A2Z INFRA ENGINEERING LTD.

CIN NO. L74999HR2002PLC034805

GROUP

....em POWER ing the nation™

REF. No. : - A2ZINFRA/SE/2018-19/054

BY E-FILING

February 13, 2019

BSE Limited	**National Stock Exchange of India Limited**
Phiroze Jeejeebhoy Towers	Listing Department
Rotuda Building, Dalal Street,	Exchange Plaza, 5th Floor
Mumbai-400 001	Plot No. C/1 G Block, Bandra Kurla Complex,
	Bandra (E), Mumbai-400051
Fax-022-22722039	Fax- 022-26598237/38

Subject: One Time Settlement (OTS) with State Bank of India, and Quarterly Results: Outcome of Board Meeting and disclosure of events and information pursuant to regulation 30 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir/Madam,

In compliance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, We, **A2Z INFRA ENGINEERING LTD**. (hereinafter referred as "Company") wish to inform you that:

1. **Signing of Full Cash One Time Settlement Agreement (OTS) with State Bank of India (SBI) towards Debt settlement of INR 431.33 Cr., for a total consideration of INR 90.0 Cr**

Cumulative total debt reduction at Company level (including the one presently announced vide this communication) achieved so far : INR 966.98 Cr.

i. Facts

The Company had availed financial assistance from State Bank of India (hereinafter referred to as "SBI" or the "Lender"), as per SBI present outstanding (including interest) is INR 431.33 Cr. and the Company was finding it difficult to service the interest payments on the said amount.

Company was in discussion with SBI for One Time Settlement (OTS) and sent its proposal to SBI. SBI has accepted the Company's proposal, and SBI have provided its acceptance for the same vide letter no. SAMB/CL-I/2018-19/ dated February 13, 2019.

ii. Debt Reduction Plan and Reasons for OTS

Over the past 3 years, the Company has been working assiduously to turn the Company around by addressing and reducing the debt burden of the Company and its subsidiary companies. In this reference Company had earlier announced settlement of debt of SICOM Ltd, Edelweiss Asset Reconstruction Company

A2Z Infra Engineering Ltd. Gurugram

Limited as representative of EARC Trust SC 299 for loan assigned by Yes Bank Ltd., Standard Chartered Bank and HSBC Bank.

Now, the Company has reached a Full Cash One Time Settlement (OTS) with SBI. With the OTS of SBI the debt of the Company shall stand reduced by INR 431.33 Cr.

Details of Debt Reduction achieved so far:

Lender	Total Debt Amount	Total OTS Consideration (Amount in INR)
SICOM Ltd	114.28 Cr	42.50 Cr
Edelweiss ARC -Yes Bank	130.83 Cr	57.50 Cr
Standard Chartered Bank	279.21 Cr	99.00 Cr
HSBC Bank	11.33 Cr	2.80 Cr
SBI	431.33 Cr	90.00 Cr
Total	**966.98 Cr**	**291.80 Cr**

iii. Summary Details of the SBI OTS :

The Company has received the acceptance letter dated February 13, 2019, to settle its outstanding liabilities (including interest) through a **Full Cash** One Time Settlement (OTS), and the total Debt addressed is INR 431.33 Cr., for an OTS Consideration of INR 90.0 Cr. and this amount is being repaid by the Company within 90 days from the date of acceptance letter.

This is a full cash OTS settlement.

Fully diluted numbers of equity shares of the Company post all debt settlements to date: **17,61,19,858**

The above said OTS with the lender of the Company will improve the Company's balance sheet and its overall solvency.

2. **Approval of Unaudited Financial Results for the Quarter (Q3) ended December 31, 2018**

Board of Directors on the recommendations of the Audit Committee, have reviewed and approved the Unaudited Standalone Financial Results for the Quarter (Q3) ended December 31, 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 December 31, 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 – 1***. A copy thereof has also been sent for publication as per the requirements.

3. **Appointment of Mr. Rajiv Chaturvedi, as Chief Financial Officer of Company effective from 14th February, 2019 in place of Mr. G. R. Nagendran**

Mr. Rajiv Chaturvedi has been appointed as Chief Financial Officer of the Company effective from 14th February, 2019 in place of Mr. G. R. Nagendran, Chief Financial Officer who has resigned from the

A2Z Infra Engineering Ltd. Gurugram

Company effective from the closing hours of 13th February, 2019. The Board appreciates the tremendous work ethics and professionalism exhibited by him during his tenure of service with the Company.

