FORM A

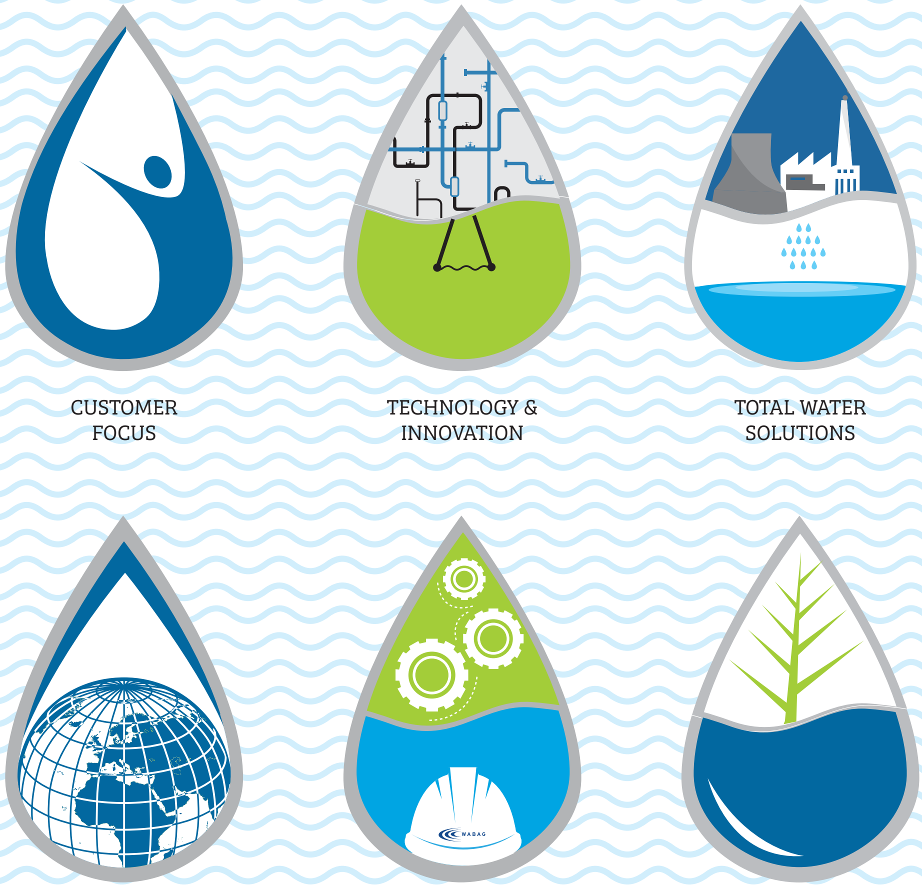
Format of covering letter of the annual audit report to be filed with the stock exchanges

1	Name of the Company	VA TECH WABAG LIMITED
2	Annual Financial Statement for the year ended	31 March 2015
3	Type of Audit Observation	A . The report of Statutory auditors contains the following observations on the standalone financial statement: i) Emphasis of Matter in the Independent Auditors' Report on the Standalone Financial statement "We draw attention to notes 3.3(a) and 3.3(b) to the accompanying financial statement which describe the uncertainty related to the outcome of litigation in connection with certain deductions being disallowed which, according to the management, is due to retrospective amendment of section 80-IA of the Income Tax Act, 1961 pursuant to Finance Act, 2009. Our opinion is not qualified in respect of this matter." B . The report of Statutory auditors contains the following observations on the Consolidated financial statement: i) Emphasis of Matter in the Independent Auditors' Report on the Consolidated Financial statement "We draw attention to notes 3.3(a) and 3.3(b) to the accompanying financial statement which describe the uncertainty related to the outcome of litigation in connection with certain deductions being disallowed which, according to the management, is due to retrospective amendment of section 80-IA of the Income Tax Act, 1961 pursuant to Finance Act, 2009. Our opinion is not qualified in respect of this matter."
4	Frequency of Observation	Observation A (i) and B (i) have been reported since the year ended March 31,2010

5	Signed By	
	Managing Director	Rajiv Mittal
	Chief Financial Officer	S Varadarajan
	Auditors Of the Company	Walker Chandiok & Co LLP for **Walker Chandiok & Co LLP** Chartered Accountants Firm Registration No: -001076N/N500013 per Sumesh E S Partner Membership No: 206931
	Audit Committee Chairman	Bhagwan Dass Narang

WABAG

Annual Report | 2014-15



CUSTOMER FOCUS

TECHNOLOGY & INNOVATION

TOTAL WATER SOLUTIONS

GLOBAL FOOTPRINT

ENGINEERING EXCELLENCE

ECOLOGICAL BALANCE

SOLUTIONS THAT **SUSTAIN LIFE**

Forward-looking statement

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

CONTENTS

The Board

Bhagwan Dass Narang
Independent Chairman

Rajiv Mittal
Managing Director & Group CEO

Jaithirth Rao
Independent Director

Sumit Chandwani
Independent Director

Revathi Kasturi
Independent Director

Corporate Information

S. Varadarajan
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Registered & Corporate Office
'WABAG HOUSE'
No. 17, 200 Feet
Thoraipakkam - Pallavaram Main Road,
Sunnambu Kolathur,
Chennai - 600 117
P: +91 44 - 3923 2323
F: +91 44 - 3923 2324

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

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

Cost Auditor
S.Chandrasekaran,
Practicing Cost Accountant,
Membership No. 47844 Sreshta, 57
Subramaniam Street,
Abhiramapuram, Chennai - 600 018.
P: +91 44 - 2499 0286

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

Registrar and Transfer Agents
Karvy Computershare Private
Limited,
Unit : VA TECH WABAG LIMITED
Karvy Selenium Tower B, Plot 31-32,
Gachibowli,
Financial District, Nanakramguda,
Hyderabad - 500 032
Mr. B. Srinivas,
P : +91 40 6716 1530
Email : einward.ris@karvy.com

Bankers
- Axis Bank Limited
- HDFC Bank Limited
- ICICI Bank Limited
- IDBI Bank Limited
- Kotak Mahindra Bank Limited
- Punjab National Bank
- Societe Generale Bank
- Standard Chartered Bank
- State Bank of India
- The Hongkong and Shanghai Banking Corporation Limited
- YES Bank Limited

Board Committees

Audit Committee
Bhagwan Dass Narang
Chairman

Jaithirth Rao

Sumit Chandwani

Stakeholders Relationship Committee
Sumit Chandwani
Chairman

Rajiv Mittal

Corporate Social Responsibility Committee
Revathi Kasturi
Chairperson

Sumit Chandwani

Rajiv Mittal

Nomination and Remuneration Committee
Revathi Kasturi
Chairperson

Bhagwan Dass Narang

Sumit Chandwani

Rajiv Mittal

Monitoring Committee
Bhagwan Dass Narang
Chairman

Sumit Chandwani

Revathi Kasturi

Rajiv Mittal

Of all our planet's resources, perhaps none has greater influence in our lives than water. Water shapes, renews and nourishes life.

To support the world's growing population, consumption and industrial activity we need more water everyday.

Nature can't always be bountiful. Therefore, the way forward is to innovate and create newer and sustainable solutions that can drive change in the water landscape.

In the global movement for the optimal management, conservation and recycle of this precious resource, WABAG acts as a reliable partner.

Our nine decades of rich experience has enabled us to design, build and operate drinking water and waste water plants for both municipal and industrial sectors globally.

Our customers rely on us, because we provide environmentally compatible solutions, backed by advanced technologies, meticulous research and wide-ranging innovations.

WABAG's solutions support communities and industries across the world in making the most of this precious natural resource.

And in so doing, we contribute towards sustaining life on Earth.

World of WABAG

9+ decades
The WABAG brand is trusted and respected globally for its nine-decade-old know-how and domain expertise

Top 10
Ranked among Top 10 desalination companies in the world

100+ patents
We have over hundred patented technologies helping us to customise projects, based on customer requirements and offer solutions..

2,300+ projects
Project reference list of more than 2,250 projects built over the past three decades, giving us expertise and experience to pre-qualify for complex and large projects.

₹ 422 Crore
Cash balance reflects our balance sheet's liquidity quotient

3

State-of-the-art R&D centres driving consistent innovation

₹ 5,439+ Crore

Firm order book ensuring sustainable revenue inflow for the coming years.

30+ countries

Presence across diverse geographies spanning three continents, minimising geographic concentration risk

30+ years

Professionally managed Company with promoters having an average of 30 years work experience in the industry

2,000+

Global team strength

Value through vision

WABAG represents a confluence of tradition and modernity, inspired by a vision to serve customers and the wider community of stakeholders.

Our plants facilitate waste water disposal and secure access to clean drinking water for a growing number of people from Europe, Africa and Asia.

Our vision

WABAG shall be a professionally managed Indian Multinational having Market Leadership in Emerging Markets and significant position in the Global Market both in the EPC and Service Sector of Water Business

WABAG shall encourage and practice a culture of Caring, Trust and Continuous Learning, while meeting Expectations of Employees, Stakeholders and Society.

WABAG-ites shall be an Innovative, Entrepreneurial and Empowered Team committed to Total Customer Satisfaction and Value Creation.

Our mission

We, at WABAG, exist to provide total water solutions to our valued customers.

Our strong, capable, agile and customer focused team shall ensure that every customer solution is creative, priced competitively and provided in the agreed time frame with essence of quality at optimum cost.

We, at WABAG, always have concern for the welfare of our employees and shall do everything it takes to attract and retain the best of the talent.

End-to-end solution provider

CONCEPTUAL AND PROCESS ENGINEERING

DESIGN & ENGINEERING

EQUIPMENT SUPPLY

PROCUREMENT & CONSTRUCTION

ERECTION & COMMISSIONING

OPERATIONS & MAINTENANCE

Credible certifications

- Quality management system conforms to international standards (ISO 9001:2008)
- Highest standards in health, safety and environment (HSE) (ISO 14001 and OHSAS 18001 certifications)

Awards and accolades

- WABAG was chosen as one of the Billion Dollar Babies by TIECON. TIECON is a not-for-profit organisation who focuses on development of entrepreneurship.
- The Engineering Export Promotion Council (EEPC) India presented Export Excellence Awards for 2012-13 under the category - 'Project Exports-Large Enterprise'
- The Indian Desalination Association conferred the 'Lifetime Achievement Award' to our Managing Director & Group CEO, Mr. Rajiv Mittal, recognising his contribution to the water and desalination industry and entrepreneurial excellence.
- Won the Researchbytes IC Awards 2014 for the Best Investor Communication Practice (Category - Small Cap)
- WABAG's Industrial Project in Namibia wins the Distinction Award for 'Industrial Water Project of the Year, 2015' at the Global Water Summit held in Athens, Greece
- Won the 'Water Digest - Water Awards' in the category 'Best Desalination project company'

Our rich heritage

- The WABAG brand is in existence since 1924
- WABAG is in the water treatment business in India since 1996
- One of the few pure-play water technology companies in the world

Our offerings

We provide turnkey solution in the following categories:

- Drinking water treatment
- Industrial waste water treatment
- Municipal waste water treatment
- Industrial and process water treatment
- Desalination (sea water and brackish water)
- Recycling (industrial and municipal waste water)

The water expert

- An extensive technology portfolio with more than 100 patents
- Proven process know-how and experience
- Provide complete water solutions: Engineering, Procurement and Construction (EPC), Design-Build-Operate (DBO) and Build-Own-Operate-Transfer (BOOT)
- Experience as a reclamation plant operator
- Multinational experience, which ensures an understanding of different local needs
- Opportunity to leverage low-cost economic advantage in the global market
- In-house R&D centres in Austria, India and Switzerland

Project canvas

Major projects executed during FY 2014-15

Reliance Dahej PTA Waste Water Treatment Plant

Plant Water System for Durgapur Projects Limited

ONGC Mangalore Petrochemicals (OMPL) - DM Plant and CPU

Pappankalan STP for Delhi Jal Board

Flow more - Rourkela Steel Plant (SAIL) – (20 nos). High Rate Mill Scale Filtration System

Reliance Hazira Effluent Recycle Plant

Siverek WWTP, Turkey

Werdhölzli WWTP, Zurich, Switzerland

Ujams Industrial Water Reclamation Plant with patented Fine Sieve Technology

Major orders bagged during FY 2014-15

Design, Construction and Commissioning of 147 MLD Water Treatment Plant (WTP) for KMDA - West Bengal, India

Design and Construction of 140 MLD Sewage Treatment Plant (STP) under Ganga Action Plan Project funded by JICA for UP Jal Nigam - Varanasi, India

Produced water treatment plant (PWTP) from OMV Petrom SA - Romania

Waste Water Treatment Plant for the new industrial park of the Al Kharj city - Saudi Arabia

O&M of all the Waste Water Treatment Plants (WWTPs) and Waste Water Pumping Stations of Istanbul Mega City - Istanbul, Turkey

60 MLD Sewage Treatment Plant (STP) funded by World Bank - Valenzuela, the Philippines

Sustainable Performance

Order book (₹ in Crore)

10-11	3,402
11-12	3,731
12-13	4,284
13-14	5,354
14-15	5,439

5-year CAGR **12.45%**

Net worth (₹ in Crore)

10-11	570.96
11-12	643.00
12-13	717.33
13-14	843.99
14-15	907.63

5-year CAGR **12.29%**

Revenue (₹ in Crore)

10-11	1,242
11-12	1,444
12-13	1,619
13-14	2,239
14-15	2,435

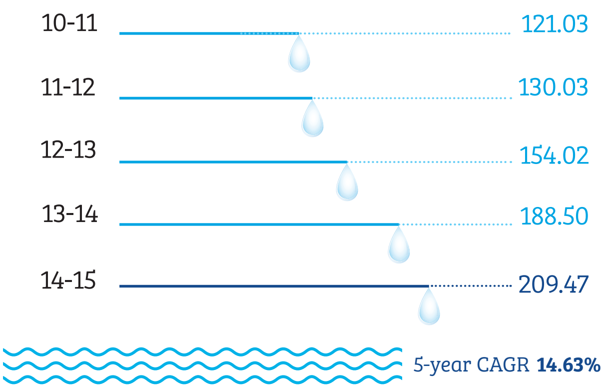
5-year CAGR **18.33%**

Profit after tax (₹ in Crore)

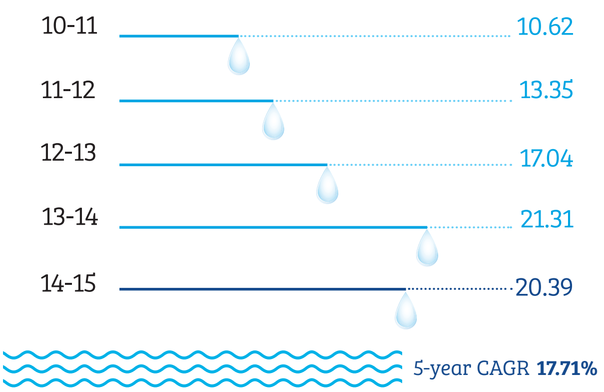
10-11	52.57
11-12	73.75
12-13	90.34
13-14	113.35
14-15	110.10

5-year CAGR **20.30%**

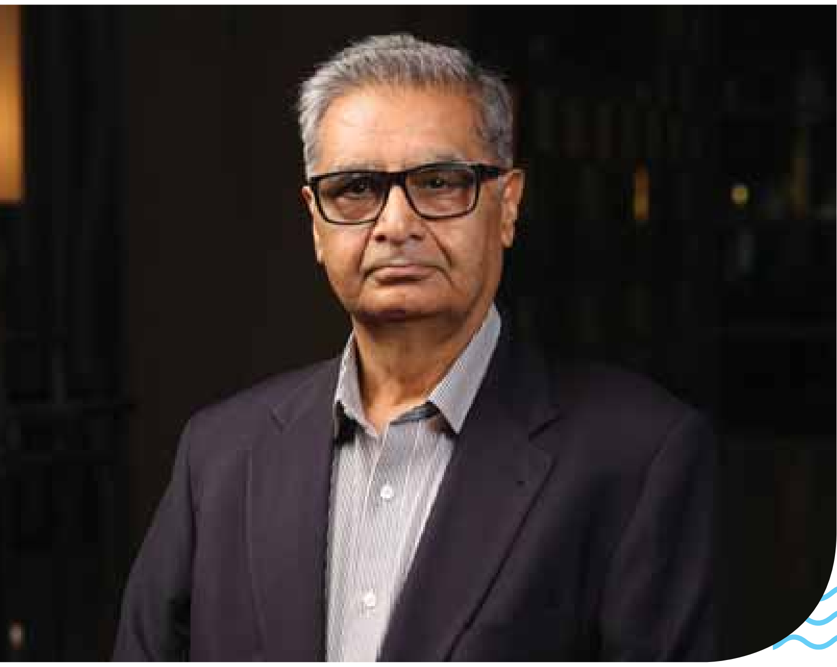
EBITDA
(₹ in Crore)



Earnings per share
(₹)



Chairman's Communiqué



We have so far executed 2,300+ water treatment and waste water projects successfully in the last three decades globally to help improve the lives of millions of people.

BD Narang | Chairman

Dear Shareholders,

The world is now on the cusp of an interesting transformation, where aspirations and requirements of a society have to be balanced with intelligent utilisation of natural resources. For centuries, we have taken bountiful nature for granted; now such an approach can lead to dangerous consequences. Water, an essential natural resource, has to be viewed in that perspective.

By 2050, we will have more than 9 billion people on the planet, demanding access to clean water as one of the vital prerequisites for a better quality of life. Not just that, growing urbanisation, industrialisation, environmental degradation and climate change can radically change the global water landscape, jeopardising lives and livelihoods of millions of people on the planet. How are we going to meet those challenges? There are no easy answers, but innovation can show the way forward. At WABAG, we are partnering cities and industries across the world to find innovative solutions to optimise the management of water resources so critical for human survival.

India offers an interesting example as to how critical water can be for an emerging economy with billion-plus aspirations. In India, water demand is expected to grow at 2.8% CAGR from 2010 to 2030. Water is needed for agriculture, industry and human consumption. However, India's water resources are facing the twin challenges of depletion and pollution. Therefore, sustainable solutions must be put in place to conserve, purify and recycle the precious resource.

WABAG offers one of the most advanced technologically-driven expertise to cater to customer requirements in India and many other parts of the world. We have the relevant know-how to first understand the specific requirement of the client and then provide need-based solutions, considering the socio-economic dynamics of a particular project.

We have so far executed 2,300+ water treatment and waste water projects successfully in the last three decades globally to help improve the lives of millions of people. As governments and industries across the world are focusing on preparing a sustainable water blueprint, more investments are on the anvil. We see this scenario as a positive development, which will help us create more value for all stakeholders.

Year under review

During the year, WABAG executed large and complex projects across geographies. We continue to bid for big-ticket projects and have ₹ 5,439 Crore order book as on 31st March 2015.

Our Multi Domestic Units (MDU) performed well with the Philippines and Turkey leading from the front; we have secured a good number of high-value orders from these units. We have now gained a larger share of the water treatment market in the Philippines. I am happy that WABAG Turkey is taking care of complete management of waste water in the city of Istanbul.

During the year, we established new subsidiaries in Thailand, Bahrain and Qatar to capture the emerging opportunities in those regions. In India too we see good opportunities - the Namami Gange project, Development of 100 Smart Cities, Swachh Bharath Mission and the Delhi Jal Board's initiatives to clean the Yamuna are some of the key opportunities which augur well for your Company.

Social commitments

Our solutions are an important aspect of community wellbeing. Taking this corporate ethos further, we put our resources and energy to find ways and means to help uplift the community. Our Rain Water Harvesting (RWH) initiative in partnership with Akash Ganga Trust significantly benefits the Kanchi Kamakoti Child Trust Hospital, Chennai. It recharges groundwater sources in order to sustain and improve the water table and water quality.

WABAG is also setting up a Sewage Treatment Plant (STP) Facility at the Cancer Institute, Adyar, Chennai. I am also delighted that we have partnered with M.S. Swaminathan Research Foundation to implement a project on Augmentation of Water Resources for small farmers in Villupuram District, Tamil Nadu.

Also, WABAG has engaged the services of Care Earth Trust, a Chennai-based NGO for the implementation of an integrated programme for building capacities for managing wetlands among the defined group of stakeholders

A long-term growth story

What WABAG is today is because of the creativity and determination of our global team and I am proud to be at the helm of such an organisation. We have a strong legacy of doing what matters most to the world and we will continue to follow our vision with renewed energy. Today, we are bigger, stronger and more connected to the world and to local communities than ever. Being a pure-play water technology company with accent on ecological balance, we are now well on our way to achieve our 'One Billion Euro' vision.

WABAG is a long-term growth story and we will continue to add exciting new chapters to the story by bringing the most innovative and sustainable solutions to the world.

I would like to thank all WABAGites for their contribution to WABAG's success story. I look forward to their continued support as we strive to make WABAG even stronger. I also take this opportunity to express my gratitude to all our stakeholders who have reposed trust in WABAG.

Best wishes,
Bhagwan Dass Narang

Managing Director's Insight

Our consistent focus on faster project execution, bagging newer project and concentration on international markets has enabled us to grow even in challenging times.

Rajiv Mittal | Managing Director

Dear Shareholders,

With over nine decades of experience, WABAG has built a credible reputation as a reliable, cost-efficient and customised solutions provider in the global water treatment space. Being a pure-play water technology company we have always considered it as our responsibility to provide holistic water solutions to sustain life. This may entail improving our processes, reimagining business strategies in some cases and bolstering technological and people capabilities to a very large extent. We are doing all this and more, and our performance for the year shows not just what we are, but what we can be.

Company's performance

In FY 2014-15, we achieved ₹ 2,435 Crore consolidated revenue (₹ 2,239 Crore in FY 2013-14), owing to enhanced global scale of operations and growing order book. We reported a ₹ 209 Crore consolidate EBIDTA, against ₹ 189 Crore in FY 2013-14 and a ₹ 110 Crore consolidated net profit against ₹ 113 Crore in FY 2013-14. Our consistent focus on faster project execution, bagging newer project and concentration on international markets has enabled us to grow even in challenging times. The order book stood at ₹ 5,439 Crore as on 31st March, demonstrating sustainable business operations. During the year, with a view to encourage the participation of small investors by making equity shares of the Company affordable, increasing the liquidity of the equity shares and to expand the retail shareholders' base, we issued bonus shares. The Board has recommended a dividend at a payout ratio of 20% as in the previous years, subject to the approval of shareholders.

Strategic Business Units' (SBU) performance

The Municipal Business Group (MBG) continues to be the front runner in terms of order book and revenue. The Group bagged key orders from India and abroad and continues to bid for large projects globally. This business unit is well poised to clinch business deals from three major government initiatives: (i) Namami Gange Plan (ii) Swachh Bharat Mission and (iii) 100 Smart Cities. Also, in India the idea of building tertiary treatment plants is gaining momentum and I see a good opportunity in this space.

In the Industrial Water Group (IWG), performance was muted during the year due to delay in the government's policy making and Industrial project clearances. However, going forward, we envisage bright prospects for this business unit in fertilizer, power and oil & gas sectors with more impetus being given by the central government. With the Indian industrial scenario being subdued during the year, the unit focused on overseas market opportunities. Following the success of the order won in Nigeria last year, the unit has bagged a project in Malaysia during the year under review.

The Operations Business Group (OBG) is the margin driver of the Company and the business is growing steadily. We see good traction in the Middle East market for this service business. We have won projects in Qatar, Bahrain and in Singapore. This business unit is looking to further expand into to Middle East and is continuously exploring opportunities in this region. During the year, OBG bagged many repeat orders in India.

The Desalination Business Group (DBG) is focusing on the large opportunities emanating from the desalination segment. Following the success of the 100 Million Litres per day (MLD) Desalination plant at Nemmeli, Chennai, the Government of Tamil Nadu has proposed to set up two new Desalination plants in Chennai of 150 MLD and 400 MLD capacity. Apart from these, two new plants in the southern part of Tamil Nadu in Tuticorin and Ramanad districts, each of 60 MLD have been proposed. Given the water scarcity and the need for alternate water sources, many coastal states are examining the possibilities of setting up desalination plants. The business unit is also seeing good opportunities in the LATAM market through our Spanish subsidiary setup a couple of years back.

Multi Domestic Units' (MDU) performance:

This year WABAG Turkey and WABAG Philippines have recorded phenomenal performance. In Turkey, WABAG now operates and maintains the entire waste water system of the Istanbul Mega-City, comprising 120+ plants. WABAG Philippines has emerged as a leader in the water market in the Philippines in a short span of time. During the year, this MDU has received two large orders both funded by World Bank. WABAG Austria continues to cater to the Middle East market requirements and supports WABAG India in key projects in this region. WABAG Romania continued its good performance and bagged an important order for Produced Water Treatment Plant (PWTP) in Suplacu de Barcau, which is Romania's largest oilfield. The year 2014 saw WABAG Czech celebrate 20 years of success in this region. WABAG Switzerland continues to enjoy technology leadership in the high-end market of Switzerland. WABAG Spain is actively forging partnerships in the LATAM region to tap opportunities in this market.

FY 2014-15 in retrospect

During the year, our major achievements include the following:

- Won the first project under the prestigious Ganga Action Plan - a 140 MLD Sewage Treatment Plant order in Varanasi, India
- Executed a BOOT Project in Ujams, Namibia, an Industrial Water Reclamation Plant.
- Entered into a technology agreement with Royal Haskoning DHV of Netherlands to introduce Nereda technology for waste water treatment in India and Switzerland markets
- Incorporated a new subsidiary in Thailand to target the Indo-China region, where we see good opportunities in the water treatment space
- Incorporated a new subsidiary in Bahrain and Qatar - bagged O&M projects in this region

Our business priorities and focus

Going forward, we have prioritised our focus on the following:

- Grow our order book with a sustainable mix of volume driven and margin-accretive projects
- Enhance productivity to complete on-going and new projects on scheduled time
- Reinforce our leadership in key regions like the Philippines and Turkey
- Establish, develop and sustain leadership in other emerging markets
- Encourage a culture of continuous innovation and engineering excellence

In order to leverage the experience and expertise of all the SBUs / MDUs and to promote cross collaboration among various geographies and to tap the Group's inherent strength, we are realigning our organisation structure to catalyse our vision of achieving € 1 Billion top line.

Thinking big

I believe innovative ideas driven by smart WABAGites can produce great results towards the triple bottom line - people, planet and profit. Our technological prowess coupled with customer focus and *glocal* presence are targeted to provide sustainable solutions globally. WABAG is well-poised to seize this moment of opportunity and continue its journey towards becoming a Global Leader. I am more confident than ever before that our best days lie ahead.

Best regards,
Rajiv Mittal

In safe hands

Our technology, talent and teamwork are making a difference in the lives of Istanbul's citizens by ensuring that no effluent is discharged in the surrounding water landscape.

Mahmut Gedek
MD, WABAG Turkey

Case study 1

The necessity

Home to around 16 Million people, Istanbul manages close to 40% of Turkey's total industrial output. Such a bustling city with a burgeoning population demands efficient waste water management. The demands related to the safe and efficient operational management of waste system are manifold and therefore the need for global domain expertise.

The execution

Istanbul Water and Sewage Administration (ISKI) relied on WABAG's expertise to provide safe and efficient operational management of over 5,000,000 m^3/d of waste water at 124 locations.

The facilities in question include three large treatment plants with a combined capacity of around 1 Million m^3 per day. The facilities also include sustainable, anaerobic sludge treatment systems that allow the use of biogas for energy generation purposes and provide a total output of 23 MW. The three central plants are supplemented by roughly 50 additional, small mechanical/biological as well as nine pre-treatment plants of which some are extremely large and can handle throughput of up to 850,000 m^3 daily.

A massive flow of more than five million cubic metres of waste water is thus treated on a daily basis. The project also involves the servicing of 64 waste water pumping stations. We have leveraged our technological excellence and lower cost structures to successfully treat all the waste water plants in Istanbul.

The impact

Our initiatives in Istanbul will benefit millions of people and make a major and sustainable contribution to environmental protection and an enhanced quality of life.

Our solutions reassure people in need as they go about their daily lives and civic authorities are convinced that water management of their city is in safe hands.

5,000,000 m^3/d

of waste water management at 124 locations.

23 MW

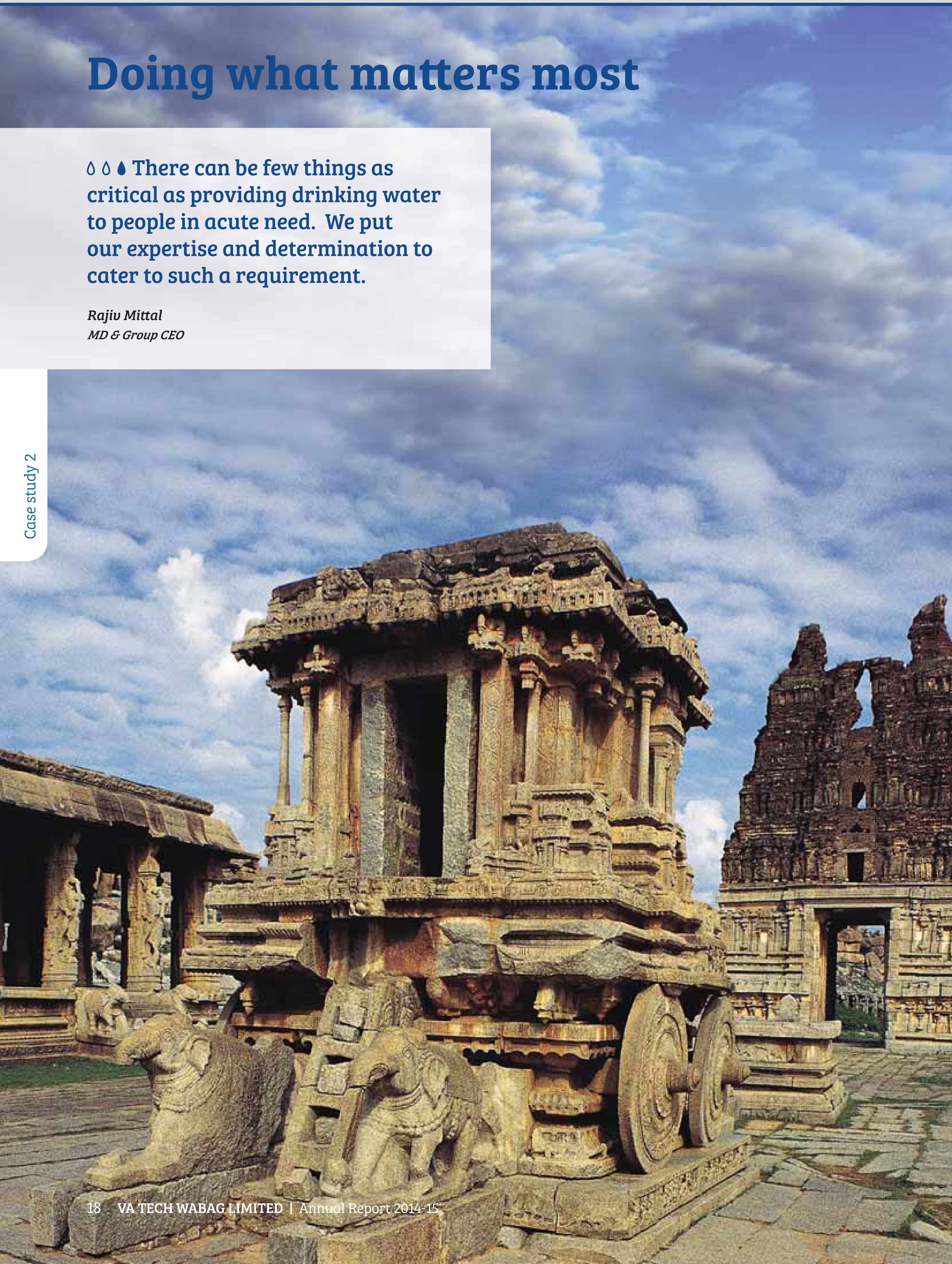
The facilities also include sustainable, anaerobic sludge treatment systems that allow the use of biogas for energy generation purposes and provide a total output of 23 MW.

Doing what matters most

There can be few things as critical as providing drinking water to people in acute need. We put our expertise and determination to cater to such a requirement.

Rajiv Mittal
MD & Group CEO

Case study 2



The necessity

Chennai's potable water challenge grew with enhanced urbanisation and pressure of population. An efficient desalination plant was the need of the hour as the Cooum and Adyar rivers which meander through the city of Chennai, became increasingly polluted and unsuitable for providing potable water.

The execution

WABAG built the 100 MLD Nemmeli Seawater Desalination Plant for Chennai Metropolitan Water Supply and Sewage Board. It is India's largest seawater reverse osmosis desalination plant. The plant converts sea water into fresh potable water, which is supplied to two million people from Chennai's southern suburbs. The facility processes around 1,00,000 cubic metre per day through reverse osmosis (RO).

The execution faced multiple challenges: first, hard rock encountered at the intake chamber required controlled blasting; second, construction work was also jeopardised by two cyclones; third, earthquakes in Indonesia caused the coastline to move towards the shores of Nemmeli site, causing more hardships along the way.

The process of desalination is a comprehensive one. It includes pre-treatment of saline water followed by RO and post treatment to supply pure drinking water.

The impact

The project as per design serves the drinking water needs 15 lakhs people of water starved Chennai.

Our efforts have helped the government and relevant authorities to respond to the urgent requirements of people with speed.

100 MLD

WABAG built the 100 MLD Nemmeli Seawater Desalination Plant for Chennai Metropolitan Water Supply and Sewage Board.

15 Lakhs

The project as per design serves the drinking water needs 15 lakhs people of water starved Chennai.

Making every drop count

When we undertake a particular project, we don't follow a fixed pattern. There is no one-shoe-fits-all strategy. Building the water reclamation plant in Namibia posed challenges which were unique in their own right. We relied on our technological proficiency and design capabilities to usher in positive change on Windhoek's water horizon.

Erik Gothlin
MD, WABAG Austria

Case study 3

The necessity

The Ujams industrial area needed consistent supply of water with a high degree of purification following the treatment of effluents from brewery, abattoir, beverages, chocolate and tannery sectors. The purified water was needed for irrigating agricultural lands and for industrial consumption.

A detailed piloting study showed that the plant can be built very compact, and the energy balance improved by using the latest technology of fine sieving for WABAG.

The challenge

The challenge was to clean various impurities from diverse production facilities and the pollutant concentrations that are subject to major fluctuations within hours. The project required full biological treatment, advanced nitrogen and phosphorus elimination and disinfection.

The execution

WABAG presented the best-in-class design concept for project implementation. The process design comprised screening, grit removal, a waste water buffer, MICROPUR® fine sieving (250 µm) followed by an MBR and a combined odour treatment system.

We conducted pilot tests to verify the proposed compact process design and applied the MICROPUR® process, which involves innovative fine sieving, for the first time in a client's plant.

The impact

The plant effectively treats effluents from various industrial sectors. The high degree of purification allows water reuse for landscape irrigation or as process water for industry and indirect discharge into nearby water extraction areas. Now an additional reclamation plant is operational and the waste water from the Ujams industrial park is being treated for reuse. This leads to savings of 5,175 m^3 fresh water per day. Over five million litres of water daily can now be used for irrigation or as industrial water.

Today, WABAG's intervention has made it possible for water-scarce Windhoek to utilise every drop of water in the region.

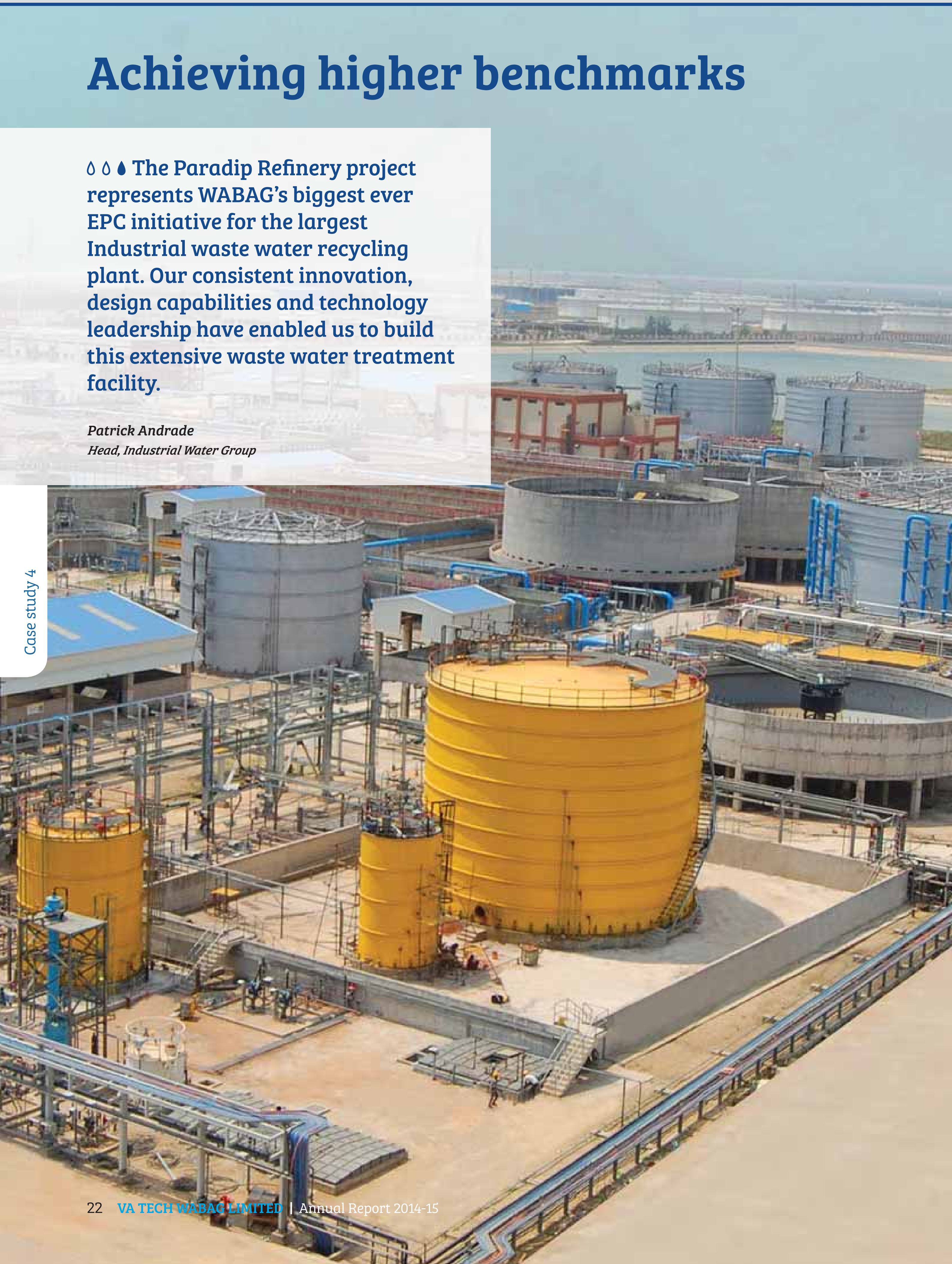
5 million litres+

Over five million litres of water daily can now be used for irrigation or as industrial water.

Technologies used

- Mechanical pre-treatment
- Fine sieving or advanced pre-treatment technology: MICROPUR®- first time for WABAG's client plant
- Membrane bioreactor (MBR) technology: MARAPUR®
- Disinfection
- Sludge treatment
- Odour treatment

Achieving higher benchmarks



The Paradip Refinery project represents WABAG's biggest ever EPC initiative for the largest Industrial waste water recycling plant. Our consistent innovation, design capabilities and technology leadership have enabled us to build this extensive waste water treatment facility.

Patrick Andrade
Head, Industrial Water Group

Case study 4

The necessity

The need at Paradip was to set up a water recovery plant, which could also safely treat refinery effluents for onward processing. Effluents in this grass root refinery include oily water, contaminated rain water, salty oily water, stripped sour water, cooling tower blow down, steam system blow downs, side-stream filter backwash, spent caustic, leachate, municipal sewage and coke pile surface water run-off, among many others.

The challenge

The plant had to be highly efficient enough to maximise water recovery as well as render final effluents safe for discharge, meeting stringent international standards.

The execution

WABAG set up a 32,000 m^3 per day effluent treatment Plant (ETP) and water recovery plant (WRP) for Indian Oil Corporation Limited (IOCL) at Paradip, Odisha. The waste water from the refinery is treated in three stages.

Stage 1: Free oil and emulsified oil is removed in primary treatment. Waste water is further treated in secondary treatment using bio-tower and activated sludge process. Sludge removed from both primary and secondary treatment is further thickened, dewatered and returned back to client. Spent caustic and landfill leachate are treated separately and re-circulated into the secondary treatment. **Stage 2:** The treated effluent from secondary treatment is taken into water recovery plant (tertiary treatment) and is subjected to further treatment using rapid gravity sand filters, membrane technology (ultra-filtration and reverse osmosis (RO). This 75% recovered high quality permeate water is stored and sent back to refinery for process water usage. **Stage 3:** The RO reject from the water recovery plant is treated through a Hard COD treatment plant before final disposal to sea meeting full safe disposal limit standards. The effluent treatment plant also has Volatile Organic Removal Plant (VOC) that removes VOC odour from oil treatment units, there by maintaining the ambient air quality as per international standards and operator friendly environment.

