ANNUAL REPORT
2020-21

WABAG

sustainable solutions. for a better life.

ENRICHING LIVES ENGINEERING GROWTH

Navigating through

Corporate Overview

Statutory Reports

Financial Statements

Please find investor-related information at:
https://www.wabag.com/investors-overview/
Or simply scan to browse

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 a 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

Malay Mukherjee
Independent Director, Chairman

Rajiv Mittal
Managing Director & Group CEO

Milin Mehta
Independent Director

Vijaya Sampath
Independent Director

Ranjit Singh
Additional Director

Amit Goela
Additional Director

S. Varadarajan
Whole-Time Director & Chief Growth Officer

Corporate Information

Skandaprasad S
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,
Tamil Nadu, India
P: +91 - 44 - 6123 2323

Statutory Auditors

Sharp & Tannan
Chartered Accountants
3rd Floor, 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

- Bank of Baroda
- Canara Bank
- Export Import Bank of India
- HSBC
- ICICI Bank
- IDBI Bank
- IndusInd Bank
- Punjab National Bank
- State Bank of India
- Union Bank of India

Pankaj Sachdeva
CEO, India Cluster

Deep Raj Saxena
CEO, MEA Cluster

Mahmut Gedek
CEO, Europe Cluster

Arulmozhi
CFO, India Cluster

ABOUT THE REPORT

This Report has been compiled following the principles of Integrated Report (IR), as laid out by the International Integrated Reporting Council (IIRC), focussing the needs of various stakeholders. The Report, as a principal communication document, explains strategies, business model and major impact across economic, social and environmental areas. Additionally, it also offers an insight into our operational and financial performance for understanding how we manage business. In line with our business strategy, it defines the material issues which potentially influence our sustainable value-creating ability. It covers aspects of social and environmental sustainability which have remained part of our strategy and business practices for years now. There has been a consistent and continuous progress on the monitoring and reporting of data which is relevant and material to these matters.

SCOPE AND BOUNDARY

This Report uses a holistic approach and furnishes information on the operational and business developments for the year ended March 31, 2021. Information on all business segments, across geographies, is captured and supported with different activities that they undertake for creating values in short, medium and long term. And subsidiaries' performance is included in the consolidated financial information.

FRAMEWORKS

Committed to embracing the best practices in reporting, to ensure transparency and improve stakeholder engagement, the content and structure of our Annual Report is guided by the framework endorsed by the International Integrated Reporting Council (IIRC). The Company fully complies with the NSE and BSE listings and SEBI guidelines. The Statutory Reports, including the Board's Report, Management Discussion and Analysis (MD&A) section, the Report on Corporate Governance and the Business Responsibility Report (BRR), are in line with the Companies Act, 2013, Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the prescribed Secretarial Standards.

ASSURANCE

The Board acknowledges its responsibility to ensure the integrity of this Report. The Directors confirm having reviewed this Report's content and they believe this document addresses the material issues and is a fair presentation of the Company's overall integrated performance.

ENRICHING LIVES ENGINEERING GROWTH

Climate change, rising urbanisation and industrialisation, depleting water tables, water scarcity and water quality: Some pressing issues with the potential to radically alter the way we live.

One of the most critical 21st-Century issues today is to recognise and consciously stop our business-as-usual water management practices. Water is no luxury. And we urgently need 'Water is Valuable' mindset for managing water with strategic importance. Total management of water is crucial for supporting sustainability and most importantly, for the continued existence of life as we know it.

At WABAG, we are shaping the future of water on our planet. We use our indigenously developed technologies to treat water and waste water.

Through our services, we are enabling a safer tomorrow by enriching lives and engineering growth today.

Ranked 4th globally

Among the world's top 50 private water operators

INR 9,500+ crore

Order book in FY 2020-21

sustainable solutions. for a better life.

Chairman's Letter

WABAG has constantly made significant strides in growth and stability, with many years of experience in resolving numerous challenges which came its way. From the early difficulties, WABAG has shown resilience and emerged stronger.

Dear Shareholders,

I hope this letter finds you and your dear ones in good health.

Last year was extraordinary and unusual in more ways than one. It taught us the lesson of taking good care of ourselves and our close ones and not taking anything in life for granted. The year was as much about the losses as it was about overcoming adversities.

During such an unprecedented crisis, the Board and the Management's top priority was protecting our employees' and the communities' health and well-being. I feel proud and pleased that, at WABAG, we took the right steps to ensure the continuity of our services while placing the safety of our people at the forefront.

As a Company, WABAG has constantly made significant strides towards growth and stability while resolving numerous challenges that came its way. Backed by our strong foundation and technical efficiencies, we have shown remarkable resilience and emerged stronger every time.

The never-witnessed-before magnitude of the global healthcare crisis – the COVID-19 pandemic – fundamentally challenged our economic and healthcare systems. For us, it was an open challenge to the way we function as it tested our ability to manage operations and commitment to meet our targets with minimal disruption.

Being an essential service provider, we had to ensure uninterrupted availability of water services while protecting our people. I am proud to say that our managers manned their posts over extended periods to ensure continuous water treatment facilities to the municipalities and industries. Similarly, our project teams worked with our business associates to ensure smooth running of project activities with the support of our clients and local governments in line with the lockdown restrictions and relaxations, from time to time.

As we step into the future, we continue looking forward to multi-lateral and Central/Federal Government-funded projects for enhancing stakeholders' wealth. We are happy to be associated with business partners who supported us in the financial closure of our HAM projects, thus, helping us maintain our asset-light business principle and further enabling us to participate in similar funded projects. We are excited for the synergies this partnership brings to WABAG and our stakeholders.

Our endeavour is to secure a place amongst the world's Top 3 Water Technology Companies in terms of business valuation. Our growth strategy aims to capture most of the opportunities from India, Middle East, ASEAN, North Africa, and Central Europe regions to move towards this target.

- Implement global matrix organisation with strong business processes
- Organise ourselves using a Global Delivery Model
- Invest and strengthen our go-to-market teams
- Develop and design technology-driven solutions
- Build construction, technology and financial partnerships

WABAG strives to pursue high-quality projects and provide tailored solutions for customers in the core regions while keeping track of attractive spot opportunities elsewhere. Today, we are capable and equipped to compete successfully by providing advanced technology and cost-effective total water solutions across geographies.

The trust our investors have reposed empowers us to surmount the most formidable challenges while also ensuring a safe landing in the opportunity terrain. Rising urbanisation is increasing the need for water and wastewater treatment infrastructure to improve water reusability on the one hand and reduce the dependability on groundwater and freshwater resources on the other. I am certain that the various Government initiatives will bring in more business opportunities in the days to come.

We have been in water infrastructure for over 95 years and completed over 6,000 projects worldwide and also treating more than a billion litres of potable water, sewage and effluents per day. We are proud that our colleagues at WABAG – a unique mix of talented professionals consisting of engineers, water and other experts have transformed your Company into a globally respected organisation.

Our experience and expertise together won various awards and accolades from several international and national institutions, including the following:

- Distinction award under 'Wastewater Project of the Year' from the Global Water Intelligence for our Koyambedu TTRO Plant, Chennai, India

The trust investors have reposed in the Company will help us surmount the challenges and ensure safe landing in the opportunity terrain. Our operational excellence, human capital development, corporate governance, sustainability and social impact are a testament to the strong commitment to service and sustainability that are the hallmarks of WABAG's DNA.

- 'Industrial Project of the Year' from Global Water Intelligence for our Petronas IETP, Malaysia
- National Water Award 2019 for the 'Best Research/ Innovation/Adaptation of New Technology for Water Conservation' from the Ministry of Jal Shakti, Government of India
- Water Digest Awards for the 'Best Water Treatment Project – Industrial' and Excellence Award for the 'Best CSR in Water Sector' during 2019-20

These citations for operational excellence, human capital development, corporate governance, sustainability, and social impact are a testament to the strong commitment to service and sustainability – the hallmarks of WABAG's DNA.

As we move forward, there is a lot more that we need to accomplish. Let me extend my profound appreciation to you, our dear shareholders, for your continued trust all through these years. My sincere appreciation to fellow Directors on the Board for your co-operation, guidance and unwavering support. I also extend my heartfelt thanks to the entire WABAG team. It is my firm belief that your dedication and commitment will take us to greater heights especially as we move towards a post-COVID world.

Regards,

Malay Mukherjee

WABAG
sustainable solutions. for a better life.

MD's Thoughts

Trust is essential when you're building relationships, and you gain trust by being reliable, honest, and respectful. We consistently and transparently engage to build relations with our stakeholders – a key to our success.

Dear Stakeholders,

The year 2020-21 was all about **'Weathering the Storm and Turning the Corner'**.

At WABAG, 2020 proved to be an exceptional year on six counts:

- Achieved financial closure of two HAM projects
- Secured 4th position among 'The World's Top 50 Private Water Operators' as per Global Water Intelligence, London
- Overcame operational challenges posed by the COVID-19 pandemic
- INR 120 crore capital infusion
- Net cash positive
- Achieved turnaround performance for the year 2020-21

Resilience

The crisis of COVID-19 pandemic geared us to face the challenge with a dual priority: ensuring service continuity 24/7, as our services are key to everyday life and protecting our employees and their families. We activated our crisis units, triggered continuity plans and mobilised resources to meet the local population's basic needs. This also helped us maintain business activities of our industrial customers while following all safety protocols implemented in each country. Under these extreme circumstances, WABAG lived up to the expectations of its customers, public authorities and the local population. Today, our brand is better recognised and appreciated for our efforts to remain resilient while delivering on our service commitments.

Environmental Focus

Despite the upheaval caused by the pandemic, the environmental challenges and their potency remains. There has never been a more urgent need for environmental action. The local population and the investor community are looking to find solutions for achieving ecological balance in the regions and industry. In the long-term, this context is likely to remain hugely favourable for our activities and this will remain relevant. WABAG is ideally placed to benefit from Government strategies in different countries which largely focus on the environment.

Financial Overview

Despite operational challenges round the year, we managed to post a strong financial performance during the year. During this time, our engineering and procurement functions were working at full capacity even while operating from home, ensuring business continuity. We reported total income of INR 2,842.70 crore during FY 2020-21 as compared to INR 2,592.32 crore last year. This represents 9.66% upwards growth. Our strong turnaround in cash flows during the year has enabled us to turn from INR 4.3 Billion of net debt in FY 2018-19 to net cash in FY 2020-21. We also recorded a 21.05% in Net Profit, from INR 90.96 crore in FY 2019-20 to INR 110.11 crore in FY 2020-21.

Operational Overview

Today our order book stands at INR 9,500 crore+. As part of our strategy, we always look for projects which are either funded through the Central/Federal Government schemes and Multi-lateral agencies. I am happy to have witnessed the ONE WABAG spirit with global collaboration across teams in different clusters helping secure these orders from our strategic and core markets. Some of our biggest orders today like Marafiq, Doha, Zarat, Jeddah reflect this global collaboration.

During the year, we also achieved financial closure of 2 HAM projects. These financial closures will be a game changer in the next wave of growth for WABAG. It demonstrates the confidence shown by large and globally reputed financial organisations.

We are delighted that our clients worldwide continue to repose confidence in our capabilities even during these challenging times and entrusted us with technologically advanced, large and complex projects.

Growth Enablers

The Indian Government intends to supply 55 litres per day per person in the rural belts. This would lead to a huge surge in demand and eventually create ample opportunities for us. WABAG, being a technology player, will play its role in recycling water to supplement this demand, build desalination plants in coastal areas and transport water from long distance areas where freshwater is available for treating and pumping. These are the areas that would require technological intervention.

WABAG has achieved reasonable success in Namami Gange programme under the National Mission for Clean Ganga (NMCG) in executing projects in almost every state through which the river Ganga flows. The Namami Gange mission has led the Government to rethink its strategy for 33 more rivers, which are now covered under the National River Conservation Directorate (NRCD). These were earlier under the Environment and Forest Ministry but have now been transferred to the Ministry of Jal Shakti – paving the way for large volume of business.

Lastly, the Oil & Gas sector is again picking up. There are more refineries and petrochemicals coming up and our chances of getting more business in private Industrial Oil & Gas sector and Petrochemical are increasing.

When it comes to One City One Operator, there are a few more states in India, apart from Uttar Pradesh, where this opportunity is emerging and we are likely to be a strong contender for the same. These opportunities will act as a major growth enabler in O&M business. Of our total portfolio, the Operation & Maintenance contributes 15% and we aspire to take this to 20-25%, going forward.

Driven by Purpose

At WABAG, our purpose has always focussed on enhancing human well-being. Today, that purpose is more important than ever. As we continue to monitor the global Coronavirus pandemic, our top priority remains the health, safety and well-being of our employees, customers, partners and other stakeholders. I am bullish about our growth opportunities in the coming years and we will continue making investments in technology, innovation and people to assure a brighter future.

Some of our most significant orders today like Marafiq, Doha, Zarat, Jeddah are a reflection of our global collaboration.

Looking through the lens of 2020, even as the global economy came to a near standstill, WABAG traversed ahead across different geographies, segments and project models, receiving awards and accolades at frequent intervals. As the world moves ahead towards growth revival, we are venturing into FY 2021-22 with renewed passion, vigour and optimism. Our vision is to create a water positive world while charting a profitable growth ahead.

With our vision of WABAG 2025, as a niche technology multinational, we are all set to progress and expand our brand's footprint, which requires collective belief in our rich history, vast reference base, competitiveness and most importantly, our top talent workforce. I am confident of the unflinching support and utmost dedication from WABAGites.

Though there have been turbulences in our journey, we continue to stand tall amidst these adversities backed by our 9-decades track record. **Our collaborative efforts are transformed into a stronger, better and more focused high performing organisation.**

Fourfold Focus

We will continue to maintain our fourfold focus in our long-term strategy by concentrating on emerging markets, asset-light business, technology and serve as a pure-play water player.

We will put in concerted efforts to deliver a highly differentiated customer experience and maintain our capital discipline to improve the efficiency of our operations.

As always, our emphasis on our core values, culture and people give us the confidence of creating value for our shareholders, besides delivering benefits to our customers, employees and society in more meaningful ways than ever.

I sincerely thank our shareholders for their investment and all our stakeholders for supporting WABAG all through these years. I wish you a safe, healthy and rewarding future.

Sincerely,

Rajiv Mittal

sustainable solutions. for a better life.

WABAG

A water technology multinational with Asset-light Model.

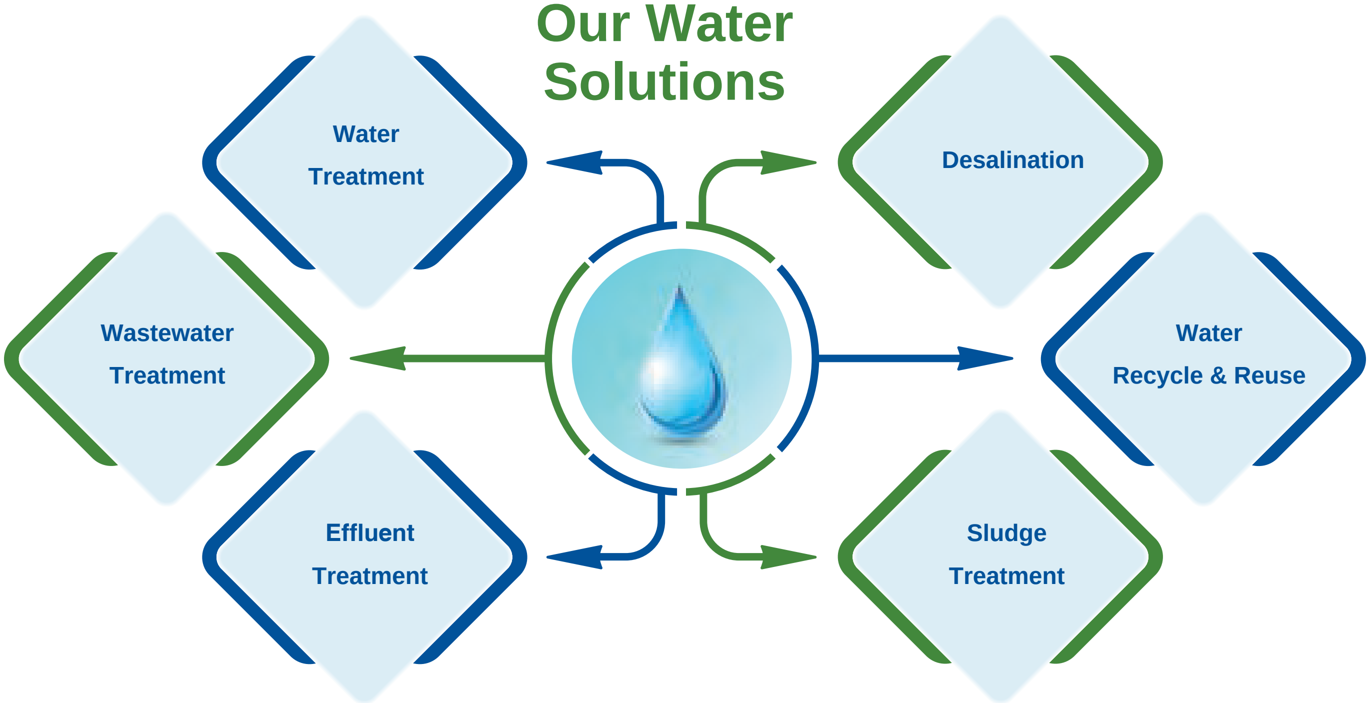
A complete water solutions provider.

A global player in the water treatment space.

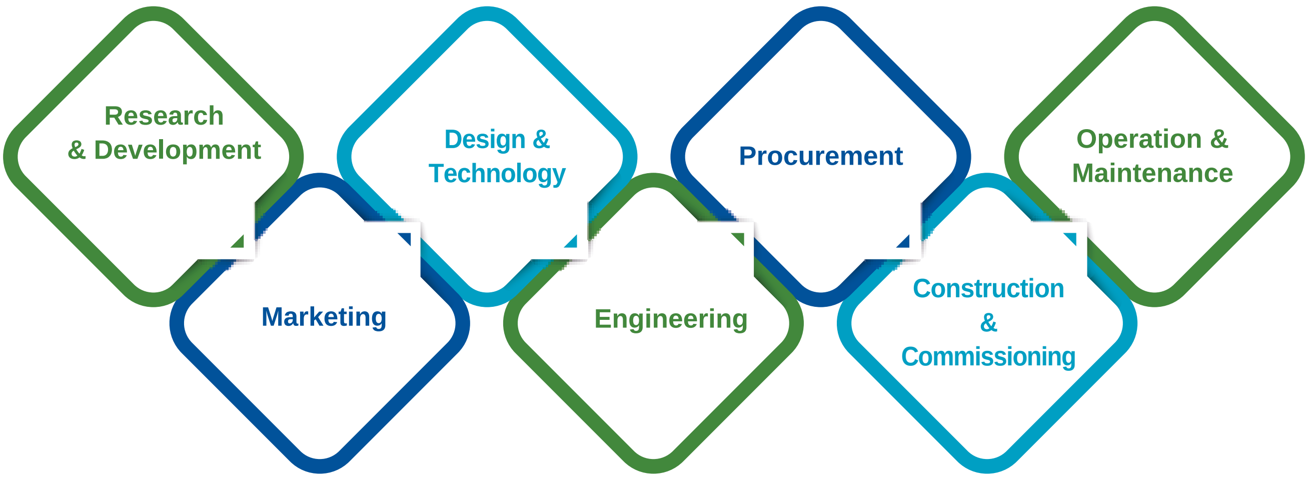
Committed to integrate the best of technologies.

VA Tech WABAG ('WABAG' or 'the Company') is one of the Global Leaders in Water and Wastewater Treatment Solutions. Dedicated to revolutionise water treatment, we merge our innovative technology and experience with classical engineering for municipal and industrial water treatment. Our foundation is based on the convergence of nature, biochemistry and engineering, resulting in cutting-edge R&D and a strong value proposition.

Our Water Solutions



Value Chain



20+
Countries

95+
Years of Experience

3
R&D Centres
(India, Austria & Switzerland)

Our Presence

WABAG is present across four Continents – Asia, Africa, Europe and South America – over 20 countries. Our Company, with such wide presence, possesses a clear business understanding of regions like the South East Asia, Middle East, Africa, Europe and Latin America. Our global presence helps our workforce gain finer insight of each market. Thus, helping us recognise our clients' requirement better.

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

Purpose

Vision

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

3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY
6 CLEAN WATER AND SANITATION
14 LIFE BELOW WATER
15 LIFE ON LAND

Mission

- We, at WABAG, exist to provide total water solutions to our valued customers.
- Our strong, capable, agile and customer-focussed 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.

6 CLEAN WATER AND SANITATION
8 DECENT WORK AND ECONOMIC GROWTH
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our Philosophy

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.

6 CLEAN WATER AND SANITATION
13 CLIMATE ACTION
14 LIFE BELOW WATER

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

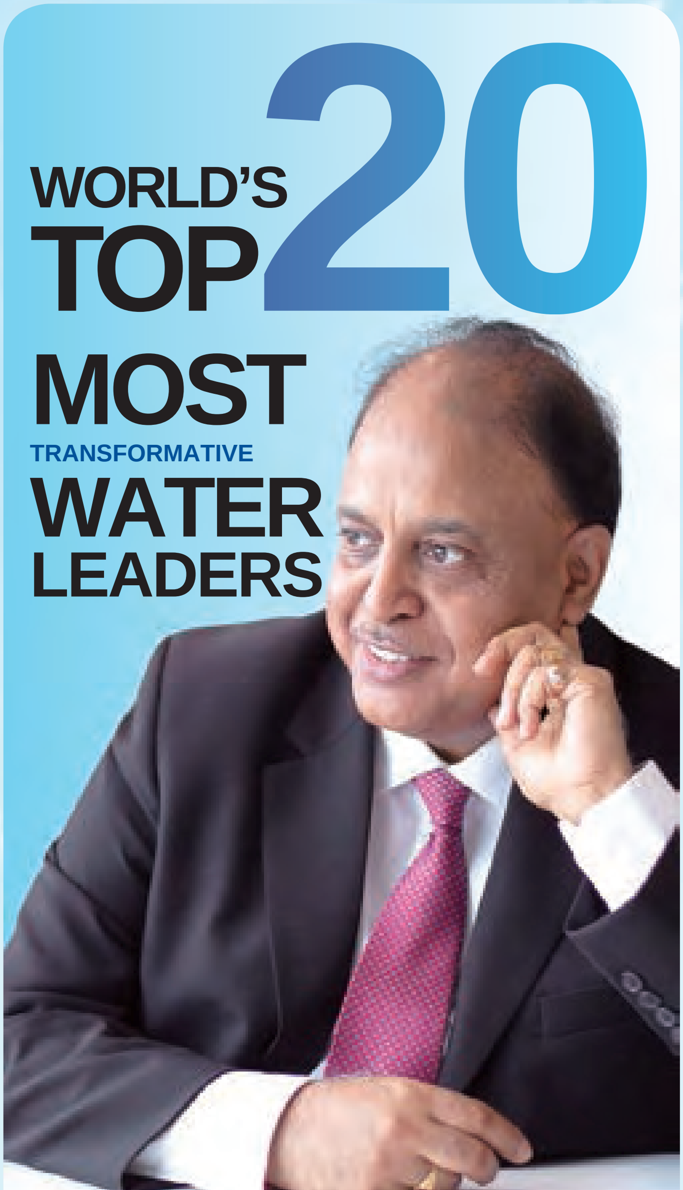
WABAG

sustainable solutions. for a better life.

The Year in Brief

Focus on water resilience and sustainability

Continuing with the Winning Streak



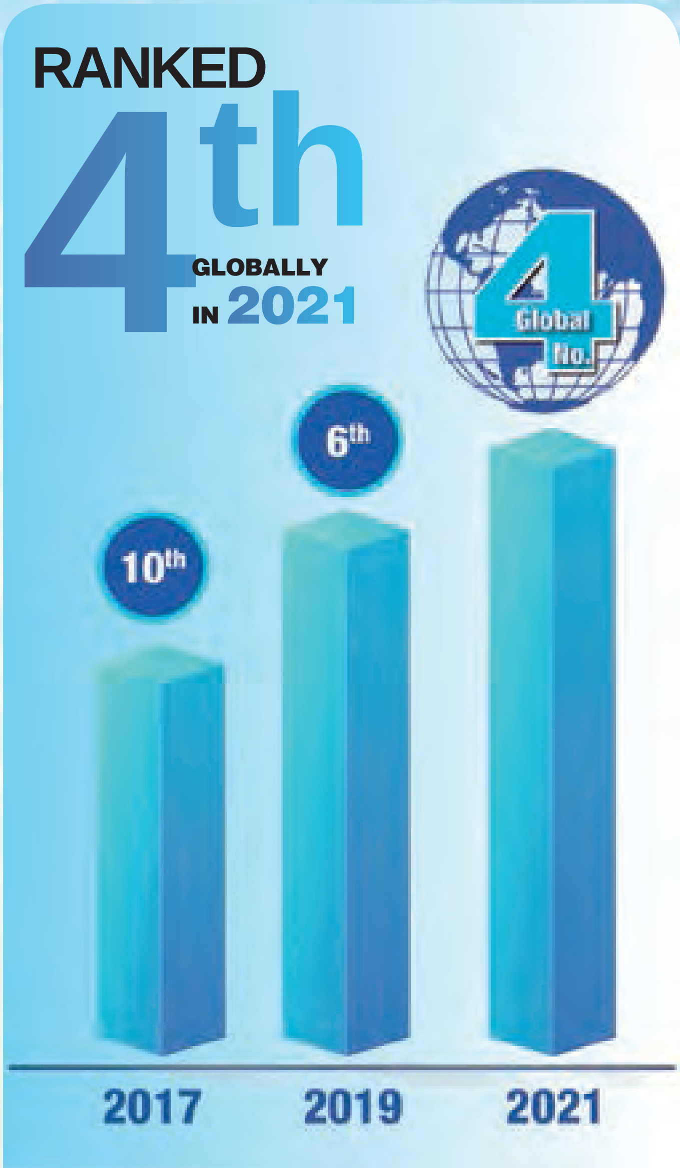
Mr. Rajiv Mittal recognised amongst World's Top 20 Water Leaders by Global Water Intelligence (GWI)

Highly Commended Award under the 'Industrial Project of the Year' for Petronas Industrial Effluent Treatment Plant (IETP), Malaysia, by GWI

Distinction Award under the 'Wastewater Project of the Year' for Tertiary Treatment Reverse Osmosis (TTRO) Plant at Koyambedu, Chennai, India by GWI

National Water Awards 2019 for the 'Best Research/Innovation/Adaptation of New Technology for Water Conservation' category from the Ministry of Jal Shakti, Govt. of India

'Best Corporate Social Responsibility in Water Sector' and 'Best Water Treatment Project – Industrial' for Petronas IETP, Malaysia, at the Water Digest Water Awards 2019-20



Ranked 4th Globally under Top 50 Private Water Operators by GWI

Financial Closure of HAM Project - KMDA

Completed the financial closure of our Hybrid Annuity Model ('HAM') project received from the Kolkata Metropolitan Development Authority ('KMDA').

The project's

- EPC portion will be funded by a mix of NMCG grant, equity and debt
- Debt requirement will be funded by a consortium of International Finance Corporation ('IFC') and Tata Cleantech Capital Limited ('TCCL')
- Investment agreement signed with Kathari Water Management Private Limited ('Kathari Water'), a wholly owned subsidiary of EverSource Capital (fund manager for Green Growth Equity Fund ('GGEF')

International Finance Corporation, Tata Cleantech Capital & EverSource Capital

Funding Partners

40% EPC cost

Funding from NMCG Grant

INR 575 crore

Project Value

Financial Closure of HAM Project (BUIDCO)

Achieved the Financial Closure of HAM project received from the Bihar Urban Infrastructure Development Corporation Limited (BUIDCO).

The project's

- EPC portion will be funded through a mix of NMCG grant, equity and debt

PTC India Financial Services Ltd (PFS)

Funding Partners

40% EPC cost

Funding from NMCG Grant

INR 1,187 crore

Project Value

Order Intake Highlights

BUIDCO, Bhagalpur, Bihar

Bagged a contract with the Bihar Urban Infrastructure Development Corporation Limited (BUIDCO). The project is for improvement of water supply system in Bhagalpur Municipal Corporation, Bihar, India.

INR **278** crore
Design, Build and Operate Contract

141,000 m³/d
Raw Water Intake Works

10 Years
Operation & Maintenance

Plate settler techonology
Technology Deployment

Jeddah Airport 2, Kingdom of Saudi Arabia

Secured a repeat order in the Kingdom of Saudi Arabia through Saudi Services for Electro Mechanical Works Company (SSEM). The project is for execution of Jeddah Airport 2's Independent Sewage Treatment Plant (ISTP).

INR **360** crore
Design and Build Contract

300,000 m³/d
Wastewater Treatment Plant

NEREDA®
Technology Deployment

Clean Tech International SRL

Received contract for rehabilitation, extension and upgrade of Effluent Treatment Plant of production facilities for protein flour of Clean Tech Intl. in Romania.

3.6 Million Euros
Engineering, Procurement and Construction Contract

420 m³/d
Effluent Treatment Plant

MARAPUR - MBR®, RO
Technology Deployment

Saint Sulpice II, Switzerland

Won an order for building an advanced and one of the biggest technology based drinking water treatment facilities in Switzerland, Lake Geneva.

37.4 Million Swiss Francs
Design and Build Contract

103,000 m^3/d
Drinking Water Treatment Plant

Advanced multi-barrier process including ultra and nano filtration
Technology Deployment

Ipsach Biel, Switzerland

Received the biggest ever order to design and build Lake Water Treatment Plant from ENERGIE SERVICE BIEL/ BIENNE for replacing the existing facility which is more than 50 years old.

Ultra-filtration, Reverse Osmosis, Ozonation, GAC Adsorption
Technology Deployment

26 Million Euros
Design and Build Contract

40,000 m^3/d
Water Treatment Plant

2
HAM Projects
Financial Closure in FY 2020-21

Kasseb Dam, Tunisia

Secured an order in consortium with local civil partner from Societe Nationale D'exploitation Et De Distribution Des Eaux ('SONEDE'). The project, funded by KfW, will be executed over a period of 20 months.

11 Million Euros
Design and Build Contract

30,000 m^3/d
Water Treatment Plant

Lamella Clarifier - OPUR-SK ™
Technology Deployment

6 Months
Operation & Maintenance

WABAG

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Converting Challenges into Opportunities

Challenges force us to search for a new centre of gravity. They help us find a new way to fight and stand our ground even stronger by converting them into opportunities.

At WABAG, we proactively identify the main factors that are likely to affect our business now and in the future. Climate change, population, rising urbanisation and the pressing need to protect and enhance the natural environment are some of the acute challenges of our operating environment. Some of the other crucial-yet-common challenges faced by the water industry include acting in the public interest, delivering affordable services, meeting customer expectations and planning for the long-term. Each of these challenges, when closely paid heed to, is an opportunity in itself.

Climate Change

Water resources are already scarce and climate change is rapidly depleting them further. When it comes to the long battle of climate change, striking the right balance between the environment and the development has always been a prime problem. And as apparent, the latter keeps winning over the former time and again. Along with this, we have also been facing the threat of groundwater depletion, pollution of freshwater and the discharge of untreated water. These can easily be recycled especially with the intense rainfall and rising sea levels that we have been experiencing. Therefore, reducing our carbon emissions for adapting and responding to the climate emergency is embedded in everything we do. We direct our investment plans towards reducing the dependency on freshwater by using treated water. Further, we have also developed technologies that minimise our reliance on energy by generating it through biogas formed from the sludge treatment.

Pollution Abatement

Some 80 percent of the world's wastewater is dumped, largely untreated, back into the environment, polluting rivers, lakes and oceans. This widespread problem of water pollution is jeopardizing our health. The fundamental importance of water is vital for the natural environment as well as for public health, farming and industry. As a basic survival resource, water management is essential for our very existence and development. Our purpose commits us to achieve positive outcomes for the environment as well as society and to help institutions treat water. Hence, we base and design our technological innovations and inventions by centring them to address the need of the hour.

Population

Population growth plays a conflicting role in a country's development. On one hand, it helps economic development as active participants contribute towards its growth. However, increasing population also raises a pressing additional need for water. We, at WABAG, are consistently and continuously innovating solutions for recycling and reusing water. Our aim is to help economies meet their growing needs through water management. Our efforts are always focussed on helping the society prosper while consciously using and reusing the water resources as we believe water is too precious to be used just once.

Depletion of Groundwater

In a growing world with rising population, it is important to repair the water cycle and replenish reserves. Excessive water pumping is gradually leading to low water table. Today, some of the world's most important irrigated farmland areas – including China, India, Pakistan and the US (the four biggest irrigators) – is gradually moving towards groundwater depletion. It is important to allow these resources to replenish by reducing pumping and actively recharging the aquifers we have already depleted. Here again, to safeguard drinking water, we must also protect our watersheds. Healthy forests help cleanse water and mitigate wildfires. WABAG recognises and understands these issues. Our solutions are hence directed towards the restoration and replenishment of our water resources. By treating various sources of water, we recycle and reuse it. Thereby, reducing stress on freshwater and groundwater resources.

Industrial Effluents

Industrial sites catering light, general, and heavy industries underpin the state's economy, providing substantial employment opportunities. Industrial waste management practices pose a significant risk to sensitive water resources. Appropriate site location, provision of services, facilities' design and best operational management practices are some of the risk minimising methods. WABAG helps industrial companies which discharge their industrial waste in water bodies thereby helping them treat effluents, lower their impact on water bodies which otherwise might get polluted and become unsuitable as a water supply or pose a threat to aquatic life. WABAG also helps industrial recycle and reuse the effluent post treatment, considerably reducing the dependency of fresh water.


Marine Works, Zarat Desalination Plant, Tunisia

Creating Value for our Society

OUR STRENGTHS

- Pure Play Water Technology Player
- Complete Water Management Portfolio
- Global Expertise and Operations
- Innovative Solutions at Competitive Cost
- Asset-light Model
- Sustainable Strategies
- Adaptive Governance

OUR INPUTS

Financial Capital

Service Capital

Intellectual Capital

Natural Capital

Social Capital

Human Capital

CHALLENGES AND OPPORTUNITIES

- Climate change
- Planning for the long term sustainability
- Population and economic growth
- Markets, structure and financing of the industry
- Environmental protection

OUR MISSION

- Providing innovative and tailor made creative water solutions
- Improving access to resources
- Preserving resources
- Replenishing resources

OUR BUSINESS

Water management with a circular economy approach

OUR CUSTOMERS

- Municipal
- Industrial

VALUE CREATED

ECONOMIC AND FINANCIAL FOR FY 2020-21

INR 2,835 crore
Revenue

INR 219 crore
EBITDA

INR 110 crore
PAT

21.4%
Core ROCE

ENVIRONMENTAL*

26,000+ MLD
Drinking water treated

30,000+ MLD
Sewage water treated

2,500+ MLD
Reduction in freshwater intake through recycling and reusing

*Since 1995

SOCIETY

71+ Million Globally*
People benefited from inclusive solutions

*GWI

sustainable solutions. for a better life.

Financial Capital

Promoting Sustainable Development through Strategic Investments

We have a huge role to play in securing a sustainable future for the communities and the environment we operate within. Our commitment towards safeguarding the environment and society is clearly reflected in our Purpose. This responsibility does not just end here. It extends to the way we finance the capital investments we make. It directly benefits our customers and the regions where we operate. The rising focus towards green finance in investor universe is helping us optimally plan and leverage the opportunities present in our operating environment.

Sustainable finance — one which integrates environmental, social and governance (ESG) criteria into investment decisions — has never been higher on the corporate agenda than it is today. Futuristic investors are recognising that environmental and social responsibility is no longer an add-on to decision-making. It is a fundamental element in addressing climate change for making the right choices to safeguard both, the planet and investors' investment. We are happy to associate with the International Finance Corporation ('IFC') and the Tata Cleantech Capital Limited ('TCCL') and EverSource Capital for our KMDA project closure and also with PTC India Financial Services Limited for BUIDCO Project.

Asset-light Model

We are a technological player in the water space and follow an asset-light model. It helps us focus on our core – technology – while also minimising the risk. This model enables us to scale our business sustainably. We now partner marquee investors who assist us in meeting our projects' financial needs. This has helped us in significantly reducing our debt levels while also addressing the working capital requirement.

Underpinned by a strong technological prowess and an asset-light strategy, our short-term focus is on execution of the order book while also parallelly building it. This facilitates us to take on large volume of projects. Thus, assisting in successful execution of complex water projects while ensuring higher return ratios.

INR 96 crore

Free cashflow for the 2nd consecutive year

INR 44 crore

Net cash position in FY 2020-21

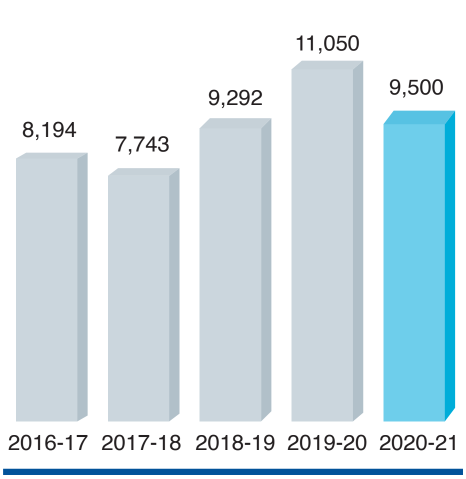
INR 135 crore

Positive operational cashflow for the 2nd consecutive year

58 days

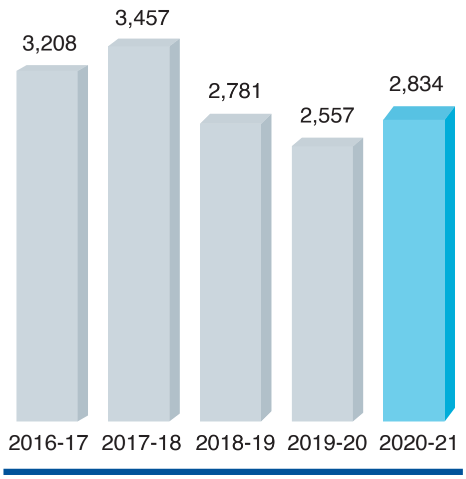
Core working capital

Order Book*
(INR crore)

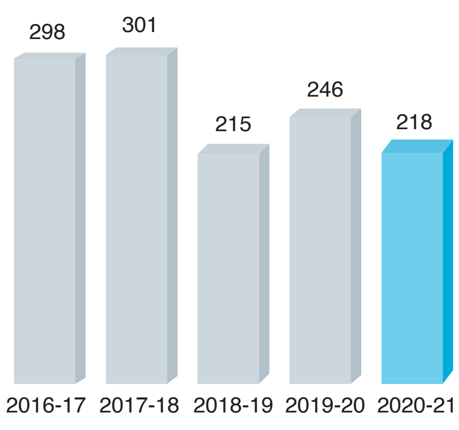


*Including framework contracts

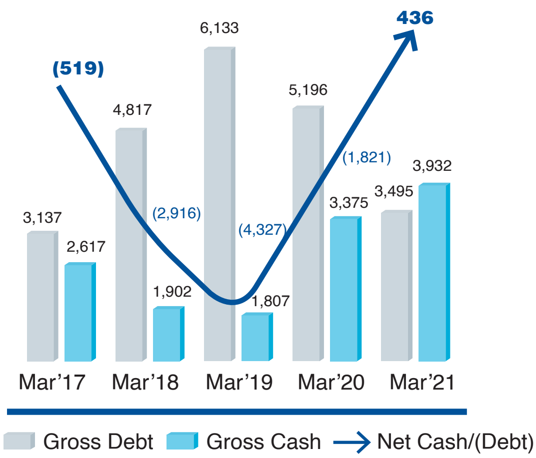
Revenue from Operations
(INR crore)



EBITDA
(INR crore)

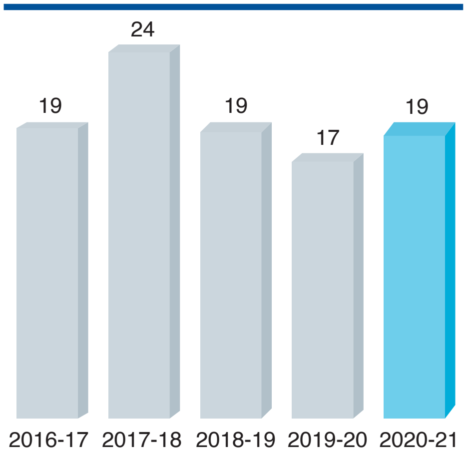


Net Cash Positive
(in INR Million)



Profit after Tax
(INR crore)

Earnings per Share
(INR)



Service Capital

Unlocking Economic Growth

We, at WABAG, always direct our efforts to provide end-to-end water and wastewater solutions for our customers. Our focus is always guided towards a sustainable future where water is valued and preserved the way it deserves to. Backed by a strong technological prowess, we leverage our innovation capabilities to provide offerings comprising our Service Capital.

The Government's various initiatives towards water conservation and recycling are present big opportunities for us. Initiatives like water desalination plants to tackle acute water shortage in coastal states, focus on reuse and recycling of water for industries & irrigation, Jal Jeevan Mission, NRCD and River Rejuvenation Model are some of significant programmes with great potential for us. With our advanced technological solutions and over 9 decades' experience, we extend our support across various services. Our services range right from the treatment of drinking water, sewage, industrial effluent, water recycling, sludge and desalination for both our municipal and industrial clients. We provide various offerings through our EPC, O&M, DBO, Refurbishment and Rehabilitation and BOOT services.

Engineering Procurement and Construction (EPC)

WABAG undertakes EPC projects providing services ranging from conceptualising to commissioning. For every EPC project under execution, there is a constant need of assessment of certain factors such as multifaceted technologies and different location, among others.

Our EPC model projects include:

- Suplacu WTP, Romania
- Polgahawela WTP, Sri Lanka
- Managalore Refinery and Petrochemicals Ltd. (MRPL), Desalination Plant, India
- Zurich WWTP, Switzerland
- Marafiq STP, KSA
- La Mesa WTP, Philippines
- Zarat Desalination Plant, Tunisia
- Jungbunzlauer ETP, Austria

One City One Operator Project, Agra & Ghaziabad

Operation and Maintenance (O&M)

WABAG conscientiously looks into the operation and maintenance of its existing water and wastewater plants. Backed by our years-rich proficiency and experience, we streamline operational procedures for our clients. This immensely contributes in helping our clients enhance their efficiencies.

Our O&M projects include:

- One City One Operator STP, India
- Nemmeli SWRO Plant, India
- Changi Water Reclamation Plant, Singapore
- AMAS, Bahrain
- MAJIS, Oman

Build-Own-Operate-Transfer (BOOT)

WABAG, under its BOOT Model, provides comprehensive solutions for financing, construction and operation of water and wastewater projects. Our asset-light model helps us gain competitive financing from the available resources. This, in turn, helps us achieve timely project execution while also enhancing our efficiency. To expand our reach and help serve our customers in an effective manner, we also entered Hybrid Annuity Model and were successful in achieving 2 financial closures of the same.

Our BOOT projects include:

- Alandur STP, India
- Ujams WRP, Namibia

Design-Built-Operate (DBO)

WABAG carries out long-term design-build-operate contracts. These projects enhance performance while also helping us optimise the cost of project life cycle. WABAG, backed by its in-house engineering team, quality procurement, quality construction support and dedicated operations and maintenance, is a preferred partner for DBO contracts.

Our major DBO projects include:

- Bhagalpur WTP, India
- Pahari STP, India
- Koyambedu TTRO, India
- Brasov Purolite WWTP, Romania

WTP: Water Treatment Plant I STP: Sewage Treatment Plant
ETP: Effluent Treatment Plant I WRP: Water Reclamation Plant
SWRO: Sea Water Reverse Osmosis
TTRO: Tertiary Treatment & Reverse Osmosis

sustainable solutions. for a better life.

Pioneering Sustainable Technology-led Innovations

Selecting the most suitable water treatment technology and chemicals is critical and plays an important role for treating sewage, effluents and natural water. Right technology can immensely help decrease water footprint through conservation, recycling and increased efficiency. Various projects and technology evaluations are conducted to ensure right selection of technology and chemicals for water treatment. At WABAG, we nurture a holistic research and development culture to address the emerging challenges and demands of our diverse customer base. We believe in building future technologies today to continue delivering value in the future. Our capability to innovate provides us an edge over our competitors and also forms our intellectual capital.

Our investments are directed towards the development of technology and ways to recycle and reuse water. Most effluent discharge and urban run-off are not reused. Wastewater re-use is expected to offset more clean water resources and reduce discharged effluent. We are committed to reclaim water from these resources and build a deplete-free ecosystem for living.

Marafiq STP, KSA

10+
Technologies Developed till Date

90+
IP Rights

Some of our technology marvels deployed/created in the past

NEREDA® Technology

- Sarneraatal WWTP, Alpnach, Switzerland
- 14,000 m³/d (65,000 P.E)
- Start up: 2018
- First NEREDA® plant in Switzerland
- 40% reduction in space and volume requirement
- Higher nitrogen elimination despite smaller volume

CYCLOPUR® – SBR Technology

- Port Said WWTP, Egypt
- 40 MLD, peak flow of 107 MLD
- CYCLOPUR – SBR and tertiary treatment using disc filters followed by disinfection
- Treated water fit for reuse as irrigation water
- Start up: 2018/19

MICROPUR® Technology

- Ujams Industrial Park, Windhoek
- BOOT Contract – Model Project in Namibia
- 21 years operation and maintenance contract (2014-2035)
- Reclamation of wastewater emanating from various facilities in the industrial park

FLUOPUR® Technology

- Dragon ETP, Bucharest, Romania
- Modernisation of existing ETP for PepsiCo International
- Complete operational revision from CAS to MBBR process
- Complete refurbishment of existing civil structures
- Treatment process based on Moving Bed Bio-Reactor (MBBR)-based FLUOPUR® technology
- Start Up: 2017

Removal of Micropollutants

- Muttenz WTP, Switzerland
- Capacity: 19.2 MLD
- Start Up: 2017
- Advanced Oxidation Process (AOP), Adsorption and Ultrafiltration (UF)
- First plant in Switzerland using continuous PAC dosing in water stream, with subsequent retention by UF Membranes

sustainable solutions. for a better life.

Environmental, Social and Governance

We operate with a clear mandate to deliver benefit in a way that our business and societal contributions reinforce each other. When our technical and scientific expertise enables customer success in life, materials and businesses, it drives both, our business and societal contributions.

