

A2Z INFRA ENGINEERING LIMITED

CIN No.: L74999HR2002PLC034805



REF. No.:- A2ZINFRA/SE/2023-24/011

BY E-FILING

May 19, 2023

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

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

Fax-022-22722039
BSE Code- 533292

Fax- 022-26598237/38
NSE Code- A2ZINFRA

Subject: Outcome of Board Meeting held on Friday, May 19, 2023

Dear Sir/Madam,

In compliance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, We, **A2Z INFRA ENGINEERING LTD.** (hereinafter referred as "Company") wish to inform you that on the recommendations of the members of the Audit Committee, the members of the Board of Directors of A2Z Infra Engineering Ltd. at its meeting duly held on May 19, 2023, have reviewed and approved the Audited Standalone & Consolidated Financial Results for the Quarter (Q4) and year ended on March 31, 2023 along with the Auditor's reports thereon, issued by the Statutory Auditors.

Copies of the Statement of Audited Standalone and Consolidated Financial Results along with the Auditor's reports, approved by the Board pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, are attached herewith. In terms of Regulation 47 of SEBI (LODR), the extract of the Audited Standalone & Consolidated financial results shall be published in the prescribed format on May 20, 2023.

Further as required the Statement on impact of Audit Qualifications (in respect of modified opinion on standalone and consolidated Audited Results) for the year ended March 31, 2023 is enclosed herewith as Annexure-I.

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

The Board meeting commenced at 5:00 p.m. and concluded at 08:30 p.m.

This is for your information & records purpose.

Thanking you,
Yours truly,

FOR A2Z INFRA ENGINEERING LTD.

(Atul Kumar Agarwal)
Company Secretary
FCS-6453

Add: - Ground Floor, Plot No. 58, Sector-44,
Gurugram-122003, Haryana





Independent Auditor's Report on the Standalone Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of A2Z Infra Engineering Limited

Disclaimer of Opinion

1. We have audited the accompanying standalone annual financial results of **A2Z Infra Engineering Limited** ('the Company') for the year ended March 31, 2023 ('the Statement'), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), including relevant circulars issued by the SEBI from time to time.
2. We do not express an opinion on the accompanying statement of the company, because of the significance of the matters described in the "Basis for Disclaimer Opinion" section of our report. We have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the statement.

3. Basis for Disclaimer of Opinion

- a) As stated in note 10 to the accompanying Statement, the Company has incurred a net loss after tax of Rs. 9,154.14 lakhs during the year ended 31st March 2023, and as of that date, the Company's accumulated losses amount to Rs. 1,06,842.29 lakhs, which have resulted in substantial erosion of its net worth, and the current liabilities exceed current assets by Rs. 14,341.26 lakhs and is presently facing acute liquidity problems on account of delayed realization of trade receivables. Also, certain lenders have filed applications with the National Company Law Tribunal (NCLT), Debt Recovery Tribunal (DRT) and other courts for recovery of their dues as detailed in note 9 and 10. The Company has also delayed in repayment of borrowings and payment of statutory dues and dues payable to other lenders including delays with respect to dues payable under one-time settlement agreements, as further detailed in note 9. As confirmed by the management, the Company has been in discussions with the lenders regarding restructuring of these borrowings, the resolution for which is yet to be finalised. Further, the expected realisation of the amounts outstanding from certain customers, within the next 12 months, with whom the Company is in discussions is uncertain in the absence of any confirmations from such customers. Such events and conditions and the possible impact of the associated uncertainties on management's assumptions, and other matters as set forth in the note 10, cast significant doubt on the Company's ability to continue as a going concern. In the absence of sufficient appropriate audit evidence to support the management's assessment with respect to restructuring of borrowings and availability of funds, we are unable to comment on the ability of the Company to continue as a going concern. Further, as stated in Note 11 to the accompanying statement, indicates that a material uncertainty exists that may cast significant doubt on the Tanzania's branch ability to continue as going concern.

Our audit report on the standalone financial results for the quarter and year ended 31st March 2022 dated 18th May 2022 and our review report for the quarter ended 31st Dec 2022 dated 14th February 2023 also included a disclaimer of opinion and disclaimer of conclusion, respectively, in respect of this matter.

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- b) As stated in note 8 and 9 to the accompanying Statement, the Company has borrowings from certain banks which have been classified as non-performing assets ('NPA borrowings') and those from certain other banks/ asset reconstruction company (together referred to as 'the Lenders'). The Company had entered into settlement agreements ('Settlement Agreements') with some of these Lenders for the aforesaid loans. As described in the said note, the Company has delayed the payments in respect of the instalments due to these Lenders pursuant to the relevant loan agreements and Settlement Agreements. In respect of the aforementioned NPA borrowings and delayed payments under the Settlement Agreements, the Company has not recognised interest for the quarter and year ended 31st March 2023 aggregating to Rs. 822.41 lakhs and Rs. 3,374.33 lakhs (accumulated interest as at 31st March 2023 being Rs. 4,276.44 lakhs), payable under the terms of the said agreements, as estimated by the management on the basis of expected re-negotiation with the Lenders.

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

Our Audit report on the standalone financial results for the quarter and year ended 31st March 2022 dated 18th May 2022 and our review report for the quarter ended 31st Dec 2022 dated 14th February 2023 also included a disclaimer of opinion and disclaimer of conclusion, respectively, in respect of this matter.

- c) As stated in note 3 to the accompanying Statement, the Company's non-current investment (net of impairment amounting to Rs. 7,992.84 lakhs) in its associate company namely Greeneffect Waste Management Limited (formerly known as A2Z Green Waste Management Limited) ("GWML") and its other current financial assets (net of impairment amounting to Rs. 2,826.46 lakhs) and its current financial assets-loan amounting to Rs. 84.67 lakhs which include amounts dues from such associate company as on 31st March 2023. Further, as stated in note 7 of the accompanying statement, during the quarter and year ended as on 31st March 2023, Company has provided provision for diminution in investment of Rs. 9,058.00 lakhs on preference shares of Greeneffect Waste Management Limited. The consolidated net worth of the aforesaid associate company as on that date has been fully eroded on account of losses incurred. Further, the associate company is facing liquidity constraints due to which it may not be able to meet the projections as per the approved business plans. Based upon the valuation report of an independent valuer, arbitration awarded in favour of GWML and other factors described in the aforementioned note, management has considered such balances as fully recoverable. However, in the absence of sufficient and appropriate audit evidence to support the management's assessment as above, we are unable to comment upon adjustments, if any, that may be required to the carrying value of these balances, and the consequential impact on the accompanying Statement.

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Our audit report on the standalone financial results for the quarter and year ended 31st March 2022 dated 18th May 2022 and our review report for the quarter ended 31st Dec 2022 dated 14th February 2023 also included a disclaimer of opinion and disclaimer of conclusion, respectively, in respect of this matter.

Emphasis of Matters

4. We draw attention to:

- i. Note 2(a) to the accompanying Statement, which describes the uncertainties relating to the outcome of the various pending litigations in respect of three cogeneration power plants of the Company located at Punjab, for which the Company has filled petitions and appeals at various forums. The final outcome of these matters is presently unascertainable. Further, the management has recorded impairment of Rs. 35,665.04 lakhs in the present value of the power plant as at 31st March 2023.
- 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.
- iii. Note 2(c) to the accompanying Statement, which describes the uncertainty relating to utilisation/recovery of input tax credit and levy of interest on service tax. Based on the terms of the contract with the customers/vendors and independent legal opinion, management believes that these amounts are recoverable from the customer including interest thereon and that the Company will be able to avail the input tax credit for aforementioned matter.

Responsibilities of the Management and Those Charged with Governance for the Statement

5. This Statement has been prepared on the basis of the standalone annual audited financial results and has been approved by the Company's Board of Directors. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit/loss and other comprehensive income and other financial information of the Company in accordance with the accounting principles generally accepted in India, including IND AS prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with relevant rules issued thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and



presentation of the Statement that gives a true and fair view and are free from material misstatement, whether due to fraud or error.

6. In preparing the Statement, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Statement

8. Our responsibility is to conduct an audit of the Statement in accordance with the Standards on Auditing, specified under section 143(10) of the Act, and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we are not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these standalone financial results. We are independent of the Company in accordance with the code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Other Matters

9. The statement includes the financial results for the quarter ended 31 March, 2023, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subject to limited review by us.
10. We did not audit the financial statements of two branches included in the Statement, whose financial information reflects total assets of Rs. 1,421.73 lakhs as at 31 March 2023, total revenues of Rs. 20.35 lakhs, total net profit after tax of Rs. 22.86 lakhs, total comprehensive income of Rs. 22.86 lakhs and cash flows (net) of Rs. 71.95 lakhs for the year then ended, as considered in the Statement. These financial statements have been audited by the branch auditors, whose reports have been furnished to us by the management.

Further, all such branches are located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by branch auditors under audit standards specified in Annexure-1 applicable in their respective countries. The Company's management has converted the financial statements 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. This report, in so far as it relates to the balances and affairs of these branches is based on the audit report of branch



auditors, and the conversion adjustments prepared by the management of the company and audited by us.

11. The Statement includes the financial information of one branch, which has not been audited, and whose financial information reflects total revenues of Rs. 20.65 lakhs, total net loss after tax of Rs. 1.63 lakhs and total comprehensive loss of Rs. 1.63 lakhs for the year ended 31st March 2023, as considered in the Statement. This report, in so far as it relates to the balances and affairs of this branch, is based solely on such financial information, as certified and provided by the management. According to the information and explanations given to us by the management, this financial information is not material to the Company.

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


Saurabh Kuchhal
Partner
Membership No. 512362



Date: 19.05.2023
Place: Gurgaon

UDIN: 23512362BGWDLK2556

**Annexure 1:**

S.No.	Name	Country of Operations	Audited/Management Certified	Name of auditing Standard
1	A2Z Infra Engineering Limited (Tanzania Branch)	Tanzania	Audited	International Standards Auditing
2	A2Z Infra Engineering Limited (Nepal Branch)	Nepal	Management Certified	Nepal Standards Auditing
3	A2Z Infra Engineering Limited (Uganda Branch)	Uganda	Audited	International Standards Auditing



A2Z INFRA ENGINEERING LIMITED

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A2Z INFRA ENGINEERING LIMITED

Statement of Audited Standalone Financial Results for the quarter and year ended March 31, 2023

(Amount in Rs. Lakhs)

S.No.	Particulars	Quarter ended			Year ended	
		March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
		(Refer Note 1)	(Unaudited)	(Refer Note 1)	(Audited)	(Audited)
1	Income					
	Revenue from operations	1,480.12	1,489.17	4,042.63	6,958.65	13,601.00
	Other income	121.56	16.59	81.34	3,068.54	1,036.00
	Total income	1,601.68	1,505.76	4,123.97	10,027.19	14,637.00
2	Expenses					
	Cost of material consumed	1,323.79	1,159.08	3,329.82	5,157.90	11,114.59
	Employee benefit expenses	42.94	103.13	40.31	311.85	242.47
	Finance costs	100.82	142.94	218.03	700.77	2,024.73
	Depreciation and amortization expenses	118.86	121.22	112.83	482.90	404.57
	Other expenses	180.70	353.33	659.58	4,573.72	18,139.72
	Total expenses	1,767.11	1,879.70	4,360.57	11,227.14	31,926.08
3	Loss before exceptional items and tax	(165.43)	(373.94)	(236.60)	(1,199.95)	(17,289.08)
4	Exceptional items – (loss)/gain (Refer note 7)	(5,587.78)	275.20	112.65	(5,312.58)	71.86
5	Loss before tax	(5,753.21)	(98.74)	(123.95)	(6,512.53)	(17,217.22)
	Current tax	0.54	-	-	0.54	6.51
	Deferred tax charge/(credit)	2,641.07	-	-	2,641.07	-
6	Loss for the period/year	(8,394.82)	(98.74)	(123.95)	(9,154.14)	(17,223.73)
7	Other comprehensive income					
	Items that will not be reclassified to profit and loss	(7.21)	-	(25.73)	(7.21)	(7.77)
8	Total Other Comprehensive income for the period/year	(7.21)	-	(25.73)	(7.21)	(7.77)
9	Total Comprehensive income for the period/year	(8,402.03)	(98.74)	(149.68)	(9,161.35)	(17,231.50)
10	Paid-up equity share capital (Face value of the share - Rs 10/- each)	17,611.99	17,611.99	17,611.99	17,611.99	17,611.99
11	Other equity				(15,955.37)	(6,901.39)
12	Loss per equity share:					
	(a) Basic (in INR)	(4.77)	(0.05)	(0.07)	(5.20)	(9.78)
	(b) Diluted (in INR)	(4.77)	(0.05)	(0.07)	(5.20)	(9.78)



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Notes:

- 1) The above standalone financial results for the year ended on March 31, 2023 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at their Board Meeting duly held on May 19, 2023 in terms of Provisions of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The standalone financial results have been prepared to comply in all material respects with the Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, and other accounting principles generally accepted in India. The statutory auditor have issued a disclaimer of conclusion in respect of the matters described in note 3, 8, 9, 10 and 11 in standalone financial results for the quarter and year ended March 31, 2023.

