits includes a sum of INR 7,153 lakhs (March 31, 2019: INR 4,403 lakhs) held as margin money or security against the borrowings, guarantees and other commitments.

Summary of significant accounting policies and other explanatory information (Contd.)

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

15. Equity share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
Authorised				
Equity shares of INR 2 each	7,50,00,000	1,500	7,50,00,000	1,500
Issued, subscribed and fully paid up				
Equity shares of INR 2 each	5,46,90,428	1,094	5,46,90,428	1,094
	5,46,90,428	**1,094**	**5,46,90,428**	**1,094**

a) Reconciliation of share capital (Equity)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
Balance at the beginning of the year	**5,46,90,428**	**1,094**	**5,46,57,390**	**1,093**
Add : Issued pursuant to Employee Stock Option Plan	-	-	33,038	1
Balance at the end of the year	**5,46,90,428**	**1,094**	**5,46,90,428**	**1,094**

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

	As at March 31, 2020		As at March 31, 2019	
	Number	% holding	Number	% holding
Equity shares of INR 2 each				
Mr. Rajiv Mittal (Managing Director & Group CEO)	97,09,406	17.8%	97,09,406	17.8%

c) Terms/right attached to equity shares

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

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

d) Bonus issue

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

e) Shares reserved for issue under options

There are no options reserved for issuance of equity shares as at March 31, 2020 and March 31, 2019.

f) Buy back of shares

There were no buy back of shares and shares issued pursuant to contract without payment being received in cash during the last 5 years immediately preceding March 31, 2020.

Summary of significant accounting policies and other explanatory information (Contd.)

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

15. Equity share capital *(Contd.)*

g) Capital management

The Group' s capital management objectives are:

- to safeguard the Group's ability to continue as a going concern, and continue to provide optimum returns to the shareholders and all other stakeholders by building a strong capital base
- to maintain an optimum capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders including non-controlling interests and borrowings, less cash and bank balances.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The amounts managed as capital by the Group for the reporting periods under audit are summarised as follows:

Particulars		As at March 31, 2020	As at March 31, 2019
Borrowings		51,958	61,332
Less : Cash and bank balances		33,746	18,065
Net debt	**(A)**	**18,212**	**43,267**
Total equity	**(B)**	**1,17,219**	**1,08,558**
Total equity and net debt	**(C=A+B)**	**1,35,431**	**1,51,825**
Gearing ratio	**(A/C)**	**13.4%**	**28.5%**

16. Dividends

Particulars	As at March 31, 2020	As at March 31, 2019
Final dividend paid INR 4 per equity share	-	2,186
Dividend distribution tax	-	37
	-	**2,223**

Summary of significant accounting policies and other explanatory information (Contd.)

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

17. Borrowings

Particulars	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Secured				
Term loans from banks	2,968	-	5,992	-
Working capital loan repayable on demand	-	21,210	-	13,964
Overdraft account/Packing credit/Cash credit	-	24,067	-	33,571
	2,968	**45,277**	**5,992**	**47,535**
Unsecured				
From financial institutions and other parties	-	-	3,967	-
From banks	-	-	-	176
From related parties (Also refer note 39 (c))	-	-	-	700
	-	-	3,967	876
Total	**2,968**	**45,277**	**9,959**	**48,411**

The carrying amount of borrowings is considered to be a reasonable approximation of fair value.

Terms, guarantee and repayment details of borrowings

(i) The Parent has obtained Term loan from bank which is secured by First pari-pasu charge on the entire current assets of the parent along with other consortium member banks and exclusive charge on the land and buildings of the Parent. The same has been obtained at an interest rate of 11.90% per annum and is repayable by 28 monthly instalments from end of moratorium period of 8 months. The parent has obtained Term loan from other parties during the year ended March 31, 2019 which is secured by 16,77,000 equity shares held by promoters. The same has been repayable over a period of 16 months.

(ii) As at March 31, 2019 Ujams Wastewater Treatment Company (Pty) Limited has obtained unsecured loan from financial institution at an interest rate of 12.35% per annum which is repayable in 50 equated quarterly instalments beginning from May 2015 and unsecured loans from two minority shareholders at an interest rate of 12.25% per annum which are repayable on demand.

(iii) The Parent has availed working capital facilities which is secured against receivables of the Parent. The same has been obtained at an interest rate of 9.20% to 12.00% (March 31, 2019: 9.00% to 10.00%) per annum, and is repayable within 180 days from the date of availment and are secured against receivables of the Parent.

(iv) VA Tech Wabag GmbH has availed working capital facility which is secured by Parent guarantee. The same has been obtained at an interest rate ranging upto 8.00 % (March 31, 2019: upto 2.75%) per annum and are repayable on demand.

(v) VA Tech Wabag Su Teknolojisi Ve Tic. A S has availed working capital facility which are secured by Parent guarantees. The same has been obtained at an average interest rate of 8.93% (March 31, 2019 : 8.16%) per annum and is repayable on demand.

(vi) VA Tech Wabag Muscat LLC has availed working capital facilities secured by Parent guarantees and receivables. These are repayable on demand. VA Tech Wabag (Philippines) Inc. has availed secured working capital facilities repayable on demand.

(vii) The Parent has availed packing credit facilities in Indian rupees and US dollars at an interest rate of 7.00 % to 11.30% per annum (March 31, 2019: 7.00% to 9.25% per annum) and 3.91% to 8.15% per annum (March 31, 2019: 5.25% to 6.18% per annum) respectively. These packing credits are repayable within 180 days, as applicable, from the date of availment and are secured against foreign currency receivables of the Parent.

Summary of significant accounting policies and other explanatory information (Contd.)

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

(viii) The Parent has availed secured cash credit facilities from banks at an interest rate of 8.90% to 11.20% per annum (March 31, 2019: 9.00% to 10.00% per annum).

(ix) VA Tech Wabag GmbH had obtained overdraft facilities during the year ended March 31, 2019 and these were repayable within 180 days.

(x) VA Tech Wabag Brno spol S.R.O had obtained overdraft facilities during the year ended March 31, 2019 which are secured by trade receivables and these were repayable within 180 days.

(xi) VA Tech Wabag Tunisie s.a.r.l had availed unsecured overdraft facilities from banks during the year ended March 31, 2019 and these were repayable within 180 days.

(xii) The Parent had availed unsecured loan from related party and the same was repayable within 12 months during the year ended March 31, 2019.

18. Trade payables

Particulars	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Dues to micro and small enterprises (Also refer note (a) below)	-	1,275	-	922
Dues to others	13,617	1,61,418	9,561	1,58,215
	13,617	**1,62,693**	**9,561**	**1,59,137**

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.

b) Unclaimed credit balances amounting to INR 775 lakhs (March 31, 2019: INR 2,597 lakhs) have been reversed from trade payables.

19. Other financial liabilities

Particulars	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Current maturities of long term debts, Secured*	-	3,024	-	1,394
Current maturities of long term debts, Unsecured*	-	689	-	1,568
Employee related payables	163	2,280	149	2,179
Lease liabilities	89	163	-	-
Unpaid dividends	-	10	-	11
Other liabilities	-	1,060	1	164
	252	**7,226**	**150**	**5,316**

*Also refer note 17 for Terms, guarantee and repayment details of borrowings.

Summary of significant accounting policies and other explanatory information (Contd.)

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

20. Provisions

Particulars	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Provision for warranty	-	2,389	-	1,997
Provision for liquidated damages	-	-	-	-
Provision for litigations	-	33	-	31
Provision for foreseeable losses on contracts	-	17	-	364
Provision for employee benefits				
Gratuity, anniversary, severance payments and others	858	1,373	769	930
Compensated absences	488	645	527	710
	1,346	**4,457**	**1,296**	**4,032**

a) Provision for warranty

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	1,997	3,566
Created/(Reversed) during the year, net	325	(1,302)
Utilised during the year	(12)	(229)
Foreign exchange fluctuation	79	(38)
Balance at the end of the year	**2,389**	**1,997**

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

b) Provision for liquidated damages

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	-	51
Created during the year, net	565	929
Utilised during the year	(565)	(979)
Foreign exchange fluctuation	-	(1)
Balance at the end of the year	**-**	**-**

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. 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. Liquidated damages are generally measured and recognised in accordance with the terms of the contracts with customers.