Environmental*

1,400+
Plants Executed

450+
Sewage Treatment Plants

320+
Water Treatment Plants

160+
Effluent Treatment Plants

60+
Desalination Plants

5
Projects Ongoing under NMCG

30,000 MLD
Wastewater Treated

195 crore litres/day
Wastewater Treatment & Management of Ganga Basin

Social*

26,000 MLD
Water Treated for Potable Use

1,200 MLD
Water Desalinated

1,600+
School Students
Created Awareness on Water Conservation

2,000+
Talented Professionals

2,000
School Students
Participated in Civic Festival

71mn+
People Served Globally in FY 2020-21

3,000+
School Students
Drink Safe and Clean Water Provided by Us

400
Marginal Farmers
Benefited from Restoration of Irrigation System and Water Argumentation

Governance

35 years
Avereage Age of Employees

♂ ♀
86:14
Board Gender Diversity

57%#
Independent Directors

7
Successful years of continuous operation of Nemmeli SWRO Plant, Chennai, India


Nemmeli Desalination Plant

* Since 1995
# as on date of Annual Report

Natural Capital

Environmental

WABAG shares a reciprocal relationship with the natural environment. Our ability to deliver value considerably depends on an ecosystem of services. These services particularly include the provision of water from sea, watersheds, and rivers. This makes water bodies a primary and valuable resource for us which must be taken care of. Wastewater management, on the other hand, is a service obligation of WABAG. By returning wastewater back to nature in a non-polluted form, we deliver a vital service to the ecosystem.

We believe that sustainable activities inspire innovation and contribute to operational excellence. And so, we try to integrate sustainable thinking and practice into our strategy, operations and products.

Our innovative technologies and processes not only enhance effectiveness of renewable resources but also reduce adverse environmental impact. We have been progressively increasing the use of clean and green technologies. We are reducing pollution through deployment of superior design, operation, and maintenance processes and through our energy-efficient alternatives. Thus, leading to environmental conservation and cost optimisation.

Guheswori WWTP:
A landmark project in the history of Wastewater Treatment in Nepal

WABAG completed the comprehensive rehabilitation and expansion of the Guheswori WWTP

A new, complete anaerobic sludge treatment system was installed. It included incorporating the sustainable use of biogas for power generation – making the WWTP essentially energy neutral.


Guheswori WWTP, Nepal

WWTP: **32,400** m³/d
Capacity

City of Kathmandu
Client

Activated Sludge Process (Wastewater), Filtration (Disc Filters), Final Disinfection (Electro Chlorination)
Technology

New Sludge Line

Anaerobic stabilisation biogas utilisation for power generation:

- **Primary sludge thickening (gravity)**
- **2 Digester of 2,500 m^3 (each)**
- **Biogas utilisation via CHPP (>230 kW)**
- **Sludge dewatering**

Our commitment to sustainability is centered on advancing scientific progress to enhance human health and well-being. This is at the core of the results that our products and services achieve. It remains at the centre of how we operate around the world.

As an organisation, we have been actively contributing to the SDG 6 Goal, (Sustainable Development Goals) by the United Nations (UN) – 'Ensuring availability of sustainable management for water and sanitation to all by 2030'. We see immense opportunities in sustainable management of water resources and access to safe water and sanitation. We believe, it is essential for unlocking economic growth and productivity.

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

- Improve greenery development
- Avoid/reduce utilisation of plastic materials
- Minimise use of groundwater
- Reuse treated water
- Control oil slippages
- Protect soil surface contamination
- Noise pollution control
- Avoid the odour in the treatment process, and
- 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.


Indian Green Building Council (IGBC)

hereby certifies that

WABAG HOUSE

VA TECH WABAG Ltd., Chennai, Tamil Nadu

has successfully achieved the Green Building Standards required for the following level of certification under the

IGBC Green Existing Buildings Rating System

Platinum

April 2021

Accreditation from CII-Indian Green Building Council for next 3 years for our Headquarters

100+ trees
Saved in FY 2020-21

Social Capital

Social

Sustainability is the ability to meet the needs of the present without compromising the resources of the future. For WABAG, this means consistently delivering essential services that address societal and environmental needs. We do this using our core business to create positive and lasting impact for our Company, customers, employees, business partners, supply chain, government partners and the investing community.

Usharmukti Watershed Development Program, West Bengal

Developing our Employees

Ensuring a competent pool of talent that delivers consistent services to fuel our Company's growth aspirations

Helping Build Communities

Providing essential services to build ingredient for sustainable communities

Protecting the Environment

Rehabilitating, protecting, enhancing and rejuvenating the sources of raw water that our Company is dependent on. Thus, helping restore the quality of the natural environment through the wastewater management

Safeguarding Health and Safety

Ensuring public health through the delivery and discharge of clean water

Ensuring the safety of employees, business partners and the general public as our Company undertakes its work to expand services

Contributing to Local and National Economics

Helping create and sustain economic opportunities for people and businesses where our Company operates

Human Capital

Employees

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

Recognition of Talented Professionals

Restructured a traditional seniority-based approach into a system that evaluates and motivates employees based on their contribution and performance. Due recognition given to employees in enriching their skills and expertise through various Leadership Development Programs as under:

- **Young Entrepreneur Program (YEP)**
- **Leadership Excellence Program (LEX)**
- **Emerging Leader Program (ELP)**
- **Hi-POT Program**
- **Extra Milers Program (EMP)**

Promotional Examination for Management-level Positions

At WABAG we believe in talent and emphasise meritocracy. We promote employees based on their talent and capabilities. This results in a faster promotion to management-level positions as compared to the promotion of youngest employees.

Additionally, self-development workshops were also held for employees. It aimed at helping them understand the changes in their roles better. These workshops aided 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.

Usharmukti Watershed Development Program, West Bengal

Community

Community development is an integral part of our business – which is, producing clean and safe drinking water, wastewater treatment, preventing pollution, and preserving the environment around us. It has been our corporate philosophy and continued focus to give back to the society. Thus, improving the quality of life of the society's marginalised sections within the framework of our expertise.

5 Districts

In Tamil Nadu benefited from Watershed Development

INR 200+ lakhs

Invested in Watershed Development

6 Districts

In West Bengal benefited from Watershed Development

400+ Families

Enjoy Access to Purified Water 24x7 in Warangal District

Revival of Traditional Water Source

Impact and Sustainability

- Provides water for domestic needs and reduces drudgery of fetching water by women
- Improves water availability in the wells/bore wells in and around these renovated ponds
- Enhances rainwater retention

This project falls under 'watershed' area in which WABAG and NABARD are implementing watershed development projects.

Beneficiary

The villagers under two 'Watershed' areas in Cuddalore District

Adoption of Modern System on Water Use Efficiency

Impact and Sustainability

Water is used efficiently and there is also an improvement in yield in the organic farm in the Sevalaya complex. This helps save a lot of time and manual labour.

Beneficiary

School children and inmates of Sevalaya complex

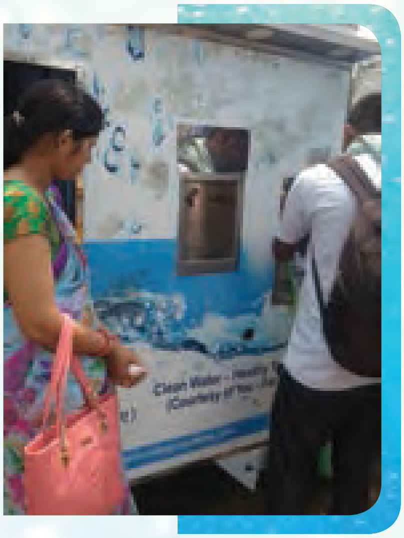
Mass Awareness on River Rejuvenation

Impact

- Resulted in people's movement
- Submitted detailed project report to the Government of India
- Formulated appropriate Government policy
- Implemented by a few State Governments like Maharashtra and Madhya Pradesh, on a pilot basis

Beneficiary

All the sections of Society



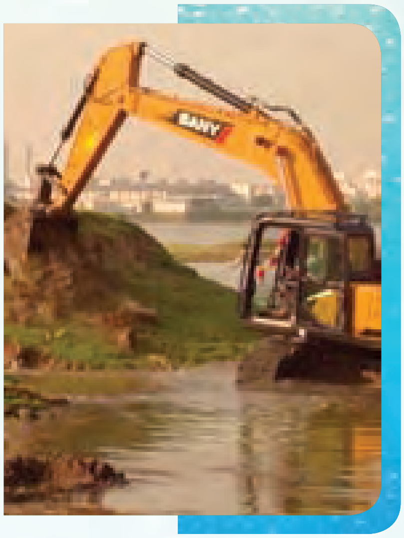
Quenching the Thirst of Commuting Public @NCR

Impact and Sustainability

- DJB provided land along with drinking water supply. WABAG supplied the treatment units
- DJB operates and maintains the units

Beneficiary

The commuters at NCR near bus stops and other busy spots



Wetland Recovery and Restoration

Impact and Sustainability

- Restoration of Narayanapuram wetland increased the water holding capacity of the lake
- An important groundwater source for the neighbourhood community
- Lake identified by the Chennai Metro Water for 'extraction'

Beneficiary

Office neighbourhood communities

Dedication of Preventive Healthcare Facility

Impact

- The treated water from the plant caters requirements of Operation Theatre, Senior Citizen Centre, Eye and Diabetic Departments and the Administration Block
- The plant is operated and maintained by the hospital staff trained by WABAG

Beneficiary

The Voluntary Health Services (VHS), Chennai

Livelihood Enhancement of Killai Farmers of Tamil Nadu

Impact and Sustainability

- Facilitated sustainable crop production by desilting of irrigation and drainage channel
- Benefited 250 farmers and 350 ha. of farmland, supporting livelihood enhancement of the Killai village community
- Formed Sokkan Odai Conservation Committee for the proper upkeep of the canal

Beneficiary

Killai villagers, Cuddalore District, Tamil Nadu

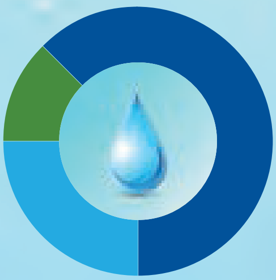
sustainable solutions. for a better life.

Governance

Governance is an ethically driven business process. It is committed to values aimed at enhancing an organisation's DNA and wealth-generating capacity. WABAG conducts business in a fair manner with all stakeholders. We sincerely practice a high standard of integrity in all our actions, respecting and complying with the laws of different geographies in which we are present.

Business Ethics and Corporate Governance have been an integral part of WABAG since inception. We strongly believe, for us, the best Corporate Governance practices have been the key enablers in inculcating stakeholders' trust and confidence. Thus, enabling us to attract and retain financial and human capital and meeting societal aspirations.

Size and Composition of the Board*



- **4 (Four)**
  Non–Executive Independent Directors including 1 (one) Independent Woman Director
- **2 (Two)**
  Executive Directors
- **1 (One)**
  Non-Executive Non-Independent Director

Chairman of the Board - Independent Director

* as on date of Annual Report

Board Skills

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

- Expertise in business, project management and operational aspects
- Adequate knowledge of finance, accounting, technical and other applicable laws
- Hands on industry/business experience
- Handled/Involved in Indian and/or international businesses
- Technical expertise and management skills

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, 2021.

Financial / Operational Highlights

Your Company's financial highlights for the Financial Year ended March 31, 2021 are summarised below:

(in INR crore)

Particulars	FY 2020–21	
	Standalone	Consolidated
Gross turnover (Revenue from operations)	1843	2835
Profit before interest, tax & depreciation (EBITDA) excluding exceptional items	170	219
Profit before tax	98	130
Provision for tax	25	29
Profit after tax attributable to owners of the parent	73	110

Business Environment

The year 2020-21 has been volatile and intense for nations globally. The COVID-19 pandemic which started at the fag end of FY 2020, gripped the entire country during the year. There were nationwide lockdowns leading to an abrupt halt of all the key economic activities.

The Government announced several policy measures and stimulus to revive the economy post gradual opening up of economies. It announced INR 20 lakhs crore package under the Atmanirbhar Bharat Abhiyaan in May 2020 to tackle the Covid crisis. RBI also unanimously kept an accommodative stance by keeping the repo rate unchanged at 4% and strengthening the bedrock of macroeconomic stability. The fiscal stimulus under Atmanirbhar Bharat 2.0 and 3.0 is likely to accelerate public investments which will eventually help in boosting the private investment climate going ahead.

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

Company's Performance

- Your Company has a healthy order book of over INR 9,500 crore as on March 31, 2021 (including framework contracts) supported by order intake of INR 1,312 crore.
- Total Consolidated and Standalone income, comprising revenue from operations, for the FY 2020 - 21 was INR 2,835 crore and INR 1,843 crore as against INR 2,557 crore and INR 1,746 crore respectively in the previous year.
- Consolidated & Standalone Profit After Tax attributable to owners of the parent for the FY 2020-21 was INR 110 crore and INR 73 crore, respectively.
- Consolidated & Standalone EPS of the Company for the FY 2020-21 was INR 20.13 and INR 12.57 as against INR 19.30 and INR 10.96 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 has improved compared to previous years performance as our new projects secured in FY 2019 – 20 and FY 2020 - 21 are in execution phase. The revenue from these projects and new orders secured in FY 2020 – 21 are expected to pick up momentum in FY 2021 – 22.

Dividend

Taking into account the present liquidity position and COVID-19 situation and the cash required for the business operation and capital investment in Hybrid Annuity Model projects, your Directors have decided to conserve the funds for future and hence have not recommended any dividend for the 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 'Reserves' for the Financial Year ended March 31, 2021.

Share Capital

The Shareholders of the Company by passing the special resolution at the 25th Annual General Meeting (AGM) held on September 23, 2020, approved the issue of equity shares on preferential basis. Pursuant to the Shareholders approval, the Board of Directors of the Company on September 29, 2020, allotted 75,00,000 equity shares of face value of INR 2/- each at INR 160/- per share (including premium of INR 158/- per share) to the following investors on preferential basis:

S No.	Name of the Investors	Equity Shares	Category
1.	Mrs. Rekha Rakesh Jhunjhunwala	50,00,000	Individual - Public
2.	Mrs. Sushma Anand Jain Mr. Anand Jaikumar Jain (Joint Holding)	10,00,000	Individual - Public
3.	M/s. Basera Home Finance Private Limited	15,00,000	Company - Public
	TOTAL	**75,00,000**	

The Company has fully utilized the sum of INR 120 crore raised through preferential issue for the objects as specified in the Notice of 25th AGM dated August 25, 2020. The issued, subscribed and paid up share capital of the Company stood at INR 12,43,80,856/- (Indian Rupees Twelve crore Forty Three Lakhs Eighty Thousand Eight Hundred and Fifty Six Only) as on March 31, 2021 consisting of 6,21,90,428 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 under 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 2012-13 amounting to INR 1,23,151/- pertaining to 381 Shareholders and 213 shares pertaining to 14 Shareholders in respect of whom dividend had remained unclaimed for seven consecutive years have been transferred to IEPF Authority in September 2020.

Unclaimed dividend for the FY 2013-14 and shares in respect of which dividend has remained unclaimed for the last seven consecutive years as on due date shall become due for transfer to IEPF Authority in August 2021.

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 Shares of your Company are tradable in the electronic form only. Your Company has established connectivity with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through KFin Technologies Private Limited, the Company's Registrar and Share Transfer Agent (RTA).

As on March 31, 2021, the Company's total paid up capital representing 6,21,90,428 equity shares 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

During the Financial Year, there was improvement in Credit Rating of the Company. On November 11, 2020, India Ratings & Research, the Credit Rating Agency, rated the Bank facilities of the Company as **"IND A+ with Stable Outlook."**

The said rating has been disclosed to the Stock Exchanges and this communication is available on the Company's website www.wabag.com under Investor section.

Management Discussion and Analysis

A detailed analysis of your Company's performance is discussed in the Management Discussion and Analysis Report which forms part of this Annual Report.

Corporate Governance

Your Company constantly endeavors to follow the Corporate Governance guidelines and best practices sincerely and disclose the same transparently. Your Company has established systems and procedures to ensure that its Board of Directors is well informed and well equipped to fulfill its overall responsibilities and to provide the management with the strategic direction needed to create long term Shareholders value.

Your Company 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("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 filed with Stock Exchanges in the prescribed format.

Key Projects Update

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

Your Company is executing INR 1,477 crore worth order secured from State Mission for Clean Ganga – Uttar Pradesh in FY 2019-20 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, 70 Pumping Stations and underground network of over 4,200 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 equipments etc., associated with the Sewage Treatment Plants and underground sewage network systems.

This project will ensure treatment of over 670 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, by treating over 80% of the sewage generated in both the cities.

In Agra and Ghaziabad, your Company is taking several steps to implement best practices in operation and maintenance of STP's and pumping stations, so that sustainable and trouble free operations are achieved.

Your Company has taken several steps to eliminate direct manual intervention in underground sewage network and this is achieved by deploying jetting machines, super sucker machines for desilting and mini jetting for addressing issues in narrow streams. Through these initiatives, your Company has exhibited compassion and ensured safety of workmen. Your Company is determined to attain Operational Excellence through reliability, trouble free operations and cost effective solutions.

NAMAMI GANGE PROJECT – INDIA

A) BUIDCO HAM PROJECT - INDIA

Your Company, a leading Pure Play Water Technology Indian Multinational Company is executing the largest order under Namami Gange worth INR 1,187 crore secured 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 453 kilometers 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).

Your Company has completed the financial closure of its Hybrid Annuity Model (HAM) project received from BUIDCO. To meet the project debt funding requirement, your Company has partnered with PTC India Financial Services Limited ('PFS'), a leading green infrastructure finance company which provides a vast array of services to the entities in infrastructure sector while contributing to the sustainable development goals of the country.

Your Company is happy to start this long term partnership with PFS, a leading Financial Institution in the Infrastructure space. With this, your Company has successfully achieved the financial closure of this HAM project within this Financial Year.

In Digha, the scope comprises of designing and building a 100 MLD STP, Interception & Diversion Work, two Sewage Pumping Stations and survey, redesigning & building a 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. The project is under execution and is in an advanced stage of engineering and construction.

B) KMDA HAM PROJECT – INDIA

This KMDA Bally, Arupara, Baranagar project under execution consists of construction of three STPs at Arupara 65 MLD, Bally 60 MLD and at Baranagar 60 MLD, associated pumping system and sewage transmission lines. Your Company will execute the Engineering, Procurement and Construction (`EPC') portion of this project over 24 months followed by O&M of 15 years. This project is being executed by your Company's SPV namely Ganga STP Project Private Limited. This project is implemented by National Mission for Clean Ganga ('NMCG') and Kolkata Metropolitan Development Authority ('KMDA') with financial assistance from World Bank.

Your Company has completed the Financial Closure for this Hybrid Annuity Model ('HAM') project received from KMDA.

The project debt requirement will be funded by a consortium of International Finance Corporation ('IFC') and Tata Cleantech Capital Limited ('TCCL').

In line with the asset light principle, your Company have signed an agreement with Kathari Water Management Private Limited ('Kathari Water'), a wholly owned subsidiary of EverSource Capital, fund manager for Green Growth Equity Fund ('GGEF') who will be our investment partner in the project. GGEF is established with anchor investment from National Investment and Infrastructure Fund ('NIIF') anchored by Government of India and Foreign, Commonwealth & Development Office ('FCDO'), Government of UK.

The plant is now in advanced stage of engineering, and construction work at site has already commenced. The project with a cumulative wastewater treatment capacity of 187 MLD when completed will contribute to reducing the discharge of untreated sewage into the Holy Ganga from the state of West Bengal by around 15 per cent.

KOYAMBEDU TTRO PROJECT – INDIA

During the year, your Company has commenced Operation & Maintenance of this 45 MLD Tertiary Treatment Reverse Osmosis Plant in Koyambedu, Chennai, which was inaugurated by then Honorable Chief Minister of Tamil Nadu, Mr. Edappadi K Palaniswami, in November, 2019. This is one of the largest and technologically most advanced water reuse plants in India. The TTRO plant, with a capacity of 45 MLD, has been designed and built by a consortium comprising your Company and IDE Technologies.

This TTRO plant is a landmark project for the city of Chennai and treats secondary treated water from Chennai Metrowater's Koyambedu Sewage Treatment Plant into usable industrial grade water. The treated water will cater to water requirements of the industrial hub in South Chennai via a 60 kilometers 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. It will reduce fresh water stress to the city while also ensuring industrial water security, leading to economic prosperity.

This project involved supplying & laying of transmission pipe(s) for water to various industries situated in the SIPCOT industrial belt in Irungattukottai, Sriperumbudur & Oragadam.

This Project bagged the Distinction Award under the category of "Wastewater Project of the Year" at the Global Water Awards 2020. The TTRO plant uses a multi-stage treatment scheme and is the first reuse facility in India to use Ozonation for disinfection. The plant will help free up over 16 million m^3 of freshwater each year and also helps Chennai becoming the first Indian City to reuse more than 20% of its treated wastewater.

DRINKING WATER TREATMENT PLANT IN COIMBATORE – INDIA

This project to 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 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. Construction of this plant is commenced and is expected to be completed by June 2022.

KANPUR CETP - INDIA

Your Company is currently executing a INR 520 crore worth order secured from Jajmau Tannery Effluent Treatment Association (JTETA) towards engineering, procurement, construction, operation & maintenance of a 20 MLD Common Effluent Treatment Plant (CETP) along with treated sewage dilution facility for Jajmau leather cluster, Uttar Pradesh.

The scope of this Design and Build contract includes design, engineering, supply, erection, construction and commissioning of 20 MLD Common Effluent Treatment Plant over a period of 24 months. The CETP scheme includes pre-treatment, sulphide removal, de-nitrification, two stage extended aeration and tertiary treatment consisting of clarification, quartz filtration and ultra-filtration. The scope also includes setting up a collection and conveyance system, to collect and pump the effluent from various tanneries up to the treatment plant, setting up common chrome recovery unit, to treat chrome tanning effluents by recovering the chrome so that they can be reused in the tanneries and setting up a pilot plant with a zero liquid discharge facility.

The salient features of the project are, effluent from 380 Tanneries will be treated as per the revised norms of Ministry of Environment and will be released for irrigation purpose. The proposed 20 MLD CETP project will have treatment process up to tertiary treatment including Ultra Filtration in Phase-I and an add-on Modular RO system in Phase-II. Spent Chrome liquor collection from each Tannery unit would be transported through tankers to CCRU & the recovered chrome shall be sent through drums or sold. This will ensure that the chrome liquor is uniformly treated from all tanneries. Zero Liquid Discharge (ZLD) based field scale pilot plant with a capacity of 200 KLD is developed for Research and Developmental activities to demonstrate high recovery of water (>95%) and high purity sodium chloride and sodium sulphate salts.

Post successful commissioning, your Company will also Operate & Maintain the above plants for a period of 5 years. The construction of this plant will be funded under the prestigious Namami Gange Scheme and the operation & maintenance will be self-financed by JTETA.

MRPL MANGALORE SWRO - INDIA

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

This is the second consecutive desalination order by your Company, after the 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 minimise the fresh water dependency of MRPL once completed.

The plant is almost 85% completed, the 11 kilometers cross country pipe line and Sea water intake and out fall is totally completed, rest of the plant is almost 90% completed. The plant is expected to produce desalinated water by Q3 FY 2022. Post successful commissioning, your Company will also be awarded a contract towards Operation & Maintenance of the plant for a period of 10 years.

IPSACH BIEL SWW - SWITZERLAND

During the year, your Company has received its biggest ever order towards design and build of Lake Water Treatment Plant from ENERGIE SERVICE BIEL/BIENNE, towards replacing the existing facility which is more than 50 years old, thereby ensuring water security to the city of Biel and Nidau.

The plant will be built with state-of-the-art technology that purifies water using a multi-barrier treatment, including Reverse Osmosis. The plant will be executed over a period of 5 years and your Company will deliver the electro-mechanical equipment for all treatment steps as well as the automation, starting with the raw water intake up to the distribution pumps to the network of the municipalities.

This order was awarded to your Company based on our technological superiority and the successful implementation of our pilot plant and the associated trust in WABAG Switzerland.

30 MLD WATER TREATMENT PLANT AT KASSEB - TUNISIA

During the year, your Company in consortium with local civil partner in Tunisia, secured an order to design and build 30 MLD Water Treatment Plant at Kasseb Dam in Tunisia from Societe Nationale D'exploitation Et De Distribution Des Eaux ('SONEDE').

The project scope includes Design, Engineering, Construction, Supply, Installation and Commissioning of WTP using advanced Inclined Plate Lamella clarifier technology. The project funded by KfW, will be executed over a period of 20 months. The project also includes Operation & Maintenance of the plant for a period of 6 months.

Your Company is delighted to receive this prestigious order amidst the ongoing global pandemic. This repeat order from SONEDE, further consolidates your Company's position in the market, and strengthens our customer relationship.

FRAMEWORK ORDER - 30 MLD THERMAL DESALINATION PLANT AT BOMBA - LIBYA

During the year, your Company has signed a repeat contract with General Desalination Company of Libya ('GDCOL') to design and build 3 Thermal seawater desalination – Multi-Effect Distillation (MED) plants in Bomba, Libya.

The scope of the contract includes design, supply, construction, installation, commissioning, training of the Customer's operating personnel and spare parts for 24 months plant operation.

The project comprises three Thermal Desalination lines and three steam boiler plants that will produce 30 MLD of drinking water from seawater and is an extension of the existing MED plant complex. This plant will provide drinking water capacity for more than 3,00,000 people in the region. This order is the largest thermal desalination plant order in the history of your Company. This contract will be activated for execution upon receiving of L/C from the customer.

This project, with a value of more than EUR 60 million, will contribute significantly to your Company's European operations. Furthermore, it reaffirms the decision to remain committed to our technologies and competences for thermal desalination in developing geographies and thus contribute to the improvement of quality of life in the region.

300 MLD INDEPENDENT SEWAGE TREATMENT PLANT (ISTP) AT NEW JEDDAH AIRPORT - KINGDOM OF SAUDI ARABIA

Your Company a leading Pure Play Water Technology Indian Multinational Company has secured 48 million USD (approx. INR 360 crore) order to execute the 300 MLD (Million Litres per Day) Jeddah Airport 2 Independent Sewage Treatment Plant (ISTP) Project at Jeddah, Kingdom of Saudi Arabia. This is a repeat order for your Company in the Kingdom of Saudi Arabia secured through Saudi Services for Electro Mechanical Works Company ('SSEM').

This plant, designed to treat 300 MLD is expandable to 500 MLD of wastewater treatment, will be built by your Company with the state-of-the-art NEREDA® technology for the first time in the region, a sustainable and cost-effective wastewater treatment technology that purifies water using the unique features of aerobic granular biomass for Saudi Services for Electro Mechanical Works Company ('SSEM').

The project is progressing well amid global pandemic climate and has achieved approval of basic engineering package. Detailed engineering and ordering is moving in full swing and construction activities by client has also commenced.

Your Company is extremely delighted to be part of the Kingdom's Vision 2030 that encourages private sector participation in achieving its economic development goals. In partnership with SSEM, your Company is happy to develop this sustainable wastewater infrastructure with the latest technology to be deployed for the first time in the region. This project will further expand your Company's growing footprint in the Middle East region.

POLGAHAWELA PROJECT – SRI LANKA

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. In this project, Engineering is completed and finishing works of water retaining structures and other civil works are in progress. All major equipment have been delivered and the transmission and distribution pipe laying have progressed well and are in full swing with multiple contractors at site across multiple locations. At the moment, the Project construction Progress is 85% completed and is expected to Commission by March 2022.

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, capacity 120 MLD, for Jubail Industrial City for a total contract value of around half a billion Saudi Riyals equivalent to approx. USD 126 million.

This STP project in Saudi Arabia being implemented for MARAFIQ, is progressing well and has achieved engineering and ordering completion. Even in the tough ongoing environment of pandemic globally, most of the items are delivered to site and few balance are in advance stage of manufacturing. Site Civil works have progressed well with utmost focus on HSE where the project has achieved major milestone of 4 Mn safe man-hours. Focus now is on expediting the Mechanical, Electritical, Instrumentation, Control and Automation ('MEICA') works to start completion activities by year end.

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 delivered to site. Seven sections out of total Twenty-three sections are handed over. Non-process unit rehabilitation work is completed and have been handed over. Process unit's rehabilitation work is progressing well and going smoothly in sync with Client's operations team requirement. Civil works for new units Digesters, Side Stream Filtration unit, Bulk Chemical storage completed and MEICA works also have progressed significantly.

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 has progressed well with engineering and order nearing completion, civil works at site in full swing, equipment deliveries and installation commenced, MEICA items deliveries to site commenced with majority of items are at advanced stage of manufacturing completion. Intake and outfall pipes delivered to site.

AMAS STP PROJECT – BAHRAIN

Your Company was awarded the EPC scope of the 40 MLD Sewage Treatment Plant and long sea outfall in October 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.

Despite the pandemic situation the plant has been operating 24x7 producing close to 6500 million litres of TSE water catering to the irrigation requirements of Madinat Salman City.

During the year 2019 - 20, your Company received “The Distinction Award under Wastewater Project of the Year” for this project from Global Water Intelligence (GWI) and “GCC winner water project of the year”, “GCC winner sustainability medal” and “GCC winner engineering achievement of the year” for this project from Middle East Economic Digest (MEED).

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.

During the year, your Company was bestowed with “BEST WATER TREATMENT PROJECT – INDUSTRIAL” for this project.

INDORAMA FERTILIZER PROJECT DEMIN PLANT AT PORT HARTCOURT – NIGERIA

During the year, your Company has successfully commissioned the 250m^3/hr x 2 streams Demin water plant at Indorama Fertilizer in Nigeria consisting of Degassification system Counter current regenerated strong acidcation exchanger followed by Counter current regenerated strong baser Anion Exchanger, followed by Mixed bed Exchanger, producing ultrapure quality Demin water consisting of 0.1 Microsiemens Conductivity and the silica less than 10 ppb feeding High pressure Boilers. This is a repeat order from Indorama fertilizers. Five years back, your Company also supplied a 3 stream 150 m^3/hr (3x150) Demin plant which working satisfactorily till date.

ADB FUNDED SEWAGE WATER TREATMENT SYSTEM IN GUHESWORI – NEPAL

Your Company has successfully commissioned and completed even DLP period at 36.40 MLD STP with Power Generation system. This plant was set up on Design, Build and Operate plant with a 36.40 MLD Raw sewage Water Intake treated through advanced activated sludge Process and the treated water put back to Baghmati River. The sludge produced is treated through Digestor and then with gas generation with Power generation system which is self-sufficient for running the plant with Zero power intake from the grid.

This plant is now moved for Operation and Maintenance contract and will be operated by your Company for next ten years.

DANGOTE REFINERY (DORL) LAGOS - NIGERIA

Your Company is executing INR 700 crore approx. worth order from Dangote Refinery and Petrochemicals Limited (‘DORL’) towards engineering and procurement of a 4000m^3/hr Raw Water Treatment which includes Sequencing Batch Reactors, Duel Media Pressurized Filters followed by Ultra-filtration and Reverse Osmosis Plant (500m^3/hr x 8 units) along with effluent treatment plant followed by tertiary Reuse UFRO plant and a Demineralizing and Condensate polishing plant to feed Refinery plant in Lagos, Nigeria. Plant is in Advanced stage of construction and is expected to go on stream by March 2022.

The plant treats lake water which is high in suspended solids and little BOD and COD converting this water into suitable for cooling tower make up and for other fertilizer plant and part of the water is treated through Demin plant to meet High pressure Boiler requirement in Refinery. The plant is setup on Design, Build (on engineer, procure, supervise, erection and commissioning 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 one of the largest refinery (20MMTPA) in Africa. This will be a First effluent recycle and reuse plant by your Company on a foreign soil.

The Equipment supply for the plant is almost 85% completed and the erection work is at full swing at site and is expected to commission by end March 2022.

COVID-19

The emergence of a global pandemic at the end of the FY 2019–20 changed the way people lived and did business, all over the globe. The resultant lockdowns imposed by Governments across the globe to mitigate its spread affected many countries, industries and livelihood. Your Company committed itself to nation's fight against COVID-19 and confronted the situation by focusing on two key priorities – 'safeguarding health and well-being of its people and ensuring business continuity to meet consumer needs'. Your Company, being a Pure Play Water Technology Indian Multinational 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 activities 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.

As reports of the spread of Coronavirus started coming in, your Company stepped up efforts to protect the health of its employees. The following measures were put in place to protect our employees' health:

- As the number of COVID-19 cases grew in the country, your Company announced 'Work from Home' for all office-based employees from March 24, 2020
- Special 'Work from Home' guidelines were implemented
- Employees were also provided computer hardware and necessary IT support to ensure business as usual even during the lockdown
- The Company implemented a phased and safe return-to-work plan as and when lockdown restrictions were relaxed
- Suspended the biometric attendance system across all locations & Switched to access card based attendance system
- Periodical self-declaration by Employees with respect to their health and travel
- Encouraged employees to have digital meetings wherever required, instead of Physical Meetings
- Health check-up of all Direct and Indirect Staff/ Employees were done at all locations on daily basis
- High contact areas like elevator buttons, door handles, handrails, bathroom taps etc. were sanitised at regular intervals
- Employees were offered assistance with hospitalisation treatment and mediclaim facilities, in case of any COVID-19 related emergency
- Several employee related initiatives were implemented including Yoga and Meditation Sessions for mental health of employees and Zoom Chatter Sessions wherein employees were encouraged to share their experiences of working from home
- Wearing of masks was made mandatory

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

Business Responsibility Report

Your Company is committed to pursuing its business objectives ethically, transparently and with accountability to all its stakeholders. Your Company is conscious of its impact on the society within which it operates, and has systems to eliminate or control any adverse impacts of its operations. 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. 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 2020-21, 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 your Company are as follows:

Name of the Policy / code and links for viewing it:

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/

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

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 4 Independent Directors including Independent Board Chairman & Independent Woman Director, 1 Non-Executive Non-Independent Director and 2 Executive Directors. The changes in Director & KMP's position from April 01, 2020 till the date of this report, are as follows:

1. Ms. Vijaya Sampath (DIN:00641110), appointed as an Independent Woman Director w.e.f. July 31, 2020
2. Mr. Ranjit Singh (DIN:01651357), appointed as an Additional Director in the category of Independent Director w.e.f. November 11, 2020
3. Mr. Amit Goela (DIN:01754804), appointed as an Additional Director in the category of Non – Executive Non - Independent Director w.e.f. July 19, 2021
4. Mr. Anil Chandanmal Singhvi (DIN:00239589), was appointed as an Additional Director in the category of Independent Director of the Company on July 31, 2020 and he tendered his resignation from the said position w.e.f. August 21, 2020
5. Mr. Sandeep Agrawal, Chief Financial Officer & Key Managerial Personnel resigned with effect from the closing working hours on June 07, 2021
6. Mr. Skandaprasad Seetharaman, appointed as Chief Financial Officer & Key Managerial Personnel of the Company w.e.f. June 08, 2021
7. Mr. Arulmozhi, appointed as Chief Financial Officer – India Cluster & Key Managerial Personnel of the Company w.e.f June 01, 2021.

During the year under review, Mr. Bhagwan Dass Narang Independent Director and Chairman of the Board retired from the Board consequent to completion of his two consecutive terms as an Independent Director of the Company. The Board of Directors have placed on record its sincere appreciation for services rendered by him during his term as an Independent Director and Chairman.

Your Company has been benefited under his leadership with various innovative ideas, decision making, strategic thinking and most valuable, his tireless efforts to increase the credibility, and visibility of your Company as an Indian MNC with global recognition offering advanced technologies at competitive pricing and presence over 20 countries in the Pure Play Water Sector and many more. His continuous involvement, guidance and support as a leader of our Group, made us to achieve various milestones, recognitions and rewards besides overcoming difficult times and challenges easily.

During the year under review, Ms. Revathi Kasturi, Independent Director of the Company retired from the Board consequent to completion of her two consecutive terms as an Independent Director of the Company. The Board of Directors have placed on record its sincere appreciation for the services rendered by her to the Company during her tenure as an Independent Director.

As Chairperson of Nomination and Remuneration Committee, her active and timely involvement in the various decision have made us to get right candidates both at the management and at the Board level and also helped us to bring in various initiatives and new methods and monitoring mechanisms to improve the productivity of the employees and helped the organisation to achieve its goals.

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 July 19, 2021 convening the 26th AGM of the Company. The Board of Directors of your Company recommends his re-appointment.

Independent Directors

Your Board at their meeting held on November 11, 2020, on the recommendation of the Nomination and Remuneration Committee, approved the appointment of Mr. Ranjit Singh (DIN:01651357) as an Additional Director in the category of Independent Director of the Company and also recommended his appointment as an Independent Director for the approval of the Members of the Company at the ensuing AGM to hold office for a period of 3 consecutive years from November 11, 2020 up to November 11, 2023.

Your Company has received requisite notice in writing from the Member proposing his candidature. The brief profile of Mr. Ranjit Singh (DIN:01651357) along with other requisite information have been outlined in the Notice dated July 19, 2021 convening the 26th AGM of the Company.

Non – Executive Non – Independent Director

Your Board at their meeting held on July 19, 2021, on the recommendation of the Nomination and Remuneration Committee, approved the appointment of Mr. Amit Goela (DIN:01754804) as an Additional Director in the category of Non – Executive Non - Independent Director of the Company and also recommended his appointment as Non - Executive Non - Independent Director for the approval of the Members of the Company at the ensuing AGM to hold office for a period of 3 years from July 19, 2021 upto July 19, 2024, who shall be liable to retire by rotation.

Your Company has received requisite notice in writing from the Member proposing candidature of Mr. Amit Goela. The brief profile of Mr. Amit Goela (DIN:01754804) along with other requisite information have been outlined in the Notice dated July 19, 2021 convening the 26th AGM of the Company.

Declaration of Independence by Independent Directors

Your Company has received declaration from all Independent Directors, confirming that they meet the “Independence criteria” laid down under the Section 149(6) of the Act and Regulation 16(1)(b) of 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 under review, Ms. Vijaya Sampath, Independent Woman Director and Mr. Ranjit Singh, Additional Director in the category of Independent Director, were appointed on the Board.

Ms. Vijaya Sampath is a person of high integrity and has been a lawyer for over 35 years. She is an Independent Director on the Board of listed and unlisted companies in IT, manufacturing, branded luggage, power, pharmaceuticals and auto component sectors. She has been working both as in-house counsel for large Indian conglomerates and Multinational Companies and also been the corporate law partner in renowned national law firms, J Sagar Associates and a senior partner with Lakshmikumaran & Sridharan.

Ms. Vijaya Sampath holds a graduate degree in English literature and law and is a fellow member of the Institute of Company Secretaries of India. She has attended the Advanced Management Program in Harvard Business School and the Strategic Alliances Program conducted by the Wharton Business School.

Ms. Vijaya Sampath is an advisor of the corporate law committee in FICCI and works with industry on regulation and policy relating to company law. She has written articles lectured / been a speaker at various forums on women in professions, governance, ethics, law and practice.

Mr. Ranjit Singh is a person of high integrity and has over 30 years of experience in Industrial Management in Indian, International and Multicultural business environment. His core strengths include Corporate Growth and Turnaround Strategy and its implementation. He worked as Managing Director, Kalpataru Power Transmission (an Infrastructure

Company) and Global COO & Board member of Polyplex Corporation Limited (4th Largest Polyester Film manufacturer in World). As a transformational leader he was significantly responsible for globalisation and profitable growth of the companies that he led. He is also a member of Board of Governors of IIM Jammu. He is based in Delhi and is deeply involved in the Start-up ecosystem and Strategy advisory space.

With regard to proficiency of the Independent Directors, ascertained from the online proficiency self-assessment test conducted by the institute, as notified under Sub-Section (1) of Section 150 of the Act, the Board of Directors have taken on record the declarations submitted by Independent Directors that they have complied with the same.

Key Managerial Personnel (KMP)

The KMP of your Company as on March 31, 2021 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

Mr. R Swaminathan, Company Secretary

Subsequent to the close of the financial year, Mr. Sandeep Agrawal, Chief Financial Officer & Key Managerial Personnel of the Company, resigned from the closing working hours on June 07, 2021. Mr. Skandaprasad Seetharaman was appointed as Chief Financial Officer & Key Managerial Personnel of the Company w.e.f. June 08, 2021 and Mr. Arulmozhi was appointed as Chief Financial Officer – India Cluster & Key Managerial Personnel of the Company w.e.f June 01, 2021.

Board Diversity

The Company recognises and sets out the approach to have diversity on the Board of the Company in terms of thought, knowledge, skills, regional and industry experience, cultural and geographical background, perspective, gender, age, ethnicity and race in the Board, based on the laws / regulations applicable to the Company and as appropriate to the requirements of the businesses of the Company.

Your Company strongly believes that a truly diverse Board will ensure effective corporate governance, responsible decision making ability, sustainable business development and moreover Company's reputation.

The Nomination and Remuneration Committee sets out the approach to diversity of the Board of Directors.

Board & Performance Evaluation

In accordance with the provisions of the Act and SEBI LODR, the Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees, Individual Directors and Chairman has to be made.

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 FY 2020-21. 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 takes many initiatives, such as: A formal letter of appointment is issued to Directors when inducting into the Company capturing their role, function, duties & responsibilities and expectation of Board, giving the Directors full opportunity to interact with Senior Management Personnel and providing them with all the documents / information sought by them to have a good understanding of the Company, its business and various operations and the industry of which it is a part, Conducting various programmes, session and seminars for the Directors, from time to time, to 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, making presentations on the business areas of the Company including business strategy, risk opportunities, quarterly performance of the Company, etc.

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 has formulated the criteria for appointment of Director on the

Board of Directors of the Company and makes necessary recommendation to the Board. Pursuant to section 134(3)(e) and section 178(3) of the Act, the Nomination, Evaluation & Remuneration Policy lays down the criteria for determining qualifications, positive attributes and independence of a Director. Also, in accordance with the provisions of the Act and SEBI LODR, the Nomination and Remuneration Committee on the basis of performance evaluation report of Directors, recommends to the Board on extension or continuation of the term of appointment of Independent Directors from time to time.

Board & Committees

The Board of your Company comprises of 4 Non-Executive Independent Directors, 1 Non - Executive Non - Independent Director and 2 Executive Directors. Your Company maintains 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 date of this report, the Board has 6 Committees viz.

a) **Stakeholders Relationship Committee** *inter - alia* to look into various matters relating to the security holders of the Company,

b) **Nomination and Remuneration Committee** with wider terms of reference as per the statutory requirements,

c) **Corporate Social Responsibility Committee** *inter - alia*, to undertake CSR activities, monitoring and reporting system for utilisation of funds for the CSR activities,

d) **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,

e) **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. 53 of this Annual Report for investment made by Company in ODI entities.

f) **Audit Committee** which 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, governance and processes for internal financial controls 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 of the Board was re-constituted on July 19, 2021 and comprises four Independent Directors and one Executive Director viz., Mr. Milin Mehta, Chairman of the Committee, Mr. Malay Mukherjee, Mr. Ranjit Singh, Ms. Vijaya Sampath and Mr. Rajiv Mittal, Members of the Committee.

A calendar of Board and Committee Meetings is circulated to the Directors well in advance. During the year, your Board met 9 times through Video Conferencing / other Audio Visual Means on July 31, 2020, August 25, 2020, September 15, 2020, September 29, 2020, November 11, 2020, February 11, 2021, February 17, 2021, March 25, 2021 and March 30, 2021. The details regarding composition, attendance of the Directors and other relevant information are set out in the Report on Corporate Governance which forms part of this Annual Report.

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 annual accounts 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 with the objective to assess the effectiveness of the Board as a whole, Committees of the Board and Individual Directors on regular basis and to attract, motivate and retain the Directors, Key Managerial Personnel, Senior Management Personnel and other expert Individuals, that the Company needs, in order to achieve its strategic and operational objectives.

The Remuneration policy is based on various evaluation criteria determined by the Nomination and Remuneration Committee in line with the requirements of law.

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 Nomination, Evaluation & Remuneration Policy of the Company is available on the website of the Company www.wabag.com. The information on Director's Commission and other matters provided in Section 178(3) of the Act has been disclosed in the Report on Corporate Governance. 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 component including salary, benefits, perquisites, provident fund, etc. The Managing Director & Group CEO and Whole-Time Director & CGO will apprise 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

As per Regulation 9 read with Regulation 30(8) of the SEBI LODR, your Company has framed a Policy on "Preservation & Archival of the Documents" with the intention 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. The policy *inter-alia* aids the employees in handling the documents efficiently either in physical form or electronic form. The Policy not only covers the various aspects on preservation, but also archival of documents. This policy is available on the Company's website www.wabag.com.

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 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 Company's 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 maintains a collaborative, inclusive, non-discriminative and safe work culture, and provide equal opportunities to all employees. Your Company has a 'Zero Tolerance' policy towards sexual harassment at the workplace. The Company has a Prevention of Sexual Harassment policy in place in line with the requirements of the POSH.

Your Company has constituted Internal Compliant 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.

All permanent, consultant, contractual, temporary, trainees are covered under this Policy.

During the year under review, no complaint for Sexual Harassment was received by the Company. Pursuant to Section 21 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 the Internal Compliant 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 2020-21 and is forming part of this Annual Report. The Auditor's Report on Standalone and Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2021, does not contain any qualification, reservation or adverse remark.

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 2020-21. The audit of cost records is in progress and report will be filed with the Authority within 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 2020-21 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 Mr. M Damodaran of M Damodaran & Associates LLP, Practicing Company Secretaries (COP: 5081), to undertake the Secretarial Audit of the Company for the FY 2020-21. 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 Mr. M Damodaran of M Damodaran & Associates LLP, Practicing Company Secretaries (COP: 5081), as Secretarial Auditor of the Company for the FY 2021-22.

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 2020-21. 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 2021-22.

The Statutory Auditors, Cost Auditor, Secretarial Auditor and 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 one subsidiary in India i.e. Kopri Bio Engineering Private Limited on November 27, 2020.

During the year:

a) As part of its restructuring, your Company has disinvested its entire stake of 70% in Wabag Operation & Maintenance WLL, Bahrain, to local partner and the share transfer and other formalities have been completed on August 13, 2020.

b) VA Tech Wabag Brazil Servicos De Agua E Saneamento Ltda, Brazil, the Company's subsidiary was liquidated. The subsidiary was not a material subsidiary and did not have any business activity.

c) Your Company has invested INR 4,10,000 in Equity Shares and INR 8,69,90,000 in Compulsorily Convertible Preference Shares (Series A CCPS) of Ganga STP Project Private Limited, wholly owned subsidiary.

d) During the year 2021 - 22, your Company further invested INR 1,00,00,000 in Compulsorily Convertible Preference Shares (Series A CCPS) of Ganga STP Project Private Limited, wholly owned subsidiary on April 29, 2021. Please refer project update on page no. 42 of Board's Report for more details on same.

Your Company has 18 subsidiaries, 3 associates and 2 Joint Venture Entities as on March 31, 2021. 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

The Board of Directors of your Company has approved a Policy for "Determining Material Subsidiaries" in accordance 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.

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

Consolidated Financial Statements

The Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2021 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.

