

A2Z INFRA ENGINEERING LTD.

CIN NO. L74999HR2002PLC034805



BY E-FILING

REF. No.:- A2ZINFRA/SE/2018-19/043

13th November, 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, November 13, 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. 13th November, 2018, on the recommendations of the Audit Committee, have reviewed and approved the Standalone Unaudited Financial Results for the Quarter (Q2) and half year ended September 30, 2018 and Statement of Assets and Liabilities for the half year ended September 30, 2018 along with the Limited Review Report issued by the Statutory Auditors.

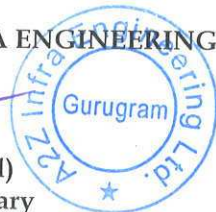
A copy of the Statement of Unaudited Financial Results for the quarter and half year ended September 30, 2018 and Statement of Assets and Liabilities for the half year ended September 30, 2018 along with the Limited Review Report, approved by the Board pursuant to Regulation 33 of the Securities and 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 K. Agarwal)
Company Secretary
FCS-6453



Add: - Plot No. B-38, Institutional area,
Sector-32, Gurgaon-Haryana

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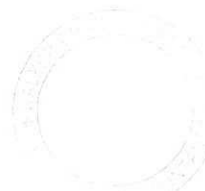
A2Z INFRA ENGINEERING LIMITED

Statement of Unaudited Financial Results for the quarter and six months ended September 30, 2018

(Amount in Rs. Lacs)

S. No.	Particulars	Quarter ended			Six months period ended		Year ended
		September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Revenue						
	Revenue from operations	9,648.45	7,704.49	6,943.65	17,352.94	18,149.30	35,751.56
	Other Income	514.36	331.51	303.65	845.87	580.65	3,697.86
	Total income	10,162.81	8,036.00	7,247.30	18,198.81	18,729.95	39,449.42
2	Expenses						
	Cost of material consumed	7,664.01	6,112.43	5,476.97	13,776.44	13,550.72	27,804.66
	Purchase of Stock in trade	-	-	-	-	2,036.93	2,602.17
	Employee benefit expenses	565.56	500.84	582.90	1,066.40	1,117.50	2,219.43
	Finance costs (Refer note 6)	(1,031.65)	2,703.57	3,045.83	1,671.92	6,089.85	12,978.07
	Depreciation and amortisation expenses	292.31	294.54	322.21	586.85	650.54	1,284.70
	Other expenses	739.54	987.69	784.36	1,727.23	1,423.90	5,845.46
	Total expenses	8,229.77	10,599.07	10,212.27	18,828.84	24,869.44	52,734.49
3	Profit/(Loss) before exceptional items and tax	1,933.04	(2,563.07)	(2,964.97)	(630.03)	(6,139.49)	(13,285.07)
4	Exceptional items - (loss)/gain (Refer note 4)	(1,089.74)	224.98	-	(864.76)	(444.08)	1,828.89
5	Profit/(Loss) before tax	843.30	(2,338.09)	(2,964.97)	(1,494.79)	(6,583.57)	(11,456.18)
	Current tax	15.97	34.52	3.90	50.49	20.80	22.77
	Deferred tax charge/(credit)	16.63	30.92	(0.09)	47.55	(0.05)	(2.01)
6	Profit/(Loss) for the period/year	810.70	(2,403.53)	(2,968.78)	(1,592.83)	(6,604.32)	(11,476.94)
7	Other Comprehensive Income						
	Items that will not be reclassified to profit and loss	(16.30)	27.34	3.68	11.04	17.35	40.31
	Total Other Comprehensive Income for the period/year	(16.30)	27.34	3.68	11.04	17.35	40.31
8	Total Comprehensive Income for the period/year	794.40	(2,376.19)	(2,965.10)	(1,581.79)	(6,586.97)	(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	0.46	(1.36)	(2.05)	(0.90)	(4.55)	(7.68)
	(b) Diluted	0.46	(1.36)	(2.05)	(0.90)	(4.55)	(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 November 13, 2018. The statutory auditors have reviewed the above financial results for the quarter and six months ended September 30, 2018.

Basic and Diluted Earning Per Share is not annualised for the quarters ended September 30, 2018, June 30, 2018 and September 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 September 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).

- b. Contract revenue in excess of billing amounting Rs. 8,887.45 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.

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 in the matter, no further adjustment has been made in the financial results.

