

BY E-MAIL/FAX/COURIER

30th May, 2011

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

Fax : 022-26598237/38

Sub : Press Release

Dear Sir,

Please find enclosed herewith Press Release dated 30th May 2011, regarding announcement of audited financial results for the year ended 31st March, 2011 and updates on business operation.

You are requested to kindly take the same on record.

Thanking You

Yours Truly
For A2Z Maintenance & Engineering Services Limited



Atul Kumar Agarwal
Company Secretary cum Compliance Officer



Encl: as above

A2Z Maintenance & Engineering Services Limited

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

Corporate Office : Plot No. 44, Sector-32, Institutional Area, Gurgaon-122001, Haryana (INDIA),
Tel. : 0124-4517600, Fax : 0124-4380014, Website : www.a2zgroup.co.in

May 30, 2011

A2Z Maintenance and Engineering Services Limited

Press Release: FY 11 Results and update on business operations

The company has released its consolidated results today which primarily comprise its Engineering Services (ES)/Engineering, Procurement and Construction (EPC) business, Facility Management Services business (FMS) & Municipal Solid Waste Management (MSWM) business. EPC business continues to be the primary contributor to the bottom line in FY 11 as most other businesses, other than FMS, were in gestation stage.

Please visit investor section on the company website, www.a2zgroup.co.in, for the corporate presentation that explains in more detail the company's strategy and its various business units.

Disclosure on forward looking statements

Certain statements in this release may refer to our future growth and profitability prospects and hence are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ significantly from directional indications stated below.

Consolidated results for year ended March 31, 2011

On a consolidated basis, A2Z's total consolidated operating revenues for the year ended March 31, 2011 was Rs. 1,349 Cr as compared to Rs. 1,215 Cr. in the previous year. The consolidated Profit before tax from ordinary activities for the year was Rs. 138 Cr as compared to Rs. 146 Cr in the previous year. The consolidated profit after tax (before extraordinary items after minority interest) was Rs. 86 Cr as compared to Rs. 92 Cr in the previous year.

Standalone results for year ended March 31, 2011

On a standalone basis, total operating revenues for year ended March 31, 2011 is Rs 1,107 Cr as compared to Rs. 1,118 Cr in the previous year. The Profit before tax for the year was Rs. 142 Cr as compared to Rs. 146 Cr in the previous year. The consolidated profit after tax (before extraordinary items) was Rs. 94 Cr as compared to Rs. 95 Cr in the previous year.

Highlights of various business units

The progress of each business unit is discussed below:

Parent entity: A2Z Maintenance and Engineering

The standalone parent legal entity comprises of 3 segments: Engineering Services (ES/EPC), Renewable power generation and Others.



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Total income from operations for year ended March 31, 2011 is Rs 1,103 Cr of which Rs 326 Cr was recognized in Q4 FY11. ES/EPC contributed Rs 1,059 Cr to the income from operations for FY 11. Similarly, PAT before extra ordinary items was Rs. 94 Cr for FY 11 and Rs. 27 Cr for Q4 FY 11.

The growth and profitability of the EPC business is dependent on the pace of release of orders by our customers (SEBs, PGCIL, NHPC etc) and the pace of acceptance of work order revisions. Delays in above can significantly affect profitability as fixed cost at various sites is incurred without any work execution.

There was a slowdown in release of orders/tenders by customers in first nine months of FY11 compared to previous years. Moreover, there was a slowdown in EPC order execution in Q3 due to some temporary external circumstances beyond the company's control. J&K witnessed law and order issues and Leh & Kargil were adversely impacted due to weather related seasonality which resulted in loss of working days which couldn't be covered for in Q4 FY11. There was further delay in order execution due to non receipt of confirmed work order revisions from customers. The company has also booked an extraordinary loss of Rs. 8 Cr. for materials lost in the flash floods in Leh in July 2010, which was fully insured but for which the insurance claim is pending payment. The above mentioned circumstances resulted in a flat top-line and bottom-line for the company as compared to the previous year.

