

A2Z INFRA ENGINEERING LTD.

CIN NO. L74999HR2002PLC034805



REF. No.:- A2ZINFRA/SE/2022-23/36

BY E-FILING

November 12, 2022

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

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-022-22722039
BSE Code- 533292

Fax- 022-26598237/38
NSE Code- A2ZINFRA

Subject: Outcome of Board Meeting held on Saturday, November 12, 2022

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 on the recommendations of the members of the Audit Committee, the members of the Board of Directors of A2Z Infra Engineering Ltd. at its meeting duly held on November 12, 2022, have reviewed and approved the Unaudited Standalone & Consolidated Financial Results for the Quarter (Q2) and half year ended on September 30, 2022 along with the Limited review report issued by the Statutory Auditors.

A copy of the Statement of Unaudited Standalone and Consolidated Financial Results along with the Limited Review Report for the Quarter ended September 30, 2022, 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.

The said results have also been sent for publication in the prescribed format as per the requirements.

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

The Board meeting commenced at 12:00 p.m. and concluded at 01:30 p.m

This is for your information & records purpose.

Thanking you,
Yours truly,

FOR A2Z INFRA ENGINEERING LTD.

Atul Kumar
Agarwal

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Atul Kumar Agarwal
Date: 2022.11.12
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(Atul Kumar Agarwal)
Company Secretary
FCS-6453

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



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Website: www.a2zgroup.co.in, E-mail : info@a2zemail.com



Independent Auditor's Review Report on Standalone Unaudited Quarterly & Half yearly ended Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of A2Z Infra Engineering Limited

1. We were engaged to review the accompanying statement of standalone unaudited financial results ('the Statement') of A2Z Infra Engineering Limited ('the Company') for the quarter and half year ended 30th Sept 2022, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time.
2. The Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time. Our responsibility is to express a conclusion on the Statement based on our review.
3. We have taken into account the requirements of Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Because of the matters described in the Basis for Disclaimer of Conclusion paragraph, we were not able to obtain sufficient appropriate evidence to provide a basis for our conclusion on the Statement.

Basis for Disclaimer of Conclusion

1. As stated in note 10 to the accompanying Statement, the Company has incurred a net loss after tax of Rs. 660.58 lakhs during the period ended 30th Sept 2022, and as of that date, the Company's accumulated losses amount to Rs. 98,341.59 lakhs, which have resulted in partial erosion of its net worth, and the current liabilities exceed current assets by Rs. 23,307.53 lakhs and is presently facing acute liquidity problems on account of delayed realization of trade receivables. Also, certain lenders have filed applications with the National Company Law Tribunal (NCLT), Debt Recovery Tribunal (DRT) and other courts for recovery of their



dues as detailed in note 9 and 10. The Company has also delayed in repayment of borrowings and dues payable to other lenders including delays with respect to dues payable under one-time settlement agreements, as further detailed in note 8 and 9. As confirmed by the management, the Company has been in discussions with the lenders regarding restructuring of these borrowings, the resolution for which is yet to be finalised. Further, the expected realisation of the amounts outstanding from certain customers, within the next 12 months, with whom the Company is in discussions is uncertain in the absence of any confirmations from such customers and potential impact of COVID-19. Such events and conditions, together with the business disruption caused by COVID-19 pandemic and the possible impact of the associated uncertainties on management's assumptions, and other matters as set forth in the note 10, cast significant doubt on the Company's ability to continue as a going concern. In the absence of sufficient appropriate audit evidence to support the management's assessment with respect to restructuring of borrowings and availability of funds, we are unable to comment on the ability of the Company to continue as a going concern. Further, as stated in note 11 to the accompanying Statement, management indicates that a material uncertainty exists that may cast significant doubt on the Tanzania branch's ability to continue as a going concern.

Our audit report on the standalone financial results for the quarter and year ended 31 March 2022 dated 18 May 2022, our review report for the quarter ended 30th June 2022 dated 09 Aug 2022 and our review report for the quarter ended 30th Sept 2021 dated 12 November 2021 also included a disclaimer of opinion and disclaimer of conclusion, respectively, in respect of this matter.

2. As stated in note 8 and 9 to the accompanying Statement, the Company has borrowings from certain banks which have been classified as non-performing assets ('NPA borrowings') and those from certain other banks/ asset reconstruction company (together referred to as 'the Lenders'). The Company had entered into settlement agreements ('Settlement Agreements') with some of these Lenders for the aforesaid loans. As described in the said note, the Company has delayed the payments in respect of the instalments due to these Lenders pursuant to the relevant loan agreements and Settlement Agreements. In respect of the aforementioned NPA borrowings and delayed payments under the Settlement Agreements, the Company has not recognised interest for the period ended 30th Sept 2022 aggregating to Rs. 941.09 lakhs (accumulated interest as at 30th Sept 2022 being Rs. 6,124.57 lakhs), payable under the terms of the said agreements, as estimated by the management on the basis of expected re-negotiation with the Lenders.



Pending confirmations/ reconciliations from the Lenders and in the absence of sufficient appropriate evidence to substantiate management's assessment, we are unable to comment on the adjustments, if any, that may be required to the carrying values of the aforesaid borrowings and dues (including interest) payable to the Lenders in accordance with the terms of loan agreements and Settlement Agreement, and the consequential impact of such adjustments on the accompanying Statement.

Our audit report on the standalone financial results for the quarter and year ended 31 March 2022 dated 18 May 2022, our review report for the quarter ended 30th June 2022 dated 09 Aug 2022 and our review report for the quarter ended 30th Sept 2021 dated 12 November 2021 also included a disclaimer of opinion and disclaimer of conclusion, respectively, in respect of this matter.

3. As stated in note 3 to the accompanying Statement, the Company's non-current investment (net of impairment) amounting to Rs. 17,050.84 lakhs in its associate company namely Greeneffect Waste Management Limited (formerly known as A2Z Green Waste Management Limited) ("GWML") and its other current financial assets (net of impairment) amounting to Rs. 2,828.37 lakhs and its current financial assets-loan amounting to Rs. 84.67 lakhs which include amounts dues from such associate company as on 30th Sept 2022. During the previous year, Company has provided provision of Rs. 5,222.24 lakhs on preference shares of Greeneffect Waste Management Limited. The consolidated net worth of the aforesaid associate company as on that date has been fully eroded on account of losses incurred. Further, the associate company is facing liquidity constraints due to which it may not be able to meet the projections as per the approved business plans. Based upon the valuation report of an independent valuer, arbitration awarded in favour of GWML and other factors described in the aforementioned note, management has considered such balances as fully recoverable. However, in the absence of sufficient and appropriate audit evidence to support the management's assessment as above, we are unable to comment upon adjustments, if any, that may be required to the carrying value of these balances, and the consequential impact on the accompanying Statement.

Our audit report on the standalone financial results for the quarter and year ended 31 March 2022 dated 18 May 2022, our review report for the quarter ended 30th June 2022 dated 09 Aug 2022 and our review report for the quarter ended 30th Sept 2021 dated 12 November 2021 also included a disclaimer of opinion and disclaimer of conclusion, respectively, in respect of this matter.



Disclaimer of Conclusion

1. Because of the significance of the matters described in the Basis for Disclaimer of Conclusion paragraph, we have not been able to obtain sufficient appropriate evidence to provide a basis for our conclusion as to whether anything has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 prescribed under Section 133 of the Act, and other accounting principles generally accepted in India, 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 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement. Accordingly, we do not express our conclusion on the Statement.

Emphasis of Matters

We draw attention to:

1. Note 2(a) to the accompanying Statement, which describes the uncertainties relating to the outcome of the various pending litigations in respect of three cogeneration power plants of the Company located at Punjab, for which the Company has filled petitions and appeals at various forums. The final outcome of these matters is presently unascertainable. Further, the said note also describes the significant estimates and assumptions, used by the management for determining recoverable amount of such cogeneration power plants classified under property, plant & equipment and capital work-in-progress aggregating to Rs. 1,883.62 lakhs and Rs. 4,374.29 lakhs, respectively, as at 30th Sept 2022, 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 further adjustment is required to the carrying value of the aforesaid cogeneration power plants.
2. Note 2(b) to the accompanying Statement, 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.
3. Note 2(c) to the accompanying Statement, which describes the uncertainty relating to utilisation/ recovery 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.

4. Note 2(d) to the accompanying Statement, which describes the uncertainty relating to the outcome of arbitration proceedings between the Company and its sub-contractor filed under section 17 of the Arbitration and Conciliation Act, 1996 before the Arbitral Tribunal.

Other Matters

1. We did not review the interim financial statement of three branches included in the Statement, where such interim financial information reflects total revenues of Rs. 35.66 lakhs, total net loss after tax of Rs. 23.49 lakhs and total comprehensive loss of Rs. 23.49 lakhs for the period ended on 30th Sept 2022 as considered in the Statement. Such interim financial information of the aforesaid branches have been prepared by the management and this report, in so far as it relates to the balances and affairs of these branches, is based solely on such unreviewed financial information, as certified and provided by the management. According to the information and explanations given to us by the management, interim financial information of all three branches is not material to the Company.