The impact

Maximum effluent recycled to high quality recycled water put to use and a clean environment have made the plant not only a model waste water treatment facility, but also an eco-friendly site.

The project is a milestone in our journey over the years and it gives us the confidence that we can achieve even higher benchmarks of excellence in the coming years.

32,000 m^3

WABAG set-up a 32,000 m^3 per day effluent treatment plant (ETP) and water recovery plant (WRP) for Indian Oil Corporation Limited (IOCL) at Paradip, Odisha.

Case study 5

Managing an uphill task

For the project at Lausanne we had the opportunity to compete with the best players in the industry globally. We were confident that we could deliver solutions that were technologically advanced and at the same time cost-effective.

Gerhard Ryhiner
MD, WABAG Switzerland

The necessity

The Swiss city of Lausanne partially covers its daily water demand with spring waters from Sonzier. However, spring water treatment was needed to maximise use of the energy efficient spring water supply as much as possible. This goal was to be achieved by implementing an energy efficient turbidity treatment. Lausanne was looking for a fully automated ultrafiltration plant featuring maximised hydraulic yield and offering a high degree of production stability and security. WABAG provided advanced technology and best-in-class expertise to the client.

The challenge

The hilly city of Lausanne depends primarily on two lake water treatment plants situated on the shore. The treated lake water therefore has to be pumped uphill into the reservoirs, when turbid spring waters cannot be used. This would consume a lot of energy and thus is also cost intensive. The new uphill ultrafiltration helps to reduce these energy costs remarkably.

The execution

WABAG used ultrafiltration membranes, which have already been implemented successfully in various other plants built by WABAG. They ensure a high level of water purity and seamless supply. Primary goals of this plant are turbidity removal and disinfection. It consists of six self-regulating ultrafiltration trains with pressurised membranes, bearing a total production capacity of 22 MLD.

The largest ultrafiltration plant for spring water treatment in Switzerland built by us is now running for more than one year. The ultrafiltration, driven by hydrostatic uphill pressure, is a big achievement since it allows producing permeate without electrical energy and ensures drinking water production even when no power is available.

The impact

The fully automated plant ensures up to 15% of the daily water demand of the city of Lausanne in a very cost-effective manner.

The project's success reinforces our credibility as a reliable partner in the global initiative in providing greater access to pure water to people.

15%

of the daily water demand of the city of Lausanne is ensured in a very cost-effective manner

22 MLD

production capacity of inge membranes

Performing with a global mandate

Waste water treatment plant, Siverek, Turkey

During FY 2014-15, we have bagged several prestigious projects around the world. Below are some of the major ones:

140 MLD Sewage Treatment Plant (STP) under Ganga Action Plan Project

We bagged the first order under Ganga Action Plan Project in Varanasi for design and construction of 140 MLD STP worth ₹ 2,200 Million funded by JICA (including operation and maintenance for 10 years).

We will employ the Activated Sludge Process with biogas-based power generation for this project. This process will help the plant to generate power from biogas and the plant will be largely self-sufficient in terms of power using this 'Green Energy'. This will not only help the project to reduce its operational costs but will also reduce the carbon emissions and thus will qualify for carbon credits.

Two World Bank funded projects in the Philippines

The first project we bagged from Maynilad Water Services, the Philippines for construction of 20 MLD Sewage Treatment Plant (STP) at Tunasan, the Philippines worth ₹ 1,000 Million. This project is unique since this STP is constructed to handle waste water flowing into the Laguna Lake, which is one of the biggest alternate drinking water sources of the Philippines.

The second project (60 MLD Sewage Treatment Plant) is in Valenzuela, the Philippines from Maynilad Water Services Inc and is worth ₹ 1,750 Million.

Several projects in Turkey

We won a major order from Istanbul Water and Sewerage Corporation for operation and maintenance of the entire waste water of the Istanbul Mega City. This includes operation and maintenance of all the Waste Water Treatment Plants (WWTPs) and Waste Water Pumping Stations.

We are responsible for the complete drinking water supply and Waste Water Treatment Plant of the sixth biggest city in Turkey, Adana. We are also building a 366 MLD Water Treatment Plant in Izmir.

We bagged a municipal waste water treatment plant in Polatli, Turkey worth ₹ 400 Million. The waste water treatment plant will be equipped with mechanical/biological treatment technology on the basis of the activated sludge process, and also incorporate carbon and nitrogen removal. In addition, the plant will operate using aerobic sludge treatment, sludge dewatering and a biological waste air filter. The facility will correspond with EU regulations regarding eco-friendly waste water treatment, and in particular with the Environmental Impact Assessment Report.

Waste water treatment plant in Saudi Arabia

We bagged a 200 MLD waste water treatment plant order in Saudi Arabia worth ₹ 1,530 Million. This is a repeat order for WABAG in Saudi Arabia, demonstrating our customer's continued faith in our expertise.

Produced water treatment plant (PWTP), Romania

We bagged an order from OMV Petrom SA for a PWTP in Suplacu de Barcau, Romania worth ₹ 1,130 Million. Suplacu de Barcau is the biggest oil field in Romania with a daily 1,000-ton production capacity. The process steps that are to be employed in this plant are for the first time used in this kind of a plant, which makes this order very unique.

Water Treatment Plant in Habra, West Bengal

We won an order for a value of around ₹ 200 Crore for Design, Construction and Commissioning of 147 MLD Water Treatment Plant (WTP) for Arsenic affected areas of Habra – Gaighata in the District of North 24 Parganas, West Bengal. The contract also includes operations and maintenance of the plant for a period of one year.

Waste water treatment plant, Zurich, Switzerland

Co-creating shared value

Our strong fiscal position and efficient cost structure enable us to become a sustainable value creator for stakeholders. We delivered competitive total return to our shareholders, both in the short and long term.

- Grow sustainably by embracing opportunities
- Evolve a risk-focused business model with a strong balance sheet
- Meet and exceed customer expectations
- Generate greater value for shareholders

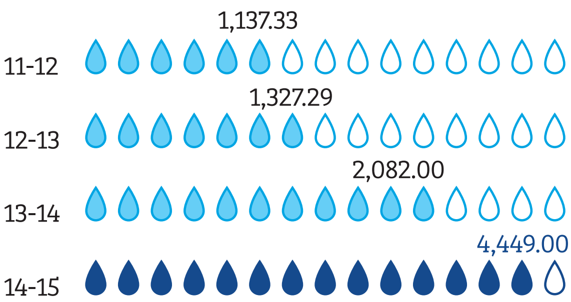
Strengthening market capitalisation

The market capitalisation grew at a CAGR of 40.64% over the four-year period leading to March 31, 2015. This return is higher than the return an investor would have received from any other secured investment.

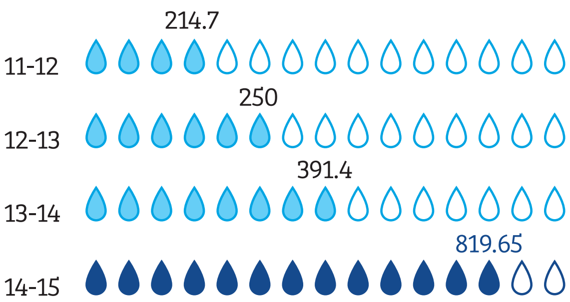
Positive stock price movement

An investment of ₹ 1,000 in the Company on April 1, 2011 would have grown significantly as on March 31, 2015. This would be higher than what secured investment options would have generated during the same period.

Market capitalisation (₹ in Crore)



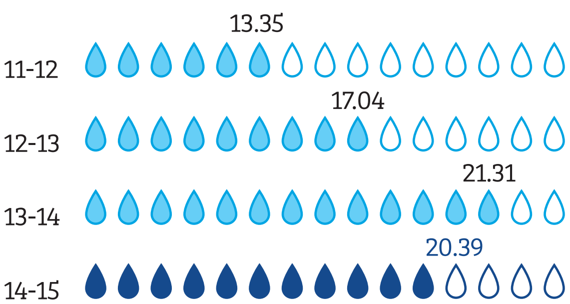
Stock price* (₹)



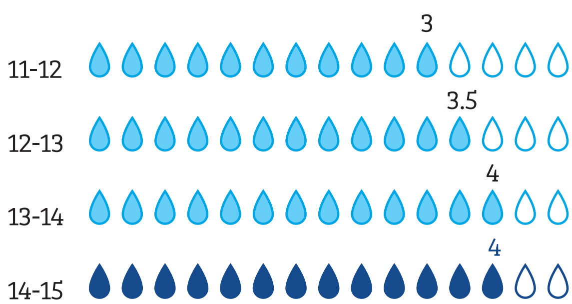
Attractive dividend payout and earnings per share

Over the years, the corporate priority was to reconcile increasing project execution with growing shareholder aspirations. As a result we have delivered on shareholder returns.

Earnings per share* (₹)



Dividend per share* (₹)

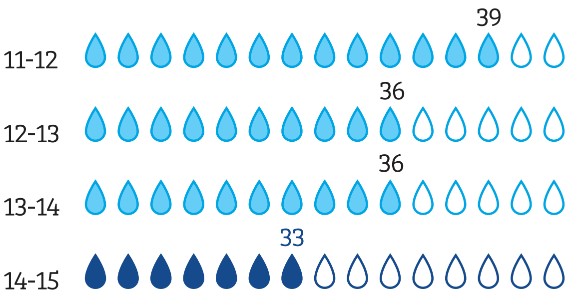


*Adjusted for stock split in FY 2010-11 and bonus issue in FY 2014-15

Stable returns

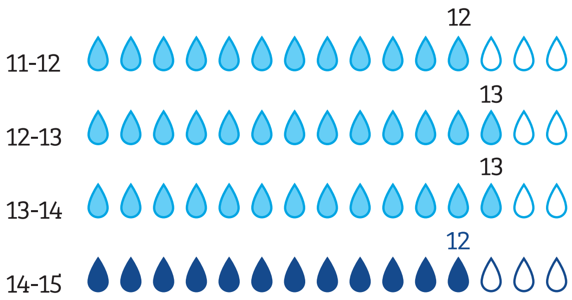
WABAG scaled up its operational excellence, invested in technology for multiple benefits – larger business opportunities and more profitable projects. Besides, we streamlined operations to match international standards optimised operational cost and strengthened business profitability.

Return on average capital employed* (%)



* Excluding cash

Return on equity (%)



Ten years at a glance

(₹ In Lakhs)

		2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07*	2005-06*#
1	Share Capital	1,086	532	531	530	528	468	415	415	880	408
2	Reserves & Surplus	89,178	83,563	71,004	63,672	56,568	39,694	37,376	22,664	13,868	4,095
3	Net Worth@	90,763	84,399	71,733	64,300	57,096	40,162	37,931	23,212	14,748	4,503
4	Revenue	2,43,515	2,23,860	1,61,885	1,44,352	1,24,182	1,22,947	1,13,081	71,307	26,012	27,538
5	EBITDA	20,947	18,850	15,401	13,003	12,103	11,713	8,352	829	1,556	1,740
6	Profit Before Tax	16,710	16,620	13,519	11,105	8,342	7,441	3,790	6,124	1,005	1,463
7	Profit After Tax	11,010	11,335	9,034	7,375	5,257	4,476	3,488	6,073	682	1,775
8	Dividend per Share^	4	4	3.5	3	2	-	-	-	-	-

* Standalone
# for 15 months ended 31.03.2006
@ Networth includes Share application money pending allotment and minority interest
^ adjusted for bonus issue in FY 2014-15 and stock split in FY 2010-11

Directors' Report

Dear Shareholders,

Your Directors are pleased to present the 20th Annual Report of the Company, together with the audited financial statements for the year ended 31 March 2015.

Financial Summary

Your Company's financial performance, for the year ended 31 March 2015 is summarized below:

(₹ In Lakhs)

	Standalone		Consolidated	
	2014-15	**2013-14**	**2014-15**	**2013-14**
Gross Turnover	1,23,336	1,15,224	2,43,515	2,23,860
Profit before Interest, Tax & Depreciation (EBITDA)	14,926	14,109	20,947	18,850
Net Profit Before Tax	13,601	13,227	16,710	16,620
Provision for Tax	(4,560)	(4,369)	(5,664)	(5,258)
Net Profit After Tax	9,041	8,858	11,046	11,362
Proposed Dividend on Equity Shares	(2,176)	(2,127)	(2,176)	(2,127)
Tax on proposed Dividend	(443)	(361)	(443)	(361)
Retained profit carried forward to the following year	36,901	30,607	43,302	35,895

Business Environment

The business environment remained challenging but promising in its outlook. The global outlook across geographies has been volatile with geo-political tensions in the Middle-East continuing through the year over different countries. The oil prices remained under constant stress and there was a significant volatility in the currencies. In India, the political climate saw a renewed enthusiasm with the new government stepping up the optimism in the business climate. The government announced major initiatives like cleaning up the river ganga, setting up of 100 smart cities, clean India (Swachh Bharat) mission and Make in India.

In our view, the new government at the Centre in India is doing its best to bring about changes to boost the economic situation in India and this has positively impacted the investor sentiments. For Wabag, the Projects announced are expected to be finalized in FY16 onwards over a period of time. Allocation of funds from Centre for some of the key projects like Namami Gange, Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and Smart Cities Mission is a positive step forward for Wabag. The situation on the Industrial front for your Company remained subdued throughout the year. But various other geographies, with Turkey and Philippines leading from the front presented significant opportunities in the water space and your Company was successful in capitalizing these opportunities. Within a few years of commencing operations in these territories, your Company has been able to capture a significant share of the market in these regions through its successful Multi-Domestic Unit (MDU) and India International Unit (IIU) strategy.

In a year when most other Companies found it very difficult to garner fresh orders, your Company reported creditable performance.

State of Affairs

In the financial year 2014-15 your Company continued its growth momentum on key parameters. During the year, your company recorded order intake of ₹ 2,977 crores which helped your Company to close the year with a strong order book of ₹ 5,439 crores as on 31 March 2015. Your Company's consolidated turnover stood at ₹ 2,435 crores compared to previous year's turnover of ₹ 2,239 crores recording a growth of 8.8%. The standalone turnover stood at ₹ 1,233 crores, an increase of 7.04 %, compared to previous year's turnover of ₹ 1,152 crores. The consolidated EBITDA increased to ₹ 209 crores in 2014-15 as against ₹ 189 crores in the previous year registering a growth of 10.58% over previous year. On a standalone basis the EBITDA stood at ₹ 149 crores in 2014-15 as against the previous year's EBITDA of ₹ 141 crores. The consolidated PAT stood at ₹ 110 crores as against ₹ 113 crores in the previous year. The consolidated EPS was at ₹ 20.39 for the year ended 31 March 2015 as against ₹ 21.31 in the previous year. The paid up equity shares as of 1 April, 2014 was 2,65,92,130. During the year, 5,50,425 equity shares were allotted pursuant to exercise of ESOPs and 2,71,42,555 equity shares were issued as bonus shares. The paid up equity shares as on 31 March 2015 is 5, 42, 85,110.

Dividend

Your directors are pleased to recommend a final dividend of ₹ 4 per equity share on the face value of ₹ 2 per equity share for the financial year ended 31 March 2015 amounting to ₹ 26.19 crores (inclusive of tax of ₹ 4.43 crores). The dividend payout is subject to approval of members at the ensuing Annual General Meeting (AGM).

The dividend will be paid to members whose names appear in the Register of Members as on 17 July 2015; in respect of shares held in dematerialized form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.

Deposits

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

Particulars of Loans, Guarantees or Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 form part of the notes to the Financial Statements.

Subsidiaries , Joint Ventures and Associate Companies

During the year, your Board of Directors reviewed the affairs of the subsidiaries. The consolidated financial statements of the Company and all its subsidiaries which form part of the Annual report have been prepared in accordance with Section 129(3) of the Companies Act, 2013. Further, a statement containing the salient features of the financial statement of our subsidiaries, joint ventures and associates in the prescribed format AOC-1 is appended as *Annexure I* to the *Board's report*. The statement also provides the details of performance and financial position of each of the subsidiaries, joint ventures and associates .

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

During the year, your Company made investments in the following subsidiaries:

Wabag Ltd, Thailand; Wabag Operation and Maintenance WLL, Bahrain; VA Tech Wabag & Roots Contracting LLC, Qatar.

During the year, the Board of Directors reviewed the affairs of the subsidiary Companies. Details of major subsidiaries of the Company and their business operations during the year under review are covered in the Management's Discussion and Analysis Report.

Remuneration Policy

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

The objective of this policy is to formulate criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director (executive / non-executive) and recommend to the Board policies relating to the remuneration of the directors, KMPs and other employees. This includes reviewing and approving corporate goals and objectives relevant to the compensation of the Managing Director (MD) and Group CEO, evaluating the MD & Group CEO's performance in the light of those goals and objectives, and either as a committee or together with the other independent directors (as directed by the Board), determine and approve the MD & Group CEO's compensation level based on this evaluation and making recommendations to the Board with respect to Key Managerial Personnel's (KMPs) compensation, incentive -compensation and equity based plans that are subject to the Board's approval;

The policy also addresses committee members' qualifications, appointment and removal, committee structure and functions reporting to the Board apart from formulating the criteria for evaluation of performance of all the directors on the Board. The policy also addresses Board diversity and outlines remuneration principles for employees linked to their effort, performance and achievement relating to the Company's goals.

Employees' Stock Option Scheme

Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia administers and monitors the Employees' Stock Option Scheme of the Company in accordance with the applicable SEBI Guidelines.

The applicable disclosures as stipulated under the SEBI Guidelines as on 31 March 2015 is appended as *Annexure II* to the *Board's report*. The Company has received a certificate from the Statutory Auditors that the Scheme has been implemented in accordance with the SEBI Guidelines and the resolutions passed by the shareholders. The Certificate would be placed at the Annual General Meeting for inspection by the members.

Significant and Material Orders

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

Management's Discussion and Analysis

Management's Discussion and Analysis as stipulated under Clause 49 of the Listing Agreement, is set out in this Annual Report.

Corporate Social Responsibility

As per the provisions of the Companies Act, 2013 all Companies having net worth of ₹ 500 crore or more or turnover of ₹ 1000 crores or more or a net profit of ₹ 5 Crore or more during any financial year are required to constitute a Corporate Social Responsibility (CSR) committee of the Board of Directors comprising three or more directors, atleast one of whom shall be an independent director and such Company shall spend atleast 2% of the average net profits of the Company for the three immediately preceding financial years as per Section 198 of the Companies Act, 2013.

Our CSR Committee comprises Revathi Kasturi (Chairperson), Sumit Chandwani and Rajiv Mittal. The Committee is responsible for formulating and monitoring the CSR policy of the Company.

Details about the CSR policy and initiatives taken by the Company on Corporate Social Responsibility approved by the Board is available on the Company's website www.wabag.com.

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

Directors & Key Managerial Personnel

Sub Section (10) of Section 149 of the Companies Act 2013 provides that independent directors shall hold office for a term of upto 5 consecutive years on the board of the Company, and shall be eligible for reappointment on passing a special resolution by the shareholders of the Company. Accordingly all the Independent directors were appointed by the shareholders at the Annual General Meeting held on 21 July 2014 for a term of 3 consecutive years upto the conclusion of the 22nd Annual General Meeting of the Company in the calendar year 2017. Sub Section (13) of Section 149 states that provisions of retirement by rotation as defined in Sub Section (6) & (7) of Section 152 of the Act shall not apply to such Independent directors. Accordingly, none of the Independent directors will retire at the ensuing Annual General Meeting. Further in view of explanation to Section 152 (6) which states that the expression 'total number of directors' shall not include Independent directors of the Company, the board has been advised that the office of the Managing Director shall be liable to determination by retirement of directors by rotation.

In view of the above provisions of the Companies Act, 2013, Rajiv Mittal retires at the ensuing Annual General Meeting and being eligible seeks re-appointment. The Board recommends his re-appointment.

Rajiv Mittal was re-appointed as the Managing Director of the Company for a period of five years with effect from 1 October 2010 by the shareholders at the AGM held on 15 July 2011. The Board of Directors on the recommendation of the Nomination and Remuneration Committee at their Meeting held on 25 May 2015 re-appointed Mr. Rajiv Mittal, Managing Director and Group CEO of the Company for a period of 5 years w.e.f 1 October 2015 subject to the approval of shareholders on the terms and conditions as set out in the Explanatory Statement annexed to the notice of the ensuing Annual General Meeting. Approval of the members is sought for the re-appointment of Mr. Rajiv Mittal as Managing Director and Group CEO of the Company for a period of 5 years w.e.f 1 October 2015.

A brief profile of the Directors proposed to be appointed/ re-appointed has been given in the notice dated 25 May 2015 convening the Annual General Meeting of the Company.

In compliance with the provisions of Section 203 of the Companies Act, 2013, Board of Directors at their Meeting held on 24 May 2014 designated S Varadarajan - Chief Financial Officer and Rajiv Balakrishnan – Company Secretary as Key Managerial Personnel of the Company.

A) Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration, Stakeholders Relationship and Corporate Social Responsibility Committee. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and Managing Director were carried out by the Independent Directors. The Board also reviewed the performance of the Chief Financial Officer, Company Secretary and other Senior Managerial Personnel. The Directors expressed their satisfaction with the evaluation process.

B) Policy on Directors appointment and Remuneration:

Your Company's current policy is to have an appropriate mix of Executive and Independent directors to maintain the independence of the Board, and separate its functions of governance and management. As on 31 March 2015 the Board consists of 5 Directors, majority of them being Independent Directors. The Chairman of the Board is an Independent Director. Besides the Chairman, the Board comprises the Managing Director, who is a promoter Director and 4 Independent Directors. The Board periodically evaluates the need for change in its composition and size.

The policy of the Company on directors appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters adopted by the board are as provided under sub section 3 of Section 178 of the Companies Act, 2013.

C) Number of Meetings of the Board:

The Board met four times during the financial year, the details of which are given in the corporate governance report that forms part of this Annual report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013.

Induction & Training of Board Members:

On appointment, the concerned Director is issued a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed/ designated Independent Director is taken through a formal induction program including the presentation from the Managing Director & Group CEO on the Company's operations, marketing, finance and other important functions. The Company Secretary briefs the Director about their legal and regulatory responsibilities as a Director. The induction for Independent Directors include interactive sessions with Executive Committee Members, Business and Functional Heads, visit to the plant site etc. The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him/ her to effectively fulfill his role as a Director of the Company.

Periodic Presentations are made at the Board and Committee Meetings on business and performance updates of the Company, global business environment, business strategy and risks involved.

The details of the Familiarization programs imparted to Independent Directors is available on the Company's website www.wabag.com

Directors Responsibility Statement

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

- in the preparation of the annual financial statements for the year ended 31 March 2015, the applicable accounting standards have been followed;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit & loss of the Company for that period;
- the Directors have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that Directors have prepared the annual accounts on a going concern basis;

- that Directors have laid down internal financial controls which are adequate and are operating effectively;
- that Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

Auditors

A) Statutory Auditors:

M/s. Walker Chandiok & Co. LLP, Chartered Accountants, Chennai (Registration No. 001076N/N500013 & LLP Registration No. AAC-2085) Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Board, on the recommendation of the Audit Committee has proposed the appointment of M/s. Walker Chandiok & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company to hold office for a period of 3 years from the conclusion of this Annual General Meeting (Twentieth Annual General Meeting) till the conclusion of Twenty Third Annual General Meeting to be held in the calendar year 2018 subject to ratification of such appointment by members at every annual general meeting of the Company .

The Company has received the requisite certificate under Section 139 of the Companies Act, 2013 from the Auditors to the effect that if they are re-appointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

B) Cost Auditor:

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company is required to be audited. Your Directors, on the recommendation of the Audit Committee, appointed Mr. S Chandrasekaran, Practicing Cost Accountant (Membership No.4784) to audit the cost accounts of the Company for the financial year ending 31 March 2015 on a remuneration of ₹ 5 Lakhs. As required under Section 148 of the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to Mr. S Chandrasekaran, Practicing Cost Accountant is included in the Notice dated 25 May 2015 convening the Annual General Meeting.

C) Secretarial Auditor:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules thereunder, M.Damodaran (Membership No. 5837) of M.Damodaran & Associates, Practicing Company Secretaries was appointed to conduct the Secretarial Audit of the Company for the FY 2014-15. The Secretarial Audit Report for FY 2014-15 forms part of the Annual report as *Annexure IV* to the *Board's report*.

The Board has appointed M.Damodaran of M.Damodaran & Associates Practicing Company Secretaries, as secretarial auditor of the Company for the FY 2015-16.

Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT 9 is appended as *Annexure V* to the *Board's report*.

Particulars of Contracts or Arrangements Made With Related Parties

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

Internal Financial Control

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

Risk Management Policy

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

Equal opportunity

The Company has always provided a congenial atmosphere for work to all employees that is free from discrimination and harassment including Sexual Harrasment. It has provided equal opportunities of employment to all without regard to the nationality, religion, caste, colour, language, marital status and sex. The Company has also framed a policy on 'Prevention of Sexual Harassment' at the workplace. There were no cases reported during the year under review under the said policy.

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

The particulars as prescribed under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 of The Companies (Accounts) Rules, 2014, is appended as *Annexure VII* to the *Board's report*.

Investor education and protection fund

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 21 July 2014 (date of last Annual General Meeting) on the Company's website (www.wabag.com), and on the Ministry of Corporate Affairs' website.

Sustainability

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

Particulars of employees

The names and other particulars of employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and a statement containing the names of every employee employed throughout the financial year and in receipt of remuneration of ₹ 60 lakh or more, or employed for part of the year and in receipt of ₹ 5 lakh or more a month, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as *Annexure VIII* to the *Board's report.*

Corporate governance

Your Company is committed to maintain the highest standards of Corporate Governance and comply with the Securities and Exchange Board of India (SEBI)'s guidelines on corporate governance. Your Company has also implemented several best corporate governance practices as prevalent globally. The Report on corporate governance as stipulated under Clause 49 of the Listing Agreement forms part of this Annual Report. The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under the aforesaid Clause 49 is annexed to the report on corporate governance.

Acknowledgments

Your Directors would like to express their appreciation for the assistance and cooperation received from various financial institutions, banks, government authorities, customers, vendors and members during the year under review. Your Directors place on record their appreciation for the committed services from every member of the WABAG family globally.

For and on behalf of the Board of Directors

Place : Chennai
Date : 25 May 2015

Rajiv Mittal
Managing Director

Sumit Chandwani
Director

Annexure - I

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)

(₹ In Lakhs)

S. No.	Name of the Company	Reporting Year	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	Same as India	SGD	2,023.62	1,481.99	4,125.52	619.92	-	-	473.46	-	473.46	-	100
2	VA TECH Wabag (Hongkong) Ltd.	Same as India	HKD	2,280.71	(254.85)	2,030.49	4.63	-	-	(18.09)	-	(18.09)	-	100
3	VA TECH Wabag GmbH, Vienna	Same as India	EUR	-	12,083.73	-	5,345.50	3,366.01	41,319.07	280.33	426.76	(146.43)	-	100
4	Beijing VA TECH Wabag Water Treatment Technology Co. Ltd.	Same as India	CNY	1,867.32	(1,969.32)	56.63	158.62	-	83.23	(107.68)	-	(107.68)	-	100
5	VA TECH Wabag Deutschland, GmbH	Same as India	EUR	156.41	(585.20)	1,125.22	1,554.01	-	58.82	23.52	-	23.52	-	100
6	VA TECH Wabag Algerie SARL	Same as India	EUR	856.13	(1,233.72)	29.43	407.02	-	421.50	312.54	-	312.54	-	100
7	WABAG Wassertechnik AG	Same as India	EUR	464.66	2,117.68	8,004.66	5,422.32	-	9,467.92	33.57	4.22	29.36	-	100
8	VA TECH WABAG BRNO spol. S.r.o.	Same as India	EUR	50.36	1,820.91	5,297.96	3,426.70	-	9,905.29	630.65	130.69	499.96	-	100
9	VA TECH WABAG Tunisie S.A.R.L.	Same as India	EUR	436.15	227.86	1,641.07	977.06	-	1,052.42	74.79	0.17	74.62	-	100
10	Wabag water services (Macao)ltd	Same as India	EUR	1.43	539.69	910.43	369.30	-	1,643.97	260.99	23.10	237.89	-	100
11	WABAG Water Services S.R.L.	Same as India	EUR	6.79	2,883.96	4,692.80	1,802.05	-	11,571.74	1,129.55	177.48	952.07	-	100
12	VA TECH Wabag Techknolojisi ve Ticaret Limited	Same as India	EUR	1,034.46	(797.25)	5,210.37	4,973.16	-	11,663.79	30.31	-	30.31	-	100
13	VA Tech Wabag Muscat LLC, Oman	Same as India	OMR	243.71	71.11	519.62	204.81	-	1,298.68	113.29	7.95	105.34	-	70
14	VA Tech Wabag (Philippines) Inc.	Same as India	PHP	119.85	1,656.43	9,705.82	7,929.55	-	13,977.44	1,207.72	362.26	845.46	-	100
15	Ujams Wastewater Treatment Company (Pty) Limited, Namibia	Jan to Dec	EUR	649.21	404.24	8,750.86	7,697.41	-	2,819.92	354.22	74.02	280.20	-	78.9
16	VA TECH WABAG (SPAIN) S.L.U	Same as India	EUR	357.05	(654.02)	187.87	484.84	-	95.23	(463.89)	18.91	(482.80)	-	100
17	VA Tech Wabag Limited Pratibha Industries Limited JV	Same as India	NPR	-	936.92	7,419.65	6,482.74	-	9,424.05	1,255.69	315.37	940.32	-	100
18	Wabag Operation and Maintenance WLL	Same as India	BHD	82.96	11.45	162.93	68.51		79.42	11.19	-	11.19	-	70
19	VA Tech Wabag and Roots Contracting L.L.C	Same as India	QAR	34.36	274.58	1,024.35	715.41		967.03	282.05	13.83	268.22		60
20	Wabag Limited	Same as India	THB	38.43	(27.37)	17.49	6.43		0.03	(26.80)	-	(26.80)		90.6

Note: Exchange rate used for Balance Sheet items is the rate as on 31st March 2015 and for Profit and Loss account items is the average rate for the Financial Year 2014-15

Currency	Rate for Balance Sheet Items INR	Rate for Profit & Loss Account items INR
1 Euro	67.93	77.49
1 Singapore dollar	45.56	47.46
1 HKD	8.07	7.88
1 CNY	10.23	9.93
1 PHP	1.40	1.38
1 OMR	162.47	158.73
1 BHD	165.92	162.09
1 QAR	17.18	16.78
1 NPR	0.62	0.62
1 THB	1.92	1.88

Name of Associates/ Joint Ventures	**Windhoek Goreangab Operating Company (Pty) Limited**	**International Water Treatment LLC, Oman**	**OEG Renew Waters (Thoothukudi) Pvt. Ltd**
Latest audited Balance Sheet Date	MARCH 31, 2015	MARCH 31, 2015	MARCH 31, 2015
Shares of Associate/Joint Ventures held by the company on the year end			
No of shares	33	48,750	2,600
Amount of Investment in Associates/Joint Venture	185.74 Lakhs	69 Lakhs	0.26 Lakhs
Extend of Holding %	33%	32.50%	26%
Description of how there is significant influence	There is significant influence due to percentage (%) of share capital.	There is significant influence due to percentage (%) of share capital.	There is significant influence due to percentage (%) of share capital
Reason why the associate/joint venture is not consolidated	There is no Control	There is Joint Control	Non-operative Company
Networth attributable to Shareholding as per latest audited Balance Sheet	256.84 lakhs	83.39 lakhs	1 lakh
Profit / Loss for the year			
Considered in Consolidation	159.07 lakhs	(1,011.90) lakhs	-
Not Considered in Consolidation	-	-	-

For and on behalf of the Board of Directors

Place : Chennai
Date : 25 May 2015

Rajiv Mittal
Managing Director

Sumit Chandwani
Director

Annexure II

Disclosures with respect to Employees Stock Option Scheme of the Company

S. No	Particulars	ESOP 2006#	ESOP 2010*		
			Grant I	Grant II	Grant III
1	Number of options granted*	995,053	1,355,455	126,453	317,728
2	The Pricing Formula	The options were granted prior to the listing of Company's shares. These options were granted, based on the valuation done by an Independent Chartered Account using Net Asset Value (NAV) / Profit Earning Capacity Value Method (PECV)	The options were granted prior to the listing of Company's shares. These options were granted, based on the valuation done by an Independent SEBI Registered Merchant Banking Company using Net Asset Value (NAV) / Profit earning capacity value method (PECV).	Discount up to a maximum of 25% to the Closing Market price per options, where the Closing Market Price shall be the latest available closing price one day prior to the date of the meeting of the Remuneration Committee in which the options are granted. The market price on the stock exchange showing the highest volume of trading would be considered. The Discount rate applicable will be decide by the Remuneration Committee.	Discount up to a maximum of 25% to the Closing Market price per options, where the Closing Market Price shall be the latest available closing price one day prior to the date of the meeting of the Remuneration Committee in which the options are granted. The market price on the stock exchange showing the highest volume of trading would be considered. The Discount rate applicable will be decide by the Remuneration Committee.
3	Number of options vested	935,362	13,22,250	1,20,778	2,81,978
4	Number of options exercised	934,487	468,996	52,490	111,922
5	Total number of shares arising as a result of exercise of options	929,353	468,996	52,490	111,922
6	Number of options Cancelled and lapsed	60,566	375,259	34,911	35,750
7	Variation in the terms of options	NA	NA	NA	NA
8	Money realised by exercise of options (₹)	33,230,358	27,040,680	4,681,440	0
9	Total number of options in force	0	511,200	39,052	170,056

* During the year Company has issued bonus shares in the ratio of 1:1, hence number of options has been updated accordingly.
# The effect of bonus shares issued during the year has not been taken in to account in the case of options under the Scheme ESOP 2006 since, all the options were either exerised or cancelled/lapsed prior to the effective date of Bonus Issue.

(B) Employee-wise details of options granted to

1. Senior managerial personnel
2. Employees who were granted, in any one year, options amounting to 5% or more of the options granted during the year
3. Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant

No options granted during the year 2014-15

(C) Diluted Earning per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20

₹ 20.20

(D) The impact on the profits and EPS of the fair value method is given in the table below:

	₹ in Lakhs
Consolidated Profits as reported	11,010
Add - Intrinsic Value Cost	77.00
Less - Fair Value Cost	128.00
Profits as adjusted	10,959.00
	₹
Earnings Per Share (Basic) as reported	20.39
Earnings Per Share (Basic) adjusted	20.29
Earnings Per Share (Diluted) as reported	20.20
Earnings Per Share (Diluted) adjusted	20.09

E. Weighted average exercise price and fair value of options:

F. Method and assumptions used to estimate the fair value of options granted during the year.

No options granted during the year 2014-15

Annexure III

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

The Company's CSR vision is to contribute to the social and economic development of the communities around by way of providing "sustainable solutions for a better life". The objective of the policy is to promote a unified and strategic approach to CSR across WABAG enabling maximum impact of the CSR initiatives, to ensure an increased commitment at all levels in the organization, to operate in an economically, socially and environmentally responsible manner while recognizing the interests of all its stakeholders. The CSR Policy of the Company has been approved by the CSR Committee and the Board.

The strategy is to enter into a partnership with Research institutions and Universities and collaborate with reputed NGOs in water space. The company would also undertake projects to improve the availability of clean and potable water for the underserved communities in areas where we are already executing projects. Rain Water Harvesting would also form part of our CSR agenda. The identified and approved CSR projects would be executed by the company's CSR Team and also in partnership with an independent NGO Trust/Foundation on case to case basis.

- The Composition of the CSR Committee.

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

- Average net profit of the company for last three financial years as prescribed is ₹ 115.26 Crores.
- Prescribed CSR Expenditure - ₹ 2.31 Crores
- Details of CSR spent during the financial year. - ₹ 1.16 Crores (Including commitments already made during the year)
- Total amount to be spent for the financial year; - ₹ 2.31 Crores
- Amount unspent, if any;- - ₹ 1.15 Crores

Manner in which the amount spent during the financial year is detailed below:-

(₹ In Lakhs)

S. No	CSR project or activity Identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs Subheads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency *
1	RWH @ KK Child Trust Hospital	Health Sector	Chennai, Tamil Nadu	2.80	2.80	2.80	2.80
2	Water Augumentaion Project	Agriculture	Villupuram, Tamil Nadu	45	25	25	25
3	STP @ Cancer Institute	Health Sector	Chennai , Tamil Nadu	50	-	-	-
4	Capacity Building for Wetlands Management	Education	Chennai, Tamil Nadu	18.30	5.50	5.50	5.50
	Total			**116.1**	**33.30**	**33.30**	**33.30**

The CSR proposal identification team generated nine proposals during the year under review and four were approved by the CSR Committee and the Board. Out of four, one project is already completed and handed over to the beneficiary and the rest three are progressing well. Though the current utilized limit is ₹ 33.30 lacs only, the Company has already made a capital commitment of ₹ 116.10 lacs which represents almost 50% of the total limit. Certain bills are under process for payment with regard to the CSR project being executed at the Cancer Institute.

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

Place : Chennai
Date : 25 May 2015

Rajiv Mittal
Managing Director

Revathi Kasturi
Chairperson – CSR Committee

Annexure IV

Secretarial Audit Report for the financial year ended March 31, 2015

(Pursuant to section 204(1) of the Companies Act, 2013 and the rules made thereunder)

To,
The Members,
VA TECH WABAG LIMITED
(CIN: L45205TN1995PLC030231)
"Wabag House",No. 17, 200 Feet Thoraipakkam-,
PallavaramMain Road, Sunnambu Kolathur,
Chennai-600117.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **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 **VA TECH WABAG LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **VA TECH WABAG LIMITED** ("theCompany") for the financial year ended on 31.03.2015 according to the provisions as may be applicable:

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') andthe 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, Overseas Direct Investment

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

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

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

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

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme)Guidelines, 1999.

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

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

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

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following Observations: NIL

I further report that
The Board of Directors of the Company is duly constituted with proper balance of Executive Director and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking andobtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

I further report that during the audit period the

a. Company has passed **Ordinary resolution** for the Appointment of **Mr. Sumit Chandwani (DIN 00179100)** as an independent Director of the company in accordance with Section 149, 152 and other applicable provisions of the Companies Act, 2013. Vide Annual General Meeting dated 21/07/2014

b. Company has passed **Ordinary resolution** for the Appointment of **Ms. Revathi Kasturi (DIN 01837477)** as an independent Director of the company in accordance with Section 149, 152 and other applicable provisions of the Companies Act, 2013. Vide Annual General Meeting dated 21/07/2014

c. Company has passed **Ordinary resolution** for the Appointment of **Mr. Bhagwan Dass Narang (DIN 00038052)** as an independent Director of the company in accordance with Section 149, 152 and other applicable provisions of the Companies Act, 2013. Vide Annual General Meeting dated 21/07/2014

d. Company has passed **Ordinary resolution** for the Appointment of **Mr. Jaithirth Rao (DIN 00025289)** as an independent Director of the company in accordance with Section 149, 152 and other applicable provisions of the Companies Act, 2013. Vide Annual General Meeting dated 21/07/2014

e. Company has passed Special resolution for the Payment of remuneration to non-executive directors in accordance with Section 197, 198 and other applicable provisions of the Companies Act, 2013

f. Company has allotted equity shares under Employee Stock Option Scheme 2006 and 2010 on various dates.

g. Company has obtained Shareholders Approval through Postal Ballot for reclassification of Authorized Capital and Issue of Bonus Shares on 17.03.2015.

h. Company has allotted Bonus shares vide Stakeholders Relationship Committee Meeting dated 27.03.2015.

Sd /-
Name of Company Secretary in practice : **M. Damodaran**
FCS No : 5837
C P No : 5081

Place : Chennai
Date : 25.05.2015

Annexure - V

EXTRACT OF ANNUAL RETURN
Form No. MGT-9

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

I. REGISTRATION AND OTHER DETAILS

Corporate Identity Number (CIN) of the Company	L4520TN1995PLC030231
Registration Date	17.02.1995
Name of the Company	VA TECH WABAG LIMITED
Category / Sub-Category of the Company	Public Limited Company / Limited by shares
Address of the Registered office	"WABAG HOUSE", No.17, 200 Feet Thoraipakkam-Pallavaram Main Road, Sunnambu Kolathur, Chennai 600 117.
Company Contact details	Tel : 044-3923 2323; Fax : 044-3923 2324 Email : companysecretary@wabag.in Website : www.wabag.com
Listed Company (Yes / No)	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Unit : VA TECH WABAG LIMITED Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Mr. B. Srinivas, P : +91 040 67161530 Email: einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
Water & Waste water treatment	519	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES.