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Regd. Office : 0, 116, First Floor, Shopping Mall, Aljun Marg, DLF City, Phase - 1, Gurugram-122002, Haryana (INDIA)

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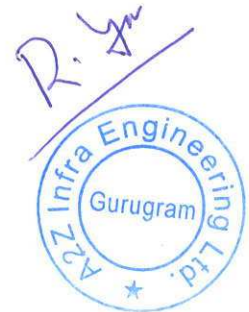
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- d. In financial year 2016-17, the Company based on the legal advice filed an application for advance ruling with the Advance Ruling Authorities (the Authority) regarding applicability of service tax in respect of one of the projects undertaken by 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 September 30, 2018, has non-current investments amounting to Rs. 20,556.20 lacs, other current financial assets (net of impairment) amounting to Rs. 412.23 lacs and current financial assets-loan amounting to Rs. 278.66 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 September 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			Six months period ended		Year ended
	September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Segment Revenue						
(a) Segment – ES	9,317.02	7,286.70	6,506.39	16,603.72	15,208.13	31,376.34
(b) Segment – PGP	35.38	26.70	-	62.08	-	-
(c) Segment – Others	296.05	391.09	437.26	687.14	2,941.17	4,375.22
Total	9,648.45	7,704.49	6,943.65	17,352.94	18,149.30	35,751.56
Less: Inter segment revenue	-	-	-	-	-	-
Revenue from operations	9,648.45	7,704.49	6,943.65	17,352.94	18,149.30	35,751.56
2. Segment results [Profit / (Loss) before tax and interest from each segment]						
(a) Segment – ES	777.25	125.30	(182.53)	902.55	(387.07)	(780.19)
(b) Segment – PGP	(240.30)	(322.39)	(261.87)	(562.69)	(516.92)	(1,072.77)
(c) Segment – Others	72.98	50.59	249.95	123.57	324.67	233.74
Total	609.93	(146.50)	(194.45)	463.43	(579.33)	(1,619.22)
Less: Inter segment results	-	-	-	-	-	-
Net segment results	609.93	(146.50)	(194.45)	463.43	(579.33)	(1,619.22)
Add. Interest income	291.46	287.00	275.31	578.46	529.70	1,312.23
Less:						
(i) Interest expense	(1,123.99)	2,612.76	2,903.21	1,488.77	5,818.36	12,394.63
(ii) Other unallocable expenditure net off unallocable income	92.34	90.81	142.62	183.15	271.50	583.45
Profit/(Loss) before exceptional item and tax	1,933.04	(2,563.07)	(2,964.97)	(630.03)	(6,139.49)	(13,285.07)
Exceptional gain/(loss)						
(a) Segment – ES	-	-	-	-	-	(5,620.55)
(b) Segment – PGP	-	-	-	-	-	(3,500.00)
(c) Unallocable items	(1,089.74)	224.98	-	(864.76)	(444.08)	10,949.44
Profit/(Loss) after exceptional item and before tax	843.30	(2,338.09)	(2,964.97)	(1,494.79)	(6,583.57)	(11,456.18)
3. Segment assets						
(a) Segment – ES	154,084.73	153,661.60	165,247.15	154,084.73	165,247.15	159,926.50
(b) Segment – PGP	29,720.88	29,920.65	34,197.39	29,720.88	34,197.39	30,187.02
(c) Segment – Others	572.83	437.30	992.38	572.83	992.38	1,010.56
(d) Unallocated	43,269.95	42,679.92	41,190.06	43,269.95	41,190.06	42,684.22
Total Assets	227,648.39	226,699.47	241,626.98	227,648.39	241,626.98	233,808.30
4. Segment liabilities						
(a) Segment – ES	76,339.65	74,964.57	73,632.81	76,339.65	73,632.81	81,588.64
(b) Segment – PGP	271.99	206.21	199.64	271.99	199.64	203.45
(c) Segment – Others	1,222.48	1,041.93	2,562.86	1,222.48	2,562.86	1,593.36
(d) Unallocated	89,977.97	91,481.51	111,182.31	89,977.97	111,182.31	89,086.22
Total Liabilities	167,812.09	167,694.22	187,577.62	167,812.09	187,577.62	172,471.67

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

(Amount in Rs. Lacs)

Particulars	Quarter ended			Six months period ended		Year ended
	September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 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)	-	224.98	-	224.98	-	11,393.52
Exceptional gain (A)	-	224.98	-	224.98	-	11,393.52
Impact of fair valuation of derivative liability on subsequent remeasurement	1,089.74	-	-	1,089.74	-	-
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)	1,089.74	-	-	1,089.74	444.08	9,564.63
Net Exceptional gain/(loss) (A-B)	(1,089.74)	224.98	-	(864.76)	(444.08)	1,828.89

