



## 12<sup>th</sup> Annual Report 2012-2013

# Corporate Information

## Board of Directors

Mr. Surender Kumar Tuteja	Independent Chairman
Dr. Ashok Kumar	Independent Director
Mr. Amit Mittal	Managing Director
Mrs. Dipali Mittal	Whole Time Director

## Chief Executive Officer

Mr. Ashok Kumar Saini

## President Finance & Acting Chief Financial Officer

Mr. Manoj Khetan

## Statutory Auditors

Walker, Chandio & Co.  
Chartered Accountants

## Company Secretary cum Compliance Officer

Mr. Atul Kumar Agarwal

## Registrar & Transfer Agent

M/s Alankit Assignments Limited  
Alankit House,  
2E/21, Jhandewalan Extension  
New Delhi - 110 055  
Ph.: +91 11 42541234, 23541234  
Fax: +91 11 23552001

## Registered Office

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

## Corporate Office

Plot No. B-38, 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. State Bank of India
3. State Bank of Mysore
4. State Bank of Hyderabad
5. State Bank of Travancore
6. Standard Chartered Bank
7. IDBI Bank Limited
8. ICICI Bank Limited
9. Axis Bank Limited
10. DBS Bank Limited
11. Allahabad Bank
12. Union Bank of India
13. ING Vysya Bank Limited
14. IndusInd Bank Limited
15. The Hongkong and Shanghai Banking Corporation Limited
16. YES Bank Limited

TABLE OF CONTENTS	
CORPORATE INFORMATION	01
NOTICE OF AGM	03
DIRECTORS' REPORT	11
MANAGEMENT DISCUSSION & ANALYSIS	22
REPORT ON CORPORATE GOVERNANCE	28
INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS	42
STANDALONE FINANCIAL STATEMENTS	46
INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS	94
CONSOLIDATED FINANCIAL STATEMENTS	96

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

## Notice

To  
The Members,  
A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Notice is hereby given that the Twelfth Annual General Meeting of the members of M/s. A2Z Maintenance & Engineering Services Limited will be held on Saturday, the 28<sup>th</sup> day of September, 2013 at 10.30 A.M at HSIIDC Hall, Udyog Vihar, Phase-V, Gurgaon-122016, Haryana, India to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2013 and the Profit & Loss Account for the year ended on that date alongwith the Report of Directors' and Auditors' thereon.
2. To appoint a director in place of Mr. Surender Kumar Tuteja, who retires by rotation and being eligible offers himself for re-appointment.
3. To re-appoint the Auditors, M/s Walker, Chandio & Co., Chartered Accountants, New Delhi as Statutory Auditors of the Company, to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize Board of directors to fix their remuneration.

### SPECIAL BUSINESS

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-  
"RESOLVED THAT Dr. Ashok Kumar, who was co-opted by the Board as an Additional Director effective from 1<sup>st</sup> May, 2013 and who hold office upto the date of the ensuing Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."
5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary

### Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, and Memorandum and Articles of Association of the Company, the Board of Directors be and is hereby authorized to appoint Branch auditors for any branch office(s) of the Company opened or to be opened by the Company in India or abroad, in consultation with the Company's Auditors, any person(s) qualified to act as Branch Auditor(s) within the provisions of Section 228 of the Act and to fix their remuneration."

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any modification or re-enactment thereof for the time being in force), and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the Listing Agreement with the Stock Exchange(s), the Securities and Exchange Board of India ( Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the "SEBI Guidelines"), and other rules and regulations / guidelines prescribed by Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India, or any other relevant authority, from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanction of any authorities as may be required, and subject to such terms, conditions or modifications as may be prescribed or imposed by any of such authorities while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any committee(s) constituted / to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorised to accept, consent of the Company be and is hereby accorded to the Board to introduce and implement A2Z Employee Stock Option Plan, 2013

("A2Z ESOP-2013" or "Plan") and to create, grant, offer, issue and allot, to or for the benefit of the employees of the Company, whether working in India or out of India, and the Directors (including the whole-time Directors) of the Company, hereinafter collectively referred to as the "Eligible Employee(s)", options and /or other instruments giving right to the eligible Employee(s) to purchase or subscribe such number of equity shares /equity linked instruments / securities convertible into equity shares including any depository receipts convertible into equity shares (herein after collectively referred to as ( the "Securities") at such price, in such manner, during such period, in one or more tranches and on such terms and conditions as the Board may decide.

RESOLVED FURTHER THAT the maximum number of securities issued /granted in terms of this Resolution shall not exceed such number as would entitle the holders collectively to subscribe or purchase 36,00,000 (Thirty Six Lacs) equity shares of the company having face value of Rs. 10/- each.

RESOLVED FURTHER THAT subject to the terms stated herein, the equity shares allotted pursuant to the aforesaid Resolution shall in all respects rank pari passu inter se and also pari passu with the then existing equity shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to formulate, evolve and bring into effect the Plan on such terms and conditions as mentioned in the Explanatory Statement to this item in the notice and to make any modifications(s), change(s), variation(s), alteration(s) or revision(s) in the terms and conditions of the Plan in accordance with any guidelines or regulations that may be issued, from time to time, by any appropriate authority unless such variation(s), modification(s) or alteration(s) is detrimental to the interests of the eligible employees including but not limited to, amendments with respect to the vesting period and schedule, number of options, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the Plan, without any form of further reference, confirmation, approvals

or sanctions from the members of the company, to the extent permissible by the SEBI guidelines and other relevant regulations in force."

RESOLVED FURTHER THAT in case of any corporate action (s) such as rights issue, bonus issues, merger, de-merger, amalgamation, sale of division and any other form of corporate restructuring, the Board be and is hereby authorised to make reasonable adjustments to the number of options granted and the exercise price in accordance with the SEBI Guidelines.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the shares issued and allotted under the Plan on the Stock Exchange(s), where the Securities of the Company are listed, as per the provisions of the Listing Agreements executed with the concerned Stock Exchanges and other guidelines, rules and regulations as may be applicable.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, proper or desirable for such purpose, and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of the securities without the Board being required to seek any further consent or approval of the Members of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors, or Chairman of the Company with a power to further delegate the same to any executives/officers of the company to do all such acts and deeds, matters and things and also to execute documents, writings, and other papers as may be necessary in this regard.

RESOLVED FURTHER THAT the Committee shall have the powers to re-price the options which are not exercised, whether or not they have been vested, if ESOP were rendered unattractive due to fall in the price

of the shares in the market, which shall be applicable to all options granted on a specified grant date and not detrimental to the interests of the Eligible Employees.”

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution:-

“RESOLVED THAT the benefits of the A2Z Employee Stock Option Plan, 2013 (“A2Z ESOP 2013” or “Plan”) contained in Resolution no. 6 above is hereby extended to the eligible employees (including directors whether whole time directors or not) of the subsidiary company(ies) of the Company on such terms and conditions as may be decided by the Remuneration Cum Compensation Committee or any such committee of the Board of Directors of the Company by whatever name called.”

**By order of the Board**

**Sd/-**

**Dated : August 24, 2013 (Atul Kumar Agarwal)**

**Place : Gurgaon Company Secretary cum**

**Regd. Office: O-116, 1st Floor, Compliance Officer**

**DLF Shopping Mall,**

**Arjun Marg, DLF Phase I,**

**Gurgaon-122002**

**Haryana (India)**

**Notes:**

1. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of item no. 4, 5, 6 and 7 of the notice set out above annexed herewith.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF 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, it should be returned duly completed at the registered office of the company not

less than forty eight hours before the scheduled time of the commencement of Annual General Meeting and in default, the instrument of Proxy shall be treated as invalid. Proxies shall not have any right to speak at the meeting.

3. 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.
4. 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.
5. The Register of members and Share Transfer books of the Company will remain closed from Saturday, 21<sup>st</sup> September, 2013 to Saturday, 28<sup>th</sup> September, 2013 (both days inclusive).
6. Members who are holding shares in physical form are requested to notify /send 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 Registrar & Transfer Agent (RTA), Alankit Assignments Limited 2E/21, Alankit House, Behind Jhandewalan Extension, New Delhi-110055 and 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.
7. Information regarding particulars of the directors seeking appointment/-re-appointment requiring disclosure in terms of the Clause 49 of the Listing Agreement is annexed hereto.
8. 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.

9. Members having queries with regards to 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.
10. 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.
11. 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. and 1.00 P.M. up to the date of the Annual General Meeting.
12. 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.
13. Members who have not yet encashed their dividend warrant(s) with respect to the dividend declared for the financial years 2010-11 are requested to make their claims without any delay to the Company's Registrar & Share Transfer Agent viz. M/s Alankit Assignments limited.
14. Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, all unclaimed/unpaid dividend pertaining to the Company remaining unpaid or unclaimed for a period of seven years from the date they became due for payment, would be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred nor shall any payment be made in respect of such claims.

**Annexure to Notice****Brief Resume of Directors who is to be appointed/ re-appointed**

Name of Director	Mr.Surender Kumar Tuteja			
Date of Birth	15 <sup>th</sup> June, 1945			
Relationship with Other Directors	None			
Date of Appointment	25 <sup>th</sup> July, 2008			
Education/Expertise/ Brief profile	Mr.Tuteja, a fellow member of ICSI and post graduate in commerce, is an independent and non-executive Director. Mr.Tuteja has an experience of approximately 44 years in serving various capacities in the Government, Including as secretary to the Government of India in the Department of Food and Public Distribution, as Secretary, Ministry of Small Scale Industries and Agro & Rural Industries, as Development commissioner, Small Scale Industries, as Secretary, Public Enterprises Selection Board, as Principal Secretary, Industries and Commerce, as Principal Secretary, Finance Government of Punjab State Electricity Board. Mr.Tuteja has also acted as a consultant to the World bank			
No of Equity Shares held in the Company	Nil			
Directorship in other Public Ltd. Companies as on 31 <sup>st</sup> March, 2013	1. SML Isuzu Limited 2. Shree Renuka Sugars Limited 3. Adani Logistics Limited 4. Axis Private Equity Limited 5. Havells India Limited 6. Intas Pharmaceuticals Limited 7. Daawat Foods Limited 8. Shree Renuka Energy Limited 9. Adani Enterprises Limited 10. Trident Corporation Limited 11. Gujarat Foils Limited 12. PTC India Financial Services Limited 13. LT Foods Limited 14. Small Industrial Development Bank of India			
Membership/ Chairmanship in Committees of other Public Ltd. Companies	Sr. No	Name of Company	Audit Committee	Shareholder's & Investor Grievance Committee
	1.	SML Isuzu Limited	Chairman	Member
	2.	Gujarat Foils Limited	Chairman	-
	3.	Adani Enterprises Limited	Chairman	Member
	4.	Shree Renuka Sugars Limited	-	Member
	5.	Intas Pharmaceuticals Limited	Chairman	-
	6.	Axis Private Equity Limited	Member	-
	7.	Trident Corporation Limited	Member	-
Name of Director	Dr. Ashok Kumar			
Date of Birth	5 <sup>th</sup> September, 1956			
Relationship with Other Directors	None			
Date of Appointment	1 <sup>st</sup> May, 2013			
Education/Expertise/ Brief profile	Dr. Ashok Kumar, is a fellow member of Institute of Chartered Accountant of India (ICAI) and Institute of Company Secretaries of India (ICSI). Dr. Kumar has been awarded Medal for securing the highest marks in the Company Secretary's exam. He has approximately 35 years of rich industrial experience in various groups of companies like Modi Group, Lords Chloro Alkali Limited, and Cirrus Chemical Private Limited etc. Dr. Kumar was the Managing Director in Lords Chloro Alkali Limited. Dr. Kumar is having rich experience in debt restructuring and revival and rehabilitation of sick industrial assets in India, and has been directly involved in revival of distressed assets.			
No of Equity Shares held in the Company	Nil			
Directorship in other Public Ltd. Companies as on 31 <sup>st</sup> March, 2013	1. Renascence Asset Reconstruction Company Limited 2. A2Z Infrastructure Limited			
Membership/ Chairmanship in Committees of other Public Ltd. Companies	Sr. No	Name of Company	Audit Committee	Shareholder's & Investor Grievance Committee
	None			



**Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 in respect of item No. 4, 5, 6 & 7**

**Item No. 4**

The Board has appointed Dr. Ashok Kumar as an additional Director of the Company effective from 1<sup>st</sup> May, 2013 in terms of Section 260 of the Companies Act, 1956.

Pursuant to section 260 of the Companies Act, 1956 he shall hold office up to the date of ensuing Annual General Meeting. A valid Notice along with requisite deposit under section 257 of the Companies Act, 1956 has been received from a member of the Company proposing the candidature of Dr. Ashok Kumar for the office of Director of the Company, liable to retire by rotation.

Dr. Kumar, is the fellow member of Institute of Chartered Accountants of India (ICAI) and Institute of Company Secretaries of India (ICSI). He has approximately 35 years of rich industrial experience in various group of companies like Modi Group, Lords Chloro Alkali Limited, and Cirrus Chemical Private Limited etc. Dr. Kumar was the Managing Director in Lords Chloro Alkali Limited. Dr. Kumar is having rich experience in debt restructuring, revival and rehabilitation of sick industrial assets in India, and has been directly involved in revival of distressed assets. The Board considers that his association as a Director will be beneficial to and in the interest of the Company.

He is not related to any other director of the company in terms of Section 2(41) and section 6 read with Schedule 1A of the Companies Act, 1956.

None of the Directors other than Dr. Ashok Kumar himself is concerned or interested in the resolution.

The Ordinary Resolution, at item No. 4 is commended for passing by the Members.

**Item No. 5**

In terms of section 228 of the Companies Act, 1956 where a company has branch office, the accounts of that branch shall be audited either by Company's Statutory Auditor or by another auditor possessing qualifications prescribed under section 226. In case of branch(s) situated outside

India, any of the above or an accountant qualified to act as auditor in the country concerned can be appointed as Branch Auditor.

Our Company is presently having branch offices in Uganda and Zambia for the global expansion of business. In near future to expand the business operations the Company may open branches in various other Countries as well. Since member's approval is required for appointment of branch auditors, Members of the company are hereby requested to authorize board of directors to appoint branch auditors in consultation with the auditors of the Company for various branches of the Company opened or to be opened by the Company in India or abroad and to fix their remuneration.

None of the directors is directly or indirectly interested in the above said resolution.

The Ordinary Resolution, at item No. 5 is commended for passing by the Members.

**Item No. 6 & 7**

In order to reward, motivate and retain desired talent for high level of individual performance and for unusual efforts and also to create a culture of ownership and building commitment towards the Company, and to align employees objectives towards critical goals / milestone of the Company. It is proposed to introduce "A2Z Employee Stock Option Plan, 2013" ('A2Z ESOP 2013 / Plan'). The Scheme is meant for eligible permanent employees, directors of the Company including permanent employees/ directors of the subsidiary company(ies) as may be decided by the Remuneration Cum Compensation Committee or any other committee of the Board of Directors of the Company by whatever name called ("Committee").

A2Z ESOP 2013 would be subject to and in conformity with the guidelines issued in this regard from time to time by the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 (SEBI Guidelines) or any amendment thereof. In terms of SEBI Guidelines, the administration of A2Z ESOP 2013 would vest with the Committee of the Board of Directors of the Company.

Disclosures as per Regulation 6.2 of the SEBI Guidelines as amended:

1. Total number of Options to be granted under the ESOP  
Total number of Options to be granted under the Scheme shall not exceed 36,00,000 (Thirty Six Lacs) equity shares of Rs. 10/- each. One option entitles the holder of the options to apply for one equity share of Rs. 10/- each of the Company. Vested Options that lapse due to non-exercise or unvested options that get cancelled due to resignation of employee or otherwise, would be available for re- grant at a future date. SEBI Guidelines require that in case of any Corporate Action(s) such as right issues, bonus issues, merger and others a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional equity shares are issued by the Company, the above ceiling of 36,00,000 (Thirty Six Lacs) equity shares shall be deemed to be increased proportionately to the extent of the additional equity shares issued.
2. Identification of classes of employees entitled to participate in the ESOP  
All eligible permanent employees and Directors of the Company including the employees and Directors of the subsidiary Company(ies) , as may be decided by the Committee. (As per SEBI Guidelines, Employees belonging to promoters or promoter group or holding directly or indirectly more than 10% of the outstanding equity shares of the Company shall not be eligible under the Scheme).
3. Requirements of vesting and period of vesting.
  - (a) There should be a minimum period of one year between the grant of options and vesting of options.
  - (b) The vesting shall happen in one or more tranches as may be decided by the Committee.
4. Maximum Period within which the options shall be vested  
The maximum Vesting Period shall be four years from the date of Grant.

#### 5. Exercise Price or Pricing formula

The options would be issued at such discounted price to the market price (Exercise Price), which would be the latest available closing price on the Stock Exchange, which records the highest trading volume in the Company's equity shares on the date prior to the date of the meeting of the Committee at which the options are granted or at such price as the Committee may determine however in any case such price would not be less than the face value of the equity share at that time.

#### 6. Exercise Period and the Process of Exercise

The Exercise period will commence from the date of vesting and extend upto not later than five years from the date of the vesting of the Options or such other period as may be decided by the Committee, from time to time. The Option would be exercisable by the employee by a written application to the designated officer of the Company to exercise the options in such manner, and on execution of such documents as may be prescribed by the Committee under the Scheme. The options will lapse if not exercised within the specified exercise period.

#### 7. Appraisal process for determining the eligibility of employees to the ESOP

The appraisal process for determining the eligibility of the employees and directors will be in accordance with the "A2Z ESOP 2013" or as may be determined by the Committee at its sole discretion.

#### 8. Maximum number of options to be issued per employee and in aggregate

The maximum number of options granted to any one employee / director in a year will not exceed 1% of the issued Equity Share capital of the Company at the time of granting of an option. The aggregate of all such grants, as reduced by options lapsed, cancelled, forfeited or surrendered, shall not exceed 36,00,000 (Thirty Six lacs) options convertible in to equivalent number of equity shares of face value Rs. 10/- each

#### 9. Disclosure and Accounting policies

The Company shall comply with the Accounting Policies specified in clause 13.1 of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and such other policies, as may be applicable from time to time.

#### 10. Method of Option Valuation

The Company shall use the Intrinsic Value Method for valuation of the options. As the Company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used fair value of the options shall be disclosed in the Director's Report and also the impact of this difference on profits and Earning Per Share (EPS) of the Company shall also be disclosed in the Directors' Report.

The equity shares allotted pursuant to the exercise of the Options shall be listed on the Stock Exchanges where the Company's Equity Shares are listed and necessary applications will be made to those Stock Exchange(s) in this behalf.

As per clause 6(1) of the Guidelines, any Employees Stock Option Scheme must be approved by way of a special resolution. Further as the Scheme will entail further shares to be offered to persons other than existing members of the Company, consent of the Members is required for issue of the equity shares and / or instruments entitling the holder to

subscribe to or purchase equity shares, in terms of the provisions of Section 81 (1A) of the Companies Act, 1956.

Clause 6(3) of the Guidelines requires that a separate resolution is required to be passed if the benefits of the Scheme are to be extended to eligible employees of the subsidiary companies. Accordingly the resolution set out at item no. 7 is being placed for approval of the members.

In terms of Section 81(1A) and other applicable provisions if any of the Companies Act 1956 and SEBI Guidelines approval of Shareholders is sought to issue equity Shares pursuant to options to be granted under A2Z ESOP 2013 not exceeding 36,00,000 (Thirty Six Lacs) equity shares. Accordingly the Special Resolutions set out at Item nos. 6 & 7 are being placed for the approval of the Shareholders.

The options to be granted / shares to be issued under the Scheme shall not be treated as an offer or invitation made to public for subscription in the securities of the Company.

None of the Directors of the Company is, in any way, concerned or interested in the resolutions, except to the extent of their shareholding in the Company and to the extent of the options / shares that may be offered to them under the Scheme.

The Board commends the passing of Special Resolutions set out at item No. 6 & 7 of the Notice.

# Directors' Report

To,  
The Members,

Your Directors have pleasure in presenting the twelfth Annual Report on the business and operations of the Company, together with the Standalone and Consolidated financials for the financial year ended on 31<sup>st</sup> March, 2013.

## 1. FINANCIAL RESULTS :

The Operating and financial results on Standalone and Consolidated basis for the financial year ended on 31<sup>st</sup> March, 2013 are as follows:

(Rs.in Million)

	Standalone		Consolidated	
	2012-13	2011-12	2012-13	2011-12
Particulars	Current Year	Previous Year	Current Year	Previous Year
Revenue from Operations	5,549.58	9,682.31	9,028.15	13,522.98
Add: Other Income	101.10	83.55	365.55	105.12
<b>Total Income</b>	<b>5,650.68</b>	<b>9,765.86</b>	<b>9,393.71</b>	<b>13,628.09</b>
(Loss)/Profit before Interest, Tax & Depreciation	(186.54)	955.09	(53.02)	889.81
Less: Interest	702.44	559.75	1,073.26	745.34
Profit before Tax & Depreciation	(888.98)	395.34	(1126.28)	144.47
Less: Depreciation/Amortization	71.81	69.90	394.03	192.79
(Loss)/Profit before Tax & Extra Ordinary Items	(960.79)	325.43	(1520.31)	(48.32)
Less : Tax Expenses	(321.03)	128.09	(311.42)	130.62
Net Profit/(Loss) after Tax but before Extraordinary item	(639.76)	197.34	(1208.89)	(178.94)
Less: Previous Period Item	-	-	-	(2.05)
Less : Extraordinary Item	101.66	-	147.66	-
<b>Net Profit/(Loss) after Tax &amp; before Minority Interest</b>	<b>(538.10)</b>	<b>197.34</b>	<b>(1061.23)</b>	<b>(176.89)</b>
Less: Share in Minority Interest	-	-	(2.54)	2.58
Net Profit/(Loss) after Tax & Minority Interest	(538.10)	197.34	(1058.69)	(179.47)
Balance brought forward from previous year	3,063.55	2,866.21	2,566.35	2,746.89
Less: Adjustment on account of further acquisition in subsidiaries	-	-	(21.86)	0.97
Less: Share in Minority Interest on dilution of holding	-	-	-	0.09
<b>Net Profit available for appropriation</b>	<b>2525.45</b>	<b>3063.55</b>	<b>1529.53</b>	<b>2566.35</b>

### Operations Review

#### Standalone:

- During the year under review, the Company has achieved total income of Rs. 5,650.68 Million as against Rs. 9,765.86 Million in the previous year. The Company has made net loss after tax of Rs. 538.10 Million as against a profit of Rs. 197.34 Million in the previous year.
- The Net Worth of the Company has decreased to Rs. 11,046.10 Million as at the end of the current year from Rs. 11,584.20 Million as at the end of the previous year.
- The Debt Equity ratio of the Company has gone up to 0.64 as at the end of the current year as compared to 0.54 as at the end of the previous year.

**Consolidated:**

- The Consolidated total income of the Company for the current financial year is Rs. 9,393.71 Million as against Rs. 13,628.09 Million in the previous year. The Company on consolidated basis has made a net Loss after minority interest and extra ordinary items of Rs. 1058.69 Million as against Rs. 179.47 Million in the previous year.
- The consolidated Net Worth of the Company has come down to Rs. 10045.06 Million as at the end of the current year from Rs. 11086.99 Million as at the end of previous year.
- The consolidated Debt Equity ratio of the Company has gone up to 1.22 as at the end of the current year compared to 1.02 as at the end of previous year.

**2. DIVIDEND**

In view of losses incurred during the year under review, the Board of Directors of the Company has not recommended any dividend to the shareholders for this financial year.

**3. NATURE OF OPERATIONS**

Your Company is Engineering, Procurement and Construction (EPC) Company and expanding into being an Infrastructure Company that is building businesses with annuity revenue streams in the areas of Clean and Green energy like Renewable Energy Generation etc.

The Company's operations are geographically spread across India and conducted either directly through the Company or its direct and indirect subsidiaries.

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 Telecommunications Services and operation & maintenance for wire lines. 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. Your Company has successfully executed challenging projects in difficult terrains and in extreme weather conditions in the states of Jammu and Kashmir, Arunachal Pradesh, Himachal Pradesh, Jharkhand, Rajasthan, Orissa, Kerala and Bihar.

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

Through its subsidiary companies, creating a cleaner climate is a mission of A2Z. In India, so far, the municipal solid waste management projects are being done on a piece-meal basis wherein C&T is done separately by different agencies and P&D is managed by the government through outsourcing model. Being one of the leading Indian Waste Management companies, your company is proud of setting up the biggest, single location Integrated Resource Recovery Facility (IRRF) in Asia as well as setting up one of the first IRRF with ESCO focus. Your Company has pioneered the concept of IRRF right from collection and transportation to processing and disposal by utilizing all items that have not remained useful in their present form any longer and renewable energy generation thereafter.

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

**4. CAPITAL STRUCTURE**

The paid up Share Capital of the company is Rs. 741.78 Million (approximately) divided into 7,41,77,694 fully paid-up Equity Shares of Rs. 10 each. There is no change in the authorised, issued and paid up share capital of the Company during the year.

## 5. BOARD OF DIRECTORS

### a) Composition of Board:

The Board comprises of four (4) Directors consisting two (2) Non-Executive Independent Directors and two (2) Executive Directors, one of whom is a Managing Director of the Company. Mr.Surender Kumar Tuteja, Mr.Amit Mittal and Ms.Dipali Mittal continue to be the Directors of the Company.

### b) Change in Composition of Board:

During the period under review, following Directors have resigned from the directorship of the Company:

Sr. No	Name of Director	Category	Date of Resignation
1.	Mr. Arjun Balan (Alternate Director to Mr. Brij Raj Singh)	Non-Executive & Non Independent	24 <sup>th</sup> September, 2012
2.	Mr. Rakesh Radheyshyam Jhunjunwala	Non-Executive & Non Independent	15 <sup>th</sup> October, 2012
3.	Mr. Brij Raj Singh (Nominee Director of Beacon India Investors Limited)	Non-Executive & Non Independent	27 <sup>th</sup> February, 2013
4.	Mr. Manish Gupta (Nominee Director of Mr. Rakesh Radheyshyam Jhunjunwala)	Non-Executive & Non Independent	13 <sup>th</sup> March, 2013
5.	Mr. Rajeev Thakore	Independent Director	13 <sup>th</sup> March, 2013
6.	Mr.Vinod Sagar Wahi	Independent Director	19 <sup>th</sup> March, 2013
7.	Mr.Gaurav Mathur (Nominee Director of Lexington Equity Holdings Limited)	Non-Executive & Non Independent	2 <sup>nd</sup> May, 2013
8.	Mr.Supratim Banerjee (Alternate Director to Mr. Gaurav Mathur)	Non-Executive & Non Independent	2 <sup>nd</sup> May, 2013

The Board places on record its gratitude for the services rendered by the above said directors during their tenure as members of the Board of Directors.

Further during the year under review, Dr. Ashok Kumar was appointed as additional director effective from 1<sup>st</sup> May, 2013. In terms of Section 260 of the Companies Act, 1956, Dr. Kumar shall hold office up to the date of the ensuing Annual General Meeting of the Company and is eligible for appointment as Director. The Company has received a notice under Section 257 of the Companies Act, 1956, proposing the appointment of Dr. Ashok Kumar as director of the Company, who will be liable to retire by rotation.

### c) Reappointment of director(s) retire by rotation

In terms of Article 70 of the Articles of Association of the Company, Mr.Surender Kumar Tuteja is liable to retire by rotation at the ensuing Annual General Meeting, and being eligible, offer himself for re-appointment.

The brief resumes of the Directors who are to be appointed/ re-appointed, the nature of their expertise in specific functional areas, names of companies in which they hold directorships, committee memberships/ chairmanships, their shareholding etc., are furnished in the explanatory statement to the notice of the ensuing Annual General Meeting.

## 6. PAYMENT OF COMMISSION TO NON EXECUTIVE DIRECTORS

The Shareholders' of the Company in their Annual General Meeting held on 7<sup>th</sup> December, 2010, authorised the Board of Directors to approve the payment of commission to the Non-Executive Directors per annum not exceeding 1% of the net profits of the Company annually (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. However the Board of Directors of the Company in their meeting duly held on 12<sup>th</sup> May, 2012 had decided to give commission



maximum up to Rs. 10 lacs to each of the Independent Directors.

However all the Independent Directors i.e. Mr.Surender Kumar Tuteja, Mr.Vinod Sagar Wahi and Mr. Rajeev Thakore after considering the low profitability of the Company and non-recommendation of any dividend to shareholders of the Company for the financial year ended 31<sup>st</sup>March, 2012, on their own accord waived off the payment of the said commission and relinquished all their claims, interest, and benefits in relation to that.

## **7. CORPORATE DEBT RESTRUCTURING (CDR)**

During the year under review, the Board of Directors of the Company in their meeting duly held on 22<sup>nd</sup> March, 2013 approved the filing of an application for restructuring of the Corporate Debt of the Company and had taken a decision to refer the same to Corporate Debt Restructuring Cell under the CDR mechanism that is governed by the Corporate Debt Restructuring Scheme issued by Reserve Bank of India vide Circular No RBI/2008-09/143, DBOD. No.BP.BC.No.37 /21.04.132/2008-09, and the Corporate Debt Restructuring Guidelines formulated there under in consultation with State Bank of Patiala, the lead bank of Consortium Banks, and same has been reviewed and accepted by CDR Cell in their meeting duly held on 26<sup>th</sup>April , 2013.

## **8. MAJOR ACQUISITIONS, INVESTMENTS & DISINVESTMENTS**

### **a) During the financial year under review the company has acquired 20% stake in A2Z Waste Management (Jaipur) Limited (“A2Z Jaipur”)**

The Company has acquired 20% stake of **A2Z Waste Management (Jaipur) Limited (“A2Z Jaipur”)** from A2Z Infrastructure Limited on 11<sup>th</sup> July, 2012. The main object of A2Z Jaipur is to carry on the business of collection, segregation, and transportation of municipal solid wastes on Design, Build, Own, Operate and Transfer (DBOOT) basis or on commercial basis and also dispose of the Municipal solid waste at the designated sites, implement a scientific solid waste management system in the City of Jaipur as per the guidelines issued by Nagar Nigam Jaipur, Rajasthan.

### **b) Amalgamation of A2Z Infra Management & Services Limited, Imatek Solutions Private Limited, CNCS Facility Solutions Private Limited, subsidiary Companies with A2Z Infrservices Limited, a subsidiary company**

A Scheme of arrangement for Amalgamation (“Scheme”) of M/s. A2Z Infra Management & Services Limited, M/s. Imatek Solutions Private Limited and M/s. CNCS Facility Solutions Private Limited with A2Z Infrservices Limited on a going concern basis was approved by the Hon’ble High Court of Punjab & Haryana at Chandigarh vide its Order dated 19<sup>th</sup> July, 2012 effective from 1<sup>st</sup> April, 2011 (the appointed date). The copy of the said order has been filed with the Registrar of Companies, NCT of Delhi & Haryana (ROC) vide E-Form No. 21 on 6<sup>th</sup> August, 2012 (effective date).

Further as per the sanctioned Scheme 10,40,600 (Ten Lacs Forty Thousand Six Hundred) fully paid up Equity shares of Rs. 10 each have been issued and allotted to Company for consideration other than in cash.

### **c) Disinvestment of Weensure E Waste Limited (formerly known as A2Z E Waste Management Limited)**

Pursuant to the Share Purchase Agreement entered on 12<sup>th</sup> November, 2012 executed by and between the Company, Sardana Recycling Private Limited (the “buyer”), Weensure E Waste Limited (formerly known as A2Z E Waste Management Limited) and Dataserv APAC Limited (formerly known as A2Z Dataserv Limited) along with addendums thereto, the Company had proposed to sell the entire shareholding in the paid up Equity and Preference Share Capital to the buyer in one or more tranches at a total consideration of Rs. 230 Million. The company has ceased to be a subsidiary of the Company w.e.f. 25<sup>th</sup> March, 2013.

## **9. EMPLOYEE STOCK OPTION PLAN 2010 (ESOP)**

Complete detail & Status of A2Z STOCK OPTION PLAN, 2010 as on 31<sup>st</sup>March, 2013 is attached as **Annexure I to Director’s Report**.

Auditor’s Certificate under clause 14.1 of SEBI (ESOP) Guidelines 1999 shall be placed at ensuing Annual General Meeting.

## 10. UTILIZATION OF ISSUE PROCEEDS

During the year under review the Board of directors decided to vary the objects as stated in the prospectus and for this purpose a postal ballot was conducted in order to get consent of the members by way of ordinary resolution. The said ordinary resolution was successfully passed on 22<sup>nd</sup> March, 2013 where the result of the postal ballot was declared at the registered office of the company. The result of the same was displayed on company's website i.e. [www.a2zgroup.co.in](http://www.a2zgroup.co.in) and was simultaneously intimated to Bombay Stock Exchange and National Stock Exchange of India.

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, 2013 is as follows:

			(Rs. In Million)
Particulars of funds utilised for	Total amount to be financed from the proceeds of the Fresh Issue as per the prospectus, as modified by the Postal Ballot on August 30, 2011	Total amount to be financed from the proceeds of the Fresh Issue as per the prospectus, as further modified by the Postal Ballot on March 22, 2013	A c t u a l Utilisation till 31 <sup>st</sup> March, 2013
Investment in three biomass (bagasse)-based power cogeneration projects of 15 MW each in the State of Punjab	680.31	680.31	680.31
Investment in five biomass-based power generation projects of 15 MW each in the State of Rajasthan	101.54	101.54	101.54
Investment in two biomass-based power generation projects of 10 MW each in the States of Uttar Pradesh and Madhya Pradesh	344.56	135.89	135.89
Investment in subsidiaries			
(i) Share capital in A2Z Infrastructure Limited for the 15 MW biomass-based power generation project in Kanpur.	250.00	250.00	250.00
(ii) Share capital in A2Z Infrastructure Limited and its subsidiaries for certain MSW projects	423.42	423.42	423.42
(iii) Share capital in MansiBijlee & Rice Mills Limited, the subsidiary that will implement rice mill and associated rice-husk based biomass power generation project in the State of Punjab	258.26	149.98	149.98
(iv) Share capital in A2Z Infrastructure Limited for the 10 MW biomass-based power generation project in Uttar Pradesh	172.28	172.28	172.28
(v) Share capital in A2Z Infrastructure Limited and its subsidiaries for certain additional MSW projects	936.68	936.68	936.68
Repayment of loan granted by L&T Infrastructure Finance to the Company	416.67	416.67	416.67
Acquisition of stake held by IL&FS in A2Z Infraservices Limited & Imatek Solutions Private Limited	410.00	410.00	410.00
Working capital requirements	1,250.00	1,566.95	1,566.95
General corporate purposes	1217.77	1217.77	1217.77
Issue (IPO) related expenses	288.51	288.51	288.51
<b>Total</b>	<b>6,750.00</b>	<b>6,750.00</b>	<b>6,750.00</b>

# **11. SHARES HELD IN SUSPENSE ACCOUNT**

At the time of public issue 1,035 Equity Shares were transferred to suspense account as were unclaimed. At the end of last year i.e. as on 31<sup>st</sup> March, 2012, 105 shares were lying in the suspense account. During the year no sharehas been transferred from suspense account to shareholders. Detail of Shares in Suspense Account is as follows:

Particulars	No. of Cases	No. of Shares
Aggregate No. of Shareholders and outstanding shares in suspense account lying at the beginning of the year-01/04/2012	01	105
Number of Shareholders who approached to issuer/registrar for transfer of shares from suspense account during the year -01/04/2012- 31/03/ 2013	NIL	NIL
Number of Shareholders to whom shares were transferred from suspense account during the year-01/04/2012-31/03/2013	NIL	NIL
Aggregate No. of Shareholders and outstanding shares in the suspense account lying at the end of the year-01/04/2012-31/03/2013	01	105*

\*The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

# **12. SUBSIDIARIES**

As on March 31, 2013, the Company had 38 (Thirty Eight) direct and step down subsidiary companies and an association of person (AOP) in which company is having 60% sharing in profits, a list of which is given in the notes to financials. During the year under review We ensure E Waste Limited (formerly known as A2Z E Waste Management Limited) has ceased to be subsidiary of the Company consequently Dataserv APAC Limited (Formerly known as A2Z Dataserv Limited) also ceased to be the step down subsidiary, and during the year under review A2Z Mayo SNT Waste Management (Nanded) Private Limited has become the step down subsidiary of the Company.

# **13. CONSOLIDATION OF FINANCIAL STATEMENTS:**

In terms of Section 212(8) of the Companies Act, 1956 read with the General Circular No. 2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs, Government of India, general exemption has been provided to the Companies from compliance of the provisions of Section 212(1) of the Companies Act, 1956 subject to compliance with conditions as referred to in the said General Circular No 2/2011 dated February 8, 2011. The Board of Directors of the Company, accordingly, has given its consent for the non-attaching the balance sheet of the subsidiaries and accordingly the balance sheet, statement of profit and loss and other information of the subsidiary companies are not being attached with the balance sheet of the Company. However, some key information of the subsidiary companies as required to be provided in terms of the said circular, is disclosed in the Annual report.

The annual accounts of the Subsidiary Companies and the related detailed information will be made available to any member of the Company/its subsidiaries who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also kept for inspection by any member at the Company's registered office and corporate office and that of the respective subsidiary Companies.

The Annual Report of the Company contains the consolidated audited financial statements prepared pursuant to clause 41 of the Listing Agreement entered into the stock exchanges and prepared in accordance with the mandatory accounting standards as notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

# **14. 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 3 (Three) professionally 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.

#### 15. 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.

#### 16. RISK MANAGEMENT SYSTEM

Risks are an integral part of any business and the risk profile, to a great extent, depends on the climatic conditions, economic and business conditions and the markets and customers we serve.

Your Company has adopted 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.

#### 17. LISTING

The Equity shares of the Company continue to remain listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited and the stipulated listing fees for FY 2013-14 have been paid to both the Stock Exchanges.

#### 18. 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.

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

M/s. Walker Chandiok & Co. Chartered Accountants, Statutory Auditors of the Company will hold office up to the conclusion of the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

On recommendation of the Audit Committee the Board has recommended the re-appointment of M/s Walker, Chandiok & Co., Chartered Accountants as Statutory Auditors. M/s Walker, Chandiok & 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.

Certificate from the said Auditors has been obtained to the effect that their re-appointment, if made, would be within the limits specified under Section 224 (1B) of the Companies Act, 1956.

The auditor's report presented by M/s Walker Chandiok & Co., Statutory Auditors on the accounts of the company for the financial year ended 31<sup>st</sup> March, 2013 is self-explanatory and requires no comments and the Management replies to the audit observations are as under:

#### **Explanation to para 7 (a) of Auditor's report on Consolidated Financials of A2Z Maintenance & Engineering Services Limited, its subsidiaries and joint ventures & para 7 (a) of Auditor's report on Standalone Financials of A2Z Maintenance & Engineering Services Limited**

The Company has outstanding recoverable of Rs 64.38 Million and Rs 60.64 Million being deductions proposed/ made by the respective customers on invoices raised by Company for services rendered, price escalations on certain supply items and certain other items.

