

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

Corporate Governance plays a key factor in governing a corporate entity's business principle. Transparency, accountability, ethics, independence, timely disclosures and embedding a sustainable culture of long-term value creation to stakeholders are the fundamental principles of Good Corporate Governance. At VA Tech WABAG ('WABAG' or 'the Company'), we follow good governance as a core business principle and this has been demonstrated in Company's DNA.

Your Company has adopted many ethical and transparent governance practices even before they were mandated by law and adopted various corporate policies as part of Corporate Governance including Code & Conduct for Prevention of Insider Trading, Code of Business Conduct for all its Directors, Senior Management and other employees. The relevant Policies are available on the Company's website www.wabag.com in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("SEBI LODR").

Your Company's Corporate Governance goals are principally driven by the objective of creating a trust based relationship to maximize stakeholder's value, be it shareholders, employees, suppliers, customers, investors, vendors, financial partners, communities or policy makers, as the case may be.

We believe that an active and well-informed Independent Board is necessary to ensure highest standards of Corporate Governance. Your Company has established systems and procedures to ensure the Board is equipped to fulfill its responsibilities, roles and to provide Management with the strategic direction needed to maximise stakeholders value. The Board oversees the management functions and protects long term interest of its stakeholders by adopting the best industry practices. Independent Directors constitute majority of the Board of WABAG. 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.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI LODR as applicable, with regard to Corporate Governance.

2. Board of Directors

The Company's day to day affairs are primarily managed by the Managing Director & Group CEO with the assistance of competent management and business teams under the direction and supervision of the Board with a commitment to ethical and lawful business conduct at all times.

The Independent Directors provide objective and independent judgment(s) on matters placed before them. The maximum tenure of appointment of Independent Directors are in compliance with the Companies Act, 2013 ('the Act'), and SEBI LODR. All Independent Directors of the Company meet the criteria as mentioned in Regulation 16(1)(b) of the SEBI LODR and Section 149(6) of the Act.

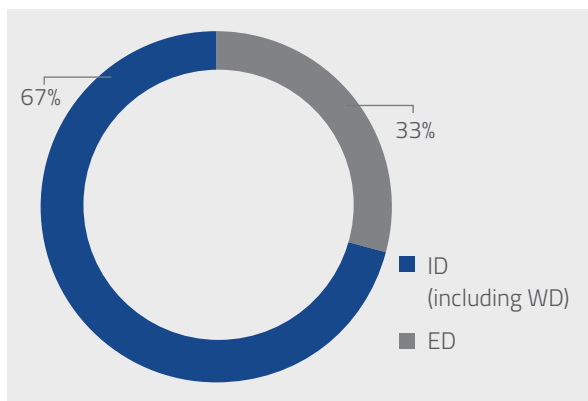
All Board Members are encouraged to meet and interact with the Management, to provide their valuable comments and advice to Senior Management on various business / strategic decisions, as and when required.

None of the Directors on the Board hold directorships exceeding the prescribed limits as per SEBI LODR & the Act in other companies. All the Directors have furnished their Directorship and Committee's position in other entities as on March 31, 2018 as required under the Act and SEBI LODR. None of the Director's on the Board are inter-se related to others.

2.1 Size & Composition of The Board

The Board composition is in conformity with the applicable provisions of the Act and the SEBI LODR.

In compliance with Corporate Governance norms, the Board comprises of 6 Directors as on March 31, 2018, of which 4 are Independent Directors (ID) including a Non-Executive Chairman (NEC) & Women Director (WD). The remaining Board Members are two Executive Directors (ED) viz., Managing Director & Group CEO and Director & Chief Growth Officer, who are also Promoter Directors. None of the directors are , inter-se, related to any other Director's on the Board.



The Board periodically evaluates the need for change in its composition and size. The detailed profile of the Directors are available on Company's website: www.wabag.com.

2.2 Board Procedure

The Board usually meets once in a quarter to review the financial results and business operations of the Company and also meets as and when necessary to deal with specific matters concerning your Company. The Board Meetings are governed by a structured agenda. The agenda along with requisite supporting documents have been circulated to all Directors in advance before each meeting in accordance with the Act and Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

As part of Green initiatives to protect environment, certain documents relating to the Board and/or its Committee Meetings are circulated through electronic platform in a secured manner to the Board for their consideration and review.

The Board, inter alia, periodically reviews operational and business performance of all Group entities including but not limited to its annual budgets, financial statements, compliance report(s) major legal issues and minutes of the Board Meetings of such group entities. Significant transactions and arrangements entered into by the group entities, strategic initiatives, risk management, transactions involving sale of material nature of investments, subsidiaries and assets, foreign currency exposure, borrowings, formation of new Subsidiary/Joint venture/Branch or restructuring of existing Subsidiary/Joint Venture/Branch as the case may be and all other relevant information in terms of the Act and SEBI LODR, are periodically reviewed by the Board.

At Board and/or Committee Meeting(s), presentations are made by the Management Team on the Company's

performance (financial & non-financial), operations, strategy and risk management, update on relevant statutory changes, judicial pronouncements encompassing significant laws and their impact on the Company's business operations, quarterly/ annual financial results, and other relevant information required under law for Board/ Committee's review and consideration. Press releases, reports, business updates and all other data as may be required by the Board are also circulated to all the Directors. All Board Members have access to accurate, relevant and timely information to fulfil their responsibilities.

