

A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED

Balance sheet as at March 31, 2018

(Unless otherwise stated, all amounts are in INR Lacs)

		As at March 31, 2018	As at March 31, 2017
Assets			
Non-current assets			
Property, plant and equipment	3	381.31	424.19
Capital work-in-progress	3	3,447.87	2,774.52
Financial assets			
Investments	4	7.55	2.55
Loans	5	8.14	6.76
Non-current tax assets (net)	6	133.74	90.38
Other non-current assets	7	230.18	636.71
		4,208.79	3,935.11
Current assets			
Financial assets			
Trade receivables	8	894.01	602.41
Cash and cash equivalents	9	172.88	541.10
Loans	10	0.38	0.34
Other financial assets	11	89.94	51.98
Other current assets	12	25.46	25.35
		1,182.67	1,221.18
		5,391.46	5,156.29
Equity and liabilities			
Equity			
Equity share capital	13	5.00	5.00
Other equity	14	927.11	1,198.87
		932.11	1,203.87
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	15	437.75	389.53
Long term provisions	16	11.18	9.16
Other non-current liabilities	17	1,579.58	1,217.88
		2,028.51	1,616.56
Current liabilities			
Financial Liabilities			
Borrowings	18	34.63	18.05
Trade payables	19	1,207.32	651.28
Other financial liabilities	20	1,106.28	1,584.31
Other current liabilities	21	80.60	80.82
Short term provisions	22	2.01	1.40
		2,430.84	2,335.86
		5,391.46	5,156.29

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 Mahesh Aggarwal & Associates

Chartered Accountants

Regn No. 006092N

Mahesh Aggarwal

Partner

M No. 85013

Place : Gurgaon

Date : 25-May-2018

For and on behalf of the board of directors

Sd/-

Shankar Paul

Director

(Din No. 08005861)

Sd/-

Sanjeev Sharma

Director

(Din No. 02159764)

Sd/-

Hemant Kumar

Chief Financial Officer

Sd/-

Kritika Taneja

Company Secretary

A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED
Statement of profit and loss For the year ended March 31, 2018
(Unless otherwise stated, all amounts are in INR Lacs)

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue			
Revenue from operations	23	1,928.53	1,889.33
Other Income	24	0.17	2.82
Total revenue		1,928.70	1,892.15
Expenses			
Cost of material consumed	25	1,325.09	1,124.92
Employee benefit expenses	26	231.61	152.18
Finance costs	27	70.72	146.94
Depreciation and amortisation expense	28	100.04	45.15
Other expenses	29	474.39	593.42
Total expenses		2,201.85	2,062.62
Profit before tax		(273.15)	(170.47)
Tax expense			
Current tax	34	-	-
Deferred tax	34	-	-
Profit for the period		(273.15)	(170.47)
Other Comprehensive Income			
A i) Items that will not be reclassified to profit and loss		1.38	(0.12)
ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B i) Items that will be reclassified to profit or loss		-	-
ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total Other Comprehensive Income		1.38	(0.12)
		(271.77)	(170.59)
Loss per equity share			
Basic (in INR)	30	(546.30)	(340.91)
Diluted (in INR)	30	(546.30)	(340.91)

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Mahesh Aggarwal & Associates

Chartered Accountants
Regn No. 006092N

Mahesh Agarwal

Partner
M No. 085013

Place : Gurugram

Date : 25-May-2018

For and on behalf of the board of directors

Sd/-
Shankar Paul
Director
(Din No. 08005861)

Sd/-
Sanjeev Sharma
Director
(Din No. 02159764)

Sd/-
Hemant Kumar
Chief Financial Officer

Sd/-
Kritika Taneja
Company Secretary

A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED
Statement of cash flows for the year ended March 31, 2018
(Unless otherwise stated, all amounts are in INR Lacs)

	<u>For the year ended March 31, 2018</u>	<u>For the year ended March 31, 2017</u>
A		
Cash flow from / (used in) operating activities		
Net loss before tax	(273.15)	(170.46)
Adjustment for		
Interest expense	70.53	146.63
Unrealised foreign exchange fluctuation loss		
Interest income	(0.03)	(2.82)
Depreciation	100.04	45.15
Profit/loss on sale of fixed assets	-	8.92
Provision for bad and doubtful debts	-	0.19
Loss on sale of fixed assets	0.20	
Impact of financial assets and financial liabilities, accounted for at fair value at inception, and subsequently at amortised cost	-	1,612.93
Impact of recognizing employee share based options at fair value of the option	0.02	0.70
Impact on account of actuarial valuation	1.38	(0.12)
	<u>(101.01)</u>	<u>1,641.11</u>
Operating loss before working capital changes		
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Short term loans and advances	(0.04)	(13.38)
Long term loans and advances	(1.39)	146.83
Trade receivables	(291.60)	(269.11)
Other financial assets	(37.96)	-
Other current assets	(0.12)	-
Other non current assets	406.53	-
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	556.03	(55.94)
Other current liability	(0.22)	575.91
Short term provision	0.61	0.78
Long term provision	2.02	2.20
Other financial liability	(478.03)	-
Other non current liability	361.70	-
Cash generated from / (used in) from operations	<u>416.54</u>	<u>2,028.41</u>
Current taxes paid (net of refunds)	(43.36)	(6.29)
Net cash generated from / (used in) operating activities	<u>373.18</u>	<u>2,022.12</u>
B		
Cash flow from / (used in) investing activities		
Purchase of fixed assets (including CWIP)	(743.06)	(355.37)
Proceed from sale of fixed assets	12.35	38.85
Purchase of investment in subsidiaries	(5.00)	(2.55)
Subsidy received	-	1,063.69
Interest received	0.03	2.79
Net cash generated from / (used in) investing activities	<u>(735.68)</u>	<u>747.40</u>
C		
Cash flow from / (used in) financing activities		
Proceeds from long term borrowings	48.22	175.78
Proceeds from short term borrowings	16.58	(1,597.78)
Interest paid	(70.53)	(822.95)
Net cash generated from / (used in) financing activities	<u>(5.72)</u>	<u>(2,244.95)</u>
Net increase in cash and cash equivalents (A+B+C)	<u>(368.22)</u>	<u>524.56</u>
Cash and cash equivalents at the beginning of the year	541.10	16.54
Cash and cash equivalents at the end of the period	<u>172.88</u>	<u>541.10</u>
Components of cash and cash equivalents	As at March 31, 2018	As at March 31, 2017
Cash on hand	0.04	0.04
Balances with banks in current accounts	172.84	541.06
	<u>172.88</u>	<u>541.10</u>