The figures for the quarter ended March 31, 2023 and March 31, 2022 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2023 and March 31, 2022 respectively and the unaudited published year to date figures upto December 31, 2022 and December 31, 2021 respectively, 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 March 31, 2023, December 31, 2022 and March 31, 2022.

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

Further during the year ended March 31, 2021, the Company had also challenged the mandate of the arbitrator under section 34 of the Arbitration and Conciliation Act, 1996 at District & Sessions Court, Chandigarh and thereafter, the Additional Registrar had passed the arbitral awards in all the three arbitration proceedings against the Company. The arbitral awards consists of claims in the nature of various amounts such as guarantee return, repair and maintenance of boiler, electricity purchased for operating plant etc amounting to Rs. 7,234.73 lakhs and interest thereon. The Company has challenged aforementioned arbitral awards under section 34 of the Arbitration and Conciliation Act, 1996 which is pending at District & Sessions Court, Chandigarh. Furthermore, sugar mills have restricted the company personnel to enter the power plant premises and company has filed police complaint against the same.

Considering the facts explained above, management has decided to fully impair three cogeneration power plants in its books of accounts set up with respective sugar mills on Build, Own, Operate and Transfer (BOOT) basis. Hence, the management has recorded an impairment of Rs. 35,665.04 lakhs in the present value of the power plant as at March 31, 2023.

Out of the aforementioned impairment as at March 31, 2023 Rs. 26,788.49 lakhs pertain to two power plants, which were yet to be capitalised and Rs. 8,876.56 lakhs are for power plant which has already been capitalised.

- 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.



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Further, during the year ended March 31, 2018, the Company had received penalty orders for the Assessment year 2009-10 to 2013-14 from DCIT and for the Assessment year 2008-09 from CIT demanding additional tax liability of Rs. 1,277.64 lakhs against which the CIT (Appeals) had not granted relief to the Company.

During the year ended March 31, 2019, the Company has received orders from CIT (Appeals) quashing the penalty orders aggregating Rs. 477.71 lakhs out of the aforementioned and upholding the rest. The Company has filed appeals with the ITAT challenging the penalty orders for these assessment years in respect of the matters where the CIT(A) has not accepted the Company's contention.

Based on their assessment and upon consideration of advice from the independent legal counsel, the management believes that the Company has reasonable chances of succeeding before the ITAT and does not foresee any material liability. Pending the final decision on the matter, no further adjustment has been made in the standalone financial results.

- 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.
- 3) The Company, as at March 31, 2023, has non-current investments (net of impairment) amounting to Rs. 7,992.84 lakhs, other current financial assets (net of impairment) amounting to Rs. 2,826.46 lakhs and current financial assets-loan amounting to Rs. 84.67 lakhs in its associate company Greeneffect Waste Management Limited (formerly known as A2Z Green Waste Management Limited) ("GWML") which has holding in various SPVs under its fold (hereinafter Greeneffect Waste Management Limited together with its subsidiaries is referred to as Greeneffect Waste Management Group). During the current quarter, Company has provided provision of Rs. 9,058.00 lakhs on preference shares of Greeneffect Waste Management Limited. While Greeneffect Waste Management Group has incurred losses during its initial years and consolidated net-worth as at March 31, 2023 has been completely eroded. Based on internal assessment and valuation report from an independent valuer, the recoverable amount from the underlying investments/assets is higher than the net worth of Greeneffect Waste Management Group. There are assumptions and estimates used in such future projections such as discount rate, long term growth rate, arbitration claims etc. which management believes are appropriate. Therefore, the management believes that the realisable amount from the aforementioned associate company and its subsidiaries is higher than the carrying value of the non-current investments, other current financial assets and current financial assets-loans due to which these are considered as good and recoverable.

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

Audited standalone segment wise revenue, results, assets and liabilities for the quarter and year ended March 31, 2023

Particulars	Quarter ended			(Amount in Rs. Lakhs)	
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	(Refer Note 1)	(Unaudited)	(Refer Note 1)	(Audited)	(Audited)
1. Segment revenue					
(a) Segment – ES	1,480.12	1,489.17	4,042.63	6,940.80	13,531.44
(b) Segment – PGP	-	-	-	-	-
(c) Segment – Others	-	-	-	17.85	69.56
Total	1,480.12	1,489.17	4,042.63	6,958.65	13,601.00
Less: Inter segment revenue	-	-	-	-	-
Revenue from operations	1,480.12	1,489.17	4,042.63	6,958.65	13,601.00
2. Segment results [(Loss)/profit before tax and interest from each segment]					
(a) Segment – ES	(72.52)	(174.45)	27.13	(363.35)	(15,526.26)
(b) Segment – PGP	(64.10)	(65.52)	(64.10)	(259.95)	(264.15)
(c) Segment – Others	-	-	-	17.85	69.56
Total	(136.62)	(239.97)	(36.97)	(605.45)	(15,720.85)
Less: Inter segment results	-	-	-	-	-
Net segment results	(136.62)	(239.97)	(36.97)	(605.45)	(15,720.85)
Add: Interest income	2.13	0.80	12.60	11.86	447.85
Less:					
(i) Interest expense	100.82	142.95	218.03	700.78	2,024.73
(ii) Other unallocable expenditure net of unallocable income	(69.88)	(8.18)	(5.80)	(94.42)	(8.65)
Loss before exceptional item and tax	(165.43)	(373.94)	(236.60)	(1,199.95)	(17,289.08)
Exceptional (loss)/income					
(a) Segment – ES	9,598.99	(2,500.24)	(9,699.32)	7,098.75	(7,052.26)
(b) Segment – PGP	(6,128.76)	-	-	(6,128.76)	-
(c) Unallocable items	(9,058.01)	2,775.44	9,811.97	(6,282.57)	7,124.12
Loss after exceptional item and before tax	(5,753.21)	(98.74)	(123.95)	(6,512.53)	(17,217.22)
Less : Tax expenses					
(i) Current tax	0.54	-	-	0.54	6.51
(ii) Deferred tax charge/(credit)	2,641.07	-	-	2,641.07	-
Loss for the period / year	(8,394.82)	(98.74)	(123.95)	(9,154.14)	(17,223.73)



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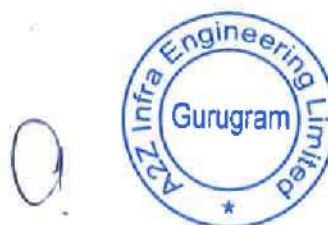


Audited standalone segment wise revenue, results, assets and liabilities for the quarter and year ended March 31, 2023 (Cont'd)

(Amount in Rs. Lakhs)

Particulars	Quarter ended			Year ended	
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	(Refer Note 1)	(Unaudited)	(Refer Note 1)	(Audited)	(Audited)
3. Segment assets					
(a) Segment – ES	51,694.91	57,624.38	72,824.39	51,694.91	72,824.39
(b) Segment – PGP	404.75	6,612.34	7,008.52	404.75	7,008.52
(c) Segment – Others	1,322.31	564.30	61.18	1,322.31	61.18
(d) Unallocated	22,116.42	34,770.99	34,563.24	22,116.42	34,563.24
Total Assets	75,538.39	99,572.01	1,14,457.33	75,538.39	1,14,457.33
4. Segment liabilities					
(a) Segment – ES	42,248.75	56,540.00	65,143.05	42,248.75	65,143.05
(b) Segment – PGP	117.04	112.26	117.31	117.04	117.31
(c) Segment – Others	5,283.49	4,531.05	5,759.95	5,283.49	5,759.95
(d) Unallocated	26,232.49	28,342.55	32,726.42	26,232.49	32,726.42
Total Liabilities	73,881.77	89,525.86	1,03,746.73	73,881.77	1,03,746.73

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A2Z INFRA ENGINEERING LIMITED

CIN No.: L74999HR2002PLC034805

**5) Standalone Statement of Assets and Liabilities**

(Amount in Rs. Lakhs)

Particulars	As at March 31 , 2023	As at March 31 , 2022
	(Audited)	(Audited)
Assets		
Non-current assets		
Property, plant and equipment	1,074.74	3,319.32
Right to use of assets	33.57	915.49
Capital work-in-progress	678.47	4,514.00
Intangible assets	-	-
Financial assets		
Investments	14,330.04	23,336.35
Other financial assets	720.67	1,130.85
Deferred tax assets (net)	12.90	2,653.97
Non-current tax assets (net)	2,469.42	2,773.47
Other non-current assets	0.90	40.54
Total	19,320.71	38,683.99
Current assets		
Financial assets		
Trade receivables	25,105.25	43,150.81
Cash and cash equivalents	514.01	208.31
Loans	1,384.78	1,258.29
Other financial assets	22,741.90	25,727.36
Other current assets	6,471.74	5,428.57
Total	56,217.68	75,773.34
Total Assets	75,538.39	1,14,457.33
Equity and liabilities		
Equity		
Equity share capital	17,611.99	17,611.99
Other equity	(15,955.37)	(6,901.39)
Total equity	1,656.62	10,710.60



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AZZ INFRA ENGINEERING LIMITED

CIN No.: L74999HR2002PLC034805



Standalone Statement of Assets and Liabilities (Cont'd)

(Amount in Rs. Lakhs)

Particulars	As at March 31 , 2023	As at March 31 , 2022
	(Audited)	(Audited)
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	300.00	500.00
Lease liability	19.63	827.90
Provisions	3,003.20	3,784.31
Total	3,322.83	5,112.21
Current liabilities		
Financial liabilities		
Borrowings	25,898.37	31,338.23
Lease liability	14.48	59.96
Trade payable		
- Total outstanding dues of micro enterprises and small enterprises	11.32	17.93
- Total outstanding dues of creditors other than micro enterprises and small enterprises	27,595.85	45,734.31
Other financial liabilities	6,322.62	5,718.61
Other current liabilities	10,684.06	15,692.02
Provisions	32.24	73.46
Total	70,558.94	98,634.52
Total Liabilities	73,881.77	1,03,746.73
Total Equity and Liabilities	75,538.39	1,14,457.33

6) Standalone Cash flow statement

(Amount in Rs. Lakhs)

Particulars	As at March 31 , 2023	As at March 31 , 2022
	(Audited)	(Audited)
A Cash flows from operating activities:		
Loss before tax (after exceptional items)	(6,512.53)	(17,217.22)
Adjustments:		
Exceptional items	5,312.58	(71.86)
Depreciation and amortisation expense	482.90	404.57
(Gain)/Loss on disposal of property, plant and equipment (net)	4.74	942.15
Profit on sale of investment in subsidiary	-	-
Interest expense	638.80	1,909.67
Interest income	(9.01)	(445.67)
Provision for contract revenue in excess of billing	1,328.78	162.64



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Standalone Cash flow statement (Cont'd)

