

A2Z INFRA ENGINEERING LTD.

CIN NO. L74999HR2002PLC034805



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BY E-FILING

REF. No.:- A2ZINFRA/SE/2017-18/141

February 13, 2018

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

Fax-022-22722039
BSE Code-533292

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

Subject: Outcome of the Board Meeting duly held on Tuesday, February 13, 2018: Approval of One Time Settlement with Edelweiss Asset Reconstruction Company towards Debt Reduction of INR 130.83 Cr., and approval of Unaudited Results for Quarter ended December 31, 2017

Dear Sir,

The decisions and outcome of the Meeting of the Board of Directors of the A2Z Infra Engineering Ltd. duly held on Tuesday, February 13, 2018 are as follows:-

1. A2Z's Board approves One Time Settlement (OTS) with Edelweiss Asset Reconstruction Limited (hereinafter referred to as "Edelweiss"), a Lender of the Company. Total Debt Addressed is INR 130.83 Cr., at OTS Consideration of INR 57.5 Cr.

As required under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the details are as follows:

i. Facts

The Company had availed financial assistance as term loan from Yes Bank and Yes Bank has assigned all the rights, title and interests in the financial assistance granted by it to the Company in favour of Edelweiss Asset Reconstruction Company Limited (the "Lender"), acting in its capacity as Trustee of EARC Trust SC 299 vide Assignment Agreement dated September 30, 2017. As per books and accounts of Edelweiss, present outstanding is INR 130.83 Cr. (including interest) and the Company was finding it difficult to service the interest payments.

Company was in discussion with Edelweiss for One Time Settlement (OTS) and sent its proposal to Edelweiss. Edelweiss has accepted the Company's proposal vide its acceptance letter dated February 12, 2018.



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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

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ii. Reason for Opting for OTS

Over the past 2 years, the company has been working assiduously to turn the company around by addressing and reducing the debt burden of the company. The Company had earlier announced settlement of debt of SICOM Ltd, amounting to INR 114.28 Cr.

Now, the Company has reached a One Time Settlement (OTS) agreement with Edelweiss ARC.

Furthermore as per the proposed terms of the said OTS the existing liability of INR 130.83 Cr was settled at INR 57.50 Cr as follows:-

Cash out flow of INR 12.00 Cr and balance amount of INR 45.50 Cr shall be payable by conversion of their term loan into fully paid up equity shares of the Company at the price determined under ICDR Regulations. This step will be beneficial for the Company by improving the Company's balance sheet and solvency.

iii. Summary Details of the OTS

Total Edelweiss debt outstanding: INR 130.83 Cr.

One Time Settlement scheme:

Total Consideration to be paid towards OTS: INR 57.5 Cr., in the following manner:

a. Cash Payment- INR 12.00 Cr.

INR 1.00 Cr already paid along with the proposal;
INR 1.00 Cr to be paid within 45 days of approval;
INR 5.00 Cr to be paid within 6 months i.e. up to August 31, 2018.
Balance INR 5.00 Cr to be paid within 12 months i.e. up to February 28, 2019.

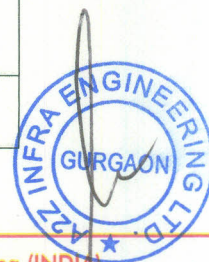
b. Issuance of Shares- INR 45.50 Cr.

Issuance of shares for INR 45.50 Cr. in terms of Chapter VII of SEBI ICDR Regulations.

2. Allotment of Shares

In terms of in-principle approval granted by both the Stock Exchanges and approval granted by the shareholders of Company through Postal ballot on December 17, 2017, the Board of Directors has approved the allotment of 1,77,13,569 (One Crore Seventy Seven Lakh Thirteen Thousand Five Hundred Sixty Nine) equity shares having face value of INR 10/- each issued at INR 39.80/- on preferential basis as per SEBI (ICDR) Regulations, 2009 as amended from time to time to lenders on Conversion of Loan to the following allottees as follows:

S.No.	Name of Allottees	No. of Shares
1.	SICOM Limited	62,81,408
2.	Edelweiss Asset Reconstruction Company Limited acting in its capacity as a trustee of EARC Trust SC 299	1,14,32,161
Total		1,77,13,569



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Further Consequent to the said allotment, the paid up capital of the Company shall be INR 163,55,70,430/- divided into 16,35,57,043 equity shares of face value of INR 10/- each. The said outcome has been uploaded on the website of Stock Exchanges and on the website of the Company at www.a2zgroup.co.in.