Pursuant to the provisions of Section 136 of the Act, the Financial Statements of the Subsidiaries, Associates and Joint Venture entities of the Company are available for inspection by the Members at the Registered Office of the Company. 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 your Company at www.wabag.com under Investors Section.

Related Party Transactions

During the year under review, 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 at arm's length basis and in accordance with the provisions of the Act and the SEBI LODR.

There were 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), through Subsidiaries, Associate & Joint Venture Entities. As of March 31, 2021, the aggregate financial investments in such ODIs amount to INR 156.82 crore as against INR 297.51 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, 2021 amounted to INR 129.73 crore (82.73% of total financial exposure). The funded exposure of the Company in ODI for the same period consists of equity investments of INR 25.30 crore (16.13% of total financial exposure) and loans amounting to INR 1.79 crore (1.14% 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 2020-21, the Standalone revenue of the Company included revenue from overseas projects amounting to INR 924 crore as against INR 746 crore last year. The aggregate operational revenue generated by the Group during the FY 2020-21 through Company's overseas entities and exports out of India aggregated to INR 1,853 crore which is 65% of overall consolidated revenue of INR 2,835 crore.

Corporate Social Responsibility (CSR)

During the year, the Ministry of Corporate Affairs amended the Companies (Corporate Social Responsibility Policy) Rules, 2014 (**"CSR Rule"**) incorporating certain changes in the CSR aspects.

Some of the key aspects of the amended CSR Rule are as follows:

- The Board now has to consider and approve the recommended projects (by CSR committee) and also monitor the same.
- The Board has to approve the annual action plan and monitor the implementation of the CSR programme in addition to the review done by CSR committee.
- The Chief Financial Officer of the Company needs to certify that the money committed and used, has been spent for the CSR projects and not for any other purpose.
- The details of the projects committed, and the amount are to be disclosed in the annual report and the website of the Company.

  The said amendments have come into effect from January 22, 2021.

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 140.91 lakhs towards CSR projects implementation.

Your Company being engaged in Water business, as part of its CSR policy and guiding principles, would always prefer to take up CSR projects relating to water, waste water management and sanitation, which should be closer to establishment viz., offices or project sites to help the local community.

Since 2014, the Company committed for some long term projects and based on the project progress the Company would pay on demand by the implementing agencies.

Apart from the small projects with a few implementing agencies, the Company also entered into multiyear program with NABARD and BRLF. During the year, the partnership related to Tamil Nadu Watershed project with NABARD, has been terminated by NABARD, as they preferred to fund the projects on its own funding as per their recent guidelines.

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 under the Ministry of Rural Development for implementing watershed project in six districts in West Bengal. 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. Your Company committed a sum of INR 250 lakhs spread over a period of 4 years. Out of this, your Company so far paid a sum of INR 148.64 lakhs and there are no pending payments payable at the year end, since, CSR grant liability would arise as and when the project progress/milestones completed. Considering the recent amendments in CSR Rules, Policy and other factors, the Board took a decision not to carry forward the earmarked limit and to treat BRLF as an only "ON-GOING PROJECT".

Pursuant to the provisions of section 135(6) of the Companies Act, 2013, the Board decided to transfer unspent amount of INR 89.09 lakhs towards the On-going BRLF Project to a special account called as Unspent Corporate Social Responsibility Account (UCSRA).

Further, during the year, your Company implemented the following CSR projects –

(i) Water Conservation through Open Well Rejuvenation at Tamil Nadu

(ii) Usharmukti project at West Bengal

(iii) Online National Quiz for Ganga Quest for the year gone by

(iv) Environmental Awareness program at Chennai

(v) Decentralized Waste Water Treatment Plant and Recycling at Low Income Housing Colony, Warangal, Telangana.

During the Financial Year 2020-21, the Company has contributed an amount of INR 140.91 lakhs, the details of which are given in the Annexure IV to this report and the unpsent amount of INR 89.09 lakhs pertaining to FY 2020-21, was transferred to the Unspent Corporate Social Responsibility Account, in compliance with the amended CSR Rule, which has come into effect from January 22, 2021.

The details of the aforesaid projects are covered in the annual report on our CSR activities forming part of this Board's Report.

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. Vijaya Sampath (Chairperson) (DIN:00641110), Mr. Amit Goela (DIN:01754804), 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 your Company's CSR approach and guiding principles, core Ideology, total outlay for each Financial Year, allocation of resources & thrust areas, formulation of annual action plan, Executing Agency / Partners and Impact assessment.

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;

Contribution to any fund set up by the Central Government for socio-economic development, disaster relief and for any other purpose for which these funds are allocated and utilized;

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

Rural development projects;

Setting up facilities related to pandemic illnesses like COVID-19, health infrastructure for COVID care, establishment of medical oxygen generation and storage plants', 'manufacturing and supply of Oxygen concentrators, ventilators, cylinders and other medical equipment for countering pandemics'.

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

Particulars of Loans, Guarantees or Investments

Pursuant to provisions of Section 186 of the Act and Schedule V of the SEBI LODR, the details of loans, guarantees and investments, as on March 31, 2021, 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. The 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 2 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 this 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) read with section 92(3) of the Act, an extract of the annual return in the prescribed format is 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 VI** 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 under review, 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, Employees, Business Associates and other Stakeholders 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, Employees, Business Associates and other Stakeholders who becomes aware of an unethical behaviour or fraud or violation of code shall report to the Ethics Committee for redressal as provided in the policy. The Audit Committee of the Board oversees the functioning of this policy. The policy is available on the website of the Company www.wabag.com.

Green Initiatives

WABAG stands for sustainability and has showcased its commitment to creating a green earth for over 9 decades.

WABAG's vision is aligned to the United Nations SDGs 2030 and this has been reflected in the Group's numerous initiatives as highlighted below:

1. **Green Initiatives begin at home:** Over 97% of the total power requirement of our headquarters in Chennai is derived from wind energy, thereby bringing down energy cost by 10% 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. Other initiatives taken by your Company are as follows:

- Paper Waste is being sent to ITC for recycling and the proceeds obtained in the form of stationery being distributed to local panchayat schools.
- Battery, Oil Waste and E-Waste being disposed for recycling through Pollution Control Board authorized recycler.
- Employee friendly initiatives like ergonomics, indoor air quality and Lum level are maintained as per standards.
- Conservation on Energy and Water Management have resulted in low Energy and Water Performance Index.
- Introduction of E Tender process for sourcing materials in our procurement function as a step towards digitization.

2. **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.

3. **Breathing life into lifelines:** Clean water and rejuvenated rivers are key to enhancing the Green cover on Planet Earth. Your Company has been playing an integral role and ensuring this by collaborating with Governments worldwide. In India particularly, your Company has emerged as one of the foremost partners of the Government in rejuvenating India's lifeline, River Ganga under the world's largest river cleaning program Namami Gange.

4. **Contributing to a Circular Economy:**

   a. Your Company emerged as a pioneer in promoting resource recovery at wastewater plants in India over 15 years ago – Green Power Generation from Kodungayur Wastewater Treatment Plant, Chennai. The plant has the distinction of completing maximum hours of gas engine run time and producing over 70,000 Mwh of green power till now. "IMAGINE THE SAVINGS ON GRID POWER WHICH IS PRIMARILY DRIVEN BY HIGH POLLUTION THERMAL GENERATION!!"

   b. Your Company stands true to its presence in a sunrise sector. It executed a sewage treatment plant in Sanliurfa, Turkey wherein the sludge drying component was powered by solar energy.

   c. Your Company has been instrumental in making Chennai, the southern metropolis of India, the first city in South India to reuse over 20% of its treated wastewater. Recently, your Company installed one of the largest and technologically most advanced water reuse plants in Chennai at Koyambedu with a potential to prioritize over 16 million m^3 of freshwater every year for domestic consumption. Similar plants with an eye for circular economy and rejuvenating the world's natural resources have been executed by your Company over the last 25 years, summing up to around 50 plants with a total capacity of over 2000 million litres every day.

d. Your Company believes in creating a clean, green and circular ecosystem (land, air and water) around us for the wellbeing of nature and humanity. Your Company has been focusing on resource recovery at wastewater treatment plants and recently, forayed into Zero Liquid Discharge systems (ZLD) which is evolving into a regulatory requirement and hence, portends very high potential for the business. Primarily, most of the sewage treatment plants wherein the treated sewage after meeting the national standards is discharged to river and the sludge which is generated from sewage is used for further digestion generating biogas thereafter producing clean power to be used for plant operation thus ensuring minimal/nil power requirement used from Grid which is powered primarily by thermal power plants and the sludge is converted into manure for Horticulture / Agriculture. Plants are in operation at JICA funded WWTP in Dinapur, Varanasi, Uttar Pradesh, JICA funded K&C Valley WWTP in Bangalore, and Karnataka and in an ADB funded WWTP at Guheswori, Nepal etc.

   With respect to Industrial effluents, for most of the plants, your Company is advising for high quality effluent treatment followed by recycle and reuse of the effluent. This contributes to first, savings of limited freshwater sources which can be used for domestic and industrial sector and second, ensuring water security for the industrial facilities. In some instances, WABAG has helped recover up to 90% of usable water from treated effluents. A few of such marquee projects are set-up in:

   - Reliance - Jamnagar,Dahej and Hazira, Gujarat

   - IOCL Refineries - Panipat, Paradip and for Nayara (formerly ESSAR Oil)

   Currently your Company is executing Zero liquid discharge plant located in NMDC, Nagarnar, which is a land locked area. In this project, after recovery of 90% water, balance water is treated through evaporators, thus ensuring Zero Liquid Discharge which contributes a great deal environmentally.

e. In water scarce areas in the coastal areas, your Company has continued on its rich legacy of being a leader in desalination and has continued setting up Desalination plants (for Reliance in Jamnagar, for Adani in Mundra, for MRPL in Mangalore, for CMWSSB in Nemmeli, Chennai Tamil Nadu, for SONEDE in Tunisia. In all these projects, a recovery of approx. 45% is achieved with latest energy recovery systems and the concentrated brine is diffused and discharged consciously into the sea at a good distance from the shore without disturbing marine and fisheries requirements. WABAG has been recognized for promoting a drinking water model for coastal India by its excellence of setting up desalination projects.

   Your Company has a dedicated R&D team and is constantly tracking all global developments in the field of desalination with the support of a CTO for desalination. Your Company's desalination systems factor environmental consensus with integration of clean technology, energy efficient systems with possibility of integrating renewable power in line with the Company's vision aligned to UN SDGs 2030 and Kyoto Protocol's Clean development mechanism.

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

Malay Mukherjee
Chairman
(DIN: 02861065)
New Delhi

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

July 19, 2021

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 FY 2020-21	Mr. Malay Mukherjee, Independent Director - Chairman - 3.23:1[@] Mr. Milin Mehta, Independent Director - 2.77:1 Ms. Vijaya Sampath, Independent Director - 2.08:1[#] Mr. Ranjit Singh, Additional Director - 1.38:1* Mr. Bhagwan Dass Narang, Independent Director - 1.84:1[$] Ms. Revathi Kasturi, Independent Director - 1.38:1[$] Mr. Rajiv Mittal, Managing Director & Group CEO - 27.97:1 Mr. S Varadarajan, Whole-Time Director & CGO - 11.84:1
The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the FY 2020-21	Managing Director & Group CEO - NIL Whole-Time Director & CGO - NIL Other Directors - NIL CEO - India Cluster - NIL Chief Financial Officer - 0.18% Company Secretary - NIL
The percentage increase in the median remuneration of employees in the FY 2020-21	NIL
The number of permanent employees on the rolls of the Company as on March 31, 2021	1,065
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

<table>
<tr><td>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</td><td>None</td></tr>
<tr><td>Affirmation that the remuneration is as per the remuneration policy of the Company</td><td>It is affirmed that the remuneration is paid as per the remuneration policy of the Company</td></tr>
<tr><td>A statement showing the name of top ten employee of the Company in terms of remuneration drawn</td><td rowspan="3">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.</td></tr>
<tr><td>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</td></tr>
<tr><td>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 lakhs and fifty thousand rupees per month</td></tr>
</table>

@ Mr. Malay Mukherjee was appointed as Chairman of the Board w.e.f. September 23, 2020 (from the conclusion of last AGM)

During the year, Ms. Vijaya Sampath was appointed as an Additional Director by the Board w.e.f. July 31, 2020 and appointed as an Independent Woman Director by Shareholders at their meeting held on September 23, 2020

* During the year, Mr. Ranjit Singh was appointed as an Additional Director in the category of Independent Director by the Board w.e.f. November 11, 2020

$ During the year, Mr. Bhagwan Dass Narang and Ms. Revathi Kasturi ceased to be Independent Directors w.e.f September 23, 2020 on account of completion of two tenures

For and on behalf of the Board of Directors

	Malay Mukherjee	**Rajiv Mittal**
	Chairman	Managing Director & Group CEO
	(DIN: 02861065)	(DIN: 01299110)
July 19, 2021	New Delhi	Chennai

ANNEXURE – II

Form MR 3

Secretarial Audit Report

For the Financial Year ended March 31, 2021

(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, Practicing Company Secretaries, Chennai 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 **31.03.2021** 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 **31.03.2021** 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;

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 and dealing with client;

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

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. other than the Regulation 17 (1) (c) of SEBI LODR which has been complied by the Company within the prescribed time limit under Regulation 25 (6) of SEBI LODR.

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 for meetings other than those held at shorter notice with the consent of all the directors, 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;

a) passed an Ordinary Resolution under sections 196, 197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 at the Annual General Meeting held on September 23, 2020 for re-appointment of Mr. Rajiv Mittal, as Managing Director & Group CEO of the Company with effect from October 1, 2020 till March 31, 2025.

b) passed a Special Resolution under Sections 149,150,152 and all other applicable provisions, if any, of the Companies Act, 2013 at the Annual General Meeting held on September 23, 2020 for Appointment of Ms. Vijaya Sampath as an Independent Woman Director of the Company to hold office for 3 consecutive years with effect from July 31, 2020 up to July 31, 2023.

c) passed a Special Resolution under Sections 23, 42, 62(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 at the Annual General Meeting held on September 23, 2020 for issue of 75,00,000 Equity Shares on Preferential Basis for a total Consideration up to INR 120,00,00,000/- (Rupees One Hundred and Twenty crore only).

d) passed a Special Resolution under Sections 23, 42, 62(1)(c), 71 and all other applicable provisions, if any, of the Companies Act, 2013 at the Annual General Meeting held on September 23, 2020 for issue of Securities by way of Private Placement/Preferential Allotment/ Further Public Offer for an aggregate amount of up to INR 280,00,00,000/- (Rupees Two Hundred and Eighty crore Only).

M. Damodaran
Managing Partner
M DAMODARAN & ASSOCIATES LLP
Membership No.: 5837
COP. No.: 5081
ICSI UDIN No.: F005837C000425344

Place: Chennai
Date: 05.06.2021

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, 2021	SGD	2,102.32	2,216.43	8,403.91	4,085.16	-	9,791.08	954.78	(128.64)	826.14	-	100%
2	VA Tech Wabag (Philippines) Inc., Philippines	March 31, 2021	PHP	89.70	2,469.78	24,251.81	21,692.33	-	2,250.79	(752.62)	194.95	(557.68)	-	100%
3	VA Tech Wabag Limited Pratibha Industries Limited JV, Nepal	March 31, 2021	NPR	-	372.55	765.16	392.61	-	264.84	54.54	(14.56)	39.98	-	NA*
4	Wabag Muhibbah JV SDN. BHD., Malaysia	March 31, 2021	MYR	149.85	(4,710.15)	1,848.68	6,408.99	-	58.27	(3,006.48)	-	(3,006.48)	-	70%
5	Wabag Limited, Thailand	March 31, 2021	THB	38.62	(278.27)	12.47	252.12	-	198.18	94.88	-	94.88	-	49%@
6	VA Tech Wabag Muscat LLC, Oman	March 31, 2021	OMR	177.04	(79.69)	793.45	696.10	-	1,963.56	(64.37)	-	(64.37)	-	70%
7	Wabag Operation and Maintenance WLL, Bahrain	March 31, 2021	BHD	82.96	89.58	221.89	49.34	-	75.27	19.08	-	19.08	-	70%$
8	Wabag Belhasa JV WLL, Bahrain	March 31, 2021	BHD	8.95	1,806.97	4,490.51	2,674.58	-	2,445.12	(318.44)	-	(318.44)	-	49%
9	VA Tech Wabag Brazil Servicos De Agua E Saneamento Ltda,Brazil	March 31, 2021	BRL	0.18	(0.09)	0.10	-	-	-	-	-	-	-	99.99%^
10	Ganga STP Project Private Limited	March 31, 2021	INR	875.00	(191.17)	5,056.20	4,372.38	-	4,100.73	(255.47)	64.30	(191.17)	-	100%
11	DK Sewage Project Private Limited	March 31, 2021	INR	1.00	-	455.74	454.74	-	-	-	-	-	-	100%
12	Digha STP Projects Private Limited	March 31, 2021	INR	1.00	(0.97)	0.99	0.97	-	9,791.08	(0.97)	-	(0.97)	-	100%
13	Kopri Bio Engineering Private Limited	March 31, 2021	INR	1.00	(10.04)	267.03	276.07	-	-	(10.04)	-	(10.04)	-	51%
14	VA Tech Wabag GmbH, Austria	March 31, 2021	EUR	859.61	20,095.26	59,449.94	38,495.06	235.04	56,231.12	2,195.24	(154.16)	2,041.08	-	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 Deutschland GmbH.,Germany	March 31, 2021	EUR	197.93	(199.46)	0.21	1.75	-	-	46.93	-	46.93	-	100%
16	Wabag Wassertechnik AG, Switzerland	March 31, 2021	EUR	587.99	840.05	10,876.64	9,448.60	-	13,938.92	129.08	18.28	147.36	-	100%
17	VA Tech Wabag Brno spol. S.R.O., Czech Republic	March 31, 2021	EUR	63.72	780.10	4,700.24	3,856.42	-	4,166.96	(491.79)	93.40	(398.38)	-	100%
18	Wabag Water Services S.R.L, Romania	March 31, 2021	EUR	8.60	6,212.52	13,582.40	7,361.28	-	19,277.98	3,266.37	(531.63)	2,734.74	-	99.97%
19	VA Tech Wabag Tunisie S.A.R.L, Tunisia	March 31, 2021	EUR	551.91	290.83	5,223.20	4,380.46	-	2,592.71	1.97	(0.49)	1.48	-	100%
20	VA Tech Wabag Su Teknolojisi Ve Tic. A.S, Turkey	March 31, 2021	EUR	1,309.02	(3,493.70)	342.75	2,527.44	-	2,370.38	534.68	-	534.68	-	100%

Note: Exchange rate used for Balance Sheet items is the rate as on March 31, 2021 and for Profit and Loss account items, the rate used is the average rate for the FY 2020-21

*The Company entered into a Joint Venture with Pratibha Industries Limited in Nepal to execute a project. Considering the fact that the group has control over the governing body and over the operating and financial decisions of the JV entity, the same has been treated as a subsidiary.

@Shareholding of Wabag is 49% and economic interest is 90.60%.

$Company divested its entire sake of 70% in Wabag O&M to local partner and the share transfer and other formalities have been completed on August 13, 2020.

^VA Tech Wabag Brazil Servicos De Auga E Saneamento Ltda, Brazil, was liquidated during the year.

Currency	Rate for Balance Sheet Items (in INR)	Rate for Profit & Loss Account items (in INR)
1 SGD	54.477859	54.247767
1 PHP	1.510066	1.513079
1 NPR	0.627840	0.624347
1 MYR	17.667260	17.759833
1 THB	2.342743	2.387998
1 OMR	190.427555	192.528164
1 BHD	194.420828	196.470725
1 BRL	12.813702	13.726385
1 EUR	85.961112	86.438235

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 LLC, 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, 2021**	**March 31, 2021**	**March 31, 2021**	**March 31, 2021**
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	235.04	-	0.26
Extend 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	1,629.98	351.73	-	1.00
Profit / (Loss) for the year				
Considered in Consolidation	348.74	240.87	(14.92)	-
Not Considered in Consolidation	-	-	-	-

For and on behalf of the Board of Directors

Malay Mukherjee
Chairman
(DIN: 02861065)
New Delhi

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

July 19, 2021

ANNEXURE - IV

Annual report on Corporate Social Responsibility (CSR) activities

(Pursuant to Section 135 of the Companies Act, 2013 read with Rule 8 of The Companies (Corporate Social Responsibility Policy) Rules, 2014)

WABAG implemented the following CSR projects under WABAG-CSR program, during the year 2020 - 21.

On-going Project:

Project 01: Usharmukti project at West Bengal

WABAG entered into a MoU with Bharat Rural Livelihood Foundation (BRLF) for implementation of Usharmukti project with two cso partners – Development Research Communication and Service Centre (DRCSC) and Tagore Society for Rural Development (TSRD) in western parts of West Bengal.

There are six districts that need CSR intervention and WABAG earmarked Purulia District as its CSR project for funding as an on-going project. The overall project progress from 2017 to 2021 (DRCSC & TSRD) is highlighted hereunder:

Usharmukti Progress Indicators	Total
Total No. of Micro Watershed	422
Total Schemes Implemented	11615
Total Expenditure done – Leverage from MGNREGA (in Lakhs)	14319
Total Persondays Generated through MGNREGA (in Lakhs)	83
Total HH covered through asset creation	29635
Total Area treated in Ha. Up to March 2021	5967
	6698
	2927
	26108
	41700
Total Area where Soil erosion checked (Ha)	6197
Additional Run – off arrested (Ham.)	9725
Total Volume of water restored in WHS (Ham./year)	5330
Assured Kharif crop cultivation total area enhanced (Ha)	53300
Assured Rabi crop cultivation total area enhanced (Ha)	17767
Assures Summer crop cultivation total area enhanced (Ha)	3553

Other than On-going Project:

Project 01: Water Conservation through Open Well Rejuvenation

This project Phase II was implemented by MS Swaminathan Research Foundation. The total project cost was INR 61.72 lakhs and there was delay due to lock down and slow down. Though the project was almost implemented, there were certain aspects that were looked into during the first quarter of FY 2020-21 and it was completed in its entirety during June 2020.

CSR Intervention: The restoration process involved de-silting, deepening and strengthening the side walls of the wells. The entire program was implemented through the local Farmer Producer Company with the support and guidance of MSSRF. To bring about catalytic effect, the entire contribution of WABAG was given as a revolving fund. The recovery loan amount enabled to support new beneficiaries thereby ensuring economic viability and sustainability.

To improve the ground water recharge, the following technologies were used:

- Artificial ground water recharge through dug wells;
- introduction of micro irrigation technology like rain hose technology requiring less water for irrigation.

96 open wells of 130 small farmers, covering 92.2 ha from 8 panchayats were restored.

Outcome of the intervention:

- The cumulative water holding capacity was increased by 40%. The ground water table raised on an average of 3 meters in all the rejuvenated wells;
- The practice of micro irrigation technology supported to increase the water use efficiency by 20% to 25% and thereby they brought additional area under irrigation;
- 30% to 40% farmers diversified crops from paddy to floriculture and vegetables;
- 75 Ha of additional land area brought under irrigation;
- Created additional employment opportunity within their own farm itself;
- Migration reduced especially among the male farmers;
- Finally, farmers' income increased upto 30% to 40% due to availability of water for irrigation which improved their lives and livelihoods

Project 02: Water Conservation and River Rejuvenation

WABAG tied up with Tree Craze Foundation, Delhi based NGO for creating awareness among the school children through On-line program. The primary focus was on the younger generation which is the 'Future' of India. It was a massive success. The Ministry of Jal Shakti appreciated this initiative and acknowledged the services.

Project 03: Environmental Sustainability Awareness program

WABAG in partnership with CII created awareness on water conservation, water reuse, rain water harvesting and water augmentation.

Project 04: Decentralized Waste Water Treatment Plant and Recycling at Low Income Housing Colony, Warangal, Telangana

The project has been completed and handed over to Warangal Municipal Corporation.

Other details as required under Section 135 of the Companies Act, 2013 read with Rule 8 of The Companies (Corporate Social Responsibility Policy) Rules, 2014 are as under:

1. Brief outline on CSR Policy of the Company:

Pursuant to Section 135(4) of the Act, the major contents of CSR policy include your Company's CSR approach and guiding principles, core Ideology, total outlay for each Financial Year, allocation of resources & thrust areas, formulation of annual action plan, Executing Agency/ Partners and Impact assessment.

2. Composition of CSR Committee:

S. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Ms. Vijaya Sampath*	Independent Director – Chairperson	3	1
2.	Mr. Rajiv Mittal	Managing Director & Group CEO - Member	3	3
3.	Mr. S Varadarajan	Whole-Time Director & Chief Growth Officer - Member	3	3
4.	Ms. Revathi Kasturi#	Independent Director – Chairperson	3	2
5.	Mr. Amit Goela@	Non - Executive Non - Independent Director - Member	NA	NA

*Ms. Vijaya Sampath appointed as a Chairperson of the Committee w.e.f. September 29, 2020

#Ms. Revathi Kasturi ceased to be an Independent Director w.e.f. September 23, 2020

@Mr. Amit Goela appointed as a Member of the Committee w.e.f. July 19, 2021

3. **Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:**

   https://www.wabag.com/compliances/ and https://www.wabag.com/CSR/

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):**

   Not Applicable

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the Financial Year, if any:**

(in INR Lakhs)

S. No.	Financial Year	Amount available for set off from preceding Financial Years	Amount required to be set off for the Financial Year, if any
Not Applicable			

6. **Average net profit of the Company as per section 135(5):** INR 11,481 lakhs

7. a) **Two % of average net profit of the Company as per section 135(5):** INR 230 lakhs

   b) **Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years:** NIL

   c) **Amount required to be set off for the Financial Year, if any:** NIL

   d) **Total CSR obligation for the Financial Year (7a+7b-7c):** INR 230 lakhs

8. a) **CSR amount spent or unspent for the Financial Year:**

(in INR Lakhs)

Total Amount Spent for the Financial Year	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
140.91^	89.09*	June 29, 2021	-	-	-

^Including administrative overheads

b) **Details of CSR amount spent against on-going projects for the Financial Year:** **(in INR Lakhs)**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Project duration	Amount allocated for the project	Amount spent in the current financial Year	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Imple-mentation - Direct (Yes / No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	Ushar-mukti Project	IV@	No	West Bengal	Purulia	5 yrs	250.00	65.38#	89.09*	No	BRLF	CSR 0000 1509

@IV of Schedule VII denotes ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.

The Company has spent INR 148.64 lakhs on the aforesaid project out of which INR 65.38 Lakhs was spent during the FY 2020 -21.

* Unspent amount of INR 89.09 lakhs pertaining to the FY 2020-21 transferred to Unspent Corporate Social Responsibility Account (UCSRA)

c) **Details of CSR amount spent against other than on-going projects for the Financial Year:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	**Name of the Project**	**Item from the list of activities in schedule VII to the Act**	**Local area (Yes / No)**	**Location of the project**		**Amount spent for the project (in INR Lakhs)**	**Mode of implementation - Direct (Yes / No)**	**Mode of implementation - Through implementing agency**	
				State	**District**			**Name**	**CSR registration number**
1.	Water Conservation through Open Well Rejuvenation	IV	Yes	Tamil Nadu	Villupuram	31.72	No	MSSRF	CSR 00000470
2.	Water Conservation and River Rejuvenation	IV	No	Delhi	New Delhi	15.00	No	Tree Craze Foundation	CSR 00008005
3.	Environmental Sustainability Awareness program	II & IV	Yes	Tamil Nadu	Chennai	1.00	No	CII	Registration in progress
4	Decentralised Waste Water Treatment Plant and Recycling at Low Income Housing Colony	I	No	Telangana	Warangal	12.79	Yes	-	-
5	Community Water Purification Projects	I	No	Telangana	Warangal	2.43	No	Balavikasa Social Service Society	CSR 00000313
6	WATSAN Project of Janagraha	II	No	Karnataka	Bengaluru	5.88	No	Janagraha Centre for Citizenship and Democracy	CSR 00000693
	Total					**68.82**			

(d) Amount spent in Administrative Overheads: INR 6.71 Lakhs

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): INR 140.91 Lakhs

(g) Excess amount for set off, if any

Sl. No.	**Particular**	**Amount (in INR Lakhs)**
(i)	Two % of average net profit of the Company as per section 135(5)	230
(ii)	Total amount spent for the Financial Year	140.91
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	NIL
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	NIL

9. (a) Details of Unspent CSR amount for the preceding three Financial Years:

(in INR Lakhs)

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding Financial Years
				Name of the Fund	Amount	Date of transfer	
Not Applicable							

(b) Details of CSR amount spent in the Financial Year for on-going projects of the preceding Financial Year(s):

(in INR Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project - Completed / On-going

Not Applicable, as the concept of 'on-going projects' has been introduced in the CSR Amendment Rules, relevant from FY 2020-21. Details of spend on all on-going projects during FY 2020-21 are covered under 8(b) above.

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year (asset-wise details):

Not Applicable

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5):

During the FY 2020-21, the Company has spent INR 140.91 lakhs on various projects and transferred the unspent amount of INR 89.09 lakhs to the Unspent CSR Account as per CSR Rules. The Company has committed a sum of INR 250 lakhs on Usharmukti Project, which is treated as an on-going project. Out of this, your Company so far spent sum of INR 148.64 lakhs and the balance contribution be made out of Unspent CSR Account. Details on Usharmukti project is available in this Annexure.

For and on behalf of the Board of Directors

Vijaya Sampath
Chairperson-CSR Committee
(DIN: 00641110)
Gurugram

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

July 19, 2021

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, 2021, 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 arrangements 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, 2021.
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 at arm's length basis and are approved by Audit Committee of the Company.

For and on behalf of the Board of Directors

	Malay Mukherjee	**Rajiv Mittal**
	Chairman	Managing Director & Group CEO
	(DIN: 02861065)	(DIN: 01299110)
July 19, 2021	New Delhi	Chennai

ANNEXURE – VI

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

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

(A) Conservation of energy

Annual Energy consumption has reduced from 12.59 lakhs units in FY 2019-20 to 9.56 lakhs units FY 2020-21. A reduction of **3.03 lakh Units** and an overall percentage reduction of **24%**. We were able to get this drastic reduction due to the lockdown imposed by the Government and our Energy conservation measures.

(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 **96.7%** 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 Management Discussion & Analysis forming part of this report
(ii)	The benefits derived like product improvement, cost reduction, Product Development or import substitution;	
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year)	
	(a) The details of technology imported;	
	(b) The year of import;	
	(c) Whether the technology been fully absorbed;	
	(d) If not fully absorbed, areas where absorption has not taken;	
(iv)	The expenditure incurred on Research and Development	INR 310 lakhs

C) Foreign exchange earnings and Outgo

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

(in INR Lakhs)

	2020-21	2019-20
Earnings in Foreign Currency	1,01,203	75,393
Expenditure in Foreign Currency	13,344	14,118

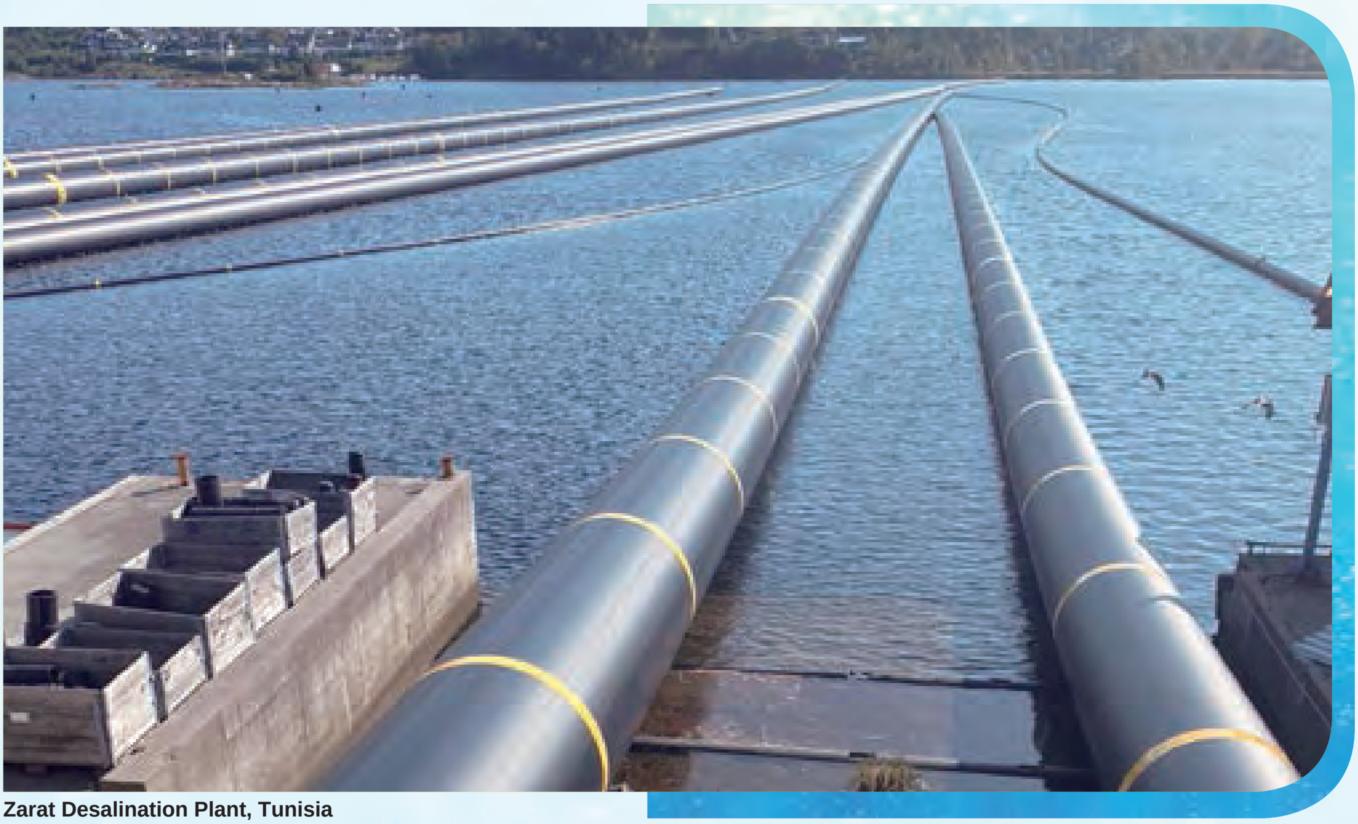
For and on behalf of the Board of Directors

Malay Mukherjee
Chairman
(DIN: 02861065)
New Delhi

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

July 19, 2021

Management Discussion and Analysis



Zarat Desalination Plant, Tunisia

Global Water Overview

Water – a crucial resource for the existence of all forms of life. It is the cornerstone of societal resilience, inclusive growth and people's well-being. The year 2020 saw the world against the COVID-19. The fight against the pandemic witnessed water become even more precious. Frequent hand washing, considered effective for avoiding COVID-19, saw water emerge from an ordinary to an extraordinary resource. However, 3 Billion people along with two out of every five healthcare facilities that lack adequate access to water and sanitation were hit hard by the pandemic. Adding to this, burgeoning population, changing lifestyle patterns, rapid urbanisation, focus on industrialisation and other drastic changes in the climate are constantly putting this essential resource for survival under tremendous stress. Over the past 100 years, global water use has increased **six-folds and it is further expected to steadily rise by 1% annually** *(Source: UN World Water Development Report 2020)*. Water demand is likely to surpass its supply by 40% by 2030. It is not possible to chalk out a single pathway for water management amid the rapid rising population, pollution and urbanisation. To help strengthen water security there is crucial requirement to build capacity, capability, resilience, adaptability and proper planning for the management of resources.

Water Scorecard

Drinking water

2.2 Billion people

Lack safely managed drinking water services

Handwash

40% of the world's population

Lacks basic hand washing facility with soap and water

Water stress

2.3 Billion people

Live in water-stressed countries of which,

721 Million live in critically water-stressed areas

(Source: All above data from UN Nations on Water Development, March 2021 publication)

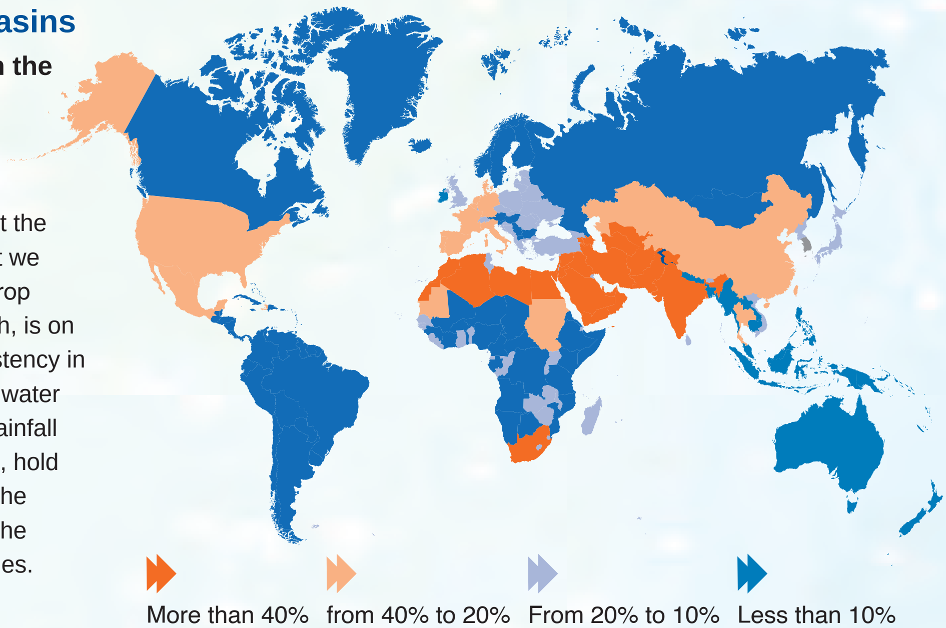
Ecosystems

1/5th of the world's river basins

Are experiencing rapid changes in the area covered by surface water

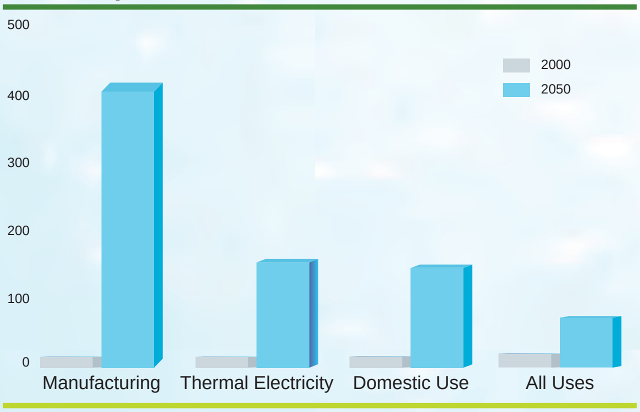
The real issue of water crisis is not about the quantity. It is more about managing what we have efficiently. It is about using every drop wisely and responsibly, the onus of which, is on the humans residing our planet. Inconsistency in water supply due to growing population, water intensive growth patterns and irregular rainfall are some factors which, when combined, hold the potential to pose a serious threat to the future of water. It can drastically impact the sustainable development of the economies.

Water withdrawal as percentage of total available water



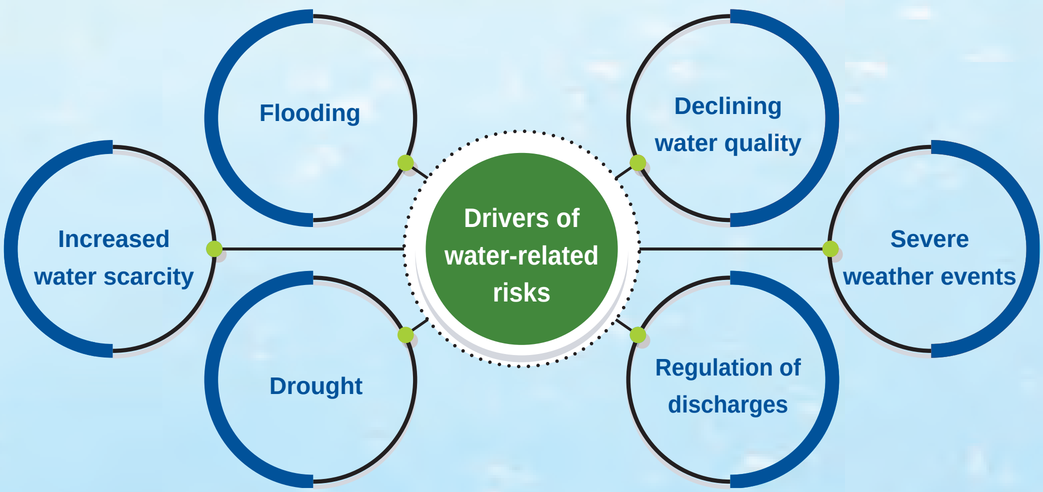
(Source: Grid-Arendal, https://www.grida.no/resources/5625)

Percentage increase of water demand over the period 2000 to 2050



(Source: OECD)

The **demand for water** is expected to globally **rise by 55% over the period 2000 to 2050** *(Source: OECD)*. The major demand, expected to arise from the emerging and developing countries, would be driven by key factors like manufacturing, thermal electricity and domestic usage.



Global Water Treatment Industry

Sustainability of water is the need of the hour. Extreme climate changes, expanding urban boundaries, new industrial facilities and increased sensitivity to environmental needs have made the governments focus on improving water sustainability, globally. To achieve this, right and responsible water management, building adequate water infrastructure and putting the right water treatment systems in place are some of the key areas of emphasis. Around **80% of the entire industrial and municipal wastewater is released untreated into the environment.** This causes a detrimental impact on the entire ecosystem. *(Source: UN Water)*

The current state of affairs underpin the need of improved water resource management. Water treatment systems are considered essential and reliable. They are important sources of contribution to public health, especially after the pandemic. The stress on water underscores the need to uplift the water management infrastructure.

Global Wastewater Market

The water and wastewater market is estimated to be worth USD 243 Billion by 2027, at a **CAGR of 6.7%**. Rising demand for new water resources, increased industrial demand and stringent Government regulations are the growth drivers of this market *(Source: Meticulous research, https://www.meticulousresearch.com/product/water-and-wastewater-treatment-market-5026)*

Countries like Singapore, Philippines, India and Kingdom of Saudi Arabia are increasingly focussing on sewage treatment. This, along with the need for potable water, present substantial growth opportunities in the future.

An impressive **380 Billion m³ of water can be recovered** from the annual volumes of wastewater. This is estimated to reach 470 Billion m³ and 574 Billion m³ by 2030 and 2050, respectively. The full recovery of nitrogen, phosphorus and potassium from wastewater can offset 13.4% of the global demand for these nutrients in agriculture.
(Source: UN Water Report, Valuing Water 2021)

Global Industrial Wastewater Market

The global industrial wastewater treatment market is projected to be worth USD 15 Billion by 2024, registering CAGR of 5.8%. Depleting freshwater reserves, along with stringent regulations with respect to emissions and treatment of industrial wastes are factors leading to the growth of the industrial wastewater market. India and Mexico are few of the key regions to witness high growth.

Asia Pacific is estimated to be the fastest growing region with growth led by high demand arising from various sectors such as power generation, oil and gas, mining, food and beverages, chemicals, textile, paper and pulp among others.
(Source: MarketsandMarkets)

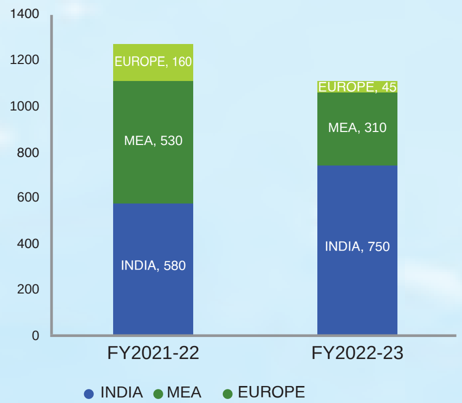
4 Billion people
Live in areas that suffer acute water scarcity for at least one month every year
(Source: Valuing Water report, 2021)

30%
Of the largest groundwater systems are being depleted
(Source: UN World Water Development Report, 2021)

9.9 Billion
World population expected by 2050, higher by 25% from the current levels

½ of natural wetlands
Lost over the last 100 years

Key Industrial Water Treatment Regions



Global desalination market

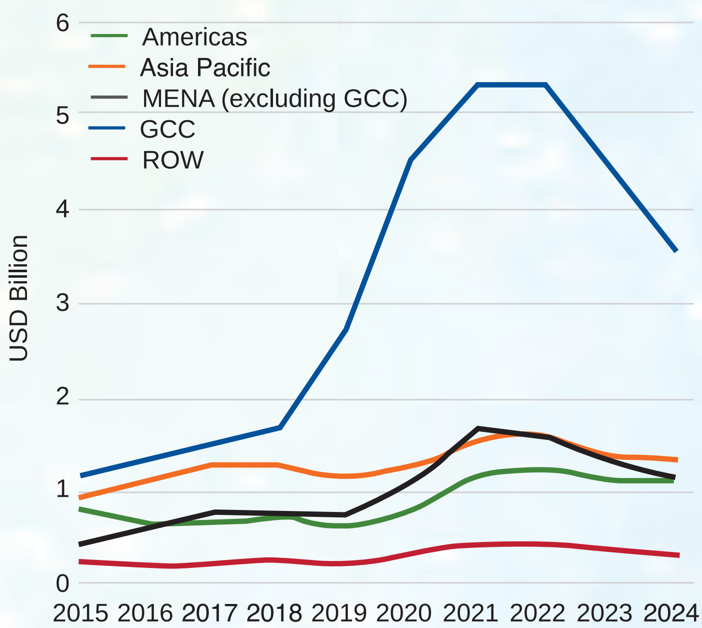
The global desalination market is experiencing a robust growth. Approximately 1% of the global water requirements have been met through desalination in the last few years. This has resulted into the emergence of desalination as critical for the water industry. It has also been incorporated in arid regions and regions with rapid exhausting water supplies. The desalination market is likely to showcase a **CAGR of 7.8% over 2018-2025, valuing USD 27 Billion by 2025.**

(Source: Water Technology)

Major desalination projects

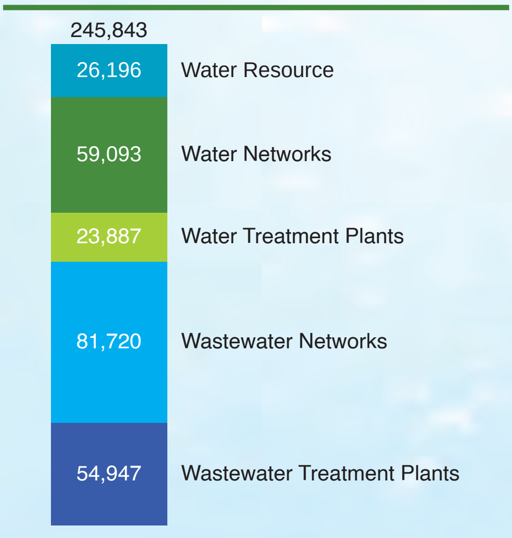
- Egypt undertakes mega desalination programme with an outlay of USD 15 Billion, creating a capacity for 10,480 MLD
- Kingdom of Saudi Arabia having a pipeline of 7,800 MLD Desalination projects

Global desalination capex



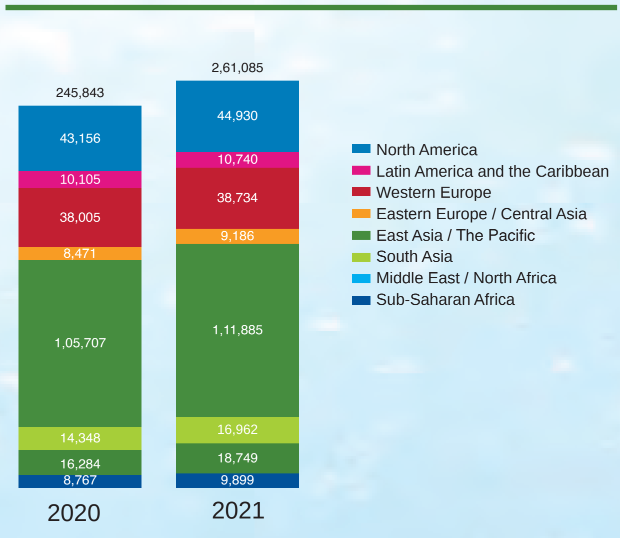
(Source: GWI presentation 2021)

Global utility spending (USD in Million)



(Source: GWI presentation)

Global water utility spending by capex (USD in Million)



(Source: GWI presentation)

The global water utilities spend is anticipated to grow by 6% in 2021 from USD 245 Billion in 2020 to **USD 261 Billion in 2021**. Here again, the Asia Pacific region is expected to contribute the maximum in capital spending. Hence capturing around 40% of the global spending and growing by 5% over 2020-21.