In one of the cases, involving amount of Rs 64.38 Million, the Company had filed an application with the High Court for appointment of arbitrator in response to which the High Court had appointed an arbitrator to settle the dispute. In the other case, involving outstanding receivables of Rs 60.64 Million, the Company has filed a Special leave petition with the Hon'ble Supreme Court against the hon'ble High Court's order for appointment of arbitrator, accordingly the Hon'ble Supreme Court has given stay on the proceedings of the arbitrator appointed by the customer. The Management based on the legal advice, believes that the outcome of legal matters is likely to be in its favor and has thus classified the said amount as recoverable in the books and no adjustment have been made with respect of the same in the financial statements of the Company.

**Explanation to para 7 (b) of Auditor's report on Consolidated Financials of A2Z Maintenance & Engineering Services Limited, its subsidiaries and joint ventures**

One of the subsidiary company, A2Z Infrastructure Limited, has outstanding recoverable of Rs 76.27 Million, being receivable from a customer for collection and transportation of municipal solid waste.

The subsidiary company has filed a writ petition with High Court of Patna for recovery of dues. An interim order was passed directing the customer to release 75% of the amount recoverable. Against the interim order, the customer has filed Letters Patent Appeal ('LPA') which has been dismissed, confirming the interim order. Subsequently, the writ petition has been allowed by the Court and customer has been directed to pay the entire amount along with the interest at the rate of 8% p.a from the due date.

**Explanation to para 7 (c) of Auditor's report on Consolidated Financials of A2Z Maintenance & Engineering Services Limited, its subsidiaries and joint ventures & para 7 (b) of Auditor's report on Standalone Financials of A2Z Maintenance & Engineering Services Limited**

The Company has incurred a loss of Rs. 538.10 Million for the year ended 31<sup>st</sup> March, 2013 and is presently facing acute liquidity problems on account of delayed realisation of trade receivables coupled with delays in commencement of commercial production at its biomass based power generation plants. Management is evaluating various options and addition to consolidation of business by focusing on core operations and disposing off the non-core assets, has also made reference to Corporate Debt Restructuring Cell ('CDR Cell') under the CDR mechanisms approved by the Board of Directors in their meeting duly held on 22<sup>nd</sup> March, 2013. The CDR Cell has accepted the Company's application in the meeting held on 26<sup>th</sup> April, 2013. The Company is in the process of complying with the conditions precedent to the restructuring process and obtaining the approval of the lending banks and the CDR Cell Empowered Group. The Management believes that the Company will be able to receive the approval of the CDR Cell in the due course and in view of the proposed restructuring of debt obligations, no adjustments are required in the financial statements and accordingly, these have been prepared on a going concern basis.

**Explanation to Point No. (ix) (a) & (xi) of the Annexure to the Auditor's Report on Standalone Financials of A2Z Maintenance & Engineering Services Limited**

In respect of auditor's observation in standalone financial statements regarding certain default in payment of interest and repayment of dues of banks and delay in depositing statutory dues:

It is clarified that the delay arose on account of delayed realisation of trade receivables coupled with delays in commencement of commercial production at its biomass based power generation plants.

**Explanation to Point No. (xxi) of the Annexure to the Auditor's Report on Standalone Financials of A2Z Maintenance & Engineering Services Limited**

During the year theft by unidentified individual of materials amounting to Rs. 29.17 Million and of cash amounting to Rs 3.82 Million have been reported against which the Company has filed an insurance claim with the Insurance Company. We have taken adequate safeguards to prevent theft of materials in future.

**Branch Audit:**

Pursuant to section 228(3) (a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval in the General Meeting, the accounts of a branch can be audited otherwise than by the Company's auditors and the Board of Directors, in consultation with the Company's auditors, can appoint such branch auditors.

Accordingly the approval of the shareholders is sought to authorise the Board of Directors of your Company to appoint in consultation with the Statutory Auditors of the Company any person other than the Statutory Auditors, the Auditors for any branch office of your Company, which is already opened or is to be opened.

Further the accounts of the abovementioned branches have been consolidated in the Company's financials.

**20. COST AUDITOR:**

M/s. Harendra Singh & Company, Cost Accountants were appointed as Cost Auditors of the Company to conduct cost audit for the financial year 2012-13. The Cost Audit Report for the Financial year 2012-13 is due to be filed with MCA on or before 27<sup>th</sup> September, 2013 (being within 180 days from the end of reporting year).

**21. 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 attached as **Annexure II to Director's Report**.

**22. CORPORATE GOVERNANCE REPORT**

Your Company strongly believes in maintaining high corporate governance standards. The company is regularly complying with the regulatory norms 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 Mr. Deepak Gupta, a partner of M/s DR Associates, Company Secretaries regarding Compliance with the conditions of Corporate Governance as stipulated in Clause 49 is annexed as Annexure-III to Corporate Governance.

Certificate of the CEO/CFO, inter alia, confirming the correctness of the financial statements, compliance with Company's Code of Conduct, adequacy of the Internal Control measures and reporting of matters to the Audit Committee in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, is attached in the Corporate Governance Report and forms part of this Report.

**23. 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, 2013 and of the profits or loss 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.

**24. 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. 491.89 Million
Outgo - Expenditure in Foreign Currency	-	Rs. 3.80 Million
CIF value of Imports	-	Rs. 12.82 Million

**25. 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: August 24, 2013**  
**Place: Gurgaon**

Sd/-  
(Surender Kumar Tuteja)  
Chairman



## Annexure I to Directors' Report

### A2Z STOCK OPTION 2010: STATUS AS ON 31.03.2013

S. NO	PARTICULARS	A2Z STOCK OPTION PLAN 2010
1	Number of Stock options granted	755,500
2	Pricing Formula	Rs. 314.13
3	Option Vested	231,100
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	212,250
8	Money realized upon exercise of options	NIL
9	Total number of option in force	543,250
10	(a) <b>Options granted to senior managerial personnel</b>	
	Mr.Surender Kumar Tuteja	25,000
	Mr. Ashok Kumar Saini	33,750
	Mr. Manoj Gupta	33,750
	Mr. Sanjeev Sharma	33,750
	Mr. Rajesh Jain	25,000
	Mr. Sunil B Chhibar	25,000
	Mr.Atul Kumar Agarwal	5,000
	(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. (2,972,047)
	(iii) The impact of this difference on profits and on EPS of the Company	-
	Profit including extra-ordinary items, as reported	Rs. (538,104,867)
	Add: Employee stock compensation under intrinsic value method	—
	Less: Employee stock compensation under fair value method*	Rs. (2,972,047)
	Pro-forma profit	Rs. (535,132,820)
	<b>Earnings Per Share</b>	
	<b>Basic</b>	
	As reported (including extra-ordinary items)	Rs. (7.25)
	Pro-forma	Rs. (7.21)
	<b>Diluted</b>	
	As reported (including extra-ordinary items)	Rs. (7.25)
	Pro-forma	Rs. (7.21)
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 Directors' Report

### LIST OF PERSONS EMPLOYED THROUGHTOUT THE FINANCIAL YEAR- NONE

### LIST OF PERSONS EMPLOYED FOR PART OF THE FINANCIAL YEAR

Name	Designation	Gross Remuneration In Rs.	Qualification	Years of Experience	Date of commencement of employment	Age	Last Employment	Last Designation
Mr.Rakesh Gupta	Group Chief Financial Officer	30,00,000/	B.Com, FCA	29	16 <sup>th</sup> May, 2007	51	M/s Nahar Industrial Enterprises Limited	Vice President

### Notes:

- Remuneration includes Salary, allowances, taxable perquisites, and Company's contribution to provident fund.
- Mr.Rakesh Gupta is not in relation to any director of the Company.
- Mr.Rakesh Gupta has resigned effective from 30<sup>th</sup> September, 2012.

# Management Discussion & Analysis

## Overview of the Company

The Company is operating in the business of Engineering, Procurement & Construction (EPC) for Power Transmission & Distribution Lines and Facilities Management Services (FMS). The company is further evolving into a business conglomerate involved in additional businesses such as Renewable Energy & Municipal Solid Waste Management segments directly and through its subsidiaries. The A2Z group ("A2Z") visions to be an Infrastructure Company providing solutions that promote Clean and Green Energy.

The company's primary source of its revenue today is EPC business, primarily in the Power Distribution segment where it helps in expanding reach of power to villages not yet connected to the grid and also helps in reducing Technical and Commercial losses. The FMS business provides housekeeping, security, hospitality and related services in Facility Management.

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 Management (MSW). A brief description of the business environment and our business lines is provided below.

## Macroeconomic Environment Overview

### Global Environment

The FY2013 started with fears of renewed global economic slowdown. The economic environment was affected by increased uncertainty. Much of the Europe was mired in recession due to it being trapped in vicious circle of debt, low growth & high employment. There were fears of considerable slowdown including the emerging economies. During the year, financial conditions have improved in the US. A highly stimulative monetary policy has encouraged risk-taking, leading to a rebalancing of private investors' asset portfolios toward riskier assets: equity prices have gained around 16% since end-November 2012; stock market volatility has been low and stable; and spreads between corporate bonds, especially high-yield ones, and government

bonds have continued to narrow. Credit standards have eased across major loan categories, reflecting progress with banks' balance sheet adjustments, and loan demand has strengthened. Credit continues to grow at a moderate but steady pace.

In Japan, the anticipation and the subsequent announcement of aggressive monetary policy easing has resulted in dramatic improvements in financial conditions.

In the euro area as a whole, market confidence has improved against the backdrop of the Outright Monetary Transactions (OMT) scheme and some progress in creating aspects of a banking union, despite the outcome of the Italian election and iterations around bail-in provisions in the recent Cyprus rescue agreement.

However, the financial conditions in emerging markets have tightened slightly since end-November 2012. Credit and monetary aggregates in most of these economies have been growing at a robust double-digit rate. Capital inflows into emerging markets moderated somewhat in the first quarter of 2013, with the notable exception of China.

Despite improved global financial conditions and reduced short-term risks, the world economy continues to expand at a subdued pace. After a marked downturn over the past two years, global economic activity is expected to slowly gain momentum in the second half of 2013 and 2014 on the back of accommodative monetary policies in developed and developing economies. Most world regions are likely to see a moderate pick-up in activity, but growth will continue to be below potential and employment gains, especially in developed economies, will remain weak at best.

The short-term risks associated with the situation in the euro area, the fiscal adjustments in the United States and the economic slowdown in large developing countries have diminished, but not disappeared. At the same time, new medium-term risks have emerged, including possible adverse effects of unconventional monetary measures in developed economies on global financial stability. These risks have the potential to once again derail the feeble recovery of the world economy.

In the absence of adverse events, growth in advanced economies should strengthen gradually after the middle of 2013 and through 2014, helped

by on-going support from accommodative monetary policies, improving financial market conditions and a gradual restoration of confidence.

[Source: United Nations ([www.un.org](http://www.un.org)), Development Policy & Analysis Division]

### India: Economic Environment

For the past three decades, the Indian economy has grown impressively, at an average annual rate of 6.4 percent. From 2002 to 2011, when the average rate was 7.7 percent, India seemed to be closing in on China. The economic potential of its vast population, expected to be the world's largest by the middle of the next decade, appeared to be unleashed as India jettisoned the stifling central planning and economic controls bequeathed it by the nation's other socialist founders.

While FY2013 had begun with great signs of optimism and growth rates of above 7% were projected by the Government of India & RBI. However, the initial growth estimates were proved to be grossly wrong and the final growth came close to only 5% down from 6.2% in FY2012. The constraints on the supply side coupled with increased resulted in higher inflation in early FY2013. Thus, the Reserve Bank of India (RBI) had to rein in the monetary policy. Consequently, GDP growth rate suffered a further drop to 5% in FY 2013.

The slowdown has been witnessed across all sectors. Headline inflation has remained stubbornly high, but inflation is expected to decline further as the effects of poor weather on food prices and hikes in administered prices fade coupled with the effects of the good monsoon. The exchange rate has seen a significant depreciation since early May 2013, hit by the US Fed's comments about tapering Quantitative Easing. The Reserve Bank of India (RBI) had to further tighten the policy in mid-July to stem the slide in the INR. The government has since announced a fresh wave of economic reforms in July 2013; FDI limits in key sectors such as telecoms, defence and insurance have been liberalized and a new bank licensing policy has been announced. While these reforms are a step in the right direction, a lot more will need to be done if India is to re-energize investment growth and business confidence.

High frequency indicators have remained downbeat. Industrial production fell by 1.6% year-on-year in May and goods exports declined by 4.6% in June.

But on the upside, given the danger of large external financing needs in current market conditions, the trade deficit narrowed noticeably in June 2013, driven largely by a fall in gold imports due to increase in I duty on imported gold.

The enduring size of India's current account deficit in the face of an ongoing growth deceleration is disconcerting, as it signals that the country has yet to undergo the external rebalancing needed to put the economy back onto an even keel. While Rupee is likely to remain volatile in the near term, it is expected that the rupee will regain some strength from current levels over the medium term.

### Macro Industry Overview / Industry Outlook EPC Business

One-fourth of the global population is still without access to electricity. This includes a large percentage of population in South Asia (including India) and Sub-Saharan Africa. India, as the world's fourth energy consumer has always experienced power demand-supply gap. The peak power deficit for FY 2013 is 8.7% (Source: Central Electricity Authority). At present levels the electrical energy requirement (EER) stands at 1,355 BUs, and is estimated to increase at a compounded annual growth rate of 8.55% by 2016-17. This power deficit, coupled with increasing demand, provides significant growth opportunities for India's power sector.

A large number of power projects (XI and XII five year plans) are under construction to overcome the power shortages and meet the growing energy requirements in the country. However, the sector has been encountering problems on account of fuel shortages, delays in award of contracts, bidding issues, land acquisition, environmental clearances and tardy implementation of reforms, slippages in capacity addition, transmission/open access constraints and high Aggregate Technical & Commercial (AT & C) losses in the country.

Over the Twelfth Five Year Plan (2012-13 to 2016-17), power demand growth is expected to be at 6.2 per cent due to slowing demand growth from the industrial and commercial segments on account of muted GDP growth. This is despite significant latent demand, translating to a healthy 10 per cent CAGR for the domestic segment, and strong substitution demand, arising on account of gradual shift to grid power from diesel-based generation. [Source: Crisil]

In the Eleventh Five Year Plan (2007-08 to 2011-12) the power demand to GDP growth ratio was 0.83. In the Twelfth Plan, this ratio is expected to improve to 0.9, based on demand growth expectations of 6.2 per cent. At the same time, power generation capacities are expected to grow at a faster pace of about 7 per cent CAGR, with 68 GW of capacity additions. Consequently, for the first time in many decades, adequate generation capacities will be available.

The draft 12<sup>th</sup> Five year plan recommends a capacity addition of 88,537 MW as compared to 54,964 MW added during the 11<sup>th</sup> Five year plan. An additional 30,000 MW of renewable energy capacity addition has been targeted. Hence, there is an immediate need to create power transmission infrastructure to support this planned generation capacity expansion.

The 12<sup>th</sup> Five year plan also targets transmission line addition of 1,07,440kms. On account of multifold increase in 765 KV transmission lines addition, which requires higher investment. During this period, the Central Transmission Utility, Power Grid Corporation of India (PGCIL) plans to invest INR 1,00,000crores in a phased manner for transmission line system.

India's power sector reforms in 2013 would be led by the distribution segment, armed with the recently-announced debt restructuring package for state utilities. The Centre has backed the package with measures to ensure it does not meet the same fate as the one-time-settlement scheme of 2001. Also, most states have defeated political interference on revising retail rates, which will show in healthy balance sheets of financially-ill discoms.

The distribution sector reform, coupled with easing fuel supply constraints, duty measures for protection of the domestic equipment industry and the interest rate regime, will be the key factor affecting growth of the sector over the next year.

The transmission line industry structure is characterized by a few dominant buyers mostly in the government sector, fragmented and small subcontractors, entry of increasing number of new players with not having experience and probably no long term interest in the industry. Today, profitability of this industry has come under severe pressure mainly due to the following factors:

- 1) Lack of liquidity in the market accompanied by slow responses of the banking sector in making

working capital available to the industry on time, has not only resulted in high interest cost but also cash crunch.

- 2) Transmission and distribution line projects are nature necessitate design and scope changes. Slow decision making by the buyers in making payments, granting legitimate cost increases and providing right of way on time have put additional burden on companies in this segment. As a result, projects are delayed and consumers of power suffer.
- 3) Right of Way (ROW): It is the need of the hour to develop a high-intensity transmission corridor (enhanced MW per meter ROW) in an environment-friendly manner.

#### **FMS business**

The facility management sector in India is a thriving US \$ 8-10 billion industry and is growing at a rate of approx. 25% per annum. The potential market size, however, is significantly larger as shown alongside over 60% of FM services are currently performed in-house, creating a large base of potential clients for third-party FM players.

Due to low entry barriers, the Indian industry is highly fragmented with very large number of unorganized players. Over 90% of the Indian facility management industry is un-regulated.

The growth in BPO, IT &ITeS, Retail sector and Real estate & property sector is the major growth driver for the sector. Slowly but steadily, the organized players are making inroads beyond the metropolitan areas.

Traditionally the FM business has been focused on serving the IT / ITES industry and MNCs. However, the future growth of FM players will be driven by launching new services and wider adoption of service providers by other industries and government.

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 both, public and private sector clients.

### Renewable Energy Generation

Power or electricity is one of the most critical components of infrastructure affecting economic growth and well-being of nations. The existence and development of adequate infrastructure is essential for sustained growth of the Indian economy.

The Indian power sector is one of the most diversified sectors in the world. Power in India is generated from commercial sources like coal, lignite, natural gas, oil, hydro and nuclear power as well as other viable non-conventional sources like wind, solar, agriculture and domestic waste. The demand for electricity in the country has been growing at a rapid rate and is expected to increase further in the years to come. In order to meet the increasing requirement of electricity, massive addition to the installed generating capacity in the country is required.

With countries across the globe fast taking to the use of renewable energy resources, India has progressed well in adapting to both solar and wind energy on a large scale. Many states in the country like Gujarat and Madhya Pradesh have contributed tremendously in their support to use of renewable energy.

India is the fifth largest producer and consumer of electricity in the world after the US, China, Japan and Russia. It has a market potential of €2 billion (US\$ 2.66 billion) [source: [www.ibef.org](http://www.ibef.org)] for setting up high-voltage transmission lines by 2018. The high-voltage direct current (HVDC) market is estimated at €50 billion (US\$ 66.44 billion) in the next 10 years.

India is set to become a global manufacturing hub with investments across the value chain. About 82 gigawatt (GW) worth of generation capacity is set to be added during FY11-FY15; future investments will benefit from strong demand fundamentals, policy support, and increasing government focus on infrastructure.

The investment climate is very positive in the power sector. Due to surge in the sector, the power sector has witnessed higher investment flows than envisaged. The power ministry has set a target for adding 76,000 megawatt (MW) of electricity capacity in the 12th Plan and 93,000 MW in the 13th Five-Year Plan (2017-2022).

The industry attracted foreign direct investment (FDI) worth Rs 36,200.05 crore (US\$ 6.10 billion) during April 2000 to April 2013.

The key drivers for the renewable energy sector in India include the huge demand-supply gap, especially with increase in population; tax related regulatory 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), as 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.

While the renewable energy has emerged as the new growth area in the Indian power sector, with most of the public and private players coming up with plans to tap the potential market, on back of favorable government policies and initiatives. A2Z has pioneered biomass based energy generation in the country by setting up 3 x 15MW biomass based power plants in the state of Punjab. The plants at Nakodar and Fazilka have started generating power and are undergoing trial runs, whereas the plant at Morinda is in advanced stages of completion. The company has also set up a 15 MW power plant at Kanpur under A2Z Infrastructure Ltd. in Kanpur which has already generating Power.

### MSW business

The municipal waste generation is rapidly increasing in India with population expansion, increasing urbanization 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 120,000 MT of MSW is generated daily in the country and per capita waste generation in major cities ranges from 0.20 kg to 0.60 kg. [Source: European Commission [www.ec.europa.eu](http://www.ec.europa.eu)].

India is now among the top 10 countries generating the highest amount of Municipal Solid Waste (MSW) due to growing urbanization and high consumption, as per a report published by Worldwatch Institute in 2012. The MSW is becoming a serious health hazard for our citizens and posing a big challenge



in keeping the upkeep of our cities. Such large volumes of waste create environmental pollution damaging quality of air, water and soil by emission of toxic substances. As such there is an urgent requirement to find ways of disposing the municipal waste in the country while adopting the most efficient and cost-effective techniques which will also help to reduce the Green House Gas emissions, mitigate the Climate Change impact and combat the Global Warming phenomenon.

The collection efficiency of waste in India 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).

The budget for FY2014 also envisaged a scheme encouraging municipalities and cities to convert municipal solid waste to energy. The scheme, to be implemented on PPP basis, will be neutral to different technologies. The budget promised support to project implementing agencies (municipalities, urban local bodies, etc.) with different financial instruments like viability gap funding, repayable grant, access to low-cost capital, etc.

According to the Report of the Working Group on Financing Urban Infrastructure, the estimated urban investment requirement for the 20-year period from 2012-13 to 2031-32, as projected is Rs. 39.2 lakh crore out of which Rs. 48,582 crore will be invested in MSWM. Currently, India does have a few MSW-based power generation projects in the private sector. However, they suffer from high generation costs. The steps being envisaged by the government will go a long way in improving the fortunes of this sector.

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 ~7834 tons per day (TPD) in 15 cities; (b) the collection and transportation (C&T) of MSW of an aggregate capacity of ~1,030 TPD in 3 cities; and (c) the processing and disposal

(P&D) of MSW of an aggregate capacity of ~995 TPD in 10 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:

- Proven project execution capabilities and demonstrated track record In-house engineering capabilities and strong quality management systems
- Ability to identify new business opportunities and scale businesses in high growth sectors
- 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, renewable energy generation 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 our EPC business geographically, MSW management, Renewable Energy Generation and FMS businesses
- 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;
- High rate of inflation;
- Government policies.
- 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 Projects 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 the name "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

Statement 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

In compliance with corporate governance requirement under Clause 49 of the Listing Agreements and other requirements of SEBI and Stock Exchanges, the Company's policies on Corporate Governance for the year ending on 31<sup>st</sup> March, 2013, are set out below for the information of Shareholders of the Company.

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

Corporate Governance philosophy is the collective efforts to achieve business excellence, improving efficiency as well as enhancing investors' confidence. Your Directors are committed to practice sound governance principles and believe endlessly. Strong Governance practices and transparency in the Company will be helpful to boost the stakeholder's confidence which will result in improved market capitalization. We, at A2Z follows core principles of governance like integrity, fairness, equity, transparency, accountability, disclosures, commitment to values and compliances to enhance the value for all stakeholders.

### 2. BOARD OF DIRECTORS

The Company believes that an effective, well informed and independent Board ("the Board") is necessary to ensure highest standards of Corporate Governance. The composition of Board of Directors of the Company is in accordance with the Companies Act, 1956 and Clause 49 of the Listing Agreement of the Stock Exchanges. Your Company has an appropriate Combination of executive, non-executive and independent directors to maintain independence and efficiency of the Board including its functions of governance and management.

The Board is professionally expertise and experienced in finance, commercial, technology and other related fields, which impart the desired level of independence to the Board. The Board reviews and admires the strategy and oversees the actions and results of management to ensure the achievement of long term objectives.

The Board's role, functions, responsibilities and accountability are clearly defined. The day-to-day management of the Company is entrusted with the senior management personnel of the Company and is headed by the Managing Director who does overall supervision, direction and control of the Board of Directors. The Board of Directors comply the provisions of listing agreement in regards to the meetings of the Board and Committee thereof. The Management and Board of the Company continuously and actively supervise the arena of corporate strategy, planning, external contracts and other Board matters on continual basis. The senior management personnel heading separate division are responsible for day-to-day operations of their respective division.

#### 2.1 Composition and Category of Directors

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. As on 31<sup>st</sup> March, 2013, the Board of Directors ("Board") comprises of Four (4) Directors and One (1) Alternate Director. Amongst them One (1) Non-Executive Independent Chairman, two (2) Executive Directors, one of whom is Managing Director, and One (1) Non-Executive Non-Independent Director.

The independent director(s) neither have any pecuniary relationship or transactions with the company, nor with the promoters, and management, which may affect independence or judgment of the directors in any manner. The Board periodically evaluates the need for change in its composition and size.

#### 2.2 Number of Board Meetings

The Boards of Director overseas 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 and for this Members of the Board of Directors of the Company meet frequently, as per the occasion(s) arise and as per the statutory requirement. In case of any exigency/ emergency, resolutions are passed by circulation. The Board of Directors met nine (9) times during the financial year ended 31<sup>st</sup> March, 2013 i.e. on 12<sup>th</sup> May, 2012, 23<sup>rd</sup> August, 2012 (originally convened on 13<sup>th</sup> August, 2012), 3<sup>rd</sup> November, 2012, 5<sup>th</sup> February, 2013, 8<sup>th</sup> February, 2013, 2<sup>nd</sup> March, 2013, 20<sup>th</sup> March, 2013, 22<sup>nd</sup> March, 2013 and 26<sup>th</sup> March, 2013 The maximum gap between any two meetings was less than four months, as stipulated under Clause 49.

#### 2.3 Directors' Attendance Record and other directorship(s)

As mandated by Clause 49, none of the Directors is a member of more than 10 Board level committees, or Chairman of more than 5 committees in which he is a member. Requisite information as per the requirement of Clause 49 of the Listing Agreement is provided in the following table:

Name of the Director	Category	No. of other Directorships and Committee member-ships/chairmanships <sup>1</sup>			Attendance Particulars		Whether attended last AGM
		Other Director-ships	Commit-tee Member-ships <sup>2</sup>	Commit-tee Chair-man-ships <sup>2</sup>	No of Board Meeting held	No of Board Meeting Attended	
Mr. Surender Kumar Tuteja	Non-Executive & Independent Director	14	5	4	9	8	No
Mr. Amit Mittal	Executive & Non-Independent Director	4	-	-	9	9	Yes
Ms. Dipali Mittal	Executive & Non-Independent Director	6	-	-	9	7	Yes
Mr. Gaurav Mathur <sup>3</sup>	Non-Executive & Non-Independent Director	1	-	-	9	8	No
Mr. Rakesh Radheyshyam Jhunjunwala <sup>4</sup>	Non-Executive & Non-Independent Director	-	-	-	9	-	No
Mr. Brij Raj Singh <sup>5</sup>	Non-Executive & Non-Independent Director	-	-	-	9	3	No
Mr. Manish Gupta <sup>6</sup>	Non-Executive & Non-Independent Director	-	-	-	9	6	No
Mr. Rajeev Thakore <sup>7</sup>	Non-Executive & Independent Director	-	-	-	9	6	Yes
Mr. VinodSagar Wahi <sup>8</sup>	Non Executive and Independent Director	-	-	-	9	6	Yes

- Directorships held by directors as mentioned above, do not include directorship held in the Company, 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 do not include chairmanship of committee(s) as it has been provided separately.
- Nominee Director of Lexington Equity Holdings Limited. Attended all Board meetings through his Alternate Director Mr. Supratim Banerjee.
- Resigned as director with effect from 15<sup>th</sup> October, 2012.
- Nominee Director of Beacon India Investors Limited attended 3 Board meetings, out of which two (2) meetings through his Alternate Director Mr. Arjun Balan and one (1) meeting in person. Mr. Arjun Balan has resigned as Alternate Director on 24<sup>th</sup> September, 2012 and Mr. Brij Raj Singh has resigned as Nominee Director with effect from 27<sup>th</sup> February, 2013.
- Nominee Director of Mr. Rakesh Radheyshyam Jhunjunwala has resigned from the directorship of the Company with effect from 13<sup>th</sup> March, 2013
- Resigned with effect from 13<sup>th</sup> March, 2013
- Resigned with effect from 19<sup>th</sup> March, 2013
- 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 as on 31<sup>st</sup> March, 2013 are as follow:**

S. No	Name of the Director	No. of Shares	Percentage (%) of Holding
1	Mr. Amit Mittal	26,884,301	36.24
2	Mrs. Dipali Mittal	1,170,000	1.58

No other director is holding any shares in the company.

## **2.4 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, 2013 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) Composition and Terms of Reference**

The Audit Committee comprises of Three (3) Directors, two (2) of them are Non-Executive Directors. The Chairman of the Audit Committee is an Independent Director. The Company Secretary acts as the Secretary to the Audit Committee. However as per Clause 49 of the Listing Agreement two-thirds of the members of the Audit Committee Should be Independent Directors hence the Company is in process of finding an Independent Director to comply the provisions of Listing Agreement.

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 recommends the appointment and reappointment of Statutory Auditor, Cost Auditor and Internal Auditor etc., 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) Meetings and Attendance**

During the financial year ending on 31<sup>st</sup> March, 2013, the Committee met five (5) times i.e. on 12<sup>th</sup> May, 2012, 23<sup>rd</sup> August, 2012 (Originally convened on 13<sup>th</sup> August, 2012), 3<sup>rd</sup> November, 2012, 5<sup>th</sup> February, 2013 and 26<sup>th</sup> March, 2013.

The composition and the attendance of members at the meetings held during the financial year ending on 31<sup>st</sup> March, 2013, are given below:

Member	Designation	Category of Directorship	Number of Meeting attended
Mr.Surender Kumar Tuteja	Chairman	Non-Executive & Independent Director	4
Mr. Rajeev Thakore <sup>1</sup>	Member	Non-Executive & Independent Director	4
Mr.Vinod Sagar Wahi <sup>2</sup>	Member	Non-Executive & Independent Director	4
Mr. Manish Gupta <sup>3</sup>	Member	Non-Executive & Non Independent Director	4
Mr. Gaurav Mathur / Mr. Supratim Banerjee (Alternate to Mr.Gaurav Mathur) <sup>4</sup>	Member	Non-Executive & Non Independent Director	1
Mrs. Dipali Mittal <sup>5</sup>	Member	Executive & Non-Independent Director	1



1. Resigned on 13<sup>th</sup> March, 2013
2. Resigned on 19<sup>th</sup> March, 2013
3. Resigned on 13<sup>th</sup> March, 2013
4. Nominee Director of Lexington Equity Holdings Limited. Appointed as a member of Audit Committee w.e.f. 20<sup>th</sup> March, 2013. Attended Committee Meeting through Alternate Director, Mr. Supratim Banerjee.
5. Appointed as the member of committee w.e.f 20<sup>th</sup> March, 2013

Mr. Atul Kumar Agarwal, Company Secretary cum Compliance Officer is the Secretary to the Committee.

### 3.2 Remuneration cum Compensation Committee

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

The Remuneration Committee comprises of (2) Non-Executive Directors, consisting one Independent Director, and one Non-Executive Non Independent Director, 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) Meetings and Attendance

During the financial year ended 31<sup>st</sup> March, 2013, the Committee met once i.e. on 13<sup>th</sup> August, 2012. The details of the attendance of the members at the committee meetings during the financial year ended 31<sup>st</sup> March, 2013 is given below:

Member Director	Designation	Category of Directorship	Number of Meeting attended
Mr. Surender Kumar Tuteja	Chairman	Non-Executive & Independent Director	1
Mr. Vinod Sagar Wahi <sup>1</sup>	Member	Non-Executive & Independent Director	1
Mr. Rajeev Thakore <sup>2</sup>	Member	Non-Executive & Independent Director	1
Mr.Gaurav Mathur / Mr.Supratim Banerjee (Alternate to Mr.Gaurav Mathur) <sup>3</sup>	Member	Non-Executive & Non Independent Director	NIL

1. Resigned on 19<sup>th</sup> March, 2013
2. Resigned on 13<sup>th</sup> March, 2013
3. Nominee Director of Lexington Equity Holdings Limited. Appointed as a member of Remuneration cum Compensation Committee w.e.f. 20<sup>th</sup> March, 2013.

#### (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. However Board of Directors of the Company in their meeting duly held on 12<sup>th</sup> May, 2012 has decided to give commission maximum up to Rs. 10 lacs to each of the Independent Directors.

Regarding payment of commission amounting to Rs. 10,00,000/- (Rupees Ten Lacs only) each which was payable to Independent Directors i.e. Mr. Surender Kumar Tuteja, Mr.Vinod Sagar Wahi and Mr. Rajeev Thakore for the year ended 31<sup>st</sup> March, 2012, considering the low profitability of the Company and non-recommendation of any dividend to shareholders of the Company for the financial year ended 31<sup>st</sup> March, 2012, the said directors on



their own accord waived off the payment of above said commission and relinquished all their claims, interest, and benefits in relation to that.

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, 2013 is as under:

(Amount in Rs.)

Sr. No	Name of Director	Sitting Fee Paid	Commission
1.	Mr. Brij Raj Singh <sup>1</sup>	1,00,000	-
2.	Mr. Surender Kumar Tuteja	3,20,000	-
3.	Mr. Vinod Sagar Wahi	3,60,000	-
4.	Mr. Rajeev Thakore	1,80,000	-
5.	Mr. Manish Gupta	2,00,000	-
6.	Mr. Rakesh Radheyshyam Jhunjhunwala	-	-
	<b>Total</b>	<b>11,60,000</b>	<b>-</b>

1. Mr. Brij Raj Singh is the Nominee Director of Beacon India Investors Limited.

Remuneration paid to Managing Director and Whole Time Director and commission payable for financial year ended 31<sup>st</sup> March, 2013 is as follows:

(Amount in Rs.)

Sr. No	Name	Category	Salaries	Commission	Term
1	Mr. Amit Mittal	Managing Director	1,42,53,744	NA	5 years (till 31 <sup>st</sup> December, 2014)
2	Mrs. Dipali Mittal	Whole time Director	15,26,397	N.A	5 years (31 <sup>st</sup> March, 2015)

### 3.3 Shareholders and Investors Grievance Committee

The Shareholders and Investors Grievance Committee comprises of three (3) Directors consisting two (2) Executive Non Independent Directors and One (1) Non Executive & Non 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.

During the financial year ended 31<sup>st</sup> March, 2013, the Committee met Four (4) times i.e. on 12<sup>th</sup> May, 2012, 13<sup>th</sup> August, 2012, 3<sup>rd</sup> November, 2012 and 5<sup>th</sup> February, 2013.

The composition and the attendance of members at the meetings held during the financial year ended 31<sup>st</sup> March, 2013, are given below:

S. No.	Name of the Director	Designation	Category	No of meetings Attended
1.	Mrs. Dipali Mittal <sup>1</sup>	Member	Executive & Non Independent Director	2
2.	Mr. Rajeev Thakore <sup>2</sup>	Member	Non-Executive & Independent Director	2
3.	Mr. Vinod Sagar Wahi <sup>3</sup>	Member	Non-Executive & Independent Director	4
4.	Mr. Amit Mittal	Member	Executive & Non Independent Director	4
5.	Mr. Gaurav Mathur/ Mr. Supratim Banerjee (Alternate to Mr. Gaurav Mathur) <sup>4</sup>	Chairman	Non-Executive & Non Independent Director	NIL

1. Ceased to be Member of the Committee on 13<sup>th</sup> August, 2012, however she has been appointed as Member of the Committee effective from 20<sup>th</sup> March, 2013.

2. Resigned as member w.e.f. 13<sup>th</sup> March, 2013

3. Resigned as Chairman of committee w.e.f. 19<sup>th</sup> March, 2013

4. Appointed as Chairman of committee effective from 20<sup>th</sup> March, 2013

Mr. Atul Kumar Agarwal is the Company Secretary cum Compliance officer of the Company. .  
During the year under review no complaint was received by the Company.

### 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 to consider various business matters and delegated their powers and responsibilities with respect to specific purposes.

### 4. SUBSIDIARY COMPANIES

The Company has 15 direct and 23 indirect subsidiary companies. A2Z Infraserivces Limited, Direct Subsidiary of the Company is a material non listed subsidiary of the Company. In Compliance of the provisions of Clause 49 of the Listing Agreement, A2Z Infraserivces Limited has appointed Mr. Vinod Sagar Wahi as Non-Executive Director on its Board effective from 18<sup>th</sup> March, 2010.

However, Mr. Vinod Sagar Wahi has resigned from the Directorship of Company and A2Z Infraserivces Limited effective from 19<sup>th</sup> March, 2013 and 18<sup>th</sup> March, 2013 respectively.

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 Acting 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 of the Company were held as follows:

Financial Year ended 31 <sup>st</sup> March	Venue	Date	Time	Special Resolution passed
2012	HSI IDC Hall, Phase-V, Udyog Vihar, Gurgaon-122016, Haryana	29 <sup>th</sup> September, 2012	10:30 AM	1) Approval of Remuneration of Mr. Amit Mittal, Managing Director for the remaining tenure of his appointment i.e. 1 <sup>st</sup> January, 2013 to 31 <sup>st</sup> December, 2014 2) Approval of Remuneration of Ms. Dipali Mittal, Whole time Director for the remaining tenure of her appointment i.e. 1 <sup>st</sup> April, 2013 to 31 <sup>st</sup> March, 2015
2011	Convention cum Exhibition Hall, Epicentre at Apparel House, Sector-44, Gurgaon-122003, Haryana	29 <sup>th</sup> September, 2011	10.30 A.M	N.A
2010	O-116, 1 <sup>st</sup> Floor, DLF Shopping Mall, ArjunMarg, DLF City 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 F.Y 2010-11.

## 7.1 POSTAL BALLOT

The details of ordinary resolutions passed through postal ballot during the financial year ending on 31<sup>st</sup> March, 2013.

Date of Passing	Special Resolution Passed
22 <sup>nd</sup> March, 2013	The company conducted the postal ballot (Through electronic and physical mode) during the year for Change in utilization of the proceeds from the Initial Public Offering ("IPO") of equity shares made in pursuance of the Prospectus and to utilize the proceeds from the IPO for purposes other than those mentioned in the Prospectus under Section 61 of the Companies Act, 1956 as modified through postal ballot pursuant to a notice dated July 25, 2011. The notice of postal ballot was sent to all the members on 18 <sup>th</sup> February, 2013, and the result was declared on 22 <sup>nd</sup> March, 2013

Mr. Deepak Gupta, Practicing Company Secretary (a partner of "DR Associates, Company Secretaries), who was appointed as scrutinizer, has submitted his report on conducting of Postal Ballot on 22<sup>nd</sup> March, 2013 and the result of the Postal Ballot was as follows:

Particulars	No. of Postal Ballot Forms/e-votes	No. of Shares	% of Total Net Valid Votes (in %)	% of Total Paid-up Equity Shares
a) Total Postal Ballot Forms /e-votes Received	187*	3,35,58790	N.A.	45.241%
b) Less : Invalid Postal Ballot Forms/ e-votes received	17	5,241	N.A.	0.007%
c) Net Valid Postal Ballot Forms/e-votes received	170	3,35,53549	N.A.	45.234%
d) Postal Ballot Forms/e-votes with assent	147	3,35,18268	99.89%	45.186%
e) Postal ballot Forms/e-votes with dissent	23	35,281	0.11%	0.048%

\* Includes 73 members having 2,90,04,591 shares who voted through e-voting facility of NSDL.