The senior management of the Company make disclosures to the Board of Directors relating to all material, financial and commercial transactions, wherever they have personal/financial interest in any transaction or matter that may have a potential conflict with the interest of the Company, on a periodical basis.

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

The Company Secretary, while preparing the agenda, notes on agenda, minutes of the meeting(s) etc., is responsible for and ensures adherence to the Act, read with rules thereunder, and the Secretarial Standards recommended by the ICSI, from time to time.

The Board sets out the annual performance objectives, oversees the actions and results of management, evaluates its own performance, performance of its Committees and individual Directors on an annual basis and monitors the effectiveness of the Company's governance practices for enhancing the stakeholders value.

2.3 Post Meeting follow up mechanism

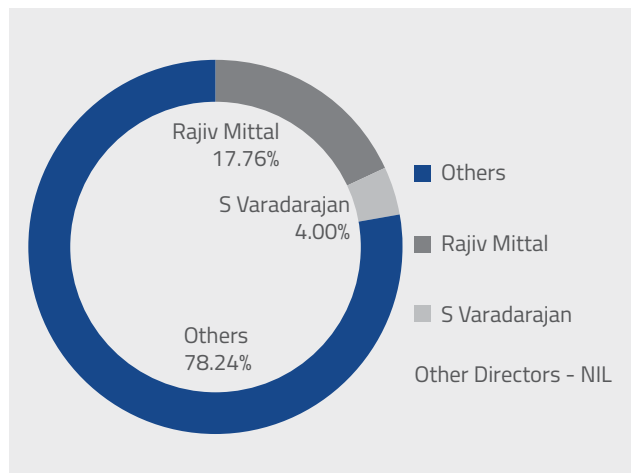
All significant observations, decisions and comments given by the Directors at the Board Meeting(s) and/or its Committee Meeting(s) are promptly communicated to the relevant business/technical personnel and other team Members for taking appropriate action and the status update on all such action taken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

2.4 Directors Shareholding

The details of equity shares held by the Directors in the Company as on March 31, 2018 are as below:

Name of the Director	No. of equity shares held (₹ 2/- face value)
Bhagwan Dass Narang*	Nil
Malay Mukherjee	Nil
Sumit Chandwani	Nil
Revathi Kasturi	Nil
Rajiv Mittal	97,09,406
S Varadarajan	21,85,762

*Bhagwan Dass Narang holds 50% of the paid up share capital of Shri Veni Madhav Portfolio Private Limited, which in turn holds 35,740 equity shares of the Company as on March 31, 2018



2.5 Meeting of Independent Directors

Pursuant to Schedule IV of the Act, Meeting of Independent Directors for the FY 2017-18 was held on May 24, 2017 without presence of the Executive Directors and Members of the Management. At such meeting, the Independent Directors discussed among other matters, the performance of the Company and flow of information to the Board, competition strategy, leadership, strengths and weakness, governance, compliance, human resource matters and performance of the executive Members of the Board including the Chairman. The details of the Familiarization programs imparted to Independent Directors is available on the Company's website www.wabag.com.

2.6 Letter of Appointment

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

2.7 Meetings of the Board

The Company adheres to the provisions of the Act, read with the Rules issued thereunder, SEBI LODR and Secretarial Standards with respect to convening of the meetings of the Board of Directors.

During the FY 2017-18, 4 (four) meetings of the Board of Directors of the Company were held on May 25, 2017, August 9, 2017, November 8, 2017 and February 9, 2018. The maximum interval between any 2 (two) consecutive Board Meeting(s) was well within the maximum allowed gap of 120 (one hundred and twenty) days as stipulated under the Act, and Regulation 17 of SEBI LODR and Secretarial Standards.

The calendar of Meetings of the Board of Directors to be held on quarterly basis are decided in advance in consultation with the Board Members and the tentative schedule of such meetings as required under SEBI LODR are also published in the Annual Report. All such meetings and /or other additional meetings, as may be required are usually convened on the dates suitable to all the Directors to ensure presence of all Directors for such meetings. The Company also provides video conferencing facility to its Directors, as and when required, to enable any Director(s) to participate in such meetings.

Directors' Attendance Record and their other Directorships/ Committee Memberships

The name and categories of Directors, DIN, number of Directorships and Committee positions held by the Directors in the Company & other entities are given below. The number of directorships held by each Directors do not include their directorships in any private limited companies, foreign companies and companies under Section 8 of the Act. All Directors have been informing about their Directorships, Committee Memberships/ Chairmanships including any changes in their positions, in other entities from time to time.

3. Committees of the Board

The Board has constituted various Committees in accordance with the Act, to support the Board in discharging its responsibilities. The various Committees are:

- A. Audit Committee (AC)
- B. Stakeholders Relationship Committee (SRC)
- C. Nomination and Remuneration Committee (NRC)
- D. Corporate Social Responsibility Committee (CSR)
- E. Risk Management and Monitoring Committee (RMMC)
- F. Overseas Investment Committee (OIC)

The process, procedures and standards adopted by the Company for Board meeting(s) are applicable to Committee meeting(s), to the extent applicable. The Committees have optimum representation of Members of the Board with requisite expertise who hold meetings at such intervals as deemed necessary to effectively perform the task assigned to them. Minutes of proceedings of Committee meeting(s) are circulated to the Directors and placed before Board meeting(s) for noting. The recommendations of the Committees are submitted to the Board for their consideration/approval.