(Amount in Rs. Lakhs)

Particulars	As at March 31 , 2023	As at March 31 , 2022
	(Audited)	(Audited)
Provision for bad and doubtful debts / advances	1,013.16	15,088.44
Liability/provision written back	(2,920.91)	(486.77)
Provision for warranty	273.49	866.66
Provision for employee benefits	3.10	8.95
Account written off	-	78.80
Advances written off	-	-
Recognition of share based payments at fair value	55.68	20.93
Unwinding of interest on security deposits	(2.85)	(2.18)
Gain on modification of lease contract	(61.68)	(1.37)
Operating profit before working capital changes	(393.75)	1,257.74
Net changes in working capital		
Changes in trade receivables	7,861.98	16,233.33
Changes in loans	96.70	599.75
Changes in other financial assets	(333.31)	(8,184.90)
Changes in other assets	(1,192.96)	2,757.97
Changes in trade payables	277.70	(6,492.06)
Changes in provisions	(1,157.78)	935.40
Changes in financial liabilities	(3.93)	(40.94)
Changes in other liabilities	(2,224.70)	(5,033.87)
Net changes in working capital:	3,323.70	774.68
Cash flow from operations	2,929.95	2,032.42
Current taxes (paid)/refund	303.51	169.03
Net cash flow from operating activities (A)	3,233.46	2,201.45
B Cash flows from investing activities:		
Payment for property, plant and equipment	(505.58)	(174.15)
Proceeds from sale of property, plant and equipment	122.18	1,609.87
Investment in newly formed subsidiary	-	(3.00)
Proceeds from sale of investment in subsidiary	-	600.00
Fixed deposits matured - (net)	3.53	131.66
Interest received	9.01	158.55
Net cash (used in)/ flow from investing activities (B)	(370.86)	2,322.93
C Cash flows from financing activities:		
Repayments of long-term borrowings (net)	(1,160.25)	(3,430.11)
Repayments of short term borrowings (net)	(1,189.35)	(127.01)
Payment of lease liabilities	(60.71)	(21.56)
Interest payment of lease liabilities	(87.58)	(17.06)
Interest paid	(59.01)	(1,150.91)
Net cash used in financing activities (C)	(2,556.90)	(4,746.65)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	305.70	(222.27)
Cash and cash equivalents at the beginning of the year	208.31	430.58
Cash and cash equivalents at the end of the year	514.01	208.31



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

Particulars	Quarter ended			Year ended	
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	(Refer Note 1)	(Unaudited)	(Refer Note 1)	(Audited)	(Audited)
One time settlement (OTS) with banks and financial institutions	-	2,775.44	7,787.47	2,775.44	8,161.42
Liabilities written back	9,598.99	-	-	9,598.99	5,239.20
Exceptional gain (A)	9,598.99	2,775.44	7,787.47	12,374.43	13,400.62
Unbilled provision/write off	-	2,500.24	-	2,500.24	-
Capital assets impaired/written off (Refer note- 2(a))	6,128.77	-	-	6,128.77	-
Trade receivable written off	-	-	7,674.82	-	7,674.82
Loss on sale of subsidiary	-	-	-	-	431.69
Investment provision/written off	9,058.00	-	-	9,058.00	5,222.25
Exceptional loss (B)	15,186.77	2,500.24	7,674.82	17,687.01	13,328.76
Net Exceptional (loss)(A-B)	(5,587.78)	275.20	112.65	(5,312.58)	71.86

8) The loan accounts of the Company have been classified as Non- Performing Assets by certain banks and they have not charged interest on the said accounts and also the Company has not charged interest on borrowings from certain banks/ Asset Reconstruction Company which had entered into Settlement agreement(s), therefore provision for interest has not been made in the books of accounts and to that extent interest costs and loan liabilities have been understated. The extent of exact amount is under determination and reconciliation with the bank, however as per the details available, the amount of unaccrued interest, on approximate basis, on the said loans (other than the borrowings of few banks which are regular) amounts to Rs. 822.41 lakhs, Rs. 3,374.33 lakhs and Rs. 4,276.44 lakhs for the quarter ended March 31, 2023, year ended March 31, 2023 and as at March 31, 2023 respectively (Rs. 757.54 lakhs, Rs. 893.93 lakhs and Rs. 3,598.81 lakhs for the quarter ended December 31, 2022, March 31, 2022 and year ended March 31, 2022 respectively). The Company is already in discussion with the said banks and Asset Reconstruction Company for settlement of their dues.

9) The Company had entered into Settlement agreement(s) ('Agreements') with certain banks/assets reconstruction company ('the Lenders') during the years/period ended March 31, 2018 and March 31, 2019 wherein it had settled the outstanding borrowings by upfront payments and deferred instalments. As at March 31, 2023, the Company has delayed payments in respect of the certain deferred instalments amounting Rs. 5,178.00 lakhs which were due and payable pursuant to these Agreements. So far the lenders have not given any written notice on event of default as per the agreements and the management is in discussions with the Lenders to condone the aforementioned delays.

Further, certain Lenders have filed an application with Debt Recovery Tribunal and other judicial authorities for recovery of its dues as they existed prior to the settlement agreement entered with it in earlier period. However, basis the agreed terms/discussions, management believes that no additional liability shall devolve on the Company in addition to the carrying value of such liability as at March 31, 2023. The Company is in the process of negotiations/ reconciliations of its outstanding obligations carried in these standalone financial results.

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



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- 10) The Company has incurred a net loss after tax of Rs. 9,154.14 lakhs for the period ended March 31, 2023 and has accumulated losses amounting Rs. 1,06,842.29 lakhs as at March 31, 2023. At present, company is facing acute liquidity issues on account of delayed realization of trade receivables from the clients. Also, one of the bank has earlier filed an application with the National Company Law Tribunal (NCLT) for recovery of its dues amounting to Rs. 10,046.64 lakhs and interest thereon and at present the said matters held in abeyance as the company has entered into an one time settlement with the said bank on deferred payment basis. Further, three parties have also filed applications with the National Company Law Tribunal (NCLT) for recovery of their dues amounting to Rs. 763.53 lakhs. The said outstandings are disputed in nature, and Company is pursuing the same before the NCLT hence at present said matters are sub-judice. Further, during the year ended March 31, 2020, because of delays in required extension of performance security, one of the customers has invoked the bank guarantee submitted by the Company amounting to Rs. 6,500.00 lakhs and converted into cash security as a fixed deposit and used it as security margin for providing a limit of Letter of Credit to facilitate timely payments to vendors for ensuring early completion of the project. The Company has also delayed in repayments due to certain lenders as further detailed in note 8 and 9. Conditions explained above, indicate existence of uncertainties that may cast significant doubt on the Company's ability to continue as a going concern due to which the Company may not be able to realise its assets and discharge its liabilities in the normal course of business in future. However, the management is evaluating various options and has entered into one-time settlement agreements with various lenders (as described in note 9), including interest and other related terms and conditions apart from further negotiating the terms with the remaining lenders for settlement of its existing debt obligations. Further the management is in discussions with certain customers for an immediate recovery of the amount due from them and believes that the substantial portion of such trade receivables shall be realized within the upcoming year. Management believes that the Company will be able to settle its remaining debts in the due course and in view of the proposed settlement of debt obligations together with the expected increased realisation from the trade receivables, no adjustments are required in the standalone financial result and accordingly, these have been prepared on a going concern basis.
- 11) The Tanzania branch has a contract with Rural Energy Agency (REA) for supply and installation of medium and low voltage lines, distribution transformers and connections to un-electrified rural areas in Dodoma Region (Bahi, Kongwa and Chemba districts) on a Turnkey basis for Lot 1 and supply and installation of medium and low voltage lines, distribution transformers and connections to un-electrified rural areas in Dodoma Region (Chamwino, Kondoa and Mpwapwa districts) on Turnkey basis for Lot 2. The Tanzania branch is expecting to complete the works by March 2024. The contract allows for a further period of 12 months after completion for handing over the project where after, the retention payment terms will be released once the completion certificate is issued and the contract will expire. This condition indicates that a material uncertainty exists, that may cast significant doubt on the Tanzania branch's ability to continue as a going concern.
- 12) The other expenses includes Rs. 1,250.00 lakhs on account of goods & service tax expenses for the year ending March 31, 2023.
- 13) During the current year, certain receivables amounting to Rs. 10,031.79 lakhs has been written off and certain liabilities amounting to Rs. 12,184.54 lakhs have been written back.
- 14) Previous period/ year figures have been re-grouped/reclassified wherever necessary to correspond with those of the current period/ year's classification.



Place: Gurugram
Date: May 19, 2023

For and behalf of A2Z Infra Engineering Ltd.




Amit Mittal
Managing Director & CEO
DIN: 00058944

A2Z INFRA ENGINEERING LIMITED

CIN No.: L74999HR2002PLC034805

**ANNEXURE I****Statement on Impact of Audit Qualifications (for audit report with modified/disclaimer opinion) submitted along-with Annual Audited Financial Results - Standalone****I. Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023**
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Amount in Rs. Lakhs)

S. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Audited Figures (as reported after adjusting for qualifications)
1.	Turnover / Total income	10,027.19	10,027.19
2.	Total Expenditure	11,227.14	11,227.14
3.	Net (Loss)	(9,154.14)	(9,154.14)
4.	Earnings Per Share (in Rs.)	(5.20)	(5.20)
5.	Total Assets	75,538.39	75,538.39
6.	Total Liabilities	73,881.77	73,881.77
7.	Net Worth	1,656.62	1,656.62
8.	Any other financial item(s) (as felt appropriate by the)	NA	NA

Note: The impact of the qualification given below in point II(a)(1), II(a)(2) and II(a)(3) is not ascertainable.

II. Audit Qualification (each audit qualification separately):**a. Details of Audit Qualification (Disclaimer of Opinion):**

1)	As stated in note 10 to the accompanying Statement, the Company has incurred a net loss after tax of Rs. 9,154.14 lakhs during the year ended 31st March 2023, and as of that date, the Company's accumulated losses amount to Rs. 1,06,842.29 lakhs, which have resulted in substantial erosion of its net worth, and the current liabilities exceed current assets by Rs. 14,341.26 lakhs and is presently facing acute liquidity problems on account of delayed realization of trade receivables. Also, certain lenders have filed applications with the National Company Law Tribunal (NCLT), Debt Recovery Tribunal (DRT) and other courts for recovery of their dues as detailed in note 9 and 10. The Company has also delayed in repayment of borrowings and payment of statutory dues and dues payable to other lenders including delays with respect to dues payable under one-time settlement agreements, as further detailed in note 9. As confirmed by the management, the Company has been in discussions with the lenders regarding restructuring of these borrowings, the resolution for which is yet to be finalised. Further, the expected realisation of the amounts outstanding from certain customers, within the next 12 months, with whom the Company is in discussions is uncertain in the absence of any confirmations from such customers. Such events and conditions and the possible impact of the associated uncertainties on management's assumptions, and other matters as set forth in the note 10, cast significant doubt on the Company's ability to continue as a going concern. In the absence of sufficient appropriate audit evidence to support the management's assessment with respect to restructuring of borrowings and availability of funds, we are unable to comment on the ability of the Company to continue as a going concern. Further, as stated in Note 11 to the accompanying statement, indicates that a material uncertainty exists that may cast significant doubt on the Tanzania's branch ability to continue as going concern. Our audit report on the standalone financial results for the quarter and year ended 31st March 2022 dated 18th May 2022 and our review report for the quarter ended 31st Dec 2022 dated 14th February 2023 also included a disclaimer of opinion and disclaimer of conclusion, respectively, in respect of this matter.
2)	As stated in note 8 and 9 to the accompanying Statement, the Company has borrowings from certain banks which have been classified as non-performing assets ('NPA borrowings') and those from certain other banks/ asset reconstruction company (together referred to as 'the Lenders'). The Company had entered into settlement agreements ('Settlement Agreements') with some of these Lenders for the aforesaid loans.



