



**Annual Report**  
2010-2011

**A2Z Maintenance & Engineering Services Ltd.**

# Corporate Information

## Board of Directors

Mr. Surender Kumar Tuteja	Independent Chairman
Mr. Amit Mittal	Managing Director
Mrs. Dipali Mittal	Whole Time Director
Mr. Rakesh Radheyshyam Jhunjhunwala	Director
Mr. Manish Gupta	Nominee Director
Mr. Brij Raj Singh	Nominee Director
(Alternate Director-Mr. Arjun Balan)	
Mr. Gaurav Mathur	Nominee Director
(Alternate Director-Mr. Supratim Banerjee)	
Mr. Vinod Sagar Wahi	Independent Director
Mr. Rajeev Thakore	Independent Director

## Group Chief Financial Officer

Mr. Rakesh Gupta

## Chief Executive Officer

Mr. Ashok Saini

## Statutory Auditors

M/s S.R. Batliboi & Associates  
Chartered Accountants

## Company Secretary & Compliance Officer

Mr. Atul Kumar Agarwal

## Registrar & Transfer Agent

M/s Alankit Assignments limited  
2E/21, Alankit House  
Jhandewalan Extension  
New Delhi 110 055  
Ph: +91 11 42541234,  
Fax: +91 11 42541967

## Registered Office

O-116, 1st Floor, DLF Shopping Mall,  
Arjun Marg, DLF Phase I, Gurgaon-122002  
Haryana (India)

## Corporate Office

Plot No. 44, Institutional Area,  
Sector -32, Gurgaon-122001  
Haryana (India)  
website: [www.a2zgroup.co.in](http://www.a2zgroup.co.in)

## Bankers

1. State Bank of Patiala
2. Allahabad Bank
3. Axis Bank Limited
4. DBS Bank Limited
5. ICICI Bank Limited
6. IDBI Bank Limited
7. IndusInd Bank Limited
8. ING Vysya Bank Limited
9. Standard Chartered Bank
10. State Bank of India
11. State Bank of Hyderabad
12. State Bank of Travancore
13. State Bank of Mysore
14. The Hongkong and Shanghai Banking Corporation Limited
15. Union Bank of India
16. YES Bank Limited

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PLEASE NOTE THAT NO GIFT SHALL BE GIVEN IN THE ANNUAL GENERAL MEETING

## Notice

Notice is hereby given that the 10<sup>th</sup> Annual General Meeting of the members of M/s. A2Z Maintenance & Engineering Services Limited will be held on Thursday, the 29<sup>th</sup> day of September, 2011 at 10.30 A.M at Convention cum Exhibition Hall, Epicentre at Apparel House, Sector-44, Gurgaon-122003, Haryana, India to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 and Profit and Loss Account for the year ended on that date along with the reports of Directors' and Auditors' thereon.
  2. To declare the dividend on equity shares of the Company for the financial year 2010-11.
  3. To appoint a Director in place of Mr. Vinod Sagar Wahi, who retires by rotation and being eligible, offers himself for reappointment.
  4. To appoint a Director in place of Mr. Rajeev Thakore, who retires by rotation and being eligible, offers himself for reappointment.
  5. To appoint M/s Walker, Chandiook & Co., Chartered Accountants as Statutory Auditors of the Company in place of M/s S. R. Batliboi & Associates, Chartered Accountants, the retiring auditors who have conveyed their intent not to seek re-appointment and to authorize the Board to fix remuneration of proposed Statutory Auditors at the forthcoming AGM.
- By order of the Board**
- Sd/-  
(Atul Kumar Agarwal)  
Company Secretary &  
Compliance Officer
- Dated : 29.08.2011**  
**Place : Gurgaon**  
Regd. Office: O-116, 1st Floor,  
DLF Shopping Mall,  
Arjun Marg, DLF Phase I,  
Gurgaon-122002  
Haryana (India)
- Notes:
1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.  
Proxies in order to be effective should be duly completed and signed in the form enclosed at the last page of Annual Report and must be received by the Company not less than 48 hours before the schedule time of the meeting and in default, the instrument of proxy shall be treated as invalid. Proxies shall not have any right to speak at the meeting.
  2. As a measure of economy, copies of Annual Reports will not be distributed at the venue of Annual General Meeting of the Company. Members are requested to bring their copies to the meeting.
  3. Annual Report is also available at the website of the Company at [www.a2zgroup.co.in](http://www.a2zgroup.co.in) in the Investor relations section.
  4. The Register of members and Share Transfer books of the Company will remain closed from Saturday, 24<sup>th</sup> September, 2011 to Thursday, 29<sup>th</sup> September, 2011 (both days inclusive).
  5. The dividend, if declared at the Annual General Meeting, will be paid on or before the 30<sup>th</sup> day from the date of declaration of dividend i.e. 29<sup>th</sup> September, 2011:
    - o For shares held in physical form – to those members whose names will appear in the Register of Members on the close of the day on 23<sup>rd</sup> September, 2011 after giving effect to all valid transfer in physical form lodged with the Company or its RTA on or before 23<sup>rd</sup> September, 2011.
    - o For shares held in dematerialised form – to those beneficiaries, whose names are furnished by the National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) as beneficial owner on 23<sup>rd</sup> September, 2011
  6. In order to provide protection against fraudulent encashment of Dividend warrants, Shareholders holding shares in physical form are requested to intimate the company under the signature of Sole/ First Joint shareholder, the following information which will be used for dividend payment:
    - i) Name of Sole/First Joint Holder and Folio No.
    - ii) Particulars of Bank account viz.
      - a) Name of Bank
      - b) Name of Branch
      - c) Complete address of the Bank
      - d) Account Type whether saving or current
      - e) Bank Account Number
      - f) Nine digits MICR code of the Bank

In respect of shareholders holding shares in electronic form, the bank details as furnished by the respective depositories to the Company will be used for the purpose of distribution of dividend through ECS where this facility is available. In other cases, Bank details as furnished to the respective depository participant will be printed on the Dividend warrants as per the applicable regulations. The Company/the RTA will not act on any direct request from members holding shares in dematerialised form for change/deletion of such bank details. Further, it may be noted that instructions, if any, already given by the members in respect of shares held in physical form will not be automatically applicable to the dividend paid on their holdings in electronic form.

7. Members who are holding shares in physical forms are requested to address all communication regarding registration of transfers, transmissions, sub-division, consolidation of shares or any other share related matters and/or change in address, or updation thereof to the Company's RTA. Members, whose shareholdings are in the electronic form are requested to direct change of address notifications and updation of bank account details to their respective depository participants. Any query related to dividend should be directed to the RTA of the Company .
8. Information regarding particulars of the directors seeking re-appointment requiring disclosure in terms of the Clause 49 of the Listing Agreement is annexed hereto.
9. In case of Body Corporate members, please furnish

certified copy of Board/Governing Body Resolution in terms of Section 187 of the Companies Act, 1956 specifically authorizing the person attending the meeting in person as its representative or appointing a proxy; and that such authority must be conferred in advance, and not by ratifying its act subsequently by a Board/Governing Body Resolution.

10. Members having queries with regards to the Accounts are requested to address their queries to the Company mentioning : "AGM Queries- Kind Attn: Mr. Atul Kumar Agarwal, Company Secretary" at least 10 days in advance of the meeting to enable the Management to keep the information ready at the meeting.
11. Members who hold shares in dematerialized form are requested to write their Client ID and DPID and those who hold shares in physical form are requested to write their Folio numbers in the attendance slip for attending the Meeting.
12. All documents referred to in the accompanying Notice and Annual accounts of the subsidiary companies whose annual accounts have been consolidated are open for inspection at the Registered Office of the Company during office hours on all working days between 11.00 A.M. to 1.00 P.M. up to the date of the Annual General Meeting.
13. As per the provisions of Companies Act, 1956, facility for making nominations is available for shareholders, in respect of shares held by them. Nomination Forms can be obtained from Registrar and Transfer Agents of the Company.



## Annexure to Notice

Brief resume of Directors retiring by rotation & proposed for Re-appointment:

Name of the Director	Mr. Vinod Sagar Wahi	Mr. Rajeev Thakore
Date of Birth	01.09.1945	20.07.1956
Relationship with Other Directors	None	None
Date of Appointment	18.03.2010	18.03.2010
Education/Expertise/ Brief Profile	Mr. Vinod Sagar Wahi, completed his Bachelors in Commerce from Shri Ram College of Commerce and along with a Bachelors degree in Law from the Faculty of Law, University of Delhi. Further he completed Masters in Business Administration from Faculty of Management Studies, University of Delhi and Masters in Philosophy from Punjab University. He has approximately 37 years of experience in the Indian Revenue Service, Govt. of India in various capacities, including as the Commissioner of Income Tax, the Director of Income Tax, the director, Ministry of Corporate Affairs, the Secretary, Company Law Board, the Chief Commissioner of Income Tax Mumbai and Delhi and a member, Company Law Board.	Mr. Rajeev Thakore, holds Master Degree in Business Administration from University of Saskatchewan (Canada). Mr. Thakore also attended a Pre-Business Program at the Kent State University, Ohio and completed his Bachelors in Economics from St. Stephen's College, University of Delhi. He has approximately 30 years of experience in private equity, corporate finance and the banking business. In the last 12 years he has advised four offshore private equity funds and has been the Country Head (Investments) for Strategic Value Partners and Co-founder and the Chief Executive Officer of Jacob Ballas Capital. Prior to that he was the Chief Executive Officer of Shriram Financial Services. He has also held management positions with HSBC Bank and BNP Paribas.
No. of Equity Shares held in the company	Nil	Nil
Directorship in other Public Ltd. Companies as on 31 <sup>st</sup> March, 2011	i) SVIL Mines Limited (Independent ) ii) SIDBI Venture Capital Limited (Independent) iii) A2Z Powercom Limited (Independent)	i) TV Today Network Limited (Independent )
Membership/Chairmanship in Committees of Other Public Ltd. Companies	i) SVIL Mines Limited (Member of Audit Committee) ii) SIDBI Venture Capital Limited (Member of Audit Committee)	TV Today Network Limited (Member Audit Committee )

## Directors' Report

To,  
The Members,

Your directors have pleasure in presenting the 10<sup>th</sup> Annual Report on the affairs of the Company together with the Audited Accounts for the Financial Year ended on 31<sup>st</sup> March, 2011.

### 1. FINANCIAL RESULTS & PERFORMANCE:

The Operating and financial results on Standalone and Consolidated basis for the financial year ended 31<sup>st</sup> March, 2011 are as follows:

(Rs.in Million)

	Standalone		Consolidated	
	2010-11	2009-10	2010-11	2009-10
Particulars	Current Year	Previous Year	Current Year	Previous Year
Income from Operations	11,028.71	11,183.93	13,443.86	12,148.95
Add: Other Income	134.59	57.86	155.09	60.11
<b>Total Income</b>	<b>11,163.30</b>	<b>11,241.79</b>	<b>13,598.95</b>	<b>12,209.06</b>
Profit before Interest, Tax & Depreciation	2,059.27	1,949.86	2,192.06	1,986.17
Less: Interest	530.15	461.86	618.28	489.37
Profit before Tax & Depreciation	1,529.12	1,488.00	1,573.78	1,496.80
Less: Depreciation/Amortisation	111.84	24.46	194.71	35.77
Profit before Tax	1,417.28	1,463.54	1,379.07	1,461.03
Less : Tax Expenses	476.93	514.50	498.27	533.92
<b>Net Profit after Tax</b>	<b>940.35</b>	<b>949.04</b>	<b>880.80</b>	<b>927.11</b>
Less : Extraordinary Item	86.83	-	86.83	-
Net Profit after Tax & before Minority Interest	853.52	949.04	793.97	927.11
Less: Share in Minority Interest	-	-	22.79	3.72
Net Profit After Tax & Minority Interest	853.52	949.04	771.18	923.39
Balance brought forward from previous year	2,249.70	1,300.66	2,217.52	1,294.13
Net Profit available for appropriation	3,103.22	2,249.70	2,988.70	2,217.52
Proposed dividend on Equity Shares	148.36	-	148.36	-
Tax on Dividend	24.64	-	24.64	-
Transfer to General Reserve	64.01	-	64.01	-
<b>Surplus carried to Balance Sheet</b>	<b>2,866.21</b>	<b>2,249.70</b>	<b>2,751.69</b>	<b>2,217.52</b>

#### Standalone:

- During the year under review, the Company has achieved total income of Rs. 11,163.30 Million as against Rs. 11,241.79 Million in the previous year. The company has made EBIDTA of Rs. 2,059.27 Million as against Rs. 1,949.86 Million in the previous year showing an increase of 5.61%. The company has made net profit after tax of Rs. 940.35 Million as against Rs. 949.04 Million in the previous year despite tough competition in the Market.
- The Net Worth of the Company has increased from Rs. 4,244.85 Million as at the end of the previous year to Rs. 11,386.86 Million as at the end of the current year.
- The Debt Equity ratio of the Company has come down to 0.29 as at the end of the current year as compared to 0.83 as at the end of the previous year.

*Consolidated:*

- The Consolidated total income of the Company for the current financial year is Rs. 13,598.95 Million as against Rs. 12,209.06 Millions in the previous year showing an increase of 11.38%. The company has made consolidated EBIDTA of Rs. 2,192.06 Million as against Rs. 1,986.17 Million in the previous year showing an increase of 10.37%. The Company on consolidated basis has made net profit after tax before minority interest and extra ordinary items of approximately Rs. 880.80 Million as compare to Rs. 927.11 Million in the previous year.
- The consolidated Net Worth of the Company has increased from Rs. 4,212.67 Millions as at the end of previous year to Rs. 11,520.98 Millions as at the end of the current year.
- The consolidated Debt Equity ratio of the Company has come down to 0.41 as at the end of the current year compared to 0.96 as at the end of previous year.

**2. DIVIDEND**

The Board has recommended a dividend of Rs. 2/- per equity share on equity share of Rs. 10/- each i.e. @ 20% on the paid up equity share capital for the financial year ended 31<sup>st</sup> March, 2011, amounting to Rs. 148.36 Million and dividend distribution tax of Rs. 24.64 Million.

The dividend, if declared at the ensuing Annual General Meeting, will be paid on or before the 30th day from the date of declaration of dividend i.e. 29<sup>th</sup> September, 2011:

- o For shares held in physical form – to those members whose names will appear in the Register of Members on the close of the day on 23<sup>rd</sup> September, 2011 after giving effect to all valid transfers in physical forms lodged with the Company or its RTA on or before 23<sup>rd</sup> September, 2011.
- o For shares held in dematerialised form – to those beneficiaries, whose names are furnished by the National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) as beneficial owner on 23<sup>rd</sup> September, 2011.

**3. TRANSFER TO RESERVE**

Out of net profits available for appropriation aggregating to Rs. 3,103.22 Millions on standalone basis for the financial year ended 31<sup>st</sup> March, 2011, an amount of Rs. 64.01 Million has been transferred to the General Reserve.

**4. NATURE OF OPERATIONS**

Leveraging our years of experience in providing Facility Management Services (FMS) and Engineering, Procurement and Construction (EPC)

services, the Company, is now expanding into being an Infrastructure Company that is building businesses with annuity revenue streams in the areas of Clean and Green energy.

In the EPC business, our main area of operation is the Power Distribution segment, though we also provide services in the Power Transmission segment, to Power Generation companies and to other verticals such as Telecommunication. In the Power Distribution segment, we are helping build power lines to bring power to areas which lack electricity. We are also helping to reduce the Technical and Commercial losses.

Additionally, we are now building businesses that include the following: (i) generating power from renewable energy sources such as biomass and fuel derived from household waste (Renewable Energy Generation); (ii) providing municipal solid waste (MSW) management services which involve collection of waste and its scientific processing and disposal like recycling, manufacturing of organic compost and green fuel such as Refused Derived Fuel (RDF); and (iii) developing information technology (IT) solutions for power utilities (Power IT Solutions).

Through multi year contracts, the MSW and Renewable Energy Generation businesses should provide stable revenue streams in the years to come.

Our business operations are geographically spread across India and conducted through the Company and its direct and indirect subsidiaries.

**5. SUCCESSFUL LISTING OF SHARES WITH BSE AND NSE**

The Company had undertaken the Initial Public Offer ('IPO') through the 100% book building route. The IPO opened for subscription on 8<sup>th</sup> December, 2010 and closed on 10<sup>th</sup> December, 2010. The IPO comprised a fresh issue of 16,845,189 equity shares of face value Rs 10 each, at a premium of Rs 390 per equity share to the general public and 31,380 equity shares of face value Rs 10 each, at a premium of Rs 370 per equity share to the employees aggregating to Rs. 6,750.00 Million by the company and an offer for sale of 2,531,181 equity shares of Rs. 10 each, at a premium of Rs. 390 each, aggregating Rs. 1,012.47 Million, by the selling shareholders.

The Equity Shares of your company got listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited on 23<sup>rd</sup> December, 2010.

**6. CAPITAL STRUCTURE**

The paid up Share Capital of the Company was Rs. 573.01 Millions divided into 57,301,125 Equity Shares of Rs. 10 each before IPO. After this issue, the paid up share capital of the company has increased



to Rs. 741.78 Millions (approximately) divided into 74,177,694 Equity Shares of Rs. 10 each.

**7. CHANGE IN OBJECT CLAUSE OF MEMORANDUM OF ASSOCIATION**

The Reserve Bank of India (RBI) while granting its approval for the IPO vide letters no. FE.CO.FID.No./11090/10.21.209/2010-11 dated 3<sup>rd</sup> November, 2010 and FE.CO.FID.No./11849/10.21.209/2010-11 dated 11<sup>th</sup> November, 2010, has suggested that the Company shall seek shareholders approval to amend clause 6 of the main objects of the Company's Memorandum of Association and delete references to the words "atomic power" appearing therein. We have been directed by the RBI to amend this clause within 90 days from the date of commencement of listing and trading of the Equity Shares on the Stock Exchanges. We had confirmed to the RBI that the Company neither undertake any activity in the atomic power sector nor have we announced any plans to do so. The Company conducted the postal ballot during the year and amended the object clause of Memorandum of Association by deleting the words atomic power. The notice of postal ballot was sent to all the members on 14<sup>th</sup> February, 2011 and the result was declared on 18<sup>th</sup> March, 2011.

**8. ALTERATION IN ARTICLES OF ASSOCIATION**

In order to make the Initial public offer of the equity shares, the Articles of Association of the Company were amended to incorporate the necessary provisions of the listing agreements by the members of the Company in the Extra Ordinary General Meeting held on 8<sup>th</sup> June, 2010 by way of passing of Special Resolution.

**9. BOARD OF DIRECTORS**

**a) Composition of Board:**

The Board comprises of Nine (9) Directors and Two (2) Alternate Directors with a Non-executive Independent Chairman, Two (2) Executive Directors one of whom is Managing Director, Four (4) Non-executive Non Independent Director and Two (2) Non Executive Independent Directors.

**b) Change in Composition of Board:**

- Mr. Vinod Sagar Wahi and Mr. Rajeev Thakore who were appointed as Additional Director were regularized as Director by the members of the Company in the last Annual General Meeting held on 7<sup>th</sup> December, 2010.
- Mr. Anshuman Goenka, Alternate Director to Mr. Brij Raj Singh vacated the office of director on 25<sup>th</sup> July, 2011 on the return of Mr. Brij Raj Singh in the state of Haryana where the meetings of board of directors are ordinarily

held. The Board places on record its gratitude for services rendered by Mr. Goenka during his tenure as a member of Board of Directors.

- Mr. Arjun Balan has been appointed as an Alternate Director to Mr. Brij Raj Singh on 29<sup>th</sup> day of August, 2011 by the Board of Directors.

**c) Retirement by Rotation**

In accordance with the requirements of the Companies Act, 1956 and Articles of Association of Company, Mr. Vinod Sagar Wahi and Mr. Rajeev Thakore, Directors are liable to retire by rotation and being eligible, offers themselves for re-appointment.

**10. PAYMENT OF COMMISSION TO NON EXECUTIVE DIRECTORS**

The members of the Company in their meeting held on 7<sup>th</sup> December, 2010 authorized the Board of Directors of the Company to approve the payment of commission to Directors, being not in the whole-time employment of the Company or not the Managing Director, for three years commencing from Financial Year 2010-11 for an amount not exceeding one percent of the net profits of the Company over and above the sitting fee subject to availability of adequate profits in Company.

As the Company is having adequate profits, the Board in its meeting held on 30<sup>th</sup> May, 2011 approved payment of commission of Rs. 1.20 Millions each to Mr. Surender Kumar Tuteja, Mr. Vinod Sagar Wahi, and Mr. Rajeev Thakore, Non Executive /Independent Directors of the Company, amounting Rs. 3.60 Million within the overall limit of 1% of net profits, for the Financial Year ended 31<sup>st</sup> March, 2011.

**11. MAJOR ACQUISITIONS**

During the financial year under review the Company has acquired the following Firms/Companies:

**a) Acquisition of Business of Surender Chowdhury & Brothers**

Pursuant to a business transfer agreement dated 1<sup>st</sup> May, 2010 among the Original Owners and the Company, the Company purchased as a going concern the entire business of M/s Surender Chowdhury & Brothers, a partnership firm, engaged in the business of construction of electrical substations and railway electrification work.

**b) Acquisition of Business of Mohd. Rashid Contractors**

Pursuant to a business transfer agreement dated 10<sup>th</sup> June, 2010 among the Original Owners and the Company, the Company purchased as a

going concern the business of M/s Mohd. Rashid Contractors, a partnership firm, engaged in the business of telecom cable laying, civil works and other engineering, procurement and construction work.

**c) Acquisition of Business of En-Tech Engineers and Contractors**

Pursuant to a business transfer agreement dated 10<sup>th</sup> June, 2010 among the Original Owners and the Company, the Company purchased as a going concern the business of M/s En-Tech Engineers and Contractors, a partnership firm, engaged in the business of telecom cable laying, civil works and other engineering, procurement and construction work.

**d) Acquisition of Star Transformers**

Pursuant to a memorandum of understanding dated 3<sup>rd</sup> August, 2010 (the "MoU") among the Original Owners and the Company, the Company acquired 1% partnership of Star Transformers, a partnership firm, engaged in the business of manufacturing transformers. Later on the said Firm was converted into a private limited company under Part IX of the Companies Act, 1956 with effect from 21<sup>st</sup> January, 2011 and subsequently your Company has maintained 51% stake in said Company.

**e) Acquisition of Mansi Bijlee & Rice Mills Private Limited**

The Company has acquired 100% shareholding of Mansi Bijlee & Rice Mills Private Limited (Previously Known as Mansi Bijlee Private Limited) which is engaged in the business of generating, distributing, transmitting, supplying and dealing in any manner in electricity and all forms of energy and to generate power through conventional and/or non-conventional sources, including biomass and waste material. It has become the wholly owned subsidiary of the Company with effect from 20<sup>th</sup> July, 2010.

**f) Acquisition of Mirage Bijlee Private Limited**

The Company has acquired 100% shareholding of Mirage Bijlee Private Limited which is engaged in the business to generate, accumulate, transmit, commission, maintain, distribute, buy, sell, supply and deal in any manner in electricity and all forms of energy and to generate power through conventional and/or non-conventional sources including biomass. It has become the wholly owned subsidiary of the Company with effect from 15<sup>th</sup> September, 2010.

**g) Acquisition of Madhya Bijlee Private Limited**

The Company has acquired 90% shareholding of

Madhya Bijlee Private Limited which is engaged in the business to generate, accumulate, transmit, commission, maintain, distribute, buy, sell, supply and deal in any manner in electricity and all forms of energy and to generate power through conventional and/or non-conventional sources. It has become the subsidiary of the Company with effect from 18<sup>th</sup> October, 2010.

**h) Acquisition of IL&FS Property Management & Services Limited (IPMSL) by A2Z Infraservices Limited, a subsidiary of the Company**

Pursuant to agreement dated 27<sup>th</sup> September, 2010 A2Z Infraservices Limited, a subsidiary of the Company has acquired 100% shareholding of IL&FS Property Management & Services Limited which is engaged in the business of building, property and office managers and of providing, supplying, maintaining and operating administrative, secretarial and office services, facilities, conveniences, bureau and the like and to provide or procure the provision by others of every and any service, need, want or requirement of any business nature required by any person, company, corporate body, trust, association, society or organization whatsoever in or in connection with any business carried on by them. It became indirect subsidiary of the Company with effect from 1<sup>st</sup> October, 2010 and wholly owned subsidiary of A2Z Infraservices Limited.

**i) Acquisition of Chavan Rishi International Limited**  
The Company has acquired 100% shareholding of Chavan Rishi International Limited which is engaged in business of building, contracting, establishing, own, purchase, sell, take on lease, acquire hold or maintain and manage industrial, commercial or residential buildings, apartment, hotels, motels, restaurant etc. It has become the subsidiary of the Company with effect from 2<sup>nd</sup> March, 2011.

**12. A2Z STOCK OPTION PLAN, 2010**

Your Company pursuant to a special resolution of the shareholders of the Company at an extraordinary general meeting held on 30<sup>th</sup> March, 2010 adopted the Employee Stock Options Plan ("A2Z ESOP") for the grant of options.

The said option was granted on 2<sup>nd</sup> June, 2010 ("Grant Date") and the 20 % of the granted option shall be vested to each of the eligible employee on each anniversary of the Grant Date.

The plan shall be administered and supervised by the Remuneration-cum-Compensation Committee under the powers delegated by Board. Each option shall entitle the Option Grantee to apply for and get Equity Shares of the Company transferred to his account on

exercise of option. The maximum number of options that can be granted to any employee in any year under the A2Z ESOP shall be less than 5% of the issued share capital of the Company (excluding any outstanding warrants or other securities convertible into Equity Shares) at the time of grant of options, subject to the overall ceiling of 2,865,056 options in the aggregate. Auditor's Certificate under clause 14.1 of SEBI (ESOP) Guidelines 1999 shall be placed at ensuing Annual General Meeting.

*Complete detail & Status of A2Z ESOP as on 31<sup>st</sup> March, 2011 is attached as Annexure I to Director's Report.*

### 13. CREDIT RATING

CARE has assigned 'CARE A' (Single A) to long term bank facilities of Rs. 6,880 Million of your Company as per their rating letter dated 04<sup>th</sup> January, 2011 and respective rationale rating letter dated 10<sup>th</sup> January, 2011. This rating is applicable to facilities having tenure of more than one year. Facilities with this

rating are considered to offer adequate safety for timely servicing of debt obligations. CARE has also assigned 'PR1' (PR One) rating to Commercial Paper /short term debt (Carved out of sanctioned working capital limits) of the Company as per their rating letter dated 6<sup>th</sup> October, 2010.

Further CARE has assigned PR1 (PR One) rating to the short term facilities of Rs. 17,000 Million of your Company as per their rating letter dated 04<sup>th</sup> January, 2011 and respective rationale rating letter dated 10<sup>th</sup> January, 2011. This rating is applicable to facilities having a tenure up to one year. Facilities with this rating are considered to have strong capacity for timely payment of short term debt obligations and carry lowest credit risk.

### 14. UTILIZATION OF ISSUE PROCEEDS

Pursuant to the provisions of Clause 43 of Listing Agreement with the Exchanges, the utilization of the net proceeds of IPO as on 31<sup>st</sup> March, 2011 are as follows:

Particulars of funds utilised for	Objects as per prospectus	Actual utilization	(Rs in Million)
			Unutilized funds
Investment in three biomass (bagasse)-based power cogeneration projects of 15 MW each in the State of Punjab	680.31	543.20	137.11
Investment in five biomass-based power generation projects of 15 MW each in the State of Rajasthan	1,200.00	88.60	1,111.40
<b>Investment in subsidiaries</b>			
(i) Share capital in A2Z Infrastructure Limited and its subsidiaries for the 15 MW biomass-based power generation project in Kanpur and for MSW projects	673.42	673.42	-
(ii) Share capital in Mansi Bijlee & Rise Mills Private Limited, the subsidiary that will implement one rice mill and associated rice-husk based biomass power generation project in the State of Punjab	1,023.32	78.26*	945.06
Repayment of loan granted by L&T Infrastructure Finance Limited to the Company	416.67	416.67	-
Working capital requirements	1,250.00	1,250.00	-
General corporate purposes	1,128.20	1,128.20	-
Share issue related expenses (on cash basis)	378.08	141.77	236.31
<b>Total</b>	<b>6,750.00</b>	<b>4,320.11</b>	<b>2,429.89</b>

\* Represent Share Application Money given to Mansi Bijlee & Rice Mills Private Limited (Formerly Mansi Bijlee Private Limited), a wholly owned subsidiary of the Company.

Pending utilization, net proceeds of the IPO have been invested in high quality interest bearing liquid instruments, including money market mutual funds and deposits with banks for the necessary duration or for reducing the working capital facilities being availed by the Company as mentioned herein below:

Particulars	(Rs in Million)
	Amount
(a) In Mutual Fund	500.00
(b) In Public issue account with bank (earmarked against share issue expenses)	200.00
(c) Utilised against reducing availment in cash credit accounts with banks	1,729.89
<b>Total</b>	<b>2,429.89</b>

## 15. VARIATION IN UTILISATION OF IPO PROCEEDS

In the prospectus dated 16<sup>th</sup> December, 2010, the IPO of the Company was planned with certain objects, as more particularly stated and described under section titled “Objects of the Issue” on page 38 of the Prospectus, as were considered appropriate and necessary by the management at that point of time.

After IPO there was change in various factors and circumstances which necessitated a revision in the planned utilization of the net proceeds of the IPO. The board in its meeting held on 25<sup>th</sup> July, 2011 decided to vary the utilization of net IPO proceeds from the objects as were stated in the Prospectus.

Proposed Variation in utilization of Net IPO Proceeds are as follows:

S . No	Utilization as envisaged in the Prospectus	Funds Utilized till June 25, 2011 (Rs in Million)	Balance Funds (Rs in Million)	Proposed Utilization	
				Particulars	Amount (Rs in Million)
1	Rs. 1,023.32 Millions in the Share capital in Mansi Bijlee & Rice Mills Private Limited, the subsidiary that will implement one rice mill and associated rice-husk based biomass power generation project at Moga in the State of Punjab.	78.26	945.06	<b>Investment in Subsidiaries</b> 1. Rs. 180.00 Millions (excluding Rs.78.26 Millions already spent) in the share capital of Mansi Bijlee & Rice Mills Private Limited, a subsidiary, to part finance the setting up of 20 TPH Rice Mills and associated rice-husk based 2MW bio-mass based power generation project each in district Ferozepur and Tarantarn in the State of Punjab. 2. Rs. 172.28 Millions in the share capital of A2Z Infrastructure Limited, a subsidiary, to part finance the setting up of a 10 MW bio-mass based power plant at Ramraj in the State of Uttar Pradesh. 3. Rs. 936.68 Millions in the share capital of A2Z Infrastructure Limited and its subsidiaries to part finance the setting up of Municipal Solid Waste Management projects in the cities of Ghaziabad, Sambhal, Mirzapur, Jaunpur, Basti, Fatehpur, Loni, Balia, and Badaun in the State of Uttar Pradesh, at Ranchi in the State of Jharkhand, at Amravati in the State of Maharashtra, and at Ludhiana in the State of Punjab.	180.00  172.28  936.68
2	Rs. 1,200.00 Millions investment in five bio-mass-based power generation projects of 15 MW each in the State of Rajasthan.	101.54	1,098.46	<b>Investment in Company's own Projects</b> 4. Rs. 410.00 Millions for acquiring 20% stake in A2Z Infrservices Limited and Imatek Solutions Private Limited from Infrastructure Leasing & Financial Services Limited (IL&FS). 5. Rs. 344.56 Millions to be utilized by the Company to part finance the setting up of 10 MW biomass based power plants each at Indore in the State of Madhya Pradesh and at Bellari in the State of Uttar Pradesh.	410.00  344.56
3	Rs. 378.08 Millions for issue (IPO) related expenses.	288.51	89.57	6. Rs. 89.57 Millions to be utilized by the Company for general corporate purposes.	89.57
	<b>Total</b>		<b>2,133.09</b>		<b>2,133.09</b>

For this purpose board decided to conduct postal ballot in order to get consent of the members by way of ordinary resolution. The postal ballot notices have been sent to members on 29<sup>th</sup> July, 2011 and the result of the said postal ballot will be declared on Tuesday, the 30<sup>th</sup> day of August, 2011 at the registered office of the Company. Further the results will be displayed at Company's website i.e. www.a2zgroup.co.in and shall be intimated promptly to Bombay Stock Exchange and National Stock Exchange.

After the proposed changes, the utilization of Funds shall be as under:

(Rs. In Million)

Particulars of funds utilized for	Total amount to be financed from the proceeds of the Fresh Issue as per the prospectus	Total amount to be financed from the proceeds of the Fresh Issue after proposed changes
Investment in three biomass (bagasse)-based power cogeneration projects of 15 MW each in the State of Punjab	680.31	680.31
Investment in five biomass-based power generation projects of 15 MW each in the State of Rajasthan	1,200.00	101.54
Investment in two biomass-based power generation projects of 10 MW each in the State of Uttar Pradesh & Madhya Pradesh	Nil	344.56
<b>Investment in subsidiaries</b>		
(i) Share capital in A2Z Infrastructure Limited for the 15 MW biomass-based power generation project in Kanpur.	250.00	250.00
(ii) Share capital in A2Z Infrastructure Limited and its subsidiaries for certain MSW projects	423.42	423.42
(iii) Share capital in Mansi Bijlee & Rice Mills Private Limited, the subsidiary that will implement rice mill and associated rice-husk based biomass power generation project in the State of Punjab	1,023.32	258.26
(iv) Share capital in A2Z Infrastructure Limited for the 10 MW biomass-based power generation project in Uttar Pradesh	Nil	172.28
(v) Share capital in A2Z Infrastructure Limited and its subsidiaries for certain additional MSW projects	Nil	936.68
Repayment of loan granted by L&T Infrastructure Finance to the Company	416.67	416.67
Acquisition of stake held by IL&FS in A2Z Infraserivices Limited & Imatek Solutions Private Limited	Nil	410.00
Working capital requirements	1,250.00	1,250.00
General corporate purposes	1,128.20	1,217.77
Issue (IPO) related expenses	378.08	288.51
<b>Total</b>	<b>6,750.00</b>	<b>6,750.00</b>

#### 16. SHARES HELD IN SUSPENSE ACCOUNT

At the time of public issue 1,035 Equity Shares were transferred to suspense account as were unclaimed. During the year 810 Equity Shares have been transferred from suspense account to shareholders. Detail of Shares in Suspense Account are as follows:

Particulars	No. of Cases	No. of Shares
Aggregate No. of Shareholders and outstanding shares in suspense account lying on December, 2010	06	1,035
Number of Shareholders who approached to issuer/registrar for transfer of shares from suspense account up to 31 <sup>st</sup> March, 2011	04	810
Number of Shareholders to whom shares were transferred from suspense account up to 31 <sup>st</sup> March, 2011	04	810
Aggregate No. of Shareholders and outstanding shares in the suspense account lying at the end of the year as on 31 <sup>st</sup> March, 2011	02	225



## 17. SUBSIDIARY COMPANIES

The Company is having following 14 (Fourteen) direct subsidiaries :-

- **A2Z Infrastructure Limited (“A2Z Infrastructure”)**  
A2Z Infrastructure Limited was incorporated on 22<sup>nd</sup> March, 2007 with the name and style of a2z Infrastructure Private Limited as a wholly owned subsidiary of the Company. With effect from 30<sup>th</sup> August, 2010, A2Z Infrastructure became a public limited company under the Companies Act, 1956. A2Z Infrastructure was established to carry on the business of collection, segregation and transportation of municipal solid wastes on design, renovate, operate, maintain and transfer or on commercial basis for municipal corporations/ local authorities/governmental authorities.
- **A2Z InfraserVICES Limited (“A2Z InfraserVICES”)**  
A2Z InfraserVICES Limited was incorporated on 15<sup>th</sup> April, 2008 with the name and style of a2z InfraserVICES Private Limited as a subsidiary of the Company and with effect from 30<sup>th</sup> August, 2010, A2Z InfraserVICES became a public company under the Companies Act, 1956. A2Z InfraserVICES was established to provide back-end management services for efficient functioning of shopping malls, airport, multiplexes, corporate and business establishments like housekeeping services, security services etc., upkeep of railway trains and stations and to provide transportation services.
- **A2Z Powercom Limited (“A2Z Powercom”)**  
A2Z Powercom Limited was incorporated on 28<sup>th</sup> April, 2008 with the name and style of a2z Powercom Private Limited as a subsidiary of the Company and with effect from 30<sup>th</sup> August, 2010, A2Z Powercom became a public company under the Companies Act, 1956. A2Z Powercom was established to manufacture, produce and distribute power transformers, transmission line conductors, establish power plants and undertake associated activities of engineering, drawing, installation and commissioning in India and abroad.
- **A2Z Powertech Limited (“A2Z Powertech”)**  
A2Z Powertech was incorporated on 28<sup>th</sup> April, 2008 with the name and style of a2z Powertech Private Limited as a subsidiary of the Company and with effect from 30<sup>th</sup> August, 2010, A2Z Powertech became a public company under the Companies Act, 1956. A2Z Powertech was established to carry on the business of system integrators in the power sector using IT applications, autoreclosers with magnetic actuators, RMUs, CSS, sub-station automation, network energy

management solution etc.

- **Selligence Technologies Services Private Limited (“Selligence”)**  
Selligence was incorporated on 12<sup>th</sup> August, 2008 as a subsidiary of the Company. Selligence was established to provide appropriate cost-effective and efficient technological solutions to accelerate implementation of quality ERP for development, and to provide a variety of efficient and effective services for implementation of development programs.
- **Imatek Solutions Private Limited (“Imatek”)**  
Imatek has become the subsidiary of the Company w.e.f 13<sup>th</sup> August, 2009. Imatek was established to carry on the business of running, hiring, operating, constructing, installing, acquiring, undertaking, promoting, owning and organizing photography and imaging laboratories, photography and imaging studios, developing and printing of photo films, computerized digital work, photography and imaging technology in India and abroad.
- **Mansi Bijlee & Rice Mills Private Limited (“Mansi Bijlee”)**  
Mansi Bijlee was incorporated on 10<sup>th</sup> June, 2010 with name and style of Mansi Bijlee Private Limited. With effect from 25<sup>th</sup> October, 2010, the name of the company was changed to Mansi Bijlee & Rice Mills Private Limited. Mansi Bijlee was established to carry on the business of generating, distributing, transmitting, supplying and dealing in any manner in electricity and all forms of energy and to generate power through conventional and/or non-conventional sources, including biomass and waste materials. It has become the subsidiary of the Company with effect from 20<sup>th</sup> July, 2010.
- **A2Z Maintenance Engineering Services (Uganda) Private Ltd. (“A2Z Uganda”)**  
A2Z Maintenance & Engineering Services (Uganda) Private Limited was incorporated under the laws of the Republic of Uganda on 27<sup>th</sup> August, 2010 as a wholly owned subsidiary of the Company. A2Z Uganda was established to carry on the business to generate, accumulate, transmit, commission, maintain, distribute, purchase, sell and supply electricity power or any other energy from conventional/non-conventional energy sources on a commercial basis and to construct, lay down, establish, operate and maintain power/energy generating stations including buildings, structures, works, machineries, equipments, cables and to undertake or to carry on the business of managing, owing, controlling,

erecting, commissioning, operating, running, leasing or transferring to third person/s, power plants and plants based on conventional or non-conventional energy sources, bio-mass, solar energy plants, wind energy plants, mechanical, electrical, hydel and to deal all kinds of energy systems and products.

- **Mirage Bijlee Private Limited (“Mirage Bijlee”)**  
Mirage Bijlee was incorporated on 11<sup>th</sup> June, 2010. Mirage Bijlee was established to carry on in India or abroad the business to generate, accumulate, transmit, commission, maintain, distribute, buy, sell, supply and deal in any manner in electricity and all forms of energy and to generate power through conventional and/or non-conventional sources. It has become a subsidiary of the Company with effect from 15<sup>th</sup> September, 2010.
- **Madhya Bijlee Private Limited (“Madhya Bijlee”)**  
Madhya Bijlee was incorporated on 14<sup>th</sup> June, 2010. Madhya Bijlee was established to carry on in India or abroad the business to generate, accumulate, transmit, commission, maintain, distribute, buy, sell, supply and deal in any manner in electricity and all forms of energy and to generate power through conventional and/or non-conventional sources. It has become a subsidiary of the Company with effect from 18<sup>th</sup> October, 2010.
- **Star Transformers Private Limited (“Star Transformers”)**  
Star Transformers was Incorporated on 21<sup>st</sup> January, 2011 as a Part IX Company under the provision of Companies Act, 1956 and subsequently it became a subsidiary of the Company. The company basically deals in, either directly or in partnership, high tension and low tension transformers of all types and also carries on the business of service, execution, repair or otherwise of power distribution under various schemes.
- **Chavan Rishi International Limited**  
During the year under review, Chavan Rishi International Limited a company engaged in the business of build, contract, establish, own, purchase, sell, take on lease, acquire hold or maintain and manage industrial, commercial or residential buildings, apartment, hotels, motels, restaurant etc. It has become the wholly owned subsidiary of the company with effects from 2<sup>nd</sup> March, 2011.
- **A2Z E Waste Management Limited**  
A2Z E waste Management Limited was

incorporated on 10<sup>th</sup> February, 2011 as a subsidiary of the Company. The company is engaged in the business of managing, processing and scientific disposal of Computer waste, electronic waste and all other types of waste, including collection, de-manufacturing, remarketing and recycling, collection, storage, dismantling, segregation transportation trading, processing, extraction of valuable metals, reuse and recycling, treatment and disposal of all types computer and electronic waste (E-waste), hazardous waste and to bid for obtaining rights to implement electronic waste and related projects.

- **A2Z Water Solutions Limited**  
A2Z Water Solutions Limited was incorporated on 10<sup>th</sup> February, 2011 as a subsidiary of the Company. The company provides integrated water and waste water solutions including ways to control water pollution through various technologies and is basically engaged in the field of water and waste water management.

#### INDIRECT SUBSIDIARIES

The Company is having following 16 (Sixteen) indirect subsidiaries :-

- **CNCS Facility Solutions Private Limited: (“CNCS”)**  
CNCS was incorporated on 22<sup>nd</sup> November, 2006 with object to own, maintain, set up, run, clean, service, manage, facilitate and commercialize services in all types of residential, commercial, industrial, entertainment and amusement, infrastructural, public and private utility services. It has become the indirect subsidiary of the company with effect from 21<sup>st</sup> October, 2009 and subsidiary of Imatek Solutions Private Limited.
- **IL & FS Property Management & Services Limited: (“IPMSL”)**  
IPMSL was incorporated on 26<sup>th</sup> November, 1991 with object to carry on the business of building, property and office managers and of providing, supplying, maintaining and operating administrative, secretarial and office services, facilities, conveniences, bureau and the like and to provide or procure the provision by others of every and any service, need, want or requirement of any business nature required by any person, company, corporate body, trust, association, society or organization whatsoever in or in connection with any business carried on by them. It has become indirect subsidiary of the company with effect from 1<sup>st</sup> October, 2010 and wholly owned subsidiary of A2Z Infrservices Limited.
- **A2Z Waste Management (Aligarh) Limited: (“A2Z Aligarh”)**  
A2Z Aligarh was incorporated on 4<sup>th</sup> December, 2009

as a subsidiary of the A2Z Infrastructure Limited. A2Z Aligarh was established for the development of integrated solid waste management facilities in Aligarh city for Aligarh Municipal Corporation, Uttar Pradesh.

- **A2Z Waste Management (Varanasi) Limited: (“A2Z Varanasi”)**

A2Z Varanasi was incorporated on 4<sup>th</sup> December, 2009 as a subsidiary of the A2Z Infrastructure Limited. A2Z Varanasi was established for the development of integrated solid waste management facilities in Varanasi city for the Varanasi Municipal Corporation, Uttar Pradesh.

- **A2Z Waste Management (Merrut) Limited: (“A2Z Merrut”)**

A2Z Merrut was incorporated on 4<sup>th</sup> December, 2009 as a subsidiary of the A2Z Infrastructure Limited. A2Z Merrut was established for the development of integrated solid waste management facilities in Meerut for the Meerut Municipal Corporation, Uttar Pradesh.

- **A2Z Waste Management (Moradabad) Limited: (“A2Z Moradabad”)**

A2Z Moradabad was incorporated on 4<sup>th</sup> December, 2009 as a subsidiary of the A2Z Infrastructure Limited. A2Z Moradabad was established for the development of integrated solid waste management facilities in Moradabad city for the Moradabad Municipal Corporation, Uttar Pradesh.

- **A2Z Waste Management (Badaun) Limited: (“A2Z Badaun”)**

A2Z Badaun was incorporated on 10<sup>th</sup> November, 2010 as a subsidiary of the A2Z Infrastructure Limited. A2Z Badaun was established for the development of integrated solid waste management facilities in Badaun city for Badaun Municipal Corporation, Uttar Pradesh.

- **A2Z Waste Management (Balai) Limited: (“A2Z Balai”)**

A2Z Balai was incorporated on 10<sup>th</sup> November, 2010 as a subsidiary of the A2Z Infrastructure Limited. A2Z Balai was established for the development of integrated solid waste management facilities in Balai city for Balai Municipal Corporation, Uttar Pradesh.

- **A2Z Waste Management (Basti) Limited: (“A2Z Basti”)**

A2Z Basti was incorporated on 10<sup>th</sup> November, 2010 as a subsidiary of the A2Z Infrastructure Limited. A2Z Basti was established for the development of integrated solid waste management facilities in Basti city for Basti Municipal Corporation, Uttar Pradesh.

- **A2Z Waste Management (Fatehpur) Limited: (“A2Z Fatehpur”)**

A2Z Fatehpur was incorporated on 10<sup>th</sup> November,

2010 as a subsidiary of the A2Z Infrastructure Limited. A2Z Fatehpur was established for the development of integrated solid waste management facilities in Fatehpur city for Fatehpur Municipal Corporation, Uttar Pradesh.

