A2Z INFRA ENGINEERING LTD.

CIN NO. L74999HR2002PLC034805

GROUP

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BY E-FILING

REF. No.:- A2ZINFRA/SE/2018-19/022

14th August, 2018

To,
BSE Limited
Phiroze Jeejeebhoy Towers
Rotuda Building, Dalal Street,
Mumbai-400 001

Fax-022-22722039
BSE Code-533292

To,
National Stock Exchange of India Limited
Listing Department
Exchange Plaza, 5th Floor
Plot No. C/1 G Block, Bandra Kurla Complex, Bandra (E), Mumbai-400051
Fax- 022-26598237/38
NSE Code-A2ZINFRA

Subject: Outcome of the Board Meeting duly held on Tuesday, August 14, 2018

Dear Sir,

This is to inform you that the members of the Board of Directors of A2Z Infra Engineering Ltd. have, at its meeting duly held today, i.e. 14th August, 2018, on the recommendations of the Audit Committee, have reviewed and approved the Standalone Unaudited Financial Results for the Quarter (Q1) ended June 30, 2018 along with the Limited Review Report issued by the Statutory Auditors.

A copy of the Statement of Unaudited Financial Results along with the Limited Review Report for the quarter ended June 30, 2018, approved by the Board pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is attached as **Annexure – A**. A copy thereof has also been sent for publication as per the requirements.

The said outcome and results have been uploaded on the website of Stock Exchanges and on the website of the Company at www.a2zgroup.co.in.

You are requested to take the above information on record.

Thanking you,
Yours truly
FOR A2Z INFRA ENGINEERING LTD.

(Atul Kumar Agarwal)
Company Secretary
FCS-6453
Add: - Plot No. B-38, Institutional area,
Sector-32, Gurgaon-Haryana

Regd Office : 0-116,First Floor,Shopping Mall,Arjun Marg,DLF City,Phase - 1,Gurugram-122002,Haryana (INDIA)
Corporate Office : Plot No. B-38,Sector 32,Institutional Area,Gurugram - 122001,Haryana (INDIA), Tel : 0124-4517600,Fax:0124-4380014

A2Z INFRA ENGINEERING LIMITED

Statement of Unaudited Financial Results for the quarter ended June 30, 2018

(Amount in Rs. Lacs)

S. No.	Particulars	Quarter ended			Year ended
		June 30, 2018	March 31, 2018	June 30, 2017	March 31, 2018
		Unaudited	Refer note 1	Unaudited	Audited
1	**Revenue**				
	Revenue from operations	7,704.49	8,657.60	11,205.65	35,751.56
	Other Income	331.51	2,867.33	277.00	3,697.86
	Total income	**8,036.00**	**11,524.93**	**11,482.65**	**39,449.42**
2	**Expenses**				
	Cost of material consumed	6,112.43	7,603.16	8,073.75	27,804.66
	Purchase of Stock in Trade	-	5.94	2,036.93	2,602.17
	Employee benefit expenses	500.84	493.97	534.60	2,219.43
	Finance costs	2,703.57	3,415.14	3,044.02	12,978.07
	Depreciation and amortisation expenses	294.54	312.30	328.33	1,284.70
	Other expenses	987.69	3,263.55	639.54	5,845.46
	Total expenses	**10,599.07**	**15,094.06**	**14,657.17**	**52,734.49**
3	**Loss before exceptional items and tax**	**(2,563.07)**	**(3,569.13)**	**(3,174.52)**	**(13,285.07)**
4	Exceptional items - gain/(loss) (Refer note 4)	224.98	(1,479.04)	(444.08)	1,828.89
5	**Loss before tax**	**(2,338.09)**	**(5,048.17)**	**(3,618.60)**	**(11,456.18)**
	Current tax	34.52	1.98	16.90	22.77
	Deferred tax charge/(credit)	30.92	(75.22)	0.04	(2.01)
6	**Loss for the period/year**	**(2,403.53)**	**(4,974.93)**	**(3,635.54)**	**(11,476.94)**
7	Other Comprehensive Income				
	Items that will not be reclassified to profit and loss	27.34	5.08	13.67	40.31
	Total Other Comprehensive Income for the period/year	**27.34**	**5.08**	**13.67**	**40.31**
8	**Total Comprehensive Income for the period/year**	**(2,376.19)**	**(4,969.85)**	**(3,621.87)**	**(11,436.63)**
9	Paid-up equity share capital (Face value of the share - Rs 10/- each)	17,611.99	17,611.99	14,507.45	17,611.99
10	Loss per equity share (in Rs.):				
	(a) Basic	(1.36)	(3.09)	(2.51)	(7.68)
	(b) Diluted	(1.36)	(3.09)	(2.51)	(7.68)