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	<p>As described in the said note, the Company has delayed the payments in respect of the instalments due to these Lenders pursuant to the relevant loan agreements and Settlement Agreements. In respect of the aforementioned NPA borrowings and delayed payments under the Settlement Agreements, the Company has not recognised interest for the quarter and year ended 31st March 2023 aggregating to Rs. 822.41 lakhs and Rs. 3,374.33 lakhs (accumulated interest as at 31st March 2023 being Rs. 4,276.44 lakhs), payable under the terms of the said agreements, as estimated by the management on the basis of expected re-negotiation with the Lenders.</p> <p>Pending confirmations/reconciliations from the Lenders and in the absence of sufficient appropriate evidence to substantiate management's assessment, we are unable to comment on the adjustments, if any, that may be required to the carrying values of the aforesaid borrowings and dues (including interest) payable to the Lenders in accordance with the terms of loan agreements and Settlement Agreement, and the consequential impact of such adjustments on the accompanying Statement. Our Audit report on the standalone financial results for the quarter and year ended 31st March 2022 dated 18th May 2022 and our review report for the quarter ended 31st Dec 2022 dated 14th February 2023 also included a disclaimer of opinion and disclaimer of conclusion, respectively, in respect of this matter.</p>
3)	<p>As stated in note 3 to the accompanying Statement, the Company's non-current investment (net of impairment amounting to Rs. 7,992.84 lakhs) in its associate company namely Greeneffect Waste Management Limited (formerly known as A2Z Green Waste Management Limited) ("GWML") and its other current financial assets (net of impairment amounting to Rs. 2,826.46 lakhs) and its current financial assets-loan amounting to Rs. 84.67 lakhs which include amounts dues from such associate company as on 31st March 2023. Further, as stated in note 7 of the accompanying statement, during the quarter and year ended as on 31st March 2023, Company has provided provision for diminution in investment of Rs. 9,058.00 lakhs on preference shares of Greeneffect Waste Management Limited. The consolidated net worth of the aforesaid associate company as on that date has been fully eroded on account of losses incurred. Further, the associate company is facing liquidity constraints due to which it may not be able to meet the projections as per the approved business plans. Based upon the valuation report of an independent valuer, arbitration awarded in favour of GWML and other factors described in the aforementioned note, management has considered such balances as fully recoverable. However, in the absence of sufficient and appropriate audit evidence to support the management's assessment as above, we are unable to comment upon adjustments, if any, that may be required to the carrying value of these balances, and the consequential impact on the accompanying Statement. Our audit report on the standalone financial results for the quarter and year ended 31st March 2022 dated 18th May 2022 and our review report for the quarter ended 31st Dec 2022 dated 14th February 2023 also included a disclaimer of opinion and disclaimer of conclusion, respectively, in respect of this matter.</p>

b. Type of Audit Qualification: Disclaimer of Opinion

c. Frequency of qualification:

Disclaimer (ii)(a)(1), (2) and (3) were reported as disclaimer since our review report for the quarter/period ended 30 September 2021.

d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not quantified by the auditor

e. For Audit Qualification(s) where the impact is not quantified by the auditor:

(i) Management's estimation on the impact of audit qualification:

	Not ascertainable
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(ii) If management is unable to estimate the impact, reasons for the same:

With respect to mentioned disclaimer 1

The Company has incurred a net loss after tax of Rs. 9,154.14 lakhs for the period ended March 31, 2023 and has accumulated losses amounting Rs. 1,06,842.29 lakhs as at March 31, 2023. At present, company is facing acute liquidity issues on account of delayed realization of trade receivables from the clients. Also, one of the bank has earlier filed an application with the National Company Law Tribunal (NCLT) for recovery of its dues amounting to Rs. 10,046.64 lakhs and interest thereon and at present the said matters held in abeyance as the company has entered into an one time settlement with the said bank on deferred payment basis. Further, three parties have also filed applications with the National Company Law Tribunal (NCLT) for recovery of their dues amounting to Rs. 763.53 lakhs. The said outstandings are disputed in nature, and Company is pursuing the same before the NCLT hence at present said matters are sub-judice. Further, during the year ended March 31, 2020, because of delays in required extension of performance security, one of the customers has invoked the bank guarantee submitted by the Company amounting to Rs. 6,500.00 lakhs and converted into cash security as a fixed deposit and used it as security margin for providing a limit of Letter of Credit to facilitate timely payments to vendors for ensuring early completion of the project. The Company has also delayed in repayments due to certain lenders as further detailed in note 8 and 9. Conditions explained above, indicate existence of uncertainties that may cast significant doubt on the Company's ability to continue as a going concern due to which the Company may not be able to realise its assets and discharge its liabilities in the normal course of business in future. However, the management is evaluating various options and has entered into one-time settlement agreements with various lenders (as described in note 9), including interest and other related terms and conditions apart from further negotiating the terms with the remaining lenders for settlement of its existing debt obligations. Further the management is in discussions with certain customers for an immediate recovery of the amount due from them and believes that the substantial portion of such trade receivables shall be realized within the upcoming year. Management believes that the Company will be able to settle its remaining debts in the due course and in view of the proposed settlement of debt obligations together with the expected increased realisation from the trade receivables, no adjustments are required in the standalone financial result and accordingly, these have been prepared on a going concern basis.

With respect to mentioned disclaimer 2

The loan accounts of the Company have been classified as Non- Performing Assets by certain banks and they have not charged interest on the said accounts and also the Company has not charged interest on borrowings from certain banks/ Asset Reconstruction Company which had entered into Settlement agreement(s), therefore provision for interest has not been made in the books of accounts and to that extent interest costs and loan liabilities have been understated. The extent of exact amount is under determination and reconciliation with the bank, however as per the details available, the amount of unaccrued interest, on approximate basis, on the said loans (other than the borrowings of few banks which are regular) amounts to Rs. 822.41 lakhs, Rs. 3,374.33 lakhs and Rs. 4,276.44 lakhs for the quarter ended March 31, 2023, year ended March 31, 2023 and as at March 31, 2023 respectively (Rs. 757.54 lakhs, Rs. 893.93 lakhs and Rs. 3,598.81 lakhs for the quarter ended December 31, 2022, March 31, 2022 and year ended March 31, 2022 respectively). The Company is already in discussion with the said banks and Asset Reconstruction Company for settlement of their dues.

The Company had entered into Settlement agreement(s) ('Agreements') with certain banks/assets reconstruction company ('the Lenders') during the years/period ended March 31, 2018 and March 31, 2019 wherein it had settled the outstanding borrowings by upfront payments and deferred instalments. As at March 31, 2023, the Company has delayed payments in respect of the certain deferred instalments amounting Rs. 5,178.00 lakhs which were due and payable pursuant to these Agreements. So far the lenders have not given any written notice on event of default as per the agreements and the management is in discussions with the Lenders to condone the aforementioned delays.

Further, certain Lenders have filed an application with Debt Recovery Tribunal and other judicial authorities for recovery of its dues as they existed prior to the settlement agreement entered with it in earlier period. However, basis the agreed terms/discussions, management believes that no additional liability shall devolve on the Company in addition to the carrying value of such liability as at March 31, 2023. The Company is in the process of negotiations/ reconciliations of its outstanding obligations carried in these standalone financial results.

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



With respect to mentioned disclaimer 3

The Company, as at March 31, 2023, has non-current investments (net of impairment) amounting to Rs. 7,992.84 lakhs, other current financial assets (net of impairment) amounting to Rs. 2,826.46 lakhs and current financial assets-loan amounting to Rs. 84.67 lakhs in its associate company Greeneffect Waste Management Limited (formerly known as A2Z Green Waste Management Limited) ('GWML') which has holding in various SPVs under its fold (hereinafter Greeneffect Waste Management Limited together with its subsidiaries is referred to as Greeneffect Waste Management Group). During the current quarter, Company has provided provision of Rs. 9,058.00 lakhs on preference shares of Greeneffect Waste Management Limited. While Greeneffect Waste Management Group has incurred losses during its initial years and consolidated net-worth as at March 31, 2023 has been completely eroded. Based on internal assessment and valuation report from an independent valuer, the recoverable amount from the underlying investments/assets is higher than the net worth of Greeneffect Waste Management Group. There are assumptions and estimates used in such future projections such as discount rate, long term growth rate, arbitration claims etc. which management believes are appropriate. Therefore, the management believes that the realisable amount from the aforementioned associate company and its subsidiaries is higher than the carrying value of the non-current investments, other current financial assets and current financial assets-loans due to which these are considered as good and recoverable.

(iii) **Auditors' Comments on (i) or (ii) above:** Included in details of auditor's qualification (Disclaimer of Opinion) stated above.

iii. Signatories:

Amit Mittal
Managing Director cum CEO

Lalit Kumar
Chief Financial Officer

Atima Khanna
Audit Committee Chairperson

Date: May 19, 2023
Place: Gurugram

Saurabh Kuchhal
Partner
MRKS & Associates
Statutory Auditor

Date: May 19, 2023
Place: Gurugram





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

To the Board of Directors of A2Z Infra Engineering Limited

Disclaimer of Opinion

1. We were engaged to audit the accompanying consolidated annual 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 year ended 31 March 2023, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time.
2. We do not express an opinion on the accompanying statement of the Group and its Associates, because of the significance of the matters described in the "Basis for Disclaimer Opinion" section of our report. We have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the statement.

3. Basis for Disclaimer of Opinion

- a) As stated in note 10 to the accompanying Statement, the Holding Company has incurred a net loss after tax of Rs. 9,154.14 lakhs during the year ended 31 March 2023, and as of that date, the Holding Company's accumulated losses amount to Rs. 1,06,842.29 lakhs, which have resulted in substantial erosion of its net worth, and the current liabilities exceed current assets by Rs. 14,341.26 lakhs. Also, certain lenders have filed applications with the National Company Law Tribunal (NCLT), Debt Recovery Tribunal (DRT) and other courts for recovery of their dues as detailed in note 9 and 10. The Holding Company has also delayed in repayment of borrowings and payment of statutory dues and dues payable to other lenders including delays with respect to dues payable under one-time settlement agreements, as further detailed in note 9. As confirmed by the management, the Holding Company has been in discussions with the lenders regarding restructuring of these borrowings, the resolution for which is yet to be finalised. Further, the expected realisation of the amounts outstanding from certain customers, within the next 12 months, with whom the Holding Company is in discussions, is uncertain in the absence of any confirmations from such customers. Such events and conditions and the possible impact of the associated uncertainties on management's assumptions, and other matters as set forth in the note 10, cast significant doubt on the Holding Company's ability to continue as a going concern. In the absence of sufficient appropriate audit evidence to support the management's assessment with respect to restructuring of borrowings and availability of funds, we are unable to comment on the ability of the Holding Company to continue as a going concern. Further, as stated in Note 11 to the accompanying statement, indicates that a material uncertainty exists that may cast significant doubt on the Tanzania's branch ability to continue as going concern.

Our audit report on the consolidated financial results for the quarter and year ended 31st March 2022 dated 18th May 2022 and our review report for the quarter ended 31st Dec 2022 dated 14th February 2023 also included a disclaimer of opinion and disclaimer of conclusion, respectively, in respect of this matter.



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- b) As stated in note 8 and 9 to the accompanying Statement, the Holding Company has borrowings from certain banks which have been classified as non-performing assets ('NPA borrowings') and those from certain other banks/ asset reconstruction company (together referred to as 'the Lenders'), The Holding Company had entered into settlement agreements ('Settlement Agreements') with some of these Lenders for the aforesaid loans. As described in the said note, the Holding Company has delayed the payments in respect of the instalments due to these Lenders pursuant to the relevant loan agreements and Settlement Agreements. In respect of the aforementioned NPA borrowings and delayed payments under the Settlement Agreements, the Holding Company has not recognised interest for the quarter and year ended 31 March 2023 aggregating to Rs. 822.41 lakhs and Rs. 3,374.33 lakhs (accumulated interest as at 31 March 2023 being Rs. 4,276.44 lakhs), payable under the terms of the said agreements, as estimated by the management on the basis of expected re-negotiation with the Lenders.

