



*Energising the Future*



**ENTEGR LIMITED**  
**Annual Report**  
**2011-12**



## **OUR VISION**

“To become a leading fully integrated global Renewable Energy Enterprise.”



**Making Renewable Energy a part of our daily lives...**

## **OUR MISSION**

“TO create value for all stakeholders by leveraging our core competence in the Renewable Energy space BY optimizing global resources and tapping opportunities for sustainable growth AND contributing towards a greener world.”

**BOARD OF DIRECTORS**

Mr. Mukul S. Kasliwal  
Chairman

Mr. Ajit C. Kapadia  
Director

Mr. Prabhakar L. Nene  
Director

Mr. Hiten A. Khatau  
Director

Mr. Alok N. Sinha  
Director

Mr. Vijendrakumar Jain  
Managing Director (upto 31.3.2012)

Mr. Warij A. Kasliwal  
Vice-Chairman

Mr. Ashish S. Jalan  
Director

Mr. Pradeep V. Goyal  
Director

Mr. Soli K. Cooper  
Director

Mr. Jagdish Capoor  
Director

Mr. Dennis J. Quinn  
Director (upto 31.7.2012)

**PRESIDENT ( CORPORATE AFFAIRS) &  
COMPANY SECRETARY**

Mrs. Rekha Jagdale

**MAIN BANKERS**

State Bank of India  
Yes Bank  
ICICI Bank Limited  
IndusInd Bank Limited

**SUBSIDIARIES**

1. Shree Maheshwar Hydel  
Power Corporation Limited
2. Ennertech Biofuels Limited
3. Rajasthan Solar Power Company  
Private Limited

**AUDITORS**

1. Walker, Chandiok & Co  
Chartered Accountants, 16th Floor,  
Tower II, Indiabulls Finance Centre,  
S. B. Marg, Elphinstone (W)  
Mumbai – 400 013

**CORPORATE OFFICE**

4th Floor,  
Harchandrai House,  
Maharshi Karve Road,  
Marine Lines (East),  
Mumbai - 400 002  
Tel: 022-66044242  
Fax: 022-665503220  
Website : [www.entegra.co.in](http://www.entegra.co.in)  
Email: [investor@entegra.co.in](mailto:investor@entegra.co.in)

2. Shyam Malpani & Associates  
Chartered Accountants,  
307, Chartered House  
Marine Lines,  
Mumbai – 400 002

**REGISTERED OFFICE**

S. KUMARS HOUSE, Plot No. 60,  
MIDC, Phase II, Street 14  
Andheri (E),  
Mumbai – 400 093  
Tel : 022-28322676

**REGISTRAR & TRANSFER AGENTS**

M/s. Bigshare Services Pvt. Ltd.  
E-2, Ansa Industrial Estate,.  
Sakivihar Road, Saki Naka  
Andheri (East), Mumbai – 400 073  
Tel: 022 28470652 -Fax: 022 28475207  
Email: [info@bigshareonline.com](mailto:info@bigshareonline.com)  
Website : [www.bigshareonline.com](http://www.bigshareonline.com)

# INDEX

Notice	3
Directors' Report	8
Management Discussion & Analysis Report	13
Corporate Governance Report	19
Chief Financial Officer (CFO) Certificate	32
Certificate on Corporate Governance	33
Annual Accounts	
• Auditors' Report	34
• Balance Sheet	40
• Profit & Loss Account	41
• Cash Flow Statement	42
• Schedules Forming part of Accounts	44
• Significant Accounting Policies and Notes to Financial Statements	57
• Statement pursuant to Section 212 of the Companies Act, 1956	69
• Consolidated Financial Statements	70

**NOTICE**

**NOTICE** Is hereby given that the Seventeenth Annual General Meeting of the members of Entegra Limited will be held on Thursday, 27<sup>th</sup> day of September 2012 at 12.15 p.m. at Sunville Hall, “Orchid Room, 2<sup>nd</sup> Floor, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018, to transact the following business:

**ORDINARY BUSINESS:**

1. To consider and adopt the Audited Balance Sheet as at March 31, 2012, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint director in place of **Mr. Hiten Khatau**, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint director in place of **Mr. Ashish Jalan** who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint director in place of **Mr. Soli Cooper**, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint director in place of **Mr. Alok Sinha**, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint **M/s. Walker, Chandiook & Co, Chartered Accountants and M/s. Shyam Malpani & Associates, Chartered Accountants** as the Joint Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:****7. ALTERATION IN ARTICLES OF ASSOCIATION OF THE COMPANY**

To consider and if thought fit, to pass, with or without modifications, the following resolution as a **SPECIAL RESOLUTION**:

“**RESOLVED THAT** subject to the provision of section 31 and all other applicable provisions if any, of the Companies Act, 1956 and confirmation of the Registrar of Companies, the following Clause No.77 (a) be and is hereby inserted after the existing clause no. 77 of Articles of Association of the Company.

77 (a). Every Members and Directors of the Company shall be entitled to participate in the all general meetings of the Company through electronic mode or other media as permitted by applicable laws from time to time.

**8. ALTERATION IN ARTICLES OF ASSOCIATION OF THE COMPANY**

To consider and if thought fit, to pass, with or without modifications, the following resolution as a **SPECIAL RESOLUTION**:

“**RESOLVED THAT** subject to the provision of section 31 and all other applicable provisions, if any, of the Companies Act, 1956 and confirmation of the Registrar of Companies, the following Clause No.80 (c) be and is

hereby inserted after the existing Clause no. 80 (b) of Articles of Association of the Company.

80 (c). For the purpose of quorum, member's participation in general meeting through video conferencing or teleconferencing or through any other electronic or other media be considered as valid as permitted by applicable laws from time to time".

## 9. ALTERATION IN ARTICLES OF ASSOCIATION OF THE COMPANY

To consider and if thought fit, to pass, with or without modifications, the following resolution as a **SPECIAL RESOLUTION**:

**"RESOLVED THAT** subject to the provision of section 31 and all other applicable provisions, if any, of the Companies Act, 1956 and confirmation of the Registrar of Companies, the following Clause No.89 (a) be and is hereby inserted after the existing clause no. 89 of Articles of Association of the Company.

89 (a). For the purpose of voting, member's participation and voting in general meeting through electronic media there under shall be considered as valid as permitted by applicable laws from time to time".

## 10. ALTERATION IN ARTICLES OF ASSOCIATION OF THE COMPANY

To consider and if thought fit, to pass, with or without modifications, the following resolution as a **SPECIAL RESOLUTION**:

**"RESOLVED THAT** subject to the provision of section 31 and all other applicable provisions, if any, of the Companies Act, 1956 and confirmation of the Registrar of Companies, the following Clause No. 135 (a) be and is hereby inserted after the existing clause no. 135 of Articles of Association of the Company.

135 (a).The Directors of the Company may participate in the meeting of Board or Committee of Directors through electronic mode or other media as permitted by applicable laws from time to time. However, every Director of the Company must attend the meeting of Board and Committee of Directors personally at least one meeting in a financial year of the Company.

## NOTES

1. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY (IES) TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND A PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. Members / Proxies are requested to bring their copy of the Annual Report and the Attendance Slip sent herewith to attend the Annual General Meeting.
4. All documents referred to in the Notice and Explanatory Statement will be available for inspection by the Members at the Corporate Office of the Company between 10.00 a.m. and 5.00 p.m. on all working days from

the date hereof upto the date of the Meeting.

5. Members are requested to notify immediately any change in their address along with Pin Code Number to the Company/ Share Transfer Agents.
6. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
7. Members may avail of the facility of dematerialisation by opening Depository accounts and get the equity share certificates held by them dematerialised.
8. Pursuant to the requirement on corporate governance under Clause 49 of the listing agreements entered into with stock exchanges, the information about Directors proposed to be appointed / re-appointed is given in the Annexure to the Notice.
9. Members are requested to address all correspondence to the Registrar and Share Transfer Agent , M/s Bigshare Services Pvt. Ltd., E – 2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai – 400 073.
10. Members are requested to send their queries, if any, on the Annual Accounts of the Company at least 7 days before the date of Annual General Meeting to the Secretarial Department at Corporate Office.
11. As a Green Initiative in the Corporate Governance, the Ministry of Corporate Affairs (MCA) vide circulars bearing nos.(i) 17/2011 dated April 21, 2011 and (ii) 18/2011 dated April 29, 2011, allowing the companies to send various notices/documents (including Notice convening AGM, Audited Financial Statements, Auditors' Report, Directors' Report and other related document(s) to shareholders through electronic mode, to the registered email id of the shareholders. Pursuant to the said Green Initiative, THE Company urges the members to communicate their email id to the Company and / or RTA, so that the Company can send future communications to these shareholders in electronic mode.

**By Order of the Board  
For Entegra Limited**

**Sd/-**

**Rekha Jagdale**

**President (Corporate Affairs) & Company Secretary**

**Place: Mumbai**

**Date: 27<sup>th</sup> August 2012**

**Exhibit to Notice**

**Pursuant to Clause 49 of the Listing Agreement with the stock exchanges, following information in respect of Directors proposed to be appointed / re-appointed.**

<b>Particulars</b>	<b>Mr. Hiten Khatau</b>	<b>Mr. Ashish Jalan</b>	<b>Mr. Soli Cooper</b>	<b>Mr. Alok Sinha</b>
Date of Birth	19 <sup>th</sup> June 1958	9 <sup>th</sup> February 1964	16 <sup>th</sup> May 1957	1 <sup>st</sup> November 1948
Date of Appointment	27.01.2007	17.04.2007	31.07.2007	23.01.2010
Expertise in specific functional area	Textile & Real Estate, Electrical Equipments	Electrical Equipments	Legal	Power & Administration
Directorships held in other Public Companies	1. Cable Corporation of India Limited 2. Mulraj Khatau & Sons Limited 3. Periwinkle Global Limited	1. Acrastyle Power (India) Limited 2. Acrastyle EPS Technology Limited 3. Bombay Gas Company Limited 4. Nascent Chemical Industries Limited 5. S & S Power Switchgear Limited 6. S & S Power Switchgear Equipments Limited	Nil	1. Shree Maheshwar Hydel Power Corporation Limited 2. MW Infra Developers Limited 3. LT Foods Limited
Membership / Chairmanships of Committees of other public companies (includes only Audit / Remuneration and shareholders / Investors Grievance Committee)	1 Cable Corporation of India Limited	Nil	Nil	Nil
Number of shares held in the Company	NIL	NIL	NIL	NIL



**E X P L A N A T O R Y   S T A T E M E N T****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 7, 8, 9 & 10**

Pursuant to notifications issued by Ministry of Corporate Affairs, Govt. of India, Shareholders & Directors can participate in various meetings under the provisions of the Companies Act, 1956 through electronic mode.

Accordingly following amendments have been proposed in the Articles of Association of the Company for member's consideration and approval.

7. Article 77 (a) amendments for authorising shareholders to participate in General Meetings through electronic mode.
8. Article No. 80 (c) amendment to consider members participation through electronic mode as valid quorum.
9. Article No. 89 (a) amendment to consider voting of members through electronic mode as valid.
10. Article No. 135 (a) amendment for authorising the Directors to participate in Board / Committee meeting through electronic mode.

None of the directors is in any way interested or concerned

The Board of Directors accordingly recommend the resolution for the approval of the Members.

**By Order of the Board  
For Entegra Limited**

**Place: Mumbai  
Date: 27<sup>th</sup> August 2012**

**Sd/-  
Rekha Jagdale  
President (Corporate Affairs) & Company Secretary**

## DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the Seventeenth Annual Report and the Audited Accounts of the Company for the year ended on 31st March, 2012 along with the Management Discussion and Analysis Report.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT :-

A detailed review of the progress and the future outlook of the Company and its business, as stipulated under clause 49 of the Listing Agreement with the stock exchange, is presented in a separate section forming part of the Annual Report.

### FINANCIAL HIGHLIGHTS :-

The operating results of the Company for the period under review are as follows:

(Amount in Rs.)

Particulars	The year ended on 31/03/2012	The year ended on 31/03/2011
Profit/(Loss) before tax, depreciation & prior period adjustments	(58,26,98,424)	(41,86,30,393)
Less : Depreciation	8,35,103	6,04,072
Profit/(Loss) before tax & prior period adjustments	(58,35,33,527)	(41,92,34,465)
Less : Provision for tax	-	-
Less : Fringe benefit tax	-	11,224
Less : Deferred tax	-	-
Profit/(Loss) after tax & prior period adjustments	(58,35,33,527)	(41,92,45,689)
Less: Prior period adjustments	1,57,762	81,724
Profit(Loss) from the period from continuing operations	(58,36,91,289)	(41,93,27,413)
Add: Balance brought forward	(57,00,48,850)	(15,07,21,437)
Balance carried to Balance Sheet	(1,15,37,40,139)	(57,00,48,850)

### DIVIDEND :-

Directors do not recommend any dividend.

### THE YEAR IN RETROSPECT :-

The Company has continued to focus on the Renewable Energy business only. Entegra was awarded a contract to prepare a detailed project report (DPR) under the decentralized distributed generation (DDG) scheme of Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) for 327 villages in the state of Uttar Pradesh, the DPR is submitted and the project work is currently being executed.

Entegra bagged some prestigious Projects which include the Supply, Installation and Commissioning of Solar Water Heaters of various capacities at the Raj Bhawan, Dehradun and Nainital. Further the company has also successfully executed the 9 KW Solar Wind Hybrid System at the President's Estate, New Delhi.

The 400 MW Hydro Power Project being implemented through the company's subsidiary - Shree Maheshwar Hydel

Power Corporation Ltd. (SMHPCL) is ready to begin generation. The construction work on the Project has been completed and 3 turbines of 40 MW each are to begin generation shortly.