A. Audit Committee

1. The constitution and terms of reference of the Audit Committee are in accordance with Section 177 of the Act, and Regulation 18 of the SEBI LODR read with Part C of Schedule II of the said Regulations.
2. Sumit Chandwani, Independent Director and Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on July 27, 2017. The Company Secretary acts as the Secretary to the Audit Committee.
3. All the Members of the Committee possess financial, accounting and other relevant expertise as required under law to carry out their functions.
4. The Executive Directors, Chief Financial Officer, Chief Executive Officer, Statutory Auditors and Internal Auditors are permanent invitees to the Meetings of the Audit Committee. Senior Executives of the Accounts/ Finance Department and other officials/external experts, representatives of statutory and internal auditors also attend the Audit Committee Meeting(s), as and when required.

5. Composition, Category of Members and their attendance to the Committee Meetings held during the year are covered in the table given at page no.91 of this report.

4

meetings of the Audit Committee were held on May 25, 2017, August 9, 2017, November 7, 2017 and February 9, 2018. The maximum time gap between any of the two consecutive meetings was not more than 120 days. The necessary quorum was present in all the meetings.

B. Stakeholders Relationship Committee

1. The constitution and terms of reference of the Stakeholders Relationship Committee are in accordance with and also covers all matters prescribed under Section 178 of the Act, and Regulation 20 of the SEBI LODR read with Part D of Schedule II of the said Regulations. The said Committee attends to the redressal of shareholders complaints.
2. Sumit Chandwani, Independent Director and Chairman of the Stakeholders Relationship Committee was present at the last Annual General Meeting of the Company held on July 27, 2017. R. Swaminathan, Company Secretary & Compliance Officer acts as the Secretary to the Committee.
3. The Chief Financial Officer is a permanent invitee to all Meetings of the Stakeholders Relationship Committee.
4. During the year, 20 complaints were received and resolved. There are no outstanding complaints from the stakeholders as on March 31, 2018. The quarterly statements on Investor Complaints received and disposed of are filed with Stock Exchanges within 21 days from the end of each quarter/ uploaded on the Company website www.wabag.com and the statement of uploaded file are also placed before the subsequent Meeting of Board of Directors.
5. Composition, Category of Members and their attendance to the Committee Meetings held during the year are covered in the table given at page no.91 of this report.

4

meetings of the Stakeholders Relationship Committee were held on May 25, 2017, August 9, 2017, November 8, 2017, February 9, 2018. The maximum time gap between any of the two consecutive meetings was not more than 120 days. The necessary quorum was present in all the meetings.

C. Nomination and Remuneration Committee

1. The constitution and terms of reference of the Nomination & Remuneration Committee are in accordance with and also covers all the matters specified under Section 177 of the Act and Regulation 19 of the SEBI LODR read with Part D of Schedule II of the Regulations.
2. Revathi Kasturi, Independent Director and Chairperson of the Nomination & Remuneration Committee was present at the Annual General Meeting of the Company held on July 27, 2017. The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.
3. All the Members of the Committee are Independent Directors. Chairperson of the Committee is different from the Chairman of the Board.
4. Composition, Category of Members and their attendance to the Committee Meetings held during the year are covered in the table given at page no.91 of this report.
5. The Nomination and Remuneration Committee is responsible to formulate the criteria for appointment of Director/ Senior Management Personnel and review the said criteria for determining the qualifications, skills, positive attributes necessary for inducting Members on the Board/Senior Management. The Committee is also responsible for screening the candidates who meet the criteria, reviewing their appointment/re-appointment and making recommendations to the Board in this regard.
6. The Committee also administers the Company's Employees Stock Option Scheme.

2

meetings of the Nomination and Remuneration Committee were held on May 25, 2017 & July 27, 2017. The necessary quorum was present in all the meetings.

C.1 Remuneration to Directors

Non-Executive /Independent Directors:

Pursuant to the approval of the Members at the Annual General Meeting of the Company held on July 21, 2014, the Nomination and Remuneration Committee of the Board periodically review & recommends the Commission payable to the Non-Executive Directors, including Independent Directors based on various factors and industry standards. Your Company pays commission on quarterly basis to Non-Executive Directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Act, from time to time and accordingly an amount of ₹20 Lakhs p.a. paid to the Independent Chairman of the Board and to ₹15 Lakhs p.a. paid each Independent Director of your Company, is in accordance with the approval of the Board and as per the Remuneration policy of the Company. The performance evaluation of Independent Directors were based on various criteria fixed by the Nomination and Remuneration Committee, from time to time including but not limited to attendance of the Directors at the Board & Committee Meetings, skills, experience, ability to challenge views of others in a constructive manner, knowledge acquired with regard to the Company's business, understanding of industry and global trends.