Mr. Chaturvedi is not related to any of the director of the Company. As required under SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015, a brief profile of Mr. Chaturvedi is attached herewith as *Annexure- 2.*

4. **Adoption of changes in the Code of Practices and Procedures for Fair Disclosures of Unpublished Price Sensitive Information**

   Board adopted the amendments in the Code of Practices and Procedures for Fair Disclosures of Unpublished Price Sensitive Information under Regulation 8(1) of SEBI (Prohibition of Insider Trading) Regulations, 2015 as suggested by SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018. A certified copy of the amended Code of Practices and Procedures for Fair Disclosures of Unpublished Price Sensitive Information is attached herewith as ***Annexure – 3.***

This is for your information & records purpose.

Thanking you,
Yours truly,

FOR A2Z INFRA ENGINEERING LTD.

A2Z Infra Engineering Ltd. Gurugram

(Atul Kumar Agarwal)
Company Secretary
FCS-6453

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-[illegible]

Annexure - I

A2Z INFRA ENGINEERING LTD.

CIN NO. L74999HR2002PLC034805

GROUP

....em POWER ing the nation™

A2Z INFRA ENGINEERING LIMITED

Statement of Unaudited Financial Results for the quarter and nine months ended December 31, 2018

(Amount in Rs. Lakhs)

S. No.	Particulars	Quarter ended			Nine months period ended		Year ended
		December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Revenue**						
	Revenue from operations	15,208.82	9,648.45	8,944.66	32,561.76	27,093.96	35,751.56
	Other Income	470.22	514.36	249.88	1,316.09	830.53	3,697.86
	Total income	**15,679.04**	**10,162.81**	**9,194.54**	**33,877.85**	**27,924.49**	**39,449.42**
2	**Expenses**						
	Cost of material consumed	11,530.18	7,664.01	6,650.78	25,306.62	20,201.50	27,804.66
	Purchase of Stock in trade	-	-	559.31	-	2,596.23	2,602.17
	Employee benefit expenses	560.67	565.56	607.95	1,627.07	1,725.46	2,219.43
	Finance costs (Refer note 5)	957.69	(1,031.65)	3,473.10	2,629.61	9,562.94	12,978.07
	Depreciation and amortisation expenses	270.32	292.31	321.87	857.17	972.40	1,284.70
	Other expenses	1,693.97	739.54	1,158.00	3,421.20	2,581.90	5,845.46
	Total expenses	**15,012.83**	**8,229.77**	**12,771.01**	**33,841.67**	**37,640.43**	**52,734.49**
3	**Profit/(Loss) before exceptional items and tax**	**666.21**	**1,933.04**	**(3,576.47)**	**36.18**	**(9,715.94)**	**(13,285.07)**
4	Exceptional items - (loss)/gain (Refer note 4)	(37.78)	(1,089.74)	3,752.02	(902.54)	3,307.94	1,828.89
5	**Profit/(Loss) before tax**	**628.43**	**843.30**	**175.55**	**(866.36)**	**(6,408.00)**	**(11,456.18)**
	Current tax	58.98	15.97	(0.01)	109.47	20.79	22.77
	Deferred tax charge/(credit)	(1.07)	16.63	73.28	46.48	73.22	(2.01)
6	**Profit/(Loss) for the period/year**	**570.52**	**810.70**	**102.28**	**(1,022.31)**	**(6,502.01)**	**(11,476.94)**
7	Other Comprehensive Income						
	Items that will not be reclassified to profit and loss	15.21	(16.30)	17.91	26.25	35.24	40.31
	Total Other Comprehensive Income for the period/year	**15.21**	**(16.30)**	**17.91**	**26.25**	**35.24**	**40.31**
8	**Total Comprehensive Income for the period/year**	**585.73**	**794.40**	**120.19**	**(996.06)**	**(6,466.77)**	**(11,436.63)**
9	Paid-up equity share capital (Face value of the share - Rs. 10/- each)	17,611.99	17,611.99	14,554.55	17,611.99	14,554.55	17,611.99
10	Profit/(Loss) per equity share (in Rs.):						
	(a) Basic	0.32	0.46	0.07	(0.58)	(4.48)	(7.68)
	(b) Diluted	0.32	0.46	0.07	(0.58)	(4.48)	(7.68)

SIGNED FOR IDENTIFICATION PURPOSE ONLY

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

A2Z Infra Engineering Ltd. Gurugram

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 February 13, 2019. The statutory auditors have reviewed the above financial results for the quarter and nine months ended December 31, 2018.