The 10 MW CSP project that is being set up near Jodhpur using parabolic trough technology and being developed under the Migration Scheme of the Jawaharlal Nehru National Solar Mission of the Government of India is progressing well. A PPA for 25 years has been signed with NVVN (a wholly owned subsidiary of NTPC) and all clearances for the Project are in place. The construction work for the same is expected to commence shortly. This Project has auxiliary power requirement of about 12-13% and so, the 1 MW Solar photo-voltaic plant would be set up to provide auxiliary power to 10 MW CSP project.

#### **BUSINESS OUTLOOK & PLANS :-**

In the year 2011-2012, Entegra has firmly established itself as a formidable player in the Renewable Energy space with a plethora of prestigious projects to its name.

Going forward, the Company has set up a strategy in place to aggressively market its Renewable Energy expertise for Wind, Solar and Hydro Projects on a pan India basis in FY 2012-2013. The Company will also be focusing on acquiring assignments for developing Energy parks and participating in projects focussing on Rural Electrification. The company also plans to expand its outreach of Solar and Hydro Power and increase its capacity generation in both arenas.

After the commissioning of 10 MW CSP project at Jodhpur, Entegra is to focus on larger grid connected PV and CSP projects. The endeavour will be to set up off grid PV systems mainly in hilly and remote areas where access to grid connectivity is not available.

Furthermore, there is a concentrated focus on providing consultancy services for the preparation of DPR for decentralized distribution generation for Bihar and other States in the country.

#### **CONVERSION OF COMPULSORY CONVERTIBLE PREFERENCE SHARES (CCPS) INTO EQUITY SHARES :-**

During the year the Company converted 13,56,70,000 Compulsory Convertible Preference Shares (CCPS) into 13,56,70,000 Equity shares and the same were listed on the Stock Exchanges where the shares of the Company are traded.

#### **BONUS ISSUE :-**

During the year Company issued and allotted Bonus shares

- a. On Equity shares: in the ratio 4:13 i.e. 4 (Four) Equity shares for every 13 (Thirteen) Equity Shares held.  
Total number of shares issued to Equity shareholder : 428,79,323 shares of Rs.10/- each.
- b. On Compulsory Convertible Preference Shares (CCPS): 4:13 i.e. 4 (Four) Equity shares for every 13 (Thirteen) CCPS held.

Total number of shares issued to CCPS shareholder : 317,44,615 shares of Rs.10/- each

**SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS :-**

The Company has 3 Subsidiaries as on March 31, 2012 namely

- a. Shree Maheshwar Hydel Power Corporation Limited (SMHPCL)
- b. Ennertech Biofuels Limited (EBL)
- c. Rajasthan Solar Power Company Private Limited (RSPCPL).

There has been no material change in the nature of the business of the subsidiaries. A statement containing brief financial details of the subsidiaries is included in the Annual Report.

As required under the Listing Agreements entered into with the Stock Exchanges, a consolidated financial statement of the Company and its subsidiaries is attached. The consolidated financial statements have been prepared in accordance with the relevant accounting standards as prescribed under Section 211(3C) of the Act. These financial statements disclose the assets, liabilities, income, expenses and other details of the Company and its subsidiaries.

Pursuant to the provision of Section 212(8) of the Act, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general permission for not attaching the balance sheet, statement of profit and loss and other documents of the subsidiary companies with the balance sheet of the Company instead a statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2012 is included in the Annual Report. The copies of annual accounts of these subsidiaries and the related detailed information will be made available to any member of the Company / its subsidiaries seeking such information at any point of time and are also available for inspection by any member of the Company / its subsidiaries at the corporate office of the Company. The Company shall furnish a copy of the details of annual accounts of subsidiaries to any member on demand.

**DEMATERIALISATION OF SHARES :-**

The trading in equity shares of the company is permitted only in dematerialised form. A total of 93.91% shares are held in dematerialised form with NSDL and CDSL as on 31<sup>st</sup> March, 2012.

**SECRETARIAL AUDIT REPORT :-**

The Company has appointed M/s. Roy Jacob & Co, Practicing Company Secretary, to conduct Secretarial Audit of the Company. The Audit is carried out every quarter and the report thereon is placed before the Board of Directors & thereafter is submitted to Stock exchanges.

**DIRECTORS :-**

In terms of Article 123 of the Articles of Association of the Company, Mr. Hiten Khatau, Mr. Ashish Jalan, Mr. Soli Cooper and Mr. Alok Sinha, Directors retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

During the year Mr. V. K. Jain resigned as Managing Director of the Company w.e.f. 31<sup>st</sup> March 2012 and Mr. Dennis Quinn resigned as Director w.e.f. 31<sup>st</sup> July 2012. The Company places on record its appreciation for the assistance and guidance provided by them during their tenure as Directors of the Company”

**AUDIT COMMITTEE:-**

In accordance with Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, the Company has constituted the Audit committee which currently consists of Mr. Ashish Jalan – (Chairman of Audit Committee), Mr. Hiten Khatau, Mr. Pradeep Goyal and Mr. Jagdish Capoor (Members).

**AUDITORS :-**

M/s. Walker, Chandio & Co., Chartered Accountants and M/s, Malpani & Associates, Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting of the Company and have confirmed their eligibility and willingness to accept the office, if re-appointed. The Company has received certificates from them the said Auditors to the effect that their reappointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956 and they are not disqualified for such reappointment within the meaning of Section 226 of the said Act. The Board recommends their re-appointment.

**FIXED DEPOSITS :-**

The Company has not accepted any Deposits and such, no amount on account of principal or interest on public deposits was outstanding as on the date of balance sheet.

**CORPORATE GOVERNANCE :-**

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance report forms part of this Report. Your Company is in full compliance with the requirements and disclosures that have to be made in this regard. A Certificate from the Practicing Company Secretary confirming compliance of the Corporate Governance is appended to the Report on Corporate Governance.

**PARTICULARS OF EMPLOYEES :-**

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended from time to time forms part of this Report. However, as per the provisions of Section 219 (1) (iv) of the Companies Act, 1956 the Report and Accounts are being sent to all the shareholders of the Company excluding the statement of particulars of employees under section 217 (2A) of the Companies Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Corporate Office of the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT :-**

In terms of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i) in the preparation of the Annual Accounts for the Financial Year ended 31<sup>st</sup> March 2012, the applicable accounting standards read with requirement set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same
- ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the State of Affairs of the Company as at 31<sup>st</sup> March 2012 and of the profit/loss of the Company for year ended as on that date.

- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing / detecting fraud and other irregularities and
- iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

**CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION :-**

Being a Renewable Energy Company, your Company is committed to energy conservation at every stage of its operations. To keep pace with the technology revolution, your Company is taking necessary steps in utilising modern and advanced technology.

**FOREIGN EXCHANGE EARNINGS AND OUTGO :-**

Earnings : Nil  
Outgo : Rs. 32,88,406/-

**ACKNOWLEDGMENT :-**

The Board of Directors would like to thank the Customers, Vendors, Financial Institutions, Bankers, Government Authorities, Advisors and Members for their continued support. The Board of Directors also appreciates the contribution made by the employees at all levels for their hard work, dedication, co-operation and support for the growth of the Company.

The Board of Directors would also like to thank all stakeholders for the continued confidence and trust by them with the Company.

**On behalf of the Board of Directors,**

**Sd/-  
Mukul Kasliwal  
Chairman**

**Place: Mumbai  
Date : 27<sup>th</sup> August 2012**

## **MANAGEMENT DISCUSSION & ANALYSIS**

**(forming part of the Directors' Report for the year ended 31st March, 2012)**

The year 2011-2012 has been a challenging one for the Indian power sector due to the escalation in international coal prices above the anticipated rate and lack of availability of coal. This phenomenon has made it difficult for power companies to supply power at the committed contract rates, making projects unviable unless tariffs are revised upwards. As a result of the domestic lack of availability of coal and the surge in the pricing of imported coal, the financial viability of the power sector and the Indian economy at large have been at stake.

The only silver lining in the Indian power scenario has been the renewable energy space. Renewable energy is no longer considered as 'alternate energy' but has increasingly become a vital source of sustainable energy for nations across the world. In terms of all renewable energy categories, India is currently ranked fifth in the world with 15,691.4 MW grid-connected and 367.9 MW off-grid renewable-energy based power capacity. India is among the top five destinations worldwide for solar energy development according to Ernst & Young's renewable energy attractiveness index.

Your Company recognised the importance of building sustainable growth by tapping India's vast natural resources to generate much needed electricity in the 1990's, long before the effects of climate change were even realised. The Company's 400 MW Maheshwar Hydro Electric Project situated in Madhya Pradesh, India was developed bearing this in mind, and is now ready to begin generation. Your Company has also developed several unique Solar and Wind renewable energy solutions for a variety of projects across the country.

Entegra has fulfilled its commitment of completing the Maheshwar Project on time, and has been ready since November 2011.

Regrettably, extraneous factors and motivated entities have prevented the Maheshwar Project from commencing generation as yet. In April 2010, on the basis of incredulous complaints made by the Narmada Bachao Andolan(NBA), a stop-work order was issued which prevented us from installing the balance 5 gates of the total 27 radial gates. These gates could only be installed after May 2011 when the stop-work order was revoked. It is a matter of a great engineering accomplishment that the 5 gates were installed in a record time of 45 days. Since July 2011, the Project has been in a state of complete readiness to generate electricity from 3 out of its total 10 turbines. After relentless follow-ups with the Ministry of Environment and Forests (MoEF), on the 1<sup>st</sup> of May, 2012, we received the permission to fill the reservoir up to 154 metres.

The mischievous activists lobby has once again appealed to the National Green Tribunal (NGT) to prevent the Project from doing so and a final decision is awaited soon. It is only due to the anti-project activities of these so-called 'environmentalists' that the Maheshwar Project has suffered time and cost overruns which could have been easily avoided. The people of Madhya Pradesh have been denied precious water and valuable peaking power for over a year and a half and the opportunity loss run into hundreds of crores, which could have been easily avoided. What is noteworthy is that our stand regarding the NBA activists was vindicated by none other than the Supreme Court of India which raised scathing strictures against these activists for making wrong statements under oath.

Furthermore, measures are being taken by Your Company to mitigate the cost increase of the Project and to tie up the balance funds as Entegra has been unable to refinance the existing debts as well; due to the delay in the Project being commissioned. In order to bridge this gap, the Promoters have given an assurance to the lenders that they will raise resources through other means, and by subordinating their claims to mitigate the costs. This kind of commitment displayed by any promoter is unprecedented.

The hurdles notwithstanding, we are glad to report that we expect the 3 turbines to commence generation this calendar year and the balance 7 turbines by end of next year.

Entegra has also executed various prestigious projects in its Solar and Wind power space including the Supply, Installation and Commissioning of Solar Water heaters of various capacities at Raj Bhavan - Dehradun and Nainital. Your Company has also been instrumental in the Supply and Installation of a Solar Wind hybrid system at the Presidents Estate, New Delhi.

Your Company was approved as an empanelled consultant by Uttar Pradesh Power Corporation Ltd. (UPPCL) for the purpose of providing expert consultancy services for the preparation of a detailed project report (DPR) under the decentralized distributed generation (DDG) scheme of Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) for 327 villages in the state of Uttar Pradesh. The DPR has been duly prepared and submitted as of FY 2011-2012 and the Project work is currently being executed.

Furthermore, in FY 2011-2012, your Company has diligently endeavoured to further establish itself as a formidable player in the renewable energy space. Your Company has been involved in the Design, Supply and Commissioning of solar water heaters of 800 LPD at Pithoragarh for Government schools and individual users.

Your Company's first-of-its-kind 10 MW CSP Grid Connected Project in Rajasthan using parabolic trough technology, near Jodhpur is being currently developed under the Migration Scheme of the Jawaharlal Nehru National Solar Mission of Govt. of India. Furthermore, the 1 MW SPV plant would be set up to provide auxiliary power to the 10 MW CSP project as the 10 MW project has an auxiliary requirement of about 12-13%.

During FY2012-2013, your company would continue to strengthen its presence in the RE space. It plans to aggressively pursue various opportunities in the EPC business for solar (PV and thermal) projects, consultancy assignments for rural electrification programmes, setting up of energy parks, development of grid connected solar power projects, etc.

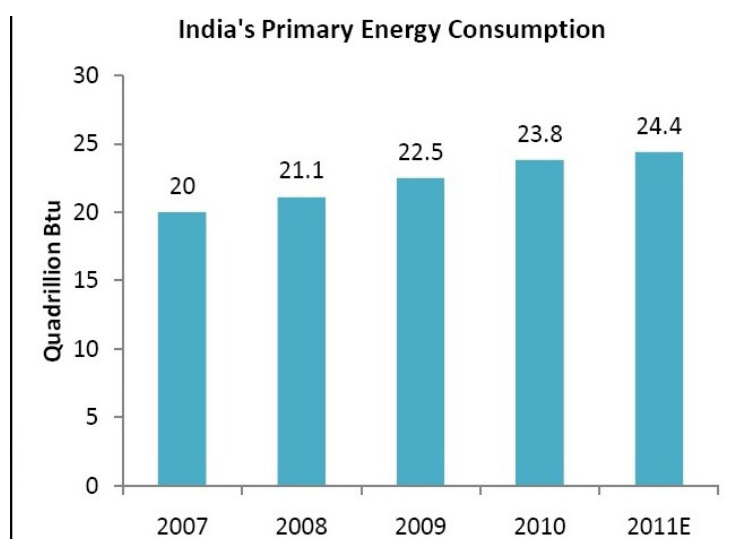
## 1. Industry Overview

### Demand-Supply Gap of Power in India

India's significant and sustained economic growth is placing enormous demand on its energy resources. However, there is a pervasive demand-supply imbalance that necessitates serious efforts by the government of India to augment energy supplies. Thus there is an emerging energy supply-demand imbalance. According to a Central Electricity Authority (CEA) report, the anticipated energy and peaking shortage in the country is estimated to be 10.3 percent and 12.9 percent, respectively, in 2011 and 2012.

