



Annual Report 2010-2011

A2Z Maintenance & Engineering Services Ltd.

Corporate Information

Board of Directors

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

Group Chief Financial Officer

Mr. Rakesh Gupta

Chief Executive Officer

Mr. Ashok Saini

Statutory Auditors

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

Company Secretary & Compliance Officer

Mr. Atul Kumar Agarwal

Registrar & Transfer Agent

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

Registered Office

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

Corporate Office

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

Bankers

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

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

Notice

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

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date along with the reports of Directors' and Auditors' thereon.
2. To declare the dividend on equity shares of the Company for the financial year 2010-11.
3. To appoint a Director in place of Mr. Vinod Sagar Wahi, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Rajeev Thakore, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint M/s Walker, Chandio & Co., Chartered Accountants as Statutory Auditors of the Company in place of M/s S. R. Batliboi & Associates, Chartered Accountants, the retiring auditors who have conveyed their intent not to seek re-appointment and to authorize the Board to fix remuneration of proposed Statutory Auditors at the forthcoming AGM.

By order of the Board

Sd/-

Dated : 29.08.2011
Place : Gurgaon
Regd. Office: O-116, 1st Floor,
DLF Shopping Mall,
Arjun Marg, DLF Phase I,
Gurgaon-122002
Haryana (India)

(Atul Kumar Agarwal)
Company Secretary &
Compliance Officer

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxies in order to be effective should be duly completed and signed in the form enclosed at the last

page of Annual Report and must be received by the Company not less than 48 hours before the schedule time of the meeting and in default, the instrument of proxy shall be treated as invalid. Proxies shall not have any right to speak at the meeting.

2. As a measure of economy, copies of Annual Reports will not be distributed at the venue of Annual General Meeting of the Company. Members are requested to bring their copies to the meeting.
3. Annual Report is also available at the website of the Company at www.a2zgroup.co.in in the Investor relations section.
4. The Register of members and Share Transfer books of the Company will remain closed from Saturday, 24th September, 2011 to Thursday, 29th September, 2011 (both days inclusive).
5. The dividend, if declared at the Annual General Meeting, will be paid on or before the 30th day from the date of declaration of dividend i.e. 29th September, 2011:
 - o For shares held in physical form – to those members whose names will appear in the Register of Members on the close of the day on 23rd September, 2011 after giving effect to all valid transfer in physical form lodged with the Company or its RTA on or before 23rd September, 2011.
 - o For shares held in dematerialised form – to those beneficiaries, whose names are furnished by the National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) as beneficial owner on 23rd September, 2011
6. In order to provide protection against fraudulent encashment of Dividend warrants, Shareholders holding shares in physical form are requested to intimate the company under the signature of Sole/ First Joint shareholder, the following information which will be used for dividend payment:
 - i) Name of Sole/First Joint Holder and Folio No.
 - ii) Particulars of Bank account viz.
 - a) Name of Bank
 - b) Name of Branch
 - c) Complete address of the Bank
 - d) Account Type whether saving or current
 - e) Bank Account Number
 - f) Nine digits MICR code of the Bank

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

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

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

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

Annexure to Notice

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

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

Directors' Report

To,
The Members,

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

1. FINANCIAL RESULTS & PERFORMANCE:

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

(Rs.in Million)

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

Standalone:

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

Consolidated:

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

2. DIVIDEND

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

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

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

3. TRANSFER TO RESERVE

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

4. NATURE OF OPERATIONS

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

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

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

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

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

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

5. SUCCESSFUL LISTING OF SHARES WITH BSE AND NSE

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

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

6. CAPITAL STRUCTURE

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

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

7. CHANGE IN OBJECT CLAUSE OF MEMORANDUM OF ASSOCIATION

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

8. ALTERATION IN ARTICLES OF ASSOCIATION

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

9. BOARD OF DIRECTORS

a) Composition of Board:

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

b) Change in Composition of Board:

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

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

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

c) Retirement by Rotation

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

10. PAYMENT OF COMMISSION TO NON EXECUTIVE DIRECTORS

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

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

11. MAJOR ACQUISITIONS

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

a) Acquisition of Business of Surender Chowdhury & Brothers

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

b) Acquisition of Business of Mohd. Rashid Contractors

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

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

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

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

d) Acquisition of Star Transformers

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

e) Acquisition of Mansi Bijlee & Rice Mills Private Limited

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

f) Acquisition of Mirage Bijlee Private Limited

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

g) Acquisition of Madhya Bijlee Private Limited

The Company has acquired 90% shareholding of

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

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

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

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

12. A2Z STOCK OPTION PLAN, 2010

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

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

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