   Basic and Diluted Earning Per Share is not annualised for the quarters ended December 31, 2018, September 30, 2018 and December 31, 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 December 31, 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 lakhs 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 lakhs, Rs. 2,850.00 lakhs pertains to, two power plants, which were yet to be capitalised and Rs. 650.00 lakhs 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).

   b. Contract revenue in excess of billing amounting Rs. 9,334.36 lakhs, 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 lakhs. 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.
      Further, during the year ended March 31, 2018, the Company had received penalty orders for the Assessment year 2009-10 to 2013-14 from DCIT and for the Assessment year 2008-09 from CIT demanding additional tax liability of Rs. 1,277.64 lakhs against which the CIT (Appeals) had not granted relief to the Company.

      During the nine months ended December 31, 2018, the Company has received orders from CIT (Appeals) squashing the penalty orders aggregating Rs. 477.71 lakhs out of the aforementioned and upholding the rest. The Company has filed appeals with the ITAT challenging the penalty orders for these assessment years in respect of the matters where the CIT(A) has not accepted the Company's contention.

SIGNED FOR IDENTIFICATION PURPOSE ONLY

Walker Chandiok & Co LLP Chartered Accountants

A2Z Infra Engineering Ltd. Gurugram

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 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 December 31, 2018, has non-current investments amounting to Rs. 20,769.83 lakhs, other current financial assets (net of impairment) amounting to Rs. 411.51 lakhs and current financial assets-loan amounting to Rs. 362.14 lakhs 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 December 31, 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.

SIGNED FOR IDENTIFICATION PURPOSE ONLY

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

A2Z Infra Engineering Ltd. Gurugram

(This space has been intentionally left blank)

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. Lakhs)

Particulars	Quarter ended			Nine months period ended		Year ended
	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Segment Revenue						
(a) Segment – ES	14,233.14	9,317.02	7,848.61	30,836.86	23,056.75	31,376.34
(b) Segment – PGP	24.93	35.38	-	87.01	-	-
(c) Segment – Others	950.75	296.05	1,096.05	1,637.89	4,037.21	4,375.22
Total	15,208.82	9,648.45	8,944.66	32,561.76	27,093.96	35,751.56
Less: Inter segment revenue	-	-	-	-	-	-
Revenue from operations	**15,208.82**	**9,648.45**	**8,944.66**	**32,561.76**	**27,093.96**	**35,751.56**
2. Segment results [Profit / (Loss) before tax and interest from each segment]						
(a) Segment – ES	735.28	777.25	(42.95)	1,637.83	(430.03)	(780.19)
(b) Segment – PGP	(271.04)	(240.30)	(249.59)	(833.73)	(766.51)	(1,072.77)
(c) Segment – Others	711.75	72.98	(79.14)	835.32	245.53	233.74
Total	**1,175.99**	**609.93**	**(371.68)**	**1,639.42**	**(951.01)**	**(1,619.22)**
Less: Inter segment results	-	-	-	-	-	-
Net segment results	**1,175.99**	**609.93**	**(371.68)**	**1,639.42**	**(951.01)**	**(1,619.22)**
Add: Interest income	447.92	291.46	268.32	1,026.38	798.00	1,312.23
Less:						
(i) Interest expense	838.59	(1,123.99)	3,293.68	2,327.36	9,112.05	12,394.63
(ii) Other unallocable expenditure net off unallocable income	119.11	92.34	179.43	302.26	450.88	583.45
Profit/(Loss) before exceptional item and tax	**666.21**	**1,933.04**	**(3,576.47)**	**36.18**	**(9,715.94)**	**(13,285.07)**
Exceptional gain/(loss)						
(a) Segment – ES	-	-	-	-	-	(5,620.55)
(b) Segment – PGP	-	-	-	-	-	(3,500.00)
(c) Unallocable items	(37.78)	(1,089.74)	3,752.02	(902.54)	3,307.94	10,949.44
Profit/(Loss) after exceptional item and before tax	**628.43**	**843.30**	**175.55**	**(866.36)**	**(6,408.00)**	**(11,456.18)**
3. Segment assets						
(a) Segment – ES	1,63,886.58	1,54,084.73	1,64,086.89	1,63,886.58	1,64,086.89	159,276.50
(b) Segment – PGP	29,544.36	29,720.88	33,911.74	29,544.36	33,911.74	30,837.02
(c) Segment – Others	1,702.42	572.83	1,190.71	1,702.42	1,190.71	1,010.56
(d) Unallocated	43,641.89	43,269.95	41,943.64	43,641.89	41,943.64	42,684.23
Total Assets	**2,38,775.25**	**2,27,648.39**	**2,41,132.98**	**2,38,775.25**	**2,41,132.98**	**233,808.31**
4. Segment liabilities						
(a) Segment – ES	86,600.66	76,339.65	79,339.42	86,600.66	79,339.42	81,588.64
(b) Segment – PGP	300.59	271.99	198.97	300.59	198.97	203.45
(c) Segment – Others	1,045.06	1,222.48	1,340.98	1,045.06	1,340.98	1,593.36
(d) Unallocated	90,356.36	89,977.97	1,05,983.22	90,356.36	1,05,983.22	89,086.23
Total Liabilities	**1,78,302.67**	**1,67,812.09**	**1,86,862.59**	**1,78,302.67**	**1,86,862.59**	**172,471.68**