Sl. No	Name of the Company	Address of the Company	CIN/GLN	Holding / Subsidiary / Associates/ Joint Venture	% of shares held	Applicable Section
1	VA Tech Wabag (Singapore) Pte. Ltd.	16 COLLYER QUAY #17-00, HITACHI TOWER, SINGAPORE (049318)	NA	Subsidiary	100%	2(87)
2	VA Tech Wabag GmbH	VA TECH WABAG GmbH Dresdner Str. 87-91, 1200 Vienna, Austria	NA	Subsidiary	100%	2(87)
3	VA Tech Wabag (Hong Kong) Limited	Room 1902, 19/F, Asia Orient Tower, 33, Lockhart Road, Wan Chai, Hong Kong	NA	Subsidiary	100%	2(87)
4	VA Tech Wabag Deutschland GmbH	Baumeisterallee 13-15, D-04442 Zwenkau	NA	Subsidiary	100%	2(87)
5	VA Tech Wabag Algeria SARL	45, Avnue des Frères Abdelslami Kouba-16006 Alger, Algeria	NA	Subsidiary	100%	2(87)
6	VA Tech Wabag Brno Spol s.r.o	Železná 492/16, 619 00 Brno, Czech Republic	NA	Subsidiary	100%	2(87)
7	VA Tech Wabag Tunisiea S.A.R.L	21, Rue Abdelaziz MASTOURI El Menzah 9 - 1013 Ariana , TUNISIE	NA	Subsidiary	100%	2(87)
8	Wabag Water Services S.R.L	Dimitrie Pompeiu Blv., No 6E, 9th floor, 2nd District, 20337 Bucuresti, Romania.	NA	Subsidiary	100%	2(87)
9	VA Tech Wabag Tecknolojisi ve Ticaret Limited	Oruç Reis Mah., Tekstilkent Cad. Koza Plaza No:12 A-Blok Kat:8 D:29-32 34235 Esenler, İstanbul , Türkiye	NA	Subsidiary	100%	2(87)
10	VA Tech Wabag Muscat LLC	P.O. Box 58, Muscat, Postal Code 100, Sulatanate of Oman.	NA	Subsidiary	70%	2(87)

Sl. No	Name of the Company	Address of the Company	CIN/GLN	Holding / Subsidiary / Associates/ Joint Venture	% of shares held	Applicable Section
11	VA Tech Wabag (Philippines) Inc.	Unit 519, 5F Peninsula Court Building, 8735 Paseo de Roxas, Makati City 1226. Philippines	NA	Subsidiary	100%	2(87)
12	VA Tech Wabag Egypt Limited	Street No. 4 - Villa No. 44 - 2nd Floor, New Cairo - Fifth District - Region 1 Cairo - Arab Republic of Egypt	NA	Subsidiary	100%	2(87)
13	VA Tech Wabag (Spain) S.L.U	Zurbano, 76, 4, 28010 Madrid	NA	Subsidiary	100%	2(87)
14	Beijing VA Tech Wabag Water Treatment Techonology Co. Ltd.	Room No 707 – 709, Towercrest Plaza, No. 3, Mai Zi Dian Xi Road, Chaoyang District 100016 Beijing, P.R. China	NA	Subsidiary	100%	2(87)
15	Wabag Wassertechnik AG	Bürglistrasse 31, Postfach, CH-8401 Winterthur	NA	Subsidiary	100%	2(87)
16	Ujams Wastewater Treatment Company (Pty) Limited	Matshitshi Street, Goreangab Extension 3, Windhoek, Namibia	NA	Subsidiary	78.90%	2(87)
17	Wabag Water Services (Macao) Ltd	Estrada Seac Pai Van, S/N Etar de Coloane, R/C Coloane , Macau, PRC China	NA	Subsidiary	100%	2(87)
18	Wabag Limited	187/4 Fourm Tower, 10th Floor Ratchadaphisek Road, Khwaeng Huaykwang Khet Huaykwang, Bangkok 10310 Thailand	NA	Subsidiary	49%	2(87)
19	Wabag Operation and Maintenance W.L.L	Office : 44, Building : 947, Road 3620, Block :436, Seef District, Kingdom of Bahrain.	NA	Subsidiary	70%	2(87)
20	VA Tech Wabag & Roots Contracting LLC.	P.O. BOX: 22867 DOHA, QATAR	NA	Subsidiary	49%	2(87)
21	International Water Treatment LLC	P.O. Box 686, Ruwi, Postal Code 112, Sultanate of Oman	NA	Joint Venture	32.50%	2(6)
22	VA Tech Wabag Limited Pratibha Industries Limited JV	No.51, Sunrise Homes, Balkumari, Lalithpur, Kathmandu, Nepal.	NA	Joint Venture	NA	2(6)
23	Windhoek Goreangab Operating Company (Pty) Ltd.	Matshitshi Street, Goreangab Ext.3 Windhoek, Namibia	NA	Associate	33%	2(6)
24	OEG Renew Waters (Thoothukudi) Pvt. Ltd.	A, 5th Floor, Gokul Arcade-East Wing, No.2 & 2 A, Sardar Patel Rd, Adyar, Chennai 600020	U41000TN2013PTC092363	Associate	26%	2(6)

IV. SHARE HOLDING PATTERN

Category of shareholder	No of share holders	Total number of shares	No of shares held in dematerialized form	Total shareholding as a % of total no of shares		Shares pledge or otherwise encumbered	
				As a percentage of (a+b)	As a percentage of (a+b+c)	Number of shares	As a percentage
(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
Promoter and promoter group							
Indian							
Individual /HUF	3	6063998	6063998	11.17	11.17	0	0.00
Central Government/State Government(s)	0	0	0	0.00	0.00	0	0.00
Bodies Corporate	0	0	0	0.00	0.00	0	0.00
Financial Institutions / Banks	0	0	0	0.00	0.00	0	0.00
Others	0	0	0	0.00	0.00	0	0.00
Sub-Total A(1) :	**3**	**6063998**	**6063998**	**11.17**	**11.17**	**0**	**0.00**

Category of shareholder	No of share holders	Total number of shares	No of shares held in dematerialized form	Total shareholding as a % of total no of shares		Shares pledge or otherwise encumbered	
				As a percentage of (a+b)	As a percentage of (a+b+c)	Number of shares	As a percentage
(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
Foreign							
Individuals (NRIs/Foreign Individuals)	1	9709406	9709406	17.89	17.89	0	0.00
Bodies Corporate	0	0	0	0.00	0.00	0	0.00
Institutions	0	0	0	0.00	0.00	0	0.00
Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
Others	0	0	0	0.00	0.00	0	0.00
Sub-Total A(2) :	**1**	**9709406**	**9709406**	**17.89**	**17.89**	**0**	**0.00**
Total A=A(1)+A(2)	**4**	**15773404**	**15773404**	**29.06**	**29.06**	**0**	**0.00**
Public Shareholding							
Institutions							
Mutual Funds /UTI	77	11731516	11731516	21.61	21.61		
Financial Institutions /Banks	4	97726	97726	0.18	0.18		
Central Government / State Government(s)	0	0	0	0.00	0.00		
Venture Capital Funds	0	0	0	0.00	0.00		
Insurance Companies	1	12914	12914	0.02	0.02		
Foreign Institutional Investors	114	16095918	16095918	29.65	29.65		
Foreign Venture Capital Investors	0	0	0	0.00	0.00		
Qualified Foreign Investor	0	0	0	0.00	0.00		
Others	0	0	0	0.00	0.00		
Sub-Total B(1) :	**196**	**27938074**	**27938074**	**51.47**	**51.47**		
Non-Institutions							
Bodies Corporate	706	3518450	3518450	6.48	6.48		
Individuals							
(i) Individuals holding nominal share capital upto ₹ 1 lakh	32595	5087852	5087706	9.37	9.37		
(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	1	128000	128000	0.24	0.24		
Others							
Foreign Bodies	3	1464920	1464920	2.70	2.70		
Clearing Members	99	107010	107010	0.20	0.20		
Non Resident Indians	673	230204	230204	0.42	0.42		
Trusts	5	37196	37196	0.07	0.07		
Qualified Foreign Investor	0	0	0	0.00	0.00		
Sub-Total B(2) :	**34082**	**10573632**	**10573486**	**19.48**	**19.48**		
Total B=B(1)+B(2) :	**34278**	**38511706**	**38511560**	**70.94**	**141.89**		
Total (A+B) :	**34282**	**54285110**	**54284964**	**100.00**	**200.00**		
Shares held by custodians, against which Depository Receipts have been issued							
Promoter and Promoter Group							
Public	0	0	0	0.00	0.00		
GRAND TOTAL (A+B+C) :	**34282**	**54285110**	**54284964**	**100.00**	**100.00**	**0**	**0.00**

(ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No.of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	% change in share- holding during the year
1	Rajiv Mittal	48,54,703	18.26%	Nil	97,09,406	17.89%	Nil	(0.37%)
2	S. Varadarajan	10,92,881	4.11%	Nil	21,85,762	4.03%	Nil	(0.08%)
3	Amit Sengupta	12,08,941	4.55%	Nil	22,77,882	4.20%	Nil	(0.35%)
4	Shiv Narayan Saraf	9,00,177	3.39%	Nil	16,00,354	2.95%	Nil	(0.44%)
	Total	**80,56,702**	**30.31%**		**1,57,73,404**	**29.07%**		**1.24%**

(iii) Change in Promoters' Shareholding

SI. No.	Name of the shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Rajiv Mittal				
	At the beginning of the year	48,54,703	18.26%	4,85,4,703	18.26%
	Bonus Issue in the ratio of 1:1	48,54,703	-	97,09,406	17.89%
	At the end of the year	-	-	97,09,406	17.89%
2	S. Varadarajan				
	At the beginning of the year	10,92,881	4.11%	10,92,881	4.11%
	Bonus Issue in the ratio of 1:1	10,92,881	-	21,85,762	4.03%
	At the end of the year	-	-	21,85,762	4.03%
3	Amit Sengupta				
	At the beginning of the year	12,08,941	4.55%	12,08,941	4.55%
	Sale of shares on 10.09.2014	70,000	-	11,38,941	4.25%
	Bonus Issue in the ratio of 1:1	11,38,941	-	22,77,882	4.20%
	At the end of the year	-	-	22,77,882	4.20%
4	Shiv Narayan Saraf				
	At the beginning of the year	9,00,177	3.39%	9,00,177	3.39%
	Sale of shares on 10.09.2014	1,00,000	-	8,00,177	2.99%
	Bonus Issue in the ratio of 1:1	8,00,177	-	16,00,354	2.95%
	At the end of the year	-	-	16,00,354	2.95%

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

SI. No.	Name of the shareholder		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares*	% of total shares of the company*
1	**IDFC PREMIER EQUITY FUND**					
	01/04/2014	Opening Balance	1937417	7.29	1937417	7.29
	16/05/2014	Purchase	37583	0.14	1975000	7.43
	30/09/2014	Sale	35000	0.13	1940000	7.24
	03/10/2014	Sale	10000	0.04	1930000	7.20
	06/02/2015	Purchase	104000	0.38	2034000	7.51
	13/03/2015	Purchase	13000	0.05	2047000	7.54
	20/03/2015	Sale	60266	0.22	1986734	7.32
	27/03/2015	Sale	18145	0.07	1968589	7.25
	27/03/2015	Bonus Allotment	1968589	3.63	3937178	7.25
	31/03/2015	Closing Balance		0.00	3937178	7.25

Sl. No.	Name of the shareholder		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares*	% of total shares of the company*
2	**EMERGING MARKETS GROWTH FUND, INC.**					
	01/04/2014	Opening Balance	1584552	5.96	1584552	5.96
	04/04/2014	Sale	135197	0.51	1449355	5.45
	11/04/2014	Sale	30040	0.11	1419315	5.34
	16/05/2014	Sale	250652	0.94	1168663	4.39
	25/07/2014	Sale	66585	0.25	1102078	4.13
	08/08/2014	Sale	75413	0.28	1026665	3.84
	22/08/2014	Sale	7221	0.03	1019444	3.82
	29/08/2014	Sale	45168	0.17	974276	3.65
	12/09/2014	Sale	93084	0.35	881192	3.29
	31/10/2014	Sale	2760	0.01	878432	3.28
	07/11/2014	Sale	61617	0.23	816815	3.05
	14/11/2014	Sale	11276	0.04	805539	2.99
	21/11/2014	Sale	4912	0.02	800627	2.97
	06/02/2015	Sale	10500	0.04	790127	2.92
	13/02/2015	Sale	57000	0.21	733127	2.70
	27/03/2015	Bonus Allotment	733127	1.35	1466254	2.70
	31/03/2015	Closing Balance		0.00	1466254	2.70
3	**SBI MAGNUM TAXGAIN SCHEME**					
	01/04/2014	Opening Balance	1280227	4.81	1280227	4.81
	04/04/2014	Sale	16227	0.06	1264000	4.75
	13/03/2015	Sale	13962	0.05	1250038	4.61
	20/03/2015	Sale	50038	0.18	1200000	4.42
	27/03/2015	Bonus Allotment	1200000	2.21	2400000	4.42
	27/03/2015	Sale	17659	0.03	2382341	4.39
	31/03/2015	Closing Balance		0.00	2382341	4.39
4	**HSBC BANK (MAURITIUS) LTD A/C SUMITOMO CORPORATION**					
	01/04/2014	Opening Balance	1228460	4.62	1228460	4.62
	27/03/2015	Bonus Allotment	1228460	2.26	2456920	4.53
	31/03/2015	Closing Balance		0.00	2456920	4.53
5	**ICICI PRUDENTIAL LIFE INSURANCE CO LTD**					
	01/04/2014	Opening Balance	990647	3.73	990647	3.73
	04/04/2014	Sale	955	0.00	989692	3.72
	09/05/2014	Sale	24224	0.09	965468	3.63
	16/05/2014	Purchase	24224	0.09	989692	3.72
	30/06/2014	Sale	19022	0.07	970670	3.63
	01/08/2014	Sale	246	0.00	970424	3.63
	08/08/2014	Purchase	240	0.00	970664	3.63
	15/08/2014	Sale	4255	0.02	966409	3.62
	29/08/2014	Purchase	180	0.00	966589	3.62
	05/09/2014	Sale	240	0.00	966349	3.61
	19/09/2014	Sale	160	0.00	966189	3.60
	30/09/2014	Sale	540	0.00	965649	3.60
	03/10/2014	Sale	100	0.00	965549	3.60
	10/10/2014	Sale	3128	0.01	962421	3.59
	17/10/2014	Sale	312	0.00	962109	3.59
	24/10/2014	Sale	72	0.00	962037	3.59
	31/10/2014	Sale	552	0.00	961485	3.59
	07/11/2014	Sale	72	0.00	961413	3.59

Sl. No.	Name of the shareholder		Shareholding at the beginning of the year: No. of shares	Shareholding at the beginning of the year: % of total shares of the company	Cumulative Shareholding during the year: No. of shares*	Cumulative Shareholding during the year: % of total shares of the company*
	14/11/2014	Sale	240	0.00	961173	3.57
	28/11/2014	Sale	220	0.00	960953	3.57
	05/12/2014	Purchase	160	0.00	961113	3.55
	12/12/2014	Purchase	80	0.00	961193	3.55
	19/12/2014	Purchase	40504	0.15	1001697	3.70
	31/12/2014	Sale	220	0.00	1001477	3.70
	23/01/2015	Sale	1478	0.01	999999	3.69
	06/02/2015	Purchase	121	0.00	1000120	3.69
	13/02/2015	Purchase	345	0.00	1000465	3.69
	20/02/2015	Sale	15487	0.06	984978	3.63
	27/02/2015	Sale	24021	0.09	960957	3.54
	06/03/2015	Sale	2565	0.01	958392	3.53
	20/03/2015	Sale	10875	0.04	947517	3.49
	27/03/2015	Sale	8400	0.03	939117	3.46
	27/03/2015	Bonus Allotment	939117	1.73	1878234	3.46
	31/03/2015	Closing Balance		0.00	1878234	3.46
6	**CAPITAL INTERNATIONAL EMERGING MARKETS FUND**					
	01/04/2014	Opening Balance	783897	2.95	783897	2.95
	30/06/2014	Sale	53203	0.20	730694	2.74
	25/07/2014	Sale	61953	0.23	668741	2.50
	08/08/2014	Sale	73697	0.28	595044	2.23
	22/08/2014	Sale	15113	0.06	579931	2.17
	29/08/2014	Sale	94509	0.35	485422	1.82
	05/09/2014	Sale	2977	0.01	482445	1.80
	12/09/2014	Sale	48600	0.18	433845	1.62
	10/10/2014	Sale	5000	0.02	428845	1.60
	31/10/2014	Sale	4740	0.02	424105	1.58
	07/11/2014	Sale	61183	0.23	362922	1.35
	14/11/2014	Sale	10463	0.04	352459	1.31
	21/11/2014	Sale	5614	0.02	346845	1.29
	20/03/2015	Sale	5000	0.02	341845	1.26
	27/03/2015	Sale	113500	0.42	228345	0.84
	27/03/2015	Bonus Allotment	228345	0.42	456690	0.84
	31/03/2015	Closing Balance		0.00	456690	0.84
7	**GOVERNMENT PENSION FUND GLOBAL**					
	01/04/2014	Opening Balance	672966	2.53	672966	2.53
	20/06/2014	Sale	82299	0.31	590667	2.21
	30/06/2014	Sale	5300	0.02	585367	2.19
	21/11/2014	Sale	585367	2.17	0	0.00
	31/03/2015	Closing Balance		0.00	0	0.00

Sl. No.	Name of the shareholder		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares*	% of total shares of the company*
8	**GOVERNMENT OF SINGAPORE**					
	01/04/2014	Opening Balance	652234	2.45	652234	2.45
	04/04/2014	Sale	54922	0.21	597312	2.25
	18/07/2014	Sale	37833	0.14	559479	2.09
	01/08/2014	Sale	3553	0.01	555926	2.08
	08/08/2014	Sale	50554	0.19	505372	1.89
	30/09/2014	Sale	49260	0.18	456112	1.70
	31/10/2014	Sale	85070	0.32	371042	1.38
	07/11/2014	Sale	51684	0.19	319358	1.19
	27/03/2015	Bonus Allotment	319358	0.59	638716	1.18
	31/03/2015	Closing Balance		0.00	638716	1.18
9	**PARVEST EQUITY INDIA**					
	01/04/2014	Opening Balance	540000	2.03	540000	2.03
	04/04/2014	Sale	10313	0.04	529687	1.99
	23/05/2014	Purchase	75000	0.28	604687	2.27
	30/05/2014	Purchase	25000	0.09	629687	2.37
	20/06/2014	Purchase	5000	0.02	634687	2.38
	11/07/2014	Purchase	25290	0.09	659977	2.47
	18/07/2014	Purchase	25000	0.09	684977	2.56
	25/07/2014	Purchase	25000	0.09	709977	2.66
	05/09/2014	Purchase	25000	0.09	734977	2.74
	12/09/2014	Purchase	77472	0.29	812449	3.03
	30/09/2014	Purchase	38000	0.14	850449	3.17
	07/11/2014	Purchase	74551	0.28	925000	3.45
	19/12/2014	Purchase	4519	0.02	929519	3.43
	23/01/2015	Purchase	10481	0.04	940000	3.47
	30/01/2015	Purchase	14114	0.05	954114	3.52
	20/03/2015	Purchase	974	0.00	955088	3.52
	27/03/2015	Bonus Allotment	955088	1.76	1910176	3.52
	27/03/2015	Purchase	100000	0.18	2010176	3.70
	31/03/2015	Closing Balance		0.00	2010176	3.70
10	**SATTVA INDIA OPPORTUNITIES CO LTD**					
	01/04/2014	Opening Balance	475540	1.79	475540	1.79
	08/08/2014	Sale	483	0.00	475057	1.78
	15/08/2014	Sale	102	0.00	474955	1.78
	06/03/2015	Sale	30926	0.11	444029	1.64
	13/03/2015	Sale	1454	0.01	442575	1.63
	20/03/2015	Sale	7613	0.03	434962	1.60
	27/03/2015	Sale	27323	0.10	407639	1.50
	27/03/2015	Bonus Allotment	407639	0.75	815278	1.50
	31/03/2015	Closing Balance		0.00	815278	1.50

* The decrease in % of total shares of the company is due to allotment during the year pursuant to exercise of ESOP's by eligible employees and increase in total number of shares is due to issue of Bonus shares during the year.

v. Shareholding of Directors and Key Managerial Personnel:

SI. No.	Name of the Director / KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares*	% of total shares of the company*
1	Rajiv Mittal (Managing Director)				
	At the beginning of the year	48,54,703	18.26%	48,54,703	18.26%
	Sale/Purchase from 1 April 2014 till Bonus Issue	-	-	48,54,703	18.26%
	Bonus Issue in the ratio of 1:1	48,54,703	-	97,09,406	17.89%
	At the end of the year	-	-	97,09,406	17.89%
2	Jaithirth Rao (Director)				
	At the beginning of the year	92,734	0.35%	92,734	0.35%
	Sale/Purchase from 1 April 2014 till Bonus Issue	12,734	-	80,000	-
	Bonus Issue in the ratio of 1:1	80,000	-	1,60,000	0.29%
	At the end of the year	-	-	1,60,000	0.29%
3	S. Varadarajan (KMP)				
	At the beginning of the year	10,92,881	4.11%	10,92,881	4.11%
	Sale/Purchase from 1 April 2014 till Bonus Issue	-	-	10,92,881	4.11%
	Bonus Issue in the ratio of 1:1	10,92,881	-	21,85,762	4.03%
	At the end of the year	-	-	21,85,762	4.03%
4	Rajiv Balakrishnan (KMP)				
	At the beginning of the year	2,819	0.01%	2,819	0.01%
	Sale/Purchase from 1 April 2014 till Bonus Issue	1,568	-	1,251	-
	Bonus Issue in the ratio of 1:1	1,251	-	2,502	0.00%
	At the end of the year	-	-	2,502	0.00%

* The decrease in % of total shares of the company is due to allotment during the year pursuant to increase of ESOP's by eligible employees and exercise in total number of shares is due ti issue of Bonus shares during the year.

INDEBTEDNESS:

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

(₹ In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	8,903	-	-	8,903
ii) Interest due but not paid	44	-	-	44
iii) Interest accrued but not due	-			-
Total (i+ii+iii)	**8,947**	**-**	**-**	**8,947**
Change in Indebtedness during the financial year				
• Addition	35,837	-	-	35,837
• Reduction	38,521	-	-	38,521
Net Change	(2,684)	-	-	(2,684)
Indebtedness at the end of the financial year				
i) Principal Amount	6,260	-	-	6,260
ii) Interest due but not paid	2	-	-	2
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**6,263**	**-**	**-**	**6,263**

vi. Remuneration of Directors and Key Managerial Personnel

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

(₹ In Lakhs)

SI. No.	Particulars of Remuneration	Managing Director Rajiv Mittal	Total Amount
1.	**Gross salary**		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	235.63	235.63
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	6.90	6.90
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	**Stock Option**	-	-
3.	**Sweat Equity**	-	-
4.	**Commission**	-	-
	- as % of profit	-	-
	- others, specify.	-	-
5.	**Others, (Provident Fund & Superannuation)**	13.10	13.10
	Total (A)	**255.63**	**255.63**
	Ceiling as per the Act		**807.20**

B. Remuneration to other Directors

(₹ In Lakhs)

SI. No.	Particulars of Remuneration	Name of Directors				Total Amount
		BD Narang	Jaithirth Rao	Sumit Chandwani	Revathi Kasturi	
3.	**Independent Directors**					
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	20	15	15	15	65
	Others, please specify	-	-	-	-	-
	Total (1)	**20**	**15**	**15**	**15**	**65**
3.	**Non-Executive Directors**					
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**
	Total (B)=(1+2)	**20**	**15**	**15**	**15**	**65**
	Total Managerial Remuneration	**20**	**15**	**15**	**15**	**65**
	Overall Ceiling as per the Act					**161.44**

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

SI. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		CFO	Company Secretary	
1.	**Gross salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	67.81	22.06	89.87
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.40	0.35	0.75
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	**Stock Option**	-	35.27	35.27
3.	**Sweat Equity**	-	-	
4.	**Commission**			
	- as % of profit	-	-	
	- others, specify...			
5.	**Others, (Provident Fund & Superannuation)**	4.40	1.44	5.84
	Total (A)	**72.61**	**59.12**	**131.73**

vii. Penalties / Punishment/ Compounding Of Offences: Nil

There were no penalties/punishments/compounding offences for the year ended 31st March 2015.

Annexure VI

Particulars of contracts/arrangements made with related parties

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

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis
   - (a) Name(s) of the related party and nature of relationship
   - (b) Nature of contracts/arrangements/transactions
   - (c) Duration of the contracts/arrangements/transactions
   - (d) Salient terms of the contracts or arrangements or transactions including the value, if any
   - (e) Justification for entering into such contracts or arrangements or transactions
   - (f) date (s) of approval by the Board
   - (g) Amount paid as advances, if any:
   - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

   Not applicable since there were no contracts or arrangements or transactions entered into during the year ended 31st March 2015 which were not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis
   - (a) Name(s) of the related party and nature of relationship
   - (b) Nature of contracts/arrangements/transactions
   - (c) Duration of the contracts/arrangements/transactions
   - (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
   - (e) Date(s) of approval by the Board, if any:
   - (f) Amount paid as advances, if any

   Not applicable since there were no material contracts or arrangements or transactions entered into during the year ended 31st March 2015 which were at arm's length basis.

For and on behalf of the Board of Directors

Place : Chennai
Date : 25 May 2015

Rajiv Mittal
Managing Director

Sumit Chandwani
Director

Annexure VII

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

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

(A) Conservation of energy-

(i) The steps taken or impact on conservation of energy;	The Company has been Designing and Executing "Power Neutral" plants wherein the methane from biogas is digested and is used to generate energy to run the waste water treatment plants on self-sustaining basis. Recently the Company had also designed and installed Energy Recovery system in the 100MLD Nemmeli Desalination plant.
(ii) The steps taken by the company for utilizing alternate sources of energy;	The Company has entered into a wheeling agreement with M/s Ganpathi Marine Enterprise Pvt Ltd., one of the Wind Power Companies, for supply of Wind Power thru TANGEDCO from Feb 2015. Since then, the Company has been receiving Wind Power @ ₹ 1 less than the TNEB Power. In this process, Company is not only controlling the overall energy cost, but also become part of efficient green energy compliant Corporate.
(iii) The capital investment on energy conservation equipments;	**Variable frequency drive (VFD) for our rotary equipments like AHUs .** Reduction of frequency depending upon the load will lead to energy conservation and optimum utilization. **Heat Recovery Wheel (HRW)** Fresh air being brought into the building and stale air being removed from the system with minimum loss on Heat. **Building Management System** Remote Monitoring and operation of HVAC Equipments, leading to energy conservation and optimum utilization

(B) Technology absorption-

(i) The efforts made towards technology absorption;

(ii) The benefits derived like product improvement, cost reduction, Product development or import substitution;

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

(a) The details of technology imported;

(b) The year of import;

(c) Whether the technology been fully absorbed;

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

The details on R&D efforts and technology absorption are disclosed in the Management Discussion and Analysis forming part of this report.

(iv) The expenditure incurred on Research and Development — ₹ 141 Lakhs

(C) Foreign exchange earnings and Outgo-

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

₹ In Lakhs

	2014-15	2013-14
Earnings in Foreign Currency	31,198.00	31,808.00
Expenditure in Foreign Currency	5,184.00	3,575.00

For and on behalf of the Board of Directors

Place : Chennai
Date : 25 May 2015

Rajiv Mittal
Managing Director

Sumit Chandwani
Director

Annexure - VIII

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.	Managing Director's remuneration to Median Employee's Remuneration Ratio 42.2:1; Chairman to Median Employee's Remuneration 3:1; Other Independent Directors to Median Employee's Remuneration 2.25:1
The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.	Chairman & other Independent Directors : 100%; Managing Director : 38%; Chief Financial Officer :8%; Company Secretary :7% Note: The above increase in remuneration to the Directors was based on the recommendation of the Nomination and Remuneration Committee to revise the remuneration as per Industry Benchmarks
The percentage increase in the median remuneration of employees in the financial year.	11%
The number of permanent employees on the rolls of company	921
The explanation on the relationship between average increase in remuneration and company performance.	The Sales growth during 2014-15 over 2013-14 is 7% and Net profit growth is 2%; The aggregate remuneration of Employees grew by 8% during 2014-15 over 2013-14
Comparison of the remuneration of the Key Managerial Personnel against the performance of the company.	The remuneration of the Key Managerial Personnel increased by 27% during the year 2014-15 over 2013-14. The Sales during the year 2014-15 grew by 7% and Net profit grew by 2% over the previous year.
Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer.	Company's market capitalisation increased by 114% to ₹ 4,449.48 Crores as of 31st March 2015 from ₹ 2,081.63 Crores as of 31st March 2014. The price earnings ratio was 40.20 as of 31st March 2015 which was an increase of 119%, as compared to 31st March 2014. The closing price of the Company's equity shares on the NSE and BSE as of 31st March 2015 was ₹ 819.65 and ₹ 820.85 respectively, representing a 213% (NSE) increase over the IPO price, adjusted for stock split and Bonus to date
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.	Average percentage increase in the salaries of employees other than the Mangerial personnel in the last financial year was 8% compared to 38% increase in the managerial remuneration. The increase in the managerial remuneration was based on the recommendation of the Nomination and Remuneration Committee as per industry benchmarks and includes a variable component to ensure that it is competitive in the global markets in which the Company operates. There are no exceptional circumstances for increase in the managerial remuneration
Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company.	The remuneration of the Managing Director increased by 38% , the Chief Financial Officer by 8% and the Company Secretary by 7%. The Sales during the year 2014-15 grew by 7% and Net profit grew by 2%
The key parameters for any variable component of remuneration availed by the directors.	The Company's variable compensation policy for the Managerial Personnel is to ensure that it is competitive in the global markets in which the Company operates and for attracting and retaining the best talent.
The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.	During the year 2014-15 no employee received remuneration in excess of the highest-paid director.
Affirmation that the remuneration is as per the remuneration policy of the company.	The remuneration paid to the Directors, KMP's and Employees are as per the Remuneration policy of the Company.
A statement showing the name of every employee of the company, who if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees.	Rajiv Mittal ₹ 24252300; K.Balachandran ₹ 8659200; S.Varadarajan ₹ 6914544; R.V.Ramachandran ₹ 6830084; C.Senthilkumar ₹ 6884492; Amit Sengupta ₹ 6084520; Patrick Andrade ₹ 14697825; V.Arulmozhi ₹ 8478735; Arun Nair ₹ 7153272; T.Venkata Subramanian ₹ 6550500; Subhra Chatterjee ₹ 6475801; Krishna Narayan Gokhale ₹ 14923221; Abhijit Raychaudhuri ₹ 6451279; Ashish Katoch ₹ 8237860; Rajneesh Chopra ₹ 12025553; Ganesh K E ₹ 11585424; Sundeep Singh Chauhan ₹ 11337065; Himanshu Laghate ₹ 6344524; Satyaprakash Rath ₹ 6907412;
A statement showing the name of every employee of the company, who if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month.	Not applicable
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.	Not applicable

For and on behalf of the Board of Directors

Place : Chennai
Date : 25 May 2015

Rajiv Mittal
Managing Director

Sumit Chandwani
Director

Management's Discussion and Analysis

WABAG Opportunity

The WABAG Group is a leading multinational player with a workforce of over 2,000 people, with companies and offices in more than 30 countries. It operates through unique technological know-how, based on patented technologies and long-term experience.

Since 1996, WABAG built over 900 water and wastewater plants worldwide. Through the conservation and ecological use of the world's most valuable resource, WABAG has made a sustained contribution in the quality of life of over a hundred million people.

Around the world, the WABAG name stands for innovative and successful solutions in the water engineering sector. As an internationally respected expert group, we act as a systems specialist and full service provider with a focus on the planning, installation and operation of drinking and wastewater plants for local governments and industries in the growth markets of Asia, Africa, the Middle East, the Central and Eastern European countries.

Firsts	Largest
Asia's first refinery wastewater recycling plant for IOCL Panipat	India's largest seawater, 100 MLD Nemmeli Desalination Plant - for 100% potable use on EPC basis
India's first ultra-filtration plant for treated municipal wastewater for the Vizag Steel Plant	Asia's largest wastewater treatment plant at the Jamnagar Refinery
India's first sewage treatment plant based on a BOOT model for Alandur	India's largest inclined plate settler drinking water treatment plant for the Brihan Mumbai Municipal Corp. (BMC)
The first use of biological denitrification technologies for groundwater treatment in Austria and Poland	The world's largest tannery wastewater treatment plant for the Kolkata leather complex
The world's first direct potable water reclamation plant (DRP) in Windhoek, Namibia	A DBO, turnkey contract for Algeria's largest wastewater treatment plant (1.5 Million p.e.) in Oran
	The largest municipal MBR in Switzerland
	Largest MBR for Petrochemical waste water for RIL – Dahej

Global economy

The global economy is expected to grow at a modest pace of 3.5% in 2015, as against 3.4% in 2014. However, it must be emphasised that the pattern of growth is largely uneven across geographies.

The US economy is poised to grow strongly exceeding expectations on account of domestic demand supported by the upward trend in the US economy in 2014. The UK is well on its way to recovery. In comparison, Eurozone, Japan, China and other emerging markets have to discover new ways to revive growth. To counter weak growth, the European Central Bank has adopted an accommodative monetary policy stance. Japan has not yet recovered from the consumption tax levied last year, despite an expansionary monetary and fiscal policy. A weak yen, however, is bolstering Japanese exports. China experiences a weak property market and excess capacity in some industries.

Lower oil prices in FY 2014-15 bring substantial savings into government coffers and give an opportunity to reform energy subsidies and taxes in both oil exporting and importing nations. In oil importing nations, the saving from the removal of general energy subsidies is expected to be used to increase public infrastructure spending for many emerging economies.

Global growth trend

			(%)	
			Projections	
	2013	2014	2015	2016
World Output	3.3	3.3	3.5	3.7
Advanced Economies	1.3	1.8	2.4	2.4
United States	2.2	2.4	3.6	3.3
Euro Area	-0.5	0.8	1.2	1.4
Japan	1.6	0.1	0.6	0.8
United Kingdom	1.7	2.6	2.7	2.4
Other Advanced Economies *	2.2	2.8	3.0	3.2
Emerging and Developing Economies	4.7	4.4	4.3	4.7
China	7.8	7.4	6.8	6.3

* (Excludes the G7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries)

(Source: International Monetary Fund 2015)

Indian economy

In FY 2014-15, the Indian economy grew at 7.4% (GDP at market prices). The falling oil prices has aided in lower current account deficit and inflation. With fiscal deficit at 3.1% and current account deficit at 1.6% of GDP, India's macroeconomic fundamentals are healthy. India has over US$ 328 Billion of reserves with the RBI and retail inflation as measured by Consumers' Price Index, moderated at 6.3% for FY 2014-15, down from over 9% in FY 2013-14.

India's GDP trend

Sectors	FY 2012-13	FY 2013-14	FY 2014-15*
Agriculture, forestry & fishing	1.2	3.7	1.1
Industry	2.4	4.5	5.9
Services	8.0	9.1	10.6
GDP at market prices	5.1	6.9	7.4

Source: CSO *Advance Estimates

The Indian economy has gained momentum following the growth-oriented policies of the new government, which include deregulation of diesel prices, direct transfer of cooking gas subsidy, hiking FDI cap in defence and insurance and telecom spectrum allocation.

Global water and water treatment industry

Global water scenario

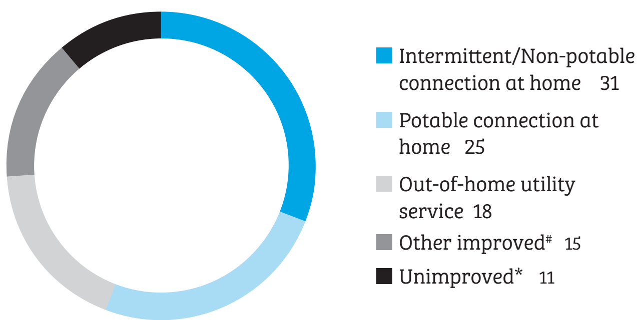
The world's water reserves consist of around 2.5% of freshwater reserves and around 97.5% of saline water. With a static supply of water, there is a growing demand for water all over the world. The 10 biggest water users are India, China, United States, Pakistan, Japan, Thailand, Indonesia, Bangladesh, Mexico and the Russian Federation (Source: United Nations World Water Development Report).

A rapidly growing global population and additional pressure on resources (more energy, more food and better quality of life) further aggravate the water scarcity. Moreover, developing countries lack basic infrastructure, have inadequate financial resources, combined with rapid urbanisation and increased industrialisation that worsen the water scarcity.

Water withdrawals

Water withdrawals refer to the amount of water removed from the source, a portion of which can potentially be reused. Water withdrawal (from surface and groundwater) in developing economies has grown in the past few years, driven by a rise in population and urbanisation, rapid industrial development and changing consumption patterns. This is in contrast to almost constant withdrawal levels for developed nations, such as the US and Japan.

Water Service Delivery Method %



\# Unimproved includes 2% surface water as source

*'Improved' drinking water does not mean 'safe', improved water sources include piped water into dwelling, piped water to yard/plot, public tap or standpipe, tube well, protected dug well, protected spring and rainwater.

Source: Global Water Intelligence, November 2014

Uneven water distribution

Water accessibility to all is prevented by an uneven distribution of fresh water reserves.

Regional imbalances in the per capita availability of water, with over 60% of accessible fresh water supply in only 10 countries result in a water-scarce situation for emerging countries, such as China and India, which comprise 40% of the global population, but have only 9% of total fresh water reserves. India has nearly 16% of the world's population, but only 3% of the world's water reserves. Thus, India and China face more water stress.

Water and wastewater market

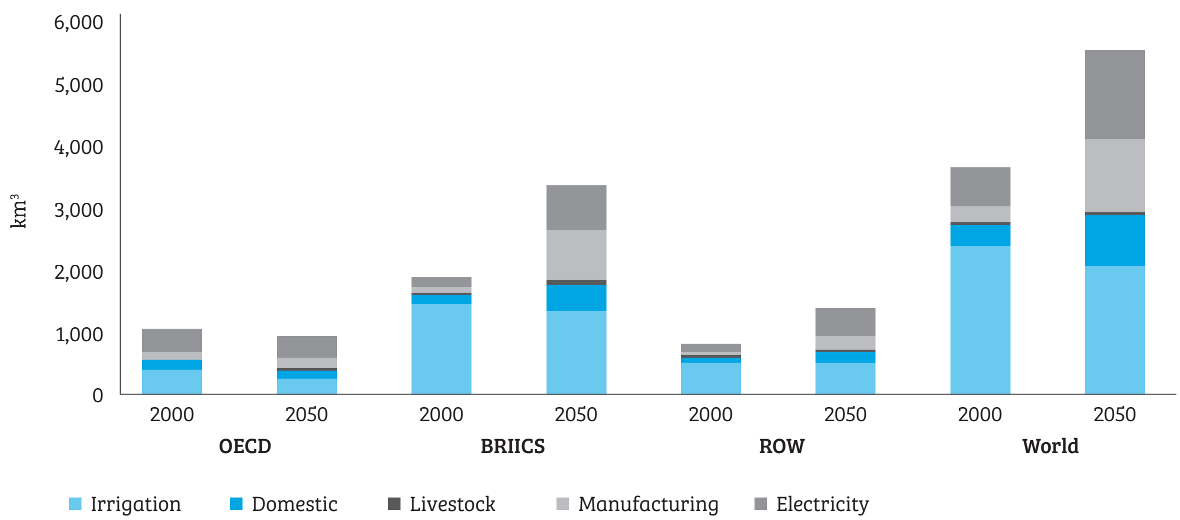
The global water industry including sectors like desalination, wastewater treatment and water-efficiency technologies, is expected to be worth over US$ 400 Billion (Source: UN Water for Life).

Water usage – Profile

Agriculture sector consumes highest amount of water (70%) followed by manufacturing. An expanding middle class segment in developing nations wields pressure on more water-intensive diary and meat rich dietary preference.

The oil and gas industry uses water extensively, where extraction results in high volumes of 'produced water', which comes out of the well, along with the oil and gas. Produced water is difficult and costly to treat. Thermal power plants yield 80% of global electricity production and are major water users.

Global water demand (freshwater withdrawals)



BRIICS: Brazil, Russia, India, Indonesia, China, South Africa; OECD: Organisation for Economic Co-operation and Development; ROW: Rest of the world. This graph only measures 'blue water' demand and does not consider rainfed agriculture.
Source: OECD Environmental Outlook to 2050

Wastewater scenario

The wastewater treatment sector has been growing at 5.8% CAGR. Within the wastewater sector, the fastest growing areas are sludge management (26% CAGR) and water reuse (21% CAGR) (Source: Global Water Intelligence Report, December 2014).

Wastewater is increasingly being used to generate biogas or sludge and convert it to heat or electricity. Water reuse, recycling or the use of reclaimed wastewater and zero discharge technologies are being increasingly accepted by industries worldwide.

Region-wise demand trend for water and wastewater market

Latin America

Latin America as a region has adequate provisions for water supply and sanitation services, 94% of its population has access to improved water sources (Source: UN Water and energy 2014). Latin America has several water and wastewater investments targeted at increasing productivity. The region as a whole now needs to build water (re)allocation systems that integrate the development and conservation of water resources and facilitate coordination and control.

The Middle East

Many countries in this region experience water vulnerability. The Middle East tackles this problem through large-scale desalination plants. Some countries have adopted water efficient technologies like treatment and reuse of wastewater for irrigation.

Water tariffs in the Middle East are among the least globally, with most of the water utilities relying on government subsidies to meet their operating costs, let alone the cost of capital investment.

Many countries in the Middle East have now ushered in tariff reform plans that raise the price of water for consumers. This is partly due to bearish oil prices that forced governments to curb costs and decrease domestic fuel usage. Abu Dhabi is charging higher rates and has reduced the subsidy in water prices since January 2015.