Executive Directors:

The remuneration structure of the Managing Director/ Executive Director comprises of basic salary, commission/ bonus, perquisites and other allowances, contribution to provident fund etc. The remuneration is determined considering various factors such as relevant qualification, experience, expertise, roles, functions, responsibilities, prevailing remuneration in the industry and the financial position of the Company. The Members of the Company at the Annual General Meeting held on July 27, 2015 had re-appointed Rajiv Mittal, Managing Director & Group CEO for a period of 5 years with effect from October 1, 2015 and on July 27, 2017 re-appointed S Varadarajan, Director liable to retire by rotation in the 23rd Annual General Meeting as a Director & Chief Growth Officer under section 188(1)(f) of the Act at such remuneration as approved by the Board. The remuneration component is split into fixed pay and performance pay which is payable on achieving various performance criteria including but not limited to the following:

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

- Role and Accountability, objectivity & personal attributes

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

- Order Booking/Sales/PAT/Receivables
- Technology/Innovation
- Leadership/Human Resources Management

- Strategy Formulation & Execution
- Stakeholders engagement
- Growth in Profitability/Productivity
- Other factors as may be fixed by the NRC/Board

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

Details of Remuneration paid to Directors during the FY 2017 – 18 (₹ In Lakhs)

Name	Category	Commission**	Salary and Perquisites	Performance Incentive	Superannuation and Provident Fund*	Total
Bhagwan Dass Narang	Independent Chairman	23.00	Nil	Nil	Nil	23.00
Jaithirth Rao [§]	Independent Director	9.75	Nil	Nil	Nil	9.75
Malay Mukherjee	Independent Director	17.25	Nil	Nil	Nil	17.25
Sumit Chandwani	Independent Director	17.25	Nil	Nil	Nil	17.25
Revathi Kasturi	Independent Director	17.25	Nil	Nil	Nil	17.25
Rajiv Mittal	Managing Director & Group CEO	Nil	196.15	63.00	13.57	272.72
S Varadarajan	Director & Chief Growth Officer	Nil	87.79	32.64	5.82	126.25

[§] The terms of directorship (as an Independent Director) of Jaithirth Rao was completed at the conclusion of last Annual General Meeting held on July 27, 2017 and has not been re-appointed as per his request.

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

** Includes variable pay for the FY-2016-17

Notes:

1. No sitting fees are paid to any Directors for attending meetings.
2. The Company has neither advanced loans nor granted any stock options to any Directors during the year.
3. Notice period for termination of appointment of Executive Directors is 6 months on either side. No severance pay is payable on termination of appointment.

D. Corporate Social Responsibility Committee

1. The constitution and terms of reference of the Corporate Social Responsibility Committee are in accordance with and covers all the matters specified under Section 135 of the Act.
2. Revathi Kasturi, Independent Director and Chairperson of the Corporate Social Responsibility Committee was present at the last Annual General Meeting of the Company held on July 27, 2017. The Company Secretary acts as the Secretary to the CSR Committee.
3. The Public Relation Officer in charge of CSR activities and CSR Lead of the Company are the permanent invitees to all Corporate Social Responsibility Committee Meetings and other officials, experts and representatives concerned from external/ implementing agencies are invitees to the Committee Meeting on a case to case basis.
4. For effective and efficient CSR program, the Committee has constituted CSR subcommittee to

screen the proposals before making investment and to monitor the progress of CSR activities.

5. Composition, Category of Members and their attendance to the Committee Meetings held during the year are covered in the table given at page no.91 of this report.

5

meetings of the Corporate Social Responsibility Committee were held on May 25 2017, July 11, 2017, July 28, 2017, November 20, 2017 & March 16, 2018. The necessary quorum was present in all the meetings.

E. Risk Management and Monitoring Committee

1. The Committee's terms of reference, among other things, include to monitor the various operational and other business related issues including the new/ ongoing projects, risk aspects arising out of the

project/business and other specific matters directed by the Board.

2. The Committee's approach is to address uncertainties in its endeavors to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of various stakeholders within the Company, the structure for managing risks and the framework for risk management.
3. The Committee reviews the business issues in depth and suggests/recommends various solution and risk management framework including amendments to various policy decisions, strategies and ensures mitigation/minimization of risks from business, to the extent required and necessitated.
4. Malay Mukherjee, Independent Director and Chairman of the Risk Management and Monitoring Committee was present at the last Annual General Meeting of the Company held on July 27, 2017.
5. Composition, Category of Members and their attendance to the Committee Meetings held during the year are given in the table above covered in page no. 91 of this report.
6. The Chief Executive Officer, Chief Financial Officer, Company Secretary, Cluster heads, Regional heads and other officials are invitees to the Risk Management and Monitoring Committee Meeting.

2

meetings of the Risk Management and Monitoring Committee were held on July 27, 2017 & October 6, 2017. The necessary quorum was present in all the meetings,

F. Overseas Investment Committee

1. Compliance has always been priority area of the Board. With more than 20 subsidiaries/associates/JV's spread across different geographies, the Board felt the need for a separate Committee to monitor and review compliances and Investments made into various overseas entities of the group.
2. As part of the compliance exercise, the Committee continued to obtain external experts on Overseas Direct Investments to review/monitor and advise the Company from the compliance perspective for revamping/restructuring the group structure.
3. Bhagwan Dass Narang, Independent Director and Chairman of the Overseas Investment Committee.

4. Composition, Category of Members and their attendance to the Committee Meetings held during the year are given in the table above covered under page no.91 of this report.