- **A2Z Waste Management (Jaunpur) Limited: (“A2Z Jaunpur”)**

A2Z Jaunpur was incorporated on 9<sup>th</sup> November, 2010 as a subsidiary of the A2Z Infrastructure Limited. A2Z Jaunpur was established for the development of integrated solid waste management facilities in Jaunpur city for Jaunpur Municipal Corporation, Uttar Pradesh.

- **A2Z Waste Management (Loni) Limited: (“A2Z Loni”)**

A2Z Loni was incorporated on 10<sup>th</sup> November, 2010 as a subsidiary of the A2Z Infrastructure Limited. A2Z Loni was established for the development of integrated solid waste management facilities in Loni city for Loni Municipal Corporation, Uttar Pradesh.

- **A2Z Waste Management (Mirzapur) Limited: (“A2Z Mirzapur”)**

A2Z Mirzapur was incorporated on 10<sup>th</sup> November, 2010 as a subsidiary of the A2Z Infrastructure Limited. A2Z Mirzapur was established for the development of integrated solid waste management facilities in Mirzapur city for Mirzapur Municipal Corporation, Uttar Pradesh.

- **A2Z Waste Management (Sambhal) Limited: (“A2Z Sambhal”)**

A2Z Sambhal was incorporated on 10<sup>th</sup> November, 2010 as a subsidiary of the A2Z Infrastructure Limited. A2Z Sambhal was established for the development of integrated solid waste management facilities in Sambhal city for Sambhal Municipal Corporation, Uttar Pradesh.

- **A2Z Waste Management (Ranchi) Limited; (A2Z Ranchi”)**

A2Z Ranchi was incorporated on 01<sup>st</sup> March, 2011 as a subsidiary of the A2Z Infrastructure Limited. A2Z Ranchi was established for the development of integrated solid waste management facilities in Ranchi city for Ranchi Municipal Corporation, Jharkhand.

- **A2Z Waste Management (Ludhiana) Limited: (“A2Z Ludhiana”)**

A2Z Ludhiana was incorporated on 14<sup>th</sup> July, 2011 as a subsidiary of the A2Z Infrastructure Limited. A2Z Ludhiana was established for the development of integrated solid waste management facilities in Ludhiana city for Ludhiana Municipal Corporation, Punjab.

#### EXEMPTION UNDER SECTION 212 FOR SUBSIDIARIES

As per section 212 of the Companies Act, 1956 we are required to attach Balance Sheet, P & L A/c, Director's Report and Auditor's Report of the Subsidiary companies with the Balance Sheet of the Company. Ministry of Corporate Affairs vide its Circular No: 51/12/2007-CL-III dated 8<sup>th</sup> February, 2011, has, subject to compliance with certain conditions, granted general exemption to the Companies from applicability of Section 212 of the Companies Act, 1956.

The members of the Board of Directors of the Company vide resolution passed in their meeting has decided not to attach the Balance Sheet, P & L A/c, Director's Report and Auditor's Report of the Subsidiary companies with the Balance Sheet of the Company and complied the provisions of the said Circular, i.e. the consolidated Financial Statement of the Company for the Financial Year ended 31<sup>st</sup> March, 2011 duly audited by Statutory Auditors is included in the Annual Report. The Annual Accounts of these subsidiaries and the related detailed information will be made available to any Member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection by any Member of the Company/its subsidiary (ies) at the Registered Office of the Company/its subsidiaries.

Further Pursuant to the Listing Agreement with the Stock Exchanges and the general exemption granted by the Ministry of Corporate Affairs, the Consolidated Financial Statements of the Company, including the financial details of all the subsidiary companies, which forms part of the Annual Report, has been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India.

#### 18. INTERNAL CONTROL SYSTEMS

The Company has a proper, efficient & adequate internal control system. It ensures that all the assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly.

An effective programme of internal audit and management review supplements the process of internal control. Properly documented policies, guidelines and procedures are laid down for this purpose. The internal control system has been designed so as to ensure that the financial and other records of the Company are reliable for preparing the financial and other statements and for maintaining accountability of assets of the Company.

The Company has also constituted an Audit Committee comprising of 4 (Four) professional qualified directors, who regularly interact with the

Statutory Auditors and Internal Auditors in dealing with the matters specified within its terms of reference. The Committee mainly deals with accounting matters, financial reporting and internal controls.

#### 19. AUDIT COMMITTEE RECOMMENDATION

During the year under review there was no such recommendation of the Audit Committee which was not accepted by the Board. Hence there is no need for disclosure of the same in this report.

#### 20. RISK MANGEMENT SYSTEM

Your Company follows a comprehensive & effective system of Risk Management. The Company has adopted a procedure for risk assessment and its minimization. It ensures that all the risks are timely identified and mitigated in accordance with the well structured Risk Management process. The Board of directors & the Audit Committee periodically review the Risk management process.

#### 21. PUBLIC DEPOSITS

During the year under review the company has not accepted any deposit from public within the meaning of section 58A of the Companies Act, 1956 and rules made there under.

#### 22. AUDITORS AND AUDITOR'S REPORT

M/s. S.R. Batliboi & Associates, Chartered Accountants, Statutory Auditors of the Company will hold office up to the conclusion of the ensuing Annual General Meeting and shall not be reappointed as they have conveyed their intent not to seek reappointment as Statutory Auditor of the Company in the ensuing AGM.

On recommendation of the Audit Committee the Board has suggested the appointment of M/s Walker, Chandiook & Co., Chartered Accountants as Statutory Auditors in place of M/s S.R Batliboi & Associates, the retiring Auditors. M/s Walker, Chandiook & Co., Chartered Accountants, if appointed by members as Statutory auditor shall hold office from the conclusion of ensuing Annual General Meeting up to the next Annual General Meeting of the Company. A Certificate has been received from them as required under section 224(1B) of the Companies Act, 1956 to the effect that their appointment, if made, would be within the limits specified in the said section.

The auditor's report presented by M/s S.R. Batliboi & Associates, Statutory Auditors on the accounts of the company for the financial year ended 31<sup>st</sup> March, 2011 is self-explanatory and requires no comments and the Management replies to the audit observations are as under:

Explanation to Point No. (ix) (a) of the Annexure to the Auditor's Report

The Company has been depositing statutory dues regularly with the appropriate authorities though



there has been a slight delay in a few cases which will be taken care in future.

Explanation to Point No. (xxi) of the Annexure to the Auditor's Report

During the year theft by unidentified individual of materials amounting to Rs. 19.29 Millions has been reported against which the company has filed an insurance claim with the Insurance Company and received a sum of Rs. 5.13 Millions We have taken adequate safeguards to prevent theft of materials.

Branch Audit:

The Company has established a branch office in Uganda to represent and to do the businesses of Company over there. Further the accounts of the said branch has been reviewed by M/s Hitesh Mehta & Co., Independent Accountants and has been consolidated in the Company's financials.

#### 23. PARTICULARS OF EMPLOYEES

The information required under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, is set out in the Annexure II to the Director's Report.

#### 24. CORPORATE GOVERNANCE REPORT

The company is regularly complying with the requirements of Corporate Governance as stipulated under clause 49 of the listing agreement. A detailed report on compliance of corporate governance along with Management Discussion & Analysis forms part of the Annual Report.

The requisite Certificate from the Practicing Company Secretary M/s DR Associates, Company Secretaries regarding Compliance with the conditions of Corporate Governance as stipulated in Clause 49 is annexed as Annexure to Corporate Governance Report.

#### 25. DIRECTOR'S RESPONSIBILITY STATEMENTS

In accordance with the provisions of section 217(2AA) of the Companies Act, 1956, your directors state that:

1. In the preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures.
2. Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates are made so as to give a true and

fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2011 and of the profits of the Company for the year ended on that date.

3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts of the company have been prepared on a going concern basis.

#### 26. CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars required to be furnished pursuant to section 217(1)(e) of the Companies act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

- i. Part A and B of the Rules pertaining to conservation of energy and technology absorption are not applicable to the Company.
- ii. Foreign Exchange earnings and outgo:

Earnings: Revenue from Engineering Services- Rs. 85.72 Million

Outgo-Expenditure in Foreign Currency- Rs. 28.44 Million

CIF value of Imports - Rs. 868.62 Million

#### 27. ACKNOWLEDGEMENT

Your Directors would like to express their gratitude and appreciation for the co-operation and support extended by the Bankers, Vendors, Investors, Business Associates and various Government Agencies/Authorities during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services and untiring efforts of the executives, staff and workers of the Company at all the levels.

For and on behalf of Board of Directors

Date : 29.08.2011  
Place : Gurgaon

Sd/-  
(Surender Kumar Tuteja)  
Chairman



## Annexure I to Directors' Report

### A2Z STOCK OPTION 2010: STATUS AS ON 31.03.2011

S. No	Particulars	A2Z Stock Option Plan 2010
1	Number of Stock options granted	1,075,750
2	Pricing Formula	Rs. 314.13
3	Option Vested	NIL
4	Number of Option exercised	NIL
5	Number of Shares arising as a result of exercise of option	NIL
6	Variation of terms of options	NONE
7	Number of option lapsed	128,500
8	Money realized upon exercise of options	NIL
9	Total number of option in force	947,250
10	<b>(a) Options granted to senior managerial personnel</b>	
	· Mr. Surender Kumar Tuteja	25,000
	· Mr. Rajeev Thakore	25,000
	· Mr. Vinod Sagar Wahi	25,000
	· Mr. Rakesh Gupta	33,750
	· Mr. Rajesh Kataria	12,500
	· Mr. Ashok Kumar Saini	33,750
	· Mr. Rajesh Jain	25,000
	· Mr. Amit Kumar Agarwal	25,000
	· Mr. Sunil B. Chhibar	25,000
	· Mr. G.P.Chaukiyal	7,500
	· Mr. Chander Parkash Khurana	7,500
	· Mr. V.K. Ramesh	12,500
	· Mr. Hemant Gupta	25,000
	· Mr. Atul Kumar Agarwal	5,000
	· Mr. Rakesh Kumar Aggarwal	33,750
	· Mr. Sanjeev Sharma	33,750
	· Mr. Manoj Gupta	33,750
	· Mr. Subhash Kumar Mehta	12,500
	(b) Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during the year	None
	(c) Identified employees who were granted options during any 1 year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants & conversions) of the Company at the time of grant	None
11	(i) Method of calculation of employee compensation cost	Intrinsic Value Method
	(ii) Difference between the employee compensation cost so computed at 11(i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the options	Rs. 4,343,200
	(iii) The impact of this difference on profits and on EPS of the Company	-

	Profit including extra-ordinary items, as reported	Rs. 853,518,535
	Add: Employee stock compensation under intrinsic value method	-
	Less: Employee stock compensation under fair value method	Rs. 4,343,200
	Pro-forma profit	Rs. 849,175,335
	<b>Earnings Per Share</b>	
	<b>Basic</b>	
	As reported (including extra-ordinary items)	Rs. 13.72
	Pro-forma	Rs. 13.65
	<b>Diluted</b>	
	As reported (including extra-ordinary items)	Rs. 13.72
	Pro-forma	Rs. 13.65
12	a) Weighted average exercise prices of option granted	Rs. 314.13
	b) Weighted average fair value of options granted on the date of grant	Rs. 58.23
13	Method and significant assumptions used to estimate the fair values of options	Black Scholes Valuation Model
	(i) Weighted average share price / Fair value of share	Rs. 221.75
	(ii) Exercise Price	Rs. 314.13
	(iii) Annual Volatility (Standard Deviation – Annual)	34.93%
	(iv) Time To Maturity - in years	5.51
	(v) Dividend Yield	2.25%
	(vi) Risk free Rate – Annual	7.45%

**Annexure-II to Director's Report**

**LIST OF PERSONS EMPLOYED THROUGHOUT THE FINANCIAL YEAR**

Name	Designation	Gross Annual Remuneration in Rs.	Qualification	Years of Experience	Date of commencement of employment	Age	Last Employment	Last Designation
Mr. Amit Mittal	Managing Director	26,288,542	B. Tech.	24	01/02/2004	43	M/s Sapien Corporation	Sr. Manager

**LIST OF PERSON EMPLOYED FOR THE PART OF THE FINANCIAL YEAR**

Mr. Amit Sardana	Group CEO	5,515,544	Post Graduation in Management	18	01/07/2010	40	Infrastruc-ture Profes-sionals Enterprises (P) Ltd.	Whole Time Director
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**Notes:**

- Remuneration includes Salary, allowances, taxable perquisites, comission payable and Company's contribution to provident fund.
- Mr. Amit Mittal is husband of Mrs. Dipali Mittal, the whole time director of the Company.
- Mr. Amit Sardana is not related to any director of the Company.

# Management Discussion & Analysis

## Overview of the Company

The Company is operating in many business segments directly and through its subsidiaries. The A2Z group is evolving from its historical mainstay of FMS and EPC services to being an Infrastructure Company providing solutions that promote Clean and Green Energy.

Our main sources of revenue today are EPC solutions, primarily in the Power Distribution segment where we help in expanding reach of power to villages not yet connected to the grid and also reducing Technical and Commercial losses. Our FMS business provides housekeeping, security, hospitality and related services.

In our re-engineered strategy, the group is attempting to build scale in Green Technology solutions in all areas of the power sector, starting from generation of power to its distribution to end consumers. Towards it, the Company is taking significant steps for generation of power from renewable energy sources like biomass (Renewable Energy Generation). A2Z also operates in the areas of Municipal Solid Waste (MSW) management. A brief description of the environment and our business lines is provided below.

## Macroeconomic Environment Overview

The Indian economy experienced high and broad-based growth over the past fiscal year as it emerged with remarkable rapidity from the slowdown caused by the global economic crisis over the past two years and has emerged stronger in 2010-11. It grew at 8.50 % in 2010-11 as compared to the growth rate of 8.00 % in 2009-10. (Source: Central Statistical Organisation). With inflation remaining high, growth stagnated due to aggressive monetary tightening by the RBI and no clear indication by the government on achieving the fiscal deficit targets. challenges to growth remain in the current environment.

## Opportunities

### EPC Business

For FY 2009-10, India faced an energy shortage of approximately 10.10% of total energy requirements and 12.70% of peak demand requirements. (Source: Ministry of Power website). Over FY 00 – FY 10, the peak deficit has grown from 6.20% (Source: Ministry of Power, Annual Report, FY 2002-03) to 13.30%. In order to accelerate and upgrade the Indian Transmission and Distribution (T&D) infrastructure, the Government of India consolidated various distribution schemes during the Xth Five Year Plan (FYP) including the Accelerated Power Development and Reforms Program (“APDRP”) and Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) schemes. APDRP was further restructured in the XIth FYP to address certain issues not covered under APDRP and was renamed Restructured - Accelerated Power Development and Reforms Program (R-APDRP).

The Company has been operating its EPC business since fiscal 2006 and has focused primarily on the Power Distribution sector. The EPC services provided for distribution sector include the installation of distribution line infrastructure with capacities of up to 33 KV, the construction of substations and participation in system strengthening projects and rural electrification projects. In the Power Transmission sector, our EPC services include the construction of extra high voltage (EHV) substations of up to 400 KV and EHV transmission lines of up to 765 KV. In the Power Generation sector, we are currently executing EPC projects for an aggregate capacity of 60 MW for companies within the group and intend to grow this business to provide such services to third parties. The capabilities of the Company, its execution skills and the push from the government for reforms in the power sector present a great opportunity in front of the Company.

### Power IT Solutions business

Distribution segment is considered as the weakest link in the power sector due to the large Aggregate Technical and Commercial (AT&C) losses occurring at the distribution end.

The Company has diversified into the Power IT Solutions business, where it is executing projects as a systems integrator by developing solutions for AT&C loss reduction in India. The Company has been empanelled by Power Finance Corporation (PFC), as a system integrator to provide IT applications for reduction in AT&C losses under R-APDRP, with consortium partner, Sterlite Technologies Limited.

### FMS business

In the broader framework of a growing economy, sectors such as financing, insurance, real estate and business services grew at 10.60% in 2010-11 (Source: <http://www.indiabudget.nic.in/es2010-11/echap-01.pdf>). Growth in these sectors has led to a demand for supporting infrastructure and management of the same is emerging as a business model. Such management solutions have a place for organizations spread geographically such as the Indian Railways and also places such as offices, malls etc.

The Company has been engaged in the FMS business since its incorporation in 2002. The Company differentiates itself by leveraging its engineering skills and assisting clients in adopting preventive maintenance and energy saving solutions. Its services in the FMS business include engineering maintenance (mechanical, plumbing, electrical, HVAC, DG Set), energy saving solutions, janitorial services, parking management, property lease management, telecommunications tower maintenance, railways and security services to public and private sector clients.

### Renewable Energy Generation

The Planning Commission of India has set itself an aim of capacity addition of 14,000 MW of power generation from renewable energy (grid-interactive) for the XI<sup>th</sup> FYP (2007-2012). A capacity addition of around 49,000 MW in the aggregate is envisaged for the XII<sup>th</sup> and XIII<sup>th</sup> FYPs by the Planning Commission. According to the Planning Commission, renewable power capacity by the end of the XIII<sup>th</sup> FYP period is projected to reach 53,000 MW, in which 7,500 MW of capacity will be from biomass based power.

The key drivers for the renewable energy sector in India include the huge demand-supply gap, especially as population increases; regulatory incentives like tax incentives; preferential tariffs; Renewable purchase obligations (RPO) of states and the availability of the Clean Development Mechanism (CDM) benefits and/or Indian renewable energy certificates (RECs), when fully-implemented by the Indian government; a large untapped potential; environmental concerns regarding the use of fossil fuels; the desire to strengthen India's energy security; and a viable solution for rural electrification.

The Company operates in the Renewable Power Generation business using sources of fuel such as biomass. Presently, the Company is constructing three 15 MW each renewable energy cogeneration projects in sugar mills located in the State of Punjab on BOOT basis. The Company is also setting up a 15 MW power generation project at Kanpur in Uttar Pradesh using the Refused Derived Fuel (RDF) produced in our MSW plant at Kanpur. Going forward, it intends to develop additional biomass-based power projects with such unique fuel linkages. Such projects include the biomass generated from our subsidiary's MSW business, which will complement the Power Generation business as we will have an available source of fuel for power generation from our MSW plants in various cities.

### MSW business

The Waste generation is rapidly increasing in India with population expansion, increasing urbanisation and economic development. The proportion of urban population (which is primarily distributed in large towns and in metropolitan areas) to total population has increased from 17% in 1951 to 28% in 2001 and this ratio is expected to cross 40% by 2021. More than 100,000 MT of MSW is generated daily in the country and per capita waste generation in major cities ranges from 0.20 kg to 0.6 kg. The collection efficiency ranges from 70% to 90% in major metro cities and below 50% in some smaller cities. The Government has initiated various schemes to address concerns of MSW management. These schemes include the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and the Urban Infrastructure Development

Scheme for Small and Medium Towns (UIDSSMT). MSW management is one of the fastest growing businesses in India with continued focus and push from both the Central and State governments.

In the MSW business, the Company provides collection, transportation, processing, disposal and treatment of municipal solid waste. In a short span of time since 2008, the Company has been awarded contracts for (a) setting up Integrated Resource Recovery Facilities (IRRFs) on a BOOT basis with an aggregate MSW capacity of 5,778 tons per day (TPD) in 10 cities; (b) the collection and transportation (C&T) of MSW of an aggregate capacity of 920 TPD in two cities; and (c) the processing and disposal (P&D) of MSW of an aggregate capacity of 1,015 TPD in 11 cities in India. These projects have been awarded by various urban local bodies (ULB) through competitive bidding under the JNNURM and UIDSSMT schemes and are annuity projects with tenure of 25 to 30 years with price escalation clauses.

### Strengths

We believe that the following are our key competitive strengths:

- Ability to identify new business opportunities and scale businesses in high growth sectors
- Proven project execution capabilities and demonstrated track record
- In-house engineering capabilities and strong quality management systems
- Qualified and experienced management and motivated employee base
- Diversified business and operations

Based on our strengths as outlined above, our business strategy is focused on expanding our participation in the power, infrastructure and waste management sectors in a socially relevant manner. To this end, we intend to continue to provide high quality services to our clients and grow our business by leveraging our strengths and implementing the following strategies:

- Strengthen presence in the power sector
- Continue to diversify and grow our EPC, Renewable Energy Generation, MSW and FMS businesses
- Establish an international presence
- Pursue strategic alliances and investments

### Threats, Risks & Concerns

While the growth outlook remains strong there are few risks, challenges and concerns associated with business of the Company, which can be enumerated as:

- Commodity price variation;
- Delays in execution of projects due to external factors;

- c. High rate of inflation;
- d. Rising interest costs;
- e. Government policies.
- f. Deployment and retention of competent employees

To mitigate these risks, the risk management strategies being adopted by the company are periodically reviewed by the management and appropriate actions are taken from time to time.

#### Internal control systems

The company has an internal control system commensurate with its size and nature of business, which covers the following areas:-

- a. Optimum utilization of resources;
- b. Accurate & prompt recording of transactions;
- c. Efficient communication system between the Project sites and Head Office;
- d. Safeguarding of assets;
- e. Compliance with prevalent statutes, listing agreement provisions, management policies & procedures;
- f. Efficient management information system;
- g. Adherence to applicable accounting standards and policies;
- h. Review of IT and other systems; and
- i. The internal control system provides for adherence to approved procedures, policies, guidelines and authorization.

In order to ensure that all checks and balances are in place and all the internal control systems and procedures are in order, regular and exhaustive internal audit is conducted by the qualified Chartered Accountants.

#### Human Resources

To keep pace with the organic growth of A2Z Group's fast growing business segments; hiring strategy employs a mix of sourcing resources to attract the right talent. Utmost diligence is employed in choosing the right sourcing resource to cater to the diversified business

dynamics. We believe in hiring the best talent - talent that can think out of the box and is driven by values. We align our people by cascading visions into goals and business goals into team and individual goals. We have a structured Performance Management System that sets specific objectives and measures performance achievement while identifying development opportunities.

#### Corporate Social Responsibility (CSR)

The Company believes in conducting its operations in a socially relevant manner. It provides employment opportunities to persons in the unorganized sector in the MSW business and aims to enhance their quality of life and dignity of service. The Company intends to improve the standard of living by providing housing facilities to rag pickers employed in its MSW business. With the aim of protecting the environment, the Company's CSR initiative is emphasizing on people's cooperation under its brand "Sahyog". Through its CSR initiative, the Company has taken steps towards spreading Clean and Green awareness in communities and schools. In schools, environment protection messages are inculcated through sensitization programs, rallies, quizzes, posters, skits and street marches. In communities, awareness is extended through regular awareness drives and meetings.

*Safe Harbour Statement - Statements in the Management Discussion & Analysis Report detailing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. These statements being based on certain assumptions and expectations of future event, actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting domestic demand supply conditions, finish goods prices, changes in Government Regulations and Tax regime etc. The Company assumes no responsibility to publically amend, modify or revise any forward looking statements on the basis of subsequent developments, information or events.*



# REPORT ON CORPORATE GOVERNANCE

## Annexure to the Director's Report

Company policies on the Corporate Governance and compliance report on specific areas wherever applicable for the financial year ended March 31, 2011 are given hereunder:

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company believes in maintaining the highest standards of corporate governance not as matter of mere formality but of substance. The philosophy of corporate governance as manifested in the Company's working is to achieve business excellence by enhancing long-term shareholders value. Efficient conduct of the business of the Company through commitment to transparency and business ethic in discharging its corporate responsibilities are hallmarks of the best practices already followed by the Company.

We, at A2Z are dedicated to uphold the highest standards of corporate governance, compliance and administration by integrity, stability, determination towards value system, responsible decision making and continued trust and support of all the stakeholders.

### 2. BOARD OF DIRECTORS

#### 2.1 Composition and Category of Directors

The Company's Board is an optimum combination of Executive, Non-Executive and Independent Directors presenting the judicious mix of professionalism, knowledge and experience. The Board comprises of Nine (9) Directors and two (2) Alternate Directors. Among them One (1) Non-Executive Independent Chairman, Two (2) Executive Directors one of whom is Managing Director, Four (4) Non-Executive Non Independent Directors and Two (2) Non Executive Independent Directors. The independent directors do not have any pecuniary

relationship or transactions with the company, promoters, and management, which may affect independence or judgment of the directors in any manner.

The members of our Board are from diverse back grounds with skills and experience in critical areas like technology, finance, entrepreneurship and general management. Many of them have worked extensively in senior management positions in global corporations and others are industrialists of repute with a deep understanding of the Indian business environment. The Board reviews its strength and composition from time to time to ensure that it remains aligned with the statutory as well as business requirements.

The composition of the Board of Directors of the Company is in conformity with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges.

#### 2.2 Board functioning and procedure

The Board of Director oversees the overall functioning of the Company and take the strategic decision and define the management policies in the best interest of the Company and its stakeholders.

The information as required under Clause 49 of the Listing Agreement is being made available to the Board in their respective meetings. The members of the Board always have complete liberty to express their opinion and decisions are taken on the basis of consensus arrived at after detailed discussion. They are also free to bring up any matter for discussion at the Board Meetings.

During the financial year ended 31<sup>st</sup> March, 2011 the Board met nine (9) times i.e. on 2<sup>nd</sup> June, 2010, 18<sup>th</sup> June, 2010, 1<sup>st</sup> July, 2010, 11<sup>th</sup> September, 2010, 10<sup>th</sup> November, 2010, 19<sup>th</sup> November, 2010, 3<sup>rd</sup> December, 2010, 16<sup>th</sup> December, 2010 and 14<sup>th</sup> February, 2011. Requisite information as per the requirement of Clause 49 of the Listing Agreement is provided in the following table:

Name of Director	Director Identification Number	Category	Number of Other Directorship <sup>1</sup> and Committee <sup>2</sup> Memberships and Chairmanships			No. of Board Meeting held	No. of Board Meeting attended	Whether attended last AGM
Mr. Surender Kumar Tuteja	00594076	Independent and Non-Executive Director	14	5	4	9	8	Yes
Mr. Amit Mittal	00058944	Non-Independent and Executive Director	4	Nil	Nil	9	9	No
Mrs. Dipali Mittal	00872628	Non-Independent and Executive Director	3	Nil	Nil	9	3	Yes
Mr. Rakesh Radheyshyam Jhunjhunwala	00777064	Non-Independent and Non-Executive Director	8	Nil	Nil	9	1	No
Mr. Manish Gupta <sup>3</sup>	00604556	Non-Independent and Non-Executive Director	1	Nil	Nil	9	7	No

Name of Director	Director Identification Number	Category	Number of Other Directorship <sup>1</sup> and Committee <sup>2</sup> Memberships and Chairmanships			No. of Board Meeting held	No. of Board Meeting attended	Whether attended last AGM
Mr. Brij Raj Singh <sup>4</sup>	01446886	Non-Independent and Non-Executive Director	0	Nil	Nil	9	6	No
Mr. Gaurav Mathur <sup>5</sup>	00016492	Non-Independent and Non-Executive Director	2	2	Nil	9	5	No
Mr. Vinod Sagar Wahi	01899217	Independent and Non-Executive Director	3	2	Nil	9	8	No
Mr. Rajeev Thakore	00001732	Independent and Non-Executive Director	1	1	Nil	9	7	No

- Directorships held by directors as mentioned above, do not include directorship held in foreign companies, private limited companies and companies under section 25 of the Companies Act, 1956.
- Committees considered for the purpose are those prescribed under clause 49(I)(C)(ii) of the listing agreement(s) viz. audit committee and shareholders/investors grievance committee of Indian public limited companies. Committee membership details provided do not include chairmanship of committees as it has been provided separately.
- Nominee Director of Mr. Rakesh Radheyshyam Jhunjhunwala.
- Nominee Director of Beacon India Investors Limited. Attended 6 meetings through Alternate Director Mr. Anshuman Goenka.  
Mr. Anshuman Goenka vacated his office w.e.f 25<sup>th</sup> July, 2011 on return of Mr. Brij Raj Singh in the State of Haryana.  
Mr. Arjun Balan has been appointed as Alternate Director to Mr. Brij Raj Singh w.e.f 29<sup>th</sup> August, 2011.
- Nominee Director of Lexington Equity Holdings Limited. Attended 5 meetings through Alternate Director Mr. Supratim Banerjee.
- Except Mr. Amit Mittal and Mrs. Dipali Mittal, who are husband and wife, none of the directors are relative of any other directors.
- The details of the shareholding of Directors are as follow:

S. No	Name of the Director	No. of Shares	Percentage (%) of Holding
1	Mr. Amit Mittal	28,759,301	38.77
2	Mr. Rakesh Radheyshyam Jhunjhunwala	12,773,351	17.22
3	Mrs. Dipali Mittal	1,170,000	1.58
4	Mr. Manish Gupta	129,000	0.17

No other director is holding any shares in the company.

### 2.3 Code of Conduct

The Board has laid down a Code of Business Conduct and Ethics for all Board Members and Officer/Senior Management Personnel of the Company. The said Code has been communicated to the Directors and Officer/Senior Management Personnel and is also posted on the web-site of the company viz. [www.a2zgroup.co.in](http://www.a2zgroup.co.in).

Declaration from the Chief Executive Officer confirming that the Company has received affirmations from the Board Members and the Senior Management Personnel regarding compliance of Code of Conduct during the Financial Year ended 31<sup>st</sup> March, 2011 is attached as Annexure-I.

### 3. BOARD COMMITTEES

In compliance with the listing Agreements and to focus effectively on the issues and ensure expedient resolution of the diverse matters, the Board has constituted various committees with specific terms of reference and scope. The committees operate as empowered agents of the Board as per their charter/terms of reference. Constitution and charter of the board committees are given herein below.

#### 3.1 Audit Committee

##### (a) Constitution and Terms of Reference

The Audit Committee comprises of four(4) Non -Executive Directors, three (3) of them are Independent Directors. The Chairman of the Audit Committee is an Independent Director. The Company Secretary acts as the Secretary to the Audit Committee.

The terms of reference and scope of the activities of the Audit Committee are as set out in Clause 49 of the Listing Agreement with the Stock Exchanges, as well as in Section 292A of the Companies Act, 1956.

The Audit Committee provides directions to and reviews functions of the Company's audit department. The Committee evaluates internal audit policies, plans, procedures and performance and reviews the other

functions through various internal audit reports. Quarterly and annual accounts are placed before the Audit Committee, prior to being presented to the Board along with the recommendations of the Audit Committee.

**(b) Composition, Meeting and Attendance**

During the financial year ended 31<sup>st</sup> March, 2011, the Committee met four (4) times i.e. on 1<sup>st</sup> July, 2010, 22<sup>nd</sup> July, 2010, 10<sup>th</sup> November, 2010 and 14<sup>th</sup> February, 2011.

The composition and the attendance of members at the meetings held during the financial year ended 31<sup>st</sup> March, 2011, are given below:

Member	Designation	Category of Directorship	Number of Meeting attended
Mr. Surender Kumar Tuteja	Chairman	Independent	4
Mr. Rajeev Thakore	Member	Independent	4
Mr. Vinod Sagar Wahi	Member	Independent	4
Mr. Manish Gupta	Member	Nominee – Director	3

**3.2 Remuneration cum Compensation Committee**

**(a) Constitution and Terms of Reference**

The Remuneration Committee comprises of (3) Three Non-Executive Independent Directors, constitution of which is non mandatory requirement. The Committee was constituted by the Board to recommend/review remuneration package of executive directors, including the Managing Director and matters related to the Company's Employee Stock Option Plan ('ESOP').

**(b) Composition, Meeting and Attendance**

During the financial year ended 31<sup>st</sup> March, 2011, the Committee met only once on 2<sup>nd</sup> June, 2010. The composition and the attendance of members at the meeting held during the financial year ended 31<sup>st</sup> March, 2011 are given below:

Member Director	Designation	Category of Directorship	Number of Meeting attended
Mr. Surender Kumar Tuteja	Chairman	Independent	0
Mr. Rajeev Thakore	Member	Independent	1
Mr. Vinod Sagar Wahi	Member	Independent	1

**(c) Remuneration Policy**

The Directors' Remuneration Policy of your Company is in conformity with the provisions under the Companies Act, 1956; subject to the approval of the Company's shareholders in general meeting and such other approvals as may be necessary.

The present remuneration structure of Executive Directors comprises of salaries, perquisites, allowances, commission (if any) and contribution to provident fund and gratuity.

The Non-executive directors including the Independent Directors are paid the sitting fees of Rs. 20,000/- for attending each Board and Committee meeting respectively. Further in terms of the shareholders approval obtained at the Annual General Meeting held on 7<sup>th</sup> December, 2010, the Non Executive Directors are entitled for a commission not exceeding 1% per annum of the net profits of the Company (computed in accordance with section 309(5) of the Companies Act, 1956) in such manner as the Board of Directors of the Company may from time to time determine.

The sitting fees paid for attending the Board/committee meeting held during the year and commission payable for financial year ended 31<sup>st</sup> March, 2011 is as under:

(Amount In Rs.)

S. No	Name	Sitting Fees paid	Commission payable
1	Mr. Surender Kumar Tuteja	400,000	1,200,000
2	Mr. Vinod Sagar Wahi	340,000	1,200,000
3	Mr. Rajeev Thakore	300,000	1,200,000
4	Mr. Rakesh Radheshyam Jhunjunwala	20,000	N.A
5	Mr. Brij Raj Singh <sup>1</sup>	240,000	N.A
6	Mr. Manish Gupta <sup>2</sup>	320,000	N.A
	Total	1,620,000	3,600,000

1. Mr. Brij Raj Singh is the Nominee Director of Beacon India Investors Limited.
2. Paid to Mr. Rakesh Radheshyam Jhunjunwala whom he represents.

Remuneration paid to Managing Director and Whole Time Director and commission payable for financial year ended 31<sup>st</sup> March, 2011 is as follows:

(Amount in Rs.)

S. No	Name	Category	Salaries	Commission	Term
1	Mr. Amit Mittal	Managing Director	13,493,817	12,794,725	5 years (till 31 <sup>st</sup> December, 2014)
2	Mrs. Dipali Mittal	Whole time Director	1,321,260	N.A	3 years (31 <sup>st</sup> March, 2013)

### 3.3 Shareholders and Investors Grievance Committee

The Shareholders and Investors Grievance Committee comprises of two (2) Executive Non Independent Directors and One (1) Non Executive Independent Director, who is the Chairman of the Committee. The functions of the Committee are to review and look into redress of shareholders' and investors' complaints in relation to transfer of shares, non-receipt of balance sheets or declared dividend etc. No meeting of Shareholders and Investors Grievance Committee held during the year as the Company's has not received any complaint from any member during the year ended 31<sup>st</sup> March, 2011.

The constitution of the Shareholders and Investors Grievance Committee is as follows:

S. No.	Name of the Director	Designation	Category
1.	Mr. Vinod Sagar Wahi	Chairman	Independent
2.	Mr. Amit Mittal	Member	Non Independent
3.	Mrs. Dipali Mittal	Member	Non Independent

### 3.4 Other Committee of the Board of Directors

In addition to the above referred committees which are constituted pursuant to the corporate governance code, the Board has constituted Finance Committee,

Share Transfer Committee, IPO Committee of Directors to consider various business matters and delegated their powers and responsibilities with respect to specific purposes. Further, the IPO committee ceased to effect as the purpose of the IPO Committee, i.e. initial public offering of the equity shares of the company was successfully obtained and shares of the Company have been listed with The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited.

### 4. SUBSIDIARIES COMPANIES

The Company has 14 Direct and 16 Indirect subsidiaries. None of the subsidiary is material non listed subsidiaries in terms of Explanation 1 to sub clause III of clause 49 of the Listing Agreement.

The minutes of the Board Meeting of the subsidiaries companies and statements of significant transaction and arrangement entered into by the subsidiaries are placed at the Board Meetings of the Company.

### 5. CEO/CFO CERTIFICATION

The Managing Director and Group CFO have certified, in terms of revised clause 49 of the Listing Agreement, to the Board that the financial statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards. The above certification about the financial statements is enclosed as Annexure – II to this report.

## 6. GENERAL BODY MEETINGS

The last three Annual General Meetings were held as:

Financial Year ended 31 <sup>st</sup> March	Venue	Date	Time	Special Resolution passed
2010	O-116, 1 <sup>st</sup> Floor, DLF Shopping Mall, Arjun Marg, DLF Phase I, Gurgaon-122002 Haryana	7 <sup>th</sup> December, 2010	11:30 A.M.	Approval for payment of Commission on net profits to directors other than whole time director and Managing Director under section 309 for three years starting from Financial Year 2010-11.
2009	O-116, 1 <sup>st</sup> Floor, DLF Shopping Mall, Arjun Marg, DLF Phase I, Gurgaon – 122 002 Haryana	30 <sup>th</sup> September, 2009	11:00 A.M.	No Special Resolution was passed
2008	O-116, 1 <sup>st</sup> Floor, DLF Shopping Mall, Arjun Marg, DLF Phase I, Gurgaon – 122 002 Haryana	30 <sup>th</sup> September, 2008	12:30 P.M.	Approval to alter the Articles of Association of Company under Section 31 of the Companies Act, 1956.

### 7.1 POSTAL BALLOT

The details of special resolutions passed through postal ballot during the financial year ended 31<sup>st</sup> March, 2011.

Date of Passing	Special Resolution Passed
18/03/2011	The Company conducted the postal ballot during the year and altered the object clause of Memorandum of Association by deleting the words "atomic power". The notice of postal ballot was sent to all the members on 14 <sup>th</sup> February, 2011 and the result was declared on 18 <sup>th</sup> March, 2011.

Mr. Deepak Gupta, Practicing Company Secretary, (a partner of DR Associates, Company Secretaries) was appointed as the Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

### 7.2 Proposed Special Resolution through Postal Ballot

There is no special resolution which is proposed to be passed through postal ballot in the ensuing Annual General Meeting for the Financial Year ended 31<sup>st</sup> March, 2011.

## 8. DISCLOSURES

8.1. There were no materially significant related party transactions, i.e. transactions of the Company of material nature with its promoter, directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the company at large. The related party transactions are duly disclosed in the Notes to the Accounts.

8.2. There was no case of non-compliance by the Company, penalties, stricture imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets.

8.3. No treatment different from the Accounting standard, prescribed by the Institute of Chartered Accountant of India has been followed in the preparation of financial statements.

8.4. The Company has not adopted any whistle blower policy. However the company has not denied access of any personnel to approach the management or the audit committee on any issue

8.5. The Company has complied with mandatory requirements of clause 49 of the listing agreements

8.6. The Company at present has adopted the non mandatory requirement with regards to constitution of Remuneration Cum Compensation Committee which has been constituted to determine the remuneration package of the Executive Directors including Managing Director and to administer matters related to Employee Stock option Plan.

## 9. SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL

Mr. Deepak Gupta, Practicing Company Secretary, (a partner of DR Associates, Company Secretaries) have carried out quarterly secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited(CDSL) and the total issued and listed capital. The audit confirmed that the total issued/paid up capital was in agreement with aggregate of the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

## 10. MEANS OF COMMUNICATION

10.1. The Quarterly and Annual Results are published in prominent daily newspapers, viz. Financial Express (English daily) and in Jansatta, the local newspaper published in the language of the region in which Registered Office is situated.

10.2. The Company also intimates the Stock Exchanges all price sensitive matters or such matters which, in opinion of Board, are material and of relevance to the shareholders, and subsequently issues a Press Release on the matter, wherever necessary.

10.3. Up-to date financial results, shareholding pattern, official news release and other general information and events about the Company are available on the Company's web-site, viz. [www.a2zgroup.co.in](http://www.a2zgroup.co.in).

## 11. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis forms part to this Annual Report.

## 12. GENERAL SHAREHOLDERS INFORMATION

### 12.1 10th Annual General Meeting

Date	: 29th, September, 2011
Day	: Thursday
Time	: 10.30 A.M
Venue	: Convention cum Exhibition Hall, Epicentre at Apparel House, Sector 44, Gurgaon-122003, Haryana

### 12.2 Financial Calendar (Tentative, subject to change)

Financial year	: April 1 to March 31
Results for the	
quarter ending	: Tentative Date for approval
30th June, 2011	: 12th August, 2011 (Friday)
30th September, 2011	: Mid of November, 2011
31st December, 2011	: Mid of February, 2012
31st March, 2012	: End of May, 2012



### 12.3 Date of Book Closure

The Register of members and Share Transfer books of the Company will remain closed from Saturday, 24th September, 2011 to Thursday, 29th September, 2011 (both days inclusive) for the purpose of declaration of dividend.

### 12.4 Dividend Payment Date

The dividend, if declared at the Annual General Meeting, will be paid on or before the 30<sup>th</sup> day from the date of declaration of dividend i.e. 29<sup>th</sup> September, 2011 to:

- a) For shares held in physical form - those members whose names will appear in the Register of Members on the close of the day on 23<sup>rd</sup> September, 2011 after giving effect to all valid transfer in physical form lodged with the Company or its RTA on or before 23<sup>rd</sup> September, 2011.
- b) For shares held in dematerialised form – those beneficiaries, whose names are furnished by the National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) as beneficial owner on 23<sup>rd</sup> September, 2011.

### 12.5 Listing on Stock Exchanges

The names of Stock Exchanges at which Company's Shares are listed and scrip code is as below:

Name and Address of the Stock Exchange	Scrip Name/ Code	Status of fee paid
National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1,G Block, Bandra-Kurla Complex,Bandra (E), Mumbai - 400 051	A2ZMES	Paid
The Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	533292	Paid

### 12.6 International Securities Identification Numbers (ISIN)

ISIN is a unique identification number of traded scrip. This number has to be quoted in each transaction relating to the dematerialized equity shares of the company. The ISIN number of the shares of A2Z Maintenance & Engineering Services Ltd. is INE619I01012.

### 12.7 Market Price Data

The details of monthly highest and lowest closing price of the equity of the Company and its comparison to broad based indices Sensex (BSE) and Nifty (NSE) during financial year 2010-11 are as under

Month & Year	BSE		Sensex	
	High(Rs.)	Low (Rs.)	High	Low
December,2010	398.90	314.55	205,09.09	19,242.36
January, 2011	346.20	260.30	20,562.05	18,327.76
February, 2011	298.00	205.00	18,506.82	17,463.04
March, 2011	288.25	248.30	19,445.22	17,839.05

Month & Year	NSE		Nifty	
	High	Low	High	Low
December,2010	500.00	315.10	6,134.50	5,766.50
January, 2011	346.40	259.00	6,157.60	5,505.90
February, 2011	299.85	200.00	5,546.45	5,225.80
March, 2011	288.45	248.05	5,833.75	5,364.75

### 12.8 (a) Registrar and Share Transfer Agents

The Company has engaged M/s Alankit Assignments Limited a SEBI registered Share Transfer Agent, as Registrar and Share Transfer Agent (RTA) for processing the transfer of securities issued by the Company. RTA acknowledges and execute, transfer of securities, arranges for issue of dividend. RTA also accepts deals with and resolve complaints of shareholders. The address of RTA is as follow:

#### M/s Alankit Assignments Limited

2E/21, Alankit House,  
Jhandewalan Extension  
New Delhi – 110 055  
Ph.: +91 11 42541234  
Fax: +91 11 42541967  
Email: info@alankit.com

**(b) Share Transfer System**

All the transfer are processed by the registrar and share transfer agent and approved by the Company. Pursuant to clause 47(c ) of listing agreement with the stock exchanges , certificate on half yearly basis have been issued by the company secretary in practice for due compliance of share transfer formalities by the company. Pursuant to SEBI (Depositories and Participant ) Regulations, 1996 certificate has also been received from a Company secretary in practice for timely dematerialization and rematerialization of the shares of the Company and for conducting secretarial audit on the quarterly basis for reconciliation of the share capital of the Company.

**12.9 Distribution of Shareholding**

(a) By number of shareholder & shares as on 31<sup>st</sup> March, 2011

S.No.	Range of Shares	No. of Shareholders	% to Total Shareholders	No. of Shares	% of Shares to total shares
1	1-100	9,840	72.25	3,60,623	0.49
2	101-500	3,204	23.53	8,16,324	1.10
3	501-1000	265	1.95	2,12,724	0.29
4	1001-5000	202	1.48	4,85,935	0.66
5	5001-10000	25	0.18	1,90,896	0.26
6	10001-20000	22	0.16	3,11,284	0.42
7	20001-30000	6	0.04	1,53,550	0.21
8	30001-40000	6	0.04	2,07,850	0.28
9	40001-50000	4	0.03	1,89,385	0.26
10	50001-100000	13	0.10	1,035,995	1.40
11	100001-500000	16	0.12	3,565,245	4.81
12	500001 and Above	16	0.12	66,647,883	89.85
		13,619	100.000	74,177,694	100.000

(b) By category of shareholders as on 31<sup>st</sup> March, 2011

S. No.	Category	No. of Shares	% of holding
<b>I</b>	<b>Promoter and Promoter Group</b>		
	(i) Indian	33,105,640	44.63
	(ii) Foreign	Nil	Nil
	<b>Total Shareholding of Promoter &amp; Promoter Group</b>	<b>33,105,640</b>	<b>44.63</b>
<b>II</b>	<b>Public Shareholding</b>		
	(A) Institutions		
	(i) Mutual Fund /Unit Trust of India	1,875,000	2.53
	(ii) Financial Institutions/ Banks	1,070	0.00
	(ii) Insurance Companies	3,65,850	0.49
	(iii) Foreign Institutional Investors	4,350,133	5.86
	(iv) Foreign Venture Capital Investors	5,449,627	7.35
	(B) Others		
	(i) Bodies Corporate	3,006,978	4.05
	(ii) Trusts	975	0.0
	(iii) Non-resident Indian	1,36,085	0.18
	(iv) Foreign Corporate Bodies	4,393,085	5.92
	(v) Individuals	21,493,251	28.98
	<b>Total Public Shareholding (A+B)</b>	<b>41,072,054</b>	<b>55.37</b>
	<b>Total Shareholding (I+ II)</b>	<b>74,177,694</b>	<b>100.00</b>

### 12.10 Dematerialization of Shares

Your Company's equity shares are compulsorily traded in dematerialised form by all categories of investors. Equity shares of your Company are available for trading in the depository systems of both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Particulars of Shares	Equity Shares of Rs 10 each		Shareholders	
	Number	% of Total Shares	Number	% of Total Shareholders
Dematerialised				
NSDL	69,223,825	93.32	8,495	62.38
CDSL	4,904,960	6.61	5,104	37.48
<b>Sub total</b>	<b>74,128,785</b>	<b>99.93</b>	<b>13,599</b>	<b>99.86</b>
Physical form	48,909	0.07	20	0.14
<b>Total</b>	<b>74,177,694</b>	<b>100.00</b>	<b>13,619</b>	<b>100.00</b>

### 12.11 Outstanding GDR/ADR or Warrants or any Convertible Instruments, conversion date and likely impact on equity:

NIL

### 12.12 Green Initiative

#### GREEN INITIATIVE IN CORPORATE GOVERNANCE

The Ministry of Corporate Affairs (MCA) has vide its circular Nos. 17/2011, followed by Circular No.18/2011 dated 21st April, 2011 and 29th April, 2011 respectively has undertaken a "Green Initiative in Corporate Governance" by allowing paperless Compliances by the Companies through electronic mode and introduced e-mail address as one of the modes of sending General Meeting Notices, Annual Reports (including Director's Report, Financial Statements, Auditors Report) etc., to the shareholders under Section 53 of the Companies Act, 1956. This will also ensure prompt receipt of communication(s) and avoid loss in postal transit.