North Africa and Sub-Saharan Africa

Africa is made up of Northern Africa and Sub-Saharan Africa. Both these regions have made different levels of progress in providing drinking water, with the Sub-Saharan region having 40% of its 783 Million inhabitants without access to improved sources of drinking water. Desalination plants are increasingly being set up in Africa to solve the water crises in its countries, notably in the Sub-Sahara region. High-income countries in the North African region utilise treated wastewater for agricultural and landscape irrigation (Source: United Nations Department of Economic and Social Affairs).

Untreated wastewater is used to irrigate peri-urban zones around Kumasi in Ghana, Dakar in Senegal, Nairobi in Kenya and Bulawayo in Zimbabwe.

South East Asia

South East Asia has many emerging countries experiencing mid to extreme water stress. Indonesia, Vietnam and the Philippines offer huge opportunities for water players because of the efforts of their governments to improve the water supply infrastructure.

Indonesia

Indonesia still has 76% of its population without access to improved drinking water. Only 24% are connected to local water utility companies. The government is funding drinking water and wastewater treatment projects with international assistance.

Vietnam

Vietnam is the one of the world's most populous countries with a population of over 90 Million. Rapid urbanisation is expected to bring 48% of its population to urban cities. This opens large scale opportunities for wastewater treatment, because currently, only 10% of the urban wastewater is treated.

The Philippines

The water market in the Philippines has become both substantially larger and more attractive. Capital expenditure on water and wastewater infrastructure is expected to see healthy CAGR of 7.7% until 2018 – reaching US$ 690 Million compared with US$ 140 Million in 2011. Not only is the government very committed to improving the water system in the Philippines, but they are also very open to private sector participation to meet these objectives – making this a very attractive market for international and local water companies. (Source: Global Water Intelligence)

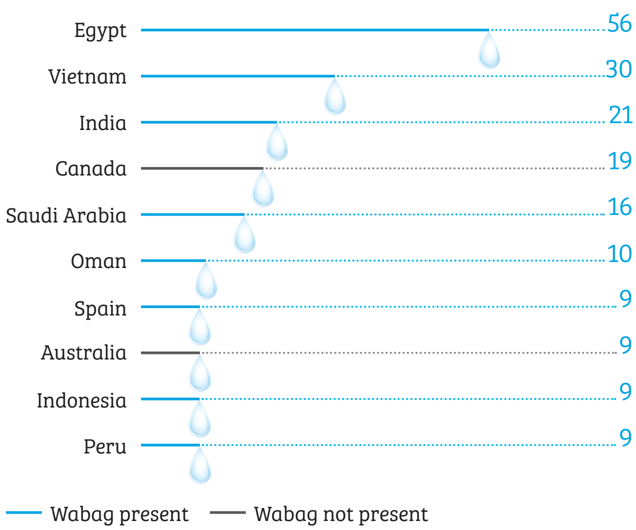
Sri Lanka

In Sri Lanka, there is an imbalance between the wet zone and the dry zone. In the latter segment river flows impounded in tanks change the availability structure thus abating water stress. It is the coastal stretch from the North to East and South that remains impoverished. In the eastern and southern coasts, most districts would require salt water desalination plants.

Global water outlook

The global water industry is poised to touch US$ 529 Billion in 2016 (Source: Nomura Research Institute, January 2015). Water usage opportunities are expected to increase with the maximum growth occurring in emerging economies. Water demand from various industries is expected to record a higher pace of 3% CAGR, while agriculture and municipal demand is expected to grow at 2% CAGR. Growing demand is likely to emanate from manufacturing, thermal electricity generation and domestic usage. Egypt, Vietnam, India, Canada and Saudi Arabia top the list of promising markets.

Top 10 water markets by CAGR 2014-2020 (%)



Source: GWI, December 2014

Indian water and wastewater treatment industry

India faces acute water crisis and has sub-optimal water infrastructure in place. This presents a strong growth opportunity for the country's water treatment players. This has brought both large international groups and niche players with successful applications serving particular market segments in the Indian water market.

Most of the wastewater (sewage) is never treated before being discharged into the water bodies. This pollutes the water at the source making it unsafe for consumption. Besides, drinking water from this very water body is supplied without adequate treatment, thereby resulting in water stress for a rapidly growing population demanding more water per capita.

Safe water demand-supply gap necessitates investments in building water infrastructure

It is estimated that the water growth rate contributed by residential, industrial, agricultural and commercial use will be growing substantially with increasing demand from India's population, coupled with a steady industrial growth. For India, there are different water demand estimates available; the Ministry of Water Resources (MoWR) and the National Commission on Integrated Water Resources Development (NCIWRD), which put current water demand at 813 billion cubic metres and 710 billion cubic metres per annum respectively. Current water reserves are higher at 1,123 billion cubic metres (BCM) per annum as per the Ministry of Water Resources (MoWR). However, based on the demand projections of MoWR, the situation could turn around in the next 10 years, when supply would just be matching the demand.

Indian water treatment infrastructure scenario

Despite ample water reserves, the water distribution remains unequal. As against the requirement of 140 litres per capita per day, urban India receives only 105 litres of water. Rural India fares even worse. One in four rural families across India draws water from untreated taps and uncovered wells. Poor access to clean drinking water and sanitation contribute to major health concerns, particularly in rural India.

Increasing urbanisation is aggravating India's difficulties. India's urban population is expected to reach close to 600 Million by 2031, twice as much as in 2011. The number of metropolitan cities with a population of 1 Million and above has increased from 35 in 2001 to 50 in 2011 and is likely to increase further to 87 by 2031. Clearly, this requires higher capacity of water treatment plants.

The Government of India aims to set up 100 smart cities in the near future. This will require smart water metering and other efficient water management and a holistic approach would be the need of the hour.

Water quality in Indian states

Chemical contamination	Number of states affected
Arsenic	8
Fluoride	19
Salinity-inland and coastal	15
Iron	21
Nitrate	12

Source: Ministry of Drinking water and sanitation From Credit Suisse Report 2014

Indian wastewater scenario

India's total water and wastewater treatment market is growing annually by about 18% (Source: The Guardian, Article: Treating India's wastewater: why inaction is no longer an option, dated March 2014). Economic growth requires water especially when India is one of the largest consumers of water in the world. Such is the importance of the wastewater and water treatment industry in India.

Today, our growing cities require approximately 740 billion cubic meters of water annually. This is likely to go up to 1,500 billion cubic meters in 2030. Present wastewater infrastructure can treat only 30% of the household wastes. The rest is released into the ground or into open drains. Delhi is one example, which releases 90% of all its untreated wastewater into the Yamuna River, the source for the city's drinking water. The Delhi government has drafted a ₹ 19,500 Crore master plan that aims to fix the capital's failing wastewater management system and reduce pollution in Yamuna. The blueprint proposes a 10,000-km pipe network, 75 WWTPs and integration of various ongoing sewerage projects.

Municipal wastewater

India is witnessing an increasing number of cities that generate huge amounts of wastewater. As per Central Public Health and Environmental Engineering Organisation (CPHEEO) estimates, 70-80% of total water supplied for domestic use end up generating wastewater. Maharashtra, Delhi, Uttar Pradesh, West Bengal and Gujarat are the major contributors of wastewater. Overall in Class I cities, nearly 68% of sewage goes untreated, which is even worse in Class II cities where nearly 90% of sewage discharged is left untreated.

Significant shortfall in STP capacity

Cities	Sewage Generated	Present Sewage Treatment Capacity/	Capacity Shortfall
35 Metropolitan Cities (>1 mn population)	15,644 MLD	8,040 MLD (51%)	7,604 MLD
Class I cities	35,558 MLD	11,553 MLD (32%)	24,005 MLD
Class II cities	2,696 MLD	233 MLD (9%)	2,463 MLD

Source: Central Pollution Control Board

Among metropolitan cities, Delhi has the highest capacity of STP at 2,330 MLD but still has a shortfall of 40%. Treatment capacity in metro cities is at 2,130 MLD but still there is a 20% shortfall as against the requirement. Treatment capacity meets the volume of sewage generation in some cities, such as Hyderabad, Vadodara, Chennai, Ludhiana and Ahmedabad. Most other metropolitan cities have STP capacities to cater to <50% of sewage generation. (Source: Central Pollution Control Board)

Inadequate performance of installed Sewage Treatment Plants

Central Pollution Control Board (CPCB) evaluated the performance of 152 STPs (funded under National River Conservation Plan) spread over 15 states in the country with a total treatment capacity of 4,716 MLD. Actual treatment capacity utilisation is only 66% (around 3,126 MLD) in these plants. Moreover, treated effluents from 49 STPs exceed Biochemical Oxygen Demand (BOD) standards and some even violate the discharge standards.

Industrial wastewater

Water is an important requirement for industries, such as power, steel, chemicals, food, paper and oil and gas. Industrial water consumption in India accounts for 6% of annual water consumption, which is expected to reach 18% of total water consumption by 2050, according to the Central Pollution Control Board (CPCB). Private sector involvement is necessary to optimise water use, especially in sectors, such as Chemicals, Food & Beverages, Mining, Microelectronics, Power Generation, Refining and Pharmaceuticals.

For water sources to be sustainable, corporate India has to invest in effluent treatment systems. Left untreated, industrial wastewater discharge causes pollution and affects the fresh water reserves. The degree of treatment depends upon the regulatory requirements and the industrial needs of the customers.

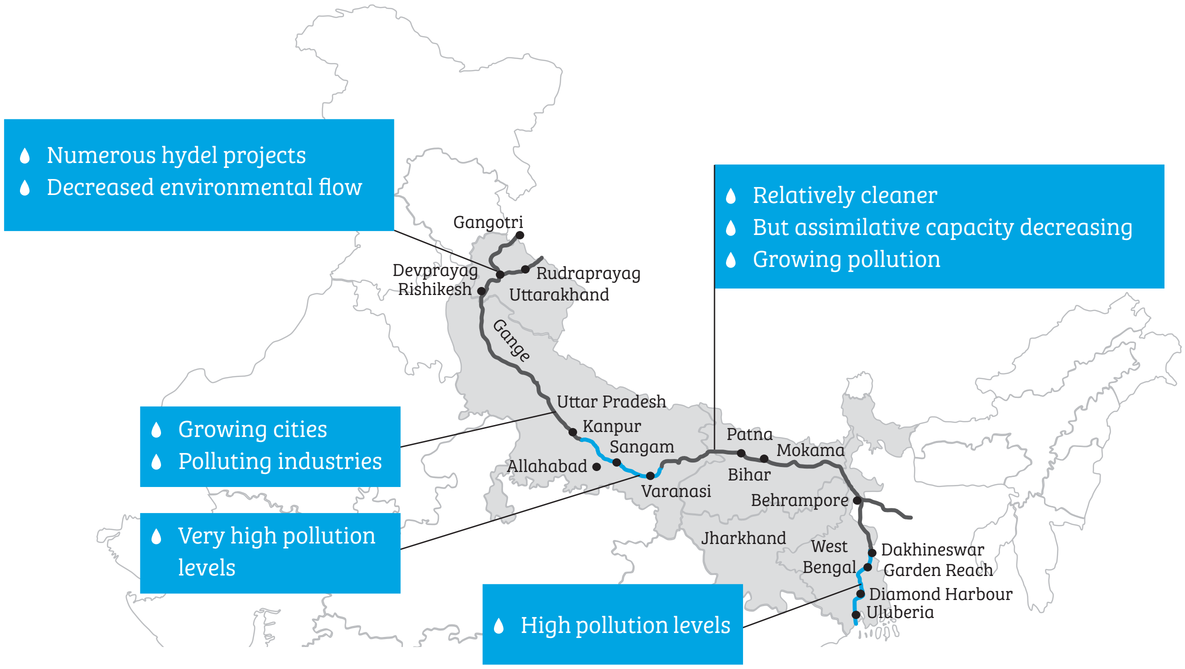
Wastewater reuse scenario

Water is too precious to be used only once. Wastewater can be reclaimed for reuse by removing contaminants. In the process, an environmentally safe fluid waste stream is generated, while its solid-waste by-product is disposed of or reused.

Namami Gange Project

The quality of water in India's major lifeline, River Ganga has deteriorated rapidly with indiscriminate and callous discharge of pollutants by municipal and industrial establishments, along the river banks. The Ganga is the world's fifth most polluted river. Its pollution comprises domestic sewage dumped untreated into the river and industrial pollution through untreated wastewater let into the river.

The government informed the Supreme Court that it proposes to invest over ₹ 51,000 Crore in river development – for cleaning of the River Ganga. The proposal endeavours to rehabilitate and upgrade Sewage Treatment Plants, establish additional plants, reduce industrial pollution on river banks, develop Ganga 'Grams', develop 'ghats' and manage agricultural run-offs. There is focus on reducing industrial pollution and build capacity in urban local bodies. The government also wants to conserve flora and aquatic life and develop the river front by giving more public amenities in tourism spots like Char Dham and Ganga Sagar. There will be an increase in research activities by establishing the Ganga Institute of River sciences, National Ganga Monitoring, Research projects and spatial planning over the next few years.



Uttarakhand
450 km
14 drains
440 MLD

Uttar Pradesh
1,000 km
43 drains
3,270 MLD

Bihar
405 km
25 drains
580 MLD

Jharkhand
40 km

West Bengal
520 km
54 drains
1,780 MLD

*MLD: Million Litres per day

Source: CPCB, Ministry of Environment and Forests (MoEF)

Domestic sewage treatment opportunity

Domestic sewage generates approximately, 2,723 MLD of sewage in 50 cities located along the Ganga, which adds up to around 85% of the river's pollution load. The Project proposes setting up of 70 STPs in the five Ganga basin states by 2018. (Source: Central Pollution Control Board estimates)

Growing gap between STP capacity

The 36 Class 1 cities contribute 96% of the waste water that is generated in the country. In India, 99% of the water treatment capacity is also installed in these same cities. However, there is an increasing gap between installed capacity and treatment. Treatment capacity lags at 1,209 MLD as against sewage generation of 2,723 MLD.

Industrial pollution treatment

There are 764 small-scale industries around the banks of the Ganga (and its two tributaries, Kali and Ramganga), which consume 1,123 MLD of water and discharge 500 MLD of effluent. Almost 90% of these industries operate in Uttar Pradesh. These include tanneries, pulp and paper industries, distilleries, and textile and dyeing units (Source: National Mission for Clean Ganga).

Growth drivers in India

India with its huge population and depleting water resources is one of the largest markets for water treatment. Opportunities arise from municipal segment, through more stringent norms by the government:

- Under penetration of water treatment in India
- Multilateral agencies (World Bank, JICA and ADB) give funding support, stressing on private participation
- Stricter disposal rules for industrial waste water
- Recycle treated waste water to tackle disposal and fresh water availability issues
- Increased O&M outsourcing by authorities for new/existing municipal plants
- Power sector, a key user of water/waste water treatment is witnessing new projects being set up – this shall drive demand for water treatment/reuse
- Desalination opportunities in Tamil Nadu
- Integrated Ganges Development Project to clean up the Ganga river by 2017 is a multi-year waste water treatment opportunity – aims to set up STPs along Ganga, Yamuna and Ramganga, and rehabilitate old and non-functional plants

Fast tracking initiatives

The Supreme Court has directed the GOI to present a stage-wise plan to clean up the River Ganga and take concrete steps in the Namami Ganga project. The Centre was told to have clear objectives for the project and set clear milestones so that an appraisal can be done and the progress assessed.

Desalination

The current size of India's desalination market is US$ 660 Million. The desalination business in India is poised to reach US$ 1.9 Billion within five years, driven by industrial demand, urban growth and freshwater scarcity issues (Source: Bloomberg).

India has a coastline of 7,517 km (4,672 miles). Coastal states of Tamil Nadu (Chennai) and Andhra Pradesh plan to set up desalination plants. Apart from city governments, power generators also account for 18% of the desalination capacity in India. There are upcoming opportunities for desalination plants in the coastal states.

India water outlook

The projected water demand from India is expected to increase to 1,500 Billion cubic metres in 2030, while the current supply of water is 740 Billion cubic metres, which would result in a large gap between current supply and projected demand — amounting to 50% of demand shortfall (Source: The Guardian). This may lead to exploitation of alternate sources of water and result in opportunities for setting up of desalination and water reuse plants.

Moreover, according to GWI report, India is likely to continue spending large sums on sewage treatment, irrigation and water recycling in the forthcoming years. Although less than 10% of available water in India is currently used by industries, industrial water demand is likely to rise by 57% in 10 years (Source: Global Water Intelligence Report). This augurs well for the water treatment business in India.

Strategic Business Unit (SBU) review

Municipal Business Group (MBG)

The Municipal Business Group (MBG) continues to be at the forefront, both in terms of order book and sales turnover. Although the order intake was not on expected lines, this business unit bagged key orders from India and abroad during the year.

In keeping with the Company's strategy to be the technology leader in the industry, WABAG entered into a technology tie up with Royal Haskoning DHV for the introduction of state-of-the-art Nereda Technology in India, apart from Switzerland to meet the growing market expectations in terms of less power consumption, reduced footprint and more cost-effective solutions for waste water management. The market is very receptive to this new innovative technology.

Highlights, FY 2014-15

- Secured the first 140 MLD Sewage Treatment Plant order under the Ganga Action Plan in Varanasi
- Bagged two World Bank funded waste water treatment

plant projects at Tunasan and Valenzuela in the Philippines
- Completed Reliance Dahej PTA Waste water Plant; Pappankalan STP for Delhi Jal Board, Bangalore Water Supply and Sewerage Board, Melamchi Water Supply Development Board, Nepal, Odisha Water Supply and Sewerage Board and Plant Water System for Durgapur Projects Limited
- Operations started at Dwaraka Drinking Water Treatment Plant

MBG continues to focus on margin expansion and understands that growing profitably is more important than growing fast. The business outlook is very promising nationally and internationally.

As for the Indian municipal market, MBG is well poised to clinch business deals from three major schemes – (i) Ganga Rejuvenation Plan; (ii) Swachh Bharat Mission and (iii) 100 Smart Cities in the coming years. MBG also envisages good business opportunities for sewage treatment plants and water treatment plants in the form of funded jobs overseas.

Industrial Water Group (IWG)

Industrial Water Group (IWG) offers water management solutions for steel, petrochemicals, fertilisers, oil and gas, and power industry, among others. IWG consistently delivers projects on time, which has enabled the unit to deepen relationships and generate repeat orders from customers. National regulations and WABAG's innovation-driven efforts have led to the unit achieving technological proficiency.

Highlights FY 2014-15

- Forayed and bagged a project in Malaysia for the first time from BASF Petronas Chemicals.
- Bagged orders from BHEL at Suratgarh, Rajasthan
- Successfully executed OMPL DM Plant & CPU, RIL Effluent Recycle Plant, RIL PTA Waste water Plant and High Rate Mill Scale Filtration System at Rourkela Steel Plant during the year
- Successfully commissioned SWRO Plant along with DM Plant (total water management) and High Pressure CPU at 34 bar pressure (650m3/hr of 6 units) for 2x800 MW supercritical power plant at Krishnapatnam.
- Commissioned and handed over total Demin plant and High Pressure CPU for 500 MW(600m3X3) Korba power plant.

In continuation with the Unit's venture into overseas market last year in Nigeria, IWG bagged its first project in Malaysia during the year and continues to explore further opportunities in the overseas market.

Operations Business Group (OBG)

The Operations Business Group (OBG) operates and maintains more than 70 water and waste water treatment plants for the Company in India and has now ventured overseas for tapping more business opportunities in this segment. It provides complete O&M services including organisation, staffing, supply of chemicals and consumables, supply of spares, major and minor repairs, equipment replacement and plant refurbishment. Apart from clocking high margins, these contracts also provide consistent cash flow.

Highlights, FY 2014-15

- Secured new orders in Oman, Qatar, Bahrain and Singapore
- Added new clients from the industrial segment

Remote Monitoring - An innovative step in the plant operation monitoring

The different O&M sites spread across the country are connected and monitored at HO in a control room called Network operating centre (NOC). From a single place, remote monitoring enables us to monitor the plant performance and process changes of plants located at various places, thousands of kilometres away. Remote monitoring increases overall efficiency by enhancing troubleshooting, analysing and improving plant performance. It also increases plant efficiency by continuous monitoring in addition to saving time as well as cost.

Desalination Business Group (DBG)

WABAG is one of the top 10 desalination companies globally according to Global Water Intelligence. WABAG has executed desalination projects in various countries worldwide and the successful execution of the 100 MLD desalination plant in Chennai carries a strong reference. The 191 MLD desalination plant under execution at Oman will further increase the desalination business opportunities.

Highlights, FY 2014-15

- Remained cash positive with low debt and interest costs
- Executing 191 MLD desalination plant project at Al Ghubra, Oman

The demand for water desalination in India is slated to grow steadily. There is opportunity for membrane-based solutions in inland regions because of high levels of salt, fluoride, arsenic, nitrates and iron in the groundwater. The Company is constantly exploring global business prospects in India, the Middle East and Latam regions.

Multi-Domestic Unit (MDU) review

WABAG Austria

WABAG Austria provides end-to-end solution for water treatment and waste water treatment, water reclamation and sludge treatment for municipalities and industries. It is executing several projects under DBO (Design Build Operate) framework, creating both new capacity, along with modernisation and expansion of existing plants.

WABAG Austria possesses strong competencies in advanced water treatment technologies built over the years.

Core strengths

- Strong technological capabilities with a history of creating high quality plants
- Deep knowledge in specific technologies like nitrate removal from ground water (BIODEN®), innovative pre-treatment technologies (MICROPUR®), advanced waste water treatment by MBR - Technology (MARAPUR®) or sludge disintegration (BIOZONE-AD®)
- Executed projects in diverse and challenging terrains - RO-plants in deserts in Saudi Arabia, comprehensive refurbishment of drinking water and waste water treatment plants (in Romania, Poland and Algeria), the first industrial water reclamation plant in Windhoek, Namibia.
- Adept in handling large ticket size plants
- Certified for EN ISO 9001:2008, ISO 14001:2004 and OHSAS 18001: 2007 standards

Highlights, FY 2014-15

- Commissioned Industrial Water Reclamation Plant in Ujams, Namibia using new best-in-class technologies, which recently won global recognition at the Global Water Summit held in Athens, Greece
- Demineralisation and electro chlorination projects for four power plants in Libya is under execution and in good progress
- Several repeat orders from the Middle East, reflects WABAG's proven performance

WABAG Austria aims to bag newer orders; consistently generate repeat business; continue to explore potential markets and consolidate its presence in the MENA region.

WABAG Czech Republic

WABAG Czech Republic is headquartered in Brno and during the year, the MDU celebrated its 20 years of success in this geography. The Unit addresses the industrial and municipal water market of the Czech Republic. Besides addressing the country's water requirements, the unit also holds strategic importance for gaining business in Eastern Europe. Its activities include drinking water, waste water and sludge treatment in the municipal, industrial and energy sector. Services include pre-treatment systems, demineralisation, condensate polishing, ion exchange technology, cooling water treatment, filtration and neutralisation. WABAG Brno is also the Group's competence centre in the industrial process and service water sector for the European region.

Operation & Maintenance is a critical function in the treatment plants. We have time and again proved the benefits that can be ushered in by engaging the services of WABAG in running the plants and this is evident in the repeat orders we have bagged continuously over the years. This proven advantage provides us attractive opportunities in tapping the huge market in India and overseas.

Rajneesh Chopra
Head - Operations Business Group

Core strengths

- One of the oldest WABAG subsidiaries with excellent project references
- Built the first steam waste water treatment plant of the Czech capital
- Accredited with EN ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2008 certification

Highlights, FY 2014-15

- Bagged the oiled water treatment order for Ferganska Refinery in Uzbekistan
- Also bagged project in Turkmenistan

The subsidiary is going to focus on industries like petrochemicals, tanneries and energy in Uzbekistan and rehabilitation of existing plants in Turkmenistan. Besides, WABAG Czech Republic plans to explore other nearby markets for big-ticket projects.

WABAG Philippines

WABAG Philippines is a wholly-owned subsidiary of WABAG India. It caters to EPC requirements in municipal water and waste water treatment in the growing markets of the Philippines and neighbouring countries. Being an island nation, the availability of fresh water remains scarce in the Philippines and desalination is difficult due to high power costs. WABAG Philippines has pioneered industry-best innovations to resolve this problem. It concentrates on project management through effective execution, material procurement and price-value management.

Worldwide, there is a real scarcity of clean drinking water. With the technological development significantly reducing the cost for setting up desalination plants, desalination has become a viable option to create drinking water for the masses. We see a big opportunity in this segment to provide reliable potable water.

Fernando Portillo Valles

Desalination Business Group

The subsidiary has adopted effective cross-unit collaboration and delivered various projects successfully.

Core strengths

- Expertise and local insights help it obtain repeat orders and prove that WABAG Philippines has become a trusted partner in water treatment space in the Philippines
- Established over 50% market share in three years
- Creating differentiation with technology and quality excellence
- Execution excellence by completing projects ahead of time

Highlights, FY 2014-15

- Leader in the sewage treatment market in the Philippines
- Secured two key orders funded by World Bank
- Leveraging the best-in-class European technology, Indian engineering and local execution expertise to win new projects and execute existing ones

WABAG Philippines aims to sustain its market leadership and expand its presence to other neighbouring countries, such as Vietnam, Cambodia and Indonesia.

WABAG Romania

WABAG Romania provides EPC and O&M solutions in the water and waste water treatment space to industrial and municipal customers.

Core strengths

- Specialist for complex water technology solutions for the oil and gas industry
- Rich experience of operating refinery ETPs
- Quality management system accredited by EN ISO 9001:2008, ISO14001:2004 and OHSAS 18001:2008

Highlights, FY 2014-15

- Bagged an order for Produced Water Treatment Plant (PWTP) in Suplacu de Barcau, Romania's largest oilfield
- Completed execution of its two municipal orders for Aiud, Ocna Mures and Cugir WWTPs and its first small export business for ERBIL, Iraq (Containerised WWTP for the KAR Refinery)
- New filtration system for water reuse was installed at the Petrobrazi Refinery ETP, comprising self-washing filter units
- Completion of investment programme - improvement of Petrobrazi WTP, second stage.

Being part of the European Union is a definite advantage for WABAG Romania. It will lead to higher effluent treatment activity as per EU standards, which augurs well for the MDU. It aims at delivering projects with quality and efficiency and within timelines, and continues building its market presence in Romania and its surrounding countries, such as Moldova, Bulgaria and Serbia.

WABAG Switzerland

WABAG Switzerland holds 70% municipal market share of the advanced technology segment of the Switzerland market. It is the biggest supplier of drinking water and waste water treatment plants in Switzerland. It has executed over 50 municipal and industrial projects, which comprise virtually all large lake water treatment plants in Switzerland and other modern facilities.

In addition, the subsidiary supplies to markets in western and southern Europe. This MDU also provides planning, design, commissioning, start-up and by providing services for all type of projects from system components to turnkey plants.

Core strengths

- Over 70% of the market share is in the technology savvy market of Switzerland
- Has deep knowledge in specific technologies like biological waste water treatment (BIOPUR®, FLUOPUR®), innovative filtration systems and the treatment of specific impurities (micro-pollutants) in water or waste water.
- Expert in advanced water solutions
- Cost-effective solutions through constant innovation
- In-house R&D Centre and technology powerhouse for the Group

Highlights, FY 2014-15

- Received Ultra filtration drinking water treatment order in Germany
- Successfully executed the large-scale tertiary filtration plant for the Zurich Werdhölzli WWTP of 561,600 m^3/d

The subsidiary aims to expand its presence in Western Europe, particularly France, Italy and Germany.

WABAG Turkey
WABAG Turkey caters to the municipal water and waste water treatment (EPC and O&M) needs in Turkey, working closely with municipalities.

Aspirations for a better lifestyle have led to increased demand for clean drinking water too in Turkey. WABAG Turkey has completed major projects like the large-scale Kayseri and Adana West and East plants. The Unit is currently building a large-scale drinking water treatment plant in Izmir (360,000 m^3/d) and is operating all the waste water treatment plants and pumping stations in Istanbul, water treatment plants in Adana (500,000 m^3/d) and in Mersin (390,000 m^3/d).

The subsidiary offers services like planning, design, engineering, construction and operational management of municipal water and waste water treatment plants, anaerobic sludge treatment plants with optimised energy recovery and tailor-made solutions for industrial plants. At present, WABAG Turkey holds the key for waste water management for the entire city of Istanbul.

Core strengths

- Market leaders with strong brand positioning
- Scale to manage large and diverse range of projects in a short time span
- Localised operations and leveraging proprietary technological expertise at competitive costs

Highlights, FY 2014-15

- Bagged over 80% of O&M business in Turkey
- All O&M contracts, initially won, have been renewed
- Key projects bagged comprise operations and maintenance of Istanbul's waste water treatment plants and pumping stations, LuIeburgaz O&M which is the first long term O&M contract for a period of five years (waste water treatment plant) and Mersin O&M (waste water treatment plants and water treatment plants) and the EPC for Polatli Waste water treatment plant

The Turkish market promises huge potential in both EPC and O&M business. The MDU also intends to bid for international projects in nearby Commonwealth of Independent States (CIS), such as Azerbaijan and Turkmenistan, among others. The unit focuses on big EPC projects ensuring revenue and high margins.

Human Capital

WABAG considers its employees as its greatest asset and has created a work environment that ensures their continued well-being. The Company's talent pool is a combination of varied qualifications and experiences in the domains of engineering, management and finance.

The Company employs more than 2,000 employees globally. At WABAG, human resources (HR) function is divided into three divisions - Corporate HR (for Training and Development purpose), Business HR (for Strategic Business Unit (SBU) and Multi Domestic Unit (MDU) HR functions) and Group HR (for Senior Management recruitment).

The Company's HR policy focuses on developing local managerial talent in every operating country and units. Local HR team at every SBU and MDU works together with corporate HR in training and development of its employees.

Recruitment
The Company completes manpower planning at the beginning of the year, based on targeted growth and business requirements. The Human Resource department in every business unit recruits junior and middle management locally. The Company recruits 40-50 Graduate Engineer Trainees (GETs) through campus recruitment from premier Engineering and Management institutions annually. Senior management personnel are recruited by the Group HR. Key Managerial Personnel are recruited by the Board, based on the recommendation of the Nomination and Remuneration Committee.

Training and development
Developing employee skills is a top priority at WABAG so that employees become agents of transformation and help deliver world-class services.

Training and development requirements originate from the annual performance appraisal process. The consolidated training needs thus identified, become the training calendar.

In FY 2014-15, the Company undertook the competency mapping exercise through which competencies required for the various positions were identified and defined. Moreover, the requisite skills and competencies were defined under two broad categories – technical and managerial. This exercise helped in identifying gaps in performance and accordingly aligning training programmes to enhance employee productivity.

The Company continues to invest in its flagship Graduate Engineer Training (GET) programme – where graduate engineers are trained across different business functions for two years and are placed on assignments both in India and overseas.

The Company runs two leadership programmes: (1) Leadership Excellence Programme (LEX) to develop leaders from middle level managers; (2) Young Entrepreneurship Programme (YEP) for bright GETs, providing opportunities like access to a part time management education programme and participation in seminars to emerge as future business leaders. The Company imparted 2,733 person days of training through over 123 training programmes across locations.

Rewards and Recognition Programme
As part of Reward and Recognition Programme, the Company bestows 'Star Performer' awards to recognise

efforts of employees and 'Best Employee of the Month Award' in Business Units. The HR department engages employees by promoting global integration and cross-functionality. To facilitate this, WABAG set up a Group Executive Council (GEC). The GEC will integrate people initiatives across WABAG to forge one WABAG identity and capture the synergies across business units and group companies. Another significant step forward is the Collective Leadership Proposition (CLP), which is being formed to focus on technology, engineering and procurement.

Health, Safety and Environment (HSE)

Sustainable development is an integral part of WABAG's management credo. The Company continues to take significant initiatives towards enhancing safety of the employees and improving health and environment.

WABAG formulated its Occupational Health, Safety and Environment (OHSE) Policy in August 2010 requiring its managers and employees to manage HSE issues. It has set targets for improvements, which is first measured appraised and corrective / preventive measures are recommended, if required.

Health

During the year, WABAG conducted various free vaccination camps at plant locations against. Several employees including contractual workers were vaccinated and benefitted out of this drive. Besides the Company organised blood donation camps at various project locations.

Safety

In May 2014, WABAG launched the QHSE Passports, which facilitated employee identification at all its EPC and O&M sites. It certifies the holder's status with respect to personal details including blood group, HSE training, communicating the Vision, Mission, Values and QHSE and IT policies. It also serves as an evidence to legal authorities and reckoner during emergency. Such a strategy promotes good in-house HSE practices and helps to reduce accidents. Besides, the Company during the year received appreciation from various customers viz., RIL, IOCL and BWSSB for achieving more than a million safe man-hours.

The Company launched the excavation and personal protective equipment training manual, which aims to strengthen the HSE awareness during excavation with respect to identification of major hazards risk assessment and control measures.

WABAG regularly conducts first aid training programmes for its own staff and for various other associated stakeholders. During the year, WABAG also conducted training on basic life support and standard first aid at all its EPC and O&M sites. The Company conducted fire fighting training at its head office, EPC and O&M sites. These sessions were conducted in partnership with local authority's fire fighting team and fire brigade volunteers.

Environment

Green cover development: In an effort to increase green cover in and around the operational EPC and O&M sites the Company's employees undertook tree plantation drives at various plant locations. The celebration of 'World Environment Day' promoted unity and social responsibility, especially in preserving the environment and fostering environment awareness.

Research and Development

Over the years, the Company's research and development evolved efficiently and effectively. The Company has three R&D centres at Switzerland, Austria and India. The department has developed requisite infrastructure and expertise to develop the know-how to execute globally benchmarked projects.

Focus of WABAG's R&D

- Reduce operational and life cycle costs
- Reduce space utilisation for water infrastructure projects
- Enhance efficiency in converting waste into biogas
- Increase environmental friendliness
- Scalability from pilot scale to plant scale
- System standardisation to accelerate design generation

WABAG is providing compact biological waste water treatment - the solution for fast growing dense populated urban areas around the world.

Due to land scarcity, high land cost and bad soil conditions, integration and improvement of waste water treatment in the fast growing urban areas around the world is a huge challenge.The location of the treatment plants may be in the vicinity of touristic, residential or commercial area, but it should be noiseless, odourless or invisible to the public eye. Also, like in the case of the recently completed Ujams Waste water Treatment Plant, there could be complex processes required for treating the effluent depending on the type of inflow, which demands a high technological know-how and patented processes.

In order to overcome these challenges, the Technology Portfolio of WABAG offers a wide range of possibilities, enabling us to provide optimum solution.

FLOUPUR

The FLOUPUR is WABAG's MBBR Technology (Moving Bed Bio-Reactor). In this type of reactor the biomass used for removal of the pollution in the waste water is fixed onto the surface of millions of small carriers moving around in the water to be cleaned.

This allows a much higher concentration of biomass in the reactor compared to conventional activated sludge technology where the biomass is 'suspended' in the waste water to be treated and the system hence gets limited by the capacity of the secondary settler used to separate the biomass from the treated water.

For instance, in Ilanz Swizerland the existing WWTP from 1978 had to be extended to achieve complete nitrification (8000 m^3/d). To optimise the running cost and maximise the utilisation of the existing plant, the Hybrid version of FLUOPUR, with nitrification by Biomass Fixed on Fluopur carriers combined with denitrification in conventional activated sludge has been chosen.

BIOPUR

One of WABAG's most successful technologies over time is the BIOPUR with more than 60 global installations, which treats the waste water generated of almost 5mn PE (People Equivalent). This is the Group's Biological Aerated Filter (BAF) Technology. BAF is the most compact biological treatment available. As in the MBBR, BAF also relies on biomass fixation on a media, allowing biomass concentration. This media is also used as filtration media, which eliminates the need for secondary settlers.

A key reason for the success of the BIOSTYR, also compared to other BAF competitors, is the utilisation of different biomass support types to achieve the required effluent quality in the given hydraulic conditions. The Algeciras WWTP, Spain was done using BIOPUR technology.

MARAPUR

In the Membrane Bio-Reactor (MBR) the secondary settling tank of the conventional activated sludge is replaced by a membrane. This allows the biomass concentration to more than double and at the same time the membrane installation would be more compact than the secondary clarifier. As such MBR is a very compact solution and thanks to the utilisation of a membrane at the final treatment stage a very high effluent quality can be achieved. WABAG's MBR solution is called MARAPUR and is based on the Company's longstanding experiments and research work in this field. In fact, the Company's first reference dates back to 1999 and since then we have been continuously improving this technology. This includes reducing energy demand and maintenance cost by integrating pre-filtration of the influent using the new pre-treatment technology called MICROPUR. The Zermatt WWTP, Switzerland was done using MARAPUR technology.

MICROPUR

MICROPUR is WABAG's new fine sieve technology. By slowing down the rotation speed in a Rotation drum Filter utilising a relatively open mesh size, a filtration cake layer is formed. This combination of cake layer (good filtration) and open mesh (high hydraulic throughput) results in a high removal rate combined with high hydraulic capacity. The combined air water cleaning ensures a minimum production of back-wash water and full recovery of the filtration capacity. MICROPUR will perform as good as a conventional primary settler, but it will only use 1/5th of the space. In addition, the sludge will be thickened in the integrated mechanical thickener, so that it is possible to take the sludge directly to anaerobic digestion for energy recovery. The Ujams Industrial Water Reclamation, Windhoek, Namibia was done using MICROPUR technology.

NEREDA®

NEREDA® is a new entrant in WABAG's technology portfolio of compact biological waste water solutions. This technology is based on aerobic granules, where the bacteria normally found in suspended form in conventional activated sludge plants are forced to grow in dense granules, instead of the lighter and fluffier flock structure they normally have. These granules settle much faster and will again allow operating at much higher biomass concentrations than in conventional activated sludge. The dense structure will allow stratification of oxygen and nutrients within the granule, making it possible to achieve simultaneously complete biological phosphorous and nitrogen removal.

NEREDA® has been developed and patented by Royal Haskoning DHV (in cooperation with TU Delft) and in November 2014 WABAG signed a license agreement for introduction of this technology in India and Swiss markets.

International Engineering Centre (IEC)

WABAG established IEC at Pune and a branch in Vadodara to fulfil the design and engineering needs for SBUs and MDUs located worldwide. Since 2008, IEC delivered over 50 projects. This engineering and design innovation hub employs around 100 engineers in the above locations.

System Tools: IEC combines proprietary and purchased technology/software, customising it to serve the needs of its customers. The Centre has invested in automation and developed system tools like 3D software (Propipe) and high-tech software like PDMS. The Centre adopted the CADISON® platform for engineering solutions, to optimise project running time, by reducing the planning period. IEC's design solutions eliminate redundancy and reduce analysis time and hence bring down costs, besides allowing premature and concurrent testing/quality control.

Engineering: IEC uses the most innovative technology for data management to provide unique solutions for water and waste water treatment. Its proficiency ranges from process design to the delivery of immediately operational plants.

Highlights, FY 2014-15

- Provided complete engineering support for successful execution of over 10 projects in FY 2014-15
- Facilitated 100% utilisation of CADISON® software, fully customised in-house to create an integrated 3D modelling/simulation of the plant, which helped in improving the accuracy
- Realised automation goals for design process and created in-house Smart Plant instrumentation (INTOOLS) and SP 3D software
- Designed for the first time, a high pressure spherical vessel design which was commissioned by the Industrial Water Group
- Designed maintenance-free auto valve-less gravity filter, which was commissioned during the year

IEC realises there are huge opportunities from the worldwide market and to tap these opportunities IEC plans to cater to third-party clients. IEC also plans to offer engineering solutions to non-water sectors. Service offerings planned from this Centre shall include automation, feed engineering, detailed engineering, analytical services and special product designs.

IEC also brings diverse forms of know-how together, and by executing projects more efficiently strives to become more competitive and serve its customers better.

Information Technology

WABAG considers Information Technology (IT) as a key enabler for efficiency and intends to have a 'centralised administration with a local break-fix service model'. At WABAG, IT forms the backbone for carrying out all the business processes, for communication, collaboration and for effective decision-making. It enables the Company to provide standardised services, optimise cost, deliver value and monitor and manage technology in all operations and at all levels.

The Company has established ERP systems at new locations, leading to cost optimisation. WABAG has also been utilising Lync and SharePoint for better communication and collaboration. The communication tool Lync connects employees globally and many portals over SharePoint have been set up to facilitate greater ease of cross-geography collaboration and knowledge sharing.

WABAG's IT focuses on

- Expanding communication and collaboration across locations
- Using specific cloud applications for better mobility
- Consolidating and standardising global IT services
- Establishing ERP at new sites depending on business growth

Corporate Social Responsibility

WABAG's CSR vision positions the Company as a thought leader on water management by leveraging nine decades of expertise in building sustainable water treatment solutions for betterment of society. WABAG constituted a Committee on Corporate Social Responsibility on 24 May 2014, comprising three members of the Board. The CSR Committee and the Board approved the Company's CSR policy. According to the policy, WABAG is executing all identified and approved projects in partnership with research institutions, universities and in collaboration with reputed NGOs in water space. The CSR Committee meets and reviews the CSR projects on a regular basis. WABAG's CSR team is also undertaking projects to improve the availability of clean and potable water for the underserved communities in areas where the Company operates.