2

meetings of the Overseas Investment Committee were held on June 7, 2017 & December 11, 2017. The necessary quorum was present in all the meetings.

4. Disclosures

1. **The Company has complied with the requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of sub – regulation (2) of Regulation 46 of SEBI LODR.**
2. **Related Party Transactions.**

All transactions entered into with related parties during the financial year were on arm's length basis and in the ordinary course of business. The transactions with the related parties are in compliance with Section 188 of the Act and Regulation 23 of the SEBI LODR.

The Company has formulated a policy on Related Party Transactions and also on dealing with Related Party Transactions has been uploaded on the website of the Company available at the link: www.wabagindia.com/Policies.aspx

There were no materially significant transactions entered into by the Company with the related parties which might be deemed to have had a potential material conflict with the interests of the Company at large.

The Company's major related party transactions are generally with its subsidiaries, JV and Associate entities. The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, geographic expansion plans, profitability, legal requirements, liquidity and capital resources of Subsidiaries and Associates.

The details of the related party transactions entered during the year and disclosures as required by the Indian Accounting Standards (IND AS 24) were made in **Note 41** of the financial statements. On a quarterly basis, a certificate issued by the Chief Financial Officer confirming that all the related party transactions entered into by the Company are on ordinary course of business and are at arm's length basis are covered in the papers circulated to the Board as part of Audit/Board agenda. The Audit Committee approves and/or ratifies the quantum of related party transactions by way of omnibus approval based on the proposed transactions

to be carried out by the Company with such related parties.

All related party transactions entered by the Company are covered in the statement circulated/provided to the Audit committee on quarterly basis along with the details of overall omnibus approval given/ratified by the Audit Committee, from time to time.

3. Capital Market Compliance matters

The Company has complied with all applicable rules and regulations prescribed by stock exchanges (NSE/BSE), Securities and Exchange Board of India (SEBI) or any other statutory authority relating to the capital markets. No penalties or strictures have been imposed on the Company in the last 3 years.

4. Disclosure of commodity price risks and hedging activities

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

5. Whistle Blower Policy/ Vigil Mechanism

The Company has adopted a Whistle blower Policy and an effective Vigil Mechanism system to provide a formal mechanism to its Directors, Employees and other stakeholders to voice their concerns, if any, in a responsible, effective and transparent manner regarding suspected unethical matters involving serious malpractice, abuse or wrongdoing within the organization and also safeguards against victimization of Directors/Employees and Business Associates who avail of the mechanism.

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

The vigil mechanism is periodically reviewed and overseen by the Audit Committee and provides adequate protection and safeguards against victimization of employees and Directors, wherever applicable. During the year 2017-18, there were no complaints received by the Committee Members /Chairman of the Audit Committee.

6. CEO/CFO Certification

As required by SEBI LODR, the Managing Director & Group CEO and the Chief Financial Officer of the Company ("MD/CFO") issue annual certification on financial reporting and

internal controls to the Board which are covered in Page no. 102 of this report. The MD/CFO also give quarterly certification on financial results while placing the financial results before the Board in accordance with the terms of SEBI LODR.

7. Subsidiary Companies Monitoring Framework.

The Company does not have any material non-listed Indian Subsidiary Company in terms of Regulation 16 of the SEBI LODR. The minutes of the Board Meetings of the Subsidiary companies are placed at the Board meeting of the Company on periodical basis. The Audit Committee/ Board reviews the financial statements including investments by the unlisted overseas subsidiaries of the Company.

All the Company's subsidiaries are Board managed with their respective Boards having the rights and obligations to manage such Companies in the best interest of their stakeholders. A statement containing all significant transactions and arrangements entered into by unlisted Subsidiary, JV and Associate entities as required under the SEBI LODR are placed before the Company's Board.

The Policy for determining material subsidiaries has been uploaded and can be accessed on the Company's weblink: www.wabagindia.com/Policies.aspx

8. Compliance with Corporate Governance

Corporate Governance Voluntary Guidelines 2009

Corporate Governance Voluntary Guidelines 2009 of the Ministry of Corporate Affairs, Government of India, encourage the use of better practices for highest standards of ethical and responsible conduct of business. The guidelines broadly focus on areas such as roles & responsibilities of the Board, Audit Committee functions, appointment of auditors, compliance with secretarial standards and a mechanism for whistleblower support. The Company is in compliance with the Corporate Governance Voluntary Guidelines.

SEBI LODR

The SEBI LODR prescribes the various Corporate Governance recommendations in line with SEBI Corporate Governance Committee. The Company is in substantial compliance with the SEBI LODR as amended from time to time.

The Company has complied with the requirements of the Schedule V Corporate Governance report sub paras (2) to (10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The quarterly compliance report has been submitted to the stock exchanges where the Company's equity shares are listed in the prescribed format duly signed by the Company Secretary. Pursuant to Schedule V of the Regulations, M/s Walker Chandiook & Co LLP, Statutory

Auditors, confirming compliance with conditions of Corporate Governance as stipulated under SEBI LODR is forming part of the Annual Report.