Summary of significant accounting policies and other explanatory information (Contd.)

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

20. Provisions *(Contd.)*

c) Provision for litigations

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	31	32
Foreign exchange fluctuation	2	(1)
Balance at the end of the year	**33**	**31**

The Group provides for litigation, which is predominantly on account of disputes on statutory dues. The Group assesses each demand raised by the statutory authorities and based on responses and discussions with the attorneys and when there is a present obligation as a result of a past event, where the outflow of economic resources is probable and a reliable estimate of the amount of obligation, a provision for litigation is created. Instances when there is no present obligation or where the present obligation would probably not require outflow of resources or where the same cannot be reliably estimated, the same is disclosed as contingent liability in the financial statements. The Group derecognises its provisions on receipt of a favourable order from the appropriate authority and when no further obligation is envisaged.

d) Provision for foreseeable losses on contracts

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning of the year	364	214
(Reversed)/Created during the year, net	(1)	203
Utilised during the year	(351)	(42)
Foreign exchange fluctuation	5	(11)
Balance at the end of the year	**17**	**364**

The Group provides for foreseeable losses on contracts when it is probable that total contract cost, including expected cost to complete, will exceed the economic benefits expected to be received under it.

e) Provision for employee benefits

The following tables summarize the components of all defined benefit plans for the year ended March 31, 2020 :

For the year ended March 31, 2020	Gratuity	Anniversary	Severance payments
Change in defined benefit obligation			
Defined benefit obligation at the beginning of the year	**860**	**66**	**622**
Current Service cost	102	3	5
Past Service cost	-	-	39
Interest cost	55	1	8
Actuarial (gain)/losses	(81)	13	68
Benefits paid	(72)	(12)	(108)
Foreign exchange fluctuation	-	5	36
Defined benefit obligation at the end of the year	**864**	**76**	**670**
Thereof			
Unfunded	11	76	670
Funded	853	-	-

Summary of significant accounting policies and other explanatory information (Contd.)

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

20. Provisions *(Contd.)*

For the year ended March 31, 2020	Gratuity	Anniversary	Severance payments
Change in plan assets			
Fair value of plan assets at the beginning of the year	**762**	**-**	**-**
Expected return on plan assets	54	-	-
Actuarial gain	12	-	-
Employer contributions	98	-	-
Benefits paid	(73)	-	-
Fair value of plan assets at the end of the year	**853**	**-**	**-**
Reconciliation of present value of obligation on the fair value of plan assets			
Present value of defined benefit obligation at the end of the year	864	76	670
Fair value of plan assets at the end of the year	853	-	-
Liability recognised in the balance sheet	11	76	670
Components of expenses :			
Current service cost	102	3	5
Past service cost	-	-	-
Interest cost	56	1	8
Expected returns on plan assets	(54)	13	68
Recognised net actuarial (gain)/loss	(93)	-	-
Foreign exchange fluctuation	-	5	36
Net expense recognised in the statement of profit and loss	**11**	**22**	**117**

Plan assets do not comprise any of the Group's own financial instruments or any assets used by the entities of the Group. Plan assets can be broken down into the following categories of investments:

Total plan assets	Gratuity	Anniversary	Severance payments
Group balance fund	453	-	-
Group debt fund	399	-	-
Cash and cash equivalents	1	-	-
Total	**853**	**-**	**-**

Summary of significant accounting policies and other explanatory information (Contd.)

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

20. Provisions *(Contd.)*

Principal actuarial assumptions used:	Gratuity	Anniversary	Severance payments
Discount rate	6.2%	0.3%	0.3%
Long-term rate of compensation increase	1% for first year there after 8%	3.0%	3.0%
Attrition rate	18.0%	-	-
Expected rate of return on plan assets	6.2%	-	-
Average remaining life (in years)	21.8	11.0	7.7

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

Based on historical data, the Group expects contributions of INR 11 lakhs to be paid for Financial year 2019-20. The weighted average duration of the defined benefit obligation as at March 31, 2020 is 5.2 years (March 31, 2019: 4.9 years)

Employee benefits - Maturity profile

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
March 31, 2020					
Gratuity	194	137	336	307	**974**
Anniversary	-	76	-	-	**76**
Severance payments	-	670	-	-	670

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 March 31, 2020.

Gratuity	Attrition rate		Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
March 31, 2020						
> Sensitivity level	0.5%	(0.5%)	0.5%	(0.5%)	0.5%	(0.5%)
> Impact on defined benefit obligation	(2)	2	(17)	17	17	(16)

Anniversary	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
March 31, 2020				
> Sensitivity level	1.0%	(1.0%)	1.0%	(1.0%)
> Impact on defined benefit obligation	(6)	7	6	(6)

Severance payments	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
March 31, 2020				
> Sensitivity level	1.0%	(1.0%)	1.0%	(1.0%)
> Impact on defined benefit obligation	(38)	41	39	(37)

Summary of significant accounting policies and other explanatory information (Contd.)

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

20. Provisions *(Contd.)*

The following tables summarise the components of all defined benefit plans for the year ended March 31, 2019:

For the year ended March 31, 2019	Gratuity	Anniversary	Severance payments
Change in defined benefit obligation			
Defined benefit obligation at the beginning of the year	**750**	**81**	**703**
Current Service cost	95	3	7
Past Service cost	-	-	-
Interest cost	50	1	9
Actuarial loss/(gain)	7	8	(81)
Benefits paid	(42)	-	-
Foreign exchange fluctuation	-	(27)	(16)
Defined benefit obligation at the end of the year	**860**	**66**	**622**
Thereof			
Unfunded	98	66	622
Funded	762	-	-
Change in plan assets			
Fair value of plan assets at the beginning of the year	**648**	**-**	**-**
Expected return on plan assets	47	-	-
Actuarial gain	6	-	-
Employer contributions	102	-	-
Benefits paid	(41)	-	-
Fair value of plan assets at the end of the year	**762**	**-**	**-**
Reconciliation of present value of obligation on the fair value of plan assets			
Present value of defined benefit obligation at the end of the year	860	66	622
Fair value of plan assets at the end of the year	762	-	-
Liability recognised in the balance sheet	98	66	622
Components of expenses :			
Current service cost	95	3	7
Past service cost	-	-	-
Interest cost	51	1	9
Expected returns on plan assets	(47)	-	-
Recognised net actuarial (gain)/loss	(1)	8	(40)
Foreign exchange fluctuation	-	(27)	(16)
Net expense recognised in the statement of profit and loss	**98**	**(15)**	**(40)**

Summary of significant accounting policies and other explanatory information (Contd.)

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

20. Provisions *(Contd.)*

Plan assets do not comprise any of the Group's own financial instruments or any assets used by the entities of the Group. Plan assets can be broken down into the following categories of investments:

Total plan assets	Gratuity	Anniversary	Severance payments
Group balance fund	430	-	-
Group debt fund	330	-	-
Cash and cash equivalents	2	-	-
Total	**762**	**-**	**-**

Principal actuarial assumptions used:	Gratuity	Anniversary	Severance payments
Discount rate	7.1%	1.3%	1.3%
Long-term rate of compensation increase	8.0%	3.0%	3.0%
Attrition rate	19.0%	-	-
Expected rate of return on plan assets	7.1%	-	-
Average remaining life (in years)	22	12	8

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

Employee benefits - Maturity profile

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
March 31, 2019					
Gratuity	165	173	352	317	**1,007**
Anniversary	-	66	-	-	**66**
Severance payments	-	622	-	-	622

The significant actuarial assumptions for the determination of the defined benefit obligation are the attrition rate, discount rate and the long-term rate of compensation increase. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarizes the effects of changes in these actuarial assumptions on the defined benefit liability as at March 31, 2019.

Gratuity	Attrition rate		Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
March 31, 2019						
> Sensitivity level	0.5%	(0.5%)	0.5%	(0.5%)	0.5%	(0.5%)
> Impact on defined benefit obligation	(1)	1	(16)	17	16	(16)

Anniversary	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
March 31, 2019				
> Sensitivity level	1.0%	(1.0%)	1.0%	(1.0%)
> Impact on defined benefit obligation	(5)	6	5	(5)

Summary of significant accounting policies and other explanatory information (Contd.)