SIGNED FOR IDENTIFICATION PURPOSE ONLY

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

A2Z Infra Engineering Ltd. Gurugram

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

(Amount in Rs. Lakhs)

Particulars	Quarter ended			Nine months period ended		Year ended
	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	March 31, 2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
One Time Settlement of borrowings with banks and financial institutions (net of impact of fair valuation of derivative liability at initial recognition)	-	-	3,752.02	224.98	3,752.02	11,393.52
Exceptional gain (A)	-	-	3,752.02	224.98	3,752.02	11,393.52
Impact of fair valuation of derivative liability on subsequent remeasurement	37.78	1,089.74	-	1,127.52	-	-
Contract revenue in excess of billing written off	-	-	-	-	-	5,620.55
Capital assets impaired/written off (Refer note 2(a))	-	-	-	-	-	3,500.00
Loss on sale of investment in subsidiary	-	-	-	-	444.08	444.08
Exceptional loss (B)	37.78	1,089.74	-	1,127.52	444.08	9,564.63
Net Exceptional gain/(loss) (A-B)	(37.78)	(1,089.74)	3,752.02	(902.54)	3,307.94	1,828.89

SIGNED FOR IDENTIFICATION PURPOSE ONLY

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

(This space has been intentionally left blank)

A2Z Infra Engineering Ltd. Gurugram

5) The loan accounts of the Company have been classified as Non- Performing Assets by certain banks and assets reconstruction company and some of them have not charged interest on the said accounts and therefore provision for interest has not been made in the books of accounts and to that extent interest costs and loan liabilities have been understated. The extent of exact amount is under determination and reconciliation with the banks and assets reconstruction company, however as per the details available, the amount of unaccrued interest, on approximate basis, on the said loans (other than the borrowings of few banks and assets reconstruction company which are regular) amounts to Rs 1,808.92 lakhs and Rs 5,304.60 lakhs for the quarter ended December 31, 2018 and for the period April 1, 2018 to December 31, 2018 respectively. Company is already in discussion with the said banks and assets reconstruction company for settlement of their dues. Accordingly, the Company has recorded a reversal of Rs 3,495.68 lakhs in the finance cost during the quarter ended September 30, 2018.

6) The Company had entered into Settlement agreement(s) ('Agreements') with certain banks/assets reconstruction company ('the Lenders') during the year ended March 31, 2018 and quarter ended June 30, 2018 wherein it had settled the outstanding borrowings by issue of equity shares, upfront payments and deferred installments. As at December 31, 2018, the Company has delayed payments in respect of the certain deferred installments which were due and payable pursuant to these Agreements.

So far Banks have not given any such notice(s) or have not shown any such intention and the management is in discussions with the Lenders to condone the aforementioned delays. Pursuant to the discussion with the lenders, management is confident that no material impact will devolved on the Company in respect of aforementioned delays.

7) 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.

8) Subsequent to the period ended December 31, 2018, the Company on February 2, 2019, submitted a proposal ("the Proposal") for settlement of dues with one of its lenders ("the Lender"). The Lender has accepted the aforementioned Proposal and the Board of Directors of the Company in its meeting held on February 13, 2019 has approved the One Time Settlement. As part of the settlement, the Company shall pay Rs. 9,000.00 lacs to the Lender in lieu of the entire existing liability as at January 31, 2019.

