A2Z INFRA ENGINEERING LTD.

CIN NO. L74999HR2002PLC034805

GROUP

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REF. No. : - A2ZINFRA/SE/2019-20/029

BY E-FILING

August 13, 2019

BSE Limited

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

Fax-022-22722039

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, 5th Floor
Plot No. C/1 G Block, Bandra Kurla Complex, Bandra (E), Mumbai-400051

Fax- 022-26598237/38

Subject: Outcome of Board Meeting held on Tuesday, August 13, 2019

Dear Sir/Madam,

This is to inform you that the members of the Board of Directors of A2Z Infra Engineering ltd. have, at its meeting duly held today, i.e. August 13, 2019, on the recommendations of the Audit Committee, have reviewed and approved the Unaudited Standalone & Consolidated Financial Results for the Quarter (Q1) ended June 30, 2019 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 June 30, 2019, approved by the Board pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is attached as ***Annexure – A***. A copy thereof has also been sent for publication as per the requirements.

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

This is for your information & records purpose.

Thanking you,
Yours truly,

FOR A2Z INFRA ENGINEERING LTD.

INFRA ENGINEERING LTD. GURGAON

(Atul Kumar Agarwal)
Company Secretary
FCS-6453

ANNEXURE - 'A'

A2Z INFRA ENGINEERING LTD.

CIN NO. L74999HR2002PLC034805

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A2Z INFRA ENGINEERING LIMITED

Statement of Unaudited Standalone Financial Results for the quarter ended June 30, 2019

(Amount in Lakhs)

S. No.	Particulars	Quarter ended			Year ended
		June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
		(Unaudited)	(Refer Note 1)	(Unaudited)	(Audited)
1	**Income**				
	Revenue from operations	11,273.65	18,170.76	7,704.49	50,732.52
	Other income	638.09	352.12	331.51	1,668.21
	Total income	**11,911.74**	**18,522.88**	**8,036.00**	**52,400.73**
2	**Expenses**				
	Cost of material consumed	9,695.47	14,614.90	6,112.43	39,921.52
	Employee benefit expenses	570.75	515.96	500.84	2,143.03
	Finance costs	1,244.54	1,480.33	2,703.57	4,109.94
	Depreciation and amortization expenses	252.10	251.31	294.54	1,108.48
	Other expenses	1,056.17	1,055.87	987.69	4,477.07
	Total expenses	**12,819.03**	**17,918.37**	**10,599.07**	**51,760.04**
3	**(Loss)/profit before exceptional items and tax**	**(907.29)**	**604.51**	**(2,563.07)**	**640.69**
4	Exceptional items - gain (Refer note 4)	8,037.83	3,593.09	224.98	2,690.55
5	**Profit/(loss) before tax**	**7,130.54**	**4,197.60**	**(2,338.09)**	**3,331.24**
	Current tax	388.91	(37.92)	34.52	71.55
	Deferred tax	(375.20)	0.99	30.92	47.47
6	**Profit/(loss) for the period/year**	**7,116.83**	**4,234.53**	**(2,403.53)**	**3,212.22**
7	Other comprehensive income				
	Items that will not be reclassified to profit and loss	(7.36)	9.07	27.34	35.32
	Total Other Comprehensive Income for the period/year (net of tax)	**(7.36)**	**9.07**	27.34	**35.32**
8	**Total Comprehensive Income for the period/year**	**7,109.47**	**4,243.60**	**(2,376.19)**	**3,247.54**
9	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
10	Other equity				47,163.30
11	Earnings/ (Loss) per equity share:				
	(a) Basic	4.04	2.40	(1.36)	1.82
	(b) Diluted	4.04	2.40	(1.36)	1.82

A2Z Infra Engineering Limited Gurgaon

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Notes:

1) The above standalone financial results have been reviewed by the Audit Committee and on their recommendation have been approved by the Board of Directors at its meeting held on August 13, 2019. The statutory auditors have reviewed the above standalone financial results for the quarter ended June 30, 2019.

   The figures for the quarters ended March 31, 2019 are the balancing figures between audited figures in respect of the full financial years ended March 31, 2019 and the unaudited published year to date figures up to December 31, 2018, being the end of the third quarter of the financial year which were subject to a limited review.

   Basic and Diluted Earnings Per Share is not annualized for the quarters ended June 30, 2019, March 31, 2019 and June 30, 2018.

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

   a. The management has performed impairment assessment of three cogeneration power plants set up in collaboration with certain sugar mills on Build, Own, Operate and Transfer (BOOT) basis for a period of 15 years. As at June 30, 2019, such plants have a power generation capacity of 15 MW each. The assessment has been done on the basis of assumptions of useful life of assets, discounted cash flows with significant underlying assumptions, achievement of certain operating capacity and the ability of new technology to perform on a consistent basis.

      The Company has also entered into arbitration proceedings with the sugar mills for the extension of the concession period. Based on the assessment and advice from an independent legal counsel on the availability of concession period, excluding the available renewal period by exercising the option for renewal/ extension of the concession period, the management, is confident, that there exists reasonable certainty that arrangement shall be extended for a term of 5 years. Management carried out an impairment assessment and has recorded an impairment of Rs. 14,539.46 lakhs in carrying value of these assets as at March 31, 2019. Accordingly, management believes that the estimates of the useful lives are reasonable and no further material adjustments to the carrying value of these plants are necessary.