Accordingly, the votes casted 'FOR' the resolution are 99.89% of the total valid votes cast and the votes casted 'Against' the resolution are 0.11% of total valid votes casted.

## 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, 2013.

## 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 during the last three year.

**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

D R 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. Business Standard (English & Hindi dailies) the local newspapers 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).

**10.4.** Communication to shareholders on email: As mandated by the Ministry of Corporate Affairs (MCA) documents like Notices, Annual Report, etc. were sent to the shareholders at their email address, as registered with their Depository Participants/ Company/ RTA. This helped in prompt delivery of document, reduce paper consumption, save trees and avoid loss of documents in transit.

**10.5.** NEAPS (NSE Electronic Application Processing system): NEAPS is a web based application designed by NSE for corporates. Shareholding Pattern and Corporate Governance Report of every Quarter are also filed electronically on NEAPS.

**10.6.** SCORES (SEBI complaints redressal system): SEBI has commenced processing of investor complaints in a centralized web based complaints redressal system i.e SCORES. Through this system a shareholder can lodge complaint against a company for his grievance. The company uploads the action taken on the complaint which can be viewed by the shareholder. The company and investor can seek and provide clarifications online to each other.

## 11. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

## 12. SHAREHOLDERS GENERAL INFORMATION

### 12.1 12<sup>th</sup> Annual General Meeting

<b>Date</b>	: 28 <sup>th</sup> September, 2013
<b>Day</b>	: Saturday
<b>Time</b>	: 10.30 A.M
<b>Venue</b>	: HSIIDC Hall, Udyog Vihar, Phase-V, Gurgaon-122016, Haryana, India

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

<b>Financial year</b>	: April 1 to March 31
<b>Results for the quarter ending</b>	: Actual/Tentative Date for approval
30 <sup>th</sup> June, 2013	: 10 <sup>th</sup> August, 2013 (Saturday)
30 <sup>th</sup> September, 2013	: Mid of November, 2013
31 <sup>st</sup> December, 2013	: Mid of February, 2014
31 <sup>st</sup> March, 2014	: Latest by 30 <sup>th</sup> May, 2014.

### 12.3 Date of Book Closure

The Register of members and Share Transfer books of the Company will remain closed from Saturday 21<sup>st</sup> September, 2013 to Saturday, 28<sup>th</sup> September, 2013 (both days inclusive) for the purpose of Annual General Meeting.

#### 12.4 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
BSE Limited (formerly The Bombay Stock Exchange Limited) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	533292	Paid

#### 12.5 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.

#### 12.6 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 2012-13 are as under

BSE: (In Rs.)				
	A2Z Stock		Sensex	
Month & Year	High	Low	High	Low
April, 2012	130.25	95.00	17,664.10	17,010.16
May, 2012	111.90	83.70	17,432.33	15,809.71
June, 2012	111.15	93.00	17,448.48	15,748.98
July, 2012	116.40	72.35	17,631.19	16,598.48
August, 2012	91.45	56.10	17,972.54	17,026.97
September, 2012	72.90	56.50	18,869.94	17,250.80
October, 2012	78.40	56.20	19,137.29	18,393.42
November, 2012	63.80	55.15	19,372.70	18,255.69
December, 2012	68.50	55.90	19,612.18	19,149.03
January, 2013	62.70	37.00	20,203.66	19,508.93
February, 2013	41.70	27.80	19,966.69	18,793.97
March, 2013	33.45	15.95	19,754.66	18,568.43

NSE (In Rs.)				
	A2Z Stock		Nifty	
Month & Year	High	Low	High	Low
April, 2012	130.30	96.15	5,378.75	5,154.30
May, 2012	111.45	84.00	5,279.60	4,788.95
June, 2012	111.10	93.25	5,286.25	4,770.35
July, 2012	115.95	73.00	5,348.55	5,032.40
August, 2012	91.85	56.15	5,448.60	5,164.65
September, 2012	72.55	56.20	5,735.15	5,215.70

October, 2012	78.40	56.50	5,815.35	4,888.20
November, 2012	63.70	57.40	5,885.25	5,548.35
December, 2012	68.60	56.00	5,965.15	5,823.15
January, 2013	62.70	36.95	6,111.80	5,935.20
February, 2013	41.65	28.00	6,052.95	5,671.90
March, 2013	33.75	15.85	5,971.20	5,604.85

### 12.7 (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 executes, transfers 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**

Alankit House,  
2E/21, Jhandewalan Extension  
New Delhi - 110 055  
Ph.: +91 11 42541234, 23541234  
Fax: +91 11 23552001  
Email: [info@alankit.com](mailto: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.

### 12.8 Distribution of Shareholding

(a) By number of shareholder & shares as on 31<sup>st</sup> March, 2013

Sr. No	Range of Shares	No of Shareholders	% of total shareholders	No of Shares	% of Shares to total shares
1	1-100	13,665	52.57	6,68,812	0.90
2	101-500	8,352	32.13	22,75,726	3.07
3	501-1000	1,852	7.12	14,90,103	2.01
4	1001-5000	1,708	6.57	37,29,957	5.03
5	5001-10000	211	0.81	14,73,697	1.99
6	10001-20000	121	0.47	16,89,530	2.28
7	20001-30000	21	0.08	5,25,299	0.71
8	30001-40000	12	0.05	4,20,138	0.57
9	40001-50000	8	0.03	3,79,200	0.51
10	50001-100000	18	0.07	13,28,988	1.79
11	100001-500000	19	0.07	40,85,631	5.51
12	500001 and above	9	0.03	5,61,10,613	75.64
	<b>Total</b>	<b>25,996</b>	<b>100.00</b>	<b>7,41,77,694</b>	<b>100.00</b>



(b) By category of shareholders as on 31<sup>st</sup> March, 2013:

Sr. No	Category of Shareholder	Total number of shares	% of Holding
I	<b>Shareholding of Promoter and Promoter Group</b>		
	(a) Indian	3,31,41,640	44.68
	(b) Foreign		-
	Total Shareholding of Promoter & Promoter Group	3,31,41,640	44.68
(II)	<b>Public shareholding</b>		-
	<b>(A) Institutions</b>		-
	(a) Mutual Funds/ UTI	-	-
	(b) Financial Institutions / Banks	69,569	0.09
	(c) Central Government/ State Government(s)	-	-
	(d) Venture Capital Funds	-	-
	(e) Insurance Companies	-	-
	(f) Foreign Institutional Investors	2,75,532	0.37
	(g) Foreign Venture Capital Investors	54,49,627	7.35
	(h) Qualified Foreign Investor	-	-
	(i) Any Other (specify)	-	-
	<b>B Non-institutions</b>		-
	(a) Bodies Corporate	61,41,880	8.28
	(b) Individuals		-
	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	81,75,545	11.02
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	1,61,34,946	21.75
	(c) Qualified Foreign Investor	-	-
	(d) Any Other (specify)		-
	(d-i) Non Resident Indian	3,94,690	0.53
	(d-ii) Corporate Body (Foreign Body)	43,93,085	5.92
	(d-iii) Trust	1,180	0.00
	<b>Total Public Shareholding (A+B)</b>	<b>4,10,36,054</b>	<b>55.32</b>
	<b>GRAND TOTAL (I+II)</b>	<b>7,41,77,694</b>	<b>100.00</b>

### 12.9 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).

Details of Shares in Dematerialised and Physical Form:

Particulars of Shares	Equity Shares of Rs. 10 each		Shareholding	
Dematerialized	Number	% of Total Shares	Number	% of Total Shares
NSDL	6,45,09,250	86.97	15,390	59.20
CDSL	96,36,298	12.99	10,486	40.34

Sub total	7,41,45,548	99.96	25,876	99.54
Physical form	32,146	0.04	120	0.46
Total	7,41,77,694	100.00	25,996	100.0

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

#### 12.11 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 21<sup>st</sup> April, 2011 and 29<sup>th</sup> 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 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 31<sup>st</sup> 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.

All communications to members shall be sent via e-mail and shall also be posted at the website of the company [www.a2zgroup.co.in](http://www.a2zgroup.co.in). The members who wish to receive the Annual Report in physical form are requested to inform the compliance officer at address or id given below.

#### 12.12 Address for Correspondence

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

Company Secretary cum Compliance Officer  
A2Z Maintenance & Engineering Services Limited  
Corporate Office  
Plot No.-B-38, 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**

Alankit House,  
2E/21, Jhandewalan Extension  
New Delhi - 110 055  
Ph.: +91 11 42541234, 23541234  
Fax: +91 11 23552001  
Email: [info@alankit.com](mailto:info@alankit.com)

#### 12.13 Plant Locations

**The location of company’s plants is as mentioned below:**

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

**12.14 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.

**12.15 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-CODE OF CONDUCT**

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 ending on March 31, 2013.

**For A2Z Maintenance and Engineering Services Limited**

**Place: Gurgaon**  
**Date: 29.05.2013**

**Sd/-**  
**Ashok Kumar Saini**  
**Chief Executive Officer**

**Annexure – II to CG Report****CERTIFICATE PURSUANT TO CLAUSE 49 (V) OF THE LISTING AGREEMENT**

We, Amit Mittal, Managing Director and Manoj Khetan, Acting Chief Financial Officer of A2Z Maintenance & Engineering Services Limited, to the best of our knowledge and belief certify that:

1. We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the year ended 31<sup>st</sup> March, 2013 and its entire schedule and notes on accounts, as well as the Cash Flow Statement.
2. To the best of our knowledge and information:
  - (a) These statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading;
  - (b) 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.
3. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company, which are fraudulent, illegal or violate the company's code of conduct.
4. We have established and maintained internal control systems for financial reporting and procedures for the Company, and we have evaluated the effectiveness of internal controls and procedures pertaining to financial reporting and there are no deficiencies in the design or operation in the internal controls, which we have already disclosed to the auditors and Audit Committee.
5. We have informed to the auditors and the Audit committee:
  - (a) That there is no significant changes in internal control over financial reporting during the year;
  - (b) That there is no changes in accounting policies during the year and
  - (c) That there is no instance of fraud

Sd/-  
Amit Mittal  
Managing Director

Sd/-  
Manoj Khetan  
Acting Chief Financial Officer

Place: Gurgaon  
Date 29.05.2013

**Annexure – III to CG Report****CORPORATE GOVERNANCE CERTIFICATE**

The Shareholders  
A2Z Maintenance & Engineering Services Limited

We have examined the compliances of conditions of Corporate Governance by A2Z Maintenance & Engineering Services Limited, for the year ended 31<sup>st</sup> March, 2013 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 has been limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. Or examination may not be construed as 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 abovementioned Listing Agreements.

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

**For DR Associates,  
Company Secretaries**

Place: New Delhi  
Date: 24.08.2013

Sd/-  
Deepak Gupta, Partner  
CP No. 4629

# Independent Auditors' Report

## To the Members of A2Z Maintenance & Engineering Services Limited

### Report on the Financial Statements

1. We have audited the accompanying financial statements of A2Z Maintenance & Engineering Services Limited, ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial

statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- ii) in the case of Statement of Profit and Loss, of the loss for the year ended on that date; and
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

7. We draw attention to:

- (a) Note 20.2 to the financial statement regarding outstanding recoverable of Rs 64,381,729 and Rs 60,639,340, being deductions proposed/ made by the respective customers on invoices raised by the Company for services rendered, price escalations on certain supply items and certain other items. There exists however material uncertainty in respect of the collectability of the above receivables. Pending the final outcome of the matter, no adjustments have been made in these financial statements. Our audit report is not qualified in respect of this matter.
- (b) Note 45 to the financial statement which describes that the Company has incurred a net loss of Rs. 538,104,867 for the year ended March 31, 2013 and is currently facing acute liquidity problems. Management is evaluating various options and has applied for restructuring of its existing debt obligations, including interest and other related terms and conditions under the corporate debt restructuring program. These conditions as set forth in the aforesaid note indicates the existence of a material uncertainty that may cast significant doubt on Company continuing as a going concern. Our audit report is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
9. As required by Section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as 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;
  - c. we have received the reports on the accounts of the

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

branch offices audited under section 228 by other auditors and have appropriately dealt with these while forming our audit opinion.

- d. the financial statements dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
- e. in our opinion, the financial statements comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; and
- f. on the basis of written representations received from the directors, as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

### Other Matter

- (c) We did not audit the financial statements of two

branches, included in these financial statements, whose financial statements reflect total assets of Rs. 291,692,451 as at March 31, 2013, total revenues of Rs 432,982,332 and cash outflows of Rs 11,567,697 for the year ended March 31, 2013. These financial statements have been audited by the branch auditor whose report has been furnished to us and our opinion in respect thereof is based solely on his report. Our audit report is not qualified in respect of this matter.

For **Walker, Chandiok & Co**

Chartered Accountants

Firm Registration No.: 001076N

Sd/-

per **Neeraj Sharma**

Partner

Place: Gurgaon

Date: May 29, 2013

Membership No.: 502103

### Annexure to the Independent Auditors' Report of even date to the members of A2Z Maintenance & Engineering Services Limited, on the financial statements for the year ended March 31, 2013

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) (a) The Company has granted unsecured loans to two parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is Rs. 170,976,132 and the year-end balance is Rs. 170,976,132.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not, *prima facie*, prejudicial to the interest of the Company.
- (c) In respect of loans given, the principal and interest amounts are repayable on demand and since the repayment of such loans and interest thereon has been made whenever demanded, in our opinion, repayment of the principal and interest amounts is regular.
- (d) There is no overdue amount in respect of loans granted to such companies.
- (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) The Company has not entered into any contracts or arrangements referred to in Section 301 of the Act. Accordingly, the provisions of clause 4(v) of the Order are not applicable.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.



## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, *have not been regularly deposited with the appropriate authorities and there have been significant delays in a large number of cases. Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable* are as follows:

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Due Date	Date of Payment
Finance Act, 1994	Service Tax	8,602,339	2012-13	May 5, 2012	Not yet paid
Finance Act, 1994	Service Tax	9,730,720	2012-13	June 5, 2012,	Not yet paid
Finance Act, 1994	Service Tax	7,044,748	2012-13	July 5, 2012	Not yet paid
Finance Act, 1994	Service Tax	5,163,623	2012-13	August 5, 2012	Not yet paid
Finance Act, 1994	Service Tax	3,448,106	2012-13	September 5, 2012	Not yet paid

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

Name of the statute	Nature of dues	Gross amount of dispute (Rs)	Amount deposited (Rs)	Period to which the amount relates	Forum where dispute is pending
West Bengal Value Added Tax Act, 2003	Works Contract tax	5,874,275	5,000,000	2009-10	Joint Commissioner, Sales Tax
West Bengal Value Added Tax Act, 2003	Works Contract tax	40,718,046	17,500,000	2010-11	Joint Commissioner, Sales Tax
Bihar Value Added Tax Act, 2005	Bihar Value Added Tax	8,354,879	2,160,881	2010-11	Joint commissioner, commercial tax (Appeal), Bihar
Jharkhand Value Added Tax Act, 2005	Jharkhand Value Added Tax	10,650,909	-	2008-09 to 2011-12	Commissioner. Commercial tax, Ranchi, Jharkhand
Andhra Pradesh Value Added Tax Act, 2005	Andhra Pradesh Value Added Tax	6,294,816	1,335,764	2010-11	Appellate Deputy commissioner (CT), Vishakhapatnam

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

(xi) There are no dues payable to financial institutions or debenture-holders. *The Company has defaulted in repayment of dues to banks as follows:*

Due date	Amount (Rs)	Delay in days*
January 31, 2013	15,726,350	59
December 31, 2012	194,896	90
January 31, 2013	9,266,442	59

\*Delay in number of days as at year end

(xii) The Company has not granted any loans and

advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

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

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

- (xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. The management of the Company has disclosed the end use of monies raised by public issue in the previous year / earlier years in the current year financial statements and

the same has been verified by us.

- (xxi) According to the information and explanations furnished by the management, which have been relied upon by us, there were no frauds on or by the Company noticed or reported during the course of our audit *except for theft by unidentified individuals of materials amounting to Rs. 29,171,477 and of cash amounting to Rs. 3,820,131 reported during the year as referred to in Note No. 23.1 of the financial statements. The impact whereof is also explained in the said Note.*

For **Walker, Chandio & Co**  
Chartered Accountants  
Firm Registration No.: 001076N

Sd/-  
per **Neeraj Sharma**  
Partner

Place: Gurgaon  
Date: May 29, 2013

Membership No.: 502103

**Balance Sheet** as at March 31, 2013  
(Unless otherwise stated, all amounts are in Indian Rupees)

	Notes	As at March 31, 2013	As at March 31, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' fund</b>			
Share capital	3	741,776,940	741,776,940
Reserves and surplus	4	10,304,322,013	10,842,426,880
		<b>11,046,098,953</b>	<b>11,584,203,820</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	1,927,774,781	1,367,671,971
Long-term provisions	6	44,719,134	41,595,595
		<b>1,972,493,915</b>	<b>1,409,267,566</b>
<b>Current liabilities</b>			
Short-term borrowings	7	4,857,404,075	4,566,073,828
Trade payables	8	2,098,392,983	2,750,108,184
Other current liabilities	9	1,573,825,380	1,519,386,404
Short-term provisions	10	3,300,313	35,486,147
		<b>8,532,922,751</b>	<b>8,871,054,563</b>
		<b>21,551,515,619</b>	<b>21,864,525,949</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	11	859,264,331	563,889,053
Intangible assets	12	43,592,189	39,726,183
Capital work in progress	13	3,778,688,516	2,869,118,831
Intangible assets under development	14	-	12,099,173
		<b>4,681,545,036</b>	<b>3,484,833,240</b>
Non-current investments	15	2,950,539,233	2,971,739,223
Deferred tax assets (net)	31	395,898,187	52,917,426
Long-term loans and advances	16	232,509,303	474,586,323
Other non-current assets	17	214,796,090	780,363,491
		<b>3,793,742,813</b>	<b>4,279,606,463</b>
<b>Current assets</b>			
Current investments	18	23,356,300	-
Inventories	19	162,827,870	197,830,990
Trade receivables	20	6,900,971,597	7,784,386,397
Cash and bank balances	21	122,199,394	164,296,737
Short-term loans and advances	22	1,207,843,545	1,158,300,287
Other current assets	23	4,659,029,064	4,795,271,835
		<b>13,076,227,770</b>	<b>14,100,086,246</b>
		<b>21,551,515,619</b>	<b>21,864,525,949</b>

The accompanying notes form an integral part of the financial statements.

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

**For and on behalf of the Board of Directors**

**For Walker, Chandiok & Co**  
Chartered Accountants

Sd/-  
**Amit Mittal**  
Managing Director

Sd/-  
**Dipali Mittal**  
Director

Sd/-  
per **Neeraj Sharma**  
Partner

Sd/-  
**Manoj Khetan**  
President - Finance & Accounts

Sd/-  
**Atul Kumar Agarwal**  
Company Secretary

Place : Gurgaon  
Date : May 29, 2013

**A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED**
**Statement of Profit and Loss** for the year ended March 31, 2013

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

	Notes	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Revenue</b>			
Revenue from operations	24	5,549,580,168	9,682,308,564
Other income	25	101,100,602	83,552,993
<b>Total revenue</b>		<b>5,650,680,770</b>	<b>9,765,861,557</b>
<b>Expenses</b>			
Cost of material and services	26	4,533,473,548	7,274,198,347
Purchases of stock-in-trade	44 (e)	25,707,711	23,277,391
Changes in inventories of finished goods and stock-in-trade	27	(1,760,725)	68,647,617
Employee benefits expense	28	512,254,114	595,919,009
Finance costs	29	867,002,520	741,153,313
Depreciation and amortisation expense	11, 12	71,810,473	69,903,463
Other expenses	30	602,982,992	667,327,424
<b>Total expenses</b>		<b>6,611,470,633</b>	<b>9,440,426,564</b>
<b>(Loss) / Profit before exceptional items and tax</b>		<b>(960,789,863)</b>	<b>325,434,993</b>
Exceptional items - Gain on sale of investment in subsidiary (Refer note 15.3)		101,655,590	-
<b>(Loss) / Profit for the year before tax</b>		<b>(859,134,273)</b>	<b>325,434,993</b>
<b>Tax expense:</b>			
Current tax	43	24,837,036	120,213,697
Deferred tax (credit) / charge	31	(342,980,761)	43,036,934
Current tax expense relating to prior years		(2,885,681)	(35,158,529)
<b>Total tax expense</b>		<b>(321,029,406)</b>	<b>128,092,102</b>
<b>Net (Loss) / Profit for the year after tax</b>		<b>(538,104,867)</b>	<b>197,342,891</b>
<b>Earnings per share</b>	32		
Basic earning per share		<b>(7.25)</b>	<b>2.66</b>
Diluted earning per share		<b>(7.25)</b>	<b>2.66</b>

The accompanying notes form an integral part of the financial statements.

This is the Statement of Profit and Loss referred to in our report of even date. **For and on behalf of the Board of Directors**

For **Walker, Chandiok & Co**  
Chartered Accountants

Sd/-  
per **Neeraj Sharma**  
Partner

Place : Gurgaon  
Date : May 29, 2013

Sd/-  
**Amit Mittal**  
Managing Director

Sd/-  
**Manoj Khetan**  
President - Finance & Accounts

Sd/-  
**Dipali Mittal**  
Director

Sd/-  
**Atul Kumar Agarwal**  
Company Secretary

## Cash Flow Statement for the year ended March 31, 2013

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

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>A Cash flow from operating activities</b>		
<b>Net (loss) / profit before tax</b>	<b>(859,134,273)</b>	<b>325,434,993</b>
<b>Adjustment for</b>		
Depreciation/amortisation	71,810,473	69,903,463
Interest expense	702,442,957	559,750,923
Loss on sale of fixed assets	4,763,765	3,847,029
Profit on sale of investment in subsidiary	(101,655,590)	-
Provision for bad and doubtful debts / advances	177,643,065	18,077,782
Provision for doubtful debts / advances written back	(14,000,000)	(130,016,796)
Amortisation of loan processing fees	5,833,174	5,765,857
Bad debts / advances written off	5,748,772	7,751,837
Bad debts / liability written back	(7,464,343)	(504,060)
Rental income from operating leases	(900,000)	(1,140,000)
Dividend income	-	(1,359,954)
Interest income	(52,721,263)	(75,811,991)
<b>Operating (loss) / profit before working capital changes</b>	<b>(67,633,263)</b>	<b>781,699,083</b>
<b>Changes in working capital:</b>		
<b>Adjustments for (increase) / decrease in operating assets:</b>		
Inventories	35,003,120	81,680,546
Trade receivables	718,444,364	78,889,663
Short term loans and advances	(56,964,659)	63,692,601
Long term loans and advances	31,030,407	(1,569,775)
Other current assets	153,784,947	(1,826,153,599)
<b>Adjustments for increase / (decrease) in operating liabilities:</b>		
Trade payable	(641,250,858)	851,596,288
Other current liability	(81,477,848)	190,178,241
Short term provision	(783,607)	4,083,920
Long term provision	3,123,539	8,859,232
	<b>93,276,142</b>	<b>232,956,200</b>
Current taxes paid (net of refunds)	(120,279,104)	(219,337,091)
<b>Net cash (used in) / generated from operating activities</b>	<b>(27,002,962)</b>	<b>13,619,109</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets (including Capital work in progress)	(597,058,695)	(1,684,156,061)
Proceeds from sale of fixed assets	6,824,788	10,002,946
Purchase of long term investment in subsidiaries	(2,600,000)	(1,296,144,801)
Proceeds from sale of investment in subsidiary	120,000,000	6,179,223
Proceeds from sale of current investment in mutual funds	-	500,000,000
Share application money given pending allotment	-	78,260,000
Fixed deposits placed	(252,730,270)	(186,561,063)
Fixed deposits matured	792,522,701	154,441,557
Rental income from operating leases	900,000	1,140,000
Dividend received	-	1,359,954
Interest received	50,265,021	76,599,995
<b>Net cash generated from / (used in) investing activities</b>	<b>118,123,545</b>	<b>(2,338,878,250)</b>

# Cash Flows Statement for the year ended March 31, 2013

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

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>C Cash flow from financing activities</b>		
Dividend and corporate dividend tax paid	(4,976)	(172,907,506)
Proceeds from long term borrowings	676,291,250	1,090,012,036
Repayment of long term borrowings	(66,790,682)	(279,108,482)
Proceeds from short term borrowings (net)	291,330,247	2,152,971,397
Share issue expenses	-	(187,247,191)
Loan processing fees paid	(6,500,000)	(7,999,999)
Interest paid	(1,027,543,765)	(751,725,251)
<b>Net cash (used in) / generated from financing activities</b>	<b>(133,217,926)</b>	<b>1,843,995,004</b>
<b>Net increase in cash and cash equivalents ( A+B+C)</b>	<b>(42,097,343)</b>	<b>(481,264,137)</b>
Cash and cash equivalents at the beginning of the year	164,296,737	645,560,874
<b>Cash and cash equivalents at the end of the year</b>	<b>122,199,394</b>	<b>164,296,737</b>
<b>Components of cash and cash equivalents</b>	<b>As at</b>	<b>As at</b>
	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Cash on hand	224,986	81,671
Balances with banks		
- in current accounts	121,891,526	145,312,751
- in EEFC account	-	18,787,808
- in cash credit accounts	-	26,649
- in unpaid dividend account*	82,882	87,858
	<b>122,199,394</b>	<b>164,296,737</b>

\* The Company can utilise these balances only towards settlement of the respective unpaid dividend account.

## 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 accompanying notes form an integral part of the financial statements.

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

## For and on behalf of the Board of Directors

For **Walker, Chandio & Co**  
Chartered Accountants

Sd/-  
**Amit Mittal**  
Managing Director

Sd/-  
**Dipali Mittal**  
Director

Sd/-  
per **Neeraj Sharma**  
Partner

Sd/-  
**Manoj Khetan**  
President - Finance & Accounts

Sd/-  
**Atul Kumar Agarwal**  
Company Secretary

Place : Gurgaon  
Date : May 29, 2013



## Summary of significant accounting policy and notes forming part of the financial statements

### Note 1 NATURE OF OPERATIONS

A2Z Maintenance & Engineering Services Limited ('A2Z or the Company') was incorporated at National Capital Territory of Delhi and Haryana 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.

### Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of preparation

The Financial Statements are prepared under historical cost convention, on accrual basis, in accordance with the generally accepted accounting principles in India and to comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in exercise of the power conferred under sub-section (I) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the "Act"). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

All assets and liabilities have been classified as current or non-current, wherever applicable as per the operating cycle of the Company as per the guidance as set out in the Revised Schedule VI to the Companies Act, 1956.

#### b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainties about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods.

#### c) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment loss (if any). The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Assets acquired for contracts on BOOT basis have been capitalised as fixed assets in accordance with terms of respective contracts.

#### d) Depreciation

Depreciation is provided using the Straight Line Method (SLM) rates as per the useful lives of the fixed assets as estimated by the management or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Company has used following rates to provide depreciation on its fixed assets:

Particulars	Rate of Depreciation (SLM)
Building	1.63%
Office equipment	4.75%
Plant and equipment	4.75% - 11.31%
Computers	4.75% - 16.21%
Furniture and fixtures	6.33%
Vehicles	9.50% - 11.31%
Leasehold land	Over the lease term on straight line basis.
Assets costing less than Rs 5,000	Fully depreciated in the year of acquisition

#### e) Intangible assets and amortisation

Softwares which are not integral part of the hardware are classified as intangibles and are stated at cost less accumulated amortisation. These are being amortised on a straight line basis 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 on a straight line basis over a period of five years.

## Summary of significant accounting policy and notes forming part of the financial statements

**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 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.

**g) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying 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 qualifying asset. Borrowing costs consist of interest and other ancillary costs that an entity incurs in connection with the borrowing of funds. Ancillary costs related to borrowings are amortised over the tenure of loan. All other borrowing costs are expensed in the year they occur.

**h) 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 statement of profit and loss 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 statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

**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 non current investments. 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. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

**k) 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) Revenue from engineering services**

Revenue from engineering services is recognised 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 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 "Other 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 statement of profit and loss unless the actual cost reaches a minimum threshold of 10% 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.

## Summary of significant accounting policy and notes forming part of the financial statements

### (ii) Revenue from operation and maintenance services

Revenues from maintenance contracts and renting of equipments are recognised pro-rata over the period of the contract as and when services are rendered in accordance with the terms of the respective contract.

### (iii) Income from professional and data processing services

Income from professional and data processing services is recognized on the basis of services rendered in accordance with the terms of the agreement.

### (iv) Revenue from sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company.

### (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.

## l) Foreign currency translation

### (i) 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.

### (ii) 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 are defined contribution schemes and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due.
- 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 treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the year end.
- iv) Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the year in which such gains or losses arise

## Summary of significant accounting policy and notes forming part of the financial statements

**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 guidance provided in the Announcement of the Institute of Chartered Accountants of India dated March 29, 2008, accounting for derivative contracts, other than those covered under AS-11, are marked to market on individual portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the statement of profit and loss. 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) Accounting for joint ventures**

Accounting for joint ventures undertaken by the Company has been done in accordance with Accounting Standard

## Summary of significant accounting policy and notes forming part of the financial statements

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

-27 "Financial Reporting of Interests in Joint Ventures" of the Companies (Accounting Standard) Rule 2006 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.

#### **t) 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.

#### **u) Contingent liability and provisions**

Depending upon the facts of each case and after due evaluation of legal aspects, claims against the Company are accounted for as either provisions or disclosed as contingent liabilities. In respect of statutory dues disputed and contested by the Company, contingent liabilities are provided for and disclosed as per original demand without taking into account any interest or penalty that may accrue thereafter. The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made. Possible future or present obligations that may but will probably not require outflow of resources or where the same cannot be reliably estimated, is disclosed as contingent liability in the financial statements.

	As at March 31, 2013		As at March 31, 2012	
	Number of shares	Amount	Number of shares	Amount
<b>Note 3 SHARE CAPITAL</b>				
<b>Authorised</b>				
Equity shares of Rs 10 each	100,000,000	1,000,000,000	100,000,000	1,000,000,000
<b>Issued, subscribed and fully paid up</b>				
Equity shares of Rs 10 each	74,177,694	741,776,940	74,177,694	741,776,940
	<b>74,177,694</b>	<b>741,776,940</b>	<b>74,177,694</b>	<b>741,776,940</b>

**Note 3.1:** There is no movement in the number of equity shares and the amount outstanding during the current or previous year.

**Note 3.2:** The Company has only one class of equity shares having a par value of Rs 10 per share. Each shareholder is eligible for one vote per share held. The Company declares and pays dividend in indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**Note 3.3:** Details of shares held by shareholder holding more than 5% equity shares of the Company:

	As at March 31, 2013		As at March 31, 2012	
	Number of shares held	% holding	Number of shares held	% holding
<b>Equity shares of Rs 10 each fully paid up</b>				
Amit Mittal	26,884,301	36.24%	26,884,301	36.24%
Rakesh Radheshyam Jhunjunwala	13,375,408	18.03%	12,773,351	17.22%
Beacon India Investors Limited	5,449,627	7.35%	5,210,862	7.02%
Lexington Equity Holdings Limited	4,393,085	5.92%	4,393,085	5.92%
	<b>50,102,421</b>	<b>67.54%</b>	<b>49,261,599</b>	<b>66.40%</b>

**Note 3.4:** As at March 31, 2013, 543,250 equity shares (As at March 31, 2012, 755,500 equity shares) were reserved for issuance towards outstanding employee stock options available for grant.

Summary of significant accounting policy and notes forming part of the financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

**Note 3.5:** Aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in cash and bonus shares issued for the period of 5 years immediately preceding the Balance Sheet date:

	As at March 31, 2013	As at March 31, 2012
	Number of shares	Number of shares
<b>Equity shares of Rs 10 each fully paid up</b>		
<b>Fully paid up by way of bonus shares issued during:</b>		
Financial year 2009-10	34,380,675	34,380,675
Financial year 2007-08	17,509,481	17,509,481
<b>Fully paid up pursuant to contracts without payment being received in cash:</b>		
Financial year 2008-09*	2,510,687	2,510,687
Financial year 2007-08**	47,766	47,766

\* shares were allotted on conversion of 75,000,000 0.001% cumulative mandatorily convertible preference shares of Rs 10 each fully paid up.

\*\* shares were allotted on conversion of share warrant.

	As at March 31, 2013	As at March 31, 2012
<b>Note 4 RESERVES AND SURPLUS</b>		
<b>Securities premium account</b>		
Securities premium account		
Opening balance	7,714,859,233	7,714,859,233
Add: Receipt during the year	-	-
Closing balance	<b>7,714,859,233</b>	<b>7,714,859,233</b>
<b>Surplus in statement of profit and loss</b>		
Opening balance	3,063,553,757	2,866,210,866
Add: Transfer from statement of profit and loss	(538,104,867)	197,342,891
Closing balance	<b>2,525,448,890</b>	<b>3,063,553,757</b>
<b>General reserve</b>		
Opening balance	64,013,890	64,013,890
Add: Transfer from statement of profit and loss	-	-
Closing balance	<b>64,013,890</b>	<b>64,013,890</b>
	<b>10,304,322,013</b>	<b>10,842,426,880</b>

	As at March 31, 2013		As at March 31, 2012	
	Non Current	Current	Non Current	Current
<b>Note 5 LONG-TERM BORROWINGS</b>				
<b>Term loans (Secured)</b>				
From banks (Refer note 5.1 and 5.4)	1,423,528,927	296,666,667	1,332,640,647	232,972,017
From financial institutions (Refer note 5.2)	501,667,272	20,843,589	22,479,335	24,817,120
<b>Other Loans (Secured)</b>				
Vehicle loan from banks (Refer note 5.3)	2,578,582	9,813,568	12,551,989	20,073,932
Vehicle loan from financial institution	-	-	-	62,996
	<b>1,927,774,781</b>	<b>327,323,824</b>	<b>1,367,671,971</b>	<b>277,926,065</b>



**Summary of significant accounting policy and notes forming part of the financial statements**  
(Unless otherwise stated, all amounts are in Indian Rupees)

**Details of terms of repayment for the long-term borrowings and security provided in respect of the secured long-term borrowings:**

**Note 5.1: Term loans from banks:**

1. Term loan from bank amounting to Rs 880,000,000 (Previous year - Rs 880,000,000) having an interest rate of bank base rate plus 4% per annum (varying between 14% to 14.80% during the year) is repayable in 24 quarterly installments first installment being due in June 2013.
2. Term loan from bank amounting to Rs 840,195,594 (Previous year - Rs 663,904,344) having an interest rate of bank PLR less 5.5% per annum (varying between 13% to 14.25 % per annum during the year) is repayable in 24 quarterly installments first installment being due in June 2013.

The above loans are secured against:

- (a) First charge on pari - passu basis: (i) by way of hypothecation of all current assets of the Company including but not limited to receivables and inventory, relating to the projects both present and future; (ii) on all intangible assets including but not limited to goodwill pertaining to the projects (to the extent permissible by the Punjab state Co-operative sugar mills).
  - (b) First charge (i) on all the insurance contracts with respect to the projects together with any receivables thereunder; (ii) on all the accounts (including but not limited to the project accounts) with respect to the projects
  - (c) An assignment of: (i) all rights and interest by way of first charge on pari passu basis on the book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, relating to the projects, present and future; (ii) the rights and interest in the project site to the extent permissible by law; (iii) all its rights and obligations under the assignment orders and memorandum of understandings and; (iv) the rights and interest by way of first charge on pari passu basis into and under each of the project documents, and all the rights under each letter of credit/ guarantee or performance bond that may be posted by any party to a project document for the Company's benefit and all the rights under the approvals in connection with the project (having value above Rs 100,000,000) to the extent permissible by law
  - (d) Personal guarantee of Mr Amit Mittal (Managing Director).
3. Term loan from bank amounting to Rs Nil (Previous year - Rs 21,708,320) was secured against:
    - (i) exclusive charge by way of earmark on commercial office at 7th Floor, Tower B, Medicity, Gurgaon;
    - (ii) personal guarantee of Mr Amit Mittal, Ms Dipali Mittal, Ms Suman Goel and Mr Manoj Gupta.

The loan is having an interest rate of bench mark prime lending rate (BPLR) less 3.75% per annum (i.e 14% per annum) and is repayable in 16 equal quarterly installments and first installment became due in March 2011.

**Note 5.2: Term loans from financial institution:**

1. The loan amounting to Rs 500,000,000 (Previous year - Rs Nil) is secured by a first charge by way of hypothecation and escrow of the entire Retention money receivables both present and future. The interest rate is 15% per annum and the loan is repayable after 3 years.
2. The loans amounting to Rs 22,510,861 (Previous year - Rs 47,296,455) is secured against hypothecation of equipments acquired out of loan. The interest rate is 11.50% to 12.66% per annum and the loans are repayable in 12 quarterly and 48 monthly installments.

**Note 5.3: Other Loans (Vehicle loans)**

Vehicle loans amounting to 12,392,150 (Previous year - Rs 32,688,917) is secured against hypothecation of Vehicles. The loans are having interest rate of 8.25% - 13.84% per annum and are repayable in 35 - 60 monthly installments.

**Note 5.4:** The Company has defaulted in repayment of interest in respect of term loan from bank as on March 31, 2013 amounting to Rs 7,824,008 for two months and Rs 7,902,341 for one month.

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policy and notes forming part of the financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2013	As at March 31, 2012
<b>Note 6 LONG-TERM PROVISIONS</b>		
Provision for warranty (Refer note 6.1)	44,719,134	41,595,595
	<b>44,719,134</b>	<b>41,595,595</b>

### Note 6.1 : Provision for warranty

	For the year ended March 31, 2013	For the year ended March 31, 2012
Opening provision	41,595,595	32,736,363
Additions during the year	4,956,446	8,859,232
Less: Utilisation during the year	1,832,907	-
<b>Closing provision</b>	<b>44,719,134</b>	<b>41,595,595</b>

The estimated liability for warranties is recorded when contract revenue is recognised. The Company accounts for the provision for warranty on the basis of the information available with the management duly taking into account the current and past technical estimates. These estimates are established using historical information on the nature and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise.