SIGNED FOR IDENTIFICATION PURPOSE ONLY

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

For and on behalf of A2Z Infra Engineering Limited

A2Z Infra Engineering Ltd. Gurugram

Ashok Kumar Saini
Director
DIN 03593179

Place: Gurugram
Date: February 13, 2019

Walker Chandiok & Co LLP

Walker Chandiok & Co LLP
(Formerly Walker, Chandiok & Co)
21st Floor, DLF Square
Jacaranda Marg, DLF Phase II
Gurgaon 122002
India

T +91 124 462 8000
F +91 124 462 8001

Independent Auditor's Review Report on Quarterly and Year to Date 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 31 December 2018 and the year to date results for the period 1 April 2018 to 31 December 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. As explained in:

   a. Note 5 to the accompanying Statement, borrowings from certain banks and asset reconstruction company ('Lenders') have been classified as non-performing assets and in respect of such borrowings, the Company has not recognised interest cost for the quarter ended 31 December 2018 and year to date amount for the period 1 April 2018 to 31 December 2018 aggregating to Rs. 1,808.92 lacs and Rs. 5,304.60 lacs respectively. Such amount is determined by the management, basis terms of the agreements with Lenders, but in the absence of sufficient appropriate evidence to substantiate such estimate of the management, we are unable to comment on the adjustments, that would be required to the carrying value of these balances on account of changes, and its consequential impact, on the accompanying Statement.

   b. Note 6 to the accompanying Statement, where the Company had entered into settlement agreements with certain banks/ Asset Reconstruction Company ('the Lenders') during the year ended 31 March 2018 and quarter ended 30 June 2018. As at 31 December 2018, the Company has delayed payments in respect of the certain deferred instalments which were due and payable pursuant to these settlements. Pending confirmations from the Lenders and in the absence of the requisite information, the impact of such delays, if any, on the Statement for the quarter ended 31 December 2018 and year to date amount for the period 1 April 2018 to 31 December 2018 cannot be ascertained.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

4. Based on our review conducted above, except for the effects/possible effects of the matters described in previous paragraph 3 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.

5. We draw attention to:

(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 Rs. 9,055.05 lacs and Rs. 18,056.80 lacs respectively as at 31 December 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.

(ii) Note 2(b) with respect to contract revenue in excess of billing relating to certain contracts which are still in progress aggregating to Rs. 9,334.36 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 Rs. 20,769.83 lacs, Rs. 411.51 lacs and Rs. 362.14 lacs, respectively. The consolidated net worth of the aforesaid subsidiary company as at 31 December 2018 has been fully eroded and 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.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

6. We did not review the unaudited financial results of four branches, included in the Statement, whose financial results reflect total revenues (after eliminating intra-group transactions) of Rs. 4,996.55 lacs and Rs. 10,231.29 lacs and net profit after tax (after eliminating intra-group transactions) of Rs. 158.66 lacs and Rs. 367.14 lacs for the quarter ended 31 December 2018 and year to date results for the period 1 April 2018 to 31 December 2018 respectively. 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

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Place: Gurugram
Date: 13 February 2019

Brief Profile of Mr. Rajiv Chaturvedi

Mr. Rajiv Chaturvedi is a Chartered Accountant & Diploma in Material Management from Indian Institute of Materials Management, Calcutta. He brings in more than 29 years of experience. Prior to joining A2Z, Mr. Rajiv was associated with M/s Pret Study by Janak Fashions (P) Ltd., M/s Gardner Aerospace P ltd, M/s WPG Electronics Private Limited & M/s Anirox Pigments Ltd. to name a few. He has worked in Auditing, MIS and Budgeting, Project Finance, handled Rights issue, Variance Analysis Banking, ROC matters, and has set up a new Plant (New Green Field factory), Project planning and execution, Raw material scheduling, Managing Creditors, Vendor Development, Finalization of Contracts, Logistics, Laision with JDGFT, Direct and Indirect Tax raising funds for business from Financial Institutions and banks . He has given presentation before Industries Minister, Risk Management. He has served has Head-Finance and Accounts in **WPG Electronics P Ltd** (3rd Largest semiconductor Company in the world). Accounting, Cash flow, MIS, Budgeting, Debtors Control, FEMA compliances, Import, Custom, Direct and Indirect Tax matters, Statutory Compliances, were the key Responsibilities there.