      Out of the aforementioned impairment as at March 31, 2019 amounting to Rs. 14,539.46 lakhs, Rs. 12,631.21 lakhs pertain to, two power plants, which were yet to be capitalised and Rs. 1,908.25 lakhs are for power plant which has already been capitalised. The recoverable amount of all three cogeneration power plants is based on value in use and determined at the level of the Cash Generating Unit (CGU).

   b. 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 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 financial results.

   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.

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Walker Chandiok & Co LLP Chartered Accountants

d. The Company, as at June 30, 2019, has non-current investments (net of impairment) amounting to Rs. 20,159.73 lakhs, other current financial assets (net of impairment) amounting to Rs. 411.51 lakhs and current financial assets-loan amounting to Rs. 382.35 lakhs in its associate company A2Z Green Waste Management Limited ('AGWML') which has holding in various SPVs under its fold (hereinafter A2Z Green Waste Management Limited together with its subsidiaries is referred to as A2Z Green Waste Management Group). While A2Z Green Waste Management Group has incurred losses during its initial years and consolidated net-worth as at June 30, 2019 has been completely eroded, the underlying projects are expected to achieve adequate profitability on substantial completion. Based on internal assessment and valuation report from an independent valuer, the recoverable amount from the underlying investments/assets is higher than the net worth of A2Z Green Waste Management Group. Therefore, the management believes that the realisable amount 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.

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

(Amount in Lakhs)

Particulars	Quarter ended			Year ended
	June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
	(Unaudited)	(Refer Note 1)	(Unaudited)	(Audited)
1. Segment Revenue				
(a) Segment – ES	10,888.06	17,712.57	7,286.70	48,549.43
(b) Segment – PGP	-	-	26.70	87.01
(c) Segment – Others	385.59	458.19	391.09	2,096.08
Total	11,273.65	18,170.76	7,704.49	50,732.52
Less: Inter segment revenue	-	-	-	-
Revenue from operations	**11,273.65**	**18,170.76**	**7,704.49**	**50,732.52**
2. Segment results [Profit / (Loss) before tax and interest from each segment]				
(a) Segment – ES	268.55	2,278.28	125.30	3,916.11
(b) Segment – PGP	(305.04)	(522.47)	(322.39)	(1,356.20)
(c) Segment – Others	100.26	162.92	50.59	998.24
Total	**63.77**	**1,918.73**	**(146.50)**	**3,558.15**
Less: Inter segment results	-	-	-	-
Net segment results	**63.77**	**1,918.73**	**(146.50)**	**3,558.15**
Add: Interest income	273.48	166.11	287.00	1,192.48
Less:				
(i) Interest expense	1,123.17	1,319.85	2,612.76	3,647.21
(ii) Other unallocable expenditure net off unallocable income	121.37	160.48	90.81	462.73
(Loss)/Profit before exceptional item and tax	**(907.29)**	**604.51**	**(2,563.07)**	**640.69**
Exceptional gain/(loss)				
(a) Segment – ES	-	(26,958.06)	-	(26,958.06)
(b) Segment – PGP	-	(4,900.54)	-	(4,900.54)
(c) Unallocable items	8,037.83	35,451.69	224.98	34,549.15

A2Z Infra Engineering Limited Gurgaon

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(Amount in Lakhs)

Particulars	Quarter ended			Year ended
	June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
	(Unaudited)	(Refer Note 1)	(Unaudited)	(Audited)
Profit/(Loss) after exceptional item and before tax	**7,130.54**	**4,197.60**	**(2,338.09)**	**3,331.24**
3. Segment assets				
(a) Segment – ES	121,461.11	123,672.01	153,661.60	123,672.01
(b) Segment – PGP	23,813.77	23,828.91	29,920.65	23,828.91
(c) Segment – Others	1,784.55	2,364.92	437.30	2,364.92
(d) Unallocated	41,034.01	40,472.99	42,679.92	40,472.99
Total Assets	**188,093.44**	**190,338.83**	**226,699.47**	**190,338.83**
4. Segment liabilities				
(a) Segment – ES	88,330.00	86,245.51	74,964.57	86,245.51
(b) Segment – PGP	128.15	193.73	206.21	193.73
(c) Segment – Others	45.86	928.79	1,041.93	928.79
(d) Unallocated	27,619.31	38,195.52	91,481.51	38,195.52
Total Liabilities	**116,123.32**	**125,563.54**	**167,694.22**	**125,563.54**

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

(Amount in Lakhs)