9. Compliance with mandatory requirements and adoption of discretionary requirements

The Disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 are as follows:

Regulation	Particulars of Regulation	Compliance Status
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Not required under listing regulations, however the Company has Risk Management and Monitoring Committee in place.
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance Requirements with respect to Subsidiary of listed entity	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to Directors and Senior Management Personnel	Yes
27	Other Corporate Governance Requirements	Yes
46 (2) (b) to (i)	Disclosures on website	Yes

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

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.

b. Members rights

The Company in addition to displaying its quarterly and half yearly results on its website: www.wabag.com and publishing in widely circulated newspapers, the quarterly financial results were sent, to the registered email addresses of members, if asked for.

c. Audit Qualification

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

d. Separate posts of Chairman and CEO

The Chairman of the Board is Bhagwan Dass Narang, Independent Director and his position is separate from Managing Director & Group CEO, Rajiv Mittal.

e. Reporting of Internal Auditor

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

10. Code of Conduct

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

11. Code for Prevention of Insider Trading Practices

In accordance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted the Code of Conduct for prevention of Insider Trading to regulate, monitor and report Trading by Insiders ("Insider Trading Code"). The said Insider Trading Code applies to Directors, Senior Management Personnel, persons forming part of the Promoter(s) & Promoter(s) Group and such other designated employees of the Company, who are expected to have access to unpublished price sensitive information relating to the Company ("designated persons"). Such designated persons are expected to be in compliance with the Insider Trading Code at all times. During the year under review, there has been due compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

As per the WABAG Insider Trading Code, Designated employees/ senior management personnel shall make disclosure of their holdings of shares to the Compliance Officer with 30 days from the end of every half year.

12. Familiarisation Program

Pursuant to regulation 25(7) of SEBI LODR, Company has imparted various familiarization program for its Directors. To familiarize a new Independent Director with the Company, an information kit containing annual reports including Company's corporate profile, Statement of Vision and Values, organizational structure, the Company's history and milestones, Code of Conduct applicable to Directors/Senior Management employees of the Company and other Reports are provided. Brief details of the familiarization program are uploaded and can be accessed on the Company's weblink: www.wabagindia.com/familiarisation.aspx

5. General Body Meetings

5.1 Annual General Meetings

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

Financial Year	Date	Time	Location	Special Resolutions passed
2016-17	July 27, 2017	10.00 AM	The Music Academy (Mini Hall), New No. 168, TTK Road, Royapettah, Chennai 600014	<ol style="list-style-type: none"> 1. Re-appointment of B D Narang as an Independent Director 2. Re-appointment of Sumit Chandwani as an Independent Director 3. Re-appointment of Revathi Kasturi as an Independent Director 4. Increase in the borrowing limits of the Company 5. Increase in limits for Creation of Charges on the assets of the Company 6. Raising of funds through QIP/Private Placement/Preferential Allotment
2015-16	July 25, 2016	10.00 AM	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	Nil
2014-15	July 27, 2015	10.00 AM	Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006	<ol style="list-style-type: none"> 1. Approval of fund based & non fund based borrowing limits. 2. Approval for creation of charge on the assets of the Company.

5.2 Special Resolutions passed through Postal Ballot

No special resolution was passed through postal ballot during the FY 2017-18.

6. Means of Communication.

a. Quarterly & Financial Results:

Quarterly and annual results of the Company are published in widely circulated national newspapers such as The Business Standard and the local vernacular daily, Makkal Kural (Tamil edition) and are also displayed on the Company’s website www.wabag.com

b. News Releases, Presentations etc.:

The Company has established systems and procedures to disseminate relevant information to its stakeholders, including shareholders, analysts, suppliers, customers, employees and the society at large. It also conducts earning calls with analysts and investors. Official news /Press releases are sent to the Stock Exchanges in the prescribed format and are displayed on the Company’s website www.wabag.com. An analysis of the various means of dissemination of information during the year under review is produced in table below:

Means of Communication	Frequency
Press/ Media Release	8 times
Earnings Call /Investors Meet	4 times
Publication of results	4 times

c. Institutional Investors / Analysts:

Presentations are made to institutional investors and financial analysts, on the audited/unaudited quarterly financial results of the Company. These presentations are also uploaded on the Company’s website www.wabag.com and are sent to stock exchanges. The schedule of institutional investors/financial analysts meetings are intimated in advance to the stock exchanges and disclosed on the company’s website.

d. Website:

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

e. Annual report:

The Company’s Annual Report containing, inter alia, the Board’s Report, the Corporate Governance Report,

the Business Responsibility Report, Management Discussion and Analysis (MD&A), Audited Standalone and Consolidated Financial Statements, Auditors’ Report and other important information is circulated to shareholders and others so entitled. The annual report is also available on the website in a user friendly and downloadable form.

f. Chairman’s speech:

Chairman speech made at the AGM is made available on the Company’s website and circulated to the requested Members at the AGM.

g. Reminder to investors:

Reminders to unclaimed dividend on shares and IPO refund holders are sent to the relevant shareholders.

h. Compliances with stock exchanges:

The National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE) maintain separate online portals ie. NEAPS and BSE Listing Centre respectively for electronic submission of information by listed companies. Various communications such as notices, press releases, the regular quarterly, half-yearly and annual compliances and disclosures are filed electronically on these portals. In addition, such disclosures and communications are hosted on the Company’s website.

i. Designated Mail Id: WABAG has designated mail ID for Shareholder services: companysecretary@wabag.in

J. Disclosures:

The Company has a policy on the determination of materiality for disclosure of events or information. The said policy is also available on the Company’s website.