	As at March 31, 2013	As at March 31, 2012
<b>Note 7 SHORT-TERM BORROWINGS (Refer Note 7.1)</b>		
From banks (secured)		
- Working capital loans (Refer note 7.2)	633,893,901	1,752,777,776
- Cash credit facilities	4,223,510,174	2,711,123,559
- Vendor financing	-	102,172,493
	<b>4,857,404,075</b>	<b>4,566,073,828</b>

### Note 7.1: Working capital loans from banks and other secured loans

The working capital loans, cash credit facilities and vendor financing facilities from banks are secured against whole of the assets (both current as well as fixed) of the Company, namely stock of raw material, stock in process, semi-finished and finished goods, stores and spares (consumable stores and spares), bills receivables and book debts and all other movables and fixed assets (except fixed assets exclusively financed by other lenders) both present and future stored or to be stored at the Company's godown, premises and division at O-116, First floor shopping mall, Arjun Marg, DLF city Phase - I, Gurgaon or wherever else the same may be by way of first pari - passu charge amongst the consortium members. The charge is also additionally secured by first charge over Company's immovable properties i.e. part of Plot / House No 740-A, Block- B, Scheme No 40, Panki, Kanpur Nagar admeasuring 7031.56 sq mts with 74 constructed flats. The rate of interest vary from 9.50% per annum to 16% per annum and these loans are repayable on demand.

**Summary of significant accounting policy and notes forming part of the financial statements**  
(Unless otherwise stated, all amounts are in Indian Rupees)

**Note 7.2:** The Company has defaulted in repayment of interest in respect of working capital loan from banks as on March 31, 2013 amounting to Rs 67,015 for three months, 4,540,973 for two months and Rs 4,853,350 for one month.

	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
<b>Note 8 TRADE PAYABLES</b>		
Acceptances	497,956,951	660,218,661
Other than acceptances:		
(a) total outstanding dues of micro and small enterprises (Refer note 8.1)	3,288,575	4,189,923
(b) total outstanding dues of creditors other than micro and small enterprises*	1,597,147,457	2,085,699,600
	<b>2,098,392,983</b>	<b>2,750,108,184</b>
* includes commission payable to managing director and to directors other than whole time and managing director	-	6,677,031

**Note 8.1: Disclosures under Micro, Small and Medium Enterprises Act, 2006**

The micro and small enterprises have been identified by the Company from the available information. According to such identification, the disclosures in respect to Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 is as follows:

<b>Particulars</b>	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
<b>Details of dues to micro and small 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	3,288,575	4,055,292
- interest amount	-	134,631
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
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	-	-

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policy and notes forming part of the financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2013	As at March 31, 2012
<b>Note 9 OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt (Refer note 5)	327,323,823	277,926,065
Interest accrued but not due on borrowings and advances	14,695,098	15,454,666
Interest accrued and due on borrowings	40,842,905	22,293,937
Payable on purchase of fixed assets	144,245,911	93,411,989
Bank overdrafts	11,100,764	5,104,577
Advance from customers	659,309,420	700,339,731
Advance purchase consideration against sale of investment	17,900,720	-
Unclaimed dividend*	82,882	87,858
Billing in excess of contract revenue	105,407,668	157,892,306
Statutory dues payable	252,916,189	246,875,275
	<b>1,573,825,380</b>	<b>1,519,386,404</b>

\* not due for deposit with investor education and protection fund

	As at March 31, 2013	As at March 31, 2012
<b>Note 10 SHORT TERM PROVISIONS</b>		
Provision for corporate tax (net of advance tax)	-	31,402,227
Provision for gratuity (Refer note 28.2)	224,532	929,581
Provision for compensated absences benefits (Refer note 28.3)	3,075,781	3,154,339
	<b>3,300,313</b>	<b>35,486,147</b>

**Summary of significant accounting policy and notes forming part of the financial statements**  
(Unless otherwise stated, all amounts are in Indian Rupees)

**Note 11 TANGIBLE ASSETS**

Assets	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at April 1, 2012	Additions	Sale / Adjust-ments	As at March 31, 2013	As at April 1, 2012	Charge for the year*	Deletion / Adjust-ment	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
<b>Tangible assets</b>										
Leasehold land (Refer note 11.1)	1,136,692	-	-	1,136,692	72,803	17,278	-	90,081	1,046,611	1,063,889
Freehold land	94,821,206	25,335,475	-	120,156,681	-	-	-	-	120,156,681	94,821,206
Leasehold improvement - Owned	2,599,316	-	-	2,599,316	199,947	799,790	-	999,737	1,599,579	2,399,369
Building - given under operating lease (Refer note 11.2)	4,237,967	-	4,237,967	-	207,237	69,079	276,316	-	-	4,030,730
Building - owned	8,829,097	315,879,335	(4,237,967)	328,946,399	431,743	4,532,318	(276,316)	5,240,377	323,706,022	8,397,354
Furniture and fixtures - owned	12,364,601	786,513	707,559	12,443,555	8,309,246	598,697	241,093	8,666,850	3,776,705	4,055,355
Office equipments - owned	49,435,305	6,349,234	4,055,091	51,729,448	4,723,954	2,422,966	492,382	6,654,538	45,074,910	44,711,351
Plant and equipment - owned	238,349,816	17,543,114	40,397	255,852,533	60,736,429	26,572,483	16,098	87,292,814	168,559,719	177,613,387
Computer - owned	51,984,594	1,465,123	1,684,545	51,765,172	18,012,905	7,452,255	1,190,156	24,275,004	27,490,168	33,971,689
Vehicles - owned	257,377,309	11,679,029	13,835,819	255,220,519	64,552,586	29,609,126	6,795,129	87,366,583	167,853,936	192,824,723
<b>Total</b>	<b>721,135,903</b>	<b>379,037,823</b>	<b>20,323,411</b>	<b>1,079,850,315</b>	<b>157,246,850</b>	<b>72,073,992</b>	<b>8,734,858</b>	<b>220,585,984</b>	<b>859,264,331</b>	<b>563,889,053</b>
Previous year figures	602,061,587	141,475,743	22,401,427	721,135,903	94,695,274	71,104,603	8,553,027	157,246,850	563,889,053	507,366,313

\*Includes depreciation of Rs 12,647,495 (Previous year - Rs 11,810,565) charged on assets used in construction of power plant. Therefore, the depreciation has been carried under capital work in progress (Refer note 13).

**Note 11.1:** Leasehold land represents land acquired on lease from Orissa Industrial Infrastructure Development Corporation for the lease period of 66 years.

**Note 11.2:** Disclosure of assets given under operating leases:

During the previous year, the Company had entered into operating lease agreement for leasing its 24 Flats at Kanpur to one of its subsidiaries, A2Z Infrastructure Limited at a consideration of Rs 100,000 per month with effect from July 1, 2011. The agreement has been terminated with effect from December 31, 2012 and accordingly building given under operating lease has been reclassified to owned building. The Gross rental income aggregate to Rs 900,000 (Previous year – Rs 900,000).

**Note 12 INTANGIBLE ASSETS**

Assets	GROSS BLOCK				ACCUMULATED AMORTISATION				NET BLOCK	
	As at April 1, 2012	Additions	Sale / Adjust-ments	As at March 31, 2013	As at April 1, 2012	Charge for the year*	Deletion / Adjust-ment	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
<b>Intangible Assets</b>										
Computer software	36,311,014	16,249,982	-	52,560,996	10,961,945	7,591,605	-	18,553,550	34,007,446	25,349,069
Goodwill (Refer note 12.1)	23,961,858	-	-	23,961,858	9,584,744	4,792,371	-	14,377,115	9,584,743	14,377,114
<b>Total</b>	<b>60,272,872</b>	<b>16,249,982</b>	<b>-</b>	<b>76,522,854</b>	<b>20,546,689</b>	<b>12,383,976</b>	<b>-</b>	<b>32,930,665</b>	<b>43,592,189</b>	<b>39,726,183</b>
Previous year figures	58,853,216	1,425,556	5,900	60,272,872	9,941,589	10,609,425	4,325	20,546,689	39,726,183	48,911,627

**Note 12.1:** During the year ended March 31, 2010, the Company had entered into three business transfer agreement to purchase the entire business of M/s Surender Chowdhury & Brothers, M/s Mohd. Rashid Contractors and En-Tech Engineers and Contractors for a consideration of Rs 20,000,000, Rs 2,000,000 and Rs 3,000,000 respectively. The difference between the carrying values of Investment and value of net assets acquired amounting to Rs 23,961,858 was carried as goodwill.

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policy and notes forming part of the financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2013	As at March 31, 2012
<b>Note 13 CAPITAL WORK IN PROGRESS</b>		
Buildings under construction	25,240,384	66,032,025
Power plant equipments	2,543,621,877	2,311,151,722
Borrowing costs capitalised (Refer note 13.2)		
- Interest	624,422,993	281,532,785
- Amortisation of ancillary borrowing cost	21,823,454	10,467,592
Other expenses (directly attributable to construction / erection of fixed assets)		
- Rent	7,791,212	-
- Legal and professional charges	54,778,566	44,963,996
- Employee benefit expense	134,638,559	48,389,355
- Depreciation	24,458,060	11,810,565
- Insurance charges	12,117,907	5,070,397
- Power and fuel	31,170,427	8,659,702
- Repair and maintenance charges	29,023,500	368,163
- Test run expenses	256,003,362	80,217,743
- Other miscellaneous expenses	13,598,215	454,786
	<b>3,778,688,516</b>	<b>2,869,118,831</b>

**Note 13.1:** Includes Rs 3,778,688,516 (Previous year – Rs 2,797,944,981) 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.

**Note 13.2:** Borrowing cost capitalised during the year amounting to Rs 342,890,208 (Previous year - Rs 219,034,429) is net of amount transfer to fixed assets and amount written off.

	As at March 31, 2013	As at March 31, 2012
<b>Note 14 INTANGIBLE ASSETS UNDER DEVELOPMENT</b>		
Software under implementation	-	12,099,173
	-	12,099,173



**Summary of significant accounting policy and notes forming part of the financial statements**  
(Unless otherwise stated, all amounts are in Indian Rupees)

	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
<b>Note 15 NON CURRENT INVESTMENT</b>		
<b>Long term investments in equity shares of subsidiary Companies (at cost)</b>		
<b>Trade, Unquoted</b>		
3,580,410 (Previous year - 2,539,810) equity shares of Rs 10 each fully paid up in A2Z Infraservices Limited (Refer note 15.2)	607,229,353	460,390,513
20,250,000 (Previous year - 20,250,000) equity shares of Rs 10 each fully paid up in A2Z Infrastructure Limited	202,500,000	202,500,000
100,000 (Previous year - 100,000) equity shares of Rs 10 each fully paid up in A2Z Powercom Limited	1,000,000	1,000,000
1,330,000 (Previous year - 1,330,000) equity shares of Rs 10 each fully paid up in A2Z Powertech Limited	13,300,000	13,300,000
Nil (Previous year - 591,250 ) equity shares of Rs 10 each fully paid up in Imatek Solutions Private Limited (Refer note 15.2)	-	146,838,840
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
50,000 (Previous year - 50,000) equity share of Rs 10 each fully paid up in Mansi Bijlee & Rice Mills Limited	500,000	500,000
70,000 (Previous year - 70,000) equity share of Rs 10 each fully paid up in Mirage Bijlee Private Limited	700,000	700,000
9,000 (Previous year - 9,000) equity share of Rs 10 each fully paid up in Madhya Bijlee Private Limited	90,000	90,000
989,996 (Previous year - 989,996) equity share of Rs 10 each fully paid up in Star Transformers Limited	149,941,313	149,941,313
Nil (Previous year - 89,999) equity share of Rs 10 each fully paid up in A2Z E Waste Management Limited (Refer note 15.3)	-	899,990
60,000 (Previous year - 50,000) equity share of Rs 10 each fully paid up in A2Z Water Solutions Limited	600,000	600,000
1,146,326 (Previous year - 1,146,326) equity share of Rs 10 each fully paid up in Chavan Rishi International Limited	103,169,340	103,169,340
100,000 (Previous year - 100,000) equity share of Uganda Shilling 100 each fully paid up in A2Z Maintenance & Engineering Services (Uganda) Private Limited	189,416	189,416
30,375 (Previous year - 30,375) equity share of Singapore Dollar 1 each fully paid up in A2Z Singapore Waste Management Holdings Private Limited	1,199,811	1,199,811
10,000 (Previous year - 10,000) equity share of Rs 10 each fully paid up in A2Z Disaster Management and Innovative Response Education Private Limited	100,000	100,000

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policy and notes forming part of the financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2013	As at March 31, 2012
10,000 (Previous year - 10,000) equity share of Rs 10 each fully paid up in Pioneer Waste Management Private Limited	100,000	100,000
24,000 (Previous year - 24,000) equity share of Rs 10 each fully paid up in A2Z Waste Management (Nainital) Private Limited	240,000	240,000
10,000 (Previous year - Nil) equity share of Rs 10 each fully paid up in A2Z Waste Management (Jaipur) Limited	100,000	-
	<b>1,088,959,233</b>	<b>1,089,759,223</b>
<b>Long term investments in preference shares of subsidiary companies (at cost)*</b>		
<b>Trade, Unquoted</b>		
171,200,000 (Previous year - 171,200,000) 0.01% Non Participative Cumulative Redeemable Preference Share of Rs 10 each fully paid up in A2Z Infrastructure Limited	1,712,000,000	1,712,000,000
14,958,000 (Previous year - 14,958,000) 0.01% Non Participative Cumulative Redeemable Preference Share of Rs 10 each fully paid up in Mansi Bijlee & Rice Mills Limited	149,580,000	149,580,000
Nil (Previous year - 2,040,000) 0.01% Non Participative Cumulative Redeemable Preference Share of Rs 10 each fully paid up in A2Z E Waste Management Limited (Refer note 15.3)	-	20,400,000
	<b>1,861,580,000</b>	<b>1,881,980,000</b>
<b>Total</b>	<b>2,950,539,233</b>	<b>2,971,739,223</b>

**Note 15.1:** The management has committed to provide continued operational and financial support to its subsidiary Companies for meeting their working capital and other financing requirements and based upon approved future projections of the subsidiaries, believes that the diminution (if any) is temporary in nature and accordingly, no provision is required to be created.

**Note 15.2:** The Board of Directors of A2Z Infraserivces Limited (one of the subsidiary companies) in its meeting held on January 21, 2012 pursuant to Section 391 & 394 of the Companies Act, 1956 (the "Act") approved the Scheme of Arrangement for the Amalgamation ("the Scheme") of A2Z Infra Management & Services Limited, Imatek Solutions Private Limited and CNCS Facility Solutions Private Limited ("Transferor Companies") with A2Z Infraserivces Limited (i.e. Transferee Company) on a going concern basis.

The Hon'ble High Court of Punjab and Haryana vide its order dated July 19, 2012 has approved the Scheme with effect from April 1, 2011 (i.e. the appointed date). The order was filed with Registrar of Companies on August 6, 2012 (i.e. the effective date) which subsequently got approved. As a result the Company has been allotted 1,040,600 equity shares of Rs 10 each in A2Z Infraserivces Limited against 591,250 equity shares of Rs 10 each in Imatek Solutions Private Limited.

**Note 15.3:** During the year, pursuant to the Share Purchase Agreement executed by and between the Company, Sardana Recycling Private Limited (the "buyer"), A2Z E Waste Management Limited ("A2Z E Waste") and A2Z Dataserv Limited along with addendums thereto, the Company has proposed to sell the entire shareholding in the paid up Equity and Preference Share Capital to the buyer in one or more tranches at a total consideration of Rs. 230,000,000.

As at March 31, 2013, equity shares comprising 44.37% of total paid up equity share capital of A2Z E Waste have been transferred to the buyer and as a consequence, the Company's holding has reduced to 45.63% from existing 89.99% in the paid up Equity Share Capital of A2Z E Waste. Accordingly, the Company has recognized a profit of Rs. 101,655,590 and classified this as an exceptional item as per the accepted accounting principles and practices.

**Summary of significant accounting policy and notes forming part of the financial statements**  
(Unless otherwise stated, all amounts are in Indian Rupees)

	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
<b>Note 16 LONG-TERM LOANS AND ADVANCES</b> (UNSECURED CONSIDERED GOOD)		
Capital advances	132,696,804	410,668,939
Advance recoverable in cash or in kind	24,731,789	24,731,789
Security deposits	8,155,188	32,680,842
TDS recoverable / advance tax	66,925,522	-
Loan to director of subsidiary company	-	4,769,753
Loans to employees and directors*	-	1,735,000
	<b>232,509,303</b>	<b>474,586,323</b>
* Due from an officer - Mr. Atul Kumar Agarwal (Company secretary) (Maximum outstanding during the year Rs Nil (Previous year - Rs 1,250,000))	-	850,000

	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
<b>Note 17 OTHER NON CURRENT ASSETS</b>		
Balance in fixed deposit account*	131,459,014	671,251,445
Interest accrued but not due on fixed deposits	1,157,283	4,641,860
Unamortised loan processing fee	82,179,793	104,470,186
	<b>214,796,090</b>	<b>780,363,491</b>

\*held as margin money against bank guarantees and letter of credit and as debt service reserve account against term loans from banks.

	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
<b>Note 18 CURRENT INVESTMENT</b> (at lower of cost or market value)		
Trade, Unquoted		
45,630 (Previous year - Nil) equity share of Rs 10 each fully paid up in A2Z E Waste Management Limited (Refer note 15.3)	456,300	-
2,290,000 (Previous year - Nil) 0.01% Non Participative Cumulative Redeemable Preference Share of Rs 10 each fully paid up in A2Z E Waste Management Limited (Refer note 15.3)	22,900,00	-
	<b>23,356,300</b>	-

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policy and notes forming part of the financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2013	As at March 31, 2012
<b>Note 19 INVENTORIES</b> (VALUED AT LOWER OF COST OR MARKET VALUE)		
Project stores and spares	137,211,009	173,974,854
Finished goods for trading (material in transit)	25,616,861	23,856,136
	<b>162,827,870</b>	<b>197,830,990</b>
	As at March 31, 2013	As at March 31, 2012
<b>Note 20 Trade receivables (Unsecured)</b>		
Receivables due for a period exceeding six months when they became due for payment		
- Considered good	5,184,162,884	5,271,541,266
- Considered doubtful	270,339,876	108,516,942
Other receivables		
- Considered good	1,716,808,713	2,512,845,131
- Considered doubtful	-	-
	<b>7,171,311,473</b>	<b>7,892,903,339</b>
Less: Provision for doubtful debts	270,339,876	108,516,942
	<b>6,900,971,597</b>	<b>7,784,386,397</b>

**Note 20.1** Trade receivables include retention money of Rs 3,433,381,587 (Previous year- Rs 3,689,747,586) 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.

**Note 20.2** The Company's receivables as at March 31, 2013 includes recoverable of Rs 64,381,729 and Rs 60,639,340 from two customers, being deductions proposed/ made by them on invoices raised by Company for services rendered, price escalations on certain supply items and certain other items. In first case, the Company had filed an application with the High Court for arbitration proceeding and the high court had appointed an arbitrator to settle the dispute. In the other case, the Company had filed a Special leave petition with the Hon'ble Supreme Court against the Hon'ble High Court's order for appointment of arbitrator appointed by the customer, accordingly the Hon'ble Supreme Court has passed the stay order on the proceedings of the arbitrator.

The management, based on legal advice, believes that the outcome of legal matters is likely to be in its favor and has thus classified the said amounts as recoverable in the books and no adjustments have been made with respect of the same in the financial statements of the Company.

Summary of significant accounting policy and notes forming part of the financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2013	As at March 31, 2012
<b>Note 21 CASH AND BANK BALANCES</b>		
Cash and cash equivalents		
Cash on hand	224,986	81,671
Balances with banks		
- in current accounts	121,891,526	145,312,751
- in exchange earners foreign currency (EEFC) account	-	18,787,808
- in cash credit accounts	-	26,649
Other bank balances		
- in unpaid dividend account*	82,882	87,858
	<b>122,199,394</b>	<b>164,296,737</b>

\* The Company can utilise these balances only towards settlement of the respective unpaid dividend account.

	As at March 31, 2013	As at March 31, 2012
<b>Note 22 SHORT-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>		
Advances recoverable in cash or in kind or for value to be received		
- Considered good*	418,421,571	462,275,540
- Considered doubtful	4,820,131	-
	<b>423,241,702</b>	<b>462,275,540</b>
Less: Provision for doubtful advances	4,820,131	-
Advances recoverable in cash or in kind or for value to be received	418,421,571	462,275,540
Prepaid expenses	71,946,698	99,544,188
Earnest money deposit with customers	42,975,613	100,518,771
Security deposits	46,960,329	17,339,472
Loan to employees**	2,191,620	5,993,836
Loan to director of subsidiary	6,861,579	3,773,439
Loans and advances to subsidiaries (Refer note 36)	221,229,287	72,011,846
<b>Balances with government authorities:</b>		
- CENVAT credit receivable	5,819,113	7,341,719
- Service tax credit receivable	64,225,785	85,570,372
- WCT / VAT input credit receivable	327,211,950	303,931,104
	<b>1,207,843,545</b>	<b>1,158,300,287</b>
*Due from a director of the Company- Mr. Amit Mittal (Maximum outstanding during the year Rs 992,393 (Previous year-Rs 992,393))	-	992,393
*Due from a director of the Company- Mrs. Dipali Mittal (Maximum outstanding during the year Rs 235,541 (Previous year-Rs 235,541))	-	235,541
*Due from a relative of director of the Company- Mr. Manoj Gupta (Maximum outstanding during the year Rs 1,412,000 (Previous year-Rs 700,000))	-	700,000
**Due from an officer of the Company- Mr. Atul Kumar Agarwal (Maximum outstanding during the year Rs 1,176,179 (Previous year - Rs 1,250,000))	736,179	300,000

Summary of significant accounting policy and notes forming part of the financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2013	As at March 31, 2012
<b>Note 23 OTHER CURRENT ASSETS</b>		
Interest accrued:		
- on fixed deposits	691,052	4,159,449
- on loans given to subsidiary company	9,722,555	313,339
Insurance claim recoverable (Refer note 23.1)	22,521,463	24,757,977
Contract revenue in excess of billing	4,606,833,969	4,758,382,402
Unamortised loan processing fee	19,260,025	7,658,668
	<b>4,659,029,064</b>	<b>4,795,271,835</b>

**Note 23.1** During the year, the Company has incurred a loss of Rs 29,171,477 (Previous year – Rs 38,560,431) due to theft of material at various project sites against which the Company has filed an insurance claim with the insurance company. The Company has received an amount of Rs 23,477,102 (Previous year - Rs 3,287,649) as insurance claim from the insurance company during the year out of the above mentioned claim and from the insurance claim recoverable as on March 31, 2012 and the non-recoverable amount of Rs 17,170,555 (Rs 10,514,805) has been written off / capitalised in the books. The balance of Rs 22,521,463 (Previous Year – Rs 24,757,977) has been appearing as insurance claim recoverable in the books. The management believes that it has made reasonable judgment and no further adjustment is expected in the financial statements.

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Note 24 REVENUE FROM OPERATIONS</b>		
Revenue from engineering services	5,368,300,956	9,350,184,704
Revenue from operation and maintenance services	74,412,387	50,246,040
Income from professional services	1,976,476	1,709,990
Revenue from data processing services	32,099,725	9,166,119
Sale of traded goods (Refer note 44 (f))	43,527,000	139,906,394
Other operating revenue		
Liability written back	7,464,343	504,060
Provision for doubtful debts / advances written back	14,000,000	130,016,796
Duty drawback	816,211	520,844
Scrap sale	6,983,070	53,617
	<b>5,549,580,168</b>	<b>9,682,308,564</b>



Summary of significant accounting policy and notes forming part of the financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Note 25 OTHER INCOME</b>		
Interest income:		
- on fixed deposits	41,068,750	51,874,634
- on loan given to subsidiaries	10,657,941	22,393,961
- on other loans and advances	994,572	1,543,396
Dividend income from Mutual fund investments (Current investments, other than trade)	-	1,359,954
Rent income from operating leases	900,000	1,140,000
Foreign exchange fluctuation (net)	9,973,556	1,598,690
Miscellaneous income	37,505,783	3,642,358
	<b>101,100,602</b>	<b>83,552,993</b>

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Note 26 COST OF MATERIAL AND SERVICES</b>		
Opening stock	173,974,854	187,007,783
Add: Material purchased	3,227,840,937	5,092,654,020
Less: Recovery from contractors	43,207,388	29,870,125
Less: Theft / damage of material (Refer note 23.1)	29,171,477	38,560,431
Less: closing stock	137,211,009	173,974,854
<b>Material consumed (Refer note 44 (d))</b>	<b>3,192,225,917</b>	<b>5,037,256,393</b>
Freight and cartage	288,249,911	391,251,745
Sub contractor / erection expenses	735,049,332	1,394,434,974
Labour charges	114,475,759	119,254,943
Fabrication expenses	2,712,752	5,729,733
Site expenditure	42,790,437	69,433,100
Technical consultancy for projects	32,801,173	114,027,875
Other direct cost	125,168,267	142,809,584
	<b>4,533,473,548</b>	<b>7,274,198,347</b>

Summary of significant accounting policy and notes forming part of the financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Note 27 CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-TRADE</b>		
Opening inventory of finished goods for trading	23,856,136	92,503,753
Less: Closing inventory of finished goods for trading	25,616,861	23,856,136
<b>(Increase) / Decrease in inventory</b>	<b>(1,760,725)</b>	<b>68,647,617</b>

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Note 28 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and bonus including directors' remuneration (Refer note 35)	472,525,374	543,166,914
Contribution to provident and other funds (Refer note 28.1)	18,818,623	19,993,054
Gratuity expense (Refer note 28.2)	(358,836)	2,067,996
Compensated absences benefits (Refer note 28.3)	(78,558)	3,154,339
Staff welfare expenses	21,347,511	27,536,706
	<b>512,254,114</b>	<b>595,919,009</b>
<b>Note 28.1 Defined contribution plans</b>		
Employer's contribution to provident fund	11,693,986	11,147,891
Employer's contribution to employee state insurance	7,124,637	8,845,163
<b>Total</b>	<b>18,818,623</b>	<b>19,993,054</b>

**Note 28.2 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 statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

**Statement of profit and loss**

Net employee benefit expense

	For the year ended March 31, 2013	For the year ended March 31, 2012
Current service cost	10,314,253	11,160,962
Interest cost on benefit obligation	2,104,367	1,754,906
Expected return on plan assets	(2,049,180)	(1,811,148)
Net actuarial (gain) / loss recognised in the year	(10,728,276)	(9,036,724)
<b>Net benefit expense</b>	<b>(358,836)</b>	<b>2,067,996</b>
<b>Actual return on plan assets</b>	<b>(2,808,577)</b>	<b>(2,272,043)</b>

Summary of significant accounting policy and notes forming part of the financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

**Balance sheet**

	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
Defined benefit obligation	(24,176,693)	(24,757,257)
Fair value of plan assets	23,952,161	23,827,676
<b>Expected return on plan assets</b>	<b>(224,532)</b>	<b>(929,581)</b>
Less: Unrecognised past service cost	-	-
<b>Plan asset / (liability)</b>	<b>(224,532)</b>	<b>(929,581)</b>

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

	<b>For the year ended March 31, 2013</b>	<b>For the year ended March 31, 2012</b>
Opening defined benefit obligation	24,757,257	21,271,586
Interest cost	2,104,367	1,754,906
Current service cost	10,314,253	11,160,962
Benefits paid	(3,030,305)	(854,368)
Actuarial (gains) / losses on obligation	(9,968,879)	(8,575,829)
<b>Closing defined benefit obligation</b>	<b>24,176,693</b>	<b>24,757,257</b>

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

	<b>For the year ended March 31, 2013</b>	<b>For the year ended March 31, 2012</b>
Opening fair value of plan assets	23,827,676	21,953,304
Expected return	2,049,180	1,811,148
Contributions by employer	346,213	456,697
Benefits paid	(3,030,305)	(854,368)
Actuarial gains / (losses)	759,397	460,895
<b>Closing fair value of plan assets</b>	<b>23,952,161</b>	<b>23,827,676</b>

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

	<b>For the year ended March 31, 2013</b>	<b>For the year ended March 31, 2012</b>
Discount rate	8.00%	8.25%
Expected rate of return on assets	8.70%	8.25%
Expected rate of increase in compensation level	5.00%	5.00%
Expected average remaining working life of employees	26.39 years	27.74 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 8,816,917 (Previous year - Rs 8,261,060) to gratuity during next year.

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policy and notes forming part of the financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

Amounts for the current and previous year are as follows:

	For the year ended March 31, 2013	For the year ended March 31, 2012
Defined benefit obligation	24,176,693	24,757,257
Plan Assets	23,952,161	23,827,676
Surplus / (deficit)	(224,532)	(929,581)
Experience (gain)/loss on plan liabilities	(11,553,863)	(7,337,966)
Experience gain / (loss) on plan assets	759,397	460,895

### Note 28.3 Other employee benefits-compensated leave absences

For determination of the current years' liability in respect of compensated absences, the Company has used following actuarial assumptions:

	For the year ended March 31, 2013	For the year ended March 31, 2012
Discount rate	8.00%	8.50%
Rate of increase in compensation levels	5.00%	5.00%

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Note 29 FINANCE COSTS</b>		
Interest	702,442,957	559,750,923
Other borrowing costs:		
- Loan processing fees	25,352,385	29,034,104
- Bank charges	139,207,178	152,368,286
	<b>867,002,520</b>	<b>741,153,313</b>

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Note 30 OTHER EXPENSES</b>		
Electricity	13,786,169	19,022,182
Rent (Refer note 30.1)	88,493,714	106,411,903
Rates and tax	6,432,773	2,377,668
Insurance	45,144,330	39,731,111
Repair and maintenance		
- Building	711,925	493,244
- Plant and machinery	2,883,409	115,213
- Others	13,211,532	16,411,414
Brokerage	378,619	413,159

**Summary of significant accounting policy and notes forming part of the financial statements**  
(Unless otherwise stated, all amounts are in Indian Rupees)

	<b>For the year ended March 31, 2013</b>	<b>For the year ended March 31, 2012</b>
Commission to managing director (Refer note 35)	-	3,677,031
Commission to Directors other than Whole Time Directors and Managing Director (Refer note 35)	-	3,000,000
Travelling and conveyance	105,643,935	152,588,789
Communication expenses	16,225,235	23,541,077
Printing and stationery	7,377,382	11,975,478
Legal and professional	37,466,342	103,239,479
Director sitting fees	1,120,000	1,580,000
Payment to auditors		
As auditor (Refer note 30.2):		
- Statutory audit fees	2,677,843	1,953,440
- Audit fees for consolidated financial statements	300,000	300,000
- Limited review fees	2,400,000	3,400,000
- Reimbursement of expenses	396,854	329,500
In other manner		
-Certification	180,625	726,940
Premium on forward contracts	-	315,248
Loss on commodity forwards (Refer note 41(a))	3,996,102	23,369,140
Loss on sale of fixed assets	4,763,765	3,847,029
Donation and contribution other than political party	552,627	994,105
Provision for doubtful advances	4,820,131	-
Provision for bad and doubtful debts	172,822,934	18,077,782
Tender expenses	1,455,046	7,146,525
Fees and subscription / inspection charges	3,760,541	9,588,485
Business promotion	13,674,662	19,322,859
Warranty expense (Refer note 6)	4,956,446	8,859,232
Bad debts written off	3,147,502	6,593,022
Advances/ earnest money deposit written off	2,601,270	1,158,815
Theft of material (Refer note 23.1)	13,249,930	11,033,592
Miscellaneous expenses	28,351,349	65,733,962
	<b>602,982,992</b>	<b>667,327,424</b>

**Note 30.1** The Company 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 88,493,714 (Previous Year – Rs 106,411,903).

**Note 30.2** It includes amount paid to erstwhile auditor Rs Nil (Previous year - Rs 1,698,440)

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policy and notes forming part of the financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

### Note 31 DEFERRED TAX

Break-up of deferred tax assets / (liabilities):

Timing difference on account of	Deferred tax assets / (liability) as at March 31, 2012	Current year charge / (credit)	Deferred tax assets / (liability) as at March 31, 2013
<b>Deferred tax liabilities</b>			
Depreciation	(5,480,271)	5,851,930	(11,332,201)
<b>Sub Total (A)</b>	<b>(5,480,271)</b>	<b>5,851,930</b>	<b>(11,332,201)</b>
<b>Deferred tax assets</b>			
Unabsorbed business loss and depreciation*	-	(290,848,870)	290,848,870
Expenditure debited to statement of profit and loss in the current year but allowable for tax purposes in the following years	9,693,685	2,039,087	7,654,598
Provision for warranty	13,495,690	(1,704,344)	15,200,034
Provision of doubtful debts / advances	35,208,322	(58,318,564)	93,526,886
<b>Sub Total (B)</b>	<b>58,397,697</b>	<b>(348,832,691)</b>	<b>407,230,388</b>
<b>Net deferred tax assets (A+B)</b>	<b>52,917,426</b>	<b>(342,980,761)</b>	<b>395,898,187</b>

\* The Company has entered into agreements with its customers for providing engineering services and will have certain revenue and sufficient taxable profits against which the deferred tax asset shall be adjusted.

### Note 32 EARNINGS PER SHARE (EPS)

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

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Net (loss) / profit for the year	(538,104,867)	197,342,891
Face value of share	10	10
Weighted average number of equity shares in calculating basic EPS	74,177,694	74,177,694
Weighted average number of equity shares in calculating diluted EPS	74,177,694	74,177,694
Basic earnings per share	(7.25)	2.66
Diluted earnings per share*	(7.25)	2.66

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

### Note 33 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR:

a) The details of contingent liabilities are as follows:

Particulars	As at March 31, 2013	As at March 31, 2012
Corporate guarantees given to banks on account of facilities granted by said banks to subsidiaries	6,394,300,000	6,269,041,842
Liquidated damages deducted by customers not accepted by the Company and pending final settlement*	14,073,312	14,073,312
Open letters of credit	108,073,376	883,671,986
Litigations under workmen compensation act**	1,177,120	1,177,120
Litigations with contractors and others**	4,259,760	4,240,128
Sales tax demand under dispute	71,892,925	71,892,925
<b>Total</b>	<b>6,593,776,493</b>	<b>7,244,097,313</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.



Summary of significant accounting policy and notes forming part of the financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

**b) Commitments outstanding:**

(i) Estimated amount of contracts to be executed and not provided for:

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Capital commitments	-	104,379,728
Other commitments	2,338,932,000	490,044,000
<b>Total</b>	<b>2,338,932,000</b>	<b>594,423,728</b>

(ii) The management has committed to provide continued operational and financial support to its subsidiary Companies for meet their working capital and other financing requirements.

**Note 34 DISCLOSURE PURSUANT TO ACCOUNTING STANDARD - 7 "CONSTRUCTION CONTRACTS"**

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Contract revenue recognized as revenue in the year	5,368,300,956	9,350,184,704
Aggregate Amount of cost incurred and recognized profits up to the reporting date on contract under progress	40,825,873,576	36,774,757,108
Amount of advance received on contract under progress and outstanding at year end	659,309,420	700,339,731
Amount of retentions on contract under progress	3,433,381,587	3,689,747,586
Gross amount due from customers for contract work as an asset	4,606,833,969	4,758,382,402
Gross amount due to customers for contract work as a liability	105,407,668	157,892,306

**Note 35 MANAGERIAL REMUNERATION**

Remuneration to directors:

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Salaries (including allowances)	14,626,797	14,626,797
Perquisites	12,000	12,000
Commission to Managing Director	-	3,677,031
Commission to Directors other than whole time Directors and Managing Director	-	3,000,000
Contribution to provident fund	1,141,344	1,294,474
Sitting Fees	1,160,000	1,580,000
<b>Total</b>	<b>16,940,141</b>	<b>24,190,302</b>

**Note 35.1:** 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.

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

### Summary of significant accounting policy and notes forming part of the financial statements (Unless otherwise stated, all amounts are in Indian Rupees)

**Note 36:** 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, 2013	March 31, 2012	March 31, 2013	March 31, 2012
<b>Loans and advances to subsidiaries in the nature of loans</b>				
- A2Z Infraservices Limited	-	-	-	130,000,000
- CNCS Facility solutions Private Limited	-	-	-	6,401,013
- A2Z Infrastructure Limited	128,838,720	-	128,838,720	495,500,000
- A2Z Powertech Limited	950,000	10,750,000	16,345,063	56,880,000
- Mirage Bijlee Private Limited	-	-	-	698,239
- Star Transformers Private Limited	-	-	-	115,000,000
- Chavan Rishi International Limited	-	-	1,671,949	12,000,000
- A2Z E Waste Management Limited	-	-	-	7,000,000
- A2Z Waste Management (Jaipur) Limited	42,137,412	-	42,137,412	-
- A2Z Maintenance & Engineering Services Limited and Satya Builder (AOP)	40,634,722	-	40,634,722	-

**Note 36.1:** All the above loans are repayable on demand and are interest bearing

### **Note 37** INTEREST IN JOINT VENTURES

a) The Company's interest and share in joint ventures in the jointly controlled operations as at March 31, 2013 are as follows:

S. No.	Name of Joint Venture partner	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 37(a).1 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 37(a).1 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 37(a).1 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 37(a).1 below	*

**Summary of significant accounting policy and notes forming part of the financial statements**  
(Unless otherwise stated, all amounts are in Indian Rupees)

<b>S. No.</b>	<b>Name of Joint Venture partner</b>	<b>Description of Interest</b>	<b>Nature of Project</b>	<b>Ownership Interest</b>	<b>Country of Incorporation</b>
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 37(a).1 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 37(a).1 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 37(a).1 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 37(a).1 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 37(a).1 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 37(a).1 below	*

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policy and notes forming part of the financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

S. No.	Name of Joint Venture partner	Description of Interest	Nature of Project	Ownership Interest	Country of Incorporation
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 37(a).1 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 37(a).1 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 37(a).1 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 37(a).1 below	*

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

Note 37(a).1: 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.

Note 37(b): The Company holds 60% interest in an Association of Person (AOP), formed between A2Z Maintenance and Engineering Services Limited and Satya Builders, a jointly controlled entity which is involved in waste water projects at Alwar and Chittorgarh, Rajasthan.

Summary of significant accounting policy and notes forming part of the financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

**Note 38 RELATED PARTY**
**Names of related parties**
**Subsidiary Companies**

A2Z Infraservices Limited\*  
A2Z Infrastructure Limited  
A2Z Powertech Limited  
A2Z Powercom Limited  
Selligence Technologies Services Private Limited  
Mansi Bijlee & Rice Mills Limited  
Madhya Bijlee Private Limited  
Mirage Bijlee Private limited  
Star Transformers Limited  
Chavan Rishi International Limited  
A2Z Maintenance & Engineering Services (Uganda) Private Limited  
A2Z E Waste Management Limited (Till March 24, 2013)  
A2Z Water Solutions Limited  
A2Z Singapore Waste Management Holdings Private Limited  
A2Z Disaster Management and Innovative Response Education Private Limited  
Pioneer Waste Management Private Limited  
A2Z Waste Management (Nainital) Private Limited  
A2Z Maintenance & Engineering Services Limited and Satya Builders (Association of person)  
\*Imatek Solutions Private Limited, CNCS Facility Solutions Private Limited, A2Z Infra Management & Services Limited have been amalgamated with A2Z Infraservices Limited effective from August 6, 2012 (Refer note 15.2).