Further, all such branches are located outside India whose interim financial statement have been prepared in accordance with accounting principles generally accepted in their respective countries under the generally accepted review standards specified in Annexure 1 to the Statement, as applicable in their respective countries. The Company's management has converted the financial information of such branches from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Company's management.

For MRKS AND ASSOCIATES

Chartered Accountants

(ICAI Registration No. 023711N)


Saurabh Kuchhal
Partner

Membership No. 512362



Date: 12.11.2022

Place: Gurgaon

UDIN:- 22512362BCXCJF8687

Annexure 1:

S.No.	Name	Country of Operations	Name of auditing Standard
1	A2Z Infra Engineering Limited (Tanzania Branch)	Tanzania	International Standards on Review Engagements (ISRE) 2410
2	A2Z Infra Engineering Limited (Nepal Branch)	Nepal	International Standards on Review Engagements (ISRE) 2410
3	A2Z Infra Engineering Limited (Uganda Branch)	Uganda	International Standards on Review Engagements (ISRE) 2410



A2Z INFRA ENGINEERING LTD.

CIN NO. L74999HR2002PLC034805



A2Z INFRA ENGINEERING LIMITED

Statement of Unaudited Standalone Financial Results for the quarter and six months ended September 30, 2022

(Amount in Rs. Lakhs)

S.No.	Particulars	Quarter ended			Six months period ended		Year ended
		September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income						
	Revenue from operations	2,066.01	1,923.35	4,395.53	3,989.36	6,575.16	13,601.00
	Other income	233.95	2,696.44	308.37	2,930.39	733.02	1,036.00
	Total income	2,299.96	4,619.79	4,703.90	6,919.75	7,308.18	14,637.00
2	Expenses						
	Cost of material consumed	1,351.54	1,323.49	3,682.65	2,675.03	5,209.32	11,114.59
	Employee benefit expenses	81.94	83.84	66.17	165.78	133.09	242.47
	Finance costs	173.70	283.31	483.47	457.01	1,320.12	2,024.73
	Depreciation and amortization expenses	121.67	121.15	91.91	242.82	196.05	404.57
	Other expenses	1,050.73	2,988.96	715.07	4,039.69	1,411.12	18,139.72
	Total expenses	2,779.58	4,800.75	5,039.27	7,580.33	8,269.70	31,926.08
3	Loss before exceptional items and tax	(479.62)	(180.96)	(335.37)	(660.58)	(961.52)	(17,289.08)
4	Exceptional items –gain/(loss) (Refer note 7)	-	-	(15,624.76)	-	(15,250.81)	71.86
5	Loss before tax	(479.62)	(180.96)	(15,960.13)	(660.58)	(16,212.33)	(17,217.22)
	Current tax	-	-	0.57	-	1.62	6.51
	Deferred tax charge/(credit)	-	-	-	-	-	-
6	Loss for the period/year	(479.62)	(180.96)	(15,960.70)	(660.58)	(16,213.95)	(17,223.73)
7	Other comprehensive income						
	Items that will not be reclassified to profit and loss	-	-	16.13	-	17.96	(7.77)
8	Total Other Comprehensive income for the period/year	-	-	16.13	-	17.96	(7.77)
9	Total Comprehensive income for the period/year	(479.62)	(180.96)	(15,944.57)	(660.58)	(16,195.99)	(17,231.50)
10	Paid-up equity share capital (Face value of the share - Rs 10/- each)	17,611.99	17,611.99	17,611.99	17,611.99	17,611.99	17,611.99
11	Other equity						(6,901.39)
12	Loss per equity share:						
	(a) Basic (in INR)	(0.28)	(0.10)	(9.07)	(0.38)	(9.21)	(9.78)
	(b) Diluted (in INR)	(0.28)	(0.10)	(9.07)	(0.38)	(9.21)	(9.78)



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Notes:

- 1) The above standalone financial results for the quarter and six months ended on September 30, 2022 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at their Board Meeting duly held on November 12, 2022 in terms of Provisions of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The statutory auditor have issued a disclaimer of conclusion in respect of the matters described in note 3, 8, 9, 10 and 11 in standalone financial results for the quarter and six months ended September 30, 2022.

Basic and Diluted Earnings Per Share is not annualized for the quarters ended September 30, 2022, June 30, 2022 and September 30, 2021 and six months ended September 30, 2022 and September 30, 2021.

The standalone financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 - Interim Financial Reporting, notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, and other accounting principles generally accepted in India.

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

- a. In respect of the on-going arbitration proceedings with the sugar mills for certain disputes in respect of cogeneration power plants, the Company had earlier filed petition under section 11 of the Arbitration and Conciliation Act, 1996 in the High Court of Punjab and Haryana for appointment of an independent Arbitrator, which is still pending in the High Court, though the High Court was of the prima-facie view that "there appears to be force in the submissions and the issue requires scrutiny".

Further during the year ended March 31, 2021, the Company had also challenged the mandate of the arbitrator under section 14 of the Arbitration and Conciliation Act, 1996 at District & Sessions Court, Chandigarh and thereafter, the Additional Registrar had passed the arbitral awards in all the three arbitration proceedings against the Company. The arbitral awards consists of claims in the nature of various amounts such as guarantee return, repair and maintenance of boiler, electricity purchased for operating plant etc amounting to Rs. 7,234.73 lakhs and interest thereon as per the management estimates. The Company has also challenged aforementioned arbitral awards under section 34 of the Arbitration and Conciliation Act, 1996 which is pending at District & Sessions Court, Chandigarh. Based on their assessment and upon consideration of advice from the independent legal consultant, the management believes that the Company has reasonable chances of succeeding before the District & Sessions Court, Chandigarh and the High Court of Punjab and Haryana. Furthermore, sugar mills have restricted the company personnel to enter the power plant premises and company has filed police complaint against the same during the previous year. Pending the final decision on the matter, no further adjustment has been made in the standalone financial results.

The management has also performed an impairment assessment of three cogeneration power plants set up in collaboration with certain sugar mills on Build, Own, Operate and Transfer (BOOT) using Depreciated Replacement Cost (DRC) Method under Cost Approach. As at September 30, 2022, such plants have a power generation capacity of 15 MW each.

Accordingly, the management has recorded an impairment of Rs. 29,536.28 lakhs in carrying value of these assets as at September 30, 2022. The management believes that the recoverable amount of these power plants are reasonable and no further material adjustments to the carrying value of these plants are necessary.

Out of the aforementioned impairment as at September 30, 2022 Rs. 22,413.72 lakhs pertain to, two power plants, which were yet to be capitalised and Rs. 7,122.56 lakhs are for power plant which has already been capitalised.

The recoverable amount of cogeneration power plants classified under property, plant and equipment and capital work-in-progress aggregates to Rs. 1,883.62 lakhs and Rs. 4,374.29 lakhs respectively as at September 30, 2022. The recoverable amount of all three cogeneration power plants is based on Depreciated Replacement Cost (DRC) Method under Cost Approach and determined at the level of the Cash Generating Unit (CGU).

- b. 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 year ended March 31, 2019, the Company has received orders from CIT (Appeals) quashing 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.

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 standalone financial results.



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c. During the financial year ended March 31, 2017, 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 received response to its application wherein the Authority 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.

d. During the year ended March 31, 2021, the Company has terminated its agreement with a sub-vendor in respect of BSNL package G with effect from December 12, 2020 as the Company noticed repeated slippages by the sub-vendor in achieving the targets and multifarious breaches under the work and service orders.

The sub-vendor also filed an arbitration claim application under section 17 of the Arbitration and Conciliation Act, 1996 before the Arbitral Tribunal against termination of the contract. Company has filed statement of defence and counter claim before the arbitration tribunal against the same. Further, Company has obtained a report from an independent technical consultant appointed by the company to assess the recoverability on the basis of the work done by the sub-vendor and slippages noted thereon.

The management believes that the Company has reasonable chances of succeeding before the Arbitral Tribunal and does not foresee any material liability. Pending the final decision on the matter, no further adjustment has been made in the standalone financial results.

3) The Company, as at September 30, 2022, has non-current investments (net of impairment) amounting to Rs. 17,050.84 lakhs, other current financial assets (net of impairment) amounting to Rs. 2,828.37 lakhs and current financial assets-loan amounting to Rs. 84.67 lakhs in its associate company Greeneffect Waste Management Limited (formerly known as A2Z Green Waste Management Limited) ('GWML') which has holding in various SPVs under its fold (hereinafter Greeneffect Waste Management Limited together with its subsidiaries is referred to as Greeneffect Waste Management Group). During the previous year, Company has provided provision of Rs. 5,222.24 lakhs on preference shares of Greeneffect Waste Management Limited. While Greeneffect Waste Management Group has incurred losses during its initial years and consolidated net-worth as at September 30, 2022 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 Greeneffect Waste Management Group. There are assumptions and estimates used in such future projections such as discount rate, long term growth rate, arbitration claims etc. which management believes are appropriate. Therefore, the management believes that the realisable amount from the aforementioned associate company and its 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.

4) 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.