The country imports about 80 percent of its oil. With the threat of a further increase in oil prices, serious problems with regard to energy security is anticipated. India also runs the substantial risk of lesser thermal capacity being installed. While dependence on imported coal is increasing, supply of indigenous coal is likely to decrease in the coming years because of production and logistic constraints as well as increasing import costs. Significant accretion of gas reserves and production in recent years will probably mitigate power needs only to a small extent. Difficulties of large hydro projects are increasing and nuclear power is also inundated with problems. The country thus faces potentially severe energy supply constraints.

Economic growth, increasing prosperity and urbanization, rise in per capita consumption, and spread of energy access are the key factors that would be responsible for substantially increasing the total demand for electricity. In view of electricity supply shortages, huge quantities of diesel and furnace oil are being used by all sectors – industrial, commercial, institutional and residential.



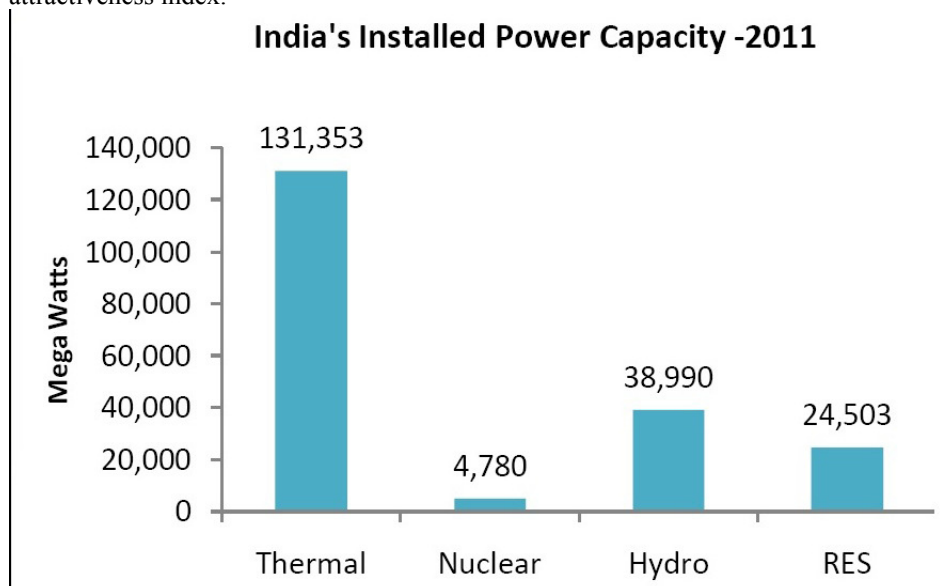
Source: International Energy Outlook – 2011



More than 50 percent of the population has little or no commercial energy access in their daily lives. Others with access often have to cope with poor and erratic availability and other fuels to complement the shortfall. With constraints in resource availability and in delivery mechanisms, traditional means of energy supplies are falling short. This is likely to be the case in the foreseeable future; energy access will continue to remain a problem.

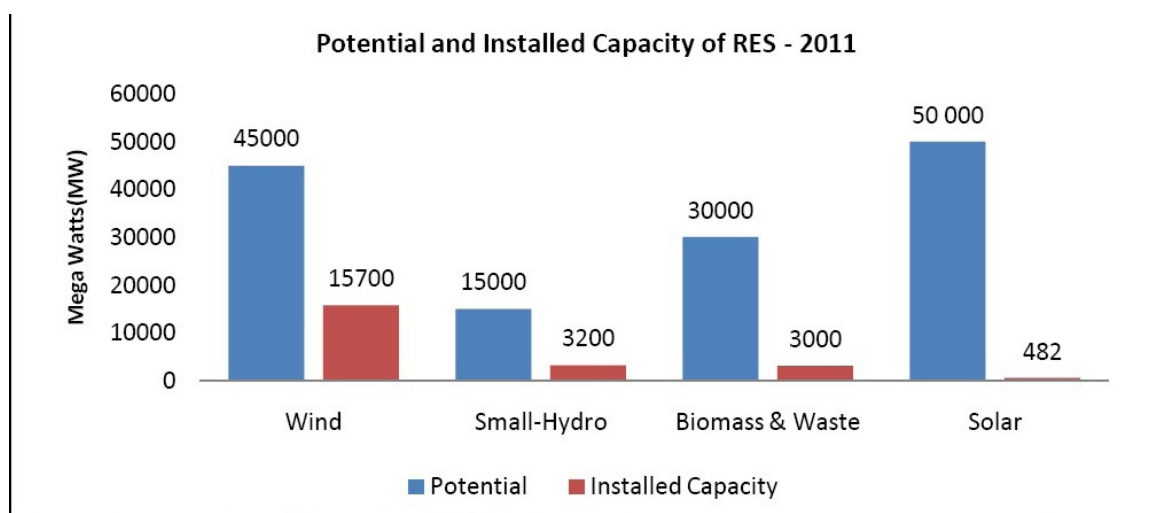
### Role of Renewable Energy in India

Renewable energy can make a substantial contribution in each of the above mentioned areas. It is in this context that the role of renewable energy needs to be seen. In terms of all renewable energy categories, India is currently ranked fifth in the world with 15,691.4 MW grid-connected and 367.9 MW off-grid renewable-energy based power capacity. India is among the top five destinations worldwide for solar energy development according to Ernst & Young's renewable energy attractiveness index.



Source: Ministry of Power, Government of India

As on March 31, 2012, installed capacity of renewable energy based power generation was 24,503 MW, which is about 12 percent of the total installed capacity of 199,626 MW. The major renewable energy sources (RES) are wind energy, solar energy, biomass & waste energy, and small-hydro energy.



Source: MNRE Website

## 2. Business Overview

Your company is a pioneer in Renewable Energy in India with an integrated approach towards Hydro and solar (thermal & photovoltaic) energy and customised renewable energy (RE) solutions.

### a) Hydel Projects – 400 MW Maheshwar Hydro Power Project

Your company's prestigious 400 MW (10 x 40MW turbines) run-of-the-river Hydel Power Project on the Narmada river in Madhya Pradesh is ready for generation with 3 turbines being commissioned shortly. The expected power generation from the project is slated to be approx 1,226 million units.

The project is being implemented through its subsidiary - Shree Maheshwar Hydel Power Corporation Ltd. (SMHPCL). Entegra holds 58.43% of the subsidiary SMHPCL. The project is the country's first privately owned project and the Project has a 35-year PPA with Madhya Pradesh Electricity Board (MPEB) wherein, the entire power will be sold to the MPEB. The payment from MPEB is backed by Letter of Credit from State Bank of India, Escrow Account and Guarantee from Madhya Pradesh State Government and the project is to be commissioned in 2012-2013 in a phased manner.

### b) Solar Projects / Wind Projects

**Entegra has successfully completed some prestigious projects which include the following:**

1. A wind-solar hybrid system at President Estate, New Delhi has been commissioned since 30<sup>th</sup> June 2012 This wind-solar hybrid system consists of 1.8 kWp x 3 wind turbines and 1.2kWp x 3 photo-voltaic systems totaling 9 kWp.
2. Entegra has completed on 12<sup>th</sup> April 2012, the Supply and installation of Solar Water Heaters of a total capacity 3900 LPD at the Raj Bhawan, Dehradun & Nainital.
3. Your Company is developing a 10 MW CSP Grid Connected Project in Rajasthan under the Migration Scheme of the Jawaharlal Nehru National Solar Mission of Govt. of India. A PPA for 25 years has been signed at a levelised tariff at Rs 15.31 per unit with NVVN (a wholly owned subsidiary of NTPC). The estimated capital cost is Rs 150 cr. and this will be first-of-its-kind solar thermal energy generation plant in India. 69 hectares of land has been acquired for the project (including land for 1 MW SPV project) at the Bhadla village in Jodhpur, Rajasthan. A topological survey of the land has been done and geotechnical investigations have been completed. All clearances for the project like the allocation of water from the Indira Gandhi Canal, the Pollution Control Board, Power evacuation etc. are in place. The DPR for the project is ready, and the turnkey EPC contactor has been finalized. The Letter of Award has been issued and the construction work is expected to commence shortly. The project is expected to generate 20.5 million kWh per year of electricity with ROE of 16-18%.
4. The 10 MW CSP Project has auxiliary power requirement of about 12-13% and so a 1 MW Solar photo-voltaic plant would be set up to provide auxiliary power to 10 MW CSP project.

### c) Services

Your Company has been approved as an empanelled consultant by Uttar Pradesh Power Corporation Ltd. (UPPCL) for preparation of detailed project report (DPR) under decentralized distributed generation (DDG) scheme of Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) of the Ministry of Power covering 327 villages in the state of Uttar Pradesh. Reports & the DPR has been prepared and this project is currently under execution.

Given the increasing focus on the renewable energy space on a national as well as global platform, your Company is dedicated to exploring opportunities in this space with a particular focus on industrial and public infrastructure facilities, residential, commercial areas and innovative renewable energy solutions.

#### **Off grid solar PV systems and solar water heating systems:**

Entegra bid for tenders and got the following orders:

##### **Off Grid Solar PV systems**

- A Solar Power Plant of 1 KW for DDA (Delhi Government).
- The Supply installation and commissioning of solar power plants of 1 KW & 3 KW for the Tripura Renewable Energy Development Agency.

##### **Solar Water Heating Systems**

- The Design, Supply, Installation and Commissioning of Solar Water Heater of Various Capacities (800 LPD) at Pithorahgarh, Uttarakhand for Government Schools and individuals.
- The Supply and Installation of Solar Water Heaters of three units of 500 LPD and 100 LPD as well as 2 units of 200 LPD at Pithorahgarh.

#### **4. Opportunities**

Future Plans:

- After commissioning of 10 MW CSP project at Jodhpur Your Company will focus on larger grid connected PV and CSP projects.
- Your Company will endeavour to set up off grid PV systems mainly in hilly and remote areas where access to grid connectivity is not available.
- The focus will also be on bagging Consultancy services for the preparation of DPR for decentralized distribution generation for Bihar and other States.

The expanding Renewable Energy (RE) sector has become an ideal investment zone for private players and permit for 100% FDI has given a boost to the sector. RE investment has grown by 600% since 2004. Around INR 465 billion was invested in the RE sector in 2011 for generation, equipment, manufacturing and services.

Renewable energy investment in India was the second fastest-growing among the G-20 in 2011, with investments increasing 54 percent to USD 10.2 billion. Wind resources received 45 percent of the financing (USD 4.6 billion), while 41 percent (USD 4.2 billion) went to solar.

This growth propelled the country from the 10th to the sixth place in the G-20; it now ranks fifth in terms of five-year investment growth. The Indian government allows 100 percent foreign direct investment (FDI) in the renewable energy sector and has put in place favorable policies to attract foreign companies into the sector.

The renewable energy potential in the country estimated up to 2032 stands at 88,000 MW from wind, small hydro, biomass and urban and industrial wastes. South India accounts for a major share of installed renewable energy capacity at around 50% followed by western India at 30% and northern India at 17%.

Developing renewable energy can help India increase its energy security, reduce adverse impacts on the local environment, lower its carbon intensity, contribute to a more balanced regional development, and realize its aspirations for leadership in high-technology industries. According to a KPMG report, India is the third most favoured destination globally, for

investments in the renewable energy sector. The report also says that the country will be a major source of new entrants into the sector, after the US and China. The Indian renewable energy market has become increasingly dynamic in recent years as a result of strong natural resources, greater accommodation to international investments and a variety of government incentives. Solar and wind energy will be the major areas to witness overseas investments and acquisitions in the near future.

## 5. Risks and Concerns

### **High cost of installation remains one of the biggest challenges in the RE space.**

While development of coal based power plants require around Rs 4 crore per MW, the investment required for wind and solar power-based plants is significantly higher. A wind based plant, with capacity utilisation of 25%, requires an investment of Rs 6 crore per MW. The actual investment, at more efficient capacity utilisation of 80%, works out to Rs 18 crore per MW. Similarly, the investment in a solar based plant, with a capacity utilisation of 15%, is Rs 18 crore. The actual investment, at 80% capacity utilisation, is around Rs 98 crore. High cost associated with RE projects necessitates further research and technological developments in this area. A comprehensive policy framework is necessary for accelerated growth of renewable energy in India.

### **Proper system planning and integration-**

Knowing the decentralised nature of RE projects, the capacity and type of project is to be decided where availability of the energy source can be ensured. Most RE systems are weather dependent; thus, factors like number of sunny days, windcondition, monsoon, tide level, supply of biomass, etc play an important role in feasibility of the system. Plant availability is not predictable as in case of conventional plants.

### **Social acceptance of renewable-based energy systems-**

Urban India is still not very encouraging towards RE systems. Despite heavy subsidy being provided by the government for installation of solar water-heaters and lighting systems, its penetration is still very low. Manpower training is another grey area. Currently, the Indian power sector is facing severe trained manpower shortage. Skill upgradation of the existing manpower and training of new professionals are essential to achieve the goal of "power to all" by 2012.

## 6. Internal Control Systems and their Adequacy

Your Company has placed considerable emphasis and effort on internal control systems. On the Finance and Administrative side, the internal checks and balances are augmented by a formal system of internal and management audit. The Audit Committee of the Board reviews and will continue to review the adequacy and effectiveness of the internal control systems and suggest improvements for strengthening them.

## 7. Material Developments in Human Resources

Human resources continued to be recognized as the most valued asset. Your company is adequately managed with professionals to take care of all operations and allied activities. Adequate number of technically qualified and well experienced staff exists for the day-to-day operations of the company. Emphasis is given on qualitative growth of Entegra's human resources by providing congenial & constructive work environment.

## 8. Cautionary Statement

Statements in this Management Discussion and Analysis describing the company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectation of future events. Actual results could however differ materially from those expressed or implied.