**Subsidiaries of A2Z Infrastructure Limited:**

- a) A2Z Waste Management (Merrut) Limited
- b) A2Z Waste Management (Moradabad) Limited
- c) A2Z Waste Management (Varanasi) Limited
- d) A2Z Waste Management (Aligarh) Limited
- e) A2Z Waste Management (Badaun) Limited
- f) A2Z Waste Management (Balai) Limited
- g) A2Z Waste Management (Basti) Limited
- h) A2Z Waste Management (Fatehpur) Limited
- i) A2Z Waste Management (Jaunpur) Limited
- j) A2Z Waste Management (Loni) Limited
- k) A2Z Waste Management (Mirzapur) Limited
- l) A2Z Waste Management (Ranchi) Limited
- m) A2Z Waste Management (Sambhal) Limited
- n) A2Z Waste Management (Haridwar) Private Limited
- o) A2Z Waste Management (Dhanbad) Private Limited
- p) A2Z Waste Management (Ludhiana) Limited
- q) A2Z Waste Management (Jaipur) Limited (with effect from July 10, 2012)
- r) A2Z Mayo SNT Waste Management (Nanded) Private Limited (with effect from August 7, 2012)
- s) A2Z Waste Management (Ahmedabad) Limited (with effect from October 15, 2012)

**Subsidiary of A2Z Singapore Waste Management Holdings Private Limited:**

- a) A2Z Waste Management Private Limited

**Subsidiary of A2Z E Waste Management Limited (Till March 24, 2013):**

- a) Dataserv APAC Limited (formerly A2Z Dataserv Limited)

**Subsidiary of A2Z Waste Management (Moradabad) Limited:**

- a) Shree Balaji Pottery Private Limited (with effect from April 30, 2012)

**Subsidiary of A2Z Waste Management (Varanasi) Limited:**

- a) Shree Hari Om Utensils Private Limited (with effect from April 30, 2012)

**Joint Venture (unincorporated)**

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 Cobra Instalaciones Y Servicios, S.A  
M/s Karamtara Engineering Pvt. Ltd  
M/s Richardson & Cruddas (1972) Ltd.  
M/s Satya Builders

**Individual having significant influence**

Mr. Rakesh Radheyshyam Jhunjhunwala

**Key Management Personnel ('KMP')**

Mr. Amit Mittal (Managing director)  
Mrs. Dipali Mittal (Whole time director)

**Relative of Key Management Personnel**

Mrs. Sudha Mittal (Mother of Mr. Amit Mittal)  
Mr. Manoj Gupta (Sister's husband of Mrs. Dipali Mittal)

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policy and notes forming part of the financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

Transaction with related parties during the year

Particulars	For the year ended March 31, 2013				For the year ended March 31, 2012			
	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP
<b>Sale of goods / services</b>								
- UB Engineering Limited	-	68,400,925	-	-	-	523,700,653	-	-
-SPIC-SMO	-	61,375,915	-	-	-	101,471,898	-	-
-Star Transformers Limited	17,614,400	-	-	-	73,564,695	-	-	-
-A2Z Infrastructure Limited	2,000,000	-	-	-	19,832,592	-	-	-
-A2Z Waste Management (Varanasi) Limited	-	-	-	-	42,404,999	-	-	-
-A2Z Waste Management (Ludhiana) Limited	130,601	-	-	-	1,973,269	-	-	-
-A2Z Waste Management (Aligarh) Limited	72,000	-	-	-	-	-	-	-
-A2Z Waste Management (Fatehpur) Limited	32,810	-	-	-	-	-	-	-
<b>Sale of fixed assets</b>								
-Star Transformers Limited	-	-	-	-	2,033,129	-	-	-
-A2Z Infrastructure Limited	-	-	-	-	232,195	-	-	-
-A2Z Waste Management (Merrut) Limited	37,887	-	-	-	188,659	-	-	-
-A2Z Waste Management (Aligarh) Limited	138,839	-	-	-	66,898	-	-	-
-A2Z Waste Management (Badaun) Limited	-	-	-	-	535,215	-	-	-
-A2Z Waste Management (Moradabad) Limited	225,796	-	-	-	-	-	-	-
-Dataserv APAC Limited	140,112	-	-	-	-	-	-	-
<b>Rental income</b>								
-A2Z Powercom Limited	-	-	-	-	30,000	-	-	-
-A2Z Powertech Limited	-	-	-	-	30,000	-	-	-
-A2Z Infraserivces Limited	-	-	-	-	30,000	-	-	-
-Mansi Bjee & Rice Mills Limited	-	-	-	-	24,000	-	-	-
-A2Z Infrastructure Limited	900,000	-	-	-	930,000	-	-	-
-A2Z Waste Management (Moradabad) Limited	-	-	-	-	24,000	-	-	-
-A2Z Waste Management (Merrut) Limited	-	-	-	-	24,000	-	-	-
-A2Z Waste Management (Varanasi) Limited	-	-	-	-	24,000	-	-	-
-A2Z Waste Management (Aligarh) Limited	-	-	-	-	24,000	-	-	-
<b>Interest income</b>								
-CNCS Facility solutions Private Limited	-	-	-	-	202,338	-	-	-
- A2Z Infraserivces Limited	-	-	-	-	6,972,678	-	-	-



**Summary of significant accounting policy and notes forming part of the financial statements**

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

**Transaction with related parties during the year**

Particulars	For the year ended March 31, 2013				For the year ended March 31, 2012			
	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP
-A2Z Infrastructure Limited	6,102,673	-	-	-	6,776,912	-	-	-
-A2Z Powertech Limited	605,287	-	-	-	2,545,489	-	-	-
-Mirage Bijlee Private Limited	-	-	-	-	31,475	-	-	-
-Star Transformers Limited	-	-	-	-	5,622,228	-	-	-
-A2Z E Waste Management Limited	-	-	-	-	72,404	-	-	-
- Chavan Rishi International Limited	28,909	-	-	-	170,437	-	-	-
-A2Z Waste Management (Jaipur) Limited	1,443,755	-	-	-	-	-	-	-
-A2Z Maintenance & Engineering Services Limited and Satya Builders (AOP)	2,477,317	-	-	-	-	-	-	-
<b>Purchase of goods or services</b>								
- A2Z Infrservices Limited	36,925,206	-	-	-	28,099,845	-	-	-
- A2Z Powertech Limited	7,029,336	-	-	-	3,480,627	-	-	-
- Star Transformers Limited	201,443,662	-	-	-	206,677,454	-	-	-
-Linkwell Telesystems Private Limited	-	1,747,118	-	-	-	4,290,523	-	-
-Richardson & Cruddas (1972) Ltd.	-	4,538,854	-	-	-	7,527,211	-	-
-Karamtara Engineering Private Limited	-	27,134,901	-	-	-	18,966,478	-	-
-Cobra Instalaciones Y Servicios, S.A	-	17,939,585	-	-	-	10,035,954	-	-
-A2Z Waste Management (Varanasi) Limited	1,687,468	-	-	-	-	-	-	-
<b>Purchase of fixed assets</b>								
- A2Z Powertech Limited	2,362,500	-	-	-	420,000	-	-	-
- A2Z Powercom Limited	163,163,512	-	-	-	1,359,976,202	-	-	-
- Star Transformers Limited	353,085	-	-	-	107,445	-	-	-
-A2Z Waste Management (Ludhiana) Limited	3,245,907	-	-	-	-	-	-	-
-A2Z Infrastructure Limited	424,157	-	-	-	-	-	-	-
<b>Rent expense / equipment hiring charges</b>								
- Amit Mittal	-	-	-	484,600	-	-	-	396,000
- Manoj Gupta	-	-	-	369,050	-	-	-	330,000
- Sudha Mittal	-	-	-	357,500	-	-	-	330,000
- Dipali Mittal	-	-	-	270,750	-	-	-	1,022,250
-Richardson & Cruddas (1972) Ltd.	-	-	-	-	-	1,308,872	-	-
- A2Z Infrservices Limited	480,000	-	-	-	-	-	-	-

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

### Summary of significant accounting policy and notes forming part of the financial statements

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

Transaction with related parties during the year

Particulars	For the year ended March 31, 2013				For the year ended March 31, 2012			
	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP
- Chavan Rishi International Limited	2,400,000	-	-	-	2,400,000	-	-	-
<b>Interest expense</b>								
-A2Z Waste Management (Ludhiana) Limited	-	-	-	-	243,169	-	-	-
<b>Fund transferred / includes expenses incurred on behalf of related party</b>								
- A2Z Infrastructure Limited	25,899,026	-	-	-	6,620,386	-	-	-
- A2Z Infraservices Limited	174,639	-	-	-	13,259,251	-	-	-
- A2Z Powertech Limited	-	-	-	-	39,950	-	-	-
- A2Z Powercom Limited	-	-	-	-	2,130,454	-	-	-
- A2Z E Waste Management Limited	155,500	-	-	-	3,545,965	-	-	-
- Star Transformers Limited	-	-	-	-	5,498,312	-	-	-
-A2Z Maintenance & Engineering Services (Uganda) Private Limited	-	-	-	-	128,567	-	-	-
-A2Z Maintenance & Engineering Services Limited and Satya Builders (AOP)	12,040,203	-	-	-	7,804,502	-	-	-
-A2Z Waste Management (Dhanbad) Limited	-	-	-	-	337,682	-	-	-
<b>Fund received / includes expenses incurred on behalf of Company</b>								
- A2Z Infraservices Limited	24,069,741	-	-	-	-	-	-	-
- A2Z Powercom Limited	399,007	-	-	-	-	-	-	-
- A2Z Powertech Limited	1,045	-	-	-	-	-	-	-
<b>Provision for doubtful debts expense</b>								
- UB Engineering Limited	-	50,695,758	-	-	-	-	-	-
- SPIC-SMO	-	25,342,317	-	-	-	-	-	-
<b>Subscription to equity share capital</b>								
- A2Z E Waste Management Limited	-	-	-	-	400,000	-	-	-
-A2Z Water Solutions Limited	-	-	-	-	100,000	-	-	-
-Mansi Bijlee & Rice Mills Limited	-	-	-	-	400,000	-	-	-
-Mirage Bijlee Private Limited	-	-	-	-	600,000	-	-	-
-A2Z Singapore Waste Management Holdings Private Limited	-	-	-	-	1,199,811	-	-	-

**Summary of significant accounting policy and notes forming part of the financial statements**

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

Transaction with related parties during the year

Particulars	For the year ended March 31, 2013				For the year ended March 31, 2012			
	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP
-A2Z Waste Management (Jaipur) Limited	100,000	-	-	-	-	-	-	-
<b>Subscription to preference share capital</b>								
- A2Z Infrastructure Limited	-	-	-	-	712,000,000	-	-	-
- A2Z E Waste Management Limited	2,500,000	-	-	-	20,400,000	-	-	-
- Mansi Bjee & Rice Mills Limited	-	-	-	-	149,580,000	-	-	-
<b>Share application money given</b>								
- A2Z Infrastructure Limited	-	-	-	-	238,075,000	-	-	-
<b>Share application money refunded</b>								
- A2Z Infrastructure Limited	-	-	-	-	238,075,000	-	-	-
-Mansi Bjee & Rice Mills Limited	-	-	-	-	9,200,000	-	-	-
<b>Loan taken / advances received</b>								
-A2Z Waste Management (Ludhiana) Limited	-	-	-	-	40,000,000	-	-	-
<b>Loan / advances repaid</b>								
-A2Z Waste Management (Ludhiana) Limited	-	-	-	-	40,000,000	-	-	-
<b>Loan given / advances paid</b>								
- A2Z Infrservices Limited	-	-	-	-	50,000,000	-	-	-
- A2Z Powercom Limited	100,544,380	-	-	-	100,544,380	-	-	-
- Chavan Rishi International Limited	3,000,000	-	-	-	12,000,000	-	-	-
- A2Z Infrastructure Limited	315,861,066	-	-	-	428,500,000	-	-	-
- A2Z Powertech Limited	8,915,063	-	-	-	54,950,000	-	-	-
- A2Z E Waste Management Limited	-	-	-	-	7,000,000	-	-	-
- Star Transformers Limited	-	-	-	-	60,000,000	-	-	-
- A2Z Waste Management (Jaipur) Limited	42,787,412	-	-	-	-	-	-	-
- A2Z Maintenance & Engineering Services Limited and Satya Builders (AOP)	41,634,722	-	-	-	-	-	-	-
<b>Loan / advances refunded</b>								
- A2Z Infrservices Limited	-	-	-	-	130,000,000	-	-	-
- A2Z Powertech Limited	18,715,063	-	-	-	56,880,000	-	-	-
- A2Z Infrastructure Limited	187,022,346	-	-	-	495,500,000	-	-	-
- CNCS Facility solutions Private Limited	-	-	-	-	6,401,013	-	-	-

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

### Summary of significant accounting policy and notes forming part of the financial statements

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

Transaction with related parties during the year

Particulars	For the year ended March 31, 2013				For the year ended March 31, 2012			
	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP
- Star Transformers Limited	-	-	-	-	125,359,542	-	-	-
- A2Z E Waste Management Limited	-	-	-	-	7,000,000	-	-	-
-Chavan Rishi International Limited	2,057,789	-	-	-	12,000,000	-	-	-
-Mirage Bijlee Private Limited	-	-	-	-	698,239	-	-	-
-A2Z Waste Management (Jaipur) Limited	650,000	-	-	-	-	-	-	-
-A2Z Maintenance & Engineering Services Limited and Satya Builders (AOP)	1,000,000	-	-	-	-	-	-	-
<b>Security deposit paid</b>								
-Richardson & Cruddas (1972) Ltd.	-	-	-	-	300,000	-	-	-
-Chavan Rishi International Limited	-	-	-	-	1,200,000	-	-	-
<b>Prepaid rent paid</b>								
-Chavan Rishi International Limited	-	-	-	-	498,504	-	-	-
<b>Guarantees given on behalf of subsidiaries</b>								
-A2Z Infraservices Limited	598,800,000	-	-	-	55,000,000	-	-	-
-A2Z Infrastructure Limited	260,000,000	-	-	-	1,086,000,000	-	-	-
-CNCS Facility solutions Private Limited	-	-	-	-	43,000,000	-	-	-
-A2Z Waste Management (Merrut) Limited	-	-	-	-	110,000,000	-	-	-
-A2Z Waste Management (Moradabad) Limited	-	-	-	-	48,000,000	-	-	-
-A2Z Waste Management (Aligarh) Limited	-	-	-	-	65,000,000	-	-	-
-A2Z Waste Management (Varanasi) Limited	-	-	-	-	200,000,000	-	-	-
-A2Z Infra management & Services Limited	-	-	-	-	50,000,000	-	-	-
-A2Z Waste Management (Ranchi) Limited	-	-	-	-	314,000,000	-	-	-
-A2Z Waste Management (Loni) Limited	-	-	-	-	70,000,000	-	-	-
-A2Z Waste Management (Basti) Limited	-	-	-	-	53,000,000	-	-	-
-A2Z Waste Management (Badaun) Limited	-	-	-	-	56,000,000	-	-	-
-A2Z Waste Management (Jaunpur) Limited	-	-	-	-	22,000,000	-	-	-
-A2Z Waste Management (Sambhal) Limited	-	-	-	-	55,000,000	-	-	-

Summary of significant accounting policy and notes forming part of the financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)  
Transaction with related parties during the year

Particulars	For the year ended March 31, 2013				For the year ended March 31, 2012			
	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP
-A2Z Waste Management (Fatehpur) Limited	-	-	-	-	41,000,000	-	-	-
-A2Z Waste Management (Mirzapur) Limited	-	-	-	-	56,000,000	-	-	-
-A2Z Waste Management (Balai) Limited	-	-	-	-	42,000,000	-	-	-
-A2Z Waste Management (Ludhiana) Limited	-	-	-	-	891,000,000	-	-	-
-A2Z Waste Management (Jaipur) Limited	200,000,000	-	-	-	-	-	-	-
-Star Transformers Limited	-	-	-	-	270,000,000	-	-	-
-A2Z Maintenance & Engineering Services Limited and Satya Builders (AOP)	58,000,000	-	-	-	-	-	-	-
- A2Z E Waste Management Limited	-	-	-	-	19,741,842	-	-	-
-Dataserv APAC Limited	-	-	-	-	190,000,000	-	-	-
-A2Z Waste Management (Haridwar) Private Limited	-	-	-	-	3,412	-	-	-
<b>Cancellation of guarantees given on behalf of subsidiaries</b>								
-CNCS Facility solutions Private Limited	130,000,000	-	-	-	-	-	-	-
-A2Z Infra management & Services Limited	268,800,000	-	-	-	-	-	-	-
- A2Z Waste Management (Ludhiana) Limited	383,000,000	-	-	-	-	-	-	-
- A2Z E Waste Management Limited	19,741,842	-	-	-	-	-	-	-
- Dataserv APAC Limited	190,000,000	-	-	-	-	-	-	-
<b>Remuneration</b>								
- Amit Mittal	-	-	-	14,253,744	-	-	-	18,072,313
- Dipali Mittal	-	-	-	1,526,397	-	-	-	1,537,989
<b>Sitting fees</b>								
- Rakesh Jhunjhunwala	-	-	-	-	-	-	18,000	-
<b>Balance outstanding at the end of the year</b>								
Interest bearing loan given								
- A2Z Infrastructure Limited	128,838,720	-	-	-	-	-	-	-
- A2Z Powertech Limited	950,000	-	-	-	10,750,000	-	-	-
-A2Z Waste Management (Jaipur) Limited	42,137,412	-	-	-	-	-	-	-
-A2Z Maintenance & Engineering Services Limited and Satya Builders (AOP)	40,634,722	-	-	-	-	-	-	-

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

### Summary of significant accounting policy and notes forming part of the financial statements

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

Transaction with related parties during the year

Particulars	For the year ended March 31, 2013				For the year ended March 31, 2012			
	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP
<b>Advance from customer</b>								
- UB Engineering Limited	-	488,255	-	-	-	488,255	-	-
<b>Other current assets</b>								
- Chavan Rishi International Limited	-	-	-	-	153,393	-	-	-
- A2Z Powertech Limited	-	-	-	-	159,946	-	-	-
- A2Z Infrastructure Limited	5,492,406	-	-	-	-	-	-	-
- A2Z Waste Management (Jaipur) Limited	1,299,379	-	-	-	-	-	-	-
- A2Z Maintenance & Engineering Services Limited and Satya Builders (AOP)	2,229,585	-	-	-	-	-	-	-
<b>Trade receivable / advances recoverable</b>								
- A2Z Infrastructure Limited	-	-	-	-	5,814,184	-	-	-
- A2Z Powercom Limited	100,544,380	-	-	-	100,544,380	-	-	-
- Richardson & Cruddas (1972) Ltd.	-	-	-	-	-	1,615,790	-	-
- UB Engineering Limited	-	1,022,437,618	-	-	-	1,049,412,930	-	-
- SPIC-SMO	-	281,503,478	-	-	-	231,469,632	-	-
- Cobra Instalaciones Y Servicios, S.A	-	-	-	-	-	26,683	-	-
-A2Z Waste Management (Merrut) Limited	-	-	-	-	188,659	-	-	-
-A2Z Waste Management (Aligarh) Limited	-	-	-	-	66,898	-	-	-
-A2Z Waste Management (Varanasi) Limited	-	-	-	-	43,298,503	-	-	-
-A2Z Waste Management (Badaun) Limited	-	-	-	-	675,861	-	-	-
-A2Z Waste Management (Balai) Limited	-	-	-	-	321,117	-	-	-
-A2Z Waste Management (Basti) Limited	-	-	-	-	185,200	-	-	-
-A2Z Waste Management (Haridwar) Private Limited	-	-	-	-	3,412	-	-	-
-A2Z Waste Management (Jaunpur) Limited	-	-	-	-	533,598	-	-	-
-A2Z Waste Management (Loni) Limited	-	-	-	-	129,472	-	-	-
-A2Z Waste Management (Mirzapur) Limited	-	-	-	-	222,585	-	-	-
-A2Z Waste Management (Ludhiana) Limited	-	-	-	-	2,072,987	-	-	-
-A2Z Maintenance & Engineering Services Limited and Satya Builders (AOP)	8,124,971	-	-	-	5,084,546	-	-	-



**Summary of significant accounting policy and notes forming part of the financial statements**

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

Transaction with related parties during the year

Particulars	For the year ended March 31, 2013				For the year ended March 31, 2012			
	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP
-A2Z Singapore Waste Management Holdings Private Limited	256,265	-	-	-	256,265	-	-	-
-Dataserv APAC Limited	-	-	-	-	1,942,310	-	-	-
-A2Z Waste Management (Dhanbad) Limited	-	-	-	-	337,682	-	-	-
-A2Z Maintenance & Engineering Services (Uganda) Private Limited	128,567	-	-	-	128,567	-	-	-
<b>Security deposit paid</b>								
-Chavan Rishi International Limited	1,200,000	-	-	-	1,200,000	-	-	-
-Richardson & Cruddas (1972) Ltd.	-	-	-	-	300,000	-	-	-
<b>Prepaid rent paid</b>								
- Chavan Rishi International Limited	-	-	-	-	498,504	-	-	-
<b>Provision for doubtful debts</b>								
- UB Engineering Limited	-	59,916,529	-	-	-	9,220,771	-	-
- SPIC-SMO	-	34,550,662	-	-	-	9,208,345	-	-
<b>Remuneration payable</b>								
- Amit Mittal	-	-	-	1,371,238	-	-	-	4,362,712
- Dipali Mittal	-	-	-	275,054	-	-	-	27,795
<b>Trade payable</b>								
- A2Z Powercom Limited	138,461,490	-	-	-	88,898,290	-	-	-
-A2Z Powertech Limited	-	-	-	-	652,349	-	-	-
-A2Z Infraservices Limited	85,316,798	-	-	-	77,999,003	-	-	-
-A2Z Waste Management (Ludhiana) Limited	608,615	-	-	-	-	-	-	-
- Chavan Rishi International Limited	614,160	-	-	-	-	-	-	-
-Linkwell Telesystems Private Limited	-	2,203	-	-	-	2,192,745	-	-
-Karamtara Engineering Private Limited	-	340,289	-	-	-	2,331,164	-	-
-Richardson & Cruddas (1972) Ltd.	-	1,760,542	-	-	-	-	-	-
-Cobra Instalaciones Y Servicios, S.A	-	7,780,224	-	-	-	-	-	-
-A2Z E Waste Management Limited	-	-	-	-	888,871	-	-	-
-Star Transformers Limited	8,618,902	-	-	-	55,459,818	-	-	-
<b>Guarantees given on behalf of subsidiaries</b>								
-A2Z Infraservices Limited	993,800,000	-	-	-	395,000,000	-	-	-

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

### Summary of significant accounting policy and notes forming part of the financial statements

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

Transaction with related parties during the year

Particulars	For the year ended March 31, 2013				For the year ended March 31, 2012			
	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP	Subsidiary Companies	Joint Ventures	Individual having Significant Influence and their relatives	KMP/ Relative of KMP
-A2Z Infrastructure Limited	2,482,500,000	-	-	-	2,222,500,000	-	-	-
-CNCS Facility solutions Private Limited	-	-	-	-	130,000,000	-	-	-
-A2Z Waste Management (Merrut) Limited	350,000,000	-	-	-	350,000,000	-	-	-
-A2Z Waste Management (Moradabad) Limited	183,000,000	-	-	-	183,000,000	-	-	-
-A2Z Waste Management (Aligarh) Limited	200,000,000	-	-	-	200,000,000	-	-	-
-A2Z Waste Management (Varanasi) Limited	440,000,000	-	-	-	440,000,000	-	-	-
-A2Z Infra management & Services Limited	-	-	-	-	268,800,000	-	-	-
-A2Z Waste Management (Ranchi) Limited	314,000,000	-	-	-	314,000,000	-	-	-
-A2Z Waste Management (Loni) Limited	70,000,000	-	-	-	70,000,000	-	-	-
-A2Z Waste Management (Basti) Limited	53,000,000	-	-	-	53,000,000	-	-	-
-A2Z Waste Management (Badaun) Limited	56,000,000	-	-	-	56,000,000	-	-	-
-A2Z Waste Management (Jaunpur) Limited	22,000,000	-	-	-	22,000,000	-	-	-
-A2Z Waste Management (Sambhal) Limited	55,000,000	-	-	-	55,000,000	-	-	-
-A2Z Waste Management (Fatehpur) Limited	41,000,000	-	-	-	41,000,000	-	-	-
-A2Z Waste Management (Mirzapur) Limited	56,000,000	-	-	-	56,000,000	-	-	-
-A2Z Waste Management (Balai) Limited	42,000,000	-	-	-	42,000,000	-	-	-
-A2Z Waste Management (Ludhiana) Limited	508,000,000	-	-	-	891,000,000	-	-	-
-A2Z Waste Management (Jaipur) Limited	200,000,000	-	-	-	-	-	-	-
-Star Transformers Limited	270,000,000	-	-	-	270,000,000	-	-	-
-A2Z Maintenance & Engineering Services Limited and Satya Builders (AOP)	58,000,000	-	-	-	-	-	-	-
-A2Z E Waste Management Limited	-	-	-	-	19,741,842	-	-	-
-Dataserb APAC Limited	-	-	-	-	190,000,000	-	-	-

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

## Summary of significant accounting policy and notes forming part of the financial statements

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

### Note 39 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 March 2013	ES March 2012	PGP March 2013	PGP March 2012	Others March 2013	Others March 2012	Total March 2013	Total March 2012
<b>Revenue</b>								
Segment revenue	5,399,541,056	9,482,990,011	-	-	150,039,112	199,318,553	5,549,580,168	9,682,308,564
Other income	48,175,609	3,847,214	-	-	-	-	48,175,609	3,847,214
<b>Total revenue</b>	<b>5,447,716,665</b>	<b>9,486,837,225</b>	<b>-</b>	<b>-</b>	<b>150,039,112</b>	<b>199,318,553</b>	<b>5,597,755,777</b>	<b>9,686,155,778</b>
<b>Costs</b>								
Segment costs	(5,587,877,369)	(8,543,458,270)	(1,212,457)	(663,356)	(155,378,287)	(155,151,625)	(5,744,468,113)	(8,699,273,251)
<b>Result</b>								
<b>Segment result</b>	<b>(140,160,704)</b>	<b>943,378,955</b>	<b>(1,212,457)</b>	<b>(663,356)</b>	<b>(5,339,175)</b>	<b>44,166,928</b>	<b>(146,712,336)</b>	<b>986,882,527</b>
Unallocated income							203,730	3,893,788
Interest income							52,721,263	75,811,991
Financial expense							(867,002,520)	(741,153,313)
Exceptional items							101,655,590	-
<b>Provision for tax</b>								
Current income tax							(24,837,036)	(120,213,697)
Deferred tax							342,980,761	(43,036,934)
(charge)/credit								
Tax expense relating to prior years							2,885,681	35,158,529
<b>Net profit after tax</b>							<b>(538,104,867)</b>	<b>197,342,891</b>
<b>Other information</b>								
Segment assets	13,438,122,125	15,202,783,514	4,188,378,568	3,327,947,296	267,066,397	237,126,644	17,893,567,090	18,767,857,454
Unallocable corporate assets							3,657,948,529	3,096,668,495
<b>Total assets</b>	<b>13,438,122,125</b>	<b>15,202,783,514</b>	<b>4,188,378,568</b>	<b>3,327,947,296</b>	<b>267,066,397</b>	<b>237,126,644</b>	<b>21,551,515,619</b>	<b>21,864,525,949</b>
Segment liabilities	3,024,341,286	3,851,117,915	138,461,490	88,898,290	174,490,326	97,143,975	3,337,293,102	4,037,160,180
Unallocable corporate liabilities							7,168,123,564	6,243,161,949
<b>Total liabilities</b>	<b>3,024,341,286</b>	<b>3,851,117,915</b>	<b>138,461,490</b>	<b>88,898,290</b>	<b>174,490,326</b>	<b>97,143,975</b>	<b>10,505,416,666</b>	<b>10,280,322,129</b>
Capital expenditure	41,793,635	207,399,040	972,992,547	1,717,457,656	-	-	1,014,786,182	1,924,856,696
Depreciation included in segment expenses	70,361,882	68,272,562	-	-	1,448,591	1,630,901	71,810,473	69,903,463
Other Non cash expenditure							183,391,837	25,829,619

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 trade receivables regarding geographical segments as at March 31, 2013 and March 31, 2012.

Particulars	India March 2013	India March 2012	Other Countries March 2013	Other Countries March 2012	Total March 2013	Total March 2012
Segment revenue	5,217,698,438	9,287,255,477	432,982,332	478,606,080	5,650,680,770	9,765,861,557
Segment trade receivables (including retention money)	6,766,770,348	7,681,481,183	134,201,249	102,905,214	6,900,971,597	7,784,386,397

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

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

### Summary of significant accounting policy and notes forming part of the financial statements (Unless otherwise stated, all amounts are in Indian Rupees)

**Note 40** During the year ended March 31, 2010, the Company had 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	2-Jun-10			
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			
	Number of options	Weighted Average Exercise Price (Rs.)	Weighted average remaining contractual life of options (in years)
Outstanding at the beginning of the year	755,500	-	5.18
Granted during the year	-	314.13	
Forfeited during the year	212,250	314.13	
Exercised during the year	-	314.13	
Expired during the year	-	314.13	
Outstanding at the end of the year	543,250	314.13	
Exercisable at the end of the year	231,100	314.13	
Weighted average fair value of options granted on the date of grant	-	-	

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	
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%

## Summary of significant accounting policy and notes forming part of the financial statements

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

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:

<b>Particulars</b>	
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:

<b>Particulars</b>	<b>For the year ended March 31, 2013</b>	<b>For the year ended March 31, 2012</b>
(Loss) / profit for the year, as reported	(538,104,867)	197,342,891
Add: Employee stock compensation under intrinsic value method	-	-
Less: Employee stock compensation under fair value method*	(2,972,047)	21,096,872
Pro-forma (loss) / profit	(535,132,820)	176,246,019
Earnings Per Share		
Basic		
- As reported	(7.25)	2.66
- Pro-forma	(7.21)	2.38
Diluted		
- As reported	(7.25)	2.66
- Pro-forma	(7.21)	2.38

\* The Company has considered an attrition / lapsing rate of 10% for the purpose of above disclosure.

### Note 41: Derivative instruments and unhedged foreign currency exposure:

#### a) Disclosure of open derivative contracts:

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

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

Commodity	Buy Contracts	M2M Loss/(Gain)*	Buy Contracts	M2M Loss/(Gain)*
	(Qty in MT.)		(Qty in MT.)	
	As at March 31, 2013		As at March 31, 2012	
Aluminium	-	-	960	3,252,930
Steel	-	-	4,060	(2,182,326)
Total	-	-	5,020	1,070,604

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

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policy and notes forming part of the financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

### 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, 2013
Foreign currency in hand	217	15	Riyal	1 Riyal = INR 14.47
Foreign currency in hand	857	490	Rubal	1 Rubal = INR 1.75
Foreign currency in hand	41,362	500	GBP	1 GBP = INR 82.72
Bank Balance with Standard chartered Bank (Zambia)	16,33,935	162,973	Zambian Kwacha	1 ZK = INR 10.03
Bank Balance with Standard chartered Bank (Uganda)	17,07,733	82,419,568	Uganda Shillings	1 UGX = Rs 0.02

### The detail of unhedged foreign currency exposure as at March 31, 2012 are as under:

Particulars	Amount in Rupees	Amount in Foreign currency	Currency	Exchange rate as on March 31, 2012
Foreign currency in hand	46,041	900	USD	1 USD = INR 51.16
Foreign currency in hand	301	45	HKD	1 HKD = INR 6.69
Foreign currency in hand	117,750	17,470	ZAR	1 ZAR = INR 6.74
Foreign currency in hand	1,835	130	Dirham	1 Dirham = INR 14.12
Foreign currency in hand	207	15	Riyal	1 Riyal = INR 13.80
Foreign currency in hand	864	490	Rubal	1 Rubal = INR 1.76
Foreign currency in hand	6,911	4,120	Thai Bhat	1 Thai Bhat = INR 1.68
Foreign currency in hand	45,399	555	GBP	1 GBP = INR 81.80
Foreign currency in hand	3,148	384	CNY	1 CNY = INR 8.20
Bank Balance with Standard chartered Bank (Uganda)	14,562,581	716,309,922	Uganda Shillings	1 UGX = Rs 0.02

**Note 42:** Trade receivable, trade payables, advance to suppliers and advances from customers 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.

**Note 43:** The Income tax authorities conducted a search and survey at certain premises of the Company under section 132 and 133 of the Income Tax Act, 1961 during the year. Pending receipt of further communication from the authorities, management is of the opinion that the income tax provision carried in the books is adequate.

### Note 44 (a) : Expenditure in foreign currency (on accrual basis):

	For the year ended March 31, 2013	For the year ended March 31, 2012
Professional charges	-	2,394,104
Fees and subscription	196,862	190,836
Interest on working capital loan	-	245,311
Operational expenses – Foreign tour	1,128,855	2,152,910
Tender expenses	406,512	103,506
Business promotion	1,924,735	-
Sitting fee expense	144,000	120,000
	<b>3,800,964</b>	<b>5,206,667</b>



**Summary of significant accounting policy and notes forming part of the financial statements**  
(Unless otherwise stated, all amounts are in Indian Rupees)

**Note 44 (b): Earnings in foreign currency**

	<b>For the year ended March 31, 2013</b>	<b>For the year ended March 31, 2012</b>
Revenue from Engineering services	491,894,985	495,250,432
	<b>491,894,985</b>	<b>495,250,432</b>

**Note 44 (c) : CIF value of imports**

	<b>For the year ended March 31, 2013</b>	<b>For the year ended March 31, 2012</b>
Capital goods	-	3,442,657
Inventory for trading	-	13,095,600
Inventory for execution of projects	12,817,323	33,322,988
	<b>12,817,323</b>	<b>49,861,245</b>

**Note 44 (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 item wise break up of material consumed. These comprises:

	<b>For the year ended March 31, 2013</b>	<b>For the year ended March 31, 2012</b>
Indigenous - in value	3,179,408,594	5,003,933,405
Indigenous - in percentage (%)	99.60%	99.34%
Imported - in value	12,817,323	33,322,988
Imported - in percentage (%)	0.40%	0.66%
	<b>3,192,225,917</b>	<b>5,037,256,393</b>

**Note 44 (e): Purchase of trading goods**

	<b>For the year ended March 31, 2013</b>	<b>For the year ended March 31, 2012</b>
Prime CRGO electrical steel sheets in Coil	90,850	1,024,802
Biomass fuel processing machines / Chippers / Grinders / Dryer	25,616,861	18,809,569
Transformer	-	3,443,020
	<b>25,707,711</b>	<b>23,277,391</b>

**Note 44 (f): Sale of trading goods**

	<b>For the year ended March 31, 2013</b>	<b>For the year ended March 31, 2012</b>
Prime CRGO electrical steel sheets in Coil	17,614,400	73,564,695
Biomass fuel processing machines / Chippers / Grinders	-	19,832,592
Transformer	465,525	3,443,020
Distribution box	-	30,400,488
Others	25,447,075	12,665,599
	<b>43,527,000</b>	<b>139,906,394</b>

**Note 45:** The Company has incurred a net loss of Rs. 538,104,867 for the year ended March 31, 2013 and is presently facing acute liquidity problems on account of delayed realisation of trade receivables coupled with delays in commencement of commercial production at its biomass based power generation plants. Management is evaluating various options and in addition to consolidation of business by focusing on core operations and disposing off the non-core assets, has also made reference to Corporate Debt Restructuring Cell ('CDR Cell') under the Master Circular on Corporate Debt Restructuring issued by Reserve Bank of India for restructuring of its existing debt obligations, including

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

### Summary of significant accounting policy and notes forming part of the financial statements (Unless otherwise stated, all amounts are in Indian Rupees)

interest and other related terms and conditions pursuant to the approval of Board of Directors in their meeting held on March 22, 2013, the CDR cell has accepted the Company's application in the meeting held on April 26, 2013. The Company is still in the process of complying with the conditions precedent to the restructuring process and obtaining the approval of the lending banks and the CDR Cell Empowered Group.

Pending the requisite approvals from the CDR cell, no effect of the proposed restructuring has been given in these financial statements. Management believes that the Company will be able to receive the approval of the CDR cell in the due course and in view of the proposed restructuring of debt obligations, no adjustments are required in the financial statements and accordingly, these have been prepared on a going concern basis.

**Note 46:** 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	680,310,000	-
Investment in five biomass-based power generation projects of 15 MW each in the State of Rajasthan	101,540,000	101,540,000	-
Investment in two biomass-based power generation projects of 10 MW each in the states of Uttar Pradesh and Madhya Pradesh	135,894,000	135,894,000	-
Investment in subsidiaries			
Share capital in A2Z Infrastructure Limited for the 15 MW biomass-based power generation project in Kanpur, for 10 MW biomass-based power plant at Ramraj in Uttar Pradesh and MSW projects being undertaken by A2Z Infrastructure and its Subsidiaries*	1,782,376,000	1,782,376,000	-
Share capital in Mansi Bijlee & Rice Mills Limited, the subsidiary that will implement rice mill and associated rice-husk based biomass-based power generation project in the state of Punjab	149,980,000	149,980,000	-
Repayment of loan granted by L&T Infrastructure Finance to the Company	416,670,000	416,670,000	-
Acquisition of stake held by Infrastructure Leasing & Financial Services Limited (IL&FS) in A2Z Infraservices Limited and Imatek Solutions Private Limited	410,000,000	410,000,000	-
Working capital requirements	1,566,946,000	1,566,946,000	-
General corporate purposes	1,217,770,000	1,217,770,000	-
Share issue related expenses (on cash basis)	288,514,000	288,514,000	-
<b>Total</b>	<b>6,750,000,000</b>	<b>6,750,000,000</b>	<b>-</b>

# revised pursuant to the resolutions passed by Board of Directors on July 25, 2011 and February 5, 2013 and corresponding approvals vide postal ballot from shareholders on August 30, 2011 and March 22, 2013.

\* represents share capital invested in A2Z Infrastructure Limited, a subsidiary company. A part of the said amount is yet to be spent by A2Z Infrastructure Limited and its subsidiaries on relevant projects.