3. Approval of Unaudited Financial Results for the Quarter (Q3) ended December 31, 2017

Board of Directors on the recommendations of the Audit Committee, have reviewed and approved the Unaudited Financial Results for the Quarter (Q3) ended December 31, 2017 along with the Limited Review Report issued by the Statutory Auditors.

A copy of the Statement of Unaudited Financial Results along with the Limited Review Report for the quarter ended December 31, 2017, 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. You are requested to take the above information on record.

Thanking you,

Yours truly

FOR A2Z INFRA ENGINEERING LTD.

(Atul Kumar Agarwal)
Company Secretary
FCS-6453

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



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Statement of Unaudited Financial Results for the quarter and nine months ended December 31, 2017

(Amount in Rs Lacs)

S. No.	Particulars	Quarter ended			Nine months period ended		Year ended
		December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016	March 31, 2017
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Revenue						
	Revenue from operations	8,944.66	6,943.65	11,238.49	27,093.96	46,447.24	63,455.83
	Other Income	249.88	303.65	250.72	830.53	1,240.92	1,563.48
	Total income	9,194.54	7,247.30	11,489.21	27,924.49	47,688.16	65,019.31
2	Expenses						
	Cost of material consumed	6,650.78	5,476.97	7,377.24	20,201.50	33,446.19	47,240.91
	Purchase of Stock in Trade	559.31	-	1,002.68	2,596.23	4,216.40	4,996.99
	Employee benefit expenses	607.95	582.90	499.82	1,725.46	1,443.63	1,965.05
	Finance costs	3,473.10	3,045.83	2,942.48	9,562.94	8,753.50	11,967.31
	Depreciation and amortisation expenses	321.87	322.21	364.75	972.40	1,099.11	1,447.52
	Other expenses	1,158.00	784.36	1,261.98	2,581.90	3,603.42	4,501.85
	Total expenses	12,771.01	10,212.27	13,448.95	37,640.43	52,562.25	72,119.63
3	Profit/(Loss) before exceptional items and tax	(3,576.47)	(2,964.97)	(1,959.74)	(9,715.94)	(4,874.09)	(7,100.32)
4	Exceptional items - gain/(loss) (Refer note 5)	3,752.02	-	-	3,307.94	-	(959.58)
5	Profit/(Loss) before tax	175.55	(2,964.97)	(1,959.74)	(6,408.00)	(4,874.09)	(8,059.90)
	Current tax	(0.01)	3.90	12.55	20.79	13.40	3.67
	Deferred tax charge/(credit)	73.28	(0.09)	434.20	73.22	1,059.20	5,855.41
6	Profit/(Loss) for the period/year	102.28	(2,968.78)	(2,406.49)	(6,502.01)	(5,946.69)	(13,918.98)
7	Other Comprehensive Income						
	Items that will not be reclassified to profit and loss	17.91	3.68	13.97	35.24	20.09	29.58
	Total Other Comprehensive Income for the period/year	17.91	3.68	13.97	35.24	20.09	29.58
8	Total Comprehensive Income for the period/year	120.19	(2,965.10)	(2,392.52)	(6,466.77)	(5,926.60)	(13,889.40)
9	Paid-up equity share capital (Face value of the share - Rs 10/- each)	14,554.55	14,554.55	13,101.23	14,554.55	13,101.23	14,494.95
10	Profit/(Loss) per equity share (for continuing operation)						
	(a) Basic	0.07	(2.05)	(1.85)	(4.48)	(4.62)	(10.75)
	(b) Diluted	0.07	(2.05)	(1.85)	(4.48)	(4.62)	(10.75)

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Notes:

- 1) The above financial results have been reviewed by the Audit Committee and on their recommendation have been approved by the Board of Directors at its meeting held on February 13, 2018. The statutory auditors have reviewed the above financial results for the quarter and nine months ended December 31, 2017.

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

- a. The management has performed impairment assessment of three cogeneration power plants set up in collaboration with certain sugar mills on Built, Own, Operate and Transfer (BOOT) basis for a period of 15 years. As at December 31, 2017, such plants have a power generation capacity of 15 MW each. The assessment has been done on the basis of assumptions of useful life of assets, discounted cash flows with significant underlying assumptions, achievement of certain operating capacity and the ability of new technology to perform on a consistent basis.