The company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

## CORPORATE GOVERNANCE REPORT

(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchange)

### I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :-

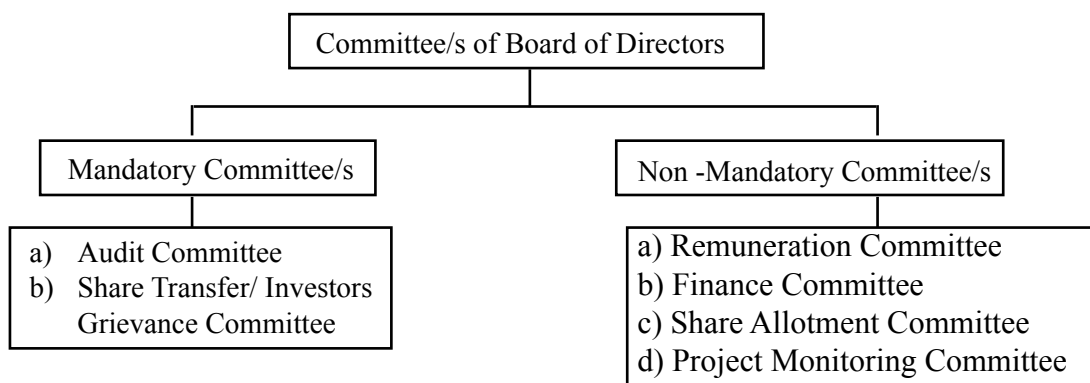
Company's philosophy of corporate governance stems its belief from transparency, integrity and accountability towards all stakeholders. Corporate Governance helps to achieve to enhance stakeholders value by focusing on long term stakeholders value creation without compromising on integrity, social obligations and regulatory compliances.

At Entegra, our continuous endeavour is to achieve good governance, by way of a conscious and conscientious effort whereby ensuring the trust, transparency, accountability and responsibility in all our dealings with our employees stakeholders, consumers and the community at large.

We at Entegra, believe that the constant efforts to improve operational performance, guided by our values, forms the basis for good Corporate Governance. Corporate Governance is strongly driven by our values such as quality, commitment, customer orientation and integrity.

### II. BOARD OF DIRECTORS:

The Board of Directors of the Company have set up Committee to carry out various functions as entrusted and give suitable recommendations to the Board on the significant matter from time to time.



- (i) The Board of Directors consists of 11 Directors as on March 31, 2012 of which 9 are Independent Non-Executive Directors. Mr. Mukul S. Kasliwal and Mr. Warij A. Kasliwal continue to be the Non-Executive Chairman and Vice-Chairman, respectively. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchange.
- (ii) None of the Directors on the Board, are Members of more than ten Committees or Chairman of more than five Committees across all the public companies in which they are Directors. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2012 have been made by the Directors.
- (iii) The names and categories of the Director on the Board, their attendance at the Board Meetings held during the year and the number of Directorships and Committee Chairmanships/ Memberships held by them in other companies are given herein below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanships / Memberships of Board Committees include only Audit, Remuneration and Shareholders / Invertors Grievance Committees.

During the year ended on 31<sup>st</sup> March, 2012, total 5 board meetings were held respectively on 24.05.2011, 11.08.2011, 15.09.2011, 10.11.2011 and 13.02.2012, the details of attendance of the directors are as follows: -

Sr. No.	Name of the Director	Category	Number of Board Meeting Attended	Attendance at the Last AGM	Number of Directorships in other Public Companies		Number of Committee positions held in other Public Companies	
					Chairman	Member	Chairman	Member
1.	Mr. Mukul S. Kasliwal (Chairman)	Promoter Director	5	Yes	2	7	2	4
2.	Mr. Warij A. Kasliwal (Vice-Chairman)	Promoter Director	4	Yes	1	8	1	-
3.	Mr. Vijendra K. Jain (upto 31.03.2012)	Managing Director	4	Yes	-	3	-	2
4.	Mr. Prabhakar L. Nene	Independent Director	3	No	-	-	-	-
5.	Mr. Ajit Kapadia	Independent Director	3	No	-	3	1	-
6.	Mr. Hiten A. Khatau	Independent Director	5	No	1	2	-	1
7.	Mr. Ashish Jalan	Independent Director	4	No	1	5	-	-
8.	Mr. Soli Cooper	Independent Director	2	Yes	-	-	-	-
9.	Mr. Pradeep Goyal	Independent Director	5	Yes	-	4	3	6
10.	*Mr. Dennis Quinn (upto 31.7.2012)	Independent Director	1	No	-	-	-	-
11.	Mr. Alok Sinha	Independent Director	2	No	-	3	-	-
12.	Mr. Jagdish Capoor	Independent Director	5	Yes	-	6	2	2

\* Resigned from International Operations Directorship w.e.f. 30<sup>th</sup> September 2011 but continued to be as Director liable to retire by rotation upto 31.7.2012.

**Board Procedure:**

There is set of rules and regulations for governing the procedure to be followed while conducting the Board and Committee Meetings. The Company adheres to Secretarial Standard as specified by the Institute of Company Secretaries of India, for conducting the Board Meetings.

The Company Secretary of the Company circulates the agenda of the meeting along with all the supporting documents to all the Directors entitled to received the same, to facilitate meaningful and quality discussion at the time of the meeting.

The basic information furnished to the Board Members and the Procedure is set out as hereunder.

- a) Minutes of the proceedings of each Board / committee/ General Body Meetings are recorded. Draft minutes are circulated amongst all members for their feedback/ comments. The Minutes of all the meetings are entered in the minutes book.
- b) The Board / Committee Members have unqualified access to all the information available with the Company. The information generally provided to the Members inter-alia includes:
  - Quarterly / Annual results of the Company
  - Minutes of the Meetings of Audit Committee and other Committees of the Board
  - Annual operating plans, Capital budgets and any updates
  - Notices of Disclosure of Interest
  - Material important litigations, show cause, demand and penalty notices, if any and status updates
  - Related Party Transactions
  - Acquisitions /Mergers / Amalgamation/Re-organisation of business segments etc.
  - Establishment, operations and set up of Joint Venture, subsidiary or Collaborations, if any
  - Sale of material nature of investments, subsidiaries and assets which are not in the normal course of business
  - Compliance Reports.
  - Information on recruitment of Senior Officers and Company Secretary and
  - Any other materially relevant information
- c. The guidelines for the Board / Committee meetings facilitate and effective post meeting follow-up, review and reporting process for the actions taken on decisions of the Board and Committees.

**III. CODE OF CONDUCT**

The Company adopts formal code of conduct. The Company is committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. A copy of the code can be viewed on the web-site [www.entegra.co.in](http://www.entegra.co.in) of the Company.

**IV. COMMITTEE/S OF THE BOARD****A. AUDIT COMMITTEE:**

- (i) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements entered into with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

- (ii) The terms of reference of the Audit Committee are broadly as under.
- To review with the Auditors, periodically, the internal control systems and the scope of audit, to review the observations of the internal auditors and statutory auditors' report, to review the quarterly, half yearly and yearly financial statements before submission to the Board.
  - To look into various types of complaints of different authorities including operations of cash and monetary transactions, reviewing of debtors and creditors, sales and purchase.
  - Ensuring Compliance with regulatory guidelines
  - Significant related party transactions
  - To help to evolve the best practice system in different areas.
- (iii) The Audit Committee invites such of the executives, as it considers appropriate, representatives of the Statutory Auditors and representatives of the Internal Auditors to be present at its meetings. The Company Secretary acts as the Secretary to the Audit Committee.
- (iv) The Composition of the Audit Committee and the details of the meetings attended by its members are given below.

Name of the Member	Designation	No. Of Meetings Attended
Mr. Ashish Jalan	Chairman	3
Mr. Hiten Khatau	Member	4
Mr. Mukul Kasliwal (upto 13.02.2012)	Member	3
Mr. Pradeep Goyal	Member	4
Mr. Jagdish Capoor	Member	3

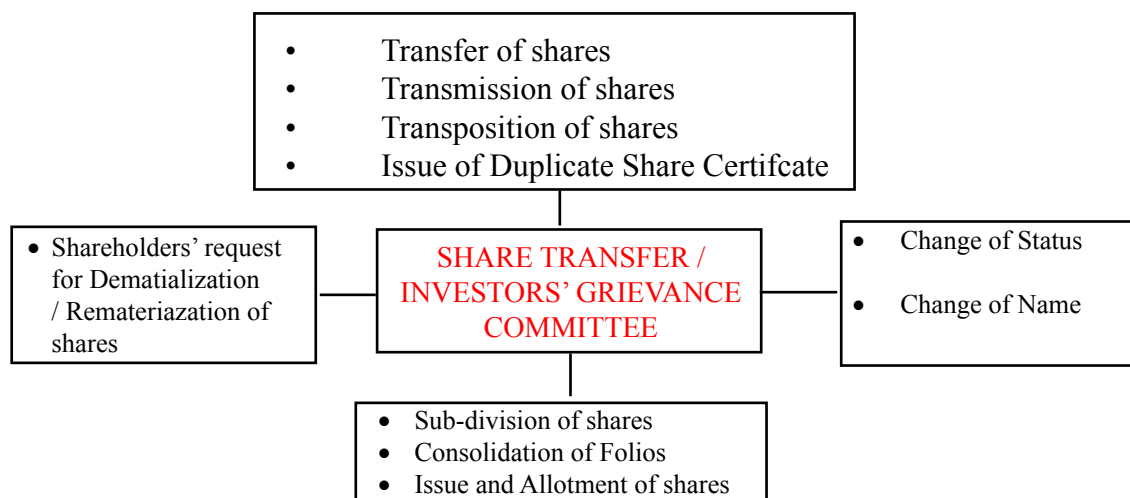
- (v) Four Audit Committee Meetings were held during the year. The dates on which the said meetings were held are as follows.

24.5.2011, 11.8.2011, 10.11.2011 and 13.2.2012.



**B. SHARE TRANSFER / INVESTORS GRIEVANCES COMMITTEE**

(i) The term of reference and scope of the Committee are represented below.



(ii) The Company has a Shareholder / Investors Grievance Committee of Directors to look into the redressal of complaints of investors such as transfer of shares, non-receipt of annual report, non-receipt of dividend, etc

(iii) Currently the Share Transfer Committee is as under:-

Name of the Member	Designation
Mr. Mukul S. Kasliwal	Chairman
Mr. Warij A. Kasliwal	Member
Mr. Soli Cooper	Member
Mr. Pradeep Goyal	Member

(iv) The Company has always valued its customer relationships. This philosophy has been extended to investor relationship and Secretarial Department focuses on servicing the needs of investors, analysts, brokers and the general public.

(v) Details of investor complaints received and redressed during the year 2011-12 are as follows.

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	40	40	Nil

(vi) Name and address of the Compliance Officer is as follows

**Mrs. Rekha Jagdale**

**President (Corporate Affairs) & Company Secretary**

**Entegra Limited**

4th Floor, Harchandrai House, Maharshi Karve Road, Marine Lines (East), Mumbai - 400 002

Tel: 022-66044242, Fax: 022-665503220 email: [investor@entegra.co.in](mailto:investor@entegra.co.in)

**C. REMUNERATION COMMITTEE:**

- (i) The Company has a Remuneration Committee of Directors.
- (ii) The Broad terms of reference of the Remuneration Committee are as under.
  - The remuneration committee shall determine the Company's policy on specific remuneration packages for Chairman / Managing Director / Whole time Director / Executive Director / Employees of the Company including pension rights, ESOP and any compensation payment"

The terms of reference of the Committee are as per the provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchange.

- (iii) The Composition of the Remuneration Committee are given below.

The Remuneration Committee comprises of Four Directors, One of whom is Independent and three are Non-Executive Directors. The Chairman of the Committee is Non-Executive Director nominated by the Board.

Name of the Member	Designation	Category
Mr. Mukul Kasliwal	Chairman	Promoter Director
Mr. Hiten Khatau	Member	Non-Executive
Mr. Ashish Jalan	Member	Non-Executive
Mr. Jagdish Capoor	Member	Non-Executive

- (iv) No Committee meeting was held during the year
- (v) Remuneration Policy:

The Non-Executive Directors of the Company do not draw any remuneration from the Company except sitting fee. The sitting fee for each meeting of the Board and Audit Committee is Rs.5,000/- and for Project Monitoring Committee it is Rs.10,000/- only.

None of the Non-Executive Directors has any material pecuniary relationship or transactions with the Company.

The details of sitting fee paid to Non-Executive Directors during the Financial Year 2011-12 are as follows:

(figures in Rs.)

Name	Board Meeting	Audit Committee Meeting	Total
Mr. Mukul S. Kasliwal	25,000	15,000	40,000
Mr. Warij A. Kasliwal	20,000	Nil	20,000
Mr. Prabhakar L. Nene	15,000	Nil	15,000
Mr. Ajit Kapadia	15,000	Nil	15,000
Mr. Hiten Khatau	25,000	20,000	45,000

Mr. Ashish Jalan	20,000	15,000	35,000
Mr. Soli Cooper	10,000	Nil	10,000
Mr. Pradeep Goyal	25,000	Nil	25,000
Mr. Dennis Quinn #	Nil	Nil	Nil
Mr. Alok Sinha	10,000	Nil	10,000
Mr. Jagdish Capoor	25,000	15,000	40,000

# Resigned w.e.f 31/07/2012

Managing Director, Whole Time Director so long as they function as such, shall not be paid any sitting fee for attending the meetings of Board or any Committee thereof.

Company Secretary acts as Secretary to the Committee.

#### D. FINANCE COMMITTEE

(i) Composition of the Finance Committee are given below

Name of the Member	Designation
Mr. Mukul S. Kasliwal	Chairman
Mr. Warij Kasliwal	Member
Mr. Hiten Khatau	Member
Mr. Alok Sinha	Member

The Company Secretary acts Secretary to the Committee.

(ii) Terms of reference and Scope of the Committee

The Committee is entrusted with various powers from time to time, which shall aid in speedy implementation of various projects, activities and transactions whether routine or non-routine in nature.