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Notes:

1) The above financial results have been reviewed by the Audit Committee and on their recommendation have been approved by the Board of Directors at its meeting held on August 14, 2018. The statutory auditors have reviewed the above financial results for the quarter ended June 30, 2018.

The figures for the quarter ended March 31, 2018 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2018 and the unaudited published year to date figures up to December 31, 2017, being the end of the third quarter of the financial year which were subject to a limited review.

Basic and Diluted Earning Per Share is not annualised for the quarters ended June 30, 2018, March 31, 2018 and June 30, 2017.

2) The auditors in their review report have drawn attention to the following matters:

a. The management has performed impairment assessment of three cogeneration power plants set up in collaboration with certain sugar mills on Build, Own, Operate and Transfer (BOOT) basis for a period of 15 years. As at June 30, 2018, such plants have a power generation capacity of 15 MW each. The assessment has been done on the basis of assumptions of useful life of assets, discounted cash flows with significant underlying assumptions, achievement of certain operating capacity and the ability of new technology to perform on a consistent basis.

The management had filed a writ petition with the High Court of Punjab and Haryana for the extension of the concession period wherein the Hon'ble Court has directed the sugar mills, vide its order dated March 23, 2017, to consider the request made by the Company for the extension within a period of 3 months. Additionally, the Company has also initiated arbitration proceedings with the sugar mills for the extension. Based on the assessment and advice from an independent legal counsel on the availability of concession period, excluding the available renewal period by exercising the option for renewal/ extension of the concession period, the management, is confident, that there exists reasonable certainty that arrangement shall be extended for a term of 5 years. Management carried out an impairment assessment and has recorded an impairment of Rs. 3,500.00 lacs in carrying value of these assets during the year ended March 31, 2018. Accordingly, management believes that the estimates of the useful lives are reasonable and no further material adjustments to the carrying value of these plants are necessary.

Out of the aforementioned impairment for the year ended March 31, 2018 amounting to Rs. 3,500.00 lacs, Rs. 2,850.00 lacs pertains to, two power plants, which were yet to be capitalised and Rs. 650.00 lacs is for power plant which has already been capitalised. This has been recognised in the statement of profit and loss under the head exceptional item during the year ended March 31, 2018. The recoverable amount of all three cogeneration power plants is based on value in use and determined at the level of the Cash Generating Unit (CGU). The CGU consisted of assets relating to the power plant, and the cash flows of the CGU are discounted at a rate of 16.28%on a post-tax basis.

b. Contract revenue in excess of billing amounting Rs. 8,685.35 lacs, pertains to revenue recognized by the Company during earlier years, representing amounts billable to, and receivable from the customers towards work done on certain EPC contracts under execution by the Company in accordance with the terms implicit in the contract. The delay in billing these amounts is on account of conclusion of reconciliations with the customers, pending joint measurement/survey of the work done till date and non-achievement of milestones as per the contractual terms. Management is in discussion with the customers, has initiated arbitration proceedings with some of these customers and expects to bill these amounts at the earliest, and believes that whilst it may take some time to recover the amounts owing to completion of certain administrative and contractual matters, the current provision being carried in the books is adequate and no further material adjustments are considered necessary in respect of above balances.