Accordingly, as an initiative to comply with better Corporate Governance Practice and to implement the said Circulars, the Board has proposed to send the Notices, Annual Reports (including Director's Report, Financial Statements, Auditors Report etc.) from the financial year ended 31st March, 2011 onwards in electronic form to the e-mail addresses of the shareholders registered with their respective Depositories (NSDL/CDSL). A communication in this regard was sent to all the members on 29<sup>th</sup> July, 2011 and they were requested to update their e-mail ids with their respective Depository Participant up to 16<sup>th</sup> August, 2011.

In Future, all communications to members shall be sent via e-mail and shall also be pasted at the website of the company [www.a2zgroup.co.in](http://www.a2zgroup.co.in). The members were already been intimated to inform our RTA, Alankit Assignment Limited at given address or mail id in case they wish to receive the communication in physical form. Hence, all communication will be sent in physical form to those members who have specifically asked by writing

mail or letter to our RTA in this regard. In future too the members who wish to receive communication including notices, Annual Report etc. in physical form can write or mail our RTA at following address by clearly indicating their Name/DPIId/Client Id or Folio No. in case of physical holding:

**Kind Attention:-** Mr. Ramesh Khatua, RTA Division, Alankit House, Alankit Assignments Limited, 2E/21, Jhandewala Extension, New Delhi-110055

**E mail Id:** [a2zmes@alankit.net](mailto:a2zmes@alankit.net)

### 12.13 Plant Locations

The location of Company's plants are as mentioned below:

1. Nakodar, Jalandhar, Punjab
2. Kaineur Road, Morinda, Rupnagar, Ropar, Punjab
3. Village Bodiwalla Pitha, Fazilka, Firozpur, Punjab

### 12.14 Address for Correspondence

The shareholder may address their queries for corporate governance and other secretarial related matters to;

Compliance Officer

A2Z Maintenance & Engineering Services Limited  
Corporate Office

Plot no.-44, Institutional Area,  
Sector-32, Gurgaon-122001, Haryana

Telephone No.: +91 124 4517600

Fax No.: +91 124 4380014

E-mail: [complianceofficer@a2zemail.com](mailto:complianceofficer@a2zemail.com)

Website: [www.a2zgroup.co.in](http://www.a2zgroup.co.in)

The shareholder may address their queries for transfer and other grievances to;

**M/s Alankit Assignments Limited**

2E/21, Alankit House,  
Jhandewalan Extension

New Delhi – 110 055

Ph.: +91 11 42541957

Fax: +91 11 42541967

Email: [a2zmes@alankit.net](mailto:a2zmes@alankit.net)

#### 12.15 National Electronic Clearing Service (NECS)

Investors holding the shares in physical form should provide the National Electronic Clearing Service (NECS) mandate to the Company and investors holding the shares in electronic form should ensure that correct and updated particulars of their bank account are available with the Depository Participant (DP). This would facilitate in receiving dividend payment through electronic mode from Company and avoid postal delays and loss in transit. Investor must update the new bank account number allotted after implementation of Core Banking Solution (CBS) to the Company's Registrar i.e. Alankit Assignment Limited, in case of shares held in physical form and to the DP in case of shares held in electronic form.

#### 12.16 Nomination Facility

Pursuant to the provisions of section 109A of the Companies Act, 1956, Members are entitled to make nominations in respect of shares held by them. Members

holding shares in physical form and intending to make/change the nomination in respect of their shares in the Company's, may submit their request in form no.2B to Company Registrar, Alankit Assignment Limited. Members holding shares in electronic form are requested to give the nomination request to their respective DPs directly.

Form 2B can be obtained from Company's Registrar Alankit Assignment Limited or download from the Company website [www.a2zgroup.co.in](http://www.a2zgroup.co.in).

#### 12.17 Certificate on Corporate Governance

A Certificate from Mr. Deepak Gupta, Practicing Company Secretary, (a partner of DR Associates, Company Secretaries), regarding compliance of Corporate Governance practices by the Company is attached as Annexure III to CG Report which is based upon their detailed examination of Corporate Governance practices adopted by the Company.

### Annexure – I to CG Report

#### DECLARATION

I, hereby confirm that the Company has obtained from all the members of the Board and Senior Management team, affirmation of compliance with the Code of Conduct for Directors and Senior Management in respect of financial year ended March 31, 2011.

For A2Z Maintenance and Engineering Services Limited

Sd/-  
Ashok Saini  
Chief Executive Officer

Place: Gurgaon  
Date: 30.05.2011

Annexure – II to CG Report

### CERTIFICATE PURSUANT TO CLAUSE 49(V) OF THE LISTING AGREEMENT

We, certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the Financial Year ended 31<sup>st</sup> March, 2011 and to the best of our knowledge and belief:
- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - 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 Financial Year ended 31<sup>st</sup> March, 2011 which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We have established and maintained internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and there are no deficiencies in the design or operation of internal controls, which we have already disclosed to the auditors and Audit committee.
- (d) We have informed to the auditors and the Audit Committee:
- That there is no significant changes in internal control over financial reporting during the year;
  - That there is no changes in accounting policies during the year; and
  - That there is no instance of fraud.

Sd/-  
Amit Mittal  
Managing Director

Sd/-  
Group Chief Financial Officer  
Rakesh Gupta

Place : Gurgaon  
Date : 30.05.2011

Annexure III to CG Report

### CORPORATE GOVERNANCE CERTIFICATE

We have examined the compliance of conditions of corporate governance by A2Z Maintenance & Engineering Services Limited for the year ended on 31<sup>st</sup> March 2011 as stipulated in clause 49 of the listing agreement of the said Company with stock exchange(s) where equity shares of the Company are listed.

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 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, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

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

For DR Associates,  
Company Secretaries  
Sd/-  
Deepak Gupta Partner  
FCS:5339, CP No. 4629

Place: New Delhi  
Date: 29.08.2011



## Auditors' Report

To

The Members of A2Z Maintenance & Engineering Services Limited

(Formerly known as A2Z Maintenance & Engineering Services Private Limited)

1. We have audited the attached Balance Sheet of A2Z Maintenance & Engineering Services Limited ('the Company') as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of a branch of the Company registered in Uganda, whose financial statements reflect total assets of Rs. 147,825,813 as at March 31, 2011, the total revenue of Rs. 85,719,134 and cash inflows amounting to Rs. 22,426,310 for the year then ended. The financial statements and other financial information of branch not audited by us have been audited by other auditors whose report has been furnished to us, and our opinion in so far as it relates to the amounts included for such branch is based solely on the report of the other auditor.
4. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us. The Branch Auditor's Report have been forwarded to us and have been appropriately dealt with;
- iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches;
- iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi. In our opinion and on consideration of reports of the other auditor on the branch's separate financial statements and on the other financial information and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
  - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
  - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
  - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES  
Firm Registration No. 101049W  
Chartered Accountants

Sd/-  
per SANJAY VIJ

Partner

Place : Gurgaon  
Date : May 30, 2011

Membership No.: 95169

## Annexure referred to in paragraph 4 of our report of even date

Re: A2Z Maintenance & Engineering Services Limited ('the Company')

(Formerly known as A2Z Maintenance & Engineering Services Private Limited)

- |  |   |
|--|---|
| <p>(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.</p> <p>(c) There was no disposal of a substantial part of fixed assets during the year.</p> <p>(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. Inventories lying with outside parties have been confirmed by them as at the year end.</p> <p>(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.</p> <p>(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.</p> <p>(iii) (a) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and accordingly, paragraphs 4(iii) (a), (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.</p> <p>(b) The Company had taken loan from a partnership firm covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 366,471,232 and the year-end balance of loan taken from such party was Rs. Nil.</p> <p>(c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan is not prima facie prejudicial to the interest of the Company.</p> <p>(d) The loan taken was re-payable on demand. As informed to us, the lenders have demanded</p> | <p>repayment of such loan during the year which has been repaid and thus, there has been no default on the part of the Company. The payment of interest was regular.</p> <p>(iv) As per the information and explanations given to us, certain project materials and fixed assets purchased are of specialized nature for which comparable prices are not available. Read with the above, 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, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.</p> <p>(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.</p> <p>(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.</p> <p>(vi) The Company has not accepted any deposits from the public. Therefore, the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.</p> <p>(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.</p> <p>(viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.</p> <p>(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities <i>though there has been a slight delay in a few cases.</i></p> |
|--|---|

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

(Formerly A2Z MAINTENANCE & ENGINEERING SERVICES PRIVATE LIMITED)



Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state

insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Bihar Value Added Tax Act, 2005	Sales tax dues	9,700,638	2009-10	Joint Commissioner of Commercial Taxes (Appeals)

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or banks. The Company has no outstanding dues in respect of debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans and facilities taken by subsidiaries from banks, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company. According to the information & explanation given to us, there are no other guarantees given by the Company for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us

by the management, term loans were applied for the purpose for which the loans were obtained.

- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) Based on information and explanations given to us by the management, we have verified that the end use of money raised by public issues is as disclosed in the notes to the financial statements.
- (xxi) We have been informed that *theft by unidentified individuals of materials amounting to Rs. 19,292,915 has been reported during the year as referred to in Note No. 8 of Schedule 22 of the financial statements, the impact whereof is explained in the said Note.* Other than this, based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. BATLIBOI & ASSOCIATES  
Firm Registration No. 101049W  
Chartered Accountants

Sd/-  
per SANJAY VIJ  
Partner

Place : Gurgaon  
Date : May 30, 2011

Membership No.: 95169



**A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED**  
(Formerly A2Z MAINTENANCE & ENGINEERING SERVICES PRIVATE LIMITED)

**Balance Sheet** as at March 31, 2011  
(Unless otherwise stated, all amounts are in Indian Rupees)

	Schedules	As at March 31, 2011	As at March 31, 2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' fund</b>			
Share capital	1	741,776,940	573,011,250
Reserves and surplus	2	10,645,083,989	3,671,840,351
		11,386,860,929	4,244,851,601
<b>Loan funds</b>			
Secured loans	3	3,255,769,078	3,516,046,611
Unsecured loans	4	2,500,000	-
		3,258,269,078	3,516,046,611
		14,645,130,007	7,760,898,212
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block	5	660,914,803	291,564,351
Less : Accumulated depreciation / amortisation		104,636,863	47,751,968
<b>Net block</b>		556,277,940	243,812,383
Capital work in progress including capital advances	6	1,509,931,546	292,613,201
		2,066,209,486	536,425,584
Investments	7	2,181,773,645	618,204,353
Deferred tax asset (net)	22 Note 11	95,954,360	41,846,671
<b>Current assets, loans and advances</b>			
Inventories	8	279,511,536	7,782,315
Sundry debtors	9	7,887,946,864	7,878,114,409
Cash and bank balances	10	1,272,302,813	883,963,269
Other current assets	11	3,081,343,745	1,842,300,505
Loans and advances	12	1,376,731,933	866,458,591
		13,897,836,891	11,478,619,089
<b>Less: Current liabilities and provisions</b>			
Current liabilities	13	3,225,228,498	4,538,642,828
Provisions	14	371,415,877	375,554,657
		3,596,644,375	4,914,197,485
<b>Net current assets</b>		10,301,192,516	6,564,421,604
		14,645,130,007	7,760,898,212
<b>Notes to accounts</b>	22		

The Schedules referred to above and the Notes to Accounts form an integral part of the Balance Sheet

As per our report of even date

For S.R. Batliboi & Associates  
Firm registration number: 101049W  
Chartered Accountants

Sd/-  
per Sanjay Vij  
Partner  
Membership No. 95169  
Place : Gurgaon  
Date : May 30, 2011

For and on behalf of the Board of Directors

Sd/-  
Amit Mittal  
Managing Director

Sd/-  
Dipali Mittal  
Director

Sd/-  
Rakesh Gupta  
Group Chief Financial Officer

Sd/-  
Atul Kumar Agarwal  
Company Secretary

**Profit and Loss Account** for the year ended March 31, 2011  
(Unless otherwise stated, all amounts are in Indian Rupees)

	Schedules	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>INCOME</b>			
Income from Operations (also refer Note 23 of Schedule 22 in respect of prior period items in previous year)	15	11,028,709,841	11,183,932,317
Other income	16	134,594,521	57,864,916
		<b>11,163,304,362</b>	<b>11,241,797,233</b>
<b>EXPENDITURE</b>			
Cost of material and services	17	7,600,320,895	8,206,916,028
Purchase of traded goods		193,132,390	-
(Increase) / Decrease in inventories	18	(92,503,753)	-
Personnel expenses	19	508,712,727	352,928,211
Administrative and selling expenses	20	680,100,255	569,826,667
Depreciation/amortisation	5	111,839,503	24,463,404
Financial expenses	21	744,420,027	624,127,140
		<b>9,746,022,044</b>	<b>9,778,261,450</b>
<b>Net Profit before tax and extra-ordinary items</b>		<b>1,417,282,318</b>	<b>1,463,535,783</b>
<b>Income-tax expense</b>			
Current tax (includes Rs 4,007,056 (Previous Year - Rs Nil) pertaining to prior year)		487,854,676	531,728,627
Deferred tax charge / (credit) (includes Rs 5,209,649 credit pertaining to prior years)	22 Note 11	(10,919,360)	(17,228,528)
<b>Total tax expense</b>		<b>476,935,316</b>	<b>514,500,099</b>
<b>Net Profit after tax and before extra-ordinary items</b>		<b>940,347,002</b>	<b>949,035,684</b>
Extra-ordinary items (gross Rs 130,016,796, net of deferred tax credit of Rs. 43,188,329) (Refer Note 26 of schedule 22)		86,828,467	-
<b>Net Profit after tax</b>		<b>853,518,535</b>	<b>949,035,684</b>
Balance brought forward from previous year		2,249,701,585	1,300,665,901
<b>Net profit available for appropriation</b>		<b>3,103,220,120</b>	<b>2,249,701,585</b>
Proposed dividend on equity shares		148,355,388	-
Tax on dividend		24,639,976	-
Transfer to general reserve		64,013,890	-
<b>Surplus Carried to Balance Sheet</b>		<b>2,866,210,866</b>	<b>2,249,701,585</b>
Earnings per share [Nominal Value of Shares Rs 10]	22 Note 15		
<b>Basic earning per share</b>			
- Computed on the basis of earnings excluding extra - ordinary items		15.12	16.76
- Computed on the basis of earnings including extra - ordinary items		13.72	16.76
<b>Diluted earning per share</b>			
- Computed on the basis of earnings excluding extra - ordinary items		15.12	16.76
- Computed on the basis of earnings including extra - ordinary items		13.72	16.76
<b>Weighted average number of shares used in computing earnings per share</b>			
Basic		62,202,266	56,624,327
Diluted		62,202,266	56,624,327
<b>Notes to accounts</b>	<b>22</b>		

The Schedules referred to above and the Notes to Accounts form an integral part of the Profit and Loss account.

As per our report of even date

For S.R. Batliboi & Associates  
Firm registration number: 101049W  
Chartered Accountants

Sd/-  
per Sanjay Vij  
Partner  
Membership No. 95169  
Place : Gurgaon  
Date : May 30, 2011

For and on behalf of the Board of Directors

Sd/-  
Amit Mittal  
Managing Director

Sd/-  
Dipali Mittal  
Director

Sd/-  
Rakesh Gupta  
Group Chief Financial Officer

Sd/-  
Atul Kumar Agarwal  
Company Secretary



## Statement of Cash Flows for the year ended March 31, 2011

(Unless otherwise stated, all amounts are in Indian Rupees)

	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>A CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES</b>		
Net Profit before tax and extra-ordinary items	1,417,282,318	1,463,535,783
Adjustment for		
Depreciation/amortisation	111,839,503	24,463,404
Interest expense	530,150,306	461,857,980
Loss on sale of fixed assets	27,963,655	188,729
Provision for bad and doubtful debts / advances	-	73,049,061
Provision for doubtful debts / advances written back	(40,622,817)	-
Amortisation of loan processing fees	43,001,456	927,626
Bad Debts / Advances Written off / (written back)	757,874	37,417,115
Dividend income	(13,899,772)	-
Interest income	(71,504,625)	(48,984,049)
<b>Operating profit / (Loss) before working capital changes</b>	<b>2,004,967,898</b>	<b>2,012,455,649</b>
<b>Movements in working capital</b>		
Decrease / (Increase) in Inventory	(271,729,221)	12,910,679
Decrease / (Increase) in sundry debtors	29,028,303	(3,253,439,992)
Decrease / (Increase) in loan and advances and other current assets	(1,606,207,879)	(712,663,940)
Increase / (Decrease) in Current liabilities and provisions	(1,435,716,014)	1,928,745,456
	(1,279,656,913)	(11,992,148)
Direct taxes paid (net of refunds)	(674,785,328)	(493,319,705)
<b>Net Cash flow before extraordinary items</b>	<b>(1,954,442,241)</b>	<b>(505,311,853)</b>
Extra-ordinary items (Gross of tax)	(130,016,796)	-
<b>Net Cash generated from / (used in) operating activities</b>	<b>(2,084,459,037)</b>	<b>(505,311,853)</b>
<b>B CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>		
Purchase of fixed assets (including Capital work in progress)	(1,664,938,330)	(344,032,324)
Proceeds from sale of fixed assets	24,949,510	409,500
Investment in subsidiaries	(1,063,569,292)	(406,663,840)
Investment in Mutual Funds	(2,000,000,000)	-
Sale of Investment in Mutual Funds	1,500,000,000	-
Share application money given pending allotment	(78,260,000)	-
Purchase consideration for business purchased (Refer Note 4 of Schedule 22)	(10,500,000)	-
Fixed deposits placed	(3,409,894,647)	(330,267,602)
Fixed deposits matured	3,600,888,468	126,013,039
Dividend Received	13,899,772	-
Interest received	73,378,932	57,016,078
<b>Net Cash generated from / (used in) investing activities</b>	<b>(3,014,045,587)</b>	<b>(897,525,149)</b>
<b>C CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from issuance of equity share capital	168,765,690	12,733,580
Proceeds from securities premium	6,581,234,310	987,266,142
Proceeds from long term borrowings	497,987,144	859,193,320
Repayment of long term borrowings	(513,671,844)	(53,831,215)
Proceeds from short term borrowings (Net)	(261,306,376)	86,718,904

## Statement of Cash Flows for the year ended 31st March, 2011

(Unless otherwise stated, all amounts are in Indian Rupees)

	For the year ended March 31, 2011	For the year ended March 31, 2010
Share issue expenses	(141,765,548)	-
Loan Processing Fees paid	(113,761,386)	(50,530,000)
Interest paid	(539,649,923)	(443,403,627)
<b>Net Cash generated from / (used in) financing activities</b>	<b>5,677,832,067</b>	<b>1,398,147,104</b>
<b>Net increase in Cash and Cash Equivalents ( A+B+C)</b>	<b>579,327,443</b>	<b>(4,689,898)</b>
Cash and cash equivalents at the beginning of the year	66,227,509	70,917,407
Cash and cash equivalents on acquisition / business purchase (Refer Note 4 of Schedule 22)	5,922	-
<b>Cash and cash equivalents at the end of the year</b>	<b>645,560,874</b>	<b>66,227,509</b>
<b>Components of cash and cash equivalents*</b>	<b>As at</b>	<b>As at</b>
	<b>March 31, 2011</b>	<b>March 31, 2010</b>
Cash on hand	414,382	2,051,021
Balances with scheduled banks		
In current accounts	281,695,010	37,019,715
In cash credit accounts	141,025,172	27,156,773
In Public issue accounts (Refer Note 33 of Schedule 22)	200,000,000	-
Balances with other banks	22,426,310	-
	<b>645,560,874</b>	<b>66,227,509</b>

### Notes:

- Figures in brackets indicate cash outflow.
- The figures of the previous year have been regrouped/reclassified, where necessary, to confirm with the classification of the current year.
- The cash flow statement for the year is adjusted by the following amounts of assets and liabilities to give effect to the acquisitions of partnership firms (Refer Note 4 of Schedule 22):  
Fixed Assets of Rs 931,119, Sundry debtors of Rs 101,100, Cash on hand of Rs 5,922 and Unsecured Loan of Rs 14,500,000  
\*Difference of Rs. 626,741,939 (Previous Year - Rs. 817,735,760) from Schedule 10 represents Fixed Deposits with an original maturity of three months or more.

As per our report of even date

For S.R. Batliboi & Associates  
Firm registration number: 101049W  
Chartered Accountants

Sd/-  
per Sanjay Vij  
Partner  
Membership No. 95169  
Place: Gurgaon  
Date : May 30, 2011

For and on behalf of the Board of Directors

Sd/-  
Amit Mittal  
Managing Director

Sd/-  
Dipali Mittal  
Director

Sd/-  
Rakesh Gupta  
Group Chief Financial Officer

Sd/-  
Atul Kumar Agarwal  
Company Secretary

## Schedules to the Balance Sheet

(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 1 SHARE CAPITAL</b>		
<b>Authorised:</b>		
100,000,000 (Previous year - 100,000,000) Equity Shares of Rs 10 each	1,000,000,000	1,000,000,000
	1,000,000,000	1,000,000,000
<b>Issued, Subscribed and Paid up</b>		
74,177,694 (Previous year - 57,301,125) Equity Shares of Rs 10 each fully paid up*	741,776,940	573,011,250
	741,776,940	573,011,250

\* Of the above:

- (i) In the financial year 2010-11, 16,845,189 Equity shares of Rs 10 each fully paid up has been allotted at a premium of Rs 390 per share through initial public offering by the Company.
- (ii) In the financial year 2010-11, 31,380 Equity shares of Rs 10 each fully paid up has been allotted at a premium of Rs 370 per share to employees through initial public offering by the Company.
- (iii) In the financial year 2009-10, 1,273,358 Equity shares of Rs 10 each fully paid up were allotted at a premium of Rs 775.32 per share.
- (iv) In the financial year 2009-10, 34,380,675 Equity shares of Rs 10 each fully paid up were allotted as fully paid bonus shares in ratio of 3:2 by capitalising securities premium.
- (v) In the financial year 2008-09, 2,510,687 Equity shares of Rs 10 each fully paid up were allotted at a premium of Rs. 288.723 per share on conversion of 75,000,000 .001% Cumulative Mandatorily Convertible Preference shares of Rs 10 each fully paid up.
- (vi) In the financial year 2007-08, 17,509,481 Equity shares of Rs 10 each fully paid up were allotted as fully paid bonus shares in ratio of 11:1 by capitalising securities premium.
- (vii) In the financial year 2007-08, 35,153 Equity shares of Rs 10 each fully paid up were allotted to employees at a premium of Rs. 274.47 per share.
- (viii) In the financial year 2007-08, 47,766 Equity Shares of Rs 10 each fully paid up were allotted at a premium of Rs. 492.44 per share on conversion of Share Warrant.
- (ix) In the financial year 2006-07, 429,898 Equity shares of Rs 10 each fully paid up were allotted at a premium of Rs 408.70 per share.

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 2 RESERVES AND SURPLUS</b>		
<b>Securities premium account</b>		
Opening Balance	1,422,138,766	778,679,374
Add: Receipt during the period*	6,581,234,310	987,266,142
Less: Utilised on issue of bonus shares**	-	343,806,750
Less: Share issue expenses (Refer Note 34 Of Schedule 22)***	288,513,843	-
	7,714,859,233	1,422,138,766
<b>Profit and Loss Account</b>	2,866,210,866	2,249,701,585
<b>General Reserve</b>		
Opening Balance	-	-
Add: Transfer from Profit and Loss Account	64,013,890	-
Closing Balance	64,013,890	-
	10,645,083,989	3,671,840,351

\* During the year 16,845,189 equity shares of Rs 10 each has been issued at a premium of Rs 390 per share and 31,380 equity shares has been issued at a premium of Rs 370 per share through initial public offering by the Company

\* During 2009-10, 1,273,358 Equity shares of Rs 10 each were issued at a premium of Rs 775.32 per share

\*\* Allotment of Nil (Previous Year - 34,380,675) Equity shares of Rs 10 each fully paid up as fully paid bonus shares in ratio of 3:2 by capitalising securities premium

\*\*\* includes payment to auditors of Rs 11,045,900 (Previous year - Rs Nil)

## Schedules to the Balance Sheet

(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 3 SECURED LOANS</b>		
From Banks		
- Term loan (including interest accrued & due Rs 7,904,181 (Previous Year - Rs 1,419,201))*	724,612,501	324,377,521
- Foreign currency demand loan (including interest accrued & due of Rs 423,888 (Previous year - Rs 214,607))*	90,703,888	91,374,607
- Working capital loans (including interest accrued & due Rs 2,144,096 (Previous Year - Rs 2,088,275))	1,508,255,207	902,088,274
- Cash credit facilities	581,121,678	1,036,418,449
- Vendor financing (including interest accrued & due Rs Nil (Previous year - Rs 2,036,539))	233,089,642	646,366,898
- Vehicle loan*	52,370,786	48,754,196
From a financial institution		
- Term loan*	65,615,376	466,666,666
	<b>3,255,769,078</b>	<b>3,516,046,611</b>
*Due within one year	147,213,870	320,450,813

Notes:

1. Term Loan from Banks and a financial institution aggregating to Rs 790,227,877 (Previous Year - Rs 791,044,187) is secured by fixed assets located at 7th floor, tower - B, support area, medicity, Sector - 38, Gurgaon along with subservient charge on fixed assets, current assets, movable properties, rights under the projects agreements, rights under the insurance policies and personal guarantee of directors and against hypothecation of specific assets purchased.
2. Foreign currency demand loan, Working capital loans, Cash credit facilities and vendor financing amounting to Rs 2,413,170,415 (Previous Year - Rs 2,676,248,228) is secured by First pari-passu charge on the entire current as well as fixed assets of the Company both present and future along with collateral security and personal guarantee of directors.
3. Vehicle Loans amounting to Rs 52,370,786 (Previous Year - Rs 48,754,196) is secured by the hypothecation of Vehicles.

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 4 UNSECURED LOANS</b>		
Loan from others (Refer note 4 of Schedule 22)	2,500,000	-
	<b>2,500,000</b>	<b>-</b>

## Schedules to the Balance Sheet

(Unless otherwise stated, all amounts are in Indian Rupees)

### Schedule 5 FIXED ASSETS

Assets	GROSS BLOCK				ACCUMULATED DEPRECIATION/AMORTISATION					NET BLOCK		
	As at April 01, 2010	Additions	Adjustment on Account of Acquisition*	Sale / Adjustments	As at March 31, 2011	As at April 01, 2010	Depreciation for the year	Adjustment on Account of Acquisition*	Adjustment	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
<b>Tangible Assets</b>												
Leasehold Land**	1,136,692	-	-	-	1,136,692	-	55,525	-	-	55,525	1,081,167	1,136,692
Freehold Land	18,964,187	43,078,125	-	-	62,042,312	-	-	-	-	-	62,042,312	18,964,187
Building	13,067,064	-	-	-	13,067,064	212,993	212,993	-	-	425,986	12,641,078	12,854,071
Furniture & Fixtures	7,530,855	3,646,378	47,079	-	11,224,312	3,717,704	2,566,573	-	-	6,284,277	4,940,035	3,813,151
Office Equipments	8,704,687	138,847,847	-	97,451,157	50,101,377	931,439	51,342,210	-	49,673,080	2,600,569	47,500,808	7,773,248
Plant & Machinery***	75,571,064	116,037,087	884,040	-	192,492,191	17,133,615	18,811,249	-	-	35,944,864	156,547,327	58,437,449
Computer	24,740,842	25,918,167	-	10,416,616	40,242,393	5,920,772	10,264,088	-	5,281,528	10,903,332	29,339,061	18,820,070
Vehicles	118,348,814	113,406,432	-	-	231,755,246	19,034,747	19,445,974	-	-	38,480,721	193,274,525	99,314,067
<b>Intangible Assets</b>												
Computer Software	23,500,146	11,391,212	-	-	34,891,358	800,698	4,348,519	-	-	5,149,217	29,742,141	22,699,448
Goodwill*	-	-	23,961,858	-	23,961,858	-	4,792,372	-	-	4,792,372	19,169,486	-
<b>Total</b>	<b>291,564,351</b>	<b>452,325,248</b>	<b>24,892,977</b>	<b>107,867,773</b>	<b>660,914,803</b>	<b>47,751,968</b>	<b>111,839,503</b>	<b>-</b>	<b>54,954,608</b>	<b>104,636,863</b>	<b>556,277,940</b>	<b>243,812,383</b>
Previous Year Figures	169,554,595	122,707,647	-	697,891	291,564,351	23,388,226	24,463,404	-	99,662	47,751,968	243,812,383	146,166,369

\* Represents the assets acquired under business transfer agreement with partnership firms (Refer Note 4 of Schedule 22).

\*\* Leasehold Land of Rs. 1,136,692 ( Previous year Rs - 1,136,692) represents land acquired on lease from Orissa Industrial Infrastructure Development Corporation.

\*\*\* Refer Note 10 of Schedule 22.

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 6 CAPITAL WORK IN PROGRESS (INCLUDING CAPITAL ADVANCES)*</b>		
Expenditure during construction period on power plant projects		
- Interest on term loan	67,640,578	979,452
- Professional fees	16,889,076	6,000,000
- Salary to Project staff	14,480,923	-
- Amortisation of ancillary borrowing cost	5,325,370	183,148
- Power Plant Equipments	893,423,662	-
Leasehold improvement of Building	926,887	-
Capital Advances for Land	30,000,000	-
Capital Advances for Building	240,915,800	240,915,800
Capital Advances for Plant & Machinery for Power Plants	237,129,493	44,534,801
Software Implementation charges	3,199,757	-
	<b>1,509,931,546</b>	<b>292,613,201</b>

\* Refer Note 30 of Schedule 22



## Schedules to the Balance Sheet

(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 7 INVESTMENT</b>		
<b>Long Term Investments in subsidiary companies (at cost)*</b>		
<b>Other than trade, Unquoted (Companies under the same management)</b>		
2,000,000 (Previous year -2,000,000) equity shares of Rs 10 each fully paid up in A2Z Infraseservices Limited (Formerly a2z Infraseservices Private Limited)**	119,540,513	119,540,513
20,250,000 (Previous year -20,250,000) equity shares of Rs 10 each fully paid up in A2Z Infrastructure Limited (Formerly a2z Infrastructure Private Limited)	202,500,000	202,500,000
100,000,000 (Previous year - 19,750,000) 0.01% Non Participative Cumulative Redeemable Preference Share of Rs 10 each fully paid up in A2Z Infrastructure Limited (Formerly a2z Infrastructure Private Limited)	1,000,000,000	197,500,000
100,000 (Previous year-100,000) equity shares of Rs 10 each fully paid up in A2Z Powercom Limited (Formerly a2z Powercom Private Limited)	1,000,000	1,000,000
1,330,000 (Previous year -1,300,000) equity shares of Rs 10 each fully paid up in A2Z Powertech Limited (Formerly a2z Powertech Private Limited)	13,300,000	13,000,000
473,000 (Previous year - 473,000 ) equity shares of Rs 10 each fully paid up in Imatek Solutions Private Limited	76,663,840	76,663,840
800,000 (Previous year -800,000) equity shares of Rs 10 each fully paid up in Selligence Technologies Services Private Limited	8,000,000	8,000,000
10,000 (Previous year - Nil) equity share of Rs 10 each fully paid up in Mansi Bijlee & Rice Mills Private Limited (Formerly Mansi Bijlee Private Limited)	100,000	-
10,000 (Previous year - Nil) equity share of Rs 10 each fully paid up in Mirage Bijlee Private Limited	100,000	-
9,000 (Previous year - Nil) equity share of Rs 10 each fully paid up in Madhya Bijlee Private Limited	90,000	-
1,030,409 (Previous year - Nil) equity share of Rs 10 each fully paid up in Star Transformers Private Limited	156,120,536	-
50,000 (Previous year - Nil) equity share of Rs 10 each fully paid up in A2Z E Waste Management Limited	500,000	-
50,000 (Previous year - Nil) equity share of Rs 10 each fully paid up in A2Z Water Solutions Limited	500,000	-
1,146,326 (Previous year - Nil) equity share of Rs 10 each fully paid up in Chavan Rishi International Limited	103,169,340	-
100,000 (Previous year - Nil) equity share of Uganda Shilling 100 each fully paid up in A2Z Maintenance & Engineering Services (Uganda) Private Limited	189,416	-
<b>Current Investments (at lower of cost or market value)</b>		
<b>Other than trade, Unquoted</b>		
49,985,004.499 (Previous year - Nil) units of mutual fund of Rs 10 each in Birla Sun Life Cash Manager IP - Daily Dividend - Reinvestment (Refer Note 35 Of Schedule 22)	500,000,000	-
	<b>2,181,773,645</b>	<b>618,204,353</b>
* Refer Note 31 & 32 of Schedule 22		
** including 1,900,000 Equity shares of Rs. 10 each fully paid up allotted pursuant to demerger of Company's Facility Management Division in the year ended March 31, 2009		
Book value of quoted investment	-	-
Book value of unquoted investment	2,181,773,645	618,204,353
The following investments were purchased and sold during the year:		
1. 124,962,511.247 (Previous year - Nil) units of mutual fund of Rs 10 each in Birla Sun Life Cash Manager	1,250,000,000	-
2. 249,657.595 (Previous year - Nil) units of mutual fund of Rs 1,000 each in Reliance Money Manager Fund	250,000,000	-
3. Nil (Previous year - 100,000) equity shares of Rs 10 each fully paid up of A2Z Powercom Limited	-	1,000,000

## Schedules to the Balance Sheet

(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 8</b> INVENTORIES		
Project Stores and Spares (Refer Note 28 of Schedule 22)	187,007,783	7,782,315
Finished goods for trading (Material in transit)	92,503,753	-
	<b>279,511,536</b>	<b>7,782,315</b>

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 9</b> SUNDRY DEBTORS (UNSECURED)*		
Debts outstanding for a period exceeding six months		
- Considered good (Refer Note 29 of Schedule 22)**	4,177,239,685	2,542,340,687
- Considered doubtful	90,439,160	129,198,818
Other debts		
- Considered good	3,710,707,179	5,335,773,722
- Considered doubtful	-	-
	<b>7,978,386,024</b>	<b>8,007,313,227</b>
Less: Provision for doubtful debts	90,439,160	129,198,818
	<b>7,887,946,864</b>	<b>7,878,114,409</b>
* Sundry debtors include retention money of Rs 3,947,983,164 (Previous year- Rs 4,281,216,866) which are due on completion of erection / contracts / final acceptance by the customers. The management is confident of recovering these amounts upon erection / contract completion.		
** Due from Companies under same management - Star Transformers Private Limited (Maximum outstanding during the year Rs 31,980,868 (Previous year - Rs Nil))	12,845,664	-

## Schedules to the Balance Sheet

(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 10</b> CASH AND BANK BALANCES		
Cash on hand	414,382	2,051,021
Balances with scheduled banks		
- In current accounts	281,695,010	37,019,715
- In cash credit accounts	141,025,172	27,156,773
- In public issue account (Refer Note 35 of Schedule 22)	200,000,000	-
- In deposit accounts (Out of this, Rs 608,306,093 (Previous year - Rs 810,860,760) represents margin money deposits with banks against Bank Guarantees and letter of credit of Rs 11,732,912,958 (Previous year - Rs 9,828,481,234), while Rs 18,435,846 (Previous year - Rs 6,875,000) represents amount with bank as debt service reserve account against term loan of Rs 650,000,000 (Previous year - Rs 250,000,000))	626,741,939	817,735,760
Balances with other banks*	22,426,310	-
	<b>1,272,302,813</b>	<b>883,963,269</b>
* Bank Balance with other banks includes:		
Standard Chartered Bank (Uganda)		
- In the current account	22,426,310	-
Maximum amount outstanding during the year	45,525,896	-

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 11</b> OTHER CURRENT ASSETS		
Interest accrued but not due:		
- on fixed deposits	9,320,031	11,385,946
Insurance claim recoverable (Refer Note 8 of Schedule 22)	3,738,713	10,493,510
Contract revenue in excess of billing (Refer Note 25 of Schedule 22)	2,952,932,819	1,769,597,233
Unamortised loan processing fee	115,036,934	49,419,226
Unamortised premium on forward contract	315,248	1,404,590
	<b>3,081,343,745</b>	<b>1,842,300,505</b>

## Schedules to the Balance Sheet

(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 12</b> LOANS AND ADVANCES (UNSECURED)		
Advances recoverable in cash or in kind or for value to be received		
- Considered good*	495,708,131	483,539,778
- Considered doubtful	-	1,863,179
	495,708,131	485,402,957
Less: Provision for doubtful advances	-	1,863,179
	495,708,131	483,539,778
Security Deposits	73,783,660	23,792,781
Loan to Employees and Directors**	7,209,510	2,227,642
Loan to director of subsidiary (including interest accrued and due of Rs 1,174,796 (Previous year - Rs Nil))	12,674,796	-
Earnest money deposit with customers	156,355,571	31,857,150
Advances and loans to subsidiaries (including interest accrued & due of Rs 581,608 (Previous year - Rs 390,000))***	232,827,257	13,599,476
Share application money given to a subsidiary	78,260,000	-
Balance with custom, excise etc	82,208,269	50,168,669
WCT / VAT input credit	237,704,739	261,273,095
	1,376,731,933	866,458,591
*Due from a director of the Company- Mr. Amit Mittal (Maximum outstanding during the year Rs 617,930 (Previous year - Rs 418,500))	-	-
*Due from a director of the Company- Mrs. Dipali Mittal (Maximum outstanding during the year Rs 134,805 (Previous year - Rs Nil))	-	-
*Due from a director of the Company- Mr. Sanjeev Sharma (Resigned on March 30, 2010) (Maximum outstanding during the year Rs 7,270,116 (Previous year - Rs 12,332,361))	523,435	6,323,316
*Due from a director of the Company- Mr. Manoj Gupta (Resigned on March 30, 2010) (Maximum outstanding during the year Rs Nil (Previous year - Rs 1,300,000))	-	-
** Due from an officer of the Company- Mr. Atul Kumar Agarwal (Maximum outstanding during the year Rs 200,000 (Previous year - Rs 85,000))	200,000	-
*Due from Companies under the same management - A2Z Powertech Limited (Maximum outstanding during the year Rs 33,355,896 (Previous year - Rs Nil))	16,500,000	-
**Due from a director of the Company - Mr. Sanjeev Sharma (Resigned on March 30, 2010) (Maximum outstanding during the year Rs 575,000 (Previous year - Rs 1,025,000))	-	575,000
***Due from Companies under the same management - A2Z InfraserVICES Limited (Maximum outstanding during the year Rs 106,937,631 (Previous year - Rs 95,678,621))	80,000,000	2,632,256
***Due from Companies under the same management- CNCs Facility Solutions Private Limited (Maximum outstanding during the year Rs 10,491,302 (Previous year-Rs 10,390,000))	6,401,013	10,390,000
***Due from Companies under the same management - A2Z Infrastructure Limited (Maximum outstanding during the year Rs 67,577,220 (Previous year - Rs 4,555,409))	67,552,210	577,220
***Due from Companies under the same management - A2Z Powertech Limited (Maximum outstanding during the year Rs 12,805,233 (Previous year - Rs Nil))	12,805,233	-
***Due from Companies under the same management - Mirage Bijlee Private Limited (Maximum outstanding during the year Rs 10,450,000 (Previous year - Rs Nil))	698,239	-
***Due from Companies under the same management - Star Transformers Private Limited (Maximum outstanding during the year Rs 65,360,463 (Previous year - Rs Nil))	65,359,542	-
***Due from Companies under the same management-A2Z E Waste Management Limited (Maximum outstanding during the year Rs 158,705 (Previous year - Rs Nil))	510	-
***Due from Companies under the same management - A2Z Water Solutions Limited (Maximum outstanding during the year Rs 158,705 (Previous year - Rs Nil))	510	-
***Due from Companies under the same management-Mansi Bijlee & Rice Mills Private Limited (Maximum outstanding during the year Rs 10,000 (Previous year - Rs Nil))	10,000	-

## Schedules to the Balance Sheet

(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 13</b> CURRENT LIABILITIES		
Acceptances	641,831,195	1,072,223,092
Sundry creditors		
(a) total outstanding dues of Micro and Small Enterprises (Refer Note 14 of Schedule 22)	7,650,355	40,525,969
(b) total outstanding dues of creditors other than Micro and Small Enterprises*	1,640,193,234	1,807,823,298
Interest accrued but not due on loans and others	5,358,559	19,571,719
Book overdrafts	-	846,441
Advance from customers	667,756,707	959,781,591
Payable to Shareholders (Refer Note 34 of Schedule 22)	10,161,507	-
Billing in excess of contract revenue	104,186,385	529,133,385
Other liabilities	148,090,556	108,737,333
	3,225,228,498	4,538,642,828
* includes commission payable to managing director and to directors other than whole time and managing director	16,394,725	15,683,448

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 14</b> PROVISIONS		
Provision for corporate tax (net of advance tax / TDS of Rs 341,701,998 ) (Previous year - Rs 208,939,019)	165,684,150	352,614,802
Provision for proposed equity dividend	148,355,388	-
Provision for tax on proposed equity dividend	24,639,976	-
Provision for gratuity (Refer Note 9 of Schedule 22)	-	700,533
Provision for warranty ( Refer Note 21 of Schedule 22)	32,736,363	22,239,322
	371,415,877	375,554,657



## Schedules to the Profit and Loss Account

(Unless otherwise stated, all amounts are in Indian Rupees)

	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Schedule 15</b> INCOME FROM OPERATIONS		
Revenue from Engineering services	10,587,842,436	11,183,932,317
Trading sale	128,249,682	-
Renting of equipments	164,238,160	-
House Keeping Services (Refer Note 29 of Schedule 22)	148,379,563	-
	<b>11,028,709,841</b>	<b>11,183,932,317</b>
	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Schedule 16</b> OTHER INCOME		
Interest income:		
- from fixed deposit [Gross of tax deducted at source Rs 6,228,715 (Previous year – Rs 6,025,981)]	61,556,868	48,550,717
- on loan given to subsidiaries (Gross of tax deducted at source of Rs 600,792 (Previous year Rs 43,332))	6,007,955	433,332
- on other loans and advances (Gross of tax deducted at source of Rs Nil (Previous year Rs Nil))	3,939,802	-
Dividend income from Mutual fund investments (Current investments, other than trade)	13,899,772	-
Bad Debts / Advances Written back	1,362,450	-
Rent income	176,667	893,972
Provision for doubtful debts / advances written back	40,622,817	-
Foreign exchange fluctuation	-	1,214,219
Miscellaneous income	7,028,190	6,772,676
	<b>134,594,521</b>	<b>57,864,916</b>

## Schedules to the Profit and Loss Account

(Unless otherwise stated, all amounts are in Indian Rupees)

	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Schedule 17 COST OF MATERIAL AND SERVICES</b>		
Opening stock	7,782,315	20,692,994
Add: Material Purchased	5,849,937,332	6,958,351,902
Less: Recovery from contractors	13,399,751	17,573,972
Less: Theft/damage of material ( Refer Note 8 of Schedule 22)	19,292,915	7,115,002
Less: closing stock	187,007,783	7,782,315
<b>Material consumed</b>	<b>5,638,019,198</b>	<b>6,946,573,607</b>
Freight and cartage	351,377,167	289,777,336
Sub contractor / erection expenses	1,094,454,203	681,351,570
Labour charges	150,390,165	176,295,016
Fabrication expenses	2,630,595	5,500,789
Site expenditure	46,085,498	24,802,831
Deduction and demurrage	8,082,313	11,614,270
Technical consultancy for projects	93,937,817	41,335,016
House Keeping subcontractor expenses	141,121,972	-
Other Direct cost	74,221,967	29,665,593
	<b>7,600,320,895</b>	<b>8,206,916,028</b>

	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Schedule 18 NET (INCREASE)/DECREASE IN INVENTORY</b>		
Opening inventory of finished goods for trading	-	-
Closing inventory of finished goods for trading	92,503,753	-
(Increase) / Decrease in inventory	(92,503,753)	-

	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Schedule 19 PERSONNEL EXPENSES</b>		
Salaries and Bonus (including Directors' remuneration, Refer Note 17 of schedule 22)	462,595,616	319,610,377
Contribution to provident fund and other funds	17,746,349	10,355,660
Gratuity expense*	4,105,253	10,090,868
Staff welfare expenses	24,265,509	12,871,306
	<b>508,712,727</b>	<b>352,928,211</b>

\* Refer Note 9 of Schedule 22

## Schedules to the Profit and Loss Account

(Unless otherwise stated, all amounts are in Indian Rupees)

	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Schedule 20</b> ADMINISTRATIVE AND SELLING EXPENSES		
Electricity	15,541,424	5,352,205
Rent	82,811,354	42,247,502
Rates and tax	6,883,912	13,043,951
Insurance	35,824,211	28,938,601
Repair and maintenance		
- Building	4,349,603	511,702
- Others	13,854,595	8,866,553
Brokerage	1,669,791	291,941
Commission to Managing Director (Refer Note 17 of schedule 22)	12,794,725	15,683,448
Commission to Directors other than Whole Time Directors and Managing Director (Refer Note 17 of schedule 22)	3,600,000	-
Travelling and conveyance	124,590,868	70,048,415
Communication expenses	21,674,156	16,659,142
Printing and stationery	17,983,618	8,892,089
Legal and professional	146,541,756	168,780,058
Director sitting fees	1,620,000	760,000
Payment to auditors		
As auditor:		
- Statutory audit fees	4,000,000	5,000,000
- Audit fees for consolidated financial statements	1,000,000	1,000,000
- Limited Review Fees	800,000	-
- Out of pocket expenses	63,800	-
In other manner		
- Certification	421,655	1,856,655
Premium on forward contracts	7,071,842	6,169,810
Foreign exchange fluctuation	2,019,098	-
Loss on commodity forwards	8,494,515	440,805
Loss on sale of fixed assets	27,963,656	188,729
Donation and contribution other than political party	4,886,886	930,119
Provision for bad and doubtful debts	-	73,049,061
Tender expenses	9,583,881	4,612,448
Fees and subscription / inspection charges	19,495,714	8,365,825
Business promotion	22,833,497	11,497,550
Provision for warranty	10,497,041	11,172,166
Advances/Earnest money deposit written off	2,120,324	37,417,115
Theft of material ( Also refer Note 8 of Schedule 22)	16,875,984	322,768
Miscellaneous expenses	52,232,349	27,728,009
	680,100,255	569,826,667

## Schedules to the Profit and Loss Account

(Unless otherwise stated, all amounts are in Indian Rupees)

	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Schedule 21</b> FINANCIAL EXPENSES		
Interest		
- On term loans	74,358,515	45,930,565
- On bank loans	387,730,671	349,186,484
- Income tax (Including Rs 3,944,977 (Previous year Rs 5,253,751) pertaining to prior years)	25,071,383	29,288,315
-Others	42,989,737	37,452,616
Loan processing fees	70,430,295	38,801,009
Bank charges	143,839,426	123,468,151
	744,420,027	624,127,140

### Notes to the Financial Statements for the year ended March 31, 2011

[All amounts in Indian Rupees, except share data including share price, unless otherwise stated]

#### **Schedule 22** NOTES FORMING PART OF THE ACCOUNTS

##### 1. Nature of Operations

A2Z Maintenance & Engineering Services Limited (formerly A2Z Maintenance & Engineering Services Private Limited) ('A2Z or the Company') was incorporated at National Capital Territory of Delhi on January 7, 2002 for providing maintenance and engineering services. The Company commenced its business with the facility management services and entered into engineering business during the year 2005-06.

