

# A2Z INFRA ENGINEERING LTD.

CIN NO. L74999HR2002PLC034805



REF. No.:-A2ZINFRA/SE/2020-21/09

BY E-FILING

28<sup>th</sup> May, 2020

To,

BSE Limited  
Phiroze Jeejeebhoy Towers  
Rotuda Building, Dalal Street,  
Mumbai-400001  
Fax-022-22722039  
BSE Code-533292

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

Dear Sir,

**Sub: Disclosure of material impact of COVID-19 pandemic on the Company under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations'/'LODR')**

Pursuant to Regulation 30 of LODR Regulations read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, please find enclosed herewith the disclosure of material impact of COVID-19 pandemic on the operations and performance of the Company as disclosed in Annexure-I.

This is for your information and records.

Thanking you,  
Yours truly,  
For A2Z Infra Engineering Limited

Atul Kumar Agarwal  
Company Secretary  
FCS-6453



Add.:- Plot No. B-38, Institutional Area,  
Sector-32, Gurugram-122001, Haryana

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

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

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

## Annexure – I

### Material impact of COVID-19 pandemic on operations and performance of the Company

#### 1. Impact of the COVID-19 pandemic on the business:

We would like to inform that, the Company has been awarded various EPC Projects by Govt or Semi-Govt. authorities like Bharat Sanchar Nigam Ltd.(BSNL) through ITI Ltd., Chhattisgarh State Power Transmission Co. Ltd. (CSPTCL), Jharkhand Urja Sancharan Nigam Limited (JUSNL), Chhattisgarh State Power Distribution Company Ltd. (CSPDCL) and Nepal Electricity Authority (NEA) ("EPC Projects") as well as we have three Waste to Energy power plants of 15MW each ("Power Plants"). The execution of the said EPC projects and operation of the said Power Plants have been severely affected due to COVID-19 which will further result into the distressed Cash flows/Financials results for the Quarter ended March 31, 2020 as well as in upcoming quarter(s). Details of the Impact of COVID-19 on the Company are mentioned as below.

#### 2. Ability to maintain operations including the factories/units/office spaces functioning and closed own:

Corporate Office has been resumed recently and the Company is complying with all the requirement related to Social Distancing and mandatory to wear face mask, face cover and have proper sanitizations with proper interval with reduced workforce.

However, we are not able to resume execution of our most of the EPC projects and power plants as staff and working labours were moved away from the sites being mostly in remote areas, and we have not been able to mobilise our resources so far specifically the un-skilled man power to resume execution of work at sites. Also, these execution required various permissions from local authorities which are still not given on many sites. Continue presence of representatives of clients are also needed during the execution like BSNL, Defence, State Electricity Board who are focusing more on essential services as of now and could not be available on sites. Further, Time period from November to May is the best working season for EPC Projects like transmission line execution, laying of optical fibre cable etc. as usually because of good weather & long days. After 15th June monsoon period starts and Land owners starts cultivating their crops and they do not allow to work in their land even by paying more crop compensation hence the COVID-19 effects on the Company's operation will continue to be for a long period.

#### 3. Schedule, if any, for restarting the operations:

##### A. EPC Projects :

In the present situation we don't foresee to restart our operations, except at some places at minuscule level, soon at the Project site(s) as EPC project sites are affected very badly and as an EPC Contractor, few of the major problems we are facing includes:



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- i. We have not been able to mobilise our resources i.e. un-skilled man power to resume execution of work at site as still many COVID cases are coming up throughout India and authorities are not treating EPC project execution as priority unless some essential projects and not giving permission to start the execution ;
- ii. We are unable to move ahead in the induction of planned resources and inter- state movement of supplies like Poles, Muffs, accessories, labour and supervisory staff due to lockdown and still many manufacturing units are yet to resume production ;
- iii. Not receiving payment from Clients as many certifications are on hold as well as Cash inflows adversely impacted during lockdown;
- iv. Beacsue of delay in our payments we are also struggling to make timely payments to our vendors and contrcators which delayed considerably due to squeezed cash inflows;

## B. Power Plants :

This pandemic led to shutting down of our 15 MW Power Plant at Nakoder, we forced to curtail the operation of said Power Plant as labour and other manpower have left the site in un-planned manner. We will evaluate the situation once this lock-down gets over. However being a renewable energy based power plant it will be difficult to start the operations of the said power plant during the upcoming monsoon season as we could not process /collect and built required stocks of fuels.

## 4. Steps taken to ensure smooth functioning of operations:

We are taking necessary preventive measures like social distancing, temperature testing, providing masks and sanitization facility to all our employees in the Corporate offices to avoid any infection due to COVID-19.

Further regarding the EPC Project Site(s) and Power Plant site, we would be able to comment once the Lock-down is completely over and we will resume work at sites.

## 5. Estimation of the future impact of COVID-19 on its operations:

COVID-19 certainly would have negative impact on the EPC industry ,being the EPC Contractor we would be affected heavily and we will not be able to start our projects till we have required material and Labour at EPC Project and Power Plant sites which can be possible once supply chain of material is resume effectively as well as States allow free movement of migrated labour back. In some major projects we require special additional permissions like some portion of the Project F and Project G of BSNL lies into the Cantonment Area for which we are requiring permission from the Indian Army to start the work.

## 6. Details of impact of COVID-19 on listed entity's:

- i. **Capital and financial resources:** Company was already facing the financial crunch and had entered into Settlement agreement(s) with certain lenders, wherein it had settled the outstanding borrowings by issue of shares, upfront payments and deferred installments. Company has delayed payments in respect of the certain deferred installments which were due and payable pursuant to these Agreements. Further with all other existing lenders Company's account is NPA with whom Company has defaulted in repayment of Loans including revolving facilities. Due to COVID-19, we have to face the severe financial crunch



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for our existing financial as well as other outstanding liabilities;

- ii. **Profitability:** It will be affected as at EPC Project and Power Plant sites our works have been stopped completely but our fixed cost and other overheads have remained same. However, the final details will be known only once our projects site(s) start in normal manner.
  - iii. **Liquidity position:** The Company may face a short term liquidity crunch due to disturbed Operating Cycle of the Company. However, the Company is confident to manage the working capital requirement of Company in only longer time period, Company will require special concession and support from its lenders during the short and middle term till its revenue start normally after resuming the complete operations.
  - iv. **Ability to service debt and other financing arrangements:** Company is in CDR arrangement and is already facing the issue. At present Company's accounts are NPA with all the lending Banks and Company has entered into Settlement with various Banks and Financial Institutions. This pandemic may further impact the financial position of the Company at large as explained above.
  - v. **Assets:** Company has, secured it all the assets and shall evaluate its working condition after lock down is removed.
  - vi. **Internal financial reporting and control:** Internal Financial reporting and control are not affected.
  - vii. **Supply Chain:** We are an EPC Company and our supply chain was affected badly and now it is resuming slowly.
  - viii. **Demand for its products/ services:** We are having a good order book in hand however due to COVID-19 the future growth will continue at a slower pace.
7. **Existing contracts/agreements where non-fulfillment of the obligations by any party will have significant impact on the listed entity's business:**
- We will try to get the extension of the time line(s) for completion of respective EPC Project(s) and presently there is no such contract which has the threat of cancellation hence there is no significant impact on the Company due to cancellation/ termination however cost of manpower and site expenses will have significant effect on the Company.
8. **Other relevant material updates about the listed entity's business**

No such material information at this time except as explained above



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