Particulars	Quarter ended			Year ended
	June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
One Time Settlement with banks and financial institutions	8,639.32	38,910.13	224.98	39,135.13
Liabilities Written back	-	1,498.47	-	1,498.47
Exceptional Gain (A)	**8,639.32**	**40,408.60**	**224.98**	**40,633.60**
Impact of fair valuation of derivative liability on subsequent remeasurement	601.49	(434.92)	-	692.62
Contract revenue in excess of billing written off	-	8,959.11	-	8,959.11
Capital assets impaired/written off (Refer note- 2(a))	-	4,200.00	-	4,200.0 0
Investment provision/written off	-	1,126.40	-	1,126.40
Trade receivable written off	-	18,922.59	-	18,922.59
Loans and advances provision/written off	-	4,042.33	-	4,042.33
Exceptional Loss (B)	**601.49**	**36,815.51**	**224.98**	**37,943.05**
Net Exceptional Gain (A-B)	**8,037.83**	**3,593.09**	**224.98**	**2,690.55**

During the quarter ended June 30, 2019, the Company has entered into One Time Settlement Agreement ('OTS Agreements') with one of its lender ("the Lender") wherein they have agreed to the settlement of the outstanding principal and accrued interest of the Company. Pursuant to the aforementioned OTS Agreements, the Company has paid Rs 200 lakhs during the quarter to the lender and shall further pay Rs 2800 lakhs. The resultant impact of the transaction has been recognised as an exceptional item in these financial results.

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5) The loan accounts of the Company have been classified as Non- Performing Assets by certain banks and some of them have not charged interest on the said accounts and therefore provision for interest has not been made in the books of accounts and to that extent interest costs and loan liabilities have been understated. The extent of exact amount is under determination and reconciliation with the banks and assets reconstruction company, however as per the details available, the amount of unaccrued interest, on approximate basis, on the said loans (other than the borrowings of few banks and assets reconstruction company which are regular) amounts to Rs 162.69 lakhs and Rs 775.79 lakhs for the quarter ended June 30, 2019 and as at June 30, 2019 respectively. Company is already in discussion with the said banks for settlement of their dues.

6) The Company had entered into Settlement agreement(s) ('Agreements') with certain banks/assets reconstruction company ('the Lenders') as at June 30, 2019 wherein it had settled the outstanding borrowings by issue of equity shares, upfront payments and deferred installments. As at June 30, 2019, the Company has delayed payments in respect of the certain deferred installments amounting Rs. 3,800 lakhs which were due and payable pursuant to these Agreements. So far Banks have not given any such notice(s) or have not shown any such intention and the management is in discussions with the Lenders to condone the aforementioned delays.

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

7) The company has adopted Ind AS 116 'Leases' effective from April 01, 2019 as notified by the ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules, 2019 using modified retrospective method. The adoption of this standard did not have any material impact on the financial results of the current quarter.

8) The Company has accumulated losses amounting Rs 36,562.64 lakhs as at June 30, 2019 and is presently facing acute liquidity problems on account of delayed realization of trade receivables coupled with delays in commencement of commercial production at its biomass-based power generation plants. The management is evaluating various options and has entered into one-time settlement agreements with various lenders, 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. 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, no adjustments are required in the financial statements and accordingly, these have been prepared on a going concern basis.

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

10) Previous period figures have been re-grouped/reclassified wherever necessary to correspond with those of the current period's classification.

For and on behalf of A2Z Infra Engineering Limited

Place: Gurugram
Date: August 13, 2019

CHARTERED ACCOUNTANTS * WALKER CHANDIOK & CO LLP

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A2Z Infra Engineering Limited Gurgaon

Amit Mittal
Managing Director
DIN: 00058944

A2Z INFRA ENGINEERING LTD.

CIN NO. L74999HR2002PLC034805

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Statement of Unaudited Consolidated Financial Results for the quarter ended June 30, 2019

(Amount in Lakhs)

S.No.	Particulars	Quarter ended			Year ended
		June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
		(Unaudited)	(Refer Note 1)	(Refer Note 1)	(Audited)
1	**Income**				
	Revenue from operations	18,800.27	26,909.67	16,545.81	86,870.11
	Other income	752.44	653.52	292.22	1,932.96
	Total income	**19,552.71**	**27,563.19**	**16,838.03**	**88,803.07**
2					
	Expenses				
	Cost of material consumed	11,156.79	16,607.36	7,788.49	47,827.75
	Changes in inventories of Finished goods, Stock -in- trade and Work- in- progress	-	(71.64)	11.46	(0.58)
	Employee benefit expenses	5,946.77	5,879.95	6,939.54	26,246.58
	Finance costs	1,530.60	1,901.35	4,868.76	5,977.90
	Depreciation and amortisation expenses	321.01	544.19	742.19	2,698.67
	Other expenses	1,312.46	1,925.52	1,529.39	7,036.18
	Total expenses	**20,267.63**	**26,786.73**	**21,879.83**	**89,786.50**
3	**(Loss)/ Profit before exceptional items, share of net profit/(loss) of investments accounted for using equity method and tax**	**(714.92)**	**776.46**	**(5,041.80)**	**(983.43)**
4	Share of net loss of investments accounted for using equity method	(306.57)	(974.83)	-	(974.83)
5	**Loss before exceptional items and tax**	**(1,021.49)**	**(198.37)**	**(5,041.80)**	**(1,958.26)**
6	Exceptional items - gain (Refer note 4)	8,037.83	32,246.61	224.98	31,344.07
7	**Profit/(loss) before tax**	**7,016.34**	**32,048.24**	**(4,816.82)**	**29,385.81**
	Current tax	479.05	154.97	99.98	518.24
	Deferred tax	(289.26)	88.55	47.09	144.43
8	**Profit/(loss) for the period/year**	**6,826.55**	**31,804.72**	**(4,963.89)**	**28,723.14**
9	Other comprehensive income				
	Items that will not be reclassified to profit and loss	(7.36)	172.81	27.34	199.06
	Total Other Comprehensive Income for the period/year (net of tax)	**(7.36)**	**172.81**	**27.34**	**199.06**
10	**Total Comprehensive Income for the period/year**	**6,819.19**	**31,977.53**	**(4,936.55)**	**28,922.20**