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

20. Provisions *(Contd.)*

Severance payments	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
March 31, 2019				
> Sensitivity level	1.0%	(1.0%)	1.0%	(1.0%)
> Impact on defined benefit obligation	(38)	42	40	(37)

Compensated absences

The Group permits encashment of compensated absences accumulated by their employees on retirement, separation and during the course of service. The liability in respect of the Group, for outstanding balance of privilege leave at the balance sheet date is determined and provided on the basis of actuarial valuation performed by an independent actuary. The Group does not maintain any plan assets to fund its obligation towards compensated absences. The total compensated absences recognised in the statement of profit and loss for the year is INR 201 lakhs (Year ended March 31, 2019: INR 345 lakhs).

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Principal actuarial assumptions used :		
Discount rate	6.2%	7.1%
Long-term rate of compensation increase	1% for first year there after 8%	8.0%
Attrition rate	18.0%	19.0%
Average remaining life (in years)	23	23

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
March 31, 2020			
Defined benefit obligation	1,675	746	2,421
Fair value of plan assets	853	-	853
	822	**746**	**1,568**
March 31, 2019			
Defined benefit obligation	1,692	688	2,380
Fair value of plan assets	762	-	762
	930	**688**	**1,618**

21. Other liabilities

	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Advance from customers	8,271	26,813	5,073	15,652
Statutory dues	-	4,046	-	1,350
Billing in advance of work completed	-	2,542	-	2,329
Others	-	3,995	-	2,632
	8,271	**37,396**	**5,073**	**21,963**

Summary of significant accounting policies and other explanatory information (Contd.)

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

22. Current tax liabilities (net)

	As at March 31, 2020	As at March 31, 2019
Current tax liabilities net of advance taxes	1,437	3,112
	1,437	**3,112**

23. Financial Instruments

The carrying value and fair value of financial instruments by categories are as follows:

Categories of financial assets and financial liabilities

Particulars	Financial assets at fair value through profit and loss	Financial assets at amortised cost	Total
As at March 31, 2020			
Financial assets			
Investments	465	-	465
Trade receivables	-	2,01,567	2,01,567
Cash and bank balances	-	33,746	33,746
Other financial assets	-	6,344	6,344
	465	**2,41,657**	**2,42,122**

Particulars	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
As at March 31, 2020			
Financial liabilities			
Trade payables	-	1,76,310	1,76,310
Borrowings	-	48,245	48,245
Other financial liabilities	-	7,478	7,478
	-	**2,32,033**	**2,32,033**

Particulars	Financial assets at fair value through profit and loss	Financial assets at amortised cost	Total
As at March 31, 2019			
Financial assets			
Investments	17	-	17
Trade receivables	-	1,70,758	1,70,758
Cash and bank balances	-	18,065	18,065
Other financial assets	-	5,974	5,974
	17	**1,94,797**	**1,94,814**

Summary of significant accounting policies and other explanatory information (Contd.)

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

Particulars	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
As at March 31, 2019			
Financial liabilities			
Trade payables	-	1,68,698	1,68,698
Borrowings	-	58,370	58,370
Other financial liabilities	-	5,466	5,466
	-	**2,32,534**	**2,32,534**

The carrying value of financial asset and financial liabilities approximates the fair value of financial asset and financial liabilities as at March 31, 2020 and March 31, 2019. Also refer note 40- fair value measurement.

24. Revenue from operations

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Sale of services	2,52,395	2,72,318
Other operating revenues, net (Also refer note 18(b))*	3,320	5,778
	2,55,715	**2,78,096**

* Other operating revenue includes income from scrip sales and duty drawback of INR 1,513 lakhs (March 31, 2019 : INR 2,523 lakhs)

A. Disaggregation of sale of services

Sale of services are disaggregated based on projects, based on customer, based on timing of revenue recognition and based on geography.

a) Based on Product	Year ended March 31, 2020	Year ended March 31, 2019
Construction contracts	2,16,822	2,36,865
Operation and maintenance contracts	35,573	35,453
	2,52,395	**2,72,318**

b) Based on Customer	Year ended March 31, 2020	Year ended March 31, 2019
Industrial	77,722	1,45,365
Municipal	1,74,673	1,26,953
	2,52,395	**2,72,318**

c) Based on Timing of revenue recognition

Revenues from construction contracts and operation and maintenance contracts are recognised on 'Over a point in time' basis and 'At a point in time' basis respectively.

d) Based on geography

Sale of services can be disaggregated based on geography into 'India' and 'Rest of the World'. Refer Note 42- Segment Reporting for further details.

Summary of significant accounting policies and other explanatory information (Contd.)

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

B. Transaction price allocated to the remaining performance obligations (Order backlog)

Revenues expected to be recognised in the future relating to performance obligations that are unsatisfied or partially unsatisfied as at March 31, 2020 amount to INR 10,34,540 lakhs (March 31, 2019 - INR 8,59,252 lakhs).

Construction contracts are progressively executed over a period of upto 3 years and based on specific project schedules. Operation and maintenance contracts are expected to be executed over a period of 1 to 15 years, primarily on a monthly basis.

C. Reconciliation of sales of services with contract price

	Year ended March 31, 2020	Year ended March 31, 2019
Opening contract price of orders as at April 01*	**8,59,252**	**6,80,580**
Fresh orders/change orders received, net	4,35,040	4,54,144
Total revenue recognised during the year	(2,52,395)	(2,72,318)
Effects of foreign exchange movements	(7,357)	(3,154)
Closing contract price of orders as at March 31*	**10,34,540**	**8,59,252**

* Excludes framework contracts amounting to INR 69,960 Lakhs (March 31, 2019: INR 69,960 Lakhs).

Framework contracts represents contracts wherein advance monies/letters of credit are awaited, hence these are not included in the contract price of orders as at the reporting date.

25. Other income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest income from deposits with banks	173	236
Interest income - others	431	199
Foreign exchange gain	982	-
Gain from sale of subsidiary (Refer note below)	1,931	-
	3,517	**435**

Note : During the current year the Parent disinvested from its overseas subsidiary Ujams Wastewater Treatment Company (Proprietary) Ltd to the extent of 58%. The sale consideration was INR 3,133 lakhs. The turnover and net worth of the overseas subsidiary during previous financial year was INR 3,123 lakhs and INR 2,719 lakhs respectively.

Summary of significant accounting policies and other explanatory information (Contd.)

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

26. Cost of sales and services

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Material costs	97,544	1,05,692
Civil costs	46,604	36,281
Erection and commissioning costs	5,897	22,500
Taxes and duties	3,191	1,498
Site establishment costs	13,099	16,356
Engineering costs	6,064	10,290
Project consultancy fee	1,691	1,707
Warranty expenses / (reversal) (Also refer note 20(a))	325	(1,302)
Foreseeable losses on contracts (Also refer note 20(d))	(1)	203
Project travel	1,673	2,116
Insurance costs	995	1,136
Power and fuel	666	558
Liquidated damages (Also refer note 20(b))	565	929
Other operation and maintenance expenses, net	8,068	5,959
Other project expenses, net	8,244	7,939
	1,94,625	**2,11,862**

27. Changes in inventories

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
Inventories at the beginning of the year			
Contract inventories		523	2,943
Stores and spares		1,013	879
	(A)	**1,536**	**3,822**
Less: Adjustment on account of transition to IND AS 115	**(B)**	**-**	**2,021**
Less: Inventories at the end of the year			
Contract inventories		1,607	523
Stores and spares		1,034	1,013
	(C)	**2,641**	**1,536**
Net exchange differences	**(D)**	(4)	6
Total	**(A-B-C+D)**	**(1,109)**	**271**

Summary of significant accounting policies and other explanatory information (Contd.)

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

28. Employee benefits expense

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	20,728	21,814
Contribution to defined benefit plans (Also refer note 20(e))	543	632
Contribution to provident and other defined contribution funds	877	1,009
Staff welfare expenses	1,410	1,922
	23,558	**25,377**

29. Finance costs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest expenses for borrowings at amortised cost	6,003	4,255
Interest expenses on lease liabilities	14	-
Bank charges	4,885	3,277
	10,902	**7,532**

30. Depreciation and amortisation expense

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of property, plant and equipment (Also refer note 5)	1,108	1,169
Amortisation of intangible assets (Also refer note 5)	431	510
	1,539	**1,679**

Summary of significant accounting policies and other explanatory information (Contd.)