Water Trends Across Regions

Asia-Pacific Region: The Water Landscape

Home to 60% of the global population, Asia Pacific only has 36% of world's available water resources. Asia has witnessed an impressive socio-economic growth over the last decade. Amid this rapid progress, modernisation and advancements, the region's water security, availability and accessibility have all been severely challenged. **Even today, around 1.5 Billion people living in the rural and 0.6 Billion people in the urban areas lack adequate water supply** *(Source: SDG outlinehttp://sdghelpdesk.unescap.org/SDGs/sdg6-clean-water-and-sanitation).*

Aggravating this situation further is the climate change induced disasters, constantly stressing the groundwater resources. Unsustainable water withdrawals are a major concern for this region. Some countries have already withdrawn as much as 50% of their fresh water supply resources. **Groundwater use is estimated to rise to 30% by 2030**. Further, the evolution of megacities from cities will put additional pressure on the water resources as development of infrastructure struggles to keep pace.

Shiraz WWTP, Iran

22 megacities

Along with 5.2 Billion population by 2050 to create enormous pressure on water in the APAC region

55% of the population

Would be urbanised by 2030

70% water

Required for irrigation; insecurity of water would lead to food crisis alongside

USD 198 Billion

Annual estimated investments required over 2015 to 2030 to achieve universal access to safely managed water supply and sanitation services

(Source: Asian Water Development Outlook, 2020)

The Way Forward

Water scarcity in the Asia-Pacific region is a combination of poor access to quality and quantity of water, limited sewerage networks and wastewater treatment systems. The demand for water in the region is anticipated to increase multiple times. This would be led by accelerated urbanisation and intensified population along with the impact of climate changes.

The Asian Development Bank (ADB) has been undertaking key initiatives and steps towards effective and efficient use of available water resources. Additionally, there have also been initiatives to ensure that the ongoing expenditures towards water are substantially passed on to the communities, environment and the economy.

According to the Strategy 2030 estimates, the anticipated investment needs for water and sanitation would be USD 53 Billion, on an average, per year up to 2030. Such investments would expectedly bring about water security to:

- Satisfy the water and sanitation needs in rural household in all communities
- Support activities like agriculture, industry and energy in productive economies
- Develop cities and town that are liveable and vibrant
- Restore rivers and ecosystems in a healthy manner and
- Build communities that are resilient and capable of coping with water-related extreme events

Facts	Government Initiatives
70% of surface water in India is unfit for consumption	Funds worth INR 4 lakhs crore, under various schemes, allocated to water connections and building up infrastructure for water management
0.8% is the current level of wastewater treatment in Indonesia	Indonesia has multilateral funding worth USD 985 Million (active and pipeline)
90% of Bangladesh homes have no piped water connection	The World Bank approved USD100 Million to be appropriated towards increasing access to improved water supplies
30% of population in Mongolia has access to clean piped water	USD 6.5 Billion proposed investments over 2015-2030 under the Integrated Water Management Plan *(https://www.adb.org/sites/default/files/institutional-document/618776/mongolia-country-water-security-assessment.pdf)*
90% of urban wastewater is released back untreated into the environment in Vietnam	The Vietnamese Government is planning to invest USD 10.5 Billion to build new water plants and invest in urban wastewater treatment plant by 2025 *(Source: Vietnam Economic Times) https://vneconomictimes.com/article/business/funds-pouring-in-for-clean-water)*
Improvement in wastewater collection and treatment envisaged by the utilities Manila Water and Maynilad	Outlay of USD 6.5 Billion for wastewater collection and treatment. 16 major WWTPs to come up by 2027

(Source: Borgen Project,https://borgenproject.org/facts-about-water-quality-in-asia/)

India: The Water Landscape

India is in the dual state of growth as well as crisis. On one hand it is one of the leading, rapidly emerging and growing nations and on the other hand, the country is amid a severe water crisis. With more than 17% of the global population residing in India, the country has only 4% of the world's renewable water resources. It is alarming to note that **50% of India's population has no access to safe drinking water**. Not only this, about **Two lakh people** die every day in India due to its lack of access to drinking water. As per NITI Aayog, **40% of India's population will not have access to drinking water by 2030**.

The groundwater currently caters to 60% of irrigation needs, over 80% of rural and urban domestic supply are served from groundwater. This makes India the largest consumer of groundwater globally. If the current trend continues, then 60% of the Indian districts will expectedly reach critical groundwater depletion, within just two decades. This is likely to impact 25% of the country's agriculture production.

(Source: NSSO Report)

Water Scorecard

600 Million people

Face extreme water stress *(Source: Niti Aayog)*

8% drop

Estimated in average annual per capita water availability, from 1,486 cubic metre in 2021 to 1,367 cubic metre in 2031 *(Source: India CSR)*

0.2 Million people

Die every year due to inadequate access to drinking water

2x (times)

Projected increase in the water demand by 2030

84%

Rural households do not have piped water access

15 hours

Per month time spent, on an average, by the rural Indian women to fill and carry water for domestic consumption

The Way Forward

The Government of India has been strongly emphasising on water management. The aim of 'Make in India' and Atmanirbhar Bharat highly dependent on water connectivity, availability and accessibility. The Government has been paying special attention towards provision of drinking water, reusing and recycling of wastewater. Along with this, management of effluents in the water is also being paid attention to. The Government has undertaken various schemes and initiatives in the direction of water preservation and conservation as discussed below:

- **Namami Gange Programme**
- **AMRUT**
- **Jal Jeevan Mission**
- **Swacch Bharat Mission-Urban (2.0)**
- **National River Conservation Directorate (NRCD)**
- **Atal Bhujal Yojana (ABHY)- National Groundwater Management Improvement Program**
- **National Infrastructure Pipeline**

Porrentruy WWTP, Switzerland

Namami Gange Programme

The Namami Gange Programme, an Integrated Conservation Mission, has been approved as a 'Flagship Programme' by the Union Government. Its aim is to accomplish the twin objectives of effective abatement of pollution and conservation and rejuvenation of the national River Ganga.

Water Scorecard

6 sewage treatment plant

Inaugurated by the Prime Minister in Uttarakhand worth INR 500 crore

(Source: ET)

4 folds

Increase in sewage treatment capacity in the last six years in Uttarakhand

INR 28,791 crore

Worth of funds allocated under the mission till date

116 projects

From a total of 310 projects sanctioned, have been completed while rest are under various stages of completion

(Source: freepressjournal)

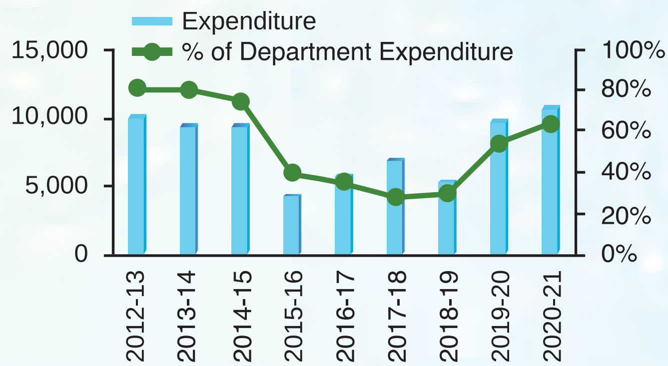
Jal Jeevan Mission

The Jal Jeevan Mission, launched in 2019, aligns with the Government's ambitious programme to provide tap water to all households in the country by 2024. It also includes the National Rural Drinking Water Programme and the total estimated cost of JJM is INR 3.6 lakhs crore over 2019 to 2024.

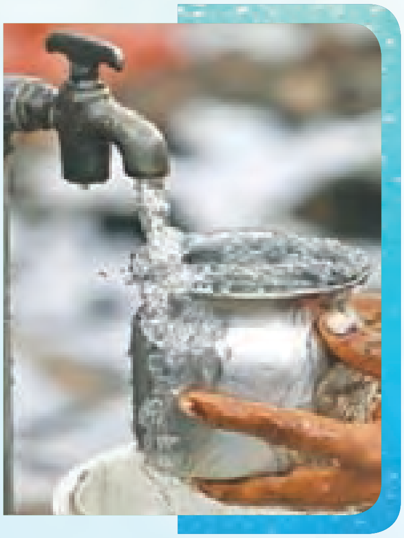
Nal se Jal

A part of the Jal Jeevan Mission, this scheme aims at providing Functional Household Tap Connections (FHTC) to 18 lakhs rural households by 2024. It is based on a unique model where villagers themselves get to 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.

Expenditure on Drinking Water schemes (in INR crore)



(Source: Jal Shakti Abhiyan 2021)



Water Scorecard

3.6 lakhs crore
Estimated funds allocated over 2019-2024

50,011 crore
Allocated in FY 2021-22 budget

4 crore
Households benefited through this program over the last 15 months

55 districts and 84,565 villages
Have tap water connections at every house

(Source: Financial Express)

40% rural households
Covered under the provision of supplying 55 liters, per capita, per day of potable drinking water

AMRUT

It focuses to provide basic infrastructure for water supply, sewerage and seepage management, storm water drainage across in 500 Mission cities.

Water Scorecard

INR 73,641crore
Worth of projects awarded

2,854 projects
Worth INR 11,110 crore completed

476 projects
Are in various stages of implementation

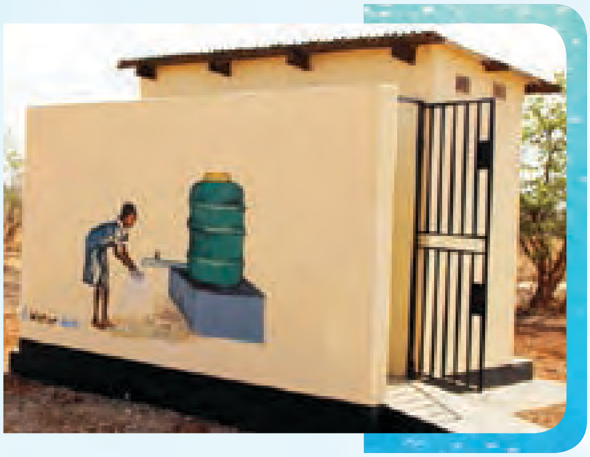
National Infrastructure Pipeline (NIP)

NIP aims at investing in infrastructure across sectors such as water, sanitation, energy, social & commercial infrastructure and enabling the economic development of the country.

Water Scorecard

INR 111 lakhs crore
Allotted to the scheme

7,400 projects
Across various sectors



Swachh Bharat Mission (Urban) 2.0

This mission has been launched under the 'Health and Wellbeing' vertical with an estimated outlay of INR 1,41,678 crore.
It focuses on:

- Sustainable sanitation
- Wastewater treatment, including fecal sludge management, in all urban local bodies with less than 1 lakh population
- Solid waste management
- Information, education and communication and
- Capacity building

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

This project aims at facilitating sustainable management of groundwater resources. It targets to achieve the same through a strong groundwater database and community participation.

Water Scorecard

63%

Of the net annual groundwater is being utilised

INR 238 crore

Allocated in the budget FY 2021-22 towards the Central Ground Board

USD 450 Million

Loan agreement to support the national program to preserve country's depleting groundwater levels and strengthen groundwater institutions

National River Conservation Directorate (NRCD)

An initiative by the Indian Government to address the challenges of pollution in the rivers

Water Scorecard

34 rivers

Covered in 77 towns spread across 16 states

INR 5,000+ crore

Funds sanctioned

(Source: https://pib.gov.in/PressReleasePage.aspx?PRID=1606096)

Other Initiatives

Focus on Desalination Projects

This initiative is still under the conceptual stage in India. The country estimated desalination projects worth over 1,000 MLD are under active consideration currently

Discharge Norms Upgradation and Modernisation of STPs

The National Green Tribunal has directed for stricter norms for effluent discharge from sewage treatment plants.

State Reuse Policies

Various states have issued reuse policies like Karnataka, Maharashtra, Gujarat, Tamil Nadu and Haryana. The target is to reuse 70% and 100% over the next 10-15 years with varying timelines for every state.

One City One Operator Program

The Government is eyeing '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. An investment outlay of INR 230 Billion is estimated for around 150 projects for water supply and sewage treatment.

(Source : GWI)

Majis Desalination Plant, Oman

Middle East & North Africa (MENA)

Middle East & North Africa region is facing acute water crisis. Around 6.3% of the global population residing in MENA has access to a meagre 1.4% of the world's renewable fresh water resources. Around 60% of the population faces extreme water stress. At the current rates of land degradation, around 8.3 Million hectares of arable land will be lost in few years. The crisis is so severe that the average water coverage has fallen by 25%. Further, by the year 2025, it is estimated that average per capita availability in the MENA countries will merely be 500 cubic metres per person. Climate change is also a major contributor behind the water scarcity. As per the World Bank Report, the water crisis issue in the region is more of water mismanagement than water scarcity. **Around 82% of the water is inefficiently managed.**

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1,200 m³/person/year

Water availability in MENA region compared to 7,000 m³/person/year in other geographies

(Source: Ecomena)

75%

Of renewable resources are exploited

2/3rd

Of MENA countries are likely to have less than 200 Million cubic metres of renewable water resources per year

85%

Of water used is for irrigation, which is likely to lead to overuse of scarce renewable water resources, resulting in increased salination

The Way Forward

Of the total wastewater produced, MENA countries **treat 43% – highest among the developing nations**. The region has maximum opportunities for reuse and recycling of water.

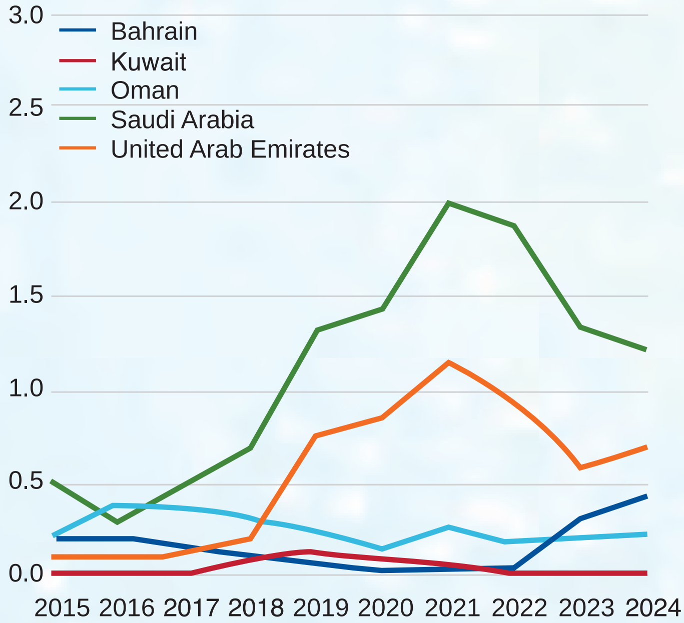
Arab Water Security Strategy 2010-2030 aims at achieving major goals in development and economics, politics and institution

- Egypt's Water Authorities have outlined a 30-year, USD 15 Billion investment programme for desalination
- Total cost of the program is USD 15,243 Million
- Total desalination capacity of 10,482 MLD to be created

GCC countries are **leading in desalination with approximately 40%** of total desalinated water globally. The countries have **81% desalination capacity**. The Kingdom of Saudi Arabia produces 50% of their consumption demand through desalination. It produces 4 Million cubic meters of desalinated water per day and plans to further invest **USD 80 Billion** over the next 10 years.

(Source: Utilities, Middle East)

GCC desalination capex (USD in Billion)



Europe

Climate changes have impacted the water availability in the European region. The countries are witnessing warm winters and hotter summers creating drought like situations. The groundwater is also showing signs of depletion. The Government is taking various initiatives in this area and the call for wastewater treatment has escalated.

3.6%

CAGR of Europe wastewater treatment market over 2021-26

USD 1.2 Billion

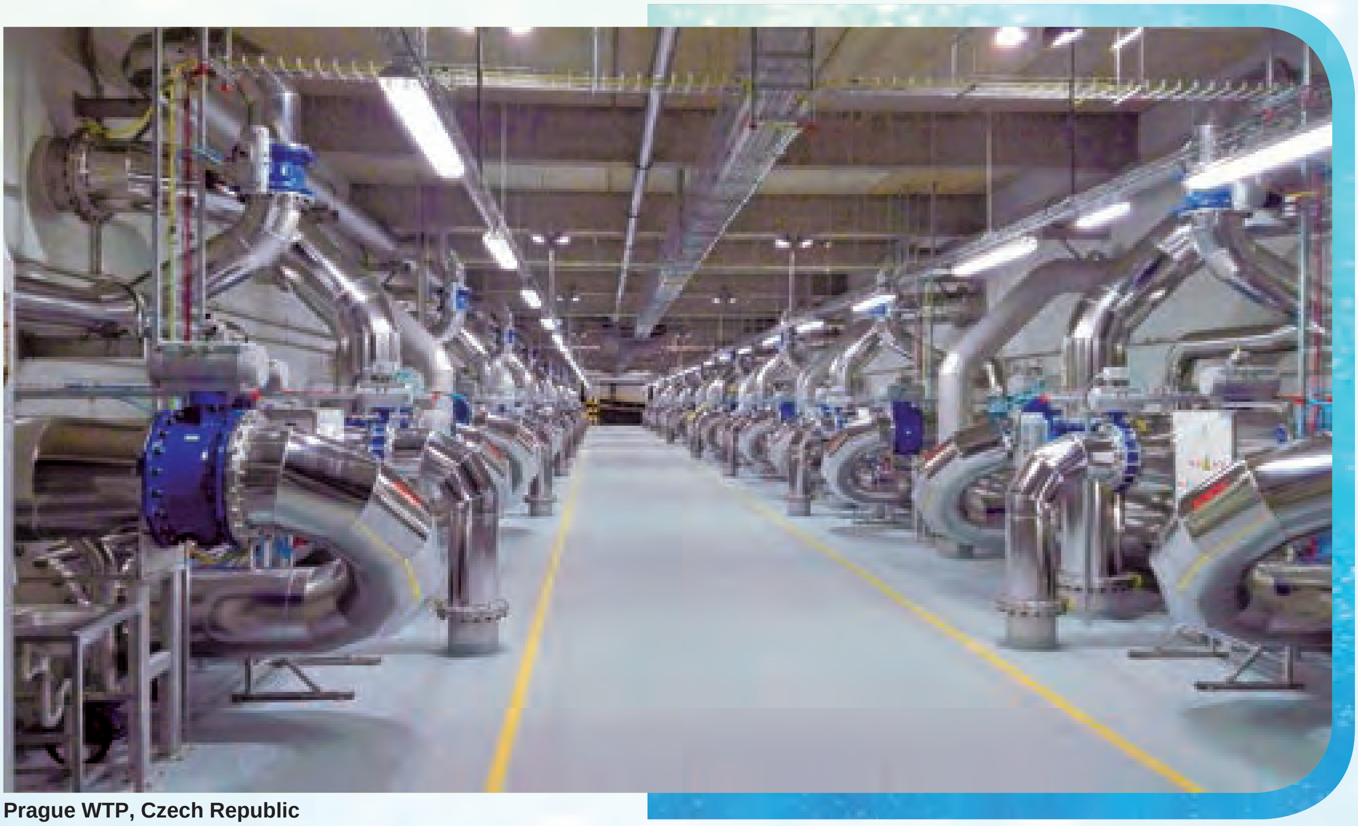
Upgrade programme to enable Elimination of Micropollutants

The Way Forward

Loans have been signed and sanctioned with European Investment Bank for Water Supply and Sanitation Infrastructure. The Government is floating tenders for Greenfield WWTPs, co-financed by Europe Union.

(Source: GWI)

WABAG



Prague WTP, Czech Republic

One of the leading players and geographically diverse water technology Companies, VA Tech WABAG ('The Company' or 'WABAG' or 'We') dates back to 1924. The Company works towards water sustainability and rejuvenates water. We consciously direct our efforts towards effective and holistic water management. This helps ensure water availability to meet multiple needs from agriculture to municipal to industrial segments. We are the system specialists, present across the value chain, providing engineering, procurement and construction to O&M services. WABAG's laser sharp technology is perfectly complemented by its constant R&D. This has helped the Company carve a niche for itself in the segment and evolve across all water management formats.

The Company has been facilitating access to clean and safe water to over 500 Million people. It also caters to major industrial segments such as oil & gas, power, steel and food & beverages. The Group plays a critical role in optimising use of the water resource. With over 6,000 projects executed across 20 countries, WABAG is making sustainable contribution to Millions of people across the world. The Company, through its efforts towards better water management, is creating milestones across the Indian sub-continent, Middle East and Africa, Europe, South-East Asia and Latin America.

Embarking on the road to progress across

India cluster	Middle East and Africa (MEA) cluster	Europe cluster
India, Bangladesh, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Nepal, Philippines, Singapore, Sri Lanka, Thailand, Vietnam	Kingdom of Saudi Arabia, Bahrain, Egypt, Libya, Nigeria, Oman, Qatar, UAE, Namibia, Tanzania, Tunisia	Austria, Czech Republic, Romania, Switzerland, Turkey, Russia

Credible

- Proven track record of handling large and complex projects
- Enjoys leadership position in various key markets in water management services
- Among the leading players with significant market share in the advanced technology segment
- Ground-breaking innovations with several patents to its credit

Capable

- Presence across various business formats EPC, DBO, BOOT, O&M, HAM and One City One Operator
- Timely project execution
- 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)
- Emphasis on providing EPC and O&M services to the municipal and industrial clients primarily across oil & gas sector
- Expertise in providing complex water technology solutions to the Oil & Gas and food & beverages sector
- Expertise on conventional power plants and also nuclear power plants, especially for water solutions for the secondary circle

Competitive

- Offers advanced technology at competitive prices
- A unique mix of talented professionals and energetic team.
- Offers customized total water solutions
- Rich experience in operating and maintaining refinery and industrial ETPs

Confident

- Efficient human resources team aligned with the common goal and essence of ONE WABAG
- Proficiency in pre-treatment systems, demineralisation, condensate polishing, ion exchange technology, cooling water treatment, filtration and neutralisation

Collaborative

- Leveraging opportunities across the water management value chain with capability, competency and reliability
- Serves as a central point catering to industrial and municipal clients projects across countries


El Raswa WWTP, Egypt

Experience. Expertise. Excellence.

A glimpse of our flagship projects

- **World's first** Wastewater Treatment 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 MBR UFRO Wastewater recovery for reuse at Reliance Dahej
- **Asia's largest** Wastewater Treatment plant for the 20 Million tonne Reliance Refinery at Jamnagar
- **India's largest** Seawater RO plant (110 MLD) at Nemmeli, Chennai on DBO basis, meant for 100% potable use. The Kodungaiyur STP Power Neutral Plant in India, leads in achieving the milestone of completing over 100,000 hours on a single gas engine
- **The largest** single train 28 MLD Seawater Desal Plant (UFRO) at Reliance at Jamnagar Refinery
- Building 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
- Desalination plant for supply of potable water with a capacity of 192,000 m^3/day in Muscat, catering over **5 lakhs people**
- **Water Reclamation plant** for Madinaty - a new satellite city near Cairo, Egypt
- **World's first and unique** direct potable water reuse plant at Goreangab, Windhoek, Namibia
- **Largest** tertiary wastewater filtration plant at Zurich
- **Industrial Water Reclamation plant** for steel works Smederova, Serbia
- Turnkey drinking WTP employing an **advanced multi-barrier system** for the entire district of Brčko in Bosinia and Herzegovina
- FAC received for **energy-neutral** municipal WWTP at Sanilurfa (140,000 m^3/d turnkey employing innovative solar sludge drying system)
- **Modernisation** and extension of the WWTP of Kashira snacks manufacturing site of PepsiCo Inc., located near Moscow, Russia

Commissioning of 150 MLD WWTP at K&C Valley, Bengaluru

India Cluster

Key highlights of the year

- Achieved financial closure for our first Hybrid Annuity Model ('HAM') project awarded by Kolkata Metropolitan Development Authority ('KMDA'). The Company secures the closure partnering with International Finance Corporation, Tata Cleantech Capital & EverSource Capital under the Namami Gange programme administered by the National Mission for Clean Ganga ('NMCG'). 40% will be funded by NMCG Grant during the construction period. 60% will be funded by a mix of Debt and Equity (75:25)
- Financial closure for our second HAM project awarded by Bihar Urban Infrastructure Development Corporation (BUIDCO) achieved. The Company has partnered with PTC India Financial Services Ltd for the project under

Marine Works, MRPL

One City One Operator Project, Agra

NMCG to develop Sewage Treatment plants of 150 MLD along with sewerage network of over 453 Km in Digha & Kankarbagh.

Middle East & Africa (MEA) Cluster

Key highlights of the year

- Secured 4.5 Million Bahraini Dinar (approx. 900 Million INR) order from Ministry of Works, Municipalities Affairs and Urban Planning ('MoW') in Kingdom of Bahrain. The order is towards Operation, Maintenance and Management of the Madinat Salman Sewage Treatment Plant ('STP') and Long Sea Outfall for a period of 5 years.
- Awarded USD 48 Million order to execute the 300 MLD (expandable to 500 MLD) Jeddah Airport 2 Independent Sewage Treatment Plant Project at Jeddah, Kingdom of Saudi Arabia. The plant will be built with state-of-the-art NEREDA® technology for the first time in the region. This is a repeat order from Electro Mechanical Works Company.
- Awarded 11 Million Euros worth of project for Water Treatment Plant (WTP) at Kaseeb from Societe Nationale D'exploitation Et De Distribution Des Eaux ("SONEDE"), Tunisia, funded by KfW, the WTP will be built using advanced Lamella clarifier technology. This is a repeat order from SONEDE.
- WABAG Austria has signed 62 Million Euros Framework contract with General Desalination Company of Libya ('GDCOL') to design and build 3 Thermal seawater desalination — Multi-Effect Distillation (MED) plants in Bomba, Libya. This is the largest order for thermal desalination plant order in the history of WABAG. Post completion the plant will provide drinking water capacity to more than 3,00,000 people of the region.

Europe Cluster

- WABAG Switzerland received its biggest ever order towards design and build of Lake Water Treatment Plant from ENERGIE SERVICE BIEL/BIENNE. This order is towards replacing the existing facility over 50 years old and ensuring water security to the city of Biel and Nidau.

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

- WABAG operated hundreds of plants across globe, during lockdown both in India as well as in other countries. We have ensured uninterrupted supply of drinking water and treatment of sewage / effluent. Thereby fulfilling our commitment of protecting environment even during tough times
- Our world-class IT systems enabled seamless remote working during lockdown which ensured business as usual
- Due to COVID entire global supply chain has been disrupted. In response to our requests most of our clients have approved additional time (extension of time) for delay in construction activities due to lockdown
- Workplace hygiene, continuous awareness (SOP), vaccination drive are facilitated for our direct and indirect employees to ensure workplace safety
- The employees mental health also had to be taken care for which we introduced several initiatives like Online Meditation Sessions and Zoom Chatter Sessions wherein employees were encouraged to share their experiences of working from home
- At our Construction as well as O&M sites, employees were provided with well sanitized accommodations, safety measures and all essentials within the project premises to restrict the movement and to avoid the risk of infection
- Multiple weeks of business trips are reduced to few hours of digital interactions with employees as well as customers

International Engineering Centre (IEC)

WABAG's International Engineering Centre in Pune and Vadodara provides design and engineering services to its EPC business under the banner of WABAG Engineering Services. It is equipped to deliver world-class and cost- effective engineering services. It has competent team of engineers and state-of-the-art software to attract global engineering business. IEC provides services to oil & gas, power, fertilizer and steel industries across the globe.

IEC has provided engineering services to prestigious clients like RIL, Dangote, HMEL, Jazan, SSEM, SONEDE, Petronas, Thai Oil.

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

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

Financial Performance

The order book during FY 2020-21 stood at the highest at INR 9,584 crore.

On a Consolidated basis, the Group's revenue stood at INR 2,835 crore in FY 2020-21 as compared to INR 2,557 crore in FY 2019-20. Profit After Tax for FY 2020-21 stood at INR 110 crore.

On a Standalone basis, revenue for FY 2020-21 stood at INR 1,843 crore as compared to INR 1,746 crore in FY 2019-20. Profit After Tax reported for FY 2020-21 stood at INR 73 crore.

The key metrics of the year under review as per SEBI Regulation were as follows:

Debtors Turnover ratio: 1.91 times

Interest Coverage ratio: 4.38 times

Current ratio: 1.40 times

Debt equity ratio: 0.22 times

EBIDTA and net profit margin stood at 7.70% and 3.90% respectively and return on net worth at 7.81% for the FY 2020-21.

Human Capital

At WABAG, our people are the priority. As an effort towards empowering our employees, the following initiatives were taken and implemented through the year.

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.

Emerging Leader Program (ELP)

Though we have YEP in the middle management level, only 4-5 members are getting selected through this program. Hence, to broaden the base, we have initiated another program called Emerging Leader program in the age group of 29 to 40 years. The object of this program is to identify emerging talents in the middle management level and build leadership capability.

Hi-POT Program

To strengthen the leadership pipeline of our Organisation We have developed a very strong program in this regard under the Global Talent Architecture framework, where we are identifying the Hi-Potential (Hi-Pots) leaders who can take on higher responsibilities and larger roles. By this program, we are covering various aspects of Leadership Management such as Individual Development Plans, Succession Planning and their periodic & continuous monitoring through focused mentor ship from business leadership and the talent managers within HR.


Young managers recognition to WABAGites from Madras Management Association

EXTRA MILERS PROGRAM (EMP)

A program intended to identify potential talent among trainees who come through Graduate/Executive training program.

The objective of this program is to build junior management level leadership pipeline. Selected Extramilers will get a sponsorship to a premier institute for a week long basic leadership skills training program followed by an Individual development plan which will be facilitated for their growth in fast track.

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 procedures are effective, understood and applied.

The core team members and cross functional team is created to adhere to the IMS management system throughout the organisation.

Client feedback matters to us and hence, we conduct a Client Satisfaction Survey, every year.

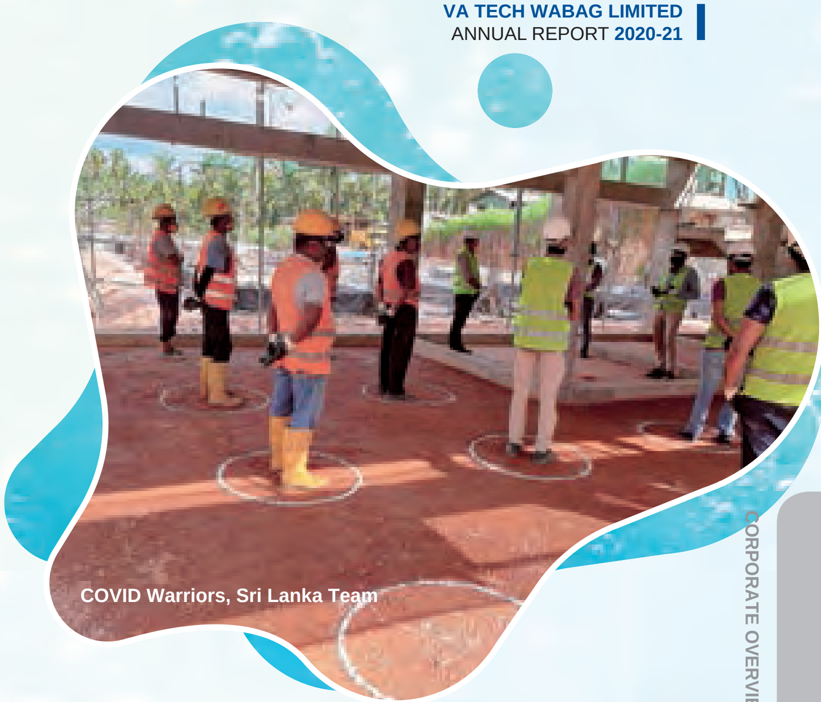
The FIFO was implemented in the EPC sites and operational and maintenance of the plant along with the work procedure. During supplier registration process we do check the process, their certification, credentials and so on.

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.


COVID Warriors, Sri Lanka Team

Safety

- Achieved **4.5 Million safe man hours** at WABAG's Marafiq Sewage Treatment Plant, KSA. The current manpower working at site (Jubail and Yanbu) is close to 1,000+. Wabag was awarded the **'Best Safety Contractor Award for 2020-21'** by the client.
- Achieved **2 Million safe man hours** at WABAG's Polgahawela Water Supply Project, Sri Lanka, on August 31, 2020
- Bangalore Water Supply and Sewage Board – certification of appreciation for **1.6 Million safe man hours** on December 14, 2020
- Achieved more than **1.7 Million man hours** in rehabilitation and expansion of WWTP at Guheswori, Nepal on November 4, 2020 and overall WABAG has achieved more than 9.6 Million safe man hours

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.

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:

- Verifying 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

The Environment Management System is well established and implemented in the EPC and O&M sites. We are implementing World Bank /IFC guidelines and performance standards.

Various initiatives have been taken by the Company for improving sustainability and EHS matters. The main objectives are to:

- Reduce the in-house water and energy use and waste emissions
- Improve greenery development
- Avoid/reduce utilisation of plastic materials
- Reuse treated water
- Control oil slippages
- Protect soil surface contamination
- Noise pollution control
- Avoid the odour in the treatment process, and
- Effective management of concrete waste

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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. We have achieved CII EHS Excellence awards by implementing best practices.

Information Technology

Ongoing efforts are directed towards making WABAG digital & more secured by adopting various digital initiatives.

Digital initiatives

- Implemented a cloud-based NextGen HRMS addressing Hire to retire Process
- Implemented facial recognition system for recording attendance through mobile App & Tablet for One City One Operator Sites
- Implemented advanced backup solutions for safeguarding business critical data
- Implemented NextGen Antivirus solutions with advanced features to safeguard business from IT security threats
- Upgraded operating systems of business critical application servers
- Implemented DR setup for ERP systems
- Consolidated & upgraded Email servers across globe
- Implementation of Wrench Smart solution – Engineering Document management system
- Implementation of call centre operations & CRM applications for One City One Operator projects for capturing & addressing the citizens grievances
- Implementation of E-Invoicing solution
- Implementation of knowledge management solution to capture our existing learnings for improved & error free productivity and performance
- Continuous project and financial position monitoring through the dashboard
- Piloted mobile-enabled geo tracking & geo fencing system for real-time tracking of field workforce
- Enhanced the Company's corporate website with a fresh new and appealing look

Research & Development

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 were planned to be started in the FY 2020-21 at Pappankalan STP, Delhi, for potable water reuse. However due to COVID-19 pandemic it could not be done and it is planned to continue in 2021-22. 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.

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 planned to start the Pilot tests at Delhi/Kondli STP in the FY 2021-22. However based on the results of Ph.D. study at Ewag AG at Switzerland the plan is switched to go to lab scale study first and the basic engineering for the same is in progress and the construction of Lab scale plant is planned in the FY 2021-22 at Koyambedu TTP in Chennai.

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 is planned at Nemmeli Desalination plant pilot tests for further recoveries from RO Brine at Nemmeli Sea Water Desalination Plant and from RO reject at IOCL Paradip refinery. However due to COVID-19 pandemic the studies did not progress and now it is planned to carry out in the FY 2021-22. The technology for Zero Liquid Discharge (or minimum liquid discharge) which has an increasing market potential and has several advantages against classical evaporation. Membrane distillation crystallisation patent was filed in June 2020. This new technology has potential of a breakthrough technology within Zero Liquid Discharge (ZLD) processes.

Hard Chemical Oxygen Demand (COD)

Hard COD removal by BIOZONE® – The Pilot tests at HMEL Bathinda, Punjab, was completed in 2018 (pilot plant currently in a WABAG warehouse in Chennai), the important add-on as COD discharge has been limited (IOCL Paradip, RIL Dahej, HMEL). After COVID-19 outbreak, potential pilot tests were planned to be started at Chennai/Koyambedu

Water Reclamation Plant and at IOCL Paradip refinery (in both cases RO brine treatment/oxidation), but could not be started. Now it is planned to start in FY 2021-22.

Frauenkirchen, Austria - Micro-pollutants Removal

Micropollutants removal by ozone and activated carbon (CARBOPUR® and BIOZONE®) - The pilot tests were 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. The Final report "Advanced purification of Municipal Wastewater with ozone and activated carbon to remove organic trace substances - toxicology and general applicability" was published by the Austrian Federal Ministry of Agriculture & Water in May 2020. Special research: Genotoxicity (bacterial mutagenicity/ AMES tests and hepatocyte/Comet assay) and bioassays (cyto-toxicity, estrogenicity, and others).

Altenrhein, Switzerland - Micro-pollutants Removal

CARBOPUR® and BIOZONE® – Long-term pilot plant MP monitoring & MP monitoring at the full scale plant.

Antimicrobial Resistance Project

Antimicrobial resistance in water reclamation and reuse. The project has been carried out by WABAG Austria 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 the New Goreangab Water Reclamation Plant (NGWRP) in Windhoek, Namibia. The paper "Fate and persistence of antibiotic-resistant bacteria and genes through a multi-barrier treatment facility for direct potable reuse" in IWA Journal of Water Reuse (uncorrected proof) was published in January 2021. The Final paper is expected to be published shortly.

Micro-sieving full scale plant execution at Switzerland, pilot tests in Germany

MICROPUR-CAS® 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, have been started and there are several potential projects in Germany.

Risk Management

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 that are part of our risk register have been re-evaluated during pandemic and been thoroughly analysed for change in risk grading.

Additional risks like safety, productivity, working capital etc. which are attributable only to COVID-19 pandemic are included and appropriate mitigation strategy has been put in place. These are visible in our year end results.

Risks are identified by the Board, Audit Committee and Risk Management and 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 & 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

Business Ethics and Corporate Governance have been an integral part of the Company. 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.

The Company has laid a strong foundation for making Corporate Governance a way of life by constituting a Board with a balanced mix of experts of eminence and integrity, forming a core group of top level executives, inducting competent professionals across the organisation and putting in place appropriate systems, process and technology.

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 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.

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") focuses on upholding the core value of excellence, integrity, responsibility, unity and understanding to ensure that there is a fair, transparent and ethical governance practice in the Company. 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 system & review processes. The Board *inter-alia*, focuses on strategic planning, risk management, compliance, Corporate Governance to maintain high standards of ethical conduct, integrity and succession planning for the Directors.

The Company's Board has been constituted with majority of Directors as Independent Directors with Non–Executive Independent Chairman and Independent Woman Director. The Independent Directors provide Independent and objective judgment on matters placed before them including issues on strategy, policies, operations, risk management and overall governance.

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

2.1 Size & Composition of the Board

Your Company's Board consist of the requisite expertise of Independent and Non – Independent Directors with majority of the Board Members comprising Independent Directors and same is also in line with the Act and SEBI LODR, as amended from time to time. As on March 31, 2021, 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. As on March 31, 2021, about 66% of the Board comprises of Independent Directors. There are no Nominee Directors representing any institution on Board of the Company. Subsequent to close of FY 2020-21, Mr. Amit Goela (DIN: 01754804) was appointed as an Additional Director in the category of Non- Executive Non - Independent Director of the Company w.e.f. July 19, 2021. The profile of Directors is available at our website www.wabag.com.

The Board consists of the following Directors as on March 31, 2021, categorised as indicated below:

Mr. Malay Mukherjee*	Chairman (Non - Executive Independent Director)
Mr. Milin Mehta	Non - Executive Independent Director
Ms. Vijaya Sampath	Non - Executive Independent Woman Director
Mr. Ranjit Singh	Non - Executive Independent Director
Mr. Rajiv Mittal	Executive Director - Managing Director & Group CEO
Mr. S Varadarajan	Executive Director - Whole - Time Director & CGO

*Mr. Malay Mukherjee, Non - Executive Independent Director of the Company was appointed as Chairman of the Board w.e.f. September 23, 2020.

Note: Subsequent to close of FY 2020-21, Mr. Amit Goela (DIN: 01754804) was appointed as an Additional Director in the category of Non- Executive Non - Independent Director of the Company w.e.f. July 19, 2021.

Board Skill

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

1. Expertise in business, project management and operational aspects
2. Adequate knowledge of finance, accounting, technical and other applicable laws.
3. Hands on industry/ business experience
4. Handled/Involved in Indian and / or International businesses
5. Technical expertise and management skills

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. Malay Mukherjee	Mr. Milin Mehta	Ms. Vijaya Sampath	Mr. Ranjit Singh	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	√	√	√	√	√	√

* Directors as on March 31, 2021.

2.2 Board Procedure

The Board usually meets once in a quarter to review the financial results and business operations of the Company and also meets as and when necessary to deal with specific matters concerning your Company. 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.

A 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.

In the wake of COVID-19 pandemic and to adhere to the lockdown and social distancing norms, the Directors participated through Video Conferencing / Other Audio Visual Means in the meetings of the Board and Committees held during the year.

The meetings and agenda items taken up during the meetings complied with the Act and SEBI LODR read with various circulars issued by Ministry of Corporate Affairs ("MCA") and Securities Exchange Board of India ("SEBI") due to COVID-19 pandemic. All Board Meetings are governed by a structured agenda which is backed by comprehensive background information. At Board and / or Committee Meeting(s), detailed presentations are made by the Management Team 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 material information was circulated to the Directors before the meeting or placed at the meeting, including but not limited to mandatory information required to be given as per Part A of Schedule II to the SEBI LODR, as part of the Board papers well in advance (except for certain confidential information which are provided separately in secured manner). All other information such as Press releases, reports, business updates etc. as may be required by the Board are also circulated to all the Directors. The functioning of the Board is democratic and Members of the Board are at liberty to bring up any matter for discussion at the Board Meetings. All Board Members have access to accurate, relevant and timely information to fulfil their responsibilities.

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.

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.

As part of Green initiatives to protect environment, the Company uses a secured electronic software application system through which Board and Committee Meetings agenda, notes, supporting documents and other communications 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 in which he / she is a Director. None of the Directors of the Company serves as a 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 been informing 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.

During the year, Mr. Anil Chandanmal Singhvi (DIN: 00239589), was appointed as an Additional Director in the category of Independent Director of the Company on July 31, 2020 and he tendered his resignation from the said position with effect from August 21, 2020 due to some unavoidable personal reasons. As required under law, Mr. Anil Chandanmal Singhvi, confirmed that there was no other material reason for his resignation other than those provided above.

In terms of the SEBI LODR, the name, categories of Directors, details of Directorships, Chairmanships held by the Company's Directors in other listed entities and Memberships in Committees including public limited companies and in WABAG as on March 31, 2021 are furnished below:

Name of the Director	No. of Directorships*	No. of Committee Memberships**	No. of Committee Chairmanships**	Directorships in other listed entity(ies)	Category of Directorships in other listed entity
Mr. Malay Mukherjee	5	4	-	JSW Steel Limited Uttam Value Steels Limited	Independent Director
Mr. Milin Mehta	5	5	3	Shaily Engineering Plastics Limited 5Paisa Capital Limited	Independent Director
Ms. Vijaya Sampath^	8	5	1	Ingersoll – Rand (India) Limited, Eris Lifesciences Limited, Craftsman Automation Limited, Safari Industries (India) Limited, Varroc Engineering Limited, Intellect Design Arena Limited	Independent Director
Mr. Ranjit Singh^^	3	3	1	Polyplex Corporation Limited, Shaily Engineering Plastics Limited	Independent Director
Mr. Rajiv Mittal	1	2	-	NIL	NIL
Mr. S Varadarajan	1	1	-	NIL	NIL

**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.*

^ Ms. Vijaya Sampath (DIN: 00641110) was appointed as an Additional Director by the Board on July 31, 2020 and the Members approved her appointment as an Independent Woman Director at the last Annual General Meeting (AGM) held on September 23, 2020.

^^ Mr. Ranjit Singh (DIN: 01651357), was appointed as an Additional Director in the category of Independent Director by the Board on November 11, 2020.

All the Directors have furnished their Directorship and Committee's position in other entities as on March 31, 2021 as required under the Act and SEBI LODR.

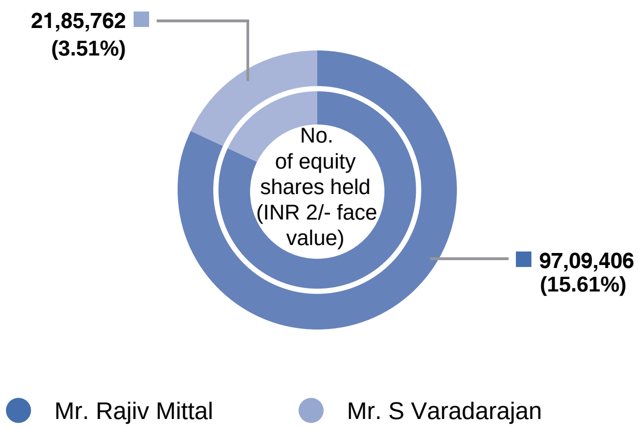
Subsequent to close of FY 2020 - 21, *Mr. Amit Goela (DIN: 01754804) was appointed as an Additional Director in the category of Non – Executive Non - Independent Director of the Company w.e.f. July 19, 2021.*

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. 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, 2021 are as below:



Other Directors: Nil

2.6 Independent Directors

Meeting without Management

The Independent Directors of the Company met on March 25, 2021 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.