Note: Changes in liabilities on account of financing activities

Opening Balance	<u>491.43</u>	<u>2,588.92</u>
Add/Less: Changes from financing cash flows	(5.72)	(2,244.95)
Add/Less: Changes arising due to obtaining merger in common control	-	-
Add/Less: Effect of changes in foreign exchange rate	-	-
Add/Less: Changes in Fair value	-	-
Add/Less: Other changes	52.98	147.46
Closing Balance	<u>538.68</u>	<u>491.43</u>

The accompanying notes form an integral part of the financial statements
This is the statement of cash flows referred to in our report of even date

For Mahesh Aggarwal & Associates
Chartered Accountants
Regn No. 006092N

Mahesh Aggarwal
Partner
M No. 85013

Place : Gurgaon
Date : 25-May-2018

For and on behalf of the Board of Directors

Sd/- **Shankar Paul** Sd/- **Sanjeev Sharma**
Director Director
(Din No. 08005861) (Din No. 02159764)

Sd/- **Hemant Kumar** Sd/- **Kritika Taneja**
Chief Financial Officer Company Secretary

A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED

Notes forming part of the financial statements

(Unless otherwise stated, all amounts are in INR lacs)

		<u>Number of shares</u>	<u>Amount</u>
A	Equity share capital		
	Issued, subscribed and fully paid up		
	Equity Shares of INR 10 each		
	Balance as at March 31, 2017	50,000	5.00
	Changes in equity share capital	-	
	Balance as at March 31, 2018	50,000	5.00
<hr/>			
		Equity Component	
		of Preference shares	
		ESOP Reserve	
		Reserves and Surplus-	
		Retained earnings	
		Total	
B	Other Equity		
	As at April 1, 2017	1,684.67	0.70
	Transactions with owners	(486.51)	1,198.86
	Add: Profit for the year	1,684.67	0.70
	Add: ESOP expense during the year	(486.51)	1,198.86
	Add [Less]: Other Comprehensive income	-	(273.15)
	Total Comprehensive Income	-	0.02
	Transfer from [to] Reserve	-	1.38
	As at March 31, 2018	1,684.67	0.72
		(758.28)	927.11
		-	-
		1,684.67	0.72
		(758.28)	927.11

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Mahesh Aggarwal & Associates

Chartered Accountants

Regn No. 006092N2

Mahesh Aggarwal

Partner

M No. 085013

Place : Gurugram

Date : 25-May-2018

For and on behalf of the board of directors

Sd/-

Shankar Paul

Director

(Din No. 08005861)

Sd/-

Sanjeev Sharma

Director

(Din No. 02159764)

Sd/-

Hemant Kumar

Chief Executive Officer

Sd/-

Kritika Taneja

Company Secretary

A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED

Notes forming part of the financial statements

Note 1 : Nature of operations

A2Z Waste Management (Ludhiana) Limited ('A2Z' or 'the Company' or 'SPV') is the wholly owned subsidiary of A2z Green Waste Management Limited. It was incorporated at National Capital Territory of Delhi and Haryana on July 14, 2011 for providing Waste Management Services.

The Company's main business primarily would include Door to door collection, intermediate transportation etc.

Note 2 : Significant Accounting Policies

2.1 Basis of Accounting:

The financial statements of the Company have been prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

In 2016 the Company has not applied any new accounting policies or made other retrospective changes that have a material effect on the statement of financial position as at 1 April 2015. Accordingly, the Company is not required to present a third statement of financial position as at that date. However, the Company has elected to provide this additional comparative information together with related notes as permitted by Ind AS 1 'Presentation of Financial Statements'.

2.2 Foreign Currency Transactions:

The Company's financial statements are presented in INR, which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate).

Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the Statement of Profit and Loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognised in Statement of Profit and Loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss shall be recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in Statement of Profit and Loss, any exchange component of that gain or loss shall be recognised in the Statement

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.

2.3 Segment Reporting

2.3.1 Business segments

Operating Segments are identified based on financial information that is regularly reviewed by the chief operating decision maker (CODM) in deciding how to allocate resources and in assessing performance. 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) Power generation projects

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Sales tax/ Value Added Tax [VAT] is not received by the Company on its own account. Rather, it is tax collected on value added to the Goods by the Company on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

2.4.1 Revenue from Service Contracts :

Revenue from collection and transportation of municipal solid waste is accounted for when the services are rendered in terms of the contract entered with the local municipal bodies.

2.4.2 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

A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED

Notes forming part of the financial statements

2.4.3 Interest Income:

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

2.4.4 Other Income:

Other income is recognised when no significant uncertainty as to its determination or realisation exists.

2.5 Borrowing Costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowing are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

2.6 Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

All finite-lived intangible assets, including capitalised internally developed software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 2.9. The following useful lives are applied:

- Software: 3-5 years

Amortisation has been included within depreciation, amortisation and impairment of nonfinancial assets.

Subsequent expenditures on the maintenance of computer software is expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

2.7 Property, plant and equipment

Property, plant and equipment (comprising fittings and furniture) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of Property, plant and equipment.

The following useful lives are applied:

- Buildings : 3-60 years

- Plant and Equipment : 8-15 years

• Furniture	and	Fixtures	:	8-10	years
• Vehicles		:		6-10	years
• Office Equipment		:		5	years

- Computers : 3-6 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of Property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

2.8 Leased Assets

2.8.1 Finance leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Company obtains ownership of the

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

See Note 2.7 for the depreciation methods and useful lives for assets held under finance leases.