The management had filed a writ petition with the High Court of Punjab and Haryana for the extension of the concession period wherein the Hon'ble Court has directed the sugar mills, vide its order dated March 23, 2017, to consider the request made by the Company for the extension within a period of 3 months. Additionally, the Company has also initiated arbitration proceedings with the sugar mills for the extension. Based on the assessment and advice from an independent legal counsel on the availability of concession period, excluding the available renewal period by exercising the option for renewal/ extension of the concession period, the management, is confident, that there exists reasonable certainty that arrangement shall be extended for a term of 5 years. Management carried out an impairment assessment and has recorded an impairment provision of Rs. 6,839.46 lacs in carrying value of these assets during the year ended March 31, 2017. 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 provision amounting to Rs. 6,839.46 lacs, Rs. 5,881.21 lacs is against Morinda and Fazilka power plants, which were yet to be capitalised and Rs. 958.25 lacs is for power plant situated at Nakodar which have already been capitalised. This was recognised in the statement of profit and loss under the head exceptional item during the year ended March 31, 2017. The recoverable amount of Rs. 31,448.59 lacs as at December 31, 2017 (Rs. 32,091.86 lacs as at March 31, 2017) of all three cogeneration power plants is based on value in use and determined at the level of the Cash Generating Unit (CGU). The CGU consisted of assets relating to the power plant, and the cash flows of the CGU are discounted at a rate of 16.21% on a pre-tax basis and 13.80% on a post-tax basis.

- b. Contract revenue in excess of billing amounting Rs. 13,636.57 lacs, pertains to revenue recognized by the Company during earlier years, representing amounts billable to, and receivable from the customers towards work done on certain EPC contracts under execution by the Company in accordance with the terms implicit in the contract. The delay in billing these amounts is on account of conclusion of reconciliations with the customers, pending joint measurement/survey of the work done till date and non-achievement of milestones as per the contractual terms. Management is in discussion with the customers and expects to bill these amounts at the earliest, and believes that whilst it may take some time to recover the amounts owing to completion of certain administrative and contractual matters, the current provision being carried in the books is adequate and no further material adjustments are considered necessary in respect of above balances.
- c. The Income tax authorities conducted a search and survey at certain premises of the Company under section 132 and 133 of the Income Tax Act, 1961 in April 2012. During the year ended March 31, 2015, the Company received the Assessment Orders for the assessment years 2009-10 to 2013-14 from the Deputy Commissioner of Income Tax (DCIT) demanding additional tax liability of Rs. 1,992.17 lacs. The Company had filed appeals with Commissioner of Income Tax (CIT) (Appeals) challenging these orders against which the said authority has granted partial relief to the Company. The Company and the income tax authorities have further filed appeals with Income Tax Appellate Tribunal (ITAT) challenging the Orders for these assessment years.

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 final decision on these matters no adjustments have been made in the financial results.

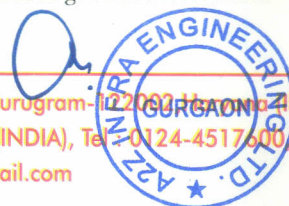
- d. The Company, as at December 31, 2017, has non-current investments amounting to Rs 19,962.69 lacs, other current financial assets (net of impairment) amounting to Rs. 409.19 lacs and current financial assets-loan amounting to Rs. 126.16 lacs in its subsidiary A2Z Green Waste Management Limited which has 100% holding in various SPVs under its fold (hereinafter A2Z Green Waste Management Limited together with its subsidiaries is referred to as A2Z Green Waste Management Group). While A2Z Green Waste Management Group has incurred losses during its initial years and consolidated net-worth as at December 31, 2017 has been completely eroded, the underlying projects are expected to achieve adequate profitability on substantial completion. Based on internal assessment and valuation report from an independent valuer, the recoverable amount from the underlying investments/assets is higher than the net worth of A2Z Green Waste Management Group. Therefore, the management believes that the realisable amount of these subsidiaries is higher than the carrying value of the non-current investments, other current financial assets and current financial assets-loans due to which these are considered as good and recoverable.