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

The Independent Directors of the Company are appointed by the shareholders at General Meetings. 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 Companies Act, 2013 the current tenure of appointment of Independent Directors is as follows:

Independent Directors	From	To	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 Calendar Year 2022	First Term
Ms. Vijaya Sampath – 3 years	July 31, 2020*	July 31, 2023*	First Term

*as approved by the Shareholders at 25th AGM held on September 23, 2020.

Familiarisation Programme

Pursuant to Regulation 25(7) of SEBI LODR, the Company conducts Familiarisation Programme for the Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which Company operates, its management, operation, business and general laws governing the Company.

During the year, Ms. Vijaya Sampath and Mr. Ranjit Singh were appointed as Independent Woman Director and Additional Director in the category of Independent Director, respectively, on the Board of the Company. To familiarise them 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 Personnel of the Company and other Information/Reports/Policies were provided.

The details of familiarisation programme imparted by the Company have been disclosed on the Company's website www.wabag.com.

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 Directors 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.

In view of the outbreak of the COVID-19 pandemic, social distancing norms and the continuing restriction on movement of persons at several places in the country, the Ministry of Corporate Affairs ("MCA") vide its General Circular Nos. G.S.R. 186(E), G.S.R. 395(E), G.S.R. 590(E) and G.S.R. 806(E), dated March 19, 2020, June 23, 2020, September 28, 2020 and December 30, 2020 respectively (collectively referred as "MCA Circulars") had permitted the Companies to hold the meetings of Board of Directors through Video Conferencing / Other Audio Visual Means ("VC / OAVM").

In accordance with MCA Circulars and the Securities and Exchange Board of India circular SEBI/HO/CFD/CMD1/CIR/P/2020/38 and SEBI/HO/CFD/CMD1/CIR/P/2020/110, dated March 19, 2020 and June 26, 2020 respectively (collectively referred as "SEBI Circulars"), the maximum gap between two board meeting of the Company during the year, was was well within the prescribed limits.

During the Financial Year 2020–21, the meetings of the Board of Directors were held through Video Conferencing / Other Audio Visual Means, in compliance with the aforesaid MCA Circulars and SEBI Circulars.

Meetings of the Board during FY 2020-21

No.	Date
1	JUL 31, 2020
2	AUG 25, 2020
3	SEP 15, 2020
4	SEP 29, 2020
5	NOV 11, 2020
6	FEB 11, 2021
7	FEB 17, 2021
8	MAR 25, 2021
9	MAR 30, 2021

Directors' Attendance in Board/ Other Committees/ AGM

The name and categories of Directors, DIN, their Committee positions and attendance particulars of Board, other Committees meetings and Last AGM are given below:

Name of the Directors & their DIN	ATTENDANCE PARTICULARS OF BOARD / COMMITTEE / AGM															
	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 Director - Chairman (till last AGM)	9	3	✓	5	2	NA		4	3	NA		NA		2	1
Mr. Malay Mukherjee 02861065	Independent Director - Chairman	9	9	✓	5	5	NA		4	4	1	1	NA		NA	
Mr. Milin Mehta 01297508	Independent Director	9	9	✓	5	5	4	3	4	1	NA		NA		2	1
Ms. Revathi Kasturi 01837477	Independent Director	9	3	✓	NA		NA		4	3	NA		3	2	NA	
Ms. Vijaya Sampath 00641110	Independent Director	9	9	✓	NA		NA		4	1	NA		3	1	2	1
Mr. Ranjit Singh 01651357	Independent Director	9	4	NA	5	2	4	1	NA		1	1	NA		NA	
Mr. Rajiv Mittal 01299110	Promoter / Managing Director & Group CEO	9	9	✓	5	3	4	4	NA		1	1	3	3	2	2
Mr. S Varadarajan 02353065	Promoter / Whole-Time Director & Chief Growth Officer	9	9	✓	NA		4	4	NA		1	1	3	3	2	2

Notes:

- *Mr. Bhagwan Dass Narang & Ms. Revathi Kasturi ceased to be Independent Directors of the Company w.e.f September 23, 2020 on account of completion of two tenures. They attended all the meetings of Board / Committees held during the Financial Year till completion of their tenure.*
- *Mr. Malay Mukherjee was appointed as Chairman of the Board w.e.f. September 23, 2020 (from the conclusion of last AGM).*
- *Mr. Anil Chandanmal Singhvi (DIN:00239589) was appointed as Additional Director in the category of Independent Director of the Company w.e.f. July 31, 2020 and resigned w.e.f. August 21, 2020*
- *Mr. Ranjit Singh was appointed as an Additional Director in the category of Independent Director of the Company w.e.f. November 11, 2020*
- *Mr. Milin Mehta ceased to be Chairman of Stakeholders Relationship Committee w.e.f. November 11, 2020 and Mr. Ranjit Singh was appointed as Chairman of Stakeholders Relationship Committee w.e.f. November 11, 2020.*
- *Mr. Rajiv Mittal was appointed as Member of Audit Committee w.e.f. September 29, 2020*
- *Mr. Milin Mehta and Ms. Vijaya Sampath were appointed as Member of Nomination and Remuneration Committee w.e.f. September 29, 2020*
- *Mr. Ranjit Singh was appointed as Member of Audit Committee and Risk Management and Monitoring Committee w.e.f. November 11, 2020*
- *Ms. Vijaya Sampath was appointed as Chaiperson of Corporate Social Responsibility Committee w.e.f. September 29, 2020*
- *Mr. Milin Mehta and Ms. Vijaya Sampath were appointed as Chairman and Member, respectively of Overseas Investment Committee w.e.f. November 11, 2020*
- *Mr. S Varadarajan was appointed as member of Risk Management & Monitoring Committee w.e.f. September 15, 2020*
- *Subsequent to close of FY 2020 - 21, Mr. Amit Goela (DIN:01754804) was appointed as an Additional Director in the category of Non – Executive Non - Independent Director of the Company w.e.f. July 19, 2021*
- *All the Directors have attended the meetings of Board/ respective Committee(s), as applicable.*
- *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 structure of the Company and 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 its compositions, scope, powers, duties, roles & 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. The Meetings of the Committee are held at such intervals as deemed necessary by the Committee 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 noting/consideration/ approval, as required. 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, role and 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 July 19, 2021 and comprises following members:

- Mr. Milin Mehta, Independent Director, Chairman of the Committee
- Mr. Malay Mukherjee, Independent Director, Member of the Committee
- Mr. Ranjit Singh, Independent Director, Member of the Committee
- Ms. Vijaya Sampath, Independent Director, Member of the Committee and
- Mr. Rajiv Mittal, Executive Director, Member of the Committee.

The Company Secretary is the Secretary to the Committee. All the Members of the Committee have accounting / financial Management Expertise as required under law to carry out their functions and other relevant expertise. All the Members of the Audit Committee including the Chairman were present at the last Annual General Meeting of the Company held on September 23, 2020, except Mr. Ranjit Singh who was appointed as an Additional Director and Member of the Committee w.e.f November 11, 2020.

The terms of reference of Audit Committee are very wide. The main responsibility of Audit Committee 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 Auditors, 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, results of operations and other aspects.

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 the 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 July 30, 2020, September 15, 2020, November 09, 2020, February 11, 2021 and March 25, 2021 through VC/ OAVM in accordance with the circulars issued by MCA and SEBI. The time gap between two Meetings was well within the prescribed limits. The necessary 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. 101 of this report.

B. Stakeholders Relationship Committee

The constitution, role and 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, as applicable, besides other terms as referred by the Board from time to time.

The Company's Stakeholders Relationship Committee was re-constituted w.e.f. November 11, 2020 and comprises following members:

- Mr. Ranjit Singh, Independent Director, Chairman of the Committee
- Mr. Rajiv Mittal, Executive Director, Member of the Committee
- Mr. S Varadarajan, Executive Director, Member of the Committee

The Company Secretary & Compliance Officer of the Company acts as the Secretary to the Committee.

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 Status of Investor Complaints received and resolved during the year are as under:

No. of Complaints pending as on April 1, 2020	:	Nil
No. of Complaints received during FY 2020-21	:	1
No. of Complaints resolved during FY 2020 -21	:	1
No. of Complaints pending as on March 31, 2021	:	Nil

Pursuant to Regulation 13 (3) of the SEBI LODR, the statement of Investor Complaints received, disposed off and pending for every quarter is filed with Stock Exchanges within 21 days from the end of each quarter and are also placed at the subsequent Meeting of Board. The copy of Investor Complaints/ Grievances filed with Stock Exchanges is also uploaded on the website of the Company www.wabag.com

During the year, the Stakeholders Relationship Committee met four (4) times on June 26, 2020, September 15, 2020, November 11, 2020 and February 10, 2021 through VC/ OAVM in accordance with the circulars issued by MCA and SEBI.

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 September 23, 2020, except Mr. Ranjit Singh who was appointed as an Additional Director and Chairman of the Committee w.e.f November 11, 2020.

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. 101 of this report.

C. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board of Directors meets the criteria laid under section 178 of the Act, and Regulation 19 of the SEBI LODR, as amended from time to time. The Nomination and Remuneration Committee of the Company was re-constituted w.e.f. November 11, 2020 and comprises following Members:

- Ms. Vijaya Sampath, Independent Director, Chairperson of the Committee
- Mr. Milin Mehta, Independent Director, Member of the Committee
- Mr. Malay Mukherjee, Independent Director, Member 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 178 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 is responsible 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, Executive Directors, Board as a whole and that of its Committees, and the appraisal of Senior Management Personnel done by Executive Directors.

The Nomination and Remuneration Committee met four (4) times during the year under review on June 18, 2020, July 30, 2020, September 15, 2020 and November 11, 2020 through VC/ OAVM in accordance with the circulars issued by MCA and SEBI. 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 September 23, 2020.

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. 101 of this report.

C.1 Remuneration to Directors

Non-Executive / Independent Directors:

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 Nomination and Remuneration Committee has laid down criteria for evaluation of the performance of Directors 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 at meetings etc.

The performance evaluation of Independent Director was done by the entire Board, except the Director concerned being evaluated. The performance evaluation of Independent Directors was based on various criteria's fixed by the Nomination and Remuneration Committee, from time to time, including but not limited to time devoted by the Director, strategic guidance given to the Company, advice given for determining important policies, knowledge acquired with regard to Company's business, external expertise provided and Independent judgment that contributes objectively in the Board's deliberation were also considered.

Executive Directors:

The Nomination and Remuneration Committee fixes the Key Performance objectives of the Executive Directors of the Board each year which are aligned with the immediate and long term goals of the Company. The performance evaluation of the Managing Director & Group CEO and Whole-Time Director & CGO is done on the basis of these Key Performance objectives.

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 with effect from October 1, 2020 till March 31, 2025 at the AGM of the Company held on September 23, 2020. 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 at the AGM of the Company held 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 / Bank Line / cash flow / Optimizing Total Cost of Operation of Group etc.
- Succession Planning / Recruitment of Key Lateral leadership / Employee Engagement / Productivity
- 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 FY 2020 –21 are as follows:

(in INR lakhs)

Name	Category	Commission	Salary and Perquisites	Performance Incentive	Superannuation and Provident Fund *	Total
Mr. Malay Mukherjee	Independent Director - Chairman	17.50	-	-	-	17.50
Mr. Milin Mehta	Independent Director	15.00	-	-	-	15.00
Ms. Vijaya Sampath	Independent Director	11.25	-	-	-	11.25
Mr. Ranjit Singh	Independent Director	7.50	-	-	-	7.50
Mr. Bhagwan Dass Narang	Independent Director	10.00	-	-	-	10.00
Ms. Revathi Kasturi	Independent Director	7.50	-	-	-	7.50
Mr. Rajiv Mittal	Managing Director & Group CEO	-	135.38	-	11.57	146.95
Mr. S Varadarajan	Whole-Time Director & Chief Growth Officer	-	59.36	-	4.14	63.50

*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 was re-constituted w.e.f. July 19, 2021 and comprises following Members:

- Ms. Vijaya Sampath, Independent Director, Chairperson of the Committee
- Mr. Amit Goela, Non – Executive Non – Independent Director, Member of the Committee
- Mr. Rajiv Mittal, Executive Director, Member of the Committee
- Mr. S Varadarajan, Executive Director, Member of the Committee

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 June 26, 2020, September 04, 2020 and March 25, 2021. The quorum was present in all the meetings. The Public Relation Officer is in-charge of CSR activities and CSR Lead of the Company are also invited to the Meetings of the Committee and all other, officials, experts and representatives concerned from external / implementing agencies are invited to the meeting(s) of the Committee on case to case basis. All the Members of the Committee were present at the last Annual General Meeting of the Company held on September 23, 2020 except Mr. Amit Goela, who was appointed as Additional Director and Member of the Committee w.e.f July 19, 2021.

The Board of the Company strives to have effective and efficient CSR programs. The Committee have have also formed a CSR sub-Committee, to screen and scrutinise any new proposals 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. 101 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 Committee reviews the business issues in depth and 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.

The Risk Management and Monitoring Committee was re-constituted w.e.f. November 11, 2020 and comprises following Members:

- Mr. Malay Mukherjee, Independent Director, Chairman of the Committee
- Mr. Ranjit Singh, Independent Director, Member of the Committee
- Mr. Rajiv Mittal, Executive Director, Member of the Committee
- Mr. S Varadarajan, Executive Director, Member of the Committee

The Committee's terms of reference are very wide. The main responsibility of Risk Management and Monitoring Committee are as follows:

- review of projects which are time over-run, cost over-run and Issues on liquidity;
- 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.

During the FY 2020-21, one (1) meeting of the Risk Management and Monitoring Committee was held i.e. on January 05, 2021. The requisite quorum was present in the meeting. The Chief Executive Officer, Chief Financial Officer, Company Secretary, Cluster Heads, Regional Heads and other officials / external consultants, as appropriate, are invitees to the Committee meeting(s).

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.101 of this report.

F. Overseas Investment Committee

Compliance has always been priority area of the Board. The Company has 23 Subsidiaries / Associates / JVs spread across different geographies and to monitor and review compliances and Investments made into various entities of the group, the Board has constituted 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) i.e. on June 26, 2020 and March 25, 2021.

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.101 of this report.

4. Affirmations & Disclosures

4.1 Compliance with Corporate Governance Requirements:

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

Disclosure on mandatory requirements of SEBI LODR:

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

Regulation	Particulars of Regulation	Compliance Status
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes

Regulation	Particulars of Regulation	Compliance Status
21	Risk Management Committee [Risk Management & Monitoring Committee]	Pursuant to provisions of SEBI LODR, the constitution of Risk Management Committee was not applicable to the Company during the year. However, the Board has constituted Risk Management and Monitoring Committee as part of governance principles. (Refer note)
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

Note: Subsequent to the close of FY 2020-21, Risk Management and Monitoring Committee has become mandatory committee vide SEBI Circular SEBI /LAD - NRO/GN/2021/22 dated May 05, 2021, and the Company has complied with the same.

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 Company publishes its quarterly and annual financial results in English Newspaper having nationwide circulation and in regional language newspaper. The said results of the Company are also published on its website www.wabag.com. The said results were sent to the registered e-mail addresses of Members, if requested for.

c. Modified opinion in Audit Report

During the year under review, there is no audit qualification on Company's Financial Statements. The Company continues to adopt best practices to ensure unmodified audit opinion.

d. Separate posts of Chairman and CEO

The Chairman of the Board is Mr. Malay Mukherjee, Independent Director and his position is separate from Managing Director & Group CEO, Mr. Rajiv Mittal.

e. Reporting of Internal Auditor

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

4.2 Related Party Transactions

The Company has formulated a policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions (policy), in accordance with Section 188 of the Act and Regulation 23 of the SEBI LODR, as amended from time to time. 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 were at arm's length basis and in 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 No. 39 of the Financial Statements.

Every quarter, a certificate is issued by the Chief Financial Officer of the Company 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, and the said certificate 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 applicable rules and regulations prescribed by Stock Exchanges (NSE / BSE), Securities Exchange Board of India, or any other Statutory Authority relating to the capital markets. No penalties / strictures were imposed on the Company 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. 150 and 210 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, Employee, Business Associates and 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 link https://www.wabag.com/compliances/. Any whistle blower has the option to approach the Committee Members and / or Chairman of the Audit Committee directly through electronic platform with their concerns, if any and take up the matter accordingly without any interference or involvement of any suspected person.

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

During FY 2020-21, there were no complaints received by the Committee Members / Chairman of the Audit Committee.

4.9 CEO / CFO Certification

As required under 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 June 05, 2021, with regard to the Financial Statements and other matters specified in the said regulation, for the FY 2020-21. The said certification is placed on page no. 117 of this report.

While placing the financial results before the Board, the MD / CFO also give certification on financial results 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

The Company does not have any listed subsidiary in India or Overseas. The performance of its subsidiaries, JV and Associate entities is reviewed / monitored inter alia by:

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

b. The Subsidiaries of the Company are managed by their respective Boards, having the rights and obligations to manage such Companies in the best interest of their stakeholders. The cluster / business heads of the Group entities, report to Management / Board of the Company on periodical basis.

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

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

As on the date of this report, your Company has one Material Subsidiary i.e. VA Tech Wabag GmbH, Austria.

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

In compliance with Regulation 26(3) of SEBI LODR, the Company has adopted a Code of Conduct for all employees including the Members of the Board and Senior Management Personnel. 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 FY 2020-21. 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

In accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015 ("SEBI PIT Regulations") the Company has adopted a Code of Conduct for Prevention of Insider Trading and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, as amended from time to time.

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. The Company has duly complied with SEBI PIT Regulations, during the year under review.

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

4.13 Sexual Harassment of Women at Workplace

During the FY 2020-21, no case was reported to the Internal Compliant Committee.

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

Number of complaints filed during the FY 2020-21	:	NIL
Number of complaints disposed off during the FY 2020-21	:	NIL
Number of complaints pending as on end of the FY 2020-21	:	NIL

4.14 Credit Rating

During the year, India Ratings & Research, the Credit Rating Agency, rated the Bank facilities of the Company as "IND A+ with Stable Outlook". 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

In accordance with the requirements of SEBI, an Independent Practicing Company Secretary (PCS) carries out a quarterly audit of the Company's share capital with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The said Certificate is duly submitted to the Stock Exchanges by the Company.

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 Details of utilisation of funds raised through preferential allotment or qualified institutional placement as specified under Regulation 32(7A)

At the AGM of the Company held on September 23, 2020, the Members approved the issuance of 75,00,000 Equity Shares of face value of INR 2/- each at INR 160/- per share for an amount aggregating INR 120 crore on preferential basis. The Company has allotted the said shares to Investors on September 29, 2020. The Company has fully utilized the sum of INR 120 crore for the objects as specified in the Notice of 25th AGM dated August 25, 2020.

4.20 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.

4.21 Compliance Certificate on Corporate Governance

Pursuant to Schedule V of SEBI LODR, a certificate from Mr. M Damodaran of 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 and is forming part of this Annual Report.

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
2019 - 20 (E - AGM)	September 23, 2020	3:00 PM (IST)	Held through Video Conferencing/Other Audio Visual Means (VC/ OAVM)	1. Appointment of Ms. Vijaya Sampath (DIN: 00641110) as an Independent Woman Director 2. Issue of Equity Shares on Preferential Basis 3. Issuance of securities by way of Private Placement/ Preferential Allotment / Further Public Offer
2018 – 19	August 13, 2019	10:30 AM (IST)	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 (IST)	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	1. Re-appointment of Mr. Malay Mukherjee (DIN: 02861065) as an Independent Director 2. Issuance of Non-convertible Debentures and / or other Debt Securities through Private Placement mode

5.2 Special Resolutions passed through Postal Ballot

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

6. Means of Communication

The Company follows a robust process of communicating with its stakeholders and investors. The Company gives a balanced reporting of its results and progress and responds to questions and issues raised by the Members 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. During the year, the 25th AGM of the Company was conducted through Video Conferencing / Other Audio Visual Means and the Members were provided an opportunity to ask questions during the meeting by registering themselves as Speaker. Some of the modes of communication to members are mentioned below:

a. Financial Results:

The quarterly and yearly approved financial results of the Company are forthwith filed with the Stock Exchanges, where the shares are listed, on Quarterly basis and also published in widely circulated national newspapers such as the “Financial Express”, “Business Standard” and the local vernacular daily newspaper, “Makkal Kural” (Tamil edition). The Financial results of the Company are also displayed on the Company’s website www.wabag.com.

b. News Releases, Presentations etc.:

Official press releases, presentations made to the media, analysts, institutional investors, etc. are disseminated to the stock exchanges in the prescribed format and are displayed on the Company's website www.wabag.com. An analysis of the various means of dissemination of information during the year under review is produced in table below:

Means of Communication	Frequency
Press / Media Release	13 times
Earnings Call / Investors Meet / Business update speech	5 times
Publication of results	4 times

c. **Institutional Investors / Analysts:**

The schedule of institutional investors / financial analyst's meetings are intimated in advance to the stock exchanges and disclosed on the Company's website. 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 filed with stock exchanges.

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 Company's website www.wabag.com 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 www.wabag.com.

g. **Reminder to Shareholders:**

In accordance with IEPF rules, if a Member of the Company do not claim the dividend declared by the Company for a period of 7 consecutive years, then the said unclaimed dividend along with the corresponding shares held by them are being transferred to the IEPF authority and no further claim can be made to the Company on such dividend / shares.

The Company dispatched Periodical reminders / communication to those Members who have not encashed their dividend(s) and encourages them to approach the Company / RTA with appropriate documents 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.

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.

A duly signed quarterly compliance report on Corporate Governance in the prescribed format has been submitted to the stock exchanges where the Company's equity shares are listed and placed before the Board at their meeting 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 e-mail:**

The Company sends the documents like Notices, Annual Report, reminder letters for claiming unclaimed dividend, etc. to the Members at their e-mail 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 e-mail id (including those who wish to change their already registered e-mail id) may get the same registered / updated with their depository participants.

As a matter of good governance and to prevent any fraudulent transactions, members are advised to exercise due diligence and notify the Company/ RTA of any change in communication address including e-mail address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

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 e-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, Tamil Nadu, India Phone : 91-44-6123 2323 Fax : 91-44-6123 2324 Email: companysecretary@wabag.in
8.4 Annual General Meeting	Day & Date : Wednesday, August 25, 2021 Time : 3.00 P.M. (IST) Venue : Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")
8.5 Financial Calendar 2020-21	Financial Year: April 1 to March 31
	For the Financial Year ended March 31, 2021 results were announced on:

June 30, 2020	September 15, 2020 (within extended time permitted by SEBI due to COVID-19 pandemic situation)
September 30, 2020	November 11, 2020
December 31, 2020	February 11, 2021
March 31, 2021	June 05, 2021 (within extended time permitted by SEBI due to COVID-19 pandemic situation)

For the financial year ending March 31, 2022 results will be announced (tentatively) on:

June 30, 2021	By end of second week of August, 2021*
September 30, 2021	By end of second week of November, 2021*
December 31, 2021	By end of second week of February, 2022*
March 31, 2022	By end of May, 2022*

*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

From Saturday, August 14, 2021 to Wednesday, August 25, 2021 (both days inclusive) for 26th AGM of the Company.

8.7 Listing Details:

Name & Address of Stock Exchanges	Stock Codes
National Stock Exchange of India Limited (NSE) - Exchange Plaza, Block G, C1, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.	**WABAG**
BSE Limited (BSE) - Floor 25, PJ Towers, Dalal Street, Mumbai - 400 001.	**533269**
ISIN for depositories	INE956G01038

The Company has paid the annual 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, 2021.

9. Market Price Data & Performance

A. Stock Performance

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

Month	National Stock Exchange (NSE)			BSE		
	High (INR)	Low (INR)	Monthly volume	High (INR)	Low (INR)	Monthly volume
April 2020	142.80	73.00	35,77,612	141.85	73.00	3,73,764
May 2020	122.80	88.00	30,88,514	123.10	88.00	3,28,822
June 2020	123.80	92.10	40,36,088	123.70	92.75	5,06,559
July 2020	137.90	105.30	37,06,492	137.90	105.40	3,77,625
August 2020	231.70	118.00	3,14,31,493	235.00	118.45	78,25,692
September 2020	224.50	172.30	1,48,45,641	224.40	172.20	15,75,515
October 2020	203.00	179.55	42,93,446	202.65	179.60	4,14,703
November 2020	205.55	174.80	72,44,459	205.55	175.25	9,72,409
December 2020	223.70	186.75	1,31,68,161	223.90	186.20	14,18,420
January 2021	231.20	183.25	1,22,71,488	231.00	183.20	16,23,407
February 2021	304.80	185.50	2,65,53,528	304.80	185.50	22,72,724
March 2021	292.55	228.35	1,06,54,889	292.30	228.80	18,03,081

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

CORPORATE OVERVIEW
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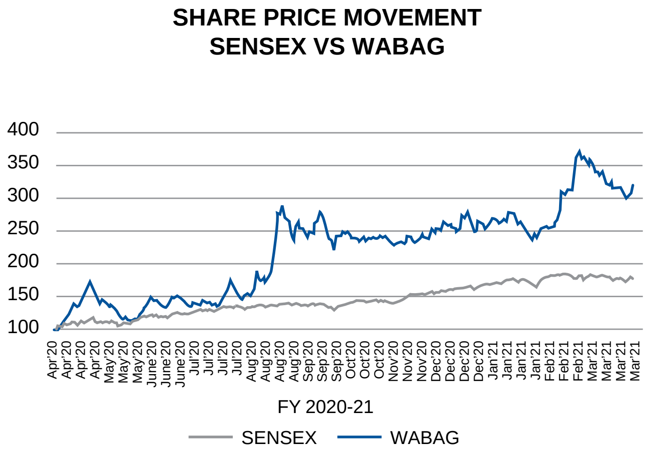
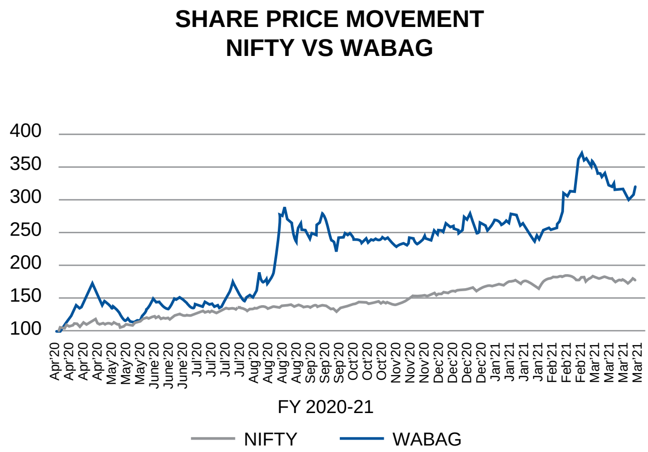
2. Share price performance during Financial Year 2020-21 in comparison to broad based indices - BSE Sensex and NSE Nifty

Month	VA TECH WABAG's Closing Price on NSE on the last trading day of month (INR)	BSE Sensex at the Close of last trading day of the month	NSE Nifty at the Close of last trading day of the month
April 2020	129.25	33,717.62	9,859.90
May 2020	91.05	32,424.10	9,580.30
June 2020	107.75	34,915.80	10,302.10
July 2020	114.45	37,606.89	11,073.45
August 2020	191.35	38,628.29	11,387.50
September 2020	195.15	38,067.93	11,247.55
October 2020	182.55	39,614.07	11,642.40
November 2020	198.90	44,149.72	12,968.95
December 2020	206.40	47,751.33	13,109.05
January 2021	187.10	46,285.77	13,981.75
February 2021	285.40	49,099.99	13,634.60
March 2021	250.85	49,509.15	14,529.15

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

A.





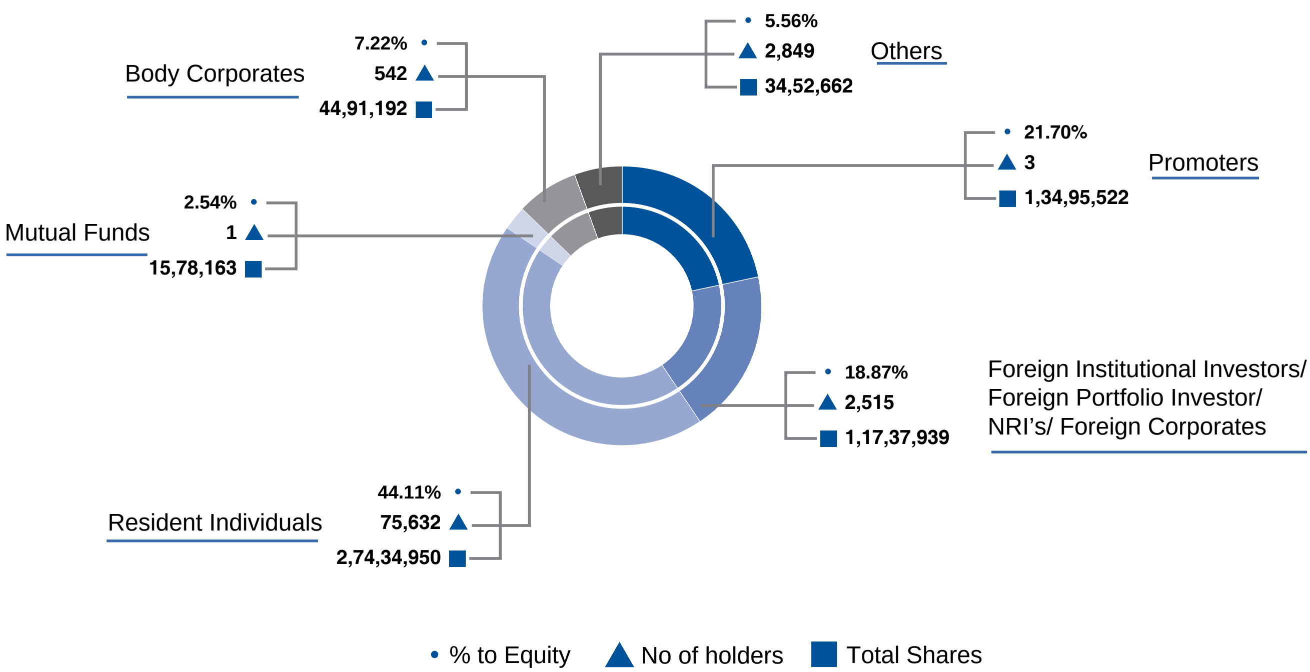
B. Share Capital Details: Distribution of Equity Shareholding as on March 31, 2021

Distribution of Shareholding as on March 31, 2021 (PAN based)

Sl. No	Range of shares	No. of Shareholders	% to Shareholders	Total No. of Shares	% to Equity
1	1 - 1000	77,632	95.20	95,54,387	15.36
2	1001 - 2000	2,148	2.63	31,85,931	5.12
3	2001 - 3000	662	0.81	16,84,089	2.71
4	3001 - 4000	305	0.37	10,92,813	1.76
5	4001- 5000	211	0.26	9,94,320	1.60
6	5001 - 10000	307	0.38	22,65,227	3.64
7	10001 - 20000	135	0.17	19,39,631	3.12
8	20001 - 30000	42	0.05	10,04,018	1.61
9	30001- 40000	26	0.03	9,11,120	1.46
10	40001 - 50000	11	0.01	5,13,236	0.83
11	50001 - 100000	23	0.03	17,13,943	2.76
12	100001 and above	40	0.05	3,73,31,713	60.03
	Total:	**81,542**	**100.00**	**6,21,90,428**	**100.00**

C. Shareholding Pattern as on March 31, 2021 is provided in Annual Return. Refer page no. 56 of Board's Report.

D. Categories of Equity Shareholders as on March 31, 2021 (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.

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.

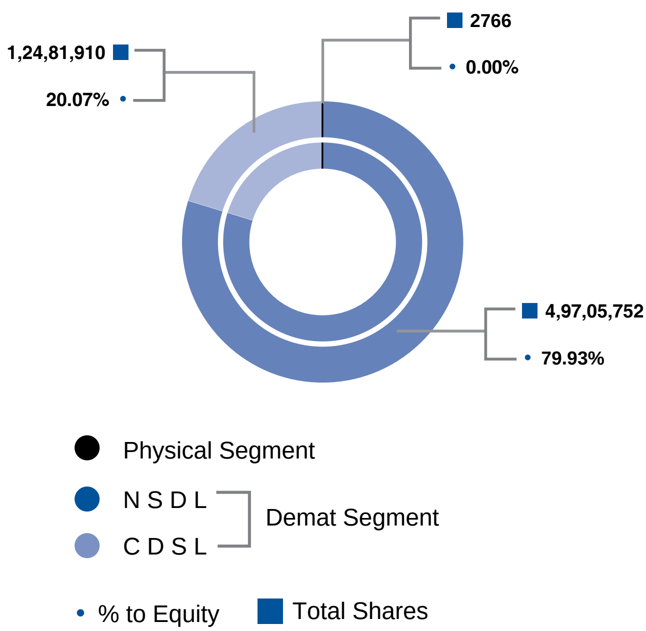
Permanent Account Number (PAN) / Bank Mandate

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 6,21,90,428 equity shares have been dematerialised as on March 31, 2021. 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, 2021:



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 dematerialised 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 2020-21 as compared to FY 2019-20.

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, 2021, as envisaged in the Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

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

Chennai
June 05, 2021

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, 2021 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.

June 05, 2021

Sandeep Agrawal
Chief Financial Officer
New Delhi

Rajiv Mittal
Managing Director & Group CEO
Chennai

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of VA TECH WABAG LIMITED,
Chennai

I, M. Damodaran, Managing Partner of M. Damodaran & Associates LLP have examined the compliance of the conditions of Corporate Governance by VA TECH WABAG LIMITED, Chennai for the year ended on March 31, 2021, 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 ("Listing Regulations").

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 Listing Regulations during the year ended March 31, 2021.

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.

M. DAMODARAN
Managing Partner
M DAMODARAN & ASSOCIATES LLP
Membership No.: 5837
COP. No.: 5081

Place: Chennai
Date: June 05, 2021

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of VA TECH WABAG LIMITED
"Wabag House", No. 17,
200 Feet Thoraipakkam - Pallavaram Main Road,
Sunnambu Kolathur,
Chennai– 600117.

I, M. Damodaran, Managing Partner of M Damodaran & Associates LLP, Practicing Company Secretaries have examined the relevant registers, records, forms, returns and disclosures received from the Directors of VA TECH WABAG LIMITED having CIN - L45205TN1995PLC030231 and having registered office at "Wabag House", No. 17, 200 Feet, Thoraipakkam, Pallavaram Main Road, Sunnambu Kolathur, Chennai – 600117 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Malay Mukherjee	02861065	24/06/2015
2.	Mr. Milin Mehta	01297508	29/04/2019
3.	Ms. Vijaya Sampath	00641110	31/07/2020
4.	Mr. Ranjit Singh	01651357	11/11/2020
5.	Mr. Rajiv Mittal	01299110	27/09/2000
6.	Mr. Subramanian Varadarajan	02353065	24/06/2015

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

M. DAMODARAN
Managing Partner
M DAMODARAN & ASSOCIATES LLP
Membership No.: 5837
COP. No.: 5081

Place: Chennai
Date: June 05, 2021

BUSINESS RESPONSIBILITY REPORT

[Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR)]

WABAG continues to be resource efficient and put in efforts towards better environment management. 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 stakeholders' value in the long term. WABAG has made a sustained contribution in the quality of life well over a hundred million people. Sustainability and the spirit of giving back to society is the core philosophy and corporate citizenship is strongly embedded in the DNA of WABAG.

This Business Responsibility Report (BRR) conforms to the requirement of SEBI LODR and the National Voluntary Guidelines (NVG) on Social, Environmental and Economic 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, 2020 – March 31, 2021**
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 23 direct and indirect Subsidiaries, JV's and Associates or Branches.
   (b) Number of National Locations: WABAG has 4 regional offices at Delhi, Kolkata, Pune and Vadodara in India and presence in over 156 sites in India.
10. Markets served by the Company – Local / State / National / International:

Local	State	National	International
✓	✓	✓	✓

SECTION B: FINANCIAL DETAILS OF THE COMPANY (As on March 31, 2021)

1. Paid up Capital (INR): **12,43,80,856/-**
2. Total Turnover (INR in lakhs): **1,85,289/-**
3. Total profit after taxes (INR in lakhs): **7,303/-**
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 Subsidiaries / Associates / JV entities. In addition, these Subsidiary Companies are also encouraged to take various other initiatives besides their own BR initiatives. WABAG encourages its subsidiary Companies to adopt its policies and practices, 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 WABAG continuously engage its best efforts to enhance the participation in the Business Responsibility initiatives of WABAG. At present, over 80% 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	044 - 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.								
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

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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. WABAG has built trust with its stakeholders by adhering and ensuring commitment to compliance, disclosure, responsible and ethical business conduct. WABAG's governance framework urges the high standards of ethical and responsible conduct of business to create value for all the Stakeholders. WABAG's approach covers key principles of transparency, responsibility and accountability. Across the organisation, it strives to ensure highest levels of adherence to these principles through its policies like Code of Conduct for Board Members and Senior Management Personnel, Code of Conduct for Employees, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, Policy on Prevention of Sexual Harassment, Whistle blower Policy, Anti-Bribery Policy etc. The codes and policies communicate our zero tolerance approach towards ethical violation and requirement for good culture of promoting ethics and integrity.

   WABAG'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 to ensure their independent judgement is not impacted.

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

   The Vigil Mechanism Policy serves as a mechanism for its Directors, Employees, Business Associates and other Stakeholders to report any genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Code of Conduct. WABAG has not received any significant complaints from stakeholders in the previous financial year. 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 WABAG during the FY 2020-21 is referred in Report on 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 provide 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 WABAG build for its 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 by way of reusing and recycling of water. WABAG provide access to clean & safe 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 wellbeing, mitigation of climate change challenge, responsible consumption, production and economic growth.

   Three major product / service 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.

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 is engaged in providing innovative water solutions to its clients by setting up plants and / or provides O&M services. Every O&M site for WABAG is a water factory where WABAG produce quality water or quality treated water for use by industries or people in the cities concerned.

The Projects executed by WABAG across the Globe have an impact in enhancing quality of life of the people. A few projects undertaken by WABAG in recent years have an impact on improvement of environmental and social impact which are as follows:

a) OWSSB - II - Sewage Treatment Project at Cuttack

b) BUIDCO - Digha & Kankarbagh Sewage Treatment Project at Patna

c) ONE CITY ONE OPERATOR - Mission Clean for Ganga Project in two cities Agra and Ghaziabad

d) BWSSB - K&C Valley Sewage Treatment Project at Bengaluru

a) OWSSB - II - Sewage Treatment Project at Cuttack

The OWSSB 16 MLD Sewage Treatment plant in Cuttack, Odisha was commissioned in March 2021. The plant is equipped with advanced wastewater treatment technologies and will boost the sewerage and sanitation system of the city by purifying wastewater into high quality treated wastewater and will rejuvenate the rivers like Mahanadi and Kathajodi. This will ensure a healthy environment for over 1 million people in the city.

The project is funded by the Japan International Cooperation Agency (JICA) and will be operated and maintained by WABAG for 7 years.

b) BUIDCO - Digha & Kankarbagh Sewage Treatment Project at Patna

Digha & Kankarbagh Sewage Treatment Project under execution is one of the largest flagship projects of the Namami Gange Programme aimed at abatement of pollution, conservation and rejuvenation in the Digha & Kankarbagh zones of Patna, one of the most populous cities on the banks of the River Ganga.

The project comprises of sewage collection network, pumping stations (SPS and I&D SPS) and the sewage treatment plants in Digha & Kankarbagh, designed for an average flow of 100,000 m^3/d and 50,000 m^3/d capacity respectively. The construction of sewerage networks which represents over 80% of the total contract is being executed on a DBO basis and the remaining around 20% towards STPs is being executed under the HAM basis.

This treatment unit was designed to utilize low foot print and reduce the footprint area dramatically. The power generated from the plant will be used for the plant operation without drawing power from the grid attaining self-sufficiency and sustainability.

WABAG is also executing projects in 4 out of the 6 zones of Patna for BUIDCO. These projects play a very significant part in realizing the vision of ensuring 100% sewage collection & treatment in Patna. WABAG is currently executing these projects and upon completion would ensure a cleaner and healthier ecosystem for over 50 per cent of the population in Patna.

c) ONE CITY ONE OPERATOR - Mission Clean for Ganga Project in two cities Agra and Ghaziabad

This is the first initiative across the country on the “One City – One Operator” model. WABAG will manage, operate and maintain 22 Sewage Treatment Plants, 70 Pumping Stations and underground network of over 4,200 kilometers with the objective of providing round the clock uninterrupted operations. WABAG shall also improve, rehabilitate and up-grade facilities related to systems, structures and equipment etc., associated with the Sewage Treatment Plants and underground sewage network systems.

This project will ensure treatment of over 670 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. WABAG 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.

With the onset of COVID-19 restrictions during the year, WABAG worked tirelessly to ensure that all STP's and underground sewage network systems were fully operational during the hour of crisis. WABAG achieved 1.5 million Man hours both at Agra and Ghaziabad without a single LTI. WABAG keeps safety of workmen in the forefront.

In Agra, WABAG has resolved over 28,000 customer complaints and replaced 3,500 meters of sewer line, renovated 2,500 manholes by raising and replacing the covers, desilted 76 kms of trunk line and 215 kms of branch sewer lines, this will go a long way in ensuring trouble free network operations in Agra.

Similarly, At Ghaziabad WABAG has resolved over 31,000 customer complaints and desilted over 76 km of trunk lines and 215 kms of branch sewer lines.

WABAG has Revamped 4 STP's from nearly defunct and semi-defunct state resulting in enhancement of treatment capacity by 230 MLD. Treated sewage from these STP's are now meeting stringent NGT /UPPCB norms. Both at Agra and Ghaziabad, WABAG is taking several steps to implement best practices in operation and maintenance of STP's and pumping stations, so that sustainable and trouble free operations are achieved.

WABAG has taken several steps to eliminate direct manual intervention in underground sewage network and this is achieved by deploying jetting machines, super sucker machines for desilting and mini jetting machines for addressing issues in narrow streams. Through these initiatives WABAG has exhibited compassion and ensured safety of workmen. WABAG is determined to attain Operational Excellence through reliability, trouble free operations and cost effective solutions.

d) BWSSB - K&C Valley Sewage Treatment Project, Bengaluru

The JICA funded 150 MLD STP plant executed in K&C Valley in Bengaluru is designed based on the Activated Sludge Process with Biological Nutrient Removal and integrated with a biogas powered bio-plant. WABAG will also operate and maintain the plant for a period of 10 years.

This Sewage Treatment plant with a capacity of 150 MLD will promote conservation and restoration of natural resources in the vicinity of Bellandur Lake in Bengaluru.

The Salient features of the Plant are:

i) Treatment system Comprises- Vortex Grit Removal system, Primary Clarification followed by Activated Sludge process, Secondary Clarification, Chlorination and then the treated water is discharged to Bellandur Lake.

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.

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 endeavours 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 equipment from International vendors from Europe and USA, where stringent compliance to Environmental & Safety standards are adhered to. Many of large vendors of WABAG in India too comply with E&S standards.

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

Yes, there are many MSME vendors who supply goods and services to WABAG.

(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. WABAG deals in engineering products, most of the sourcing are from the organised sector. However, keeping in mind the need for community development, WABAG do procure some engineering / Fabricated items from small producers (MSMEs) and WABAG help them improve their product quality through continuous collaboration to hone their engineering skills.

(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". Testifying to WABAG's pivotal position in the context of water reuse is the plant executed by WABAG at Windhoek, Namibia in 2002. The capacity of the reclamation plant totals 21,000 m^3/d and the raw water used consists of treated municipal wastewater. The key process steps are: Oxidation and Pre-ozonation, Powdered Activated Carbon Dosing, Coagulation and Flocculation, Dissolved Air Flotation (DAF), Dual Media Filtration, Main Ozonation, Biological Activated Carbon Filtration (BAC), Ultrafiltration, Disinfection and Stabilisation. Since start-up, all the relevant standards have been fulfilled without difficulty for over 15 years in operation.

WABAG promotes recycling and the use of alternative energy sources, wherever possible. "WABAG HOUSE" Global Head Quarters at Chennai was awarded as a PLATINUM rated Green Building by CII-IGBC under the "Existing Building O & M category" in the year 2018 for the best performance in the fields of "Water and Energy Performance Index" apart from various other measures taken for Employee Health and Well-being. In spite of our continuous sustained efforts, WABAG was able to achieve enhanced performance and the certification as PLATINUM rated Green Building has been renewed for a further period of three years from 2021 onwards.

Also with an efficient treatment and recycle mechanism in place, WABAG has successfully demonstrated the concept of recycle mechanism at WABAG HOUSE, in which the electricity requirements are almost completely met by Wind energy, with zero water wastage system in place and recycle about 30% of our total office materials consumed.

However, following are some of the key projects in support of recycling mechanism:

a) HMEL – Reverse Osmosis Based Demineralised Plant (RODM Plant)

b) DORC - Dangote Oil Refinery Complex

a) HMEL - Reverse Osmosis based De-Mineralized Plant (RODM Plant)

HMEL (HPCL - MITTAL ENERGY LIMITED) has set up an integrated petrochemical block within the existing refinery complex at Bhatinda, receiving Fuel Gas, Liquefied Petroleum Gas (LPG) and Naphtha as feedstock from the refinery. The complex consist of a Steam Cracker and downstream basic polymer units to produce Linear Low Density Poly Ethylene (LLDPE). To cater the water requirement of petrochemical complex, a Reverse Osmosis based Demineralised plant is provided by WABAG.

Salient Features of the plant are:

Demineralised (DM) water requirement for the Refinery/ Petrochemical complex will be met by recycling the treated effluent from Effluent Treatment Plant (ETP), & Cooling Tower Blow Down (CTBD) streams in RO based DM Plant. In case of non-availability of any one of the maximum quantity of above mentioned effluent streams, to produce the required quantity of DM Water, treated raw water is also provided as backup. Since the DM water requirement of the petrochemical complex is less compared to quantity of various feed effluent streams to RODM Plant, a part of the permeate (of Treated Raw Water quality) is routed to Treated Raw Water Reservoir i.e. 570 m^3/h. Thus, the demand of Raw Water shall partially be met from the operation of RODM Plant. Also two chains of Condensate Polishing Unit (CPU) of 75 m^3/h net capacity is envisaged as a part of the project.

The RODM Plant is designed to produce net DM water of 220 m^3/h with overall plant recovery of $\geq$ 90% and TDS level of $\leq$ 0.1 mg/l.

b) DORC - Dangote Oil Refinery Complex

Dangote Oil Refinery Complex – DORC has set up an integrated 20 MMTPA refinery petrochemical block complex at Lagos, Nigeria, treating crude to petroleum products, Liquefied Petroleum Gas (LPG). The complex consist of complete refinery and a Steam Cracker and downstream basic polymer units to produce Linear Low Density Poly

Ethylene (LLDPE). To cater the water requirement of refinery petrochemical complex, a UF / RO based effluent recycle and Demineralised plant is provided by WABAG.