The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

2.8.2 Operating leases

All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

2.9 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Company at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Company's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.10 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another

2.10.1 Initial recognition and measurement of financial instruments:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. The company currently have security deposits, investment in preference shares of subsidiary companies, trade receivables, loans etc.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and subsequently all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or

2.10.2 Classification and Subsequent measurement of financial assets:

Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL :

- a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met and it is not designated as at FVTPL:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the

All other financial assets are classified as measured at FVTPL. The Bank may designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Bank has not applied fair value designation option for any financial assets.

2.10.3 Impairment of financial assets:

In accordance with Ind AS 109, the Company applies expected credit loss [ECL] model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a. Financial assets that are debt instruments, and are measured at amortised cost e.g. security deposits
- b. Financial assets that are available for sale.
- c. Trade receivables or any contractual right to receive cash or another financial asset

The Company follows 'simplified approach' for recognition of impairment loss allowance on Point c provided above.

The application of simplified approach require the company to recognise the impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial

A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED

Notes forming part of the financial statements

The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive [i.e., all cash shortfalls], discounted at the original EIR. ECL impairment loss allowance [or reversal] recognized during the period is recognized as income/ expense in the Statement of Profit and Loss under the head 'other expenses'. The balance sheet presentation for various financial instruments is described below :

Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance reducing the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk

2.10.4 Classification and subsequent measurement of financial liabilities:

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied for liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through Statement of Profit

Loans and borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

2.10.5 Reclassification of financial instruments:

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses [including impairment gains or losses] or interest. The

2.10.6 Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities

2.11 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- a. Raw Materials, Packing Material and Stores & Spare Parts: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first-in-first-out basis.
- b. Finished Goods and Work-in-Progress: Cost includes cost of direct materials, labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first-in-first-out basis.
- c. Stock-in-Trade: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first-in-first-out basis.

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

2.12 Income Taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

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Notes forming part of the financial statements

2.13 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant

2.14 Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Other components of equity include the following:

- Remeasurement of net defined benefit liability - Comprises the actuarial losses from changes in demographic and financial assumptions and the return on plan assets (see Note 2.15)
- Retained earnings includes all current and prior period retained profits and share-based employee remuneration. All transactions with owners of the parent are recorded separately within equity. Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

2.15 Post-employment benefits and short-term employee benefits

Post-employment benefit plans

The Company provides post-employment benefits through various defined contribution and defined benefit plans.

Defined Contribution Plans :

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.

Defined Benefit Plans :

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.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are recognised immediately in the Balance Sheet with a corresponding debit or credit to Retained Earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent

Leave Liability:

The employees of the Company are entitled to leave as per the leave policy of the Company. 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. Actuarial gains/losses should be

Short-term employee benefits

Short-term employee benefits, including holiday entitlement, are current liabilities included in pension and other employee obligations, measured at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

2.16 Provisions, contingent assets and contingent liabilities

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate which reflects the current market assessment of time value of money. Government bond rate can be used as discount rate, as it is a riskfree pre-tax rate reflecting the time value of money. For this purpose, the discount rate should also be reassessed at the end of each reporting period, including the interim reporting

A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED

Notes forming part of the financial statements

2.17 Standards, not yet effective and have not been adopted early by the Company

Information on new standards, amendments and interpretations that are expected to be relevant to the financial statements is provided below.

Ind AS 115 'Revenue from Contracts with Customers' (Ind AS 115) alongwith changes in few other standards due to implementation

There is one new standard notified by MCA for revenue recognition which overhauls the existing revenue recognition standards including Ind

The new standard provides a control-based revenue recognition model and provides a five step application principle to be followed for revenue

- i. Identification of the contracts with the customer
- ii. Identification of the performance obligations in the contract
- iii. Determination of the transaction price
- iv. Allocation of transaction price to the performance obligations in the contract
- v. Recognition of revenue when performance obligation is satisfied.

The effective date of the new standard is 1st April 2018 as notified by the MCA. The management is yet to assess the impact of this new

2.18 Significant management judgement in applying accounting policies and estimation uncertainty

Recognition of service revenues :

Determining when to recognise revenues from after-sales services requires an understanding of both the nature and timing of the services provided and the customers' pattern of consumption of those services, based on historical experience and knowledge of the market. (see Note

Recognition of deferred tax assets :

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions (see Note 2.12).

2.19 Estimation Uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets and goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.9).

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Inventories

Management estimates the net realisable values of inventories, taking into account the most eliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling

Construction contract revenue

Recognised amounts of construction contract revenues and related receivables reflect management's best estimate of each contract's outcome and stage of completion. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty (see Note 2.4).

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction

A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED

Notes forming part of the financial statements

(Unless otherwise stated, all amounts are in INR lacs)

3 Property, plant and equipment

Particulars	Computers	Plant and Equipments	Furniture and Fixtures	Vehicles	Tools and equipment	Office Equipments	Total	Capital Work in progress
Gross Block								
At 1st April 2017	0.40	172.15	1.06	398.61	111.59	3.33	687.14	2,774.52
Additions	-	43.04	-	26.60	-	0.07	69.71	673.35
Disposals	-	(19.08)	-	-	-	-	(19.08)	-
At 31 March 2018	0.40	196.11	1.06	425.21	111.59	3.40	737.77	3,447.87
Accumulated Depreciation								
At 1st April 2017	0.29	55.43	0.94	122.97	80.38	2.94	262.95	-
Depreciation for the year	0.04	19.52	0.02	59.82	20.43	0.22	100.04	-
Disposals	-	(6.53)	-	-	-	-	(6.53)	-
At 31 March 2018	0.33	68.42	0.96	182.79	100.81	3.15	356.46	-
Net Carrying Value as at 31 March 2018	0.07	127.69	0.10	242.42	10.78	0.24	381.31	3,447.87
Gross Block								
At 1st April 2016	0.29	168.65	1.06	267.86	111.59	3.21	552.67	2,631.80
Additions	0.11	3.50	-	237.52	-	0.12	241.24	142.72
Disposals	-	-	-	106.77	-	-	106.77	-
At 31 March 2017	0.40	172.15	1.06	398.61	111.59	3.33	687.15	2,774.52
Accumulated Depreciation								
At 1st April 2016	0.29	43.98	0.92	140.74	59.95	2.33	248.21	-
Depreciation for the year	0.01	11.45	0.02	35.47	20.43	0.61	67.99	-
Disposals	-	-	-	53.24	-	-	53.24	-
At 31 March 2017	0.29	55.43	0.94	122.97	80.38	2.94	262.95	-
Net Carrying Value as at 31 March 2017	0.11	116.72	0.12	275.64	31.21	0.39	424.19	2,774.52

*Current year depreciation includes INR Nil (Previous year INR 22.84 Lakhs) which has been carried under capital work in progress.