Unaudited standalone segment wise revenue, results, assets and liabilities for the quarter and six months ended September 30, 2022

Particulars	Quarter ended			Six months period ended		Year ended
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1. Segment revenue						
(a) Segment – ES	2,066.01	1,905.50	4,345.93	3,971.51	6,505.60	13,531.44
(b) Segment – PGP	-	-	-	-	-	-
(c) Segment – Others	-	17.85	49.60	17.85	69.56	69.56
Total	2,066.01	1,923.35	4,395.53	3,989.36	6,575.16	13,601.00
Less: Inter segment revenue	-	-	-	-	-	-
Revenue from operations	2,066.01	1,923.35	4,395.53	3,989.36	6,575.16	13,601.00
2. Segment results [(Loss)/profit before tax and interest from each segment]						
(a) Segment – ES	(245.93)	129.55	144.97	(116.38)	19.34	(15,526.26)
(b) Segment – PGP	(65.52)	(64.81)	(67.82)	(130.33)	(134.52)	(264.15)
(c) Segment – Others	-	17.85	49.36	17.85	68.40	69.56
Total	(311.45)	82.59	126.51	(228.86)	(46.78)	(15,720.85)



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Unaudited standalone segment wise revenue, results, assets and liabilities for the quarter and six months ended September 30, 2022 (Cont'd)

(Amount in Rs. Lakhs)

Particulars	Quarter ended			Six months period ended		Year ended
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Less: Inter segment results	-	-	-	-	-	-
Net segment results	(311.45)	82.59	126.51	(228.86)	(46.78)	(15,720.85)
Add: Interest income	(2.65)	11.58	20.44	8.93	402.89	447.85
Less:						
(i) Interest expense	173.70	283.31	521.71	457.01	1,320.12	2,024.73
(ii) Other unallocable expenditure net of unallocable income	(8.18)	(8.18)	(39.39)	(16.36)	(2.49)	(8.65)
Loss before exceptional item and tax	(479.62)	(180.96)	(335.37)	(660.58)	(961.52)	(17,289.08)
Exceptional (loss)/income						
(a) Segment – ES	-	-	(12,994.66)	-	(12,994.66)	(7,052.26)
(b) Segment – PGP	-	-	-	-	-	-
(c) Unallocable items	-	-	(2,630.10)	-	(2,256.15)	7,124.12
Loss after exceptional item and before tax	(479.62)	(180.96)	(15,960.13)	(660.58)	(16,212.33)	(17,217.22)
Less : Tax expenses						
(i) Current tax	-	-	0.57	-	1.62	6.51
(ii) Deferred tax charge/(credit)	-	-	-	-	-	-
Loss for the period / year	(479.62)	(180.96)	(15,960.70)	(660.58)	(16,213.95)	(17,223.73)
3. Segment assets						
(a) Segment – ES	59,849.19	72,748.73	91,868.82	59,849.19	91,868.82	72,824.39
(b) Segment – PGP	6,781.06	6,786.30	7,615.05	6,781.06	7,615.05	7,008.52
(c) Segment – Others	481.93	374.28	3,758.46	481.93	3,758.46	61.18
(d) Unallocated	34,969.40	34,610.05	32,050.15	34,969.40	32,050.15	34,563.24
Total Assets	1,02,081.58	1,14,519.36	1,35,292.48	1,02,081.58	1,35,292.48	1,14,457.33
4. Segment liabilities						
(a) Segment – ES	55,759.15	66,859.01	76,959.52	55,759.15	76,959.52	65,143.05
(b) Segment – PGP	117.32	117.32	90.84	117.32	90.84	117.31
(c) Segment – Others	4,358.04	4,707.44	5,842.29	4,358.04	5,842.29	5,759.95
(d) Unallocated	31,710.97	32,228.03	40,664.19	31,710.97	40,664.19	32,726.42
Total Liabilities	91,945.48	1,03,911.80	1,23,556.84	91,945.48	1,23,556.84	1,03,746.73



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5) Standalone Statement of Assets and Liabilities

(Amount in Rs. Lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
	(Unaudited)	(Audited)
Assets		
Non-current assets		
Property, plant and equipment	3,137.42	3,319.32
Right to use of assets	857.75	915.49
Capital work-in-progress	4,806.34	4,514.00
Financial assets		
Investments	23,400.04	23,336.35
Other financial assets	807.15	1,130.85
Deferred tax assets (net)	2,653.97	2,653.97
Non-current tax assets (net)	2,857.67	2,773.47
Other non-current assets	98.98	40.54
Total	38,619.32	38,683.99
Current assets		
Financial assets		
Trade receivables	30,162.89	43,150.81
Cash and cash equivalents	523.89	208.31
Loans	1,379.53	1,258.29
Other financial assets	25,162.29	25,727.36
Other current assets	6,233.66	5,428.57
Total	63,462.26	75,773.34
Total Assets	1,02,081.58	1,14,457.33
Equity and liabilities		
Equity		
Equity share capital	17,611.99	17,611.99
Other equity	(7,475.89)	(6,901.39)
Total equity	10,136.10	10,710.60



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Standalone Statement of Assets and Liabilities (Cont'd)

(Amount in Rs. Lakhs)

Particulars	As at September 30, 2022	As at March 31, 2022
	(Unaudited)	(Audited)
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	500.00	500.00
Lease liability	800.65	827.90
Provisions	3,875.04	3,784.31
Total	5,175.69	5,112.21
Current liabilities		
Financial liabilities		
Borrowings	30,352.77	31,338.23
Lease liability	57.55	59.96
Trade payable		
- Total outstanding dues of micro enterprises and small enterprises	26.53	17.93
- Total outstanding dues of creditors other than micro enterprises and small enterprises	36,722.88	45,734.31
Other financial liabilities	5,775.65	5,718.61
Other current liabilities	13,762.54	15,692.02
Provisions	71.87	73.46
Total	86,769.79	98,634.52
Total Liabilities	91,945.48	1,03,746.73
Total Equity and Liabilities	1,02,081.58	1,14,457.33

6) Standalone Cash flow statement

(Amount in Rs. Lakhs)

Particulars	As at September 30, 2022	As at September 30, 2021
	(Unaudited)	(Unaudited)
A Cash flows from operating activities:		
Loss before tax (after exceptional items)	(660.58)	(16,212.33)
Adjustments:		
Exceptional items	-	15,250.81
Depreciation and amortisation expense	242.82	196.05
(Gain)/Loss on disposal of property, plant and equipment (net)	(0.34)	7.35
Interest expense	418.04	1,239.86
Interest income	(7.53)	(401.16)
Provision for contract revenue in excess of billing	1,344.22	24.42



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Standalone Cash flow statement (Cont'd)

(Amount in Rs. Lakhs)

Particulars	As at	As at
	September 30, 2022	September 30, 2021
	(Unaudited)	(Unaudited)
Provision for bad and doubtful debts / advances	878.50	545.32
Liability/provision written back	(2,901.23)	(281.42)
Provision for warranty	341.82	314.72
Provision for employee benefits	27.69	9.14
Recognition of share based payments at fair value	22.39	14.06
Unwinding of interest on security deposits	(1.40)	(1.73)
Gain on modification of lease contract	-	(1.37)
Operating profit before working capital changes	(295.60)	703.72
Net changes in working capital		
Changes in trade receivables	6,874.88	222.17
Changes in loans	109.95	612.59
Changes in other financial assets	(739.81)	(1,518.07)
Changes in other assets	(804.88)	(1,090.11)
Changes in trade payables	(1,258.19)	1,813.30
Changes in provisions	(280.37)	(9.91)
Changes in financial liabilities	(3.93)	185.09
Changes in other liabilities	(1,929.48)	2,057.39
Net changes in working capital:	1,968.17	2,272.45
Cash flow from operations	1,672.57	2,976.17
Current taxes (paid)/refund	(92.40)	183.33
Net cash flow from operating activities (A)	1,580.17	3,159.50
B Cash flows from investing activities:		
Payment for property, plant and equipment	(353.96)	-
Proceeds from sale of property, plant and equipment	0.34	10.12
Fixed deposits matured - (net)	307.50	126.89
Interest received	7.53	(119.95)
Net cash (used in)/ flow from investing activities (B)	(38.59)	17.06
C Cash flows from financing activities:		
Repayments of long-term borrowings (net)	-	(205.00)
Repayments of short term borrowings (net)	(985.46)	(397.40)
Payment of lease liabilities	(29.66)	(7.49)
Interest payment of lease liabilities	(44.44)	(1.07)
Interest paid	(166.44)	(2,755.80)
Net cash used in financing activities (C)	(1,226.00)	(3,366.76)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	315.58	(190.20)
Cash and cash equivalents at the beginning of the year	208.31	430.58
Cash and cash equivalents at the end of the year	523.89	240.38



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

(Amount in Rs. Lakhs)

Particulars	Quarter ended			Six months period ended		Year ended
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
One time settlement (OTS) with banks and financial institutions	-	-	-	-	373.95	8,161.42
Liabilities written back	-	-	5,239.20	-	5,239.20	5,239.20
Exceptional gain (A)	-	-	5,239.20	-	5,613.15	13,400.62
Unbilled provision	-	-	15,641.72	-	15,641.72	-
Trade receivable written off	-	-	-	-	-	7,674.82
Loss on sale of subsidiary	-	-	-	-	-	431.69
Investment provision/written off	-	-	5,222.24	-	5,222.24	5,222.25
Exceptional loss (B)	-	-	20,863.96	-	20,863.96	13,328.76
Net Exceptional (loss)(A-B)	-	-	(15,624.76)	-	(15,250.81)	71.86

8) The loan accounts of the Company have been classified as Non- Performing Assets by certain banks and they have not charged interest on the said accounts and also the Company has not charged interest on borrowings from certain banks/ Asset Reconstruction Company which had entered into Settlement agreement(s), 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 bank, 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 which are regular) amounts to Rs. 941.09 lakhs, Rs. 1,794.39 lakhs and Rs. 6,124.57 lakhs for the quarter ended September 30, 2022, six months ended September 30, 2022 and as at September 30, 2022 respectively (Rs. 853.30 lakhs, Rs. 877.28 lakhs, Rs. 1,864.03 lakhs and Rs. 3,598.81 lakhs for the quarter ended June 30, 2022, September 30, 2021, six months ended September 30, 2021 and year ended March 31, 2022 respectively). The Company is already in discussion with the said banks and Asset Reconstruction Company for settlement of their dues.