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

Our audit report on the consolidated financial results for the quarter and year ended 31st March 2022 dated 18th May 2022 and our review report for the quarter ended 31st December 2022 dated 14th February 2023 also included a disclaimer of opinion and disclaimer of conclusion, respectively, in respect of this matter.

- c) As stated in note 3 to the accompanying Statement, the Holding Company's non-current investment (net of impairment amounting to Rs. 7,992.84 lakhs) in its associate company namely Greeneffect Waste Management Limited (formerly known as A2Z Green Waste Management Limited) ("GWML") and its other current financial assets (net of impairment amounting to Rs. 2,826.46 lakhs) and its current financial assets-loan amounting to Rs. 84.67 lakhs which include amounts dues from such associate company as on 31 March 2023. Further, as stated in note 7 of the accompanying statement, during the quarter and year ended as on 31st March 2023, Holding company has provided provision for diminution in investment of Rs. 9,058.00 lakhs on preference shares of Greeneffect Waste Management Limited. The consolidated net worth of the aforesaid associate company as on that date has been fully eroded on account of losses incurred. Further, the associate company is facing liquidity constraints due to which it may not be able to meet the projections as per the approved business plans. Based upon the valuation report of an independent valuer, arbitration awarded in favour of GWML and other factors described in the aforementioned note, management has considered such balances as fully recoverable. However, in the absence of sufficient and appropriate audit evidence to support the management's assessment as above, we are unable to comment upon adjustments, if any, that may be required to the carrying value of these balances, and the consequential impact on the accompanying Statement.

Our audit report on the consolidated financial results for the quarter and year ended 31st March 2022 dated 18th May 2022 and our review report for the quarter ended 31st Dec 2022 dated 14th February 2023 also included a disclaimer of opinion and disclaimer of conclusion, respectively, in respect of this matter.

Emphasis of Matters

4. We draw attention to:

- i. Note 2(a) to the accompanying Statement, which describes the uncertainties relating to the outcome of the various pending litigations in respect of three cogeneration power plants of the Holding Company located at Punjab, for which the Holding Company has filled petitions and appeals at various forums. The final outcome of these matters is presently unascertainable. Further, the management has recorded impairment of Rs. 35,665.04 lakhs in the present value of the power plant as at 31st March 2023.
- 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/recovery of input tax credit and levy of interest on service tax. Based on the terms of the contract with the customers/vendors and independent legal opinion, management believes that these amounts are recoverable from the customer including interest thereon and that the Holding Company will be able to avail the input tax credit for aforementioned matter.

Responsibilities of the Management and Those Charged with Governance for the Statement

5. This Statement has been prepared on the basis of the consolidated annual audited financial results and has been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit/loss and other comprehensive income and other financial information of the Group including its associates in accordance with the accounting principles generally accepted in India, including IND AS prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with relevant rules issued thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group, and its associates, and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that gives a true and fair view and are free from material misstatement, whether due to fraud or error. These financial results have been used for the purpose of preparation of the statement by the Directors of the Holding Company, as aforesaid.
6. In preparing the Statement, the respective Board of Directors of the companies included in the group and its associates, are responsible for assessing the ability of the group and of its associates, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the respective Board of



Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

7. The respective Board of Directors of the companies included in the group and of its associates, are responsible for overseeing the Company's financial reporting process of the companies in the group and of its associates.

Auditor's Responsibilities for the Audit of the Statement

8. Our responsibility is to conduct an audit of the Statement in accordance with the Standards on Auditing, specified under section 143(10) of the Act, and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we are not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial results. We are independent of the Company in accordance with the code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Other Matters

9. We did not audit the annual financial statements of Thirteen subsidiaries (as specified in Annexure 1) included in the Statement and three branches included in the standalone audited financial results of the Holding company, whose financial information reflects total assets of Rs. 38,721.77 lakhs, total revenues of Rs. 26,083.01 lakhs, total net profit after tax of Rs. 3,899.05 lakhs, total comprehensive income of Rs. 3,795.68 lakhs and cash flows (net) of Rs. (153.25) lakhs for the year ended on that date, as considered in the Statement. The Statement also includes the Group's share of net profit after tax of Rs. 396.16 lakhs and total comprehensive income of Rs. 396.16 lakhs for the year ended 31st March 2023, as considered in the Statement, in respect of 18 associates (as specified in Annexure-1), whose annual financial statements have not been audited by us. These annual financial statements have been reviewed by other auditors and branch auditors except one branch whose audit reports have been furnished to us by the management. This report, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, branches and associates is based solely on the audit reports of such other auditors and branch auditors and the procedures performed by us.

Further, all such branches referred above are located outside India, whose annual financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by their respective branch auditors under the generally accepted review standards, as specified in Annexure 2 to the Statement. 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 audited these conversion adjustments made by the Holding Company's management. This report, in so far as it relates to the balances and affairs of these branches, is based solely on the review report of such branch auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.



10. The statement includes the consolidated financial results for the quarter ended 31st March 2023, being the balancing figures between the audited consolidated figures in respect of the full financial year and the published unaudited year-to-date consolidated figures up to the third quarter of the current financial year, which were subject to limited review by us.

For MRKS AND ASSOCIATES

Chartered Accountants

(ICAI Registration No. 023711N)


Saurabh Kuchhal
Partner
Membership No. 512362



Date: 19.05.2023

Place: Gurgaon

UDIN: 23512362BGWDLL1027

Annexure 1
List of entities included in the Statement

S. No.	Name	Relation
1.	A2Z Infraservices Limited	Subsidiary
2.	A2Z Powercom Limited	Subsidiary
3.	Rishikesh Waste Management Limited (formerly known as A2Z Powertech Limited)	Subsidiary
4.	Mansi Bijlee & Rice Mills Limited	Subsidiary
5.	Magic Genie Services Limited	Subsidiary
6.	A2Z Maintenance & Engineering Services Limited and Satya Builders (Association of person)	Subsidiary
7.	A2Z Infraservices Lanka Private Limited	Subsidiary
8.	Ecogreen Envirotech Solutions Limited	Subsidiary
9.	Blackrock Waste Processing Private Limited	Subsidiary with effect from 3 rd Nov 2021
10.	A2Z Waste Management (Aligarh) Limited	Subsidiary
11.	A2Z Waste Management (Ludhiana) Limited	Subsidiary
12.	Magic Genie Smartech Solutions Limited	Subsidiary
13.	Vswach Environment (Aligarh) Private Limited	Subsidiary with effect from 9 th Dec 2022
14.	Vsapients Techno Services Private Limited	Subsidiary with effect from 21 st Feb 2023
15.	Greeneffect Waste Management Limited (formerly known as A2Z Green Waste Management Limited)	Associate
16.	A2Z Waste Management (Nainital) Private Limited	Associate
17.	A2Z Waste Management (Moradabad) Limited	Associate
18.	A2Z Waste Management (Meerut) Limited	Associate
19.	A2Z Waste Management (Varanasi) Limited	Associate
20.	A2Z Waste Management (Jaunpur) Limited	Associate
21.	A2Z Waste Management (Badaun) Limited	Associate
22.	A2Z Waste Management (Sambhal) Limited	Associate
23.	A2Z Waste Management (Mirzapur) Limited	Associate
24.	A2Z Waste Management (Balai) Limited	Associate
25.	A2Z Waste Management (Fatehpur) Limited	Associate
26.	A2Z Waste Management (Ranchi) Limited	Associate
27.	A2Z Waste Management (Dhanbad) Private Limited	Associate
28.	Shree Balaji Pottery Private Limited	Associate
29.	Shree Hari Om Utensils Private Limited	Associate
30.	A2Z Waste Management (Jaipur) Limited	Associate
31.	A2Z Waste Management (Ahmedabad) Limited	Associate
32.	Earth Environment Management Services Private Limited	Associate


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**Annexure 2**

S.No.	Name	Country of Operations	Audited/Management Certified	Name of auditing standard
1.	A2Z Infra Engineering Limited(Tanzania Branch)	Tanzania	Audited	International Standards Auditing
2.	A2Z Infra Engineering Limited (Nepal Branch)	Nepal	Management Certified	Nepal Standards Auditing
3.	A2Z Infra Engineering Limited (Uganda Branch)	Uganda	Audited	International Standards Auditing



A2Z INFRA ENGINEERING LIMITED

CIN No.: L74999HR2002PLC034805



A2Z INFRA ENGINEERING LIMITED Statement of Audited Consolidated Financial Results for the quarter and year ended March 31, 2023

(Amount in Rs. Lakhs)

S.No.	Particulars	Quarter ended			Year ended	
		March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
		(Refer Note 1)	(Unaudited)	(Refer Note 1)	(Audited)	(Audited)
1	Income					
	Revenue from operations	9,070.97	8,354.82	9,883.70	34,944.16	35,332.50
	Other income	252.25	63.71	288.44	3,261.41	1,760.65
	Total income	9,323.22	8,418.53	10,172.14	38,205.57	37,093.15
2	Expenses					
	Cost of material consumed	2,657.49	3,382.53	6,166.99	13,386.48	18,850.84
	Changes in inventories of Finished goods, Stock-in-trade and Work-in-progress	84.03	-	467.21	(5.88)	261.86
	Employee benefit expenses	4,254.78	4,006.88	2,726.97	15,522.37	11,311.73
	Finance costs	302.74	274.80	389.03	1,329.49	2,787.13
	Depreciation and amortization expenses	233.22	198.71	215.24	883.24	904.45
	Other expenses	317.66	792.62	1,168.62	5,899.81	19,761.07
	Total expenses	7,849.92	8,655.54	11,134.06	37,015.51	53,877.08
3	Profit/(Loss) before exceptional items, share of net profit/(loss) of investments accounted for using equity method and tax	1,473.30	(237.01)	(961.92)	1,190.06	(16,783.93)
	Share of net profit/(loss) of investments accounted for using equity method	1,264.11	(216.93)	(329.81)	396.16	(1,412.59)
4	Profit/(Loss) before exceptional items and tax	2,737.41	(453.94)	(1,291.73)	1,586.22	(18,196.52)
	Exceptional items -(loss) / gain (Refer note 5)	(5,587.78)	(6,616.35)	(329.96)	(12,204.13)	527.06
5	(Loss)/ Profit before tax	(2,850.37)	(7,070.29)	(1,621.69)	(10,617.91)	(17,669.46)
	Current tax	(82.45)	67.85	(173.79)	61.40	314.40
	Deferred tax charge/(credit)	3,600.28	(1,702.78)	73.98	1,926.17	(3.43)
6	Loss for the period/year	(6,368.20)	(5,435.36)	(1,521.88)	(12,605.48)	(17,980.43)
	Other comprehensive income					
	Items that will not be reclassified to profit and loss	96.16	-	95.33	96.16	113.29
7	Total Other Comprehensive income for the period/year (net of tax)	96.16	-	95.33	96.16	113.29
8	Total Comprehensive income for the period/year	(6,272.04)	(5,435.36)	(1,426.55)	(12,509.32)	(17,867.14)
9	(Loss) / Profit for the period/year attributable to:					
	Equity holders of the Company	(6,356.76)	(5,114.41)	(1,428.58)	(12,292.03)	(17,991.00)
	Non-controlling interests	(11.44)	(320.95)	(93.30)	(313.45)	10.57
10	Other comprehensive income is attributable to:					
	Equity holders of the Company	75.59	-	82.61	75.59	100.57
	Non-controlling interests	20.57	-	12.72	20.57	12.72
11	Total comprehensive income is attributable to:					
	Equity holders of the Company	(6,281.17)	(5,114.41)	(1,345.97)	(12,216.44)	(17,890.43)
	Non-controlling interests	9.13	(320.95)	(80.58)	(292.88)	23.29
12	Paid-up equity share capital (Face value of the share - Rs 10/- each)	17,611.99	17,611.99	17,611.99	17,611.99	17,611.99
13	Other equity				(13,806.98)	(1,697.91)
14	Loss per equity share:					
	(a) Basic (in INR)	(3.61)	(2.90)	(0.82)	(6.98)	(10.22)
	(b) Diluted (in INR)	(3.61)	(2.90)	(0.82)	(6.98)	(10.22)



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A2Z INFRA ENGINEERING LIMITED

CIN No.: L74999HR2002PLC034805



Notes:

- 1) The above consolidated financial results for the quarter and year ended on March 31, 2023 have been reviewed by the Audit Committee and subsequently approved by the Holding company's Board of Directors at their Board Meeting duly held on May 19, 2023 in terms of Provisions of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The consolidated financial results have been prepared to comply in all material respects with the Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, and other accounting principles generally accepted in India. The statutory auditors have issued a disclaimer of conclusion in respect of the matters described in note 3, 8, 9, 10 and 11 in consolidated financial results for the quarter and year ended March 31, 2023.

