

BY E-MAIL/FAX/COURIER

14th February, 2011

Bombay Stock Exchange Ltd.
Phiroz Jeejeebhoy Towers,
Routuda Building
Dalal Street
Mumbai- 400 001

FAX: 022-22722039

Dear Sir

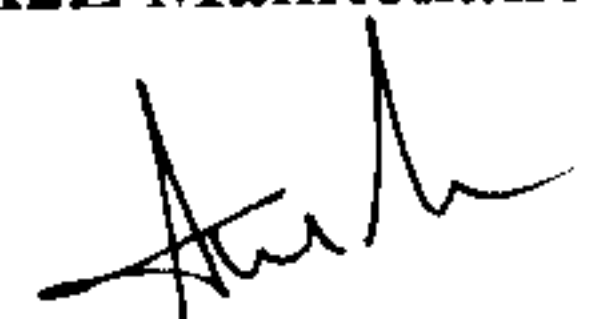
Sub : Press Release

We enclose herewith, for your information, a copy of Press Release dated 14th February, 2011, informing financial results for the quarter ended on 31st December, 2010 and **update on business operations.**

Please take this information on record.

Yours Truly,

For A2Z Maintenance & Engineering Services Limited


(Atul Kumar Agarwal)
Company Secretary

Encl : As above

A2Z Maintenance & Engineering Services Limited

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14 February 2011

A2Z Maintenance and Engineering Services Limited

Press Release: Q3 FY 11 Results and update on business operations

The company has released its standalone results today which primarily comprise its Engineering Services (ES)/Engineering, Procurement and Construction (EPC) business. This business will continue to be the principal contributor to the bottom line in FY 11 as most other businesses, other than FMS, are in gestation stage.

Commenting on the results, Amit Mittal, Managing Director, said "We are very excited by the opportunities we see ahead of us. We have delivered strong growth and results in the past and are well positioned for the future with a strong team and a strong balance sheet which will allow us to meaningfully address these opportunities. We will provide consolidated and segmental results starting Q1 FY 12. Further, the company will host an Analyst meet to discuss consolidated and segmental FY 11 results as soon as they are announced."

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.

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.

Total income from operations for 9 Months FY 11 is Rs 777 Cr of which Rs 234 Cr was recognized in Q3 FY 11. Out of this, ES/EPC contributed Rs 734 Cr and Rs 212 Cr respectively during the corresponding periods. Similarly, PAT before extra ordinary items was Rs 66.8 Cr for 9 Months FY 11 and Rs 13.6 Cr for Q3 FY 11.

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

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impacted due to weather related seasonality which resulted in loss of working days. The reduced revenue booking resulted in lower EBITDA margins for the quarter in comparison with previous quarters.

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 31 December, 2010 are Rs 674 Cr, down from Rs 788 Cr as on 31 March, 2010. Out of the total debtors, Rs 374 Cr represents retention money as on 31 December, 2010, down from Rs 428 Cr as on 31 March, 2010. The company will keep a strong focus on working capital reduction through various measures such as judicious project selection and stronger internal processes.

Business outlook: Power T&D

The company remains focused on bidding selectively for fair margin orders which have moderate working capital requirements.

Rs. Cr

Opening order book as of 1 April, 2010	1,384
New firm orders between 1 April, 2010 and 31 December, 2010	498
Orders executed and recognized as revenue (1 April, 2010 to 31 December, 2010)	734
Closing firm order book as of 31 December, 2010	1,148
New firm orders between 1 January, 2011 and 12 February, 2011	172
Unexecuted Order Book as on 12 February, 2011 (excluding revenue recognized from 1 January, 2011 to 12 February, 2011)	1,320
Orders not finalized but where company is L1 as of 12 Feb, 2011	962

The company has entered the new arena of usage of IT applications to improve the financial health of the DISCOMs. The company is implementing a novel project for Jabalpur DISCOM to reduce AT&C losses. This ADB funded project is the first of its kind in India which targets to reduce the AT&C losses after distribution transformers metering to a level of 6% from current losses that are in excess of 40%. The project will carry out a software based system study to suggest key equipment for renovating and revamping of the entire distribution network. Once the system is strengthened, A2Z will support the DISCOM with complete Operations and Maintenance support for 3 years in areas such as software based meter reading and energy auditing which will highlight multiple parameters, for example, specific points on the network where theft is taking place.



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We are also developing an automatic meter reading solution for the Power Utilities. The solution will permit remote meter reading and has a remote disconnection feature which will reduce instances of theft thus permitting enhanced billing collection efficiency and reduction in commercial losses.

The company has expanded into International markets through its first ADB backed project in Uganda. We are also pursuing opportunities in countries such as South Africa, Ghana and Kenya. We have also made inroads into South India based utilities starting with BESCO.

Renewable Energy Generation

The BTG (Boiler Turbine Generator) equipment for the first 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 is on various sites and in the process of being installed. Civil structures for the projects are complete. All 60 MW are expected to go into commercial operations by first half of FY 12.