#### E. SHARE ALLOTMENT COMMITTEE

(i) Composition of the Share Allotment Committee are given below

Name of the Member	Designation
Mr. Mukul S. Kasliwal	Chairman
Mr. Warij A. Kasliwal	Member
Mr. Pradeep Goyal	Member
Mr. Soli Cooper	Member

(ii) Scope of the Committee

The Committee is entrusted with various powers with respect to matters of allotment of Equity Shares / Preference Shares, Issue of Bonus Shares or Conversion of Compulsory Convertible Preference Shares (CCPS) or any other Convertible Security and any other securities as may be previously approved by the Board and / or shareholders in the General Meeting'.

## F. PROJECT MONITORING COMMITTEE

- (i) Composition of the Project Monitoring Committee are given below

Name of the Member	Designation
Mr. Prabhakar L. Nene	Chairman
Mr. Mukul S. Kasliwal	Member
Mr. Hiten Khatau	Member
Mr. Ajit Kapadia	Member
Mr. Pradeep Goyal	Member
Mr. Dennis Quinn (upto 31/7/2012)	Member

- (ii) The Object of the committee is to review the implementation of projects in hand and to give guidelines, directions for the business of the Company and to consider, approve new projects to be undertaken by the Company, adoption of new technology, research and development related to business etc. The decision taken by the committee are conveyed to the board together with the views of all the members.

## V. GENERAL BODY MEETINGS

- (i) The details of the last three Annual General Meetings (AGMs) of the Company are as under

Particulars	F.Y.-2008-09	F.Y.-2009-10	F. Y. – 2010-11
Date	18/12/2009	29/09/2010	15/09/2011
Location	“Orchid Room, 2 <sup>nd</sup> Floor, Sunville Hall, 9, Dr. Annie Basant Road, Worli, Mumbai – 400018.	Sunville Hall, 2 <sup>nd</sup> Floor, Orchid Room, 9, Dr. Annie Basant Road, Worli, Mumbai – 400018.	M.C.Ghaia Hall, 4 <sup>th</sup> Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash marg, Kala Ghoda, Mumbai – 400 001
Time	11.30 a.m	12.00 noon	3.00 p.m.
No. Of Special Resolution passed	2	4	3

- (ii) No Extra Ordinary General Meeting of the Members was held during the year 2011-2012

- (iii) Postal ballot.

During the year through a notice dated May 24, 2011, approval of the shareholders was sought by voting through postal ballot of an Special Resolution to alter the Object Clause of the Memorandum of Association of the Company by deleting the word “Nuclear” as mentioned in clause I in clause IIIA (Main object) and wherever it occurs in Clause III B (Object Incidental or ancillary to the attainment of the main object) and clause III C (Other Objects) of the Memorandum of Association of the Company.

The Company appointed M/s PRS Associates, Practicing Company Secretaries, as the scrutinizer for conducting the postal ballot voting. The scrutinizer submitted his report to the Chairman, and the result was announced

on Tuesday, July 5, 2011. The results were communicated to the Stock Exchanges where the shares of the Company are listed.

## VI. MEANS OF COMMUNICATION

Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial and performance is at the core of good governance. Towards this end –

- The quarterly results / half yearly and annual results of the Company are published in the newspapers and also submitted to the Stock Exchange after conclusion of the Board Meeting.
- The Company communicates with the shareholders at large through its website [www.entegra.co.in](http://www.entegra.co.in) and through Annual Reports
- The Shareholding Pattern and Corporate Governance Compliance is displayed on NEAPS (NSE Electronic Application Processing System) website. i.e. [www.connect2nse.com](http://www.connect2nse.com)
- All important information and official press release are displayed on the website for the benefit of the public at large. Analysts' Reports/ Research Report, if any, are also uploaded on the website of the Company.
- The Company has complied with the applicable mandatory requirements of Clause 49 of the Listing Agreement.
- Management Discussion and Analysis Report form part of the Annual Report.

## VII DISCLOSURES:

- (i) There are no materially significant related party transactions of the Company which have potential conflict with the interest of the Company at large.
- (ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any other authority, on any matter related to capital markets, during the last three year : NIL
- (iii) Reconciliation of Share Capital Audit  
A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and the listed equity share capital. The audit report confirms that the total issued paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

## VIII GENERAL SHAREHOLDER INFORMATION:

- (i) 17<sup>th</sup> Annual General Meeting: -  
Day & Date :- Thursday, 27<sup>th</sup> September 2012  
Time: - 12.15 p.m.  
Venue: - Sunville Hall, "Orchid Room, 2<sup>nd</sup> Floor, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018

As required under Clause 49 (IV)(g)(i) of the Listing Agreements entered into with the Stock Exchanges particulars of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM

- (ii) Financial Calendar (tentative) :-

Financial Year	April 1 to March 31
First quarterly results	Second week of August ,2012
Second quarterly / Half yearly results	Second week of November,2012
Third quarterly results	Second week of February, 2013
Annual results for the year ending on 31/03/2013	Second week of May,2013
Annual General Meeting	Last week of September,2013

(iii) Dividend Payment Date : N.A.

(iv) Listing of shares & Listing fees:

The shares of the Company are listed on National Stock Exchange of India Ltd. and The Bombay Stock Exchange Ltd., Mumbai.

Name of the Stock Exchange	Stock Code
National Stock Exchange of India Ltd.	ENTEGR
The Bombay Stock Exchange Ltd.,	532287

The Company has paid listing fees upto 31<sup>st</sup> March, 2013 to the National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange (BSE) where Company's shares are listed.

(vi) Corporate Identification Number (CIN) of the Company: L31101MH1995PLC085471

(vii) Market Price Data:

Market Price Data: High, Low during each month in last Financial Year is as under:

Month / Year	Bombay Stock Exchange, Mum-bai		The Nati onal Stock Exchange of India Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2011	29.85	24.00	28.00	23.80
May 2011	26.80	23.25	26.80	23.15
June 2011	24.70	22.35	25.50	22.05
July 2011	24.80	21.50	25.70	21.35
August 2011	23.90	18.75	25.00	18.15
September 2011	30.10	19.15	30.10	15.05
October 2011	19.50	16.20	19.90	16.30
November 2011	17.30	13.55	17.40	13.65
December 2011	14.99	11.40	15.05	11.25
January 2012	15.90	11.15	15.55	11.25
February 2012	14.85	10.86	14.85	11.00
March 2012	13.39	10.01	13.25	9.55

There were no outstanding GDRs/ADRs. However, pursuant to the Scheme of Merger of SKG Power Ventures Private Limited with Entegra Limited as approved by the Bombay High Court vide Order dated September 25, 2009, the

Company had allotted 13,56,70,000 Compulsory Convertible Preference Shares (CCPS) to MW Infra Developers Pvt. Ltd. as per the entitlement. During the year the said 13,56,70,000 Compulsory Convertible Preference Shares (CCPS) were converted into Equity shares in Two trenches. As on date no there are outstanding Compulsory Convertible Preference Shares (CCPS).

(viii) Registrar & Transfer Agents:

M/s Bigshare Services Private Limited  
 E 2/3 Ansa Industrial Estate,  
 Sakivihar Road, Saki Naka,  
 Andheri (East), Mumbai 400 093  
 Telephone nos.: - 022 - 28470652  
 Fax no: - 022 - 28475207  
 Email: [info@bigshareonline.com](mailto:info@bigshareonline.com)  
 Website : [www.bigshareonline.com](http://www.bigshareonline.com)

(xi) Share Transfer System:

The Company has appointed M/s Bigshare Services Private Limited (Bigshare) as its Registrar and Transfer Agent. All share transfers and related operations are conducted by Bigshare, which is registered with SEBI. The Company has constituted an Investors' Grievances Committee for redressing Shareholders' / investors' complaints.

(X) Distribution of Shareholding as on 31<sup>st</sup> March 2012:

Range	No. of share-holders	% of Share-holders	Total Holding (Rs)	% of Total Capital
1 - 5000	16991	73.13	29299940	0.92
5001 - 10000	3470	14.94	22131190	0.70
10001 - 20000	1565	6.74	21115160	0.67
20001 - 30000	393	1.69	9827690	0.31
30001 - 40000	222	0.96	7777910	0.25
40001 - 50000	88	0.38	3931370	0.12
50001 - 100000	281	1.21	18925550	0.60
100001- 99999999	223	0.96	3058521280	96.44
Total	23232	100.00	3171530090	100.00

(xi) Shareholding Pattern as on 31<sup>st</sup> March, 2012:

Category	No. of shares held	% Holding
Promoters	237674103	74.94
Banks, Financial Institutions, Insurance Companies	8384058	2.64
Private Corporate Bodies	54213775	17.09
Indian Public	16594015	5.23
NRIs / OCBs	287058	0.09
Total	317153009	100.00

(xii) Dematerialisation of Shares:

The trading in equity shares of the company is permitted only in dematerialised form. A total of 93.91% shares are held in dematerialised form with NSDL and CDSL as on 31<sup>st</sup> March, 2012.

(xiii). Address for Correspondence:

Corporate Office:  
 4<sup>th</sup> Floor, Harchandrai House  
 Maharshi Karve Road, Marine Lines (East),  
 Mumbai – 400 002  
 Tel No.: 022 6604 4242, Fax No.:022 6655 0320

Exclusive e-mail id for Investor Grievances:

Pursuant to clause 47(f) of the listing Agreement, the following e-mail id has been designated for communicating investors' grievances: **investor@entegra.co.in**

(xiv) Subsidiary Companies:

Name of the Subsidiary	Date of Incorporation	Date on which the Company became Subsidiary Company
Ennertech Biofuels Limited	12/07/1996	17.04.2007
Shree Maheshwar Hydel Power Corporation Limited	11/05/1993	01/04/2008
Rajasthan Solar Power Company Private Limited	10/11/2009	10/11/2009

(xv) Group Companies:

The following persons and bodies corporate constitute the Group coming within the definition of 'group' as defined in the Monopolies and Restrictive trade Practices Act, 1969 (54 of 1969), which exercises, or is established to be in a position to exercise control directly or indirectly, over by the Company / Management of the Company:

**INDIVIDUALS:**

1. Shri Mukul S. Kasliwal & Family
2. Shri Warij A. Kasliwal & Family

**BODIES CORPORATE**

1. MW Corp Private Limited
2. MW Infra Developers Limited.
3. Raj Infin Private Limited.
4. Girija Holdings Private Limited
5. Shree Maheshwar Hydel Power Corporation Limited.
6. Ennertech Biofuels Limited.
7. Rajasthan Solar Power Company Private Limited
8. Dasna Developers Private Limited.
9. S. Kumars Life Assurance Corporation Limited.
10. MW Advisers Limited (*formerly known as S. Kumars (Investments) Limited U.K.*)
11. MW Unitexx Limited (*Formerly known as S. Kumars Unitexx Limited*)
12. S. Kumars Limited



13. Manmade Fabrics Sales Service Private Limited
14. Manors Textiles Limited
15. Hindon River Mills Limited
16. Klopman India Private Limited
17. Klopman Textiles Private Limited
18. Klopman Holdings S. A.R.L. (formerly known as Textile S.a.r.l.)
19. Klopman International S.r.l.
20. Klopman AG
21. Klopman GmbH
22. Klopman Espana S.A.
23. Intex S.A.
24. MW Unitexx S.A.

Any body corporate and / or entity formed / promoted by any of the above.  
“Family” for this purpose includes spouse & children.

The above disclosure has been made, interalia, for the purpose of Regulation 3 (1) (e) of the Securities & Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

(xvi) Compliance Certificate

Certificate from the Practicing Company Secretary, Roy Jacob & Co. confirming compliance with the conditions of corporate governance as stipulated under Clause 49, is forming part of Annual Report.

(xvii) Secretarial Audit Report:

The Company has appointed Roy Jacob & Co., Practising Company Secretary, to conduct Secretarial Audit of the Company. The Audit is carried out every quarter and the report thereon is placed before the Board of Directors & thereafter it is submitted to Stock exchanges.

(xviii) CFO/CEO Certification

The CFO/CEO of the Company give certification on financial reporting and internal control of the Company to the Board in terms of clause 49 and form part of the Annual Report.

16] GREEN INITIATIVE:

As a responsible corporate citizen, the Company welcomes and supports the ‘Green Initiative’ taken by the Ministry of Corporate Affairs, Government of India (MCA), by its recent Circulars, enabling electronic delivery of documents including the Annual Report, Quarterly, Half Yearly Results etc. to shareholders at their e-mail address previously registered with the Depository Participants (DPs)/Company/ Registrars & Share Transfer Agent.

Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses. Those holding shares in demat form can register their e-mail addresses with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with Bigshare Services Private Limited, by sending a letter, duly signed by the first / sole holder quoting details of Folio Number.

For and on behalf of the Board,

Sd/-

Mukul S. Kasliwal

Chairman

Place: Mumbai

Date: 27<sup>th</sup> August, 2012

**CERTIFICATE BY CHIEF FINANCIAL OFFICER (CFO) ON  
FINANCIAL STATEMENTS OF THE COMPANY**

I Mr. Sanjay Gopalan, Chief Financial Officer, certify that:

- A) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2012 and that to the best of my knowledge, information and belief:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading:
- (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- B) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C) The Company's other officers and I are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify those deficiencies.
- D) We have indicated to the auditors and the Audit Committee that:
- (i) No significant changes in internal control over financial reporting have taken place during the year.
- (ii) There have been no significant changes in the accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements; and
- (iii) There were no frauds during the year.

**For ENTEGRA LIMITED**

**Place: Mumbai**

**Date: 27th August, 2012**

Sd/-

**Sanjay Gopalan**

**Chief financial Officer**

**CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To  
The Members of  
**Entegra Limited**

We have examined the compliance of conditions of Corporate Governance by **Entegra Limited** (the Company) for the year ended 31<sup>st</sup> March, 2012 as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchange(s).

The compliance with the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company of ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the further viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Roy Jacob & Co  
Company Secretaries**

Sd/-  
**Roy Jacob  
Proprietor**

**C. P. No.8220**

**Place: Mumbai  
Date :27<sup>th</sup> August 2012**

**DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT**

As provide under clause 49 of the listing Agreement with the Stock Exchange, the Board Members and Senior Management Personnel have confirmed the compliance with the code of conduct and ethics for the period ended 31st March, 2012.