The Company's engineering business segment primarily includes supply, erection and maintenance of electrical transmission lines and allied services to power distribution companies. The Company has also entered into collaboration with sugar mills for setting up 3 Cogeneration (Cogen) power plants on Built, Own, Operate and Transfer (BOOT) basis for a period of 15 years.

During the year, the Company has acquired (i) 100% stake in Chavan Rishi International Limited, Mansi Bijlee & Rice Mills Private Limited (Formerly Mansi Bijlee Private Limited) and Mirage Bijlee Private Limited (ii) 90% stake in Madhya Bijlee Private Limited and (iii) 51% stake in Star Transformers Private Limited.

##### 2. Statement of Significant Accounting Policies

###### a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

###### b) Use of estimates

The preparation of 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 disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

###### c) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Assets acquired under contract on BOOT basis have been capitalised as fixed assets.

d) **Depreciation**

Depreciation is provided using the Straight Line Method rates as per the useful lives of the fixed assets as estimated by the management, which equal to the corresponding rates prescribed under Schedule XIV of the Companies Act, 1956 as below:

Particulars	Rate of Depreciation (SLM)
Building	1.63%
Office Equipment	4.75%
Plant and Machinery*	4.75% - 11.31%
Computers	4.75% - 16.21%
Furniture and Fixtures	6.33%
Vehicles	9.50% - 11.31%
Assets costing less than Rs 5,000	Fully depreciated in the year of acquisition

\*Plant & Machinery includes platform erected on lease hold land for setting up plant and machinery for manufacture of poles. The same has been depreciated on a straight line basis over the initial lease period of 2 years.

Leasehold land is depreciated over the lease term on straight line basis.

e) **Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) **Intangible Assets**

Computer software purchased from outside parties is amortised and charged on a Straight Line Method over lower of license period or a period of 5 to 6 years, being the estimated useful life.

Goodwill arising on acquisition and purchase of business is amortised using the straight line method over a period of five years.

g) **Leases**

*Where the Company is the lessee:*

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 Profit and Loss account on a straight-line basis over the lease term.

*Where the Company is the lessor:*

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

h) **Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investment. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are stated at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

i) **Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis and includes all applicable overheads in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.



j) **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Revenues from maintenance contracts and renting of equipments are recognised pro-rata over the period of the contract as and when services are rendered.

(ii) Revenue from Construction Contracts:

Contract revenue associated with construction contracts are recognised as revenue by reference to the stage of completion of the project at the balance sheet date. The stage of completion of project is determined by the proportion that the contract cost incurred for work performed up to the balance sheet date bear to the estimated total contract costs as assessed by project managers and validated by independent project managers and the management. Materials purchased specifically for the projects and identifiable to the project are considered as part of contract costs in accordance with AS-7, "Construction Contracts".

If it is expected that a contract will make a loss, the estimated loss is provided in the books of accounts. Such losses are based on technical assessments. Contract revenue earned in excess of billing has been reflected under "Other Current Assets" and billing in excess of contract revenue has been reflected under "Current Liabilities" in the Balance Sheet.

As the outcome of the contracts cannot be measured reliably during the early stages of the project, contract revenue is recognised only to the extent of costs incurred in the Profit and Loss Account unless the actual cost reaches a minimum threshold of total estimated cost of the project.

Liquidated damages/ penalties, interest, warranties and contingencies are provided for, based on management's assessment of the estimated liability, as per contractual terms and/or acceptance.

Certain expenditure namely freight & cartage expenses, subcontractor expenses, packing charges, fabrication expenses, site expenditure, labour charges, rental expenses and travelling & conveyance expenses are incurred in cash to meet the business needs and exigencies for the services availed at the project sites by the Company based on mutually agreed terms and conditions and are authorized based on internal checks and controls.

(iii) Revenue from Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty, Sales Tax and VAT deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability arise during the year.

(iv) Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(v) Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.

k) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

l) **Foreign currency translation**

*Foreign currency transactions*

*Initial Recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### *Conversion*

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

#### *Exchange Differences*

Exchange differences arising on the settlement of monetary items, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

#### *Forward Exchange Contracts not intended for trading or speculation purposes*

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

#### *Translation of Integral foreign operation*

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.

### **m) Retirement and Other Employment Benefits**

- i) Retirement benefits in the form of Provident Fund and Employee State Insurance is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.
- iii) The Company does not allow carry forward of compensated absences to employees. Accordingly, no provision has been made for compensated absences.
- iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

### **n) Income taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year 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 and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. 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. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be 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 at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset 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. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**o) Segment Reporting**

Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of services, with each segment representing a strategic business unit that offers different services to different markets. The analysis of geographical segments is based on the areas in which major operating division of the Company operate.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

Includes general corporate income and expense items which are not allocated to any business segment.

Segment Policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**p) Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of shares outstanding during the year are adjusted for bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**q) Derivative Instruments**

As per the Institute of Chartered Accountants of India Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored.

**r) Cash and Cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**s) Deferred Revenue Expenditure (Unamortised Loan processing fee)**

Costs incurred in raising funds are amortised equally over the period for which the funds are acquired. This has been reflected in the financial statements under the head "Other current assets".

**t) Accounting for joint ventures**

Accounting for joint ventures undertaken by the Company has been done as follows:

Type of Joint ventures	Accounting treatment
Jointly controlled operations	The Company's share of revenues, expenses, assets and liabilities are included in the financial statements as Revenues, Expenses, Assets and Liabilities respectively.

**u) Employee Stock compensation cost**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

v) Provisions

A provision is recognised when the Company has a present obligation as a result of past event; 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.

3. Interest in Joint ventures:

The Company's interest and share in joint ventures in the jointly controlled operations as at March 31, 2011 are as follows:

S. No.	Name of Joint Ventures	Description of Interest	Nature of Project	Ownership Interest	Country of Incorporation
1	M/s UB Engineering Limited (UBEL)	Jointly Controlled Operations	A Joint Venture Agreement effective from June 18, 2007. The principal activity of the Venture is to bid for tender and enter into contract with Maharashtra State Electricity Transmission Company Limited for Design, Manufacture and Supply of all materials, execution of relevant civil works, erection, testing and commissioning of new 220KV Sub-station at Airoli, Sonkhar & Vasai and 132 KV Substation at Jam, Patur, Ghatanji, Wardha, Akola, Pandharkawda, Elichpur and Kundalwadi on turnkey basis.	See Note (a) below	*
2	M/s UB Engineering Limited (UBEL)	Jointly Controlled Operations	A Joint Venture Agreement effective from December 12, 2007. The principal activity of the Venture is to bid for tender and enter into contract with Power Development Department, J & K for Construction of 220/132KV Grid Sub-Station at Bishnah (J&K).	See Note (a) below	*
3	M/s UB Engineering Limited (UBEL)	Jointly Controlled Operations	A Joint Venture Agreement effective from December 31, 2007. The principal activity of the Venture is to bid for tender and enter into contract with Power Development Department, J & K for Turnkey Construction of 220/132KV Grid Sub-Station at Budgam (Pkg A) & Mir Bazar (Pkg B)	See Note (a) below	*
4	M/s UB Engineering Limited (UBEL)	Jointly Controlled Operations	A Joint Venture Agreement effective from June 14, 2007. The principal activity of the Venture is to bid for tender and enter into contract with Bihar State Electricity Board for Turnkey Construction of 220/132/33 KV Grid station at Begusarai.	See Note (a) below	*

S. No.	Name of Joint Ventures	Description of Interest	Nature of Project	Ownership Interest	Country of Incorporation
5	M/s Southern Petrochemical Industries Corporation Limited (SPIC-SMO)	Jointly Controlled Operations	A Joint Venture Agreement effective from January 21, 2008. The principal activity of the Venture is to bid for tender and enter into contract with Power Development Department, J & K for Turnkey Package of 220kv D/C Wagoora-Budgam Zainakot Transmission Line in Kashmir Valley.	See Note (a) below	*
6	M/s Southern Petrochemical Industries Corporation Limited (SPIC-SMO)	Jointly Controlled Operations	A Joint Venture Agreement effective from February 15, 2008. The principal activity of the Venture is to bid for tender and enter into contract with Power Development Department, J & K for Turnkey Package of Construction of 1x20 MVA, 132/33 KV Grid Sub-Station at Chandak, District Poonch (J&K).	See Note (a) below	*
7	M/s Southern Petrochemical Industries Corporation Limited (SPIC-SMO)	Jointly Controlled Operations	A Joint Venture Agreement effective from February 15, 2008. The principal activity of the Venture is to bid for tender and enter into contract with Power Development Department, J & K for Turnkey Package of Construction of 1x50 MVA, 132/33 KV Grid Sub-Station at Battal, Manwal, District Udhampur (J&K).	See Note (a) below	*
8	M/s Southern Petrochemical Industries Corporation Limited (SPIC-SMO)	Jointly Controlled Operations	A Joint Venture Agreement effective from November 15, 2007. The principal activity of the Venture is to bid for tender and enter into contract with Power Development Department, J & K for Turnkey Package for Survey, Engineering, Design, Fabrication of Lattice Type Structures Galvanisation Supply of Structures, Laying of foundation, Protection Works, Erection of Towers, laying & stringing of ACSR PANTHER Conductor, Testing and Commissioning of Transmission lines from Badampora – Bandipora and from Lassipora – Sopian.	See Note (a) below	*
9	M/s Linkwell Telesystems Private Limited	Jointly Controlled Operations	Joint Venture Agreement effective from August 9, 2008. The principal activity of the Venture is to bid jointly and enter into contract with Madhya Pradesh Poorva Kshetra Vidyut Vitaran Co. Ltd. ('MPPKVCL'), Jabalpur for design, manufacture, supply, install, commission, operate and maintain Remote Metering of LT Consumers above 10 BHP.	See Note (a) below	*



S. No.	Name of Joint Ventures	Description of Interest	Nature of Project	Ownership Interest	Country of Incorporation
10	M/s Shyama Power (India) Private Limited	Jointly Controlled Operations	Joint Venture effective from August 22, 2008. The principal activity of the Venture is to submit a bid jointly and enter into contract with NHPC Ltd for the design manufacture, supply and erection, testing and commissioning of Equipment / Materials stipulated in the bidding documents for Rural Electrification works along with 66 KV Transmission Line each in Leh and Kargil District of Jammu & Kashmir.	See Note (a) below	*
11	M/s Cobra Instalaciones Y Servicios, S.A	Jointly Controlled Operations	Joint Venture agreement effective from December 12, 2008. The principal activity of the venture is to bid for tender and enter into contract with Maharashtra State Electricity Transmission Company Limited (MSETCL), Mumbai for Design, Manufacture and Supply of all materials execution of relevant civil works, erection, testing and commissioning for establishment of new 220 KV Sub-Station at Kudus, Talegaon, Jath, Patoda, Bhokardhan and 132 KV Sub-station at Badnapur on Turnkey basis.	See Note (a) below	*
12	M/s Karamtara Engineering Private Limited	Jointly Controlled Operations	Joint Venture agreement effective from July 10, 2009. The principal activity of the venture is to bid for tender and enter into contract with Power Grid Corporation of India Limited (PGCIL) for Design, Manufacture, Supply, Erection, Testing & Commissioning of Equipments/Materials for 765 KV S/C Meerut-Agra Transmission Line (Part-I) associated with 765 KV system for central part of Northern Grid.	See Note (a) below	*
13	M/s Richardson & Cruddas (1972) Limited	Jointly Controlled Operations	Joint Venture agreement effective from September 19, 2008. The principal activity of the venture is to bid for tender and enter into contract with Rajasthan Rajya Vidyut Prasaran Nigam Ltd. (RRVPL), Jaipur for Design, Manufacture and Supply of materials for construction of 220KV/132KV transmission lines on turnkey basis.	See Note (a) below	*

S. No.	Name of Joint Ventures	Description of Interest	Nature of Project	Ownership Interest	Country of Incorporation
14	M/S Satya Builders	Jointly Controlled Operations	Joint Venture agreement effective from September 17, 2010. The principal activity of the venture is survey, design, supply of all material & labour, T & P and laying of Branch – lateral, Main and Trunk sewer lines and appurtenants works under Mussoorie sewerage in different Zones of Mussoorie, Dehradun under Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT) Programme.	See Note (a) below	*

\*Country of Incorporation not applicable, as these are unincorporated Joint Ventures.

Note (a): As per joint venture agreements, the scope and value of work of each partner has been clearly defined and accepted by the clients. The Company's share in Assets, Liabilities, Income and Expenses are duly accounted for in the accounts of the Company in accordance with such division of work and therefore does not require separate disclosure. However, joint venture partners are jointly and severally liable to clients for any claims in these projects.

#### 4. Business acquisitions during the year

During the year, the Company had entered into following three acquisitions, details of which are as follows:

- i) Pursuant to Business Transfer Agreement dated May 1, 2010, the Company purchased as a going concern the entire business of M/s Surender Chowdhury & Brothers, a partnership firm constituted pursuant to a deed of partnership dated December 2, 2004, engaged in the business of construction of electrical substations and railway electrification work for a consideration of Rs 20,000,000.
  - a. All the assets, including goodwill, business contracts and employees of M/s Surender Chowdhury & Brothers were transferred to the Company and the original owners were employed by the Company.
  - b. The original owners have agreed not to compete with, and solicit the employees of, the Company for a period of ten years from the date of termination of their employment with the Company.
  - c. The original owners have agreed to indemnify the Company from and against any loss and damages as a result of breach of the terms and conditions of the business transfer agreement.
  - d. The difference between the carrying value of Investment in M/s Surender Chowdhury & Brothers and value of net assets acquired of Rs 19,012,620 has been carried as goodwill.
  - e. Further, an amount of Rs 7,500,000 was paid on the date of agreement, and Rs 12,500,000 was considered as an interest free unsecured loan to be paid post completion of financial and technical DDR in accordance with the terms of the agreement. Out of this Rs 10,000,000 has been paid, while an amount of Rs 2,500,000 has been disclosed as unsecured loan under Schedule 4 "Unsecured Loans".
- ii) Pursuant to Business Transfer Agreement dated June 10, 2010, the Company purchased as a going concern the business of M/s Mohd. Rashid Contractors, a partnership firm constituted pursuant to a partnership deed dated June 10, 2003 engaged in the business of telecom cable laying, civil works and other engineering, procurement and construction business for a consideration of Rs 2,000,000.
  - a. All the assets, including goodwill, business contracts and employees of M/s Mohd. Rashid Contractors were transferred to the Company and the original owners were employed by the Company.
  - b. The original owners have agreed not to compete with, and solicit the employees of, the Company for a period of ten years from the date of termination of their employment with the Company.
  - c. The original owners have agreed to indemnify the Company from and against any loss and damages as a result of breach of the terms and conditions of the business transfer agreement.
  - d. The difference between the carrying values of Investment in M/s Mohd. Rashid Contractors and value of net assets acquired of Rs 1,950,251 has been carried as goodwill.

- iii) Pursuant to Business Transfer Agreement dated June 10, 2010, the Company purchased as a going concern the business of En-Tech Engineers and Contractors, a partnership firm, constituted pursuant to a partnership deed dated June 10, 2003 engaged in the business of telecom cable laying, civil works and other engineering, procurement and construction business for a consideration of Rs 3,000,000.
- All the assets, including goodwill, business contracts and employees of En-Tech Engineers and Contractors were transferred to the Company and the original owners were employed by the Company.
  - The original owners have agreed not to compete with, and solicit the employees of, the Company for a period of ten years from the date of termination of their employment with the Company.
  - The original owners have agreed to indemnify the Company from and against any loss and damages as a result of breach of the terms and conditions of the business transfer agreement.
  - The difference between the carrying value of Investment in En-Tech Engineers and Contractors and value of net assets acquired of Rs 2,998,988 has been carried as goodwill.
  - Further, an amount of Rs 1,000,000 was paid on the date of agreement, while an amount of Rs 2,000,000 was considered as an interest free unsecured loan to be paid post completion of financial and technical DDR in accordance with the terms of the agreement and the entire loan amount has been paid by the Company.

These acquisitions have helped the Company to get pre-qualification to bid for various tenders and considering long term benefits arising to the Company by gaining eligibility for biddings, the management is of the opinion that the goodwill is not impaired as at March 31, 2011.

**5. Disclosure of Open Contracts:**

In order to hedge its exposure to commodity price risk in purchase of fabricated steel, fabricated aluminium and fabricated copper items used in its operations, the Company has entered into the commodity forwards for base commodities - Steel, Aluminium and Copper during the year.

As at year end, the net open position of futures commodity contracts is as follows:

Commodity	Buy Contracts (Qty in MT.)	M2M Loss/(Gain)*	Buy Contracts (Qty in MT.)	M2M Loss/(Gain)*
	As at March 31, 2011		As at March 31, 2010	
Aluminium	960	1,025,540	250	(381,662)
Steel	4,060	(4,191,315)	4,060	(10,874,709)
<b>Total</b>	<b>5,020</b>	<b>(3,165,776)</b>	<b>4,310</b>	<b>(11,256,371)</b>

\* Net MTM gains are ignored and not accounted for.

**6. Contingent liabilities not provided for:**

The details are as follows:

Particulars	As at March 31, 2011	As at March 31, 2010
Performance and Financial Bank Guarantees	10,160,510,720	7,910,489,213
Outstanding amounts against counter guarantees / corporate guarantees amounting to Rs 2,874,246,781 (Previous Year – Rs 1,391,798,302) given to Banks on account of facilities granted by said banks to subsidiaries	2,087,334,013	684,177,858
Liquidated Damages deducted by customers not accepted by the Company and pending final settlement*	14,073,312	102,320,984
Open Letters of Credit	588,624,262	768,970,627
Litigations under Workmen Compensation Act**	1,177,120	1,177,120
Litigations with contractors and others**	3,787,536	3,632,661
Sales tax demand under dispute	9,700,000	-
	<b>12,865,206,963</b>	<b>9,470,768,463</b>

\* excludes possible liquidated damages which can be levied by customers for delay in execution of the projects. The management believes that there exist strong reasons why no liquidated damages shall be levied by these customers.

\*\*Based on discussions with the solicitors / favourable decisions in similar cases/legal opinions taken by the Company, the management believes that the Company has a good chance of success in above-mentioned cases and hence, no provision is considered necessary.

**7. Capital Commitments :**

Estimated amount of contracts to be executed on capital account and not provided for (net of advances) Rs 1,137,981,618 as at March 31, 2011 (Previous Year – Rs 2,130,210,311).

8. During the year, the Company has incurred a loss of Rs 19,292,915 (Previous Year– Rs 4,950,837) due to theft of material at various sites of projects against which the Company has filed an insurance claim with the Insurance Company. Out of the same, the Company has received an amount of Rs 5,132,666 and accounted for an advance recoverable of Rs 3,738,713 (Previous Year – Rs 4,628,069) in its books, while the balance amount of Rs 10,421,536 (Previous Year – Rs 322,768) have been accounted for as an expense in the financial statements. Out of the total amount of Rs 10,493,510 shown as recoverable as on March 31, 2010, the Company has received Rs 4,104,288 from insurance Company, while an amount of Rs 6,389,222 has been written off in the financial statement. The management believes that it has made reasonable judgement and no further adjustment is expected in the financial statements.

**9. Employees Benefit**

**Defined Contribution Plans**

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Employer's contribution to Provident Fund*	8,920,355	6,011,180
Employer's contribution to ESI*	6,618,379	3,713,017
Insurance Premium for Basic Life Cover**	458,906	367,513
<b>Total</b>	<b>15,997,640</b>	<b>10,091,710</b>

\* Included in Contribution to Provident and Other Funds (Refer Schedule 19)

\*\* Included in staff welfare (Refer Schedule 19)

**Defined Benefit Plans**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy. The following tables summaries the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

**Profit and Loss account**

Net employee benefit expense (recognised in Employee Cost)

Gratuity	Year ended March 31, 2011	Year ended March 31, 2010
Current service cost	9,451,948	4,788,612
Interest cost on benefit obligation	1,354,890	385,483
Expected return on plan assets	(1,298,847)	(424,898)
Net actuarial(gain) / loss recognised in the year	(5,402,738)	5,341,671
Past service cost	-	-
Net benefit expense	4,105,253	10,090,868
Actual return on plan assets	(852,530)	1,347,938

**Balance sheet**

Gratuity	Year ended March 31, 2011	Year ended March 31, 2010
Defined benefit obligation	(21,271,587)	(16,936,119)
Fair value of plan assets	21,953,304	16,235,586
	681,717	(700,533)
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	681,717	(700,533)

Changes in the present value of the defined benefit obligation are as follows:

Gratuity	Year ended March 31, 2011	Year ended March 31, 2010
Opening defined benefit obligation	16,936,119	5,506,904
Interest cost	1,354,890	385,483
Current service cost	9,451,948	4,788,612
Benefits paid	1,082,744	(9,591)
Actuarial (gains) / losses on obligation	(7,554,115)	6,264,711
Closing defined benefit obligation	21,271,587	16,936,119

Changes in the fair value of plan assets are as follows:

	Gratuity	
	Year ended March 31, 2011	Year ended March 31, 2010
Opening fair value of plan assets	16,235,586	6,069,976
Expected return	1,298,847	424,898
Contributions by employer	5,487,504	9,524,016
Benefits paid	1,082,744	(9,591)
Fund transferred out Pursuant to Demerger	-	(696,753)
Actuarial gains / (losses)	(2,151,377)	923,040
Closing fair value of plan assets	21,953,304	16,235,586

The principal assumptions used in determining gratuity for the Company's plans are shown below:

	Year ended March 31, 2011	Year ended March 31, 2010
Discount rate	8.25%	8%
Expected rate of return on assets	8.25%	8%
Expected rate of increase in compensation level	5%	5%
Expected average remaining working life of employees	28.50 years	28.56 years

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the actual rate of return during the current year.

The Company expects to contribute Rs 8,500,000 (Previous year- Rs 8,261,060) to gratuity during next year.

Amounts for the current and previous four years are as follows\*:

Particulars	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
Defined benefit obligation	21,271,587	16,936,119	5,506,904	4,105,344
Plan Assets	21,953,304	16,235,586	6,069,976	2,743,728
Surplus / (deficit)	681,717	(700,533)	563,072	(1,361,616)
Experience (gain)/loss on plan liabilities	(7,538,358)	6,181,936	(4,326,942)	-
Experience gain / (loss) on plan assets	(2,151,377)	923,040	(381,576)	-

\*As the Company has adopted AS-15 (revised) in the year 2007-08, the above disclosures as required by Para 120(n) of the Accounting Standard 15 (revised) on Employee Benefits has been made prospectively from the date the Company first adopted the standard.

## 10. Operating Leases

### *Company as a Lessee*

The Company has entered into various short-term cancellable lease agreements at a notice period upto three months for leased premises. Gross rental expenses aggregate to Rs 82,811,354 (Previous Year- Rs 42,247,502).

*Company as a Lessor*

The Company has entered into operating lease agreement for leasing its plant & machinery set up on the leasehold land at Jind (Haryana) & Cuttack (Orissa) at a consideration of Rs. 200,000 per month each and at Giridih (Jharkhand) & Medinipur (West Bengal) at a consideration of Rs. 200,000 per annum each. The Lease agreement for Jind (Haryana) and Cuttack (Orissa) has been terminated with effect from April 1, 2009 and July 1, 2009 respectively and the Lease agreement with Giridih (Jharkhand) has been terminated with April 1, 2010. As per the arrangement, the lessee would supply its substantial portion of manufacture to the lessor at a price agreed between the parties from time to time. The Gross rental income aggregate to Rs 66,667 (Previous Year – Rs 893,972).

The gross book value, accumulated depreciation and depreciation charged during the year of the above assets amounts to Rs 29,193,346 (Previous Year – Rs 29,193,346), Rs 14,328,801 (Previous Year – Rs 11,214,688) and Rs 3,114,113 (Previous year Rs 4,384,080) respectively.

**11. Deferred Tax**

Break-up of Deferred Tax Assets / (Liabilities):

Timing Difference on account of	Deferred Tax Assets/ (Liability) as at 31.03.2010	Current Period (Charge) / Credit	Deferred Tax Assets/ (Liability) as at 31.03.2011
<b>Deferred Tax Liabilities</b>			
Difference between Book and Tax Depreciation	(10,498,559)	11,523,168	1,024,609
<b>Sub Total (A)</b>	<b>(10,498,559)</b>	<b>11,523,168</b>	<b>1,024,609</b>
<b>Deferred Tax Assets</b>			
Expenditure debited to profit & loss account in the current year but allowable for tax purposes in the following years	7,797,257	57,090,866*	64,888,123
Provision of Doubtful Advances	633,295	(633,295)	-
Provision of Doubtful Debts	43,914,678	(13,873,050)	30,041,628
<b>Sub Total (B)</b>	<b>52,345,230</b>	<b>42,584,521</b>	<b>94,929,751</b>
<b>Total (A+B)</b>	<b>41,846,671</b>	<b>54,107,689</b>	<b>95,954,360</b>

\* Including deferred tax credit of Rs. 43,188,329 which has been created in respect of Extra-ordinary item (also refer Note 26 of Schedule 22 of the financial statements).

**12. Related Party**

Names of related parties

Subsidiary Companies	A2Z Infraservices Limited (Formerly a2z Infraservices Private Limited) A2Z Infrastructure Limited (Formerly a2z Infrastructure Private Limited) A2Z Powertech Limited (Formerly a2z Powertech Private Limited) A2Z Powercom Limited (Formerly a2z Powercom Private Limited) Selligence Technologies Services Private Limited Imatek Solutions Private Limited Mansi Bijlee & Rice Mills Private Limited (Formerly Mansi Bijlee Private Limited) (with effect from July 20, 2010) Madhya Bijlee Private Limited (with effect from October 18, 2010) Mirage Bijlee Private limited (with effect from September 15, 2010) Star Transformers Private Limited (with effect from January 21, 2011) Chavan Rishi International Limited (with effect from March 2, 2011) A2Z Maintenance & Engineering Services (Uganda) Private Limited (with effect from August 27, 2010) A2Z E Waste Management Limited (with effect from February 10, 2011) A2Z Water Solutions Limited (with effect from February 10, 2011)
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	<p>Subsidiaries of A2Z Infrastructure Limited:</p> <p>a) A2Z Waste Management (Merrut) Limited (Formerly A2Z Waste Management (Merrut) Private Limited)</p> <p>b) A2Z Waste Management (Moradabad) Limited (Formerly A2Z Waste Management (Moradabad) Private Limited)</p> <p>c) A2Z Waste Management (Varanasi) Limited (Formerly A2Z Waste Management (Varanasi) Private Limited)</p> <p>d) A2Z Waste Management (Aligarh) Limited (Formerly A2Z Waste Management (Aligarh) Private Limited)</p> <p>e) A2Z Waste Management (Badaun) Limited (Formerly A2Z Waste Management (Badaun) Private Limited) (w.e.f November 10, 2010)</p> <p>f) A2Z Waste Management (Baliala) Limited (Formerly A2Z Waste Management (Baliala) Private Limited) (w.e.f November 10, 2010)</p> <p>g) A2Z Waste Management (Basti) Limited (Formerly A2Z Waste Management (Basti) Private Limited) (w.e.f November 10, 2010)</p> <p>h) A2Z Waste Management (Fatehpur) Limited (Formerly A2Z Waste Management (Fatehpur) Private Limited) (w.e.f November 10, 2010)</p> <p>i) A2Z Waste Management (Jaunpur) Limited (Formerly A2Z Waste Management (Jaunpur) Private Limited) (w.e.f November 9, 2010)</p> <p>j) A2Z Waste Management (Loni) Limited (Formerly A2Z Waste Management (Loni) Private Limited) (w.e.f November 10, 2010)</p> <p>k) A2Z Waste Management (Mirzapur) Limited (Formerly A2Z Waste Management (Mirzapur) Private Limited) (w.e.f November 10, 2010)</p> <p>l) A2Z Waste Management (Ranchi) Limited (w.e.f March 1, 2011)</p> <p>m) A2Z Waste Management (Sambhal) Limited (Formerly A2Z Waste Management (Sambhal) Private Limited) (w.e.f November 10, 2010)</p> <p>Subsidiary of Imatek Solutions Private Limited:</p> <p>a) CNCS Facility Solutions Private Limited</p> <p>Subsidiary of A2Z Infraserivices Limited:</p> <p>a) IL&amp;FS Property Management &amp; Services Limited (w.e.f. October 1, 2010)</p>
Joint Venture	<p>M/s UB Engineering Limited</p> <p>M/s SPIC – SMO Limited</p> <p>M/s Shyama Power (India) Private Limited</p> <p>M/s Linkwell Tele systems Private Limited</p> <p>M/S Cobra Instalaciones Y Servicios, S.A</p> <p>M/S Karamtara Engineering Pvt. Ltd</p> <p>M/S Richardson &amp; Cruddas (1972) Ltd.</p> <p>M/S Satya Builders</p>
Individual having significant influence	Mr. Rakesh Jhunjunwala
Enterprise over which individual having significant influence in the Company have substantial control	Rare Enterprises
Relatives of Individual having significant influence in the Company	<p>Rajesh Kumar Jhunjunwala</p> <p>Rekha Jhunjunwala</p>
Key Management Personnel ('KMP')	<p>Mr. Amit Mittal</p> <p>Mr. Sanjeev Sharma (Till March 30, 2010)</p> <p>Mrs. Dipali Mittal</p>
Relative of Key Management Personnel	<p>Ms. Priya Goel</p> <p>Mrs. Sudha Mittal</p> <p>Mr. Manoj Gupta</p>

# A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

(Formerly A2Z MAINTENANCE & ENGINEERING SERVICES PRIVATE LIMITED)



## Transactions with Related Parties during the year:

Particulars	April 2010 - March 2011					April 2009 - March 2010				
	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Enterprises in control of Individual having Significant control	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Enterprises in control of Individual having Significant control
<b>Sale of Goods / Services</b>										
- UB Engineering Limited	-	945,057,102	-	-	-	-	341,513,828	-	-	-
- SPIC-SMO	-	7,666,450	-	-	-	-	352,809,869	-	-	-
-Star Transformers Private Limited	12,845,664	-	-	-	-	-	-	-	-	-
<b>Purchase of Goods or Services</b>										
- A2Z Infraservices Limited	151,003,313	-	-	-	-	8,290,091	-	-	-	-
- A2Z Powertech Limited	21,416,352	-	-	-	-	32,744,009	-	-	-	-
- Selligence Technologies Service Private Limited	-	-	-	-	-	1,053,000	-	-	-	-
- A2Z Powercom Limited	811,764,227	-	-	-	-	6,000,000	-	-	-	-
- Star Transformers Private Limited	26,934,437	-	-	-	-	-	-	-	-	-
- UB Engineering Limited	-	-	-	-	-	-	19,987,184	-	-	-
- Linkwell Telesystems Private Limited	-	4,855,222	-	-	-	-	38,198,684	-	-	-
- Richardson & Cruddas (1972) Ltd.	-	46,659,995	-	-	-	-	91,428,504	-	-	-
- Karamtara Engineering private Limited	-	21,091,315	-	-	-	-	-	-	-	-
- Shyama Power India Limited	-	60,249,904	-	-	-	-	-	-	-	-
- Cobra Instalaciones Y Servicios, S.A	-	9,355,389	-	-	-	-	8,591,007	-	-	-
- Amit Mittal	-	-	-	381,000	-	-	-	210,000	-	-
- Manoj Gupta	-	-	-	300,000	-	-	-	300,000	-	-
- Sudha Mittal	-	-	-	300,000	-	-	-	300,000	-	-
- Dipali Mittal	-	-	-	681,150	-	-	-	300,000	-	-
<b>Interest Income</b>										
- CNCS Facility solutions Private Limited	1,003,301	-	-	-	-	433,332	-	-	-	-
- A2Z Infraservices Limited	4,108,220	-	-	-	-	-	-	-	-	-
- A2Z Infrastructure Limited	27,671	-	-	-	-	-	-	-	-	-
- A2Z Powertech Limited	222,532	-	-	-	-	-	-	-	-	-
- Mirage Bijlee Private Limited	275,821	-	-	-	-	-	-	-	-	-
- Star Transformers Private Limited	370,410	-	-	-	-	-	-	-	-	-

Particulars	April 2010 - March 2011					April 2009 - March 2010				
	Subsidiary Companies	Joint Ven- tures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Enterprises in control of Individual having Significant control	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Enterprises in control of Individual having Significant control
<b>Interest Expense</b>										
- A2Z Infrastructure Limited	678,438	-	-	-	-	-	-	-	-	-
- Rare Enterprise	-	-	-	-	16,471,232	-	-	-	-	-
<b>Fund transferred / includes expenses incurred on behalf of Related Party</b>										
- A2Z Infrastructure Limited	2,188,857	-	-	-	-	7,429,500	-	-	-	-
- A2Z InfraserVICES Limited	17,655,733	-	-	-	-	108,149,635	-	-	-	-
- A2Z Powertech Limited	257,114	-	-	-	-	24,524,000	-	-	-	-
- A2Z Powercom Limited	39,000	-	-	-	-	55,224,000	-	-	-	-
- Selligence Technologies Service Private Limited	24,000	-	-	-	-	724,000	-	-	-	-
- A2Z E Waste Management Limited	158,705	-	-	-	-	-	-	-	-	-
- A2Z Water Solutions Limited	158,705	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Allgarh) Limited	10,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Merrut) Limited	10,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Moradabad) Limited	10,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Varanasi) Limited	10,000	-	-	-	-	-	-	-	-	-
<b>Fund received / includes expenses incurred on behalf of Company</b>										
- Cobra Instalaciones Y Servicios, S.A	-	-	-	-	-	-	30,000	-	-	-
- A2Z Infrastructure Limited	13,072,000	-	-	-	-	-	-	-	-	-
- A2Z Powertech Limited	500,000	-	-	-	-	-	-	-	-	-
<b>Provision for doubtful debts expense</b>										
- UB Engineering Limited	-	-	-	-	-	-	57,526,428	-	-	-
- SPIC-SMO	-	8,913,370	-	-	-	-	294,975	-	-	-
<b>Provision for doubtful debts written back</b>										
- UB Engineering Limited	-	48,305,657	-	-	-	-	-	-	-	-
<b>Issue of Bonus Shares</b>										
- Amit Mittal	-	-	-	-	-	-	-	-	165,472,410	-

# A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

(Formerly A2Z MAINTENANCE & ENGINEERING SERVICES PRIVATE LIMITED)



Particulars	April 2010 - March 2011					April 2009 - March 2010				
	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Enterprises in control of Individual having Significant control	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Enterprises in control of Individual having Significant control
- Dipali Mittal	-	-	-	-	-	-	-	-	7,020,000	-
- Manoj Gupta	-	-	-	-	-	-	-	-	706,500	-
- Rakesh Jhunjhunwala	-	-	-	-	-	-	72,306,750	-	-	-
- Sanjeev Sharma	-	-	-	-	-	-	-	-	75,000	-
- Priya Goel	-	-	-	-	-	-	-	-	62,290	-
- Rekha Jhunjhunwala	-	-	-	-	-	-	150,000	-	-	-
- Rajesh Jhunjhunwala	-	-	-	-	-	-	750,000	-	-	-
<u>Subscription to share capital</u>										
- A2Z Infrastructure Limited	802,500,000	-	-	-	-	330,000,000	-	-	-	-
- A2Z Powertech Limited	300,000	-	-	-	-	-	-	-	-	-
- Imatek solutions Private Limited	-	-	-	-	-	71,801,440	-	-	-	-
- A2Z E Waste Management Limited	500,000	-	-	-	-	-	-	-	-	-
- A2Z Water Solutions Limited	500,000	-	-	-	-	-	-	-	-	-
- A2Z Maintenance & Engineering Services (Uganda) Private Limited	189,416	-	-	-	-	-	-	-	-	-
- Star Transformers Private Limited	156,020,536	-	-	-	-	-	-	-	-	-
<u>Share Application money given</u>										
- A2Z Infrastructure Limited	2,500,000	-	-	-	-	-	-	-	-	-
- Mansibjilee& Rice Mills Private Limited	78,260,000	-	-	-	-	-	-	-	-	-
<u>Share Application money refunded</u>										
- A2Z Infrastructure Limited	2,500,000	-	-	-	-	-	-	-	-	-
<u>Loan Taken / Advances Received</u>										
- A2Z Infraseservices Limited	-	-	-	-	-	650,000	-	-	-	-
- A2Z Infrastructure Limited	65,000,000	-	-	-	-	-	-	-	-	-
- A2Z Powercom Limited	-	-	-	-	-	700,000	-	-	-	-
- Rare Enterprise	-	-	-	-	-	-	-	-	350,000,000	-
<u>Loan / Advances Repaid</u>										
- A2Z Infraseservices Limited	-	-	-	-	-	650,000	-	-	-	-

Particulars	April 2010 - March 2011					April 2009 - March 2010				
	Subsidiary Companies	Joint Ven- tures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Enterprises in control of Individual having Significant control	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Enterprises in control of Individual having Significant control
- A2Z Infrastructure Limited	65,000,000	-	-	-	-	-	-	-	-	-
- A2Z Powercom Limited	-	-	-	-	-	700,000	-	-	-	-
- Rare Enterprise	-	-	-	-	350,000,000	-	-	-	-	-
<u>Loan Given / Advances Paid</u>										
- A2Z InfraserVICES Limited	80,000,000	-	-	-	-	10,000,000	-	-	-	-
- A2Z Powercom Limited	237,129,493	-	-	-	-	8,200,000	-	-	-	-
- CNCS Facility solutions Private Limited	-	-	-	-	-	10,000,000	-	-	-	-
- Cobra Instalaciones Y Servicios, S.A	-	-	-	-	-	-	3,004,424	-	-	-
- A2Z Infrastructure Limited	67,000,000	-	-	-	-	-	-	-	-	-
- A2Z Powertech Limited	29,180,000	-	-	-	-	-	-	-	-	-
- Mirage Bijlee Private Limited	10,450,000	-	-	-	-	-	-	-	-	-
- Star Transformers Private Limited	65,027,094	-	-	-	-	-	-	-	-	-
<u>Loan / Advances Refunded</u>										
- A2Z InfraserVICES Limited	-	-	-	-	-	10,000,000	-	-	-	-
- A2Z Powercom Limited	-	-	-	-	-	8,200,000	-	-	-	-
- Sanjeev Sharma	-	-	-	-	-	-	-	-	450,000	-
- Priya Goel	-	-	-	-	-	-	-	-	1,165,000	-
- CNCS Facility solutions Private Limited	3,600,000	-	-	-	-	-	-	-	-	-
- Mirage Bijlee Private Limited	10,000,000	-	-	-	-	-	-	-	-	-
<u>Guarantees given on behalf of subsidiaries</u>										
- A2Z InfraserVICES Limited	89,830,382	-	-	-	-	187,545,358	-	-	-	-
- A2Z Infrastructure Limited	580,676,589	-	-	-	-	496,632,500	-	-	-	-
- CNCS Facility solutions Private Limited	64,020,284	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Merrut) Limited	7,435,500	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Moradabad) Limited	74,470,500	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Aligarh) Limited	38,000,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Varanas) Limited	160,000,000	-	-	-	-	-	-	-	-	-

# A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

(Formerly A2Z MAINTENANCE & ENGINEERING SERVICES PRIVATE LIMITED)



Particulars	April 2010 - March 2011					April 2009 - March 2010				
	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Enterprises in control of Individual having Significant control	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Enterprises in control of Individual having Significant control
- IL & FS Property Management Solutions Limited	218,800,000	-	-	-	-	-	-	-	-	-
- A2Z Powertech Limited	3,260,900	-	-	-	-	-	-	-	-	-
- A2Z Powercom Limited	15,000,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Ranchi) Limited	35,000,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Loni) Limited	7,700,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Basti) Limited	4,300,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Badaun) Limited	7,470,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Jaunpur) Limited	26,457,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Sambhal) Limited	5,200,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Fatehpur) Limited	26,125,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Mirzapur) Limited	24,274,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Ballia) Limited	15,136,000	-	-	-	-	-	-	-	-	-
<u>Guarantees given by subsidiaries on behalf of Company</u>										
- A2Z InfraserVICES Limited	-	-	-	-	-	1,550,532,552	-	-	-	-
<u>Purchase of Shares of A2Z Powercom Limited</u>										
- A2Z Infrastructure Limited	-	-	-	-	-	1,000,000	-	-	-	-
<u>Sale of Shares of A2Z Powercom Limited</u>										
- A2Z Infrastructure Limited	-	-	-	-	-	1,000,000	-	-	-	-
<u>Remuneration</u>										
- Amit Mittal	-	-	-	26,288,542	-	-	-	-	24,185,895	-
- Manoj Gupta	-	-	-	-	-	-	-	-	3,039,600	-
- Sanjeev Sharma	-	-	-	-	-	-	-	-	3,134,888	-
- Dipali Mittal	-	-	-	1,321,260	-	-	-	-	639,600	-
- Priya Goel	-	-	-	-	-	-	-	-	57,000	-
<u>Sitting Fees</u>										
- Rakesh Jhunjhunwala	-	-	340,000	-	-	-	-	200,000	-	-



Particulars	April 2010 - March 2011					April 2009 - March 2010				
	Subsidiary Companies	Joint Ven- tures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Enterprises in control of Individual having Significant control	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Enterprises in control of Individual having Significant control
<b>Balance Outstanding at the end of the year</b>										
<u>Interest free Loans given</u>										
- Sanjeev Sharma	-	-	-	-	-	-	-	-	575,000	-
<u>Interest bearing Loans given (including interest accrued and due)</u>										
- CNCS Facility Solutions Private Limited	6,401,013	-	-	-	-	10,390,000	-	-	-	-
- A2Z InfraserVICES Limited	80,000,000	-	-	-	-	-	-	-	-	-
- A2Z Infrastructure Limited	67,000,000	-	-	-	-	-	-	-	-	-
- A2Z Powertech Limited	12,680,000	-	-	-	-	-	-	-	-	-
- Mirage Bijlee Private Limited	698,239	-	-	-	-	-	-	-	-	-
- Star Transformers Private Limited	65,359,542	-	-	-	-	-	-	-	-	-
<u>Advance from Customer</u>										
- UB Engineering Limited	-	3,828,760	-	-	-	-	29,715,053	-	-	-
<u>Other Current Assets (Accrued Revenue)</u>										
- UB Engineering Limited	-	48,419,678	-	-	-	-	98,924,023	-	-	-
- SPIC-SMO	-	80,015,346	-	-	-	-	291,865,619	-	-	-
<u>Share Application money given pending allotment</u>										
- Mansi Bijlee & Rice Mills Private Limited	78,260,000	-	-	-	-	-	-	-	-	-
<u>Debtors / Advances</u>										
- A2Z InfraserVICES Limited	-	-	-	-	-	2,632,256	-	-	-	-
- A2Z Infrastructure Limited	552,210	-	-	-	-	577,220	-	-	-	-
- A2Z Powercom Limited	237,129,493	-	-	-	-	44,300,000	-	-	-	-
- A2Z Powertech Limited	16,625,233	-	-	-	-	-	-	-	-	-
- Linkwell Telesystems Private Limited	-	6,898	-	-	-	-	-	-	-	-
- Richardson & Cruddas (1972) Ltd.	-	6,147,904	-	-	-	-	-	-	-	-
- UB Engineering Limited	-	971,448,944	-	-	-	-	1,159,787,951	-	-	-
- SPIC-SMO	-	264,930,654	-	-	-	-	113,866,861	-	-	-

# A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

(Formerly A2Z MAINTENANCE & ENGINEERING SERVICES PRIVATE LIMITED)



Particulars	April 2010 - March 2011				April 2009 - March 2010					
	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Enterprises in control of Individual having Significant control	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Enterprises in control of Individual having Significant control
- Cobra Instalaciones Y Servicios, S.A	-	26,685	-	-	-	-	3,004,424	-	-	-
- Sanjeev Sharma	-	-	-	-	-	-	-	-	6,323,316	-
- A2Z E Waste Management Limited	510	-	-	-	-	-	-	-	-	-
- A2Z Water Solutions Limited	510	-	-	-	-	-	-	-	-	-
- Star Transformers Private Limited	12,845,664	-	-	-	-	-	-	-	-	-
<u>Provision for doubtful debts</u>										
- UB Engineering Limited	-	9,220,771	-	-	-	-	57,526,428	-	-	-
- SPIC-SMO	-	9,208,345	-	-	-	-	294,975	-	-	-
<b>Remuneration Payable</b>										
- Amit Mittal	-	-	-	13,350,713	-	-	-	-	15,942,528	-
- Manoj Gupta	-	-	-	-	-	-	-	-	207,840	-
- Sanjeev Sharma	-	-	-	-	-	-	-	-	133,750	-
- Dipali Mittal	-	-	-	77,500	-	-	-	-	38,175	-
<b>Creditors</b>										
- A2Z Powertech Limited	-	-	-	-	-	2,074,149	-	-	-	-
- A2Z Powercom Limited	83,556,348	-	-	-	-	5,956,200	-	-	-	-
- A2Z Infraseservices Limited	70,694,437	-	-	-	-	-	-	-	-	-
- UB Engineering Limited	-	27,951,989	-	-	-	-	460,395,879	-	-	-
- Linkwell Telesystems Private Limited	-	-	-	-	-	-	3,332,768	-	-	-
- Richardson & Cruddas (1972) Ltd.	-	-	-	-	-	-	14,545,111	-	-	-
- Karamtara Engineering Private Limited	-	6,164,841	-	-	-	-	-	-	-	-
- Sucha Mittal	-	-	-	45,000	-	-	-	-	-	-
- Star Transformers Private Limited	26,171,629	-	-	-	-	-	-	-	-	-
<b>Guarantees given on behalf of subsidiaries</b>										
- A2Z Infraseservices Limited	277,375,740	-	-	-	-	187,545,358	-	-	-	-
- A2Z Infrastructure Limited	1,077,309,089	-	-	-	-	496,632,500	-	-	-	-

Particulars	April 2010 - March 2011					April 2009 - March 2010				
	Subsidiary Companies	Joint Ven- tures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Enterprises in control of Individual Significant control	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Enterprises in control of Individual Significant control
- CNCS Facility solutions Private Limited	64,020,284	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Merrut) Limited	7,435,500	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Moradabad) Limited	74,470,500	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Aligarh) Limited	38,000,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Varanasi) Limited	160,000,000	-	-	-	-	-	-	-	-	-
- IL & FS Property Management Solutions Limited	218,800,000	-	-	-	-	-	-	-	-	-
- A2Z Powertech Limited	3,260,900	-	-	-	-	-	-	-	-	-
- A2Z Powercom Limited	15,000,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Ranchi) Limited	35,000,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Loni) Limited	7,700,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Basti) Limited	4,300,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Badaun) Limited	7,470,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Jaunpur) Limited	26,457,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Sambhal) Limited	5,200,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Fatehpur) Limited	26,125,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Mirzapur) Limited	24,274,000	-	-	-	-	-	-	-	-	-
- A2Z Waste Management (Balai) Limited	15,136,000	-	-	-	-	-	-	-	-	-
<b>Guarantees given by subsidiaries on behalf of Company</b>										
- A2Z Infraservices Limited	-	-	-	-	-	1,550,532,552	-	-	-	-

Note: In the opinion of the management, the transactions reported herein are on arms' length basis.