A2Z Infra Engineering Limited Gurgaon

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(Amount in Lakhs)

S.No.	Particulars	Quarter ended			Year ended
		June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
		(Unaudited)	(Refer Note 1)	(Refer Note 1)	(Audited)
11	**Profit / (Loss) for the period/year attributable to:**				
	Equity holders of the Company	6,756.47	32,064.52	(3,607.16)	30,504.83
	Non-controlling interests	70.08	(259.80)	(1,356.73)	(1,781.69)
12	**Other Comprehensive income is attributable to:**				
	Equity holders of the Company	(7.36)	168.77	27.34	195.02
	Non-controlling interests	-	4.04	-	4.04
13	**Total Comprehensive income is attributable to:**				
	Equity holders of the Company	6,749.11	32,233.29	(3,579.82)	30,699.85
	Non-controlling interests	70.08	(255.76)	(1,356.73)	(1,777.65)
14	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**
	Other equity				**50,939.97**
15	Earnings/ (Loss) per equity share:				
	(a) Basic	3.84	18.21	(2.05)	17.32
	(b) Diluted	3.83	18.21	(2.05)	17.30

Notes:

1) The above consolidated financial results have been reviewed by the Audit Committee and on their recommendation have been approved by the Board of Directors at its meeting held on August 13, 2019. The statutory auditors have carried out limited review of these financial results for the quarter ended June 30, 2019.

The figures in the consolidated financial results for the quarter ended March 31, 2019 and for the quarter ended June 30, 2018 have been approved by the Holding Company's Board of Directors, but have not been subject to audit or review.

Basic and Diluted Earnings Per Share is not annualised for the quarters ended June 30, 2019, March 31, 2019 and June 30, 2018.

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

a. The management has performed impairment assessment of three cogeneration power plants set up in collaboration with certain sugar mills on Build, Own, Operate and Transfer (BOOT) basis for a period of 15 years. As at June 30, 2019, such plants have a power generation capacity of 15 MW each. The assessment has been done on the basis of assumptions of useful life of assets, discounted cash flows with significant underlying assumptions, achievement of certain operating capacity and the ability of new technology to perform on a consistent basis.

The Holding Company has also entered into arbitration proceedings with the sugar mills for the extension of the concession period. Based on the assessment and advice from an independent legal counsel on the availability of concession period, excluding the available renewal period by exercising the option for renewal/ extension of the concession period, the management, is confident, that there exists reasonable certainty that arrangement shall be extended for a term of 5 years. Management carried out an impairment assessment and has recorded an impairment of Rs. 14,539.46 lakhs in carrying value of these assets as at March 31, 2019. Accordingly, management believes that the estimates of the useful lives are reasonable and no further material adjustments to the carrying value of these plants are necessary.

Out of the aforementioned impairment as at March 31, 2019 amounting to Rs. 14,539.46 lakhs, Rs. 12,631.21 lakhs pertain to two power plants, which were yet to be capitalised and Rs. 1,908.25 lakhs are for power plant which has already been capitalised. The recoverable amount of all three cogeneration power plants is based on value in use and determined at the level of the Cash Generating Unit (CGU).

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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 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 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. The Holding Company, as at June 30, 2019, has non-current investments (net of impairment) amounting to Rs. 20,159.73 lakhs, other current financial assets (net of impairment) amounting to Rs. 411.51 lakhs and current financial assets-loan amounting to Rs. 382.35 lakhs in its associate company A2Z Green Waste Management Limited ('AGWML') which has holding in various SPVs under its fold (hereinafter A2Z Green Waste Management Limited together with its subsidiaries is referred to as A2Z Green Waste Management Group). While A2Z Green Waste Management Group has incurred losses during its initial years and consolidated net-worth as at June 30, 2019 has been completely eroded, the underlying projects are expected to achieve adequate profitability on substantial completion. Based on internal assessment and valuation report from an independent valuer, the recoverable amount from the underlying investments/assets is higher than the net worth of A2Z Green Waste Management Group. Therefore, the management believes that the realisable amount 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.

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A2Z Infra Engineering Limited Gurgaon

Chartered Accountants Walker Chandiok & Co LLP

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3) The Group has reported segment information as per Indian Accounting Standard 108 'Operating Segments' (Ind AS 108). The Holding Company 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.