Salient Features of the plant are:

Demineralised (DM) water requirement for the Refinery/ Petrochemical complex will be met by recycling the treated effluent from Effluent Treatment Plant (ETP), & Cooling Tower Blow Down (CTBD) streams in an RO based DM Plant. In case of non-availability of any one of the maximum quantity of above mentioned effluent streams, to produce the required quantity of DM Water, treated raw water is also provided as backup. Since the DM water requirement of the petrochemical complex is less compared to quantity of various feed effluent streams to RODM Plant, a part of the permeate (of Treated Raw Water quality) is routed to Treated Raw Water Reservoir. Thus, the demand of Raw Water shall partially be met from the operation of RODM Plant. Also two chains of Condensate Polishing Unit (CPU) of 150 m^3/h net capacity is envisaged as a part of the project.

This Plant is designed to produce net DM water with overall plant recovery of $\geq$ 90% and TDS level of $\leq$ 0.1 mg/l.

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 the offices & sites. For wellbeing of employees, Company periodically conducts the health camps like eye care, dental care etc.

The FY 2020-21, being COVID-19 year, WABAG provided the required safe environment to work in the office like disinfect the entire workplace frequently, checking the Employees oxygen level, hand sanitiser before entering & leaving the office, providing sanitiser in all the floors in the office, providing mask and conducted COVID-19 vaccination drive for its employees, etc.

In addition, WABAG have undertaken several short term and long term initiatives such as Online Meditation sessions, Zoom chatter sessions etc., to keep our employees motivated during the lock down phase.

WABAG has provided all possible support to Employees admitted in the Hospital for COVID-19 treatment by talking to the Insurance Company and getting the reimbursement of the money spent by the Employees. Our centralized taskforce that was setup during the lockdown mapped all relevant resources required during emergency times and kept on reassuring our colleagues. Additionally, all the requisite emergency information was updated on our centralized employee engagement platform for easy access.

The task force too was connected with the employees and their family members who were affected by COVID-19 and also provided necessary timely assistance as and when required.

As a staff welfare measure in vogue for long time, WABAG provide employment to the son or daughter of our employees once they complete their education.

1. Please indicate the Total number of employees.

   1065 employees on rolls as on March 31, 2021

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

   Number of employees hired on contractual / consultant basis are 90 as on March 31, 2021. Over 10,000 persons were engaged by WABAG through its sub-contractors as part of its construction and O&M offering to its customers.

3. Please indicate the Number of permanent women employees.

   89 permanent women employees

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

   3

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

   No

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

   NA

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

   NIL

8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?

S. No.	Details	Safety Training		Skill & Development Training	
		No of employees in %	Hours of Training	No of employees in %	Hours of Training
(a)	Permanent Employees	83.30	12,780	65.4	9,729
(b)	Permanent Women Employees	76.77	1,068	85.7	1,752
(c)	Casual / Temporary / Contractual Employees	85.50	25,100	37.5	127
(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 marginalised.

WABAG stands for sustainability. WABAG'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.

Pure water is a pre-requisite for every production process. In fact, a continuous supply of clean water is crucial for the production processes and decisive for the economic success of the industrial facility.

WABAG offers an extensive portfolio of treatment processes under various business models like EPC, DBO, BOT and BOOT. WABAG cover virtually every need from conventional processes to tailor-made high-performance systems (e.g. multiple barrier processes for water reclamation).

The projects executed in Paradip (Odisha, India), Indorama (Nigeria), Petrobrazi (Romania), and Prerov (Czech Republic) speak volumes for the client-confidence reposed in WABAG's technological expertise.

With the experience and expertise gained over three decades, WABAG is one among the world's most acknowledged experts in desalination. Our desalination technologies comprise both Reverse Osmosis and Thermal Desalination.

WABAG delivers end-to-end desalination solutions from deep seawater intake and outflow structures to the post treatment of the product-water.

Our global references enable production of 1,000,000 m^3 of desalinated water every day, thus benefiting over 3.5 million people globally and ensuring water security for numerous industrial establishments.

Global references include the landmark projects at Nemmeli, Chennai, India, and Al-Ghubra at Oman, where WABAG have ensured water security to a large population.

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

   Yes, WABAG has mapped its key internal and external stakeholders such as Employees, Members, Lenders, Government and Regulatory Authorities, Local Communities, Suppliers and Contractors and NGOs.

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

   Yes, WABAG did identify its disadvantaged, vulnerable and marginalised stakeholders. It also forms the basis of WABAG's CSR initiatives design to make it more focused towards improving life quality of local community people.

   WABAG provides employment and other opportunities to the family members of employees on completion of their education, as an employee welfare measures.

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

   WABAG engages with its identified stakeholders through various business and structured level engagements / programmes on an on-going basis. WABAG run specific programs under our "Corporate Social Responsibility (CSR)" umbrella focused on benefitting the disadvantaged vulnerable and marginalised communities. Our CSR Projects not only run around our operations, but are extended much beyond that.

   Some of the Key initiatives taken by WABAG during the FY 2020-21:

   1. Water Conservation through Open Well Rejuvenation
   2. Usharmukti project at West Bengal
   3. Water Conservation and River Rejuvenation
   4. Environmental Sustainability Awareness program
   5. Decentralised Waste Water Treatment Plant and Recycling at Low Income Housing Colony, Warangal

   The K&C Valley project commissioned in June last year, involves supplying of secondary treated sewage from Bengaluru to recharge groundwater in the parched districts of Kolar and Chikkaballapura by filling 134 lakes.

   The K&C Valley project was commissioned to treat Bengaluru's sewage from Koramangala – Challaghatta Valley near Bellandur Lake in order to pump it to Lakshmisagara Lake in Kolar, about 45km away. From the lake, water finds its way to other lakes in Kolar and Chikkaballapura districts, through natural drain network and wetlands.

   This project aims to rejuvenate the depleted groundwater in the drought-hit Kolar region by allowing the treated water from Bengaluru to percolate down from lakes and tanks as a part of unique water- recycling experiment.

   This project will help farmers who are largely dependent on groundwater for irrigation and if successful, the project could be replicated in the other water-starved regions in India.

   This project can be model for the country for sharing wastewater for agricultural use.

   The objectives of this project initiative is to protect and improve upon the natural environmental resources in the vicinity of Bellandur Lake, meet statutory mandates, improve water quality characteristics in the natural streams intern in the tube wells and surface water bodies and maintain water balance in the downstream lake series, reduce health risks, maintain micro climatic conditions suitable for survival of aquatic life, environs, enjoy the tangible and intangible benefits etc.,

i) Due to this project, some farmers in the district who observed an increase in the water levels in their wells.

ii) Farmers in the district have been innovative in using drip- and micro-irrigation.

iii) Primary treatment is the minimum level of pre-application treatment required for wastewater irrigation. This project may be considered sufficient treatment if the wastewater is used to irrigate crops that are not consumed by humans or to irrigate orchards, vineyards and others.

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 Subsidiaries and JV / Associates.

   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 FY 2020-21.

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

As part of day to day operations, WABAG business is responsive towards its stakeholders. For FY 2020-21 WABAG has disposed 4.2 Tons of paper waste as against an average of 5.2 Tons every year. This reduction in waste generation is due to various conservation activities such as 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 for recycling to ITC (TNPCB - authorised recycler). The proceeds of this recycled papers are obtained in the form of stationeries like note book, pencils, erasers etc. which are being distributed to nearby panchayat school students who are in need of the same instead of being used / converted as revenue to WABAG. These sort of activities performed by WABAG are again in addition to and outside the purview of CSR activities of WABAG.

In the process of such paper recycling, WABAG also conserves the environmental resources to the tune of over 90 trees, which would have been cut if at all we are going for equivalent amount of stationery. This also being certified by "**Wellbeing out of Waste**" initiative by ITC paper Board.

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

   WABAG has well-defined policies/principles in place relating to Environment, Social, Health and Safety 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 is certified for ISO 14001:2015, identifies environmental issues, impacts associated and WABAG take mitigation measures in EPC and O & M process.

   WABAG constantly endeavours to promote production of green power from bio sludge at its wastewater treatment plants.

   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 for a conventional activated sludge plant (MICROPUR-CAS®) was 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: Porrentruy WWTP for the removal of micro-pollutants 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 details are available in our website www.wabag.com.

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

Yes. WABAG 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.

As part of our green initiatives, WABAG have been utilizing Wind Energy for Global Head Quarters energy consumption for last 6 years, which helped to reduce the carbon foot print. During the year, WABAG have achieved 96.67% of Wind energy on the total energy consumption at "WABAG HOUSE".

With respect to clean development mechanism and clean technology, WABAG has been focussing on Zero Liquid Discharge system (ZLD). Primarily, most of the sewage treatment plants wherein the treated sewage after meeting the national standards is discharged to river and the sludge which is generated from sewage is used for further digestion generating gas and thereafter producing clean power to be used for plant operation thus ensuring Nil thermal power used from Power Grid and the sludge converted into manure for Horticulture / Agriculture. Plants are in operation at Dinapur, Uttar Pradesh, Bengaluru, and Karnataka and in Guheswori, Nepal etc.

With respect to Industrial effluent, for most of the plants WABAG is advising for recycling and reuse the effluent recovered up to 90%. Such plants are set-up in

- Reliance – Jamnagar, Dahej and Hazira
- IOCL Refineries - Panipat, Paradip and Nayara (formerly ESSAR Oil)
- Currently WABAG is setting up land-locked area, a recycling Zero liquid discharge plant located in NMDC, Nagarnar, wherein even after recovery of 90% water, balance water is treated through evaporators and thus generating Zero Liquid Discharge, the sludge generated is used as landfill.

WABAG is in constant innovation and has been ranked "4th Largest Globally among Top 50 Private Water Operators" by Global Water Intelligence (GWI) based on number of population that WABAG has covered through the treatment plants which it has constructed / operated.

With respect to technology & innovation, WABAG is currently working on advance membrane process for maximizing the water recoveries and minimizing operation cost.

In water scarcity areas in the coastal belt, WABAG has been setting up Desalination plants (Reliance in Jamnagar, Adani's in Mundra, MRPL in Mangalore, Nemmeli in Tamil Nadu), wherein advance recoveries over 40% with latest energy recovery is in place and the concentrated discharge into sea without disturbing marine and fisheries requirements.

WABAG is constantly following all advance process of desalination keeping in mind environmental consensus with the clean technology, energy efficient and renewal energy with clean development mechanism.

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 / also covered in other sections of the Annual Report FY 2020-21.

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. Green power production from sludge biogas has numerous advantages. It not only ensures the plant is self-sustaining but also helps to earn carbon credits. The digested sludge is high in organic content and can act as a natural fertilizer high in N, P, K (nitrogen, phosphorus and potassium). 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.

   WABAG achieved 4 star rating by Confederation of Indian Industry (CII) for Excellence awards for Environment, Health & Safety (EHS).

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. WABAG is 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 Environment, Health & Safety function 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.

   WABAG has received one erroneous notice from one of its customers and the matter is sub-judice. Company is hopeful of disposal of the same very soon through its action in Court.

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:

   WABAG has always adhered to its principle of transparency through timely and adequate disclosure of information to public and regulatory bodies. WABAG 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, 2021, WABAG 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)
   k. EEPC (Engineering Export Promotion Council)
   l. FIEO (Federation of Indian Export Organizations)

   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 the following areas Energy Security, Comprehensive Water & Sanitation Policies, Sustainable Business Principles.

Principle 8: Businesses should support inclusive growth and equitable development

WABAG's main focus is to provide sustainable solutions for a better life. WABAG believes that social, environmental and economic values are interlinked and WABAG belongs to an Interdependent Ecosystem Comprising Shareholders, 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. WABAG 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:

a) **Water Conservation through Open Well Rejuvenation**

The restoration process involved de-silting, deepening and strengthening the side walls of the wells. The entire program was implemented through the local Farmer Producer Company with the support and guidance of MSSRF. To bring about catalytic effect, the entire contribution of WABAG was given as a revolving fund. The recovery loan amount enabled to support new beneficiaries thereby ensuring economic viability and sustainability.

To improve the ground water recharge, the following technologies were used:

- Artificial ground water recharge through dug wells;
- introduction of micro irrigation technology like rain hose technology requiring less water for irrigation.

  96 open wells of 130 small farmers, covering 92.2 ha from 8 panchayats were restored.

Salient Features of the Project:

- The cumulative water holding capacity was increased by 40%. The ground water table raised on an average of 3 meters in all the rejuvenated wells;
- The practice of micro irrigation technology supported to increase the water use efficiency by 20% to 25% and thereby they brought additional area under irrigation;
- 30% to 40% farmers diversified crops from paddy to floriculture and vegetables;
- 75Ha of additional land area brought under irrigation;
- Created additional employment opportunity within their own farm itself;
- Migration reduced especially among the male farmers;
- Finally, farmers' income increased upto 30% to 40% due to availability of water for irrigation which improved their lives and livelihoods.

b) **Usharmukti project at West Bengal**

WABAG entered into a MoU with Bharat Rural Livelihood Foundation (BRLF) for implementation of Usharmukti project with two CSO partners – Development Research Communication and Service Centre (DRCSC) and Tagore Society for Rural Development (TSRD) in western parts of West Bengal.

c) **Water Conservation and River Rejuvenation**

WABAG tied up with Tree Craze Foundation, Delhi based NGO for creating awareness among the school children through Online program. The primary focus was on the younger generation which is the 'Future' of India. It was a massive success. The Ministry of Jal Shakti appreciated this initiative and acknowledged the services.

d) **Environmental Sustainability Awareness program**

WABAG with CII partnership created awareness on water conservation, water reuse, rain water harvesting and water augmentation.

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

   Yes, it is undertaken through in-house team / external agencies / NGOs based on the proposals approved by CSR Committee. The CSR programmes of WABAG are overseen largely by in-house teams with the support of external experts.

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 as also by the CSR committee of the Board.

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

   Details on WABAG'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. WABAG also ensures recovery of precious metals and commodities while treating the water as part of their value creation to the customer.

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

   WABAG has always been customer focused and has been attending to customer complaints and sorting out the issues on a continuous basis. WABAG 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 WABAG during the last 5 years and as on March 31, 2021 regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour.

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. WABAG has been receiving continuously repeat orders from Reliance Petroleum. Reliance placed the very first order on WABAG for an ETP for their large grassroot refinery in Jamnagar complex and they remain one of our most valued customers in Industrial Sector.

   Apart from Reliance, there are other repeat customers like Bangalore Water Supply and Sewerage Board (BWSSB), Delhi Jal Board (DJB), Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB), Orissa Water Supply and Sewerage Board, UP Jal Nigam, Bihar Urban Infrastructure Development Corporation (BUDICO), Kerala Water Authority, 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, National Water Supply and Drainage Board, Sri Lanka, National Water Supply Corporation, Nepal, 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 of Directors

S Varadarajan
Whole - Time Director & Chief Growth Officer
(DIN: 02353065)

Place: Chennai
Date: July 19, 2021

FINANCIAL STATEMENTS

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 2021, 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 2021, 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") 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 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 opinion on the standalone financial statements.

Emphasis of Matter

a. We draw reference to the note 45 of the standalone financial statements which describes that the Company has been executing projects for Andhra Pradesh Power Generation Corporation Limited and 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 Tecpro Systems Limited ('Tecpro') in 2017-18. The net receivables on these projects of INR 42,770 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 46 of the standalone financial statements, wherein the Company has disclosed impact assessment due to COVID-19 pandemic. As stated in the said note, such impact assessment done by the Company's management is dependent on the circumstances as they evolve in subsequent periods. 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 significant 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.

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 (referred to as 'percentage of completion method'). The recognition of revenue and margin therefore relies on estimates in relation to the estimated 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 judgement by the management of the Company 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 include the following: • Evaluate and test 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 • Recalculate revenue recognised under the percentage of completion method on a test basis • Evaluate the financial performance of contracts against budget / earlier year estimates and obtain reasons for significant variances thereto. • Test the contract value, costs incurred to date including the costs accrued for work completed, total estimated 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. • Conduct site visits on a test basis to confirm our understanding of the risks and controls at site level. • Review 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 45 in standalone financial statements The Company measures revenue to be recognised based on the contract costs incurred till the reporting date over the total estimated costs for each contract. Such revenue recognised in excess of progress billing till the reporting date is presented as 'Dues from customers' which are yet to be billed to the customers. 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 of the Company estimates and recognises allowance for expected credit losses on Trade receivables and Dues from customers 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. The valuation of Dues from customers and Trade receivables involves significant management judgement and estimates as stated above, and hence it has been considered as a key audit matter.

S. No.	Key audit matter description and principal audit procedures
	Our procedures include the following: • Evaluate 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 • Request confirmation of balances from customers having significant outstanding balances as at the reporting date • Review the project progress, invoicing and collection history of customers with significant Dues from customers or Trade receivables. Discuss with the project team to understand the management's assessment of risk associated with recoverability • Analyse the past trend and inquire into the reasonableness of expected credit loss allowance matrix developed by the management of the Company for estimating the allowance for Trade receivables. • Consider the subsequent events and collections in assessing the recoverability of Dues from customers and Trade receivables • Consult 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, Business Responsibility 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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India. 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.

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 Standards 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 Standards, we exercise professional judgment and maintain professional scepticism 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 with reference to 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 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
- obtain sufficient appropriate audit evidence regarding the financial information of the Company and its joint operations to express an opinion on the standalone financial statements

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 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 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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 with reference to financial statements 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 with reference to financial statements.

   (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 43 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

Place: Chennai
Date: June 05, 2021

Membership No. 215565
UDIN: 21215565AAAACL6298

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 2021. Accordingly, reporting under clause 3 (v) of the Order does not arise.

(vi) The Central Government has specified maintenance of cost records under section 148(1) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 (as amended) for the operations of the Company. We have broadly reviewed the books of account maintained by the Company in respect of Company's services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and other material statutory dues applicable to the Company during the year with appropriate authorities except for dues in respect of tax deducted at source of INR 1,345 lakhs, goods and service tax of INR 1,557 lakhs and professional tax of INR 23 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 2021 for a period of more than six months from the date they became payable

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of income tax, sales tax, service tax and value added tax at 31 March 2021 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 (INR in Lakhs)	Unpaid disputed amount (INR 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
Karnataka Value Added Tax Act, 2003	Tax & Penalty	527	527	2015-16	Appeal to be filed
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	940	864	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	712	697	2007-08, 2009-10, 2010-11 and 2013-14	West Bengal Appellate Tribunal
West Bengal Value Added Tax Act, 2003	Tax & Interest	1,456	1,455	2011-12 to Q1 2017-18	Senior Joint Commissioner
Gujarat Value Added Tax Act, 2003	Tax, Interest & Penalty	45	32	2010-11 & 2013-14	Gujarat VAT Tribunal, Deputy Commissioner (Appeals)
Gujarat Value Added Tax Act, 2003	Tax, Interest & Penalty	777	777	2016-17 & 2017-18	Appeal pending to be filed
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
Andhra Pradesh CST Act (Now Telangana)	Tax & Penalty	24	24	2015-16	Appeal pending to be filed
Maharashtra Value added Tax Act, 2005	Tax, Interest & Penalty	413	392	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 Gujarat Value Added Tax Act, 2003	Tax, Interest & Penalty	1,136	1,136	2016-17 & 2017-18	Appeal pending to be filed
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	423	423	AY 2016-17, AY 2017-18 and AY 2018-19	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 2021 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. According to the information and explanations given to us and based on our examination of the records of the Company, the term loans availed during the year were utilized for the purpose for which those were raised.

(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) The Company has made preferential allotment of shares during the year. According to the information and explanations given to us and based on our examination of records of the Company, the requirements of Section 42 of the Act have been complied with and the amount raised have been used for the purposes for which the funds were raised. Further, according to the information and explanations given to us, during the year, the Company has not made any private placement of shares or fully or partly convertible debentures.

(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: 21215565AAAACL6298

Place: Chennai
Date : June 05, 2021

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 with reference to financial statements under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls with reference to financial statements of VA Tech Wabag Limited ("the Company") as of 31 March 2021 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 financial controls with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as of 31 March 2021, based on the internal financial controls with reference to financial statements 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: 21215565AAAACL6298

Place: Chennai
Date : June 05, 2021

Balance Sheet as at March 31, 2021

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

Particulars	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	6,702	7,259
Intangible assets	4	129	124
Financial assets			
- Investments	5	3,356	2,538
- Trade receivables	6	46,092	40,305
- Bank balances	7	2,185	1,692
- Other financial assets	8	3,684	965
Deferred tax assets (net)	9	2,126	2,027
Income tax assets (net)	10	9,453	9,369
Other non-current assets	11	-	306
		73,727	**64,585**
Current assets			
Inventories	12	850	757
Financial assets			
- Trade receivables	6	128,196	124,580
- Cash and cash equivalents	13	17,288	8,822
- Bank balances other than those mentioned in cash and cash equivalents	13	4,412	7,136
- Loans	14	208	271
- Other financial assets	8	4,948	10,685
Other current assets	15	84,066	85,474
		239,968	**237,725**
Total assets		**313,695**	**302,310**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	1,244	1,094
Other equity	17		
- Securities premium reserve		39,391	27,762
- Reserves and surplus		76,159	68,808
Total equity		**116,794**	**97,664**
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	22	10,551	2,968
- 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	12,918	13,556
- Other financial liabilities	19	141	163
Provisions	20	495	488
Other non-current liabilities	21	11,076	8,271
		35,181	**25,446**
Current liabilities			
Financial liabilities			
- Borrowings	22	16,527	37,380
- Trade payables			
Total outstanding dues of micro enterprises and small enterprises	18	2,268	1,275
Total outstanding dues of creditors other than micro enterprises and small enterprises	18	111,477	114,798
- Other financial liabilities	19	7,459	8,976
Other current liabilities	21	22,098	14,780
Provisions	20	674	745
Current tax liabilities (net)	23	1,217	1,246
		161,720	**179,200**
Total liabilities		**196,901**	**204,646**
Total equity and liabilities		**313,695**	**302,310**

Notes 1 to 46 form an integral part of the standalone 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 : June 05, 2021

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

Malay Mukherjee
Chairman
(DIN :02861065)

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

Sandeep Agrawal
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No:17696)

Place : Chennai, New Delhi, London
Date : June 05, 2021

Statement of Profit and Loss for the year ended March 31, 2021

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

Particulars	Note	Year ended March 31, 2021	Year ended March 31, 2020
Income			
Revenue from operations	25	184,313	174,632
Other income	26	976	2,061
Total income		**185,289**	**176,693**
Expenses			
Cost of sales and services	27	145,175	131,761
Changes in inventories	28	(93)	244
Employee benefits expense	29	10,656	12,115
Finance costs	30	7,532	7,654
Depreciation and amortisation expense	31	606	667
Other expenses	32	11,629	14,474
Total expenses		**175,505**	**166,915**
Profit before tax		**9,784**	**9,778**
Tax expense	33		
Current tax		2,580	(3,508)
Deferred tax		(99)	7,410
Profit for the year		**7,303**	**5,876**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Re-measurement gain/(losses) on defined benefit plans		64	93
- Income tax relating to items that will not be reclassified to profit and loss		(16)	23
Other comprehensive income for the year, net of tax		**48**	**116**
Total comprehensive income for the year		**7,351**	**5,992**
Earnings per equity share			
Basic (in INR)		12.49	10.75
Diluted (in INR)		12.49	10.75

Notes 1 to 46 form an integral part of the standalone 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 : June 05, 2021

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

Malay Mukherjee
Chairman
(DIN :02861065)

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

Sandeep Agrawal
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No:17696)

Place : Chennai, New Delhi, London
Date : June 05, 2021

Statement of Cash Flows for the year ended March 31, 2021

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A. Cash flow from operating activities		
Profit before tax	**9,784**	**9,778**
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortisation expense	606	667
Unrealised foreign exchange loss/(gain)	1,526	(2,381)
Bad and doubtful debts, net	6,921	10,557
Unclaimed credit balances	(948)	(775)
(Gain)/Loss on sale of property, plant and equipment, net	(17)	15
Gain on sale of investment securities	(63)	-
Interest expenses on lease liabilities	3	2
Interest expenses	3,327	4,459
Interest and dividend income	(897)	(443)
Provision for foreseeable losses on contracts	105	(11)
Provision for compensated absences and gratuity	195	303
Provision for liquidated damages	-	564
Provision for warranty	(185)	(38)
Others	306	-
Operating profit before working capital changes	**20,663**	**22,697**
Changes in working capital		
(Increase) in trade receivables	(18,239)	(17,093)
Decrease/(Increase) in other financial assets	3,025	(2,310)
(Increase)/Decrease in loans and other current assets	1,471	(2,529)
(Increase)/Decrease in inventories	(93)	244
(Decrease)/Increase in trade payables	(1,473)	9,656
(Decrease)/Increase in other financial liabilities	(2,243)	316
Increase in other liabilities	10,123	6,382
(Decrease) in provisions	(115)	(880)
Cash generated from operating activities	**13,119**	**16,483**
Direct taxes paid, net	(2,659)	(3,291)
Net cash generated from operating activities	**10,460**	**13,192**
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital advances)	(91)	(72)
Proceeds from sale of property, plant and equipment and intangible assets	58	17
Purchase of investments	(876)	(2)
Proceeds from sale of investments	121	-
Dividend received	394	-
Interest received	531	249
Net movement in bank deposits	2,147	(4,078)
Net cash generated from /(used in) investing activities	**2,284**	**(3,886)**

Statement of Cash Flows for the year ended March 31, 2021 (contd.)

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
C. Cash flow from financing activities		
Proceeds from long-term borrowings	11,410	-
(Repayment) /Proceeds from short term borrowings, net	(20,815)	3,020
(Repayment) of long term borrowings	(3,135)	(2,694)
Proceeds from issue of equity shares including securities premium	11,779	-
Interest paid	(3,314)	(4,155)
Repayment of lease liabilities	(29)	(37)
Net cash (used in) financing activities	**(4,103)**	**(3,866)**
D. Net change in cash and cash equivalents	**8,641**	**5,439**
Effects of foreign currency translation	(175)	442
E. Cash and cash equivalents at the beginning	8,822	2,940
F. Cash and cash equivalents at the end	**17,288**	**8,822**
Cash and cash equivalents include	**-**	**-**
Cash on hand	-	-
Cheques on hand	3,048	1,793
Balances with banks		
- in current accounts	6,738	7,029
- in deposit accounts (with original maturity upto 3 months)	7,502	-
Cash and cash equivalents as per note 13	**17,288**	**8,822**

Notes 1 to 46 form an integral part of the standalone 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 : June 05, 2021

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

Malay Mukherjee
Chairman
(DIN :02861065)

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

Sandeep Agrawal
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No :17696)

Place : Chennai, New Delhi, London
Date : June 05, 2021

Statement of Changes in Equity for the year ended March 31, 2021

(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, 2019		**1,094**
Balance as at March 31, 2020	16	**1,094**
Issue of share capital on preferential issue		150
Balance as at March 31, 2021		**1,244**

B. Other equity

Particulars	Notes	Other equity						Total
		Reserves and surplus				Securities premium reserve	Share application money pending allotment	
		Capital reserve	General reserve	Surplus in the statement of profit and loss	Accumulated othe 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**

Statement of changes in equity for the year ended March 31, 2021 (Contd.)

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

Particulars	Notes	Other equity						Total
		Reserves and surplus				Securities premium reserve	Share application money pending allotment	
		Capital reserve	General reserve	Surplus in the statement of profit and loss	Accumulated othe comprehensive income			
Balance as at March 31, 2020		**250**	**3,343**	**65,698**	**(483)**	**27,762**	**-**	**96,570**
Dividends	17	-	-	-	-	-	-	**-**
Dividend distribution tax	17	-	-	-	-	-	-	**-**
Employee share-based compensation	17	-	-	-	-	-	-	**-**
Issue of share capital on preferential issue	17	-	-	-	-	11,850	-	**11,850**
Expenditure incurred on preferential issue		-	-	-	-	(221)	-	**(221)**
Transfer to general reserve	17	-	-	-	-	-	-	**-**
Share application money received	17	-	-	-	-	-	12,000	**12,000**
Equity shares allotted	17	-	-	-	-	-	(12,000)	**(12,000)**
Transactions with owners		**-**	**-**	**-**	**-**	**11,629**	**-**	**11,629**
Profit for the year		-	-	7,303	-	-	-	**7,303**
Other comprehensive income		-	-	-	48	-	-	**48**
Total comprehensive income		**-**	**-**	**7,303**	**48**	**-**	**-**	**7,351**
Balance as at March 31, 2021		**250**	**3,343**	**73,001**	**(435)**	**39,391**	**-**	**115,550**

Notes 1 to 46 form an integral part of the standalone 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 : June 05, 2021

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

Malay Mukherjee
Chairman
(DIN :02861065)

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

Sandeep Agrawal
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No :17696)

Place : Chennai, New Delhi, London
Date : June 05, 2021

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 BSE Limited ("BSE") and National Stock Exchange of India Limited ("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, Tamil Nadu.

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 as per Companies (Indian Accounting Standards) Rules, 2015 including its amendments as notified under section 133 of Companies Act, 2013, as amended (the "Act") and other relevant provisions of the Act ("Ind AS").

The standalone financial statements as at and for the year ended March 31, 2021 are approved and authorised for issue by the Board of Directors on June 05, 2021.

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 other financial information 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, 2021.

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.

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 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.

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 intangible assets are carried at cost less accumulated amortisation and accumulated impairment, if any.

Computer 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 is 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 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 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 twelve 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 of 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

Financial assets (other than trade receivables) and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial asset 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 twelve months and credit risk exposure. The Company shall also measure the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset 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 twelve months and credit risk exposure. The Company shall also measure the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. The loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the balance sheet.

d) Financial assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortised cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognised in statement of profit and loss. The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next twelve months and credit risk exposure. The Company shall also measure the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset 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.

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 operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are generally recognised in full, although Ind AS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the Company does not recognise deferred tax liability on temporary differences relating to goodwill, or to its investments in subsidiaries.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in statement of profit and loss, except where they relate to items that are recognised in other comprehensive income (such as re-measurement of net defined benefit plans) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

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 three 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 Provisions, contingent assets and contingent liabilities

Provisions for warranties, litigations, or other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities if the outflow of resources is remote.

The Company does not recognise contingent assets unless the realisation of the income is virtually certain, however these are assessed continually to ensure that the developments are appropriately disclosed in the standalone financial statements.

3.17 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), if any. 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.

3.18 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 three months or less, as applicable.

3.19 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.

3.20 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 40).

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 twelve months for the purpose of current or non-current classification of assets and liabilities

3.21 Transfer Pricing

As per the Transfer pricing norms introduced in India with effect from 1 April 2001, the Company is required to use certain specific methods in computing arm's length price of international transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Transfer pricing study for the fiscal year ended March 31, 2021 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, 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**
Additions	-	-	-	-	-	-	-	34	-	34	57
Disposals	-	-	-	-	-	-	-	-	(118)	(118)	-
Balance as at March 31, 2021	**1,698**	**4,026**	**118**	**367**	**2,072**	**559**	**617**	**552**	**470**	**10,479**	**1,114**
Accumulated depreciation/ amortisation											
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/amortisation 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**
Right to Use Assets on account of adoption of IND AS 116	-	-	-	-	-	-	-	-	-	-	-
Depreciation/amortisation expense for the year	-	68	28	25	213	58	11	55	98	556	53
Reversal on disposal of assets	-	-	-	-	-	-	-	-	(83)	(83)	-
Balance as at March 31, 2021	**-**	**399**	**110**	**160**	**1,429**	**388**	**599**	**479**	**214**	**3,777**	**985**
Net carrying value											
Balance as at March 31, 2020	**1,698**	**3,695**	**36**	**232**	**857**	**229**	**29**	**94**	**389**	**7,259**	**124**
Balance as at March 31, 2021	**1,698**	**3,627**	**8**	**206**	**643**	**171**	**19**	**73**	**256**	**6,702**	**129**

1. Refer note 22 (borrowings) for Land and Buildings pledged as security for the borrowings of the Company
2. Right to Use asset includes 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, 2021	As at March 31, 2020
Non-current		
Investments carried at cost		
Investments in equity instruments of subsidiaries (fully paid-up)		
VA Tech Wabag (Singapore) Pte Limited	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
(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 Limited A*	-	-
(Nil (Previous year : 999) equity shares of BRL 1 each)		
Ganga STP Project Private Limited	5	1
(50,999 (Previous year : 9,999) equity shares of INR 10 each)		
DK Sewage Project Private Limited	1	1
(9,999 (Previous Year: 9,999) equity shares of INR 10 each)		
Digha STP Projects Private Limited	1	-
(9,999 (Previous Year: Nil) equity shares of INR 10 each)		
Kopri Bio Engineering Private Limited	1	-
(5,100 (Previous Year: Nil) equity shares of INR 10 each)		
	2,452	**2,504**
Investments in compulsory convertible preference shares of subsidiaries (fully paid-up)		
Ganga STP Project Private Limited	870	-
(86,99,000 (Previous year : Nil) compulsory convertible preference shares of INR 10 each)		
	870	**-**

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, 2021	As at March 31, 2020
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)
	-	-
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 ***	-	-
(419 (Previous Year: 573) equity shares of INR 10 each)		
	17	**17**
Total non-current investments	**3,356**	**2,538**
Aggregate amount of unquoted investments	3,425	2,607
Aggregate amount of impairment in the value of investments	69	69

* VA Tech Wabag Brazil Servicos De Agua E Saneamento Limited A liquidated on September 30, 2020.

** 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 4,190 (Previous year: INR 5,730), the same is below the rounding off norm adopted by the Company.

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

Particulars	As at March 31, 2021	As at March 31, 2020
Extent of investment in subsidiaries		
VA Tech Wabag (Singapore) Pte Limited	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 Limited A	-	100.0%
Wabag Limited (Thailand)##	49.0%	49.0%
Wabag Operations and Maintenance WLL (Bahrain)	-	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%	100.0%
Digha STP Projects Private Limited	100.0%	-
Kopri Bio Engineering Private Limited	51.0%	-
DK Sewage Project Private Limited	100.0%	100.0%

Particulars	As at March 31, 2021	As at March 31, 2020
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 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 partner was agreed and hence the investment in the legal entity has been accordingly reclassified as an associate based on economic interests in the projects respectively as against the ownership in the entity.

##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 FY 2020-21, which was valid until December 31, 2021.

Note: The Company, as per the requirements of the concession agreements signed, has formed Ganga STP Project Private Limited and DK Sewage Project Private Limited as Special purpose Vehicles (‘SPV’) to execute Hybrid Annuity Model (‘HAM’) projects received in Kolkata and Bihar respectively. The Company is in the process of investing capital in these SPVs, as per terms of the concession agreements.

Summary of significant accounting policies and other explanatory information (Contd.)

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

6. Trade receivables (Unsecured considered good, unless stated otherwise)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Trade receivables	2,500	11,235
Customer retention	43,592	29,070
	46,092	**40,305**
Current		
Trade receivables	115,548	103,402
Customer retention	12,648	21,178
	128,196	**124,580**
Credit impaired		
- Trade receivables	7,569	7,716
- Customer retention	520	301
Less : Allowances for expected credit loss		
- Trade receivables	(7,569)	(7,716)
- Customer retention	(520)	(301)
	-	-
	128,196	**124,580**

Trade receivables include due from related parties amounting to INR 14,638 lakhs (March 31, 2020: INR 7,228 lakhs). Customer retention includes due from related parties amounting to INR 632 lakhs (March 31, 2020: Nil). 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 72 lakhs (2019-20: INR (5,895) 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, 2021	Year ended March 31, 2020
Balance at the beginning of the year	**8,017**	**13,912**
Additions during the year, net	6,118	11,358
Utilised during the year, net	(6,046)	(17,253)
Balance at the end of the year	**8,089**	**8,017**

7. Bank balances

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current bank balances	2,185	1,692
	2,185	**1,692**

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.

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

8. **Other financial assets** (Unsecured, considered good)

Particulars	As at March 31, 2021	As at March 31, 2021
Non-current		
Security deposits	3,655	944
Advances to employees	29	21
	3,684	**965**
Current		
Security deposits	1,340	2,697
Tender deposits	61	290
Rental deposits	182	182
Dues from related parties (Also refer note 39(c))	3,227	7,255
Advances to employees	138	261
	4,948	**10,685**

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 41 for description of the Company's financial instrument risks, including risk management objectives and policies.

9. Deferred tax assets (net)

Particulars		As at March 31, 2021	As at March 31, 2020
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		193	208
- Allowances for expected credit loss		2,238	2,038
- Deffered tax impact on transition to Ind AS-115		-	-
- Others		17	133
Total deferred tax asset	**A**	**2,448**	**2,379**
Deferred tax liability arising on account of :			
- Timing difference between carrying value of property, plant and equipment / Intangible assets as per tax laws		(322)	(352)
Total deferred tax liability	**B**	**(322)**	**(352)**
Net deferred tax assets	**(A+B)**	**2,126**	**2,027**

Summary of significant accounting policies and other explanatory information (Contd.)

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

Deferred tax recognized in statement of profit and loss and other comprehensive income for the year ended 31 March 2021:

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	-	15
- Allowances for expected credit loss	-	(200)
Deferred tax liability arising on account of :		
- Timing difference between carrying value of property, plant and equipment/ Intangible assets as per tax laws	-	-
- Others	-	(30)
Total	**-**	**(99)**

Deferred tax recognized in statement of profit and loss and in 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**

#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 realised. The ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

All deferred tax assets have been recognised in the balance sheet.

Summary of significant accounting policies and other explanatory information (Contd.)

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

10. Income tax assets (net)

Particulars	As at March 31, 2021	As at March 31, 2020
Income tax assets net of provision for tax	9,453	9,369
	9,453	**9,369**

11. Other non-current assets (Unsecured, considered good)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital advances	-	306
	-	**306**

12. Inventories

Particulars	As at March 31, 2021	As at March 31, 2020
Contract inventories	62	172
Stores and spares	788	585
	850	**757**

13. Cash and bank balances

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents		
Cheques on hand	3,048	1,793
Balances with banks		
- in current accounts	6,738	7,029
- in deposit accounts (with original maturity upto 3 months)	7,502	-
	17,288	**8,822**
Bank balances other than mentioned in cash and cash equivalents		
Unpaid dividend account	9	10
Deposits with maturity less than 3 months#	758	3,366
Deposits with maturity more than 3 months but less than 12 months#	3,645	3,760
	4,412	**7,136**

#Deposits includes a sum of INR 4,403 lakhs (March 31, 2020: INR 7,126 lakhs) held as margin money or security against the borrowings, guarantees and other commitments.

14. Loans (Unsecured, considered good)

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Loans to related parties (Also refer note 39(c))	208	271
	208	**271**

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, 2021	As at March 31, 2020
Dues from customers for construction contract works*	48,937	59,808
Advance to supplier	18,220	15,727
Balances with government authorities	14,522	8,387
Duty drawback and other duty free credit entitlement receivable	179	63
Prepaid expenses	2,181	1,440
Others	27	49
	84,066	**85,474**

* Includes allowance for expected credit loss amounting to INR 619 lakhs (March 31, 2020 :Nil)

There are no advances due from directors or other officers of the Company.

16. Equity share capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
Authorised				
Equity shares of INR 2 each	75,000,000	1,500	75,000,000	1,500
Issued, subscribed and fully paid up				
Equity shares of INR 2 each	62,190,428	1,244	54,690,428	1,094
	62,190,428	**1,244**	**54,690,428**	**1,094**

a) Reconciliation of share capital (Equity)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
Balance at the beginning of the year	54,690,428	1,094	54,690,428	1,094
Issue of share capital on preferential issue	7,500,000	150	-	-
Balance at the end of the year	**62,190,428**	**1,244**	**54,690,428**	**1,094**

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

Particulars	Number	% holding	Number	% holding
Equity Shares of INR 2 each				
Mr. Rajiv Mittal (Managing Director & Group CEO)	9,709,406	15.6%	9,709,406	17.8%
Ms.Rekha Rakesh Jhunjhunwala	5,000,000	8.0%	-	-
	14,709,406	**23.6%**	**9,709,406**	**17.8%**

c) Terms/right attached to equity shares

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

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

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) Shares reserved for issue under options

There is no options reserved for issuance of equity shares to the employees as on March 31, 2021.

e) 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, 2021

f) 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, 2021	As at March 31, 2020
Borrowings		31,508	44,061
Less: Cash and bank balances		(23,885)	(17,650)
Net debt	**(A)**	**7,623**	**26,411**
Total equity	**(B)**	**116,794**	**97,664**
Total equity and net debt	**(C=A+B)**	**124,417**	**124,075**
Gearing ratio	**(A/C)**	**6.1%**	**21.3%**

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, 2021	As at March 31, 2020
Securities premium reserve		
Balance at the beginning of the year	27,762	27,762
Add : Additions made during the year		
Issue of share capital on preferential issue	11,850	-
Expenditure incurred on preferential issue	(221)	-
Balance at the end of the year	**39,391**	**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, 2021	As at March 31, 2020
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, 2021	As at March 31, 2020
General reserve		
Balance at the beginning of the year	3,343	3,343
Add : Transfer from stock option outstanding account	-	-
Balance at the end of the year	**3,343**	**3,343**
General reserve represents an appropriation of profits by the Company.		

Particulars	As at March 31, 2021	As at March 31, 2020
Surplus in the statement of profit and loss		
Balance at the beginning of the year	65,698	59,821
Add : Transfer from statement of profit and loss	7,303	5,876
Add: Adjustment as a result of transition to IND AS 116 on April 01, 2019	-	1
Balance at the end of the year	**73,001**	**65,698**

Surplus in the statement of profit and loss comprises of prior year's undistributed earnings after taxes.

Particulars	As at March 31, 2021	As at March 31, 2020
Accumulated other comprehensive income		
Balance at the beginning of the year	(483)	(599)
Add / (Less) : Transfer from other comprehensive income	48	116
Balance at the end of the year	**(435)**	**(483)**

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

Particulars	As at March 31, 2021	As at March 31, 2020
Share application money pending allotment		
Balance at the beginning of the year	-	-
Add : Share application money received	12,000	-
Less : Equity shares allotted	(12,000)	-
Balance at the end of the year	**-**	**-**

Share application money pending allotment represents applications received towards subscription from Preference share holders for issue of preferential equity shares . The equity shares are alloted to preference share holders 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	**115,550**	**96,570**

18. Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Dues to micro and small enterprises (Also, refer note (a) below)	-	-
Dues to others	12,918	13,556
	12,918	**13,556**
Current		
Dues to micro and small enterprises (Also refer note (a) below)	2,268	1,275
Dues to others	111,477	114,798
	113,745	**116,073**

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, 2021	As at March 31, 2020
i) Principal amount remaining unpaid	1,275	922
ii) Interest due thereon	96	142
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	96	142
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 948 lakhs (March 31, 2020: INR 775 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, 2021	As at March 31, 2020
Non-current		
Employee related payables	141	163
	141	**163**
Current		
Current maturities of long term borrowings, Secured (Also refer note 22 (a))	4,430	3,024
Current maturities of long term borrowings, Unsecured (Also refer note 22 (a))	-	689
Financial guarantee obligation	-	459
Lease Liabilities	9	35
Dues to related parties	1,286	3,175
Unpaid dividends	9	10
Employee related payables	1,671	1,447
Interest payables and others	54	137
	7,459	**8,976**
Total financial liabilities	**7,600**	**9,139**
Financial liabilities carried at amortised cost	**7,600**	**8,680**
Financial liabilities carried at fair value through profit and loss	**-**	**459**

20. Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Provisions for employee benefits		
- Compensated absences	495	488
	495	**488**
Current		
Provision for warranty	226	411
Provision for liquidated damages	-	-
Provision for foreseeable losses on contracts	105	-
Provisions for employee benefits		
- Gratuity	29	11
- Compensated absences	314	323
	674	**745**

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

a) Provision for warranty

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Balance at the beginning of the year	411	448
(Reversed) /Created during the year, net	(185)	(38)
Utilised during the year	-	1
Balance at the end of the year	**226**	**411**

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, 2021	Year ended March 31, 2020
Balance at the beginning of the year	-	-
Created during the year, net	312	564
Utilised during the year	(312)	(564)
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 recognised in accordance with the terms of the contracts with customers.

c) Provision for foreseeable losses on contracts

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Balance at the beginning of the year	-	10
Created / (Reversed) during the year, net	105	(11)
Utilised during the year	-	(1)
Balance at the end of the year	**105**	**-**

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, 2021	Year ended March 31, 2020
Change in projected benefit obligation		
Defined benefit obligation at the beginning of the year	864	860
Current service cost	99	102
Past service cost	-	-
Interest cost	47	55
Actuarial gain/(loss)	(14)	(81)
Benefits paid	(124)	(72)
Defined benefit obligation at the end of the year	**872**	**864**
Thereof		
Unfunded	29	11
Funded	843	853
Change in plan assets		
Fair value of plan assets at the beginning of the year	**854**	**761**
Expected return on plan assets	53	54
Actuarial gain/(loss)	50	12
Employer contributions	11	98
Benefits paid	(124)	(72)
Fair value of plan assets at the end of the year	**843**	**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	872	864
Fair value of plan assets at the end of the year	(843)	(853)
Liability recognised in the balance sheet	**29**	**11**
Components of net gratuity costs are:		
Current service cost	99	102
Interest cost	47	56
Past service cost	-	-
Expected return on plan assets	(53)	(54)
Recognised net actuarial (gain)/loss	(64)	(93)
Net gratuity costs recognised during the year	**29**	**11**

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, 2021	Year ended March 31, 2020
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	533	452
Group debt fund	309	399
Cash and cash equivalents	1	1
Total	**843**	**853**
Principal actuarial assumptions used:		
Discount rate	6.26%	6.15%
Long-term rate of compensation increase	5% for first year there after 6%	1% for first year there after 8%
Expected rate of return on plan assets	6.26%	6.15%
Average remaining life (in years)	22	22
Attrition rate	15.00%	18.00%

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

Based on historical data, the Company expects contributions of INR 29 lakhs to be paid for FY 2020-21. The weighted average duration of the defined benefit obligation as at March 31, 2021 is 6.05 years (March 31, 2020: 5.17 years)

Employee benefits - Maturity profile

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
March 31, 2021					
Defined benefit obligation	181	146	330	318	**975**
March 31, 2020					
Defined benefit obligation	194	137	336	307	**974**

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, 2021.

Particulars	Attrition rate		Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
March 31, 2021						
> Sensitivity Level	0.5%	(0.5%)	0.5%	(0.5%)	0.5%	(0.5%)
> Impact on defined benefit obligation	(2)	2	(22)	24	22	(21)
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)

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 recognised in the statement of profit and loss for the year is INR 102 lakhs (2019-20 INR 201 lakhs).