9) The Company had entered into Settlement agreement(s) ("Agreements") with certain banks/assets reconstruction company ("the Lenders") during the years/period ended March 31, 2018 and March 31, 2019 wherein it had settled the outstanding borrowings by upfront payments and deferred instalments. As at September 30, 2022, the Company has delayed payments in respect of the certain deferred instalments amounting Rs. 5,178.00 lakhs which were due and payable pursuant to these Agreements. So far the lenders have not given any written notice on event of default as per the agreements and the management is in discussions with the Lenders to condone the aforementioned delays.

Further, certain Lenders have filed an application with Debt Recovery Tribunal and other judicial authorities for recovery of its dues as they existed prior to the settlement agreement entered with it in earlier period. However, basis the agreed terms/discussions, management believes that no additional liability shall devolve on the Company in addition to the carrying value of such liability as at September 30, 2022. The Company is in the process of negotiations/ reconciliations of its outstanding obligations carried in these standalone financial results.

Pursuant to the above discussions with the lenders, management is confident that no material impact will devolve on the Company in respect of aforementioned delays.

10) The Company has incurred a net loss after tax of Rs. 660.58 lakhs for the period ended September 30, 2022 and accumulated losses amounting Rs. 98,341.59 lakhs as at September 30, 2022 and is presently facing acute liquidity problems on account of delayed realization of trade receivables. Also, one of the bank have filed an application with the National Company Law Tribunal (NCLT) for recovery of its dues amounting to Rs. 10,046.64 lakhs and the matter has not been admitted yet with the NCLT and the management is in discussion with the said lenders for amicably settling the matter. Also, two parties have filed an application with the National Company Law Tribunal (NCLT) for recovery of its dues amounting to Rs. 537.64 lakhs. The matters have not been admitted yet with the NCLT and the management is in discussion/have signed settlement agreement with the said parties for amicably settling the matters. Further, during the year ended March 31, 2020, because of delays in required extension of performance security, one of the customers has invoked the bank guarantee submitted by the Company amounting to Rs. 6,500.00 lakhs and converted into cash security as a fixed deposit and used it as security margin for providing a limit of Letter of Credit to facilitate timely payments to vendors for ensuring early completion of the project. The Company has also delayed in repayments due to certain lenders as further detailed in note 8 and 9. Conditions explained above, indicate existence of uncertainties that may cast significant doubt on the Company's ability to continue as a going concern due to which the Company may not be able to realise its assets and discharge its liabilities in the normal course of business. However, the management is evaluating various options and has entered into one-time settlement agreements with various lenders (as described in note 9), including interest and other related terms and conditions apart from further negotiating the terms with the remaining lenders for settlement of its existing debt obligations. Further the management is in discussions with certain customers for an immediate recovery of the amount due from them and believes that the substantial portion of such trade receivables shall be realized within the upcoming year. Management believes that the Company will be able to settle its remaining debts in the due course and in view of the proposed settlement of debt obligations together with the expected increased realisation from the trade receivables, no adjustments are required in the standalone financial result and accordingly, these have been prepared on a going concern basis.

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- 11) The Tanzania branch has a contract with Rural Energy Agency (REA) for supply and installation of medium and low voltage lines, distribution transformers and connections to un-electrified rural areas in Dodoma Region (Bahi, Kongwa and Chemba districts) on a Turnkey basis for Lot 1 and supply and installation of medium and low voltage lines, distribution transformers and connections to un-electrified rural areas in Dodoma Region (Chamwino, Kondoa and Mpwapwa districts) on Turnkey basis for Lot 2. The Tanzania branch is expecting to complete the works by March 2023. The contract allows for a further period of 12 months after completion for handing over the project where after, the retention payment terms will be released once the completion certificate is issued and the contract will expire. This condition indicates that a material uncertainty exists, that may cast significant doubt on the Tanzania branch's ability to continue as a going concern.
- 12) The other expenses includes Rs. 1,250.00 lakhs on account of goods & service tax expenses and additional provisioning of 2,504.58 lakhs on debtors and unbilled(net) for the six months ending September 30, 2022.
- 13) Previous period/ year figures have been re-grouped/reclassified wherever necessary to correspond with those of the current period/ year's classification.

For and behalf of A2Z Infra Engineering Ltd.

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Amit Mittal
Managing Director & CEO
DIN: 00058944



Place: Gurugram

Date: November 12, 2022



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Independent Auditor's Review Report on Consolidated Unaudited Quarterly & Half yearly Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of A2Z Infra Engineering Limited

1. We were engaged to review the accompanying statement of consolidated unaudited financial results ('the Statement') of A2Z Infra Engineering Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associates (refer Annexure 1 for the list of subsidiaries and associates included in the Statement) for the quarter and half year ended 30th Sept 2022, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time.
2. This Statement, which is the responsibility of the Holding Company's management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time. Our responsibility is to express a conclusion on the Statement based on our review.
3. We have taken into account the requirements of Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Because of the matters described in the Basis for Disclaimer of Conclusion paragraph, we were not able to obtain sufficient appropriate evidence to provide a basis for our conclusion on the Statement. We also performed procedures in accordance with the SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019 issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), to the extent applicable.

Basis for Disclaimer of Conclusion

1. As stated in note 10 to the accompanying Statement, the Holding Company has incurred a net loss after tax of Rs. 660.58 lakhs during the period ended 30th Sept 2022, and as of that date, the Holding Company's accumulated losses amount to Rs. 98,341.59 lakhs, which have resulted in partial erosion of its net worth, and the current liabilities exceed current assets by Rs. 23,307.53 lakhs. Also, certain lenders have filed applications with the National Company Law Tribunal (NCLT), Debt Recovery Tribunal (DRT) and other courts for recovery of their dues as detailed in note 9 and 10. The Holding Company has also delayed in repayment of borrowings and dues payable to other lenders including delays with respect to dues payable under one-time settlement agreements, as further detailed in note 8 and 9. As confirmed by the management, the Holding Company has been in discussions with the lenders regarding restructuring of these borrowings, the resolution for which is yet to be finalised. Further, the expected realisation of the amounts outstanding from certain customers, within the next 12 months, with whom the Holding Company is in discussions is uncertain in the absence of any



12 months, with whom the Holding Company is in discussions is uncertain in the absence of any confirmations from such customers and potential impact of COVID-19. Such events and conditions, together with the business disruption caused by COVID-19 pandemic and the possible impact of the associated uncertainties on management's assumptions, and other matters as set forth in the note 8, cast significant doubt on the Holding Company's ability to continue as a going concern. In the absence of sufficient appropriate audit evidence to support the management's assessment with respect to restructuring of borrowings and availability of funds, we are unable to comment on the ability of the Holding Company to continue as a going concern. Further, as stated in note 9 to the accompanying Statement, management indicates that a material uncertainty exists that may cast significant doubt on the Tanzania branch's ability to continue as a going concern.

Our Audit report on the standalone financial results for the quarter and year ended 31 March 2022 dated 18 May 2022, our review report for the quarter ended 30th June 2022 dated 09 Aug 2022 and our review report for the quarter ended 30th Sept 2021 dated 12 November 2021 also included a disclaimer of opinion and disclaimer of conclusion, respectively, in respect of this matter.

2. As stated in note 8 and 9 to the accompanying Statement, the Holding Company has borrowings from certain banks which have been classified as non-performing assets ('NPA borrowings') and those from certain other banks/ asset reconstruction company (together referred to as 'the Lenders'), The Holding Company had entered into settlement agreements ('Settlement Agreements') with some of these Lenders for the aforesaid loans. As described in the said note, the Holding Company has delayed the payments in respect of the instalments due to these Lenders pursuant to the relevant loan agreements and Settlement Agreements. In respect of the aforementioned NPA borrowings and delayed payments under the Settlement Agreements, the Holding Company has not recognised interest for the period ended 30th Sept 2022 aggregating to Rs. 941.09 lakhs (accumulated interest as at 30th Sept 2022 being Rs. 6,124.57 lakhs), payable under the terms of the said agreements, as estimated by the management on the basis of expected re-negotiation with the Lenders. Pending confirmations/ reconciliations from the Lenders and in the absence of sufficient appropriate evidence to substantiate management's assessment, we are unable to comment on the adjustments, if any, that may be required to the carrying values of the aforesaid borrowings and dues (including interest) payable to the Lenders in accordance with the terms of loan agreements and Settlement Agreement, and the consequential impact of such adjustments on the accompanying Statement.