**Note 47:** Previous year figures have also been regrouped / recast wherever considered necessary.

For **Walker, Chandiok & Co**  
Chartered Accountants

Sd/-  
**Amit Mittal**  
Managing Director

Sd/-  
**Dipali Mittal**  
Director

Sd/-  
per **Neeraj Sharma**  
Partner

Sd/-  
**Manoj Khetan**  
President - Finance & Accounts

Sd/-  
**Atul Kumar Agarwal**  
Company Secretary

Place : Gurgaon  
Date : May 29, 2013

## Independent Auditors' Report

To the Board of Directors of  
A2Z Maintenance & Engineering Services Limited

1. We have audited the accompanying consolidated financial statements of A2Z Maintenance & Engineering Services Limited, ("the Company") its subsidiaries, associates and joint ventures (hereinafter collectively referred to as the "Group"), which comprise the consolidated Balance Sheet as at March 31, 2013, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

6. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on the financial statements of the subsidiaries, associates and joint ventures, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
  - ii) in the case of the Consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
  - iii) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### **Emphasis of Matter**

7. We draw attention to:
  - a) Note 19.2 to the consolidated financial statement regarding outstanding recoverable of Rs. 64,381,729 and Rs. 60,639,340, being deductions proposed/ made by the respective customers on invoices raised by the Company for services rendered, price escalations on certain supply items and certain other items. There exists, however material uncertainty in respect of the collectability of the above receivables. Pending the final outcome of the matter, no adjustments have been made in these consolidated financial statements. Our opinion is not qualified in respect of this matter.
  - b) Note 19.3 to the consolidated financial statement where the auditor of one of the subsidiary company has drawn attention in his report regarding outstanding receivable of Rs. 76,265,817 from a customer which is presently under litigation. There exists, however material uncertainty in respect of the collectability of the above receivable. Pending the final outcome of the matter, no adjustments have been made in these consolidated financial statements. Our opinion is not qualified in respect of this matter.
  - c) Note 42 to the consolidated financial statement which describes that the Company has incurred a net loss of Rs. 538,104,867 for the year ended March 31, 2013 and is currently

## Independent Auditors' Report

facing acute liquidity problems. Management is evaluating various options and has applied for restructuring of its existing debt obligations, including interest and other related terms and conditions under the corporate debt restructuring program. These conditions as set forth in the aforesaid note indicates the existence of a material uncertainty that may cast significant doubt on Company continuing as a going concern. Our opinion is not qualified in respect of this matter.

### Other Matter

8. We did not audit the financial statements of certain subsidiaries, associates and joint ventures included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of Rs. 10,612,422,320 as at March 31, 2013; total revenues (after eliminating intra-group transactions) of Rs. 4,204,093,034 and net cash flows aggregating to Rs. 608,286,071 for the year then ended. These financial statements have been audited by other auditors whose audit reports have been furnished to us by the management, and our audit opinion on the consolidated financial

statements of the Group for the year then ended to the extent they relate to the financial statements not audited by us as stated in this paragraph is based solely on the audit reports of the other auditors. Our opinion is not qualified in respect of this matter.

9. The consolidated financial statements also include the unaudited financial statements of certain consolidated entities, whose financial statements reflect total assets (after eliminating intra-group transactions) of Rs. 413,259 as at March 31, 2013; total revenues (after eliminating intra-group transactions) of Rs. 15,432 and net cash flows aggregating to Rs. 109,106 for the year then ended. These financial statements have been certified by the management. Our opinion is not qualified in respect of this matter

For **Walker, Chandio & Co**  
Chartered Accountants  
Firm Registration No.: 001076N

Place: Gurgaon  
Date: May 29, 2013

Sd/-  
per **Neeraj Sharma**  
Partner  
Membership No.: 502103

## Consolidated Balance Sheet as at March 31, 2013

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

	Notes	As at March 31, 2013	As at March 31, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' fund</b>			
Share capital	3	741,776,940	741,776,940
Reserves and surplus	4	9,303,285,070	10,345,216,078
		<b>10,045,062,010</b>	<b>11,086,993,018</b>
Minority interest		120,279,560	154,829,759
Subsidy		1,338,704,212	-
<b>Non-current liabilities</b>			
Long-term borrowings	5	5,628,979,236	5,199,858,223
Long-term provisions	6	291,789,545	292,474,946
		<b>5,920,768,781</b>	<b>5,492,333,169</b>
<b>Current liabilities</b>			
Short-term borrowings	7	5,714,396,289	5,373,516,237
Trade payables	8	2,656,211,085	3,347,841,393
Other current liabilities	9	2,766,035,840	2,858,143,633
Short-term provisions	10	28,436,800	27,088,037
		<b>11,165,080,014</b>	<b>11,606,589,300</b>
		<b>28,589,894,577</b>	<b>28,340,745,246</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	11	4,302,853,480	2,383,856,628
Intangible assets	12	544,236,092	540,651,159
Capital work in progress	13	6,611,012,578	6,092,605,869
Intangible assets under development	14	9,083,690	22,910,112
		<b>11,467,185,840</b>	<b>9,040,023,768</b>
Deferred tax asset (net)	31	447,726,608	87,398,880
Long-term loans and advances	15	902,157,495	966,155,601
Other non-current assets	16	374,589,109	1,097,792,632
		<b>1,724,473,212</b>	<b>2,151,347,113</b>
<b>Current assets</b>			
Current investments	17	23,356,300	-
Inventories	18	603,821,534	528,539,941
Trade receivables	19	8,105,481,941	9,288,927,476
Cash and bank balances	20	274,407,474	841,954,015
Short-term loans and advances	21	1,261,446,601	1,489,782,516
Other current assets	22	5,129,721,675	5,000,170,417
		<b>15,398,235,525</b>	<b>17,149,374,365</b>
		<b>28,589,894,577</b>	<b>28,340,745,246</b>

The accompanying notes form an integral part of the consolidated financial statements.

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

For Walker, Chandio & Co  
Chartered Accountants

Sd/-  
per Neeraj Sharma  
Partner

Place : Gurgaon  
Date : May 29, 2013

For and on behalf of the Board of Directors  
Sd/-

Amit Mittal  
Managing Director

Sd/-  
Manoj Khetan  
President - Finance & Accounts

Sd/-  
Dipali Mittal  
Director

Sd/-  
Atul Kumar Agarwal  
Company Secretary

# A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

## Consolidated Statement of Profit and Loss for the year ended March 31, 2013

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

	Notes	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Revenue</b>			
Revenue from operations	23	9,028,152,399	13,522,975,638
Other income	24	365,552,742	105,116,139
<b>Total revenue</b>		<b>9,393,705,141</b>	<b>13,628,091,777</b>
<b>Expenses</b>			
Cost of material and services	25	5,175,669,970	8,163,899,006
Purchases of stock-in-trade		25,707,711	83,561,677
Changes in inventories of finished goods and stock-in-trade	26	(70,279,200)	(109,856,066)
Employee benefits expense	27	2,979,417,277	3,274,291,533
Finance costs	28	1,342,243,142	982,083,729
Depreciation and amortisation expense	11, 12	394,027,197	192,790,014
Other expenses	29	1,067,226,443	1,089,643,228
<b>Total expenses</b>		<b>10,914,012,540</b>	<b>13,676,413,121</b>
<b>Loss before exceptional items and tax</b>		<b>(1,520,307,399)</b>	<b>(48,321,344)</b>
Exceptional items - Gain on sale of investment (Refer note 17.1)		147,662,136	-
<b>Loss before extra-ordinary and prior period items and tax</b>		<b>(1,372,645,263)</b>	<b>(48,321,344)</b>
Less: Prior period items	32	-	(2,052,934)
<b>Loss before tax for the year</b>		<b>(1,372,645,263)</b>	<b>(46,268,410)</b>
<b>Tax expense</b>			
Current income tax		45,117,871	143,027,528
Deferred tax charge / (credit)	31	(359,853,887)	32,822,425
Current tax expense relating to prior years		3,749,172	(45,227,036)
Deferred tax credit relating to prior years		(432,304)	-
<b>Total tax expense</b>		<b>(311,419,148)</b>	<b>130,622,917</b>
<b>Net loss before minority interest</b>		<b>(1,061,226,115)</b>	<b>(176,891,327)</b>
Less: Share of minority interest		(2,540,579)	2,577,674
<b>Net loss for the year</b>		<b>(1,058,685,536)</b>	<b>(179,469,001)</b>
<b>Earnings per share</b>	30		
Basic earning per share			
- Computed on the basis of earnings excluding extra - ordinary and prior period items		(14.27)	(2.45)
- Computed on the basis of earnings including extra - ordinary and prior period items		(14.27)	(2.42)
Diluted earning per share			
- Computed on the basis of earnings excluding extra - ordinary and prior period items		(14.27)	(2.45)
- Computed on the basis of earnings including extra - ordinary and prior period items		(14.27)	(2.42)

The accompanying notes form an integral part of the consolidated financial statements.

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

For Walker, Chandio & Co  
Chartered Accountants

Sd/-  
per Neeraj Sharma  
Partner

Place : Gurgaon  
Date : May 29, 2013

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

Sd/-  
Manoj Khetan  
President - Finance & Accounts

Sd/-  
Dipali Mittal  
Director

Sd/-  
Atul Kumar Agarwal  
Company Secretary



## Consolidated Cash Flow Statement for the year ended March 31, 2013

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

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>A Cash flow from operating activities</b>		
<b>Net (loss) / profit before extra-ordinary and prior period items and tax</b>	<b>(1,372,645,263)</b>	<b>(48,321,344)</b>
<b>Adjustment for</b>		
Depreciation and amortisation expense	394,027,197	192,790,014
Preliminary expenses written off	-	248,555
Interest expense	1,073,259,764	745,343,368
Amortisation of loan processing fee	20,211,999	11,347,297
Loss on sale of fixed assets	11,730,392	4,566,163
Provision for bad and doubtful debts / advances	196,682,312	52,779,545
Provision for doubtful advances written back	(17,752,859)	(130,260,939)
Advances / earnest money deposit written off	2,965,757	2,886,251
Unrealised foreign exchange fluctuation (gain) / loss	(667,045)	(1,844,370)
Mark-to-market (gain) / loss on derivatives	(2,924,100)	47,783,129
Bad debts recovered / liability written back	(8,759,007)	(6,483,798)
Foreign currency translation reserve	(21,476)	(6,053)
Dividend income	-	(1,359,954)
Bad debts written off	17,343,392	9,847,008
Premium on redemption of debentures amortised	76,532,244	32,236,900
Profit on sale of current investments	(147,662,136)	(16,198,944)
Hedging reserve	(5,083,606)	-
Subsidy amortised	(233,384,924)	-
Interest income	(67,435,008)	(79,188,828)
<b>Operating (loss) / profit before working capital changes</b>	<b>(63,582,367)</b>	<b>816,164,000</b>
<b>Changes in working capital:</b>		
<b>Adjustments for (increase) / decrease in operating assets:</b>		
Inventories	(75,281,593)	(151,925,006)
Trade receivables	969,419,831	(582,983,646)
Short term loans and advances	243,123,017	(135,742,106)
Long term loans and advances	53,915,358	(49,374,239)
Other current assets	25,451,702	(1,714,431,066)
Other non current assets	3,583,670	(2,635,999)
<b>Adjustments for increase / (decrease) in operating liabilities:</b>		
Trade payable	(682,899,455)	618,022,821
Other current liability	(1,082,841)	591,665,165
Short term provision	1,151,840	(218,101,866)
Long term provision	(685,401)	258,879,535
	<b>473,113,761</b>	<b>(570,462,407)</b>
Current taxes paid (net of refunds)	(202,758,319)	(193,092,968)
<b>Cash flow before extra ordinary and prior period items</b>	<b>270,355,442</b>	<b>(763,555,375)</b>
Prior period items	-	2,052,934
<b>Net cash generated from / (used in) operating activities</b>	<b>270,355,442</b>	<b>(761,502,441)</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets (including capital work in progress)	(1,969,849,743)	(4,747,485,585)
Proceeds from sale of fixed assets	52,097,037	10,731,300
Purchase of investment in subsidiaries	(200,000)	(488,471,598)

**A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED**
**Consolidated Cash Flow Statement for the year ended March 31, 2013**

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

	<b>For the year ended March 31, 2013</b>	<b>For the year ended March 31, 2012</b>
Investment in mutual funds	-	(910,000,000)
Sale of investment in mutual funds	-	1,426,198,944
Proceeds from sale of long term investment in subsidiaries	142,206,556	6,179,223
Subsidy received	341,732,766	-
Fixed deposits placed	(336,756,372)	(240,329,753)
Fixed deposits matured	852,987,328	156,726,557
Dividend received	-	1,359,954
Interest received	77,746,630	75,429,728
<b>Net cash used in investing activities</b>	<b>(840,035,798)</b>	<b>(4,709,661,230)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from minority share holders	(10,150,010)	52,425,372
Dividend paid	(4,976)	(172,907,506)
Proceeds from long term borrowings	991,122,951	4,822,411,954
Repayment of long term borrowings	(359,205,407)	(754,983,727)
Proceeds from short term borrowings (net)	338,825,052	2,493,997,399
Share issue expenses paid	-	(187,247,191)
Loan processing fees paid	(11,506,037)	(63,877,942)
Preliminary expenses paid	-	(248,555)
Interest paid	(1,018,887,798)	(696,647,647)
<b>Net cash (used in) / generated from financing activities</b>	<b>(69,806,225)</b>	<b>5,492,922,157</b>
<b>Net (decrease) / increase in cash and cash equivalents ( A+B+C)</b>	<b>(639,486,581)</b>	<b>21,758,486</b>
Cash and cash equivalents at the beginning of the year	813,513,175	791,697,777
Cash and cash equivalents acquired on acquisition of subsidiaries	302,832	56,912
<b>Cash and cash equivalents at the end of the year</b>	<b>174,329,426</b>	<b>813,513,175</b>
	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
Components of cash and cash equivalents		
Cash on hand	4,190,062	3,751,840
Balances with banks		
- in current account	157,432,226	547,026,119
- in exchange earners foreign currency (EEFC) account	-	18,787,808
- in cash credit accounts	-	26,649
- in fixed deposit account (less than 3 month maturity)	12,624,256	243,832,901
- in unpaid dividend account*	82,882	87,858
	<b>174,329,426</b>	<b>813,513,175</b>

\* The Company can utilise these balances only towards settlement of the respective unpaid dividend account.

Notes: 1. Figures in brackets indicate cash outflow.

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

For Walker, Chandio & Co  
Chartered Accountants

Sd/-  
per Neeraj Sharma  
Partner

Place : Gurgaon  
Date : May 29, 2013

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

Sd/-  
Manoj Khetan  
President - Finance & Accounts

Sd/-  
Dipali Mittal  
Director

Sd/-  
Atul Kumar Agarwal  
Company Secretary

Summary of significant accounting policies and notes forming part of the consolidated financial statements

**Note 1 NATURE OF OPERATIONS**

A2Z Maintenance & Engineering Services Limited ('A2Z or the Company') was incorporated at National Capital Territory of Delhi and Haryana 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 Group's main business primarily include (i) Engineering services mainly supply, erection and maintenance of electrical transmission lines and allied services to power distribution companies (ii) Municipal solid waste management which primarily includes door to door collection, intermediate transportation and processing of waste to compost, vermin compost, plastic recyclable and eco bricks and (iii) Facility management services. The Group 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 and also the group is setting up one biomass based power plant at Kanpur in the state of Uttar Pradesh.

**Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted by A2Z Maintenance & Engineering Services 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.

**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, 2013. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

**b) Principles of consolidation**

These financial statements represents consolidated financial statements of the Company and its majority owned subsidiaries as follows:

Entity	Country of Incorporation	Principal service / nature of operations	Relationship	Shareholding as at March 31, 2013
A2Z Infrastructure Limited	India	Solid waste management	Subsidiary	89.01%
A2Z Infraservices Limited***	India	Facility management services	Subsidiary	93.83%
A2Z Powercom Limited	India	Engineering services and power generation through biomass	Subsidiary	80.00%
A2Z Powertech Limited	India	System integration services in power sector	Subsidiary	95.00%
Selligence Technologies Services Private Limited	India	ERP implementation services	Subsidiary	80.00%
Mansi Bijlee & Rice Mills Limited	India	Power generation through biomass, waste material , etc.	Subsidiary	100.00%
Mirage Bijlee Private Limited	India	Power generation through biomass, waste material , etc.	Subsidiary	100.00%
Madhya Bijlee Private Limited	India	Power generation through biomass, waste material , etc.	Subsidiary	90.00%
A2Z Maintenance & Engineering Services (Uganda) Private Limited	Uganda	Engineering services	Subsidiary	100.00%

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements

Entity	Country of Incorporation	Principal service / nature of operations	Relationship	Shareholding as at March 31, 2013
Star Transformers Limited**	India	Power equipment manufacturing	Subsidiary	49.00%
A2Z Water Solutions Limited	India	Water waste management	Subsidiary	100.00%
Chavan Rishi International Limited	India	Property renting and leasing	Subsidiary	100.00%
A2Z Singapore Waste Management Holdings Private Limited	Singapore	Business of investment holding and solid waste management services	Subsidiary	100.00%
A2Z Disaster Management and Innovative Response Education Private Limited	India	Disaster management	Subsidiary	100.00%
Pioneer Waste Management Private Limited	India	Solid waste management	Subsidiary	100.00%
A2Z Waste Management (Nainital) Private Limited	India	Solid waste management	Subsidiary	71.14%
A2Z Maintenance & Engineering Services Limited and Satya Builders (Association of person)	India	Water waste management	Subsidiary	60.00%
A2Z Waste Management (Aligarh) Limited	India	Solid waste management	Subsidiary of A2Z Infrastructure Limited	71.21%
A2Z Waste Management (Moradabad) Limited	India	Solid waste management	Subsidiary of A2Z Infrastructure Limited	71.21%
A2Z Waste Management (Merrut) Limited	India	Solid waste management	Subsidiary of A2Z Infrastructure Limited	71.21%
A2Z Waste Management (Varanasi) Limited	India	Solid waste management	Subsidiary of A2Z Infrastructure Limited	71.21%
A2Z Waste Management (Mirzapur) Limited	India	Solid waste management	Subsidiary of A2Z Infrastructure Limited	89.01%
A2Z Waste Management (Badaun) Limited	India	Solid waste management	Subsidiary of A2Z Infrastructure Limited	89.01%
A2Z Waste Management (Balai) Limited	India	Solid waste management	Subsidiary of A2Z Infrastructure Limited	89.01%
A2Z Waste Management (Basti) Limited	India	Solid waste management	Subsidiary of A2Z Infrastructure Limited	89.01%
A2Z Waste Management (Fatehpur) Limited	India	Solid waste management	Subsidiary of A2Z Infrastructure Limited	89.01%
A2Z Waste Management (Jaunpur) Limited	India	Solid waste management	Subsidiary of A2Z Infrastructure Limited	89.01%
A2Z Waste Management (Loni) Limited	India	Solid waste management	Subsidiary of A2Z Infrastructure Limited	89.01%

Summary of significant accounting policies and notes forming part of the consolidated financial statements

Entity	Country of Incorporation	Principal service / nature of operations	Relationship	Shareholding as at March 31, 2013
A2Z Waste Management (Sambhal) Limited	India	Solid waste management	Subsidiary of A2Z Infrastructure Limited	89.01%
A2Z Waste Management (Ranchi) Limited	India	Solid waste management	Subsidiary of A2Z Infrastructure Limited	89.01%
A2Z Waste Management (Haridwar) Private Limited	India	Solid waste management	Subsidiary of A2Z Infrastructure Limited	89.01%
A2Z Waste Management (Dhanbad) Private Limited	India	Solid waste management	Subsidiary of A2Z Infrastructure Limited	89.01%
A2Z Waste Management (Ludhiana) Limited	India	Solid waste management	Subsidiary of A2Z Infrastructure Limited	89.01%
A2Z Waste Management (Jaipur) Limited *(July 10, 2012)	India	Solid waste management	Subsidiary of A2Z Infrastructure Limited	91.21%
A2Z Mayo SNT Waste Management (Nanded) Private Limited *(August 7, 2012)	India	Solid waste management	Subsidiary of A2Z Infrastructure Limited	53.41%
A2Z Waste Management (Ahmedabad) Limited *(October 15, 2012)	India	Solid waste management	Subsidiary of A2Z Infrastructure Limited	89.01%
Shree Balaji Pottery Private Limited *(April 30, 2012)	India	Trading of goods	Subsidiary of A2Z Waste Management (Moradabad) Limited	71.21%
Shree Hari Om Utensils Private Limited *(April 30, 2012)	India	Trading of goods	Subsidiary of A2Z Waste Management (Varanasi) Limited	71.21%
A2Z Waste Management Private Limited	India	Solid waste management	Subsidiary of A2Z Singapore Waste Management Holdings Private Limited	100.00%

\* Date of purchase of majority stake / date of incorporation of new subsidiaries during the year

\*\* Star Transformers Limited has been fully consolidated as a group undertaking on the basis of a shareholder agreement that gives the Group control over the board of directors.

\*\*\* Imatek Solutions Private Limited, CNCS Facility Solutions Private Limited, A2Z Infra Management & Services Limited have been amalgamated with A2Z InfraserVICES Limited effective from August 6, 2012.

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

- The consolidated financial statements include the financial statements of the Company and all its subsidiaries which are more than 50 percent owned or controlled.
- 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.
- 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

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

### Summary of significant accounting policies and notes forming part of the consolidated financial statements

disclosed under Fixed assets – Intangible assets and is not amortised but tested for impairment annually.

- iv) Minority interest represents the amount of equity attributable to minority shareholders at the date on which investment in a subsidiary is made and its share of movements in equity since that date. Their share of net assets is identified and presented in the consolidated financial statements 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, 2013.
- vii) Notes to the consolidated financial statements, represents notes involving items which are considered material and are accordingly duly disclosed. Materiality for the purpose is assessed in relation to the information contained in the consolidated financial statement. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the consolidated financial statement has not been disclosed in the consolidated financial statements.

#### c) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainties about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods.

#### d) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment loss (if any). The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Assets acquired for contracts on BOOT basis have been capitalised as fixed assets in accordance with terms of respective contracts.

#### e) Depreciation

Depreciation is provided using the Straight Line Method (SLM) rates as per the useful lives of the fixed assets as estimated by the management or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Company has used following rates to provide depreciation on its fixed assets:

Particulars	Rate of Depreciation (SLM)
Building	1.63% - 3.34%
Office Equipment	4.75% - 33.33%
Plant and Machinery	4.75% - 33.33%
Computers	4.75% - 25.00%
Furniture and Fixtures	6.33% - 33.33%
Vehicles	7.07% - 16.21%
Tools & Equipments	4.75% - 11.31%
Leasehold land	Over the lease term on straight line basis.
Assets costing less than Rs 5,000	Fully depreciated in the year of acquisition

Garbage 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. Handheld billing machines are depreciated over their estimated useful life of 5 years.

#### f) Intangible assets and amortisation

Computer software purchased from outside parties is amortised on a straight line basis over lower of license period or a period of 4 to 6 years, being the estimated useful life.



Summary of significant accounting policies and notes forming part of the consolidated financial statements

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

**g) 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 / amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

**h) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying 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 qualifying asset. Borrowing costs consist of interest and other ancillary costs that an entity incurs in connection with the borrowing of funds. Ancillary costs related to borrowings are amortised over the tenure of loan. All other borrowing costs are expensed in the year they occur.

**i) 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 statement of profit and loss 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 statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

**j) 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 non current investment. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Non current 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.

**k) Inventories**

Inventories are valued as follows:

**(i) Raw materials, Stores and spares**

Lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on weighted average basis.

**(ii) Work in progress and finished goods**

Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on weighted average basis.

Net realisation value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**l) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the

Summary of significant accounting policies and notes forming part of the consolidated financial statements

revenue can be reliably measured.

**(i) Revenue from engineering services**

Revenue from engineering services is recognised 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 "Other 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 statement of profit and loss unless the actual cost reaches a minimum threshold of 10% 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.

**(ii) Revenue from services**

Revenues from services are recognised pro-rata over the period of the contract as and when services are rendered in accordance with the terms of the respective contract.

**(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, usually on delivery of the goods. The Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group.

**(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.

**m) Foreign currency translation**

**(i) 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 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

## Summary of significant accounting policies and notes forming part of the consolidated financial statements

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.

### **(ii) 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.

### **(iii) Translation of non-integral foreign operation**

In translating the financial statements of a non-integral foreign operation for incorporation in consolidated 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 expenses items of non-integral foreign operation are translated at the 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 are defined contribution schemes and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due.
- 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 in case of parent and few of its subsidiaries.
- iii) The Group treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long term compensated absences are provided for based on actuarial valuation using the projected unit credit method at the year end.
- iv) Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the year in which such gains or losses arise.

## **o) 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 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.

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements

### 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 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.

### r) Derivative instruments

The Group enters into certain derivative financial instruments to manage its exposure to risk arising from changes in interest rate and currency risk. The Group has adopted recognition and measurement principles for hedge accounting as enunciated in Accounting Standard (AS) 30-Financial Instruments: 'Recognition and Measurement' for accounting of cross currency interest rate swaps taken to hedge currency and interest risk arising from foreign currency external commercial borrowings. Consequently, to the extent these hedges are effective, gain/loss arising on mark to market valuation of cross currency interest rate swap is recorded in the hedging reserve account.

### s) 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.

### t) Accounting for joint ventures

Accounting for joint ventures undertaken by the Group has been done in accordance with Accounting Standard -27 "Financial Reporting of Interests in Joint Ventures" of the Companies (Accounting Standard) Rule 2006 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.

### 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) 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.

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

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 a fixed asset, its value has been treated as deferred income which is recognised in statement of profit and loss on a systematic and rational basis over the useful life of the fixed asset.

**w) Contingent liability and provisions**

Depending upon the facts of each case and after due evaluation of legal aspects, claims against the Group are accounted for as either provisions or disclosed as contingent liabilities. In respect of statutory dues disputed and contested by the Group, contingent liabilities are provided for and disclosed as per original demand without taking into account any interest or penalty that may accrue thereafter. The Group makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made. Possible future or present obligations that may but will probably not require outflow of resources or where the same cannot be reliably estimated, is disclosed as contingent liability in the consolidated financial statements.

	As at March 31, 2013		As at March 31, 2012	
	Number of shares	Amount	Number of shares	Amount
<b>Note 3 SHARE CAPITAL</b>				
<b>Authorised</b>				
Equity shares of Rs 10 each	100,000,000	1,000,000,000	100,000,000	1,000,000,000
<b>Issued, subscribed and fully paid up</b>				
Equity shares of Rs 10 each	74,177,694	741,776,940	74,177,694	741,776,940
	<b>74,177,694</b>	<b>741,776,940</b>	<b>74,177,694</b>	<b>741,776,940</b>

Note 3.1: There is no movement in the number of equity shares and the amount outstanding during the current or previous year.

Note 3.2: The Company has only one class of equity shares having a par value of Rs 10 per share. Each shareholder is eligible for one vote per share held. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Note 3.3: Details of shares held by shareholder holding more than 5% equity shares of the Company:

	As at March 31, 2013		As at March 31, 2012	
	Number of shares held	% holding	Number of shares held	% holding
Equity shares of Rs 10 each fully paid up				
Amit Mittal	26,884,301	36.24%	26,884,301	36.24%
Rakesh Radheyshyam Jhunjunwala	13,375,408	18.03%	12,773,351	17.22%
Beacon India Investors Limited	5,449,627	7.35%	5,210,862	7.02%
Lexington Equity Holdings Limited	4,393,085	5.92%	4,393,085	5.92%
	<b>50,102,421</b>	<b>67.54%</b>	<b>49,261,599</b>	<b>66.40%</b>

Note 3.4: As at March 31, 2013, 543,250 equity shares (As at March 31, 2012, 755,500 equity shares) were reserved for issuance towards outstanding employee stock options available for grant.

Note 3.5: Aggregate number and class of shares allotted as fully paid up pursuant to contracts without payment being received in cash and bonus shares issued for the period of 5 years immediately preceding the Balance Sheet date:

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2013 Number of shares held	As at March 31, 2012 Number of shares held
<b>Equity shares of Rs 10 each fully paid up</b>		
<b>Fully paid up by way of bonus shares issued during:</b>		
Financial year 2009-10	34,380,675	34,380,675
Financial year 2007-08	17,509,481	17,509,481
<b>Fully paid up pursuant to contracts without payment being received in cash:</b>		
Financial year 2008-09*	2,510,687	2,510,687
Financial year 2007-08**	47,766	47,766

\* shares were allotted on conversion of 75,000,000 0.001% cumulative mandatorily convertible preference shares of Rs 10 each fully paid up.

\*\* shares were allotted on conversion of share warrant.

	As at March 31, 2013	As at March 31, 2012
<b>Note 4 RESERVES AND SURPLUS</b>		
<b>Securities premium account</b>		
Opening balance	7,714,859,233	7,714,859,233
Add: Receipt during the year	-	-
Closing balance	<b>7,714,859,233</b>	<b>7,714,859,233</b>
<b>Surplus in statement of profit and loss</b>		
Opening balance	2,566,352,265	2,746,887,086
Add: Transfer from statement of profit and loss	(1,058,685,536)	(179,469,001)
Less: Adjustment on account of further acquisition in subsidiaries	(21,859,610)	971,412
Less: Share of minority interest on dilution of holding	-	94,408
Closing balance	<b>1,529,526,339</b>	<b>2,566,352,265</b>
<b>General reserve</b>		
Opening balance	64,013,890	64,013,890
Add: Transfer from statement of profit and loss	-	-
Closing balance	<b>64,013,890</b>	<b>64,013,890</b>
Foreign currency translation reserve	(30,786)	(9,310)
Hedging reserve account	(5,083,606)	-
	<b>9,303,285,070</b>	<b>10,345,216,078</b>



Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2013		As at March 31, 2012	
	Non Current	Current	Non Current	Current
<b>Note 5 LONG-TERM BORROWINGS</b>				
<b>Secured</b>				
Debentures (Refer note 5.1)	1,500,000,000	-	1,500,000,000	-
External commercial borrowings				
- From banks (Refer note 5.2)	1,071,699,741	209,162,786	1,229,858,302	36,265,074
Term loans (Refer note 5.3)				
- From banks	2,508,363,704	644,345,967	2,381,291,403	591,684,909
- From financial institution	507,794,255	23,913,712	31,676,440	27,501,952
Other Loans (Refer note 5.4)				
- Vehicle loan from banks	41,121,536	27,854,012	20,209,208	29,482,821
- Vehicle loan from financial institution	-	-	72,870	262,235
Unsecured (Refer note 5.5)				
From others	-	36,750,000	36,750,000	54,700,000
	<b>5,628,979,236</b>	<b>942,026,477</b>	<b>5,199,858,223</b>	<b>739,896,991</b>

**Note 5.1: Details of security, terms of conversion and terms of repayment of fully convertible debentures**

A2Z Infrastructure Limited, a subsidiary company, has issued fully convertible 150 debentures of Rs 10,000,000 each on October 25, 2011, which carry interest rate of 12 % per annum payable quarterly. These debentures are convertible at a premium of 5% p.a. compounded monthly at the end of 36 months from the date of subscription.

These debentures are secured by way of pledge of 57% of equity shares of the said subsidiary company held by the Company and personal guarantee of Mr. Amit Mittal (Managing Director).

**Details of put option available to debenture holders**

The investor shall have the option to put 100% of the outstanding debentures, first on the Company and if the Company fails to honour the put option, then on the Devdhar Trading & Consultants Private Limited (the 'Sponsor') under the following conditions:

- Anytime after 30 months from the issuance of debentures; or
- On filing of draft red herring prospectus by the subsidiary company within the maturity period; or
- In the event of any default by the subsidiary company, Company or the sponsor; or
- Investor has reasonable grounds to believe that the issuer is not in the position to achieve the base case business plan.

**Details of call option available to the Company and the sponsor**

The Company or Sponsor shall have a call option anytime after twelve months from the date of the issue of the debentures either by themselves or by their nominees at the exercise price (face value plus 5% p.a. premium compounding monthly) with a 30 day notice in writing.

**Note 5.2: Details of security and terms of repayment for external commercial borrowings ('ECB')**

A2Z Infrastructure Limited, a subsidiary company, and its subsidiaries has taken ECB for various municipal solid waste (MSW) projects aggregating to Rs 1,280,862,527 (Previous year - Rs 1,266,123,376) is secured by exclusive charge over all movable assets and on stock and receivables under the aforesaid project. Further secured by charge on the debt service reserve account ('DSRA') account. The ECB is also secured by unconditional corporate guarantee of the Company. The loans are repayable in 16 - 50 installments. The loan is carrying interest rate of LIBOR + 300 bps.

**Note 5.3: Details of security and terms of repayment for term loans**

- Term loan from bank amounting to Rs 880,000,000 (Previous year - Rs 880,000,000) having an interest rate of bank base rate plus 4% per annum (varying between 14% to 14.80% during the year) is repayable in 24 quarterly installments first installment being due in June 2013.

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

2. Term loan from bank amounting to Rs 840,195,594 (Previous year - Rs 663,904,344) having an interest rate of bank PLR less 5.5% per annum (varying between 13% to 14.25 % per annum during the year) is repayable in 24 quarterly installments first installment being due in June 2013.

The above loans are secured against:

- (a) First charge on pari - passu basis: (i) by way of hypothecation of all current assets of the Company including but not limited to receivables and inventory, relating to the projects both present and future; (ii) on all intangible assets including but not limited to goodwill pertaining to the projects (to the extent permissible by the Punjab state Co-operative sugar mills).
  - (b) First charge (i) on all the insurance contracts with respect to the projects together with any receivables thereunder; (ii) on all the accounts (including but not limited to the project accounts) with respect to the projects
  - (c) An assignment of: (i) all rights and interest by way of first charge on pari passu basis on the book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, relating to the projects, present and future; (ii) the rights and interest in the project site to the extent permissible by law; (iii) all its rights and obligations under the assignment orders and memorandum of understandings and; (iv) the rights and interest by way of first charge on pari passu basis into and under each of the project documents, and all the rights under each letter of credit/ guarantee or performance bond that may be posted by any party to a project document for the Company's benefit and all the rights under the approvals in connection with the project (having value above Rs 100,000,000) to the extent permissible by law
  - (d) Personal guarantee of Mr Amit Mittal (Managing Director).
3. Term loan from bank amounting to Rs Nil (Previous year - Rs 21,708,320) was secured against:
    - (i) exclusive charge by way of earmark on commercial office at 7th Floor, Tower B, Medicity, Gurgaon;
    - (ii) personal guarantee of Mr Amit Mittal, Ms Dipali Mittal, Ms Suman Goel and Mr Manoj Gupta.

The loan is having an interest rate of bench mark prime lending rate (BPLR) less 3.75% per annum (varying between 13% to 14% during the year) and is repayable in 16 equal quarterly installments and first installment became due in March 2011.

4. Term loan from bank aggregating to Rs 117,833,346 (Previous year - Rs 227,083,338), in case of A2Z Infrastructure Limited, for Kanpur, Patna and Muzaffarnagar municipal solid waste (MSW) projects, carrying an interest rate of 15.25%, is secured by escrow on the subsidy receivables from Uttar Pradesh Jal Nigam ('UPJN'), tipping fee for MSW collection from Municipal Corporation and charge from UPJN for disposal in sanitary land fill ('SLF'), further secured by first charges on entire movable and current assets of the subsidiary company (both present and future) and further secured by corporate guarantee of the Company and an irrevocable and unconditional personal guarantee from Mr. Amit Mittal (Managing Director) and Mrs. Dipali Mittal (Director) of the Company. The loan is repayable in 17 - 25 equal monthly installments.
5. Term loan from bank aggregating to Rs 300,000,000 (Previous year - Rs 300,000,000), in case of A2Z Infrastructure Limited, for Kanpur power project, carrying weighted average interest rate of 14%, is secured by first charge over all present and future moveable, immoveable fixed and current assets of the aforesaid project and charge on debt service reserve account ('DSRA') and further secured by corporate guarantee of the Company and an irrevocable and unconditional personal guarantee from Mr. Amit Mittal (Managing Director) and Mrs. Dipali Mittal (Director) of the Company. The loan is repayable in 28 equal quarterly installments commencing from June 30, 2013.
6. Term loan from bank aggregating to Rs 284,325,014 (Previous year - Rs 284,325,014), in case of A2Z Infrastructure Limited, for power project at Kanpur, carrying an interest rate of 14%, is secured by pari-passu first charge by way of equitable mortgage on land and buildings and hypothecation of on plant and machinery and all other fixed assets related to power project at Kanpur. Further collaterally secured by pari-passu first charge by way of hypothecation on entire current assets relating to the aforesaid project and further secured by corporate guarantee of the Company and an irrevocable and unconditional personal guarantee from Mr. Amit Mittal (Managing Director) and Mrs. Dipali Mittal (Director) of the Company. The loan is repayable in 28 quarterly installments commencing from April 1, 2013.
7. Term loan from bank aggregating to Rs. 132,605,624 (Previous year - Rs 166,250,000), in case of A2Z Infrastructure Limited, for MSW Project at Indore carrying an interest rate of 14.30%, is secured by exclusive charge over plant and machinery purchased out of the facility, charge over fixed moveable and current assets of the aforesaid project and first charge over the receivables of the aforesaid project and further secured by corporate guarantee of the Company. The loan is repayable in 14 equal quarterly installments.

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

8. Term loan from bank amounting to Rs 593,517,698 (Previous year - Rs 376,917,332), in case of subsidiaries of A2Z Infrastructure Limited, carrying an interest rate of 11.25% per annum, is secured against (i) Unconditional corporate guarantee from the Company (ii) Exclusive charge on all movable assets financed through debt and/or equity (iii) Exclusive Charge receivable under the project (iv) charge on DSRA. The loan is repayable in 42 - 45 equal monthly installments.
9. Term loan from bank amounting to Rs 4,232,395 (Previous year - Rs 6,269,902 ), in case of A2Z Infrservices Limited, is secured by first charge on the Fixed assets of said subsidiary company (other than vehicles financed by other bank) and current assets including book debts and other receivable and fixed assets of the company and also by corporate guarantee of Company and personal guarantee of two directors of the Company. The loan is repayable in 12 equal quarterly installment. The loan are having interest rate of 4.5% above the bank base rate.
10. Term Loan from bank amounting to Rs Nil (Previous year - Rs 1,854,061), in case of A2Z Infrservices Limited, was secured by first charge on the fixed assets of subsidiary company and current assets including book debts and other receivable and also by corporate guarantee of A2Z Maintenance & Engineering Services Limited, the holding company and personal guarantee of some of the directors of the subsidiary company. The loan was repayable in 24-31 equal monthly installment, however the same was repaid during the year by the subsidiary company. The loan was having an interest rate of 5% above the bank base rate.
11. Term loan from bank amounting to Rs Nil (Previous year - Rs 44,664,000), in case of A2Z Dataserv Limited, is secured against (1) Exclusive charge on entire immovable fixed assets of the Company, both present and future; (2) Exclusive hypothecation charge on entire current assets of Company, both present and future; (3) Exclusive charge over debt service reserve account maintained with the lender; (4) Unconditional and irrevocable guarantee from A2Z E Waste Management Limited (the holding company of A2Z Dataserv Limited) and from the Company. The loan carries an interest rate of bank base rate plus spread (which are 10% p.a and 2.75% p.a respectively as on March 31, 2012) and is repayable in 12 equal quarterly installments starting from December, 2012.
12. Term loan from financial institutions amounting to Rs 31,707,968 (Previous year - Rs 59,178,392) are secured against hypothecation of equipments acquired out of loan. The interest rate is 11.50% to 12.66% per annum and the loans are repayable in 12 quarterly and 45 - 48 monthly installments.
13. Term loan from financial institution amounting to Rs 500,000,000 (Previous year - Rs Nil) is secured by a first charge by way of hypothecation and escrow of the entire Retention money receivables both present and future. The interest rate is 15% per annum and the loan is repayable after 3 years.