The Power Purchase Agreement (PPA) for the Kanpur project has been signed for 20 years with UPSTL 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). RECs are expected to start trading on an exchange in FY 12 and have a specified range of Rs 1.50 – 3.90 per unit (as per CERC order titled '*Determination of Forbearance and Floor Price for the REC framework: 99/2010 (Suo Motu)*' dated 1 June, 2010). We believe the latter will give us higher realization per unit compared to a PPA agreement with a utility.

We are in various stages of development of biomass based projects in Rajasthan and rice husk based projects in Punjab as specified in the IPO prospectus. However, we expect some delay in commencement of rice husk projects in Punjab as agreements are still under negotiation with Punjab State Grains Procurement Corporation Limited.

Facilities Management Services (FMS)

As on 31 December, 2010, A2Zs consolidated FMS business has employed directly/ indirectly over 22,000 people making it one of the largest facilities management companies in India.

A2Z MESL acquired a majority stake in CNCS Facility Solutions thorough Imatek solutions Private Limited in October, 2009 and A2Z Infraservices acquired 100% stake in IPMSL (Facilities Management Division of ILFS) in October, 2010 from IL&FS Group. ILFS in turn acquired 20% stake in A2Z's FMS Business. While the A2Z business was strong in the North, CNCS was strong in the West and IPMSL had a significant market presence in South India. The consolidated revenue run rate of the FMS business was over Rs 21 Cr in December, 2010.

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The combined pan India footprint provides significant revenue and cost synergies which are evident from the first few months of joint operations.

As this business segment is a combination of profitable business units and an acquired loss making business unit which is in the process of being turned around, it will not contribute significantly to the consolidated PAT of A2Z in FY 11 but should do so in FY 12.

Municipal Solid Waste Management (MSW)

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. These are 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 995 MT/day. Moreover, we are L1 in Surat and Jalandhar aggregating over 1,300 MT/day. For more detailed explanation of this business, please refer to the presentation and video on the company website.

There is some delay in overall ramp up in this business from our initial estimates due to delays in obtaining land from urban local bodies for construction of processing plant and landfills resulting in delays in ordering of equipment.

The Kanpur project, our first Integrated MSW project (capacity of 1,500 MT/day), is ramping up well. Daily collection of waste is in excess of 900 MT/day (up from 200 MT/day in Q2 FY 2011) and is expected to grow towards the projected capacity as more wards are handed over to A2Z.

The waste processing facility is already generating Compost and RDF (Refuse Derived Fuel) with satisfactory yields and the equipment and composting process are being further optimized to enhance yields. The compost has been successfully sold to fertilizer companies and the RDF has been tested in laboratories and in kilns of a private sector cement company suggesting highly satisfactory Gross Calorific Values (approx 4,000 K Cals/Kg). We plan to use the entire output of RDF as input feedstock for our power plants (discussed below).

The Kanpur project in its entirety has been filmed by Doordarshan and aired on its channel at the behest of the Central Pollution Control Board (CPCB). CPCB has recommended that projects like these should be implemented across all cities in India. A clip of the above is available on our website.

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The list of projects won and their current status is listed below:

City	Contract	Capacity MT/day	C&T Start date	P&D start date
Kanpur	Integrated	1,500	Operational	Operational
Indore	Integrated	600	Operational	Q1 FY 12
Varanasi	Integrated	600	Q1 FY 12	Q1 FY 12
Meerut	Integrated	600	Q1 FY12	Land allotment awaited
Ranchi	Integrated	490	Q4 FY 12	Q4 FY 12
Moradabad	Integrated	280	Q1 FY 12	Q1 FY 12
Ghaziabad	Integrated	275	Q1 FY 12	Land allotment awaited
Aligarh	Integrated	220	Q1 FY 12	Q1 FY12
Muzaffarnagar	Integrated	120	To start Q1 FY 12	Commissioned
Amravati	P&D	300	NA	LoI received.
Firozabad	P&D	130	NA	Land allotment awaited
Loni	P&D	120	NA	Land allotment awaited
Mirzapur	P&D	100	NA	Q4 FY 12
Jaunpur	P&D	80	NA	Q4 FY 12
Sambhal	P&D	75	NA	Q4 FY 12
Fatehpur	P&D	55	NA	Q3 FY 12
Badaun	P&D	55	NA	Land allotment awaited
Ballia	P&D	40	NA	Q4 FY 12
Basti	P&D	40	NA	Land allotment awaited
Patna	C&T	800	Partly operational	NA
Darbhanga	C&T	120	Q1 FY 12	NA

Most of these contracts are 25/30 year annuity contracts. We estimate the revenue from Collection and Transportation charges and fixed Tipping fees from ULBs should be in excess of Rs 80 Cr per year (at rated capacities), starting from FY 12. Also, most contracts allow for 5-10 % fees hike per year as



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inflation linked adjustments. Further, we expect significant revenue from sale of processing outputs such as Compost, RDF, recyclables, bricks etc.

Water and Waste Water Treatment

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

A2Z is L1 bidder in projects with a total order size of Rs 38 Cr as on December 31, 2010. The company is targeting value added projects in the water distribution system chain and PPP projects which are annuity in nature which will provide stable cash flows over a period of 5 to 15 years.

For further information, please contact:

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