Our Audit report on the standalone financial results for the quarter and year ended 31 March 2022 dated 18 May 2022, our review report for the quarter ended 30th June 2022 dated 09 Aug 2022 and our review report for the quarter ended 30th Sept 2021 dated 12 November 2021 also included a disclaimer of opinion and disclaimer of conclusion, respectively, in respect of this matter.

3. As stated in note 3 to the accompanying Statement, the Holding Company's non-current investment (net of impairment) amounting to Rs. 17,050.84 lakhs in its associate company namely Greeneffect Waste Management Limited (formerly known as A2Z Green Waste Management Limited) ("GWML") and its other current financial assets (net of impairment) amounting to Rs. 2,828.37 lakhs and its current financial assets-loan amounting to Rs. 84.67 lakhs which include amounts dues from such associate company as on 30th Sept 2022. During the previous year, Company has provided provision of Rs. 5,222.24 lakhs on preference shares of Greeneffect Waste Management Limited. The consolidated net worth of the aforesaid associate company as on that date has been fully eroded on account of losses incurred. Further, the associate company is facing liquidity constraints due to which it may not be able to meet the projections as per the approved business plans. Based upon the



valuation report of an independent valuer, arbitration awarded in favour of GWML and other factors described in the aforementioned note, management has considered such balances as fully recoverable. However, in the absence of sufficient and appropriate audit evidence to support the management's assessment as above, we are unable to comment upon adjustments, if any, that may be required to the carrying value of these balances, and the consequential impact on the accompanying Statement.

Our Audit report on the standalone financial results for the quarter and year ended 31 March 2022 dated 18 May 2022, our review report for the quarter ended 30th June 2022 dated 09 Aug 2022 and our review report for the quarter ended 30th Sept 2021 dated 12 November 2021 also included a disclaimer of opinion and disclaimer of conclusion, respectively, in respect of this matter.

Disclaimer of Conclusion

1. Because of the significance of the matters described in the Basis for Disclaimer of Conclusion paragraph, we have not been able to obtain sufficient appropriate evidence to provide a basis for our conclusion as to whether anything has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 prescribed under Section 133 of the Act, and other accounting principles generally accepted in India, 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 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement. Accordingly, we do not express our conclusion on the Statement.

Emphasis of Matters

We draw attention to:

1. Note 2(a) to the accompanying Statement, which describes the uncertainties relating to the outcome of the various pending litigations in respect of three cogeneration power plants of the Holding Company located at Punjab, for which the Holding Company has filled petitions and appeals at various forums. The final outcome of these matters is presently unascertainable. Further, the said note also describes the significant estimates and assumptions, used by the management for determining recoverable amount of such cogeneration power plants classified under property, plant and equipment and capital work-in-progress aggregating to Rs. 1,883.62 lakhs and Rs. 4,374.29 lakhs, respectively, as at 30th Sept 2022, 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 further adjustment is required to the carrying value of the aforesaid cogeneration power plants.
2. Note 2(b) to the accompanying Statement, which describes the uncertainty relating to the outcome of litigation pertaining to income-tax matters pursuant to orders received by the Holding 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.
3. Note 2(c) to the accompanying Statement, which describes the uncertainty relating to utilisation/recovery 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 Holding Company will be able to avail the input tax credit for aforementioned matter.



4. Note 2(d) to the accompanying Statement, which describes the uncertainties relating to the outcome of arbitration proceedings between the Holding Company and its sub-contractor filed under section 17 of the Arbitration and Conciliation Act, 1996 before the Arbitral Tribunal.

Other Matters

1. We did not review the interim financial statements of Eleven subsidiaries (as specified in Annexure 1) included in the Statement, whose financial statements reflects total revenues of Rs. 14,285.09 lakhs, total net profit after tax of Rs. 487.98 lakhs, total comprehensive income of Rs. 487.98 lakhs and cash flows (net) of Rs. 446.99 lakhs for the period ended as on 30th Sept 2022 as considered in the Statement. The Statement also includes the Group's share of net loss after tax of Rs. 651.02 lakhs for the period ended as on 30th Sept 2022, as considered in the Statement, in respect of 18 associates (as specified in Annexure 1), whose interim financial statements have not been reviewed by us. These interim financial statements have been reviewed by other auditors whose review reports have been furnished to us by the management. This report, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates is based solely on the review reports of such other auditors and the procedures performed by us.
2. We did not review the interim financial statement of three branches included in the Statement, where such interim financial information reflects total revenues of Rs. 35.66 lakhs, total net loss after tax of Rs. 23.49 lakhs and total comprehensive loss of Rs. 23.49 lakhs for the quarter ended on 30th Sept 2022 as considered in the Statement. Such interim financial information of the aforesaid branches have been prepared by the management and this report, in so far as it relates to the balances and affairs of these branches, is based solely on such unreviewed financial information, as certified and provided by the management. According to the information and explanations given to us by the management, interim financial information of all three branches is not material to the Company.

Further, all such branches are located outside India whose interim financial statement have been prepared in accordance with accounting principles generally accepted in their respective countries under the generally accepted review standards specified in Annexure 2 to the Statement, as applicable in their respective countries. The Company's management has converted the financial information of such branches from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Company's management.

For MRKS AND ASSOCIATES
Chartered Accountants
(ICAI Registration No. 023711N)

Saurabh Kuchhal
Partner
Membership No. 512362



Date: 12.11.2022
Place: Gurgaon
UDIN:- 22512362BCXCAK4145

Annexure 1**List of entities included in the Statement**

S. No.	Name	Relation
1.	A2Z Infraservices Limited	Subsidiary
2.	A2Z Powercom Limited	Subsidiary
3.	Rishikesh Waste Management Limited (formerly known as A2Z Powertech Limited)	Subsidiary
4.	Mansi Bijlee & Rice Mills Limited	Subsidiary
5.	Magic Genie Services Limited	Subsidiary
6.	A2Z Maintenance & Engineering Services Limited and Satya Builders (Association of person)	Subsidiary
7.	A2Z Infraservices Lanka Private Limited	Subsidiary
8.	Ecogreen Envirotech Solutions Limited	Subsidiary
9.	Blackrock Waste Processing Private Limited	Subsidiary with effect from 3 rd Nov 2021
10.	A2Z Waste Management (Aligarh) Limited	Subsidiary
11.	A2Z Waste Management (Ludhiana) Limited	Subsidiary
12.	Magic Genie Smartech Solutions Limited	Subsidiary
13.	Greeneffect Waste Management Limited (formerly known as A2Z Green Waste Management Limited)	Associate
14.	A2Z Waste Management (Nainital) Private Limited	Associate
15.	A2Z Waste Management (Moradabad) Limited	Associate
16.	A2Z Waste Management (Meerut) Limited	Associate
17.	A2Z Waste Management (Varanasi) Limited	Associate
18.	A2Z Waste Management (Jaunpur) Limited	Associate
19.	A2Z Waste Management (Badaun) Limited	Associate
20.	A2Z Waste Management (Sambhal) Limited	Associate
21.	A2Z Waste Management (Mirzapur) Limited	Associate
22.	A2Z Waste Management (Balua) Limited	Associate
23.	A2Z Waste Management (Fatehpur) Limited	Associate
24.	A2Z Waste Management (Ranchi) Limited	Associate
25.	A2Z Waste Management (Dhanbad) Private Limited	Associate
26.	Shree Balaji Pottery Private Limited	Associate
27.	Shree Hari Om Utensils Private Limited	Associate
28.	A2Z Waste Management (Jaipur) Limited	Associate
29.	A2Z Waste Management (Ahmedabad) Limited	Associate
30.	Earth Environment Management Services Private Limited	Associate



Annexure 2

S.No.	Name	Country of Operations	Name of auditing Standard
1	A2Z Infra Engineering Limited (Tanzania Branch)	Tanzania	International Standards on Review Engagements (ISRE) 2410
2	A2Z Infra Engineering Limited (Nepal Branch)	Nepal	International Standards on Review Engagements (ISRE) 2410
3	A2Z Infra Engineering Limited (Uganda Branch)	Uganda	International Standards on Review Engagements (ISRE) 2410



A2Z INFRA ENGINEERING LTD.

