

Resilient TODAY.
Resurgent TOMORROW



A2Z INFRA ENGINEERING LIMITED

15th Annual Report 2015-16



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Caution regarding Forward Looking Statements

Certain statements in this annual report concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Resilient today. Resurgent tomorrow.

At A2Z Group, our story has been that of staying resilient in one of the most testing times for economies across the globe and industries across sectors. We had stayed true to our strengths and took some really unpopular and tough decisions. At a time when order books were considered assets, we decided to execute what was at our hands rather than increasing our order book. The result is a resilient A2Z Group today in the core infrastructure industry which tested every player with extreme force. Post years of working with Governments, Government Departments and Civic Authorities, it was not a popular decision to go for consumer business. We decided to work towards seeing the opportunities in serving end consumers. Today, we have successfully launched consumer facing businesses under our sleeve – Magic Genie Home Services and Magic Genie Eco-friendly Toilets. These tough decisions along with our strong fundamentals intact, make us believe that we will be able to accelerate our growth in coming years. The economy has started showing some positive direction with 7.6% growth in FY16, highest among the world's major economies. Government's boost to infrastructure projects and various policy decisions are going to present us with immense opportunities of growth.

We believe that our resilience today is going to give us resurgence tomorrow.



Strategic acumen, long-term vision.
Resilient today, resurgent tomorrow.



Long-term vision, analytical thought-process and industry insight form the basis of strategic acumen. And it goes without saying that strategic acumen has been the biggest strength for A2Z Group. It has been the building block of our past and has shaped our future, and made our corporate journey eventful.

We started off as a Facility Management Services company, and in the last 14 years, we have become a force to reckon with in power and telecom EPC business besides gaining a strong foothold in two crucial domains — municipal solid waste management and waste-to-energy. We believe that our prudent decisions to focus on execution, to diversify, to grow inorganically and to build capacity building have played an instrumental role in our success story. We are yet to rest on our laurels. The zeal and ardour to deliver on our promises has kept us on our toes.

During FY16, we added end-consumer facing retail products and services business to our already strong business portfolio. We launched Magic Genie Home Services for the facility, maintenance and repair services for individual households. This services is all geared to serve small business enterprises as well for 'on-demand professionally managed services'. These services can be availed through our own app-based online platform and are ably supported by in-house resources. Another notable



venture included the successful launch of Magic Genie — Eco-Tech Smart Green Toilet. It is a zero percent affluent discharging, IT-enabled, self-maintained wonder piece of public convenience.

Thanks to our long-sighted vision, our customer profile is highly diversified across the board, from the governments to civic authorities, and from corporate entities to retail consumers.

Another, feather in our vision's success was the strategy of execution and delivery. In the last few years of economic turbulence, we had focused ourselves on delivering the projects in hand and not going over the top to add projects to our order book. The strategy paid off and today we are comfortably placed after sustaining recent economic and industry headwinds. Towards building a strong financial position and positive cash-flows, the Company has been focusing on realizing old outstanding dues from already executed projects. Going forward, we believe that we have built a strong platform to reap benefits of opportunities expected out of improving economy and industry. In FY15, the Company bagged a large order in telecom EPC which was under execution during FY16. We had successfully won two orders in Nepal and one in Uttar Pradesh, in Power EPC business in FY17. Our strategic acumen and clear vision have helped us sail through the turbulent times.

Immaculate execution, prudent operations.
Resilient today, resurgent tomorrow.



A fine strategy and long-term vision need a finer execution and seamless implementation. We, at A2Z Group, realized that the latter two are important pillars on which we could build and deliver our strategy and vision.

When we embarked upon our corporate journey with our core business of facility management, we offered a broad gamut of services under its umbrella that included not just facility management, but also security, operations support, and repair and maintenance to large corporate entities.

When it comes to project execution in our EPC business, we have delivered some of the most typically critical projects in some of the most difficult terrains to our credit. The successful execution of our projects in Leh-Ladakh, Kargill, Bhutan and Arunachal Pradesh, under extreme & challenging conditions, stands testimony to our project execution prowess. Our edge to seamlessly deliver projects almost at any location has seen us executing projects in Uganda, Kenya and Zambia in African region. Our execution track has not only helped us deliver to our existing client but has also helped us win a couple of other orders such as optical fibre cable laying for a defence establishment.