### 13. Segmental information

#### Business segments

The primary reporting of the Company has been performed on the basis of business segment. Segments have been identified and reported based on the nature of the products, the risks and returns, the organization structure and the internal financial reporting systems. The Company is operating into following segments – (i) Engineering Service (ES), (ii) Power generation projects (PGP) and (iii) Others represents trading of goods, renting of equipments and providing housekeeping services.

Particulars	ES		PGP		PGP		Others		Elimination		Elimination		Total	
	March 2011	March 2010	March 2011	March 2010	March 2011	March 2010	March 2011	March 2010	March 2011	March 2010	March 2011	March 2010	March 2011	March 2010
<b>Revenue</b>														
Segment revenue	10,587,842,436	11,183,932,317	-	-	440,867,405	-	-	-	-	-	-	-	11,028,709,841	11,183,932,317
Other income	63,089,896	8,880,867	-	-	-	-	-	-	-	-	-	-	63,089,896	8,880,867
Intersegment Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>10,650,932,332</b>	<b>11,192,813,184</b>	-	-	<b>440,867,405</b>	-	-	-	-	-	-	-	<b>11,091,799,737</b>	<b>11,192,813,184</b>
<b>Costs</b>														
Segment costs	(8,670,552,968)	(9,147,250,795)	(5,283,974)	(6,883,515)	(325,765,075)	-	-	-	-	-	-	-	(9,001,602,017)	(9,154,134,310)
<b>Result</b>														
<b>Segment result</b>	<b>1,980,379,364</b>	<b>2,045,562,389</b>	<b>(5,283,974)</b>	<b>(6,883,515)</b>	<b>115,102,330</b>	-	-	-	-	-	-	-	<b>2,090,197,720</b>	<b>2,038,678,874</b>
Interest Income													71,504,625	48,984,049
Financial Expense													(744,420,027)	(624,127,140)
Provision for tax														
Income tax														
Deferred tax (charge)/credit														
<b>Net Profit after tax before extraordinary items</b>													<b>940,347,002</b>	<b>949,035,684</b>
Extraordinary items (net of tax)													86,828,467	-
<b>Net Profit after tax</b>													<b>853,518,535</b>	<b>949,035,684</b>
<b>Other information</b>														
Segment assets	14,047,438,627	11,924,911,043	1,524,299,724	90,133,630	392,308,026	-	-	-	-	-	-	-	15,964,046,377	12,015,044,673
Unallocable corporate assets													2,277,728,005	660,051,024
<b>Total assets</b>	<b>14,047,438,627</b>	<b>11,924,911,043</b>	<b>1,524,299,724</b>	<b>90,133,630</b>	<b>392,308,026</b>	-	-	-	-	-	-	-	<b>18,241,774,382</b>	<b>12,675,095,697</b>
Segment liabilities	3,442,393,590	4,904,022,264	83,556,348	10,175,221	70,694,437	-	-	-	-	-	-	-	3,596,644,375	4,914,197,485
Unallocable corporate liabilities													3,423,953,228	3,868,661,413
<b>Total Liabilities</b>	<b>3,442,393,590</b>	<b>4,904,022,264</b>	<b>83,556,348</b>	<b>10,175,221</b>	<b>70,694,437</b>	-	-	-	-	-	-	-	<b>7,020,597,603</b>	<b>8,782,858,898</b>
Capital expenditure	145,875,634	255,351,503	1,379,695,439	88,810,022	144,072,520	-	-	-	-	-	-	-	1,669,643,593	344,161,525
Depreciation included in segment expenses	50,258,041	24,463,110	5,530,652	294	56,050,810	-	-	-	-	-	-	-	111,839,503	24,463,404
Other Non cash expenditure													28,721,529	110,654,905

Geographical Segments\*: The Secondary reporting segment of the Company has been performed on the basis of Geographical segment. The Company operates in two principal geographical areas of the world, in India, its home country, and the other countries.

The following table presents revenue and debtors regarding geographical segments as at March 31, 2011 and March 31, 2010.

Particulars	India		India		Other Countries		Other Countries		Total	
	March 2011		March 2010		March 2011		March 2010		March 2011	
	March 2011	March 2010	March 2011	March 2010	March 2011	March 2010	March 2011	March 2010	March 2011	March 2010
<b>Segment Revenue</b>	11,077,585,228	11,241,797,233	85,719,134	-	-	-	-	11,163,304,362	-	11,241,797,233
<b>Segment Debtors (including retention money)</b>	7,785,192,781	7,878,114,409	102,754,083	-	-	-	-	7,887,946,864	-	7,878,114,409

\*The Company has common assets for domestic market and overseas market. Hence, separate figures for assets / additions to assets cannot be furnished.

**14. Disclosures under Micro, Small and Medium Enterprises Act, 2006**

The Micro, Small and Medium Enterprises have been identified by the Company from the available information, which has been relied upon by the auditors. According to such identification, the disclosures in respect to Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 is as follows:

	Year ended March 31, 2011	Year Ended March 31, 2010
<b>Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006</b>		
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount	7,515,724	40,400,524
- Interest amount	134,631	125,445
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	134,631	125,445
The amount of 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 Micro Small and Medium Enterprise Development Act, 2006	-	-

**15. Earnings per share (EPS)**

The calculations of earning per share are based on the profit and number of shares as computed below:

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Net profit as per profit and loss account excluding extra ordinary items	940,347,002	949,035,684
Less : Extra - ordinary items (net of tax)	86,828,467	-
Net profit as per profit and loss account including extra ordinary items	853,518,535	949,035,684
Weighted average number of equity shares in calculating basic EPS	62,202,266	56,624,327
Weighted average number of equity shares in calculating diluted EPS	62,202,266	56,624,327
<b>Basic Earnings per share</b>		
- Computed on the basis of earnings excluding extra - ordinary items	15.12	16.76
- Computed on the basis of earnings including extra - ordinary items	13.72	16.76
<b>Diluted Earnings per share*</b>		
- Computed on the basis of earnings excluding extra - ordinary items	15.12	16.76
- Computed on the basis of earnings including extra - ordinary items	13.72	16.76

\*The effect of dilutive potential equity shares are considered whereas anti-dilutive potential equity shares are ignored in calculating diluted EPS.

16. Construction Contracts

Particulars	Year ended March 31, 2011	Year Ended March 31, 2010
Contract revenue recognized as revenue in the year	10,579,295,272	11,172,165,695
Aggregate Amount of cost incurred and recognized profits up to the reporting date on contract under progress	29,859,804,767	21,125,832,017
Amount of advance received on contract under progress and outstanding at year end	667,756,707	959,781,591
Amount of retentions on contract under progress	3,947,983,164	4,281,216,866
Gross amount due from customers for contract work as an asset	2,952,932,819	1,769,597,233
Gross amount due to customers for contract work as a liability	104,186,385	529,133,385

17. Managerial remuneration

Remuneration to Directors:

Particulars	Year ended March 31, 2011	Year Ended March 31, 2010
Salaries (including allowances)	13,487,700	14,292,000
Perquisites	130,813	323,892
Commission to Managing Director	12,794,725	15,683,448
Commission to Directors other than whole time Directors and Managing Director	3,600,000	-
Contribution to provident fund	1,196,564	700,643
Sitting Fees	1,620,000	760,000
<b>Total</b>	<b>32,829,802</b>	<b>31,759,983</b>

As the future liability for gratuity is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors are not included above.

Computation of net profit under section 349 of the Companies Act 1956 for calculation of commission payable to directors:

Particulars	Year ended March 31, 2011	Year Ended March 31, 2010
<b>Net Profit before tax and extra-ordinary items</b>	<b>1,417,282,318</b>	<b>1,463,535,783</b>
Less: Extra-ordinary items (gross of tax)	130,016,796	-
<b>Net Profit before tax</b>	<b>1,287,265,522</b>	<b>1,463,535,783</b>
<b>Add:</b>		
(i) Provision for doubtful debts / advances	-	73,049,061
(ii) Depreciation / amortisation as per books of accounts	111,839,503	24,463,404
<b>Less:</b>		
(i) Depreciation (to the extent specified under section 350 of the Companies Act, 1956)	111,839,503	24,463,404
(ii) Write back of provision for doubtful / advances (net)	40,622,817	-
<b>Net Profit as per Section 349 of the Companies Act, 1956</b>	<b>1,246,642,705</b>	<b>1,536,584,844</b>
Add: Remuneration paid to the Whole time Directors (including sitting fees)	29,229,802	31,759,983
Add: Remuneration paid to Directors other than Whole time Directors and Managing Director	3,600,000	-
<b>Net Profit as per Section 198 of the Companies Act, 1956</b>	<b>1,279,472,507</b>	<b>1,568,344,827</b>



Particulars	Year ended March 31, 2011	Year Ended March 31, 2010
<b>Commission to Directors other than Whole time Directors and Managing Director</b>		
Maximum commission under Section 309 of the Companies Act, 1956 at 1% of the net profits as calculated above	12,794,725	15,683,448
Commission actually approved for payment	3,600,000	-
<b>Commission to Managing Director</b>		
Maximum commission under Section 309 of the Companies Act, 1956 at 10% of the net profits as calculated above (after reducing remuneration paid of Rs 16,435,077 (Previous Year-16,076,535) excluding commission)	111,512,174	17,251,793
<b>Commission actually approved for payment @ 1% of profits</b>	<b>12,794,725</b>	<b>15,683,448</b>

18. During the year ended March 31, 2010, the Company has formulated Employee Stock Option Scheme referred as 'A2Z Stock Option Plan 2010 ('the plan')' for all eligible employees/ directors of the Company except an employee who is promoter or belongs to the promoter group of the Company and its subsidiaries in pursuance of the special resolution duly approved by the shareholders on March 30, 2010.

The plan shall be administered and supervised by the Remuneration-cum-Compensation Committee under the powers delegated by Board. Each option shall entitle the option grantee to apply for and be transferred Equity Shares of the Company. On or from the time of the listing of the Equity Shares of the Company, the maximum number of options that can be granted to any employee in any year under the A2Z ESOP shall be less than 5% of the issued share capital of the Company (excluding any outstanding warrants or other securities convertible into Equity Shares) at the time of grant of options, subject to the overall ceiling of 2,865,056 options in the aggregate.

The Company has granted stock options on June 2, 2010, details of which are as follows:

Options granted	1,075,750			
Date of Grant	June 2, 2010			
Requirements of vesting, period of vesting and maximum period within which options shall be vested	The vesting schedule is set forth below:			
	Vesting	Number of months from the date of grant of options	% of options vested	Cumulative % of options vested
	1	12	20	20
	2	24	20	40
	3	36	20	60
	4	48	20	80
	5	60	20	100
Exercise price	Rs. 314.13			
Exercise period and process of exercise	5 years; by way of application			
Accounting method used by the Company to value its options	Intrinsic value method			
Method of settlement	Equity			
Vesting conditions	Eligibility based on employment			

The details of activity under the Plan have been summarized below:

Particulars	March 31, 2011		
	Number of options	Weighted Average Exercise Price (Rs.)	Weighted average remaining contractual life of options (in years)
Outstanding at the beginning of the year	Nil		7.84
Granted during the year	1,075,750	314.13	
Forfeited during the year	128,500	314.13	
Exercised during the year	Nil	314.13	
Expired during the year	Nil	314.13	
Outstanding at the end of the year	947,250	314.13	
Exercisable at the end of the year	Nil	314.13	
Weighted average fair value of options granted on the date of grant	1,075,750	58.23	

The fair value of the options granted was estimated on the date of grant using the Black-Scholes valuation model with the following assumptions:

Particulars	March 31, 2011
Weighted average share price / Fair value of share	Rs. 221.75
Exercise Price	Rs. 314.13
Annual Volatility (Standard Deviation – Annual)	34.93%
Time To Maturity - in years	5.51
Dividend Yield	2.25%
Risk free Rate – Annual	7.45%

As the Company was unlisted at the time of granting of ESOP, the expected volatility was determined based on average of semi - annual volatility of stock price of peer group.

Effect of the employee share-based payment plans on the profit and loss account and on its financial position:

Particulars	March 31, 2011
Total Employee Compensation Cost pertaining to share-based payment plans	Nil*
Compensation Cost pertaining to equity-settled employee share-based payment plan included above	Nil
Total Liability for employee stock options outstanding as at year end	Nil
Intrinsic Value of liability as at year end for which right to cash/other assets have vested (e.g. vested stock appreciation rights)	Nil

\*As the exercise price is more than the fair value of the shares, under 'Intrinsic Value' Method.

Since the enterprise used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method

In March 2005 the ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

Particulars	Year ended March 31, 2011
Profit including extra-ordinary items, as reported	853,518,535
Add: Employee stock compensation under intrinsic value method	-
Less: Employee stock compensation under fair value method*	4,343,200
Pro-forma profit	849,175,335
<b>Earnings Per Share</b>	
<b>Basic</b>	
- As reported (including extra-ordinary items)	13.72
- Pro-forma	13.65
<b>Diluted</b>	
- As reported (including extra-ordinary items)	13.72
- Pro-forma	13.65

\* The Company has considered an attrition / lapsing rate of 2% for the purpose of above disclosure.

19. Debtors, Advance to suppliers, Advances from customers and Sundry Creditors are subject to confirmation / reconciliation as at year end or any time during the year. As explained, the Company follows a process of informal confirmation with its customers / suppliers and based on such informal confirmations/ discussions, believes that amount recoverable appearing as outstanding at year end are good of recovery, while the amounts payable are due. The management believes that no material adjustments are likely on formal confirmation / reconciliation of these balances.

20. Derivative Instruments and Unhedged Foreign Currency Exposure:

a) Derivative Instruments

	Particulars of Derivatives	Purpose
	Forward Contract Outstanding as at Balance sheet Date	
	Purchase	
For the Year ended March 31, 2011	US \$ 2,000,000*	Hedge of Foreign Currency Loans
For the Year ended March 31,2010	US \$ 2,000,000*	Hedge of Foreign Currency Loans

\*1 USD= Rs45.14 (TT Selling rate) as at March 31, 2011 (Previous Year - 1 USD= Rs 45.58).

b) The detail of unhedged foreign currency exposure as at balance sheet date are as under:

Particulars	Amount in Rupees	Amount in Foreign currency	Currency	Exchange rate as on March 31, 2011
Foreign currency in hand	218,978	4,951	(USD)	1 USD = INR 44.23
Foreign currency in hand	83,979	14,785	(HKD)	1 HKD = INR 5.68
Foreign currency in hand	5,088	9,500	(Kenya Shillings)	1 KES = INR 0.5356
Foreign currency in hand	119,670	17,470	(ZAR)	1 ZAR = INR 6.31
Foreign currency in hand	7,198	610	(Dirham)	1 Dirham = INR 11.80
Foreign currency in hand	181	15	(Riyal)	1 Riyal = INR 12.07
Foreign currency in hand	779	490	(Rubal)	1 Rubal = INR 1.59
Foreign currency in hand	4,755	136	SGD	1 SGD = INR 34.96
Foreign currency in hand	31	0.50	EURO	1 EURO = INR 62.36
Foreign currency in hand	6,140	4,120	(Thai Bhat)	1 Thai Bhat = INR 1.490
Bank Balance with Standard chartered Bank (Uganda)	22,426,310	1,206,364,165	Uganda Shillings	1 UGX = Rs 0.01859

There was no unhedged foreign currency exposure during the previous year.

21. Provisions:

Description	Year ended March 31, 2011	Year Ended March 31, 2010
<b>Provision for Warranties</b>		
Opening Provision	22,239,322	11,067,156
Additions during the year	10,497,041	11,172,166
Utilization during the year	-	-
Unused amounts reversed during the year	-	-
<b>Closing Provision</b>	<b>32,736,363</b>	<b>22,239,322</b>

22. The following are the details of loans and advances in the nature of loans given to subsidiaries and associates and firms / Companies in which directors are interested and are outstanding at the end of the year in terms of Securities and Exchange Board of India's circular dated January 10, 2003:

Particulars	Outstanding amount as at*		Maximum amount outstanding during the year ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Loans and advances to subsidiaries in the nature of loans				
- A2Z Infraservices Limited	80,000,000	-	83,697,398	10,000,000
- A2Z Powercom Limited	-	-	-	8,200,000
- CNCS Facility solutions Private Limited	6,401,013	10,390,000	10,390,000	10,390,000
- A2Z Infrastructure Limited	67,000,000	-	67,024,904	-
- A2Z Powertech Limited	12,680,000	-	12,680,000	-
- Mirage Bijlee Private Limited	698,239	-	10,450,000	-
- Star Transformers Private Limited	65,359,542	-	65,359,542	-

\* including accrued interest

Note: All the above loans are repayable on demand and are interest bearing

23. Prior period revenue reversal netted off against current years's revenue aggregate to Rs Nil (Previous year - Rs 43,898,517) (gross tax impact of Rs. Nil) (Previous year - Rs14,921,106).
24. The Company has, on certain contracts, undertaken additional supplies of material basis approval by its customers and also incurred additional cost on site erection basis the surveys undertaken by its customers. In accordance with its contracts with the customers, the quantity variation upto specified thresholds have been envisaged and accordingly, the management has reassessed the value of its contracts and accounted for additional revenue of Rs 85,767,314 (Previous Year – Rs 738,576,578) on these contracts. In respect of these contracts, the quantities supplied have been approved by the customers before dispatch. The management expects that these variations shall be soon approved by these customers and no material adjustments are likely upon such approvals.
- Also, consequent to change in margin due to change in budgeted estimated cost of a specific project, the Company has recorded additional revenue of Rs179,261,680 during the year.
25. As at the year-end, the Company is carrying unbilled revenue of Rs 377,394,051 (Previous Year – Rs 234,305,626) against certain contracts for over a year. The management is confident of recovering these amounts upon completion of surveys by the customers / third parties.
26. The Company is executing a construction contract for its customer at Leh and Kargil. Material purchased specifically for the project is invoiced to the customer basis their approved delivery instructions. In accordance with its contract with the customer, the Company has taken a joint insurance policy for the project value awarded by the customer.

During the year, Leh had a massive cloud burst and certain inventories at site have been damaged and are presently lying submerged inside pile of debris. Even though the exact quantum of loss is yet to be assessed by the insurance Company, the management has assessed that inventories with estimated valuation of Rs. 130,016,796 invoiced to the customer have been damaged. In accordance with customers' agreement, the responsibility of coordinating with the insurance company on behalf of the customer has been assigned to the Company. The management expects to recover the entire amount on behalf of its customer.

Pending determination of insurance claim, the management has, in view of the constructive obligation upon the Company to execute the project and on account of prudence, recognised the cost of replacement material of Rs. 130,016,796 and deferred tax credit thereon of Rs. 43,188,329 thereby presenting net amount of Rs. 86,828,467 in the profit and loss account as an 'Extraordinary Item'.

27. Additional information pursuant to paragraph 3, 4C and 4D of Part II, Schedule VI to the Companies Act, 1956.

(a) Expenditure in foreign currency (on accrual basis):

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
Professional Charges	1,517,609	131,949
Fees and Subscription	451,690	348,694
Interest on Working capital loan	8,930,659	13,950,573
Interest on Letter of Credit	-	255,442
Operational Expenses – Foreign Tour	1,441,934	4,063,827
Share issue expenses	14,728,966	-
Conference Expenses	1,026,556	294,418
Tender Expenses	92,838	12,250
Registration expense	253,766	-
<b>Total</b>	<b>28,444,018</b>	<b>19,057,153</b>

(b) Earnings in foreign currency

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
Revenue from Engineering services	85,719,134	-
<b>Total</b>	<b>85,719,134</b>	<b>-</b>

(c) CIF Value of Imports

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
Capital Goods	675,490,763	18,219,878
Inventory for trading	193,132,390	-
<b>Total</b>	<b>868,623,153</b>	<b>18,219,878</b>

(d) Material Consumed

These comprise of miscellaneous items meant for execution of projects. Since these items are of different nature and specifications, individually being less than 10% in value, it is not practicable to disclose the quantitative information in respect thereof. These comprises of 100% indigenous material.

(e) Details of Trading Goods

Particulars	Quantity		Value	
	Year Ended March 31, 2011	Year Ended March 31, 2010	Year Ended March 31, 2011	Year Ended March 31, 2010
<b>Prime CRGO electrical steel sheets in Coil</b>				
Opening Stock	-	-	-	-
Add: Purchases	1,178.97MT	-	145,305,854	-
	<b>1,178.97 MT</b>	<b>-</b>	<b>145,305,854</b>	<b>-</b>
Less: Sales	437.80 MT	-	52,802,101	-
<b>Closing Stock (Material in transit)</b>	<b>741.17 MT</b>	<b>-</b>	<b>92,503,753</b>	<b>-</b>
<b>Harvesting Machines</b>				
Opening Stock	-	-	-	-
Add: Purchases	161 Units	-	48,962,639	-
	<b>161 Units</b>	<b>-</b>	<b>48,962,639</b>	<b>-</b>
Less: Sales	161 Units	-	48,962,639	-
<b>Closing Stock</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

(Formerly A2Z MAINTENANCE & ENGINEERING SERVICES PRIVATE LIMITED)



28. The Company is executing a contract for supply and erection of existing Low Tension lines into High Voltage Distribution System. Subsequent to introduction of Voluntary Disclosure Scheme by the customer during the year 2009-10, there are fewer requirements of lower rating transformers and enhanced requirement of higher rating transformers than originally envisaged in the contract. The Company had, basis the Delivery Instructions (DI) issued by the customer, already purchased 3,634 No's of 6.3 KVA & 10KVA transformers at purchase cost of Rs. 156,861,704. Based upon the discussions with the customer, the Company has accounted for the surplus material amounting to Rs. 156,861,704 as inventories.

Further, in respect of another contract, while processing the final bill, the customer has identified few items as surplus inventory and asked the Company to take them back at purchase cost of Rs. 28,411,801. Basis the approval of the said customer, the Company has sold inventory of Rs. 11,346,313 at a loss of Rs. 1,143,538 during the year, while the balance inventory of Rs. 16,023,644 has been carried at purchase price.

The management believes that these transformers and other surplus items returned by another customers have net realisable value higher than their cost as prices of steel & copper have gone up from the time these items were purchased and accordingly, no adjustments are deemed necessary to financial statements in this regard and these inventories have been carried at cost as at March 31, 2011.

29. The Company has entered into contract for providing manpower and consumables for cleaning services with Organising Committee of Common Wealth Games and recognized revenue of Rs. 148,379,563 from the contract during the year, against which there is outstanding receivable of Rs. 87,308,652 from the Organizing Committee.

The management believes that they have adequate backups / supportings available with them in respect of outstanding dues and thus, are confident of recovering these outstanding receivables and accordingly believe that no provision is required against these receivables in the financial statements in this regard.

30. Capital work in progress includes Rs 1,234,889,102 (Previous year – Rs 51,697,401) represents expenditure incurred on setting up 3 Cogeneration power plants of 15 MW each on Built, Own, Operate and Transfer (BOOT) basis with the respective cooperative sugar mills for a period of fifteen years at Fazilka, Morinda and Nakodar in Punjab.

31. The management has committed to provide continued operational and financial support to its subsidiary Companies for meet their working capital and other financing requirements and based upon approved future projections of the subsidiaries, believes that the diminution is temporary and there is no need to carry any provision against the investments.

32. During the year, in accordance with Section 81(1A) of the Companies Act, 1956, certain subsidiaries, (A2Z Infrastructure Limited, A2Z Infraserivices Limited, Imatek Solutions Private Limited, A2Z Powercom Limited and A2Z Powertech Limited) have made preferential allotment of around 5% to 26% of their share capital to directors and employees of these companies, of their holding company, of their fellow subsidiaries and certain outsiders at a fair price which has been approved by the shareholders and Board of directors of the respective companies. This has resulted in dilution of shareholding percentage of the Company in these subsidiary companies.

33. During the year, the Company has made an Initial Public Offer (IPO) and allotted 16,845,189 equity shares of face value Rs 10/-, at a premium of Rs 390/- per equity share and has also allotted 31,380 equity shares of face value Rs 10/-, at a premium of Rs 370/- per equity share to employees aggregating to Rs 6,750,000,000. Consequently the paid up Equity Share Capital and Share Premium Account has been increased by Rs 168,765,690 and Rs 6,581,234,310 respectively. The Company's shares have been listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange Limited (NSE) on December 23, 2010.

34. The Company has incurred Rs 318,851,232 towards share issue expenses for its Initial Public Offer (IPO). Same has been shared on pro rata basis between the Company and the selling shareholders, who offered the shares in the offer for sale of the Company's IPO. An amount of Rs 30,337,389 (excluding printing, advertisement and media expenses with respect to the IPO which are borne entirely by the Company) has been recovered from selling shareholders as their share of share issue expenses and the balance of Rs 288,513,843 has been adjusted against the securities premium received on the issue of shares in terms of Section 78 of the Companies Act, 1956.



35. Pursuant to the provisions of Clause 43 of listing Agreement with the Exchanges, the utilization of the net proceeds is as follows:

Particulars of funds utilised for	Objects as per prospectus	Actual utilization	Unutilized funds
Investment in three biomass (bagasse)-based power cogeneration projects of 15 MW each in the State of Punjab	680,310,000	543,197,000	137,113,000
Investment in five biomass-based power generation projects of 15 MW each in the State of Rajasthan	1,200,000,000	88,600,000	1,111,400,000
<b>Investment in subsidiaries</b>			
(i) Share capital in A2Z Infrastructure and its subsidiaries for the 15 MW biomass-based power generation project in Kanpur and for MSW projects	673,420,000	673,420,000	-
(iii) Share capital in Mansi Bijlee, the subsidiary that will implement one rice mill and associated rice-husk based biomass power generation project in the State of Punjab	1,023,320,000	78,260,000*	945,060,000
Repayment of loan granted by L&T Infrastructure Finance to the Company	416,670,000	416,670,000	-
Working capital requirements	1,250,000,000	1,250,000,000	-
General corporate purposes	1,128,200,000	1,128,200,000	-
Share issue related expenses (on cash basis)	378,080,000	141,765,548	236,314,452
<b>Total</b>	<b>6,750,000,000</b>	<b>4,320,112,548</b>	<b>2,429,887,452</b>

\*represent share application money given to Mansi Bijlee & Rice Mills Private Limited.

Pending utilization, net proceeds of the IPO have been invested in high quality interest bearing liquid instruments, including money market mutual funds and deposits with banks for the necessary duration or for reducing the working capital facilities being availed by the Company as mentioned herein below:

Particulars	Amount
(a) In Mutual Fund	500,000,000
(b) In Public issue account with bank (earmarked against share issue expenses)	200,000,000
(c) Utilised against reducing availment in cash credit accounts with banks	1,729,887,452
<b>Total</b>	<b>2,429,887,452</b>

36. Previous year's figures have been regrouped where necessary to confirm to this year's classification.

As per our report of even date  
For S.R. Batliboi & Associates  
Firm registration number: 101049W  
Chartered Accountants

Sd/-  
per Sanjay Vij  
Partner  
Membership No. 95169

Place: Gurgaon  
Date : May 30, 2011

For and on behalf of the Board of Directors  
Sd/-  
Amit Mittal  
*Managing Director*

Sd/-  
Rakesh Gupta  
*Group Chief Financial Officer*

Sd/-  
Dipali Mittal  
*Director*

Sd/-  
Atul Kumar Agarwal  
*Company Secretary*

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

<b>I</b>	<b>Registration Details</b>	
	Registration No	034805
	State Code	5
	Balance Sheet Date	31/03/2011
<b>II</b>	<b>Capital raised during the year</b>	<b>(Amount in Rs. Thousands)</b>
	Public Issue	168,765.69
	Right Issue	NIL
	Bonus Issue	NIL
	Pvt. Placement	NIL
<b>III</b>	<b>Position of Mobilization and Deployment of Funds</b>	<b>(Amount in Rs. Thousand)</b>
	Total Liabilities	14,645,130.01
	Total Assets	14,645,130.01
	Sources of Funds :	
	Paid-up Capital	741,776.94
	Share Application Money	NIL
	Reserves and Surplus	10,645,083.99
	Secured Loans	3,255,769.08
	Unsecured Loans	2,500.00
	Deferred Tax Liability (Net)	NIL
	Application of Funds :	
	Net Fixed Assets	2,066,209.49
	Investments	2,181,773.65
	Net Current Assets	10,301,192.52
	Misc. Expenditure	NIL
	Profit & Loss A/c	NIL
	Deferred Tax Assets(Net)	95,954.36
<b>IV</b>	<b>Performance of Company</b>	<b>(Amount in Rs. Thousands)</b>
	Turnover	11,163,304.36
	Total Expenditure	9,746,022.04
	Profit/ (Loss) before tax	1,417,282.32
	Profit/ (Loss) after tax	853,518.54
	Earning Per Share (Rs)	13.72
	Dividend Rate	20%
<b>V</b>	<b>Generic Names of Three Principal products/services of Company :</b>	
	Item Code No (ITC Code)	400
	Product description	Installation, Generation & Transmission of electric energy to house-holds, industrial, commercial and other users



**A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED**  
(Formerly A2Z MAINTENANCE & ENGINEERING SERVICES PRIVATE LIMITED)

Statement pursuant to Section 212 (3) of the Companies Act, 1956 relating to Subsidiary Companies as at 31st March, 2011 (Amount in Rs.)

S. No.	Name of the subsidiary company	Date of becoming subsidiary	Financial Year ending of the subsidiary company	Interest of the Company in the subsidiary companies at the end of their respective financial years			Net aggregate of Profit/(Loss) of the subsidiary company so far as it concerns the members of the Company which are dealt with in the accounts of the Company in Rupees		Net aggregate of Profit / (Loss) of the subsidiary company so far as it concerns the members of the Company which are not dealt with in the accounts of the Company in Rupees	
				Number of Shares	Face Value in Rs. unless otherwise stated	Extent of Holding (%)	For subsidiary's financial year ended on March 31, 2011	For the previous financial years of the subsidiary since its became a subsidiary	For subsidiary's financial Year ended on March 31, 2011	For the previous financial years of the subsidiary since its became a subsidiary
1	A2Z Infrastructure Limited	22.03.2007	31.03.2011	20,250,000	10	89.01	-	-	(95,216,125)	(76,124,648)
2	A2Z InfraserVICES Limited	15.04.2008	31.03.2011	2,000,000	10	74.1	-	-	39,936,551	47,861,228
3	A2Z Powercom Limited	28.04.2008	31.03.2011	100,000	10	80	-	-	7,400,176	525,550
4	A2Z Powertech Limited	28.04.2008	31.03.2011	1,330,000	10	95	-	-	315,231	196,130
5	Selligence Technologies Services Private Ltd	12.08.2008	31.03.2011	800,000	10	80	-	-	46,094	596,688
6	Imatek Solutions Private Limited	13.08.2009	31.03.2011	473,000	10	80	-	-	2,139,015	983
7	CNCS Facility Solutions Private Limited*	21.10.2009	31.03.2011	371,293	10	51	-	-	15,404,447	1,242,950
8	A2Z Waste Management (Aligarh) Limited **	04.12.2009	31.03.2011	40,000	10	80	-	-	(1,936,346)	(92,598)
9	A2Z Waste Management (Moradabad) Limited **	04.12.2009	31.03.2011	40,000	10	80	-	-	(629,482)	(97,316)
10	A2Z Waste Management (Merrut) Limited **	04.12.2009	31.03.2011	40,000	10	80	-	-	(1,846,648)	(80,227)
11	A2Z Waste Management (Varanasi) Limited **	04.12.2009	31.03.2011	40,000	10	80	-	-	(2,983,758)	(37,007)
12	Mansi Bijlee and Rice Mills Private Limited	20.07.2010	31.03.2011	10,000	10	100	-	-	(5,092,517)	-
13	A2Z Maintenance & Engineering Services (Uganda) Private Limited	27.08.2010	31.03.2011	100,000	100 UGX	100	-	-	(40,350)	-
14	Mirage Bijlee Private Limited	15.09.2010	31.03.2011	10,000	10	100	-	-	(471,181)	-
15	IL&FS Property Management & Services Limited ***	01.10.2010	31.03.2011	12,500,000	10	100	-	-	(42,789,640)	-
16	Madhya Bijlee Private Limited	18.10.2010	31.03.2011	9,000	10	90	-	-	(17,415)	-
17	A2Z Waste Management (Jaunpur) Limited **	09.11.2010	31.03.2011	50,000	10	100	-	-	(144,379)	-
18	A2Z Waste Management (Badaun) Limited **	10.11.2010	31.03.2011	50,000	10	100	-	-	(244,379)	-
19	A2Z Waste Management (Sambhal) Limited **	10.11.2010	31.03.2011	50,000	10	100	-	-	(243,613)	-
20	A2Z Waste Management (Basti) Limited **	10.11.2010	31.03.2011	50,000	10	100	-	-	(244,379)	-
21	A2Z Waste Management (Mirzapur) Limited **	10.11.2010	31.03.2011	50,000	10	100	-	-	(194,517)	-
22	A2Z Waste Management (Loni) Limited **	10.11.2010	31.03.2011	50,000	10	100	-	-	(269,379)	-
23	A2Z Waste Management (Balai) Limited **	10.11.2010	31.03.2011	50,000	10	100	-	-	(219,271)	-
24	A2Z Waste Management (Fatehpur) Limited **	10.11.2010	31.03.2011	50,000	10	100	-	-	(214,944)	-
25	Star Transformer Private Limited	21.01.2011	31.03.2011	1,030,409	10	51	-	-	2,861,787	-
26	A2Z E Waste Management Limited	10.02.2011	31.03.2011	50,000	10	100	-	-	(178,315)	-
27	A2Z Water Solutions Limited	10.02.2011	31.03.2011	50,000	10	100	-	-	(414,995)	-
28	A2Z Waste Management (Ranchi) Limited **	01.03.2011	31.03.2011	50,000	10	100	-	-	(794,225)	-
29	Chavan Rishi International Limited	02.03.2011	31.03.2011	1,146,326	10	100	-	-	4,447,295	-

\* Indirect Subsidiary through Imatek Solutions Private Limited  
\*\* Indirect Subsidiary through A2Z Infrastructure Limited  
\*\*\* Indirect Subsidiary through A2Z InfraserVICES Limited

For and on behalf of Board of Directors  
Sd/-  
Amit Mittal  
Managing Director

Sd/-  
Dipali Mittal  
Director

Sd/-  
Rakesh Gupta  
Group Chief Financial Officer

Sd/-  
Atul Kumar Agarwal  
Company Secretary

Place : Gurgaon  
Date : May 30, 2011

## Auditors' Report

The Board of Directors

A2Z Maintenance & Engineering Services Limited

(Formerly known as A2Z Maintenance & Engineering Services Private Limited)

1. We have audited the attached consolidated balance sheet of A2Z Maintenance and Engineering Services Limited ('the Company') together with its subsidiaries as referred to in Note 2(b) of Schedule 23 (collectively referred to as 'the Group') as at March 31, 2011 and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 3,651,289,563 as at March 31, 2011, the total revenue of Rs. 3,933,670,677 and cash flows amounting to Rs. 81,125,163 for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, 'Consolidated Financial Statements', notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2011;
  - (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
  - (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Associates  
Firm registration number: 101049W  
Chartered Accountants

Sd/-  
per Sanjay Vij  
Partner

Place : Gurgaon  
Date: May 30, 2011

Membership No.: 95169



**A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED**  
(Formerly A2Z MAINTENANCE & ENGINEERING SERVICES PRIVATE LIMITED)

## Consolidated Balance Sheet as at March 31, 2011

(Unless otherwise stated, all amounts are in Indian Rupees)

	Schedules	As at March 31, 2011	As at March 31, 2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' fund</b>			
Share capital	1	741,776,940	573,011,250
Reserves and surplus	2	10,779,199,217	3,639,662,046
		11,520,976,157	4,212,673,296
<b>Minority Interest</b>		249,861,414	22,446,914
<b>Loan funds</b>			
Secured loans	3	4,491,180,251	4,047,818,015
Unsecured loans	4	226,120,993	4,093,068
		4,717,301,244	4,051,911,083
		16,488,138,815	8,287,031,293
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block	5	2,366,340,260	623,763,182
Less : Accumulated Depreciation / Amortisation		256,550,463	75,853,910
<b>Net block</b>		2,109,789,797	547,909,272
Capital work in progress including capital advances	6	2,844,758,267	846,397,829
		4,954,548,064	1,394,307,101
<b>Investments</b>	7	500,000,000	255,000
<b>Deferred tax asset (net)</b>	23 Note 18	120,221,305	40,945,582
<b>Current assets, loans and advances</b>			
Inventories	8	376,614,935	9,883,446
Sundry debtors	9	8,768,426,512	8,266,299,280
Cash and bank balances	10	1,502,970,033	993,297,541
Other current assets	11	3,332,132,671	1,861,686,354
Loans and advances	12	1,618,562,748	1,025,885,667
		15,598,706,899	12,157,052,288
<b>Less: Current liabilities and provisions</b>			
Current liabilities	13	4,419,887,841	4,962,772,361
Provisions	14	265,449,612	342,756,317
		4,685,337,453	5,305,528,678
<b>Net current assets</b>		10,913,369,446	6,851,523,610
<b>Miscellaneous Expenditure (to the extent not written off or adjusted)</b>	15	-	-
		16,488,138,815	8,287,031,293
<b>Notes to accounts</b>	23		

The Schedules referred to above and the Notes to Accounts form an integral part of the Balance Sheet

As per our report of even date

For S.R. Batliboi & Associates  
Firm registration number: 101049W  
Chartered Accountants

Sd/-  
per Sanjay Vij  
Partner  
Membership No. 95169  
Place: Gurgaon  
Date : May 30, 2011

For and on behalf of the Board of Directors

Sd/-  
Amit Mittal  
Managing Director

Sd/-  
Dipali Mittal  
Director

Sd/-  
Rakesh Gupta  
Group Chief Financial Officer

Sd/-  
Atul Kumar Agarwal  
Company Secretary

## Consolidated Profit and Loss Account for the year ended March 31, 2011

(Unless otherwise stated, all amounts are in Indian Rupees)

	Schedules	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Income</b>			
Income from Operations (also refer Note 29 of Schedule 23 in respect of prior period items in previous year)	16	13,443,864,478	12,148,945,469
Other income	17	155,085,718	60,111,536
		<b>13,598,950,196</b>	<b>12,209,057,005</b>
<b>Expenditure</b>			
Cost of material and services	18	8,200,616,375	8,327,705,946
Purchase of traded goods		193,132,390	-
(Increase) / Decrease in inventories	19	(142,797,909)	-
Personnel expenses	20	2,014,512,418	1,089,252,722
Administrative and selling expenses	21	919,482,603	639,670,686
Depreciation / amortisation	5	194,710,345	35,767,062
Financial expenses	22	840,219,186	655,632,032
		<b>12,219,875,408</b>	<b>10,748,028,448</b>
<b>Profit before tax and extra-ordinary items</b>		<b>1,379,074,788</b>	<b>1,461,028,557</b>
<b>Tax Expense</b>			
Current tax (including Rs 4,029,759 (Previous year - Rs Nil) pertaining to prior year)		534,530,481	551,663,690
Deferred tax charge / (credit) (includes Rs 5,209,649 (Previous year - Rs Nil) credit pertaining to prior year)	23 Note 18	(36,258,377)	(17,766,010)
Fringe benefit tax (includes Rs Nil (Previous year - Rs 22,213) pertaining to prior year)		-	22,213
<b>Total tax expense</b>		<b>498,272,104</b>	<b>533,919,893</b>
<b>Net Profit after tax before extra-ordinary items</b>		<b>880,802,684</b>	<b>927,108,664</b>
Extra-ordinary items (gross Rs 130,016,796, net of deferred tax credit of Rs. 43,188,329) (Refer Note 33 of schedule 23)		86,828,467	-
<b>Net profit before Minority Interest</b>		<b>793,974,217</b>	<b>927,108,664</b>
Less: Share of Minority Interest		22,795,429	3,722,857
<b>Net profit for the year</b>		<b>771,178,788</b>	<b>923,385,807</b>
Balance brought forward from previous year		2,217,523,280	1,294,137,473
<b>Net profit available for appropriation</b>		<b>2,988,702,068</b>	<b>2,217,523,280</b>
Proposed dividend on equity shares		148,355,388	-
Tax on dividend		24,639,976	-
Transfer to general reserve		64,013,890	-
<b>Surplus Carried to Balance Sheet</b>		<b>2,751,692,814</b>	<b>2,217,523,280</b>
<b>Earnings Per Share [Nominal Value of Shares Rs 10]</b>	23 Note 22		
<b>Basic earning per share</b>			
- Computed on the basis of earnings excluding extra - ordinary items		13.79	16.31
- Computed on the basis of earnings including extra - ordinary items		12.40	16.31
<b>Diluted earning per share</b>			
- Computed on the basis of earnings excluding extra - ordinary items		13.79	16.31
- Computed on the basis of earnings including extra - ordinary items		12.40	16.31
<b>Weighted average number of shares used in computing earnings per share</b>			
Basic		62,202,266	56,624,327
Diluted		62,202,266	56,624,327
<b>Notes to Accounts</b>	23		

The Schedules referred to above and the Notes to Accounts form an integral part of the Profit & Loss account.