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

31. Other expenses

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rent (Also refer note 35)	1,030	1,252
Insurance	471	631
Power and fuel	342	359
Rates and taxes	826	526
Repairs and maintenance	989	895
Professional charges (Also refer note 36)	1,844	2,364
Communication expenses	231	320
Travelling and conveyance	940	1,457
Foreign exchange loss, net	-	2,074
Bad and doubtful debts, net	8,588	9,247
Advertisement	217	309
Loss on sale of property, plant and equipment and Intangible assets, net	31	-
Research and development expenses	65	39
Corporate social responsibility expenses (Also refer note 37)	95	254
Miscellaneous expenses	1,274	1,445
	16,943	**21,172**

32. Income taxes

The major components of income tax expense for the year ended March 31, 2020 and March 31, 2019 are:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current tax :		
Income tax expense	1,802	6,410
Tax expense/(reversal) in respect of earlier years	(4,372)	(2,644)
Deferred tax :		
Relating to allowances for credit losses	4,498	(1,691)
Relating to change in tax rates	2,694	(74)
Relating to origination and reversal of temporary differences	234	48
Tax expense reported in the statement of profit and loss	**4,856**	**2,049**
Deferred tax related to net (gain)/loss on remeasurements of defined benefit plans recognised in other comprehensive income	(23)	10
Tax expense reported in other comprehensive income	**(23)**	**10**

Summary of significant accounting policies and other explanatory information (Contd.)

(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 25.17% (Year ended March 31, 2019 : 34.94%) and the reported tax expense in the statement of profit and loss are as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit before taxes	13,249	10,971
Enacted tax rates in India*	25.17%	34.94%
Tax on profit at enacted tax rate	3,335	3,834
Net tax reversal relating to previous years #	(1,208)	(2,644)
Difference between Indian and foreign tax rates and net results of subsidiaries	(2,848)	843
Dividend Income taxed at lower rate	-	4
Effect of change in tax rate in India	2,694	(74)
Tax effect on non deductible expenses	(68)	96
Deferred tax charges	2,928	-
Others	23	(10)
Income tax expense	**4,856**	**2,049**
Current tax	1,802	6,410
Current tax reversal relating to previous years	(4,372)	(2,644)
Deferred tax	7,426	(1,717)
Income tax expense reported in the statement of profit and loss	**4,856**	**2,049**

* Pursuant to the Taxation Laws (Amendment) Ordinance, 2019 ("Ordinance") enacted by the Government of India, the Parent has opted for one-time option to adopt a reduced maximum marginal tax rate ("reduced rate"), which shall apply for financial years starting April 01, 2019. Accordingly, the Parent has re-measured its deferred tax assets, net as on April 01, 2019 and a charge of INR 2,694 lakhs has been made in the financial statements.

The Tax Expenses (Current tax and Deferred tax) for the year ended March 31, 2020 includes a reversal of provision for tax amounting to INR 1,208 lakhs based on consideration of adjustments made in opening equity of the financial year 2018-19.

Summary of significant accounting policies and other explanatory information (Contd.)

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

33. Earnings per equity share (EPS)

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
For profit for the year			
Nominal value of equity shares (in INR)		2	2
Profit attributable to owners of the parent	(A)	9,096	10,502
Weighted average number of equity shares outstanding during the year	(B)	5,46,70,821	5,46,70,821
Basic earnings per equity share (in INR)	**(A/B)**	**16.64**	**19.21**
For total comprehensive income			
Nominal value of equity shares (in INR)		2	2
Total comprehensive income attributable to owners of the parent	(a)	10,549	10,114
Weighted average number of equity shares outstanding during the year	(b)	5,46,70,821	5,46,70,821
Basic earnings per equity share (in INR)	**(a/b)**	**19.30**	**18.50**
For profit for the year			
Dilutive effect on profit	(C)	-	-
Profit attributable to owners of the Parent for computing diluted EPS	(D) = (A+C)	9,096	10,502
Dilutive effect on weighted average number of equity shares outstanding during the year	(E)	-	-
Weighted average number of equity shares for computing Diluted EPS	(F) = (B+E)	5,46,70,821	5,46,70,821
Diluted earnings per equity share (in INR)	**(D/F)**	**16.64**	**19.21**
For total comprehensive income			
Dilutive effect on profit	(c)	-	-
Total comprehensive income attributable to owners of the Parent for computing diluted EPS	(d) = (a+c)	10,549	10,114
Dilutive effect on weighted average number of equity shares outstanding during the year	(e)	-	-
Weighted average number of equity shares for computing Diluted EPS	(f) = (b+e)	5,46,70,821	5,46,70,821
Diluted earnings per equity share (in INR)	**(d/f)**	**19.30**	**18.50**

Summary of significant accounting policies and other explanatory information (Contd.)

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

34. Contract balances

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Movement in contract assets		
Opening balance as at April 01	1,19,169	1,15,333
Changes in the measure of progress, claims and other adjustments, net	32,970	57,044
Transfers to trade receivables, net	(47,528)	(36,894)
Remeasurement of revenues on account of transition to Ind AS-115	-	(16,314)
Closing balance as at March 31	**1,04,611**	**1,19,169**
Movement in contract Liabilities		
Opening balance as at April 01	**23,054**	**26,971**
Billing-in-advance for work completed	3,138	2,779
Advances received during the year	33,154	8,238
Revenues recognised during the period	(2,927)	(1,698)
Advances offset against billing, net	(18,793)	(13,236)
Closing balance as at March 31	**37,626**	**23,054**

35. Leases

Leases include several office buildings and vehicles.

	Year ended March 31, 2020
(A) Expenses related to leases recognised in Statement of Profit and Loss for the Year ended March 31, 2020 :	
Interest expense on lease liabilities	14
Expenses relating to short term leases	1,030
Depreciation expenses of right to use assets	221
(B) Payments related to leases recognised in Statement of Cash Flows for the Year ended March 31, 2020 :	
Recognition of lease liabilities	252
Interest paid on lease liabilities	14

(C) Total right to use assets recognised for the year ended March 31, 2020 :

Right to use assets class wise	Property, plant and equipment		
	Buildings	Vehicles	Total
Gross carrying value			
Balance as at April 01, 2019	**161**	**391**	**552**
Depreciation/amortisation expense for the year	93	50	143
Reversal on disposal of assets	-	17	17
Effects of foreign currency translation	7	11	18
Balance as at March 31, 2020	**261**	**435**	**696**

Summary of significant accounting policies and other explanatory information (Contd.)

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

Right to use assets class wise	Property, plant and equipment		
	Buildings	Vehicles	Total
Accumulated depreciation/amortisation			
Balance as at April 01, 2019	**66**	**148**	**215**
Depreciation/amortisation expense for the year	106	115	221
Reversal on disposal of assets	-	17	17
Effects of foreign currency translation	8	3	11
Balance as at March 31, 2020	**181**	**250**	**431**
Net carrying value			
Balance as at April 01, 2019	**94**	**243**	**337**
Balance as at March 31, 2020	**80**	**185**	**265**

(D) Maturity analysis of lease liabilities as at March 31, 2020 :	
Current lease liabilities liquidity analysis	
Within 6 months	137
Within 6-12 months	26
Non-Current lease liabilities liquidity analysis	
Within 1 to 5 years	89

36. Remuneration to auditors (included as part of professional charges) *

	Year ended March 31, 2020	Year ended March 31, 2019
As auditor		
Statutory audit	33	28
Limited review #	10	8
Taxation matters	3	3
Other services	9	9
Reimbursement of expenses	8	2
	63	**50**

* excluding taxes

Includes INR 2.50 lakhs fees paid to previous auditors of the Parent during the year 2018-19

37. Expenditure on Corporate Social Responsibility (CSR)

	Year ended March 31, 2020	Year ended March 31, 2019
a) Gross amount required to be incurred	413	421
b) Amount incurred on:		
(i) Construction / acquisition of any asset	74	147
(ii) On purposes other than (i) above	21	107
	95	**254**

Summary of significant accounting policies and other explanatory information (Contd.)