c. The Income tax authorities conducted a search and survey at certain premises of the Company under section 132 and 133 of the Income Tax Act, 1961 in April 2012. During the year ended March 31, 2015, the Company received the assessment orders for the assessment years 2009-10 to 2013-14 from the Deputy Commissioner of Income Tax (DCIT) demanding additional tax liability of Rs. 1,992.17 lacs. During the year ended March 31, 2015 the Company had filed appeals with Commissioner of Income Tax (CIT) (Appeals) challenging these orders against which the said authority had granted partial relief to the Company. The Company has further filed appeals with Income Tax Appellate Tribunal (ITAT) challenging the orders for these assessment years in respect of the matters where the CIT(A) has not accepted the Company's contention. Additionally, the DCIT has also filed appeals with the ITAT against the matters where the relief has been given to the Company.

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Further, during the year ended March 31, 2018, the Company has received penalty order for the Assessment year 2008-09 from CIT and for Assessment year 2011-12 and 2013-14 from DCIT demanding additional tax liability of Rs. 798.63 lacs against which the CIT (Appeals) had not granted relief to the Company. The Company has filed appeals with ITAT for the Assessment Year 2008-09 and with CIT (Appeals) for the Assessment Year 2011-12 and 2013-14 challenging the penalty orders.

Based on their assessment and upon consideration of advice from the independent legal counsel, the management believes that the Company has reasonable chances of succeeding before the ITAT/CIT (Appeals) and does not foresee any material liability. Pending the final decision on the matter, no further adjustment has been made in the financial results.

d. In financial year 2016-17, the Company based on the legal advice filed an application for advance ruling with the Advance Ruling Authorities ("the Authority") regarding applicability of service tax in respect of one of the projects undertaken by them. During the year ended March 31, 2018, the Company has received response to its application wherein the Authority has opined that entire project is covered within the ambit of the service tax. Accordingly, the Company has recognized the service tax liability and based on the contractual terms which stipulates that any taxes shall be borne by the customer, has also recognized amount recoverable from customer of an equivalent amount. Further, the management believes that the interest, if any, on the delayed deposit of the aforementioned service tax liability is currently unascertainable and shall be reimbursed by the customer. The Company has made submissions with the customer in this regard. Additionally, based on the independent legal advice, the Company believes that the input tax credit in respect of the aforementioned project shall be adjustable against the liability considering the entire project has now been clarified to be covered under the service tax ambit. Accordingly, no further adjustments to the books of account are considered necessary.

e. The Company, as at June 30, 2018, has non-current investments amounting to Rs. 20,349.62 lacs, other current financial assets (net of impairment) amounting to Rs. 411.45 lacs and current financial assets-loan amounting to Rs. 294.68 lacs in its subsidiary A2Z Green Waste Management Limited which has 100% holding in various SPVs under its fold (hereinafter A2Z Green Waste Management Limited together with its subsidiaries is referred to as A2Z Green Waste Management Group). While A2Z Green Waste Management Group has incurred losses during its initial years and consolidated net-worth as at June 30, 2018 has been completely eroded, the underlying projects are expected to achieve adequate profitability on substantial completion. Based on internal assessment and valuation report from an independent valuer, the recoverable amount from the underlying investments/assets is higher than the net worth of A2Z Green Waste Management Group. Therefore, the management believes that the realisable amount of these subsidiaries is higher than the carrying value of the non-current investments, other current financial assets and current financial assets-loans due to which these are considered as good and recoverable.

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3) The Company has reported segment information as per Indian Accounting Standard 108 "Operating Segments" (Ind AS 108). The Company is operating into following segments – (i) Engineering Service (ES), (ii) Power generation projects ('PGP') and (iii) Others which primarily includes trading of goods and operation and maintenance services etc.