A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED

Notes forming part of the financial statements

(Unless otherwise stated, all amounts are in INR lacs)

Note 3.2: Capital work in progress

Assets under construction comprises of expenditure for the Building and plant in the course of construction. The amount of expenditure recognised in carrying amount of capital work in progress are as under.

	As at March 31, 2018	As at March 31, 2017
Buildings under construction	1,112.17	1,088.81
Power plant equipment's under erection	1,369.40	841.47
Borrowing costs capitalised	184.87	184.85
Other expenses (directly attributable to construction/erection of assets)		
Employee benefit expense	107.81	107.67
Depreciation	156.56	156.56
Other directly attributable expenses (including trial/test run expenses)	732.53	610.63
Less:- Revenue recognised during trial run period	(215.47)	(215.47)
Total	3,447.87	2,774.52

*Current year depreciation includes INR Nil (Previous year INR 22.84 Lakhs) which has been

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A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED

Notes forming part of the financial statements

(Unless otherwise stated, all amounts are in INR lacs)

	As at March 31, 2018	As at March 31, 2017
4 Investments		
Trade Investments:		
Investments in Equity Instruments of Subsidiaries	7.55	2.55
	7.55	2.55
Details of Trade Investments:		
Investment in Equity Instruments [Valued at cost]:		
Subsidiary Companies [Unquoted]:		
In fully paid-up equity shares :		
25,500 (Previous Year - Nil) equity shares of Rs. 10 each, fully paid up in Ecogreen Envirotech Solutions Limited	2.55	2.55
50,000 (Previous Year - Nil) equity shares of Rs. 10 each, fully paid up in Magic Genie Smartech Solutions Limited.	5.00	-
	7.55	2.55
Aggregate amount of Quoted Investments	0	0
Aggregate amount of Unquoted Investments	7.55	2.55
5 Loans		
Unsecured, considered good unless otherwise stated		
Security deposit	8.14	6.76
	8.14	6.76
6 Non-current tax assets		
Advance payment of Tax [Net of provision]	133.74	90.38
	133.74	90.38
7 Non-current assets		
Capital advances	230.18	636.71
	230.18	636.71
8 Trade receivables (unsecured)		
Considered good	894.01	602.41
Considered doubtful	0.19	0.19
	894.19	602.60
Less: Allowance for expected credit loss	(0.19)	(0.19)
	894.01	602.41
9 Cash and cash equivalents		
Balances with banks - in current accounts	172.84	541.06
Cash on hand	0.04	0.04
	172.88	541.10
10 Short-term Loans		
Unsecured		
Advances and loans to Fellow subsidiaries	0.25	0.25
Interest accrued but not due from subsidiary	0.13	0.09
	0.38	0.34
11 Other financial assets		
Advances recoverable in cash		
Considered good	89.94	51.98
	89.94	51.98
12 Other current assets		
Prepaid expenses	0.54	0.59
Balances with government authorities - WCT/VAT credit receivable	24.92	24.76
	25.46	25.35

A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED

Notes to the financial statements

(Unless otherwise stated, all amounts are in INR lacs)

Note 13: Share capital

	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Equity shares of Rs 10/- each	50,000	5.00	50,000	5.00
0.001% Non participative cumulative redeemable preference shares of Rs 10/- each*	14,950,000	1,495.00	14,950,000	1,495.00
	15,000,000	1,500.00	15,000,000	1,500.00
Issued, subscribed and fully paid up				
Equity shares of Rs 10/- each	50,000	5.00	50,000	5.00
	50,000	5.00	50,000	5.00

* Amount pertains to preference shares accounted on amortised cost.

Note 3.1: Reconciliation of equity share capital

	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	50,000	5.00	50,000	5.00
Add : Shares issued during the year	-	-	-	-
Balance at the end of the year	50,000	5.00	50,000	5.00

Note 3.2: Terms and rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share and also are entitled to receive dividend after preference shares. The Company declares and pays dividend in Indian Rupees. In the events of liquidation of the Company, the holder of equity share will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note 3.3: Detail of equity shares held by A2Z Infrastructure Limited, the holding Company

	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs 10/- each fully paid up				
A2Z Infrastructure Limited	50,000	5.00	50,000	5.00

Note 3.4: Shareholders holding more than 5% of the shares

	As at March 31, 2018		As at March 31, 2017	
	Number of shares held	% of holding	Number of shares held	% of holding
Equity shares of Rs 10/- each fully paid up				
A2Z Infrastructure Limited	50,000	100%	50,000	100%

A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED
Notes forming part of the financial statements
(Unless otherwise stated, all amounts are in INR lacs)

				As at March 31, 2018	As at March 31, 2017
14 Other Equity					
A. Retained earnings					
Opening balance				(486.51)	(315.93)
Add: Transfer from statement of profit and loss				(273.15)	(170.46)
Add: Acturial gain/(loss)				1.38	(0.12)
Closing balance				(758.28)	(486.51)
B. Equity component of preference shares					
Opening				1,684.67	71.74
Additions during the period				-	1,612.93
Closing balance				1,684.67	1,684.67
C. ESOP reserve					
Opening				0.70	0.26
Balance movement				0.02	0.44
Closing balance				0.72	0.70
Total reserves				927.11	1,198.87
Non-current Liabilities					
15 Borrowings					
UnSecured					
Loan from group company				437.75	389.53
				437.75	389.53
	Maturity Date	Terms of Repayment	Interest rate	March 31,2018	March 31,2017
UnSecured					
Debt components of preference shares- Greenwaste	On or before Feb, 2027	On or before Feb, 2027	12.38%	33.84	30.12
Debt components of preference shares- Mansi	On or before Sep, 2031	On or before Sep, 2031	12.38%	372.43	331.40
Debt components of preference shares- Infraservice	On or before Sep, 2031	On or before Sep, 2031	12.38%	31.48	28.01
				437.75	389.53
16 Long-term provisions					
Provision for gratuity				11.18	9.16
				11.18	9.16
17 Other non-current liabilities					
Subsidy				1,396.50	1,063.69
LER for SWM land leases				183.08	154.19
				1,579.58	1,217.88
Financial liabilities					
18 Borrowings					
Unsecured					
Loan from Fellow subsidiary Company				16.75	0.00
Loan from Ultimate Holding Company				17.88	18.05
				34.63	18.05
	Maturity Date	Terms of Repayment	Coupon Rate/ Interest Rate	March 31,2018	March 31,2017
Unsecured					
loan from Group Companies	On Demand	On Demand	10.75%-14%	34.63	18.05
				34.63	18.05