As per our report of even date

For S.R. Batliboi & Associates  
Firm registration number: 101049W  
Chartered Accountants

Sd/-  
per Sanjay Vij  
Partner  
Membership No. 95169  
Place : Gurgaon  
Date : May 30, 2011

For and on behalf of the Board of Directors

Sd/-  
Amit Mittal  
Managing Director

Sd/-  
Dipali Mittal  
Director

Sd/-  
Rakesh Gupta  
Group Chief Financial Officer

Sd/-  
Atul Kumar Agarwal  
Company Secretary



## Statement of Consolidated Cash Flows for the year ended March 31, 2011

(Unless otherwise stated, all amounts are in Indian Rupees)

	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>A CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES</b>		
Net Profit before taxation and extra-ordinary items	1,379,074,788	1,461,028,557
Adjustment for		
Depreciation /amortisation	194,710,345	35,767,062
Preliminary expenses written off	3,064,005	643,128
Interest expense	618,275,744	489,371,722
Amortisation of Loan processing fee	43,678,807	927,626
Loss on sale of fixed assets	28,698,999	477,706
Provision for bad and doubtful debts	6,158,146	75,689,562
Provision for doubtful advances written back	(40,090,856)	-
Provision for doubtful advances	355,387	166,248
Advances / Earnest Money deposit written off	13,655,247	38,589,893
Unrealised foreign exchange fluctuation loss	(7,626,141)	-
Bad Debts / Advances Written Back	(1,897,666)	-
Foreign Currency Translation Reserve	(3,257)	-
Dividend income	(13,899,772)	-
Interest income	(85,228,720)	(50,119,142)
<b>Operating profit / (Loss) before working capital changes</b>	<b>2,138,925,056</b>	<b>2,052,542,362</b>
<b>Movements in working capital</b>		
Decrease / (Increase) in Inventory	(273,909,876)	14,213,568
Decrease / (Increase) in sundry debtors	(233,019,570)	(3,416,901,501)
Decrease / (Increase) in loan and advances and other current assets	(1,780,669,746)	(837,965,844)
Increase / (Decrease) in Current liabilities and provisions	(932,981,611)	2,064,943,513
<b>Cash generated from / (Used in) operating activities</b>	<b>(1,081,655,747)</b>	<b>(123,167,902)</b>
Direct taxes paid (net of refunds)	(659,653,344)	(527,448,987)
<b>Net Cash flow before extraordinary items</b>	<b>(1,741,309,091)</b>	<b>(650,616,889)</b>
Extra-ordinary items (Gross of tax)	(130,016,796)	-
<b>Net Cash generated from / (used in) operating activities</b>	<b>(1,871,325,887)</b>	<b>(650,616,889)</b>
<b>B CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>		
Purchase of fixed assets (including Capital work in progress)	(3,439,670,845)	(922,282,984)
Proceeds from sale of fixed assets	35,548,170	1,285,100
Purchase of Investment in Subsidiaries	(353,169,340)	(26,500,309)
Investment in Mutual Funds	(2,000,000,000)	-
Sale of Investment in Mutual Funds	1,500,255,000	-
Intercompany Deposit refund	78,376,439	-
Purchase consideration for business purchased (Refer Note 10 of schedule 23)	(10,500,000)	-
Fixed Deposits placed	(3,494,050,499)	(356,288,677)
Fixed Deposits Matured	3,617,469,787	138,446,518
Dividend Received	13,899,772	-
Interest received	80,995,404	57,949,580
<b>Net Cash generated from / (used in) investing activities</b>	<b>(3,970,846,112)</b>	<b>(1,104,890,772)</b>

## Statement of Consolidated Cash Flows for the year ended March 31, 2011

(Unless otherwise stated, all amounts are in Indian Rupees)

	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>C CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from issuance of capital	168,765,690	12,733,580
Proceeds from securities premium	6,581,234,310	987,266,142
Share application money pending allotment repaid	(50,000)	-
Proceeds from Minority Share holders	371,506,751	-
Redemption of zero coupon bonds	(300,000,000)	-
Proceeds from long term borrowings	1,141,116,021	1,200,624,320
Repayment of long term borrowings	(660,102,701)	(66,500,426)
Proceeds from short term borrowings (net)	35,877,344	224,412,859
Share issue expenses paid	(141,765,548)	-
Loan processing fees paid	(144,149,036)	(69,513,453)
Preliminary Expenses Incurred	(3,064,005)	(643,128)
Interest paid	(601,485,393)	(470,917,370)
<b>Net Cash generated from / (used in) financing activities</b>	<b>6,447,883,433</b>	<b>1,817,462,524</b>
<b>Net increase in cash and cash equivalents ( A+B+C)</b>	<b>605,711,434</b>	<b>61,954,863</b>
Cash and cash equivalents at the beginning of the year	150,595,247	86,666,612
Cash and cash equivalents acquired on acquisition of subsidiary (Refer Note 31 of schedule 23)	26,385,174	1,973,772
Cash and cash equivalents acquired on business purchases (Refer Note 10 of schedule 23)	5,922	-
<b>Cash and cash equivalents at the end of the year</b>	<b>782,697,777</b>	<b>150,595,247</b>
<b>Components of Cash and cash equivalents*</b>	<b>As at</b>	<b>As at</b>
	<b>March 31, 2011</b>	<b>March 31, 2010</b>
Cash on hand	4,816,744	3,412,769
Balances with scheduled banks		
In current accounts	414,262,364	120,025,705
In cash credit accounts	141,025,172	27,156,773
In Public issue accounts (earmarked against share issue expense)	200,000,000	-
Balances with other banks	22,593,497	-
	<b>782,697,777</b>	<b>150,595,247</b>

1 Figures in brackets indicate cash outflow.

2 The figures of the previous year have been regrouped/reclassified, where necessary, to confirm with the classification of the current year.

3 The cash flow statement for the year is adjusted by the following amounts of assets and liabilities to give effect to the business transfer agreements with partnership firms (Refer Note 10 of schedule 23):

Fixed Assets of Rs 931,119, Sundry debtors of Rs 101,100, Cash on hand of Rs 5,922 and Unsecured Loan of Rs 14,500,000

\*Difference of Rs 720,272,256 (Previous year - Rs 842,702,294) from Schedule 10 represents Fixed Deposits with an original maturity of three months or more.

As per our report of even date

For S.R. Batliboi & Associates  
Firm registration number: 101049W  
Chartered Accountants

Sd/-  
per Sanjay Vij  
Partner  
Membership No. 95169  
Place : Gurgaon  
Date : May 30, 2011

For and on behalf of the Board of Directors

Sd/-  
Amit Mittal  
Managing Director

Sd/-  
Dipali Mittal  
Director

Sd/-  
Rakesh Gupta  
Group Chief Financial Officer

Sd/-  
Atul Kumar Agarwal  
Company Secretary

## Schedules to the Consolidated Accounts

(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 1 SHARE CAPITAL</b>		
<b>Authorised:</b>		
100,000,000 (Previous year – 100,000,000) Equity Shares of Rs 10 each (Previous year – Rs 10 each)	1,000,000,000	1,000,000,000
	1,000,000,000	1,000,000,000
<b>Issued, Subscribed and Paid up</b>		
74,177,694 (Previous year - 57,301,125) Equity Shares of Rs 10 each fully paid up*	741,776,940	573,011,250
	741,776,940	573,011,250

\* Of the above:

- (i) In the financial year 2010-11, 16,845,189 Equity shares of Rs 10 each fully paid up has been allotted at a premium of Rs. 390 per share through initial public offering by the Company
- (ii) In the financial year 2010-11, 31,380 Equity shares of Rs. 10 each fully paid up has been allotted at a premium of Rs. 370 per share to employees through initial public offering by the Company
- (iii) In the financial year 2009-10, 1,273,358 Equity shares of Rs. 10 each fully paid up were allotted at a premium of Rs. 775.32 per share
- (iv) In the financial year 2009-10, 34,380,675 Equity shares of Rs 10 each fully paid up were allotted as fully paid bonus shares in ratio of 3:2 by capitalising securities premium
- (v) In the financial year 2008-09, 2,510,687 Equity shares of Rs. 10 each fully paid up were allotted at a premium of Rs. 288.723 per share on conversion of 75,000,000 .001% Cumulative Mandatorily Convertible Preference shares of Rs. 10 each fully paid up
- (vi) In the financial year 2007-08, 17,509,481 Equity shares of Rs. 10 each fully paid up were allotted as fully paid bonus shares in ratio of 11:1 by capitalising securities premium
- (vii) In the financial year 2007-08, 35,153 Equity shares of Rs. 10 each fully paid up were allotted to employees at a premium of Rs. 274.47 per share
- (viii) In the financial year 2007-08, 47,766 Equity Shares of Rs. 10 each fully paid up were allotted at a premium of Rs. 492.44 per share on conversion of Share Warrant
- (ix) In the financial year 2006-07, 429,898 Equity shares of Rs. 10 each fully paid up were allotted at a premium of Rs. 408.70 per share.

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 2 RESERVES AND SURPLUS</b>		
<b>Securities premium account</b>		
Opening Balance	1,422,138,766	778,679,374
Add: Receipt during the year*	6,581,234,310	987,266,142
Less: Utilised on issue of bonus shares**	-	343,806,750
Less: Share issue expenses (Refer Note 39 of Schedule 23)***	288,513,843	-
	7,714,859,233	1,422,138,766
<b>Profit and Loss Account</b>	2,751,692,814	2,217,523,280
Less: share of minority interest on dilution of holding (Refer Note 34 of schedule 23)	4,805,728	-
	2,746,887,086	2,217,523,280
<b>General Reserve</b>		
Opening Balance	-	-
Add: Transfer from Profit and Loss Account	64,013,890	-
Closing Balance	64,013,890	-
Capital Reserve arising on dilution of holding (Refer Note 34 of schedule 23)	253,442,265	-
Foreign Currency Translation Reserve	(3,257)	-
	10,779,199,217	3,639,662,046

\* During the year 16,845,189 equity shares of Rs 10 each has been issued at a premium of Rs 390 per share and 31,380 equity shares has been issued at a premium of Rs 370 per share through initial public offering by the Company

\* During 2009-10, 1,273,358 Equity shares of Rs 10 each were issued at a premium of Rs 775.32 per share

\*\* Allotment of Nil (Previous Year - 34,380,675) Equity shares of Rs 10 each fully paid up as fully paid bonus shares in ratio of 3:2 by capitalising securities premium

\*\*\* includes payment to auditors of Rs 11,045,900 (Previous year - Rs Nil)

Schedules to the Consolidated Accounts (Unless otherwise stated, all amounts are in Indian Rupees)	As at March 31, 2011	As at March 31, 2010
<b>Schedule 3 SECURED LOANS</b>		
From Banks		
- Term loan (including interest accrued & due Rs 13,495,924 (Previous Year - Rs 1,419,201))*	1,471,717,189	652,368,858
- Foreign currency demand loan (including interest accrued & due of Rs 423,888 (Previous year - Rs 214,607))*	90,703,888	91,374,607
- Working capital loans (including interest accrued & due Rs 2,144,096 (Previous Year - Rs 2,088,275))	1,682,839,821	1,036,692,699
- Cash credit facilities	677,128,998	1,082,381,903
- Vendor financing (including interest accrued & due Rs Nil (Previous year - Rs 2,036,539))	376,945,858	646,366,898
From a financial institution		
- Term loan*	118,046,165	466,666,666
From banks and financial institutions		
- Vehicle & equipment loan*	73,798,332	71,966,384
	<b>4,491,180,251</b>	<b>4,047,818,015</b>
*Due within one year	<b>316,947,315</b>	<b>330,756,544</b>

Notes:

- Term Loan from Banks and a financial institution aggregating to Rs 790,227,877 (Previous Year - Rs 791,044,187) is secured by fixed assets located at 7th floor, tower - B, support area, medicity, Sector - 38, Gurgaon along with subservient charge on fixed assets, current assets, movable properties, rights under the projects agreements, rights under the insurance policies and personal guarantee of directors and against hypothecation of specific assets purchased.
- Term Loan from Banks aggregating to Rs. 333,852,253 (Previous Year - Rs. 252,500,000) in Subsidiary Company is secured by Escrow on the:(i) Subsidy receivables from U.P.Jal Nigam,(ii) Tipping fee for MSW collection from Municipal Corporation of Kanpur and Ferozabad, (iii) Charges from U.P.Jal Nigam for disposal in SLF at Kanpur and Ferozabad, further secured by first charges on entire movable and current assets of the Company (both present and future) and further secured by corporate guarantee of the parent Company A2Z Maintenance & Engineering Services Ltd and an irrevocable and unconditional personal guarantee(s) from Managing Director (Chairman) and Director of the Company.
- Term Loan from Banks aggregating to Rs. 151,656,165 (Previous Year - Rs. 75,000,000) in Subsidiary Company is secured by first charges over all present and future movable and immovable fixed assets & current assets of the 15 MW power project at Kanpur, assignment of all material project contracts, consent, trade documents and approvals, relating to the project (having value above Rs 100,000,000) to the extent permissible by Law, further secured by an irrevocable and unconditional personal guarantee(s) of Managing Director(Chairman) and Director of the Company & corporate guarantee of the parent Company A2Z Maintenance & Engineering Services Ltd., the Holding Company.
- Term Loan from Banks aggregating to Rs. 35,787,000 (Previous Year - Rs. Nil) in Subsidiary Company is secured by parri passu first charge by way of equitable mortgage on land & buildings and hypothecation of on Plant and Machinery and all other fixed assets related to MSW power project at Kanpur. Further secured by way of hypothecation on entire current assets relating to the aforesaid project. The term loan is also secured by an irrevocable and unconditional personal guarantee(s) of Managing Director(Chairman) and Director of the Company & corporate guarantee of the parent Company A2Z Maintenance & Engineering Services Ltd., the Holding Company.
- Term loan from Banks aggregating to Rs 225,000,000 (Previous year - Rs Nil) in subsidiary Companies is secured against: (i) Exclusive charge on all the moveable fixed assets (ii) Exclusive charge on receivables under Contract with UP Jal Nigam's as well as cash received (including by way of subsidy) under Contract with UP Jal Nigam's and cash lying in DSRA and blocked account from time to time (iii) Unconditional Corporate guarantee from A2Z Maintenance and Engineering Services Limited, the ultimate Holding Company.
- Term loan from financial institution amounting to Rs 52,430,789 (previous year - Nil) in Subsidiary Company is secured by hypothecation of assets acquired out of term loan.
- Term Loan from Banks aggregating to Rs 809,270 (Previous Year - Rs 491,337) is secured by hypothecation of machineries purchased / acquired out of term loan.
- Foreign currency demand loan, Working capital loans, Cash credit facilities and vendor financing amounting to Rs 2,791,178,426 (Previous Year - Rs 2,856,816,107) is secured by First pari-passu charge on the entire current as well as fixed assets of the Company both present and future along with collateral security and personal guarantee of directors.
- Cash Credit facilities amounting to Rs 36,440,139 (Previous year - Rs Nil) in Subsidiary Company are secured by (a) first charge on the entire movable and current assets of the company (both present and future); (b) Escrow on the (i) subsidy receivables from U P Jal Nigam; (ii) Tipping fee for MSW collection from Municipal Corporation of Kanpur and Ferozabad; (iii) Charges from U.P. Jal Nigam for disposal in SLF at Kanpur and Ferozabad; (iv) Demand Promissory Note. (v) Corporate guarantee of the parent Company A2Z Maintenance & Engineering Services Ltd., the Holding Company.
- Vehicles and equipments Loan amounting to Rs 73,798,332 (Previous Year - Rs 71,966,383) is secured by the hypothecation of Vehicles and equipments.

<b>Schedules to the Consolidated Accounts</b> (Unless otherwise stated, all amounts are in Indian Rupees)		As at March 31, 2011	As at March 31, 2010
<b>Schedule 4 UNSECURED LOANS*</b>			
Loan from banks			
- Term loan		364,625	3,739,078
Loan from Directors		1,991,202	353,990
Loan from others (Refer Note 10 of schedule 23)		223,765,166	-
		226,120,993	4,093,068
*Due within one year		364,625	4,093,068

<b>Schedule 5 FIXED ASSETS</b>													
Assets	GROSS BLOCK					ACCUMULATED DEPRECIATION/AMORTISATION					NET BLOCK		
	As at April 1, 2010	Additions	Acquired on acquisition of subsidiary and others**	Sale / Adjustments	As at March 31, 2011	As at April 1, 2010	Depreciation / amortisation for the year*	Acquired on acquisition of subsidiary and others**	Adjustment	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010	
<b>Tangible Assets</b>													
Leasehold Land***	1,136,691	-	-	-	1,136,691	-	55,525	-	-	55,525	1,081,166	1,136,691	
Freehold Land	26,943,912	116,980,414	12,619,863	-	156,544,189	-	-	-	-	-	156,544,189	26,943,912	
Building	16,805,064	134,024,376	21,805,279	11,798,373	160,836,346	395,781	4,402,434	2,207,293	1,618,066	5,387,442	155,448,904	16,409,283	
Leasehold improvement	-	-	6,832,081	2,084,835	4,747,246	-	59,777	6,402,218	1,714,749	4,747,246	-	-	
Furniture & Fixtures	14,851,657	11,472,299	2,345,933	182,140	28,487,749	5,968,239	5,542,733	1,686,157	139,456	13,057,673	15,430,076	8,883,418	
Office Equipments	13,178,638	148,617,220	5,558,606	97,708,170	69,646,294	1,718,816	52,847,596	4,276,074	49,866,028	8,976,458	60,669,836	11,459,822	
Plant & Machinery****	168,765,325	405,295,908	9,855,202	34,276	583,882,159	29,039,772	41,498,518	177,308	23,385	70,692,213	513,189,946	139,725,553	
Steel Containers	10,693,050	57,351,861	-	-	68,044,911	78,545	7,354,646	-	-	7,433,191	60,611,720	10,614,505	
Computer	35,139,338	34,976,855	20,206,903	11,836,428	78,486,668	8,717,987	14,130,946	15,672,019	6,605,510	31,915,442	46,571,226	26,421,351	
Vehicles	250,609,811	442,399,337	2,921,981	822,972	695,108,157	28,203,815	43,078,670	1,047,724	252,833	72,077,376	623,030,781	222,405,996	
Tools & Equipments	1,111,117	15,840,785	-	-	16,951,902	352,338	15,738,268	-	-	16,090,606	861,296	758,779	
<b>Intangible Assets</b>													
Computer Software	25,447,842	13,666,573	20,248,135	8,651	59,353,899	1,378,617	7,296,061	12,658,890	8,649	21,324,919	38,028,980	24,069,225	
Goodwill*****	59,080,737	-	384,033,312	-	443,114,049	-	4,792,372	-	-	4,792,372	438,321,677	59,080,737	
<b>Total</b>	<b>623,763,182</b>	<b>1,380,625,628</b>	<b>486,427,295</b>	<b>124,475,845</b>	<b>2,366,340,260</b>	<b>75,853,910</b>	<b>196,797,546</b>	<b>44,127,683</b>	<b>60,228,676</b>	<b>256,550,463</b>	<b>2,109,789,797</b>	<b>547,909,272</b>	
Previous Year Figures	253,969,994	283,568,567	88,268,915	2,044,294	623,763,182	35,955,244	37,146,614	3,030,938	278,886	75,853,910	547,909,272	218,014,750	

\* Current year depreciation includes depreciation of Rs 1,314,156 (Previous year - Rs 1,379,552) which has been carried under Capital work in progress. Further, current year depreciation amounting to Rs 773,045 has been capitalised under buildings after completion.

\*\* Pursuant to acquisition of Mansi Bijlee Private Limited, Madhya Bijlee Private Limited, Mirage Bijlee Private Limited, Chavan Rishi International Limited, Star Transformers Private Limited, IL&FS Property Management Solutions Limited and business of three partnership firms during the year. Previous year represents acquisition of majority stake in Imatek Solutions Pvt Ltd (also refer Note 10 & 31 of schedule 23).

\*\*\* Leasehold Land of Rs 1,136,692 (Previous year Rs. 1,136,692) represents land acquired on lease from Orissa Industrial Infrastructure Development Corporation.

\*\*\*\* Refer Note 17 of Schedule 23

\*\*\*\*\* Gross block represents Goodwill on purchase of business of partnership firms Rs 23,961,859 (Previous year Rs Nil) and on consolidation Rs 419,152,190 (Previous year Rs 59,080,737).

Notes:

- Borrowing cost capitalised during the year on Building and Plant & Machinery of Rs 1,937,323 and Rs 1,819,858 respectively (Previous year - Rs Nil).
- Additions to Building Plant and Machinery and Vehicles are net of contribution against capital costs of Rs 208,144,250, Rs 69,212,090 and Rs 80,156,890 respectively, received from UP Jal Nigam, Kanpur, UP Jal Nigam, Muzzafarnagar, UP Jal Nigam, Varanasi, Aligarh & Moradabad for municipal solid waste plants (Refer Note 3 & 4 of Schedule 23).
- Addition Includes directly attributable expenses capitalised during the year on Building of Rs 32,412,942 and on Plant & Machinery of Rs 29,317,453.
- Additions to Building represent building constructed on land not owned by the Company.
- Gross Block includes assets acquired on contracts entered on BOOT basis.

<b>Schedules to the Consolidated Accounts</b> (Unless otherwise stated, all amounts are in Indian Rupees)	As at March 31, 2011	As at March 31, 2010
<b>Schedule 6 CAPITAL WORK IN PROGRESS (INCLUDING CAPITAL ADVANCES)*</b>		
Building under construction	376,380,071	325,538,517
Plant & machinery (including Power Plant)	1,626,024,150	206,190,277
Personnel expenses	97,513,648	19,490,775
Depreciation	1,316,439	1,561,032
Financial expenses	112,858,548	2,642,490
Other directly attributable expenses	90,572,909	47,027,951
Software Implementation charges	3,199,757	
Leasehold improvement of Building	926,887	
<b>Capital Work in Progress</b>	<b>2,308,792,409</b>	<b>602,451,042</b>
Capital Advances for Land	34,237,809	-
Capital Advances for Building	301,807,747	243,946,787
Capital Advances for Plant & Machinery	199,920,302	-
<b>Net Capital Work in Progress</b>	<b>2,844,758,267</b>	<b>846,397,829</b>

\* includes expenditure incurred for contracts entered on BOOT basis

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 7 INVESTMENT</b>		
<b>Current Investments (at lower of cost or market value)</b>		
<b>Other than trade, Unquoted</b>		
49,985,004.499 (Previous year - Nil) units of mutual fund of Rs 10 each in Birla Sun Life Cash Manager IP - Daily Dividend - Reinvestment	500,000,000	-
<b>Investment in Shares (at Cost)</b>		
<b>Other than trade, Unquoted</b>		
10,200 (Previous year - 10,200) Shares of Rs 25 each - The Greater Bombay Co-operative Bank Ltd	-	255,000
	500,000,000	255,000
Book value of quoted investment	-	-
Book value of unquoted investment	500,000,000	255,000

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 8 INVENTORIES</b>		
Project Stores and Spares (Refer Note 35 of Schedule 23)	192,313,366	9,883,446
Raw Material	15,918,208	-
Work-in Progress	7,652,757	-
Finished Goods	68,226,851	-
Finished goods for trading (Material in transit)	92,503,753	-
	<b>376,614,935</b>	<b>9,883,446</b>



## Schedules to the Consolidated Accounts

(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 9</b> SUNDRY DEBTORS (UNSECURED)*		
Debts outstanding for a period exceeding six months		
- Considered good (Refer Note 36 of Schedule 23)	4,294,090,398	2,578,114,943
- Considered doubtful	115,224,868	130,254,391
Other debts		
- Considered good	4,474,336,114	5,688,184,337
- Considered doubtful	7,141,661	6,600,049
	8,890,793,041	8,403,153,720
Less: Provision for doubtful debts	122,366,529	136,854,440
	8,768,426,512	8,266,299,280

\* Sundry debtors include retention money of Rs 3,947,983,164 (Previous year- Rs 4,281,216,866) which are due on completion of erection / contracts / final acceptance by the customers. The management is confident of recovering these amounts upon erection / contract completion.

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 10</b> CASH AND BANK BALANCES		
Cash on hand	4,816,744	3,412,769
Balances with scheduled banks		
- In current accounts	414,262,364	120,025,705
- In cash credit accounts	141,025,172	27,156,773
- In public issue account	200,000,000	
- In deposit accounts*	720,272,256	842,702,294
Balances with other banks	22,593,497	
	1,502,970,033	993,297,541

\* Includes:

- (i) Rs 678,125,111 (Previous year - Rs 831,194,260) as margin money deposits with banks against Bank Guarantees and letter of credit of Rs 12,398,890,422 (Previous year - Rs 10,022,681,495).
- (ii) Rs 23,260,006 (Previous year - Rs 8,954,455) represents amount with bank as debt service reserve account against term loan of Rs 1,025,000,000 (Previous year - Rs 325,000,000).
- (iii) Rs 8,560,000 (Previous Year - Rs 150,000) margin money deposits with banks in favour of UP Jal Nigam, Jabalpure Municipal corporation and executive engineer Panchayati Raj, Amritsar, Sharda Nehar Jal Saptam Nigam Ltd and Sales Tax authority, UP.

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 11</b> OTHER CURRENT ASSETS		
Interest accrued but not due:		
- on fixed deposits	12,381,908	12,160,068
- on loans and advances	38,335	-
Insurance claim recoverable (Refer Note 15 of schedule 23)	30,132,014	10,493,510
Contract Revenue in Excess of Billing (Refer Note 32 of Schedule 23)	3,129,538,884	1,769,597,233
Unamortised loan processing fee	159,726,282	68,030,953
Unamortised premium on forward contract	315,248	1,404,590
	3,332,132,671	1,861,686,354

## Schedules to the Consolidated Accounts

(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 12</b> LOANS AND ADVANCES (UNSECURED)		
Cash on hand		
Advances recoverable in cash or in kind or for value to be received		
- Considered good*	898,329,467	599,397,917
- Considered doubtful	7,318,910	2,460,599
	905,648,377	601,858,516
Less: Provision for doubtful advances	7,318,910	2,460,599
	898,329,467	599,397,917
Loan to Employees and Directors (including interest accrued and due of Rs 1,174,796 (Previous year - Rs Nil)**)	20,029,106	2,227,642
Security Deposits	130,883,503	34,102,054
Earnest money deposit with customers	184,395,785	71,017,241
Intercompany deposits	15,000,000	-
Advance Fringe Benefit Tax	913,138	62,845
Balance with custom, excise etc	101,128,720	57,804,873
WCT / VAT input credit	267,883,029	261,273,095
	1,618,562,748	1,025,885,667
*Due from a director of the Company- Mr. Amit Mittal (Maximum outstanding during the year Rs 617,930 (Previous year - Rs 418,500))	-	-
*Due from a director of the Company- Mrs. Dipali Mittal (Maximum outstanding during the year Rs 134,805 (Previous year - Rs Nil))	-	-
*Due from a director of the Company- Mr. Sanjeev Sharma (Resigned on March 30, 2010) (Maximum outstanding during the year Rs 7,270,116 (Previous year - Rs 12,332,361))	523,435	6,323,316
*Due from a director of the Company- Mr. Manoj Gupta (Resigned on March 30, 2010) (Maximum outstanding during the year Rs Nil (Previous year - Rs 1,300,000))	-	-
*Due from a director of the Subsidiary Company- Mr. Rajneesh Mehra (Maximum outstanding during the year Rs 3,634,866 (Previous year - Rs 158,616))	-	158,616
** Due from an officer of the Company- Mr. Atul Kumar Agarwal (Maximum outstanding during the year Rs 200,000 (Previous year - Rs 85,000))	200,000	-
**Due from a director of the Company against loans & advances - Mr. Sanjeev Sharma (Resigned on March 30, 2010) (Maximum outstanding during the year Rs 575,000 (Previous year - Rs 1,025,000))	-	575,000

## Schedules to the Consolidated Accounts

(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 13</b> CURRENT LIABILITIES		
Acceptances	641,831,195	1,072,223,092
Sundry creditors		
(a) total outstanding dues of Micro and Small Enterprises - (Refer Note 21 of schedule 23)	14,950,260	76,893,823
(b) total outstanding dues of creditors other than Micro and Small Enterprises*	2,410,088,913	1,973,753,783
Security deposits	853,800	888,800
Interest accrued but not due on loans and others	5,585,587	19,571,719
Book overdrafts	61,380,544	1,375,579
Amount Payable to Share holder (Refer Note 39 of Schedule 23)	10,161,507	-
Share Application Money Pending Allotment	-	50,000
Advance from customers (Also Refer Note 3 & 4 of schedule 23)	910,416,772	1,114,728,478
Billing in excess of contract revenue	104,186,385	529,133,385
Other liabilities	260,432,878	174,153,702
	4,419,887,841	4,962,772,361
* includes commission payable to managing director and to directors other than whole time and managing director	16,394,725	15,683,448

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 14</b> PROVISIONS		
Provision for corporate tax (net of advance tax of Rs 530,986,302 (Previous year - Rs 270,965,073))	51,300,291	314,169,155
Provision for proposed equity dividend	148,355,388	-
Provision for tax on proposed equity dividend	24,639,976	-
Provision for gratuity (Refer Note 16 of schedule 23)	3,832,294	6,347,840
Provision for Compensated absences benefits	4,585,300	-
Provision for warranty ( Refer Note 27 of schedule 23)	32,736,363	22,239,322
	265,449,612	342,756,317

	As at March 31, 2011	As at March 31, 2010
<b>Schedule 15</b> MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Opening balance of Preliminary expense	-	-
Add: Preliminary expense incurred during the year	3,064,005	
Less: Preliminary expenses amortised during the year	3,064,005	
	-	-



## Schedules to the Consolidated Accounts

(Unless otherwise stated, all amounts are in Indian Rupees)

	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Schedule 18</b> COST OF MATERIAL AND SERVICES		
Opening stock	9,883,446	22,147,014
Add: Stock acquired on acquisition of subsidiary (Refer Note 31 of schedule 23)	67,236,161	1,950,000
Add: Material Purchased for execution of projects	6,021,242,941	7,025,032,427
Add: Raw Material Purchased	21,291,919	-
Less: Recovery from contractors	13,399,751	17,573,972
Less: Theft of material ( Refer Note 15 of schedule 23)	19,292,915	7,115,002
Less: closing stock - Raw Material	11,251,744	-
Less: closing stock - Project Inventory	196,539,362	9,883,446
<b>Material Consumed</b>	<b>5,879,170,695</b>	<b>7,014,557,021</b>
Freight and cartage	364,169,687	291,848,352
Sub contractor / erection expenses	1,417,352,668	681,351,570
Electricity Expense	8,518,482	-
Labour charges	150,390,165	176,295,016
Fabrication expenses	2,630,595	5,500,789
Site expenditure	50,494,962	17,946,773
Deduction and demurrage	70,272,565	33,319,157
Technical Consultancy for projects	79,911,803	41,335,016
Municipal Solid Waste Collection charges	1,182,194	-
Fuel Charges (Diesel)	51,101,888	13,663,668
Consumables / stores and spares	5,458,240	-
Royalty Expenses	293,893	432,205
Other Direct Cost	119,668,538	51,456,379
	<b>8,200,616,375</b>	<b>8,327,705,946</b>
	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Schedule 19</b> NET (INCREASE) / DECREASE IN INVENTORY		
Opening inventory of work in progress	4,148,022	-
Opening inventory of finished goods	21,437,430	-
Closing inventory of work in progress	7,652,757	-
Closing inventory of finished goods	160,730,604	-
(Increase) / Decrease in inventory	(142,797,909)	-
	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Schedule 20</b> PERSONNEL EXPENSES		
Salaries and Bonus (including Director's remuneration, Refer Note 28 of schedule 23)	1,836,237,979	979,380,736
Contribution to provident fund and other funds	130,385,096	66,130,154
Gratuity expense*	2,770,520	17,527,155
Staff welfare expenses	45,118,823	26,214,677
	<b>2,014,512,418</b>	<b>1,089,252,722</b>

\* Refer Note 16 of schedule 23

## Schedules to the Consolidated Accounts

(Unless otherwise stated, all amounts are in Indian Rupees)

	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Schedule 21</b> ADMINISTRATIVE AND SELLING EXPENSES		
Electricity	19,133,259	8,740,204
Rent	118,078,954	65,064,892
Rent Machinery & Other Equipment	4,575,292	-
Rates and tax	13,119,523	17,665,034
Insurance	40,632,496	29,655,921
Freight Outward	5,435,625	-
Repair and maintenance		
- Building	4,722,547	553,639
- Plant & Machinery	8,181,948	2,677,051
- Others	38,672,553	14,051,192
Brokerage	2,198,300	700,244
Commission to Managing Director (Refer Note 28 of schedule 23)	12,794,725	15,683,448
Commission to Directors other than Whole Time Directors and Managing Director (Refer Note 28 of schedule 23)	3,600,000	-
Travelling and conveyance	166,554,972	90,874,002
Communication expenses	34,959,456	21,912,682
Printing and stationery	25,568,772	12,002,317
Legal and professional	174,795,769	153,874,627
Director sitting fees	1,570,000	811,000
Payment to auditors		
As auditor:		
- Statutory audit fees	5,600,000	6,041,355
- Audit fees for consolidated financial statements	1,450,000	1,000,000
- Limited Review Fees	1,100,000	-
- Out of pocket expenses	63,800	-
In other manner		
- Certification	421,655	1,856,655
Premium on forward contracts	7,071,842	6,169,810
Foreign exchange fluctuation	2,045,041	-
Loss on Commodity forwards	8,494,515	440,805
Donation and contribution (other than political party)	4,896,886	980,563
Provision for doubtful advances	355,387	166,248
Provision for bad and doubtful debts	6,158,146	75,689,562
Tender expenses	11,100,576	6,650,389
Fees & Subscription / Inspection charges	22,715,729	8,513,287
Business promotion	29,961,361	12,428,136
Preliminary expenses written off	3,064,005	643,128
Provision for warranty	10,497,041	11,172,166
Advances/Earnest money deposit written off	13,655,247	38,589,893
Theft of material ( Also refer Note 15 of schedule 23)	16,875,984	322,768
Loss on Sale of Fixed Assets	28,701,960	477,706
Miscellaneous expenses	70,659,237	34,261,962
	<b>919,482,603</b>	<b>639,670,686</b>



## Schedules to the Consolidated Accounts

(Unless otherwise stated, all amounts are in Indian Rupees)

	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Schedule 22</b> FINANCIAL EXPENSES		
Interest		
- On term loans	111,660,994	56,292,720
- On bank loans	419,458,598	358,993,121
- Income tax (Including Rs 3,946,748 (Previous year Rs 5,253,751) pertaining to prior years)	25,787,119	29,288,315
- Service tax	1,840,317	5,506,947
- Others	59,528,716	39,290,619
Loan processing fees	71,451,933	38,801,009
Bank charges	150,491,509	127,459,301
	840,219,186	655,632,032

## Notes to the Consolidated Financial Statements for the year ended March 31, 2011

*[All amounts in Indian Rupees, except share data including share price, unless otherwise stated]*

### Schedule 23 NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

The significant accounting policies adopted by A2Z Maintenance & Engineering Services Limited (Formerly A2Z Maintenance & Engineering Services Private Limited) ('A2Z or the Company') and its subsidiaries (hereinafter referred to as the "Group") in respect of these Consolidated Financial Statements, are set out below.

#### 1. Nature of Operations

A2Z Maintenance & Engineering Services Limited was incorporated at National Capital Territory of Delhi on January 7, 2002 for providing maintenance and engineering services. The Company commenced its business with the facility management services and entered into engineering business during the year 2005-06.

The Company's engineering business segment primarily includes supply, erection and maintenance of electrical transmission lines and allied services to power distribution companies. The Company has also entered into collaboration with sugar mills for setting up 3 Cogeneration (Cogen) power plants on Built, Own, Operate and Transfer (BOOT) basis for a period of 15 years.

During the year, the Company has acquired (i) 100% stake in Chavan Rishi International Limited, Mansi Bijlee & Rice Mills Private Limited (Formerly Mansi Bijlee Private Limited) and Mirage Bijlee Private Limited (ii) 90% stake in Madhya Bijlee Private Limited and (iii) 51% stake in Star Transformers Private Limited.

#### 2. Statement of Significant Accounting Policies

##### a. Basis of preparation

These consolidated financial statements have been prepared to comply in all material respects with notified accounting standards by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 to reflect the financial position and the results of operations of the Group. These consolidated financial statements are prepared under the historical cost convention on the accrual basis of accounting and reporting requirements of Accounting Standard ('AS') 21 'Consolidated Financial Statements' notified by Companies (Accounting Standards) Rules, 2006, (as amended) and consolidated as per sub-point (b) below for the year ended March 31, 2011. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

For the year ended March 31, 2010, in respect of one of the subsidiaries - Imatek Solutions Private Limited acquired on August 13, 2009, the same has been consolidated based on information extracted by the management for the period from August 13, 2009 to March 31, 2010 from the audited consolidated financial statements of Imatek Solutions Private Limited for the year ended March 31, 2010. Further, for the year ended March 31, 2011, in respect of the subsidiaries - Mansi Bijlee and Rice Mills Private Limited, Mirage Bijlee Private Limited, Madhya Bijlee Private Limited and Chavan Rishi International Limited acquired on July 20, 2010, September 15, 2010, October 18, 2010 and March 2, 2011 respectively, these subsidiaries have been consolidated based on information extracted by the management for the period from date of acquisition to March 31, 2011 from the audited financial statements of respective subsidiaries for the year ended March 31, 2011.

b. Principles of Consolidation

These accounts represent consolidated accounts of the Group and its majority owned subsidiaries as follows:

Entity	Country of Incorporation	Principal Service	Relationship	Shareholding as at March 31, 2011
A2Z Infrastructure Limited (Formerly a2z Infrastructure Private Limited)	India	Solid Waste Management Services	Subsidiary	89.01%
A2Z Infrservices Limited (Formerly a2z Infrservices Private Limited)	India	Facility Management Services	Subsidiary	74.10%
A2Z Powercom Limited (Formerly a2z Powercom Private Limited)	India	Engineering Services & Power generation through biomass, waste material , etc.	Subsidiary	80%
A2Z Powertech Limited (Formerly a2z Powertech Private Limited)	India	System Integration Services in Power Sector	Subsidiary	95%
Selligence Technologies Services Private Ltd	India	ERP Implementation Services	Subsidiary	80%
Imatek Solutions Private Limited	India	Consultancy Services	Subsidiary	80%
Mansi Bijlee & Rice Mills Private Limited (Formerly Mansi Bijlee Private Limited) *(July 20, 2010)	India	Power generation through biomass, waste material , etc.	Subsidiary	100%
Mirage Bijlee Private Limited *(September 15, 2010)	India	Power generation through biomass, waste material , etc.	Subsidiary	100%
Madhya Bijlee Private Limited *(October 18, 2010)	India	Power generation through biomass, waste material , etc.	Subsidiary	90%
A2Z Maintenance & Engineering Services (Uganda) Private Limited **(August 27, 2010)	India	Engineering Services.	Subsidiary	100%
Star Transformer Private Limited *(January 21, 2011)	India	Power Equipment Manufacturing	Subsidiary	51%
A2Z E Waste Management Limited **(February 10, 2011)	India	E - Waste Management.	Subsidiary	100%
A2Z Water Solutions Limited **(February 10, 2011)	India	Water Waste Management.	Subsidiary	100%
Chavan Rishi International Limited *(March 2, 2011)	India	Property renting & leasing.	Subsidiary	100%
A2Z Waste Management (Aligarh) Limited (Formerly, A2Z Waste Management (Aligarh) Private Limited) **(December 4, 2009)	India	Solid Waste Management Services	Subsidiary of A2Z Infrastructure Limited	80%
A2Z Waste Management (Moradabad) Limited (Formerly, A2Z Waste Management (Moradabad) Private Limited) **(December 4, 2009)	India	Solid Waste Management Services	Subsidiary of A2Z Infrastructure Limited	80%

Entity	Country of Incorporation	Principal Service	Relationship	Shareholding as at March 31, 2011
A2Z Waste Management (Merrut) Limited (Formerly, A2Z Waste Management (Merrut) Private Limited) ** (December 4, 2009)	India	Solid Waste Management Services	Subsidiary of A2Z Infrastructure Limited	80%
A2Z Waste Management (Varanasi) Limited (Formerly, A2Z Waste Management (Varanasi) Private Limited) ** (December 4, 2009)	India	Solid Waste Management Services	Subsidiary of A2Z Infrastructure Limited	80%
A2Z Waste Management (Mirzapur) Limited (formerly A2Z Waste Management (Mirzapur) Private Limited) ** (November 10, 2010)	India	Solid Waste Management Services	Subsidiary of A2Z Infrastructure Limited	100%
A2Z Waste Management (Badaun) Limited (formerly A2Z Waste Management (Badaun) Private Limited) ** (November 10, 2010)	India	Solid Waste Management Services	Subsidiary of A2Z Infrastructure Limited	100%
A2Z Waste Management (Balai) Limited (formerly A2Z Waste Management (Balai) Private Limited) ** (November 10, 2010)	India	Solid Waste Management Services	Subsidiary of A2Z Infrastructure Limited	100%
A2Z Waste Management (Basti) Limited (formerly A2Z Waste Management (Basti) Private Limited) ** (November 10, 2010)	India	Solid Waste Management Services	Subsidiary of A2Z Infrastructure Limited	100%
A2Z Waste Management (Fatehpur) Limited (formerly A2Z Waste Management (Fatehpur) Private Limited) ** (November 10, 2010)	India	Solid Waste Management Services	Subsidiary of A2Z Infrastructure Limited	100%
A2Z Waste Management (Jaunpur) Limited (formerly A2Z Waste Management (Jaunpur) Private Limited) ** (November 9, 2010)	India	Solid Waste Management Services	Subsidiary of A2Z Infrastructure Limited	100%
A2Z Waste Management (Loni) Limited (formerly A2Z Waste Management (Loni) Private Limited) ** (November 10, 2010)	India	Solid Waste Management Services	Subsidiary of A2Z Infrastructure Limited	100%
A2Z Waste Management (Sambhal) Limited (formerly A2Z Waste Management (Sambhal) Private Limited) ** (November 10, 2010)	India	Solid Waste Management Services	Subsidiary of A2Z Infrastructure Limited	100%

Entity	Country of Incorporation	Principal Service	Relationship	Shareholding as at March 31, 2011
A2Z Waste Management (Ranchi) Limited ** (March 1, 2011)	India	Solid Waste Management Services	Subsidiary of A2Z Infrastructure Limited	100%
IL&FS Property Management & Services Limited *(October 1, 2010)	India	Facility Management Services	Subsidiary of A2Z Infraser-vices Limited	100%
CNCS Facility Solutions Private Limited	India	Facility Management Services	Subsidiary of Imatek Solutions Private Limited	51%

\* (Date of Purchase of Majority Stake)

\*\* (Date of incorporation)

The consolidated financial statements have been prepared on the following basis:

- i) For the purpose of this consolidation, jointly owned entities, where A2Z or its subsidiaries own directly or indirectly more than 50 percent of voting rights of a Company's share capital, have been accounted for as subsidiaries.
  - ii) Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses, except where cost cannot be recovered. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence.
  - iii) The difference between the cost to the Group of investment in subsidiaries and the proportionate share in the equity of the investee company as at the date of the acquisition of stake is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be. Goodwill arising on consolidation is disclosed under Fixed Assets – Intangible Assets and is not amortised but tested for impairment annually.
  - iv) Minority Interest in the net profit of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the share holders 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 obligation on the minorities, the same is accounted for by the holding Company.
  - v) As far as possible, 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 stand alone financial statements.
  - vi) The financial statements of the entities used for the purpose of consolidation are of the same reporting date as that of the Company i.e. year ended March 31, 2011.
- c. Use of estimates
- The preparation of 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 disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.
- d. Fixed Assets
- Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also

included to the extent they relate to the period till such assets are ready to be put to use. Assets acquired under contract on BOOT basis (net of contribution against capital cost received) have been capitalised as fixed assets.

e. Depreciation

Depreciation is provided using the Straight Line Method rates as per the useful lives of the fixed assets as estimated by the management, which equal to the corresponding rates prescribed under Schedule XIV of the Companies Act, 1956 as below:

Particulars	Rate of Depreciation (SLM)
Building	1.63% - 3.34%
Office Equipment	4.75% - 10.34%
Plant and Machinery*	4.75% - 11.31%
Computers	4.75%- 16.21%
Furniture and Fixtures	6.33%
Vehicles	7.07% - 16.21%
Tools & Equipments	4.75% - 11.31%
Assets costing less than Rs. 5,000	Fully depreciated in the year of acquisition

\*Plant & Machinery includes platform erected on lease hold land for setting up plant and machinery for manufacture of poles. The same has been depreciated on a straight line basis over the initial lease period of 2 years.

Leasehold land is depreciated over the lease term on straight line basis.

Garbage Steel Containers are depreciated on straight line basis over their estimated useful life of 7 years. Fibre Reinforced Plastic Bins ("FRP Bins") are depreciated at the rate of 100% on straight line basis.

In case of one of the subsidiaries, IL&FS Property Management & Services Limited, the depreciation has been charged on straight line method of depreciation based on the Management's estimate of useful life of such assets:

Particulars	Useful Life
Computers	4 years
Office equipment	3 years
Licensed software	Over the license period
Software	4 years or the useful life of the software, whichever is shorter

f. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. 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 risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g. Intangible Assets

Computer software purchased from outside parties is amortised and charged over lower of license period or a period of 5 to 6 years, being the estimated useful life.

Goodwill arising on acquisition and purchase of business is amortised using the straight line method over a period of five years.

Goodwill arising on consolidation is not amortised but tested for impairment annually.

h. Leases

*Where the Group is the lessee:*

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 Profit and Loss account on a straight-line basis over the lease term.

*Where the Group is the lessor:*

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

i. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investment. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are stated at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

j. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis and includes all applicable overheads in bringing the inventories to their present location and condition. Excise duty arising on raw materials in stock are treated as part of the cost of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

Finished goods are valued at lower of cost and net realizable value. Cost includes direct labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on weighted average basis.

k. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

(i) Revenue from maintenance contracts

Revenues from maintenance contracts are recognised pro-rata over the period of the contract as and when services are rendered.