(Amount in lakhs)

Particulars	Quarter ended			Year ended
	June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
	Unaudited	(Refer Note 1)	(Refer Note 1)	(Audited)
1. Segment Revenue				
(a) Segment – ES	10,888.06	17,843.76	3,329.27	49,982.98
(b) Segment – FMS	5,936.40	6,676.12	6,704.09	26,770.57
(c) Segment – MSW	1,596.43	1,926.91	2,175.93	8,814.74
(d) Segment – PGP	-	87.01	-	87.01
(e) Segment – Others	385.59	570.90	4,413.36	2,259.04
Total	**18,806.48**	**27,104.70**	**16,622.65**	**87,914.34**
Less: Inter segment revenue	6.21	195.03	76.84	1,044.23
Revenue from operations	**18,800.27**	**26,909.67**	**16,545.81**	**86,870.11**
2. Segment results [Profit / (Loss) before tax and interest from each segment]				
(a) Segment – ES	267.32	2,026.23	639.82	3,818.13
(b) Segment – FMS	176.06	490.76	221.13	1,401.82
(c) Segment – MSW	232.78	290.10	(314.08)	(248.91)
(d) Segment – PGP	(305.51)	(436.19)	(1,046.77)	(1,359.76)
(e) Segment – Others	103.01	187.41	260.91	949.19
Total	**473.66**	**2,558.31**	**(238.99)**	**4,560.47**
Less: Inter segment results	-	-	-	-
Net segment results	**473.66**	**2,558.31**	**(238.99)**	**4,560.47**
Add: Interest income	342.02	119.50	65.95	434.00
Less:				
(i) Interest expense	1,387.36	1,646.82	4,736.85	5,341.87
(ii) Other unallocable expenditure net off unallocable income	449.81	1,229.36	131.91	1610.86
(Loss)/ Profit before exceptional item and tax	**(1,021.49)**	**(198.37)**	**(5,041.80)**	**(1,958.26)**
Exceptional gain/(loss)				
(a) Segment – ES	-	(26,958.08)	-	(26,958.08)
(b) Segment – PGP	-	(4,900.54)	-	(4,900.54)
(c) Segment – MSW	-	-	-	-
(d) Unallocable items	8,037.83	64,105.23	224.98	63,202.69
Profit/(Loss) after exceptional item and before tax	**7,016.34**	**32,048.24**	**(4,816.82)**	**29,385.81**

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Particulars	Quarter ended			Year ended
	June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
	Unaudited	(Refer Note 1)	(Refer Note 1)	(Audited)
3. Segment assets				
(a) Segment – ES	121,253.10	123,515.00	156,299.11	123,515.00
(b) Segment – FMS	15,367.44	15,536.88	14,742.67	15,536.88
(c) Segment – MSW	2,057.02	1,828.61	49,533.17	1,828.61
(d) Segment – PGP	24,405.34	24,421.98	46,531.14	24,421.98
(e) Segment – Others	3,432.69	4,045.71	2822.51	4,045.71
(f) Unallocated	48,656.18	48,169.49	15,797.28	48,169.49
Total Assets	**215,171.77**	**217,517.67**	**285,725.88**	**217,517.67**
4. Segment liabilities				
(a) Segment – ES	89,205.90	91,415.45	98,512.03	91,415.45
(b) Segment – FMS	12,668.33	12,284.91	10,668.50	12,284.91
(c) Segment – MSW	2,495.14	2,166.46	40,328.92	2,166.46
(d) Segment – PGP	145.88	211.17	518.93	211.17
(e) Segment – Others	1,062.87	1,949.60	2,877.37	1,949.60
(f) Unallocated	34,010.88	40,811.85	113,842.85	40,811.85
Total Liabilities	**139,589.00**	**148,839.44**	**266,748.60**	**148,839.44**

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

(Amount in lakhs)

Particulars	Quarter ended			Year ended
	June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
	Unaudited	(Refer Note 1)	(Refer Note 1)	(Audited)
One Time Settlement with banks and financial institutions	8,639.32	38,910.13	224.98	39,135.13
Liabilities Written back	-	1,498.47	-	1,498.47
Loss of control of subsidiary	-	25,530.09	-	25,530.09
Exceptional Gain (A)	**8,639.32**	**65,938.69**	**224.98**	**66,163.69**
Impact of fair valuation of derivative liability on subsequent remeasurement	601.49	(434.92)	-	692.62
Contract revenue in excess of billing written off	-	8,959.11	-	8,959.11
Capital assets impaired/written off	-	4,200.00	-	4,200.00
Trade receivable written off	-	18,922.60	-	18,922.60
Loans and advances provision/written off	-	2,045.29	-	2,045.29
Exceptional Loss (B)	**601.49**	**33,692.08**	**-**	**34,819.62**
Net Exceptional Gain/(Loss) (A-B)	**8,037.83**	**32,246.61**	**224.98**	**31,344.07**

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During the quarter ended June 30, 3019, the Holding Company has entered into One Time Settlement Agreement('OTS Agreements') with one of its lender ("the Lender") wherein they have agreed to the settlement of the outstanding principal and accrued interest of the Company. Pursuant to the aforementioned OTS Agreement, the Holding Company has paid Rs 200 lakhs during the quarter to the lender and shall further Rs 2,800 lakhs. The resultant impact of the transaction has been recognised as an exceptional item in these financial results.