A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED**Notes forming part of the financial statements****(Unless otherwise stated, all amounts are in INR lacs)****19 Trade payables**

Other than acceptances: total outstanding dues of micro and small enterprises	-	-
Other than acceptances: total outstanding dues of creditors other than micro and small enterprises	1,179.51	617.06
Other than acceptances: due to subsidiaries	27.81	34.23
	1,207.32	651.28

[*] Details of dues to micro and small enterprises as per

MSMED Act, 2006	-	-
- principal amount	-	-
- interest amount	-	-
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	-	-
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)	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
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	-	-

All the trade payables are short term. The carrying value of trade payables are considered to be the reasonable approximation of fair value.

20 Other financial liabilities

Current maturities of long-term debt	-	20.36
Payable against purchase of property, plant and equipment: Dues to others	71.82	527.27
Amount payable to holding company	480.49	498.08
Interest accrued and due on borrowings from holding company	62.79	61.58
Interest accrued and due on borrowings from ultimate holding company	3.51	1.92
Amount payable to ultimate holding company	486.95	475.10
Other payable	0.72	-
	1,106.28	1,584.31

21 Other current liabilities

Advance purchase consideration against sale of fixed assets		
Advance from customers	0.01	10.01
Statutory dues payable	80.59	70.81
	80.60	80.82

22 Short-term provisions

Provision for employee benefits - Gratuity	0.31	0.24
Provision for employee benefits - Compensated absences benefit	1.70	1.16
Provision for preference dividend	0.00	0.00
Provision for tax on proposed preference dividend	0.00	0.00
	2.01	1.40

A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED

Notes forming part of the financial statements

(Unless otherwise stated, all amounts are in INR lacs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
23 Revenue from operations		
Collection and transportation of Municipal solid waste	1,728.90	1,754.45
Revenue - User charge collection	199.63	134.87
Total revenue from operations	1,928.53	1,889.33
24 Other income		
Interest income:		
- income tax refund	-	2.08
- on loan given to fellow subsidiary companies	0.03	0.04
- on other loans and advances	0.14	0.07
- on fixed deposits	-	0.63
	0.17	2.82
25 Cost of material consumed		
Fuel charges	93.03	180.11
Site expenditure	1,227.90	933.81
Loading and unloading charges	4.16	11.00
	1,325.09	1,124.92
26 Employee Benefits Expense		
Salaries and bonus including directors' remuneration	217.61	144.91
Pensions – defined contribution plans [Refer Note 31]	3.36	2.27
Pensions – defined benefit plans [Refer Note 31]	3.48	3.11
Compensated absences benefits	0.54	(0.26)
ESOP Expense	0.02	0.12
Staff welfare expenses	6.60	2.03
	231.61	152.18
27 Finance costs		
Interest		
-on term loans	-	18.18
-on group company	51.50	116.38
-on others	19.03	12.07
Other borrowing costs:		
- Bank charges	0.19	0.31
	70.72	146.94
28 Depreciation		
Depreciation & Amortization Expense	100.04	45.15
	100.04	45.15
29 Other expenses		
Electricity	1.40	1.12
Rent	40.67	48.65
Freight Outward Expenses	1.30	-
Repair and maintenance		
- Others	0.28	3.44
Commission & Brokerage	0.06	0.25
Travelling & Conveyance	410.92	511.43
Communication expenses	2.38	2.33
Printing and stationery	0.99	1.52
Legal and professional	3.65	4.41
Payment to auditors		
As auditor :		
- Statutory audit fee	0.30	0.29
Loss on sale of Property, plant and equipment	0.20	8.92
Provision for doubtful debts	-	0.19
Fees and subscription / inspection charges	4.39	5.18
Business promotion	3.23	2.58
Miscellaneous expenses	4.62	3.11
	474.39	593.42

A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED

Notes forming part of the financial statements

(Unless otherwise stated, all amounts are in INR lacs)

For the year ended March 31, 2018	For the year ended March 31, 2017
--------------------------------------	--------------------------------------

Note 30 : EPS**Earnings per share and dividends****Earnings per share**

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Company as the numerator, ie no adjustments to profit were necessary in 2015 or 2016.

The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

Particulars

Weighted average number of shares used in basic earnings per share

Shares deemed to be issued for no consideration in respect of share-based payments

Weighted average number of shares used in diluted earnings per share

Balance as on 31 March 2018	Balance as on 31 March 2017
50,000	50,000
-	-
50,000	50,000

The numerators and denominators used to calculate the basic and diluted EPS are as follows:

Profit attributable to Shareholders	INR in Lacs	(273.15)	(170.47)
Basic and weighted average number of Equity shares outstanding during the year	Numbers	50,000	50,000
Nominal value of equity share	INR	10.00	10.00
Basic & Diluted EPS	INR	(546.30)	(340.91)

A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED**Notes forming part of the financial statements**

(Unless otherwise stated, all amounts are in INR lacs)

31 Employee benefits**Defined Contribution Plan**

The Company's contribution towards the defined contribution plan

The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees, as specified under the law. The contributions are paid to the Provident Fund Trust set up by the Company or to the respective Regional Provident Fund Commissioner under the Pension Scheme. The Company is generally liable for annual contribution and any shortfall in the trust fund assets based on the government specified minimum rate of return and recognises such contribution and shortfall, if any, as an expense in the year it is incurred.