**For ENTEGRA LIMITED**

**Place: Mumbai  
Date: 27th August, 2012**

Sd/-  
**SANJAY GOPALAN  
Chief financial Officer**

**AUDITORS' REPORT**

**To,  
The Members of Entegra Limited**

1. We have audited the attached Balance Sheet of Entegra Limited, (the 'Company') as at 31 March 2012, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Without qualifying our report we draw attention to;
  - i. Note 3(b) which states that in respect of payable to a bank, in absence of formal communication from the bank, an interest amounting to Rs. 56,85,97,912 has been provided based on management's estimate and the final liability will be determined on conclusion of settlement with bank.
  - ii. Note 38, in relation to the Company's registration as Core Investment Company as defined under the Guidelines issued by the Reserve Bank of India (RBI) vide its circular RBI/2010-11/360 DNBS (PD) CC. No. 206/03.10.001/2010-11 dated 5 January 2011. The Company is in the process of seeking legal advice on the applicability of the Guidelines and extension of time for applying for registration.
5. Further to our comments in the Annexure referred to above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The financial statements dealt with by this report are in agreement with the books of account;
  - d. On the basis of written representations received from the directors, as on 31 March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause(g) of sub-section (1) of section 274 of the Act;
  - e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and give the information required by the Act, in the manner so required and give a true

and fair view in conformity with the accounting principles generally accepted in India, in the case of:

- i) the Balance Sheet, of the state of affairs of the Company as at 31 March 2012;
- ii) the Profit and Loss Account, of the loss for the year ended on that date; and
- iii) the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Walker, Chandiook & Co**  
Chartered Accountants  
Firm Registration No: 001076N

For **Shyam Malpani & Associates**  
Chartered Accountants  
Firm Registration No: 120438W

Sd/-  
**Aymn Jassani**  
Partner  
Membership No: F – 46447

Place: Mumbai  
Date: 27 August 2012

Sd/-  
**Shyam Malpani**  
Proprietor  
Membership No: F – 34171

Place: Mumbai  
Date: 27 August 2012

**Annexure to the Auditors' Report of even date to the members of Entegra Limited,  
on the financial statements for the year ended 31 March 2012.**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report as under:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) There is one company covered in the register maintained under section 301 of the Act to which the Company has granted unsecured loans. The maximum amount outstanding during the year was Rs. 14,06,29,253 and the year-end balance was Rs 2,24,65,576.
- (b) In our opinion, the rate of interest and other terms and conditions for such loan is not, *prima facie*, prejudicial to the interest of the Company.
- (c) In respect of the loan granted, repayment of the principal amount is as stipulated, however the interest

payment has not been regular.

- (d) The overdue amount in respect of interest due on the loan granted is more than rupees one lakh and reasonable steps have *not been taken by the Company for the recovery of such interest.*
- (e) The Company has taken a loan from two companies covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 46,28,11,988 and the year-end balance of loans taken from such party was Rs. 38,95,45,187.
- (f) In our opinion, the rate of interest and other terms and conditions for such loan is not prima facie prejudicial to the interest of the Company.
- (g) In respect of loans taken, the principal is repayable on demand and such loan is interest free.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls in respect of these areas.
- (v) The Company has not entered into contracts or arrangements referred to in section 301 of the Act. Accordingly, the provisions of clause 4(v) of the Order are not applicable.
- (vi) The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. *For the reasons stated in paragraph 4(ii) of our audit report, we are unable to comment on defaults, if any, under directives issued by the Reserve bank of India.*
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) The maintenance of cost records pursuant to the Rules made by the Central Government under section 209 (1)

(d) of the Companies Act, 1956 has been prescribed in respect of the class of the Company (Electricity industry). However, the Company is exempt from the maintenance of such records as the aggregate value of the machinery and plant installed as on the last date of the preceding financial year does not exceed the limits as specified for a small scale undertaking under the provisions of the Industries (Development and Regulation) Act 1951 (65 of 91) i.e. Rs 100 Lakh.

- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. No undisputed amounts payable in respect thereof were outstanding as at the year end for a period of more than six months from the date they became payable.
- (b) There are no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) In our opinion, the Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. Further, the Company has incurred cash losses of Rs 54,21,53,217 during the financial year covered by our audit and Rs. 41,61,23,241 in the immediately preceding financial year.
- (xi) *As stated in Note 3(b) and for the reasons stated in paragraph 4(i) of our audit report, we are unable to comment on the extent of default in respect of period and amount payable to the bank in respect of the principal dues aggregating Rs. 2,75,00,00,000*

Further, as explained in Note 3 (c) to the financial statements, the Company has filed an application with MPSIDC for agreeing the terms of closure against an outstanding loan, which is currently under evaluation and the Company expects that it would not be required to repay an amount exceeding the liability of Rs. 55,27,53,000, which is already provided in the books of account.

The Company has no dues to any debenture holders.

- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.



- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company.
- (xvi) In our opinion, the Company has applied the term loans for the purpose for which the loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) In our opinion, no fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker, Chandio & Co**  
Chartered Accountants  
Firm Registration No: 001076N

For **Shyam Malpani & Associates**  
Chartered Accountants  
Firm Registration No: 120438W

Sd/-  
**Amy Jassani**  
Partner  
Membership No: F – 46447

Sd/-  
**Shyam Malpani**  
Proprietor  
Membership No: F – 34171

Place: Mumbai  
Date: 27 August 2012

Place: Mumbai  
Date: 27 August 2012

**BALANCE SHEET AS AT 31 MARCH 2012**
**(Amount in Rs.)**

Particulars	Note	As at 31 March 2012	As at 31 March 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	3,17,15,30,090	2,42,52,90,710
(b) Reserves and Surplus	2	( 2,75,00,876)	130,35,85,401
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	3	-	2,64,37,77,421
(b) Long term provisions	4	28,90,788	26,71,039
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	3	3,76,42,98,187	3,36,05,98,828
(b) Trade payables	5	60,240	1,36,562
(c) Other current liabilities	6	67,34,31,104	32,88,97,140
(d) Short-term provisions	7	11,21,389	10,88,069
<b>Total</b>		<b>7,58,58,30,922</b>	<b>10,06,60,45,170</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	8		
(i) Tangible assets		40,97,912	41,24,056
(ii) Intangible assets		2,51,601	-
(iii) Capital Work in progress		6,01,30,481	5,17,34,265
(iv) Intangible assets under development		28,95,375	28,95,375
(b) Non-current investments	9	6,18,35,18,476	9,22,59,97,807
(c) Long term loans and advances	10	20,12,82,687	20,22,45,881
(d) Other non-current assets	11	1,00,20,35,041	6,76,89,228
<b>(2) Current assets</b>			
(a) Inventories	12	6,89,543	71,119
(b) Trade receivables	13	7,38,33,844	7,75,66,127
(c) Cash and bank balances	14	5,33,95,636	12,69,28,206
(d) Short-term loans and advances	15	8,75,043	29,18,41,083
(e) Other current assets	16	28,25,283	1,49,52,023
<b>Total</b>		<b>7,58,58,30,922</b>	<b>10,06,60,45,170</b>

As per our attached Report of even date

**For Walker, Chandio & Co**  
 Chartered Accountants

 Sd/-  
**Amyr Jassani**  
 Partner

 Mumbai  
 Dated : 27 August 2012

**For Shyam Malpani & Associates**  
 Chartered Accountants

 Sd/-  
**Shyam Malpani**  
 Proprietor

 Mumbai  
 Dated : 27 August 2012

**For and on behalf of the Board**

 Sd/-  
**Mukul S.Kasliwal**  
 Chairman

 Sd/-  
**Rekha Jagdale**  
 President (Corporate Affairs)  
 & Company Secretary

 Mumbai  
 Dated : 27 August 2012

 Sd/-  
**Warj A. Kasliwal**  
 Vice-Chairman

 Sd/-  
**Sanjay Gopalan**  
 Chief Financial Officer

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2012**

(Amount in Rs.)

Particulars	Note	Year ended 31 March 2012	Year ended 31 March 2011
<b>INCOME</b>			
I. Revenue from operations	17	82,858	91,15,097
II. Other income	18	17,78,64,323	24,56,24,122
<b>III. Total Revenue (I +II)</b>		<b>17,79,47,181</b>	<b>25,47,39,219</b>
<b>IV..EXPENDITURE</b>			
Purchase of stock-in-trade		6,89,894	5,11,681
Changes in inventories		(6,18,424)	9,11,125
Employee benefit expense	19	1,98,84,521	1,63,37,909
Finance costs	20	72,77,02,923	59,18,05,694
Depreciation and amortisation	21	8,35,103	6,04,072
Other expenses	22	8,55,07,354	6,38,03,203
<b>Total expenses</b>		<b>83,40,01,371</b>	<b>67,39,73,684</b>
V. Profit before exceptional & extraordinary items & tax		<b>( 65,60,54,190)</b>	<b>( 41,92,34,465)</b>
VI. Exceptional Items	23	( 7,25,20,663)	-
VII Prior period adjustments		1,57,762	81,724
VIII. Profit before extraordinary items and tax (V-VI-VII)		<b>( 58,36,91,289)</b>	<b>( 41,93,16,189)</b>
IX. Extraordinary Items		-	-
X. Profit before tax (VIII-IX)		<b>( 58,36,91,289)</b>	<b>( 41,93,16,189)</b>
Less: Tax Expense			
Current tax		-	-
Deferred tax		-	-
Fringe benefit tax		-	11,224
<b>XI.Profit/(Loss) from the period from continuing operations</b>		<b>( 58,36,91,289)</b>	<b>( 41,93,27,413)</b>
XII.Balance brought forward		( 57,00,48,850)	( 15,07,21,437)
<b>XIII.Profit/(Loss) for the period (XI + XII)</b>		<b>(1,15,37,40,139)</b>	<b>( 57,00,48,850)</b>
XIV. Earning per equity share:			
(1) Basic		(2.54)	(2.31)
(2) Diluted		(2.54)	(2.31)

As per our attached Report of even date

**For Walker, Chandio & Co**  
 Chartered Accountants

 Sd/-  
**Amyr Jassani**  
 Partner

 Mumbai  
 Dated : 27 August 2012

**For Shyam Malpani & Associates**  
 Chartered Accountants

 Sd/-  
**Shyam Malpani**  
 Proprietor

 Mumbai  
 Dated : 27 August 2012

**For and on behalf of the Board**

 Sd/-  
**Mukul S.Kasliwal**  
 Chairman

 Sd/-  
**Rekha Jagdale**  
 President (Corporate Affairs)  
 & Company Secretary

 Mumbai  
 Dated : 27 August 2012

 Sd/-  
**Warij A. Kasliwal**  
 Vice-Chairman

 Sd/-  
**Sanjay Gopalan**  
 Chief Financial Officer

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012**

(Amount in Rs.)

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>Net profit/(Loss) before tax and extraordinary items</b>	<b>( 58,36,91,289)</b>	<b>( 41,93,16,189)</b>
<u>Adjustments for:</u>		
Depreciation	8,35,103	6,04,072
Interest and finance charges	72,77,02,923	59,18,05,694
Interest income	( 17,75,13,765)	( 24,53,13,012)
Provision for doubtful advances	10,41,840	10,50,008
Provision for compensated absences	(1,56,206)	4,42,029
Sundry balances provided for	3,93,42,196	2,84,238
Foreign exchange fluctuation	92,254	(9,212)
Provision for leave encashment and gratuity	4,09,276	10,86,523
Sundry balances written back	(1,34,636)	(2,73,922)
Miscellaneous income	(2,15,922)	(27,976)
(Profit)/ Loss on sale of assignment	( 7,25,20,663)	-
Loss on sale of fixed assets	2,00,499	-
<b>Operating profit before working capital changes</b>	<b>( 6,46,08,390)</b>	<b>( 6,96,67,747)</b>
<u>Adjustments for working capital changes :</u>		
(Increase)/decrease in inventory	(6,18,424)	9,11,125
(Increase)/decrease in trade and other receivables	96,37,32,283	(46,47,323)
Increase/(decrease) in trade and other payables	( 14,05,85,243)	( 10,49,66,642)
<b>Cash generated used in operations</b>	<b>75,79,20,226</b>	<b>( 17,83,70,587)</b>
Taxes Paid	-	(11,224)
<b>Net cash flow from/(used) in operating activities</b>	<b>75,79,20,226</b>	<b>( 17,83,81,811)</b>
<b><u>Cashflow from investing activities</u></b>		
Purchase of Fixed Assets	(13,96,182)	(13,91,825)
Amounts given under fixed deposits	34,76,662	( 2,98,89,262)
Sale of Fixed Assets	1,35,123	99,571
(Increase)/decrease in Pre-operative & CWIP	(83,96,216)	( 3,30,87,672)
(Increase)/decrease in Investments	6,23,63,636	(3,561,715)
<b>Net cash flow from/(used) in investing activities</b>	<b>5,61,83,023</b>	<b>( 6,78,30,903)</b>
<b><u>Cashflow from financing activity</u></b>		
Loans and advances received /(given)	( 69,40,21,889)	( 28,38,02,035)
Bonus issue expenses	(11,55,608)	-
Interest and finance charges paid	( 22,17,06,712)	( 42,37,06,362)
Interest income received	15,66,84,107	22,99,65,615
Proceeds from loans	17,08,85,927	2,84,31,16,534
Payment of loans	( 31,83,27,632)	(2,04,53,61,914)
<b>Net cash flow from/(used) in financing activities</b>	<b>( 90,76,41,807)</b>	<b>32,02,11,838</b>
<b>Net increase in cash &amp; cash equivalents</b>	<b>( 9,35,38,558)</b>	<b>7,39,99,124</b>
<b>Cash and cash equivalents - Opening balance</b>	<b>9,48,38,944</b>	<b>2,08,39,820</b>
<b>Cash and cash equivalents - Closing balance</b>	<b>13,00,386</b>	<b>9,48,38,944</b>