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

38. Employee stock based option

Employee share based plan - ESOP 2010 Scheme

In August 2010, the Board of Directors approved and the Parent adopted the "ESOP 2010" (the "Plan") under which not more than 4,67,831 shares of the Parent's equity shares was reserved for issuance to its employees. The Board of Directors determined that the options granted under the Plan would vest not less than one year and not more than five years from the date of grant. The exercise price of options shall be INR 900 (Face value of INR 5 each) on the grant date.

Particulars	Number of shares	Weighted average exercise price in INR	Number of shares	Weighted average exercise price in INR
	Year ended March 31, 2020		Year ended March 31, 2019	
Options outstanding at the beginning of the year	-	180	1,22,714	180
Exercised during the year	-	180	33,038	180
Expired/ lapsed during the year	-	180	89,676	180
Options outstanding at the end of the year	-		-	
Options exercisable as at the end of the period	-		-	

During the year ended March 31, 2019, the weighted average share price of options exercised under the Plan on the date of exercise was INR 283. The weighted average remaining contractual life of the Plan outstanding as of March 31, 2019 is Nil.

39. Related party disclosures

a) Names of related parties and nature of relationship

Nature of relationship	Name of related party
Associates	Windhoek Goreangab Operating Company (Pty) Limited, Namibia
	VA Tech Wabag and Roots Contracting LLC, Qatar
Joint Venture	International Water Treatment LLC, Oman
Key Management Personnel (KMP)	Mr. Rajiv Mittal - Managing Director & Group Chief Executive Officer
	Mr. S Varadarajan - Whole time Director & Chief Growth Officer
	Mr. Bhagwan Dass Narang - Independent director
	Mr. Malay Mukherjee - Independent director
	Mr. Milin Mehta - Independent director (Appointed w.e.f April 29, 2019)
	Ms. Revathi Kasturi - Independent director
	Ms. Vijaya Sampath - Additional director (Appointed w.e.f July 31, 2020)
	Mr. Anil Chandanmal Singhvi - Additional director (Appointed w.e.f July 31, 2020)
	Mr. Sumit Chandwani - Independent director (Ceased to be director w.e.f August 13, 2019)
	Mr. Sandeep Agrawal - Chief Financial Officer- Group (Appointed w.e.f April 29, 2019)
	Mr. Pankaj Sachdeva - Chief Executive Officer- India Cluster
	Mr. G Parthasarathy - Chief Financial Officer- Group (Resigned w.e.f November 09, 2018)
Other Related Party	Mr. Rohan Mittal - Graduate Engineering Trainee, Relative of Managing Director (Appointed w.e.f July 02, 2018)

Summary of significant accounting policies and other explanatory information (Contd.)

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

b) Transactions with related parties

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Associates	Joint venture *	Associates	Joint venture *
Sales of goods and services	268	-	155	-
Others operating income	-	-	-	-
Other expenses	106	-	16	5
Reimbursements received/ receivable	2	-	-	-

c) Balances with related parties

Particulars	As at March 31, 2020			As at March 31, 2019		
	Associates	Joint venture *	KMP and other related party	Associates	Joint venture *	KMP and other related party
Advances/ amount recoverable	72	491	-	209	456	-
Loan to/(from) including interest and amounts (payable)	(68)	(5)	(37)	-	(5)	(829)

All transactions with these related parties are priced on an arm's length basis. None of the balances are secured.

* *Does not include allowances for expected credit losses which have been recognised under trade receivables to the extent of Nil (March 31, 2019- INR 332 Lakhs)*

Note:

The maximum amount of loans outstanding during the year in accordance with Regulation 34(3) of the SEBI(Listing Obligations and Disclosure Requirements) Regulations 2015 are as below :

Mr. Rajiv Mittal- INR (765) lakhs (March 31, 2019 : INR(700) lakhs)

d) Remuneration to Key Management Personnel and Other Related Party :

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries including bonus	591	663
Post employment and termination benefits	52	49
Commission	69	65

Summary of significant accounting policies and other explanatory information (Contd.)

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

40. Fair value measurement

Fair value measurement hierarchy

The Group records certain financial assets and financial liabilities at fair value on a recurring basis. The Group determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The Group holds certain fixed income instruments, forward contracts and unquoted investments in equity instruments which must be measured using the fair value hierarchy and related valuation methodologies. The guidance specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Group's assumptions about current market conditions. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three Levels of fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

> **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

> **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)

> **Level 3:** Inputs for assets or liabilities that are not based on observable market data (unobservable inputs)

The following table shows the Levels within the hierarchy of financial and non-financial assets and liabilities measured at fair value on a recurring basis as at March 31, 2020 and March 31, 2019 :

Quantitative disclosures for fair value measurement hierarchy for assets as at March 31 :

Particulars	Date of valuation	Carrying value	Fair value measurement using		
			Level 1	Level 2	Level 3
i) Assets measured at fair value:					
Fair value through statement of profit and loss					
Investments					
2020	March 31, 2020	465	-	-	465
2019	March 31, 2019	17	-	-	17

Particulars	As at March 31, 2020	As at March 31, 2019
ii) Liabilities measured at amortised cost:		
Interest-bearing loans and borrowings:		
Floating rate borrowings	5,925	11,982
Fixed rate borrowings	46,033	49,350

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.

Summary of significant accounting policies and other explanatory information (Contd.)

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

41. Nature and extent of risks arising from financial instruments and respective financial risk management objectives and policies

The Group's principal financial liabilities, comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include investments, trade and other receivables and cash and short-term deposits that derive directly from its operations. The Group also enters into derivative transactions and holds short term investments.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by the Group Treasury Team that advises on financial risks and the appropriate financial risk governance framework in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by Group Treasury Team that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors review and agree on policies for managing each of these risks, which are summarised below.

a) Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed rate loans and borrowings. At March 31, 2020 approximately 88% (March 31, 2019: 80%) 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 March 31, 2020 (March 31, 2019 : +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. Sensitivity calculations are based on annualised interest cost on the borrowings at floating rate as of the reporting dates March 31, 2020 and March 31, 2019. All other variables are held constant.

Particulars		As at March 31, 2020	As at March 31, 2019
Profit before tax			
Increase	+1%	59	120
Decrease	-1%	(59)	(120)
Equity before tax			
Increase	+1%	59	120
Decrease	-1%	(59)	(120)

Foreign currency risk

The Group enters into transactions of sales and purchases in various currencies based on the domiciliation of the entities of the group. Euro (EUR) and United States Dollar (USD) are the major currencies transacted in, outside the functional currency (INR) of the Parent.

To mitigate the Group's exposure to foreign currency risk, cash flows in foreign currencies are monitored and forward exchange contracts are entered into in accordance with the Group's risk management policies. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Summary of significant accounting policies and other explanatory information (Contd.)

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

Forward exchange contracts are mainly entered into for net foreign currency exposures that are not expected to be offset by other same currency transactions.

Foreign currency denominated financial assets and financial liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to the key management and are translated at the closing rate:-

	Foreign currency exposure (in INR lakhs)	
	USD	**EUR**
March 31, 2020		
Financial assets	43,306	393
Financial liabilities	11,902	3,173
March 31, 2019		
Financial assets	32,941	1,760
Financial liabilities	12,158	5,471

Currency risk (or foreign exchange risk) arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency, of the respective entity, in which they are measured. For the purpose of this disclosure, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency of the respective entities.

The following table illustrates the sensitivity of profit and equity with regard to the Group's financial assets and financial liabilities and the USD/INR exchange rate and EUR/INR exchange rate 'all other things being equal'. It assumes a +/- 1% change of the USD/INR and EUR/INR exchange rate for the year ended March 31, 2020 (March 31, 2019 : +/- 1%).