**Note 5.4: Details of security and terms of repayment for other loans**

Vehicle loans amounting to 68,975,548 (Previous year - Rs 50,027,134) are secured against hypothecation of vehicles. The loans are having interest rate of 8% - 14% per annum and are repayable in monthly installments as per respective payment schedule.

**Note 5.5: Details of terms of repayment for unsecured loans**

The loan of Rs 36,750,000 (Previous year - Rs 91,450,000 ) is having interest of 16.50% per annum. The loan is repayable in eight equal quarterly installment of Rs 13,675,000 each starting from December 2011 and one last installment of Rs 9,400,000 payable on December 31, 2013.

	As at March 31, 2013	As at March 31, 2012
<b>Note 6 LONG-TERM PROVISIONS</b>		
Provision for warranty (Refer note 6.1)	44,719,134	41,595,595
Provision for premium on redemption of debentures	242,208,347	242,208,347
Provision for gratuity (Refer note 27.2)	3,519,192	7,960,059
Provision for compensated leave absences (Refer note 27.3)	1,342,872	710,945
	<b>291,789,545</b>	<b>292,474,946</b>

**Note 6.1: Provision for warranty:** 'The estimated liability for warranties is recorded when contract revenue is recognised. The Company accounts for the provision for warranty on the basis of the information available with the management duly taking into account the current and past technical estimates. These estimates are established using historical information on the nature and average cost of warranty claims and management estimates regarding possible

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise.

	As at March 31, 2013	As at March 31, 2012
<b>Note 7 SHORT-TERM BORROWINGS</b>		
Secured borrowings from banks (Refer note 7.1)		
- Working capital demand loans	633,893,901	1,763,677,776
- Cash credit facilities	4,953,143,261	3,252,477,431
- Buyers credit facilities (Refer note 7.2)	68,232,500	235,044,202
- Vendor financing	-	102,172,493
Unsecured borrowings		
- From others	59,126,627	20,144,335
	<b>5,714,396,289</b>	<b>5,373,516,237</b>

### Note 7.1: Details of security and terms of repayment of secured short term borrowings

The working capital loans, cash credit facilities and vendor financing facilities from banks are secured against whole of the assets (both current as well as fixed) of the Company and the respective subsidiaries, namely stock of raw material, stock in process, semi-finished and finished goods, stores and spares (consumable stores and spares), bills receivables and book debts and all other movables and fixed assets (except fixed assets exclusively financed by other lenders) both present and future stored or to be stored at the premises of the Company and the respective subsidiaries or wherever else the same may be. The charge is also additionally secured by first charge over immovable properties and corresponding receivables and personal guarantee of directors of Company. The rate of interest vary from 9.50% per annum to 16% per annum and these loans are repayable on demand.

### Note 7.2: Details of security and terms of repayment of buyers credit facility

Buyers credit facility is carved out facility granted by bank to the subsidiary company for setting up of biomass based cogeneration power plant in Punjab. The facility is secured against first charge on the current assets both present and future and first charge on the moveable fixed assets of A2Z Maintenance and Engineering Services Limited located at Nakodar, Morinda and Fazilka in Punjab both present and future.

	As at March 31, 2013	As at March 31, 2012
<b>Note 8 TRADE PAYABLES</b>		
Acceptances	497,956,951	660,218,661
Other than acceptances:		
(a) total outstanding dues of micro and small enterprises (Refer note 8.1)	3,288,575	4,189,923
(b) total outstanding dues of creditors other than micro and small enterprises	2,154,965,559	2,683,432,809
	<b>2,656,211,085</b>	<b>3,347,841,393</b>

### Note 8.1: Disclosures under Micro, Small and Medium Enterprises Act, 2006

The micro and small enterprises have been identified by the Company from the available information. According to such identification, the disclosures in respect to Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 is as follows:

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

**Details of dues to micro and small enterprises as per MSMED Act, 2006**

	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- principal amount*	13,262,931	10,804,685
- interest amount*	4,164,811	1,661,887
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	4,164,811	1,661,887
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	--	--

\*Includes Rs 14,139,167 (Previous year - Rs 8,276,649) which has been shown under other current liabilities (Refer note 9)

	<b>As at March 31, 2013</b>	<b>As at March 31, 2012</b>
<b>Note 9 OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt (Refer note 5)	942,026,477	739,896,991
Interest accrued and due on borrowings	82,873,919	33,868,369
Interest accrued but not due on borrowings and advances	41,968,669	36,602,253
Security deposits	210,000	290,000
Creditors for purchase of fixed assets		
- Dues to micro and small enterprises (Refer note 8.1)	14,139,167	8,276,649
- Dues to others	244,186,540	247,869,953
Dues against contractual obligation	-	54,476
Advance purchase consideration against sale of land	30,500,000	-
Advance purchase consideration against sale of investment	17,900,720	-
Book overdrafts	12,014,100	6,208,527
Advance from customers	781,912,862	745,065,809
Subsidy received (Refer note 44)	-	370,401,253
Mark-to-market loss on derivatives	47,796,928	57,405,011
Unclaimed dividend*	82,882	87,858
Billing in excess of contract revenue	6,738,626	157,892,306
Statutory dues payable	543,684,950	454,224,178
	<b>2,766,035,840</b>	<b>2,858,143,633</b>

\* Not due for deposit with investor education and protection fund

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2013	As at March 31, 2012
<b>Note 10 SHORT TERM PROVISIONS</b>		
Provision for corporate tax (net of advance tax)	196,923	-
Provision for tax on proposed dividend	3,813	3,813
Provision for gratuity (Refer note 27.2)	23,784,404	22,304,674
Provision for compensated leave absences (Refer note 27.3)	4,451,660	4,779,550
	<b>28,436,800</b>	<b>27,088,037</b>

## Note 11 TANGIBLE ASSETS

Assets	GROSS BLOCK						ACCUMULATED DEPRECIATION						NET BLOCK	
	As at April 1, 2012	Additions	Adjustment on acquisition / sale of subsidiary	Adjustment of subsidy	Sale / Adjust-ments	As at March 31, 2013	As at April 1, 2012	Charge for the year*	Adjustment on acquisition / sale of subsidiary	Adjustment of subsidy	Sale / Adjust-ments	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
<b>Tangible assets - owned unless otherwise specified</b>														
Leasehold land (Refer note 11.1)	1,136,693	-	-	-	-	1,136,693	72,803	17,278	-	-	-	90,081	1,046,612	1,063,890
Freehold Land	307,148,889	25,599,624	4,645,560	-	28,527,438	308,866,635	-	-	-	-	-	-	308,866,635	307,148,889
Leasehold improvement	7,346,562	-	-	-	-	7,346,562	4,947,193	799,790	-	-	-	5,746,983	1,599,579	2,399,369
Buildings	207,066,521	1,002,359,877	-	208,144,250	-	1,417,570,648	10,407,878	23,321,471	(187,077)	14,239,447	-	47,781,719	1,369,788,929	196,658,643
Furniture and fixtures	53,923,202	1,675,481	-	-	1,535,515	54,063,188	19,764,911	5,252,503	(138,229)	-	897,390	23,981,795	30,081,373	34,158,291
Office equipments	84,327,791	9,286,877	(1,773,516)	391,150	4,168,416	88,063,886	14,036,973	5,389,497	(106,054)	13,453	(462,280)	19,796,149	68,267,737	70,290,818
Plant and equipments	1,047,374,661	486,721,651	336,785	80,454,172	9,849,595	1,605,037,674	137,352,551	79,313,832	(786,475)	18,857,844	1,966,916	232,770,836	1,372,266,838	910,022,110
Steel containers	105,030,186	5,530,432	-	46,555,404	-	157,116,022	18,059,368	15,068,395	-	15,414,826	-	48,542,589	108,573,433	86,970,818
Computer	102,673,516	2,326,076	(322,852)	-	1,684,545	102,992,195	45,467,298	13,727,960	(414,416)	-	1,190,156	57,590,686	45,401,509	57,206,218
Vehicles	856,927,842	97,741,267	(543,031)	374,249,295	38,965,095	1,289,410,278	141,135,225	102,214,388	(293,842)	77,046,342	16,722,043	303,380,070	986,030,208	715,792,617
Tools and equipments	1,405,780	-	-	-	-	1,405,780	455,397	59,660	-	-	-	515,057	890,723	950,383
Fibre reinforced plastic bins	27,270,020	38,094,645	-	3,255,582	-	68,620,247	26,075,438	30,516,519	-	1,988,386	-	58,580,343	10,039,904	1,194,582
	<b>2,801,631,663</b>	<b>1,669,335,930</b>	<b>2,342,946</b>	<b>713,049,853</b>	<b>84,730,604</b>	<b>5,101,629,788</b>	<b>417,775,035</b>	<b>275,681,293</b>	<b>(1,926,093)</b>	<b>127,560,298</b>	<b>20,314,225</b>	<b>798,776,308</b>	<b>4,302,853,480</b>	<b>2,383,856,628</b>
Previous year figures	1,863,872,312	1,300,792,232	-	-	363,032,881	2,801,631,663	230,433,172	231,140,595	-	-	43,798,732	417,775,035	2,383,856,628	1,633,439,140

\* Current year depreciation includes Rs 22,314,686 (Previous year - Rs 17,567,706) which has been carried under capital work in progress and Rs 2,481,288 (Previous year - Rs Nil) which has been capitalised under buildings during the year after its completion.

**Note 11.1:** Leasehold land represents land acquired on lease from Orissa Industrial Infrastructure Development Corporation for the lease period of 66 years.

# Refer note no. 44 (b)

Note : Gross block includes assets acquired on contracts entered on BOOT basis in accordance with terms of respective agreements

## Note 12 INTANGIBLE ASSETS

Assets	GROSS BLOCK						ACCUMULATED AMORTISATION						NET BLOCK	
	As at April 1, 2012	Additions	Adjustment on acquisition / sale of subsidiary	Adjustment of subsidy	Sale / Adjust-ments	As at March 31, 2013	As at April 1, 2012	Charge for the year*	Adjustment on acquisition / sale of subsidiary	Adjustment of subsidy	Sale / Adjust-ments	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
<b>Intangible assets</b>														
Computer software	60,202,032	19,100,795	(124,585)	-	-	79,178,242	30,300,233	10,789,208	(97,077)	-	-	40,992,364	38,185,878	29,901,799
Goodwill (Refer note 12.1)	23,961,858	-	-	-	-	23,961,858	9,584,744	4,792,372	-	-	-	14,377,116	9,584,742	14,377,114
Goodwill on consolidation	496,372,246	-	93,226	-	-	496,465,472	-	-	-	-	-	-	496,465,472	496,372,246
	<b>580,536,136</b>	<b>19,100,795</b>	<b>(31,359)</b>	<b>-</b>	<b>-</b>	<b>599,605,572</b>	<b>39,884,977</b>	<b>15,581,580</b>	<b>(97,077)</b>	<b>-</b>	<b>-</b>	<b>55,369,480</b>	<b>544,236,092</b>	<b>540,651,159</b>
Previous year figures	502,467,948	1,804,357	77,220,055	-	956,224	580,536,136	26,117,291	14,088,547	-	-	320,861	39,884,977	540,651,159	476,350,657

Note 12.1: During the year ended March 31, 2010, the Company had entered into three business transfer agreement to purchase the entire business of M/s Surender Chowdhury & Brothers, M/s Mohd. Rashid Contractors and En-Tech Engineers and Contractors for a consideration of Rs 20,000,000, Rs 2,000,000 and Rs 3,000,000 respectively. The difference between the carrying values of Investment and value of net assets acquired amounting to Rs 23,961,858 was carried as goodwill.



## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2013	As at March 31, 2012
<b>Note 13 CAPITAL WORK IN PROGRESS*</b>		
Plant and equipments (including power plant equipments)	3,304,912,626	3,332,288,804
Building under construction	942,447,387	1,260,434,745
Borrowing costs capitalised*	1,120,606,049	585,528,195
Other expenses (directly attributable to construction/erection of fixed assets)		
- Employee benefits expense	382,330,186	317,400,698
- Depreciation and amortisation expense	36,371,463	18,884,644
- Other directly attributable expenses (including trial / test run expenses)	855,636,837	596,278,015
Less: Revenue from sale of trial run production	31,291,970	18,209,232
	<b>6,611,012,578</b>	<b>6,092,605,869</b>

\*Borrowing cost capitalised during the year amounting to Rs 535,077,854 (Previous year - Rs 454,927,809) is net of amount transfer to fixed assets and amount written off.

	As at March 31, 2013	As at March 31, 2012
<b>Note 14 INTANGIBLE ASSETS UNDER DEVELOPMENT</b>		
Software under implementation	9,083,690	22,910,112
	<b>9,083,690</b>	<b>22,910,112</b>

	As at March 31, 2013	As at March 31, 2012
<b>Note 15 LONG-TERM LOANS AND ADVANCES (UNSECURED CONSIDERED GOOD)</b>		
Capital advances	493,340,160	657,511,107
Advance recoverable in cash or in kind	24,816,374	33,855,447
Security deposits	47,788,382	93,836,279
Works contract tax recoverable	22,520,307	10,764,108
TDS recoverable / advance tax (net of provision for tax)	302,557,773	148,469,574
Earnest money deposit	10,584,499	13,822,999
Loans to employees and directors	550,000	7,896,087
	<b>902,157,495</b>	<b>966,155,601</b>

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2013	As at March 31, 2012
<b>Note 16 OTHER NON CURRENT ASSETS</b>		
Balance in fixed deposit account having maturity more than one year*	189,855,870	777,724,034
Retention money of subsidy	16,085,000	18,144,813
Security deposits	-	3,583,670
Interest accrued but not due on fixed deposits	1,157,283	4,643,630
Unamortised premium on redemption of debentures	45,524,560	126,408,006
Unamortised loan processing fee	121,966,396	167,288,479
	<b>374,589,109</b>	<b>1,097,792,632</b>

\*Held as margin money against bank guarantees and letter of credit and as debt service reserve account against term loans from banks.

	As at March 31, 2013	As at March 31, 2012
<b>Note 17 CURRENT INVESTMENT</b> (at lower of cost or market value)		
<b>Other than trade, Unquoted</b>		
45,630 (Previous year - Nil) equity share of Rs 10 each fully paid up in A2Z E Waste Management Limited	456,300	-
2,290,000 (Previous year - Nil) 0.01% Non Participative Cumulative Redeemable Preference Share of Rs 10 each fully paid up in A2Z E Waste Management Limited	22,900,000	-
	<b>23,356,300</b>	<b>-</b>

**Note 17.1:** During the year, pursuant to the Share Purchase Agreement executed by and between the Company, Sardana Recycling Private Limited (the “buyer”), A2Z E Waste Management Limited (“A2Z E Waste”) and A2Z Dataserv Limited along with addendums thereto, the Company has proposed to sell the entire shareholding in the paid up Equity and Preference Share Capital to the buyer in one or more tranches at a total consideration of Rs. 230,000,000.

As at March 31, 2013, equity shares comprising 44.37% of total paid up equity share capital of A2Z E Waste have been transferred to the buyer and as a consequence, the Company’s holding has reduced to 45.63% from existing 89.99% in the paid up Equity Share Capital of A2Z E Waste. Accordingly, the Group has recognized a profit of Rs. 147,662,136 and classified this as an exceptional item as per the accepted accounting principles and practices.

	As at March 31, 2013	As at March 31, 2012
<b>Note 18 INVENTORIES</b> (VALUED AT LOWER OF COST OR MARKET VALUE)		
Project stores and spares	145,685,196	182,454,480
Raw material	43,404,624	67,846,034
Work-in progress	20,309,242	31,775,492
Finished goods	351,191,211	222,607,799
Raw Material in transit	17,614,400	-
Finished goods in transit	25,616,861	23,856,136
	<b>603,821,534</b>	<b>528,539,941</b>

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2013	As at March 31, 2012
<b>Note 19 TRADE RECEIVABLES (UNSECURED)</b>		
Receivables due for a period exceeding six months when they became due for payment		
- Considered good	5,684,793,142	5,601,597,264
- Considered doubtful	349,453,104	170,298,408
Other receivables		
- Considered good	2,420,688,799	3,687,330,212
- Considered doubtful	6,456,278	4,748,795
	<b>8,461,391,323</b>	<b>9,463,974,679</b>
Less: Provision for doubtful receivables	355,909,382	175,047,203
	<b>8,105,481,941</b>	<b>9,288,927,476</b>

**Note 19.1:** Trade receivables include retention money of Rs 3,433,381,587 (Previous year- Rs 3,704,359,872) 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.

**Note 19.2:** The Company's receivables as at March 31, 2013 includes recoverable of Rs 64,381,729 and Rs 60,639,340 from two customers, being deductions proposed/ made by them on invoices raised by Company for services rendered, price escalations on certain supply items and certain other items. In first case, the Company had filed an application with the High Court for arbitration proceeding and the high court had appointed an arbitrator to settle the dispute. In the other case, the Company had filed a Special leave petition with the Hon'ble Supreme Court against the hon'ble High Court's order for appointment of arbitrator appointed by the customer, accordingly the Hon'ble Supreme Court has passed the stay order on the proceedings of the arbitrator. The management, based on legal advice, believes that the outcome of legal matters is likely to be in its favor and has thus classified the said amounts as recoverable in the books and no adjustments have been made with respect of the same in the financial statements of the Company.

**Note 19.3:** One of the subsidiary company, A2Z Infrastructure Limited, has outstanding recoverable of Rs 76,265,817, being receivable from a customer for collection and transportation of municipal solid waste. The subsidiary company has filed a writ petition with High Court of Patna for recovery of dues. An interim order was passed directing the customer to release 75% of the amount recoverable. Against the interim order the customer has filed Letters Patent Appeal ('LPA') which has been dismissed, confirming the interim order. Subsequently, the writ petition has been allowed by the Court and customer has been directed to pay the entire amount along with the interest at the rate of 8% p.a from the due date.

	As at March 31, 2013	As at March 31, 2012
<b>Note 20 CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	4,190,062	3,751,840
Balances with banks		
- in current account	157,432,226	547,026,119
- in exchange earners foreign currency (EEFC) account	-	18,787,808
- in cash credit accounts	-	26,649
- in fixed deposit account (less than 3 month maturity)*	12,624,256	243,832,901
- in unpaid dividend account**	82,882	87,858
	<b>174,329,426</b>	<b>813,513,175</b>
<b>Other bank balances</b>		
- in fixed deposit account (with maturity more than 3 months but less than 12 months)*	100,078,048	28,440,840
	<b>100,078,048</b>	<b>28,440,840</b>
	<b>274,407,474</b>	<b>841,954,015</b>

\* Held as margin money against bank guarantees and letter of credit and as debt service reserve account against term loans from banks.

\*\* The Company can utilise these balances only towards settlement of the respective unpaid dividend account.

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

	As at March 31, 2013	As at March 31, 2012
<b>Note 21</b> SHORT TERM LOANS AND ADVANCES (UNSECURED)		
Advances recoverable in cash or in kind or for value to be received		
- Considered good	626,178,192	757,792,754
- Considered doubtful	11,647,068	7,173,639
	<b>637,825,260</b>	<b>764,966,393</b>
Less: Provision for doubtful advances	11,647,068	7,173,639
	<b>626,178,192</b>	<b>757,792,754</b>
Prepaid expenses	71,949,822	107,246,450
Earnest money deposit with customers	64,109,074	145,584,268
Security deposits	66,677,236	19,078,333
Loan to employees and directors	10,782,551	12,505,373
MAT credit entitlement	1,571,782	1,603,200
<b>Balances with government authorities:</b>		
- CENVAT credit receivable	10,954,162	110,032,087
- Service tax credit receivable	68,883,444	1,993,983
- WCT / VAT input credit receivable	340,340,338	333,946,068
	<b>1,261,446,601</b>	<b>1,489,782,516</b>

	As at March 31, 2013	As at March 31, 2012
<b>Note 22</b> OTHER CURRENT ASSETS		
Interest accrued:		
- on fixed deposits	3,996,211	12,191,217
- on loans and advances	1,408,066	38,335
Insurance claim recoverable	22,521,463	49,438,977
Contract revenue in excess of billing	4,756,882,418	4,820,612,428
Subsidy Receivable	148,965,077	-
Derivative instrument	69,374,860	-
Unamortised premium on redemption of debentures	80,662,451	80,662,451
Unamortised loan processing fee	45,722,345	32,859,187
Unamortised premium on forward contract	188,784	4,367,822
	<b>5,129,721,675</b>	<b>5,000,170,417</b>

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Note 23 REVENUE FROM OPERATIONS</b>		
Revenue from engineering services	5,503,085,630	9,668,127,945
Revenue from operation and maintenance services	74,412,387	50,246,040
Revenue from facility management services	2,493,813,554	2,743,624,878
Revenue from collection and transportation of municipal solid waste	744,170,745	692,758,181
Income from professional services	1,976,476	2,932,899
Revenue from data processing and other services	32,913,158	17,469,252
Sales of compost, refuse derived fuel, fluff and bricks	95,064,112	63,045,361
Sales of goods	48,276,360	147,419,404
<b>Other operating revenue</b>		
Bad debts recovered / liability written back	8,759,007	6,483,798
Provision for doubtful debts / advances written back	17,752,859	130,260,939
Duty drawback	816,211	520,844
Scrap sale	7,111,900	86,097
	<b>9,028,152,399</b>	<b>13,522,975,638</b>

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Note 24 OTHER INCOME</b>		
Interest income		
- on fixed deposit	63,092,592	71,875,877
- on income tax refund	568,540	814,981
- on loans and advances	3,773,876	6,497,970
Dividend income from current investment in mutual fund	-	1,359,954
Profit on sale of current investments	-	16,198,944
Mark-to-market Gain on derivatives	2,924,100	-
Subsidy amortised	233,384,924	-
Profit on sale of fixed assets	261,352	-
Foreign exchange fluctuation (net)	10,637,641	-
Miscellaneous income	50,909,717	8,368,413
	<b>365,552,742</b>	<b>105,116,139</b>

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Note 25 COST OF MATERIAL AND SERVICES</b>		
Opening stock - project inventory	181,672,570	195,942,752
Opening stock - raw material	67,846,034	11,251,744
Add: Stock acquired on acquisition of subsidiary	1,929,416	-
Add: Raw material purchased	151,330,799	249,348,212
Add: Material purchased for execution of projects	3,189,706,463	5,132,803,141
Less: Recovery from contractors	43,207,388	29,870,125
Less: Theft of material	29,171,477	38,560,431
Less: Stock removed on sale of subsidiary	2,312,162	-
Less: Closing stock - raw material	61,019,023	67,846,034
Less: Closing stock - project inventory	142,879,632	181,672,570
<b>Material consumed</b>	<b>3,313,895,600</b>	<b>5,271,396,689</b>
Freight and cartage	303,310,667	404,953,100
Sub contractor / erection expenses	913,781,073	1,728,677,621
Electricity expense	24,305,543	13,688,829
Labour charges	114,505,059	119,267,493
Fabrication expenses	2,712,752	5,729,733
Site expenditure	51,575,555	71,872,289
Deduction and demurrage	30,220,841	45,714,795
Technical consultancy for projects	32,801,173	114,027,875
Fuel charges	161,775,378	135,768,456
Consumables / stores and spares	6,782,325	9,818,535
Other direct cost	220,004,004	242,983,591
	<b>5,175,669,970</b>	<b>8,163,899,006</b>

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Note 26 CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-TRADE</b>		
Opening inventory of work in progress	31,775,492	7,652,757
Opening inventory of finished goods	246,463,935	160,730,604
Add: Capital work in progress converted into stock in trade	49,758,154	-
Less: Closing inventory of work in progress	20,309,242	31,775,492
Less: Closing inventory of finished goods	377,967,539	246,463,935
	<b>(70,279,200)</b>	<b>(109,856,066)</b>



Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Note 27 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, bonus and other allowances (including directors' remuneration)	2,725,839,267	2,910,627,952
Contribution to provident and other funds (Refer note 27.1)	213,581,370	276,249,153
Gratuity expense (Refer note 27.2)	2,923,837	26,126,031
Compensated leave absences (Refer note 27.3)	701,953	4,591,358
Staff welfare expenses	36,370,850	56,697,039
	<b>2,979,417,277</b>	<b>3,274,291,533</b>

<b>Note 27.1: Defined contribution plans</b>		
Employer's contribution to provident fund*	150,041,686	190,706,523
Employer's contribution to employee state insurance*	64,052,671	86,463,418
Employer's contribution to labour welfare fund*	633,500	588,371
	<b>214,727,857</b>	<b>277,758,312</b>

\*includes Rs 1,146,487 (Previous year - Rs 1,509,159) which has been carried under capital work in progress

#### **Note 27.2: 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 in case of parent and few of its subsidiaries. The following tables summaries the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

#### **Statement of profit and loss (Net employee benefit expense)**

	For the year ended March 31, 2013	For the year ended March 31, 2012
Current service cost	35,222,941	28,461,748
Interest cost on benefit obligation	4,761,096	3,640,270
Expected return on plan assets	(3,115,106)	(3,524,705)
Net actuarial (gain) / loss recognised in the year	(37,123,450)	1,260,388
<b>Net benefit expense*</b>	<b>(254,519)</b>	<b>29,837,701</b>
<b>Actual return on plan assets</b>	<b>(4,417,385)</b>	<b>(4,067,310)</b>

\*Includes Rs (2,514,680) (Previous year - Rs 3,711,670) which has been carried under capital work in progress and Rs (663,676) (Previous year - Rs Nil) which has been carried under provision written back.

	As at March March 31, 2013	As at March March 31, 2012
<b>Amount recognised in the balance sheet</b>		
Defined benefit obligation	(68,206,732)	(74,496,623)
Fair value of plan assets	40,903,136	44,231,890
<b>Expected return on plan assets</b>	<b>(27,303,596)</b>	<b>(30,264,733)</b>
Less: Unrecognised past service cost	-	-
<b>Plan asset / (liability)</b>	<b>(27,303,596)</b>	<b>(30,264,733)</b>

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

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

	For the year ended March 31, 2013	For the year ended March 31, 2012
Opening defined benefit obligation	74,496,623	44,149,504
Interest cost	4,761,096	3,640,270
Current service cost	35,222,942	28,461,748
Benefits paid	(8,344,550)	(3,625,108)
Actuarial (gains) / losses on obligation	(37,929,379)	1,870,209
<b>Closing defined benefit obligation</b>	<b>68,206,732</b>	<b>74,496,623</b>

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

	For the year ended March 31, 2013	For the year ended March 31, 2012
Opening fair value of plan assets	44,231,890	43,015,326
Expected return	3,116,078	3,524,705
Contributions by employer	597,439	774,362
Benefits paid	(8,344,550)	(3,625,108)
Actuarial gains / (losses)	1,302,279	542,605
<b>Closing fair value of plan assets</b>	<b>40,903,136</b>	<b>44,231,890</b>

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

	For the year ended March 31, 2013	For the year ended March 31, 2012
Discount rate	8.00% - 8.50%	8.00% - 8.75%
Expected rate of return on assets	8.60% - 8.70%	8.00% - 8.50%
Expected rate of increase in compensation level	5%	4.00% - 5.00%
Expected average remaining working life of employees (in years)	17 - 31	17 - 30

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.

### Amounts for the current and previous year are as follows:

	For the year ended March 31, 2013	For the Year ended March 31, 2012
Defined benefit obligation	68,206,732	74,496,623
Plan assets	40,903,136	44,231,890
Surplus / (deficit)	(27,303,596)	(30,264,733)
Experience (gain)/loss on plan liabilities	(40,613,050)	5,153,612
Experience gain / (loss) on plan assets	1,302,279	542,605

### Note 27.3: Other employee benefits-Compensated leave absences

For determination of the current years' liability in respect of compensated absences, the Company has used following actuarial assumptions:

	For the year ended March 31, 2013	For the Year ended March 31, 2012
Discount rate	8.00% - 8.50%	8.50% - 8.75%
Rate of increase in compensation levels	5%	5%

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Note 28 FINANCIAL COSTS</b>		
Interest cost	1,073,259,764	745,343,368
Loan processing fees	40,682,957	34,621,414
Amortisation of premium on redemption of debentures	76,532,244	32,236,900
Bank charges	151,768,177	169,882,047
	<b>1,342,243,142</b>	<b>982,083,729</b>

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Note 29 OTHER EXPENSES</b>		
Electricity	18,352,212	25,220,244
Rent (Refer note 29.1)	247,037,945	186,034,202
Rates and tax	8,211,311	11,685,919
Insurance	59,208,687	47,170,734
Freight outward	30,796,504	15,869,684
Repair and maintenance		
- Building	906,967	526,961
- Plant and machinery	39,938,197	18,412,789
- Others	70,721,398	59,008,721
Brokerage	960,858	967,331
Commission to managing director	-	3,677,031
Commission to directors other than whole time directors and managing director	-	3,000,000
Travelling and conveyance	148,302,297	214,470,908
Communication expenses	35,658,335	43,360,298
Printing and stationary	15,869,275	22,735,822
Legal and professional charges (including payment to statutory auditors)	88,070,194	156,690,072
Director sitting fees	1,120,000	1,620,000
Premium on forward contracts	-	315,248
Foreign exchange fluctuation (net)	-	7,419,145
Loss on commodity forwards	3,996,102	23,369,140
Donation and contribution (other than political party)	652,627	2,311,957
Provision for bad and doubtful debts / advances	196,682,312	52,779,545
Bad debts written off	17,343,392	9,847,008
Tender expenses	1,764,569	8,728,396
Fees and subscription / inspection charges	5,496,469	10,721,247
Business promotion	19,541,663	30,731,114
Preliminary expenses written off	-	248,555
Warranty expense (Refer note 6.1)	4,956,446	8,859,232
Advances written off	2,965,757	2,886,251
Mark-to-market loss on derivatives	-	47,783,129
Theft of material	13,249,930	11,033,592
Loss on sale of fixed assets (net)	11,991,744	4,566,163
Royalty expenses	5,873,183	2,829,680
Miscellaneous expenses	17,558,069	54,763,110
	<b>1,067,226,443</b>	<b>1,089,643,228</b>

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

Note 29.1: The Group has entered into various short-term cancellable lease agreements at a notice period up to three months for leased premises and equipments. Gross rental expenses aggregate to Rs 247,037,945 (Previous year – Rs 186,034,202).

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Note 30 EARNINGS PER SHARE (EPS)</b>		
The calculations of earning per share are based on the profit and number of shares as computed below:		
<b>Net profit / (loss) excluding extra-ordinary and prior period items</b>	(1,058,685,536)	(181,521,935)
Less : Extra-ordinary and prior period items (net of tax)	-	(2,052,934)
Net profit / (loss) including extra-ordinary and prior period items	(1,058,685,536)	(179,469,001)
<b>Face value of share</b>	10	10
Weighted average number of equity shares in calculating basic EPS	74,177,694	74,177,694
Weighted average number of equity shares in calculating diluted EPS	74,177,694	74,177,694
<b>Basic earnings per share</b>		
- Computed on the basis of earnings excluding extra-ordinary and prior period items	(14.27)	(2.45)
- Computed on the basis of earnings including extra-ordinary and prior period items	(14.27)	(2.42)
<b>Diluted earnings per share*</b>		
- Computed on the basis of earnings excluding extra-ordinary and prior period items	(14.27)	(2.45)
- Computed on the basis of earnings including extra-ordinary and prior period items	(14.27)	(2.42)

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

Timing difference on account of	Deferred tax assets/ (liability) as at April 1, 2012	Current year charge / (credit)#	Deferred tax assets/ (liability) as at March 31, 2013
<b>Note 31 DEFERRED TAX</b>			
Break-up of deferred tax assets / (liabilities):			
<b>Deferred tax liabilities</b>			
Depreciation	(22,718,931)	5,278,405	(27,997,336)
<b>Sub Total (A)</b>	<b>(22,718,931)</b>	<b>5,278,405</b>	<b>(27,997,336)</b>
<b>Deferred tax assets</b>			
Unabsorbed business loss and depreciation*	27,597,385	(298,797,184)	326,394,569
Expenditure debited to statement of profit and loss in the current year but allowable for tax purposes in the following years	32,530,439	(3,044,616)	35,575,055
Provision of doubtful advances	316,499	112,487	204,012
Provision of doubtful debts	49,673,488	(63,876,820)	113,550,308
<b>Sub Total (B)</b>	<b>110,117,811</b>	<b>(365,606,133)</b>	<b>475,723,944</b>
<b>Net Deferred tax assets (A+B)</b>	<b>87,398,880</b>	<b>(360,327,728)</b>	<b>447,726,608</b>

\*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 accumulated losses, some 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 companies has not recognized deferred tax asset on such timing differences.

#Includes credit of Rs 41,537 for acquisition of subsidiaries during the year.

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

**Note 32 PRIOR PERIOD ITEM**

During the previous year ended March 31, 2011, one of the subsidiaries, A2Z Infrastructure Limited, erroneously expensed off certain inventory. Pursuant to such omission, the inventory which should have been recognised as on March 31, 2011 aggregating to Rs. 2,052,934 has been recognised as prior period item for the year ended March 31, 2012.

	As at March 31, 2013	As at March 31, 2012
<b>Note 33 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR:</b>		
<b>a) The details of contingent liabilities are as follows:</b>		
Liquidated damages deducted by customers not accepted by the Company and pending final settlement*	14,073,312	14,073,312
Open letters of credit	108,073,376	883,671,986
Litigations under workmen compensation act**	1,177,120	1,177,120
Litigations with contractors and others**	4,259,760	4,240,128
Sales tax demand under dispute	71,892,925	71,892,925
Unasserted claims	256,775	6,086,255
	<b>199,733,268</b>	<b>981,141,726</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.

**b) Commitments outstanding:**

	As at March 31, 2013	As at March 31, 2012
Capital commitments	461,148,473	872,240,782
Other commitments	2,338,932,000	582,294,000
	<b>2,800,080,473</b>	<b>1,454,534,782</b>

	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Note 34 DISCLOSURE PURSUANT TO ACCOUNTING STANDARD - 7 "CONSTRUCTION CONTRACTS"</b>		
Contract revenue recognized as revenue in the year	5,503,085,630	9,668,127,945
Aggregate Amount of cost incurred and recognized profits up to the reporting date on contract under progress	41,387,820,336	37,268,185,439
Amount of advance received on contract under progress and outstanding at year end	660,202,175	735,113,122
Amount of retentions on contract under progress	3,434,774,301	3,704,359,872
Gross amount due from customers for contract work as an asset	4,718,338,786	4,793,020,276
Gross amount due to customers for contract work as a liability	107,283,006	157,892,306

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

### Note 35 INTEREST IN JOINT VENTURES

The Company's interest and share in joint ventures in the jointly controlled operations as at March 31, 2013 are as follows:

S. No.	Name of joint venture partner	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 35.1 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 35.1 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 35.1 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 35.1 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 35.1 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 35.1 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 35.1 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 35.1 below	*
9	M/s Linkwell Tele-systems 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 35.1 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 35.1 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 35.1 below	*



## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

S. No.	Name of joint venture partner	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 35.1 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 35.1 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 35.1 below	*
One of the subsidiaries, A2Z Infrastructure 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 Uttar Pradesh on turnkey basis as well Build, Own, Operate, Transfer contract for operation and maintenance.	See Note 35.1 below	*
16	Eco Save System (P) Limited (Representative of Burn Environmental and Technologies Private Limited)	Jointly Controlled Operations	Joint venture agreement effective from March 20, 2008. The principal activity of the venture is to bid for tender and take 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 35.1 below	*
17	M/s Maccaferri Environmental Solutions Pvt. Ltd	Jointly Controlled Operations	Joint venture agreement effective from February 15, 2008. The principal activity of the venture is to bid for tender and enter into contract for 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 and maintenance.	See Note 35.1 below	*

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

**Note 35.1:** 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 consolidated financial statements 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.