5) The loan accounts of the Holding Company have been classified as Non- Performing Assets by certain banks and some of them have not charged interest on the said accounts and therefore provision for interest has not been made in the books of accounts and to that extent interest costs and loan liabilities have been understated. The extent of exact amount is under determination and reconciliation with the banks and assets reconstruction company, however as per the details available, the amount of unaccrued interest, on approximate basis, on the said loans (other than the borrowings of few banks and assets reconstruction Holding Company which are regular) amounts to Rs 162.69 lakhs and Rs 775.79 lakhs for the quarter ended June 30, 2019 and as at June 30, 2019 respectively. Holding Company is already in discussion with the said banks for settlement of their dues.

6) The Holding Company had entered into Settlement agreement(s) ('Agreements') with certain banks/assets reconstruction company ('the Lenders') as at June 30, 2019 wherein it had settled the outstanding borrowings by issue of equity shares, upfront payments and deferred installments. As at June 30, 2019, the Holding Company has delayed payments in respect of the certain deferred installments amounting Rs. 3,800 lakhs which were due and payable pursuant to these Agreements. So far Banks have not given any such notice(s) or have not shown any such intention and the management is in discussions with the Lenders to condone the aforementioned delays.

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

7) The Group has adopted Ind AS 116 'Leases' effective from April 01, 2019 as notified by the ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules, 2019 using modified retrospective method. The adoption of this standard did not have any material impact on the financial result of the current quarter.

8) The consolidated financial results have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified under the Companies (Indian Accounting Standards) Rules, 2015 as specified in section 133 of the Companies Act, 2013 and other recognized accounting practices to the extent applicable. The consolidated financial results represent the result of the Holding company, its subsidiaries (together referred to as "the Group") and its associates which have been prepared in accordance with Ind AS 110 'Consolidated Financial Statements' and Ind AS 28 'Investments in Associates and Joint Ventures'.

9) The Holding Company has accumulated losses amounting Rs 36,562.64 lakhs as at June 30, 2019 and is presently facing acute liquidity problems on account of delayed realization of trade receivables coupled with delays in commencement of commercial production at its biomass-based power generation plants. The management is evaluating various options and has entered into one-time settlement agreements with various lenders, 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. 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, no adjustments are required in the financial statements and accordingly, these have been prepared on a going concern basis.

10) Previous period figures have been re-grouped/reclassified wherever necessary to correspond with those of the current period's classification.

For and on behalf of A2Z Infra Engineering Limited

CHARTERED ACCOUNTANTS * WALKER CHANDIOK & CO LLP *

A2Z Infra Engineering Limited Gurgaon *

Place: Gurugram
Date: August 13, 2019

Amit Mittal
Managing Director
DIN: 00058944

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Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results of A2Z Infra Engineering Limited 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 have reviewed the accompanying statement of standalone unaudited financial results ('the Statement') of A2Z Infra Engineering Limited ('the Company') for the quarter ended 30 June 2019, 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'), SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016, (hereinafter referred to as 'the SEBI Circular), and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the 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. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. As explained in:

   i. Note 5 to the accompanying Statement, borrowings from certain bank ('Lender') have been classified as non-performing assets and in respect of such borrowings, the Company has not recognised interest aggregating to Rs. 162.69 lakhs and Rs. 775.79 lakhs for the quarter ended 30 June 2019 and as at 30 June 2019 respectively. Such amount is determined by the management, basis terms of the agreements with Lenders, but in the absence of sufficient appropriate evidence to substantiate such estimate of the management, we are unable to comment on the adjustments, that would be required to the carrying value of these borrowings on account of changes, and its consequential impact, on the accompanying Statement.

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ii. Note 6 to the accompanying Statement, where the Company had entered into settlement agreements with certain banks/ Asset Reconstruction Company ('the Lenders') during the year ended 31 March 2018 and 31 March 2019. As at 30 June 2019, the Company delayed payments in respect of certain deferred instalments which were due and payable pursuant to these settlements. Further, the managenet is in negotiations/ reconciliations with certain other lenders to settle its existing obiligation. Pending confirmations from the Lenders and in the absence of the requisite information, we are unable to comment on the impact of such delays and ongoing negotiations/ reconciliations, if any, on the accompanying Statement.

5. Based on our review conducted as above and the consideration of the review reports of the branch auditors referred to in paragraph 8 below, except for the possible effects of the matters described in previous section, nothing 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, the SEBI Circular, 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.

6. Material Uncertainty Related to Going Concern

   We draw attention to note 8 to the accompanying Statements, which indicates that the Company has accumulated net losses of Rs. 36,562.64 lakhs as at 30 June 2019 and, as of that date the Company has made defaults in repayment of borrowings from banks as detailed in note 6. These conditions along with other matters as set forth in such note, indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, in view of the ongoing discussions relating to restructuring of its borrowings and other debts with the lenders which includes binding One Time Settlement (OTS) offers made by the Company, better financial performance as a result of favorable business conditions expected in future, and other mitigating factors mentioned in the aforementioned note, the management is of the view that the going concern basis of accounting is appropriate for preparation of the accompanying statement. Our conscusion is not modified in respect of this matter.