CIN NO. L74999HR2002PLC034805



A2Z INFRA ENGINEERING LIMITED

Statement of Unaudited Consolidated Financial Results for the quarter and six months ended September 30, 2022

(Amount in Rs. Lakhs)

S.No.	Particulars	Quarter ended			Six Months Period ended		Year ended
		September 30 , 2022	June 30, 2022	September 30 , 2021	September 30 , 2022	September 30 , 2021	March 31, 2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income						
	Revenue from operations	9,653.58	7,864.79	10,097.23	17,518.37	17,380.13	35,332.50
	Other income	121.08	2,824.37	701.83	2,945.45	1,271.93	1,760.65
	Total income	9,774.66	10,689.16	10,799.06	20,463.82	18,652.06	37,093.15
2	Expenses						
	Cost of material consumed	3,604.80	3,741.66	5,683.23	7,346.46	8,992.85	18,850.84
	Changes in inventories of finished goods, Stock -in- trade and Work- in-progress	(30.68)	(59.23)	(317.21)	(89.91)	(354.11)	261.86
	Employee benefit expenses	4,311.63	2,949.08	2,862.37	7,260.71	5,549.31	11,311.73
	Finance costs	287.42	464.53	691.85	751.95	1,759.74	2,787.13
	Depreciation and amortization expenses	228.18	223.13	199.75	451.31	410.70	904.45
	Other expenses (Refer note 12)	1,530.69	3,258.84	1,349.52	4,789.53	2,377.07	19,761.07
	Total expenses	9,932.04	10,578.01	10,469.51	20,510.05	18,735.56	53,877.08
3	(Loss)/profit before exceptional items, share of net gain / (loss) of investments accounted for using equity method and tax	(157.38)	111.15	329.55	(46.23)	(83.50)	(16,783.93)
	Share of net (loss) of investments accounted for using equity method	(264.26)	(386.76)	(413.28)	(651.02)	(737.71)	(1,412.59)
4	Loss before exceptional items and tax	(421.64)	(275.61)	(83.73)	(697.25)	(821.21)	(18,196.52)
	Exceptional items -(loss) / gain (Refer note 7)	-	-	(15,624.76)	-	(15,250.81)	527.06
5	Loss before tax	(421.64)	(275.61)	(15,708.49)	(697.25)	(16,072.02)	(17,669.46)
	Current tax	76.00	-	134.42	76.00	207.11	314.40
	Deferred tax charge/(credit)	28.67	-	46.87	28.67	23.95	(3.43)
6	Loss for the period/year	(526.31)	(275.61)	(15,889.78)	(801.92)	(16,303.08)	(17,980.43)
	Other comprehensive income						
	Items that will not be reclassified to profit and loss	-	-	16.13	-	17.96	113.29
7	Total Other Comprehensive income for the period/year (net of tax)			16.13		17.96	113.29
8	Total Comprehensive income for the period/year	(526.31)	(275.61)	(15,873.65)	(801.92)	(16,285.12)	(17,867.14)
9	(Loss) / Profit for the period/year attributable to:						
	Equity holders of the Company	(541.67)	(279.19)	(15,967.48)	(820.86)	(16,388.18)	(17,991.00)
	Non-controlling interests	15.36	3.58	77.70	18.94	85.10	10.57
10	Other comprehensive income is attributable to:						
	Equity holders of the Company	-	-	16.13	-	17.96	100.57
	Non-controlling interests	-	-	-	-	-	12.72
11	Total comprehensive income is attributable to:						
	Equity holders of the Company	(541.67)	(279.19)	(15,951.35)	(820.86)	(16,370.22)	(17,890.43)
	Non-controlling interests	15.36	3.58	77.70	18.94	85.10	23.29
12	Paid-up equity share capital (Face value of the share - Rs 10/- each)	17,611.99	17,611.99	17,611.99	17,611.99	17,611.99	17,611.99
13	Other equity						(1,697.91)
14	Loss per equity share:						
	(a) Basic (in INR)	(0.31)	(0.16)	(9.07)	(0.47)	(9.31)	(10.22)
	(b) Diluted (in INR)	(0.31)	(0.16)	(9.07)	(0.47)	(9.31)	(10.22)



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Notes:

- 1) The above consolidated financial results for the quarter and six months ended on September 30, 2022 have been reviewed by the Audit Committee and subsequently approved by the Holding company's Board of Directors at their Board Meeting duly held on November 12, 2022 in terms of Provisions of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The statutory auditor have issued a disclaimer of conclusion in respect of the matters described in note 3, 8, 9, 10 and 11 in consolidated financial results for the quarter and six months ended September 30, 2022.

Basic and Diluted Earnings Per Share is not annualized for the quarters ended September 30, 2022, June 30, 2022 and September 30, 2021 and six months ended September 30, 2022 and September 30, 2021 .

The consolidated financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 - Interim Financial Reporting, notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, and other accounting principles generally accepted in India.

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

- a) In respect of the on-going arbitration proceedings with the sugar mills for certain disputes in respect of cogeneration power plants, the Holding Company had earlier filed petition under section 11 of the Arbitration and Conciliation Act, 1996 in the High Court of Punjab and Haryana for appointment of an independent Arbitrator, which is still pending in the High Court, though the High Court was of the prima-facie view that "there appears to be force in the submissions and the issue requires scrutiny".

Further during the year ended March 31, 2021, the Holding Company had also challenged the mandate of the arbitrator under section 14 of the Arbitration and Conciliation Act, 1996 at District & Sessions Court, Chandigarh and thereafter, the Additional Registrar had passed the arbitral awards in all the three arbitration proceedings against the Holding Company. The arbitral awards consists of claims in the nature of various amounts such as guarantee return, repair and maintenance of boiler, electricity purchased for operating plant etc amounting to Rs. 7,234.73 lakhs and interest thereon as per the management estimates. The Holding Company has also challenged aforementioned arbitral awards under section 34 of the Arbitration and Conciliation Act, 1996 which is pending at District & Sessions Court, Chandigarh. Based on their assessment and upon consideration of advice from the independent legal consultant, the management believes that the Holding Company has reasonable chances of succeeding before the District & Sessions Court, Chandigarh and the High Court of Punjab and Haryana. Furthermore, sugar mills have restricted the company personnel to enter the power plant premises and company has filed police complaint against the same during the previous year. Pending the final decision on the matter, no further adjustment has been made in the consolidated financial results.

The management has also performed an impairment assessment of three cogeneration power plants set up in collaboration with certain sugar mills on Build, Own, Operate and Transfer (BOOT) using Depreciated Replacement Cost (DRC) Method under Cost Approach. As at September 30, 2022, such plants have a power generation capacity of 15 MW each.

Accordingly, the management has recorded an impairment of Rs. 29,536.28 lakhs in carrying value of these assets as at September 30, 2022. The management believes that the recoverable amount of these power plants are reasonable and no further material adjustments to the carrying value of these plants are necessary.

Out of the aforementioned impairment as at September 30, 2022 Rs. 22,413.72 lakhs pertain to, two power plants, which were yet to be capitalised and Rs. 7,122.56 lakhs are for power plant which has already been capitalised.

The recoverable amount of cogeneration power plants classified under property, plant and equipment and capital work-in-progress aggregates to Rs. 1,883.62 lakhs and Rs. 4,374.29 lakhs respectively as at September 30, 2022. The recoverable amount of all three cogeneration power plants is based on Depreciated Replacement Cost (DRC) Method under Cost Approach and determined at the level of the Cash Generating Unit (CGU).



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b) The Income tax authorities conducted a search and survey at certain premises of the Holding Company under section 132 and 133 of the Income Tax Act, 1961 in April 2012. During the year ended March 31, 2015, the Holding 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 Holding 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 Holding Company. The Holding 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 Holding Company's contention. Additionally, the DCIT has also filed appeals with the ITAT against the matters where the relief has been given to the Holding Company.

Further, during the year ended March 31, 2018, the Holding 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 Holding Company.

During the year ended March 31, 2019, the Holding Company has received orders from CIT (Appeals) quashing the penalty orders aggregating Rs. 477.71 lakhs out of the aforementioned and upholding the rest. The Holding 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 Holding Company's contention.

Based on their assessment and upon consideration of advice from the independent legal counsel, the management believes that the Holding 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 consolidated financial results.

c) During the financial year ended March 31, 2017, the Holding 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 Holding Company received response to its application wherein the Authority opined that entire project is covered within the ambit of the service tax. Accordingly, the Holding 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 Holding Company has made submissions with the customer in this regard. Additionally, based on the independent legal advice, the Holding 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.

d) During the year ended March 31, 2021, the Holding Company has terminated its agreement with a sub-vendor in respect of BSNL package G with effect from December 12, 2020 as the Holding Company noticed repeated slippages by the sub-vendor in achieving the targets and multifarious breaches under the work and service orders.

The sub-vendor also filed an arbitration claim application under section 17 of the Arbitration and Conciliation Act, 1996 before the Arbitral Tribunal against termination of the contract. The Holding Company has filed statement of defence and counter claim before the arbitration tribunal against the same. Further, Holding Company has obtained a report from an independent technical consultant appointed by the Holding Company to assess the recoverability on the basis of the work done by the sub-vendor and slippages noted thereon.

The management believes that the Holding Company has reasonable chances of succeeding before the Arbitral Tribunal and does not foresee any material liability. Pending the final decision on the matter, no further adjustment has been made in the consolidated financial results.