(Amount in Rs. Lacs)

Particulars	Quarter Ended			Year Ended
	June 30, 2018	March 31, 2018	June 30, 2017	March 31, 2018
	Unaudited	Refer note 1	Unaudited	Audited
1. Segment Revenue				
(a) Segment – ES	7,286.70	8,319.58	8,701.74	31,376.34
(b) Segment – PGP	26.70	-	-	-
(c) Segment – Others	391.09	338.02	2,503.91	4,375.22
Total	7,704.49	8,657.60	11,205.65	35,751.56
Less: Inter segment revenue	-	-	-	-
Revenue from operations	**7,704.49**	**8,657.60**	**11,205.65**	**35,751.56**
2. Segment results [Profit / (Loss) before tax and interest from each segment]				
(a) Segment – ES	125.30	(350.15)	(204.54)	(780.19)
(b) Segment – PGP	(322.39)	(306.27)	(255.06)	(1,072.77)
(c) Segment – Others	50.59	(11.79)	74.72	233.74
Total	**(146.50)**	**(668.21)**	**(384.88)**	**(1,619.22)**
Less: Inter segment results	-	-	-	-
Net segment results	**(146.50)**	**(668.21)**	**(384.88)**	**(1,619.22)**
Add: Interest income	287.00	514.23	254.39	1,312.23
Less:				
(i) Interest expense	2,612.76	3,282.58	2,915.15	12,394.63
(ii) Other unallocable expenditure net off unallocable income	90.81	132.57	128.88	583.45
Loss before exceptional item and tax	**(2,563.07)**	**(3,569.13)**	**(3,174.52)**	**(13,285.07)**
Exceptional Gain/(Loss)				
(a) Segment – ES	-	(5,620.55)	-	(5,620.55)
(b) Segment – PGP	-	(3,500.00)	-	(3,500.00)
(c) Unallocable items	224.98	7,641.51	(444.08)	10,949.44
Loss after exceptional item and before tax	**(2,338.09)**	**(5,048.17)**	**(3,618.60)**	**(11,456.18)**
3. Segment assets				
(a) Segment – ES	153,661.60	159,276.50	166,791.36	159,276.50
(b) Segment – PGP	29,920.65	30,837.02	34,412.18	30,837.02
(c) Segment – Others	437.30	1,010.56	1,634.34	1,010.56
(d) Unallocated	42,679.92	42,684.23	41,287.77	42,684.23
Total Assets	**226,699.47**	**233,808.31**	**244,125.65**	**233,808.31**
4. Segment liabilities				
(a) Segment – ES	74,964.57	81,588.64	75,644.74	81,588.64
(b) Segment – PGP	206.21	203.45	209.07	203.45
(c) Segment – Others	1,041.93	1,593.36	2,789.83	1,593.36
(d) Unallocated	91,481.51	89,086.23	109,575.14	89,086.23
Total Liabilities	**167,694.22**	**172,471.68**	**188,218.78**	**172,471.68**

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4) Following exceptional items (net) have been recorded:

(Amount in Rs. Lacs)

Particulars	Quarter Ended			Year Ended
	June 30, 2018	March 31, 2018	June 30, 2017	March 31, 2018
	Unaudited	Refer note 1	Unaudited	Audited
One Time Settlement of borrowings with banks and financial institutions (net of impact of fair valuation of derivative liability) (Refer note below)	224.98	7,641.51	-	11,393.52
Exceptional gain (A)	**224.98**	**7,641.51**	**-**	**11,393.52**
Contract revenue in excess of billing written off	-	5,620.55	-	5,620.55
Capital assets impaired/written off (Refer note 2(a))	-	3,500.00	-	3,500.00
Loss on sale of investment in subsidiary	-	-	444.08	444.08
Exceptional loss (B)	**-**	**9,120.55**	**444.08**	**9,564.63**
Net exceptional gain/(loss) (A-B)	**224.98**	**(1,479.04)**	**(444.08)**	**1,828.89**

During the quarter ended June 30, 2018, the Company has entered into One Time Settlement Agreement ('OTS Agreements') with one of its lender ("the Lender") wherein they have agreed to the settlement of the outstanding principal and accrued interest of the Company. Pursuant to the aforementioned OTS Agreements, the Company has paid Rs. 100.00 lacs during the period to the Lender and shall further pay Rs. 180.00 lacs. The resultant impact of the transaction has been recognised as an exceptional item in these financial results.