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Principal actuarial assumptions used :		
Discount rate	6.26%	6.15%
Long-term rate of compensation increase	5% for first year there after 6%	1% for first year there after 8%
Average remaining life	23	23
Attrition rate	15.00%	18.00%

21. Other liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Advance from customers	11,076	8,271
	11,076	**8,271**
Current		
Statutory dues	625	501
Billing in advance of work completed	3,320	227
Advance from customers	16,619	12,060
Others	1,534	1,992
	22,098	**14,780**

22. Borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current borrowings (Secured)		
Term loans from banks	10,551	2,968
	10,551	**2,968**
Current borrowings (Secured)		
From Banks		
Packing credit	7,293	13,367
Cash Credit	1,334	10,700
Working Capital Demand Loan	7,900	13,313
	16,527	**37,380**

The carrying amount of short term borrowings is considered to be a reasonable approximation of fair value.

(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% p.a to 11.00% p.a (March 31, 2020: 7% p.a to 11.30% p.a) and 2.25% p.a to 4.82% p.a (March 31, 2020: 3.91% p.a to 8.15% 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 7.9% p.a to 10.5% p.a (March 31, 2020: 8.9% p.a to 11.20% p.a)

iii) The Company has availed working capital facilities at an interest rate of 8.20% p.a to 11.00% p.a (March 31, 2020: 9.20% p.a to 12.00% p.a) and is repayable within 180 days from the date of availment and are secured against receivables of the Company

iv) The Company has availed term loan from bank 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 has been obtained at an interest rate of 11.90% and is repayable by 33 monthly instalments from end of moratorium period .

v) The Company has availed working capital term loan from various banks at an interest rate of 7.75% p.a to 8.80% p.a (March 31, 2020 : Nil). which is secured by second pari-pasu charge on the entire current assets of the Company,Working capital term loan is repayable by 48 monthly instalments from the end of moratorium period of 12 months.

vi) The Company has availed Project term loan from bank at an interest of 3.21% p.a (March 31, 2020: Nil) which is secured by Pari passu charge over present and future current assets of the compnay, repayable within 2 years from disbursement.

23. Current tax liabilities (net)

Particulars	As at March 31, 2021	As at March 31, 2020
Current tax liabilities net of advance taxes	1,217	1,246
	1,217	**1,246**

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, 2021			
Financial assets			
Investments	17	-	17
Loans	-	208	208
Trade receivables	-	174,288	174,288
Cash and bank balances	-	23,885	23,885
Other financial assets	-	8,632	8,632
	17	**207,013**	**207,030**
	Financial liabilities at fair value through profit and loss	**Financial liabilities at amortised cost**	**Total**
Financial liabilities			
Trade payables	-	126,663	126,663
Borrowings	-	27,078	27,078
Other financial liabilities	-	7,600	7,600
	-	**161,341**	**161,341**

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, 2020			
Financial assets			
Investments	17	-	17
Loans	-	271	271
Trade receivables	-	164,885	164,885
Cash and bank balances	-	17,650	17,650
Other financial assets	-	11,650	11,650
	17	**194,456**	**194,473**
	Financial liabilities at fair value through profit and loss	**Financial liabilities at amortised cost**	**Total**
Financial liabilities			
Trade payables	-	129,629	129,629
Borrowings	-	40,348	40,348
Other financial liabilities	459	8,680	9,139
	459	**178,657**	**179,116**

Investments excludes equity instruments in subsidiaries and associates amounting to INR 3,339 lakhs (previous year INR 2,521 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, 2021 and March 31, 2020.

Also refer note 40 fair value measurement

25. Revenue from operations

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Sale of services		
Export	92,152	73,292
Domestic	89,992	98,901
	182,144	**172,193**
Other operating revenues, net (Also refer note 18 (b))*	2,169	2,439
	184,313	**174,632**

*Other operating revenue includes income from scrip sales and duty drawback of INR 711 lakhs (March 31, 2020 : INR 1,513 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, 2021	Year ended March 31, 2020
Construction contracts	153,348	152,674
Operation and maintenance contracts	28,796	19,519

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

b) Based on Customer	Year ended March 31, 2021	Year ended March 31, 2020
Industrial	54,093	65,863
Municipal	128,051	106,330

c) Based on Timing of revenue recognition

Revenues from construction contracts and operation and maintenance contracts are recognised on 'Over a point in time' basis and 'At a point in time' basis respectively.

d) Based on geography

Revenue from operations can be disaggregated based on geography into 'India' and 'Rest of the World'. Refer the above note for classification .

B. Transaction price allocated to the remaining sales contracts (Order backlog)

Revenues expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied as at March 31, 2021 amounting to INR 631,228 lakhs (March 31, 2020 : INR 614,417 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, 2021	Year ended March 31, 2020
Opening contract price of orders as at April 01	**614,417**	**616,786**
Fresh orders /Change in orders received, net	198,272	158,638
Total revenue recognised during the year	(182,144)	(172,193)
Effects of foreign exchange movement	683	11,186
Closing contract price of orders as at March 31	**631,228**	**614,417**

26. Other income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Loss on sale of property, plant and equipment, net	17	-
Interest income - others	496	443
Dividend income	401	-
Profit & Loss on Sale of Investments	62	-
Foreign currency gain, net	-	1,618
	976	**2,061**

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, 2021	Year ended March 31, 2020
Material costs	65,682	64,113
Civil costs	45,240	33,747
Erection and commissioning costs	7,312	4,480
Taxes and duties	581	1,135
Site establishment costs	7,532	6,445
Engineering costs	1,242	4,126
Project consultancy fee	315	1,070
Warranty expenses (Also refer note 20(a))	(185)	(38)
Foreseeable losses on contracts (Also refer note 20(c))	105	(11)
Project travel	771	1,338
Insurance costs	603	681
Power and fuel	235	350
Liquidated damages (Also refer note 20(b))	312	564
Other operation and maintenance expenses, net	9,034	8,068
Other project expenses, net	6,396	5,693
	145,175	**131,761**

28. Changes in inventories

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
Inventories at the beginning of the year			
Contract inventories		172	383
Stores and spares		585	618
	(A)	**757**	**1,001**
Less: Inventories at the end of the year			
Contract inventories		62	172
Stores and spares		788	585
	(B)	**850**	**757**
Total	**(A - B)**	**(93)**	**244**

29. Employee benefits expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages	9,625	10,899
Gratuity and compensated absences (Also refer note 20(d))	195	303
Contribution to provident and other defined contribution funds	564	523
Staff welfare expenses	272	390
	10,656	**12,115**

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, 2021	Year ended March 31, 2020
Interest expenses for borrowings at amortised cost	3,327	4,459
Bank charges	4,202	3,193
Interest on lease liabilities	3	2
	7,532	**7,654**

31. Depreciation and amortisation expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of property, plant and equipment (Also refer note 4)	557	602
Amortisation of intangible assets (Also refer note 4)	49	65
	606	**667**

32. Other expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent (Also refer note 36)	181	176
Insurance	109	93
Power and fuel	140	184
Rates and taxes	229	93
Repairs and maintenance	196	422
Professional charges (Also refer note 37)	992	1,045
Communication expenses	34	84
Travelling and conveyance	91	523
Foreign exchange loss, net	1,134	-
Bad and doubtful debts, net	6,921	10,557
Loss on sale of property, plant and equipment, net	-	15
Corporate social responsibility expenses (Also refer note 38)	230	95
Printing and stationery	40	13
Office and maintenance expenses	210	232
Miscellaneous expenses	1,122	942
	11,629	**14,474**

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, 2021 and March 31, 2020 are:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current tax:		
Income tax expense	2,580	864
Tax expense/(reversal) in respect of earlier years	-	(4,372)
Deferred tax:		
Relating to allowances for credit losses	-	4,514
Relating to change in tax rate *	-	2,694
Relating to origination and reversal of temporary differences	(99)	202
Tax expense reported in the statement of profit and loss	**2,481**	**3,902**
Income tax relating to items that will not be reclassified to profit and loss	16	(23)
Tax expense reported in other comprehensive income	**16**	**(23)**

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% (March 31, 2020: 25.168%) and the reported tax expense in the statement of profit and loss are as follows:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit before taxes	9,784	9,778
Enacted tax rates*	25.168%	25.168%
Tax on profit at enacted tax rate	2,462	2,461
Effect of Tax reversal relating to previous years#	-	(1,208)
Dividend Income taxed at lower rate	(32)	-
Effect of change in tax rate*	-	2,694
Tax effect on non deductible expenses	44	(68)
Others	7	23
Income tax expense	**2,481**	**3,902**
Current tax	2,580	864
Tax reversal relating to previous years	-	(4,372)
Deferred tax	(99)	7,410
Income tax expense reported in the statement of profit and loss	**2,481**	**3,902**

* 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 FY 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, 2021	Year ended March 31, 2020
For profit for the year		
Nominal value of equity shares (in INR)	2	2
Profit attributable to equity shareholders (A)	7,303	5,876
Weighted average number of equity shares outstanding during the year (B)	58,471,250	54,690,428
Basic earnings per equity share (A/B) (in INR)	**12.49**	**10.75**
For total comprehensive income		
Nominal value of equity shares (in INR)	2	2
Total comprehensive income attributable to equity shareholders (a)	7,351	5,992
Weighted average number of equity shares outstanding during the year (b)	58,471,250	54,690,428
Basic earnings per equity share (a/b) (in INR)	**12.57**	**10.96**
For profit for the year		
Dilutive effect on profit (C)	-	-
Profit attributable to equity shareholders for computing diluted EPS (D) = (A+C)	7,303	5,876
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)	58,471,250	54,690,428
Diluted earnings per equity share (D/F) (in INR)	**12.49**	**10.75**
For total comprehensive income		
Dilutive effect on profit (c)	-	-
Total comprehensive income attributable to equity shareholders for computing diluted EPS (d) = (a+c)	7,351	5,992
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)	58,471,250	54,690,428
Diluted earnings per equity share (d/f) (in INR)	**12.57**	**10.96**

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, 2021	Year ended March 31, 2020
Contract Balances		
Movement in contract assets		
Opening balance	**59,808**	**58,013**
Changes in the measure of progress, claims and other adjustments, net	9,648	16,221
Transfer to trade receivables, net	(20,519)	(14,426)
Closing balance	**48,937**	**59,808**
Movement in contract Liabilities		
Opening balance	**20,558**	**14,226**
Advances received during the year	16,101	12,640
Billing in advance for work completed	3,290	195
Advances offset against billing, net	(8,737)	(5,805)
Revenues recognised during the period	(196)	(699)
Closing balance	**31,016**	**20,558**

36. Leases

	Year ended March 31, 2021	Year ended March 31, 2020
(A) Expenses related to leases recognised in Statement of Profit and Loss for the Year ended :		
Depreciation expense from right to use assets	28	35
Interest expenses on lease liabilities	3	2
Expenses relating to short term leases (Refer note : 32)	181	176
(B) Payments related to leases recognised in Statement of Cash Flows for the Year ended :		
Recognition of finance lease liabilities	28	35
Interest paid on finance lease liabilities	3	2
(C) Maturity analysis of lease liabilities		
Current lease liabilities liquidity analysis		
Within 6 months	9	13
Within 6-12 months	-	22

Right to Use of asset for the year ended March 31, 2021 has been seperately disclosed in Note 4.

(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, 2021	Year ended March 31, 2020
As auditor		
Statutory audit	33	33
Limited review	10	10
Taxation matters	3	3
Other services	16	9
Reimbursement of expenses	2	8
	64	**63**

* excluding taxes

38. Expenditure on Corporate Social Responsibility (CSR)

	Year ended March 31, 2021	Year ended March 31, 2020
a) Gross amount required to be incurred	230	413
b) Amount incurred on:		
(i) Construction/acquisition of any asset	34	74
(ii) On purposes other than (i) above	35	21
c) Amount to be spend	161	-
	230	**95**

Summary of significant accounting policies and other explanatory information (Contd.)

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

39. Related party disclosures

a) Names of related parties and nature of relationship

Nature of relationship	Name of related party
Subsidiary companies	VA Tech Wabag (Singapore) Pte Limited, 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) Limited, 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 (Disinvested effective August 13, 2020)
	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 Limited A (Liquidated September 30, 2020)
	Ganga STP Project Private Limited (Incorporated effective April 05, 2019)
	DK Sewage Project Private Limited (Incorporated effective September 26, 2019)
	Digha STP Projects Private Limited (Incorporated effective April 30, 2020)
	Kopri Bio Engineering Private Limited (Incorporated effective November 27, 2020)
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. Malay Mukherjee - Independent director, Chairman (Appointed as Chairman w.e.f September 23, 2020)
	Mr. Bhagwan Dass Narang - Independent director, Chairman (Retired w.e.f September 23, 2020)
	Mr. Milin Mehta - Independent director (Appointed w.e.f April 29, 2019)
	Ms. Revathi Kasturi - Independent director (Appointed w.e.f September 23, 2020)
	Ms. Vijaya Sampath - Independent director (Appointed w.e.f July 31, 2020)
	Mr. Anil Chandanmal Singhvi - Additional director (Resigned w.e.f August 21, 2020)
	Mr. Ranjit Singh - Additional director (Appointed w.e.f November 11, 2020)
	Mr. Sumit Chandwani - Independent director (Retired w.e.f August 13 2019)
	Mr. Sandeep Agrawal - Chief Financial Officer (Resigned w.e.f June 07, 2021)
	Mr. Skandaprasad Seetharaman - Chief Financial Officer (Appointed w.e.f June 08, 2021)
	Mr. Pankaj Sachdeva - CEO, India Cluster
	Mr. Arulmozhi - CFO, India Cluster (Appointed w.e.f June 01, 2021)
Other Related Party	Mr. Rohan Mittal- Engineer , Relative of Managing Director

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, 2021				Year ended March 31, 2020			
	Subsidiaries	Associates	Joint venture	KMP and other related party	Subsidiaries	Associates	Joint venture	KMP and other related party
Sale of goods/services	15,674	82	-	-	10,562	187	-	-
Purchase of goods/ services	7,135	-	-	-	9,802	-	-	-
Purchase of investments	876	-	-	-	-	-	-	-
Other operating income#	675	206	-	-	(319)	-	-	-
Other expenses*	524	-	-	-	1,449	106	-	-
Reimbursements received/receivable	134	1	-	-	288	2	-	-

Includes *bad and doubtful debts, net and #reversals amounting to INR Nil (March 31, 2020 INR 1,707 lakhs) towards subsidiaries

c) Balances with related parties

Particulars	As at March 31, 2021				As at March 31, 2020			
	Subsidiaries	Associates	Joint venture	KMP and other related party	Subsidiaries	Associates	Joint venture	KMP and other related party
Advances/ amount recoverable	17,704	321	158	-	14,288	-	168	-
Loan to/(from) including interest and amounts payable	208	-	-	(33)	298	-	-	(37)
Creditors/payables	3,106		5	-	9,376	68	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 289 lakhs (March 31, 2020 INR 271 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, 2021				As at March 31, 2020			
	Subsidiaries	Associates	Joint venture	KMP and other related party	Subsidiaries	Associates	Joint venture	KMP and other related party
Corporate guarantee for securing banking lines*	6,110	-	-	-	10,174	-	-	-
Bank guarantee for contract performance	5,900	1,443	-	-	11,972	590	-	-
Bank guarantee for warranty	-	-	-	-	-	-	1,310	-

*As at March 31, 2021, underlying borrowings in the books of subsidiaries amounts to INR Nil (March 31, 2020: INR 4,145 lakhs)

e) Remuneration to Key Managerial Personnel and Other Related Parties

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries including bonus	478	591
Post employment and termination benefits	56	52
Commission	69	69

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

40. Fair value measurement

Fair value measurement hierarchy

The Company records certain financial assets and financial liabilities at fair value on a recurring basis. The Company determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The Company holds certain fixed income investments and other financial assets such as employee loans, deposits etc. which must be measured using the fair value hierarchy and related valuation methodologies. The guidance specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about current market conditions. The fair value hierarchy also requires an entity to maximise the use of observable inputs and minimise the use of unobservable inputs when measuring fair value.

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three Levels of fair value hierarchy. These levels are based on the observability of significant inputs to the measurement, as follows:

> **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities

> **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e prices) or indirectly (i.e derived from prices)

> **Level 3:** Inputs for assets or liabilities that are not based on observable market data (unobservable inputs)

The following table shows the Levels within the hierarchy of financial and non-financial assets and liabilities measured at fair value on a recurring basis at March 31, 2021, March 31, 2020:

(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					
2021	March 31, 2021	17	-	-	17
2020	March 31, 2020	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					
2021	March 31, 2021	-	-	-	-
2020	March 31, 2020	459	-	-	459
				As at March 31, 2021	**As at March 31, 2020**
iii) Liabilities measured at amortised cost:					
a) Interest-bearing loans and borrowings:					
Floating rate borrowings				-	-
Fixed rate borrowings				31,508	44,061

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)

41. 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 predominantly 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, 2021		
Financial assets	57,163	838
Financial liabilities	18,315	3,885
March 31, 2020		
Financial assets	38,320	342
Financial liabilities	8,278	1,348

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.

(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, 2021 (March 31, 2020: 1%).

If the INR had strengthened against the USD by 1% during the year ended March 31, 2021 (March 31, 2020: 1%), and EUR by 1% during the year ended March 31, 2021 (March 31, 2020: 1%) respectively then this would have had the following impact on profit before tax and equity before tax:

		As at March 31, 2021	As at March 31, 2020
Profit before tax			
USD	+1%	388	300
EUR	+1%	(30)	(10)
		358	**290**
Equity before tax			
USD	+1%	388	300
EUR	+1%	(30)	(10)
		358	**290**

If the INR had weakened against the USD by 1% during the year ended March 31, 2021 (March 31, 2020: 1%) and EUR by 1% during the year ended March 31, 2021 (March 31, 2020: 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, 2021	As at March 31, 2020
Classes of financial assets		
Trade receivables	174,288	164,885
Cash and bank balances	23,885	17,650
Other financial assets	8,632	11,650

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 45. Customer credit risk is managed based on the Company's established policy, procedures and control relating to customer credit risk management, pursuant to which outstanding customer receivables are regularly monitored by the management. Outstanding customer receivables are regularly monitored by the management to ensure the risk of credit loss is minimal. Credit quality of a customer is assessed based on historical information in relation to pattern of collections, defaults and credit worthiness of the customer. As at March 31, 2021, the Company had 16 (Previous year 2019-20 : 14) customers that owed the Company more than INR 3,000 lakhs each and accounted for approximately 82% (Previous year 2019-20: 78%) of all the receivables outstanding. As at March 31, 2021, 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, 2021 and March 31, 2020.

As at March 31, 2021	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Borrowings	21,344	-	10,551	-
Trade payables	113,745	-	12,918	-
Other financial liabilities	3,020	-	141	-
Lease liabilities	9	-	-	-
	138,118	**-**	**23,610**	**-**

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	116,073	-	13,556	-
Other financial liabilities	4,769	459	163	-
Lease liabilities	35	-	-	-
	162,702	**459**	**16,687**	**-**

Summary of significant accounting policies and other explanatory information (Contd.)

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

42. Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the reporting date (March 31, 2021) and the date of authorisation, other than those disclosed under respective notes.

43. Contingent liabilities, commitments and guarantees

a) Claims against the Company not acknowledged as debt

Particulars	As at March 31, 2021	As at March 31, 2020
Income tax demand including interest contested in appeal for various assessment years	440	3,120
Indirect tax matters under dispute including interest contested in appeal for various years	6,699	4,883

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, 2021	As at March 31, 2020
Guarantees issued by the Company for:		
- subsidiaries/joint venture/ associates	7,342	13,872
- Others	-	52,390

44. 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.

45. 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 provisions 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 13,697 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.

c) The receivables and retentions pertaining to APGENCO project of INR 22,120 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)

46. The COVID-19 pandemic caused slow down of economic activity globally on account of lockdown / restrictions imposed by the respective governments, customers and regulatory authorities. The Company has made an assessment of the impact of COVID-19 on its consolidated financial results / position and expects no material impact on the carrying value of assets and liabilities or on its ability to continue as a going concern. The Company will continue to monitor the situation and update its assessment as necessary.

Notes 1 to 46 form an integral part of the standalone 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 : June 05, 2021

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

Malay Mukherjee
Chairman
(DIN :02861065)

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

Sandeep Agrawal
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No :17696)

Place : Chennai, New Delhi, London
Date : June 05, 2021

Independent Auditor's Report

To the members of VA Tech Wabag Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of VA Tech Wabag Limited (hereinafter referred to as the "Company" / "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") which includes Group's share of profit in its associates and its jointly controlled entity, which comprise the Consolidated Balance Sheet as at 31 March 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year ended on that date and notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entity as at 31 March 2021, 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 of Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("Standards") 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 jointly controlled entity in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the 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 obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters section below is sufficient and appropriate to provide a basis for our 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 Andhra Pradesh Power Generation Corporation Limited and 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 Tecpro Systems Limited ('Tecpro') in 2017-18. The net receivables on these projects of INR 42,770 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 49 of the consolidated financial statements, wherein the Company has disclosed impact assessment due to COVID-19 pandemic. As stated in the said note, such impact assessment done by the Company's management is dependent on the circumstances as they evolve in subsequent periods. 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.

Independent Auditor's Report (Contd.)

S. No.	Key audit matter description and principal audit procedures
1	**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 (referred to as 'percentage of completion method'). The recognition of revenue and margin therefore relies on estimates in relation to the estimated 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 judgement by the management of the Group 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 include the following: • Evaluate and test 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 management of the Group - the controls in relation to accrual of cost towards materials and services • Recalculate revenue recognised under the percentage of completion method on a test basis • Evaluate the financial performance of contracts against budget / earlier year estimates and obtain reasons for significant variances thereto. • Test the contract value, costs incurred to date including the costs accrued for work completed, total estimated 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. • Conduct site visits on a test basis to confirm our understanding of the risks and controls at site level. • Review 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 4.4, 7, 12, 34 and 48 in consolidated financial statements The Group measures revenue to be recognised based on the contract costs incurred till the reporting date over the total estimated costs for each contract. Such revenue recognised in excess of progress billing till the reporting date is presented as 'Dues from customers' which are yet to be billed to the customers. 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 of the Group estimates and recognises allowance for expected credit losses on Trade receivables and Dues from customers 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. The valuation of Dues from customers and Trade receivables involves significant management judgement and estimates as stated above, and hence it has been considered as a key audit matter.

S. No.	Key audit matter description and principal audit procedures
	Our procedures include the following: • Evaluate 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 • Request confirmation of balances from customers having significant outstanding balances as at the reporting date • Review the project progress, invoicing and collection history of customers with significant Dues from customers or Trade receivables. Discuss with the project team to understand the management's assessment of risk associated with recoverability • Analyse the past trend and inquire into the reasonableness of expected credit loss allowance matrix developed by the management of the Group for estimating the allowance for Trade receivables. • Consider the subsequent events and collections in assessing the recoverability of Dues from customers and Trade receivables • Consult legal counsel wherever necessary for legal disputes to assess the valuation of Trade receivables

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, Business Responsibility Report 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 and presentation 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 jointly controlled entity in accordance with the Ind AS prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended 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 jointly controlled entity 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 jointly controlled entity 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 jointly controlled entity are responsible for assessing the ability of the Group and of its associates and jointly controlled entity 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, its associate and jointly controlled entity 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 jointly controlled entity are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entity.

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 Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Standards, 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 with reference to financial statements 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 with reference to consolidated financial statements 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 jointly controlled entity 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 jointly controlled entity 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 jointly controlled entity 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.

Other matters

The consolidated financial statements include the financial statements of twenty subsidiaries, whose financial information reflect total assets of INR 145,151 Lakhs and net assets of INR 34,278 Lakhs as at 31 March 2021, total revenues of INR 124,085 Lakhs, total comprehensive income of INR 1,547 Lakhs and net cash outflows amounting to INR 2,132 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 INR 575 Lakhs for the year ended 31 March 2021, in respect of two associates and a jointly controlled entity, whose financial statements have not been audited by us. The financial information of these subsidiaries, associates and jointly controlled entity 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 jointly controlled entity, and our report in terms of sub-section (3) of Section 143 of the Act including report on other information, in so far as it relates to the aforesaid subsidiaries, associates and jointly controlled entity, 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.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, to the extent applicable based on our audit and consideration of other auditors' report, we report that:

(a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements

(b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors

(c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements

(d) in our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act and read with Companies (Indian Accounting Standards) Rules, 2015, as amended

(e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 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 2021 from being appointed as a director in terms of Section 164(2) of the Act

(f) with respect to the adequacy of the internal financial controls with reference to financial statements 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 with reference to financial statements for those Companies

(g) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding 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 Auditor's) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. the Group, as detailed in Note 47 to the consolidated financial statements, has disclosed the impact of pending litigations on its consolidated financial position of the Group;

ii. the Group, as detailed in Note 20 to the consolidated financial statements, has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the 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: 21215565AAAACM4064

Place: Chennai
Date : June 05, 2021

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 with reference to consolidated financial statements 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 VA Tech Wabag Limited (hereinafter referred to as "Holding Company") as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the 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 with reference to financial statements 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements

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

Inherent Limitations of Internal financial controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements 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 with reference to financial statements were operating effectively as at 31 March 2021, based on the internal control with reference to financial statements 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 with reference to financial statements in so far as it relates to four 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: 21215565AAAACM4064

Place: Chennai
Date : June 05, 2021

Consolidated Balance Sheet as at March 31, 2021

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

Particulars	Note	As at March 31, 2021	As at March 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	5	8,364	8,387
Intangible assets	5	267	247
Investments accounted for using the equity method	6	1,982	1,525
Financial assets			
- Investments	6	453	465
- Trade receivables	7	54,759	42,632
- Bank balances	8	2,185	1,692
- Other financial assets	9	4,125	1,400
Deferred tax assets (net)	10	2,947	2,453
Income tax assets (net)	11	10,347	10,179
Other non-current assets	12	214	306
		85,643	**69,286**
Current assets			
Inventories	13	2,976	2,641
Financial assets			
- Trade receivables	7	134,961	158,935
- Cash and cash equivalents	14	30,377	24,891
- Bank balances other than those mentioned in cash and cash equivalents	14	6,754	7,163
- Other financial assets	9	7,932	4,944
Other current assets	12	147,479	134,496
		330,479	**333,070**
Total assets		**416,122**	**402,356**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	1,244	1,094
Other equity			
- Securities premium reserve		39,391	27,762
- Reserves and surplus		100,342	88,588
Share application money pending allotment		-	-
Equity attributable to owners of the Parent		**140,977**	**117,444**
Non-controlling interest		(1,343)	(225)
Total equity		**139,634**	**117,219**
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	17	13,202	2,968
- 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	13,171	13,617
- Other financial liabilities	19	760	252
Provisions	20	1,349	1,346
Deferred tax liabilities (net)	10	413	197
Other non-current liabilities	21	11,076	8,271
		39,971	**26,651**
Current liabilities			
Financial liabilities			
- Borrowings	17	17,320	45,277
- Trade payables			
total outstanding dues of micro enterprises and small enterprises	18	2,268	1,275
total outstanding dues of creditors other than micro enterprises and small enterprises	18	163,507	161,418
- Other financial liabilities	19	8,111	7,226
Other current liabilities	21	38,850	37,396
Provisions	20	4,865	4,457
Current tax liabilities (net)	22	1,596	1,437
		236,517	**258,486**
Total liabilities		**276,488**	**285,137**
Total equity and liabilities		**416,122**	**402,356**

Notes 1 to 49 form an integral part of these consolidated financial statements

In terms of our report even date attached

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

V Viswanathan
Partner
(Membership No.: 215565)

Place : Chennai
Date : June 05, 2021

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

Malay Mukherjee
Chairman
(DIN :02861065)

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

Sandeep Agrawal
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No:17696)

Place : Chennai, New Delhi, London
Date : June 05, 2021

Consolidated Statement of Profit and Loss for the year ended March 31, 2021

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

Particulars	Note	Year ended March 31, 2021	Year ended March 31, 2020
Income			
Revenue from operations	24	283,449	255,715
Other income	25	821	3,517
Total income		**284,270**	**259,232**
Expenses			
Cost of sales and services	26	223,584	194,625
Changes in inventories	27	(276)	(1,109)
Employee benefits expense	28	19,852	23,345
Finance costs	29	9,030	10,902
Depreciation and amortisation expense	30	1,213	1,539
Other expenses	31	18,413	17,156
Total expenses		**271,816**	**246,458**
Profit before share of net profits of investments accounted for using equity method and tax		**12,454**	**12,774**
Share of profit of associates and a joint venture, net		575	475
Profit before tax		**13,029**	**13,249**
Tax expense	**32**		
Current tax		3,184	(2,570)
Deferred tax		(237)	7,426
Profit for the year		**10,082**	**8,393**
Profit for the year attributable to:			
Owners of the parent		**11,011**	**9,096**
Non-controlling interests		(929)	(703)
		10,082	8,393
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Re-measurement gains on defined benefit plans		61	25
- Income tax relating to items that will not be reclassified to profit and loss		(15)	23
- Exchange differences on translation of foreign operations		(8)	(1,009)
		38	**(961)**
Items that will be reclassified subsequently to profit and loss			
- Exchange differences on translation of foreign operations		715	1,405
		715	**1,405**
Other comprehensive income for the year, net of tax		**753**	**444**
Total comprehensive income for the year		**10,835**	**8,837**
Other comprehensive income for the year, net of tax attributable to:			
Owners of the parent		**761**	**1,453**
Non-controlling interests		(8)	(1,009)
		753	**444**
Total comprehensive income for the year attributable to:			
Owners of the parent		**11,772**	**10,549**
Non-controlling interests		(937)	(1,712)
		10,835	**8,837**
Earnings per equity share	**33**		
Basic (in INR)		18.83	16.64
Diluted (in INR)		18.83	16.64

Notes 1 to 49 form an integral part of these consolidated financial statements

In terms of our report even date attached

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

V Viswanathan
Partner
(Membership No.: 215565)

Place : Chennai
Date : June 05, 2021

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

Malay Mukherjee
Chairman
(DIN :02861065)

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

Sandeep Agrawal
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No:17696)

Place : Chennai, New Delhi, London
Date : June 05, 2021

Consolidated Statement of Cash Flows for the year ended March 31, 2021

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A. Cash flow from operating activities		
Profit before tax	**13,029**	**13,249**
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortisation expense	1,213	1,539
Share of (gain) from associates and a joint venture, net	(575)	(475)
Unrealised foreign exchange (gain)/loss	(741)	(2,642)
Bad and doubtful debts, net	10,716	8,588
Unclaimed credit balances	(948)	(775)
Loss/(gain) on sale of property, plant and equipment, net	(12)	31
(Gain) on sale of investments	-	(1,931)
Interest expenses on lease liabilities	38	14
Interest expenses	3,620	5,989
Interest income	(809)	(604)
(Reversal)/Provision for foreseeable losses on contracts	105	(1)
Provision for compensated absences and gratuity	236	543
Provision for liquidated damages	312	565
Provision/(Reversal) for warranty	(81)	325
Others	306	-
Operating profit before working capital changes	**26,409**	**24,415**
Changes in working capital		
(Increase) in trade receivables	(783)	(36,697)
(Increase) in other financial assets	(5,714)	(370)
Decrease/(Increase) in other assets	(13,275)	15,615
(Increase)/Decrease in inventories	(275)	(1,109)
Increase in trade payables	6,230	8,047
Increase/(Decrease) in other financial liabilities	35	1,009
Increase/(Decrease) in other liabilities	4,394	18,327
(Decrease) in provisions	(296)	(1,084)
Cash generated from/ (used in) operating activities	**16,725**	**28,153**
Direct taxes paid, net	(3,193)	(3,676)
Net cash generated from/ (used in) operating activities	**13,532**	**24,477**
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital advances)	(1,502)	(363)
Proceeds from sale of property, plant and equipment and Intangible assets	142	6,866
Dividend received	143	236
Interest received	887	476
Net movement in bank deposits	(84)	(4,243)
Net cash generated from/(used in) investing activities	**(414)**	**2,972**

Consolidated Statement of Cash Flows for the year ended March 31, 2021 (Contd.)

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
C. Cash flow from financing activities		
Proceeds from long term borrowings	11,410	-
(Repayment) of long term borrowings	(459)	(6,240)
(Repayment)/Proceeds of short term borrowings, net	(28,322)	(1,675)
Proceeds from issue of equity shares including securities premium	11,779	-
Recognition of lease liabilities	641	252
Interest paid on lease liabilities	(38)	(14)
Interest paid	(3,470)	(5,685)
Dividend paid (including additional tax on dividend)	(130)	(180)
Net cash (used in)/generated from financing activities	**(8,589)**	**(13,542)**
D. Net change in cash and cash equivalents	**4,529**	**13,907**
Effects of foreign currency translation	550	(834)
E. Cash and cash equivalents at the beginning	24,891	13,453
F. Bank overdraft at the beginning	-	(1,635)
G. Cash and cash equivalents in Cash Flow Statement at the end	**29,970**	**24,891**
Cash and cash equivalents include		
Cash on hand	91	175
Cheques on hand	3,055	1,793
Balances with banks		
- in current accounts	16,694	19,531
- in deposit account (with original maturity upto 3 months)	10,537	3,392
Cash and cash equivalents as per note 14	30,377	24,891
Bank overdraft as per note 17	(407)	-
Cash and cash equivalents in Cash Flow Statement	**29,970**	**24,891**

Notes 1 to 49 form an integral part of these consolidated financial statements

In terms of our report even date attached

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

V Viswanathan
Partner
(Membership No.: 215565)

Place : Chennai
Date : June 05, 2021

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

Malay Mukherjee
Chairman
(DIN :02861065)

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

Sandeep Agrawal
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No:17696)

Place : Chennai, New Delhi, London
Date : June 05, 2021

Consolidated Statement of Changes in Equity for the year ended March 31, 2021

(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, 2019	15	**1,094**
Issued pursuant to Employee Stock Option Plan		-
Balance as at April 01, 2020		**1,094**
Issued during the period		150
Balance as at March 31, 2021		**1,244**

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, 2019		**15,837**	**-**	**3,343**	**54,986**	**71**	**4,433**	**(635)**	**78,035**	**27,762**	**-**	**105,797**	**1,667**	**107,464**
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**	**-**	**105,801**	**1,667**	**107,468**
Dividends		-	-	-	-	-	-	-	-	-	-	-	(180)	**(180)**
Dividend distribution tax		-	-	-	-	-	-	-	-	-	-	-	-	**-**
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**	**-**	**116,350**	**(225)**	**116,125**

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 April 01, 2020		**15,837**	**-**	**3,343**	**64,086**	**71**	**5,838**	**(587)**	**88,588**	**27,762**	**-**	**116,350**	**(225)**	**116,125**
Dividends		-	-	-	-	-	-	-	-	-	-	-	(130)	**(130)**
Dividend distribution tax		-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of share capital on exercise of employee share option		-	-	-	-	-	-	-	-	-	-	-	-	**-**
Sale to minority interest		-	-	-	-	-	-	-	-	-	-	-	(51)	**(51)**
Transfer between reserves		-	-	-	-	-	(16)	-	(16)	-	-	(16)	-	**(16)**
Share application money received		-	-	-	-	-	-	-	-	-	12,000	12,000	-	**12,000**
Expenditure incurred on issue of Capital		-	-	-	-	-	-	-	-	(221)	-	(221)	-	**(221)**
Equity shares allotted		-	-	-	-	-	-	-	-	11,850	(12,000)	(150)	-	**(150)**
Transactions with owners/ Non-controlling interests		**-**	**-**	**11,629**	**-**	**-**	**(16)**	**-**	**(16)**	**11,629**	**-**	**11,613**	**(181)**	**11,432**
Profit/(loss) for the year		-	-	-	11,010	-	-	-	11,010	-	-	11,010	(929)	**10,081**
Other comprehensive income (net of tax)		-	-	-	-	-	714	46	760	-	-	760	(8)	**752**
Total comprehensive income		**-**	**-**	**-**	**11,010**	**-**	**714**	**46**	**11,770**	**-**	**-**	**11,770**	**(937)**	**10,833**
Balance as at March 31, 2021		**15,837**	**-**	**14,972**	**75,096**	**71**	**6,536**	**(542)**	**100,342**	**39,391**	**-**	**139,733**	**(1,343)**	**138,390**

Notes 1 to 49 form an integral part of these consolidated financial statements

In terms of our report even date attached

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

V Viswanathan
Partner
(Membership No.: 215565)

Place: Chennai
Date : June 05, 2021

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

Malay Mukherjee
Chairman
(DIN :02861065)

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

Sandeep Agrawal
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No :17696)

Place : Chennai, New Delhi, London
Date : June 05, 2021

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 BSE Limited ("BSE") and National Stock Exchange of India Limited ("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, Tamil Nadu.

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 as per Companies (Indian Accounting Standards) Rules, 2015 including its amendments as notified under section 133 of Companies Act, 2013 as amended (the "Act") and other relevant provisions of the Act ("Ind AS").

The consolidated financial statements as at and for the year ended March 31, 2021 are approved and authorised for issue by the Board of Directors on June 05, 2021.

The consolidated financial statements of the Group are prepared in accordance with 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 other financial information 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, 2021. 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	% of holding/ interest as at March 31, 2021	% of holding/ interest as at March 31, 2020
Subsidiaries			
VA Tech Wabag (Singapore) Pte Limited	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 s.r.l	Romania	100	100
VA Tech Wabag Tunisie s.a.r.l.	Tunisia	100	100
VA Tech Wabag Su Teknolojisi Ve Tic. A S	Turkey	100	100
VA Tech Wabag Muscat LLC	Oman	70	70
Wabag Operation and Maintenance W.L.L.	Bahrain	-	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 Limited A (upto September 30, 2020)	Brazil	100	100
Ganga STP Project Private Limited (1)	India	100	100

Summary of significant accounting policies and other explanatory information (Contd.)

Particulars	Country of incorporation	% of holding/ interest as at	
		March 31, 2021	March 31, 2020
DK Sewage Project Private Limited [(2)]	India	100	100
Digha STP Projects Private Limited [(3)]	India	100	-
Kopri Bio Engineering Private Limited [(4)]	India	51	-
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	25
Joint Venture			
International Water Treatment LLC	Oman	32.5	32.5

(1) Ganga STP Project Private Limited has been incorporated on April 05, 2019 as a project specific entity.

(2) DK Sewage Project Private Limited has been incorporated on September 26, 2019 as a project specific entity.

(3) Digha STP Projects Private Limited has been incorporated on April 30, 2020 as a project specific entity.

(4) Kopri Bio Engineering Private Limited has been incorporated on November 27, 2020 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 other relevant Ind AS.

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. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses resulting from intra-group transactions are also eliminated except to the extent recoverable value of related assets is lower than their cost to the Group. Profit or loss of subsidiaries acquired or disposed during the year is recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted.

Subsidiaries are all entities over which the Group exercises control. The Group controls an entity when the Group is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct relevant activities of the entity. Subsidiaries are fully consolidated from the date on which the control is transferred to the Group and are deconsolidated from the date the control ceases.

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

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.

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

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

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.

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.

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

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 construction 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.

c. Service Concession Arrangements

Service Concession Arrangements (‘SCA’) refers to an arrangement between the grantor (a public sector entity) and the operator (a private sector entity), typically involving the operator constructing the infrastructure used to provide the public service or upgrading it and operating and maintaining that infrastructure for a specified period of time. The operator is paid for its services over the period of the arrangement.

Revenue and costs of an SCA are allocated between the respective performance obligations, relating to construction services and operation and maintenance services, and accounted for separately. The infrastructure used in a concession is recognised as an intangible asset or a financial asset, based on the nature of the payment entitlements under the SCA.

When the operator has an unconditional right to receive cash or another financial asset from or at the direction of the grantor, such right is recognised as a financial asset and is subsequently measured at amortised cost. When the operator receives a right to charge users of the public service, such right is recognised as an intangible asset and amortised over the period of the SCA.

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 recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them

Summary of significant accounting policies and other explanatory information (Contd.)

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

to be capable of operating in the manner intended by the Group's management. Buildings and other equipment are subsequently measured at cost less accumulated depreciation and any impairment losses. 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.

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.

Computer 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 is included within depreciation and amortisation expense in the statement of profit and loss.

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

The 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 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.

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

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.

4.9 Leases

The group recognises lease contracts as per the single lease accounting model for lessees. 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 of right to 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 twelve months and credit risk exposure. The Group shall also measure the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition.

Summary of significant accounting policies and other explanatory information (Contd.)

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

c) Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, the Group, based on its assessment, makes an irrevocable election to present in other comprehensive income the changes in the fair value of an investment in an equity instrument that is not held for trading. These elections are made on an instrument-by-instrument (i.e., share-by-share) basis. If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are 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 twelve months and credit risk exposure. The Group shall also measure the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset 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 twelve months and credit risk exposure. The Group shall also measure the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial aset 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 recognises impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

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

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 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 recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group 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 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 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

Summary of significant accounting policies and other explanatory information (Contd.)

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

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.

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 operating 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 recognise deferred tax liability on temporary differences relating to goodwill, or to its investments in subsidiaries.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in 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 three 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.

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

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.

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

Summary of significant accounting policies and other explanatory information (Contd.)

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

significantly in future appraisals of the Group's defined benefit obligations.

4.16 Provisions, contingent assets and contingent liabilities

Provisions for warranties, litigations, 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 recognise contingent assets unless the realisation of the income is virtually certain, however these are assessed continually to ensure that the developments are appropriately disclosed in the consolidated financial statements.

4.17 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), if any. 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.

4.18 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.

4.19 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.

4.20 Segment reporting

a. Identification of segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Chief Operating Decision 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.

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

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.

4.21 Significant management judgment in applying accounting policies and estimation uncertainty

When preparing the consolidated financial statements, management makes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

(i) Significant management judgments

The following are significant management judgments in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements.

Recognition of service and construction contract revenues

Determining when to recognise revenues from operation and maintenance of water treatment plants services requires an understanding of both the nature and timing of the services provided and the customers' pattern of consumption of those services, based on historical experience and knowledge of the market.

Recognising construction contract revenue also requires significant judgement in determining actual work performed and the estimated costs to complete the work (refer note 34).

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

(ii) Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Inventories

The Group estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Defined benefit obligation (DBO)

Group's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 20(e)).

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

Summary of significant accounting policies and other explanatory information (Contd.)

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

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 twelve months for the purpose of current or non-current classification of assets and liabilities.

4.22 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, 2021 is in progress and accordingly, the contracts may be amended subsequently and related adjustment, if any, will be quantified upon completion of this study. However, in the opinion of the Group management, the outcome of the study will not have material impact on the Group's results.

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

5. Property, plant and equipment and intangible assets

Particulars	Property, plant and equipment										Intangible assets		
	Freehold land[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, 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**
Additions	-	-	-	2	-	28	102	24	1,030	**1,186**	80	-	**80**
Disposals	-	-	3	28	-	4	81	199	83	**398**	-	-	**-**
Effects of foreign currency translation	-	1	4	11	-	11	7	(21)	12	**25**	48	-	**48**
Balance as at March 31, 2021	**1,698**	**4,038**	**756**	**2,343**	**566**	**1,228**	**1,063**	**871**	**1,655**	**14,218**	**1,637**	**-**	**1,637**
Accumulated depreciation/ amortisation													

(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
Balance as at March 31, 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**
Depreciation/ amortisation expense for the year	-	68	90	265	59	54	82	159	365	**1,142**	67	-	**67**
Reversal on disposal of assets	-	-	-	13	-	1	74	99	81	**268**	-	-	**-**
Effects of foreign currency translation	-	-	(2)	17	(1)	(1)	(27)	(16)	(8)	**(38)**	41	-	**41**
Balance as at March 31, 2021	**-**	**399**	**326**	**1,656**	**394**	**842**	**916**	**614**	**707**	**5,854**	**1,370**	**-**	**1,370**
Net carrying value													
Balance as at March 31, 2020	**1,698**	**3,706**	**517**	**971**	**230**	**403**	**100**	**497**	**265**	**8,387**	**247**	**-**	**247**
Balance as at March 31, 2021	**1,698**	**3,639**	**430**	**687**	**172**	**386**	**147**	**257**	**948**	**8,364**	**267**	**-**	**267**

[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.

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

6. Investments

Particulars	As at March 31, 2021	As at March 31, 2020
Non Current		
Investments carried at cost		
Investments accounted for using the equity method		
Windhoek Goreangab Operating Company (Pty) Limited, Namibia	352	243
(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)	1,630	1,282
(98 (Previous year : 98) equity shares of Qatari Rial 1,000 each)		
International Water Treatment L.L.C, 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 L.L.C, Oman	(69)	(69)
	1,982	**1,525**
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(3)	-	-
(2,600 (Previous year : 2,600) equity shares of INR 10 each)		
Ganapati Marine Enterprises Private Limited(4)	-	-
(419 (Previous Year: 573) equity shares of INR 10 each)		
Ujams Wastewater Treatment Company (Pty) Limited(5)	436	448
(84 (Previous Year: 84) equity shares of NAD 1 each)		
	453	**465**
Total non-current investments	**2,435**	**1,990**
Aggregate amount of unquoted investments	2,504	2,059
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%	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 partner was agreed and hence the investment in the legal entity has been accordingly reclassified as an associate based on economic interests in the projects respectively as against the ownership in the entity.

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 impairment of its investment since it has a legal obligation to meet its share of losses.

(3) Since the amount of investment is INR 26,000 (March 31, 2020 : INR 26,000), the same is below the rounding off norm adopted by the Group.

(4) Since the amount of investment is INR 4,190 (March 31, 2020 : INR 5,730), the same is below the rounding off norm adopted by the Group.

(5) Also refer foot note (2) 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, 2021		As at March 31, 2020	
	Non-current	Current	Non-current	Current
Trade receivables	2,500	119,348	11,235	133,552
Customer retention	52,259	15,613	31,397	25,383
	54,759	**134,961**	**42,632**	**158,935**
Credit impaired				
- Trade receivables and customer retention	-	18,469	-	16,676
Less : Allowances for expected credit loss				
- Trade receivables and customer retention	-	(18,469)	-	(16,676)
	-	**-**	**-**	**-**
	54,759	**134,961**	**42,632**	**158,935**

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 456 lakhs (March 31, 2020: INR 433 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 1,793 lakhs (Year ended March 31, 2020 : INR (4,547) lakhs) has been (utilised)/created respectively within other expenses. The Group 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, 2021	Year ended March 31, 2020
Balance at the beginning of the year	**16,676**	**21,223**
Additions/(reversal) during the year, net	8,478	10,009
Utilised during the year, net	(6,685)	(14,556)
Balance at the end of the year	**18,469**	**16,676**

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

8. Bank balances

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current bank balances	2,185	1,692
	2,185	**1,692**

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, 2021		As at March 31, 2020	
	Non-current	Current	Non-current	Current
Security deposits	3,984	1,849	1,248	3,144
Tender deposits	-	61	-	290
Rental deposits	111	257	130	302
Advances to employees	30	646	22	603
Receivables under Service Concession Arrangements	-	-	-	-
Dues from customers for construction contract works under Service Concession Arrangements	-	4,101	-	-
Other financial assets	-	1,018	-	605
	4,125	**7,932**	**1,400**	**4,944**

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, 2021	As at March 31, 2020
The breakup of deferred taxes is as follows:			
Deferred tax asset arising on account of :			
- Provision for employee benefits, liquidated damages and foreseeable losses		237	320
- Allowances for expected credit loss		2,335	2,057
- Others		2,326	1,708
Total deferred tax asset	**A**	**4,898**	**4,085**
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		442	377
- Others		1,894	1,476
Total deferred tax liability	**B**	**2,336**	**1,853**
Foreign exchange fluctuation	**C**	**28**	**(24)**
	(A-B-C)	**2,534**	**2,256**
Disclosed as			
Deferred tax assets		2,947	2,453
Deferred tax liabilities		413	197

Summary of significant accounting policies and other explanatory information (Contd.)