If the INR had strengthened against the USD by 1% during the year ended March 31, 2020 (March 31, 2019: 1%) and EUR by 1% during the year ended March 31, 2020 (March 31, 2019: 1%) respectively, then it would have had the following impact on profit before tax and equity before tax :

		As at March 31, 2020	As at March 31, 2019
Profit before tax			
USD	+1%	314	208
EUR	+1%	(28)	(37)
		286	**171**
Equity before tax			
USD	+1%	314	207
EUR	+1%	(28)	(37)
		286	**170**

If the INR had weakened against the USD by 1% during the year ended March 31, 2020 (March 31, 2019: 1%) and EUR by 1% during the year ended March 31, 2020 (March 31, 2019: 1%) respectively, there would be an equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

Summary of significant accounting policies and other explanatory information (Contd.)

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

b) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the 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 March 31, as summarised below:

	As at March 31, 2020	As at March 31, 2019
Classes of financial assets		
Trade receivables	2,01,567	1,70,758
Cash and bank balances	33,746	18,065
Other financial assets	6,344	5,974

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, other than matters disclosed in Note 48. Customer credit risk is managed based on Group's established policy, procedures and control relating to customer credit risk management, pursuant to which outstanding customer receivables are regularly monitored by the management. Credit quality of the customer is assessed based on historical information in relation to pattern of collections, defaults and credit worthiness of the customer. As at March 31, 2020, the Group had 10 (March 31, 2019: 8) customers that owed the Group more than INR 5,000 lakhs each and accounted for approximately 53% (March 31, 2019: 62%) of all the receivables outstanding. As at March 31, 2020, the Group has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired.

The credit risk for cash and bank balances, investments and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Other financial assets mainly comprises of tender deposits and security deposits which are given to customers or other governmental agencies in relation to contracts executed and are assessed by the Group for credit risk on a continuous basis.

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.

Summary of significant accounting policies and other explanatory information (Contd.)

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and short term borrowings. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows including interest as at March 31, 2020 and March 31, 2019.

As at March 31, 2020	**Current**		**Non-current**	
	Within 6 months	**6 to 12 months**	**1 to 5 years**	**Later than 5 years**
Borrowings	47,151	2,571	2,968	-
Trade payables	1,62,622	71	13,617	-
Lease liabilities	137	26	89	-
Other financial liabilities	2,891	459	163	-
	2,12,801	**3,127**	**16,837**	**-**

As at March 31, 2019	**Current**		**Non-current**	
	Within 6 months	**6 to 12 months**	**1 to 5 years**	**Later than 5 years**
Borrowings	47,513	5,027	10,617	1,128
Trade payables	1,57,068	2,069	9,561	-
Other financial liabilities	2,354	-	150	-
	2,06,935	**7,096**	**20,328**	**1,128**

Summary of significant accounting policies and other explanatory information (Contd.)

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

42. Segment reporting

Considering the risk/return profiles of the segments between product and geography, the Group has identified geography as reportable segment in accordance with Indian Accounting Standard (Ind AS) 108 Operating Segments.

Particulars	India	Rest of world	Unallocated	Total
For the year ended March 31, 2020				
Revenue				
External sales	98,901	1,70,465	-	2,69,366
Other operating income	-	-	4,791	4,791
Inter-segment sales	-	(18,442)	-	(18,442)
Total revenue	**98,901**	**1,52,023**	**4,791**	**2,55,715**
Results				
Segment result	21,381	38,808	-	60,189
Share of profit of associates and a joint venture, net	-	475	-	475
Unallocated corporate expenses	-	-	(42,040)	(42,040)
Operating profit	**21,381**	**39,283**	**(42,040)**	**18,624**
Interest and finance charges, net	-	-	(10,298)	(10,298)
Other income	-	-	4,923	4,923
Profit before tax	**21,381**	**39,283**	**(47,415)**	**13,249**
Income taxes	-	-	(4,856)	(4,856)
Profit after tax	**21,381**	**39,283**	**(52,271)**	**8,393**
Non-controlling interests	-	-	703	703
Profit for the year attributable to owners of the parent	**21,381**	**39,283**	**(51,568)**	**9,096**
As at March 31, 2020				
Other information				
Segment assets	1,74,313	1,88,386	-	3,62,699
Unallocated corporate assets	-	-	39,657	39,657
Total assets	**1,74,313**	**1,88,386**	**39,657**	**4,02,356**
Segment liabilities	90,082	1,49,790	-	2,39,872
Unallocated corporate liabilities	-	-	45,265	45,265
Total liabilities	**90,082**	**1,49,790**	**45,265**	**2,85,137**
For the year ended March 31, 2020				
Capital expenditure	-	-	363	363
Depreciation and amortisation	-	-	1,539	1,539
Other non cash expenditure, net	-	-	6,634	6,634

Summary of significant accounting policies and other explanatory information (Contd.)

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

Particulars	India	Rest of world	Unallocated	Total
For the year ended March 31, 2019				
Revenue				
External sales	93,589	1,97,239	-	2,90,828
Other operating income	-	-	6,526	6,526
Inter-segment sales	-	(19,258)	-	(19,258)
Total revenue	**93,589**	**1,77,981**	**6,526**	**2,78,096**
Results				
Segment result	18,723	43,847	-	62,570
Share of profit of associates and a joint venture, net	-	333	-	333
Unallocated corporate expenses	-	-	(48,228)	(48,228)
Operating profit	**18,723**	**44,180**	**(48,228)**	**14,675**
Interest and finance charges, net	-	-	(7,097)	(7,097)
Other income	-	-	3,393	3,393
Profit before tax	**18,723**	**44,180**	**(51,932)**	**10,971**
Income taxes	-	-	(2,049)	(2,049)
Profit after tax	**18,723**	**44,180**	**(53,981)**	**8,922**
Non-controlling interests	-	1,580	-	1,580
Profit for the year attributable to owners of the parent	**18,723**	**45,760**	**(53,981)**	**10,502**
As at March 31, 2019				
Other information				
Segment assets	1,72,816	1,72,846	-	3,45,662
Unallocated corporate assets	-	-	32,189	32,189
Total assets	**1,72,816**	**1,72,846**	**32,189**	**3,77,851**
Segment liabilities	79,849	1,42,934	-	2,22,783
Unallocated corporate liabilities	-	-	46,510	46,510
Total liabilities	**79,849**	**1,42,934**	**46,510**	**2,69,293**
For the year ended March 31, 2019				
Capital expenditure	-	-	280	280
Depreciation and amortisation	-	-	1,679	1,679
Other non cash expenditure, net	-	-	8,500	8,500

Summary of significant accounting policies and other explanatory information (Contd.)

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

43. Statutory group information

Name of the entity in the Group	Net assets, i.e. total assets minus total liabilities as at		Share in profit or (loss) for the year ended		Share in other comprehensive income for the year ended		Share in total comprehensive income for the year ended	
	As % of consolidated net assets	Amount	As % of consolidated profit or (loss)	Amount	As % of other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent								
VA Tech Wabag Limited								
March 31, 2020	83.3%	97,663	70.0%	5,876	342.6%	1,521	83.7%	7,397
March 31, 2019	84.4%	91,671	114.8%	10,240	96.6%	(422)	115.7%	9,818
Foreign subsidiaries								
VA Tech Wabag (Philippines) Inc								
March 31, 2020	2.6%	3,037	0.6%	48	-	-	0.5%	48
March 31, 2019	2.5%	2,677	2.6%	231	-	-	2.7%	231
VA Tech Wabag Muscat LLC								
March 31, 2020	0.1%	115	(4.0%)	(338)	-	-	(3.8%)	(338)
March 31, 2019	0.4%	438	(0.4%)	(35)	-	-	(0.4%)	(35)
Wabag Muhibbah JV SDN. BHD.								
March 31, 2020	(0.9%)	(1,078)	(26.6%)	(2,235)	-	-	(25.3%)	(2,235)
March 31, 2019	1.1%	1,176	(45.7%)	(4,081)	-	-	(48.1%)	(4,081)
Wabag Belhasa JV WLL								
March 31, 2020	1.8%	2,168	(15.8%)	(1,327)	-	-	(15.0%)	(1,327)
March 31, 2019	3.1%	3,315	(0.7%)	(61)	-	-	(0.7%)	(61)
VA Tech Wabag And Roots Contracting LLC-Project-I								
March 31, 2020	0.2%	210	0.4%	33	-	-	0.4%	33
March 31, 2019	0.1%	162	(0.6%)	(50)	-	-	(0.6%)	(50)
Wabag Operation And Maintenance WLL								
March 31, 2020	0.1%	110	(0.3%)	(21)	-	-	(0.2%)	(21)
March 31, 2019	0.1%	122	(0.2%)	(21)	-	-	(0.2%)	(21)
Wabag Limited								
March 31, 2020	(0.3%)	(313)	(1.1%)	(95)	-	-	(1.1%)	(95)
March 31, 2019	(0.2%)	(209)	(0.7%)	(58)	-	-	(0.7%)	(58)

Summary of significant accounting policies and other explanatory information (Contd.)