Power generation comprises the three power projects in Punjab aggregating 45 MW which are in the process of being commissioned. Progress on the projects is discussed in greater detail below.

Others mainly comprises of trading of materials used by our suppliers. It also comprises of some small equipment leasing and housekeeping services which are one off items.

Our Sundry Debtors as on March 31, 2011 are Rs 789 Cr as compared to Rs 788 Cr as on March 31, 2010. Out of the total debtors, Rs 395 Cr represents retention money as on March 31, 2011, down from Rs 428 Cr as on March 31, 2010.

Business outlook: Power T&D

There is significant potential for Power EPC companies due to the current state of Infrastructure of T&D in India & reforms required. There was an industry wide slowdown in release of orders in first nine months of FY11 which has eased in Q4 FY11. While we won orders of Rs. 498 Cr. during first 9 months of FY11, we have been able to win tenders worth over Rs. 564 Cr. in Q4 FY11.

Lately, there has been a significant increase in competitive intensity. Many new companies have entered the EPC business. Some competitors have exited from the distribution space. Hence, the competitive dynamics of the space remains in flux.

We are witnessing good enquiries in tenders. The company remains focused on bidding selectively for fair margin orders which have moderate working capital requirements. At this point of time, keeping in mind the uptick in tenders, bid pipeline, our historic win-loss ratio, and our confirmed unexecuted order book, we are optimistic of a much better performance of Power T&D in FY 12 compared to FY 11.



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Order-book Position

Particulars	Amount in Rs. Cr
Opening order book as of 1 April, 2010	1,384
New firm orders between 1 April, 2010 and 31 March, 2011	1,062
Orders executed and recognized as revenue (1 April, 2010 to 31 March, 2011)	1,049
Closing firm order book as of 31 March, 2011	1,397
New firm orders between 1 April, 2011 and 26 May, 2011	133
Unexecuted Order Book as on 26 May, 2011 (excluding revenue recognized from 1 April, 2011 to 26 May, 2011)	1,530
Orders not finalized but where company is L1 as of 26 May, 2011	397

During Q4FY11, the company has increased its stake to 51% in Star Transformers Pvt. Ltd., a distribution transformer manufacturing company. This was to ensure quality of products, to lower future warranty costs as well as have greater control on supply timelines.

Renewable Energy Generation

The four renewable energy projects (45 MW biomass based co generation projects in Punjab, housed in the parent, and 15 MW biomass/RDF based project in Kanpur) aggregating 60 MW being setup by A2Z are on various stage of implementation. Civil structures for the projects are complete. As indicated in the last press release, all 60 MW are expected to go into commercial operations by first half of FY 12. The physical progress of these projects is as given below:

S. No.	Description	Current Status
1	15 MW Biomass based power plant – Fazilka, Punjab	• Civil works – Complete • Plant & Machinery Erection – In progress • Boiler Hydro Test - Completed • Expected Commissioning – September 2011
2	15 MW Biomass based power plant – Morinda, Punjab	• Civil works – Complete • Plant & Machinery Erection – In progress • Boiler Hydro Test - Completed • Expected Commissioning – September 2011

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3	15 MW Biomass based power plant – Nakodar, Punjab	• Civil works – Complete • Plant & Machinery Erection – In progress • Boiler Hydro Test - Completed • Expected Commissioning – August 2011
4	15 MW Biomass based power plant – Kanpur, U.P.	• Civil works – Complete • Plant & Machinery Erection – In progress • Boiler Hydro Test - Completed • Expected Commissioning – September 2011

The Power Purchase Agreement (PPA) for the Kanpur project has been signed for 20 years with Dakshinanchal Vidyut Vitaran Nigam Ltd. (DVVNL) at Rs 4.80 per unit for FY 12 with annual price escalation of approximately 3%. Power from the Punjab plants will be sold on “merchant” basis. Additionally, we expect revenues from sale of Renewable Energy Certificates (RECs) in the Punjab plants. RECs are currently trading in the price band of Rs. 1.50/unit to Rs. 3.90/unit. We expect the power plants to contribute to our bottom-line in FY12.