7. SEBI Complaints Redress System (SCORES):

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

8. General Shareholder Information:

8.1 Company Registration details

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

8.2 Company address for correspondence and details of Registrar to Issue and Share Transfer Agents

Given under Corporate Information Section of this Annual Report.

8.3 Company Secretary & Compliance Officer

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

8.4 Financial year

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

8.5 Annual General Meeting

Date : August 10, 2018
 Time : 10:00 a.m.
 Venue : Rani Seethai Hall,
 603, Annasalai, Chennai - 600006,
 Tamil Nadu, India

8.6 Financial Reporting 2018-19

Results for the quarter ending

June 30, 2018	By end of second week of August 2018
September 30, 2018	By end of second week of November 2018
December 31, 2018	By end of second week of February 2019
March 31, 2019	By end of May 2019

Note: The above dates are tentative.

8.7 Dates of Book Closure

August 3, 2018 to August 10, 2018 (both days inclusive) for payment of dividend. Record date is on August 3, 2018

8.8 Dividend Payment Date

Credit/dispatch of dividend warrants, if approved at the Members' Meeting, would be made on or after August 11, 2018 but on or before August 17, 2018.

8.9 Stock Market Information:

Listed on Stock Exchanges

a) BSE Limited (BSE)

PJ Towers, Dalal Street, Mumbai 400 001
 Scrip Code: 533269

b) National Stock Exchange Of India Limited (NSE)

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

Listing Fees

a) Payment of Listing Fees:

Annual listing fee for the year 2018-19 have 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

9. Market Price Data & Performance

A. Stock Performance

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

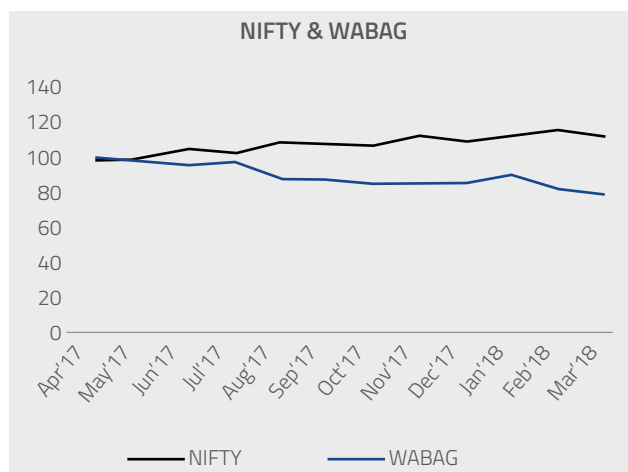
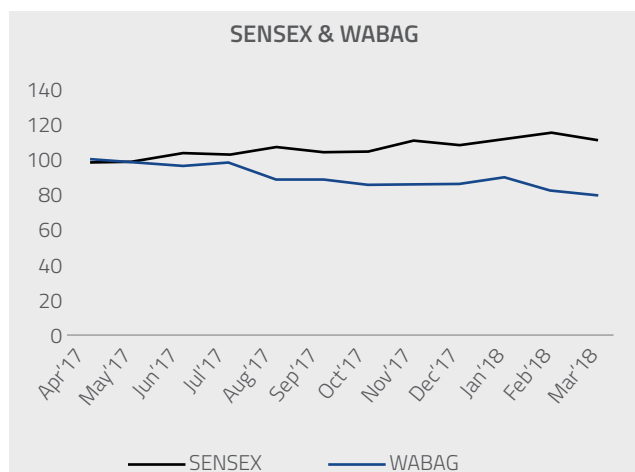
Month	National Stock Exchange			Bombay Stock Exchange		
	High (₹)	Low (₹)	Monthly volume	High (₹)	Low (₹)	Monthly volume
Apr-17	713.50	648.00	30,09,250	712.55	648.00	4,50,513
May-17	705.80	637.90	19,46,718	704.80	636.10	3,76,285
Jun-17	749.90	649.55	31,07,362	749.00	651.00	4,34,739
Jul-17	706.85	575.80	45,24,829	707.00	577.00	7,20,731
Aug-17	653.00	591.00	21,39,894	654.00	590.00	5,51,222
Sep-17	650.00	582.40	23,46,224	648.90	585.00	2,13,119
Oct-17	603.00	563.80	21,45,767	605.95	564.00	2,13,637
Nov-17	607.80	529.00	34,47,674	608.40	529.20	2,90,607
Dec-17	642.80	584.10	28,59,668	650.00	585.20	2,15,087
Jan-18	648.95	603.50	19,13,110	647.50	605.00	2,97,711
Feb-18	617.00	531.55	19,10,567	617.65	536.00	2,46,681
Mar-18	557.00	460.30	45,50,573	552.75	462.00	4,59,253