When we had carved out a separate entity for our Facility Management business, our vision was to create a sizeable business. Our implementation of this strategy has today reached an altogether different level wherein we are the country's leading facility management and security company, with a sizeable presence in the retail market also.

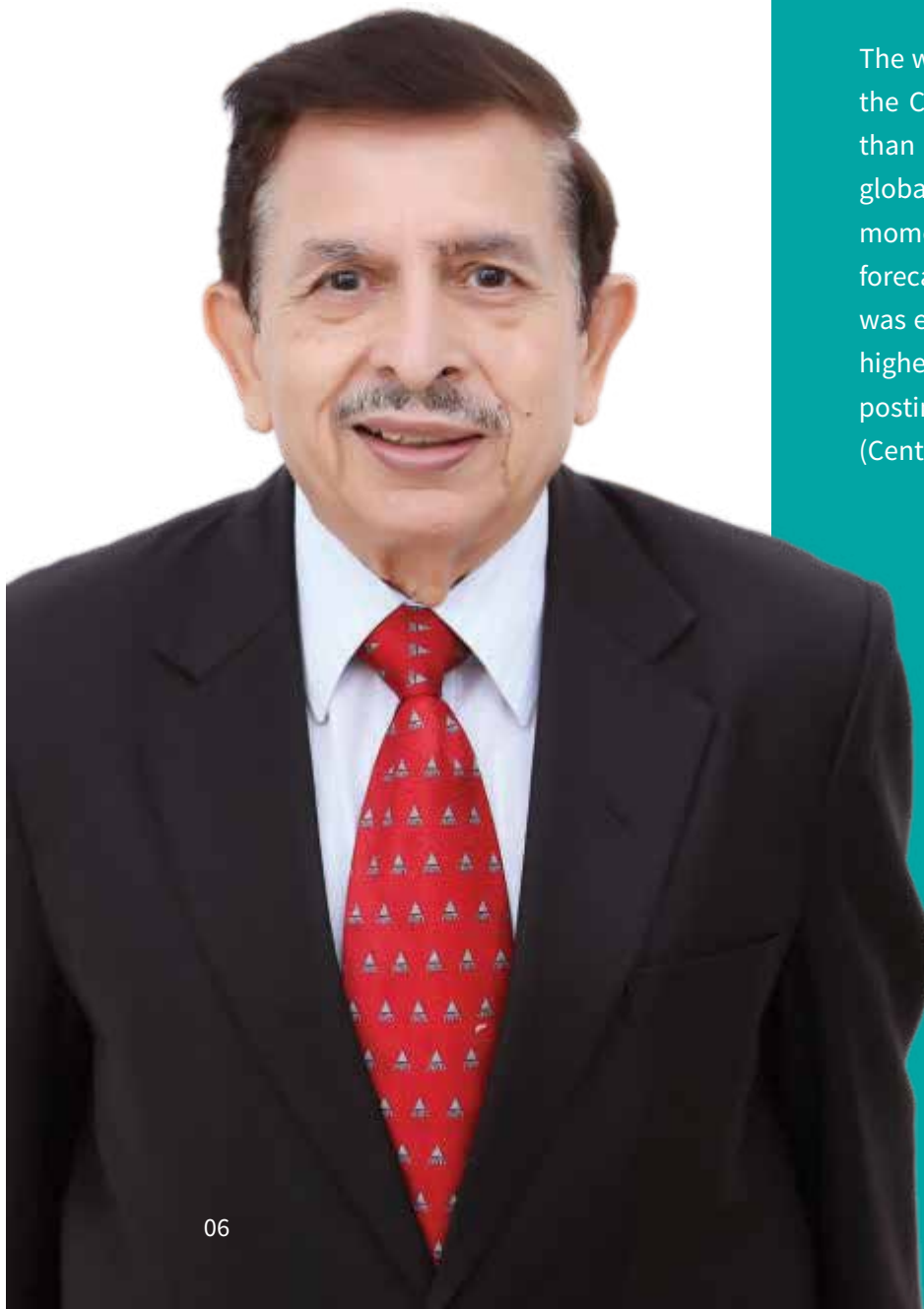
When we had decided to execute existing projects and not chase new orders, our focus was to build a financially stable organization with a near perfect delivery track record. With our team's support, we were able to sustain the tough period with execution as our core focus. Today we are well positioned to garner a larger opportunity landscape substantiated by present day government's policy and program implementation measures to boost growth. The most notable of these measures include Smart Cities, Swachh Bharat, Make in India, Rural Electrification, FDI relaxation across many sectors. With these developments and a slowly stabilizing financial position, A2Z has prepared itself for future challenges and opportunities. Our efficient project management, prudent operations management and seamless strategy execution are our real strengths.