The Company has also certain defined contribution plans. The contributions are made to provident fund in India for employees at the rate of 12% of the basis salary as per regulations. The contribution are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation the expense recognised during the period towards the defined contribution plan is INR 3.36lacs (Previous year : INR 2.26lacs)

Gratuity

The Company provides for the gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service of five years are eligible to gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

A reconciliation of the Company's defined benefit obligation (DBO) and plan assets to the amounts presented in the statement of financial position for each of the reporting periods is presented below:

Assets and Liability (Balance Sheet Position)		
Particulars	As on	
	31-Mar-18	31-Mar-17
Present Value of Obligation	11.49	9.40
Fair Value of Plan Assets	-	-
Surplus / (Deficit)	(11.49)	(9.40)
Effects of Asset Ceiling, if any	-	-
Net Asset / (Liability)	(11.49)	(9.40)

Expenses Recognized during the period

Particulars	For the period ending	
	31-Mar-18	31-Mar-17
In Income Statement	3.48	3.11
In Other Comprehensive Income	(1.38)	0.12
Total Expenses Recognized during the period	2.10	3.23

Defined benefit obligation

The details of the Company's DBO are as follows:

Changes in the Present Value of Obligation		
Particulars	For the period ending	
	31-Mar-18	31-Mar-17
Present Value of Obligation as at the beginning	9.40	6.16
Current Service Cost	2.78	2.62
Interest Expense or Cost	0.69	0.49
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in financial assumptions	(0.57)	0.70
- experience variance (i.e. Actual experiencevs assumptions)	(0.81)	(0.58)
Present Value of Obligation as at the end	11.49	9.40

A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED**Notes forming part of the financial statements**

(Unless otherwise stated, all amounts are in INR lacs)

Bifurcation of Net Liability		
Particulars	As on	
	31-Mar-18	31-Mar-17
Current Liability (Short term)	0.31	0.24
Non-Current Liability (Long term)	11.18	9.16
Net Liability	11.49	9.40

Expenses Recognised in the Income Statement

Particulars	For the period ending	
	31-Mar-18	31-Mar-17
Current Service Cost	2.78	2.62
Past Service Cost	-	-
Loss / (Gain) on settlement	-	-
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	0.69	0.49
Expenses Recognised in the Income Statement	3.48	3.11

The current service cost and the past service cost are included in employee benefits expense. The net interest expense is included in finance costs.

Other Comprehensive Income

Particulars	For the period ending	
	31-Mar-18	31-Mar-17
Actuarial (gains) / losses		
- change in demographic assumptions	-	-
- change in financial assumptions	(0.57)	0.70
- experience variance (i.e. Actual experience vs assumptions)	(0.81)	(0.58)
Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling	-	-
Components of defined benefit costs recognised in other comprehensive income	(1.38)	0.12

Financial Assumptions

The principal financial assumptions used in the valuation are shown in the table below:

Particulars	As on	
	31-Mar-18	31-Mar-17
Discount rate (per annum)	7.80%	7.40%
Salary growth rate (per annum)	5.00%	5.00%

Demographic Assumptions

Particulars	As on	
	31-Mar-18	31-Mar-17
Mortality Rate (% of IALM 06-08)	100.00%	100.00%
Attrition/Withdrawal rates	2.00%	2.00%

These assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to each year-end by reference to market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Particulars	31-Mar-18	31-Mar-17
Defined Benefit Obligation (Base)	11.49	9.40

A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED

Notes forming part of the financial statements

(Unless otherwise stated, all amounts are in INR lacs)

Particulars	31-Mar-18		31-Mar-17	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	13.00	10.23	10.74	8.28
(% change compared to base due to sensitivity)	13.10%	-11.00%	14.30%	-11.90%
Salary Growth Rate (- / + 1%)	10.19	13.03	8.25	10.76
(% change compared to base due to sensitivity)	-11.40%	13.40%	-12.20%	14.50%
Attrition Rate (- / + 50%)	11.16	11.78	9.15	9.60
(% change compared to base due to sensitivity)	-2.90%	2.50%	-2.60%	2.20%
Mortality Rate (- / + 10%)	11.48	11.50	9.39	9.40
(% change compared to base due to sensitivity)	-0.10%	0.10%	-0.10%	0.10%

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method of valuation for the prior period. For change in assumptions please refer to section 5 above, where assumptions for prior period, if applicable, are given.

Maturity Analysis

There is no change in the method of valuation for the prior period. For change in assumptions please refer to section 5 above, where assumptions for prior period, if applicable, are given.

	1 year	2 to 5 years	6 to 10 years	More than 10 years	Total
31 March 2018.					
Defined Benefit Obligation (pension and gratuity)	0.31	1.62	6.40	28.94	37.27
Post - employment medical benefits	-	-	-	-	-
Total	0.31	1.62	6.40	28.94	37.27
31 March 2017.					
Defined Benefit Obligation (pension and gratuity)	0.24	1.23	4.03	25.32	30.82
Post - employment medical benefits	-	-	-	-	-
Total	0.24	1.23	4.03	25.32	30.82

A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED

Notes forming parts of the financial statements

(Unless otherwise stated, all amounts are in INR Lakhs)

32 Related party disclosures

32.1 Names of related parties

Ultimate Holding company

A2Z Infra Engineering Limited

Holding company

A2Z Green Waste Management Limited

Fellow Subsidiaries

- 1 A2Z Waste Management (Merrut) Limited
- 2 A2Z Waste Management (Moradabad) Limited
- 3 A2Z Waste Management (Varanasi) Limited
- 4 A2Z Waste Management (Aligarh) Limited
- 5 A2Z Waste Management (Balía) Limited
- 6 A2Z Waste Management (Jaunpur) Limited
- 7 A2Z Waste Management (Fatehpur) Limited
- 8 A2Z Waste Management (Ahmedabad) Limited
- 9 A2Z Waste Management (Mirzapur) Limited
- 10 A2Z Waste Management (Ranchi) Limited
- 11 A2Z Waste Management (Sambhal) Limited
- 12 A2Z Waste Management (Badaun) Limited
- 13 A2Z Waste Management (Dhanbad) Private Limited
- 14 Green Waste Management Private Limited (strike off w.e.f.23.09.2016)
- 15 A2Z Waste Management (Jaipur) Limited
- 16 A2Z Mayo SNT Waste Management (Nanded) Pvt. Ltd.
- 17 Shree Balaji Pottery Private Limited
- 18 Shree Hari Om Utensils Private Limited
- 19 Earth Environment Management Services Private Limited