A2Z Infra Engineering Ltd. Gurugram

Annexure-3

GROUP

...em POWER ing the nation

A2Z INFRA ENGINEERING LTD.

CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURES OF UNPUBLISHED PRICE SENSITIVE INFORMATION

[under Regulation 8(1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015]

Regd. Office: O-116, First Floor, DLF Shopping Mall, Arjun Marg, DLF City Phase-1, Gurgaon-122002, Haryana
Corporate Office: Plot No. B-38, Institutional Area, Sector 32, Gurgaon-122001, Haryana

Tel No: (0124) 4581700, Fax: (0124)-4380014
Websites: www.a2zgroup.co.in

A2Z Infra Engineering Ltd. Gurugram

...em POWER ing the nation

CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURES OF UNPUBLISHED PRICE SENSITIVE INFORMATION

[under Regulation 8(1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015]

Introduction

The Securities and Exchange Board of India (SEBI), in its endeavor to protect the interests of investors in general, had formulated the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("Regulations") under the powers conferred on it under the SEBI Act, 1992. These regulations came into force with effect from 15th May, 2015 and the same have been made applicable to all companies whose shares are listed on Indian stock exchanges. In adherence of the principles of fair disclosure enumerated under Schedule A to the SEBI (Prohibition of Insider trading) Regulations, 2015, which stand further amended by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (hereinafter referred to as "SEBI PIT Regulations"), the Board of Directors of the Company in its meeting held on February 13, 2019 has amended the Code of Practices and Procedures for Fair Disclosures as per the amended regulations and would follow the following practice and procedure for fair disclosure of unpublished price sensitive information:

Note: The Board of Directors had initially adopted the Code of practices and procedures for fair disclosures of unpublished price sensitive information pursuant to Regulation 8 of SEBI (Prohibition of Insider Trading) Regulations, 2015 in the Board Meeting held on 09th May, 2015. Further, considering the amendment brought by the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, Board has revised and adopted the code in the meeting duly held on February 13, 2019 and the amendments shall be applicable effective from 01st April, 2019.

Objective of the Code of Fair Disclosures

The Code of Practices and Procedures for Fair Disclosures is required for the Company to ensure timely and adequate disclosure of unpublished price sensitive information which would impact the price of the company's securities and to maintain the uniformity, transparency and fairness in dealing with all stakeholders and in ensuring adherence to applicable laws and regulations. Further, the Company endeavors to preserve the confidentiality of un-published price sensitive information and to prevent misuse of suchinformation.

Definitions

'Company' means A2Z Infra Engineering Limited

'Compliance Officer' for the purpose of these regulations means the Company Secretary of the Company. In absence of the Company Secretary the Board of Directors may authorised such other officer of the Company to discharge the duties of Compliance Officer under the regulations.

'Chief Investors Relations Officer' means Compliance Officer of the Company. The Company Secretary acting as Chief Investor Relation officer shall obtain prior approval of Managing Director and/or CFO depending upon the nature of sensitivity of the information.

A2Z Infra Engineering Ltd. Gurugram

A2Z GROUP
...em POWER ing the nation

"Unpublished price sensitive information" means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall ordinarily including but not restricted to, information relating to financial results, dividends, change in capital structure, mergers, de-mergers, acquisitions, delisting's, disposals and expansion of business and such other transactions andchanges in Key managerial personnel.

The company will adhere to the following so as to ensure fair disclosure of events and occurrence that could impact price of its securities in the market:

1. **Norms for disclosure of Unpublished Price sensitive information**

   a. **Prompt public disclosure of Unpublished price sensitive information**

   Unpublished Price sensitive information shall be given by company to stock exchanges promptly and also the said information shall be uploaded to the Company's official website *www.a2zgroup.co.in* in order to be accessed by the Investors and members of the company i.e to make the information generally available.

   b. **Uniform and Universal dissemination of unpublished price sensitive information**

   The disclosure of unpublished price sensitive information shall be on a continuous, immediate, uniform basis and will be universally disseminated. The company may consider others ways of supplementing information released to stock exchanges by improving Investor access to their public announcements.

   c. **Overseeing and co-ordinating disclosure**

   The Chief Investor Relations Officer, for the purpose of these regulations, shall oversee corporate disclosures and deal with dissemination of information and disclosure of unpublished price sensitive information.