The figures in the consolidated financial results for the quarter ended March 31, 2023 and March 31, 2022 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2023 and March 31, 2022 respectively and the unaudited published year to date figures upto December 31, 2022 and December 31, 2021 respectively, 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 March 31, 2023, December 31, 2022 and March 31, 2022.

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

Further during the year ended March 31, 2021, the Holding Company had also challenged the mandate of the arbitrator under section 34 of the Arbitration and Conciliation Act, 1996 at District & Sessions Court, Chandigarh and thereafter, the Additional Registrar had passed the arbitral awards in all the three arbitration proceedings against the Holding Company. The arbitral awards consists of claims in the nature of various amounts such as guarantee return, repair and maintenance of boiler, electricity purchased for operating plant etc amounting to Rs. 7,234.73 lakhs and interest thereon. The Holding Company has challenged aforementioned arbitral awards under section 34 of the Arbitration and Conciliation Act, 1996 which is pending at District & Sessions Court, Chandigarh. Furthermore, sugar mills have restricted the company personnel to enter the power plant premises and company has filed police complaint against the same.

Considering the facts explained above, management has decided to fully impair three cogeneration power plants in its books of accounts set up with respective sugar mills on Build, Own, Operate and Transfer (BOOT) basis.

Hence, the management has recorded an impairment of Rs. 35,665.04 lakhs in the present value of the power plant as at March 31, 2023.

Out of the aforementioned impairment as at March 31, 2023 Rs. 26,788.49 lakhs pertain to, two power plants, which were yet to be capitalised and Rs. 8,876.56 lakhs are for power plant which has already been capitalised.

- b. The Income tax authorities conducted a search and survey at certain premises of the Holding Company under section 132 and 133 of the Income Tax Act, 1961 in April 2012. During the year ended March 31, 2015, the Holding Company received the assessment orders for the assessment years 2009-10 to 2013-14 from the Deputy Commissioner of Income Tax (DCIT) demanding additional tax liability of Rs. 1,992.17 lakhs. During the year ended March 31, 2015 the Holding Company had filed appeals with Commissioner of Income Tax (CIT) (Appeals) challenging these orders against which the said authority had granted partial relief to the Holding Company. The Holding Company has further filed appeals with Income Tax Appellate Tribunal (ITAT) challenging the orders for these assessment years in respect of the matters, where the CIT(A) has not accepted the Holding Company's contention. Additionally, the DCIT has also filed appeals with the ITAT against the matters where the relief has been given to the Holding Company.

Further, during the year ended March 31, 2018, the Holding Company had received penalty orders for the Assessment year 2009-10 to 2013-14 from DCIT and for the Assessment year 2008-09 from CIT demanding additional tax liability of Rs. 1,277.64 lakhs against which the CIT (Appeals) had not granted relief to the Holding Company.

During the year ended March 31, 2019, the Holding Company has received orders from CIT (Appeals) quashing the penalty orders aggregating Rs. 477.71 lakhs out of the aforementioned and upholding the rest. The Holding Company has filed appeals with the ITAT challenging the penalty orders for these assessment years in respect of the matters where the CIT(A) has not accepted the Holding Company's contention.

Based on their assessment and upon consideration of advice from the independent legal counsel, the management believes that the Holding Company has reasonable chances of succeeding before the ITAT and does not foresee any material liability. Pending the final decision on the matter, no further adjustment has been made in the consolidated financial results.



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A2Z INFRA ENGINEERING LIMITED

CIN No.: L74999HR2002PLC034805



- 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.
- 3) The Holding Company, as at March 31, 2023, has non-current investments (net of impairment) amounting to Rs. 7,992.84 lakhs, other current financial assets (net of impairment) amounting to Rs. 2,826.46 lakhs and current financial assets-loan amounting to Rs. 84.67 lakhs in its associate company Greeneffect Waste Management Limited (formerly known as A2Z Green Waste Management Limited) ("GWML") which has holding in various SPVs under its fold (hereinafter Greeneffect Waste Management Limited together with its subsidiaries is referred to as Greeneffect Waste Management Group). During the current quarter, Holding Company has provided provision of Rs. 9,058.00 lakhs on preference shares of Greeneffect Waste Management Limited. While Greeneffect Waste Management Group has incurred losses during its initial years and consolidated net-worth as at March 31, 2023 has been completely eroded. Based on internal assessment and valuation report from an independent valuer, the recoverable amount from the underlying investments/assets is higher than the net worth of Greeneffect Waste Management Group. There are assumptions and estimates used in such future projections such as discount rate, long term growth rate, arbitration claims etc. which management believes are appropriate. Therefore, the management believes that the realisable amount from the aforementioned associate company and its subsidiaries is higher than the carrying value of the non-current investments, other current financial assets and current financial assets-loans due to which these are considered as good and recoverable.
- 4) The Group has reported segment information as per Indian Accounting Standard 108 'Operating Segments' (Ind AS 108). The Group is operating into following segments – (i) Engineering Service (ES), (ii) Facility Management Services ("FMS"), (iii) Municipal Solid Waste ("MSW") (iv) Power generation projects ("PGP") and (v) Others which primarily includes trading of goods and operation and maintenance services etc.

Audited group segment wise revenue, results, assets and liabilities for the quarter and year ended March 31, 2023

(Amount in Rs. Lakhs)

Particulars	Quarter ended			Year ended	
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	(Refer Note 1)	(Unaudited)	(Refer Note 1)	(Audited)	(Audited)
1. Segment revenue					
(a) Segment – ES	1,480.12	1,489.17	3,832.51	6,940.80	13,531.44
(b) Segment – FMS	5,439.49	2,373.95	3,868.16	17,862.76	15,036.51
(c) Segment – MSW	1,786.75	2,197.74	2,923.51	8,220.26	9,724.10
(d) Segment – PGP	-	-	-	-	-
(e) Segment – Others	-	-	(441.27)	17.85	89.63
Total	8,706.36	6,060.86	10,182.91	33,041.67	38,381.68
Less: Inter segment revenue	(364.61)	(2,293.96)	299.21	(1,902.49)	3,049.18
Revenue from operations	9,070.97	8,354.82	9,883.70	34,944.16	35,332.50
2. Segment results [Profit / (Loss) before tax and interest from each segment]					
(a) Segment – ES	(5.80)	(168.16)	442.06	(279.51)	(15,524.79)
(b) Segment – FMS	2,010.99	191.56	(322.63)	2,961.35	234.00
(c) Segment – MSW	(195.11)	71.46	85.60	36.11	610.01
(d) Segment – PGP	(66.93)	(69.11)	(67.87)	(270.73)	(268.01)
(e) Segment – Others	(0.11)	-	(561.40)	17.37	66.90
Total	1,743.04	25.75	(424.24)	2,464.59	(14,881.89)
Less: Inter segment results	-	-	(208.33)	-	(438.61)
Net segment results	1,743.04	25.75	(215.91)	2,464.59	(14,443.28)
Add: Interest income	33.00	12.04	(356.98)	54.96	446.48
Less:					
(i) Interest expense	251.59	256.77	366.88	1,195.55	2,616.93
(ii) Other unallocable expenditure net of unallocable income	(1,212.96)	234.96	351.96	(262.22)	1,582.79
Profit/(Loss) before exceptional item and tax	2,737.41	(453.94)	(1,291.73)	1,586.22	(18,196.52)



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A2Z INFRA ENGINEERING LIMITED

CIN No.: L74999HR2002PLC034805



Audited group segment wise revenue, results, assets and liabilities for the quarter and Year ended March 31, 2023 (Cont'd)

(Amount in Rs. Lakhs)

Particulars	Quarter ended			Year ended	
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	(Refer Note 1)	(Unaudited)	(Refer Note 1)	(Audited)	(Audited)
Exceptional (loss)/ gain					
(a) Segment – ES	9,598.99	(2,500.24)	(23,991.77)	7,098.75	(21,344.71)
(b) Segment – FMS	-	(6,891.55)	-	(6,891.55)	-
(c) Segment – PGP	(6,128.76)	-	-	(6,128.76)	-
(d) Unallocable items	(9,058.01)	2,775.44	23,661.81	(6,282.57)	21,871.77
Loss after exceptional item and before tax	(2,850.37)	(7,070.29)	(1,621.69)	(10,617.91)	(17,669.46)
Less : Tax expenses					
(i) Current tax	(82.45)	67.85	(173.79)	61.40	314.40
(ii) Deferred tax	3,600.28	(1,702.78)	73.98	1,926.17	(3.43)
Loss for the period / year	(6,368.20)	(5,435.36)	(1,521.88)	(12,605.48)	(17,980.43)
3. Segment assets					
(a) Segment – ES	56,055.55	62,496.06	77,811.48	56,055.55	77,811.48
(b) Segment – FMS	10,274.88	13,677.09	13,532.96	10,274.88	13,532.96
(c) Segment – MSW	15,273.11	16,675.34	16,014.49	15,273.11	16,014.49
(d) Segment – PGP	994.20	7,202.24	7,596.81	994.20	7,596.81
(e) Segment – Others	5,505.15	4,709.26	4,064.92	5,505.15	4,064.92
(f) Unallocated	10,970.19	19,636.12	23,700.81	10,970.19	23,700.81
Total Assets	99,073.08	1,24,396.11	1,42,721.47	99,073.08	1,42,721.47
4. Segment liabilities					
(a) Segment – ES	36,708.16	51,382.46	61,117.26	36,708.16	61,117.26
(b) Segment – FMS	9,452.36	13,686.16	12,931.82	9,452.36	12,931.82
(c) Segment – MSW	12,024.60	13,213.43	12,858.72	12,024.60	12,858.72
(d) Segment – PGP	137.91	132.84	138.19	137.91	138.19
(e) Segment – Others	7,800.74	7,013.36	8,139.24	7,800.74	8,139.24
(f) Unallocated	30,076.00	29,835.16	32,260.98	30,076.00	32,260.98
Total Liabilities	96,199.77	1,15,263.41	1,27,446.21	96,199.77	1,27,446.21

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A2Z INFRA ENGINEERING LIMITED

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5) Consolidated Statement of Assets and Liabilities

(Amount in Rs. Lakhs)

Particulars	As at	
	March 31, 2023	March 31, 2022
	(Audited)	(Audited)
Assets		
Non-current assets		
Property, plant and equipment	3,673.04	6,188.15
Right to use asset	33.58	916.29
Capital work-in-progress	5,475.97	9,311.40
Goodwill	3,563.65	3,563.65
Other Intangible assets	3.79	5.67
Intangible assets under development	-	41.94
Investments accounted for using the equity method	6,978.24	15,635.94
Financial assets:		
Other financial assets	1,460.53	1,500.48
Deferred tax assets (net)	1,087.23	3,018.74
Non-current tax assets (net)	5,751.27	5,614.21
Other non-current assets	497.54	551.27
Total	28,524.84	46,347.83
Current assets		
Inventories	462.00	450.38
Financial assets		
Trade receivables	32,491.42	51,156.13
Cash and cash equivalents	1,064.09	911.69
Other bank balances	141.98	137.71
Loans	1,546.35	8,430.84
Other financial assets	27,110.31	27,869.21
Other current assets	7,732.09	7,417.68
Total	70,548.24	96,373.64
Total Assets	99,073.08	1,42,721.47
Equity and liabilities		
Equity		
Equity share capital	17,611.99	17,611.99
Other equity	(13,806.98)	(1,697.91)
Equity attributable to equity holders of the company	3,805.01	15,914.08
Non-controlling interest	(931.70)	(638.82)
Total equity	2,873.31	15,275.26