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

2. Share price performance during FY 2017-18 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-17	672.60	29,918.40	9,304.05
May-17	653.50	31,145.80	9,621.25
Jun-17	688.70	30,921.61	9,520.90
Jul-17	610.05	32,514.94	10,077.10
Aug-17	614.35	31,730.49	9,917.90
Sep-17	589.80	31,283.72	9,788.60
Oct-17	586.80	33,213.13	10,335.30
Nov-17	603.70	33,149.35	10,226.55
Dec-17	610.65	34,056.83	10,530.70
Jan-18	610.20	35,965.02	11,027.70
Feb-18	550.60	34,184.04	10,492.85
Mar-18	490.45	32,968.68	10,113.70

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



B. Share Capital Details: Distribution of Equity Shareholding as on March 31, 2018

Sl. No	Range of shares	No. of Shareholders	% to Shareholders	Total no. of Shares	% to Equity
1	1 - 1,000	58,369	96.25	61,85,188	11.32
2	1,001 - 2,000	1,281	2.12	18,54,851	3.39
3	2,001 - 3,000	342	0.56	8,53,521	1.56
4	3,001 - 5,000	275	0.45	10,90,974	2.00
5	5,001 - 10,000	182	0.30	12,60,469	2.31
6	10,001 - 20,000	80	0.13	11,27,351	2.06
7	20,001 - 30,000	33	0.05	8,47,068	1.55
8	30,001 - 50,000	14	0.02	5,27,349	0.96
9	50,001 - 1,00,000	26	0.04	18,59,449	3.40
10	1,00,001 and above	46	0.08	3,90,51,170	71.45
Total:		60,648	100.00	5,46,57,390	100.00

C. Shareholding Pattern as on March 31, 2018 is provided in Annexure VIII to Board's Report.

D. Categories of Equity Shareholders as on March 31, 2018

Category	No of holders	Total Shares	% to Equity
Promoters	3	1,34,95,522	24.69
Foreign Institutional Investors/Foreign Portfolio Investor/NRI's/ Foreign Corporates	2,557	1,61,26,419	29.50
Resident Individuals	54,949	1,09,46,436	20.03
Mutual Funds	11	95,03,732	17.39
Bodies Corporate	674	29,18,558	5.34
Others	2,454	16,66,723	3.05
Total	60,648	5,46,57,390	100.00

E. Share Transfer System

The share transfer activities in respect of the shares held in physical form is carried out by M/s. Karvy Computershare Private Limited, the Company's Registrar and Transfer Agent ("RTA"). The documents received for transfer are scrutinized by the Company's RTA which are subject to review by the officials of the Company. The shares lodged for transfer are processed and share certificates duly endorsed are returned within the stipulated time, subject to documents being valid and complete in all respects. The Stakeholders Relationship Committee ("the Committee") has delegated the authority for approving transfer, transmission etc., of the Company's securities to the Managing Director / Chief Financial Officer / Company Secretary.

A summary of approved transfers, transmissions, deletion requests, etc. are placed before the Board of Directors from time to time as per the SEBI LODR. The Company obtains a half-yearly compliance certificate from a Company Secretary in Practice to the effect that all certificates have been issued within 30 (thirty) days of the date of valid lodgment of transfer, sub-division, consolidation and renewal as required under Regulation 40(9) of the SEBI LODR files a copy of the said certificate with BSE & NSE.

F. Dematerialization of Shares

99.99% of Company's equity's shares representing 5,46,56,474 equity shares have been dematerialized as on March 31 2018. Trading in Equity Shares of the Company is permitted only in dematerialized form. Break up shares in physical and demat form as on March 31, 2018:

Mode of holding as on March 31, 2018	Total Shares	% to equity
PHYSICAL SEGMENT	916	0.001
DEMAT SEGMENT		
N S D L	5,20,31,477	95.196
C D S L	26,24,997	4.803
Total	5,46,57,390	100.00

Pursuant to Gazette Notification dated June 8, 2018, SEBI has mandated that the transfer of Securites would be carried out only in dematerialized form.

Shareholders who continue to hold shares in physical form are advised to dematerialize their shares at the earliest since it helps in immediate transfer without any payment of stamp duty. The risks pertaining to physical certificates like loss, theft, forgery, damage are eliminated when shares are held in electronic form. For any clarification, assistance or information, relating to dematerialization of shares please contact the Company's RTA.

G. Liquidity

The Company's Equity Shares are actively traded on both NSE and BSE. Substantial increase in trading activity of the Company's equity shares was witnessed during FY 2017-18 as compared to FY 2016 -17.

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

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

I. Equity Shares in the Suspense Account

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

Sl. 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 01.04.2017	2	78
2	Number of shareholders who approached the issuer for transfer of shares from the Suspense Account during the year	2	78
3	Number of shareholders to whom shares were transferred from the Suspense Account during the year	2	78
4	Aggregate number of shareholders and the outstanding shares lying in the Suspense Account at the end of 31.03.2018	-	-

During the year, the Company approached the concerned IPO holders and enriched them to open a valid demat account in their name and upon completion transferred their respective shares with corporate entitlements/ benefits as per their request.

10. Global presence: Given under cover page of this Annual Report.

Declaration on Code of Conduct

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

This is to confirm that the Board has laid down a Code of Conduct for all Board of Directors and Senior Management Personnel of the Company.

It is further confirmed that all Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company as at March 31, 2018, as envisaged in the 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Chennai : May 25, 2018

Rajiv Mittal
Managing Director & Group CEO
(DIN: 01291101)