5) Effective April 1, 2018, the Company has adopted Ind AS 115 - Revenue from contracts with customers. Based on the management assessment, the adoption of Ind AS 115 did not have any material impact on recognition and measurement of revenue and related items in the unaudited financial results for the quarter ended June 30, 2018.

6) The financial results have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified under the Companies (Indian Accounting Standards) Rules, 2015 as specified in section 133 of the Companies Act, 2013 and other recognized accounting practices to the extent applicable.

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For and on behalf of A2Z Infra Engineering Limited

A2Z INFRA ENGINEERING LTD. GURUGRAM

Place: Gurugram

Date: August 14, 2018

Amit Mittal

Managing Director

DIN: 00058944

Walker Chandiok & Co LLP

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Independent Auditor's Review Report on Quarterly Financial Results of A2Z Infra Engineering Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of A2Z Infra Engineering Limited

1. We have reviewed the accompanying Statement of unaudited financial results ('Statement') of A2Z Infra Engineering Limited ('the Company') for the quarter ended 30 June 2018 being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, and other recognised accounting practices and policies has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

4. We draw attention to the following notes to the accompanying Statement:

   (i) Note 2(a) which describes the significant estimates and assumptions, including extension of the concession period, used by the management for determining recoverable amount of cogeneration power plants classified under property, plant and equipment and capital work-in-progress aggregating to INR 9,472.61 lacs and INR 18,059.94 lacs respectively as at 30 June 2018, with respect to the impairment assessment in accordance with the requirements of Ind AS 36, Impairment of Assets. Basis such valuation the management believes that no adjustment is required to the carrying value of the aforesaid cogeneration power plants.

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(ii) Note 2(b) with respect to contract revenue in excess of billing relating to certain contracts which are still in progress aggregating to INR 8,685.35 lacs, recognised in the earlier years. Based on ongoing discussions/negotiations with the customers, management believes that these amounts are completely billable.

(iii) Note 2(c) which describes the uncertainty relating to the outcome of litigation pertaining to income tax matters pursuant to orders received by the Company against which management and the assessing authorities have filed appeals with relevant Income Tax Authorities. The final outcome of these matters is presently unascertainable.

(iv) Note 2(d) which describes the uncertainty relating to utilisation of input tax credit and levy of interest on service tax. Based on the terms of the contract with the customers/ vendors and independent legal opinion, management believes that these amounts are recoverable from the customer including interest thereon and that the Company will be able to avail the input tax credit for aforementioned matter.

(v) Note 2(e) regarding the Company's non-current investment in its subsidiary company, and its other current financial assets (net of impairment) and its current financial assets-loan which include amounts dues from such subsidiary company as on that date aggregating INR 20,349.62 lacs, INR 411.45 lacs and INR 294.68 lacs, respectively. The consolidated net worth of the aforesaid subsidiary company as at 30 June 2018 has been fully eroded and it has been incurring losses. Based on the future business plans and projections of the subsidiary company at consolidated level, which have been developed by the management using certain assumptions and estimates, as described in the aforementioned note, management believes that the realizable amount is higher than the carrying amount of such non-current investment, other current financial assets (net of impairment) and current financial assets -loan and hence fully recoverable. However, there are certain uncertainties regarding the underlying assumptions and estimates used in such future projections (as discussed in note 2(e)).

Our report is not modified in respect of above matters.

5. We did not review the unaudited financial results of three branches, included in the accompanying Statement, whose financial results reflect total revenues (after eliminating intra-group transactions) of INR 2,213.02 lacs and net profit after tax (after eliminating intra-group transactions) of INR 99.71 lacs for the quarter ended 30 June 2018. These financial results have been reviewed by the branch auditors whose reports have been furnished to us by the management and our report on the Statement, in so far as it relates to the amounts and disclosures included in respect of such branches, are based solely on the report of such branch auditors. Our report is not modified in respect of this matter.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No: 001076N/N500013

Neeraj Sharma
Partner
Membership No. 502103

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Place: Gurugram
Date: 14 August 2018