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- 3) The Holding Company, as at September 30, 2022, has non-current investments (net of impairment) amounting to Rs. 17,050.84 lakhs, other current financial assets (net of impairment) amounting to Rs. 2,828.37 lakhs and current financial assets-loan amounting to Rs. 84.67 lakhs in its associate company Greeneffect Waste Management Limited (formerly known as A2Z Green Waste Management Limited) ('GWML') which has holding in various SPVs under its fold (hereinafter Greeneffect Waste Management Limited together with its subsidiaries is referred to as Greeneffect Waste Management Group). During the previous year, Holding Company has provided provision of Rs. 5,222.24 lakhs on preference shares of Greeneffect Waste Management Limited. While Greeneffect Waste Management Group has incurred losses during its initial years and consolidated net-worth as at September 30, 2022 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 Greeneffect Waste Management Group. There are assumptions and estimates used in such future projections such as discount rate, long term growth rate, arbitration claims etc. which management believes are appropriate. Therefore, the management believes that the realisable amount from the aforementioned associate company and its 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.
- 4) The Group has reported segment information as per Indian Accounting Standard 108 'Operating Segments' (Ind AS 108). The Group is operating into following segments – (i) Engineering Service (ES), (ii) Facility Management Services ('FMS'), (iii) Municipal Solid Waste ('MSW') (iv) Power generation projects ('PGP') and (v) Others which primarily includes trading of goods and operation and maintenance services etc.

Unaudited group segment wise revenue, results, assets and liabilities for the quarter and six months ended September 30, 2022

(Amount in Rs. Lakhs)

Particulars	Quarter ended			Six Months ended		Year ended
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
I. Segment revenue						
(a) Segment – ES	2,066.01	1,905.50	4,415.84	3,971.51	6,643.77	13,531.44
(b) Segment – FMS	5,458.22	4,591.10	4,288.47	10,049.32	7,447.18	15,036.51
(c) Segment – MSW	2,206.45	2,029.32	2,382.85	4,235.77	4,374.04	9,724.10
(d) Segment – PGP	-	-	-	-	-	-
(e) Segment – Others	-	17.85	679.47	17.85	870.24	89.63
Total	9,730.68	8,543.77	11,766.63	18,274.45	19,335.23	38,381.68
Less: Inter segment revenue	77.10	678.98	1,669.40	756.08	1,955.10	3,049.18
Revenue from operations	9,653.58	7,864.79	10,097.23	17,518.37	17,380.13	35,332.50
2. Segment results [Profit / (Loss) before tax and interest from each segment]						
(a) Segment – ES	(240.18)	134.63	(116.21)	(105.55)	(245.53)	(15,524.79)
(b) Segment – FMS	503.10	255.70	145.18	758.80	256.52	234.00
(c) Segment – MSW	64.21	95.55	337.00	159.76	387.69	610.01
(d) Segment – PGP	(67.41)	(67.28)	(67.87)	(134.69)	(134.66)	(268.01)
(e) Segment – Others	(0.21)	17.69	178.07	17.48	367.59	66.90
Total	259.51	436.29	476.17	695.80	631.61	(14,881.89)
Less: Inter segment results	-	-	111.93	-	127.83	(438.61)
Net segment results	259.51	436.29	364.24	695.80	503.78	(14,443.28)
Add: Interest income	(129.47)	139.39	657.16	9.92	1,172.46	446.48
Less:						
(i) Interest expense	267.78	419.41	614.48	687.19	1,643.91	2,616.93
(ii) Other unallocable expenditure net of unallocable income	283.90	431.88	490.65	715.78	853.54	1,582.79
Loss before exceptional item and tax	(421.64)	(275.61)	(83.73)	(697.25)	(821.21)	(18,196.52)
Exceptional (loss)/ gain	-	-	-	-	-	-
(a) Segment – ES	-	-	(12,994.66)	-	(12,994.66)	(21,344.71)
(b) Unallocable items	-	-	(2,630.10)	-	(2,256.15)	21,871.77
Loss after exceptional item and before tax	(421.64)	(275.61)	(15,708.49)	(697.25)	(16,072.02)	(17,669.46)



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Unaudited group segment wise revenue, results, assets and liabilities for the quarter and six months ended September 30, 2022 (Cont'd)

(Amount in Rs. Lakhs)

Particulars	Quarter ended			Six Months ended		Year ended
	September 30 , 2022	June 30, 2022	September 30 , 2021	September 30 , 2022	September 30 , 2021	March 31, 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Less : Tax expenses						
(i) Current tax	76.00	-	134.42	76.00	207.11	314.40
(ii) Deferred tax	28.67	-	46.87	28.67	23.95	(3.43)
Loss for the period / year	(526.31)	(275.61)	(15,889.78)	(801.92)	(16,303.08)	(17,980.43)
3. Segment assets						
(a) Segment – ES	64,965.67	77,595.33	93,134.34	64,965.67	93,134.34	77,811.48
(b) Segment – FMS	16,270.44	13,805.99	14,145.82	16,270.44	14,145.82	13,532.96
(c) Segment – MSW	16,228.95	14,859.55	15,201.17	16,228.95	15,201.17	16,014.49
(d) Segment – PGP	7,369.71	7,373.73	8,204.98	7,369.71	8,204.98	7,596.81
(e) Segment – Others	4,606.25	4,475.41	8,273.82	4,606.25	8,273.82	4,064.92
(f) Unallocated	22,163.66	22,817.59	27,195.16	22,163.66	27,195.16	23,700.81
Total Assets	1,31,604.68	1,40,927.60	1,66,155.29	1,31,604.68	1,66,155.29	1,42,721.47
4. Segment liabilities						
(a) Segment – ES	51,700.47	62,814.93	77,866.57	51,700.47	77,866.57	61,117.26
(b) Segment – FMS	15,637.72	13,509.22	13,007.54	15,637.72	13,007.54	12,931.82
(c) Segment – MSW	12,904.03	11,556.48	11,669.47	12,904.03	11,669.47	12,858.72
(d) Segment – PGP	137.73	143.29	100.96	137.73	100.96	138.19
(e) Segment – Others	6,804.61	7,135.21	8,146.62	6,804.61	8,146.62	8,139.24
(f) Unallocated	29,860.70	30,690.89	38,519.42	29,860.70	38,519.42	32,260.98
Total Liabilities	1,17,045.26	1,25,850.02	1,49,310.58	1,17,045.26	1,49,310.58	1,27,446.21

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CIN NO. L74999HR2002PLC034805



5) Consolidated Statement of Assets and Liabilities

(Amount in Rs. Lakhs)

Particulars	As at	
	September 30, 2022	March 31, 2022
	(Unaudited)	(Audited)
Assets		
Non-current assets		
Property, plant and equipment	5,812.85	6,188.15
Right to use asset	858.56	916.29
Capital work-in-progress	9,603.83	9,311.49
Goodwill	3,563.65	3,563.65
Other Intangible assets	6.01	5.67
Intangible assets under development	-	41.94
Investments accounted for using the equity method	14,986.93	15,635.94
Financial assets:		
Other financial assets	1,163.47	1,500.48
Deferred tax assets (net)	2,990.07	3,018.74
Non-current tax assets (net)	5,534.78	5,614.21
Other non-current assets	588.81	551.27
Total	45,108.96	46,347.83
Current assets		
Inventories	556.33	450.38
Financial assets		
Trade receivables	39,191.93	51,156.13
Cash and cash equivalents	970.88	911.69
Other bank balances	137.71	137.71
Loans	8,427.19	8,430.84
Other financial assets	28,952.38	27,869.21
Other current assets	8,259.30	7,417.68
Total	86,495.72	96,373.64
Total Assets	1,31,604.68	1,42,721.47
Equity and liabilities		
Equity		
Equity share capital	17,611.99	17,611.99
Other equity	(2,432.69)	(1,697.91)
Equity attributable to equity holders of the company	15,179.30	15,914.08
Non-controlling interest	(619.88)	(638.82)
Total equity	14,559.42	15,275.26



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Corporate Office : Plot No. B-38, Sector 32, Institutional Area, Gurugram - 122001, Haryana (INDIA), Tel : 0124-4517600, Fax: 0124-4380014

Website: www.a2zgroup.co.in, E-mail : info@a2zemail.com

A2Z INFRA ENGINEERING LTD.