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

Name of the entity in the Group	Net assets, i.e. total assets minus total liabilities as at		Share in profit or (loss) for the year ended		Share in other comprehensive income for the year ended		Share in total comprehensive income for the year ended	
	As % of consoli-dated net assets	Amount	As % of consol-idated profit or (loss)	Amount	As % of other compre-hensive income	Amount	As % of total compre-hensive income	Amount
VA Tech Wabag (Singapore) Pte Limited								
March 31, 2020	2.9%	3,421	4.9%	408	-	-	4.6%	408
March 31, 2019	2.7%	2,969	2.9%	263	-	-	3.1%	263
VA Tech Wabag Brazil Servicos De Agua E Saneamento LTDA								
March 31, 2020	-	-	-	-	-	-	-	-
March 31, 2019	-	-	-	-	-	-	-	-
Ganga STP Project Private Limited								
March 31, 2020	0.0%	1	-	-	-	-	-	-
DK Sewage Project Private Limited								
March 31, 2020	0.0%	1	-	-	-	-	-	-
Va Tech Wabag Limited Pratibha Industries Limited JV								
March 31, 2020	0.3%	327	1.4%	115	-	-	1.3%	115
March 31, 2019	0.2%	216	0.5%	45	-	-	0.5%	45
VA Tech Wabag Gmbh								
March 31, 2020	15.5%	18,117	14.6%	1,229	(15.3%)	(68)	13.1%	1,161
March 31, 2019	14.7%	16,001	(1.0%)	(88)	(7.8%)	34	(0.6%)	(54)
Wabag Wassertechnik Ag								
March 31, 2020	1.1%	1,285	(3.3%)	(277)	-	-	(3.1%)	(277)
March 31, 2019	1.3%	1,423	(11.4%)	(1,021)	-	-	(12.0%)	(1,021)
VA Tech Wabag Brno Spol. S.R.O								
March 31, 2020	1.3%	1,536	(1.2%)	(103)	-	-	(1.2%)	(103)
March 31, 2019	1.5%	1,639	(6.2%)	(549)	-	-	(6.5%)	(549)
Wabag Water Services S.R.L.								
March 31, 2020	3.2%	3,783	3.1%	258	-	-	2.9%	258
March 31, 2019	3.1%	3,368	10.1%	905	-	-	10.7%	905

Summary of significant accounting policies and other explanatory information (Contd.)

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

Name of the entity in the Group	Net assets, i.e. total assets minus total liabilities as at		Share in profit or (loss) for the year ended		Share in other comprehensive income for the year ended		Share in total comprehensive income for the year ended	
	As % of consoli-dated net assets	Amount	As % of consol-idated profit or (loss)	Amount	As % of other compre-hensive income	Amount	As % of total compre-hensive income	Amount
VA Tech Wabag Su Teknolojisi Ve Tic. A.S								
March 31, 2020	(2.2%)	(2,601)	19.2%	1,610	-	-	18.2%	1,610
March 31, 2019	(3.7%)	(4,054)	34.9%	3,115	-	-	36.7%	3,115
VA Tech Wabag Tunisie S.A.R.L								
March 31, 2020	0.7%	835	0.7%	58	-	-	0.7%	58
March 31, 2019	0.6%	680	0.0%	1	-	-	0.0%	1
Ujams Wastewater Treatment Company (Pty) Ltd.								
March 31, 2020	-	-	6.8%	567	-	-	6.4%	567
March 31, 2019	1.7%	1,805	6.0%	534	-	-	6.3%	534
Wabag Water Services (Macao) Ltd								
March 31, 2020	-	-	(0.5%)	(40)	-	-	(0.5%)	(40)
March 31, 2019	0.0%	40	0.4%	37	-	-	0.4%	37
VA Tech Wabag Deutschland Gmbh								
March 31, 2020	(0.0%)	(46)	0.2%	17	-	-	0.2%	17
March 31, 2019	(0.1%)	(61)	(0.0%)	(1)	-	-	(0.0%)	(1)
Non-controlling interest in all subsidiaries								
March 31, 2020	(0.2%)	(225)	(8.4%)	(703)	(227.3%)	(1,009)	(19.4%)	(1,712)
March 31, 2019	1.5%	1,667	(17.7%)	(1,580)	11.2%	(49)	(19.2%)	(1,629)
Foreign associates (investments as per equity method)								
VA Tech Wabag And Roots Contracting LLC-Project-II and Project-III								
March 31, 2020	1.1%	1,281	9.1%	766	-	-	8.7%	766
March 31, 2019	0.5%	515	3.8%	336	-	-	4.0%	336

Summary of significant accounting policies and other explanatory information (Contd.)

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

Name of the entity in the Group	Net assets, i.e. total assets minus total liabilities as at		Share in profit or (loss) for the year ended		Share in other comprehensive income for the year ended		Share in total comprehensive income for the year ended	
	As % of consoli-dated net assets	Amount	As % of consol-idated profit or (loss)	Amount	As % of other compre-hensive income	Amount	As % of total compre-hensive income	Amount
Windhoek Goreangab Operating Company (Pty) Limited								
March 31, 2020	0.2%	243	2.0%	167	-	-	1.9%	167
March 31, 2019	0.3%	299	1.8%	159	-	-	1.9%	159
Foreign joint venture (investments as per equity method)								
International Water Treatment L.L.C								
March 31, 2020	(7.2%)	(8,461)	(5.5%)	(458)	-	-	(5.2%)	(458)
March 31, 2019	(7.5%)	(8,165)	(1.8%)	(162)	-	-	(1.9%)	(162)
Intercompany eliminations and other adjustments								
March 31, 2020	(3.6%)	(4,189)	33.8%	2,838	-	-	32.1%	2,838
March 31, 2019	(8.4%)	(9,136)	8.6%	763	-	-	9.0%	763
Total								
March 31, 2020	**100.0%**	**1,17,219**	**100.0%**	**8,393**	**100.0%**	**444**	**100.0%**	**8,837**
March 31, 2019	**100.0%**	**1,08,558**	**100.0%**	**8,922**	**100.0%**	**(437)**	**100.0%**	**8,485**

44. Authorisation of financial statements

The consolidated financial statements for the year ended March 31, 2020 (including comparatives) is approved by the Board of Directors on July 31, 2020.

Summary of significant accounting policies and other explanatory information (Contd.)

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

45. Interest in other entities

Summarised financial information of the associates and joint venture, based on its Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

a) Investments in associates

	As at March 31, 2020	As at March 31, 2019
Aggregate carrying amount of individually immaterial associates	1,525	815

	Year ended March 31, 2020	Year ended March 31, 2019
Aggregate amount of the group's share of :		
Profit for the year	933	495
Other comprehensive income	-	-
Total comprehensive income	**933**	**495**

b) Investments in joint venture

	As at March 31, 2020	As at March 31, 2019
Aggregate carrying amount of individually immaterial joint venture	-	-

	Year ended March 31, 2020	Year ended March 31, 2019
Aggregate amounts of the group's share of:		
(Loss) for the year	(458)	(162)
Other comprehensive income	-	-
Total comprehensive income	**(458)**	**(162)**
Share of (losses) from joint venture	**(458)**	**(162)**
Share of profits from associates	**933**	**495**

46. Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the reporting date (March 31, 2020) and the date of authorisation, other than those disclosed under respective notes.

Summary of significant accounting policies and other explanatory information (Contd.)