7. We draw attention to:

   i. Note 2(a) to the accompanying Statement, which describes the significant estimates and assumptions, including extension of the concession period, used by the management for determining recoverable amount of cogeneration power plants classified under property, plant and equipment and capital work-in-progress aggregating to Rs. 8,351.30 lakhs and Rs. 14,156.80 lakhs respectively as at 30 June 2019, 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.

   ii. 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.

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

iv. Note 2(d) to the accompanying Statement, regarding the Company's non-current investment in its associate company, and its other current financial assets (net of impairment) and its current financial assets-loan which include amounts dues from such associate company as on that date aggregating Rs. 20,159.73 lakhs, Rs. 411.51 lakhs and Rs. 382.35 lakhs, respectively. The consolidated net worth of the aforesaid associate company as at 30 June 2019 has been fully eroded and has been incurring losses. Based on the future business plans and projections of the associate company at consolidated level, which have been developed by the management using certain assumptions and estimates, as described in the aforementioned note, management believes that the realizable amount is higher than the carrying amount of such non-current investment, other current financial assets (net of impairment) and current financial assets loan and hence fully recoverable. However, there are certain uncertainties regarding the underlying assumptions and estimates used in such future projections (as discussed in note 2(d)).

Our conclusion on the Statement is not modified in respect of the above matters.

8. We did not review the interim financial results of four branches included in the Statement, whose interim financial results reflects total revenues of Rs. 3,353.66 lakhs, total net profit after tax of Rs. 30.77 lakhs and total comprehensive income of Rs. 30.77 lakhs for the quarter ended on 30 June 2019, as considered in the Statement. The interim financial results have been reviewed by the branch auditors, whose reports have been furnished to us by the management, and our conclusion, in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the review report of such branch auditors.

   Further, all branches are located outside India whose interim financial results have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by branch auditors under review standards specified in Annexure 1. The Company's management has converted the financial results 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. Our conclusion, in so far as it relates to the amounts and disclosures included in respect of these branches is based on the review report of branch auditors and the conversion adjustments prepared by the management of the Company and reviewed by us.

   Our conclusion on the Statement is not modified in respect of the above matter.

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

Manish Agrawal
Partner
Membership No. 507000
UDIN: 19507000AAAAAW6718

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Place: Gurugram
Date: 13 August 2019

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

Annexure 1

S. No.	Name	Country of operations	Name of review 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) 2400
4	A2Z Maintenance & Engineering Services Limited (Zambia Branch)	Zambia	Standards on Review Engagements (SRE) 2410

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

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Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results of A2Z Infra Engineerig Limited 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 have reviewed the accompanying statement of unaudited consolidated 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 ended 30 June 2019, 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. Attention is drawn to the fact that the consolidated figures for the preceding quarter ended 31 March 2019 and corresponding quarter ended 30 June 2018 as reported in the Statement have been approved by the Holding Company's Board of Directors, but have not been subjected to audit or review.

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'), SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016 (hereinafter referred to as 'the SEBI Circular, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the 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. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   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.

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Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results of A2Z Infra Engineerig Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (Cont'd)

4. As explained in:

   i. Note 5 to the accompanying Statement, borrowings from certain bank ('Lender') have been classified as non-performing assets and in respect of such borrowings, the Holding Company has not recognised interest aggregating to Rs. 162.69 lakhs and Rs. 775.79 lakhs for the quarter ended 30 June 2019 and as at 30 June 2019 respectively. Such amount is determined by the management, basis terms of the agreements with Lenders, but in the absence of sufficient appropriate evidence to substantiate such estimate of the management, we are unable to comment on the adjustments, that would be required to the carrying value of these borrowings on account of changes, and its consequential impact, on the accompanying Statement.

   ii. Note 6 to the accompanying Statement, where the Holding Company had entered into settlement agreements with certain banks/ Asset Reconstruction Company ('the Lenders') during the year ended 31 March 2018 and 31 March 2019. As at 30 June 2019, the Holding Company delayed payments in respect of certain deferred instalments which were due and payable pursuant to these settlements. Further, the managenet is in negotiations/ reconciliations with certain other lenders to settle its existing obiligation. Pending confirmations from the Lenders and in the absence of the requisite information, we are unable to comment on the impact of such delays and ongoing negotiations/ reconciliations, if any, on the accompanying Statement.

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and upon consideration of the review reports of the branch auditors and other auditors referred to in paragraph 8 below, except for the possible effects of the matters described in previous section, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, the SEBI Circulars 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.

6. Material Uncertainty Related to Going Concern

   We draw attention to note 9 to the accompanying Statement, which indicates that the Holding Company has accumulated net losses of Rs 36,562.64 lakhs as at 30 June 2019 and, as of that date the Holding Company has made defaults in repayment of borrowings from banks as detailed in note 6. These conditions along with other matters as set forth in such note, indicate the existence of material uncertainty that may cast significant doubt about the Holding Company's ability to continue as a going concern. However, in view of the ongoing discussions relating to restructuring of its borrowings and other debts with the lenders which includes binding One Time Settlement (OTS) offers made by the Company, better financial performance as a result of favorable business conditions expected in future, and other mitigating factors mentioned in the aforementioned note, the management is of the view that the going concern basis of accounting is appropriate for preparation of the accompanying statement. Our conclusion is not modified in respect of this matter.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results of A2Z Infra Engineerig Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (Cont'd)

7. We draw attention to:

   i. Note 2(a) to the accompanying Statement, which describes the significant estimates and assumptions, including extension of the concession period, used by the management for determining recoverable amount of cogeneration power plants classified under property, plant and equipment and capital work-in-progress aggregating to Rs. 8,351.30 lakhs and Rs. 14,156.80 lakhs respectively as at 30 June 2019, 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.

   ii. 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.