Project Highlights, FY 2014-15

Rain Water Harvesting (RWH) Facility at Kanchi Kamakoti Child Trust Hospital, Chennai: WABAG has implemented the RWH programme in collaboration with Akash Ganga Trust under the leadership of Dr. Sekhar Raghavan who is an expert in RWH. This CSR initiative would bring financial savings to the hospital on a recurring basis and improve the water table and water quality, besides avoiding flooding within the hospital premises. The daily requirement of fresh water is met mostly from groundwater sources through three bore wells. This project shall inject the maximum possible rain water falling into the soil within the premises, and recharge groundwater sources (GWR) in order to sustain and improve it.

Sewage Treatment Plant (STP) Facility at the Cancer Institute, Gandhinagar Complex, Adyar, Chennai: Cancer Institute, Adyar, is a public charitable voluntary organisation dedicated to the care of cancer patients for over 55 years. 'General beds' or free boarding and lodging comprise 60% of hospital beds. The Institute offers free treatment to patients occupying 20% of the remaining beds and the rest are offered subsidised treatment. Annually, over 15,000 new patients and around 1,20,000 follow-up cases are treated. An NABH accreditation for the Institute, which would ensure improved quality care and patient safety, required an STP facility in their Gandhinagar complex. WABAG made a spontaneous offer to the Cancer Institute and agreed to execute the project on its own. It is likely to be commissioned by June 2015.

Augmentation of Water Resources project in partnership with MSSRF: WABAG entered into a partnership with M.S. Swaminathan Research Foundation (MSSRF) to implement a project on augmentation of water resources in Mailam Block, Villupuram District, Tamil Nadu to enhance crop diversity and productivity of small farmers. MSSRF was established in 1988 as a not-for-profit trust by Professor M.S. Swaminathan. The Foundation aims to accelerate the use of modern science and technology for agricultural and rural development to improve lives and livelihoods of tribal and rural communities. The entire research activity of this Foundation aims to utilise science and technology for improving the lives of the poor and has a pro-women, pro-nature and pro-jobs orientation. The purpose of this CSR project is to renovate 30 open wells to promote crop diversity and enhance productivity of small farmers in dry lands. This rejuvenation process would increase the area under pulses and groundnut to address issues of malnutrition. This project would be completed by August 2015.

Capacity Building for Wetlands Management: WABAG has engaged the services of Care Earth Trust which is based out of Chennai. This Trust is an NGO with the mission to conserve biodiversity for human well-being through research, advocacy and capacity building. The scope of this CSR project includes implementation of an integrated programme for building capacities for managing wetlands among the defined stakeholder groups. The target audience will be imparted training to increase their knowledge and skills to protect and preserve the wetlands.

The project's duration is one year from April 2015 with the following targets:

1) Maintain current wetland area;
2) Restore adequate water retention in wetlands;
3) Reduce ecological risk in wetlands to acceptable levels;
4) Restore and maintain species diversity

Besides, WABAG extended support to various other health initiatives during the year. WABAG supported Samanvay Foundation, Kanpur for provision of Mobile ZD Toilet Systems and the Rotary Club, Chennai for meeting the local requirements for safe drinking water.

Risk Management and Internal Control

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

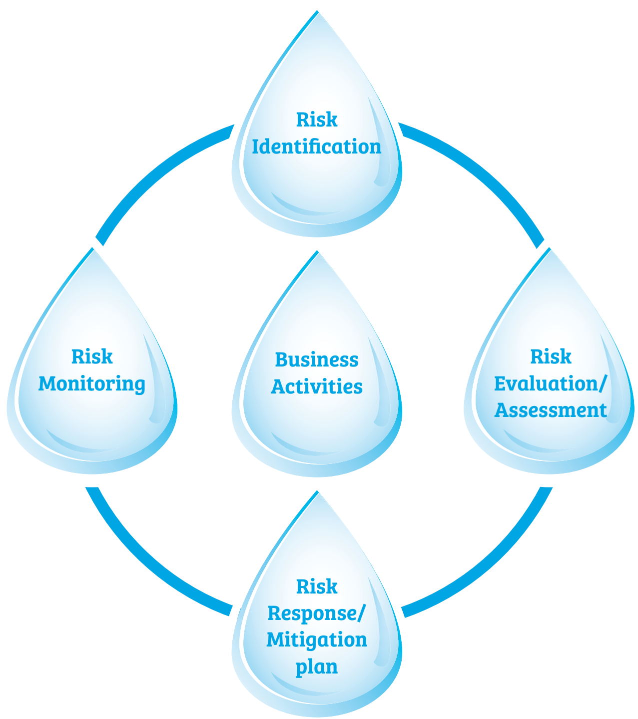
The Board, Audit Committee and Monitoring Committee are responsible for maintaining the risk management framework and internal control processes and policies. The Board assesses and approves its overall risk appetite, monitors the risk exposure and sets the group-wide limits, which are periodically reviewed. WABAG's risk framework thus is based on the concept of 'three lines of defence' comprising risk-taking and management, risk control and oversight and independent assurance.

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

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

WABAG also has a strong internal assurance team to support the Group CEO and Managing Director directly to identify and manage the various operational, business, commercial and external risks. The effectiveness of the internal control mechanism is reviewed by an independent professional internal audit function and by the statutory auditors. The Audit Committee of the Board periodically reviews the functioning of the internal audit and the implementation of the recommended measures to improve the internal control mechanism.

Risk management framework



Macroeconomic risk

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

Mitigation measures

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

Political risk

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

Mitigation measures

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

Competition risk

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

Mitigation measures

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

Vendor risk

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

Mitigation measures

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

Customers credit profile risk

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

Mitigation measures

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

Consortium partners credit profile risk

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

Mitigation measures

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

Commodity price risk

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

Mitigation measures

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

Forex risk

Volatile global currencies may impact WABAG's profitability adversely.

Mitigation measures

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

Disclaimer

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

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

At Wabag, we conduct our business in a manner that is fair to all our stakeholders, practice a high standard of integrity in all our actions, respect and comply with the laws of the geographies in which we are present.

Our Company's Corporate Governance philosophy extends beyond regulatory and legal requirements and strives to enhance stakeholders' value through:

- effective strategic process incorporating stakeholder value
- ethical business conduct
- firm commitment to values
- sound business decisions
- prudent financial management
- reporting system structured to provide transparency and accountability

At Wabag, we consider stakeholders as partners in our success, and remain committed to maximising stakeholder value, be it shareholders, employees, suppliers, customers, investors, communities or policy makers. Over the years, we have strengthened governance practices. These practices define the way business is conducted and value is generated. Stakeholders' interests are taken into account, before making any business decision. This is of vital importance and retains the trust of our stakeholders.

We consider it as our inherent responsibility to disclose timely and accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

In the years of its existence, Wabag has created a richly competent, informed and independent Board of Directors ("the Board"). The Board of Wabag is at the core of our corporate governance practice. It oversees how the management serves and protects stakeholder interests by following best practices. The majority of our Board, 5 out of 7 are Independent Directors. Further all the committees of the Board comprises majority of Independent Directors. The Board focuses on upholding the core values of excellence, integrity, responsibility, unity and understanding to ensure that there is a strong legacy of fair, transparent and ethical governance practice in the Company.

Recently, the Securities and Exchange Board of India (SEBI) amended the equity listing agreement to bring in additional corporate governance norms for listed entities. These norms provide for stricter disclosures and protection of investor rights, including equitable treatment for minority and foreign shareholders. The amended norms are aligned with the provisions of the Companies Act, 2013 and are aimed to encourage companies to "adopt best practices on corporate governance".

The Company is not only in compliance with the requirements stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchanges with regard to corporate governance but is also committed to sound corporate governance principles & practices and constantly strives to adopt emerging best corporate governance practices being followed worldwide.

2. Board of Directors

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

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

The Directors are elected based on their qualification and experience in varied fields. At the time of induction of a Director, a formal invitation to join the Board is sent out and a Directors' handbook comprising a compendium of the role, powers and duties to be performed is given to the new Director. The Independent Directors annually provide a certificate of independence in accordance with the applicable laws which is taken on record by the Board. All Board members have the opportunity and access to interact with the management.

2.1 Composition Of The Board

The Company's policy is to maintain optimum combination of Directors. The composition of the Board during the financial year was in conformity with Clause 49 of the Listing Agreement entered into with the stock exchanges and in line with the Companies Act 2013. The Board has been constituted in an appropriate manner, to preserve its independence and to separate the Board functions of governance and management.

As on 31 March 2015 in compliance with the Corporate Governance norms the Board comprised 5 Directors majority of them being Independent Directors. The Chairman of the Board is an Independent Director. Besides the Chairman, the Board comprises the Managing Director, who is a promoter Director and 4 Independent Directors. No director is, inter se, related to any other director on the Board.

2.2 Board Procedure

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

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

The Company Secretary records minutes of proceedings of each Board and Committee meeting. Draft minutes are circulated to Board/ Committee members for their comments. The minutes are entered in the Minutes Book within 30 days from the conclusion of the meeting.

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

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

2.3 Number Of Board Meetings:

The Board met four times during the Financial Year 2014-15 on 24 May 2014, 11 August 2014, 8 November 2014 and 7 February 2015.

The Company held at least one Board meeting in every three months. The maximum gap between any two meetings was less than one hundred and twenty days, as stipulated under Clause 49.

Report on Corporate Governance

2.4 Details of Board Members as on 31 March 2015

Name/Din	Category	Attendance Particulars			No. of Directorships and Committee Memberships/ Chairmanships as on 31 March 2015[1]		
		No. of Board Meetings		Last AGM	Directorships[2]	Committee Memberships[3]	Committee Chairmanships[3]
		Held	Attended				
Rajiv Mittal 01299110	Promoter /Managing Director	4	4	Present	1	1	-
Jaithirth Rao 00025289	Independent Director	4	1	Absent	2	1	-
Sumit Chandwani 00179100	Independent Director	4	4	Present	2	2	1
Revathi Kasturi 01837477	Independent Director	4	4	Present	1	-	-
Bhagwan Dass Narang 00038052	Independent Chairman	4	4	Present	5	5	4

1. Excludes Private Limited Companies, Foreign Companies and Companies registered under Section 8 of the Companies Act,2013.
2. Excludes alternate Directorships but includes Additional Directorships and Directorship in VA TECH WABAG LIMITED
3. Committees considered are Audit Committee and Stakeholders Relationship Committee, as per Clause 49 of the Listing Agreement.

2.5 Directors' Shareholding

The details of company's shares held by the Directors as on 31 March 2015 are as below:

Name of Director	No. of shares held (₹ 2/- paid up)
Bhagwan Dass Narang*	Nil
Jaithirth Rao	1,60,000
Sumit Chandwani	Nil
Revathi Kasturi	Nil
Rajiv Mittal	97,09,406

*Bhagwan Dass Narang currently holds 50% of the Share Capital of Shri Venimadhav Portfolio Private Limited, which in turn held 35,740 equity shares of the Company as on 31 March 2015.

3. Committees of The Board

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

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

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

Terms of Reference and Other Details of Board Committees

3.1 Audit Committee

3.1.A. Terms Of Reference

The Board of Directors at their Meeting held on 24 May 2014 revised the terms of reference of the committee which are in compliance with the provisions of section 177 of the Companies Act, 2013 and the revised clause 49 of the listing agreement.

The powers, role and terms of reference of the audit committee are in line with the provisions of section 177 of the Act and clause 49 of the listing agreement.

3.1.B Composition

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

The Committee's composition meets the requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. All the members of the committee possess financial / accounting expertise / exposure.

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

The Chairman of the Audit Committee, Bhagwan Das Narang was present at the last Annual General Meeting held on 21 July 2014.

3.1.C Meetings & Attendance

The Committee met four times during the Financial Year 2014-15 on 24 May 2014, 11 August 2014, 8 November 2014 and 7 February 2015. The attendance at the meetings is as under:

Members	**Number of Meetings**	
	Held	**Attended**
Bhagwan Dass Narang	4	4
Jaithirth Rao	4	1
Sumit Chandwani	4	4

3.2 Stakeholders Relationship Committee

3.2.A Terms Of Reference

The Board of Directors at their Meeting held on 24 May 2014 revised the terms of reference of the committee which are in compliance with the provisions of section 178 of the Companies Act, 2013 and the revised clause 49 of the listing agreement.

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

The terms of reference of the Stakeholders Relationship Committee are in line with the provisions of section 178 of the Act and clause 49 of the listing agreement.

3.2.B Composition

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

The Committee's composition meets the requirements of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

3.2.C Meetings & Attendance

The Committee met five times during the Financial Year 2014-15 on 24 May 2014, 11 August 2014, 8 November 2014, 1 December 2014 and 7 February 2015. The attendance at the Meetings is as under:

Members	**Number of Meetings**	
	Held	**Attended**
Sumit Chandwani	5	5
Rajiv Mittal	5	5

During the year, 8 complaints were received and resolved to the satisfaction of investors. As on 31 March 2015, there were no outstanding complaints from the investors.

3.3 Nomination And Remuneration Committee

3.3.A Terms Of Reference:

The Board of Directors at their Meeting held on 24 May 2014 revised the terms of reference of the committee which are in compliance with the provisions of section 178 of the Companies Act, 2013 and the revised clause 49 of the listing agreement.

3.3.B Composition

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

The Committee's composition is in compliance with the provisions of the Companies Act, 2013, Clause 49 of the Listing Agreement and Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time.

3.3.C Meetings & Attendance

The Committee met two times during the Financial Year 2014-15 on 24 May 2014 and 7 November 2014. The attendance at the Meetings is as under:

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

3.3.D Remuneration to Directors

The members at the Annual General Meeting of the Company on 21 July 2014 approved payment of commission to the Non-Executive Directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Companies Act, 2013. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings.

Details of Remuneration paid to Directors for the year ended 31 March 2015.

₹ in Lakhs

Name	Category	Commission (refer note 1)	Salary and Perquisites	Performance Incentive (refer note 2)	Superannuation and Provident Fund (refer note 3)	Total
Bhagwan Dass Narang	Independent Chairman	20	nil	nil	nil	20
Rajiv Mittal	Managing Director	nil	186	50	20	256
Sumit Chandwani	Independent Director	15	nil	nil	nil	15
Jaithirth Rao	Independent Director	15	nil	nil	nil	15
Revathi Kasturi	Independent Director	15	nil	nil	nil	15

Notes:

1. Commission is paid to the Non-Executive Directors on a quarterly basis based on performance evaluation criteria as determined and approved by the Board.
2. Performance criteria for the Managing Director entitled for Performance Incentive is determined by the Nomination and Remuneration Committee.
3. Represents aggregate of the Company's contributions to Superannuation Fund and Provident Fund.
4. No sitting fees is paid to any Directors for attending meetings.
5. The Company has not advanced loans to any Directors during the year.
6. The Company has not granted any stock options to Directors.

4 Corporate Social Responsibility Committee

4.1.A Terms Of Reference

The Corporate Social Responsibility (CSR) Committee was constituted by the Board on 8 February, 2014 considering the requirements of the Companies Act, 2013. The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating, monitoring and implementing a framework in line with the corporate social responsibility policy of the Company.

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

The CSR Committee met on 24 May 2014 to recommend the CSR policy of the Company. The CSR policy approved by the Board is available on the Company's website www.wabag.com.

4.1.B Composition

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

4.1.C Meetings & Attendance

The Committee met six times during the Financial Year 2014-15 on 24 May 2014, 21 July 2014, 11 August 2014, 8 November 2014, 1 December 2014 and 7 February 2015. The attendance at the Meetings is as under:

Members	Number of Meetings	
	Held	Attended
Revathi Kasturi	6	6
Sumit Chandwani	6	6
Rajiv Mittal	6	6

5 Monitoring Committee

5.1.A .Terms Of Reference

The terms of reference of the committee inter-alia include:

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

5.1.B Composition

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

5.1.C Meetings & Attendance

The Committee met two times during the Financial Year 2014-15 on 21 July 2014 and 1 December 2014 .The attendance at the Meetings is as under:

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

6. Disclosures

6.1 Related Party Transactions :

All related party transactions entered into by the Company during the year has prior approval of the Audit Committee. There have been no materially significant related party transactions with the Company's Promoters, Directors, and the Management, their Subsidiaries or relatives which may have potential conflict with the interests of the Company. The necessary disclosures regarding the transactions with related parties are given in the Notes to the Annual Accounts for the year 2014-15.

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

All related party transactions are negotiated on arm's length basis, and are intended to further the Company's interests. The Audit Committee of the Board periodically reviews the related party transactions entered into by the Company. The Related Party Transactions of the Company during the year are as per the related party transactions policy available on the Company's website www.wabag.com

6.2 Non Compliances:

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

6.3 Whistle Blower Policy/ Vigil Mechanism:

The Company has established a whistle blower mechanism to provide an avenue to raise concerns, in line with the Company's commitment to the high standards of ethical, moral and legal conduct of business. The mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism. The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for direct appeal to the Chairperson of the Audit Committee. It is affirmed that during the year, no employee has been denied access to the Audit Committee. The Company's Whistle

Blower policy approved by the Board on 24 May 2014 is available on the Company's website www.wabag.com.

6.4 CEO and CFO Certification

The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement. The Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement. The annual certificate given by the Managing Director and the Chief Financial Officer is published in this Report.

6.5 Subsidiary Companies' Monitoring Framework

All the Company's subsidiaries are Board managed with their Boards having the rights and obligations to manage such Companies in the best interest of their stakeholders. The Company does not have any material unlisted Indian subsidiary and hence is not required to nominate an Independent Director of the Company on the Board of any subsidiary. The Audit committee reviews the financial statements, in particular investments made by the unlisted subsidiary companies. Minutes of the Board meetings of unlisted subsidiary companies are placed and reviewed periodically by the Company's Board. A statement containing all significant transactions and arrangements entered into by unlisted subsidiary companies is placed before the Company's Board periodically.

6.6 Corporate Governance Voluntary Guidelines 2009

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

6.7 Adoption of Mandatory and Non- Mandatory requirements of Clause 49

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. Certificate from M/s Walker Chandiok & Co LLP, Statutory Auditors, confirming compliance with conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is forming part of the Annual Report.

The Company has adopted the following non-mandatory requirements of Clause 49 of the Listing Agreement and the Companies Act 2013.

6.7.A The Board

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

6.7.B Audit Qualification

The Company is in the regime of unqualified financial statements.

6.7.C Separate posts of Chairman and CEO

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

6.7.D Reporting of Internal Auditor

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

7. 1 CODE OF CONDUCT

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

7.2 Code For Prevention Of Insider Trading Practices

Securities and Exchange Board of India (SEBI) had formulated SEBI (Insider Trading) Regulations 1992. The Company had earlier formulated a comprehensive Code of Conduct for Prevention of Insider Trading for its Designated Employees, in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time. SEBI has since amended the existing regulations and these regulations are now called Securities and

Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ('Regulations'). The new Regulations have been effective from 15 May 2015. "The Code of Conduct for Prevention of Insider Trading" of the Company was amended to bring in line with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

8. Meetings of Independent Directors

During the Financial Year 2014-15, the Company's Independent Directors met on 7 February 2015 without the presence of Executive Directors and members of the management. All the Independent Directors were present at the meeting.

9. General Body Meetings:

9.1 Annual General Meetings

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

Year	Date	Time	Location	Special Resolution passed
FY 2013-14	21 July 2014	10.30 A.M	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	Approval for Non – Executive Directors Remuneration
FY 2012-13	21 July 2013	10.00 AM	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	NIL
FY 2011-12	23 July 2012	10.00 AM	Russian Centre of Science and Culture, 74, Kasturi Rangan Road, Alwarpet, Chennai 600 018	NIL

9.2 Special Resolution Passed Through Postal Ballot:

During the year, the Board sought consent of the Shareholders of the Company for passing the following Special Resolutions through Postal Ballot.

- Special Resolution under Section 13 of the Companies Act, 2013 for reclassification of Authorized Share Capital and amendment to the Memorandum of Association.
- S. Sandeep of S. Sandeep & Associates, Company Secretaries (FCS No. 5853, COP No. 5987) was appointed as Scrutinizer for conducting the postal ballot / e-voting process.
- Voting pattern of the results dated 17 March 2015:

S.No	Particulars	No. of Shareholders who casted valid votes	Total No. of Shares	% of Votes cast to total valid votes cast
1.	Total number of votes cast in favour of the Resolution	794	1,63,52,983	99.98%
2.	Total number of votes cast against the Resolution	18	2,011	0.01%
3.	Total number of votes invalid	19	1,032	0.01%
Total		**831**	**1,63,56,026**	**100.00%**

- Postal Ballot procedure was conducted in accordance with the provisions of Section 110 of the Companies Act 2013 read with Rule 22 of The Companies (Management and Administration) Rules, 2014 and clause 35B of the Listing Agreement.

10. Means of Communication:

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

10.2 News Releases, Presentations etc.: Official news / Press releases are sent to the Stock Exchanges.

10.3 Presentations to Institutional Investors / Analysts: Presentations are made to Institutional Investors and Financial Analysts, on the unaudited quarterly financial results of the Company. These presentations are also uploaded on the Company's website www.wabag.com

10.4 Website: The Company's website www.wabag.com contains a separate dedicated section 'Investor Relations' where shareholders information is available. The Company's Annual Report is also uploaded on the website in a user-friendly and downloadable form.

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

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

11. SEBI Complaints Redress System (SCORES):

The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

12. General Shareholder Information:

12.1 Company Registration Details

The Company is registered in the State of Tamil Nadu, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L45205TN1995PLC030231

12.2 Auditors

12.2.A Statutory Auditor:

Walker, Chandiok & Co LLP
(Formerly Walker, Chandiok & Co)
Chartered Accountants
Firm Registration No. 001076N/ N500013
Arihant Nitco Park, 6th Floor,
No.90, Dr. Radhakrishnan Salai
Mylapore, Chennai – 600 004

12.2.B Internal Auditor:

G.Balu Associates,
Chartered Accountants,
4-A, Venkatesa Agraharam Road,
Mylapore, Chennai – 600 004

12.2.C Cost Auditor:

S.Chandrasekaran,
Practicing Cost Accountant,
Membership No. 4784
4 Sreshta, 57 Subramaniam Street,
Abhiramapuram,
Chennai – 600 018.

12.2.D Secretarial Auditor:

M.Damodaran,
Practicing Company Secretary
Membership No. FCS5837
M.Damodaran & Associates
New No.6, Old No.12,
Appavoo Gramani,
1st Street, Mandaveli,
Chennai – 600 028

12.3 Address for Correspondence:

12.3.A Registered Office:

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

12.3.B Registrar and Share Transfer Agents

Karvy Computershare Private Limited
Unit : VA TECH WABAG LIMITED
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad – 500 032.
Mr. B. Srinivas,
P : +91 040 67161530
Email: einward.ris@karvy.com

12.3.C Company Secretary & Compliance Officer

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

12.4 Financial Year:

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

12.5 Annual General Meeting

Date : 27July 2015
Time : 10.00 a.m.
Venue : Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006

12.6 Financial Reporting for 2015-16

Results for the quarter ending

30 June 2015	By end of second week of August 2015
30 September 2015	By end of second week of November 2015
31 December 2015	By end of second week of February 2016
31 March 2016	By end of May 2016

Note: The above dates are tentative.

12.7 Dates of Book Closure

Saturday, 18 July 2015 to Monday, 27 July 2015 (both days inclusive) for payment of dividend.

12.8 Dividend Payment Date

Credit/dispatch of dividend warrants, if approved at the Members' meeting, would be made on or after 28 July 2015 but before 1 August 2015.

12.9 Stock Market Information:

12.9.A Listing on Stock Exchanges

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

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

12.9.B Listing Fees

a) Payment of Listing Fees:
Annual listing fee for the year 2015-16 has been paid by the Company to BSE and NSE.

b) Demat International Security Identification Number (ISIN) in NSDL and CDSL for equity shares
ISIN: INE956G01038

12.9.C Market Price Data & Performance

Stock Performance

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

Month	National Stock Exchange (NSE)			Bombay Stock Exchange (BSE)		
	High (₹)	Low (₹)	Monthly Volume	High (₹)	Low (₹)	Monthly Volume
Apr-14	816.00	730.30	8,38,660	817.00	731.00	1,58,160
May-14	1,194.00	785.50	14,90,626	1,192.00	786.00	4,07,503
Jun-14	1,450.00	1,145.00	19,46,444	1,443.00	1,146.10	3,47,176
Jul-14	1,550.00	1,281.40	6,74,201	1,550.00	1,283.50	2,02,564
Aug-14	1,474.80	1,320.00	8,70,059	1,475.00	1,316.40	1,83,752
Sep-14	1,748.00	1,330.00	19,49,887	1,748.00	1,358.70	2,93,920
Oct-14	1,738.70	1,541.00	7,83,009	1,735.00	1,548.55	81,464
Nov-14	1,700.00	1,490.00	6,77,028	1,701.00	1,501.00	1,32,030
Dec-14	1,664.95	1,301.00	10,38,160	1,660.00	1,308.50	1,42,007
Jan-15	1,638.00	1,473.50	9,15,126	1,640.40	1,461.05	1,72,634
Feb-15	1,899.00	1,450.00	12,81,431	1,899.00	1,450.00	3,38,565
Mar-15	1,945.00	790.15*	17,24,790	1,940.00	790.15*	2,48,205

*Post issue of Bonus Shares

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

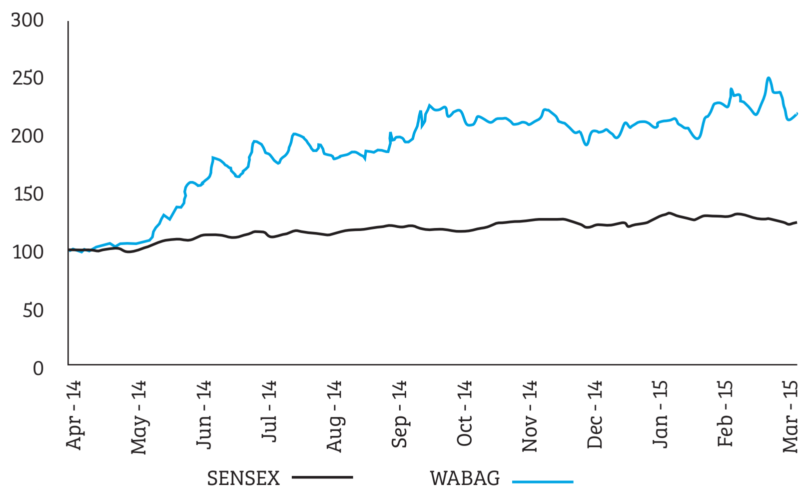
2. Share price performance during FY 2014-15 in comparison to broad based indices - BSE Sensex and NSE Nifty

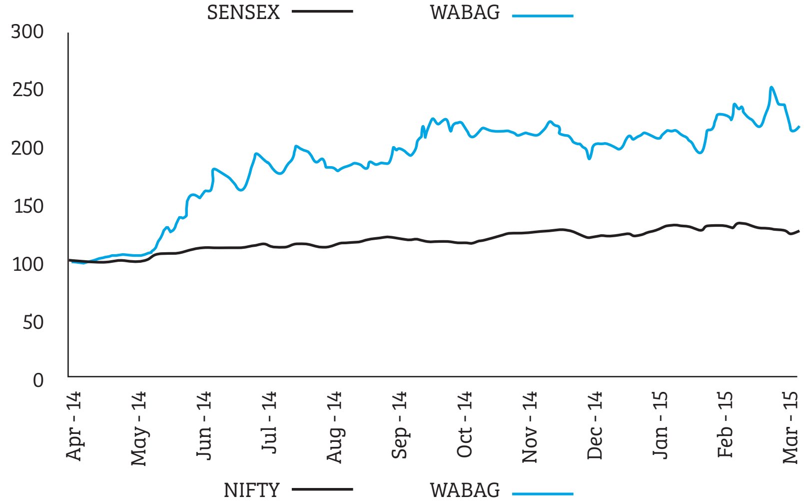
Month	VA TECH WABAG's Closing Price on NSE on the last trading day of month (₹)	BSE Sensex at the Close of last trading day of the month	NSE Nifty at the Close of last trading day of the month
Apr-14	793.15	22,417.80	6,696.40
May-14	1,179.95	24,217.34	7,229.95
Jun-14	1,307.95	25,413.78	7,611.35
Jul-14	1,436.80	25,894.97	7,721.30
Aug-14	1,411.00	26,638.11	7,954.35
Sep-14	1,687.95	26,630.51	7,964.80
Oct-14	1,605.00	27,865.83	8,322.20
Nov-14	1,643.75	28,693.99	8,588.25
Dec-14	1,473.80	27,499.42	8,282.70
Jan-15	1,611.35	29,182.95	8,808.90
Feb-15	1,750.40	29,361.50	8,901.85
Mar-15	819.65*	27,957.49	8,491.00

*Post issue of Bonus Shares

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

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





Note: Share price of VA TECH WABAG LIMITED, BSE Sensex and NSE Nifty have been indexed to 100 on 1 April 2014 and adjusted for bonus issue made by the company during the year.

12.9.D Share Capital Details:

1. Distribution of Shareholding as on 31 March 2015

Sr. No.	Number of Shares	No. of Shareholders	% to Shareholders	Total No. of Shares
1	1 - 1000	32992	96.23	29,09,746.00
2	1001 - 2000	681	1.99	9,52,414.00
3	2001 - 3000	186	0.54	4,51,288.00
4	3001 - 4000	73	0.21	2,61,910.00
5	4001 - 5000	69	0.20	3,14,712.00
6	5001 - 10000	88	0.26	6,41,460.00
7	10001 - 20000	53	0.15	7,69,788.00
8	20001 - 30000	27	0.08	6,43,066.00
9	30001 - 40000	14	0.04	4,64,900.00
10	40001 - 50000	7	0.02	3,25,444.00
11	50001 - 100000	31	0.09	22,18,658.00
12	100001 and above	61	0.18	4,43,31,724.00
	TOTAL	**34282**	**100.00**	**5,42,85,110.00**

2. Shareholding Pattern as on 31 March 2015

CAT. CODE	CATEGORY OF SHAREHOLDER	NO OF SHAREHOLDERS	TOTAL NUMBER OF SHARES	AS A PERCENTAGE OF (A+B+C)
(I)	(II)	(III)	(IV)	(VII)
A	**PROMOTER AND PROMOTER GROUP**			
(1)	Indian	3	60,63,998	11.17
(2)	Foreign	1	97,09,406	17.89
	Total Shareholding of Promoter and Promoter Group	4	1,57,73,404	29.06
B	**PUBLIC SHAREHOLDING**			
(1)	Institutions			
	Mutual Funds / UTI	77	1,17,31,516	21.61
	Financial Institutions / Banks	4	97,726	0.18
	Insurance Companies	1	12,914	0.02
	Foreign Institutional Investors	114	1,60,95,918	29.65
	Total Institutional holding	196	2,79,38,074	51.47
(2)	Non-Institutions			
	Bodies Corporate	706	35,18,450	6.48
	Individuals	32,596	52,15,852	9.61
	Foreign Bodies	3	14,64,920	2.70
	Clearing Members	99	1,07,010	0.20
	Non-Resident Indians	673	2,30,204	0.42
	Trusts	5	37,196	0.07
	Total non - institutional holding	34,082	1,05,73,632	19.48
	Total public shareholding	34,278	3,85,11,706	70.95
C	Shares held by Custodians and against which Depository Receipts have been issued			
(1)	Promoter and Promoter Group	0	0	0.00
(2)	Public	0	0	0.00
	TOTAL (A)+(B)+(C)	**34,282**	**5,42,85,110**	**100.00**

3. Share Transfer System

Share transfers are processed and share certificates duly endorsed are returned within a period of fifteen days from the date of receipt, subject to documents being valid and complete in all respects. The Stakeholders Relationship Committee ("the Committee") has delegated the authority for approving transfer, transmission etc., of the Company's securities to the Managing Director / Chief Financial Officer / Company Secretary. A summary of transfer/transmission of securities of the Company so approved by the Managing Director / Chief Financial Officer /Company Secretary is placed at every Committee meeting. The Company obtains from a Company Secretary in Practice, half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement and files a copy of the said certificate with the Stock Exchanges.

4. Dematerialisation of Shares

99.99% of the Company's paid-up Equity Share Capital has been dematerialised as on 31 March 2015. Trading in Equity Shares of the Company is permitted only in dematerialized form.

Mode of holding as on 31 March 2015	Number of shares	% of shares
NSDL	5,19,06,536	95.62
CDSL	23,78,428	4.38
PHYSICAL	146	0.00
TOTAL	**5,42,85,110**	**100**

- **Liquidity**

  The Company's Equity Shares are actively traded shares on both NSE and BSE. Substantial increase in daily trading activity of the Company's equity shares was witnessed during FY 2014-15 as compared to FY 2013 -14.

- **Outstanding ADRs/GDRs/Warrants or any Convertible Instruments, conversion date and likely impact on Equity**

  The Company has not issued any ADRs/GDRs/ Warrants or any convertible instruments.

- **Designated Exclusive email-id:**

  The Company has designated the following email-id exclusively for investor servicing. companysecretary@wabag.in

  This has also been displayed on the Company's website.

- **Equity Shares in the Suspense Account**

  In terms of Clause 5A of the Listing Agreement, the Company reports the following details in respect of equity shares issued pursuant to Initial Public Offer (IPO) and are lying in the "VA TECH WABAG LIMITED" – Unclaimed Shares Demat Suspense account:

S.no	Particulars	Number of shareholders	Number of equity shares
1	Aggregate number of shareholders and the outstanding shares lying in the Suspense Account as on 01.04.2014	2	39
2	Number of shareholders who approached the issuer for transfer of shares from the Suspense Account during the year	-	-
3	Number of shareholders to whom shares were transferred from the Suspense Account during the year	-	-
4	Aggregate number of shareholders and the outstanding shares lying in the Suspense Account at the end of 31.03.2015	2	78*

* The voting rights on the shares outstanding in the suspense account as on 31 March 2015 shall remain frozen till the rightful owner of such shares claims the shares.

12.10 Plant Locations:

Plant Locations as on 31.03.2015:

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

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 members and senior management 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 31 March 2015, as envisaged in clause 49 of the listing Agreement with stock exchanges.

Place : Chennai
Date : 25 May 2015

Rajiv Mittal
Managing Director

CERTIFICATION BY CEO/CFO UNDER CLAUSE 49 IX OF THE LISTING AGREEMENT

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 31 March 2015 and to the best of our knowledge and belief:

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

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

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

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

(d) We have indicated to the Auditors and the Audit committee:

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

(ii) no significant changes in accounting policies made during the year except for change in the accounting policy for providing depreciation on tangible assets from 'Written Down Value' method to 'Straight Line' method effective 1 April 2014 in order to reflect a suitable allocation of cost of tangible and intangible assets over the pattern in which the economic benefits are derived from the use of these assets and resulting in more appropriate presentation of the financial statements and the same have been disclosed in the notes to the financial statements; and

(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.

Place: Chennai	**S. Varadarajan**	**Rajiv Mittal**
Date: 25 May 2015	Chief Financial Officer	Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members,
VA TECH WABAG LIMITED

We have examined the compliance of conditions of Corporate Governance by VA TECH WABAG LIMITED ("the Company") for the year ended on 31 March 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in of the above- mentioned Listing Agreement.

We further state that such compliance 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.

For **Walker, Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants
Firm Registration No. 001076N/N500013

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

Chennai
25 May 2015

Independent Auditors' Report

To the Members of VA TECH WABAG LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of VA TECH WABAG LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

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

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

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

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. As required by Section 143(3) of the Act, we report that:

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

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

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

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

e. on the basis of the written representations received from the directors as on 31 March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164(2) of the Act;

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

i. as detailed in note 3.3 (a) and (b) to the standalone financial statements, the Company has disclosed the impact of pending litigations on its standalone financial position;

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

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

For Walker Chandiok & Co LLP
(Formerly Walker, Chandiok & Co)

Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Sumesh ES**
Partner

Membership No.: 206931
Place: Chennai
Date: 25 May 2015

Annexure to the Independent Auditor's Report

of even date to the members of VA Tech Wabag Limited on the financial statements for the year ended 31 March 2015

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

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

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

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.

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

(iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

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

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

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

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

Name of the statute	Nature of dues	Amount (₹)	Amount Paid Under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
Rajasthan Sales Tax Act, 1994	Tax and penalty	888,468	-	2003-04, 2009-10 and 2010-11	Various Forums
Rajasthan VAT Act, 2003	Tax and penalty	3,305,061	-	2007-08 and 2008-09	Deputy Commissioner
Karnataka Value Added Tax	Tax, Interest and penalty	2,410,920	-	2007-08 to 2011-12	Various forums
Kerala Value Added Tax	Tax and penalty	40,421,530	-	2008-09, 2010-11 and 2011-12	Appellate Tribunal
Central Sales Tax Act, 1956 read with the West Bengal VAT Act, 2003	Tax and penalty	19,627,559	-	2009-10 to 2011-12	Senior Joint Commissioner
West Bengal VAT Act, 2003	Tax and interest	62,642,485	-	2007-08, 2009-10 and 2011-12	Various forums
Gujarat Value Added Tax	Tax, Interest and penalty	8,309,930	-	2009-10 and 2010-11	Deputy Commissioner
Orrisa Value Added Tax Act, 2004	Tax and penalty	44,381,343	-	2007-08 to 2011-12	Deputy Commissioner
Delhi Value Added Tax	Tax, Interest and penalty	4,607,755	-	2012-13	Deputy Commissioner
Andhra Pradesh Central Sales Tax	Tax and interest	868,956	-	2011-12	Deputy Commissioner

(c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder. Accordingly, the provisions of clause 3(vii)(c) of the Order are not applicable.

(viii) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.

(ix) The Company has not defaulted in repayment of dues to any bank or financial institution during the year. The Company did not have any outstanding debentures during the year.

(x) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company.

(xi) The Company did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(xi) of the Order are not applicable.

(xii) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For Walker Chandiok & Co LLP
(Formerly Walker, Chandiok & Co)

Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Sumesh ES**
Partner

Membership No.: 206931
Place: Chennai
Date: 25 May 2015

Balance Sheet

₹ In Lakhs

	Note	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	1,086	532
Reserves and surplus	5	67,534	59,751
		68,620	**60,283**
Share application money pending allotment	6	13	22
Non-current liabilities			
Other long-term liabilities	7	20,462	15,488
Long-term provisions	8	1,686	737
		22,148	**16,225**
Current liabilities			
Short-term borrowings	9	6,260	8,903
Trade payables	10	55,753	54,443
Other current liabilities	11	9,681	13,614
Short-term provisions	8	8,177	6,737
		79,871	**83,697**
Total		**1,70,652**	**1,60,227**
ASSETS			
Non-current assets			
Fixed assets	12		
Tangible assets		9,064	9,275
Intangible assets		780	914
Capital work-in-progress		55	5
Non-current investments	13	2,536	1,842
Deferred tax assets, net	14	2,009	1,047
Long-term loans and advances	15	955	97
Other non-current assets	16	20,886	19,700
		36,285	**32,880**
Current assets			
Current investments	17	3,500	2,000
Inventories	18	2,983	1,442
Trade receivables	19	98,331	92,368
Cash and bank balances	20	12,826	15,643
Short-term loans and advances	15	7,417	7,353
Other current assets	21	9,310	8,541
		1,34,367	**1,27,347**
Total		**1,70,652**	**1,60,227**

Notes 1 to 42 form an integral part of these financial statements

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

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

per **Sumesh E S**
Partner

Place : Chennai
Date : 25 May 2015

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

Rajiv Mittal
Managing Director

Sumit Chandwani
Director

S Varadarajan
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Place : Chennai
Date : 25 May 2015

Statement of Profit and Loss

	Note	Year ended 31 March 2015	Year ended 31 March 2014
			₹ In Lakhs
Revenue			
Revenue from operations	22	1,23,336	1,15,224
Other income	23	912	1,163
Total revenue		**1,24,248**	**1,16,387**
Expenses			
Cost of sales and services	24	95,766	86,718
Change in inventories	25	(1,541)	145
Employee benefits expense	26	8,060	8,019
Other expenses	27	6,125	6,233
Finance costs	28	1,492	1,236
Depreciation and amortization expense	29	745	809
Total expenses		**1,10,647**	**1,03,160**
Profit before tax		**13,601**	**13,227**
Tax expense			
Current tax		5,522	4,546
Deferred tax		(962)	(177)
		4,560	**4,369**
Profit for the year		**9,041**	**8,858**
Earnings per equity share (Nominal value ₹ 2 per share) (In ₹)	30		
Basic		16.74	16.65
Diluted		16.59	16.43

Notes 1 to 42 form an integral part of these financial statements

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

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

per **Sumesh E S**
Partner

Place : Chennai
Date : 25 May 2015

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

Rajiv Mittal
Managing Director

Sumit Chandwani
Director

S Varadarajan
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Place : Chennai
Date : 25 May 2015

Cash Flow Statement

₹ In Lakhs

		Year ended 31 March 2015		Year ended 31 March 2014	
A.	**Cash flow from operating activities**				
	Net Profit before tax		13,601		13,227
	Adjustments for:				
	Depreciation and amortization	745		809	
	Interest expenses	689		545	
	Interest and dividend income	(912)		(1,161)	
	Unrealised forex gain, net	(366)		(556)	
	(Profit)/Loss on sale of tangible assets, net	34		(2)	
	Bad debts and provision for bad and doubtful debts	2,201		2,355	
	Expense on Employee Stock Option Plan (ESOP)	77		127	
	Provison for foreseeable losses on contracts	2,899		1,078	
	Provision for compensated absences and gratuity	308		235	
	Provision for litigation	-		(81)	
	Provision for liquidated damages	2,252		-	
	Provision for warranty	949	**8,876**	(352)	**2,997**
	Operating profit before working capital changes		**22,477**		**16,224**
	Adjustments for:				
	(Increase) in trade receivables	(7,798)		(15,934)	
	(Increase)/Decrease in short term loans and advances	(859)		2,130	
	(Increase)/Decrease in long term loans and advances	(340)		4	
	(Increase) / Decrease in inventory	(1,541)		145	
	(Increase) in other current assets	(596)		(1,310)	
	(Increase) in non-current assets	(1,390)		(8,265)	
	Increase in trade payables	1,310		1,087	
	(Decrease) in short-term provisions	(4,328)		(750)	
	(Decrease) in long-term provisions	(307)		(43)	
	(Decrease)/ increase in other current liabilities	(3,870)		6,261	
	Increase in other long term liabilities	4,974	**(14,745)**	7,508	**(9,167)**
	Cash generated from operations		**7,732**		**7,057**
	Direct taxes paid		(4,648)		(5,430)
	Net cash generated from operating activities		**3,084**		**1,627**
B.	**Cash flow from investing activities**				
	Purchase of assets (including capital work in progress and capital advances)		(1,148)		(3,647)
	Proceeds on disposal of assets		32		30
	Purchase of non-current investments		(289)		(306)
	Purchase of current investments		(2,500)		(2,000)
	Proceeds on sale of current investments		1,000		-
	Movement in bank deposits		3,455		2,394
	Interest and dividend received		739		152
	Net cash used in investing activities		**1,289**		**(3,377)**

		Year ended 31 March 2015	Year ended 31 March 2014
			₹ In Lakhs
C.	**Cash flow from financing activities**		
	Proceeds from issue of share capital including share premium and share application money	1,957	147
	Repayment of short term borrowings	(38,478)	(20,546)
	Proceeds from short term borrowings	35,835	23,998
	Interest paid to banks and others	(751)	(612)
	Dividend paid	(2,139)	(1,857)
	Dividend distribution tax paid	(363)	(316)
	Net cash used in financing activities	**(3,939)**	**814**
D.	**Net cash flows during the year**	434	(936)
E.	**Cash and cash equivalents at the beginning**	11,929	12,865
F.	**Cash and cash equivalents at the end**	**12,363**	**11,929**
	Cash and cash equivalents comprise of:		
	Cash on hand	36	38
	Cheques on hand	9,088	5,714
	Balances with banks - in current accounts	1,851	1,857
	Balances with banks - in deposit accounts (maturity upto 3 months)	1,388	4,320
	Cash and cash equivalents as per note 20	**12,363**	**11,929**

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

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

per **Sumesh E S**
Partner

Place : Chennai
Date : 25 May 2015

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

Rajiv Mittal
Managing Director

Sumit Chandwani
Director

S Varadarajan
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Place : Chennai
Date : 25 May 2015

Summary of Significant Accounting Policies and other Explanatory Information

1 General Information

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

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

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

2 Summary of accounting policies

2.1 Basis of accounting

These standalone financial statements are prepared under the historic cost convention on accrual basis of accounting in accordance with generally accepted accounting principles ("GAAP") applicable in India. GAAP comprises mandatory accounting standards prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and pronouncements of the Institute of Chartered Accountants of India and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied as in the previous year except for the change in accounting policy explained in note 12 (c). The management evaluates all recently issued or revised accounting standards on an ongoing basis.