Facilities Management Services (FMS)

As on 31 March, 2011, A2Zs consolidated FMS business is one of the largest facilities management companies in India with a PAN-India footprint. FMS business has achieved a turnover of Rs. 213 Cr. & EBIT of Rs. 24 Cr. during FY11 across all companies which is not strictly comparable with the previous years.

Post the acquisition of a majority stake in CNCS Facility Solutions in October, 2009 and 100% stake in IPMSL (Facilities Management Division of ILFS) in October, 2010, we have been able to turnaround the loss making businesses of these entities. Joint operations by these entities have resulted in significant cost and marketing synergies as evident in last few months’ operations. The revenue run rate for the month of March 2011 was Rs. 22.50 Cr.

We expect the FMS business to deliver strong growth in FY12 with operational margin improvement.

Municipal Solid Waste Management (MSW)

The MSW business generated a loss of Rs. 8 Cr. at EBIT level in FY11 as the business was sub-scale and in gestation while we invested in hiring & training people for the massive ramp-up that the business will witness shortly.



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The company has won Integrated (Collection, Transportation, Processing and Disposal) projects of capacity 4,685 MT/day from various urban local bodies (ULB) under competitive bidding under the JNNURM and UIDSSMT schemes till date. These are usually 25 to 30 year annuity projects with price escalation clauses. In addition, we also have standalone C&T (Collection & Transportation) contracts that are of capacity 920 MT/day and standalone P&D (Processing & Disposal) projects of capacity 1,015 MT/day.

The list of new projects won/where we are L1 is:

City	Contract	Capacity MT/day	Current Status
Nainital	Integrated	40	L1/Lol awaited
Nanded	P&D	300	L1/Lol awaited
Goa	P&D	20	Agreement Signed

Note: For the list of other cities, please refer to our previous press release dated February 14, 2011 available on our website.

Kanpur, our first Integrated MSW project (capacity of 1,500 MT/day), is ramping up well. Daily collection of waste is in excess of 1,150 MT/day (up from 200 MT/day in Q2 FY 11 & 900 MT/day in Q4 FY 11) and is expected to grow towards the projected capacity by Q2 FY12. In Kanpur, compost production is around 175 MT/day and RDF is around 200 MT/day with further upside as the equipments & processes are being further optimized to enhance yield and as waste collection increases.

We plan to use the entire output of RDF as input feedstock for our power plants, hence, most of the RDF output has been stocked. Going forward, we plan to sell RDF selectively if production exceeds what we need for our power plants.

There is no change to the ramp schedule for various cities indicated in the previous release. We expect the MSW business to be profitable & contribute meaningfully to our bottom line in FY12.

Water and Waste Water Treatment

A2Z has various domestic and international tie-ups for integrated water and waste water solutions for urban, rural and industrial applications. A2Z offers turnkey solutions in water & waste water treatment, instrumentation and automation, sludge management. Further, it has expertise in setting up of distribution networks, water pumping stations and sewerage with decentralized systems.

A2Z has won two projects aggregating to Rs. 37 Cr. and is L1 in projects aggregating to Rs. 45 Cr. as on date.



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Going forward, A2Z is targeting value added projects in water distribution system chain & PPP Projects which are annuity in nature which will provide stable cash flows over a period of 5 to 15 years. The company is also entering into new areas using IT applications to improve the billing & collection system for water usages.

EPC – Power Generation Projects

A2Z Powercom is primarily engaged in the erection of Renewable Power Generation projects & other in-house engineering requirements. While its pricing of services is arms-length, its profits are not consolidated as the projects are intra-group transfers. Going forward, A2Z Powercom will extend its capabilities to project beyond the group in areas of renewable power generation as well as Energy Saving project.

For further information, please contact:

- **Rakesh Gupta, Group CFO**
Phone: +91 – 124 – 4517600
Email: rg@a2zemail.com
- **Saurabh Paliwal, Head – Investor Relations**
Phone: +91 – 124 – 4517600
Email: saurabh.paliwal@a2zemail.com



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