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

(Amount in Rs Lacs)

Particulars	Quarter Ended			Nine months period ended		Year Ended
	December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016	March 31, 2017
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Segment Revenue						
(a) Segment – ES	7,848.61	6,506.39	9,641.77	23,056.75	41,003.01	56,706.93
(b) Segment – PGP	-	-	-	-	98.10	154.39
(c) Segment – Others	1,096.05	437.26	1,596.71	4,037.21	5,346.13	6,594.51
Total	8,944.66	6,943.65	11,238.49	27,093.96	46,447.24	63,455.83
Less: Inter segment revenue	-	-	-	-	-	-
Revenue from operations	8,944.66	6,943.65	11,238.49	27,093.96	46,447.24	63,455.83
2. Segment results [Profit / (Loss) before tax and interest from each segment]						
(a) Segment – ES	(42.95)	(182.53)	645.95	(430.03)	3,466.89	4,666.73
(b) Segment – PGP	(249.59)	(261.87)	(257.03)	(766.51)	(813.25)	(1,081.47)
(c) Segment – Others	(79.14)	249.95	355.22	245.53	510.42	386.42
Total	(371.68)	(194.45)	744.14	(951.01)	3,164.06	3,971.68
Less: Inter segment results	-	-	-	-	-	-
Net segment results	(371.68)	(194.45)	744.14	(951.01)	3,164.06	3,971.68
Add: Interest income	268.32	275.31	239.61	798.00	716.34	895.31
Less:						
(i) Interest expense	3,293.68	2,903.21	2,780.06	9,112.05	8,336.25	11,370.76
(ii) Other unallocable expenditure net off unallocable income	179.43	142.62	163.43	450.88	418.24	596.55
Profit/(Loss) before exceptional item and tax	(3,576.47)	(2,964.97)	(1,959.74)	(9,715.94)	(4,874.09)	(7,100.32)
Exceptional items						
(a) Segment – ES	-	-	-	-	-	(3,038.12)
(b) Segment – PGP	-	-	-	-	-	(6,839.46)
(c) Unallocable items	3,752.02	-	-	3,307.94	-	8,918.00
Profit/(Loss) after exceptional item and before tax	175.55	(2,964.97)	(1,959.74)	(6,408.00)	(4,874.09)	(8,059.90)
3. Segment assets						
(a) Segment – ES	164,086.89	165,247.15	170,018.34	164,086.89	170,018.34	172,966.76
(b) Segment – PGP	33,911.74	34,197.39	41,890.29	33,911.74	41,890.29	34,662.75
(c) Segment – Others	1,190.71	992.38	1,354.19	1,190.71	1,354.19	1,604.28
(d) Unallocated	41,943.64	41,190.06	46,007.03	41,943.64	46,007.03	41,881.79
Total Assets	241,132.98	241,626.98	259,269.85	241,132.98	259,269.85	251,115.58
4. Segment liabilities						
(a) Segment – ES	79,339.42	73,632.81	95,595.59	79,339.42	95,595.59	79,131.52
(b) Segment – PGP	198.97	199.64	608.51	198.97	608.51	599.24
(c) Segment – Others	1,340.98	2,562.86	3,015.35	1,340.98	3,015.36	1,480.43
(d) Unallocated	105,983.22	111,182.31	98,963.55	105,983.22	98,963.54	109,433.90
Total Liabilities	186,862.59	187,577.62	198,183.00	186,862.59	198,183.00	190,645.09