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

### Note 36 RELATED PARTY

#### Names of related parties

##### Joint venture partners

UB Engineering Limited  
Southern Petrochemical Industries Corporation Limited (SPIC-SMO)  
Shyama Power (India) Private Limited  
Linkwell Telesystems Private Limited  
Cobra Instalaciones Y Servicios, S.A  
Karamtara Engineering Private Limited  
Richardson & Cruddas (1972) Limited  
Satya Builders  
Bhumika Transport  
Ram Engineering & Construction Co.  
Karnataka Compost Development Corporation Limited  
Maccaferri Environmental Solutions Private Limited  
Eco Save System (P) Limited (Representative of Burn Environmental and Technologies Private Limited)

##### Individual having significant influence

Mr. Rakesh Radheyshyam Jhunjhunwala

##### Key Management Personnel ('KMP')

Amit Mittal  
Dipali Mittal  
Manoj Gupta  
Rajneesh Mehra (Resigned with effect from August 31, 2012)  
Amit Sardana  
Ashish Mittal  
Alok Kumar Gupta (Resigned with effect from May 31, 2012)  
Anil Soni (Resigned with effect from April 1, 2012)  
Rahul Chawla (Resigned with effect from May 31, 2012)  
Hemant Gupta (Resigned with effect from September 1, 2012)  
Sanjiv Saklani (With effect from October 25, 2012)  
Roomy Daruwalla  
Vishaant Gala  
Anand Shah  
Anil Sharma (Resigned with effect from November 1, 2012)

##### Relatives of Key Management Personnel

Sudha Mittal (Mother of Mr. Amit Mittal)  
Pinak Gala (Brother of Vishaant Gala)

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

### Transactions with Related Parties

Particulars	For the year ended March 31, 2013			For the year ended March 31, 2012		
	Joint Ven- tures	Individual having Signifi- cant Influence	KMP / Rela- tive of KMP	Joint Ven- tures	Individual having Signifi- cant Influence	KMP / Rela- tive of KMP
<b>Sale of goods / services</b>						
- UB Engineering Limited	68,400,925	-	-	523,700,653	-	-
- SPIC-SMO	61,375,915	-	-	101,471,898	-	-
<b>Purchase of goods or services</b>						
- Linkwell Telesystems Private Limited	1,747,118	-	-	4,290,523	-	-
- Richardson & Cruddas (1972) Limited	4,538,854	-	-	7,527,211	-	-
- Karamtara Engineering Private Limited	27,134,901	-	-	18,966,478	-	-
- Cobra Instalaciones Y Servicios, S.A	17,939,585	-	-	10,035,954	-	-
- Bhumika Transport	-	-	-	285,141	-	-
<b>Purchase of fixed assets</b>						
- Maccaferri Environment Solutions Private Limited	3,395,617	-	-	2,447,550	-	-
<b>Rent expense / equipment hiring charges</b>						
- Amit Mittal	-	-	484,600	-	-	396,000
- Manoj Gupta	-	-	369,050	-	-	330,000
- Dipali Mittal	-	-	270,750	-	-	1,022,250
- Sudha Mittal	-	-	357,500	-	-	330,000
- Richardson & Cruddas (1972) Limited	-	-	-	1,308,872	-	-
<b>Issue of equity share capital in subsidiary Companies</b>						
- Amit Sardana	-	-	-	-	-	100,000
- Bhumika Transport	-	-	-	130,000	-	-
<b>Provision for doubtful debts expense</b>						
- UB Engineering Limited	50,695,758	-	-			
- SPIC-SMO	25,342,317	-	-	-	-	-
<b>Loan / advances given</b>						
- Satya Builders	4,034,000	-	-	1,110,000	-	-
<b>Remuneration</b>						
- Amit Mittal	-	-	14,253,744	-	-	18,072,313
- Manoj Gupta	-	-	4,687,500	-	-	4,688,330
- Dipali Mittal	-	-	1,526,397	-	-	1,537,989
- Rajneesh Mehra	-	-	2,160,000	-	-	5,184,000
- Anil Soni	-	-	-	-	-	3,600,000
- Alok Gupta	-	-	-	-	-	1,000,000
- Rahul Chawla	-	-	-	-	-	4,122,380
- Sanjiv Saklani	-	-	3,135,197	-	-	-
- Hemant Gupta	-	-	1,750,000	-	-	1,400,000
- Shiv Swaroop Gupta	-	-	-	-	-	532,545
- Roomy Daruwalla	-	-	-	-	-	2,750,000
- Anand Shah	-	-	-	-	-	1,980,000
- Vishaant Gala	-	-	-	-	-	2,400,000
- Pinak Gala	-	-	-	-	-	746,100

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

### Transactions with Related Parties

Particulars	For the year ended March 31, 2013			For the year ended March 31, 2012		
	Joint Ven- tures	Individual having Signifi- cant Influence	KMP / Rela- tive of KMP	Joint Ven- tures	Individual having Signifi- cant Influence	KMP / Rela- tive of KMP
- Anil Sharma	-	-	2,100,000	-	-	3,600,000
- Rakesh Kumar Aggarwal	-	-	-	-	-	4,256,251
- Ashish Mittal	-	-	1,185,000	-	-	1,185,000
<b>Sitting fees</b>						
- Rakesh Radheyshyam Jhunjhunwala	-	-	-	-	18,000	-
<b>Balance outstanding at the end of the year</b>						
<b>Advance from customers</b>						
- UB Engineering Limited	488,255	-	-	488,255	-	-
<b>Trade receivable / advances recoverable</b>						
- UB Engineering Limited	1,022,437,618	-	-	1,049,412,930	-	-
- SPIC-SMO	281,503,478	-	-	231,469,632	-	-
- Richardson & Cruddas (1972) Limited	-	-	-	1,615,790	-	-
- Cobra Instalaciones Y Servicios, S.A	-	-	-	26,683	-	-
- Bhumika Transport	-	-	-	2,000,000	-	-
- Satya Builders	5,144,000	-	-	1,110,000	-	-
<b>Provision for doubtful debts</b>						
- UB Engineering Limited	59,916,529	-	-	9,220,771	-	-
- SPIC-SMO	34,550,662	-	-	9,208,345	-	-
<b>Remuneration payable</b>						
- Amit Mittal	-	-	1,371,238	-	-	4,362,712
- Manoj Gupta	-	-	897,845	-	-	291,775
- Anil Sharma	-	-	-	-	-	223,950
- Dipali Mittal	-	-	275,054	-	-	27,795
<b>Other current liability (creditor for capital goods)</b>						
- Maccaferri Environment Solutions Private Limited	-	-	-	2,001,083	-	-
<b>Trade payable</b>						
- Linkwell Telesystems Private Limited	2,203	-	-	2,192,745	-	-
- Rajneesh Mehra	-	-	-	-	-	425,774
- Eco Save Systems (P) Limited	-	-	-	985,400	-	-
- Karamtara Engineering Private Limited	340,289	-	-	2,331,164	-	-
- Richardson & Cruddas (1972) Ltd.	1,760,542	-	-	-	-	-
- Cobra Instalaciones Y Servicios, S.A	7,780,224	-	-	-	-	-
- Bhumika Transport	-	-	-	288,287	-	-

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

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

### Note 37 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 into following segments – (i) Engineering Service (ES), (ii) Facility Management Services (FMS), (iii) Municipal Solid Waste Management (MSW), (iv) Power generation projects (PGP) (v) Others which primarily includes trading of goods, renting of equipments, manufacturing of electrical equipment and operation and maintenance services, etc

Particulars	ES	ES	FMS	FMS	MSW	MSW	MSW	PGP	PGP	Others	Others	Elimination	Elimination	Total	Total
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2013	March 31, 2012
Revenue															
Operating income	5,537,971,887	9,802,185,091	2,495,341,896	2,749,773,437	839,234,857	755,803,542	-	1,295,323	215,233,568	155,603,759	215,233,568	-	-	9,028,152,399	13,522,975,638
Other income	47,466,747	3,643,916	-	197,596	247,689,714	74,185	11,617	1,295,323	3,157,393	25,556	3,157,393	-	-	295,193,634	8,388,413
Intersegment Revenue	900,000	41,185,000	59,551,041	50,109,089	5,357,532	-	-	-	268,862,241	216,877,794	268,862,241	282,686,367	360,156,330	-	-
<b>Total revenue</b>	<b>5,586,338,634</b>	<b>9,846,984,007</b>	<b>2,554,892,937</b>	<b>2,800,080,122</b>	<b>1,092,282,103</b>	<b>755,877,727</b>	<b>11,617</b>	<b>1,295,323</b>	<b>487,253,202</b>	<b>372,507,109</b>	<b>487,253,202</b>	<b>282,686,367</b>	<b>360,156,330</b>	<b>9,323,346,033</b>	<b>13,531,344,051</b>
Costs															
Segment costs	(5,665,511,977)	(8,838,915,396)	(2,431,529,150)	(2,724,006,495)	(996,194,928)	(996,194,928)	(8,638,111)	(15,991,197)	(467,696,844)	(478,671,235)	(467,696,844)	(282,421,947)	(359,449,859)	(9,571,769,397)	(12,694,329,392)
<b>Result</b>	<b>(79,173,343)</b>	<b>1,008,078,611</b>	<b>123,363,787</b>	<b>76,073,627</b>	<b>(188,533,159)</b>	<b>(240,317,201)</b>	<b>(8,628,494)</b>	<b>(14,695,874)</b>	<b>(95,189,735)</b>	<b>8,581,967</b>	<b>8,581,967</b>	<b>264,420</b>	<b>706,471</b>	<b>(248,423,364)</b>	<b>837,014,659</b>
Unallocated income														2,924,100	17,558,898
Financial Expense														67,435,008	79,188,828
Prior period items														(1,342,243,142)	(982,063,729)
Exceptional items														-	2,052,934
Provision for tax														147,682,136	-
Income tax														(45,117,871)	(143,027,529)
Deferred tax (charge)/ credit														359,853,887	(32,822,425)
Tax adjustment for earlier years														(3,316,868)	45,227,036
Net (loss) / profit after tax														(1,061,226,114)	(176,891,327)
Other information															
Segment assets	13,519,316,867	15,479,424,611	1,153,572,826	1,580,484,636	6,439,656,818	5,279,130,648	5,870,240,512	4,857,734,446	669,880,906	732,060,494	669,880,906	(162,014,184)	(174,438,757)	27,814,682,113	28,103,273,592
Unallocable corporate assets														775,212,463	237,471,654
<b>Total assets</b>	<b>13,519,316,867</b>	<b>15,479,424,611</b>	<b>1,153,572,826</b>	<b>1,580,484,636</b>	<b>6,439,656,818</b>	<b>5,279,130,648</b>	<b>5,870,240,512</b>	<b>4,857,734,446</b>	<b>669,880,906</b>	<b>732,060,494</b>	<b>669,880,906</b>	<b>(162,014,184)</b>	<b>(174,438,757)</b>	<b>28,589,894,576</b>	<b>28,340,745,246</b>
Segment liabilities	3,095,877,674	3,860,306,885	477,639,144	504,318,545	796,344,150	1,112,924,951	338,515,102	239,387,892	192,223,376	205,971,307	192,223,376	225,195,977	207,732,997	4,675,403,469	5,715,176,583
Unallocable corporate liabilities														12,530,724,886	11,538,575,645
<b>Total Liabilities</b>	<b>3,095,877,674</b>	<b>3,860,306,885</b>	<b>477,639,144</b>	<b>504,318,545</b>	<b>796,344,150</b>	<b>1,112,924,951</b>	<b>338,515,102</b>	<b>239,387,892</b>	<b>192,223,376</b>	<b>205,971,307</b>	<b>192,223,376</b>	<b>225,195,977</b>	<b>207,732,997</b>	<b>17,206,128,355</b>	<b>17,253,752,228</b>
Capital expenditure	42,146,247	197,139,891	18,941,838	25,917,722	897,052,245	2,369,370,967	1,164,802,067	2,617,287,102	62,312,736	173,775,690	62,312,736	156,409,067	152,625,962	2,029,846,065	5,230,865,410
Depreciation included in segment expenses	70,937,706	68,933,199	22,401,285	21,317,753	290,657,032	96,798,319	1,911,461	2,159,737	8,273,760	3,897,542	8,273,760	154,048	316,536	394,027,196	192,790,014
Other Non cash expenditure														198,981,024	53,821,426

#### 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 trade receivables regarding geographical segments as at March 31, 2013 and March 31, 2012.

Particulars	India		Other Countries		Total	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Segment revenue	8,960,722,809	13,149,485,697	432,982,332	478,606,080	9,393,705,141	13,628,091,777
Segment trade receivables (including retention money)	7,971,280,692	9,186,022,262	134,201,249	102,905,214	8,105,481,941	9,288,927,476

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

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

**Note 38** During the year ended March 31, 2010, the Company had 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	2-Jun-10			
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	As at March 31, 2013		
	Number of options	Weighted Average Exercise Price (Rs.)	Weighted average remaining contractual life of options (in years)
Outstanding at the beginning of the year	755,500	314.13	5.18
Granted during the year	-	-	
Forfeited during the year	212,250	314.13	
Exercised during the year	-	-	
Expired during the year	-	-	
Outstanding at the end of the year	543,250	314.13	
Exercisable at the end of the year	231,100	314.13	
Weighted average fair value of options granted on the date of grant	-	--	



## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

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	
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	For the year ended March 31, 2013	For the year ended March 31, 2012
Loss including extra-ordinary items, as reported	(1,058,685,536)	(179,469,001)
Add: Employee stock compensation under intrinsic value method	-	-
Less: Employee stock compensation under fair value method*	(2,972,047)	21,096,872
Pro-forma loss	(1,055,713,489)	(200,565,873)
<b>Earnings Per Share</b>		
<b>Basic</b>		
- As reported (including extra-ordinary items)	(14.27)	(2.42)
- Pro-forma	(14.23)	(2.70)
<b>Diluted</b>		
- As reported (including extra-ordinary items)	(14.27)	(2.42)
- Pro-forma	(14.23)	(2.70)

\* The Company has considered an attrition / lapsing rate of 10% for the purpose of above disclosure.

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

### Note 39 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE:

#### a) Derivative instruments

##### i) In case of A2Z Infrastructure Limited and its subsidiaries

The Group uses cross-currency rate swap to hedge its risks associated with fluctuations in foreign currencies and interest rates relating to foreign currency liabilities. The following are outstanding derivatives contracts as on March 31, 2013.

Nature of hedge instrument	Description of hedge	Name of Company	As at March 31, 2013		As at March 31, 2012	
			USD	INR (notional)	USD	INR (notional)
Currency swap						
USD/INR currency option	To take protection against appreciation in INR against USD payable in respect of external commercial borrowings	A2Z Infrastructure Limited	5,216,250	278,622,368	5,350,000	273,687,275
		A2Z Infrastructure Limited	3,705,000	192,583,285	3,800,000	194,394,700
		A2Z Waste Management (Aligarh) Limited	875,000	42,287,875	1,000,000	51,156,500
		A2Z Waste Management (Badaun) Limited	1,100,000	59,409,900	1,100,000	56,272,150
		A2Z Waste Management (Balua) Limited	800,000	41,903,200	800,000	40,925,200
		A2Z Waste Management (Merrut) Limited	3,375,000	181,635,375	3,600,000	184,163,400
		A2Z Waste Management (Mirzapur) Limited	1,000,000	52,129,000	1,000,000	51,156,500
		A2Z Waste Management (Moradabad) Limited	875,000	42,287,875	1,000,000	51,156,500
		A2Z Waste Management (Ranchi) Limited	5,300,000	296,562,575	5,300,000	271,129,450
		A2Z Waste Management (Fathehpur) Limited	800,000	41,703,200	800,000	40,925,200
		A2Z Waste Management (Sambhal) Limited	1,000,000	51,737,875	1,000,000	51,156,500
		Interest rate swap				
USD/INR interest rate swap	3 months LIBOR + 300 bps interest rate liability swapped with 10.975% fixed INR rate interest liability.	A2Z Infrastructure Limited	5,216,250	278,622,368	5,350,000	273,687,275
		A2Z Infrastructure Limited	3,705,000	192,583,285	3,800,000	194,394,700
		A2Z Waste Management (Badaun) Limited	1,100,000	59,409,900	1,100,000	56,272,150
		A2Z Waste Management (Balua) Limited	800,000	41,903,200	800,000	40,925,200
		A2Z Waste Management (Mirzapur) Limited	1,000,000	52,129,000	1,000,000	51,156,500
		A2Z Waste Management (Ranchi) Limited	5,300,000	296,562,575	5,300,000	271,129,450
		A2Z Waste Management (Fathehpur) Limited	800,000	41,703,200	800,000	40,925,200
		A2Z Waste Management (Sambhal) Limited	1,000,000	51,737,875	1,000,000	51,156,500

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

	3 months LIBOR + 300 bps interest rate liability swapped with 9.65 % fixed INR rate interest liability.	A2Z Waste Management (Aligarh) Limited	875,000	42,287,875	1,000,000	51,156,500
		A2Z Waste Management (Moradabad) Limited	875,000	42,287,875	1,000,000	51,156,500
	3 months LIBOR + 300 bps interest rate liability swapped with 10.15 % fixed INR rate interest liability.	A2Z Waste Management (Merrut) Limited	3,375,000	181,635,375	3,600,000	184,163,400

**b) Disclosure of open derivative contracts:**

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

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

Commodity	Buy Contracts	M2M Loss/(Gain)*	Buy Contracts	M2M Loss/(Gain)*
	(Qty in MT.)		(Qty in MT.)	
	As at March 31, 2013		As at March 31, 2012	
Aluminium	-	-	960	3,252,930
Steel	-	-	4,060	(2,182,326)
Total	-	-	5,020	1,070,604

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

**c) 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, 2013
Foreign currency in hand	11,937	220	USD	1 USD = INR 54.26
Foreign currency in hand	12,965	875	Dirham	1 Dirham = INR 14.82
Foreign currency in hand	5,383	371	Riyal	1 Riyal = INR 14.51
Foreign currency in hand	857	490	Rubal	1 Rubal = INR 1.75
Foreign currency in hand	41,362	500	GBP	1 GBP = INR 82.72
Foreign currency in hand	6,533	753	RMB	1 RMB = Rs 8.68
Foreign currency in hand	9,076	130	EURO	1 EURO = INR 69.82
Foreign currency in hand	6,545	15,250	SLR	1 SLR = INR 0.43
Trade receivables	554,438	10,210	USD	1 USD = Rs 54.30
Bank Balance with Standard chartered Bank (Zambia)	1,633,935	162,973	Zambian Kwacha	1 ZK = INR 10.03
Bank Balance with Standard chartered Bank (Uganda)	1,707,733	82,419,568	Uganda Shillings	1 UGX = Rs 0.02

**The detail of unhedged foreign currency exposure as at March 31, 2012 are as under:**

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

Particulars	Amount in Rupees	Amount in Foreign currency	Currency	Exchange rate as on March 31, 2012
Foreign currency in hand	160,938	3,146	USD	1 USD = INR 51.16
Foreign currency in hand	11,653	1,745	HKD	1 HKD = INR 6.68
Foreign currency in hand	259,295	38,470	ZAR	1 ZAR = INR 6.74
Foreign currency in hand	1,835	130	Dirham	1 Dirham = INR 14.11
Foreign currency in hand	207	15	Riyal	1 Riyal = INR 13.82
Foreign currency in hand	864	490	Rubal	1 Rubal = INR 1.76
Foreign currency in hand	6,903	4,120	Thai Bhat	1 Thai Bhat = INR 1.68
Foreign currency in hand	45,399	555	GBP	1 GBP = INR 81.80
Foreign currency in hand	3,148	384	CNY	1 CNY = INR 8.20
Foreign currency in hand	23,865	2,911	RMB	1 RMB = Rs 8.20
Foreign currency in hand	41,340	600	EURO	1 EURO = INR 68.90
Foreign currency in hand	7,259	15,250	SLR	1 SLR = INR 0.48
Advance given to foreign suppliers	131,068,290	2,562,104	USD	1 USD= Rs 51.16
Trade receivables	1,106,362	21,627	USD	1 USD= Rs 51.16
Trade receivables	116,551	1,425	GBP	1 GBP = INR 81.79
Bank Balance with Standard chartered Bank (Uganda)	14,562,581	716,309,922	Uganda Shillings	1 UGX = Rs 0.02

**Note 40:** Amalgamation of A2Z Infra Management & Services Limited, Imatek Solutions Private Limited and CNCS Facility Solutions Private Limited (Transferor Companies) with A2Z Infrservices Limited (Transferee Company)

During the year ended March 31, 2013, a Scheme of Arrangement for the Amalgamation of A2Z Infra Management & Services Limited (transferor company 1), Imatek Solutions Private Limited (transferor company 2) and CNCS Facility Solutions Private Limited (transferor company 3) ("herein referred to as Transferor Companies") with A2Z Infrservices Limited ("herein referred to as Transferee Company") on a going concern basis was approved by the Hon'ble High Court of Punjab and Haryana vide its order dated July 19, 2012 with the appointed date of April 1, 2011 .

As per the terms of the Scheme of Arrangement for the Amalgamation , all the properties, rights, powers, assets, liabilities and duties of all the three Transferor Companies were transferred to and vested in the Transferee Company at the book values with effect from the 'Appointed Date' i.e. April 1, 2011 and all the three Transferor Companies stands dissolved without the process of winding up with effect from August 6, 2012 (i.e. the Effective date).

In consideration of the vesting of the assets and liabilities pursuant to the scheme, the Transferee Company has issued and allotted 1,061,835 equity shares of Rs. 10/- each to the respective shareholders of Imatek Solutions Private Limited (Transferor Company 2).

However, no equity shares of the Transferee Company were allotted to the Equity Shareholders of A2Z Infra Management & Services Limited (Transferor Company 1) as the Transferor Company 1 was a wholly owned subsidiary of the Transferee Company.

Further, no equity shares of the Transferee Company were allotted to the Equity Shareholders of CNCS Facility Solutions Private Limited (Transferor Company 3) as it was a wholly owned subsidiary of Imatek Solutions Private Limited (Transferor Company 2).

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

Amalgamation has been accounted for by following Accounting Standard-14 "Accounting for Amalgamation" and in accordance with the High Court Order sanctioning the Scheme with effect from the Appointed Date.

**Note 41:** Trade receivable, trade payables, advance to suppliers and advances from customers 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.

**Note 42:** The Company has incurred a net loss of Rs. 538,104,867 for the year ended March 31, 2013 and is presently facing acute liquidity problems on account of delayed realisation of trade receivables coupled with delays in commencement of commercial production at its biomass based power generation plants. Management is evaluating various options and in addition to consolidation of business by focusing on core operations and disposing off the non-core assets, has also made reference to Corporate Debt Restructuring Cell ('CDR Cell') under the Master Circular on Corporate Debt Restructuring issued by Reserve Bank of India for restructuring of its existing debt obligations, including interest and other related terms and conditions. Pursuant to the approval of Board of Directors in their meeting held on March 22, 2013, the CDR cell has accepted the Company's application in the meeting held on April 26, 2013. The Company is still in the process of complying with the conditions precedent to the restructuring process and obtaining the approval of the lending banks and the CDR Cell Empowered Group.

"Pending the requisite approvals from the CDR cell, no effect of the proposed restructuring has been given in these financial statements. Management believes that the Company will be able to receive the approval of the CDR cell in the due course and in view of the proposed restructuring of debt obligations, no adjustments are required in the financial statements and accordingly, these have been prepared on a going concern basis."

**Note 43:** During the year, the Income tax authorities conducted a search and survey at certain premises of the Company and few of its subsidiaries under section 132 and 133 of the Income Tax Act, 1961. Pending receipt of further communication from the authorities, management is of the opinion that the income tax provision carried in the books is adequate.

**Note 44:** One of the subsidiary company, A2Z Infrastructure Limited and its subsidiaries has changed its accounting policies during the year as follows:

**a) Derivatives Accounting**

The subsidiary company has adopted Accounting Standard (AS) - 30, Financial Instruments: Recognition and Measurement for accounting of cross currency interest rate swaps taken to hedge currency and interest risk arising from foreign currency external commercial borrowings.

Had the subsidiary company followed the earlier policy of recognition of foreign exchange losses, the loss in the statement of profit and loss for the current year would have been higher by Rs 77,766,787.

**b) Subsidy Accounting**

Till March 31, 2012, the subsidiary company was accounting the subsidy in the year of receipt and adjusting the same against the gross block of the fixed assets. The subsidiary company has revised its accounting policy for the subsidy accounting with effect from the current financial year (April 1, 2012 onwards) and recording subsidy as income, being deferred on systematic and rational basis in proportion in which depreciation on respective fixed assets is being charged. Management believes that this revised basis for subsidy accounting will lead to more appropriate presentation

## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Summary of significant accounting policies and notes forming part of the consolidated financial statements  
(Unless otherwise stated, all amounts are in Indian Rupees)

of financial statements. Had the subsidiary company followed the earlier policy of adjusting subsidy in the year in which they have received, the loss in the statement of profit and loss for the current year would have been higher by Rs 35,135,055.

**Note 45:** Previous year figures have been regrouped/recast wherever necessary to make them comparable with those of the current year.

For Walker, Chandio & Co  
Chartered Accountants

Sd/-  
per Neeraj Sharma  
Partner

Place : Gurgaon  
Date : May 29, 2013

For and on behalf of the Board of Directors

Sd/-  
Amit Mittal  
Managing Director

Sd/-  
Dipali Mittal  
Director

Sd/-  
Manoj Khetan  
President - Finance & Accounts

Sd/-  
Atul Kumar Agarwal  
Company Secretary



## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

Statement pursuant to general exemption granted by Ministry of Corporate Affairs under Section 212 (8) of the Companies Act, 1956

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	1,939,500,000	(880,557,135)	5,421,427,242	4,362,484,377	-	460,431,042	(430,649,003)	-	(430,649,003)	
2	A2Z Infraserivies Limited*	38,159,780	350,297,778	1,359,914,681	971,457,123	-	2,554,892,937	22,185,886	8,145,760	14,040,126	
3	A2Z Powercom Limited	1,250,000	15,629,727	359,978,485	343,098,758	-	47,209,167	(5,154,167)	(1,122,413)	(4,031,754)	-
4	A2Z Powertech Limited	14,000,000	(28,379,510)	39,653,247	54,032,757	-	13,072,665	(19,149,303)	(5,651,288)	(13,498,015)	-
5	Selligence Technologies Services Private Limited	10,000,000	1,147,119	11,697,923	550,804	-	-	249,577	62,636	186,941	-
6	A2Z Waste Management (Aligarh) Limited **	65,000,000	(31,173,574)	445,594,618	411,768,192	-	64,240,041	(23,067,214)	-	(23,067,214)	
7	A2Z Waste Management (Moradabad) Limited **	75,000,000	(11,367,061)	503,130,039	439,497,100	-	28,753,211	(16,979,745)	(2,390,386)	(14,589,359)	
8	A2Z Waste Management (Merrut) Limited **	160,000,000	(30,503,196)	536,519,550	407,011,746	-	16,871,703	(15,761,080)	-	(15,761,080)	
9	A2Z Waste Management (Varanasi) Limited **	70,000,000	(20,510,870)	991,295,218	941,806,088	-	30,989,995	3,137,186	-	3,137,186	
10	Mansi Bijlee & Rice Mills Limited	150,080,000	(6,701,196)	173,923,040	30,544,236	-	-	(1,585,985)	-	(1,585,985)	
11	A2Z Maintenance & Engineering Services (Uganda) Private Limited	10,000,000	(10,206,958)	14,153,902	14,360,860	-	-	(2,810,172)	-	(2,810,172)	
12	Mirage Bijlee Private Limited	700,000	(669,754)	41,482	11,236	-	-	(127,985)	-	(127,985)	-
13	Madhya Bijlee Private Limited	100,000	(45,359)	65,877	11,236	-	-	(13,822)	-	(13,822)	-
14	A2Z Waste Managment (Jaunpur) Limited **	7,500,000	866,211	28,183,363	19,817,152	-	-	(1,435)	-	(1,435)	-
15	A2Z Waste Managment (Badaun) Limited **	25,000,000	(2,017,155)	125,968,188	102,985,343	-	-	(36,643)	-	(36,643)	-
16	A2Z Waste Managment (Sambhal) Limited **	15,150,000	1,165,797	120,825,883	104,510,086	-	-	(74,286)	-	(74,286)	-
17	A2Z Waste Managment (Basti) Limited **	500,000	(268,619)	342,904	111,523	-	-	(11,370)	-	(11,370)	-
18	A2Z Waste Managment (Mirzapur) Limited **	25,000,000	1,252,464	156,125,164	129,872,700	-	-	(11,289)	-	(11,289)	-
19	A2Z Waste Managment (Loni) Limited **	500,000	(293,619)	362,237	155,856	-	-	(11,370)	-	(11,370)	-
20	A2Z Waste Management (Balai) Limited **	20,000,000	885,402	111,581,747	90,696,345	-	-	(96,327)	-	(96,327)	-
21	A2Z Waste Managment (Fatehpur) Limited **	20,000,000	(2,432,324)	196,939,396	179,371,720	-	1,496,577	(2,765,199)	-	(2,765,199)	-
22	Star Transformers Limited	20,204,090	166,447,856	278,523,178	91,871,232	-	298,940,302	8,261,696	3,696,869	4,564,827	-
23	A2Z Water Solutions Limited	600,000	(509,680)	104,556	14,236	-	-	(16,377)	-	(16,377)	-
24	A2Z Waste Management (Ranchi) Limited **	63,500,000	(42,046,123)	529,658,959	508,205,082	-	104,066,995	14,422,796	-	14,422,796	-
25	Chavan Rishi International Limited	11,463,260	23,190,418	107,675,979	73,022,301	-	8,400,000	(1,521,101)	(435,647)	(1,085,454)	-
26	A2Z Waste Management (Ludhiana) Limited **	10,000,000	(3,689,641)	300,492,989	294,182,630	-	145,366,136	490,333	-	490,333	-
27	Pioneer Waste Management Private Limited	100,000	(36,334)	74,902	11,236	-	-	(10,413)	-	(10,413)	-
28	A2Z Disaster Management & Innovative Response Education Private Limited	100,000	(35,745)	75,491	11,236	-	-	(10,413)	-	(10,413)	-
29	A2Z Waste Management (Haridwar) Private Limited**	100,000	(59,583)	55,992	15,575	-	-	(13,072)	-	(13,072)	-
30	A2Z Waste Management (Dhanbad) Private Limited**	100,000	(584,616)	3,420,975	3,905,591	-	5,879,942	(542,526)	-	(542,526)	-
31	A2Z Waste Management (Nainital) Private Limited	500,000	(883,398)	73,468,301	73,851,699	-	2,482,100	(28,318)	-	(28,318)	-
32	A2Z Singapore Waste Management Holdings Private Limited (Currency: Singapore Dollar)	30,375	(46,990)	9,750	26,365	-	-	(10,730)	-	(10,730)	-
33	A2Z Waste Management Private Limited**	100,000	7,401	128,601	21,200	-	-	(3,180)	(1,104)	(4,284)	-
34	Shree Balaji Pottery Private Limited#	100,000	(410,115)	2,322,780	2,632,895	-	-	(342,528)	20,884	(363,412)	-
35	Shree Hari Om Utensils Private Limited##	100,000	(410,115)	2,322,780	2,632,895	-	-	(343,278)	20,653	(363,931)	-
36	A2Z Waste Management (Jaipur) Limited **	500,000	(39,643,606)	61,575,164	100,718,770	-	-	(39,643,606)	-	(39,643,606)	-
37	A2Z Mayo SNT Waste Management (Nanded) Private Limited**	500,000	(5,618)	10,884,777	10,390,395	-	-	(5,618)	-	(5,618)	-
38	A2Z Waste Management (Ahmedabad) Limited **	500,000	(5,848)	499,770	5,618	-	-	(5,848)	-	(5,848)	-

\* A2Z Infra Management & Services Limited, Imatek Solutions Private Limited and CNCs Facility Solutions Private Limited have been amalgamated with A2Z Infraserivies Limited effective from August 6, 2012 w.e.f. April 01, 2011 (Appointed date).

\*\* Indirect Subsidiary through A2Z Infrastructure Limited

\*\*\* Indirect Subsidiary through A2Z Singapore Waste Management Holdings Private Limited

# Indirect Subsidiary through A2Z Waste Management (Moradabad) Limited

## Indirect Subsidiary through A2Z Waste Management (Varanasi) Limited

Sd/-

Amit Mittal  
Managing Director

Sd/-

Dipali Mittal  
Director

Sd/-

Manoj Kheta  
President Finance & Acting CFO

Sd/-

Atul Kumar Agarwal  
Company Secretary



## A2Z MAINTENANCE & ENGINEERING SERVICES LIMITED

(Regd. Office: O-116, 1<sup>st</sup> Floor, DLF Shopping Mall, Arjun Marg, DLF Phase I, Gurgaon-122002, Haryana)

### ATTENDANCE SLIP

12<sup>th</sup> Annual General Meeting-Saturday, the 28<sup>th</sup> September, 2013

Name.....

Address.....

DP Id*	
Client Id*/Folio No.	

I/we hereby record my/our presence at the 12<sup>th</sup> Annual General Meeting of the Company to be held at HSIIDC Hall, Udyog Vihar, Phase-V, Gurgaon-122016, Haryana, India on Saturday, 28<sup>th</sup> day of September, 2013 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, 1<sup>st</sup> 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 12<sup>th</sup> Annual General Meeting of the Company to be held on Saturday, 28<sup>th</sup> day of September, 2013 at 10:30  
A.M. at **HSIIDC Hall, Udyog Vihar, Phase-V, Gurgaon-122016, Haryana, 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.	Reappointment of director retiring by rotation (Mr. Surender Kumar Tuteja)		
3.	Re-appointment of Statutory Auditors		
4.	Appointment of Director other than retiring Director		
5.	Authorization for appointment of Branch(s) Auditors		
6.	Approval of A2Z Employee Stock Option Plan, 2013 for the employees/ directors of the Company		
7.	Approving the A2Z Employee Stock Option Plan, 2013 for the employees/ directors of the Subsidiary Companies		

Signed this.....day of.....2013.

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



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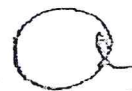
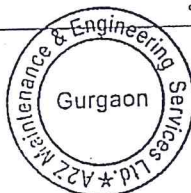
**Registered office:-**  
**O-116, 1<sup>st</sup> Floor, DLF Shopping Mall, Arjun Marg, DLF Phase I,**  
**Gurgaon-122002 Haryana (India)**  
**Tel: +91-24-4300426, Fax: +91-124-2566651**

**Corporate Office:-**  
**Plot No. B-38, Institutional Area, Sector - 32,**  
**Gurgaon - 122001 Haryana (India)**  
**Tel: +91-124-4517600 Fax: +91-124-4380014**

# FORM A

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

1.	Name of the Company:	A2Z Maintenance & Engineering Services Limited
2.	Annual financial statements for the year ended	March 31, 2013
3.	Type of Audit observation	<p>Unqualified/ Emphasis of Matter</p> <p>A. The report of statutory auditors contains the following observations on the Standalone financial statements</p> <p>(i) Emphasis of Matter in the Independent Auditors' Report on the standalone financial statements</p> <p>We draw attention to:</p> <p>(a) Note 20.2 to the financial statements regarding outstanding recoverable of Rs 64,381,729 and Rs 60,639,340, being deductions proposed/ made by the respective customers on invoices raised by the Company for services rendered, price escalations on certain supply items and certain other items. There exists however material uncertainty in respect of the collectability of the above receivables. Pending the final outcome of the matter, no adjustments have been made in these financial statements. Our audit report is not qualified in respect of this matter.</p> <p>(b) Note 45 to the financial statements which describes that the Company has incurred a net loss of Rs. 538,104,867 for the year ended March 31, 2013 and is currently facing acute liquidity problems. Management is evaluating various options and has applied for restructuring of its existing debt obligations, including interest and other related terms and conditions under the corporate debt restructuring program. These conditions as set forth in the aforesaid note indicates the existence of a material uncertainty that may cast significant doubt on Company continuing as a going concern. Our audit report is not qualified in respect of this matter.</p> <p>(ii) Observation in the annexure to the Independent Auditor's Report under the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956:</p> <p>(a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have not been regularly deposited with the appropriate authorities and there have been significant delays in a large number of cases. Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:</p>





Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Due Date	Date of Payment
Finance Act, 1994	Service Tax	8,602,339	2012-13	May 5, 2012	Not yet paid
Finance Act, 1994	Service Tax	9,730,720	2012-13	June 5, 2012	Not yet paid
Finance Act, 1994	Service Tax	7,044,748	2012-13	July 5, 2012	Not yet paid
Finance Act, 1994	Service Tax	5,163,623	2012-13	August 5, 2012	Not yet paid
Finance Act, 1994	Service Tax	3,448,106	2012-13	September 5, 2012	Not yet paid

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

Name of the statute	Nature of dues	Gross amount of dispute (Rs)	Amount deposited (Rs)	Period to which the amount relates	Forum where dispute is pending
West Bengal Value Added Tax Act, 2003	Works Contract tax	5,874,275	5,000,000	2009-10	Joint Commissioner, Sales Tax
West Bengal Value Added Tax Act, 2003	Works Contract tax	40,718,046	17,500,000	2010-11	Joint Commissioner, Sales Tax
Bihar Value Added Tax Act, 2005	Bihar Value Added Tax	8,354,879	2,160,881	2010-11	Joint commissioner, commercial tax (Appeal), Bihar
Jharkhand Value Added Tax Act, 2005	Jharkhand Value Added Tax	10,650,909	-	2008-09 to 2011-12	Commissioner, Commercial tax, Ranchi, Jharkhand
Andhra Pradesh Value Added Tax Act, 2005	Andhra Pradesh Value Added Tax	6,294,816	1,335,764	2010-11	Appellate Deputy commissioner (CT), Vishakhapatnam

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

(d) There are no dues payable to financial institutions or debenture-holders. *The Company has defaulted in repayment of dues to banks as follows:*

Due date	Amount (Rs)	Delay in days*
January 31, 2013	15,726,350	59
December 31, 2012	194,896	90
January 31, 2013	9,266,442	59



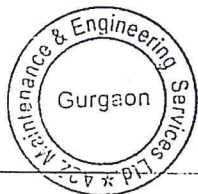
\*Delay in number of days as at year end



*B*

*W*

*Q*

		<p>(e) According to the information and explanations furnished by the management, which have been relied upon by us, there were no frauds on or by the Company noticed or reported during the course of our audit <i>except for theft by unidentified individuals of materials amounting to Rs. 29,171,477 and of cash amounting to Rs. 3,820,131 reported during the year as referred to in Note No. 23.1 of the financial statements. The impact whereof is also explained in the said Note.</i></p> <p>B. The report of statutory auditors contains the following observation on the Consolidated financial statements:</p> <p>Emphasis of Matter in the Independent Auditors' Report on the consolidated financial statements:</p> <p>We draw attention to:</p> <p>(a) Note 19.2 to the consolidated financial statements regarding outstanding recoverable of Rs. 64,381,729 and Rs. 60,639,340, being deductions proposed/ made by the respective customers on invoices raised by the Company for services rendered, price escalations on certain supply items and certain other items. There exists, however, material uncertainty in respect of the collectability of the above receivables. Pending the final outcome of the matter, no adjustments have been made in these consolidated financial statements. Our opinion is not qualified in respect of this matter.</p> <p>(b) Note 19.3 to the consolidated financial statements where the auditor of one of the subsidiary company has drawn attention in his report regarding outstanding receivable of Rs. 76,265,817 from a customer which is presently under litigation. There exists, however, material uncertainty in respect of the collectability of the above receivable. Pending the final outcome of the matter, no adjustments have been made in these consolidated financial statements. Our opinion is not qualified in respect of this matter.</p> <p>(c) Note 42 to the consolidated financial statements which describes that the Company has incurred a net loss of Rs. 538,104,867 for the year ended March 31, 2013 and is currently facing acute liquidity problems. Management is evaluating various options and has applied for restructuring of its existing debt obligations, including interest and other related terms and conditions under the corporate debt restructuring program. These conditions as set forth in the aforesaid note indicates the existence of a material uncertainty that may cast significant doubt on Company continuing as a going concern. Our opinion is not qualified in respect of this matter.</p>
4.	Frequency of observation	Observations A (i) (a), B (a) and B (b) have been appearing since financial year 2011-12 and observations A (i) (b), A (ii) (a), A (ii) (b), A (ii) (c), A (ii) (d), A (ii) (e) and B (c) have appeared for the first time for the financial year 2012-13.
5.	Signed by- <ul style="list-style-type: none"> <li>Managing Director Amit Mittal</li> <li>President-Finance &amp; Acting CFO Manoj Khetan</li> </ul>	  



- Auditor of the Company:

*Walker, Chandiole & Co.*  
For Walker, Chandiole & Co  
Chartered Accountants  
Firm Registration No.: 001076N

*Neeraj*  
per Neeraj Sharma  
Partner  
Membership No.: 502103

- Audit Committee Chairman  
Surender Kumar Tuteja

Place: Gurgaon  
Date: September 04, 2013