2.2 Use of estimates

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

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

2.3 Tangible assets and depreciation

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

Subsequent expenditure incurred on an item of tangible asset is added to the book value of that asset only if this increases the future benefits from the existing asset beyond its previously assessed standard of performance.

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

Depreciation on assets is provided on straight line method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013 except for vehicles where the management believes that the useful life of 5 years would best represent the period over which the Management expects to use these assets. Hence the useful life of these assets is different from that prescribed under Part C of Schedule II to the Companies Act, 2013. During the year the Company has changed the policy of depreciation from written down value method to straight line method [Also refer note 12 (c) and (d)]

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

2.4 Intangible assets and amortization

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, the intangible assets are carried at cost less accumulated amortization and accumulated impairment, if any.

Software is stated at cost less accumulated amortization and are being amortised on a straight line basis over the estimated useful life of 5 years.

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

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

2.5 Impairment of assets

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

2.6 Investments

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

2.7 Inventories

Inventory of stores and spares are stated at lower of cost and net realizable value and is determined on weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost to completion and applicable selling expenses.

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

2.8 Revenue recognition

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

Summary of Significant Accounting Policies and other Explanatory Information

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

Operations and Maintenance

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

Construction contracts

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

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

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

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

Other revenues

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

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

2.9 Cost of Sales and services

Cost of sales and services comprise costs including estimated costs that are directly related to the contract, attributable to the contract activity in general and such costs that can be allocated to the contract and specifically chargeable to the customer under the terms of the contracts, which is charged to the statement of profit and loss account based on the percentage of revenue recognised as per accounting policy 2.8 above, in consonance with the concept of matching costs and revenue. Final adjustment is made on completion of the applicable project.

2.10 Taxation

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

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

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

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

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

2.11 Borrowing cost

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

2.12 Foreign currency translations

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

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

2.13 Retirement and other employee benefits

Provident fund

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

Gratuity

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

Compensated absences

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

Superannuation Fund

Contribution made towards Superannuation Fund (funded by payments to ICICI Prudential Life Insurance) which is a defined contribution plan, is charged as expenses on accrual basis. There are no obligations other than the contribution made to respective fund.

2.14 Employees Stock Option Plan

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

2.15 Contingent liabilities and provisions

A provision is recognised when the Company has a present obligation as a result of past event i.e., it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are

Summary of Significant Accounting Policies and other Explanatory Information

reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A disclosure of the contingent liability is made when there is a possible or a present obligation that may, but probably will not, require an outflow of resources.

2.16 Cash and Cash equivalents

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

2.17 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). In this scenario, the number of equity shares outstanding increases without an increase in resources due to which the number of equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported. .For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.18 Leases

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

3 Others

3.1 Capital Commitments

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

3.2 Guarantees

		₹ In Lakhs
	As at 31 March 2015	**As at 31 March 2014**
Corporate Guarantees issued by the Company on behalf of its subsidiary/ third party		
- For VA Tech Wabag GmbH, Vienna	9,171	14,292
- For VA Tech Wabag Muscat LLC, Oman	812	777
- For VA Tech Wabag (Philippines) Inc	2,504	1,196
- For Ujams Waste Water Treatment Company (pty) Ltd	6,213	7,742
- For Ferrovial Agroman	43,842	41,886
- For VA Tech Wabag Tecknolojisi Ve Ticaret Limited, Turkey	3,568	-
- For International Water Treatment LLC, Oman	20,408	25,474

3.3 Contingent liabilities

		₹ In Lakhs
	As at 31 March 2015	**As at 31 March 2014**
Income tax impact on account of non-deductibility U/s 80-IA (Refer 'a' below)	2,422	2,422
Out of the above, Income tax demand contested in appeal	939	939
Interest U/s 234B on the tax liability referred above (Refer 'b' below)	2,559	2,263
Sales tax matters under dispute (Refer 'c' below)	1,875	1,913

a) The Company had been claiming deduction under section 80-IA of the Income Tax Act, 1961 from the financial year ended 31 March 2002 as a developer of infrastructure projects in India. The Finance Act 2009 amended the provisions of Section 80-IA retrospectively with effect from 1 April 2000 to make it inapplicable for persons having a mere works contract with the government or statutory authority. The Company believes that this amendment is in line with the objective of the government of incentivising only a developer of infrastructure facility and not a mere works contractor.

   The Company strongly opines that, being a developer of infrastructure turnkey development contracts starting from the conceptualisation to execution assuming significant financial commitment and risks, the Company would be treated as a developer and the amendment would not apply to it. Based on a legal opinion from a Senior Counsel, the Company has filed a writ petition in the High Court of Madras challenging the Constitutional validity of the retrospective amendment. The Company has subsequently received favourable Appellate Orders from CIT (Appeals) from FY 2001-02 to FY 2006-07 allowing the benefit under section 80-IA of the Income Tax Act, while, the Income Tax department has raised a demand for ₹ 939 Lakhs denying benefit under section 80-IA for FY 2008-09. Further to this, the Income Tax department had gone on appeal against the CIT (Appeals) order and is currently pending at the Income Tax Appellate Tribunal. Considering these facts and as a matter of prudence, the Company has disclosed the total tax benefit so far claimed u/s 80-IA as contingent liability in the standalone financial statements for 31 March 2015.

   However, on a conservative basis the liability on account of possible denial of deduction prospectively from 1 April 2009 has been fully provided as current tax in the respective years.

b) The Company, also based on an opinion taken from a professional firm believes that the interest under section 234B on account of 80-IA disallowance discussed in paragraph 'a' above amounting to ₹ 2,559 Lakhs as at 31 March 2015 would not be payable as the Jurisdictional High Court rulings and various assessment orders commencing from FY 2001-02 are in favour of the Company on this aspect and on this basis, the amount of interest has been disclosed as contingent liability.

c) The additional liability assessed by sales tax authorities for various financial years from FY 2003-04 to FY 2012-13 amounts to ₹ 1,875 Lakhs.

3.4 Transfer Pricing

As per the Transfer pricing norms introduced in India with effect from 1 April 2001, the Company is required to use certain specific methods in computing arm's length price of international transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Transfer pricing study for the fiscal year ended 31 March 2015 is in progress and accordingly, the contracts may be amended subsequently and related adjustment, if any, will be quantified upon completion of this study. However, in the opinion of the Management, the outcome of the study will not have material impact on the Company's results.

3.5 Corporate Social Responsibility

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

Summary of Significant Accounting Policies and other Explanatory Information

₹ In Lakhs

		As at 31 March 2015		As at 31 March 2014	
		Nos.	Amount	Nos.	Amount
4	**Share capital**				
	Authorised				
	Equity Shares of ₹ 2 each	7,50,00,000	1,500	5,08,75,000	1,018
	Preference shares of ₹ 10 each	-	-	48,25,000	482
	Issued, subscribed and fully paid up				
	Equity Shares of ₹ 2 each	5,42,85,110	1,086	2,65,92,130	532
		5,42,85,110	**1,086**	**2,65,92,130**	**532**

a)	**Reconciliation of share capital (Equity)**				
	Balance at the beginning of the year	2,65,92,130	532	2,65,45,772	531
	Add : Issued pursuant to Employee Stock Option Plan	5,50,425	11	46,358	1
	Add : Issued pursuant to Bonus issue (Also refer note 4(e))	2,71,42,555	543	-	-
	Balance at the end of the year	**5,42,85,110**	**1,086**	**2,65,92,130**	**532**

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

	Nos.	% holding	Nos.	% holding
Equity Shares of ₹ 2 each				
Mr. Rajiv Mittal (Managing Director)	97,09,406	18%	48,54,703	18%
IDFC Premier Equity Fund	39,37,178	7%	19,37,417	7%
Emerging Markets Growth Fund Inc.	14,66,254	3%	15,84,552	6%
	1,51,12,838		**83,76,672**	

c) Details of shares issued as fully paid up by way of bonus issues

Year	Face value	Number of shares
Equity Shares		
During YE 31 March 2015	**2**	**2,71,42,555**

d) Terms/ rights attached to equity shares

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

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

During the year ended 31 March 2015, the amount of dividend per share, recognised as distributions to the equity shareholders of face value ₹ 2 each was ₹ 4 (Previous year : ₹ 8).

e) Bonus issue

The Company has allotted 2,71,42,555 fully paid up equity shares of face value ₹ 2 each during the year ended 31 March 2015, pursuant to the bonus issue approved by the shareholders through postal ballot by capitalization of share premium. The record date fixed by the Board of Directors was 27 March 2015. Bonus share of one equity share for every equity share held has been allotted.

f) Shares reserved for issue under options

The Company had reserved issuance of Equity shares 703,308 of ₹ 2 each (Previous year : 960,813 shares of ₹ 2 each) for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Plan (ESOP).

g) Employee share based plan

Employee share based plan- ESOP 2006 Scheme

In August 2006, the Board of Directors approved and the Company adopted the "ESOP 2006" (the "Plan") under which not more than 2,04,080 shares of the Company's equity shares was reserved for issuance to employees. The Board of Directors determined that the options granted under the Plan would vest not less than one year and not more than five years from the date of grant. The exercise price of options shall be ₹ 200 (face value of ₹ 10 each) on the grant date. The exercise period of the options is 4 years.

Particulars	Number of options	Weighted average exercise price (₹)
Outstanding as at 1 April 2013	17,823	36
Exercised	11,814	36
Lapsed	875	36
Outstanding as at 31 March 2014	5,134	36
Exercised	5,134	36
Lapsed	-	36
Outstanding as at 31 March 2015	-	36

Employee share based plan- ESOP 2010 Scheme

In August 2010, the Board of Directors approved and the Company adopted the "ESOP 2010" (the "Plan") under which not more than 467,831 shares of the Company's equity shares was reserved for issuance to employees. The Board of Directors determined that the options granted under the Plan would vest not less than one year and not more than five years from the date of grant. The exercise price of options shall be ₹ 900 (Face value of ₹ 5 each) on the grant date.

Particulars	Number of options	Weighted average exercise price (₹)
Outstanding as at 1 April 2013	8,81,308	360
Granted	2,32,700	360
Exercised	34,544	360
Lapsed	1,23,785	360
Outstanding as at 31 March 2014	9,55,679	360
Exercised	5,45,291	360
Lapsed	58,734	360
Bonus Issue	3,51,654	180
Outstanding as at 31 March 2015	7,03,308	180

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

Summary of Significant Accounting Policies and other Explanatory Information

	Year ended 31 March 2015	Year ended 31 March 2014
		₹ In Lakhs
Profit after tax	9,041	8,858
Add : Employee stock compensation under intrinsic value method	77	127
Less : Employee stock compensation under fair value method	128	237
Pro-forma profit	8,990	8,748
Earnings per share (in ₹)		
Basic		
- As reported	16.74	16.65
- Pro-forma	16.65	16.44
Diluted		
- As reported	16.59	16.43
- Pro-forma	16.50	16.23

		As at 31 March 2015	As at 31 March 2014
			₹ In Lakhs
5	**Reserves and surplus**		
	Capital reserve		
	Balance at the beginning of the year	250	250
	Add : Additions made during the year	-	-
	Balance at the end of the year	**250**	**250**
	Securities premium reserve		
	Balance at the beginning of the year	25,473	25,343
	Add : Additions made during the year		
	On exercise of employee stock options	1,955	128
	Transferred from stock option outstanding account	118	2
	Transfer to Share Capital on bonus issue	(543)	-
	Balance at the end of the year	**27,003**	**25,473**
	Stock option outstanding account		
	Balance at the beginning of the year	132	7
	Add: Options granted during the year	77	127
	Less: Options exercised during the year	(118)	(2)
	Less: Options lapsed during the year	(6)	-
	Balance at the end of the year	**85**	**132**
	General reserve		
	Balance at the beginning of the year	3,289	2,403
	Add : Additions made during the year		
	Transfer on account of dividend	-	886
	Transfer on account of change in depreciation method	-	-
	Transfer from stock option outstanding account	6	-
	Balance at the end of the year	**3,295**	**3,289**
	Surplus in the statement of profit and loss		
	Balance at the beginning of the year	30,607	25,123
	Add : Transferred from statement of profit and loss	9,041	8,858
	Less : Final equity dividend proposed/ paid	(2,188)	(2,127)
	Tax on proposed equity dividend	(445)	(361)
	Transfer to general reserve	-	(886)
	Adjustments consequent to change of useful life (Also refer note 12)	(114)	-
	Balance at the end of the year	**36,901**	**30,607**
		67,534	**59,751**

₹ In Lakhs

		As at 31 March 2015		As at 31 March 2014	
		Nos.	Amount	Nos.	Amount
6	**Share application money pending allotment**				
	Equity Shares of ₹ 2 each	3,728	13	8,503	22
		3,728	**13**	**8,503**	**22**

Share application money pending allotment represents applications received towards subscription from employees under ESOP schemes. The equity shares are expected to be allotted against the share application money within a reasonable period, not later than three months from the Balance Sheet date. The Company has sufficient authorised capital to cover the share capital amount on allotment of above shares.

₹ In Lakhs

		As at 31 March 2015	As at 31 March 2014
7	**Other long term liabilities**		
	Trade payables including acceptances		
	Dues to micro and small enterprises (Also refer note 10 (a))	-	-
	Dues to others	14,428	12,900
	Advance from customers	5,864	2,465
	Others	170	123
		20,462	**15,488**

₹ In Lakhs

		As at 31 March 2015		As at 31 March 2014	
		Long term	Short term	Long term	Short term
8	**Provisions**				
	Proposed dividend to equity shareholders (Also refer note (a) below)	-	2,176	-	2,127
	Dividend tax	-	443	-	361
	Provision for warranty (Also refer note b(i) below)	-	3,179	156	2,523
	Provision for liquidated damages (Also refer note b(ii) below)	-	78	-	719
	Provision for litigations (Also refer note b(iii) below)	-	-	-	
	Provision for foreseeable losses on contracts (Also refer note b(iv) below)	1,256	1,643	228	850
	Provisions for employee benefits (Also refer note (c) below)				
	Gratuity	-	78	-	70
	Compensated absences	430	95	353	87
	Provision for taxation (Net of Advance tax ₹ 24,538 Lakhs; Previous year ₹ Nil)	-	485	-	-
		1,686	**8,177**	**737**	**6,737**

₹ In Lakhs

		As at 31 March 2015	As at 31 March 2014
a)	**Details with respect to proposed dividend**		
	Dividends proposed to		
	Equity shareholders	2,176	2,127
	Proposed dividend per share		
	Equity shareholders (₹) - Face value of ₹ 2 each	4	8
b)	**Reconciliation of provision**		
i	**Provision for warranty**		
	Balance at the beginning of the year	2,679	3,324
	Created / (Reversed) during the year, net	949	(352)
	Utilised during the year	(449)	(293)
	Balance at the end of the year	**3,179**	**2,679**

Summary of Significant Accounting Policies and other Explanatory Information

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

			₹ In Lakhs
		As at 31 March 2015	**As at 31 March 2014**
ii	**Provision for liquidated damages**		
	Balance at the beginning of the year	719	999
	Created/ (Reversed) during the year, net	2,252	-
	Utilised during the year	(2893)	(280)
	Balance at the end of the year	**78**	**719**

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

			₹ In Lakhs
		As at 31 March 2015	**As at 31 March 2014**
iii	**Provision for litigations**		
	Balance at the beginning of the year	-	81
	Reversed during the year, net	-	(81)
	Balance at the end of the year	**-**	**-**

The Company provides for litigations, which is predominantly on account of disputes on statutory dues. The Company assesses each demand raised by the statutory authorities and based on responses and discussions with the attorneys and when there is a present obligation as a result of a past event, where the outflow of economic resources is probable and a reliable estimate of the amount of obligation, a provision for litigation is created. Instances when there is no present obligation or where the present obligation would probably not require outflow of resources or where the same cannot be reliably estimated, the same is disclosed as contingent liability in the financial statements. The Company reverses its provisions on receipt of a favourable order from the appropriate authority and when no further obligation is envisaged.

			₹ In Lakhs
		As at 31 March 2015	**As at 31 March 2014**
iv	**Provision for foreseeable losses on contracts**		
	Balance at the beginning of the year	1,078	-
	Created during the year, net	2,899	1,078
	Utilised during the year	(1078)	-
	Balance at the end of the year	**2,899**	**1,078**

The Company provides for foreseeable losses on contracts when it is probable that total contract cost, including expected cost to complete, will exceed the economic benefits expected to be received under it.

c) **Employee benefits**

i) Gratuity

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date and the Company makes annual contribution to the gratuity fund maintained by ICICI Prudential Life Insurance

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

		₹ In Lakhs
	As at 31 March 2015	**As at 31 March 2014**
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	441	365
Service cost	65	57
Interest cost	37	28
Actuarial (gain) / loss	37	10
Benefits paid	(52)	(19)
Projected benefit obligation at the end of the year	528	441
Thereof		
Unfunded	78	70
Partly or wholly funded	450	371

		₹ In Lakhs
	As at 31 March 2015	**As at 31 March 2014**
Change in plan assets		
Fair value of plan assets at the beginning of the year	371	283
Expected return on plan assets	34	28
Actuarial gain / (loss)	27	(3)
Employer contributions	70	82
Benefits paid	(52)	(19)
Fair value of plan assets at the end of the year	450	371
Reconciliation of present value of obligation on the fair value of plan assets		
Present value of projected benefit obligation at the end of the year	528	441
Fair value of plan assets at the end of the year	450	371
Liability / (asset) recognised in the balance sheet	78	70
Components of net gratuity costs are		
Current Service cost	65	57
Interest cost	37	28
Expected returns on plan assets	(34)	(28)
Recognized net actuarial (gain)/ loss	10	13
Net gratuity costs recognised in the income statement	78	70
Principal actuarial assumptions used:		
Discount rate	7.80%	8.90%
Long-term rate of compensation increase	7.50%	7.50%
Expected rate of return on plan assets	9.00%	9.00%
Average remaining life (in years)	24	25
Attrition rate	15.00%	15.00%

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

Summary of Significant Accounting Policies and other Explanatory Information

(ii) Compensated absences

The Company permits encashment of compensated absences accumulated by their employees on retirement, separation and during the course of service. The liability in respect of the Company, for outstanding balance of privilege leave at the balance sheet date is determined and provided on the basis of actuarial valuation performed by an independent actuary. The Company does not maintain any plan assets to fund its obligation towards compensated absences.

	As at 31 March 2015	As at 31 March 2014
Principal actuarial assumptions used :		
Discount rate	7.80%	8.90%
Long-term rate of compensation increase	7.50%	7.50%
Average remaining life	24	25
Attrition rate	15.00%	15.00%
Proportion of leave availment	20%	20%
Proportion of encashment on separation	80%	80%

₹ In Lakhs

	As at 31 March 2015	As at 31 March 2014
9 Short-term borrowings		
Secured		
Term loans from banks		
Overdraft account/Packing credit	6,260	8,903
	6,260	**8,903**

These packing credits are repayable within 180 days from the date of availment and is secured against foreign currency receivables. During the year the company has availed packing credit in foreign currency amounting to ₹ 19,247 lakhs (Previous year: ₹ 7,246) at an interest rate ranging from 0.9% to 1.5%.

₹ In Lakhs

	As at 31 March 2015	As at 31 March 2014
10 Trade payables		
Dues to micro and small enterprises (Also refer note (a) below)	77	768
Dues to others	55,676	53,675
	55,753	**54,443**

₹ In Lakhs

		As at 31 March 2015	As at 31 March 2014
a)	**Dues to micro, small and medium enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006:**		
i)	Principal amount remaining unpaid	77	768
ii)	Interest due thereon	9	10
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	-	-

		As at 31 March 2015	As at 31 March 2014
			₹ In Lakhs
iv)	Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
v)	Interest accrued and remaining unpaid as at 31 March 2014	-	-
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	-	-
		86	**778**

The above information is based on the information available with the Company. 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.

		As at 31 March 2015	As at 31 March 2014
11	**Other current liabilities**		
	Billing in advance (Also refer note 31)	4,552	4,828
	Advance from customers	3,362	5,956
	Unpaid dividends	3	3
	Statutory dues	271	215
	Due to subsidiaries (Also refer note 32 (c))	97	166
	Other payables	865	1,340
	Employee related payables	531	1,106
		9,681	**13,614**

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

Summary of Significant Accounting Policies and other Explanatory Information

₹ In Lakhs

		Tangible assets									Intangible assets
		Freehold land	Buildings	Plant and machinery	Furniture and fittings	Electrical equipment	Office equipment	Computers	Vehicles	Total	Computer Software
12	**Fixed assets**										
	Gross block										
	Balance as at 31 March 2013	1,698	-	186	444	232	127	970	721	4,378	2,091
	Additions	-	3,653	56	1,738	466	646	180	264	7,003	197
	Disposals	-	-	-	-	7	-	39	77	123	-
	Disposals representing assets held for sale	-	-	40	266	94	26	-	-	426	-
	Balance as at 31 March 2014	**1,698**	**3,653**	**202**	**1,916**	**597**	**747**	**1,111**	**908**	**10,832**	**2,288**
	Additions	-	-	7	39	12	4	74	226	362	218
	Disposals	-	-	34	106	18	13	1	117	289	-
	Balance as at 31 March 2015	**1,698**	**3,653**	**175**	**1,849**	**591**	**738**	**1,184**	**1,017**	**10,905**	**2,506**
	Accumulated depreciation/amortization										
	Balance as at 31 March 2013	-	-	56	262	115	64	797	341	1,635	915
	Depreciation/amortization for the year	-	14	19	57	21	16	89	134	350	459
	Reversal on disposal of assets	-	-	-	-	5	-	39	51	95	-
	Reversal representing assets held for sale	-	-	33	220	60	20	-	-	333	-
	Balance as at 31 March 2014	-	14	42	99	71	60	847	424	1,557	1,374
	Depreciation/amortization for the year	-	51	(14)	124	26	119	77	10	393	352
	Reversal on disposal of assets	-	-	31	105	6	12	1	68	223	-
	Adjustments consequent to change in useful life	-	-	5	7	5	38	43	16	114	-
	Balance as at 31 March 2015	**-**	**65**	**2**	**125**	**96**	**205**	**966**	**382**	**1,841**	**1,726**
	Net block										
	Balance as at 31 March 2014	1,698	3,639	160	1,817	526	687	264	484	9,275	914
	Balance as at 31 March 2015	**1,698**	**3,588**	**173**	**1,724**	**495**	**533**	**218**	**635**	**9,064**	**780**

Notes

a. **Assets held for sale:**

The Company had during the previous year moved into its new premises "Wabag house" and hence retired certain assets at its old premises from active use. These assets have been valued at lower of net book value and net realisable value. Also refer note 21.

b. **Capitalized borrowing costs:**

The borrowing cost capitalized during the year ended 31 March 2015 is Nil (31 March 2014: ₹ 133 Lakhs).

c. **Change in method of depreciation**

The company has changed the accounting policy for providing depreciation on tangible assets from 'Written Down Value' method to 'Straight Line' method effective 1 April 2014 in order to reflect a suitable allocation of cost of tangible and intangible assets over the pattern in which the economic benifits are derived from the use of these assets and resulting in more appropriate presentation of the financial statements. Accordingly an amount of ₹ 597 Lakhs being accumulated depreciation charged during the earlier years has been reversed in the statement of profit and loss for the year ended 31 March 2015 and depreciation for the current year has been computed under the revised policy.

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

Effective 1 April 2014, the Company has revised the useful life of fixed assets based on Schedule II to the Companies Act, 2013. Consequently, the depreciation for the year ended 31 March 2015 is higher to the extent of ₹ 426 Lakhs. Further, an amount of ₹ 114 Lakhs representing the carrying value of assets with revised useful life as nil, has been charged to the opening reserves as on 1 April 2014.

₹ In Lakhs

		As at 31 March 2015	As at 31 March 2014
13	**Non-current investments**		
	Trade Investments (Valued at cost unless stated otherwise)		
	Investments in equity instruments - Unquoted		
	In Subsidiaries		
	VA Tech Wabag (Singapore) Pte Ltd (44,41,478 (Previous year : 40,38,278) equity shares of SGD 1 each)	1,735	1,540
	VA Tech Wabag Muscat LLC (1,05,000 (Previous year : 1,05,000) equity shares of OMR 1 each)	124	124
	VA Tech Wabag (Philippines) Inc. (85,70,200 (Previous year:85,70,200 equity shares of PHP 1 each)	90	90
	VA Tech Wabag (Spain) S.L.U (5,25,604 (Previous year : 3,000) equity shares of Euro 1 each)	407	2
	Wabag Limited (Thailand) (29,400 (Previous year : Nil) preference shares of THB 34.0136 each)	19	-
	Wabag Operations and Maintenance LLC (Bahrain) (350 (Previous year : Nil) equity shares of BHD 100 each)	58	-
	VA Tech Wabag and Roots Contracting (Qatar) (98 (Previous year : Nil) equity shares of QAR 1000 each)	17	-
	In Joint Venture		
	International Water Treatment LLC (48,750 (Previous year : 48,750) equity shares of OMR 1 each)	69	69
	In Other Companies		
	First STP Private Limited (1,50,000 (Previous year :1,50,000) equity shares of ₹ 10 each)	15	15
	Konark Water Infraprojects Private Limited (5,000 (Previous year : 5,000) equity shares of ₹ 10 each)	1	1
	Aurangabad City Water Utility Company Limited (5,000 (Previous year : 5,000) equity shares of ₹ 10 each)	1	1
	OEG Renew Waters (Thoothukudi) Private Limited* (2,600 (Previous year : 2,600) equity shares of ₹ 10 each)	-	-
	Ganapati Marine Enterprises Private Limited# (158 (Previous Year:Nil) equity shares of ₹ 10 each)	-	-
		2,536	**1,842**
	Aggregate amount of unquoted investments	2,536	1,842
	Aggregate provision for diminution in value of investments	-	-

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

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

Summary of Significant Accounting Policies and other Explanatory Information

	₹ In Lakhs	
	As at 31 March 2015	**As at 31 March 2014**
Extent of Investment in Subsidiaries		
VA Tech Wabag (Singapore) Pte Ltd	100%	100%
VA Tech Wabag Muscat LLC	70%	70%
VA Tech Wabag (Philippines) Inc.	100%	100%
VA Tech Wabag (Spain) S.L.U	100%	100%
Wabag Limited (Thailand)##	49%	-
Wabag Operations and Maintenance LLC (Bahrain)	70%	-
VA Tech Wabag and Roots Contracting (Qatar)*	49%	-
Extent of Investment in Joint Venture		
International Water Treatment LLC	32.50%	32.50%
Extent of Investment in Other Companies		
First STP Private Limited	5%	5%
Konark Water Infraprojects Private Limited	10%	10%
Aurangabad City Water Utility Company Limited	10%	10%
Ganapati Marine Enterprises Private Limited#	0%	-
OEG Renew Waters (Thoothukudi) Private Limited	26%	26%

* Pursuant to an exclusive contractual arrangement proving for a share of 60% in the economic interests in the entity and control of voting power, the investment has been classified as subsidiary.

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

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

		₹ In Lakhs	
		As at 31 March 2015	**As at 31 March 2014**
14	**Deferred tax asset, net**		
	The breakup of net deferred tax asset is as follows:		
	Deferred tax asset arising on account of :		
	- Provision for employee benefits, liquidated damages and foreseeable losses	1,217	429
	- Allowances for bad and doubtful debts	1,372	1,015
	- Other provisions	-	-
		2,589	1,444
	Less: Deferred tax liability arising on account of :		
	- Timing difference between depreciation/ amortization as per financials and depreciation as per tax	(580)	(397)
		2,009	**1,047**

						₹ In Lakhs
			As at 31 March 2015		**As at 31 March 2014**	
			Long term	**Short term**	**Long term**	**Short term**
15	**Loans and advances**					
	Capital advances					
	- Secured, considered good		518	-	-	-
	- Unsecured, considered good		-	-	-	-
		(A)	**518**	**-**	**-**	**-**
	Security deposits					
	- Unsecured, considered good		342	1,079	19	957
		(B)	**342**	**1,079**	**19**	**957**

₹ In Lakhs

		As at 31 March 2015		As at 31 March 2014	
		Long term	Short term	Long term	Short term
15	**Loans and advances (contd.)**				
	Other loans and advances				
	(Unsecured, considered good)				
	- Advances to supplier	-	4,519	-	4,116
	- Advances to employees*	95	244	78	221
	- Due from subsidiaries (Also refer note 32(c))	-	1,575	-	1,669
	- Advance tax (Net of provision for tax ₹ Nil; Previous year ₹ 19,500 Lakhs)	-	-	-	390
	(C)	**95**	**6,338**	**78**	**6,396**
	Total (A+B+C)	**955**	**7,417**	**97**	**7,353**

* No amount is due from officers of the company

₹ In Lakhs

		As at 31 March 2015	As at 31 March 2014
16	**Other non-current assets**		
	Non-current bank balances (Also refer note 20)	7,540	7,744
	Long-term trade receivables		
	Customer retention - Unsecured, considered good	13,346	11,956
		20,886	**19,700**

₹ In Lakhs

		As at 31 March 2015	As at 31 March 2014
17	**Current investments**		
	Valued at lower of cost and fair value		
	Investments in mutual funds - Unquoted		
	- SBI Mutual Fund fixed maturity plan (1,00,00,000 units of ₹ 10 each)	-	1,000
	- HDFC Mutual Fund fixed maturity plan (1,00,00,000 units of ₹ 10 each)	1,000	1,000
	- ICICI Prudential fixed maturity plan (1,00,00,000 units of 10 each)	1,000	-
	- Reliance yearly interval fund (45,91,916 units of ₹ 10.8887 each)	500	-
	- Reliance yearly interval fund (45,90,694 units of ₹ 10.8916 each)	500	-
	- UTI fixed term interval fund (50,00,000 units of ₹ 10 each)	500	-
		3,500	**2,000**
	Aggregate amount of		
	- Unquoted investments	3,500	2,000
	- Provision for diminution in value of investments	-	-

₹ In Lakhs

		As at 31 March 2015	As at 31 March 2014
18	**Inventories**		
	Construction work-in-progress	2,285	798
	Stores and spares	698	644
		2,983	**1,442**

Summary of Significant Accounting Policies and other Explanatory Information

		As at 31 March 2015	As at 31 March 2014
			₹ In Lakhs
19	**Trade receivables**		
	(Unsecured considered good, unless stated otherwise)		
	Outstanding for a period exceeding six months from the date they are due for payment		
	Considered good (Also refer note 32(c))	25,602	25,459
	Doubtful	3,262	2,762
		28,864	**28,221**
	Less : Allowances for bad and doubtful debts	(3,262)	(2,762)
	(A)	**25,602**	**25,459**
	Outstanding for a period less than six months from the date they are due for payment		
	Other debts (Also refer note 32(c))	66,865	62,677
		66,865	**62,677**
	Customer retention (Outstanding for a period less than six months)		
	Considered Good	5,864	4,232
	Doubtful	775	224
		6,639	**4,456**
	Less : Allowances for doubtful retention	(775)	(224)
		5,864	**4,232**
	(B)	**72,729**	**66,909**
	Total (A+B)	**98,331**	**92,368**

		As at 31 March 2015		As at 31 March 2014	
					₹ In Lakhs
		Current	Non-current	Current	Non-current
20	**Cash and bank balances**				
	Cash and cash equivalents				
	Cash on hand	36	-	38	-
	Cheques on hand	9,088	-	5,714	-
	Balances with banks				
	- in current accounts	1,851	-	1,857	-
	- in deposit account (with maturity upto 3 months)	1,388	-	4,320	-
	(A)	**12,363**	**-**	**11,929**	**-**
	Other bank balances				
	Unpaid dividend account	3	-	4	-
	Deposits with maturity more than 3 months but less than 12 months*	460	-	3,154	-
	Balances with bank held as margin money	-	7,540	556	7,744
	(B)	**463**	**7,540**	**3,714**	**7,744**
	Less : Amounts disclosed as other non-current assets (Also refer note 16 **(C)**	**-**	**7,540**	**-**	**7,744**
	Total (A+B-C)	**12,826**	**-**	**15,643**	**-**

* Deposits amounting to Nil (Previous year ₹ 1,695 Lakhs) are subject to a charge to secure the Company's short term borrowings (Also refer note 9 (2))

		As at 31 March 2015	As at 31 March 2014
			₹ In Lakhs
21	**Other current assets**		
	(Unsecured, considered good)		
	Balance with government authorities	4,074	3,833
	Tender deposits	557	257
	Duty drawback and other duty free credit entitlement receivable	1,265	1,057
	Assets held for sale (at lower of net book value and net realisable value) (Also refer note 12 (a))	18	93
	Rent advance	316	293
	Prepaid expenses	959	1,071
	Interest accrued	2,103	1,930
	Others	18	7
		9,310	**8,541**

		₹ In Lakhs	
		As at 31 March 2015	**As at 31 March 2014**
22	**Revenue from operations**		
	Sale of services		
	Export	31,198	31,808
	Domestic	90,815	82,191
		1,22,013	**1,13,999**
	Other operating revenues, net	1,323	1,225
		1,23,336	**1,15,224**

		₹ In Lakhs	
		As at 31 March 2015	**As at 31 March 2014**
23	**Other income**		
	Interest income	749	1,000
	Dividend income	163	161
		912	**1,163**

		₹ In Lakhs	
		As at 31 March 2015	**As at 31 March 2014**
24	**Cost of sales and services**		
	Material costs	39,433	40,504
	Civil costs	19,454	21,019
	Erection and commissioning costs	2,667	4,300
	Taxes and duties	6,562	4,852
	Site establishment cost	2,941	2,920
	Engineering costs	1,133	1,052
	Project consultancy fee	458	562
	Warranty expenses/(reversal)	949	(352)
	Forseeable losses on contracts (Also refer note 8 b(iv))	2,899	1,078
	Project travel	1,164	1,266
	Insurance costs	437	244
	Power and fuel	5,878	1,563
	Liquidated damages	2,252	0
	Other project expenses, net	9,539	7,710
		95,766	**86,718**

Summary of Significant Accounting Policies and other Explanatory Information

		₹ In Lakhs	
		As at 31 March 2015	**As at 31 March 2014**
25	**Change in inventories**		
	Inventories at the beginning of the year		
	Construction work-in-progress	798	1,224
	Stores and spares	644	363
		1,442	**1,587**
	Less: Inventories at the end of the year		
	Construction work-in-progress	2,285	798
	Stores and spares	698	644
		2,983	1,442
		(1,541)	**86,718**

		₹ In Lakhs	
		As at 31 March 2015	**As at 31 March 2014**
26	**Employee benefits expense**		
	Salaries and wages	6,637	6,727
	Gratuity (Also refer note 8(c))	78	70
	Contribution to provident and other defined contribution funds	485	349
	Expense on Employee Stock Option Plan (ESOP) (Also refer note 4(f) and 4(g))	77	127
	Staff welfare expenses	783	746
		8,060	**8,019**

		₹ In Lakhs	
		As at 31 March 2015	**As at 31 March 2014**
27	**Other expenses**		
	Rent	203	353
	Insurance	8	2
	Power and fuel	185	108
	Rates and taxes	3	10
	Repairs and maintenance	266	345
	Professional charges (Also refer note 39)	672	520
	Communication expenses	139	134
	Travelling and conveyance	707	425
	Foreign currency loss, net	440	1,120
	Provision for bad and doubtful debts, net	1,051	1,368
	Bad debts	1,150	987
	Advertisement	47	12
	Loss on sale of tangible assets	34	-
	Other selling expenses	87	100
	Corporate social responsibility expenses	33	-
	Miscellaneous expenses	1,100	749
		6,125	**6,233**

₹ In Lakhs

		As at 31 March 2015	As at 31 March 2014
28	**Finance costs**		
	Interest expenses	689	545
	Bank charges	803	691
		1,492	**1,236**

₹ In Lakhs

		As at 31 March 2015	As at 31 March 2014
29	**Depreciation and amortization expense**		
	Depreciation of tangible assets (Refer note 12)	393	350
	Amortization of intangible assets (Refer note 12)	352	459
		745	**809**

₹ In Lakhs

		As at 31 March 2015	As at 31 March 2014
30	**Earnings per equity share (EPS)**		
	Nominal value of equity shares	2	2
	Profit attributable to equity shareholders (A)	9,041	8,858
	Weighted average number of equity shares outstanding during the year (B)*	5,40,04,064	5,31,55,509
	Basic earnings per equity share (A/B) (in ₹)	**16.74**	**16.65**
	Dilutive effect on profit (C)	-	-
	Profit attributable to equity shareholders for computing diluted EPS (D) = (A+C)	9,041	8,858
	Dilutive effect on weighted average number of equity shares outstanding during the year (E)	5,37,281	7,07,993
	Weighted average number of equity shares for computing Diluted EPS (F) = (B+E)*	5,45,41,345	5,38,63,502
	Diluted earnings per equity share (D/F) (in ₹)	16.59	16.43

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

₹ In Lakhs

		As at 31 March 2015	As at 31 March 2014
31	**Construction contracts**		
	In terms of the disclosures required to be made under the Accounting Standard (AS) 7 as notified in section 133 of the Companies Act, 2013, the amounts considered in the financial statements up to the balance sheet date are as follows:		
	Contract revenue recognised	95,497	94,554
	Aggregate amount of costs incurred and recognised profits and losses for all contracts in progress	2,54,809	2,51,705
	Less : Progress billings	2,59,361	2,56,533
		(4,552)	**(4,828)**
	Recognised as :		
	Due to customers for construction contract work, recognised in current liabilities	(4,552)	(4828)
		(4,552)	**(4,828)**
	Advances received from customers for contracts related to work not yet performed included in 'Other long term liabilities' and 'Other current liabilities'	9,226	8,421
	Retention on contracts included within 'Trade receivables' and 'Other non-current assets'	19,985	16,412