Subsidiaries of A2Z Infra Engineering Limited

- 1 A2Z InfraserVICES Limited*
- 2 A2Z Powertech Limited
- 3 A2Z Powercom Limited
- 4 Selligence Technologies Services Private Limited
- 5 Mansi Bijlee & Rice Mills Limited
- 6 Star Transformers Limited
- 7 Chavan Rishi International Limited
- 8 Magic Genie Services Limited
- 9 A2Z Waste Management (Nainital) Private Limited
- 10 A2Z Maintenance & Engineering Services Limited and Satya Builders (Association of person)
- 11 A2Z Green Waste Management Limited

Subsidiary of A2Z InfraserVICES Limited

- 1 Ecogreen Envirotech Solutions Limited
- 2 A2Z InfraserVICES Lanka (Pvt.) Ltd. (incorporated w.e.f. 06.01.2017)

Subsidiary of Magic Genie Services Limited

- 1 Magic Genie Smartech Solutions Limited (incorporated w.e.f. 24.06.2016)

Associate enterprises of A2Z Green Waste Management Limited

- 1 A2Z Waste Management (Nainital) Private Limited
- 2 A2Z Anaerobic Digestion Limited (Formerly A2Z Waste Management (Basti) Limited) (cessed to be associate w.e.f. 01.04.2016)

Key Management Personnel (KMP)

- 1 Ranjan Rathore (Chief Executive Officer)
- 2 Hemant Kumar (Chief Financial Officer)
- 3 Ms. Kritika Taneja - Company Secretary

A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED
Notes to the Financial Statement
(Unless otherwise stated, all amounts are in INR Lacs)

Note 32.2: Related Party Transactions

Particulars	For the year ended March 31, 2018			For the year ended March 31, 2017		
	Ultimate Holding Company	Holding Company	Fellow Subsidiary/Subsidiary	Ultimate Holding Company	Holding Company	Fellow Subsidiary/Su bsidiary
Transactions during the period						
Investment in equity share capital (Purchase of Investment)						
- Magic Genie Services Limited			5.00			
Short term loan refunded						
- A2Z Maintenance & Engineering Services Limited	-	-	-	-	-	-
Short Term Loan & Advances Accepted						
- A2Z Green Waste management Limited Limited	-	16.75	-	-	2.10	-
- A2Z Infrservices Limited	-	-	-	-	-	24.40
Short Term Loan & Advances Repayment						
- A2Z Green Waste management Limited Limited	-	-	-	-	1,378.32	-
- A2Z Infra Engineering Limited	0.17	-	-	36.56	-	-
- A2Z Infrservices Limited	-	-	-	-	-	209.40
Interest expenses on loan taken						
- A2Z Green Waste management Limited Limited	-	5.08	-	-	82.18	-
- A2Z Infra Engineering Limited	1.92	-	-	1.97	-	-
- A2Z Infrservices Limited	-	-	3.47	-	-	8.15
- Mansi Bijlee and Rice Mills Limited	-	-	41.03	-	-	-
Interest payment on loan taken						
Interest income on loan given						
- Shri Hari Om Utensils Private Limited	-	-	0.02	-	-	0.02
Purchase of Services						
- A2Z Maintenance & Engineering Services Limited	15.25					
Purchase of Services						
- A2Z Infrservices Limited			0.15			
Expenses incurred (Fund Received) on behalf of Company						
- A2Z Green Waste management Limited Limited	-	3.41	-	-	55.60	-
- A2Z Infra Engineering Limited		-	-	320.25	-	-
Fund Transferred						
- A2Z Green Waste management Limited Limited	-	-	-	-	63.49	-
Balance outstanding as at the end of the period						
Investment in equity share capital						
- Magic Genie Smartech Solutions Limited			5.00	-	-	-
Short term borrowings						
- A2Z Green Waste management Limited Limited		16.75		-	-	-
- A2Z Infra Engineering Limited	17.88			18.05	-	-
Short term loan given						
- Shree Balaji Pottery Private Limited			0.13	-	-	0.13
- Shree Hari Om Utensils Private Limited			0.13	-	-	0.13
Other current liability (interest accrued)						
- A2Z Green Waste management Limited Limited		62.79		-	61.58	-
- A2Z Infra Engineering Limited	3.51			1.78	-	-
Other current liability						
- A2Z Green Waste management Limited Limited		480.49		-	498.09	-
- A2Z Infra Engineering Limited	486.95			475.10	-	-
Other current assets (Interest accrued)						
- Shri Hariom			0.06	-	-	0.05
Trade payable						
- A2Z Infrservices Limited			27.81	-	-	34.23

A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED
Notes forming part of the financial statements
(Unless otherwise stated, all amounts are in INR Lacs)

Note 33 : Financial risk management

(i) Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are Companyed into three Levels of a **Level 1:** Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(i) Financial Instruments by Category

For amortised cost instruments, carrying value represents the best estimate of fair value.