(ii) Revenue from service contracts and renting of equipments

Revenue from service contracts and renting of equipments are recognised pro-rata over the period of the contract as and when services are rendered.

(iii) Revenue from Construction Contracts:

Contract revenue associated with long term contracts are recognised as revenue by reference to the stage of completion of the project at the balance sheet date. The stage of completion of project is determined by the proportion that the contract cost incurred for work performed up to the balance sheet date bear to the estimated total contract costs as assessed by project managers and validated by independent project managers and the management. Materials purchased specifically for the projects and identifiable to the project are considered as part of contract costs in accordance with AS-7, "Construction Contracts".

If it is expected that a contract will make a loss, the estimated loss is provided in the books of accounts. Such losses are based on technical assessments. Contract revenue earned in excess of billing has been reflected under "Other Current Assets" and billing in excess of contract revenue has been reflected under "Current Liabilities" in the Balance Sheet.

As the outcome of the contracts cannot be measured reliably during the early stages of the project, contract revenue is recognised only to the extent of costs incurred in the Profit and Loss Account unless the actual cost reaches a minimum threshold of total estimated cost of the project.



Liquidated damages/ penalties, interest, warranties and contingencies are provided for, based on management's assessment of the estimated liability, as per contractual terms and/or acceptance.

Certain expenditure namely freight & cartage expenses, subcontractor expenses, packing charges, fabrication expenses, site expenditure, labour charges, rental expenses and travelling & conveyance expenses are incurred in cash to meet the business needs and exigencies for the services availed at the project sites by the Group based on mutually agreed terms and conditions and are authorized based on internal checks and controls.

(iv) Revenue from sale of goods

Revenue in respect of sale of goods is recognised when the significant risks and rewards of ownership of goods have passed to the buyer which generally coincides with delivery.

(v) Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(vi) Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of schedule VI of the Companies Act, 1956.

l. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

m. Foreign currency translation

*Initial Recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

*Conversion*

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

*Exchange Differences*

Exchange differences arising on the settlement of monetary items, or on reporting such monetary items of Group at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

*Forward Exchange Contracts not intended for trading or speculation purposes*

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

*Translation of Integral foreign operation*

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.

*Translation of Non-integral foreign operation*

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions or average rate; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

n. Retirement and Other Employment Benefits

- i) Retirement benefits in the form of Provident Fund and Employee State Insurance is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.
- iii) The Group does not allow carry forward of compensated absences to employees. Accordingly, no provision has been made for compensated absences, except in case of one of Subsidiary Company, IL&FS Property Management & Services Limited, where long term compensated absences are provided on the basis of actuarial valuation done as per project unit credit method as at the year-end.
- iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

o. Income taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year 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 and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. 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. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be 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 at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset 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. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

p. Segment Reporting

Identification of segments:

The Group's operating businesses are organized and managed separately according to the nature of services, with each segment representing a strategic business unit that offers different services to different markets. The analysis of geographical segments is based on the areas in which major operating division of the Group operate.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

Includes general corporate income and expense items which are not allocated to any business segment.

Segment 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.

q. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of shares outstanding during the year is adjusted for bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

r. Derivative Instruments

As per the Institute of Chartered Accountants of India Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored.

s. Cash and Cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

t. Deferred Revenue Expenditure (Unamortised Loan processing fee)

Costs incurred in raising funds are amortised equally over the period for which the funds are acquired. This has been reflected in the financial statements under the head "Other current assets".

u. Accounting for joint ventures

Accounting for joint ventures undertaken by the group has been done as follows:

Type of Joint ventures	Accounting treatment
Jointly controlled operations	The group's share of revenues, expenses, assets and liabilities are included in the financial statements as Revenues, Expenses, Assets and Liabilities respectively

v. Employee Stock compensation cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

w. Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

x. Provisions

A provision is recognised when the Group has a present obligation as a result of past event; 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.

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

(Formerly A2Z MAINTENANCE & ENGINEERING SERVICES PRIVATE LIMITED)



3. During the year ended March 31, 2009, one of the subsidiaries, A2Z Infrastructure Limited (Formerly a2z Infrastructure Private Limited) was awarded a project under a tender floated by C&DS, UP Jal Nigam ('UPJN') for executing municipal solid waste ('MSW') management works on BOOT basis at Kanpur, Muzaffarnagar and Firozabad for a period of 30 years and at Indore for 20 years on September 20, 2010. This will primarily involve the following activities:

- a) Supply, erection and commissioning of integrated MSW processing facility to process MSW;
- b) Construction and development of Sanitary Land Fill ('SLF'); and
- c) Operation and Maintenance ('O&M') of sanitary land fill for which subsidiary company will get O&M fee on per tonne basis.

Further, in consideration of subsidiary company undertaking to perform & discharge its obligation as mentioned in a) to c) above, UPJN has agreed to share a portion of capital costs & subsidiary company will be provided an amount of Rs 255,900,000 for Kanpur Project and Rs 41,900,000 and Rs 50,000,000 for Muzaffarnagar and Firozabad respectively for construction of compost processing plant & sanitary landfill.

During the year, the subsidiary company has set up the municipal solid waste plant at Kanpur and has capitalised the same. Against this, subsidiary Company has received an amount of Rs 238,128,000 (Previous year - Rs 140,035,000) as contribution against capital costs. Also, the subsidiary Company has incurred Rs 123,618,788 (Previous year – Rs 110,856,698) till March 31, 2011 for sanitary land fill at Kanpur which is under development and against which Rs 8,909,000 (Previous year – Rs Nil) has been received from UPJN. The expense incurred for sanitary land fill has been disclosed under the head "Capital work in progress including Capital advances" under schedule 6, while the amount received from UPJN against sanitary landfill has been disclosed under the head "Current liabilities" under Schedule 13 of the consolidated financial statements.

During the year, the Subsidiary Company has set up the municipal solid waste plant at Muzaffarnagar and has capitalised the same. Against this, Subsidiary Company has received an amount of Rs 33,316,250 (Previous year - Rs 14,522,372) as contribution against capital costs. Also, the Subsidiary Company has incurred Rs 8,744,485 (Previous year – Rs Nil) till March 31, 2011 for sanitary land fill at Muzaffarnagar which is under development and against which Rs. 6,186,202 (Previous year – Rs. Nil) has been received from UPJN. The expense incurred for sanitary land fill has been disclosed under the head "Capital work in progress including Capital advances" under schedule 6, while the amount received from UPJN against sanitary landfill has been disclosed under the head "Current liabilities" under Schedule 13 of the consolidated financial statements

The work for Firozabad is yet to be started due to delay in getting approvals / allotment for land. Pending the execution of the formalised agreements with the municipal corporations in this regard, the expenses incurred have been disclosed under the head "Capital work in progress including Capital advances" under schedule 6. Indore plant and building are also under construction as at March 31, 2011.

Also, the Subsidiary Company has been awarded an exclusive right to primary / secondary collection and transportation of MSW upto processing plant / site for a period of 7 years (extendable for another 5 years) for the cities of Indore & Patna.

During the current year, the Subsidiary Company has been awarded an exclusive right to primary / secondary collection and transportation of MSW upto processing plant / site for the cities of Kanpur & Muzaffarnagar for a period of 30 years & 10 years (extendable for a further period of 10 years) respectively. The Company has also received contribution against capital costs for purchase of vehicles for collection and transportation operations at Kanpur of Rs 40,000,000 which has also been shown under the head "Current liabilities" under Schedule 13 of the consolidated financial statements.

4. During the previous year ended March 31, 2010, a consortium comprised of A2Z Maintenance & Engineering Services Limited, the parent company of A2Z Infrastructure Limited (Formerly a2z Infrastructure Private Limited), M/s Bhumika Transport and Burns Environmental and Technologies (P) Ltd., Sri Lanka has been awarded projects under tenders floated by C&DS, U. P. Jal Nigam ('UPJN') inviting proposals for Development of Integrated Solid Waste Management Facilities on Develop, Build, Finance, Operate and transfer basis for a concession period of 30 years for the cities of Aligarh, Moradabad, Meerut and Varanasi in the state of Uttar Pradesh.

The scope of work for the Projects includes:

- (a) Door-to-door collection of MSW;

- (b) Primary storage of collected door-to-door MSW;
- (c) Secondary collection and transportation of MSW including street sweeping waste & drain silt;
- (d) Development, construction and operation & maintenance of the MSW Processing Facility with composting as one of the main processes including segregation;
- (e) Development, construction and operation and maintenance of the Landfill Facility;
- (f) Collection of the User Charges, on behalf of Urban Local body (ULB), as determined by the respective ULBs from time to time.

For the execution of the projects, tri-partite agreements have been entered into among respective SPVs (incorporated as subsidiaries of A2Z Infrastructure Limited as A2Z Waste Management (Aligarh) Limited, A2Z Waste Management (Merrut) Limited, A2Z Waste Management (Moradabad) Limited and A2Z Waste Management (Varanasi) Limited), respective ULBs and C&DS (a unit of U.P. Jal Nigam).

In respect of Varanasi project, it has been proposed to provide the concessionaire with a grant of Rs. 486,770,000 for the project to meet part of the financial requirements for setting up the facilities. The subsidiary company has incurred an amount of Rs. 356,710,806 (Previous year- Rs. 350,480) and received an amount of Rs. 121,014,958 (Previous year- Rs. Nil) in respect of project till March 31, 2011 from UP Jal Nigam. Out of the total amount received, Rs 69,733,467 has been adjusted from the Fixed Assets value and the balance amount of Rs 51,281,491 has been disclosed under the head "Current Liabilities" under Schedule 13 of the consolidated financial statements.

In respect of Moradabad project, it has been proposed to provide the concessionaire with a grant of Rs. 116,470,000 for the project to meet part of the financial requirements for setting up the facilities. The subsidiary company has incurred an amount of Rs. 152,195,768 (Previous year- Rs. 171,140) and received an amount of Rs. 30,795,299 (Previous year- Rs. Nil) in respect of project till March 31, 2011. Out of the total amount received Rs 1,31,81,554 has been adjusted from fixed asset value and the balance amount of Rs 17,613,744 has been disclosed under the head "Current Liabilities" under Schedule 13 of the consolidated financial statements.

In respect of Aligarh project, it has been proposed to provide the concessionaire with a grant of Rs. 133,280,000 for the project to meet part of the financial requirements for setting up the facilities. The subsidiary company has incurred an amount of Rs. 126,296,010 (Previous year- Rs. 366,088) and received an amount of Rs. 40,325,357 (Previous year- Rs. Nil) in respect of project till March 31, 2011. Out of the total amount received, Rs 3,153,959 has been adjusted from the Fixed Assets value and the balance amount of Rs 37,171,398 has been disclosed under the head "Current Liabilities" under Schedule 13 of the consolidated financial statements.

In respect of Merrut project, it has been proposed to provide the concessionaire with a grant of Rs. 182,840,000 for the project to meet part of the financial requirements for setting up the facilities. The subsidiary company has incurred an amount of Rs. 39,227,174 (Previous year- Rs. 762,236) and received an amount of Rs. 25,777,800 (Previous year- Rs. Nil) in respect of project till March 31, 2011. Pending the completion of work as per signed agreement with the municipal corporation in this regard, the expenses incurred have been disclosed under the head "Capital work in progress including Capital advances" under Schedule 6 of the consolidated financial statements and the amount received has been disclosed under the head "Current Liabilities" under Schedule 13 of the consolidated financial statements.

5. During the year ended March 31, 2011, one of the Subsidiaries, A2Z Infrastructure Limited has been awarded a project under a tender floated by C&DS, UP Jal Nigam ('UPJN') for executing municipal solid waste ('MSW') management works on BOOT basis at Ghaziabad for a period of 30 years.

The scope of work for the Projects includes:

- (a) Door-to-door collection of MSW;
- (b) Primary storage of collected door-to-door MSW;
- (c) Secondary collection and transportation of MSW including street sweeping waste & drain silt;
- (d) Supply, erection and commissioning of integrated MSW processing facility to process MSW;
- (e) Construction and development of Sanitary Land Fill ('SLF'); and
- (f) Operation and Maintenance ('O&M') of sanitary land fill for which Subsidiary Company will get O&M fee on per tonne basis

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

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6. During the year ended March 31, 2011, a consortium comprised of A2Z Maintenance & Engineering Services Limited, the parent company of A2Z Infrastructure Limited (Formerly a2z Infrastructure Private Limited), M/s Bhumika Transport and Burns Environmental and Technologies (P) Ltd., Sri Lanka has been awarded a project under a tender floated by C&DS, U. P. Jal Nigam ('UPJN') inviting proposals for Development of Municipal Solid Waste Management (MSW) Facilities i.e Processing and Disposal of MSW on Public Private Partnership (PPP) basis for a concession period of 30 years for the city of Balia, Badaun, Jaunpur, Fatehpur, Mirzapur and Sambal in the state of Uttar Pradesh.

The Scope of work under the project includes:

- Development, finance, construction and operation & maintenance of the MSW Processing Facility with composting as one of the main processes including segregation
- Development, construction and operation and maintenance of the Landfill Facility

It was proposed that the facility be set up to achieve the goal of scientific disposal of solid waste. It was also proposed that the project be set up under a Special Purpose Vehicle (SPV). Therefore A2Z Waste Management (Balia) Limited, A2Z Waste Management (Badaun) Limited, A2Z Waste Management (Jaunpur) Limited, A2Z Waste Management (Fatehpur) Limited, A2Z Waste Management (Mirzapur) Limited and A2Z Waste Management (Sambhal) Limited were incorporated as a wholly own subsidiary of A2Z Infrastructure Limited during the year.

For the construction of facilities for Processing & Development of MSW an agreement has been entered among respective SPVs and C&DS, U.P. Jal Nigam during the year.

For the project, it has been proposed to provide the concessionaire with the following grant to meet part of the financial requirements for setting up the facilities. Pending the execution of the work as per signed agreement with the municipal corporation in this regard, the expenses incurred have been disclosed under the head "Capital work in progress including Capital advances" under schedule 6 of the consolidated financial statements.

Name of the Subsidiary Company	Amount
A2Z Waste Management (Balia) Limited	60,243,000
A2Z Waste Management (Badaun) Limited	49,800,000
A2Z Waste Management (Fatehpur) Limited	73,131,000
A2Z Waste Management (Jaunpur) Limited	105,715,000
A2Z Waste Management (Sambhal) Limited	51,760,000
A2Z Waste Management (Mirzapur) Limited	98,493,000

7. During the year ended March 31, 2011, a consortium comprised of A2Z Maintenance & Engineering Services Limited, the parent company of A2Z Infrastructure Limited (Formerly a2z Infrastructure Private Limited), M/s Bhumika Transport and Burns Environmental and Technologies (P) Ltd., Sri Lanka has been awarded a project under a tender floated by C&DS, U. P. Jal Nigam ('UPJN') inviting proposals for Development of Municipal Solid Waste Management (MSW) Facilities i.e. Processing and Disposal of MSW on Public Private Partnership (PPP) basis for a concession period of 30 years for the city of Basti and Loni in the state of Uttar Pradesh.

The Scope of work under the project includes:

- Development, finance, construction and operation & maintenance of the MSW Processing Facility with composting as one of the main processes including segregation
- Development, construction and operation and maintenance of the Landfill Facility

It was proposed that the facility be set up to achieve the goal of scientific disposal of solid waste. It was also proposed that the project be set up under a Special Purpose Vehicle (SPV). Therefore A2Z Waste Management (Basti) Limited and A2Z Waste Management (Loni) Limited were incorporated as a wholly own subsidiary of A2Z Infrastructure Limited for execution of the project on November 10, 2010.

For the project, it has been proposed to provide the concessionaire with the following grant to meet part of the financial requirements for setting up the facilities. Pending the execution of the work as per signed agreement with the municipal corporation in this regard, the expenses incurred have been disclosed under the head "Capital work in progress" under schedule 6 of the consolidated financial statements.

Name of the Subsidiary Company	Amount
A2Z Waste Management (Basti) Limited	44,232,000
A2Z Waste Management (Loni) Limited	76,835,000



8. During the year ended March 31, 2011, A2Z Infrastructure Limited (Formerly a2z Infrastructure Private Limited) has been awarded a project under a tender floated by Ranchi Municipal Corporation (RMC) inviting proposals for Development of Integrated Municipal Solid Waste Management (MSW) Facilities i.e. Collection & Transportation and Processing and Disposal of MSW on Public Private partnership (PPP) basis for a concession period of 30 years for the city of Ranchi in the state of Jharkhand in terms of the letter of Intent dated January 19, 2011.

The scope of work of the Project includes:

- (a) Door-to-door collection of MSW
- (b) Primary collection and storage of MSW;
- (c) Secondary storage and transportation of MSW including street sweeping waste & drain de-silting
- (d) Development, construction and operation & maintenance of the MSW Processing Facility with composting as one of the main processes including segregation
- (e) Construction, operation and management of treatment facilities on the Landfill sites
- (f) Collection of the User Charges on behalf of RMC, as determined by RMC from time to time etc.

It was proposed that the facility be under Jawahar Lal Nehru National Urban Renewal Mission (JNNURM) on Design, Build, Finance, Operation & Transfer (DBFOT) structure in order to achieve the goal of scientific disposal of solid waste. It was also proposed that the project be set up under a Special Purpose Vehicle (SPV). Therefore A2Z Waste Management (Ranchi) Limited was incorporated as a wholly own subsidiary of A2Z Infrastructure Limited for execution of the project on March 1, 2011.

For the execution of the project, an agreement has been entered between A2Z Infrastructure Limited and Ranchi Municipal Corporation on 29<sup>th</sup> January 2011.

For the project, it has been proposed to provide the concessionaire with a grant of Rs 399,900,000 to meet part of the financial requirements for procurement of equipments and vehicles for collection and transport and setting up the Solid Waste Management processing & Development facilities. Pending the execution of the work as per signed agreement with the municipal corporation in this regard, the expenses incurred have been disclosed under the head "Capital work in progress including capital advances" under schedule 6 of the consolidated financial statements

9. During the previous year ended March 31, 2010, A2Z Powercom Limited (Formerly a2z Powercom Private Limited) has been awarded EPC contract for Supply, Erection and Commissioning of bagasse based 3x15 MW power plants at Fazilka, Nakodar & Morinda from A2Z Maintenance & Engineering Services Limited, the holding company. It has also been awarded work for Supply, Erection and Commissioning of RDF based 1x15 MW power plant at Kanpur by one of fellow subsidiaries, A2Z Infrastructure Limited (formerly a2z Infrastructure Private Limited).

#### 10. Business acquisitions during the year

During the year, the Company had entered into following three acquisitions, details of which are as follows:

- i) Pursuant to Business Transfer Agreement dated May 1, 2010, the Company purchased as a going concern the entire business of M/s Surender Chowdhury & Brothers, a partnership firm constituted pursuant to a deed of partnership dated December 2, 2004, engaged in the business of construction of electrical substations and railway electrification work for a consideration of Rs 20,000,000.
  - a. All the assets, including goodwill, business contracts and employees of M/s Surender Chowdhury & Brothers were transferred to the Company and the original owners were employed by the Company.
  - b. The original owners have agreed not to compete with, and solicit the employees of, the Company for a period of ten years from the date of termination of their employment with the Company.
  - c. The original owners have agreed to indemnify the Company from and against any loss and damages as a result of breach of the terms and conditions of the business transfer agreement.
  - d. The difference between the carrying value of Investment in M/s Surender Chowdhury & Brothers and value of net assets acquired of Rs 19,012,620 has been carried as goodwill.
  - e. Further, an amount of Rs 7,500,000 was paid on the date of agreement, and Rs 12,500,000 was considered as an interest free unsecured loan to be paid post completion of financial and technical DDR in accordance with the terms of the agreement. Out of this Rs 10,000,000 has been paid subsequently, while an amount of Rs 2,500,000 has been disclosed as unsecured loan under Schedule 4 "Unsecured Loans".

- ii) Pursuant to Business Transfer Agreement dated June 10, 2010, the Company purchased as a going concern the business of M/s Mohd. Rashid Contractors, a partnership firm constituted pursuant to a partnership deed dated June 10, 2003 engaged in the business of telecom cable laying, civil works and other engineering, procurement and construction business for a consideration of Rs 2,000,000.
- All the assets, including goodwill, business contracts and employees of M/s Mohd. Rashid Contractors were transferred to the Company and the original owners were employed by the Company.
  - The original owners have agreed not to compete with, and solicit the employees of, the Company for a period of ten years from the date of termination of their employment with the Company.
  - The original owners have agreed to indemnify the Company from and against any loss and damages as a result of breach of the terms and conditions of the business transfer agreement.
  - The difference between the carrying values of Investment in M/s Mohd. Rashid Contractors and value of net assets acquired of Rs 1,950,251 has been carried as goodwill.
- iii) Pursuant to Business Transfer Agreement dated June 10, 2010, the Company purchased as a going concern the business of En-Tech Engineers and Contractors, a partnership firm, constituted pursuant to a partnership deed dated June 10, 2003 engaged in the business of telecom cable laying, civil works and other engineering, procurement and construction business for a consideration of Rs 3,000,000.
- All the assets, including goodwill, business contracts and employees of En-Tech Engineers and Contractors were transferred to the Company and the original owners were employed by the Company.
  - The original owners have agreed not to compete with, and solicit the employees of, the Company for a period of ten years from the date of termination of their employment with the Company.
  - The original owners have agreed to indemnify the Company from and against any loss and damages as a result of breach of the terms and conditions of the business transfer agreement.
  - The difference between the carrying value of Investment in En-Tech Engineers and Contractors and value of net assets acquired of Rs 2,998,988 has been carried as goodwill.
  - Further, an amount of Rs 1,000,000 was paid on the date of agreement, while an amount of Rs 2,000,000 is considered as an interest free unsecured loan to be paid post completion of financial and technical DDR in accordance with the terms of the agreement. Subsequently the entire loan amount has been paid by the Company.

These acquisitions have helped the Company to get pre-qualification to bid for various tenders and considering long term benefits arising to the Company by gaining eligibility for biddings, the management is of the opinion that the goodwill is not impaired as at March 31, 2011.

#### 11. Joint ventures:

The Company's interest and share in joint ventures in the jointly controlled operations as at March 31, 2011 are as follows:

S. No.	Name of Joint Ventures	Description of Interest	Nature of Project	Ownership Interest	Country of Incorporation
1	M/s UB Engineering Limited (UBEL)	Jointly Controlled Operations	A Joint Venture Agreement effective from June 18, 2007. The principal activity of the Venture is to bid for tender and enter into contract with Maharashtra State Electricity Transmission Company Limited for Design, Manufacture and Supply of all materials, execution of relevant civil works, erection, testing and commissioning of new 220KV Substation at Airoli, Sonkhar & Vasai and 132 KV Substation at Jam, Patur, Ghatanji, Wardha, Akola, Pandharkawda, Elichpur and Kundalwadi on turnkey basis.	See Note (a) below	*

S. No.	Name of Joint Ventures	Description of Interest	Nature of Project	Ownership Interest	Country of Incorporation
2	M/s UB Engineering Limited (UBEL)	Jointly Controlled Operations	A Joint Venture Agreement effective from December 12, 2007. The principal activity of the Venture is to bid for tender and enter into contract with Power Development Department, J & K for Construction of 220/132KV Grid Sub-Station at Bishnah (J&K).	See Note (a) below	*
3	M/s UB Engineering Limited (UBEL)	Jointly Controlled Operations	A Joint Venture Agreement effective from December 31, 2007. The principal activity of the Venture is to bid for tender and enter into contract with Power Development Department, J & K for Turnkey Construction of 220/132KV Grid Sub-Station at Budgam (Pkg A) & Mir Bazar (Pkg B)	See Note (a) below	*
4	M/s UB Engineering Limited (UBEL)	Jointly Controlled Operations	A Joint Venture Agreement effective from June 14, 2007. The principal activity of the Venture is to bid for tender and enter into contract with Bihar State Electricity Board for Turnkey Construction of 220/132/33 KV Grid station at Begusarai.	See Note (a) below	*
5	M/s Southern Petrochemical Industries Corporation Limited (SPIC-SMO)	Jointly Controlled Operations	A Joint Venture Agreement effective from January 21, 2008. The principal activity of the Venture is to bid for tender and enter into contract with Power Development Department, J & K for Turnkey Package of 220kv D/C Wagoora-Budgam Zainakot Transmission Line in Kashmir Valley.	See Note (a) below	*
6	M/s Southern Petrochemical Industries Corporation Limited (SPIC-SMO)	Jointly Controlled Operations	A Joint Venture Agreement effective from February 15, 2008. The principal activity of the Venture is to bid for tender and enter into contract with Power Development Department, J & K for Turnkey Package of Construction of 1x20 MVA, 132/33 KV Grid Sub-Station at Chandak, District Poonch (J&K).	See Note (a) below	*
7	M/s Southern Petrochemical Industries Corporation Limited (SPIC-SMO)	Jointly Controlled Operations	A Joint Venture Agreement effective from February 15, 2008. The principal activity of the Venture is to bid for tender and enter into contract with Power Development Department, J & K for Turnkey Package of Construction of 1x50 MVA, 132/33 KV Grid Sub-Station at Battal, Manwal, District Udhampur (J&K).	See Note (a) below	*

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

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S. No.	Name of Joint Ventures	Description of Interest	Nature of Project	Ownership Interest	Country of Incorporation
8	M/s Southern Petrochemical Industries Corporation Limited (SPIC-SMO)	Jointly Controlled Operations	A Joint Venture Agreement effective from November 15, 2007. The principal activity of the Venture is to bid for tender and enter into contract with Power Development Department, J & K for Turnkey Package for Survey, Engineering, Design, Fabrication of Lattice Type Structures Galvanisation Supply of Structures, Laying of foundation, Protection Works, Erection of Towers, laying & stringing of ACSR PANTHER Conductor, Testing and Commissioning of Transmission lines from Badampora – Bandipora and from Lassipora – Sopian.	See Note (a) below	*
9	M/s Linkwell Telesystems Private Limited	Jointly Controlled Operations	Joint Venture Agreement effective from August 9, 2008. The principal activity of the Venture is to bid jointly and enter into contract with Madhya Pradesh Poorva Kshetra Vidyut Vitaran Co. Ltd. ('MPPKVCL'), Jabalpur for design, manufacture, supply, install, commission, operate and maintain Remote Metering of LT Consumers above 10 BHP.	See Note (a) below	*
10	M/s Shyama Power (India) Private Limited	Jointly Controlled Operations	Joint Venture effective from August 22, 2008. The principal activity of the Venture is to submit a bid jointly and enter into contract with NHPC Ltd for the design manufacture, supply and erection, testing and commissioning of Equipment / Materials stipulated in the bidding documents for Rural Electrification works along with 66 KV Transmission Line each in Leh and Kargil District of Jammu & Kashmir.	See Note (a) below	*
11	M/s Cobra Instalaciones Y Servicios, S.A	Jointly Controlled Operations	Joint Venture agreement effective from December 12, 2008. The principal activity of the venture is to bid for tender and enter into contract with Maharashtra State Electricity Transmission Company Limited (MSETCL), Mumbai for Design, Manufacture and Supply of all materials execution of relevant civil works, erection, testing and commissioning for establishment of new 220 KV Sub-Station at Kudus, Talegaon, Jath, Patoda, Bhokardhan and 132 KV Sub-station at Badnapur on Turnkey basis.	See Note (a) below	*

S. No.	Name of Joint Ventures	Description of Interest	Nature of Project	Ownership Interest	Country of Incorporation
12	M/s Karamtara Engineering Private Limited	Jointly Controlled Operations	Joint Venture agreement effective from July 10, 2009. The principal activity of the venture is to bid for tender and enter into contract with Power Grid Corporation of India Limited (PGCIL) for Design, Manufacture, Supply, Erection, Testing & Commissioning of Equipments/ Materials for 765 KV S/C Meerut-Agra Transmission Line (Part-I) associated with 765 KV system for central part of Northern Grid.	See Note (a) below	*
13	M/S Richardson & Cruddas (1972) Limited	Jointly Controlled Operations	Joint Venture agreement effective from September 19, 2008. The principal activity of the venture is to bid for tender and enter into contract with Rajasthan Rajya Vidyut Prasaran Nigam Ltd. (RRVPL), Jaipur for Design, Manufacture and Supply of materials for construction of 220KV/132KV transmission lines on turnkey basis.	See Note (a) below	*
14	M/S Satya Builders	Jointly Controlled Operations	Joint Venture agreement effective from September 17, 2010. The principal activity of the venture is survey, design, supply of all material & labour, T & P and laying of Branch – lateral, Main and Trunk sewer lines and appurtenants works under Mussoorie sewerage in different Zones of Mussoorie, Dehradun under Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT) Programme.	See Note (a) below	*

One of the subsidiaries, A2Z Infrastructure Limited (Formerly a2z Infrastructure Private Limited) had entered into following Joint Venture Agreements:

15	M/s Ram Engineering & Construction Co., M/s Bhumika Transport, M/s Karnataka Compost Development Corporation	Jointly Controlled Operations	Joint Venture Agreement with M/s Ram Engineering & Construction Co. and M/s Bhumika Transport effective from February 6, 2008 and M/s Karnataka Compost Development Corporation effective from March 3, 2008. The principal activity of the venture is Collection, segregation, storage, transportation of solid waste to site, construction of waste processing system, composting, treatment of leachate and integrated landfill facility including supply and installation of all equipments and accessories required to handle municipal solid waste in various cities of U.P. on turnkey basis as well Build, Own, Operate, Transfer contract for Operation & Maintenance.	See Note (a) below	*
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16	M/s Burns Environmental & Technologies Pvt. Ltd	Jointly Controlled Operations	Support in technical, plant engineering, installation, operations, maintenance and management of various municipal solid waste to compost projects in state of Uttar Pradesh.	See Note (a) below	*
17	M/s Maccaferri Environmental Solutions Pvt. Ltd	Jointly Controlled Operations	Collection, segregation, storage, transportation of solid waste to site, construction of waste processing system, composting, treatment of leachate and integrated landfill facility including supply and installation of all equipments and accessories required to handle municipal solid waste on National Level on turnkey basis as well Build, Own, Operate, Transfer contract for Operation & Maintenance.	See Note (a) below	*

\*Country of Incorporation not applicable, as these are unincorporated Joint Ventures.

Note: (a) As per joint venture agreements, the scope and value of work of each partner has been clearly defined and accepted by the clients. The Group's share in Assets, Liabilities, Income and Expenses are duly accounted for in the accounts of the Group in accordance with such division of work and therefore does not require separate disclosure. However, joint venture partners are jointly and severally liable to clients for any claims in these projects.

#### 12. Disclosure of Open Contracts:

In order to hedge its exposure to commodity price risk in purchase of fabricated steel, fabricated aluminium and fabricated copper items used in its operations, the Group has entered into the commodity forwards for base commodities - Steel, Aluminium and Copper during the year.

As at year end, the net open position of futures commodity contracts is as follows:

Commodity	Buy Contracts (Qty in MT.)	M2M Loss/(Gain)*	Buy Contracts (Qty in MT.)	M2M Loss/(Gain)*
	As at March 31, 2011		As at March 31, 2010	
Aluminium	960	1,025,540	250	(381,662)
Steel	4,060	(4,191,315)	4,060	(10,874,709)
<b>Total</b>	<b>5,020</b>	<b>(3,165,776)</b>	<b>4,310</b>	<b>(11,256,371)</b>

\* Net MTM gains are ignored and not accounted for.

#### 13. Contingent liabilities not provided for:

The details are as follows:

Particulars	April 2010-March 2011	April 2009-March 2010
Performance and Financial Bank Guarantees	10,967,066,265	8,182,846,609
Liquidated Damages deducted by customers not accepted by the Group and pending final settlement*	14,073,312	102,320,984
Open Letters of Credit	780,000,511	771,255,627
Litigations under Workmen Compensation Act**	1,177,120	1,177,120
Litigations with contractors and others**	3,787,536	3,632,661
Sales tax demand under dispute	9,700,000	-
	<b>11,775,804,744</b>	<b>9,061,233,001</b>

\* excludes possible liquidated damages which can be levied by customers for delay in execution of the projects. The management believes that there exist strong reasons why no liquidated damages shall be levied by these customers.

\*\*Based on discussions with the solicitors / favourable decisions in similar cases/legal opinions taken by the Group, the management believes that the Group has a good chance of success in above-mentioned cases and hence, no provision is considered necessary.



The management of one of the subsidiary, A2Z Infrastructure Limited (formerly a2z Infrastructure Private Limited), based upon expert legal inputs, believes that the subsidiary company is in compliance with the regulatory requirements in respect of indirect tax matters and accordingly, believes that no adjustments are necessary at this stage.

**14. Capital Commitments :**

Estimated amount of contracts to be executed on capital account and not provided for (net of advances) Rs 1,034,283,352 as at March 31, 2011 (Previous Year – Rs 91,521,570)

15. During the year, the Company has incurred a loss of 19,292,915 (Previous Year – Rs 4,950,837) due to theft of material at various sites of projects against which the Company has filed an insurance claim with the Insurance Company. Out of the same, the Company has received an amount of Rs 5,132,666 and accounted for an advance recoverable of Rs 3,738,713 (Previous Year – Rs 4,628,069) in its books, while the balance amount of Rs 10,421,536 (Previous Year – Rs 322,768) have been accounted for as an expense in the financial statements. Out of the total amount of Rs 10,493,510 shown as recoverable as on March 31, 2010, the Company has received Rs 4,104,288 from insurance Company, while an amount of Rs 6,389,222 has been written off in the consolidated financial statement. The management believes that it has made reasonable judgement and no further adjustment is expected in the consolidated financial statements.

In one of the subsidiaries, Star Transformers Private Limited, Insurance claim in respect to loss of fixed assets on account of fire has not been accounted for due to uncertainty of amount recoverable. The financial impact of loss and insurance claim has not been taken into consideration as the same will not be material in relation to the consolidated financial statement.

**16. Employees Benefit**

**Defined Contribution Plans**

Particulars	April 2010 – March 2011	April 2009 – March 2010
Employer's contribution to Provident Fund*	93,229,786	51,990,016
Employer's contribution to ESI*	41,957,709	25,995,272
Insurance Premium for Basic Life Cover**	458,906	367,513
<b>Total</b>	<b>135,646,401</b>	<b>78,352,801</b>

\* Included in Contribution to Provident and Other Funds (Refer Schedule 20)

\*\* Included in staff welfare (Refer Schedule 20)

**Defined Benefit Plans**

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summaries the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

**Profit and Loss account**

Net employee benefit expense (recognised in Employee Cost)

Gratuity	April 2010 – March 2011	April 2009 – March 2010
Current service cost	30,960,034	14,653,145
Interest cost on benefit obligation	3,121,263	1,008,397
Expected return on plan assets	(2,741,741)	(913,605)
Net actuarial (gain) / loss recognised in the year	(28,333,505)	2,783,669
Past service cost	19,623	(4,451)
Net benefit expense*	3,025,674	17,527,155
Actual return on plan assets	28,563	1,384,214

\*Includes Rs 255,154 (Previous year – Rs 22,527) which has been carried under capital work in progress including capital advances under Schedule 6 of the Consolidated financial statements.

**Balance sheet**

Gratuity	April 2010 – March 2011	April 2009 – March 2010
Defined benefit obligation	(44,149,504)	(33,028,953)
Fair value of plan assets	43,015,326	26,681,113
	(1,134,178)	(6,347,840)
Less: Unrecognised past service cost	-	-
Plan asset / (liability)*	(1,134,178)	(6,347,840)

\* Current year liability is net off prepaid gratuity of Rs 2,698,115.

Changes in the present value of the defined benefit obligation are as follows:

Gratuity	April 2010 – March 2011	April 2009 – March 2010
Opening defined benefit obligation	33,028,952	11,780,686
Addition on account of acquisition of subsidiary (Refer Note 31 of schedule 23)	6,648,411	2,308,331
Past Service Cost	19,623	-
Interest cost	3,121,263	1,008,397
Current service cost	30,789,228	14,653,145
Benefits paid	858,877	(9,591)
Actuarial (gains) / losses on obligation	(30,316,451)	3,287,984
Closing defined benefit obligation	44,149,903	33,028,952

Changes in the fair value of plan assets are as follows:

	April 2010 – March 2011	April 2009 – March 2010
Opening fair value of plan assets	26,681,113	12,940,316
Addition on account of acquisition of subsidiary (Refer Note 31 of schedule 23)	7,590,653	-
Expected return	2,741,741	913,605
Contributions by employer	7,297,094	12,332,467
Benefits paid	644,714	(9,591)
Actuarial gains / (losses)	(1,939,989)	504,316
Closing fair value of plan assets	43,015,326	26,681,113

The principal assumptions used in determining gratuity for the Group's plans are shown below:

	April 2010 – March 2011	April 2009 – March 2010
Discount rate	8.25%	8%
Expected rate of return on assets	8% - 8.25%	8% - 9%
Expected rate of increase in compensation level	4% - 5%	3% - 5%
Expected average remaining working life of employees	23.75 - 31.53	23.41 - 34.59

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The Group expects to contribute Rs 21,460,160 (Previous Year - Rs 20,441,388) to gratuity during next year.

Amounts for the current and previous four years are as follows\*:

Particulars	April 2010 – March 2011	April 2009 – March 2010	April 2008 – March 2009	April 2007 – March 2008
Defined benefit obligation	44,149,504	33,028,953	11,504,799	(4,105,344)
Plan Assets	43,015,326	26,681,113	12,569,976	2,743,728
Surplus / (deficit)	(1,134,178)	(6,347,840)	1,065,177	(1,361,616)
Experience (gain) / loss on plan liabilities	(30,207,203)	3,133,620	(6,401,537)	-
Experience gain / (loss) on plan assets	(1,899,204)	504,316	(381,576)	-

\*As the Group has adopted AS-15 (revised) in the year 2007-08, the above disclosures as required by Para 120(n) of the Accounting Standard 15 (revised) on Employee Benefits has been made prospectively from the date the Company first adopted the standard.

### 17. Operating Leases

#### *Group as a Lessee*

The Group has entered into various short-term cancellable lease agreements, at a notice period up to three months, for leased premises. Gross rental expenses aggregate to Rs 122,654,246 (Previous Year - Rs 65,064,892).

#### *Group as a Lessor*

The Company has entered into operating lease agreement for leasing its plant & machinery set up on the leasehold land at Jind (Haryana) & Cuttack (Orissa) at a consideration of Rs. 200,000 per month each and at Giridih (Jharkhand) & Medinipur (West Bengal) at a consideration of Rs. 200,000 per annum each. The Lease agreement for Jind (Haryana) and Cuttack (Orissa) has been terminated with effect from April 1, 2009 and July 1, 2009 respectively and the Lease agreement with Giridih (Jharkhand) has been terminated with April 1, 2010. As per the arrangement, the lessee would supply its substantial portion of manufacture to the lessor at a price agreed between the parties from time to time. The Gross rental income aggregate to Rs 66,667 (Previous Year – Rs 893,972).

The gross book value, accumulated depreciation and depreciation charged during the year of the above assets amounts to Rs 29,193,346 (Previous Year – Rs 29,193,346), Rs 14,328,801 (Previous Year – Rs 11,214,688) and Rs 3,114,113 (Previous year Rs 4,384,080) respectively.

### 18. Deferred Tax

Break-up of Deferred Tax Assets / (Liabilities):

Timing Difference on account of	Deferred Tax Assets/ (Liability) as at 31.03.2010	Acquired on acquisition of subsidiary*	Current Year (Charge) / Credit	Deferred Tax Assets/ (Liability) as at 31.03.2011
<b>Deferred Tax Liabilities</b>				
Difference between Book and Tax Depreciation	(23,798,252)	(170,983)	15,268,109	(8,701,126)
<b>Sub Total (A)</b>	<b>(23,798,252)</b>	<b>(170,983)</b>	<b>15,268,109</b>	<b>(8,701,126)</b>
<b>Deferred Tax Assets</b>				
Unabsorbed Business Loss and Depreciation***	7,499,223	-	11,991,829	19,491,052
Expenditure debited to profit & loss account in the current year but allowable for tax purposes in the following years	11,742,625	-	61,619,885**	73,362,510
Provision of Doubtful Advances	689,803	-	(373,304)	316,499
Provision of Doubtful Debts	44,812,183	-	(9,059,813)	35,752,370
<b>Sub Total (B)</b>	<b>64,743,834</b>	<b>-</b>	<b>64,178,597</b>	<b>128,922,431</b>
<b>Total (A+B)</b>	<b>40,945,582</b>	<b>(170,983)</b>	<b>79,446,706</b>	<b>120,221,305</b>

\*Opening Deferred Tax Liability existing on acquisition of subsidiaries (Refer Note 31 of Schedule 23).

\*\*Including deferred tax credit of Rs 43,188,329 which have been created in respect of Extra-ordinary item (also refer Note 33 of Schedule 23 of the consolidated financial statements).

\*\*\*Based on contractual obligations and firm contracts one of the subsidiaries, CNCS Facility Solutions Private Limited has recognised deferred tax assets on unabsorbed business losses, there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

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The Group follows Accounting Standard (AS-22) "Accounting for taxes on Income" as notified by the Companies (Accounting Standards) Rules, 2006, (as amended). Due to loss during the current year and previous two years, one of the subsidiaries – A2Z Infrastructure Limited (Formerly a2z Infrastructure Private Limited) (together with its further thirteen subsidiaries) have deferred tax asset with loss as a major component. Since there is no convincing evidence which demonstrates virtual certainty of realization of such deferred tax asset in the near future, the subsidiary company has not recognized deferred tax asset on such timing differences.