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Consolidated Statement of Assets and Liabilities (Cont'd)

(Amount in Rs. Lakhs)

Particulars	As at	
	March 31, 2023	March 31, 2022
	(Audited)	(Audited)
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	398.48	580.87
Lease liability	19.63	827.90
Provisions	3,632.47	4,414.55
Deferred tax liabilities (net)	-	0.14
Other non-current liabilities	2,852.60	3,031.48
Total	6,903.18	8,854.94
Current liabilities		
Financial liabilities		
Borrowings	30,910.93	37,929.19
Lease liability	14.48	61.21
Trade payable		
Total outstanding dues of micro enterprises and small enterprises	16.30	30.22
Total outstanding dues of creditors other than micro enterprises and small enterprises	36,171.19	52,839.32
Other financial liabilities	8,612.19	7,484.75
Other current liabilities	13,513.55	20,104.28
Provisions	45.84	98.60
Current tax liabilities (net)	12.11	43.61
Total	89,296.59	1,18,591.27
Total Liabilities	96,199.77	1,27,446.21
Total Equity and Liabilities	99,073.08	1,42,721.47

6) Group Cash Flow Statement for the year ended March 31, 2023

(Amount in Rs. Lakhs)

Particulars	As at	
	March 31, 2023	March 31, 2022
	(Audited)	(Audited)
Cash flows from operating activities:		
Net loss before tax (after exceptional items)	(10,617.91)	(17,669.46)
Adjustments:		
Exceptional items	12,204.13	(527.06)
Share of associates	(396.16)	1,412.59
Depreciation and amortisation expense	883.24	904.45
(Gain)/ loss on disposal of property, plant and equipment (net)	4.74	942.15
Interest expense	1,195.55	2,616.93
Interest income	(61.15)	(1,027.49)
Provision of contract revenue in excess of billing	1,328.78	162.64
Gain on modification of lease contract	(61.68)	(1.37)
Provision for bad and doubtful debts / advances	1,013.16	15,088.44
Provision for warranty	273.49	866.66
Advances written off	41.94	153.66
Liability / provision written back	(2,914.73)	(555.27)
Actuarial loss on gratuity	101.36	144.09
Recognition of share based payment at fair value	107.37	25.46
Subsidy amortised	(48.07)	(48.07)
Rental income	(28.72)	(29.05)
Operating profit before working capital changes	3,025.34	2,459.30



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Group Cash Flow Statement for the year ended March 31, 2023 (Cont'd)

(Amount in Rs. Lakhs)

Particulars	As at	
	March 31, 2023	March 31, 2022
	(Audited)	(Audited)
Net changes in working capital		
Changes in inventories	(11.62)	257.37
Change in trade receivables	16,363.75	16,656.78
Changes in loans	(3,265.71)	341.77
Changes in other financial assets	(2,680.52)	(5,682.97)
Changes in other assets	(464.20)	1,573.02
Change in trade payables	(6,134.59)	(7,044.44)
Changes in provisions	(1,160.07)	977.51
Change in other financial liabilities	537.99	(146.75)
Change in other liabilities	(3,946.84)	(5,486.05)
Net changes in working capital:	(761.81)	1,446.24
Cash flow from operations	2,263.53	3,905.54
Current taxes (paid)/refund	(229.96)	(91.92)
Net cash flow from operating activities (A)	2,033.57	3,813.62
Cash flows from investing activities:		
Payment for property, plant and equipment	(652.82)	(167.27)
Payment for intangible assets	(2.50)	-
Proceeds from sale of property, plant and equipment	122.18	1,640.07
Proceeds from sale of subsidiary	-	600.00
Fixed deposits matured- (net)	(239.86)	175.60
Interest received	3,519.36	213.82
Rental income	28.72	29.05
Net cash (used in)/ flow from investing activities (B)	2,775.08	2,491.27
Cash flows from financing activities:		
Principal payment of lease liabilities	(60.73)	(31.62)
Interest payment of lease liabilities	(87.58)	(18.19)
Repayments of long term borrowings (net)	(1,387.90)	(3,986.09)
Repayments of short term borrowings (net)	(2,526.45)	(1,116.27)
Interest paid	(593.59)	(1,632.58)
Net cash used in financing activities (C)	(4,656.25)	(6,784.75)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	152.40	(479.86)
Cash and cash equivalents at the beginning of the year	911.69	1,391.55
Cash and cash equivalents at the end of the year	1,064.09	911.69

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

(Amount in Rs. Lakhs)

Particulars	Quarter ended			Year ended	
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	(Refer Note 1)	(Unaudited)	(Refer Note 1)	(Audited)	(Audited)
One time settlement (OTS) with banks and financial institutions	-	2,775.44	7,710.24	2,775.44	8,550.30
Liabilities written back	9,598.99	-	-	9,598.99	5,239.20
Exceptional gain (A)	9,598.99	2,775.44	7,710.24	12,374.43	13,789.50
Unbilled provision/write off	-	2,500.24	-	2,500.24	-
Capital assets impaired/written off (Refer note 2(a))	6,128.77	-	-	6,128.77	-
Trade receivable written off	-	-	7,674.82	-	7,674.82
Loans and advances provision	-	6,891.55	-	6,891.55	-
Loss on disposal of subsidiary	-	-	365.38	-	365.38
Investment provision/written off	9,058.00	-	-	9,058.00	5,222.24
Exceptional loss (B)	15,186.77	9,391.79	8,040.20	24,578.56	13,262.44
Net Exceptional loss(A-B)	(5,587.78)	(6,616.35)	(329.96)	(12,204.13)	527.06



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- 8) The loan accounts of the Holding Company have been classified as Non- Performing Assets by certain banks and they have not charged interest on the said accounts and also the Holding Company has not charged interest on borrowings from certain banks/ Asset Reconstruction Company which had entered into Settlement agreement(s), therefore provision for interest has not been made in the books of accounts and to that extent interest costs and loan liabilities have been understated. The extent of exact amount is under determination and reconciliation with the bank, however as per the details available, the amount of unaccrued interest, on approximate basis, on the said loans (other than the borrowings of few banks which are regular) amounts to Rs. 822.41 lakhs, Rs. 3,374.33 lakhs and Rs. 4,267.44 lakhs for the quarter ended March 31, 2023, year ended March 31, 2023 and as at March 31, 2023 respectively (Rs. 757.54 lakhs, Rs. 893.93 lakhs and Rs. 3,598.81 lakhs for the quarter ended December 31, 2022, March 31, 2022 and year ended March 31, 2022 respectively). The Holding Company is already in discussion with the said banks and Asset Reconstruction Company for settlement of their dues.
- 9) The Holding Company had entered into Settlement agreement(s) ('Agreements') with certain banks/assets reconstruction company ('the Lenders') during the years/period ended March 31, 2018 and March 31, 2019 wherein it had settled the outstanding borrowings by upfront payments and deferred instalments. As at March 31, 2023, the Holding Company has delayed payments in respect of the certain deferred instalments amounting Rs. 5,178.00 lakhs which were due and payable pursuant to these Agreements. So far the lenders have not given any written notice on event of default as per the agreements and the management is in discussions with the Lenders to condone the aforementioned delays.

Further, certain Lenders have filed an application with Debt Recovery Tribunal and other judicial authorities for recovery of its dues as they existed prior to the settlement agreement entered with it in earlier period. However, basis the agreed terms/discussions, management believes that no additional liability shall devolve on the Holding Company in addition to the carrying value of such liability as at March 31, 2023.

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

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

- 10) The Holding Company has incurred a net loss after tax of Rs. 9,154.14 lakhs for the period ended March 31, 2023 and has accumulated losses amounting Rs. 1,06,842.29 lakhs as at March 31, 2023. At present, holding company is facing acute liquidity issues on account of delayed realization of trade receivables from the clients. Also, one of the bank has earlier filed an application with the National Company Law Tribunal (NCLT) for recovery of its dues amounting to Rs. 13,427.00 lakhs and at present the said matters held in abeyance as the holding company has entered into an one time settlement with the said bank on deferred payment basis. Further, three parties have also filed applications with the National Company Law Tribunal (NCLT) for recovery of their dues amounting to Rs. 763.53 lakhs. The said outstandings are disputed in nature, and Holding Company is pursuing the same before the NCLT hence at present said matters are sub-judice. Further, during the year ended March 31, 2020, because of delays in required extension of performance security, one of the customers has invoked the bank guarantee submitted by the Holding Company amounting to Rs. 6,500.00 lakhs and converted into cash security as a fixed deposit and used it as security margin for providing a limit of Letter of Credit to facilitate timely payments to vendors for ensuring early completion of the project. The Holding Company has also delayed in repayments due to certain lenders as further detailed in note 8 and 9. Conditions explained above, indicate existence of uncertainties that may cast significant doubt on the Holding Company's ability to continue as a going concern due to which the Holding Company may not be able to realise its assets and discharge its liabilities in the normal course of business in future. However, the management is evaluating various options and has entered into one-time settlement agreements with various lenders (as described in note 9), including interest and other related terms and conditions apart from further negotiating the terms with the remaining lenders for settlement of its existing debt obligations. Further the management is in discussions with certain customers for an immediate recovery of the amount due from them and believes that the substantial portion of such trade receivables shall be realized within the upcoming year. Management believes that the Holding Company will be able to settle its remaining debts in the due course and in view of the proposed settlement of debt obligations together with the expected increased realisation from the trade receivables, no adjustments are required in the consolidated financial result and accordingly, these have been prepared on a going concern basis.



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A2Z INFRA ENGINEERING LIMITED

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- 11) The Tanzania branch has a contract with Rural Energy Agency (REA) for supply and installation of medium and low voltage lines, distribution transformers and connections to un-electrified rural areas in Dodoma Region (Bahi, Kongwa and Chemba districts) on a Turnkey basis for Lot 1 and supply and installation of medium and low voltage lines, distribution transformers and connections to un-electrified rural areas in Dodoma Region (Chamwino, Kondoa and Mpwapwa districts) on Turnkey basis for Lot 2. The Tanzania branch is expecting to complete the works by March 2024. The contract allows for a further period of 12 months after completion for handing over the project where after, the retention payment terms will be released once the completion certificate is issued and the contract will expire. This condition indicates that a material uncertainty exists, that may cast significant doubt on the Tanzania branch's ability to continue as a going concern.
- 12) The other expenses includes Rs. 1,250.00 lakhs on account of good and service tax expenses for the year ending March 31, 2023.
- 13) During the current year, certain receivables amounting to Rs. 10,031.79 lakhs has been written off and certain liabilities amounting to Rs. 12,184.54 lakhs have been written back.
- 14) Previous period/year figures have been re-grouped/reclassified wherever necessary to correspond with those of the current period / year's classification.

Place: Gurugram
Date: May 19, 2023



For and behalf of A2Z Infra Engineering Ltd.

Amit Mittal
Managing Director & CEO
(DIN 00058944)

A2Z INFRA ENGINEERING LIMITED

CIN No.: L74999HR2002PLC034805



ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified/disclaimer opinion) submitted along with Annual Audited Financial Results - Consolidated

- i. Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Amount in Rs. Lakhs)

S. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Audited Figures (as reported after adjusting for qualifications)
1.	Turnover / Total income	38,205.57	38,205.57
2.	Total Expenditure	37,015.51	37,015.51
3.	Net (Loss)	(12,605.48)	(12,605.48)
4.	Earnings Per Share	(6.98)	(6.98)
5.	Total Assets	99,073.08	99,073.08
6.	Total Liabilities	96,199.77	96,199.77
7.	Net Worth*	2,858.74	2,858.74
8.	Any other financial item(s) (as felt appropriate by the	NA	NA

*excluding capital reserve of Rs. 14.57 lakhs.

