

HIGHLIGHTS:

A2Z is an engineering, procurement and construction (“EPC”) company in India and have been providing services to the power transmission and distribution sector with a focus primarily on the distribution segment. A2Z is diversifying this business to provide EPC services to power generation companies and companies in other sectors, including road and telecommunications. In addition, A2Z is significantly focused on and involved in other businesses that include the following: (i) generating power from renewable energy sources (the “Renewable Energy Generation business”); (ii) providing municipal solid waste management services (the “MSW business”); (iii) providing facility management services (the “FMS business”); and (iv) developing information technology (“IT”) solutions for power utilities (the “Power IT Solutions business”).

Issue Highlights:

Books Open : 08/12/2010
Books Close : 10/12/2010
Face Value : Rs. 10/-
Bid Lot : 15 Eq Shares
Price : Rs. 400 - Rs. 410

EPC : A2Z have been operating their EPC business since fiscal 2006 and have historically focused primarily on the power distribution sector, where their EPC services include the installation of distribution line infrastructure with capacities of up to 33 KV, the construction of substations of up to 33 KV and participation in system strengthening projects and rural electrification projects. In the power transmission sector, where A2Z have undertaken select projects, their EPC services portfolio includes the construction of extra high voltage (“EHV”) substations of up to 400 KV and EHV transmission lines of up to 765 KV. A2Z is executing projects in the power transmission and distribution sector in India for various state power utilities and central public sector utilities such as PGCIL, NTPC and NHPC.

Renewable Energy Generation: A2Z have recently entered the power generation business choosing renewable energy sources of fuel such as biomass, RDF generated from their projects in the MSW business, bagasse, mustard stems, rice husk, juliflora and other agricultural and forest waste. A2Z is constructing three 15 MW renewable energy cogeneration projects in sugar mills located in the State of Punjab on a BOOT basis and a 15 MW biomass-based power plant at Kanpur in the State of Uttar Pradesh where A2Z intend to primarily use, among others, RDF generated from their MSW business as a source of fuel. A2Z expect these four power plants to be commissioned in March 2011. In addition, A2Z is also setting up five 15 MW biomass-based power generation projects in the State of Rajasthan that will primarily utilize crop residue as fuel and biomass-based power generation projects in the State of Punjab with an aggregate installed capacity of 100 MW that will utilize the rice husk generated from rice milling operations proposed to be undertaken by them.

MSW.: In the MSW business, A2Z provide collection, transportation, processing, disposal and treatment of municipal solid waste (“MSW”). In a short span of time since 2008, A2Z have been awarded contracts for (a) setting up IRRFs on a BOOT basis with an aggregate MSW capacity of 3,800 tons per day (“TPD”) in six cities, (b) the collection and transportation (“C&T”) of MSW of an aggregate capacity of 910 TPD in two cities and (c) the processing and disposal (“P&D”) of MSW of an aggregate capacity of 488 TPD in six cities in India. Currently, the C&T activities in the cities of Indore, Patna (in one out of six circles), Varanasi and Meerut and the P&D activities in the city of Kanpur are operational.

FMS : A2Z ‘s services in the FMS business include engineering maintenance (mechanical, plumbing, electrical, HVAC, DG Set), energy saving solutions, janitorial services, parking 78 management, property lease management, telecommunications tower maintenance and security services to public and private sector clients. A2Z also provide specialized services to the Indian Railways under the Clean Train Station (“CTS”) scheme, the Intensive Rake Cleaning (“IRC”) scheme and the On-Board Housekeeping Services (“OBHS”) scheme in 11 out of 16 railway zones. As of March 31, 2010, A2Z is providing their services in 27 States in India and the NCT of Delhi and Haryana and had, as of such date, 12,314 employees in this business.

KEY HIGHLIGHTS:

The top ten shareholders of the Company and the Equity Shares held by them are as follows:

NO	Name of shareholder	No. of Equity Shares	% (Pre Issue)
1	Mr. Amit Mittal	27,578,735	48.13
2	Mr. Rakesh Radheyshyam Jhunjunwala	12,051,125	21.03
3	Beacon	6,897,490	12.04
4	Lexington	4,393,085	7.67
5	Shiv Swaroop Gupta HUF	1,935,802	3.38
6	Mrs. Babita Shivswaroop Gupta	1,285,710	2.24
7	Mrs. Dipali Mittal	1,170,000	2.04
8	Mrs. Nipa Sheth	696,420	1.22
9	Mrs. Sushila P Gupta	187,500	0.33
10	Mr. Rajiv Agarwal	131,250	0.23
	Total	56,327,117	98.31

FINANCIALS:

(Rs. in mn.)

PARTICULARS	July 31,2010	2010	2009
Total Income	4,180.99	12,252.96	7,238.80
Total Expenditure	3,632.32	10,710.58	6,295.71
PAT	347.89	985.21	590.53
Fixed Assets	913.24	547.91	218.01
Net Worth	4,276.28	4,144.65	2,231.19

PEER GROUP COMPARISON:

Name of the company	F. V.	EPS (Rs.)	RONW (%)	NAV (Per share) (Rs.)
ABB Limited	2	16.74	14.63	114.38
KEC International Limited	10	38.30	24.10	159.51
Kalpataru Power Transmission Ltd	2	67.05	19.05	387.40
A2Z Maintenance & Engineering Services Ltd.	10	17.28	23.62	72.30

Source: Capital Market Volume XXXV/10, Nov. 1-14, 2010/ Company Annual Reports..

VALUATION:

A2Z Maintenance & Engineering Services Limited with historical EPS of 17.28 , is offering shares to investors at P/E of 23.7 at upper end of price band & 23 at lower end of price band.

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