From the Desk of Chairman

Dear Shareholders

It gives me immense pleasure to announce that your Company made significant progress in its corporate journey during the Financial Year 2015-16 (FY16). As we look forward to brighter years ahead, I welcome you all, to glance through our performance and outlook.

The world economy recorded a growth of 3.1% in the Calendar Year 2015 (CY15), which was lower than the 3.4% growth in CY14. The outlook for global economy indicates a marginal but steady momentum, which is evident from 3.2% growth forecast in CY16 (International Monetary Fund). It was encouraging to see our economy grow at the highest pace among the world's major economies, posting 7.6% growth in FY16 against 7.2% in FY15. (Central Statistics Office)



During FY16, the Government continued to announce and implement various policy and program initiatives for strengthening manufacturing, ease of doing business and encouraging investments. Some of the Government's flagship programs include '100 Smart Cities', 'Housing for all by 2022', 'Atal Mission for Rejuvenation & Urban Transformation', 'National Urban Housing Mission', and 'Make In India', among many other such initiatives. The Foreign Direct Investments (FDI) norms were relaxed in 15 sectors, including mining, defence, civil aviation, broadcasting, and construction. The Reserve Bank of India slashed the interest rates by 1.5% during FY16, indicating a shift in focus now towards inducing growth.

The impact of positive sentiments and momentum in the economy and various sectors is likely to benefit a majority of industries including those wherein we operate. The Rs 56.3 trillion outlay for infrastructure sector in the Twelfth Five Year Plan is expected to strengthen overall EPC sector prospects. However, the spill-over effects of previous years' slowdown and policy paralysis are likely to pose challenges for a few more years. In power generation, India has the fifth largest capacity in the world that is 302.83 gigawatts (GW). There is a welcome shift towards increasing the pie of renewable energy to the overall capacity and improving the transmission & distribution infrastructure. The telecom sector, too, is gearing up for the next phase of its lifecycle wherein quality, value added services and deeper penetration are in focus. The recent spectrum sale, the launch of 4G services, the increase in rural telecom penetration, and the need for better infrastructure are at the centre of telecom industry's operating environment. These developments in power and telecom sectors are set to benefit EPC players like us. The pricing and implementation policy for solid waste management and waste to energy sectors were reviewed and revisited during the year. The Facility Management Industry in India is expected to grow at a CAGR of 17%, between 2015-2020, and expected to touch USD 19.5 billion by 2020. This positive finding by a Global Infrastructure Facilities and Project Managers Association (GIFPMA) report augurs well for your Company's and its Group's business.

It is satisfying to see the initial results of our strategic realignment over the past few years wherein we took some tough decisions to ensure long-term sustainability. Our focus on executing existing projects has stood us in a good stead within our industry and opened the doors for opportunities in future. During the year, your Company posted 338% growth in revenues and 64% decrease in net losses. These are the bright spots where we see the real results of our knowledge, commitment, and vision.


We are working on our well thought out strategy with precision to build a promising future for ourselves. I would like to thank our shareholders, customers, investors, suppliers, the exchequer and employees for the continued trust in our long-term success story.

Best regards

Surender Kumar Tuteja
Chairman

Message from the Managing Director

Dear Shareholders



I am pleased to share your Company's performance for the financial year 2015-16 (FY16). The year under review was another milestone year wherein we witnessed results of our strategic realignment, operational efficiency, business diversification and the improving macro environment.

During FY16, we witnessed stability in global economy and impressive growth in Indian economy. The policy strengthening, together with synergistic program implementation at the Government's level have helped build positive sentiments and some momentum in major sectors including infrastructure.

For the last few years, we had been working on a strategy of building a sound financial structure and enhanced operations capabilities. We had our focus on execution as a priority compared to large order book that could have well worked against us in the recent economic slowdown. The last fiscal reinforced the precision of this strategy. During FY16, we started the operations of prestigious order of Telecom EPC. Our success streak continued in, FY17, as well, wherein we bagged two orders worth INR 178 Crores from Nepal besides another order from the Uttar Pradesh Rajkiya