CIN NO. L74999HR2002PLC034805



Consolidated Statement of Assets and Liabilities (Cont'd)

(Amount in Rs. Lakhs)

Particulars	As at	
	September 30, 2022	March 31, 2022
	(Unaudited)	(Audited)
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	561.26	580.87
Lease liability	800.65	827.90
Provisions	4,566.69	4,414.55
Deferred tax liabilities (net)	0.14	0.14
Other non-current liabilities	3,048.19	3,031.48
Total	8,976.93	8,854.94
Current liabilities		
Financial liabilities		
Borrowings	36,571.14	37,929.19
Lease liability	58.80	61.21
Trade payable		
- Total outstanding dues of micro enterprises and small enterprises	32.69	30.22
- Total outstanding dues of creditors other than micro enterprises and small enterprises	47,125.01	52,839.32
Other financial liabilities	7,626.14	7,484.75
Other current liabilities	16,539.33	20,104.28
Provisions	103.11	98.69
Current tax liabilities (net)	12.11	43.61
Total	1,08,068.33	1,18,591.27
Total Liabilities	1,17,045.26	1,27,446.21
Total Equity and Liabilities	1,31,604.68	1,42,721.47

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6) Consolidated Cash Flow Statement for the six months ended September 30, 2022

Particulars	(Amount in Rs. Lakhs)	
	For Six Months ended	
	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Cash flows from operating activities:		
Net loss before tax (after exceptional items)	(697.25)	(16,072.02)
Adjustments:		
Exceptional items	-	15,250.81
Share of associates	651.02	737.71
Depreciation and amortisation expense	451.31	410.70
(Gain)/ loss on disposal of property, plant and equipment (net)	(0.34)	7.35
Interest expense	687.19	1,643.91
Interest income	(16.13)	(653.47)
Provision of contract revenue in excess of billing	1,344.22	24.42
Provision for bad and doubtful debts / advances	878.50	468.54
Provision for warranty	341.82	314.72
Advances written off	53.24	78.80
Liability / provision written back	(2,895.05)	(519.01)
Actuarial loss on gratuity	-	17.96
Recognition of share based payment at fair value	86.08	14.89
Subsidy amortised	-	(31.02)
Rental income	(10.80)	(15.85)
Operating profit before working capital changes	873.81	1,678.44
Net changes in working capital		
Changes in inventories	(105.95)	(354.22)
Change in trade receivables	5,851.17	1,932.73
Changes in loans	227.88	(261.12)
Changes in other financial assets	(2,382.89)	(3,238.54)
Changes in other assets	(841.41)	(644.56)
Change in trade payables	2,032.76	1,875.04
Changes in provisions	(185.26)	47.22
Change in other financial liabilities	80.15	358.14
Change in other liabilities	(3,548.24)	1,440.76
Net changes in working capital:	1,128.21	1,155.45
Cash flow from operations	2,002.02	2,833.89
Current taxes (paid)/ refund	(28.07)	219.58
Net cash flow from operating activities (A)	1,973.95	3,053.47
Cash flows from investing activities:		
Payment for property, plant and equipment	(343.24)	157.38
Payment for intangible assets	(2.50)	-
Proceeds from sale of property, plant and equipment	0.34	35.09
Fixed deposits matured- (net)	317.87	161.54
Interest received	-	357.79
Rental income	10.80	15.85
Net cash (used in)/ flow from investing activities (B)	(16.73)	727.65
Cash flows from financing activities:		
Principal payment of lease liabilities	(29.67)	(10.19)
Interest payment of lease liabilities	(44.44)	(2.30)
Repayments of long term borrowings (net)	(281.63)	(217.49)
Repayments of short term borrowings (net)	(1,096.03)	(815.34)
Interest paid	(446.26)	(3,245.39)
Net cash used in financing activities (C)	(1,898.03)	(4,290.71)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	59.19	(509.59)
Cash and cash equivalents at the beginning of the year	911.69	1,391.55
Cash and cash equivalents at the end of the year	970.88	881.96

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

(Amount in Rs. Lakhs)

Particulars	Quarter ended			Six Months ended		Year ended
	September 30 , 2022	June 30, 2022	September 30 , 2021	September 30 , 2022	September 30 , 2021	March 31, 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
One time settlement (OTS) with banks and financial institutions	-	-	-	-	373.95	8,550.30
Liabilities written back	-	-	5,239.20	-	5,239.20	5,239.20
Exceptional gain (A)	-	-	5,239.20	-	5,613.15	13,789.50
Trade receivable written off	-	-	15,641.72	-	15,641.72	7,674.82
Loss on disposal of subsidiary	-	-	-	-	-	365.38
Investment provision/written off	-	-	5,222.24	-	5,222.24	5,222.24
Exceptional loss (B)	-	-	20,863.96	-	20,863.96	13,262.44
Net Exceptional loss(A-B)	-	-	(15,624.76)	-	(15,250.81)	527.06

8) The loan accounts of the Holding Company have been classified as Non- Performing Assets by certain banks and they have not charged interest on the said accounts and also the Holding Company has not charged interest on borrowings from certain banks/ Asset Reconstruction Company which had entered into Settlement agreement(s), 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 bank, 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 which are regular) amounts to Rs. 941.09 lakhs, Rs. 1,794.39 lakhs and Rs. 6,124.57 lakhs for the quarter ended September 30, 2022, six months ended September 30, 2022 and as at September 30, 2022 respectively (Rs. 853.30 lakhs, Rs. 877.28 lakhs, Rs. 1,864.03 lakhs and Rs. 3,598.81 lakhs for the quarter ended June 30, 2022, September 30, 2021, six months ended September 30, 2021 and year ended March 31, 2022 respectively). The Holding Company is already in discussion with the said banks and Asset Reconstruction Company for settlement of their dues.

9) The Holding Company had entered into Settlement agreement(s) ('Agreements') with certain banks/assets reconstruction company ('the Lenders') during the years/period ended March 31, 2018 and March 31, 2019 wherein it had settled the outstanding borrowings by upfront payments and deferred instalments. As at September 30, 2022, the Holding Company has delayed payments in respect of the certain deferred instalments amounting Rs. 5,178.00 lakhs which were due and payable pursuant to these Agreements. So far the lenders have not given any written notice on event of default as per the agreements and the management is in discussions with the Lenders to condone the aforementioned delays.

Further, certain Lenders have filed an application with Debt Recovery Tribunal and other judicial authorities for recovery of its dues as they existed prior to the settlement agreement entered with it in earlier period. However, basis the agreed terms/discussions, management believes that no additional liability shall devolve on the Holding Company in addition to the carrying value of such liability as at September 30, 2022.

The Holding Company is in the process of negotiations/ reconciliations of its outstanding obligations carried in these consolidated financial results.

Pursuant to the above discussions with the lenders, management is confident that no material impact will devolve on the Holding Company in respect of aforementioned delays.

10) The Holding Company has incurred a net loss after tax of Rs. 660.58 lakhs for the period ended September 30, 2022 and accumulated losses amounting Rs. 98,341.59 lakhs as at September 30, 2022 and is presently facing acute liquidity problems on account of delayed realization of trade receivables. Also, one of the bank have filed an application with the National Company Law Tribunal (NCLT) for recovery of its dues amounting to Rs. 10,046.64 lakhs and the matter has not been admitted yet with the NCLT and the management is in discussion with the said lenders for amicably settling the matter. Also, two parties have filed an application with the National Company Law Tribunal (NCLT) for recovery of its dues amounting to Rs. 537.64 lakhs. The matters have not been admitted yet with the NCLT and the management is in discussion/have signed settlement agreement with the said parties for amicably settling the matters. Further, during the year ended March 31, 2020, because of delays in required extension of performance security, one of the customers has invoked the bank guarantee submitted by the Holding Company amounting to Rs. 6,500.00 lakhs and converted into cash security as a fixed deposit and used it as security margin for providing a limit of Letter of Credit to facilitate timely payments to vendors for ensuring early completion of the project. The Holding Company has also delayed in repayments due to certain lenders as further detailed in note 8 and 9. Conditions explained above, indicate existence of uncertainties that may cast significant doubt on the Holding Company's ability to continue as a going concern due to which the Holding Company may not be able to realise its assets and discharge its liabilities in the normal course of business. However, the management is evaluating various options and has entered into one-time settlement agreements with various lenders (as described in note 9), including interest and other related terms and conditions apart from further negotiating the terms with the remaining lenders for settlement of its existing debt obligations. Further the management is in discussions with certain customers for an immediate recovery of the amount due from them and believes that the substantial portion of such trade receivables shall be realized within the upcoming year. Management believes that the Holding Company will be able to settle its remaining debts in the due course and in view of the proposed settlement of debt obligations together with the expected increased realisation from the trade receivables, no adjustments are required in the consolidated financial result and accordingly, these have been prepared on a going concern basis.



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- 11) The Tanzania branch has a contract with Rural Energy Agency (REA) for supply and installation of medium and low voltage lines, distribution transformers and connections to un-electrified rural areas in Dodoma Region (Bahi, Kongwa and Chemba districts) on a Turnkey basis for Lot 1 and supply and installation of medium and low voltage lines, distribution transformers and connections to un-electrified rural areas in Dodoma Region (Chamwino, Kondoa and Mpwapwa districts) on Turnkey basis for Lot 2. The Tanzania branch is expecting to complete the works by March 2023. The contract allows for a further period of 12 months after completion for handing over the project where after, the retention payment terms will be released once the completion certificate is issued and the contract will expire. This condition indicates that a material uncertainty exists, that may cast significant doubt on the Tanzania branch's ability to continue as a going concern.
- 12) The other expenses includes Rs. 1,250.00 lakhs on account of goods & service tax expenses and additional provisioning of 2,504.58 lakhs on debtors and unbilled(net) for the six months ending September 30, 2022.
- 13) Previous period/year figures have been re-grouped/reclassified wherever necessary to correspond with those of the current period / year's classification.

Place: Gurugram
Date: November 12, 2022

For and behalf of A2Z Infra Engineering Ltd.

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Amit Mittal

Managing Director & CEO
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