### 19. Related Party

#### Names of related parties

Joint Venture	M/s UB Engineering Limited
	M/s SPIC-SMO Limited
	M/s Shyama Power (India) Private Limited
	M/s Linkwell Telesystems Private Limited
	M/s Burns Environmental & Technologies Private Limited Bhumika Transport Ram Engineering & Construction Company Karnataka Compost Development Corporation Limited Meccafferri Enviromental Solutions Private Limited Cobra Instalaciones Y Servicios, S.A Karamtara Engineering Pvt. Ltd Richardson & Cruddas (1972) Ltd. M/S Satya Builders
Individual having significant influence in the Group	Mr. Rakesh Jhunjunwala
Enterprise over which Individual having significant influence in the Group have substantial control	Rare Enterprises
Relatives of Individual having significant influence in the Group	Mr. Rajesh Kumar Jhunjunwala Ms. Rekha Jhunjunwala
Key Management Personnel ('KMP')	Mr. Amit Mittal, Mrs Dipali Mittal, Mr. Manoj Gupta, Mr. Sanjeev Sharma, Mr. Rajneesh Mehra, Mr. Anil Soni, Mr. Alok Kumar Gupta, Mr. Shishir Verma (upto November 09, 2010), Mr. Shailesh Jain (upto November 26, 2010), Mr. Rahul Chawla (w.e.f August 09, 2010), Mr. Rakesh Gupta, Mr. Rakesh Kumar Aggarwal, Mr. Anil Kumar, Mr. Sandip Garg, Mr. Nozer P. Daruwalla, Mr. Roomy Daruwalla, Mr. Vishaant Gala, Mr. Anand Shah, Mrs. Archana Niranjn Hingorani (w.e.f October 21, 2010), Mr. Shiv Swaroop Gupta (w.e.f October 1, 2010), Mr. Amit Sardana (w.e.f October 1, 2010), Mr. Ram Narayan Walase (w.e.f October 1, 2010), Mr. Bipin Sheth (w.e.f October 1, 2010), Mr Brij Mohan Lal Garg, Mr. Subhash Kumar Mehta, Mr. Ashish Mittal and Mr. Amit Kumar Gupta.
Relatives of Key Management Personnel	Ms Priya Goel, Mrs Marukh Nozer Daruwalla, Mrs Meera Anand Shah, Mrs Nikita Vishaant Gala, Mr. Pinak Gala, Mrs Jagruti Pinak Gala and Mrs. Sudha Mittal.
Enterprise having Significant Influence & Enterprise over which KMP and their Relatives exercise significant influence	Infrastructure Leasing & Financial Services Limited (w.e.f October 1, 2010) Clean Care Products (Till November 12, 2009) Premium Care Products Anand Investments

Transactions with related parties during the year:

Particulars	April 2010 - March 2011				April 2009 - March 2010					
	Joint Ventures	Individual having Significant Influence and their relatives	KMP / Relative of KMP	Enterprises in control of Individual having Significant control and their relatives	Enterprise having Significant Influence & Enterprises in control of KMP and their relatives	Joint Ventures	Individual having Significant Influence and their relatives	KMP / Relative of KMP	Enterprises in control of Individual having Significant control and their relatives	Enterprise having Significant Influence & Enterprises in control of KMP and their relatives
<b>Sale of Goods / Services</b>										
- UB Engineering Limited	945,057,102	-	-	-	-	341,513,828	-	-	-	-
- SPIC-SMO	7,666,450	-	-	-	-	352,809,869	-	-	-	-
- Burns Environmental & Technologies Pvt Ltd.	-	-	-	-	-	48,445	-	-	-	-
<b>Purchase of Goods or Services</b>										
- UB Engineering Limited	-	-	-	-	-	19,987,184	-	-	-	-
- Linkwell Telesystems Private Limited	4,855,222	-	-	-	-	38,198,684	-	-	-	-
- Richardson & Cruddas (1972) Ltd.	46,659,995	-	-	-	-	91,428,504	-	-	-	-
- Karamtara Engineering Pvt Ltd	21,091,315	-	-	-	-	-	-	-	-	-
- Shyama Power India Ltd	60,249,904	-	-	-	-	-	-	-	-	-
- Cobra Instalaciones Y Servicios, S.A	93,55,389	-	-	-	-	8,591,007	-	-	-	-
- Clean care products	-	-	-	-	-	-	-	-	-	3,549,025
- Premium care products	-	-	-	-	-	-	-	-	-	119,059
- Anand Investments	-	-	-	-	-	-	-	-	-	540,000
- Bhumika Transport	337,232	-	-	-	-	388,999	-	-	-	-
- Amit Mittal	-	-	381,000	-	-	-	-	210,000	-	-
- Manoj Gupta	-	-	300,000	-	-	-	-	300,000	-	-
- Dipali Mittal	-	-	928,650	-	-	-	-	871,500	-	-
- Meera Anand Shah	-	-	-	-	-	-	-	150,000	-	-
- Sudha Mittal	-	-	300,000	-	-	-	-	300,000	-	-
<b>Interest Expenses</b>										
- Rare Enterprises	-	-	-	16,471,232	-	-	-	-	-	-

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Particulars	April 2010 - March 2011				April 2009 - March 2010					
	Joint Ven- tures	Individual having Significant Inlu- ence and their relatives	KMP / Rela- tive of KMP	Enterprises in control of Individual having Significant control and their relatives	Enterprise having Significant Influence & Enterprises in control of KMP and their relatives	Joint Ventures	Individual hav- ing Significant Influence and their relatives	KMP / Rela- tive of KMP	Enterprises in control of Individual having Significant control and their relatives	Enterprise having Significant Influence & Enterprises in control of KMP and their relatives
<u>Interest Paid</u>										
- Roomy Daruwalla	-	-	20,335	-	-	-	-	-	-	-
<u>Issue of Equity Share Capital in Subsidiary</u>										
- Amit Mittal	-	-	11,250,000	-	-	-	-	-	-	-
- Rajneesh Mehra	-	-	9,000,000	-	-	-	-	-	-	-
- Anil Sharma	-	-	700,000	-	-	-	-	-	-	-
- Rakesh Kumar Aggarwal	-	-	125,000	-	-	-	-	-	-	-
- Infrastructure Leasing & Financial Services Ltd	-	-	-	-	331,214,251	-	-	-	-	-
- Bhumika Transport	200,000	-	-	-	-	-	-	-	-	-
- Eco Save Systems (P) Ltd	200,000	-	-	-	-	-	-	-	-	-
<u>Fund received / includes expenses incurred on behalf of Company</u>										
- Cobra Instalaciones Y Servicios, S.A	-	-	-	-	-	30,000	-	-	-	-
<u>Provision for doubtful debts expense</u>										
- UB Engineering Limited	-	-	-	-	-	57,526,428	-	-	-	-
- SPIC-SMO	8,913,370	-	-	-	-	294,975	-	-	-	-
<u>Provision for doubtful debts written back</u>										
- UB Engineering Limited	48,305,657	-	-	-	-	-	-	-	-	-
<u>Issue of Bonus Shares</u>										
- Amit Mittal	-	-	-	-	-	-	165,472,410	-	-	-
- Dipali Mittal	-	-	-	-	-	-	7,020,000	-	-	-
- Manoj Gupta	-	-	-	-	-	-	706,500	-	-	-
- Rakesh Jhunjhunwala	-	-	-	-	-	72,306,750	-	-	-	-
- Sanjeev Sharma	-	-	-	-	-	-	75,000	-	-	-
- Priya Goel	-	-	-	-	-	-	62,290	-	-	-



Particulars	April 2010 - March 2011				April 2009 - March 2010					
	Joint Ventures	Individual having Significant Influence and their relatives	KMP / Relative of KMP	Enterprises in control of Individual Significant control and their relatives	Enterprise having Significant Influence & Enterprises in control of KMP and their relatives	Joint Ventures	Individual having Significant Influence and their relatives	KMP / Relative of KMP	Enterprises in control of Individual Significant control and their relatives	Enterprise having Significant Influence & Enterprises in control of KMP and their relatives
- Rekha Jhunjhunwala	-	-	-	-	-	150,000	-	-	-	-
- Rajesh Jhunjhunwala	-	-	-	-	-	750,000	-	-	-	-
<u>Share Application Money Received</u>										
- Bhumika Transport	150,000	-	-	-	-	50,000	-	-	-	-
- Eco Save Systems (P) Ltd	200,000	-	-	-	-	-	-	-	-	-
<u>Loan Given / Advances Paid</u>										
- Cobra Instalaciones Y Servicios, S.A	-	-	-	-	3,004,424	-	-	-	-	-
- Bhumika Transport	2,000,000	-	-	-	-	-	-	-	-	-
<u>Loan Taken / Advances Received</u>										
- Rare Enterprises	-	-	-	350,000,000	-	-	-	-	-	-
- Infrastructure Leasing & Financial Services Limited	-	-	-	-	218,800,000	-	-	-	-	-
<u>Loan / Advances Repaid</u>										
- Rare Enterprises	-	-	-	350,000,000	-	-	-	-	-	-
- Roomy Daruwalla	-	-	353,990	-	-	-	-	-	-	-
<u>Loan / Advances Refunded</u>										
- Sanjeev Sharma	-	-	-	-	-	-	450,000	-	-	-
- Priya Goel	-	-	-	-	-	-	1,165,000	-	-	-
<u>Interest Charged on Loan taken</u>										
- Roomy Daruwalla	-	-	15,896	-	-	-	-	110,333	-	-
<u>Remuneration</u>										
- Amit Mittal	-	-	26,288,542	-	-	-	-	24,185,895	-	-
- Manoj Gupta	-	-	3,750,000	-	-	-	-	3,039,600	-	-

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Particulars	April 2010 - March 2011				April 2009 - March 2010					
	Joint Ventures	Individual having Significant Influence and their relatives	KMP / Relative of KMP	Enterprises in control of Individual Significant control and their relatives	Enterprise having Significant Influence & Enterprises in control of KMP and their relatives	Joint Ventures	Individual having Significant Influence and their relatives	KMP / Relative of KMP	Enterprises in control of Individual Significant control and their relatives	Enterprise having Significant Influence & Enterprises in control of KMP and their relatives
- Sanjeev Sharma	-	-	-	-	-	-	3,134,888	-	-	-
- Dipali Mittal	-	-	1,321,260	-	-	-	639,600	-	-	-
- Rajneesh Mehra	-	-	4,320,000	-	-	-	3,535,484	-	-	-
- Anil Soni	-	-	3,600,000	-	-	-	2,000,000	-	-	-
- Alok Gupta	-	-	3,000,000	-	-	-	2,000,000	-	-	-
- Rahul Chawla	-	-	3,474,191	-	-	-	-	-	-	-
- Marukh Nozer Daruwalla	-	-	600,000	-	-	-	600,000	-	-	-
- Nikita Vishaant Gala	-	-	-	-	-	-	420,000	-	-	-
- Jagruti Pinak Gala	-	-	-	-	-	-	420,000	-	-	-
- Romy Daruwalla	-	-	1,500,000	-	-	-	900,000	-	-	-
- N.P. Daruwalla	-	-	-	-	-	-	525,000	-	-	-
- Anand Shah	-	-	1,200,000	-	-	-	300,000	-	-	-
- Vishaant Gala	-	-	1,200,000	-	-	-	780,000	-	-	-
- Pinak Gala	-	-	600,000	-	-	-	600,000	-	-	-
- Anil Sharma	-	-	3,000,000	-	-	-	2,494,620	-	-	-
- Shishir Verma	-	-	1,520,831	-	-	-	439,516	-	-	-
- Rakesh Kumar Aggarwal	-	-	5,675,000	-	-	-	948,386	-	-	-
- Shiv Swaroop Gupta	-	-	219,375	-	-	-	57,000	-	-	-
- Priya Goel	-	-	-	-	-	-	57,000	-	-	-
<b>Sitting Fees</b>										
- Rakesh Jhunjhunwala	-	340,000	-	-	-	-	200,000	-	-	-
<b>Balance Outstanding at the end of the year</b>										
<b>Interest free Loans given</b>										
- Sanjeev Sharma	-	-	-	-	-	-	-	575,000	-	-
<b>Unsecured loan outstanding</b>										
- Romy Daruwalla	-	-	-	-	-	-	-	353,990	-	-
- Infrastructure Leasing & Financial Services Limited	-	-	-	-	-	-	-	-	-	218,800,000

Particulars	April 2010 - March 2011				April 2009 - March 2010					
	Joint Ventures	Individual having Significant Influence and their relatives	KMP / Relative of KMP	Enterprises in control of Individual Significant control and their relatives	Enterprise having Significant Influence & Enterprises in control of KMP and their relatives	Joint Ventures	Individual having Significant Influence and their relatives	KMP / Relative of KMP	Enterprises in control of Individual Significant control and their relatives	Enterprise having Significant Influence & Enterprises in control of KMP and their relatives
<u>Advance from Customer</u>										
- UB Engineering Limited	3,828,760	-	-	-	-	29,715,053	-	-	-	-
<u>Other Current Assets (Accrued Revenue)</u>										
- UB Engineering Limited	48,419,678	-	-	-	-	98,924,023	-	-	-	-
- SPIC-SMO	80,015,346	-	-	-	-	291,865,619	-	-	-	-
<u>Debtors / Advances</u>										
- UB Engineering Limited	971,448,944	-	-	-	-	1,159,787,951	-	-	-	-
- SPIC-SMO	264,930,654	-	-	-	-	113,866,861	-	-	-	-
- Richardson & Cruddas (1972) Ltd	6,147,904	-	-	-	-	-	-	-	-	-
- Cobra Instalaciones Y Servicios, S.A	26,685	-	-	-	-	3,004,424	-	-	-	-
- Linkwell Telesystems Private Limited	6,898	-	-	-	-	-	-	-	-	-
- Sanjeev Sharma	-	-	-	-	-	-	-	6,323,316	-	-
- Rajneesh Mehra	-	-	-	-	-	-	-	158,616	-	-
<u>Provision for doubtful debts</u>										
- UB Engineering Limited	9,220,771	-	-	-	-	57,526,428	-	-	-	-
- SPIC-SMO	9,208,345	-	-	-	-	294,975	-	-	-	-
<u>Remuneration Payable</u>										
- Amit Mittal	-	-	13,350,713	-	-	-	-	15,942,528	-	-
- Manoj Gupta	-	-	311,250	-	-	-	-	207,840	-	-
- Sanjeev Sharma	-	-	-	-	-	-	-	133,750	-	-
- Anil Sharma	-	-	208,750	-	-	-	-	169,068	-	-
- Shishir Verma	-	-	-	-	-	-	-	202,162	-	-
- Dipali Mittal	-	-	77,700	-	-	-	-	38,175	-	-
- Rajneesh Mehra	-	-	-	-	-	-	-	386,008	-	-
- M.N. Daruwalla	-	-	-	-	-	-	-	50,000	-	-

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Particulars	April 2010 - March 2011				April 2009 - March 2010					
	Joint Ven- tures	Individual having Significant Influ- ence and their relatives	KMP / Rela- tive of KMP	Enterprises in control of Individual Significant control and their relatives	Enterprise having Significant Influence & Enterprises in control of KMP and their relatives	Joint Ventures	Individual hav- ing Significant Influence and their relatives	KMP / Rela- tive of KMP	Enterprises in control of Individual Significant control and their relatives	Enterprise having Significant Influence & Enterprises in control of KMP and their relatives
- Nikita Vishaant Gala	-	-	-	-	-	-	35,000	-	-	-
- Jagruti Pinak Gala	-	-	-	-	-	-	35,000	-	-	-
- Roomy Daruwalla	-	-	-	-	-	-	75,000	-	-	-
- Meera Anand Shah	-	-	-	-	-	-	30,000	-	-	-
- Anand Shah	-	-	-	-	-	-	25,000	-	-	-
- Vishaant Gala	-	-	-	-	-	-	65,000	-	-	-
- Pinak Gala	-	-	-	-	-	-	50,000	-	-	-
- Rakesh Kumar Aggarwal	-	-	102,917	-	-	-	948,386	-	-	-
<b>Loan &amp; Advances</b>										
- Bhumika Transport	2,000,000	-	-	-	-	-	-	-	-	-
<b>Creditors</b>										
- UB Engineering Limited	27,951,989	-	-	-	-	460,395,879	-	-	-	-
- Linkwell Telesystems Private Limited	-	-	-	-	-	3,332,768	-	-	-	-
- Richardson & Cruddas (1972) Ltd.	-	-	-	-	-	14,545,111	-	-	-	-
- Karamtara Engineering Private. Ltd	6,164,841	-	-	-	-	-	-	-	-	-
- Clean care products	-	-	-	-	-	-	-	1,551,939	-	-
- Anand Investments	-	-	-	-	-	-	-	45,000	-	-
- Bhumika Transport	113,746	-	-	-	-	49,216	-	-	-	-
- Sudha Mittal	-	-	45,000	-	-	-	-	-	-	-
- Rakesh Jhunjhunwala	-	60,000	-	-	-	-	-	-	-	-

Note: In the opinion of the management, the transactions reported herein are on arms' length basis.

**20. Segmental information  
Business segments**

The primary reporting of the Group has been performed on the basis of business segment. Segments have been identified and reported based on the nature of the products, the risks and returns, the organization structure and the internal financial reporting systems. The Group is operating mainly into four segments, Facility Management Services (FMS) division, Engineering Service (ES), Municipal solid waste projects (MSW) and Power generation projects (PGP). Others segment includes: trading of goods, renting of equipment, manufacturing of electrical equipment and housekeeping services.

Particulars	ES Mar-11	ES Mar-10	FMS Mar-11	FMS Mar-10	MSW Mar-11	MSW Mar-10	PGP Mar-11	PGP Mar-10	Others Mar-11	Others Mar-10	Elimination Mar-11	Elimination Mar-10	Total Mar-11	Total Mar-10
<b>Revenue</b>														
Operating income	10,799,693,403	11,183,932,317	2,131,047,264	909,977,151	219,900,851	46,269,137	-	-	293,222,960	8,766,864	-	-	13,443,864,478	12,148,945,469
Other income	63,199,896	8,680,867	2,905,301	743,097	575,108	48,445	2,799,731	-	376,982	319,985	-	-	69,856,998	9,892,394
Intersegment Revenue	-	-	-	16,647,794	-	-	-	-	26,934,437	1,053,000	26,934,437	17,700,794	-	-
<b>Total revenue</b>	<b>10,862,893,299</b>	<b>11,192,613,184</b>	<b>2,133,952,565</b>	<b>927,368,042</b>	<b>220,475,959</b>	<b>46,317,582</b>	<b>2,799,731</b>	<b>-</b>	<b>320,534,359</b>	<b>10,139,849</b>	<b>26,934,437</b>	<b>17,700,794</b>	<b>13,513,721,476</b>	<b>12,158,937,863</b>
<b>Costs</b>														
Segment costs	(8,870,827,410)	(9,146,943,774)	(1,992,957,316)	(852,951,126)	(298,219,056)	(87,964,460)	(31,943,170)	(6,058,726)	(212,643,707)	(9,493,579)	(26,934,437)	(11,035,249)	(11,379,656,222)	(10,092,396,416)
<b>Result</b>														
Segment result	1,992,065,889	2,045,669,410	140,995,249	74,416,916	(77,743,097)	(41,666,878)	(29,143,439)	(6,058,726)	107,890,852	646,270	-	-	2,134,065,254	2,066,541,447
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	85,228,720	50,119,142
Financial Expense	-	-	-	-	-	-	-	-	-	-	-	-	(840,219,186)	(655,632,032)
<b>Provision for tax</b>														
Income tax	-	-	-	-	-	-	-	-	-	-	-	-	(534,530,481)	(551,663,690)
Deferred tax (charge)/credit	-	-	-	-	-	-	-	-	-	-	-	-	36,298,377	17,766,010
Fringe benefit tax	-	-	-	-	-	-	-	-	-	-	-	-	-	(22,219)
<b>Net Profit after tax before extra-ordinary items</b>													<b>880,802,684</b>	<b>927,108,664</b>
Extra-ordinary items (Net of tax)	-	-	-	-	-	-	-	-	-	-	-	-	(86,828,467)	-
<b>Net Profit after tax</b>													<b>793,974,217</b>	<b>927,108,664</b>
Other information														
Segment assets	14,233,561,966	11,932,959,262	1,691,865,911	619,281,331	2,134,958,973	915,774,240	2,406,740,670	96,367,734	577,166,940	11,142,653	491,039,527	21,959,546	20,553,254,963	13,553,565,674
Unallocable corporate assets	-	-	-	-	-	-	-	-	-	-	-	-	620,221,305	41,200,592
<b>Total assets</b>	<b>14,233,561,966</b>	<b>11,932,959,262</b>	<b>1,691,865,911</b>	<b>619,281,331</b>	<b>2,134,958,973</b>	<b>915,774,240</b>	<b>2,406,740,670</b>	<b>96,367,734</b>	<b>577,166,940</b>	<b>11,142,653</b>	<b>491,039,527</b>	<b>21,959,546</b>	<b>21,173,476,268</b>	<b>13,594,766,256</b>
Segment liabilities	2,589,012,426	4,334,730,403	474,390,431	143,809,080	297,807,584	186,162,746	1,348,407,080	331,797,042	114,161,334	276,067	189,741,693	3,209,530	4,634,037,162	4,993,565,808
Unallocable corporate liabilities	-	-	-	-	-	-	-	-	-	-	-	-	5,016,462,949	4,388,527,152
<b>Total Liabilities</b>	<b>2,589,012,426</b>	<b>4,334,730,403</b>	<b>474,390,431</b>	<b>143,809,080</b>	<b>297,807,584</b>	<b>186,162,746</b>	<b>1,348,407,080</b>	<b>331,797,042</b>	<b>114,161,334</b>	<b>276,067</b>	<b>189,741,693</b>	<b>3,209,530</b>	<b>9,652,500,111</b>	<b>9,382,092,960</b>
Capital expenditure	146,299,943	255,561,947	60,895,052	14,331,459	965,542,991	677,169,999	1,933,625,664	98,991,237	147,617,987	46,206	(125,004,429)	51,800,000	3,378,986,066	994,300,848
Depreciation included in segment expenses	50,356,622	24,510,890	17,887,220	8,688,943	63,828,514	2,384,161	6,134,448	2,463	56,503,541	180,605	-	-	194,710,345	35,767,062
Other Non-cash expenditure	-	-	-	-	-	-	-	-	-	-	-	-	48,867,779	114,923,409

**Geographical segments\*:** The Secondary reporting segment of the Group has been performed on the basis of Geographical segment. The Group operates in two principal geographical areas of the world, in India, its home country, and the other countries.

The following table presents revenue and debtors regarding geographical segments as at March 31, 2011 and March 31, 2010.

Particulars	India		Other Countries		Total	
	March 2011	March 2010	March 2011	March 2010	March 2011	March 2010
<b>Segment Revenue</b>	13,513,231,062	12,209,057,005	85,719,134	-	13,598,950,196	12,209,057,005
<b>Segment Debtors (including retention money)</b>	8,665,672,429	8,266,299,280	102,754,083	-	8,768,426,512	8,266,299,280

\*The Company has common assets for domestic market and overseas market. Hence, separate figures for assets/ additions to assets cannot be furnished.

**21. Disclosures under Micro, Small and Medium Enterprises Act, 2006**

The Micro, Small and Medium Enterprises have been identified by the Group from the available information, which has been relied upon by the auditors. According to such identification, the disclosures in respect to Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 is as follows:

	Year ended March 31, 2011	Year ended March 31, 2010
<b>Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006</b>		
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount	14,165,667	76,723,987
- Interest amount	784,593	169,836
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	784,593	169,836
The amount of 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 Micro Small and Medium Enterprise Development Act, 2006	-	-

**22. Earnings per share (EPS)**

The calculations of earning per share are based on the profit and number of shares as computed below:

Particulars	April 2010 - March 2011	April 2009 - March 2010
Net profit as per profit and loss account excluding extra ordinary items	858,007,255	923,385,807
Less : Extra - ordinary items (net of tax)	86,828,467	-
Net profit as per profit and loss account including extra ordinary items	771,178,788	923,385,807
Weighted average number of equity shares in calculating basic EPS	62,202,266	56,624,327
Weighted average number of equity shares in calculating diluted EPS	62,202,266	56,624,327
<b>Basic earnings per share</b>		
- Computed on the basis of earnings excluding extra - ordinary items	13.79	16.31
- Computed on the basis of earnings including extra - ordinary items	12.40	16.31
<b>Diluted earnings per share*</b>		
- Computed on the basis of earnings excluding extra - ordinary items	13.79	16.31
- Computed on the basis of earnings including extra - ordinary items	12.40	16.31

\* The effect of dilutive potential equity shares are considered whereas anti-dilutive potential equity shares are ignored in calculating diluted EPS.

**23. During the year ended March 31, 2010, the Company has formulated Employee Stock Option Scheme referred as 'A2Z Stock Option Plan 2010 ('the plan')' for all eligible employees/ directors of the Company except an employee who is promoter or belongs to the promoter group of the Company and its subsidiaries in pursuance of the special resolution duly approved by the shareholders on March 30, 2010.**

The plan shall be administered and supervised by the Remuneration-cum-Compensation Committee under the powers delegated by Board. Each option shall entitle the option grantee to apply for and be transferred Equity Shares of the Company. On or from the time of the listing of the Equity Shares of the Company, the maximum number of options that can be granted to any employee in any year under the A2Z ESOP shall be less than 5% of the issued share capital of the Company (excluding any outstanding warrants or other securities convertible into Equity Shares) at the time of grant of options, subject to the overall ceiling of 2,865,056 options in the aggregate.



The Company has granted stock options on June 2, 2010, details of which are as follows:

Options granted	1,075,750			
Date of Grant	June 2, 2010			
Requirements of vesting, period of vesting and maximum period within which options shall be vested	The vesting schedule is set forth below:			
	<b>Vesting</b>	<b>Number of months from the date of grant of options</b>	<b>% of options vested</b>	<b>Cumulative % of options vested</b>
	1	12	20	20
	2	24	20	40
	3	36	20	60
	4	48	20	80
	5	60	20	100
Exercise price	Rs. 314.13			
Exercise period and process of exercise	5 years; by way of application			
Accounting method used by the Company to value its options	Intrinsic value method			
Method of settlement	Equity			
Vesting conditions	Eligibility based on employment			

The details of activity under the Plan have been summarized below:

Particulars	March 31, 2011		
	Number of options	Weighted Average Exercise Price(Rs.)	Weighted average remaining contractual life of options (in years)
Outstanding at the beginning of the year	Nil		
Granted during the year	1,075,750	314.13	7.84
Forfeited during the year	128,500	314.13	
Exercised during the year	Nil	314.13	
Expired during the year	Nil	314.13	
Outstanding at the end of the year	947,250	314.13	
Exercisable at the end of the year	Nil	314.13	
Weighted average fair value of options granted on the date of grant	1,075,750	58.23	

The fair value of the options granted was estimated on the date of grant using the Black-Scholes valuation model with the following assumptions:

Particulars	March 31, 2011
Weighted average share price / Fair value of share	Rs. 221.75
Exercise Price	Rs. 314.13
Annual Volatility (Standard Deviation – Annual)	34.93%
Time To Maturity - in years	5.51
Dividend Yield	2.25%
Risk free Rate – Annual	7.45%

As the Company was unlisted at the time of granting of ESOP, the expected volatility was determined based on average of semi - annual volatility of stock price of peer group.

Effect of the employee share-based payment plans on the profit and loss account and on its financial position:

Particulars	March 31, 2011
Total Employee Compensation Cost pertaining to share-based payment plans	Nil*
Compensation Cost pertaining to equity-settled employee share-based payment plan included above	Nil
Total Liability for employee stock options outstanding as at year end	Nil
Intrinsic Value of liability as at year end for which right to cash/other assets have vested (e.g. vested stock appreciation rights)	Nil

\* As the exercise price is more than the fair value of the shares, under 'Intrinsic Value' Method.

**Since the enterprise used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method**

In March 2005 the ICAI has issued a guidance note on "Accounting for Employees Share Based Payments" applicable to employee based share plan the grant date in respect of which falls on or after April 1, 2005. The said guidance note requires the Proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note, the impact on the reported net profit and earnings per share would be as follows:

Particulars	March 31, 2011
Profit including extra - ordinary items, as reported	771,178,788
Add: Employee stock compensation under intrinsic value method	-
Less: Employee stock compensation under fair value method*	4,343,200
Pro-forma profit	766,835,588
<b>Earnings Per Share</b>	
<b>Basic</b>	
- As reported (including extra-ordinary items)	12.40
- Pro forma	12.33
<b>Diluted</b>	
- As reported (including extra-ordinary items)	12.40
- Pro forma	12.33

\* The Company has considered an attrition / lapsing rate of 2% for the purpose of above disclosure.

24. Debtors, Advance to Suppliers, Advances from customers and Sundry Creditors of the Company and one of its subsidiaries, A2Z Infrastructure Limited, are subject to confirmation / reconciliation as at year end or any time during the year. As explained, the Group follows a process of informal confirmation with its customers / suppliers and based on such informal confirmations/ discussions, believes that amount recoverable appearing as outstanding at year end are good of recovery, while the amounts payable are due. The management believes that no material adjustments are likely on formal confirmation / reconciliation of these balances.

**25. Construction Contracts**

	April 2010 – March 2011	April 2009 – March 2010
Contract revenue recognized as revenue in the year	10,754,780,361	11,172,165,695
Aggregate Amount of cost incurred and recognized profits up to the reporting date on contract under progress	30,035,289,857	21,125,832,017
Amount of advance received on contract under progress and outstanding at year end	667,756,707	959,781,591
Amount of retentions on contract under progress	3,947,983,164	4,281,216,866
Gross amount due from customers for contract work as an asset	3,107,269,727	1,769,597,233
Gross amount due to customers for contract work as a liability	104,186,385	529,133,385

26. Derivative Instruments and Unhedged Foreign Currency Exposure:

1. Derivative Instruments

	Particulars of Derivatives	Purpose
	Forward Contract Outstanding as at Balance sheet Date	
	Purchase	
For the Year ended March 31, 2011	US \$ 2,000,000*	Hedge of Foreign Currency Loans
For the Year ended March 31, 2010	US \$ 2,000,000*	Hedge of Foreign Currency Loans

\*1 USD= Rs 45.14 (TT Selling rate) as at March 31, 2011 (Previous Year - 1 USD= Rs 45.58).

2. The detail of unhedged foreign currency exposure as at balance sheet date are as under:

Particulars	Amount in Rupees	Amount in Foreign currency	Currency	Exchange rate as on March 31, 2011
Foreign currency in hand	260,466	5,889	(USD)	1 USD = INR 44.23
Foreign currency in hand	83,979	14,785	(HKD)	1 HKD = INR 5.68
Foreign currency in hand	5,088	9,500	(Kenya Shillings)	1 KES = INR 0.5356
Foreign currency in hand	119,670	17,470	(ZAR)	1 ZAR = INR 6.31
Foreign currency in hand	7,198	610	(Dirham)	1 Dirham = INR 11.80
Foreign currency in hand	181	15	(Riyal)	1 Riyal = INR 12.07
Foreign currency in hand	779	490	(Rubal)	1 Rubal = INR 1.59
Foreign currency in hand	4,755	136	SGD	1 SGD = INR 34.96
Foreign currency in hand	103,502	1,731	EURO	1 EURO = INR 62.36
Foreign currency in hand	6,140	4,120	(Thai Bhat)	1 Thai Bhat = INR 1.490
Foreign currency in hand	782	115	(RMB)	1 RMB = INR 6.80
Advance given to foreign suppliers (USD)	50,444,315	1,140,500	(USD)	1 USD = INR 44.23
Bank Balance with Standard chartered Bank (Uganda)	22,426,310	1,206,364,165	Uganda Shillings	1 UGX = Rs 0.01859

There was no unhedged foreign currency exposure during the previous year.

27. Provisions:

Description	April 2010 – March 2011	April 2009 – March 2010
<b>Provision for Warranties</b>		
Opening Provision	22,239,322	11,067,156
Additions during the year	10,497,041	11,172,166
Utilization during the year	-	-
Unused amounts reversed during the year	-	-
<b>Closing Provision</b>	<b>32,736,363</b>	<b>22,239,322</b>

28. Managerial remuneration

Remuneration to Directors:

Particulars	April 2010 – March 2011	April 2009 – March 2010
Salaries (including allowances)	13,487,700	14,292,000
Perquisites	130,813	323,892
Commission to Managing Director	12,794,725	15,683,448
Commission to Directors other than Whole Time Directors and Managing Director	3,600,000	-
Contribution to provident fund	1,196,564	700,643
Sitting Fees	1,620,000	760,000
<b>Total</b>	<b>32,829,802</b>	<b>31,759,983</b>

As the future liability for gratuity is provided on an actuarial basis for the group as a whole, the amount pertaining to the directors are not included above.

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29. Prior period revenue reversal netted off against current year revenue aggregate to Rs Nil (Previous year - Rs 43,898,517) (gross, tax impact of Rs. Nil) (Previous year - Rs 14,921,106).

30. The Company has on certain contracts, undertaken additional supplies of material basis approval by its customers and also incurred additional cost on site erection basis the surveys undertaken by its customers. In accordance with its contracts with the customers, the quantity variation upto specified thresholds have been envisaged and accordingly, the management has reassessed the value of its contracts and accounted for additional revenue of Rs 85,767,314 (Previous Year – Rs 738,576,578) on these contracts. In respect of these contracts, the quantities supplied have been approved by the customers before dispatch. The management expects that these variations shall be soon approved by these customers and no material adjustments are likely upon such approvals.

Also, consequent to change in margin due to change in budgeted estimated cost of a specific project, the Company has recorded additional revenue of Rs.179,261,680 during the year.

### 31. Acquisitions of New Subsidiaries during the year

During the year, the Group has acquired:

1. 100% stake in Mansi Bijlee & Rice Mills Private Limited (Formerly Mansi Bijlee Private Limited) at a consideration of Rs 100,000 and has recognised Goodwill of Rs 11,640 in the Consolidated Financial Statements.
2. 100% stake in Mirage Bijlee Private Limited at a consideration of Rs 100,000 and has recognised Goodwill of Rs 11,434 in the Consolidated Financial Statements.
3. 100% stake in Chavan Rishi International Limited at a consideration of Rs 103,169,340 and has recognised Goodwill of Rs 71,301,300 in the Consolidated Financial Statements.
4. 90% stake in Madhya Bijlee Private Limited at a consideration of Rs 90,000 and has recognised Goodwill of Rs 10,543 in the Consolidated Financial Statements.
5. 51% stake in Star Transformers Private Limited at a consideration of Rs 156,120,536 and has recognised Goodwill of Rs 71,450,029 in the Consolidated Financial Statements.
6. A2Z Infraserivces Limited has acquired 100% stake in IL&FS Property Management Solutions Limited at a consideration of Rs 250,000,000 and has recognised Goodwill of Rs 217,286,508 in the Consolidated Financial Statements.

32. As at the year-end, the Company is carrying unbilled revenue of Rs 377,394,051 (Previous Year – Rs 234,305,626) against certain contracts for over a year. The management is confident of recovering these amounts upon completion of surveys by the customers / third parties.

33. The Company is executing a construction contract for its customer at Leh and Kargil. Material purchased specifically for the project is invoiced to the customer basis their approved delivery instructions. In accordance with its contract with the customer, the Company has taken a joint insurance policy for the project value awarded by the customer.

During the year, Leh had a massive cloud burst and certain inventories at site have been damaged and are presently lying submerged inside pile of debris. Even though the exact quantum of loss is yet to be assessed by the insurance Company, the management has assessed that inventories with estimated valuation of Rs. 130,016,796 invoiced to the customer have been damaged. In accordance with customers' agreement, the responsibility of coordinating with the insurance company on behalf of the customer has been assigned to the Company. The management expects to recover the entire amount on behalf of its customer.

Pending determination of insurance claim, the management has, in view of the constructive obligation upon the Company to execute the project and on account of prudence, recognised the cost of replacement material of Rs. 130,016,796 and deferred tax credit thereon of Rs. 43,188,329, thereby presenting net amount of Rs. 86,828,467 in the profit and loss account as an 'Extraordinary Item'.

### 34. Dilution of shareholding during the year

1. A2Z Infrastructure Limited has allotted 2,500,000 equity shares of Rs 10 each at par. This has resulted in dilution of shareholding percentage of the Company in the subsidiary company from 100% to 89.01% as at March 31, 2011.
2. A2Z Powercom Limited has allotted 25,000 equity shares of Rs 10 each at par. This has resulted in dilution of shareholding percentage of the Company in the subsidiary company from 100% to 80% as at March 31, 2011
3. A2Z Powertech Limited has allotted 100,000 equity shares of Rs 10 each at par which has resulted in dilution of shareholding percentage of the Company in the subsidiary companies from 100% to 95% as at March 31, 2011.
4. A2Z Infraserivces Limited has allotted 159,250 equity shares of Rs 10 each at premium of Rs 80 per share and the Subsidiary Company has also allotted 539,810 equity shares to Infrastructure Leasing & Financial Services (IL&FS). Out of this, 357,782 equity shares has been allotted as part of purchase consideration pursuant to acquisition of one of the subsidiary of IL&FS and 182,028 equity shares has been issued as additional subscription at premium of Rs. 493.10 per share. This has resulted in dilution of shareholding percentage of the Company in this subsidiary Company from 100% to 74.10% as at March 31, 2011.
5. Imatek Solutions Private Limited has allotted 118,250 equity shares of Rs 10 each at a premium of Rs 494.32 per share to Infrastructure Leasing & Financial Services (IL&FS). This has resulted in dilution of shareholding percentage of the Company in this subsidiary Company from 100% to 80% as at March 31, 2011.



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35. The Company is executing a contract for supply and erection of existing Low Tension lines into High Voltage Distribution System. Subsequent to introduction of Voluntary Disclosure Scheme by the customer during the year 2009-10, there are fewer requirements of lower rating transformers and enhanced requirement of higher rating transformers than originally envisaged in the contract. The Company had, basis the Delivery Instructions (DI) issued by the customer, already purchased 3,634 No's of 6.3 KVA & 10KVA transformers at purchase cost of Rs. 156,861,704. Based upon the discussions with the customer, the Company has accounted for the surplus material amounting to Rs. 156,861,704 as inventories.
- Further, in respect of another contract, while processing the final bill, the customer has identified few items as surplus inventory and asked the Company to take them back at purchase cost of Rs. 28,411,801. Basis the approval of the said customer, the Company has sold inventory of Rs. 11,346,313 at a loss of Rs. 1,143,538 during the year, while the balance inventory of Rs. 16,023,644 has been carried at purchase price.
- The management believes that these transformers and other surplus items returned by another customers have net realisable value higher than their cost as prices of steel & copper have gone up from the time these items were purchased and accordingly, no adjustments are deemed necessary to financial statements in this regard and these inventories have been carried at cost as at March 31, 2011.
36. The Company has entered into contract for providing manpower and consumables for cleaning services with Organising Committee of Common Wealth Games and recognized revenue of Rs. 148,379,563 from the contract during the year, against which there is outstanding receivable of Rs. 87,308,652 from the Organizing Committee.
- The management believes that they have adequate backups / supportings available with them in respect of outstanding dues and thus, are confident of recovering these outstanding receivables and accordingly believe that no provision is required against these receivables in the financial statements in this regard.
37. One of the subsidiary companies, A2Z Infrastructure Limited (formerly a2z Infrastructure Private Limited) has started executing a project related to Collection and Transportation of Municipal Solid Waste in Patna since January, 2010. However, the debtors against the said project (amounting to Rs 59,991,104 as at March 31, 2011) are outstanding till date.
- The management understands that the Central Vigilance Commission (the "CVC") has filed an FIR against the Commissioner, Municipal Corporation of Patna and others, on July 21, 2010 under Sections 467, 468, 420, 406, 409, 477A, 120B/201 of the Indian Penal Code, 1860 for alleged corrupt practices with respect to contracts executed by the Commissioner, of which one of the contracts referred to in the FIR includes the Collection and Transportation contract awarded to the Company for the city of Patna. The matter is currently under investigation by the CVC. The Company has also filed a detailed reply refuting all allegations raised in the said FIR in relation to the Company and are currently continuing operations at Patna. The management believes that the debtors are fully recoverable and no adjustments are deemed necessary in the financial statements in this regard.
38. During the year, the Company has made an Initial Public Offer (IPO) and allotted 16,845,189 equity shares of face value Rs 10/-, at a premium of Rs 390/- per equity share and has also allotted 31,380 equity shares of face value Rs 10/-, at a premium of Rs 370/- per equity share to employees aggregating to Rs 6,750,000,000. Consequently the paid up Equity Share Capital and Share Premium Account has been increased by Rs 168,765,690 and Rs 6,581,234,310 respectively. The Company's shares have been listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange Limited (NSE) on December 23, 2010.
39. The Company has incurred Rs 318,851,232 towards share issue expenses for its Initial Public Offer (IPO). Same has been shared on pro rata basis between the Company and the selling shareholders, who offered the shares in the offer for sale of the Company's IPO. An amount of Rs 30,337,389 (excluding printing, advertisement and media expenses with respect to the IPO which are borne entirely by the Company) has been recovered from selling shareholders as their share of share issue expenses and the balance of Rs 288,513,843 has been adjusted against the securities premium received on the issue of shares in terms of Section 78 of the Companies Act, 1956
40. **Prior year comparatives**
- Previous year's figures have been regrouped where necessary to confirm to this year's classification.

As per our report of even date

For S.R. Batliboi & Associates  
Firm registration number: 101049W  
Chartered Accountants

Sd/-  
per Sanjay Vij  
Partner  
Membership No. 95169

Place: Gurgaon  
Date : May 30, 2011

For and on behalf of the Board of Directors

Sd/-	Sd/-
Amit Mittal	Dipali Mittal
<i>Managing Director</i>	<i>Director</i>

Sd/-	Sd/-
Rakesh Gupta	Atul Kumar Agarwal
<i>Group Chief Financial Officer</i>	<i>Company Secretary</i>

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Statement pursuant to general exemption granted by Ministry of Corporate Affairs under Section 212 (8) of the Companies Act, 1956

(Amount in Rs.)

S. N.	Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Investments Other than Investment in Subsidiary	Turnover	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed Dividend
1	A2Z Infrastructure Limited	1,227,500,000	(183,125,587)	2,065,405,270	1,021,030,857	-	210,406,236	(106,972,391)	-	(106,972,391)	24.681
2	A2Z InfraserVICES Limited	26,990,600	480,217,532	991,305,706	484,097,574	-	1,217,446,249	81,496,999	27,601,519	53,895,480	-
3	A2Z Powercom Limited	1,250,000	9,775,770	829,992,594	818,966,824	-	1,477,351,824	13,844,700	4,594,480	9,250,220	-
4	A2Z Powertech Limited	14,000,000	527,952	53,378,574	38,850,622	-	50,470,789	480,847	149,025	331,822	-
5	Selligence Technologies Services Private Ltd	10,000,000	654,305	11,749,464	1,095,159	-	840,000	181,315	123,698	57,617	-
6	Imatek Solutions Private Limited	5,912,500	132,984,143	139,787,149	890,506	-	10,225	3,896,432	1,222,663	2,673,769	-
7	CNCS Facility Solutions Private Limited*	7,280,250	70,557,877	210,820,332	132,982,205	-	476,327,071	13,766,383	(16,438,416)	30,204,799	-
8	A2Z Waste Management (Aligarh) Limited **	62,500,000	(2,513,031)	158,734,935	98,747,966	-	728,451	(2,379,338)	41,095	(2,420,433)	-
9	A2Z Waste Management (Moradabad) Limited **	73,000,000	(884,169)	162,780,247	90,664,416	-	4,306,412	(747,108)	39,745	(786,853)	-
10	A2Z Waste Management (Merrut) Limited **	14,000,000	(2,388,537)	56,485,802	44,874,339	-	2,503,795	(2,265,891)	42,419	(2,308,310)	-
11	A2Z Waste Management (Varanasi) Limited **	27,500,000	(3,766,705)	313,188,310	289,455,015	-	1,955,957	(3,673,924)	55,774	(3,729,698)	-
12	Mansi Bijlee and Rice Mills Private Limited	100,000	(5,092,517)	73,643,090	363,107	-	-	(5,092,517)	-	(5,092,517)	-
13	A2Z Maintenance & Engineering Services (Uganda) Private Limited	189,416	(43,608)	167,187	21,379	-	-	(40,350)	-	(40,350)	-
14	Mirage Bijlee Private Limited	100,000	(471,181)	365,670	736,851	-	-	(471,181)	-	(471,181)	-
15	IL&FS Property Management & Services Limited ***	125,000,000	(97,162,727)	562,277,512	534,440,239	-	978,617,699	(38,423,604)	4,366,036	(42,789,640)	-
16	Madhya Bijlee Private Limited	100,000	(19,350)	91,680	11,030	-	-	(19,350)	-	(19,350)	-
17	A2Z Waste Management (Jaunpur) Limited **	500,000	(144,379)	380,695	25,074	-	-	(144,379)	-	(144,379)	-
18	A2Z Waste Management (Badaun) Limited **	500,000	(244,379)	321,926	66,305	-	-	(244,379)	-	(244,379)	-
19	A2Z Waste Management (Sambhal) Limited **	500,000	(243,613)	8,268,178	8,011,791	-	-	(243,613)	-	(243,613)	-
20	A2Z Waste Management (Basti) Limited **	500,000	(244,379)	280,433	24,812	-	-	(244,379)	-	(244,379)	-
21	A2Z Waste Management (Mirzapur) Limited **	500,000	(194,517)	15,196,244	14,890,761	-	-	(194,517)	-	(194,517)	-
22	A2Z Waste Management (Loni) Limited **	500,000	(269,379)	255,170	24,549	-	-	(269,379)	-	(269,379)	-
23	A2Z Waste Management (Balai) Limited **	500,000	(219,271)	308,532	27,803	-	-	(219,271)	-	(219,271)	-
24	A2Z Waste Management (Fatehpur) Limited **	500,000	(214,944)	15,768,897	15,433,841	-	-	(214,944)	-	(214,944)	-
25	Star Transformer Private Limited	20,204,090	151,427,793	304,853,429	133,221,546	-	215,160,308	8,492,355	2,881,008	5,611,347	-
26	A2Z E Waste Management Limited	500,000	(178,315)	333,225	11,540	-	-	(178,315)	-	(178,315)	-
27	A2Z Water Solutions Limited	500,000	(414,995)	96,545	11,540	-	-	(414,995)	-	(414,995)	-
28	A2Z Waste Management (Ranchi) Limited **	1,200,000	(794,225)	6,071,785	5,666,010	-	-	(794,225)	-	(794,225)	-
29	Chavan Rishi International Limited	11,463,260	20,385,238	33,084,815	1,236,317	-	-	5,668,258	1,220,963	4,447,295	-

\* Indirect Subsidiary through Imatek Solutions Private Limited

\*\* Indirect Subsidiary through A2Z Infrastructure Limited

\*\*\* Indirect Subsidiary through A2Z InfraserVICES Limited

For and on behalf of Board of Directors  
Sd/-  
Amit Mittal  
Managing Director

Sd/-  
Dipali Mittal  
Director

Sd/-  
Rakesh Gupta  
Group Chief Financial Officer

Sd/-  
Atul Kumar Agarwal  
Company Secretary

Place : Gurgaon  
Date : May 30, 2011





# A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

(Regd. Office: O-116, 1st Floor, DLF Shopping Mall, ArjunMarg, DLF Phase I, Gurgaon-122002, Haryana)

## ATTENDANCE SLIP

10th Annual General Meeting-Thursaday, the 29th September, 2011

Name.....

Address.....

DP Id*	
Client Id*/Folio No.	

I/we hereby record my/our presence at the 10th Annual General Meeting of the Company held at Convention cum Exhibition Hall, Epicentre at Apparel House, Sector-44, Institutional Area, Gurgaon-122003 (India) on Thursday, 29th day of September, 2011 at 10.30 A.M.

Member's/Proxy's Name in Block Letters

Member's/Proxy's Signature

Notes : A Member/Proxyholder wishing to attend the meeting must bring the Attendance Slip to the Meeting and handover at the entrance duly signed .

\*Applicable for investor holding shares in electronic form.



# A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

(Regd. Office: O-116, 1st Floor, DLF Shopping Mall, Arjun Marg, DLF Phase I, Gurgaon-122002, Haryana)

## PROXY FORM

I/We.....of.....being a member/ members of the above named Company, hereby appoint Mr./Ms..... of.....or failing him/her Mr./Ms.....of .....as my/our Proxy to attend and vote for me/us on my/our behalf at the 10th Annual General Meeting of the Company to be held on Thursday, 29th day of September, 2011 at 10:30 A.M. at Convention cum Exhibition Hall, Epicentre at Apparel House, Sector-44, Institutional Area, Gurgaon-122003 (India) and at any adjournment thereof.

I/We direct my/our Proxy to vote on the resolution(s) in the manner as indicated below:

S. No.	Resolutions	For	Against
1.	Adoption of Annual Accounts		
2.	Declaration of Dividend		
3.	Reappointment of director retiring by rotation (Mr. Vinod Sagar Wahi)		
4.	Reappointment of director retiring by rotation (Mr. Rajeev Thakore)		
5.	Appointment of Statutory Auditors		

Signed this.....day of.....2011.

Signature.....

Affix Revenue Stamp of Rs. One here

Regd. Folio No./\*Client Id.....DP Id No. \*.....No. of Shares.....

Note : This form in order to be effective should be duly stamped, completed, signed and must be deposited with the Company's Registered office not less than 48 hours before the time for holding the aforesaid Meeting.

\* Applicable for investor(s) holding shares in electronic forms

## **REGISTERED OFFICE**

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A2Z Maintenance & Engineering Services Limited  
O-116, First Floor, Shopping Mall, Arjun Marg, DLF City, Phase - 1,  
Gurgaon - 122002, Haryana

## **CORPORATE OFFICE**

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Plot No.: 44, Sector: 32, Institutional Area, Gurgaon - 122001,  
Haryana  
Tel.: +91-124-4517600, Fax: +91-124-4380014  
website: [www.a2zgroup.co.in](http://www.a2zgroup.co.in)