Particulars	31-Mar-18			31-Mar-17		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial Assets						
Investments	-	-	-	-	-	-
Trade Receivables	-	-	894.01	-	-	602.41
Advance recoverable in cash	-	-	89.94	-	-	51.98
Security deposits	-	-	8.14	-	-	6.76
Loans	-	-	0.38	-	-	0.34
Cash and Cash equivalents	-	-	172.88	-	-	541.10
Total Financial Assets	-	-	1,165.35	-	-	1,202.59
Financial Liabilities						
Borrowings	-	-	472.38	-	-	427.94
Trade payables	-	-	1,207.32	-	-	651.28
Other financial liabilities	-	-	1,106.28	-	-	1563.95
Total Financial Liabilities	-	-	2,785.98	-	-	2,643.17

* Investment in equity instruments in subsidiaries, Joint Ventures and associates has been carried at cost as per IND AS 27

(ii) Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Measurement
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis	Bank deposits, diversification of
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Forward contract/hedging
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Cross currency fix
Market risk - security price	Investments in equity securities	Sensitivity analysis	Portfolio

The Company's risk management is carried out by a central treasury department (of the company) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

A. Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Credit risk arises from cash and cash equivalents, trade receivables, investments carried at amortised cost and deposits with banks and financial institutions. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

The Company's receivables comprises of trade receivables. During the periods presented, the Company made no write-offs of trade receivables and it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off. The Company has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired, as given below:

	INR	
	As at	
	31-Mar-18	31-Mar-17
Not more than 30 days	159.20	156.71
More than 30 days but not more than 60 days	163.55	151.32
More than 60 days but not more than 90 days	173.23	213.58
More than 90 days	398.21	80.98
	894.19	602.60

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents, mutual funds, and derivate financial instruments is considered negligible, since the counterparties are reputable organisations with high quality external credit ratings.

B. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

March 31, 2018	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives					
Borrowings	34.63	-	-	2,047	2,081.80
Trade payables	1,207.32	-	-	-	1,207.32
Other financial liabilities	1,106.28	-	-	-	1,106.28
Total	2,348.23	-	-	2,047.17	4,395.40

March 31, 2017	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Non-derivatives					
Borrowings	43.39	-	-	2,047	2,090.56
Trade payables	651.28	-	-	-	651.28
Other financial liabilities	1,543.59	-	-	-	1,543.59
Total	2,238.26	-	-	2,047.17	4,285.44

Market Risk

(a) Interest rate risk

Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2018, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company's investments in Fixed Deposits all pay fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

Particulars	31-Mar-18	31-Mar-17
Variable rate borrowing	-	-
Fixed rate borrowing	472.38	427.94
Total borrowings	472.38	427.94

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

Particulars	March 31, 2018	March 31, 2017
Interest sensitivity*		
Interest rates – increase by 100 basis points (100 bps)	4.72	4.28
Interest rates – decrease by 100 basis points (100 bps)	(4.72)	(4.28)

* Holding all other variables constant

A2Z WASTE MANAGEMENT (LUDHIANA) LIMITED
Notes forming part of the financial statements
(Unless otherwise stated, all amounts are in INR Lacs)

Note 34 : Tax Expense

Current Tax Expense
Deferred Tax Expense
Tax Expense

	For the year ended March 31 2018	For the year ended March 31 2017
	-	-
	-	-
	-	-

Reconciliation of Tax Expense and the accounting profit multiplied by India's tax rate:

	For the year ended March 31 2018	For the year ended March 31 2017
Loss before tax	(273.15)	(170.47)
Corporate tax rate as per income tax act,1961	25.75%	25.75%
Tax on accounting profit	(70.34)	(43.90)
i) Tax effect on non deductible expenses/Non taxable income	19.86	
ii) Tax effect on temporary timing differences on which deferred tax not created	10.38	
iii) Tax effect on losses of current year on which no deferred tax is created	40.09	43.90
Tax Expense	-	-

a) Detail of unused tax losses for which no deferred tax is recognised in balance sheet:

	As at March 31, 2018			As at March 31, 2017		
	Base amount	Deferred tax	Expiry date (Assessment year)	Base amount	Deferred tax	Expiry date (Assessment year)
Tax losses						
Assessment Year 2012-13	71.27	18.35	March 31, 2021	71.27	-	March 31, 2021
Assessment Year 2017-18	54.38	14.00	March 31, 2026	170.47	43.90	March 31, 2026
Assessment Year 2018-19	90.99	23.43	March 31, 2027			
Total	216.64	55.78		241.74	43.90	

b) Detail of unrecognised deductible temporary differences and unabsorbed depreciation for which no deferred tax asset is recognised in financial statements:

	As at March 31, 2018			As at March 31, 2017		
	Base amount	Deferred tax	Expiry date (Assessment year)	Base amount	Deferred tax	Expiry date (Assessment year)
Unabsorbed depreciation	263.95	67.97	Not applicable	199.23	51.30	Not applicable
Temporary Differences on which deferred tax not created						
Expense on which TDS not deposited	0.98	0.25	Not applicable			
Provision for gratuity and leave encashment	4.02	1.03	Not applicable			
Depreciation	35.33	9.10	Not applicable			
	304.27	78.35		199.23	51.30	

Note 35 : Capital Management Policies and Procedures

For the purpose of the Company's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the Company.

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

by pricing products and services commensurately with the level of risk.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 20% and 40%. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

	31-Mar-18	31-Mar-17
Borrowings	472.38	427.94
Trade payables	1,207.32	651.28
Other financial liabilities	1,106.28	1,563.95
Less: cash and cash equivalents	172.88	541.10
Net debt	2,613.10	2,102.06
Equity	932.11	1,203.87
Capital and net debt	3,545.22	3,305.93
Gearing ratio	74%	64%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

Note 36: Contingent liability and commitments outstanding:

a) Contingent Liabilities:

Particulars

Preference Dividend
Total

	31-Mar-18	March 31, 2017
	0.00	0.00
Total	0.00	0.00

b) Commitments outstanding:

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

Particulars

Capital commitments
Total

	31-Mar-18	March 31, 2017
	456.85	1,192.55
Total	456.85	1,192.55

Note 37 : Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the 31 March reporting date and the date of authorisation.

Note 38 : Authorisation of financial statements

The Financial statements for the year ended 31 March 2018 (including comparatives) were approved by the board of directors on 25-May-2018

For Mahesh Aggarwal & Associates

Chartered Accountants

Regn No. 006092N

Mahesh Aggarwal

Partner

M No. 85013

Place : Gurgaon

Date : 25-May-2018

For and on behalf of the Board of Directors

Sd/-

Shankar Paul

Director

(Din No. 08005861)

Sd/-

Hemant Kumar

Chief Financial Officer

Sd/-

Sanjeev Sharma

Director

(Din No. 02159764)

Sd/-

Kritika Taneja

Company Secretary