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R. Singh



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5) Statement of Assets and Liabilities :-

(Amount in Rs Lacs)

Particulars	As at September 30, 2018	As at March 31, 2018
	(Unaudited)	(Audited)
ASSETS:		
Non-current assets:		
Property, plant and equipment	13,857.71	14,397.09
Capital work-in-progress	18,067.06	18,056.80
Intangible assets	1.99	13.33
Financial assets:		
Investments	29,493.37	29,067.65
Loans	273.38	270.08
Other financial assets	2,932.32	2,409.51
Deferred tax assets (net)	6,272.55	6,320.11
Non-current tax assets (net)	3,015.24	2,682.38
Other non-current assets	1,403.90	1,495.80
	75,317.52	74,712.75
Current Assets:		
Inventories	346.10	349.14
Financial assets:		
Trade receivables	106,832.64	117,216.35
Cash and cash equivalents	1,121.76	1,097.71
Other bank balances	0.79	0.82
Loans	4,542.11	4,653.44
Other financial assets	26,785.20	25,314.11
Other current assets	12,702.27	10,463.98
	152,330.87	159,095.55
Total Assets	227,648.39	233,808.30
EQUITY AND LIABILITIES:		
Equity:		
Equity share capital	17,611.99	17,611.99
Other equity	42,224.31	43,724.64
	59,836.30	61,336.63
Liabilities:		
Non-current liabilities:		
Financial liabilities:		
Borrowings	12,542.23	15,098.21
Other financial liabilities	611.75	1,000.00
Long term provisions	1,125.40	298.22
	14,279.38	16,396.43
Current liabilities:		
Financial liabilities:		
Borrowings	44,165.39	45,034.04
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	31.00	24.99
Total outstanding dues of creditors other than micro enterprises and small enterprises	48,091.29	57,710.70
Other financial liabilities	36,796.97	33,343.89
Other current liabilities	24,317.92	19,861.11
Short term provisions	130.14	100.51
	153,532.71	156,075.24
Total Equity and Liabilities	227,648.39	233,808.30

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- 6) 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 1,778.30 lacs and Rs 3,495.68 lacs for the quarter ended September 30, 2018 and for the period April 1, 2018 to September 30, 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 lacs in the finance cost during the quarter and period ended September 30, 2018.
- 7) 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 September 30, 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.
- 8) 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.

For and on behalf of A2Z Infra Engineering Limited



Rajesh Jain

Whole Time Director & CEO

DIN 07015027

Place: Gurugram

Date: November 13, 2018

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Walker Chandiook & Co LLP

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Independent Auditor's Review Report on Quarterly and Year to Date Financial Results of the Company 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 standalone financial results ('Statement') of A2Z Infra Engineering Limited ('the Company') for the quarter ended 30 September 2018 and the year to date results for the period 1 April 2018 to 30 September 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:
 - (i) Note 6 to the accompanying Statement, where the Company's 'Non-current Financial Liability - borrowings', 'Current Financial Liability- borrowings' and 'Other Current Financial Liabilities' include balances aggregating to Rs. 9,523.61 lacs, Rs. 34,006.59 and Rs 22,964.67 lacs respectively as at 30 September 2018 pertaining to borrowings from certain banks and asset reconstruction company ('Lenders') which have been classified as non-performing assets and in respect of which the Company has not recognised interest for the quarter ended 30 September 2018 and year to date amount for the period 1 April 2018 to 30 September 2018 aggregating to Rs. 1,778.30 lacs and Rs. 3,495.68 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.



Walker Chandiook & Co LLP

Independent Auditor's Review Report on Quarterly and Year to Date Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Cont'd)

- (ii) Note 7 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 30 September 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 as at September 30, 2018 cannot be ascertained.
4. Based on our review conducted as 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. 9,263.83 lacs and Rs. 18,067.06 lacs respectively as at 30 September 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. 8,887.45 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.



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(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. 20,556.20 lacs, Rs. 412.23 lacs and Rs. 278.66 lacs, respectively. The consolidated net worth of the aforesaid subsidiary company as at 30 September 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.

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. 2,984.17 lacs and Rs. 5,234.73 lacs and net profit after tax (after eliminating intra-group transactions) of Rs. 188.78 lacs and Rs. 208.48 lacs for the quarter ended 30 September 2018 and year to date results for the period 1 April 2018 to 30 September 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



Place: Gurugram
Date: 13 November 2018