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- 4) These results have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under, other accounting pronouncements generally accepted in India and in terms of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and SEBI circular dated July 5, 2016.
- 5) a. Exceptional items for the year ended March 31, 2017, represent gain on reversal of derivative liability relating to put option on fully convertible debentures issued by a subsidiary company amounting Rs. 8,918.00 lacs, charge for impairment of power generation plants in Punjab (also refer note 2(a)) amounting Rs. 6,839.46 lacs and write off of bank guarantees encashed by certain customers amounting Rs. 3,038.12 lacs.
- b. During the quarter ended June 30, 2017, the Company has sold the entire shareholding in its subsidiary i.e. Star Transformers Limited. Consequently, Star Transformers Limited ceased to be a subsidiary of the Company and the Company has incurred Rs. 444.08 lacs as loss on sale of investment in the financial results.
- c. During the quarter ended December 31, 2017, the Company has entered into a One Time Settlement Agreement ("OTS Agreement") with one of its lenders ("the Lender") wherein the Lender agreed to the settlement of the outstanding principal and accrued interest in consideration of Rs. 1,750.00 lacs and equivalent number of equity shares amounting Rs 2,500.00 lacs to be issued. Pursuant to the OTS Agreement, the Company has paid Rs 1,750.00 lacs and subsequent to the period end, the Board of Directors have approved the allotment of 6,281,408 equity shares amounting Rs 2,500.00 lacs to the Lender in lieu of settlement of the entire existing liability inclusive of accrued interest. Accordingly, the resultant impact of the transaction Rs. 3,752.02 lacs has been recognized as an exceptional item in these financial results.
- 6) Company had preferred an application with the Authority for Advance Rulings (the "Authority") pertaining to levy of service tax on one of their projects in financial year 2016-17. During the quarter ended December 31, 2017, the Company received the ruling of the Authority to its application wherein the Authority has clarified that service tax is applicable on the contract. Management based on the terms of contracts with the customer and sub-contractors is confident of recovering the entire service tax liability (including interest) and believes that no material liability shall devolve on the Company

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For and on behalf of A2Z Infra Engineering Limited



Amit Mittal
Managing Director
DIN: 00058944

Place: Gurugram

Date: February 13, 2018

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

To the Board of Directors of A2Z Infra Engineering Limited

1. We have reviewed the accompanying statement of unaudited financial results ('Statement') of A2Z Infra Engineering Limited ('the Company') for the quarter ended 31 December 2017 and the year to date results for the period 1 April 2017 to 31 December 2017, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, and other recognised accounting practices and policies has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.



Walker Chandiok & Co LLP

4. We draw attention to:

- (i) Note 2(a) in the accompanying statement, which describes the uncertainty relating to the estimates and assumptions, including extension of the concession period, used by the management with respect to the impairment assessment of the cogeneration power plants classified under property, plant and equipment and capital work-in-progress.
- (ii) Note 2(b) in the accompanying statement with respect to contract revenue in excess of billing relating to certain projects which are still in progress aggregating to Rs. 13,636.57 lacs, recognized in the earlier years. Management, based on ongoing discussions/ negotiations with the customers believes that these amounts are completely billable and accordingly, no adjustments have been made in the financial results.
- (iii) Note 2(c) in the accompanying statement, which describes the uncertainty relating to the outcome of litigation pertaining to income tax matters pursuant to assessment orders received by the Company for the Assessment years 2009-10 to 2013-14 which are pending with Income Tax Appellate Tribunal (ITAT). Pending the final outcome of these matters, which is presently unascertainable, no further adjustments have been made in the financial results.
- (iv) Note 2(d) in the accompanying statement, regarding the Company's non-current investments in its subsidiary company, its other current financial assets (net of impairment) and its current financial assets loan which include amounts due from such subsidiary company aggregating Rs. 19,962.69 lacs, Rs. 409.19 lacs and Rs. 126.16 lacs, respectively. The consolidated net worth of the aforesaid subsidiary company as at 31 December 2017 has been fully eroded; however, based on the future business plans and projections of the subsidiary company, which have been developed using certain management assumptions and estimates, as described in the aforesaid note, management believes that the realizable amount is higher than the carrying value of the investments, non-current loans, other non-current financial assets and other financial assets due to which these are considered as good and recoverable. Accordingly, no impairment against the aforesaid amounts have been recognised in the financial results.

Our review report is not modified in respect of above matters.

5. We did not review the interim financial results of three branches, included in the Statement, whose interim financial results reflect total revenues (after eliminating intra-group transactions) of Rs. 1,633.56 lacs and Rs. 5,558.81 lacs and net (loss)/profit after tax (after eliminating intra-group transactions) of Rs. (3.92) lacs and Rs. 43.89 lacs for the quarter ended 31 December 2017 and the year to date results for the period 1 April 2017 to 31 December 2017 respectively. These financial results have been reviewed by the branch auditors whose report has been furnished to us and our review report in respect thereof is based solely on their reports. Our review report is not modified in respect of this matter.

Walker Chandiok & Co LLP

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No: 001076N/N500013

Neeraj Sharma
per **Neeraj Sharma**

Partner

Membership No. 502103



Gurugram

13 February 2018