Note: The impact of the qualification given below in point II(a)(1), II(a)(2) and II(a)(3) is not ascertainable.

ii. Audit Qualification (each audit qualification separately):

a. Details of Audit Qualification (Disclaimer of Opinion):

1)	As stated in note 10 to the accompanying Statement, the Holding Company has incurred a net loss after tax of Rs. 9,154.14 lakhs during the year ended 31 March 2023, and as of that date, the Holding Company's accumulated losses amount to Rs. 1,06,842.29 lakhs, which have resulted in substantial erosion of its net worth, and the current liabilities exceed current assets by Rs. 14,341.26 lakhs. Also, certain lenders have filed applications with the National Company Law Tribunal (NCLT), Debt Recovery Tribunal (DRT) and other courts for recovery of their dues as detailed in note 9 and 10. The Holding Company has also delayed in repayment of borrowings and payment of statutory dues and dues payable to other lenders including delays with respect to dues payable under one-time settlement agreements, as further detailed in note 9. As confirmed by the management, the Holding Company has been in discussions with the lenders regarding restructuring of these borrowings, the resolution for which is yet to be finalised. Further, the expected realisation of the amounts outstanding from certain customers, within the next 12 months, with whom the Holding Company is in discussions, is uncertain in the absence of any confirmations from such customers. Such events and conditions and the possible impact of the associated uncertainties on management's assumptions, and other matters as set forth in the note 10, cast significant doubt on the Holding Company's ability to continue as a going concern. In the absence of sufficient appropriate audit evidence to support the management's assessment with respect to restructuring of borrowings and availability of funds, we are unable to comment on the ability of the Holding Company to continue as a going concern. Further, as stated in Note 11 to the accompanying statement, indicates that a material uncertainty exists that may cast significant doubt on the Holding Company's branch ability to continue as going
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	concern. Our audit report on the consolidated financial results for the quarter and year ended 31st March 2022 dated 18th May 2022 and our review report for the quarter ended 31st Dec 2022 dated 14th February 2023 also included a disclaimer of opinion and disclaimer of conclusion, respectively, in respect of this matter.
2)	<p>As stated in note 8 and 9 to the accompanying Statement, the Holding Company has borrowings from certain banks which have been classified as non-performing assets ('NPA borrowings') and those from certain other banks/ asset reconstruction company (together referred to as 'the Lenders'), The Holding Company had entered into settlement agreements ('Settlement Agreements') with some of these Lenders for the aforesaid loans. As described in the said note, the Holding Company has delayed the payments in respect of the instalments due to these Lenders pursuant to the relevant loan agreements and Settlement Agreements. In respect of the aforementioned NPA borrowings and delayed payments under the Settlement Agreements, the Holding Company has not recognised interest for the quarter and year ended 31 March 2023 aggregating to Rs. 822.41 lakhs and Rs. 3,374.33 lakhs (accumulated interest as at 31 March 2023 being Rs. 4,276.44 lakhs), payable under the terms of the said agreements, as estimated by the management on the basis of expected re-negotiation with the Lenders.</p> <p>Pending confirmations/reconciliations from the Lenders and in the absence of sufficient appropriate evidence to substantiate management's assessment, we are unable to comment on the adjustments, if any, that may be required to the carrying values of the aforesaid borrowings and dues (including interest) payable to the Lenders in accordance with the terms of loan agreements and Settlement Agreement, and the consequential impact of such adjustments on the accompanying Statement. Our audit report on the consolidated financial results for the quarter and year ended 31st March 2022 dated 18th May 2022 and our review report for the quarter ended 31st December 2022 dated 14th February 2023 also included a disclaimer of opinion and disclaimer of conclusion, respectively, in respect of this matter.</p>
3)	<p>As stated in note 3 to the accompanying Statement, the Holding Company's non-current investment (net of impairment amounting to Rs. 7,992.84 lakhs) in its associate company namely Greeneffect Waste Management Limited (formerly known as A2Z Green Waste Management Limited) ("GWML") and its other current financial assets (net of impairment amounting to Rs. 2,826.46 lakhs) and its current financial assets- loan amounting to Rs. 84.67 lakhs which include amounts dues from such associate company as on 31 March 2023. Further, as stated in note 7 of the accompanying statement, during the quarter and year ended as on 31st March 2023, Holding company has provided provision for diminution in investment of Rs. 9,058.00 lakhs on preference shares of Greeneffect Waste Management Limited. The consolidated net worth of the aforesaid associate company as on that date has been fully eroded on account of losses incurred. Further, the associate company is facing liquidity constraints due to which it may not be able to meet the projections as per the approved business plans. Based upon the valuation report of an independent valuer, arbitration awarded in favour of GWML and other factors described in the aforementioned note, management has considered such balances as fully recoverable. However, in the absence of sufficient and appropriate audit evidence to support the management's assessment as above, we are unable to comment upon adjustments, if any, that may be required to the carrying value of these balances, and the consequential impact on the accompanying Statement. Our audit report on the consolidated financial results for the quarter and year ended 31st March 2022 dated 18th May 2022 and our review report for the quarter ended 31st Dec 2022 dated 14th February 2023 also included a disclaimer of opinion and disclaimer of conclusion, respectively, in respect of this matter.</p>

b. **Type of Audit Qualification:** Disclaimer of Opinion

c. **Frequency of qualification:**

Disclaimer (ii)(a)(1) and (3) were reported as disclaimer since our review report for the quarter/period ended 30 September 2021.

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** Not quantified by the auditor



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e. For Audit Qualification(s) where the impact is not quantified by the auditor:

(i) Management's estimation on the impact of audit qualification:

	Not ascertainable
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(ii) If management is unable to estimate the impact, reasons for the same:

	<p><u>With respect to mentioned disclaimer 1</u></p> <p>The Holding Company has incurred a net loss after tax of Rs. 9,154.14 lakhs for the period ended March 31, 2023 and has accumulated losses amounting Rs. 1,06,842.29 lakhs as at March 31, 2023. At present, holding company is facing acute liquidity issues on account of delayed realization of trade receivables from the clients. Also, one of the bank has earlier filed an application with the National Company Law Tribunal (NCLT) for recovery of its dues amounting to Rs. 13,427.00 lakhs and at present the said matter is held in abeyance as the holding company has entered into an one time settlement with the said bank on deferred payment basis. Further, three parties have also filed applications with the National Company Law Tribunal (NCLT) for recovery of their dues amounting to Rs. 763.53 lakhs. The said outstandings are disputed in nature, and Holding Company is pursuing the same before the NCLT hence at present said matters are sub-judice. Further, during the year ended March 31, 2020, because of delays in required extension of performance security, one of the customers has invoked the bank guarantee submitted by the Holding Company amounting to Rs. 6,500.00 lakhs and converted into cash security as a fixed deposit and used it as security margin for providing a limit of Letter of Credit to facilitate timely payments to vendors for ensuring early completion of the project. The Holding Company has also delayed in repayments due to certain lenders as further detailed in note 8 and 9. Conditions explained above, indicate existence of uncertainties that may cast significant doubt on the Holding Company's ability to continue as a going concern due to which the Holding Company may not be able to realise its assets and discharge its liabilities in the normal course of business in future. However, the management is evaluating various options and has entered into one-time settlement agreements with various lenders (as described in note 9), including interest and other related terms and conditions apart from further negotiating the terms with the remaining lenders for settlement of its existing debt obligations. Further the management is in discussions with certain customers for an immediate recovery of the amount due from them and believes that the substantial portion of such trade receivables shall be realized within the upcoming year. Management believes that the Holding Company will be able to settle its remaining debts in the due course and in view of the proposed settlement of debt obligations together with the expected increased realisation from the trade receivables, no adjustments are required in the consolidated financial result and accordingly, these have been prepared on a going concern basis.</p>
	<p><u>With respect to mentioned disclaimer 2</u></p> <p>The loan accounts of the Holding Company have been classified as Non- Performing Assets by certain banks and they have not charged interest on the said accounts and also the Holding Company has not charged interest on borrowings from certain banks/ Asset Reconstruction Company which had entered into Settlement agreement(s), therefore provision for interest has not been made in the books of accounts and to that extent interest costs and loan liabilities have been understated. The extent of exact amount is under determination and reconciliation with the bank, however as per the details available, the amount of unaccrued interest, on approximate basis, on the said loans (other than the borrowings of few banks which are regular) amounts to Rs. 822.41 lakhs, Rs. 3,374.33 lakhs and Rs. 4,267.44 lakhs for the quarter ended March 31, 2023, year ended March 31, 2023 and as at March 31, 2023 respectively (Rs. 757.54 lakhs, Rs. 893.93 lakhs and Rs. 3,598.81 lakhs for the quarter ended December 31, 2022, March 31, 2022 and year ended March 31, 2022 respectively). The Holding Company is already in discussion with the said banks and Asset Reconstruction Company for settlement of their dues.</p> <p>The Holding Company had entered into Settlement agreement(s) ('Agreements') with certain banks/assets reconstruction company ('the Lenders') during the years/period ended March 31, 2018 and March 31, 2019 wherein it had settled the outstanding borrowings by upfront payments and deferred instalments. As at March 31, 2023, the Holding Company has delayed payments in respect of the certain deferred instalments amounting Rs. 5,178.00 lakhs which were due and payable pursuant to these Agreements. So far the lenders have not given any written notice on event of default as per the agreements and the management is in discussions with the Lenders to condone the aforementioned delays.</p>



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	<p>Further, certain Lenders have filed an application with Debt Recovery Tribunal and other judicial authorities for recovery of its dues as they existed prior to the settlement agreement entered with it in earlier period. However, basis the agreed terms/discussions, management believes that no additional liability shall devolve on the Holding Company in addition to the carrying value of such liability as at March 31, 2023.</p> <p>The Holding Company is in the process of negotiations/ reconciliations of its outstanding obligations carried in these consolidated financial results.</p> <p>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.</p>
	<p><u>With respect to mentioned disclaimer 3</u></p> <p>The Holding Company, as at March 31, 2023, has non-current investments (net of impairment) amounting to Rs. 7,992.84 lakhs, other current financial assets (net of impairment) amounting to Rs. 2,826.46 lakhs and current financial assets-loan amounting to Rs. 84.67 lakhs in its associate company Greeneffect Waste Management Limited (formerly known as A2Z Green Waste Management Limited) ('GWML') which has holding in various SPVs under its fold (hereinafter Greeneffect Waste Management Limited together with its subsidiaries is referred to as Greeneffect Waste Management Group). During the current quarter, Holding Company has provided provision of Rs. 9,058.00 lakhs on preference shares of Greeneffect Waste Management Limited. While Greeneffect Waste Management Group has incurred losses during its initial years and consolidated net-worth as at March 31, 2023 has been completely eroded. Based on internal assessment and valuation report from an independent valuer, the recoverable amount from the underlying investments/assets is higher than the net worth of Greeneffect Waste Management Group. There are assumptions and estimates used in such future projections such as discount rate, long term growth rate, arbitration claims etc. which management believes are appropriate. Therefore, the management believes that the realisable amount from the aforementioned associate company and its subsidiaries is higher than the carrying value of the non-current investments, other current financial assets and current financial assets-loans due to which these are considered as good and recoverable.</p>

(iii) **Auditors' Comments on (i) or (ii) above:** Included in details of auditor's qualification (Disclaimer of Opinion) stated above.

iii. **Signatories:**

Amit Mittal
Managing Director cum CEO

Lalit Kumar
Chief Financial Officer

Atima Khanna
Audit Committee Chairperson

Date: May 19, 2023
Place: Gurugram

Saurabh Kuchhal
Partner
MRKS & Associates
Statutory Auditor

Date: May 19, 2023
Place: Gurugram