Summary of Significant Accounting Policies and other Explanatory Information

32 Related parties

a) Names of related parties and nature of relationship

Nature of relationship	Name of related party
Subsidiary companies	VA Tech Wabag Singapore (Pte) Ltd, Singapore
	VA Tech Wabag GmbH, Austria
	Wabag Wassertechnik AG, Switzerland
	VA Tech Wabag Deutschland GmbH, Germany
	VA Tech Wabag Brno Spol S.R.O, Czech Republic
	Wabag Water Services (Macao) Limited, Macao
	Wabag Water Services s.r.l, Romania
	VA Tech Wabag Tunisia s.a.r.l., Tunisia
	Ujams Wastewater Treatment Company (Pty) Limited, Namibia
	VA Tech Wabag Algeria s.a.rl., Algeria
	VA Tech Wabag Tecknolojisi Ve Ticaret Limited, Turkey
	VA Tech Wabag (Hong Kong) Limited, Hong Kong
	VA Tech Wabag Egypt Limited, Egypt
	Beijing VA Tech Wabag Water Treatment Technology Company Limited, China
	VA Tech Wabag Muscat LLC, Oman
	VA Tech Wabag (Philippines) Inc, Philippines
	VA Tech Wabag (Spain) S.L.U, Spain
	VA Tech Wabag Ltd - Pratibha Industries Ltd JV, Nepal
	Wabag Limited, Thailand
	Wabag Operation And Maintenance WLL, Bahrain
	VA Tech Wabag and Roots Contracting LLC , Qatar
Associates	Windhoek Goreangab Operating Company Limited, Namibia
	OEG Renew Waters (Thoothukudi) Private Limited
Joint Venture	International Water Treatment LLC, Oman
Key Management Personnel (KMP)	Mr. Rajiv Mittal – Managing Director
	Mr. S Varadarajan – Chief Financial Officer
	Mr. Shiv Narayan Saraf – Executive Director (Management Board)
	Mr. Amit Sengupta – Executive Director (Management Board)
	Mr. Patrick Andrade – President - Industrial Water Group
	Mr. Krishna Narayan Gokhale - President - International Engineering Centre
	Mr. Rajneesh Chopra - Senior Vice President - Operations and Maintenance Business Group

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

b) Transactions with related parties

₹ In Lakhs

Related Party	2014-15 Purchase/ (Sale) of goods/Assets	2014-15 Rendering of services	2014-15 Investment purchased/ (sold)	2014-15 Remuneration paid	2014-15 Dividend Paid	2014-15 Others - Expense / (Income) *	2014-15 Reimbursements received/ receivable	2013-14 Purchase/ (Sale) of goods/ Assets	2013-14 Rendering of services	2013-14 Investment purchased/ (sold)	2013-14 Remuneration paid	2013-14 Dividend Paid	2013-14 Others - Expense / (Income) *	2013-14 Reimbursements received/ receivable
VA Tech Wabag GmbH, Austria	-	(1,116)	-	-	-	(216)	(122)	110	(1,403)	-	-	-	(138)	(112)
Wabag Wassertechnik AG, Switzerland	-	-	-	-	-	54	(45)	76	-	-	-	-	(45)	(23)
VA Tech Wabag Singapore (Pte) Ltd, Singapore	-	-	195	-	-	-	(6)	-	-	305	-	-	-	-
VA Tech Wabag (Philippines) Inc, Philippines	(3,346)	(506)	-	-	-	(113)	(274)	(2,969)	-	-	-	-	(131)	(196)
VA Tech Wabag Muscat LLC, Oman	531	(62)	-	-	-	(1)	(22)	96					(2)	(15)
Beijing VA Tech Wabag Water Treatment Technology Company Limited, China	-	-	-	-	-	2	-	-	-	-	-	-	5	-
VA Tech Wabag Tecknolojisi Ve Ticaret Limited, Turkey	-	-	-	-	-	(169)	(49)	-	-	-	-	-	(25)	(30)
Wabag Water Services s.r.l, Romania	-	-	-	-	-	(90)	(20)	-	-	-	-	-	(159)	(12)
VA Tech Wabag (Spain) S.L.U, Spain	-	-	405	-	-	67	(12)	-	-	-	-	-	65	-
International Water Treatment LLC, Oman	-	(496)	-	-	-	-	(49)	(2,104)	-	-	-	-	-	(164)
VA Tech Wabag Brno Spol S.R.O, Czech Republic	-	-	-	-	-	(73)	(9)	-	-	-	-	-	(100)	
VA Tech Wabag Ltd - Pratibha Industries Ltd JV, Nepal	(2,767)	(825)	-	-	-	-	(375)	(3,672)	-	-	-	-	-	-
Ujams Wastewater Treatment Company (Pty) Limited, Namibia	-	-	-	-	-	(13)	-	-	-	-	-	-	(9)	-
Wabag Water Services (Macao) Limited, Macao	-	-	-	-	-	(9)	-							
VA Tech Wabag Tunisia s.a.r.l., Tunisia	-	-	-	-	-	(8)	(3)							
Wabag Operation And Maintenance WLL, Bahrain	-	-	58	-	-	-	(35)							
VA Tech Wabag and Roots Contracting LLC , Qatar	-	(41)	17	-	-	-	(215)							
Wabag Limited, Thailand	-	-	19	-	-	8	-							
Key Management Personnel	-	-	-			-								
Rajiv Mittal	-	-	-	256	391	-	-	-	-	-	202	337	-	-
Others	-	-	-	629	257	-	-	-	-	-	480	238	-	-

* Other income also includes group fees

Summary of Significant Accounting Policies and other Explanatory Information

c) **Balance with related parties**

₹ In Lakhs

Related Party	As at 31 March 2015 Investments[1]	Advances/ Amount recoverable[1]	"Creditors/ Payables"	As at 31 March 2014 Investments[1]	Advances/ Amount recoverable[1]	"Creditors/ Payables"
VA Tech Wabag Singapore (Pte) Ltd, Singapore	1,735	456	-	1,540	960	-
VA Tech Wabag GmbH, Austria	-	1,800	-	-	1,371	-
WABAG Wassertechnik AG, Switzerland[2]	-	29	-	-	8	-
VA Tech Wabag (Philippines) Inc, Philippines[2]	90	2,668	-	90	2,939	-
VA Tech Wabag Muscat LLC, Oman	124	70	94	124	-	142
Wabag Water Services s.r.l, Romania	-	34	-	-	153	-
VA Tech Wabag (Spain) S.L.U, Spain	407	408	3	2	388	24
International Water Treatment LLC, Oman	69	1,422	-	69	938	-
VA Tech Wabag Tecknolojisi Ve Ticaret Limited, Turkey	-	237	-	-	50	-
VA Tech Wabag Ltd - Pratibha Industries Ltd JV, Nepal	-	4,528	-	-	3,431	-
Ujams Wastewater Treatment Company (Pty) Limited, Namibia	-	18	-	-	9	-
VA Tech Wabag Brno Spol S.R.O, Czech Republic	-	9	-	-	-	-
Wabag Operation And Maintenance WLL, Bahrain	58	35	-	-	-	-
VA Tech Wabag and Roots Contracting LLC , Qatar	17	260	-	-	-	-
Wabag Limited, Thailand	19	-	-	-	-	-
Wabag Water Services (Macao) Limited, Macao	-	2	-	-	-	-
VA Tech Wabag Tunisia s.a.r.l., Tunisia	-	10	-	-	-	-
Beijing VA Tech Wabag Water Treatment Technology Company Limited, China	-	-	-	-	-	-

Note:

1. Also represents the maximum amount of investments/ loans/advances/ in subsidiaries in accordance with Clause 32 of the listing agreement subject to Note 2 below.
2. The maximum amount of advances outstanding during the year is as below:
   a. WABAG Wassertechnik AG, Switzerland - ₹ 29 Lakhs (Previous year ₹ 140 Lakhs)
   b. VA Tech Wabag (Philippines) Inc - ₹ 3,419 Lakhs (Previous year ₹ 2939 Lakhs)

33 Derivative instruments and unhedged foreign currency exposure

Particulars of unhedged foreign currency exposure as at the reporting date

In Lakhs

Particulars	In USD	In Euro	In OMR	In GBP	In CNY	In JPY	In MYR	In AED	In LKR	In QAR	In ₹ equivalent
a) Trade receivables including retention net of advances	239	13	8	-	-	7,562	21	-	-	2	21,463
(Previous year)	244	7	13	-	-	5,892	11	-	-	1	20,860
b) Project related creditors	66	1	4	7	-	-	1	-	3,417	-	7,218
(Previous year)	36	18	10	-	-	-	-	2	8,683	1	8,338

34 Interest in joint venture

The group has 32.5% (31 March 2014 : 32.5%) interest in International Water Treatment LLC, a joint venture, classified as a Jointly controlled entity domiciled in Oman which is involved in construction of a desalination plant. The joint venture was incorporated during February 2013 and commenced operations from April 2013.

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

₹ In Lakhs

Particulars	As at 31 March 2015	As at 31 March 2014
Non-current assets		
Property, plant and equipment	-	383
Deferred tax assets	-	-
	-	**383**
Current assets		
Trade receivables	7,752	4,939
Loans and advances and other current assets	402	723
Cash and cash equivalents	2,046	5,343
	10,200	**11,005**
Total assets	**10,200**	**11,388**
Non current liabilities		
Deferred tax liabilities	-	83
	-	**83**
Current Liabilities		
Short-term borrowings	2,092	-
Provisions	4,013	146
Trade and other liabilities	4,011	10,088
	10,116	**10,234**
Total liabilities	**10,116**	**10,317**

Included in the Consolidated Statement of Profit and Loss

₹ In Lakhs

Particulars	As at 31 March 2015	As at 31 March 2014
Income		
Revenue from operations	19,292	21,524
Other income	120	63
Finance income	19	42
	19,431	**21,629**
Expenditure		
Cost of material	19,135	19,597
Employee benefits expense	556	210
Depreciation	163	314
Other expenses	673	283
Finance costs	58	83
	20,585	**20,487**
Profit before tax	(1,154)	1,142
Income tax expense	(141)	139
Profit after tax	**(1,013)**	**1,003**

Notes :

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

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

Summary of Significant Accounting Policies and other Explanatory Information

		Year ended 31 March 2015	Year ended 31 March 2014
			₹ In Lakhs
35	**Earnings in foreign currency (accrual basis)**		
	Export value on FOB basis	31,198	31,808
		31,198	**31,808**

		As at 31 March 2015	As at 31 March 2014
			₹ In Lakhs
36	**Expenditure in foreign currency (accrual basis)**		
	Professional charges	326	180
	Travelling and conveyance	423	453
	Site establishment cost	1,237	515
	Overseas regional office expenses	61	94
	Other project expenses	2,776	2,098
	Miscellaneous expenses	361	235
		5,184	**3,575**

		As at 31 March 2015	As at 31 March 2014
			₹ In Lakhs
37	**Value of imports on CIF basis**		
	Raw materials	2,155	6,947
	Capital goods	-	36
		2,155	**6,983**

		As at 31 March 2015	As at 31 March 2014
			₹ In Lakhs
38	**Disclosures in respect of non-cancellable operating leases**		
	The lease rentals charged for the years ended 31 March 2015 and 2014 and maximum obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:		
	The total of future minimum lease payments for each of the following periods:		
	(i) Not later than one year	167	164
	(ii) Due later than one year and not later than five years	106	115
	(iii) Due later than five years	-	-
		273	**279**
	Lease payments charged off to the statement of profit and loss	203	353

	₹ In Lakhs	
	As at 31 March 2015	As at 31 March 2014
39 Payments to auditors (included as part of professional charges)*		
As auditor		
Statutory audit	25	23
Limited review	7	6
Tax audit	3	3
	35	**32**
In other capacity		
Other services	10	12
	45	**44**

* excluding service tax

	₹ In Lakhs	
	As at 31 March 2015	As at 31 March 2014
40 Dividend remitted in foreign currency		
Period to which it relates	2013-14	2012-13
Number of non - resident shareholders (No.)	2	2
Number of shares held on which dividend was due (Equity shares of ₹ 2 each)	3,542	9,475
Amount remitted (€ 355.54, Previous year: € 770.87)	**28,336**	**66,325**

	₹ In Lakhs	
	As at 31 March 2015	As at 31 March 2014
41 Aggregate of expenses that have been bifurcated and grouped under different heads are provided below:		
Professional charges	1,130	1,082
Travelling and conveyance	1,871	1,691
Power and fuel	6,063	1,671
Rates and taxes	6,565	4,862
	15,629	**9,306**

42 Segment reporting

The Company publishes standalone financial statements along with the consolidated financial statements in the annual report. In accordance with Accounting Standard 17, Segment Reporting, the Company has disclosed the segment information in the consolidated financial statements.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

per **Sumesh E S**
Partner

Place : Chennai
Date : 25 May 2015

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

Rajiv Mittal
Managing Director

Sumit Chandwani
Director

S Varadarajan
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Place : Chennai
Date : 25 May 2015

Independent Auditor's Report

To the Members of VA TECH WABAG LIMITED

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of VA TECH WABAG LIMITED, ("the Holding Company"), its subsidiaries, its associates and jointly controlled entities (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and its associates and jointly controlled entities, in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Holding Company's Board of Directors, and the respective Board of Directors/management of the subsidiaries included in the Group, and of its associates and jointly controlled entities are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms with the provisions of the Act, the respective Board of Directors of the Holding Company and its subsidiary, associate and jointly controlled companies, which are incorporated in India, are responsible for maintenance of adequate accounting records; safeguarding the assets; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

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

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

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 10 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, associates and jointly controlled entities as noted below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at 31 March 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

9. We draw attention to notes 3.3(a) and 3.3(b) to the accompanying financial statements which describe the uncertainty related to the outcome of litigations in connection with certain deductions being disallowed which, according to the management, is due to retrospective

amendment of section 80-IA of the Income tax Act, 1961 pursuant to Finance Act, 2009. Our opinion is not qualified in respect of this matter.

Other Matter

10. We did not audit the financial statements of 20 subsidiaries and 1 jointly controlled entities, included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹ 93,208 Lakhs as at 31 March 2015, total revenues (after eliminating intra-group transactions) of ₹ 1,21,501 Lakhs and net cash flows amounting to ₹ (4,756) Lakhs for the year ended on that date. The consolidated financial statements also include the Group's share of net profit of ₹ 159 Lakhs for the year ended 31 March 2015, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

    Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

11. As required by Section 143(3) of the Act, and based on the auditor's reports of the subsidiaries, associates and jointly controlled entities, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

    c) The consolidated financial statements dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

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

    e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2015 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies and associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies, incorporated in India is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

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

    (i) as detailed in note 3.3(a) and (b) to the consolidated financial statements, the Company has disclosed the impact of pending litigations on its consolidated position;

    (ii) as detailed in note 10 (c) to the consolidated financial statements, provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts;

    (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate companies and joint controlled companies incorporated in India.

For Walker Chandiok & Co LLP
(Formerly Walker, Chandiok & Co)

Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Sumesh ES**
Partner
Membership No.: 206931

Place : Chennai
Date : 25 May 2015

Consolidated Balance Sheet

	Note	As at 31 March 2015	As at 31 March 2014
			₹ In Lakhs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	1,086	532
Reserves and surplus	5	89,178	83,563
		90,264	**84,095**
Share application money pending allotment	6	13	22
Minority interest		486	282
Non-current liabilities			
Long-term borrowings	7	6,932	4,496
Deferred tax liabilities	8	300	367
Other long term liabilities	9	21,126	15,734
Long-term provisions	10	2,799	2,143
		31,157	**22,740**
Current liabilities			
Short-term borrowings	7	11,132	11,329
Trade payables	11	86,531	86,195
Other current liabilities	12	21,105	23,714
Short-term provisions	10	16,087	15,196
		1,34,855	**1,36,434**
Total		**2,56,775**	**2,43,573**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	13	10,696	10,806
Intangible assets	13	8,437	1,112
Capital work-in-progress		55	74
Intangible assets under development			6,846
Non-current investments	14	274	315
Deferred tax assets, net	8	2,289	1,070
Long-term loans and advances	15	955	97
Other non-current assets	16	22,668	19,725
		45,374	**40,045**
Current assets			
Current investments	17	3,500	2,000
Inventories	18	4,699	3,502
Trade receivables	19	1,48,066	1,38,748
Cash and bank balances	20	31,117	37,016
Short-term loans and advances	15	10,629	9,946
Other current assets	21	13,390	12,316
		2,11,401	**2,03,528**
Total		**2,56,775**	**2,43,573**

Notes 1 to 37 form an integral part of these consolidated financial statements

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

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

per **Sumesh E S**
Partner

Place : Chennai
Date : 25 May 2015

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

Rajiv Mittal
Managing Director

Sumit Chandwani
Director

S Varadarajan
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Place : Chennai
Date : 25 May 2015

Consolidated Statement of Profit and Loss

₹ In Lakhs

	Note	Year ended 31 March 2015	Year ended 31 March 2014
Revenue			
Revenue from operations	22	2,43,515	2,23,860
Other income	23	778	1,286
Total revenue		**2,44,293**	**2,25,146**
Expenses			
Cost of sales and services	24	1,84,786	1,68,878
Changes in inventories	25	(1,510)	915
Employee benefits expense	26	27,764	22,174
Other expenses	27	11,528	13,043
Finance costs	28	3,923	2,521
Depreciation and amortisation expense	29	1,092	1,501
Total expenses		**2,27,583**	**2,09,032**
Profit before exceptional items and tax		**16,710**	**16,114**
Exceptional items	36	-	506
Profit before tax		**16,710**	**16,620**
Tax expense			
Current tax		6,626	5,118
Deferred tax		(962)	140
		5,664	**5,258**
Profit for the year before share of profit in associates		**11,046**	**11,362**
Share of profit in Associate		159	63
Profit for the year before Minority Interest		**11,205**	**11,425**
Minority Interest		195	90
Profit for the year attributable to equity shareholders		**11,010**	**11,335**
Earnings per equity share (Nominal value ₹ 2 per share) (In ₹)	30		
Basic		20.39	21.31
Diluted		20.20	21.03

Notes 1 to 37 form an integral part of these consolidated financial statements

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

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

per **Sumesh E S**
Partner

Place : Chennai
Date : 25 May 2015

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

Rajiv Mittal
Managing Director

Sumit Chandwani
Director

S Varadarajan
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Place : Chennai
Date : 25 May 2015

Consolidated Cash Flow Statement

₹ In Lakhs

		Year ended 31 March 2015		Year ended 31 March 2014	
A.	**Cash flow from operating activities**				
	Profit before exceptional items and tax		**16,710**		**16,114**
	Adjustments for:				
	Depreciation and amortisation	1,092		1,501	
	Interest expenses	1,479		683	
	Interest and Dividend income	(778)		(1,286)	
	Unrealised forex (gain)/ loss, net	170		235	
	(Profit)/Loss on sale of Tangible assets, net	51		59	
	Bad debts and provision for bad and doubtful debts	2,766		2,482	
	Expense on Employee Stock Option Plan (ESOP)	77		127	
	Provision for foreseeable losses on contracts	2,899		1,655	
	Provision for compensated absences and gratuity	499		421	
	Provision for warranty, liquidated damages, litigations and others	6,746	**15,001**	3,296	**9,173**
	Operating profit before working capital changes		**31,711**		**25,287**
	Adjustments for:				
	Increase in trade receivables	(12,254)		(30,517)	
	(Increase)/ decrease in short term loans and advances	(1,073)		1,444	
	(Increase)/ decrease in long term loans and advances	(340)		91	
	Decrease in inventory	(1,510)		915	
	Increase in other current assets	(1,181)		(2,023)	
	Increase in other non current assets	(3,147)		(8,275)	
	Increase in trade payables	336		17,293	
	Decrease in provisions	(9,270)		(2,456)	
	(Decrease)/ Increase in other current liabilities	(2,609)		7,561	
	Increase in other long term liabilities	5,392	**(25,656)**	7,585	**(8,382)**
	Cash generated from operations		**6,055**		**16,905**
	Direct taxes paid		(5,499)		(5,664)
	Net cash generated from operating activities		**556**		**11,241**
B.	**Cash flow from investing activities**				
	Purchase of fixed assets (including capital work in progress)		(2,873)		(10,326)
	Proceeds on disposal of fixed assets		61		69
	Purchase of non-current investments		-		(1)
	Purchase of current investments		(2,500)		(2,000)
	Proceeds from current investments		1,000		
	Dividend from Associates		147		135
	Movement in bank deposits		(2,978)		2,130
	Interest and dividend received		385		277
	Net cash from/(used in) investing activities		**(6,758)**		**(9,716)**

₹ In Lakhs

		Year ended 31 March 2015	Year ended 31 March 2014
C.	**Cash flow from financing activities**		
	Proceeds from issue of share capital including share premium and share application money	1,957	147
	Proceeds from issue of shares to minority shareholders of overseas subsidiaries	-	-
	Repayment of Borrowings	(38,648)	(21,526)
	Proceeds from Borrowings	40,887	29,133
	Interest paid to Banks and others	(1,479)	(816)
	Dividend paid	(2,139)	(1,857)
	Dividend distribution tax paid	(363)	(316)
	Dividend paid to minority shareholders of overseas subsidiaries	-	-
	Net cash from/(used in) financing activities	**215**	**4,765**
D.	**Net cash flows during the year**	(5,987)	6,290
	Effects of foreign currency translation	(3,094)	2,355
E.	**Cash and cash equivalents at the beginning**	33,038	24,393
F.	**Cash and cash equivalents at the end**	**23,957**	**33,038**
	Cash and cash equivalents comprise of:		
	Cash on hand	154	102
	Cheques on hand	9,088	5,714
	Balances with banks - in current accounts	10,112	20,859
	Balances with banks - in deposit accounts (maturity upto 3 months)	4,603	6,363
	Cash and cash equivalents as per note 20	**23,957**	**33,038**

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

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

per **Sumesh E S**
Partner

Place : Chennai
Date : 25 May 2015

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

Rajiv Mittal
Managing Director

Sumit Chandwani
Director

S Varadarajan
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Place : Chennai
Date : 25 May 2015

Summary of the Significant Accounting Policies and Other Explanatory Information

1. General Information

Va Tech Wabag Limited ('the Company'), its subsidiaries, associates and joint ventures as listed in note 2.2 (collectively referred to as 'the Group') is one of the world's leading companies in the water treatment field. The group's principal activities include design, supply, installation, construction and operational management of drinking water, waste water treatment, industrial water treatment and desalination plants. The shares of the Company are listed in the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

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

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

2. Summary of accounting policies

2.1 Basis of accounting

The financial statements are prepared under the historic cost convention on accrual basis of accounting in accordance with generally accepted accounting principles ("GAAP") applicable in India. GAAP comprises mandatory accounting standards prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and pronouncements of the Institute of Chartered Accountants of India and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied as in the previous year except for the change in accounting policy explained in note 13 (c). The management evaluates all recently issued or revised accounting standards on an ongoing basis.

2.2 Basis of Consolidation

The Consolidated financial statements include the financial statements of the Subsidiary companies and associates as listed below. The financial statements of the subsidiary undertakings and associates forming part of these consolidated financial statements are drawn up to 31 March 2015. Subsidiaries are all entities over which the Company has the ability to control the financial and operating policies. All material inter-company transactions and accounts are eliminated on consolidation.

The following subsidiaries, associates and joint ventures have been included in the consolidated financial statements:

Subsidiaries	Country of Incorporation	Percentage of Holding/ Interest As at 31 March	
		2015	2014
Va Tech Wabag (Singapore) Pte Ltd	Singapore	100	100
Va Tech Wabag GmbH	Austria	100	100
WABAG Wassertechnik AG	Switzerland	100	100
Va Tech Wabag Deutschland GmbH	Germany	100	100
Va Tech Wabag Brno Spol S.R.O	Czech Republic	100	100
Wabag Water Services (Macao) Limited	Macao	100	100
WABAG Water Services s.r.l	Romania	100	100
Va Tech Wabag Tunisia s.a.r.l.	Tunisia	100	100
Va Tech Wabag Algeria s.a.r.l.	Algeria	100	100
Beijing Va Tech Wabag Water Treatment Technology Co. Limited	China	100	100
VA Tech Wabag Tecknolojisi Ve Ticaret Limited	Turkey	100	100
Va Tech Wabag (Hong Kong) Limited	Hong Kong	100	100
Ujams Wastewater Treatment Company (Pty) Ltd.	Namibia	78.90	82
Va Tech Wabag (SPAIN) S.LU	Spain	100	100
VA Tech Wabag Muscat LLC	Oman	70	70

The following subsidiaries, associates and joint ventures have been included in the consolidated financial statements: (Contd.)

Subsidiaries	Country of Incorporation	Percentage of Holding/ Interest As at 31 March	
		2015	2014
VA Tech Wabag (Philippines) Inc	Philippines	100	100
VA Tech Wabag Limited Pratibha Industries Limited JV	Nepal	100	100
Wabag Operation and Maintenance W.L.L. (Incorporated on 3 March 2015)	Bahrain	70	-
VA Tech Wabag and Roots Contracting L.L.C. (Incorporated on 29 March 2015)	Qatar	60	-
Wabag Limited (Incorporated on 20 October 2014)	Thailand	90.60	-
Associates			
Windhoek Goreangab Operating Company (Pty) Limited	Namibia	33.00	33.00
Joint Venture			
International Water Treatment LLC	Oman	32.50	32.50

The subsidiary in Egypt, VA Tech Wabag Egypt Limited, has completed the incorporation procedures but is non-operative; hence the same has not been consolidated the percentage of shareholding in this subsidiary is 100% as at 31 March 2015 and 31 March 2014. The accounting period for the associate in Namibia is 1 January 2014 to 31 December 2014. However, for the purpose of inclusion in the consolidated financial statements of the parent, the accounts of the associate company in Namibia have been drawn up for the period from 1 April 2014 to 31 March 2015.

The group 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 in the consolidated financial statements.

The group entered into a Joint Venture with Cadagua S.A and Galfar LLC in Oman to construct a desalination water treatment plant for the Sultanate of Oman. The group has classified this as a joint venture and it has been consolidated accordingly.

The group has entered into an exclusive contract with Roots Contracting L.L.C in Qatar for a share of 60% in the economic interests in VA Tech Wabag and Roots Contracting L.L.C., and control in voting power. Accordingly the investment has been treated as a subsidiary in the consolidated financial statements.

2.3 Principles of consolidation:

The Consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the accounting standards 21 (AS 21) on Consolidated Financial Statements, accounting standards 23 (AS 23) on Accounting for Investments in Associates in Consolidated Financial Statements and accounting standards 27 (AS 27) on Financial Reporting of Interests in Joint Ventures as specified in the standards prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and pronouncements of the Institute of Chartered Accountants of India.

The financial statements of the parent company and its subsidiary have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transaction and unrealized profits in full. Unrealised losses resulting from intra-group transactions are also eliminated except to the extent recoverable value of related assets is lower than their cost to the Group. Profit or loss of subsidiaries acquired or disposed of during the year is recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Investments in Associates are accounted for using the equity method, under which the investment is initially recorded at cost, identifying any goodwill or capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the

Summary of the Significant Accounting Policies and Other Explanatory Information

accumulated losses (not accounted for by the Group) are recouped. Where the associate prepares and presents consolidated financial statements, such consolidated financial statements of the associate are used for the purpose of equity accounting. In other cases, standalone financial statements of associates are used for the purpose of consolidation.

Interests in the assets, liabilities, income and expenses of the Joint Ventures are consolidated using proportionate consolidation method. Intra group balances, intra-group transactions and unrealized profit or loss are eliminated to the extent of the Company's proportionate share, except where cost cannot be recovered.

Minorities' interest in net profits/losses of consolidated Subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual/legal obligation on the minorities, the same is accounted for by the holding company, except where there is contractual/legal obligation on minority.

Excess of acquisition cost over the carrying amount of the parent company's share of equity of the acquiree at the date of acquisition is recognized as goodwill. In cases where the share of the equity in the acquiree as on the date of acquisition is in excess of acquisition cost, such excess of share in equity is recognised as 'Capital reserve' and classified under 'Reserves and Surplus'. The parent company's share of equity in the subsidiary is determined on the basis of book values of assets and liabilities as per the financial statements of the subsidiary as at the date of acquisition.

The construction cost incurred by the Group as part of the Build-Own-Operate-Transfer (BOOT) contract is considered as exchanged with the grantor against the right to operate and generate revenues from the project and the profit from such contract is considered as realized. Accordingly BOOT contract awarded to group companies where work is subcontracted to other group companies, the intra group transactions on BOOT contract and the profits arising thereon are taken as realized and not eliminated on consolidation under AS 21.

The amounts shown in respect of reserves comprise the amount of relevant reserves as per the balance sheet of the parent company and its share in the relevant reserves of the subsidiary.

The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended 31 March 2015.

As far as practicable, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements. Differences in accounting policies are disclosed separately.

As per Accounting Standard 21 - Consolidated Financial Statements prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) only the notes involving items which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary or the parent having no bearing on the true and fair view of the consolidated financial statements of the group is not disclosed in the consolidated financial statements.

2.4 Use of estimates

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

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

2.5 Tangible assets and depreciation

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

Subsequent expenditure incurred on an item of tangible asset is added to the book value of that asset only if this increases the future benefits from the existing asset beyond its previously assessed standard of performance.

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

Depreciation on assets is provided on straight line method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013 except for vehicles where the management believes that the useful life of 5 years would best represent the period over which the Management expects to use these assets. Hence the useful life of these assets is different from that prescribed under Part C of Schedule II to the Companies Act, 2013.

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

2.6 Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment, if any.

Software is stated at cost less accumulated amortisation and are being amortised on a straight line basis over the estimated useful life of 5 years.

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

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

Intangibles under development

The right to operate and generate revenues from projects under BOOT contract are capitalized as an intangible asset under development based on the cumulative construction costs incurred by the group including related margins (refer accounting policy on revenue recognition). This intangible asset arising out of BOOT contract will be amortised over the operating period of the concession agreement.

2.7 Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows from continuing use that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is

Summary of the Significant Accounting Policies and Other Explanatory Information

written down to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the Statement of profit and loss.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the statement of profit and loss.

2.8 Investments

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

2.9 Inventories

Inventory of stores and spares are stated at lower of cost and net realizable value and is determined on weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost to completion and applicable selling expenses.

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

2.10 Revenue recognition

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

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

Operations and Maintenance

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

Construction contracts

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

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

For overseas entities, determination of revenues under the percentage of completion method is based on estimates concerning the percentage of completion, which is determined by the proportion that contract costs incurred for the work performed bear to the estimated total contract costs up to the balance sheet date.

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

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

Revenue relatable to construction services rendered in connection with BOOT projects undertaken by the group is recognized during the period of construction and is measured at fair value of consideration receivable using percentage of completion method. After the completion of construction period, revenue relatable to collections of such projects from users of facilities is accounted when the amount is due and recovery is certain.

Other revenues

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

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

2.11 Cost of Sales and Services

Cost of sales and services comprise costs including estimated costs that are directly related to the contract, attributable to the contract activity in general and such costs that can be allocated to the contract and specifically chargeable to the customer under the terms of the contracts, which is charged to the statement of profit and loss account based on the percentage of revenue recognised as per accounting policy (2.9) above, in consonance with the concept of matching costs and revenue. Final adjustment is made on completion of the applicable project.

2.12 Taxation

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

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

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

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

The Group offsets deferred tax assets and deferred tax liabilities if there is a legally enforceable right to set off assets against liabilities representing current tax.

2.13 Borrowing costs

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

2.14 Foreign currency transactions

Transactions in foreign currency and non-monetary assets are accounted for at the exchange rate prevailing on the date of the transaction duly approximated. All monetary items denominated in foreign currency are converted at the year-end exchange rate. The exchange differences arising

Summary of the Significant Accounting Policies and Other Explanatory Information

on such conversion and on settlement of the transactions are dealt with in the statement of profit and loss.

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

2.15 Translation of integral and non-integral foreign operations

The group classifies all its foreign operations as either "integral foreign operations" or "non- integral foreign operations".

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself. The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Items of profit and loss are translated at the average exchange rates for the year. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

2.16 Retirement and other employee benefits

Provident fund

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

Gratuity

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

Compensated absences

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

Superannuation Fund

Contribution made towards Superannuation Fund (funded by payments to ICICI Prudential Life Insurance) which is a defined contribution plan, is charged to revenue on accrual basis. There are no obligations other than the contribution made to respective fund.

Overseas entities

Post-employment benefits

- Defined contribution

  The group's contribution towards defined contribution plan is accrued in compliance with the requirement of the domestic laws of the countries in which the consolidated entities operate in the year of which the contributions are done. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

- Defined benefit liability

  Management estimates the defined benefit liability annually. The actual outcome may vary due to estimation uncertainties. The estimate of its defined benefit liability is based on standard rates of inflation, medical cost trends and mortality. It also takes into account the Group's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Estimation uncertainties exist particularly with regard to medical cost trends, which may vary significantly in future appraisals of the Group's defined benefit obligations.

2.17 Employees stock option plan

The accounting value of stock options is determined on the basis of "intrinsic value" representing the excess of the market price on the date of grant over the exercise price of the shares granted under the "Employees Stock Option Scheme" of the Company, and is being amortised as "Deferred employees compensation" on a straight-line basis over the vesting period in accordance with the Guidance Note 18 "Employee share-based payments" issued by the Institute of Chartered Accountants of India and the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India.

2.18 Contingent Liabilities

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

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

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

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

2.19 Provisions

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

2.20 Cash and Cash equivalents

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

2.21 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.22 Segment reporting

Identification of segments

The Group is engaged in the construction and maintenance of water treatment plants which is considered as a single business segment. However, the entities in the group are organized and managed separately according to their respective geographical location. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

Summary of the Significant Accounting Policies and Other Explanatory Information

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

2.23 Leases

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

3 Others

3.1 Capital Commitments

The estimated amounts of contracts to be executed on capital account and not provided for (net of advances) ₹ 516 Lakhs (Previous year – ₹ 3,927 Lakhs). Other commitments are cancellable at the option of the Group and hence not disclosed.

3.2 Guarantees

		₹ In Lakhs
	As at 31 March 2015	**As at 31 March 2014**
Corporate Guarantees issued by the Company on behalf of third party		
- For Ferrovial Agroman	43,842	41,886

3.3 Contingent liabilities

		₹ In Lakhs
	As at 31 March 2015	**As at 31 March 2014**
Income tax impact on account of non-deductibility U/s		
80-IA (Refer 'a' below)	2,422	2,422
- Out of the above, Income tax demand contested in appeal	939	939
Interest U/s 234B on the tax liability referred above (Refer 'b' below)	2,559	2,263
Sales tax matters under dispute (Refer 'c' below)	1,875	1,913
Tax liability of the permanent establishment in Algeria (Refer 'd' below)	3,057	3,702

a) The Company had been claiming deduction under section 80-IA of the Income Tax Act, 1961 from the financial year ended 31 March 2002 as a developer of infrastructure projects in India. The Finance Act 2009 amended the provisions of Section 80-IA retrospectively with effect from 1 April 2000 to make it inapplicable for persons having a mere works contract with the government or statutory authority. The Company believes that this amendment is in line with the objective of the government of incentivising only a developer of infrastructure facility and not a mere works contractor.

The Company strongly opines that, being a developer of infrastructure turnkey development contracts starting from the conceptualisation to execution assuming significant financial commitment and risks, the Company would be treated as a developer and the amendment would not apply to it. Based on a legal opinion from a Senior Counsel, the Company has filed a writ petition in the High Court of Madras challenging the Constitutional validity of the retrospective amendment. Also, the Company has subsequently received favourable Appellate Orders from CIT (Appeals) from financial years 2001-02 to 2006-07 allowing the benefit under section 80-IA of the Income Tax Act, while, the Income Tax department has raised a demand for ₹ 939 Lakhs denying benefit under section 80-IA for the FY 2008-09. Considering these facts and as a matter of prudence, the Company has disclosed the total tax benefit so far claimed u/s 80-IA as contingent liability in the financial statement for 31 March 2015.

However, on a conservative basis the liability on account of possible denial of deduction prospectively from 1 April 2009 has been fully provided as current tax in the respective years.

b) The Company, also based on an opinion taken from a professional firm believes that the interest under section 234B on account of 80-IA disallowance discussed in paragraph 'a' above amounting to ₹ 2,559 Lakhs as at 31 March 2015 would not be payable as the Jurisdictional High Court rulings and various assessment orders commencing from FY 2001-02 are in favor of the Company on this aspect and on this basis, the amount of interest has been disclosed as contingent liability.

c) The additional liability assessed by sales tax authorities for various financial years from 2003-04 to 2012-13 amounts to ₹ 1,875 Lakhs.

d) During the previous year, VA Tech Wabag Deutschland GmbH has received a demand order from the Office of the General Directorate of Taxes Algeria for an amount of ₹ 3,057 Lakhs. The subsidiary noted that there were prima facie errors on the order and has approached the relevant authority regarding the same. The subsidiary, based on expert opinion, is of the belief that there is more likely than not that the tax demand received would be overturned as the subsidiary has discharged all its tax obligations. Hence this has been disclosed as a contingent liability.

3.4 Transfer Pricing

As per the Transfer pricing norms, 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 Company has completed the transfer pricing study for the fiscal year ended 31 March 2014. For the year ended 31 March 2015, the Company is in the process of getting an independent evaluation done for certain transactions to determine whether the transactions with associated enterprises were undertaken at "arm's length price". Based on the transfer pricing study, the Management believes that all transactions with associate enterprises are at arm's length price and accordingly, there is no transfer pricing adjustments for the year under consideration.

3.5 Corporate Social Responsibility

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

Summary of the Significant Accounting Policies and Other Explanatory Information

₹ In Lakhs

		As at 31 March 2015		As at 31 March 2014	
		Nos.	Amount	Nos.	Amount
4	**Share capital**				
	Authorised share capital				
	Equity Shares of ₹ 2 each	7,50,00,000	1,500	5,08,75,000	1,018
	Preference shares of ₹ 10 each			48,25,000	482
	Issued, subscribed and fully paid up				
	Equity Shares of ₹ 2 each	5,42,85,110	1086	2,65,92,130	532
		5,42,85,110	**1,086**	**2,65,92,130**	**532**

a)	**Reconciliation of share capital (Equity)**				
	Balance at the beginning of the year	2,65,92,130	532	2,65,45,772	531
	Add : Issued pursuant to Employee Stock Option Plan	5,50,425	11	46,358	1
	Add : Issued pursuant to Bonus issue (Also refer note (4e))	2,71,42,555	543	-	-
	Balance at the end of the year	**5,42,85,110**	**1,086**	**2,65,92,130**	**532**

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

	Nos.	% holding	Nos.	% holding
Equity Shares of ₹ 2 each				
Mr. Rajiv Mittal (Managing Director)	97,09,406	18%	48,54,703	18%
IDFC Premier Equity Fund	39,37,178	7%	19,37,417	7%
Emerging Markets Growth Fund Inc	14,66,254	3%	15,84,552	6%
	1,51,12,838		**83,76,672**	

c) Details of shares issued as fully paid up by way of bonus issues

Year ended	Face value	Number of shares
Equity Shares		
31 March 2015	**2**	**2,71,42,555**

d) Terms/ rights attached to equity shares

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

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

During the year ended 31 March 2015, the amount of dividend per share, recognised as distributions to the equity shareholders of face value ₹ 2 each was ₹ 4 (Previous year : ₹ 8).

e) Bonus issue

The Company has allotted 2,71,42,555 fully paid up equity shares of face value ₹ 2 each during the year ended 31 March 2015, pursuant to the bonus issue approved by the shareholders through postal ballot by capitalization of share premium. The record date fixed by the Board of Directors was 27 March 2015. Bonus share of one equity share for every equity share held has been allotted. The earning per share has been adjusted for the previous periods presented in accordance with Accounting Standard 20, Earning per share.

f) Shares reserved for issue under options

The Company had reserved issuance of Equity shares 7,03,308 of ₹ 2 each (Previous year : 9,60,813 shares of ₹ 2 each) for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Plan (ESOP).

g) Employee share based plan

Employee share based plan- ESOP 2006 Scheme

In August 2006, the Board of Directors approved and the Company adopted the "ESOP 2006" (the "Plan") under which not more than 2,04,080 shares of the Company's equity shares was reserved for issuance to employees. The Board of Directors determined that the options granted under the Plan would vest not less than one year and not more than five years from the date of grant. The exercise price of options shall be ₹ 200 (face value of ₹ 10 each) on the grant date. The exercise period of the options is 4 years.

Particulars	Number of options	Weighted average exercise price (₹)
Outstanding as at 1 April 2013	17,823	36
Exercised	11,814	36
Lapsed	875	36
Outstanding as at 31 March 2014	5,134	36
Exercised	5,134	36
Lapsed	-	36
Outstanding as at 31 March 2015	-	36

Employee share based plan- ESOP 2010 Scheme

In August 2010, the Board of Directors approved and the Company adopted the "ESOP 2010" (the "Plan") under which not more than 4,67,831 shares of the Company's equity shares was reserved for issuance to employees. The Board of Directors determined that the options granted under the Plan would vest not less than one year and not more than five years from the date of grant. The exercise price of options shall be ₹ 900 (Face value of ₹ 5 each) on the grant date.