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

Deferred tax recognised in statement of profit and loss and in other comprehensive income for the year ended March 31, 2021 :

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	-	83
- Allowances for expected credit loss	-	(278)
- Others	-	(618)
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	-	65
- Others	-	468
Foreign exchange fluctuation	**-**	**28**
Movement on account of adoption of reduced rate(1)	**-**	**-**
Derecognition of deferred tax liabilities, net on account of disinvestment of subsidiary(2)	**-**	**-**
Total	**-**	**(252)**

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(1)	**-**	**2,694**
Derecognition of deferred tax liabilities, net on account of disinvestment of subsidiary(2)	**-**	**1,057**
Total	**23**	**7,380**

(1) 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.

(2) During the previous year the Parent disinvested from its overseas subsidiary Ujams Wastewater Treatment Company (Proprietary) Limited to the extent of 58% and has recognised balance holding of 8.4% as investments. The sale consideration was INR 3,133 lakhs.

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

In assessing the recoverability of deferred tax assets, group management considers whether it is more likely than not that some portion or all of the deferred income tax assets will be realised. The ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

The Group carries unused tax losses amounting to INR 309 lakhs (March 31, 2020: INR 1,475 lakhs) on which deferred tax assets have not been recognised as at March 31, 2021. These carry forward losses expires in various years through FY 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, 2021	As at March 31, 2020
Income tax assets net of provision for tax	10,347	10,179
	10,347	**10,179**

12. Other assets (Unsecured, considered good)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Non-current	Current	Non-current	Current
Dues from customers for construction contract works *	203	106,782	-	104,611
Advances to supplier	-	21,153	-	17,765
Balances with government authorities	-	15,803	-	9,804
Duty drawback and other duty free credit entitlement receivable	-	179	-	63
Prepaid expenses	11	3,085	-	2,204
Capital advances	-	-	306	-
Other assets	-	477	-	49
	214	**147,479**	**306**	**134,496**

* Includes allowance for expected credit loss amounting to INR 3,012 lakhs (March 31, 2020: INR 2,728 lakhs)

There are no advances due from directors or other officers of the Company.

13 Inventories

Particulars	As at March 31, 2021	As at March 31, 2020
Contract inventories	863	265
Stores and spares	2,113	2,376
	2,976	**2,641**

Summary of significant accounting policies and other explanatory information (Contd.)

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

14. Cash and bank balances

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents		
Cash on hand	91	175
Cheques on hand	3,055	1,793
Balances with banks		
- in current accounts*	16,694	19,531
- in deposit account (with original maturity upto 3 months)	10,537	3,392
(A)	**30,377**	**24,891**
Bank balances other than those mentioned in cash and cash equivalents		
Unpaid dividend account	9	10
Deposits with maturity less than 3 months#	758	3,374
Deposits with maturity more than 3 months but less than 12 months#	3,645	3,760
Balances with bank held as margin money#	2,342	19
(B)	**6,754**	**7,163**
(A+B)	**37,131**	**32,054**

* Restricted bank balances: Balances with banks include INR 1,794 lakhs (March 31, 2020: INR 2,398 lakhs) held in a foreign country which are not freely remissible because of exchange/ contractual restrictions.

Deposits includes a sum of INR 6,745 lakhs (March 31, 2020: INR 7,153 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, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
Authorised				
Equity shares of INR 2 each	75,000,000	1,500	75,000,000	1,500
Issued, subscribed and fully paid up				
Equity shares of INR 2 each	62,190,428	1,244	54,690,428	1,094
	62,190,428	**1,244**	**54,690,428**	**1,094**

a) Reconciliation of share capital (Equity)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
Balance at the beginning of the year	**54,690,428**	**1,094**	**54,690,428**	**1,094**
Add : Changes in Equity Share Capital during the year	7,500,000	150	-	-
Balance at the end of the year	**62,190,428**	**1,244**	**54,690,428**	**1,094**

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

	As at March 31, 2021		As at March 31, 2020	
	Number	% holding	Number	% holding
Equity shares of INR 2 each				
Mr. Rajiv Mittal (Managing Director & Group CEO)	9,709,406	15.6%	9,709,406	17.8%
Ms. Rekha Rakesh Jhunjhunwala	5,000,000	8.0%	-	0.0%
	14,709,406	**23.6%**	**9,709,406**	**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) Shares reserved for issue under options

There are no options reserved for issuance of equity shares as at March 31, 2021 and March 31, 2020.

e) 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, 2021.

Summary of significant accounting policies and other explanatory information (Contd.)

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

16. 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, 2021	As at March 31, 2020
Borrowings		34,952	51,958
Less : Cash and bank balances		(39,316)	(33,746)
Net Debt / (Cash)	**(A)**	**(4,364)**	**18,212**
Total equity	**(B)**	**139,634**	**117,219**
Total equity and net debt	**(C=A+B)**	**135,270**	**135,431**
Gearing ratio	**(A/C)**	**(3.2%)**	**13.4%**

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, 2021		As at March 31, 2020	
	Non-current	Current	Non-current	Current
Secured				
Term loans from banks	10,551	-	2,968	-
Working capital loan repayable on demand	2,651	8,269	-	21,210
Overdraft account/Packing credit/Cash credit	-	9,051	-	24,067
Total	**13,202**	**17,320**	**2,968**	**45,277**

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 availed 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 in 33 monthly instalments from end of moratorium period.

(ii) The Parent has availed working capital term loan from various banks at an interest rate of 7.75% per annum to 8.80% per annum (March 31, 2020 : Nil) which is secured by second pari-pasu charge on the entire current assets of the Parent, repayable in 48 monthly instalments from the end of moratorium period of 12 months.

(iii) The Parent has availed project term loan from bank at an interest of 3.21% per annum (March 31, 2020 :Nil) which is secured by pari-passu charge over present and future current assets of the Parent, repayable within 2 years from disbursement.

(iv) The Parent has availed working capital facilities at an interest rate of 8.20% to 11.00% (March 31, 2020: 9.20% to 12.00%) per annum, and is repayable within 180 days from the date of availment and are secured against receivables of the Parent.

(v) VA Tech Wabag GmbH and VA Tech Wabag Su Teknolojisi Ve Tic. A S had availed working capital facilities secured by Parent guarantee at an interest rate of 8.00% to 8.93% per annum, repayable on demand. As on March 31, 2021 these facilities have been fully repaid.

(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 11.00% per annum (March 31, 2020: 7.00% to 11.30% per annum) and 2.25% to 4.82% per annum (March 31, 2020: 3.91% to 8.15% 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.

(viii) The Parent has availed secured cash credit facilities from banks at an interest rate of 7.90% to 10.50% per annum (March 31, 2020: 8.90% to 11.20% per annum).

Summary of significant accounting policies and other explanatory information (Contd.)

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

(ix) VA Tech Wabag GmbH had obtained working capital facilities which are secured by trade receivables and these were repayable on demand.

(x) VA Tech Wabag Brno spol S.R.O had obtained overdraft facilities which are secured by trade receivables and these were repayable within 180 days.

18. Trade payables

Particulars	As at March 31, 2021		As at March 31, 2020	
	Non-current	Current	Non-current	Current
Dues to micro and small enterprises (Also refer note (a) below)	-	2,268	-	1,275
Dues to others	13,171	163,507	13,617	161,418
	13,171	**165,775**	**13,617**	**162,693**

(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 948 lakhs (March 31, 2020: INR 775 lakhs) have been reversed from trade payables.

19. Other financial liabilities

Particulars	As at March 31, 2021		As at March 31, 2020	
	Non-current	Current	Non-current	Current
Current maturities of long term debts, Secured*	-	4,430	-	3,024
Current maturities of long term debts, Unsecured*	-	-	-	689
Employee related payables	141	2,466	163	2,280
Lease liabilities	619	274	89	163
Unpaid dividends	-	8	-	10
Other liabilities	-	933	-	1,060
	760	**8,111**	**252**	**7,226**

*Also refer note 17 for Terms, guarantee and repayment details of borrowings.

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

20. Provisions

Particulars	As at March 31, 2021		As at March 31, 2020	
	Non-current	Current	Non-current	Current
Provision for warranty	-	2,882	-	2,389
Provision for liquidated damages	-	-	-	-
Provision for litigations	-	34	-	33
Provision for foreseeable losses on contracts	-	120	-	17
Provision for employee benefits				
Gratuity, anniversary, severance payments and others	854	1,158	858	1,373
Compensated absences	495	671	488	645
	1,349	**4,865**	**1,346**	**4,457**

a) Provision for warranty

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Balance at the beginning of the year	2,389	1,997
Created/(Reversed) during the year, net	(81)	325
Utilised during the year	469	(12)
Foreign exchange fluctuation	105	79
Balance at the end of the year	**2,882**	**2,389**

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, 2021	Year ended March 31, 2020
Balance at the beginning of the year	-	-
Created during the year, net	312	565
Utilised during the year	(312)	(565)
Foreign exchange fluctuation	-	-
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, 2021	Year ended March 31, 2020
Balance at the beginning of the year	33	31
Created during the year, net	-	-
Utilised during the year	-	-
Foreign exchange fluctuation	1	2
Balance at the end of the year	**34**	**33**

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, 2021	Year ended March 31, 2020
Balance at the beginning of the year	17	364
(Reversed)/Created during the year, net	105	(1)
Utilised during the year	-	(351)
Foreign exchange fluctuation	(2)	5
Balance at the end of the year	**120**	**17**

The Group provides for foreseeable losses on contracts when it is probable that total contract cost, including expected cost to complete, will exceed the economic benefits expected to be received under it.

e) Provision for employee benefits

The following tables summarise the components of all defined benefit plans for the year ended March 31, 2021 :

For the year ended March 31, 2021	Gratuity	Anniversary	Severance payments
Change in defined benefit obligation			
Defined benefit obligation at the beginning of the year	**864**	**76**	**670**
Current Service cost	99	3	6
Past Service cost	-	-	2
Interest cost	47	-	-
Actuarial (gain)/losses	(14)	(2)	(2)
Benefits paid	(124)	-	-
Foreign exchange fluctuation	-	1	29
Defined benefit obligation at the end of the year	**872**	**79**	**704**

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

20. Provisions *(Contd.)*

For the year ended March 31, 2021	Gratuity	Anniversary	Severance payments
Thereof			
Unfunded	29	79	704
Funded	843	-	-
Change in plan assets			
Fair value of plan assets at the beginning of the year	**853**	**-**	**-**
Expected return on plan assets	53	-	-
Actuarial gain	50	-	-
Employer contributions	11	-	-
Benefits paid	(124)	-	-
Fair value of plan assets at the end of the year	**843**	**-**	**-**
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	872	79	704
Fair value of plan assets at the end of the year	843	-	-
Liability recognised in the balance sheet	**29**	**79**	**704**
Components of expenses :			
Current service cost	99	3	6
Past service cost	-	-	-
Interest cost	47	-	2
Expected returns on plan assets	(53)	-	-
Recognised net actuarial (gain)/loss	(64)	(2)	(2)
Foreign exchange fluctuation	-	1	29
Net expense recognised in the statement of profit and loss	**29**	**3**	**35**

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	533	-	-
Group debt fund	309	-	-
Cash and cash equivalents	1	-	-
Total	**843**	**-**	**-**

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	6.26%	0.3%	0.3%
Long-term rate of compensation increase	5% for first year there after 6%	3.0%	3.0%
Attrition rate	15.0%	-	-
Expected rate of return on plan assets	6.26%	-	-
Average remaining life (in years)	22	11	8

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

Based on historical data, the Group expects contributions of INR 29 lakhs to be paid for Financial year 2020-21. The weighted average duration of the defined benefit obligation as at March 31, 2021 is 6.05 years (March 31, 2020: 5.17 years)

Employee benefits - Maturity profile

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
March 31, 2021					
Gratuity	181	146	330	533	1,190
Anniversary	-	79	-	-	79
Severance payments	-	704	-	-	704

The significant actuarial assumptions for the determination of the defined benefit obligation are the attrition rate, discount rate and the long-term rate of compensation increase. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability as at March 31, 2021.

Gratuity	Attrition rate		Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
March 31, 2021						
> Sensitivity level	0.5%	(0.5%)	0.5%	(0.5%)	0.5%	(0.5%)
> Impact on defined benefit obligation	(2)	2	(22)	24	22	(21)

Anniversary	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
March 31, 2021				
> Sensitivity level	1.0%	(1.0%)	1.0%	(1.0%)
> Impact on defined benefit obligation	(6)	6	6	(5)

Severance payments	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
March 31, 2021				
> Sensitivity level	1.0%	(1.0%)	1.0%	(1.0%)
> Impact on defined benefit obligation	(35)	39	36	(34)

(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, 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 loss/(gain)	(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	-	-
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**

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	453	-	-
Group debt fund	399	-	-
Cash and cash equivalents	1	-	-
Total	**853**	**-**	**-**

Principal actuarial assumptions used:	Gratuity	Anniversary	Severance payments
Discount rate	6.15%	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	6.15%	-	-
Average remaining life (in years)	22	11	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, 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 summarises 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)

(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, 2020				
> Sensitivity level	1.0%	(1.0%)	1.0%	(1.0%)
> Impact on defined benefit obligation	(38)	41	39	(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 62 lakhs (Year ended March 31, 2020: INR 201 lakhs).

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Principal actuarial assumptions used :		
Discount rate	6.26%	6.15%
Long-term rate of compensation increase	5% for first year there after 6%	1% for first year there after 8%
Attrition rate	15.0%	18.0%
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, 2021			
Defined benefit obligation	1,681	783	2,464
Fair value of plan assets	843	-	843
	839	**783**	**1,621**
March 31, 2020			
Defined benefit obligation	1,675	746	2,421
Fair value of plan assets	853	-	853
	822	**746**	**1,568**

21. Other liabilities

	As at March 31, 2021		As at March 31, 2020	
	Non-current	Current	Non-current	Current
Advance from customers	11,076	27,011	8,271	26,813
Statutory dues	-	3,883	-	4,046
Billing in advance of work completed	-	4,529	-	2,542
Others	-	3,427	-	3,995
	11,076	**38,850**	**8,271**	**37,396**

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, 2021	As at March 31, 2020
Current tax liabilities net of advance taxes	1,596	1,437
	1,596	**1,437**

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, 2021			
Financial assets			
Investments	453	-	453
Trade receivables	-	189,720	189,720
Cash and bank balances	-	39,316	39,316
Other financial assets	-	12,056	12,056
	453	**241,092**	**241,545**

Particulars	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
As at March 31, 2021			
Financial liabilities			
Trade payables	-	178,946	178,946
Borrowings	-	30,522	30,522
Other financial liabilities	-	8,871	8,871
	-	**218,339**	**218,339**

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	-	201,567	201,567
Cash and bank balances	-	33,746	33,746
Other financial assets	-	6,344	6,344
	465	**241,657**	**242,122**

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, 2020			
Financial liabilities			
Trade payables	-	176,310	176,310
Borrowings	-	48,245	48,245
Other financial liabilities	-	7,478	7,478
	-	**232,033**	**232,033**

The carrying value of financial asset and financial liabilities approximates the fair value of financial asset and financial liabilities as at March 31, 2021 and March 31, 2020. Also refer note 40- fair value measurement.

24. Revenue from operations

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Sale of services	279,944	252,395
Other operating revenues, net (Also refer note 18(b))*	3,505	3,320
	283,449	**255,715**

* Other operating revenue includes income from scrip sales and duty drawback of INR 711 lakhs (March 31, 2020 : INR 1,513 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, 2021	Year ended March 31, 2020
Construction contracts	238,303	216,822
Operation and maintenance contracts	41,641	35,573
	279,944	**252,395**

b) Based on Customer	Year ended March 31, 2021	Year ended March 31, 2020
Industrial	69,650	77,722
Municipal	210,294	174,673
	279,944	**252,395**

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, 2021 amount to INR 844,150 lakhs (March 31, 2020 - INR 1,034,540 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, 2021	Year ended March 31, 2020
Opening contract price of orders as at April 01*	**1,034,540**	**859,252**
Total orders received during the year	131,214	435,040
Total revenue recognised during the year	(279,944)	(252,395)
Effects of foreign exchange movements & order variations	(41,660)	(7,357)
Closing contract price of orders as at March 31*	**844,150**	**1,034,540**

*Excludes framework contracts amounting to INR114,259 lakhs (March 31, 2020 : 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, 2021	Year ended March 31, 2020
Interest income from deposits with banks	121	173
Interest income - others	688	431
Foreign exchange gain	-	982
Gain on sale of asset	12	-
Gain from sale of subsidiary (Refer note below)	-	1,931
	821	**3,517**

Note : During the year ended March 31, 2020, the Parent disinvested from its overseas subsidiary Ujams Wastewater Treatment Company (Proprietary) Limited to the extent of 58%. The sale consideration was INR 3,133 lakhs.

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

26. Cost of sales and services

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Material costs	105,794	97,544
Civil costs	63,060	46,604
Erection and commissioning costs	13,120	5,897
Taxes and duties	2,473	3,191
Site establishment costs	15,808	13,099
Engineering costs	1,939	6,064
Project consultancy fee	424	1,691
Warranty expenses/(reversal) (Also refer note 20(a))	(81)	325
Foreseeable losses on contracts (Also refer note 20(d))	105	(1)
Project travel	988	1,673
Insurance costs	745	995
Power and fuel	257	666
Liquidated damages (Also refer note 20(b))	312	565
Other operation and maintenance expenses, net	9,034	8,068
Other project expenses, net	9,606	8,244
	223,584	**194,625**

27. Changes in inventories

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Inventories at the beginning of the year		
Contract inventories	265	523
Stores and spares	2,376	1,013
	2,641	**1,536**
Less: Inventories at the end of the year		
Contract inventories	863	265
Stores and spares	2,114	2,376
	2,977	**2,641**
Net exchange differences	60	(4)
Total	**(276)**	**(1,109)**

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, 2021	Year ended March 31, 2020
Salaries and wages	17,627	20,515
Contribution to defined benefit plans (Also refer note 20(e))	236	543
Contribution to provident and other defined contribution funds	911	877
Staff welfare expenses	1,078	1,410
	19,852	**23,345**

29. Finance costs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest expenses for borrowings at amortised cost	3,620	6,003
Interest expenses on lease liabilities	38	14
Bank charges	5,372	4,885
	9,030	**10,902**

30. Depreciation and amortisation expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of property, plant and equipment (Also refer note 5)	1,146	1,108
Amortisation of intangible assets (Also refer note 5)	67	431
	1,213	**1,539**

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

31. Other expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent (Also refer note 35)	998	1,030
Insurance	281	471
Power and fuel	278	342
Rates and taxes	610	826
Repairs and maintenance	673	989
Professional charges (Also refer note 36)	1,625	1,844
Communication expenses	171	231
Travelling and conveyance	177	940
Foreign exchange loss, net	929	-
Bad and doubtful debts, net	10,716	8,588
Advertisement	70	217
Loss on sale of property, plant and equipment and Intangible assets, net	-	31
Research and development expenses	310	278
Corporate social responsibility expenses (Also refer note 37)	230	95
Miscellaneous expenses	1,345	1,274
	18,413	**17,156**

32. Income taxes

The major components of income tax expense for the year ended March 31, 2021 and March 31, 2020 are:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current tax :		
Income tax expense	3,246	1,802
Tax expense/(reversal) in respect of earlier years	(62)	(4,372)
Deferred tax :		
Relating to allowances for credit losses	(278)	4,498
Relating to change in tax rates	-	2,694
Relating to origination and reversal of temporary differences	41	234
Tax expense reported in the statement of profit and loss	**2,947**	**4,856**
Income tax related to net (gain)/loss on remeasurements of defined benefit plans recognised in other comprehensive income	15	(23)
Tax expense reported in other comprehensive income	**15**	**(23)**

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, 2020 : 25.17%) and the reported tax expense in the statement of profit and loss are as follows:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit before taxes	13,029	13,249
Enacted tax rates in India*	25.17%	25.17%
Tax on profit at enacted tax rate	3,279	3,335
Net tax reversal relating to previous years#	(62)	(1,208)
Difference between Indian and foreign tax rates and net results of subsidiaries	(392)	(2,848)
Dividend Income taxed at lower rate	(32)	-
Effect of change in tax rate in India	-	2,694
Tax effect on non deductible expenses	44	(68)
Deferred tax charges	41	2,928
Others	69	23
Income tax expense	**2,947**	**4,856**
Current tax	3,246	1,802
Current tax reversal relating to previous years	(62)	(4,372)
Deferred tax	(237)	7,426
Income tax expense reported in the statement of profit and loss	**2,947**	**4,856**

* 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 previous 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, 2021	Year ended March 31, 2020
For profit for the year			
Nominal value of equity shares (in INR)		2	2
Profit attributable to owners of the parent	**(A)**	11,011	9,096
Weighted average number of equity shares outstanding during the year	**(B)**	58,471,250	54,670,821
Basic earnings per equity share (in INR)	**(A/B)**	**18.83**	**16.64**
For total comprehensive income			
Nominal value of equity shares (in INR)		2	2
Total comprehensive income attributable to owners of the parent	**(a)**	11,772	10,549
Weighted average number of equity shares outstanding during the year	**(b)**	58,471,250	54,670,821
Basic earnings per equity share (in INR)	**(a/b)**	**20.13**	**19.30**
For profit for the year			
Dilutive effect on profit	**(C)**	-	-
Profit attributable to owners of the Parent for computing diluted EPS	**(D) = (A+C)**	11,011	9,096
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)**	58,471,250	54,670,821
Diluted earnings per equity share (in INR)	**(D/F)**	**18.83**	**16.64**
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)**	11,772	10,549
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)**	58,471,250	54,670,821
Diluted earnings per equity share (in INR)	**(d/f)**	**20.13**	**19.30**

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, 2021	Year ended March 31, 2020
Movement in contract assets		
Opening balance as at April 01	**104,611**	**119,169**
Changes in the measure of progress, claims and other adjustments, net	36,003	32,970
Transfers to trade receivables, net	(33,629)	(47,528)
Closing balance as at March 31	**106,985**	**104,611**
Movement in contract liabilities		
Opening balance as at April 01	**37,626**	**23,054**
Billing-in-advance for work completed	4,324	3,138
Advances received during the year	23,052	33,154
Revenues recognised during the period	(2,337)	(2,927)
Advances offset against billing, net	(20,049)	(18,793)
Closing balance as at March 31	**42,616**	**37,626**

35. Leases

Leases include several office buildings and vehicles.

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(A) Expenses related to leases recognised in Statement of Profit and Loss:		
Interest expense on lease liabilities	38	14
Expenses relating to short term leases	998	1,030
Depreciation expenses of right to use assets	365	221
(B) Payments related to leases recognised in Statement of Cash Flows:		
Recognition of lease liabilities	641	252
Interest paid on lease liabilities	38	14

(C) Total right to use assets recognised for the year ended March 31, 2021 :

Right to use assets class wise	Property, plant and equipment		
	Buildings	Vehicles	Total
Gross carrying value			
Balance as at March 31, 2020	**261**	**435**	**696**
Additions	70	960	**1,030**
Disposals	-	83	**83**
Effects of foreign currency translation	5	7	**12**
Balance as at March 31, 2021	**336**	**1,319**	**1,655**

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 March 31, 2020	**181**	**250**	**431**
Depreciation/amortisation expense for the year	90	275	**365**
Reversal on disposal of assets	-	81	**81**
Effects of foreign currency translation	(20)	12	**(8)**
Balance as at March 31, 2021	**251**	**456**	**707**
Net carrying value			
Balance as at March 31, 2020	**80**	**185**	**265**
Balance as at March 31, 2021	**85**	**863**	**948**

	As at March 31, 2021	As at March 31, 2020
(D) Maturity analysis of lease liabilities :		
Current lease liabilities liquidity analysis		
Within 6 months	267	137
Within 6-12 months	7	26
Non-Current lease liabilities liquidity analysis		
Within 1 to 5 years	603	89

36. Remuneration to auditors (included as part of professional charges) *

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
As auditor		
Statutory audit	33	33
Limited review	10	10
Taxation matters	3	3
Other services	16	9
Reimbursement of expenses	2	8
	64	**63**

* excluding taxes

37. Expenditure on Corporate Social Responsibility (CSR)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a) Gross amount required to be incurred	230	413
b) Amount incurred on:		
(i) Construction / acquisition of any asset	34	74
(ii) On purposes other than (i) above	35	21
c) Amount to be spent	161	-
	230	**95**

Summary of significant accounting policies and other explanatory information (Contd.)

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

38. Service Concession Arrangements

The significant terms of the agreements entered into by the subsidiaries of the Parent towards design, construction, operation and maintainance of Water Treatment Plants on Design Build Finance Operate Transfer ('DBFOT') basis are as below :

Subsidiary	Ganga STP Project Private Limited	DK Sewage Project Private Limited
Project Description	Design, finance, construct / renovate, complete, operate and maintain the sewage treatment facilities and infrastructure in Bally, Baranagar and Arupara areas	Design, finance, construct, complete, operate and maintain the sewage treatment facilities and infrastructure in Digha and Kankarbagh areas
Concession Authority	Kolkata Metropolitan Development Authority ('KMDA') and National Mission for Clean Ganga ('NMCG')	Bihar Urban Infrastructure Development Corporation ('BUIDCO') and National Mission for Clean Ganga ('NMCG')
Key Terms	- Construction period of 2 years including 3 months of trial run and O&M period of 15 years - 40% of the bid EPC cost shall be paid to the concessionaire over the construction period in specific milestones along with variation in construction price index - 60% of the bid EPC cost along with respective construction price index variation shall be paid on annuity basis over 15 years starting after the Commercial Operation Date ('COD') along with interest linked to SBI MCLR - The concessionaire will also receive the O&M charges along with respective O&M price index variation during the 15 year O&M tenure on a quarterly basis and is required to adhere and maintain contractual performance parameters - The arrangement provides for bonus / penalty linked to early / delayed achievement of the COD of the project	- Construction period of 2 years including 3 months of trial run and O&M period of 15 years - 40% of the bid EPC cost shall be paid to the concessionaire over the construction period in specific milestones along with variation in construction price index - 60% of the bid EPC cost along with respective construction price index variation shall be paid on annuity basis over 15 years starting after the Commercial Operation Date ('COD') along with interest linked to SBI MCLR - The concessionaire will also receive the O&M charges along with respective O&M price index variation during the 15 year O&M tenure on a quarterly basis and is required to adhere and maintain contractual performance parameters - The arrangement provides for bonus / penalty linked to early / delayed achievement of the COD of the project
Status of financial closure as per Concession Agreement	Completed	Completed
Debt and Equity Partners	Project Debt: International Finance Corporation ('IFC') and Tata Cleantech Capital Limited Equity Partner: Kathari Water Management Private Limited (a portfolio Company of Green Growth Equity Fund and managed by Eversource Capital Private Limited)	Project Debt: PTC India Financial Services Limited

Summary of significant accounting policies and other explanatory information (Contd.)

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

38. Service Concession Arrangements *(Contd.)*

Subsidiary	Ganga STP Project Private Limited	DK Sewage Project Private Limited
Effective Date	March 08, 2021	Yet to be announced
Project bid cost	INR 57,480 lakhs (including taxes)	INR 24,789 lakhs (including taxes)
Classification	Dues from the concession authority have been recognised as Financial Assets, backed by an unconditional right to receive cash from the grantor	Dues from the concession authority have been recognised as Financial Assets, backed by an unconditional right to receive cash from the grantor
Revenue recognised	INR 4,100 lakhs (previous year Nil) included in Note 24	Nil

Kopri Bio Engineering Private Limited, subsidiary of the Parent has entered into a concession agreement with Thane Municipal Corporation towards development of a biogas based power plant and comprehensive O&M of Sewage Treatment Plant including tertiary treatment at Kopri, Thane for a period of 20 years. Financial closure is currently in progress.

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, Chairman (Retired w.e.f September 23, 2020)
	Mr. Malay Mukherjee - Independent Director (Appointed as Chairman w.e.f September 23, 2020)
	Mr. Milin Mehta - Independent Director (Appointed w.e.f April 29, 2019)
	Ms. Revathi Kasturi - Independent Director (Retired w.e.f September 23, 2020)
	Ms. Vijaya Sampath - Independent Director (Appointed w.e.f July 31, 2020)
	Mr. Anil Chandanmal Singhvi - Additional Director (Resigned w.e.f August 21, 2020)
	Mr. Ranjit Singh - Additional Director (Appointed w.e.f November 11, 2020)
	Mr. Sumit Chandwani - Independent Director (Retired w.e.f August 13, 2019)
	Mr. Sandeep Agrawal - Chief Financial Officer (Resigned w.e.f June 07, 2021)
	Mr. Skandaprasad Seetharaman - Chief Financial Officer (Appointed w.e.f June 08, 2021)
	Mr. Pankaj Sachdeva - CEO, India Cluster
	Mr. Arulmozhi - CFO, India Cluster (Appointed w.e.f June 01, 2021)
Other Related Party	Mr. Rohan Mittal - Engineer, Relative of Managing Director

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, 2021		For the year ended March 31, 2020	
	Associates	Joint venture	Associates	Joint venture
Sales of goods and services	153	-	268	-
Others operating income	206	-	-	-
Other expenses	-	-	106	-
Reimbursements received / receivable	1	-	2	-

c) Balances with related parties

Particulars	As at March 31, 2021			As at March 31, 2020		
	Associates	Joint venture	KMP and other related party	Associates	Joint venture	KMP and other related party
Advances / amount recoverable	52	643	-	72	491	-
Amounts (payable) including loan to / (from) and interest	321	(5)	(33)	(68)	(5)	(37)

All transactions with these related parties are priced on an arm's length basis. None of the balances are secured.

d) Remuneration to Key Management Personnel and Other Related Party :

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries including bonus	478	591
Post employment and termination benefits	56	52
Commission	69	69

(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 maximise the use of observable inputs and minimise the use of unobservable inputs when measuring fair value.

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three Levels of fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

>Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

>Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)

>Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs)

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, 2021 and March 31, 2020 :

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					
2021	March 31, 2021	453	-	-	453
2020	March 31, 2020	465	-	-	465

Particulars	As at March 31, 2021	As at March 31, 2020
ii) Liabilities measured at amortised cost:		
Interest-bearing loans and borrowings:		
Floating rate borrowings	2,435	5,925
Fixed rate borrowings	32,517	46,033

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. As at March 31, 2021 approximately 93% (March 31, 2020: 88%) 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, 2021 (March 31, 2020 : +/- 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, 2021 and March 31, 2020. All other variables are held constant.

Particulars		As at March 31, 2021	As at March 31, 2020
Profit before tax			
Increase	+1%	20	59
Decrease	-1%	(20)	(59)
Equity before tax			
Increase	+1%	20	59
Decrease	-1%	(20)	(59)

Foreign currency risk

The Group enters into transactions of sales and purchases in various currencies based on the domiciliation of the entities of the group. Euro (EUR) and United States Dollar (USD) are the major currencies transacted in, outside the functional currency (INR) of the Parent.

To mitigate the Group's exposure to foreign currency risk, cash flows in foreign currencies are monitored and forward exchange contracts are entered into in accordance with the Group's risk management policies. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward exchange contracts are mainly entered into for net foreign currency exposures that are not expected to be offset by other same currency transactions.

(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 *(Contd.)*

Foreign currency denominated financial assets and financial liabilities which predominantly 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, 2021		
Financial assets	51,613	684
Financial liabilities	19,926	7,741
March 31, 2020		
Financial assets	43,306	393
Financial liabilities	11,902	3,173

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, 2021 (March 31, 2020 : +/- 1%).

If the INR had strengthened against the USD by 1% during the year ended March 31, 2021 (March 31, 2020: 1%) and EUR by 1% during the year ended March 31, 2021 (March 31, 2020: 1%) respectively, then it would have had the following impact on profit before tax and equity before tax :

		As at March 31, 2021	As at March 31, 2020
Profit before tax			
USD	+1%	317	314
EUR	+1%	(71)	(28)
		246	**286**
Equity before tax			
USD	+1%	317	314
EUR	+1%	(71)	(28)
		246	**286**

If the INR had weakened against the USD by 1% during the year ended March 31, 2021 (March 31, 2020: 1%) and EUR by 1% during the year ended March 31, 2021 (March 31, 2020: 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)

41. Nature and extent of risks arising from financial instruments and respective financial risk management objectives and policies *(Contd.)*

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, 2021	As at March 31, 2020
Classes of financial assets		
Trade receivables	189,720	201,567
Cash and bank balances	39,316	33,746
Other financial assets	12,057	6,344

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, 2021, the Group had 9 (March 31, 2020: 10) customers that owed the Group more than INR 5,000 lakhs each and accounted for approximately 45% (March 31, 2020: 53%) of all the receivables outstanding. As at March 31, 2021, 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.

(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 *(Contd.)*

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, 2021 and March 31, 2020.

As at March 31, 2021	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Borrowings	22,482	-	13,202	-
Trade payables	152,144	13,631	13,171	-
Lease liabilities	267	7	603	16
Other financial liabilities	3,243	164	141	-
	178,136	**13,802**	**27,117**	**16**

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	162,622	71	13,617	-
Lease liabilities	137	26	89	-
Other financial liabilities	2,891	459	163	-
	212,801	**3,127**	**16,837**	**-**

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, 2021				
Revenue				
External sales	94,093	205,883	-	299,976
Other operating income	-	-	4,017	4,017
Inter-segment sales *	-	(20,544)	-	(20,544)
Total revenue	**94,093**	**185,339**	**4,017**	**283,449**
Results				
Segment result	15,831	41,032	-	56,863
Share of profit of associates and a joint venture, net	-	575	-	575
Unallocated corporate expenses	-	-	(39,478)	(39,478)
Operating profit	**15,831**	**41,607**	**(39,478)**	**17,960**
Interest and finance charges, net	-	-	(8,209)	(8,209)
Other income	-	-	3,278	3,278
Profit before tax	**15,831**	**41,607**	**(44,409)**	**13,029**
Income taxes	-	-	(2,947)	(2,947)
Profit after tax	**15,831**	**41,607**	**(47,356)**	**10,082**
Non-controlling interests	-	-	929	929
Profit for the year attributable to owners of the parent	**15,831**	**41,607**	**(46,427)**	**11,011**
As at March 31, 2021				
Other information				
Segment assets	178,693	194,908	-	373,601
Unallocated corporate assets	-	-	42,521	42,521
Total assets	**178,693**	**194,908**	**42,521**	**416,122**
Segment liabilities	92,699	145,395	-	238,094
Unallocated corporate liabilities	-	-	38,394	38,394
Total liabilities	**92,699**	**145,395**	**38,394**	**276,488**
For the year ended March 31, 2021				
Capital expenditure	-	-	1,502	1,502
Depreciation and amortisation	-	-	1,213	1,213
Other non cash expenditure, net	-	-	9,587	9,587

* Net of intra-segment eliminations of sales within India.

Summary of significant accounting policies and other explanatory information (Contd.)

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

42. Segment reporting *(Contd.)*

Particulars	India	Rest of world	Unallocated	Total
For the year ended March 31, 2020				
Revenue				
External sales	98,901	170,465	-	269,366
Other operating income	-	-	4,791	4,791
Inter-segment sales	-	(18,442)	-	(18,442)
Total revenue	**98,901**	**152,023**	**4,791**	**255,715**
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	174,313	188,386	-	362,699
Unallocated corporate assets	-	-	39,657	39,657
Total assets	**174,313**	**188,386**	**39,657**	**402,356**
Segment liabilities	90,082	149,790	-	239,872
Unallocated corporate liabilities	-	-	45,265	45,265
Total liabilities	**90,082**	**149,790**	**45,265**	**285,137**
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)

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, 2021	83.6%	116,793	72.4%	7,303	101.1%	761	74.4%	8,064
March 31, 2020	83.3%	97,663	70.0%	5,876	342.6%	1,521	83.7%	7,397
Subsidiaries								
VA Tech Wabag (Philippines) Inc								
March 31, 2021	1.8%	2,559	(5.5%)	(558)	-	-	(5.1%)	(558)
March 31, 2020	2.6%	3,037	0.6%	48	-	-	0.5%	48
VA Tech Wabag Muscat LLC								
March 31, 2021	0.0%	68	(0.4%)	(45)	-	-	(0.4%)	(45)
March 31, 2020	0.1%	115	(4.0%)	(338)	-	-	(3.8%)	(338)
Wabag Muhibbah JV SDN. BHD.								
March 31, 2021	(2.3%)	(3,192)	(20.9%)	(2,105)	-	-	(19.4%)	(2,105)
March 31, 2020	(0.9%)	(1,078)	(26.6%)	(2,235)	-	-	(25.3%)	(2,235)
Wabag Belhasa JV WLL								
March 31, 2021	1.3%	1,811	(3.2%)	(318)	-	-	(2.9%)	(318)
March 31, 2020	1.8%	2,168	(15.8%)	(1,327)	-	-	(15.0%)	(1,327)
VA Tech Wabag And Roots Contracting LLC-Project-I								
March 31, 2021	(0.0%)	(14)	(0.3%)	(27)	-	-	(0.2%)	(27)
March 31, 2020	0.2%	210	0.4%	33	-	-	0.4%	33
Wabag Operation And Maintenance WLL								
March 31, 2021	0.1%	121	0.1%	13	-	-	0.1%	13
March 31, 2020	0.1%	110	(0.3%)	(21)	-	-	(0.2%)	(21)
Wabag Limited								
March 31, 2021	(0.2%)	(237)	0.9%	86	-	-	0.8%	86
March 31, 2020	(0.3%)	(313)	(1.1%)	(95)	-	-	(1.1%)	(95)

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 *(Contd.)*

Name of the entity in the Group	Net assets, i.e. total assets minus total liabilities as at		Share in profit or (loss) for the year ended		Share in other comprehensive income for the year ended		Share in total comprehensive income for the year ended	
	As % of consolidated net assets	Amount	As % of consolidated profit or (loss)	Amount	As % of other comprehensive income	Amount	As % of total comprehensive income	Amount
VA Tech Wabag (Singapore) Pte Limited								
March 31, 2021	3.1%	4,319	8.2%	826	-	-	7.6%	826
March 31, 2020	2.9%	3,421	4.9%	408	-	-	4.6%	408
VA Tech Wabag Brazil Servicos De Agua E Saneamento Limited A								
March 31, 2021	-	-	-	-	-	-	-	-
March 31, 2020	-	-	-	-	-	-	-	-
Ganga STP Project Private Limited								
March 31, 2021	0.5%	684	(1.9%)	(191)	-	-	(1.8%)	(191)
March 31, 2020	0.0%	1	-	-	-	-	-	-
DK Sewage Project Private Limited								
March 31, 2021	0.0%	1	-	-	-	-	-	-
March 31, 2020	0.0%	1	-	-	-	-	-	-
Digha STP Projects Private Limited								
March 31, 2021	0.0%	-	(0.0%)	(1)	-	-	(0.0%)	(1)
March 31, 2020	-	-	-	-	-	-	-	-
Kopri Bio Engineering Private Limited								
March 31, 2021	(0.0%)	(5)	(0.0%)	(5)	-	-	(0.0%)	(5)
March 31, 2020	-	-	-	-	-	-	-	-
Va Tech Wabag Limited Pratibha Industries Limited JV								
March 31, 2021	0.3%	373	0.4%	40	-	-	0.4%	40
March 31, 2020	0.3%	327	1.4%	115	-	-	1.3%	115
VA Tech Wabag GmbH								
March 31, 2021	15.0%	20,955	20.2%	2,041	0.0%	-	18.8%	2,041
March 31, 2020	15.5%	18,117	14.6%	1,229	(15.3%)	(68)	13.1%	1,161

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 *(Contd.)*

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
Wabag Wassertechnik Ag								
March 31, 2021	1.0%	1,428	1.5%	147	-	-	1.4%	147
March 31, 2020	1.1%	1,285	(3.3%)	(277)	-	-	(3.1%)	(277)
VA Tech Wabag Brno Spol. S.R.O								
March 31, 2021	0.6%	844	(3.9%)	(398)	-	-	(3.7%)	(398)
March 31, 2020	1.3%	1,536	(1.2%)	(103)	-	-	(1.2%)	(103)
Wabag Water Services S.R.L.								
March 31, 2021	4.5%	6,221	27.1%	2,735	-	-	25.2%	2,735
March 31, 2020	3.2%	3,783	3.1%	258	-	-	2.9%	258
VA Tech Wabag Su Teknolojisi Ve Tic. A.S								
March 31, 2021	(1.6%)	(2,185)	5.3%	535	-	-	4.9%	535
March 31, 2020	(2.2%)	(2,601)	19.2%	1,610	-	-	18.2%	1,610
VA Tech Wabag Tunisie S.A.R.L								
March 31, 2021	0.6%	843	0.0%	1	-	-	0.0%	1
March 31, 2020	0.7%	835	0.7%	58	-	-	0.7%	58
Ujams Wastewater Treatment Company (Pty) Limited								
March 31, 2021	-	-	-	-	-	-	-	-
March 31, 2020	0.0%	-	6.8%	567	-	-	6.4%	567
Wabag Water Services (Macao) Limited								
March 31, 2021	-	-	-	-	-	-	-	-
March 31, 2020	0.0%	-	(0.5%)	(40)	-	-	(0.5%)	(40)
VA Tech Wabag Deutschland GmbH								
March 31, 2021	(0.0%)	(2)	0.5%	47	-	-	0.4%	47
March 31, 2020	(0.0%)	(46)	0.2%	17	-	-	0.2%	17

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

43. Statutory group information *(Contd.)*

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
Non-controlling interest in all subsidiaries								
March 31, 2021	(1.0%)	(1,343)	(9.2%)	(929)	(1.1%)	(8)	(8.6%)	(937)
March 31, 2020	(0.2%)	(225)	(8.4%)	(703)	(227.3%)	(1,009)	(19.4%)	(1,712)
Foreign associates (investments as per equity method)								
VA Tech Wabag And Roots Contracting LLC-Project-II and Project-III								
March 31, 2021	1.2%	1,630	3.5%	349	-	-	3.2%	349
March 31, 2020	1.1%	1,281	9.1%	766	-	-	8.7%	766
Windhoek Goreangab Operating Company (Pty) Limited								
March 31, 2021	0.3%	352	2.4%	241	-	-	2.2%	241
March 31, 2020	0.2%	243	2.0%	167	-	-	1.9%	167
Foreign joint venture (investments as per equity method)								
International Water Treatment L.L.C								
March 31, 2021	(5.7%)	(8,018)	(0.1%)	(15)	-	-	(0.1%)	(15)
March 31, 2020	(7.2%)	(8,461)	(5.5%)	(458)	-	-	(5.2%)	(458)
Inter-company eliminations and other adjustments								
March 31, 2021	(3.1%)	(4,372)	3.1%	310	-	-	2.9%	310
March 31, 2020	(3.6%)	(4,188)	33.8%	2,838	-	-	32.1%	2,838
Total								
March 31, 2021	**100.0%**	**139,634**	**100.0%**	**10,082**	**100.0%**	**753**	**100.0%**	**10,835**
March 31, 2020	**100.0%**	**117,219**	**100.0%**	**8,393**	**100.0%**	**444**	**100.0%**	**8,837**

44. Authorisation of financial statements

The consolidated financial statements for the year ended March 31, 2021 (including comparatives) is approved by the Board of Directors on June 05, 2021.

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, 2021	As at March 31, 2020
Aggregate carrying amount of individually immaterial associates	1,982	1,525

	Year ended March 31, 2021	Year ended March 31, 2020
Aggregate amount of the group's share of :		
Profit for the year	590	933
Other comprehensive income	-	-
Total comprehensive income	**590**	**933**

b) Investments in joint venture

	As at March 31, 2021	As at March 31, 2020
Aggregate carrying amount of individually immaterial joint venture	-	-

	Year ended March 31, 2021	Year ended March 31, 2020
Aggregate amounts of the group's share of:		
(Loss) for the year	(15)	(458)
Other comprehensive income	-	-
Total comprehensive income	**(15)**	**(458)**
Share of (losses) from joint venture	**(15)**	**(458)**
Share of profits from associates	**590**	**933**

46. Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the reporting date (March 31, 2021) and the date of authorisation, other than those disclosed under respective notes.

(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, 2021	As at March 31, 2020
Income tax demand including interest contested in appeal for various assessment years	440	3,120
Indirect tax matters under dispute including interest contested in appeal for various years	6,699	4,883
Tax liability of the permanent establishment in Algeria*	-	1,857

* During the year ended March 31, 2014, the Algerian branch of 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 2,158 lakhs). The subsidiary, based on expert opinion and advice, believes that the demand is not tenable and accordingly a remote probability of occurance of outflow has been assessed.

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, 2021	As at March 31, 2020
Guarantees issued by the Group for:		
- Others	-	52,390

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 INR13,697 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 22,120 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. The COVID-19 pandemic caused slow down of economic activity globally on account of lockdown / restrictions imposed by the respective governments, customers and regulatory authorities. The Parent has made an assessment of the impact of COVID-19 on its consolidated financial results / position and expects no material impact on the carrying value of assets and liabilities or on its ability to continue as a going concern. The Parent will continue to monitor the situation and update its assessment as necessary.

Notes 1 to 49 form an integral part of these consolidated financial statements

In terms of our report even date attached

For **Sharp & Tannan**
Chartered Accountants
Firm's Registration N o.: 003792S

V Viswanathan
Partner
(Membership No.: 215565)

Place : Chennai
Date : June 05, 2021

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

Malay Mukherjee
Chairman
(DIN :02861065)

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

Sandeep Agrawal
Chief Financial Officer

R Swaminathan
Company Secretary
(Membership No:17696)

Place : Chennai, New Delhi, London
Date : June 05, 2021

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WABAG HOUSE
WABAG
VA TECH WABAG LTD.
WABAG HOUSE
NO.17, 200 FT RADIAL ROAD,
S.KOLATHUR,

sustainable solutions. for a better life.

VA TECH WABAG LIMITED

CIN - L45205TN1995PLC030231

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