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

47. Contingent liabilities, commitments and guarantees

a) Claims against the Group not acknowledged as debt

Particulars	As at March 31, 2020	As at March 31, 2019
Income tax demand including interest contested in appeal for various assessment years	3,120	2,950
Indirect tax matters under dispute including interest contested in appeal for various years	4,883	4,569
Tax liability of the permanent establishment in Algeria*	1,857	2,270

* During the year ended March 31, 2014, VA Tech Wabag Deutschland GmbH ("Subsidiary") had received a demand order from the Office of the General Directorate of Taxes Algeria for an amount of Algerian Dinar (DZD) 3,941 lakhs (INR 2,434 lakhs). The subsidiary approached the Administrative Court in this matter, however, the same was rejected citing delay in filing, hence it intends to appeal before the Council of State and believes that the demand order would be overturned. The demand value, net of provisions made has been disclosed as a contingent liability for the year ended March 31, 2020.

b) Capital commitments

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

c) Guarantees excluding financial guarantees

Particulars	As at March 31, 2020	As at March 31, 2019
Guarantees issued by the Group for:		
- Others*	52,390	48,633

* Subsequent to the year ended March 31, 2020 guarantees issued to others have been fully released.

48.

The Parent has been executing certain projects for Andhra Pradesh Power Generation Corporation Limited (APGENCO) and Telangana State Power Generation Corporation Limited (TSGENCO) as part of a consortium. With financial difficulties faced by other two partners, the Parent took over as consortium leader for these projects in 2014-15. Corporate insolvency resolution process was ordered against the erstwhile consortium leader Tecpro Systems Limited ('Tecpro') in 2017-18. The receivables from these projects, net of provision for expected credit losses are as follows:

a) The Parent is pursuing legal action to recover an amount of INR 6,953 lakhs from Tecpro held under trust. The Parent expects to recover these dues through National Company Law Tribunal post the ruling in National Company Law Appellate Tribunal.

b) The Parent has completed the project for TSGENCO and is in the process of recovering the receivables and retentions of INR 13,875 lakhs. Tecpro is endeavouring to initiate arbitration with TSGENCO. The Parent and TSGENCO have challenged the same legally and obtained an interim injunction order against the arbitration proceedings.

c) The receivables and retentions pertaining to APGENCO project of INR 26,707 lakhs, are recoverable progressively upon satisfactory completion of the contractual milestones.

d) The COVID-19 pandemic and the Lockdown imposed by the Government, resulted in delays in NCLT & legal proceedings and also impacted the project (c above) progress and collection.

Summary of significant accounting policies and other explanatory information (Contd.)

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

49. Due to delays caused by COVID-19 and other factors, the audit of overseas subsidiary VA Tech Wabag GmbH, Austria for the financial year ended March 31, 2020 could not be completed. The financial information related to VA Tech Wabag GmbH included in these Financial Statements, in the opinion of the management provides a true and fair view of the overseas subsidiary.

50. The Group has used the principles of prudence in applying judgements, estimates and assumptions to assess the impact of the COVID-19 pandemic on the financial statements. Our assessment based on estimates and judgements considering available information does not indicate any material impact on the carrying value of assets and liabilities as on the reporting date. The Group will continue to monitor the future economic conditions and assess its impact on the consolidated financial statements. The assessment as on date with the available information does not indicate any adverse impact on the ability of the Group to continue as a going concern.

Notes 1 to 50 form an integral part of these consolidated financial statements

In terms of our report even date attached

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

V Viswanathan
Partner
(Membership No.: 215565)

Place: Chennai
Date : July 31, 2020

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

B D Narang
Chairman
(DIN :00826573)

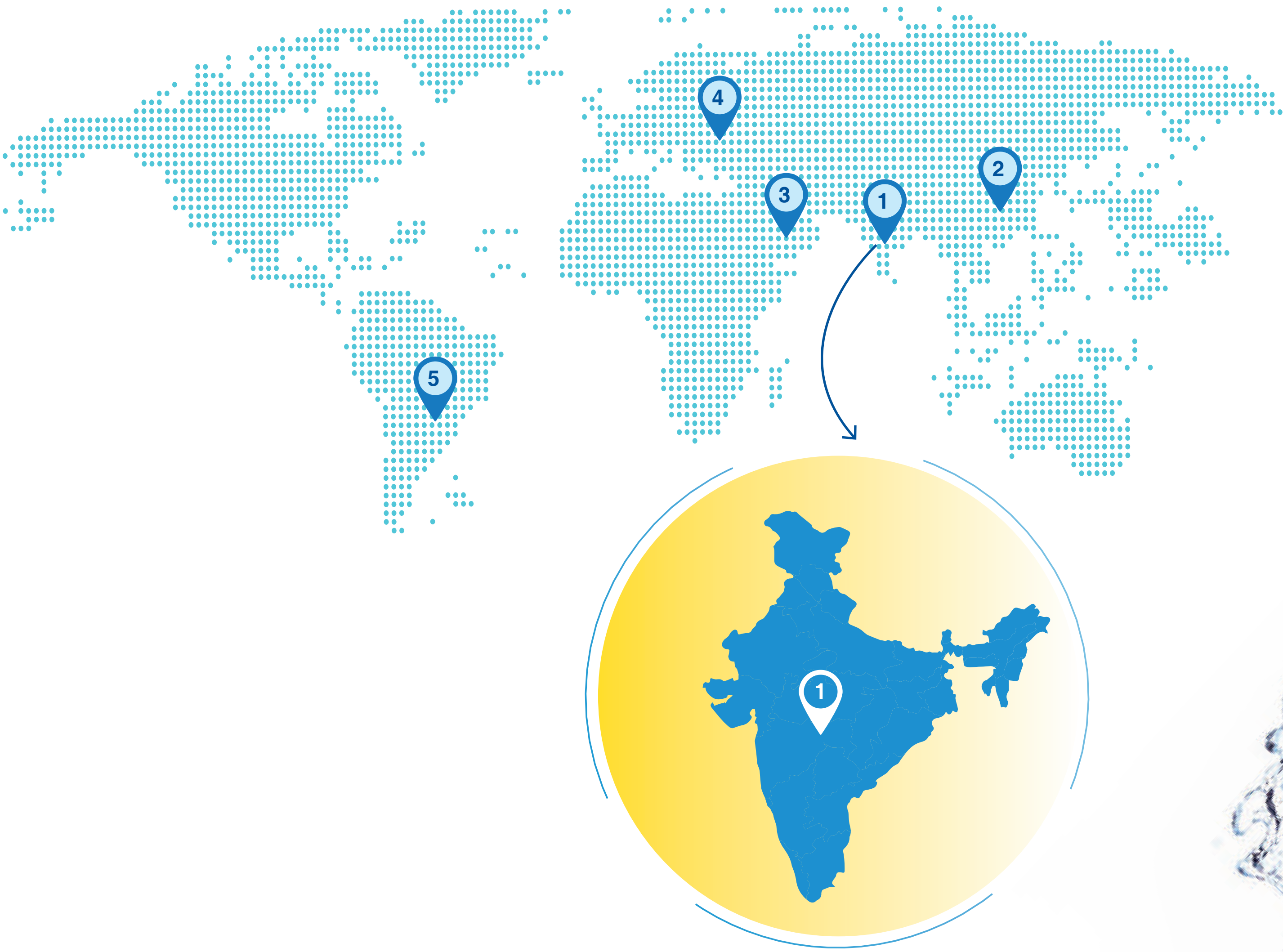
Rajiv Mittal
Managing Director & Group CEO
(DIN :01299110)

Sandeep Agrawal
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No.:17696)

Place: New Delhi
Date : July 31, 2020

Place: Chennai
Date : July 31, 2020



1
India
- Baroda
- Chennai (Headquarters)
- Delhi
- Kolkata
- Pune

2
Asia
- India
- Malaysia
- Nepal
- Philippines
- Singapore
- Sri Lanka
- Thailand
- Turkmenistan
- Vietnam

3
Middle East and Africa
- Bahrain
- Egypt
- Ethiopia
- Iran
- Libya
- Namibia
- Nigeria
- Oman
- Qatar
- Saudi Arabia
- Tanzania
- Tunisia
- UAE

4
Europe
- Austria
- Bulgaria
- Czech Republic
- Germany
- Romania
- Russia
- Switzerland
- Turkey

5
Latin America
- Argentina
- Brazil
- Ecuador

WABAG

sustainable solutions. for a better life.

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