Particulars	Number of options	Weighted average exercise price (₹)
Outstanding as at 1 April 2013	8,81,308	360
Granted	2,32,700	360
Exercised	34,544	360
Lapsed	1,23,785	360
Outstanding as at 31 March 2014	9,55,679	360
Exercised	5,45,291	360
Lapsed	58,734	360
Bonus Issue	3,51,654	180
Outstanding as at 31 March 2015	7,03,308	180

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

	Year ended 31 March 2015	Year ended 31 March 2014
Profit after tax	11,010	11,335
Add : Employee stock compensation under intrinsic value method	77	127
Less : Employee stock compensation under fair value method	128	237
Pro-forma profit	10,959	11,225
Earnings per share		
Basic		
- As reported	20.39	21.31
- Pro-forma	20.29	21.10
Diluted		
- As reported	20.20	21.03
- Pro-forma	20.09	20.83

		As at 31 March 2015	As at 31 March 2014
5	**Reserves and surplus**		
	Capital reserves		
	Balance at the beginning of the year	13,948	13,948
	Add : Additions made during the year	556	-
	Balance at the end of the year	**14,504**	**13,948**
	Securities premium reserve		
	Balance at the beginning of the year	25,473	25,343
	Add : Additions made during the year		
	On excercise of employee stock options	1,955	128
	Transferred from stock option outstanding account	118	2
	Transfer to Share Capital on bonus issue	(543)	
	Balance at the end of the year	**27,003**	**25,473**
	Stock option outstanding account		
	Balance at the beginning of the year	132	7
	Add: Options granted during the year	77	127
	Less : Options exercised during the year	(118)	(2)
	Less: Options lapsed during the year	(6)	
	Balance at the end of the year	**85**	**132**
	General reserve		
	Balance at the beginning of the year	3,289	2,403
	Add : Transfer on account of dividend	-	886
	Transfer from stock option outstanding account	6	-
	Balance at the end of the year	**3,295**	**3,289**
	Surplus in the statement of profit and loss		
	Balance at the beginning of the year	35,895	27,526
	Add: Change in accouting policy (Refer note 36)	-	419
	Add : Transferred from statement of profit and loss	11,010	11,335
	Less : Final equity dividend proposed/ paid	(2,188)	(2,127)
	Tax on proposed equity dividend	(445)	(361)
	Transfer to general reserve	-	(886)
	Transfer to capital reserve	(556)	-
	Transfer to other reserves	(8)	(11)
	Due to change in estimated useful lives of tangible assets (Also Refer Note 13(d))	(406)	-
	Balance at the end of the year	**43,302**	**35,895**
	Other Reserves		
	Balance at the beginning of the year	19	8
	Add : Transferred from statement of profit and loss	8	11
	Balance at the end of the year	**27**	**19**
	Foreign currency translation reserve	962	4,807
		89,178	**83,563**

	As at 31 March 2015		As at 31 March 2014	
	Nos.	**Amount**	**Nos.**	**Amount**
6 Share application money pending allotment				
Equity Shares of ₹ 2 each	3,728	13	8,503	22
	3,728	**13**	**8,503**	**22**

₹ In Lakhs

Share application money pending allotment represents applications received towards subscription from employees under ESOP schemes. The equity shares are expected to be allotted against the share application money within a reasonable period, not later than three months from the Balance Sheet date. The Company has sufficient authorised capital to cover the share capital amount on allotment of above shares.

₹ In Lakhs

	As at 31 March 2015		As at 31 March 2014	
	Long-term	**Short-term**	**Long-term**	**Short-term**
7 Borrowings				
Secured				
Term loans from banks				
Overdraft account/Packing credit	1,320	6,784	2,056	9,479
Working capital loan repayable on demand	-	4,296	-	1,680
	1,320	11,080	2,056	11,159
Unsecured				
Term loans				
From banks	-	52	-	170
From other parties	5,612	-	2,440	-
	6,932	**11,132**	**4,496**	**11,329**

1 These packing credits are repayable within 180 days from the date of availment and is secured against foreign currency receivables. During the year the company has availed packing credit in foreign currency amounting to ₹ 19,247 lakhs (Previous year: ₹ 7,246) at an interest rate ranging from 0.9% to 1.5%.

2 VA Tech Wabag GmbH, has secured term loan facilities for an amount of ₹ 1,699 Lakhs (Previous Year - ₹ 2,056 Lakhs) which is secured by parent company guarantee.

3 VA Tech Wabag GmbH, has a working capital loan for an amount of ₹ 1,457 Lakhs (Previous Year - ₹ 1,526 Lakhs) which is repayable on demand and is secured by Raffeisen bank guarantee.

4 VA Tech Wabag Tunisia s.a.r.l., had availed unsecured overdraft facilities for an amount of ₹ 53 Lakhs during the year (Previous year ₹ 170 Lakhs)

5 VA Tech Wabag (Philippines) Inc, has availed a loan of Nil (Previous Year ₹ 6 Lakhs) which was secured by the hypothecation of a Vehicle.

6 Va Tech Wabag Brno spol. s.r.o, has availed a demand loan of ₹ 620 Lakhs (Previous year ₹ 576 Lakhs) during the year which is secured by trade receivables.

7 VA Tech Wabag Teknolojisi Ve Ticaret Limited Şirket availed a car loan for ₹ 270 Lakhs (Previous year Nil). The company also repaid the working capital loan during the year for an amount of ₹ 147 Lakhs.

8 Ujams Wastewater Treatment Company (Pty) Limited has availed an unsecured loan of ₹ 434 Lakhs (Previous Year ₹ 359 Lakhs) from a minority shareholder (Veolia Water Solutions & Technologies South Africa (Pty) Limited) repayable after one year.

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9 Ujams wastewater treatment company (Pty) Limited has availed another unsecured loan of ₹ 5,178 Lakhs (Previous Year ₹ 2,078 Lakhs) from a financial institution DEG - Deutshe Investitions - und Entwicklungsgesellschaft mbH ('DEG") repayable in 50 quarterly installments beginning May 2015.

10 During the year, International Water Treatment LLC, Muscat, availed a working capital loan for ₹ 2,092 Lakhs (Previous year Nil).

			₹ In Lakhs
		As at 31 March 2015	**As at 31 March 2014**
8	**Deferred taxes**		
	Deferred tax asset arising on account of:		
	- Provision for employee benefits, liquidated damages and losses	1,487	1,313
	- Allowances for bad and doubtful debts	2,948	1,015
	Total deferred tax asset	**4,435**	**2,328**
	Deferred tax liability arising on account of:		
	- Timing difference between depreciation/amortisation as per financials and depreciation as per tax	580	536
	- Receivables and other assets	1,803	1,126
	Total deferred tax liability	**2,383**	**1,662**
	Foreign exchange fluctuation	(63)	37
	Total Deferred tax asset, net	**1,989**	**703**
	Disclosed as		
	Deferred tax asset	**2,289**	**1,070**
	Deferred tax liability	**300**	**367**

			₹ In Lakhs
		As at 31 March 2015	**As at 31 March 2014**
9	**Other long-term liabilities**		
	Trade payables including acceptances		
	Dues to micro and small enterprises (Also, refer note 11 (a))	-	-
	Dues to others	15,056	13,101
	Advance from customers	5,864	2,465
	Others	206	168
		21,126	**15,734**

					₹ In Lakhs
		As at 31 March 2015		**As at 31 March 2014**	
		Long-term	**Short-term**	**Long-term**	**Short-term**
10	**Provisions**				
	Proposed dividend to equity shareholders(Also refer note (a) below)	-	2,176	-	2,127
	Dividend tax	-	443	-	361
	Provision for warranty, liquidated damages, litigations and others (Also refer note (b) below)	430	10,859	509	10,944
	Provision for foreseeable losses on contracts (Also refer note (c) below)	1,256	1,697	228	1,427
	Provisions for gratuity, anniversary and severance payments (Also refer note (d) below and note 36)	1,113	102	1,406	70
	Provision for taxation (net of advance tax ₹ 312 lakhs ; previous year ₹ 952 lakhs)	-	810	-	267
		2,799	**16,087**	**2,143**	**15,196**

		₹ In Lakhs As at 31 March 2015	As at 31 March 2014
a)	**Details with respect to proposed dividend**		
	Dividends proposed to		
	Equity shareholders		
	Proposed dividend per share	2,176	2,127
	Equity shareholders (₹) - Face value of ₹ 2 each	4	8
b)	**Reconciliation of provision**		
	Provision for warranty, liquidated damages, litigations and others		
	Balance at the beginning of the year	11,453	10,384
	Created during the year, net	8,551	2,442
	Utilised during the year	(6,910)	(2,227)
	Foreign exchange fluctuation	(1,805)	854
	Balance at the end of the year	**11,289**	**11,453**

A provision is recognized for expected warranty claims on construction contracts completed, based on past experience of level of repairs and returns. It is expected that these costs would be predominantely 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.

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

The Company provides for litigations, which is predominantly on account of disputes on statutory dues. The Company assesses each demand raised by the statutory authorities and based on responses and discussions with the attorneys and when there is a present obligation as a result of a past event, where the outflow of economic resources is probable and a reliable estimate of the amount of obligation, a provision for litigation is created. Instances when there is no present obligation or where the present obligation would probably not require outflow of resources or where the same cannot be reliably estimated, the same is disclosed as contingent liability in the financial statements. The Company reverses its provisions on receipt of a favourable order from the appropriate authority and when no further obligation is envisaged.

		₹ In Lakhs As at 31 March 2015	As at 31 March 2014
c)	**Provision for foreseeable losses on contracts**		
	Balance at the beginning of the year	1,655	-
	Created during the year, net	2,899	1,655
	Utilised during the year	(1,601)	-
	Balance at the end of the year	**2,953**	**1,655**

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 the Significant Accounting Policies and Other Explanatory Information

d) Employee benefits

The Status of all the plans (for the year ended 31 March 2015) are set out in the following tables:

₹ In Lakhs

Particulars	Gratuity	Anniversary	Severance Payments
Defined benefit obligation 1 April 2014	441	86	1,320
Current service cost	65	4	42
Interest cost	37	3	40
Actuarial (gain)/losses	37	(1)	38
Benefits paid	(52)	-	(197)
Foreign exchange fluctuation	-	(18)	(221)
Defined benefit obligation 31 March 2015	**528**	**74**	**1,022**
Defined benefit obligation 31 March 2015			
Represented by :			
- Unfunded	78	74	1,022
- Partly or Wholly Funded	450	-	-
Total	**528**	**74**	**1,022**
Reconciliation of the Plan Assets			
Fair value of plan assets as at start of the year	371	-	-
Expected return on plan assets	34	-	-
Actuarial losses	28	-	-
Contributions by the Group	69	-	-
Benefits paid	(52)	-	-
Foreign exchange fluctuation	-	-	-
Fair value of plan assets at Year End	**450**	**-**	**-**
Reconciliation of the liability:			
Defined benefit obligation	528	74	1,022
Fair value of plan assets	450	-	-
Defined benefit plans	**78**	**74**	**1,022**
Classified as:			
Provisions	78	74	1,022
Expense recognized:			
Service costs	65	4	42
Interest costs	37	3	40
Expected return on plan assets	(34)	-	-
Actuarial (gains) / losses	10	(1)	38
Total expense recognized	**78**	**5**	**120**
Foreign exchange fluctuation	-	(16)	(220)
Total expense recognized in the income statement	**78**	**(10)**	**(100)**
Actuarial Assumptions:			
Discount rate	7.80%	1.50%	2.50%
Expected rate of return on plan assets	9.00%	NA	NA
Average remaining life (in years)	24	15	9
Expected rate of salary increases	7.50%	3.00%	2.00%
Attrition Rate	15.00%	NA	NA

d) Employee benefits (Contd.)

The Status of all the plans (for the year ended 31 March 2015) are set out in the following tables:

₹ In Lakhs

Particulars	Gratuity	Anniversary	Severance Payments
Defined benefit obligation 1 April 2013	365	71	1,130
Current service cost	57	4	38
Interest cost	28	3	41
Actuarial (gain)/losses	10	(1)	(32)
Benefits paid	(19)	(6)	(57)
Foreign exchange fluctuation	-	15	200
Defined benefit obligation 31 March 2014	**441**	**86**	**1,320**
Defined benefit obligation 31 March 2014			
Represented by :			
- Unfunded	70	86	1,320
- Partly or Wholly Funded	371	-	-
Total	**441**	**86**	**1,320**
Reconciliation of the Plan Assets			
Fair value of plan assets as at start of the year	283	-	-
Expected return on plan assets	28	-	-
Actuarial gains/ (losses)	(3)	-	-
Contributions by the Group	82	-	-
Benefits paid	(19)	-	-
Foreign exchange fluctuation	-	-	-
Fair value of plan assets at Year End	**371**	**-**	**-**
Reconciliation of the liability:			
Defined benefit obligation	441	86	1,320
Fair value of plan assets	371	-	-
Defined benefit plans	70	86	1,320
Classified as:			
Provisions	**70**	**86**	**1,320**
Expense recognized:			
Current and Past service cost	57	4	38
Interest costs	28	3	41
Expected return on plan assets	(28)	-	-
Actuarial (gains)/losses	13	(1)	(32)
Foreign exchange fluctuation	-	13	200
Total expense recognized in the income statement	**70**	**19**	**247**
Actuarial Assumptions:			
Discount rate	8.90%	3.50%	3.50%
Expected rate of return on plan assets	9.00%	NA	NA
Average remaining life (in years)	24	15	9
Expected rate of salary increases	7.50%	3.00%	3.00%
Attrition Rate	15.00%	NA	NA

₹ In Lakhs

	As at 31 March 2015	As at 31 March 2014
11 Trade payables		
Dues to micro and small enterprises (Also, refer note (a) below)	77	768
Dues to others	86,454	85,427
	86,531	**86,195**

a) For details of disclosure pursuant to section 22 of Micro, Small and Medium Enterprises Development Act (MSMED), 2006 refer note 10(a) of standalone financial statements.

₹ In Lakhs

	As at 31 March 2015	As at 31 March 2014
12 Other current liabilities		
Billing in advance	4,552	5,705
Advance from customers	11,680	12,970
Unpaid dividends	3	3
Statutory dues	1,523	1,920
Other payables	1,773	1,780
Employee related payables	1,574	1,336
	21,105	**23,714**

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

Summary of the Significant Accounting Policies and Other Explanatory Information

₹ In Lakhs

		Tangible Assets								Intangible assets	
	Freehold land	Buildings	Plant and machinery	Furniture and fittings	Electrical equipment	Office equipment	Computers	Vehicles	Total	Computer software	Project concessionare rights
13 Tangible and Intangible assets											
Gross block											
Balance as at 1 April 2013	1,698	8	434	597	239	731	1,488	1,146	6,341	3,531	-
Additions	-	3,705	246	2,287	466	801	253	380	8,138	242	-
Disposals	-	-	-	52	7	84	181	177	501	346	-
Disposals representing assets held for sale	-	-	40	266	94	26	-	-	426	-	-
Foreign exchange fluctuation	-	2	44	15	3	99	90	65	318	219	-
Balance as at 31 March 2014	**1,698**	**3,715**	**684**	**2,581**	**607**	**1,521**	**1,650**	**1,414**	**13,870**	**3,646**	**-**
Additions	-	-	190	301	12	46	231	615	1,395	249	8,262
Disposals/ adjustment	-	-	54	577	22	70	65	164	952	59	-
Foreign exchange fluctuation	-	(11)	(37)	(47)	(1)	(75)	(78)	(101)	(350)	(165)	(691)
Balance as at 31 March 2015	**1,698**	**3,704**	**783**	**2,258**	**596**	**1,422**	**1,738**	**1,764**	**13,963**	**3,671**	**7,571**
Accumulated depreciation/amortization											
Balance as at 1 April 2013	**-**	**-**	**156**	**335**	**120**	**381**	**1,132**	**549**	**2,673**	**2,092**	**-**
Depreciation/amortization for the year	-	14	123	282	21	90	187	211	928	573	-
Reversal on disposal of assets	-	-	-	36	5	68	164	122	395	324	-
Reversal representing assets held for sale	-	-	33	220	60	20	-	-	333	-	-
Foreign exchange fluctuation	-	-	19	12	1	55	67	37	191	193	-
Balance as at 31 March 2014	**-**	**14**	**265**	**373**	**77**	**438**	**1,222**	**675**	**3,064**	**2,534**	**-**
Depreciation/amortization for the year	-	51	93	132	25	71	127	58	557	424	111
Reversal on disposal of assets/ adjustment	-	-	35	316	10	44	62	97	564	56	-
Adjustments consequent to change in useful life	-	-	6	9	6	243	114	28	406	-	-
Foreign exchange fluctuation	-	(0)	(20)	(11)	-	(52)	(69)	(44)	(196)	(194)	(14)
Balance as at 31 March 2015	**-**	**65**	**309**	**187**	**98**	**656**	**1,332**	**620**	**3,267**	**2,708**	**97**
Net block											
Balance as at 31 March 2014	**1,698**	**3,701**	**419**	**2,208**	**530**	**1,083**	**428**	**739**	**10,806**	**1,112**	**-**
Balance as at 31 March 2015	**1,698**	**3,639**	**474**	**2,071**	**498**	**766**	**406**	**1,144**	**10,696**	**963**	**7,474**

Notes

a. **Assets held for sale**

The Company had during the previous year moved into its new premises "Wabag house" and hence retired certain assets at its old premises from active use. These assets have been valued at lower of net book value and net realisable value. Also refer note 21.

b. **Capitalized borrowing costs**

The borrowing cost capitalized during the year ended 31 March 2015 is Nil (31 March 2014: ₹ 133 lakhs).

c. **Change in method of depreciation**

Depreciation for the year ended 31 March 2015 includes a reversal ₹ 1,061 lakhs (net) (in the consolidated results), which represents the impact of change in accounting policy for providing depreciation on fixed assets from 'Written Down Value' method to 'Straight Line' method effective 1 April 2014, in order to reflect a more appropriate preparation/presentation of financial statements.

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

Effective 1 April 2014, the Company has revised the useful life of fixed assets based on Schedule II to the Companies Act, 2013. Consequently, the depreciation for the year ended 31 March 2015 is higher to the extent of ₹ 629 lakhs.Further, effective 1 April 2014, the Company has also revised the useful life of fixed assets based on Schedule II to the Companies Act, 2013. Consequently, the depreciation for the year ended 31 March 2015 is higher to the extent of ₹ 451 lakhs. Further, an amount of ₹ 406 lakhs representing the carrying value of assets with revised useful life as nil, has been charged to the opening reserves as on 1 April 2014.

	₹ In Lakhs	
	As at 31 March 2015	As at 31 March 2014
14 Non-current investments		
Trade Investments (Valued at cost unless stated otherwise)		
Investments in Associate Companies		
Windhoek Goreangab Operating Company (Pty) Limited	257	298
(The group holds 33 shares of 1 Namibian dollar each, representing 33% of the Share capital (Previous year: 33 Shares)		
In Other Companies		
First STP Private Limited	15	15
(1,50,000 (Previous year : 1,50,000) equity shares of ₹ 10 each)		
Konark Water Infraprojects Private Limited	1	1
(5,000 (Previous year : 5,000) equity shares of ₹ 10 each)		
Aurangabad City Water Utility Company Limited	1	1
(5,000 (Previous year : 5000) equity shares of ₹ 10 each)		
OEG Renew Waters (Thoothukudi) Private Limited *	-	-
(2,600 (Previous year : 2600) equity shares of ₹ 10 each)		
Ganapati Marine Enterprises Private Limited #	-	-
(158 (Previous Year:Nil) equity shares of ₹ 10 each)		
	274	**315**
Aggregate amount of unquoted investments	274	315
Aggregate provision for diminution in value of investments	-	-
Extent of Investment in Other Companies		
First STP Private Limited	5%	5%
Konark Water Infraprojects Private Limited	10%	10%
Aurangabad City Water Utility Company Limited	10%	10%
OEG Renew Waters (Thoothukudi) Private Limited *	26%	26%
Ganapati Marine Enterprises Private Limited**	0%	-

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

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

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

				₹ In Lakhs
	As at 31 March 2015		As at 31 March 2014	
	Long-term	Short-term	Long-term	Short-term
15 Loans and advances				
Capital advances				
- Secured, considered good	518	-	-	-
(A)	**518**	**-**	**-**	**-**
Security deposits				
- Unsecured, considered good	342	1,079	19	957
(B)	**342**	**1,079**	**19**	**957**
Other loans and advances				
(Unsecured, considered good)				
- Advances to supplier	-	9,250	-	7,809
- Advances to employees*	95	300	78	790
- Advance tax (Net of provision for tax Nil; Previous year ₹ 19,500 lakhs)	-	-	-	390
(C)	**95**	**9,550**	**78**	**8,989**
Total (A+B+C)	**955**	**10,629**	**97**	**9,946**

* No amount is due from officers of the company

Summary of the Significant Accounting Policies and Other Explanatory Information

		₹ In Lakhs	
		As at 31 March 2015	**As at 31 March 2014**
16	**Other non-current assets**		
	Non-current bank balances (Also refer note 20)	7,540	7,744
	Long-term trade receivables		
	Customer retention - Unsecured, considered good	14,686	11,956
	Others	442	25
		22,668	**19,725**

		₹ In Lakhs	
		As at 31 March 2015	**As at 31 March 2014**
17	**Current investments**		
	Valued at lower of cost and fair value		
	Investments in mutual funds - Unquoted		
	- SBI Mutual Fund fixed maturity plan (1,00,00,000 units of ₹ 10 each)	-	1000
	- ICICI Prudential fixed maturity plan (1,00,00,000 units of ₹ 10 each)	1,000	-
	- Reliance yearly interval fund (45,91,916 units of ₹ 10.8887 each)	500	-
	- Reliance yearly interval fund (45,90,694 units of ₹ 10.8916 each)	500	-
	- UTI fixed term interval fund (50,00,000 units of ₹ 10 each)	500	-
	- HDFC Mutual Fund fixed maturity plan (1,00,00,000 units of ₹ 10 each)	1,000	1,000
		3,500	**2,000**
	Aggregate amount of		
	- Unquoted investments	3,500	2,000
	- Provision for diminution in value of investments	-	-

		₹ In Lakhs	
		As at 31 March 2015	**As at 31 March 2014**
18	**Inventories**		
	Construction work-in-progress	4,001	2,858
	Stores and spares	698	644
		4,699	**3,502**

		₹ In Lakhs	
		As at 31 March 2015	**As at 31 March 2014**
19	**Trade receivables**		
	(Unsecured considered good, unless stated otherwise)		
	Outstanding for a period exceeding six months from the date they are due for payment		
	Unsecured considered good	17,590	19,720
	Doubtful	3,453	2,903
		21,043	**22,623**
	Less : Allowances for bad and doubtful debts	(3,453)	(2,903)
	(A)	**17,590**	**19,720**
	Outstanding for a period less than six months from the date they are due for payment		
	Other debts		
	Unsecured considered good	1,23,806	1,13,917
	Doubtful	-	411
		1,23,806	**1,14,328**

₹ In Lakhs

		As at 31 March 2015	As at 31 March 2014
19	**Trade receivables (Contd.)**		
	Less : Allowances for bad and doubtful debts	-	(411)
	(B)	**1,23,806**	**1,13,917**
	Customer retention		
	Unsecured considered good	6,670	5,111
	Doubtful	937	421
		7,607	**5,532**
	Less : Allowances for bad and doubtful debts	(937)	(421)
	(C)	**6,670**	**5,111**
	TOTAL (A + B + C)	**1,48,066**	**1,38,748**

₹ In Lakhs

		As at 31 March 2015		As at 31 March 2014	
		Current	Non-current	Current	Non-current
20	**Cash and bank balances**				
	Cash and cash equivalents				
	Cash on hand	154	-	102	-
	Cheques on hand	9,088	-	5,714	-
	Balances with banks				
	- in current accounts	10,112	-	20,859	-
	- in deposit account (with maturity upto 3 months)	4,603	-	6,363	-
	(A)	**23,957**	**-**	**33,038**	**-**
	Other bank balances				
	Unpaid dividend account	3	-	4	-
	Deposits with maturity more than 3 months but less than 12 months*	7,157	-	3,154	-
	Balances with bank held as margin money	-	7,540	820	7,744
	(B)	**7,160**	**7,540**	**3,978**	**7,744**
	Less : Amounts disclosed as other non-current assets (Also refer note 16) **(C)**	-	7,540	-	7,744
	Total (A+B-C)	**31,117**	**-**	**37,016**	**-**

* Deposits amounting to ₹ Nil (Previous year ₹ 1,695 Lakhs) are subject to a charge to secure the Company's short term borrowings (Also refer note 7 (1))

₹ In Lakhs

		As at 31 March 2015	As at 31 March 2014
21	**Other current assets**		
	(Unsecured, considered good)		
	Balances with government authorities	6,235	5,940
	Prepaid expenses	2,435	2,144
	Rent advance	381	418
	Assets held for sale (at lower of net book value and net realisable value) (Also refer note 13(a))	18	93
	Duty drawback and other duty free credit entitlement receivable	1,265	1,057
	Interest accrued and other deposits	3,056	2,664
		13,390	**12,316**

Summary of the Significant Accounting Policies and Other Explanatory Information

₹ In Lakhs

		As at 31 March 2015	As at 31 March 2014
22	**Revenue from operations**		
	Sale of services	2,42,838	2,23,015
	Other operating revenues, net	677	845
		2,43,515	**2,23,860**

₹ In Lakhs

		As at 31 March 2015	As at 31 March 2014
23	**Other income**		
	Interest income	778	1,125
	Dividend income	-	161
		778	**1,286**

₹ In Lakhs

		As at 31 March 2015	As at 31 March 2014
24	**Cost of sales and services**		
	Material, engineering and civil costs	1,26,330	1,28,164
	Service costs and other project expenses	58,456	40,714
		1,84,786	**1,68,878**

₹ In Lakhs

		As at 31 March 2015	As at 31 March 2014
25	**Change in inventories**		
	Inventories at the beginning of the year		
	Construction work-in-progress	2,858	3,645
	Stores and spares	644	408
		3,502	**4,053**
	Less: Inventories at the end of the year		
	Construction work-in-progress	4,001	2,858
	Stores and spares	698	644
		4,699	3,502
	Foreign exchange fluctuation	(313)	364
		(1,510)	**915**

₹ In Lakhs

		As at 31 March 2015	As at 31 March 2014
26	**Employee benefits expense**		
	Salaries and wages	23,782	18,285
	Contribution to defined benefit plans (Also refer note 10(d))	499	421
	Contribution to provident and other defined contribution funds	1,061	966
	Expense on Employee Stock Option Plan (ESOP) (Also refer note 4 (f) and (g))	77	127
	Staff welfare expenses	2,345	2,375
		27,764	**22,174**

		₹ In Lakhs	
		As at 31 March 2015	**As at 31 March 2014**
27	**Other expenses**		
	Rent	1,635	1,451
	Insurance	264	296
	Power and fuel	294	224
	Rates and taxes	131	148
	Repairs and maintenance	709	787
	Professional charges (Also refer note 33)	1,481	1,851
	Communication expenses	362	398
	Traveling and Conveyance	1,355	1,102
	Foreign currency losses, net	170	2,050
	Allowances for bad and doubtful debts	2,766	2,482
	Advertisement	312	258
	Loss on sale of tangible assets, net	51	59
	Other selling expenses	158	105
	Research and development expenses	141	205
	Corporate social responsibility expenses	33	
	Miscellaneous expenses	1,666	1,627
		11,528	**13,043**

		₹ In Lakhs	
		As at 31 March 2015	**As at 31 March 2014**
28	**Finance costs**		
	Interest expenses	1,479	683
	Bank charges	2,444	1,838
		3,923	**2,521**

		₹ In Lakhs	
		As at 31 March 2015	**As at 31 March 2014**
29	**Depreciation and amortisation expense**		
	Depreciation of tangible assets (Also refer note 13)	557	928
	Amortisation of intangible assets (Also refer note 13)	535	573
		1,092	**1,501**

		₹ In Lakhs	
		As at 31 March 2015	**As at 31 March 2014**
30	**Earnings per equity share (EPS)**		
	Nominal value of equity shares	2	2
	Profit attributable to equity shareholders (A)	11,010	11,335
	Weighted average number of equity shares outstanding during the year (B) *	5,40,04,064	5,31,55,509
	Basic earnings per share (A/B) (in ₹)	**20.39**	**21.31**
	Dilutive effect on profit (C)		
	Profit attributable to equity shareholders for computing diluted EPS (D) = (A+C)	11,010	11,335
	Dilutive effect on weighted average number of equity shares outstanding during the year (E)	5,37,281	7,07,993
	Weighted average number of equity shares for computing Diluted EPS (F) = (B+E) *	5,45,41,345	5,38,63,502
	Diluted earnings per share (D/F) (in ₹)	**20.20**	**21.03**

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

Summary of the Significant Accounting Policies and Other Explanatory Information

₹ In Lakhs

		As at 31 March 2015	As at 31 March 2014
31	**Construction contracts**		
	In terms of the disclosures required to be made under the Accounting Standard (AS) 7 as notified in section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), the amounts considered in the financial statements up to the balance sheet date are as follows:		
	Contract revenue recognised	1,97,627	1,90,061
	Aggregate amount of costs incurred and recognised profits and losses for all contracts in progress	4,12,290	3,66,993
	Less : Progressive billings	3,70,875	3,40,185
		41,415	**26,808**
	Recognised as :		
	Due from customers for construction contract work, recognised in Trade receivables	96,084	32,551
	Due to customers for construction contract work, recognised in current liabilities	(54,669)	(5,743)
		41,415	**26,808**
	Advances received from customers for contracts related to work not yet performed included in 'Other long term liabilities' and 'Other current liabilities'.	17,531	15,435
	Retention on contracts included within 'Trade receivables' and 'Other non-current assets'.	22,294	17,291

₹ In Lakhs

		As at 31 March 2015	As at 31 March 2014
32	**Disclosures in respect of non-cancellable operating leases**		
	The lease rentals charged for the years ended 31 March 2015 and 2014 and maximum obligation on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as provided below:		
	The total of future minimum lease payments for each of the following periods:		
	(i) Not later than one year	547	654
	(ii) Due later than one year not later than five years	311	615
	(iii) Due later than five years		-
	Total	**858**	**1,269**
	Lease payments charged off to the statement of profit and loss	1,635	1,451

₹ In Lakhs

		As at 31 March 2015	As at 31 March 2014
33	**Payments to auditors** (included as part of Professional Charges)*		
	As auditor		
	Statutory audit	25	23
	Limited review	7	6
	Tax audit	3	3
		35	**32**
	In other capacity		
	Other services	39	31
		39	**31**
		74	**63**

* excluding service tax

			₹ In Lakhs
		As at 31 March 2015	**As at 31 March 2014**
34	**Remuneration to key managerial personnel**		
	The following table describes the compensation to key managerial personnel which comprises of directors and other managerial personnel. Refer note 32 of the annual standalone financials for details.		
	Rajiv Mittal	243	202
	Others	610	480
	Total	**853**	**682**

			₹ In Lakhs
35	**Dividend remitted in foreign currency**		
	Period to which it relates	2013-14	2012-13
	Number of non - resident shareholders	2	2
	Number of shares held on which dividend was due (Equity shares of ₹ 2 each)	3,542	9,475
	Amount remitted (Euro 355.54 ,Previous year - 770.87)	28,336	66,325

36 Exceptional Items

WABAG Wassertechnik AG, Switzerland, (Swiss Subsidiary) has established a contractual relationship with BVG Collective Foundation and Swiss Life, Zurich (BVG Collective Foundation), for administering the retirement benefit plan for its employees. Besides the usual contributions, this plan also has an embedded component of insured benefit that satisfies the local requirements of return on assets. During the previous year, the Board reviewed the structure of this arrangement, and noted that the substance of arrangement with BVG Collective Foundation fully absolves the Swiss Subsidiary from actuarial or investment risks. Inasmuch as, once the annual contributions are made and the non-refundable annual insurance premium is paid, the liability to meet pension pay outs get vested in BVG Collective Foundation, the said Plan is a Defined Contribution Plan. This change in classification from a defined benefit plan to a defined contribution plan in the current year by the swiss subsidiary for the preparation of Consolidated Financial Statements and the corresponding accounting treatment is consistent with the accounting principles followed by the Swiss Subsidiary in compliance with generally accepted accouting principles in Switzerland.

Since Swiss Subsidiary does not carry any further legal or constructive obligation to pay further contributions if the BVG Collective Foundation does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods, the provisions (net of deferred taxes) rendered as excess (2013-14 - NIL, Previous Years 2009-10 to 2012-13 ₹ 919 Lakhs) have been written back and disclosed as Exceptional income during the previous year to the extent of ₹ 506 Lakhs representing charges for the year ended 31 March 2010 to 31 March 2013 and an increase in the retained earnings to the extent of ₹ 419 Lakhs representing the change for the year ended 31 March 2008 and 31 March 2009 which was adjusted against opening retained earnings on initial consolidation. The number of employees of Swiss Subsidiary covered by the retirement benefit plan was 40 , and the corresponding number for the group as a whole was 1,736 . The employee benefit costs of Swiss Subsidiary represents 1.18% of total employee benefit costs charged to consolidated statement of profit and loss for the previous year.

Summary of the Significant Accounting Policies and Other Explanatory Information

37 Segment reporting

Considering the risk/return profiles of the segments between product and geography, the Group has identified geography as primary segment in accordance with Accounting Standard (AS) 17 “Segment Reporting” issued by Companies (Accounting Standard) Rules, 2006. The Group does not have any secondary segment.

Year ended 31 March 2015

₹ In Lakhs

Particulars	India	Rest of world	Unallocated	Total
Revenue				
External sales	90,815	1,61,863	-	2,52,678
Other operating income	-	-	677	677
Inter-segment sales	-	(9,840)	-	(9,840)
Total revenue	**90,815**	**1,52,023**	**677**	**2,43,515**
Results				
Segment result	16,009	43,553	-	59,562
Other operating income	-	-	677	677
Unallocated corporate expenses	-	-	40,384	40,384
Operating profit	**16,009**	**43,553**	**(39,707)**	**19,855**
Interest and finance charges	-	-	3,923	3,923
Interest and dividend income	-	-	778	778
Exceptional item	-	-	-	-
Profit before tax	**16,009**	**43,553**	**(42,852)**	**16,710**
Income taxes			5,664	5,664
Profit after tax	16,009	43,553	(48,516)	11,046
Share of profit in Associate	-	159	-	159
Minority Interest	-	195	-	195
Profit for the year attributable to equity shareholders	**16,009**	**43,517**	**(48,516)**	**11,010**
Other information				
Segment assets	1,49,903	1,06,280	-	2,56,183
Unallocated corporate assets	-	-	592	592
Total assets	**1,49,903**	**1,06,280**	**592**	**2,56,775**
Segment liabilities	90,078	75,051	-	1,65,129
Unallocated corporate liabilities	-	-	882	882
Total liabilities	**90,078**	**75,051**	**882**	**1,66,011**
Capital expenditure	-	-	-	8,509
Depreciation and amortisation	-	-	-	1,092
Other Non cash expenditure, net	-	-	-	13,208

Year ended 31 March 2014

₹ In Lakhs

Particulars	India	Rest of world	Unallocated	Total
Revenue				
External sales	82,191	1,51,126	-	2,33,317
Other operating income	-	-	845	845
Inter-segment sales	-	(10,302)	-	(10,302)
Total revenue	**82,191**	**1,40,824**	**845**	**2,23,860**
Results				
Segment result	14,963	38,259	-	53,222
Other operating income	-	-	845	845
Unallocated corporate expenses	-	-	36,718	36,718
Operating profit	**14,963**	**38,259**	**(35,873)**	**17,349**
Interest and finance charges			2,520	2,520
Interest and dividend income			1,285	1,285
Exceptional item			506	506
Profit before tax	**14,963**	**38,259**	**(36,602)**	**16,620**
Income taxes			5,258	5,258
Profit after tax	**14,963**	**38,259**	**(41,860)**	**11,362**
Share of profit in Associate	-	63	-	63
Minority Interest	-	90	-	90
Profit for the year attributable to equity shareholders	**14,963**	**38,232**	**(41,860)**	**11,335**
Other information				
Segment assets	96,115	1,20,837	-	2,16,952
Unallocated corporate assets			26,621	26,621
Total assets	**96,115**	**1,20,837**	**26,621**	**2,43,573**
Segment liabilities	63,888	85,167	-	1,49,055
Unallocated corporate liabilities			10,119	10,119
Total liabilities	**63,888**	**85,167**	**10,119**	**1,59,174**
Capital expenditure				10,524
Depreciation and amortisation				1,501
Other Non cash expenditure, net				8,275

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants

per **Sumesh E S**
Partner

Place : Chennai
Date : 25 May 2015

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

Rajiv Mittal
Managing Director

Sumit Chandwani
Director

S Varadarajan
Chief Financial Officer

Rajiv Balakrishnan
Company Secretary

Place : Chennai
Date : 25 May 2015

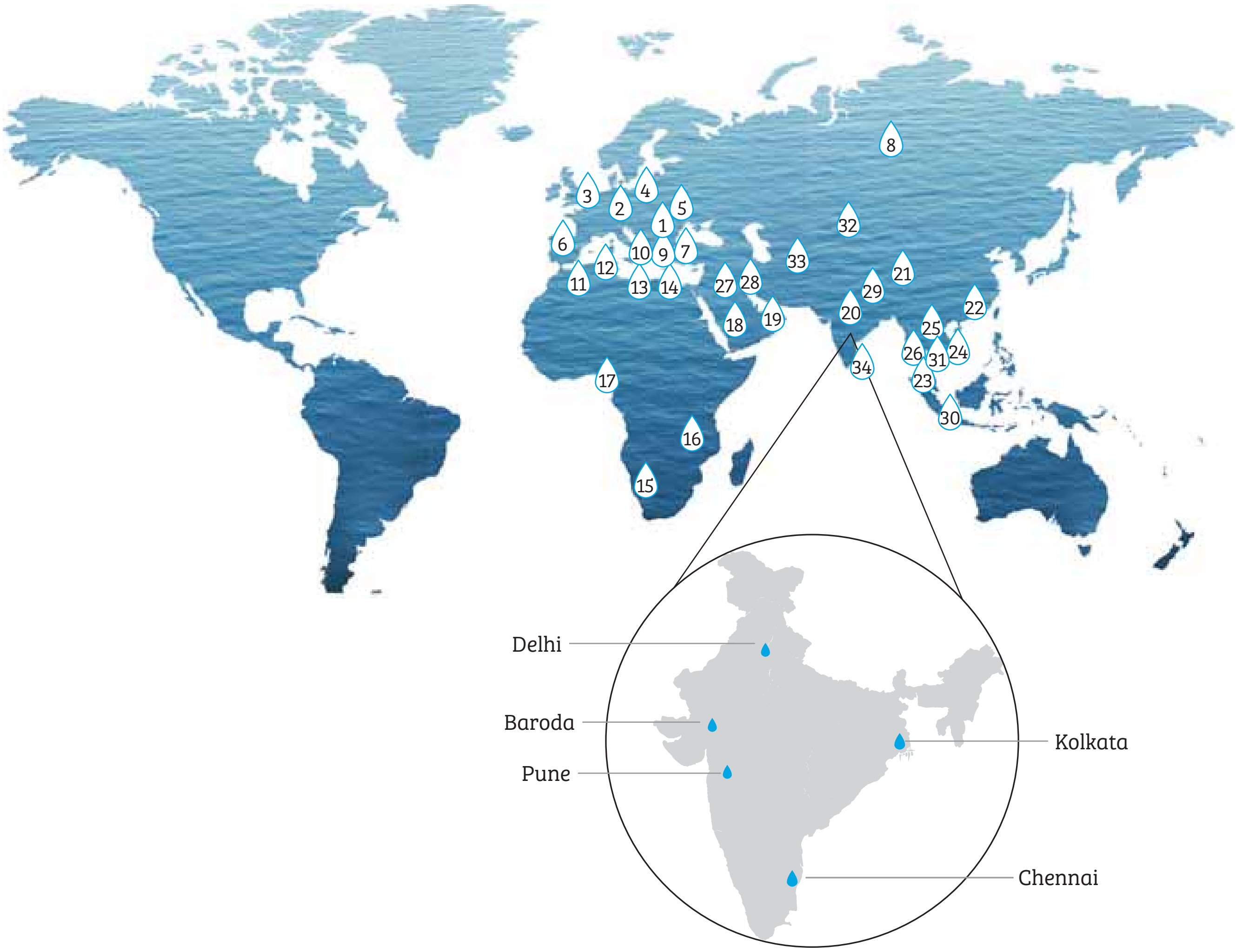
Notes

VA TECH WABAG LIMITED

CIN - L45205TN1995PLC030231
'WABAG HOUSE'
No. 17, 200 Feet,
Thoraipakkam – Pallavaram Main Road,
Sunnambu Kolathur, Chennai – 600 117
T: 91-44-3923 2323
F: 91-44-3923 2324
E: companysecretary@wabag.in
W: www.wabag.com

concept, content and design at aicl [info@aicl.in]

Pushing boundaries further



PRESENCE

Europe
1 Austria
2 Switzerland
3 Germany
4 Czech Republic
5 Romania
6 Spain
7 Turkey
8 Russia
9 Bulgaria
10 Bosnia and Herzegovina

Africa
11 Algeria
12 Tunisia
13 Libya
14 Egypt
15 Namibia
16 Tanzania
17 Nigeria

Middle East and Asia
18 Saudi Arabia
19 Oman
20 India
21 P.R. China
22 Macao
23 Singapore
24 Vietnam
25 Philippines
26 Thailand
27 Bahrain
28 Qatar
29 Nepal
30 Malaysia
31 Hong Kong
32 Kazakhstan
33 Turkmenistan
34 Sri Lanka