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

   iv. Note 2(d) to the accompanying Statement, regarding the Holdling Company's non-current investment (net of impairment) in its associate company, and its other current financial assets (net of impairment) and its current financial assets-loan which include amounts dues from such associate company as on that date aggregating Rs. 20,159.73 lakhs, Rs. 411.51 lakhs and Rs. 382.35 lakhs, respectively. The consolidated net worth of the aforesaid associate company as at 30 June 2019 has been fully eroded and has been incurring losses. Based on the future business plans and projections of the associate company at consolidated level, which have been developed by the management using certain assumptions and estimates, as described in the aforementioned note, management believes that the realizable amount is higher than the carrying amount of such non-current investment, other current financial assets (net of impairment) and current financial assets loan and hence fully recoverable. However, there are certain uncertainties regarding the underlying assumptions and estimates used in such future projections (as discussed in note 2(d)).

   Our conclusion on the Statement is not modified in respect of the above matters.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results of A2Z Infra Engineerig Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (Cont'd)

8. We did not review the interim financial information of nine subsidiaries included in the Statement and four branches included in the unaudited interim standalone financial results of the entitity included in the Group, whose financial information reflects total revenues of Rs. 10,886.49 lakhs, total net profit after tax of Rs. 158.45 lakhs and total comprehensive income of Rs. 158.45 lakhs, for the quarter 30 June 2019, as considered in the Statement. The Statement also includes the Group's share of net loss after tax of Rs. 306.57 lakhs and total comprehensive loss of Rs. 306.57 lakhs, for the quarter ended 30 June 2019, as considered in the Statement, in respect of twenty two associates, whose interim financial information have not been reviewed by us. These interim financial information have been reviewed by other auditors and branch auditors whose review reports have been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries/ branches/ associates/ is based solely on the review reports of such other auditors and branch auditors and the procedures performed by us as stated in paragraph 3 above.

   Further, these four branches are located outside India, whose interim financial financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by branch auditors under review standards specified in Annexure 2. The Holding 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 Holding Company's management. Our conclusion, in so far as it relates to the amounts and disclosures included in respect of these branchesis based on the review report of branch auditors and the conversion adjustments prepared by the management of the Holding Company and reviewed by us.

   Our conclusion is not modified in respect of these matters.

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

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Manish Agrawal
Partner
Membership No. 507000
UDIN: 19507000AAAAAX5653

Place: Gurugram
Date: 13 August 2019

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Annexure 1

List of entities included in the Statement

A. Subsidiaries

S. No.	Name
1	A2Z Infraservices Limited
2	A2Z Powercom Limited
3	A2Z Powertech Limited
4	Mansi Bijlee & Rice Mills Limited
5	Magic Genie Services Limited
6	Chavan Rishi International Limited
7	A2Z Maintenance & Engineering Services Limited and Satya Builders (Association of person)
8	A2Z Infraservices Lanka Pvt. Limited
9	Ecogreen Envirotech Solutions Limited (formerly known as A2Z Waste Management (Loni) Limited)

B. Associates

S. No.	Name
1	A2Z Green Waste Management Limited
2	A2Z Waste Management (Nainital) Private Limited
3	A2Z Waste Management (Aligarh) Limited
4	A2Z Waste Management (Moradabad) Limited
5	A2Z Waste Management (Merrut) Limited
6	A2Z Waste Management (Varanasi) Limited
7	A2Z Waste Management (Jaunpur) Limited
8	A2Z Waste Management (Badaun) Limited
9	A2Z Waste Management (Sambhal) Limited
10	A2Z Waste Management (Mirzapur) Limited
11	A2Z Waste Management (Balia) Limited
12	A2Z Waste Management (Fatehpur) Limited
13	A2Z Waste Management (Ranchi) Limited
14	A2Z Waste Management (Ludhiana) Limited
15	A2Z Waste Management (Dhanbad) Private Limited
16	Shree Balaji Pottery Private Limited
17	Shree Hari Om Utensils Private Limited
18	A2Z Waste Management (Jaipur) Limited
19	A2Z Mayo SNT Waste Management (Nanded) Private Limited ((Under process of strike off w.e.f. 02.04.2019)
20	A2Z Waste Management (Ahmedabad) Limited
21	Earth Environment Management Services Private Limited
22	Magic Genie Smartech Solutions Limited

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Annexure 2

S. No.	Name	Country of operations	Name of review 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) 2400
4	A2Z Maintenance & Engineering Services Limited (Zambia Branch)	Zambia	Standards on Review Engagements (SRE) 2410

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