   The Chief Investor Relations Officer shall be responsible for ensuring that the Company complies with continuous disclosure requirements and; overseeing and co-ordinating disclosure of unpublished price sensitive information to stock exchanges, on the website of the company and media.

   If information is accidentally disclosed without prior approval of Chief Investor Relations Officer, the person responsible may inform the Chief Investor Relations Officer immediately, even if the information is not considered unpublished price sensitive. In such event of inadvertent, selective disclosure of unpublished price sensitive information, the Chief Investor Relations Officer shall take prompt action to ensure such information is generally available.

   d. **Responding to market rumours**

   The Chief Investor Relations Officer shall promptly respond to any queries or requests for verification of market rumours by exchanges.

A2Z Infra Engineering Ltd. Gurugram

The Chief Investor Relations Officer shall be responsible for deciding whether a public announcement is necessary for verifying or denying rumours and then making the disclosure. He/she shall also provide appropriate assistance and fair response to the regulatory authorities including the stock exchanges for verification of news reports and market rumours.

2. **Process of disseminating information in order to make the unpublished price sensitive information generally available**

Disclosure/dissemination of information may be done through various media so as to achieve maximum reach and quick dissemination.

Company shall ensure that disclosure to stock exchanges is made promptly.

The website of the company may provide a means of giving investors a direct access to analyst briefing material, significant background information and questions and answers.

3. **Manner of dealing with analyst and research personnel**

   i. **Only Public information to be provided** – A company shall provide only public information to the analyst/research persons/large investors like institutions. Alternatively, the information given to the analyst should be simultaneously made public at the earliest.

   ii. **Recording of discussion** - In order to avoid misquoting or misrepresentation, it is desirable that at least two company's representative be present at meetings with analysts, brokers or institutional investors and discussion should preferably be recorded.

   iii. **Handling of unanticipated questions** - A listed company should be careful when dealing with analysts' questions that raise issues outside the intended scope of discussion. Unanticipated questions may be taken on notice and a considered response given later. If the answer includes unpublished price sensitive information, a public announcement should be made before responding.

   iv. **Simultaneous release of Information** - When a company organizes meetings with analysts, the company shall make a press release or post relevant information on its website after every such meet.

4. General availableinformation

The Company will promptly disclose the following information on the website of the Company and to the stock exchange:

a. Declaration of Financial results (quarterly, half-yearly and annual)
b. Declaration of dividends (interim and final)
c. Issue of securities by way of public/ rights/bonus, etc.
d. Any major expansion plans or winning of bid or execution of new projects
e. Amalgamation, mergers, takeovers and buy-back
f. Disposal of whole or substantially whole of the undertaking

A2Z Infra Engineering Ltd. Gurugram

g. Any changes in policies, plans or operations of the Company
h. disruption of operations due to natural calamities
i. Litigation/dispute with a material impact
j. Change in Key managerial personnel
k. Any information which, if disclosed, in the opinion of the person disclosing the same is likely to materially affect the prices of the securities of the Company.

5. Unpublished price sensitive information on Need-to-Know basis

Unpublished Price Sensitive Information shall be handled on a "need to know" basis i.e. unpublished Price Sensitive Information shall be disclosed only to those where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

6. Communication or procurement of unpublished price sensitive information

Sharing of information with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals, other advisors or consultants, shall be considered as "legitimate purposes" for the purpose of sharing unpublished price sensitive information in the ordinary course of business by an insider, provided that such sharing has not been carried out to evade or circumvent the prohibitions of the PIT regulations.

A structured digital database shall be maintained containing the names of such persons or entities as the case may be with whom information is shared for legitimate purposes along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Adequate and effective system of internal controls will also be laid out to ensure the compliance of maintenance of a digital database for sharing the information for said legitimate purposes.

Any person in receipt of unpublished price sensitive information pursuant to a "legitimate purpose" shall be considered an "insider" for purposes of SEBI PIT regulations and such persons are also required to ensure the confidentiality of unpublished price sensitive information shared with them, in compliance with SEBI PIT Regulations.

7. Amendment of the Code

This Code and any subsequent amendment(s) thereto, will be published on the Company's website *www.a2zgroup.co.in* and promptly intimated to the Stock Exchange where the securities of the Company are listed.

A2Z Infra Engineering Ltd. Gurugram