**Note:**
**Cash and cash equivalents include:**

Cash in hand	2,41,723	42,41,962
Balance with schedule banks		
- In current accounts	10,58,663	66,43,420
- In fixed deposits [ with maturity upto 12 months]	-	8,39,53,562
- In fixed deposits [ with maturity after 12 months]	-	-
	<b>13,00,386</b>	<b>9,48,38,944</b>

As per our attached Report of even date

**For Walker, Chandio & Co**  
Chartered Accountants

Sd/-  
**Amy Jassani**  
Partner

Mumbai  
Dated : 27 August 2012

**For Shyam Malpani & Associates**  
Chartered Accountants

Sd/-  
**Shyam Malpani**  
Proprietor

Mumbai  
Dated : 27 August 2012

**For and on behalf of the Board**

Sd/-  
**Mukul S. Kasliwal**  
Chairman

Sd/-  
**Rekha Jagdale**  
President (Corporate Affairs)  
& Company Secretary

Mumbai  
Dated : 27 August 2012

Sd/-  
**Warij A. Kasliwal**  
Vice-Chairman

Sd/-  
**Sanjay Gopalan**  
Chief Financial Officer

## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2012

Particulars	As at 31 March 2012		As at 31 March 2011	
	No. of shares	Amounts	No. of shares	Amounts
NOTE - 1. Share capital				
<b>Authorised Share Capital</b>				
<b>Equity Shares</b>				
Equity shares of Rs. 10/- each	46,45,10,000	4,64,51,00,000	46,45,10,000	4,64,51,00,000
<b>Preference shares</b>				
Preference shares of Rs. 10/- each	53,60,00,000	5,36,00,00,000	53,60,00,000	5,36,00,00,000
	<b>1,00,05,10,000</b>	<b>10,00,51,00,000</b>	<b>1,00,05,10,000</b>	<b>10,00,51,00,000</b>
<b>Issued, subscribed and fully paid up</b>				
<b>Equity shares</b>				
Equity shares of Rs. 10/- each	31,71,53,009	3,17,15,30,090	10,68,59,071	1,06,85,90,710
<b>Preference shares</b>				
Compulsory convertible preference shares (CCPS) of Rs. 10/- each [These shares were compulsorily convertible into equity shares in the ratio of 1:1, within a period of five years from date of allotment.]	-	-	13,56,70,000	1,35,67,00,000
	<b>31,71,53,009</b>	<b>3,17,15,30,090</b>	<b>24,25,29,071</b>	<b>2,42,52,90,710</b>
a) <b>Reconciliation of share capital (Equity share capital)</b>				
<b>Balance at the beginning of the year</b>	10,68,59,071	1,06,85,90,710	10,68,59,071	1,06,85,90,710
Add : Bonus issue made during the year	7,46,23,938	74,62,39,380	-	-
Add: CCPS converted into equity shares	13,56,70,000	1,35,67,00,000	-	-
<b>Balance at the end of the year</b>	<b>31,71,53,009</b>	<b>3,17,15,30,090</b>	<b>10,68,59,071</b>	<b>1,06,85,90,710</b>
b) <b>Reconciliation of share capital (Preference share capital)</b>				
Balance at the beginning of the year	13,56,70,000	1,35,67,00,000	13,56,70,000	1,35,67,00,000
Less : CCPS converted into equity shares during the year	13,56,70,000	1,35,67,00,000	-	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>	<b>13,56,70,000</b>	<b>1,35,67,00,000</b>
c) <b>Shares held by holding company and ultimate holding company</b>				
<b>Shareholding structure</b>				
Equity shares of Rs.10/- each				
MW Corp Private Limited - Ultimate holding company	24,17,799	2,41,77,990	18,48,905	1,84,89,050
MW Infra Developers Limited - Holding company	22,45,88,350	2,24,58,83,500	6,94,78,601	69,47,86,010
	<b>22,70,06,149</b>	<b>2,27,00,61,490</b>	<b>7,13,27,506</b>	<b>71,32,75,060</b>
d) <b>Shares held by holding company, ultimate holding company, subsidiaries / associates of holding company or ultimate holding company</b>				
Preference shares of Rs. 10/- each				
MW Infra Developers Limited - Holding company	-	-	13,56,70,000	1,35,67,00,000
	<b>-</b>	<b>-</b>	<b>13,56,70,000</b>	<b>1,35,67,00,000</b>

## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2012

		% of issued capital	No. of shares	% of issued capital	No. of shares
e)	Shareholders holding more than 5% of the shares				
	Equity shares of Rs.10/- each				
	MW Infra Developers Limited	71%	22,45,88,350	65%	6,94,78,601
	Hakmans Financial Services & Securities Pvt. Ltd	11%	3,56,84,615		-
	Preference shares of Rs. 10/- each	-	-		
	MW Infra Developers Limited			100%	13,56,70,000
			<b>26,02,72,965</b>		<b>20,51,48,601</b>
Particulars		As at 31 March 2012		As at 31 March 2011	
f)	<b>Details of shares allotted as fully paid up by way of bonus issues and brought back during the last 5 years</b>	Number	No. of shares	No. of shares	No. of shares
	<b>Equity shares</b>				
	<b>Year ended</b>	<b>Face value</b>	<b>Bonus issue</b>	<b>Buy back of shares</b>	<b>Without payment received in cash</b>
	31 March 2012 (Refer #1 below)	10	7,46,23,938		
	31 March 2011	-	-	-	-
	31 March 2010	10	-	-	-
	31 March 2009 (Refer #2 below)	-	-	-	50,00,000
	31 March 2008				
	<b>Compulsory convertible preference shares</b>	<b>Face value</b>	<b>Bonus issue</b>	<b>Buy back of shares</b>	<b>Without payment received in cash</b>
	<b>Year ended</b>				
	31 March 2012	-	-	-	-
	31 March 2011	-	-	-	-
	31 March 2010	10	-	-	-
	31 March 2009 (Refer #2 below)	-	-	-	13,56,70,000
	31 March 2008				

## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2012

f)	<p>#1: During the year, the Company has issued bonus shares on equity shares in the ratio of 4:13 i.e. 4 (four) equity shares for every 13 (thirteen) equity shares held. The Company has issued a total of 7,46,23,938 shares on equity shares held on the record date. This bonus issue also includes shares issued on 13,56,70,000 Compulsory Convertible Preference Shares ('CCPS') which were converted into equal number of equity shares, prior to the record date.</p> <p>#2: Pursuant to the Scheme of Merger of SKG Power Ventures Private Limited ('SKGPV') with the Company, as approved by the shareholders and sanctioned by the Honourable High Court of Bombay, 5,00,000 equity shares of Rs. 10 each and 13,56,70,000 CCPS of Rs. 10 each were issued to shareholders of SKG Power Ventures Private Limited for consideration other than cash.</p> <p>#3 Term/Rights attached to equity shares</p> <p>The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share except as otherwise stated.</p>		
		<b>As at</b>	<b>As at</b>
		<b>31 March 2012</b>	<b>31 March 2011</b>
<b>NOTE -2. RESERVES AND SURPLUS</b>			
<b>Securities premium reserve</b>			
Balance at the beginning of the year		1,87,36,34,251	1,87,36,34,251
Less : Utilised for issue of bonus shares		74,62,39,380	-
Less : Share issue expenses written off		11,55,608	-
<b>Balance at the end of the year</b>		<b>1,12,62,39,263</b>	<b>1,87,36,34,251</b>
<b>Surplus/(Deficit) in the statement of profit and loss</b>			
Balance at the beginning of the year		( 57,00,48,850)	( 15,07,21,437)
Add : Loss during the year		( 58,36,91,289)	( 41,93,27,413)
<b>Balance at the end of the year</b>		<b>(1,15,37,40,139)</b>	<b>( 57,00,48,850)</b>
<b>Total</b>		<b>(27,500,876)</b>	<b>1,30,35,85,401</b>



## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2012

<b>BORROWINGS</b>	<b>As at</b>	<b>As at</b>
<b>NOTE -3. LONG TERM BORROWINGS</b>	<b>31 March 2012</b>	<b>31 March 2011</b>
Secured Loan		
Term Loan		
- From banks	-	2,64,36,92,728
- Vehicle loans	-	84,693
<b>Total</b>	-	<b>2,64,37,77,421</b>
<b>NOTE -3. SHORT TERM BORROWINGS</b>		
<b>Secured Loan</b>		
Loans payable on demand		
- From banks	2,75,00,00,000	2,50,00,00,000
Cash credit facility	-	81,16,534
<b>Term Loans</b>		
- From banks	-	-
Inter corporate deposits	6,65,00,000	8,50,00,000
<b>Unsecured Loans</b>		
Madhya Pradesh State Industrial Development Corporation Limited ('MPSIDC')	52,27,53,000	55,27,53,000
Loans and advances from related parties	38,95,45,187	20,47,29,294
Inter corporate deposits	3,55,00,000	1,00,00,000
<b>Total</b>	<b>3,76,42,98,187</b>	<b>3,36,05,98,828</b>

**3. a) Security given against loans outstanding during current and previous years**

**Term loan from a bank outstanding as on 31 March 2011 last year Rs.2,58,39,20,000 (fully repaid during the current year)**

- Pledge of bonds of SMHPCL owned by the Company
- First Pari passu charge and escrow of the dividend received from SMHPCL for Entegra's shareholding in SMHPCL for the loan amount in excess of the face value of pledge bonds plus differential amount between interest
- Personal guarantee of promoter director for the loan amount in excess of the face value of pledged bonds

**Loans repayable on demand of Rs 25,00,00,000 and Rs.2,50,00,00,000 outstanding as on 31 March 2012**

- Extension of charge on Marol, MIDC property by S. Kumars Retailer Services Private Limited.
- Pledge of 4,05,37,530 of promoter's equity shares in Entegra Limited and 10,07,970 equity shares of Shree Ram Urban Infrastructure Limited as collateral security.
- Personal guarantee of the promoter directors and corporate guarantee of the parent company MW Infra Developers Private Limited.

**Cash credit facility outstanding as on 31 March 2011 (Fully repaid during the current year)**

- Cash credit facility availed of Rs. 81,16,534 from a bank was secured by way of fixed deposit of Rs. 1,00,00,000.

**Vehicle loan**

- Vehicle loan was secured against vehicles purchased there against.

**Inter corporate deposits**

- Inter corporate deposits are secured by pledge of 1,00,77,186 shares of a group company and 1,51,22,387 shares of other promoter companies.

### 3. b) Details of continuing default in payment

- In respect of principal amount payable to a bank aggregating Rs.2,75,00,00,000, there have been certain defaults, the bank has ceased to provide a statement of transactions for the interest and bank charges. In respect of the principal amount of Rs.25,00,00,000, the Company had not repaid two quarterly installments amounting to Rs 3,00,00,000 and interest on such borrowings has not been paid since February 2011. Further, the Company does not have available terms and conditions relating to the principal outstanding of Rs.2,50,00,00,000 and the interest thereon. The management is in process of negotiating with the bank for settlement of these liabilities. In absence of formal communication from the bank, the interest of Rs. 56,85,97,912 has been provided based on management's estimate of the maximum possible liability as arrived from the discussion with the bank.. The management believes that provision is adequate and the amount payable on final settlement will not exceed the liability provided in books.
- During the year, the Company defaulted in repayment of a Inter corporate deposit amounting to Rs 1,50,00,000 and interest thereon Rs 368,630.

### 3. c) Terms of repayment of term loans and other loans

- Inter Corporate Deposits are repayable on maturities within the period of April to August 2012 carrying an interest rate of 12% to 18%.
- Term Loan of Rs.25,00,00,000 was repayable in sixteen quarterly installments commencing from October, 2011 of which first twelve installments were amounting to Rs.1,50,00,000 and balance four installments of Rs.1,75,00,000 per quarter. The loan carries an interest rate of 14% to 15.25%. Post non-payment of principal and interest thereon, the entire loan has been taken as repayable on demand.
- The Company has recognized a liability of Rs.2,75,00,00,000 towards a loan repayable on demand. Based on discussions with the bank, interest on such loan has been accrued by the Company at the same rate as that of the term loan taken from the same bank.
- Cash credit facility carried a interest rate of 9.1%.
- Loan from related party consists loan received from the holding company and a group company, which are repayable on demand. The loan from the holding company is interest free while the loan from the group company has an interest rate of 12%.
- The Company has filed an application with MPSIDC for agreeing the terms of closure of an outstanding loan against which the Company made payments aggregating Rs. 22,09,76,000 till 11 July 2006. The application is under evaluation and the Company expects that on finalization of the terms, it would not be required to repay amount exceeding the amount of liability of Rs.52,27,53,000 already recognized in the books.

As on the date of the approval of these financial statements, a formal decision in respect of the Company's above proposal is yet to be taken by the MPSIDC.

On 25 April 2011, the Company has also made a payment of Rs.3,00,00,000 as part settlement of this loan liability.

## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2012

	As at 31 March 2012	As at 31 March 2011
<b>NOTE -4. LONG TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
- Gratuity (unfunded)	15,41,630	14,53,332
- Compensated absences (unfunded)	13,49,158	12,17,707
<b>Total</b>	<b>28,90,788</b>	<b>26,71,039</b>
<b>NOTE- 5. TRADE PAYABLES</b>		
Other than those covered under Micro, Small and Medium Enterprises Development Act, 2006		
- For goods	60,240	1,36,562
<b>Total</b>	<b>60,240</b>	<b>1,36,562</b>
<b>NOTE -6. OTHER CURRENT LIABILITIES</b>		
Interest accrued and due on loans	56,58,18,498	8,22,53,841
Interest accrued but not due on loans	37,95,673	2,20,85,919
Current maturities of long term debts	84,693	19,05,90,237
Advance received from customers	5,06,88,370	5,00,000
Payables for expenses	1,73,51,578	1,29,66,955
Other liabilities		
- Payables to related parties	1,10,22,220	50,15,534
- Others	2,46,70,072	1,54,84,654
<b>Total</b>	<b>67,34,31,104</b>	<b>32,88,97,140</b>
<b>NOTE -7. SHORT-TERM PROVISIONS</b>		
Provision for employee benefits	11,21,389	10,88,069
<b>Total</b>	<b>11,21,389</b>	<b>10,88,069</b>

**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2012**  
**NOTE -8. FIXED ASSETS**

GROSS BLOCK	DEPRECIATION AND AMORTIZATION						NET BLOCK			
	Name of the asset	As at 1 April 2011	Additions during the Year	Deductions/ adjustments	As at 31 March 2012	For the Year	On deduction/ adjustments	Up to 31 March 2012	As at 31 March 2012	As at 31 March 2011
<b>i) Tangible Assets</b>										
Leasehold land	2,32,000	-	-	2,32,000	15,467	7,733	-	23,200	2,08,800	2,16,533
Computers	14,89,503	67,998	7,599	15,49,902	6,10,246	2,19,737	1,439	8,28,544	7,21,358	8,79,257
Furniture and fixtures	45,791	-	17,445	28,346	15,727	2,070	12,853	4,944	23,402	30,064
Office equipment	10,24,863	42,400	65,100	10,02,163	2,39,533	68,224	10,051	2,97,706	7,04,457	7,85,330
Vehicles	36,68,126	8,60,000	7,05,431	38,22,695	14,55,254	3,63,156	4,35,610	13,82,800	24,39,895	22,12,872
<b>SUB TOTAL (i)</b>	<b>64,60,283</b>	<b>9,70,398</b>	<b>7,95,575</b>	<b>66,35,106</b>	<b>23,36,227</b>	<b>6,60,920</b>	<b>4,59,953</b>	<b>25,37,194</b>	<b>40,97,912</b>	<b>41,24,056</b>
<b>ii) Intangible Assets</b>										
Computer Software	-	4,25,784	-	4,25,784	-	1,74,183	-	1,74,183	2,51,601	-
<b>SUB TOTAL (ii)</b>	<b>-</b>	<b>4,25,784</b>	<b>-</b>	<b>4,25,784</b>	<b>-</b>	<b>1,74,183</b>	<b>-</b>	<b>1,74,183</b>	<b>2,51,601</b>	<b>-</b>
<b>iii) Capital Work-in-progress</b>										
Plant and Machinery	8,97,983	2,850.00	-	9,00,833	-	-	-	-	9,00,833	8,97,983
Civil Construction for Concentrated Solar Power Project	45,00,000	-	-	45,00,000	-	-	-	-	45,00,000	45,00,000
Pre operative expenses (pending allocation) (Refer note 8.(A))	4,63,36,282	97,22,758	13,29,392	5,47,29,648	-	-	-	-	5,47,29,648	4,63,36,282
<b>SUB TOTAL (iii)</b>	<b>5,17,34,265</b>	<b>97,25,608</b>	<b>13,29,392</b>	<b>6,01,30,481</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,01,30,481</b>	<b>5,17,34,265</b>
<b>iv) Intangible Assets under development</b>										
Oracle Accounting Software	28,95,375	-	-	28,95,375	-	-	-	-	28,95,375	28,95,375
<b>SUB TOTAL (iv)</b>	<b>28,95,375</b>	<b>-</b>	<b>-</b>	<b>28,95,375</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,95,375</b>	<b>28,95,375</b>
<b>Total</b>	<b>6,10,89,923</b>	<b>1,11,21,790</b>	<b>21,24,967</b>	<b>7,00,86,746</b>	<b>23,36,227</b>	<b>8,35,103</b>	<b>4,59,953</b>	<b>27,11,377</b>	<b>6,73,75,369</b>	<b>5,87,53,696</b>
Previous Year	2,67,41,643	3,44,94,964	1,46,684	6,10,89,923	17,63,801	6,19,539	47,113	23,36,227	5,87,53,696	-

**NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2012**

	As at 31 March 2012	As at 31 March 2011
NOTE-8. (A). PRE OPERATIVE EXPENSES (PENDING ALLOCATION) [Refer Note 25]		
Opening balance	4,63,36,282	2,06,28,518
Add : Incurred during the year		
Salary and other benefits	52,81,639	65,53,282
Conveyance	4,949	4,948
Filing fees including registration fees	9,000	2,07,512
Legal and professional	10,92,134	75,96,633
Motor car expenses (including fuel expenses)	-	2,93,341
Rent including lease rent	1,90,250	1,72,500
Telephone and mobile charges	81,050	3,29,318
Postage and courier expenses	250	3,404
Printing and stationery expenses	3,359	6,021
Tour and traveling expenses	9,08,989	48,43,895
Bank charges	10,39,086	21,11,952
Books and periodicals	749	-
Advertisement	3,10,013	1,32,541
Hotel, boarding and lodging	2,52,062	27,36,077
Business promotion expenses	23,663	1,75,889
Repairs and maintenance expenses	-	4,268
Conference fees	85,287	2,37,137
Credit card expenses	62,959	-
Entertainment	239	15,469
Internet expenses	26,152	59,801
Staff welfare expenses	365	716
Staff recruitment charges	-	5,07,380
Computer expenses	19,706	31,358
Franking and notary expenses	5,000	-
Gifts	-	5,745
Sundry expenses	617	12,380
Amortisation of Leasehold land	-	15,467
Site survey expenses	2,84,750	-
Interest expenses	40,490	-
Less : Expenses reversed during the period	(13,29,392)	(3,49,270)
<b>Total</b>	<b>5,47,29,648</b>	<b>4,63,36,282</b>

<b>NOTE -9. NON CURRENT INVESTMENTS</b>		
<b>Trade Investments</b>		
<b>Quoted</b>		
<b>Investment in Non Convertible Debentures (NCDs) in Subsidiary company</b>		
22, 9.75% NCDs (P.Y. 1350) of Rs.10 lakhs each fully paid of Shree Maheshwar Hydel Power Corporation Ltd.	2,00,00,006	1,90,14,46,061
Nil, 10.75% NCDs (P.Y. 825) of Rs.10 lakhs each fully paid of Shree Maheshwar Hydel Power Corporation Ltd.	-	1,16,10,33,276
(A)	2,00,00,006	3,06,24,79,337
<b>Unquoted</b>		
Investment in subsidiaries		
Ennertech Biofuels Limited		
10,00,000 equity shares (P.Y. 10,00,000) of Rs. 10 each full paid up	1,00,00,000	1,00,00,000
Rajasthan Solar Power Company Pvt. Ltd.		
10,000 equity shares (P.Y. 10,000) of Rs.10 each fully paid up	1,00,000	1,00,000
Shree Maheshwar Hydel Power Corporation Limited		
29,17,20,400 equity shares (P.Y.29,17,20,400) of Rs 10 each fully paid [Of the above shares, 29,17,20,400 (P.Y.29,17,20,400) have been pledged with the lenders of the Shree Maheshwar Hydel Power Corporation Ltd.]	6,15,29,90,000	6,15,29,90,000
<b>Other Investments</b>		
6,666 equity shares (P.Y. 6,666) of Rs.10 each fully paid up in IRIS Energy Private Limited	2,99,970	2,99,970
(B)	6,16,33,89,970	6,16,33,89,970

	As at 31 March 2012	As at 31 March 2011
<b>Non-Trade Investments</b>		
<b>Unquoted</b>		
<b>Investment in Government Securities</b>		
9 (P.Y. 9) National Saving Certificates, VIII Issue	65,000	65,000
<b>Investment in equity shares</b>		
Janakalyan Sahakari Bank Limited		
6,350 equity shares (P.Y. 6,350) of Rs. 10 each fully paid up	63,500	63,500
(C)	1,28,500	1,28,500
<b>Total</b>	<b>(A)+(B)+(C)</b>	<b>6,18,35,18,476</b>
Aggregate amount of		
Quoted investments	2,00,00,006	3,06,24,79,337
Market value of quoted investments*		
Unquoted investments	6,16,35,18,470	6,16,35,18,470
*Even though the NCD investments are quoted on the National Stock Exchange, the same were not traded and hence the market value is not available.		

## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2012

<b>NOTE -10. LONG TERM LOANS AND ADVANCES</b>		
<b>Security Deposit</b>		
Unsecured, considered good :	20,12,82,687	20,22,45,881
<b>Total</b>	<b>20,12,82,687</b>	<b>20,22,45,881</b>
<b>NOTE -11. OTHER NON CURRENT ASSETS</b>		
(Unsecured, considered good unless stated otherwise)		
Bank deposits with more than 12 months maturity	18,62,350	2,53,45,000
Receivable from holding company against transfer of rights to equity shares [Refer Note 27]	96,00,00,000	-
Advance tax (net of provisions)	4,01,72,691	4,23,44,228
<b>Total</b>	<b>1,00,20,35,041</b>	<b>6,76,89,228</b>
<b>NOTE -12. INVENTORIES</b>		
Closing stock of :		
- components used for renewable energy projects	6,89,543	71,119
<b>Total</b>	<b>6,89,543</b>	<b>71,119</b>
<b>NOTE -13. TRADE RECEIVABLES</b>		
<b>Unsecured, considered good</b>		
Due for period exceeding six months		
Related party	6,35,66,001	6,35,66,001
Others	1,02,67,843	64,45,126
Doubtful	10,41,840	-
Less: Allowance for bad and doubtful debts	(10,41,840)	75,55,000
Others (less than six months)	-	-
<b>Total</b>	<b>7,38,33,844</b>	<b>7,75,66,127</b>
<b>NOTE - 14. CASH AND BANK BALANCES</b>		
<b>NOTE - 14.(A) CASH AND CASH EQUIVALENTS</b>		
Cash in hand	2,41,723	42,41,962
Balance with banks		
- In current accounts	10,58,663	66,43,420
- In fixed deposits [maturity upto 3 months]	-	8,39,53,562
<b>Total</b> (A)	<b>13,00,386</b>	<b>9,48,38,944</b>
<b>NOTE - 14.(B) OTHER BANK BALANCES</b>		
Bank deposit under lien [maturity more than 3 months but upto 12 months]	5,20,95,250	3,20,89,262
<b>Total</b> (B)	<b>5,20,95,250</b>	<b>3,20,89,262</b>
<b>Total</b> (A+B)	<b>5,33,95,636</b>	<b>12,69,28,206</b>

## NOTES TO FINANCIAL STATEMENTS AS AT 31 MARCH 2012

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 15. SHORT TERM LOANS &amp; ADVANCES</b> (Unsecured, considered good except otherwise stated)		
Inter Company Deposits given to related party		12,34,82,000
Add: Interest accrued on Inter Company Deposits from related party	-	1,25,29,365
Less : Provision created	2,24,65,576 ( 2,24,65,576)	-
	-	<b>13,60,11,365</b>
Advances recoverable in cash or kind or for value to be received		
- Considered good	8,34,023	13,74,39,108
- Considered doubtful	1,77,01,620	62,82,721
Less : Provision	( 1,77,01,620)	(62,82,721)
	<b>8,34,023</b>	<b>13,74,39,108</b>
Advances to subsidiary	41,020	39,982
Advances to directors	-	1,74,860
Advances to related party	-	1,81,75,768
<b>Total</b>	<b>8,75,043</b>	<b>29,18,41,083</b>
<b>NOTE - 16. OTHER CURRENT ASSETS</b>		
Interest accrued on investments	28,25,283	1,49,52,023
<b>Total</b>	<b>28,25,283</b>	<b>1,49,52,023</b>

	Year ended 31 March 2012	Year ended 31 March 2011
<b>NOTE - 17. REVENUE FROM OPERATIONS</b>		
Sale of products (Domestic)	82,858	22,65,595
Sale of services (Domestic)	-	68,49,502
<b>Total</b>	<b>82,858</b>	<b>91,15,097</b>
Details of products sold		
- Traded goods		
- Sale of Renewable energy products	82,858	22,65,595
- Details of services sold	-	68,49,502
- Consultancy services		
<b>Total</b>	<b>82,858</b>	<b>91,15,097</b>



<b>NOTE - 18. OTHER INCOME</b>		
<b>Interest Income</b>		
Interest income on OFCD's	15,05,67,963	22,03,12,498
Interest income on ICD's	2,08,29,658	1,85,02,888
Interest income on bank fixed deposits	61,16,144	64,97,626
<b>Other Non operating Income</b>		
Credit balances written back	1,34,636	2,73,922
Miscellaneous receipts	2,15,922	27,976
Foreign exchange fluctuation	-	9,212
<b>Total</b>	<b>17,78,64,323</b>	<b>24,56,24,122</b>
<b>NOTE - 19. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages, and bonus	1,85,38,183	1,52,95,545
Gratuity	4,42,905	6,34,215
Compensated absences	6,73,433	1,80,000
Staff welfare expenses	2,30,000	2,28,149
<b>Total</b>	<b>1,98,84,521</b>	<b>1,63,37,909</b>
<b>NOTE - 20. FINANCE COST</b>		
<b>Interest Cost</b>		
Interest on secured term/loan repayable on demand	68,78,72,356	55,73,57,500
Interest unsecured loans	3,97,72,342	68,35,065
Interest on others	58,225	9,558
<b>Other Borrowing Cost</b>		
Upfront fees	-	47,59,521
Guarantee commission	-	2,28,44,050
<b>Total</b>	<b>72,77,02,923</b>	<b>59,18,05,694</b>

	Year ended 31 March 2012	Year ended 31 March 2011
<b>NOTE - 21. DEPRECIATION AND AMORTISATION</b>		
Depreciation	6,60,920	6,04,072
Amortisation	1,74,183	-
<b>Total</b>	<b>8,35,103</b>	<b>6,04,072</b>

<b>NOTE - 22. OTHER EXPENSES</b>		
Franking, stamp duty and notary expenses	12,18,060	1,21,37,010
Legal and professional charges	36,25,244	90,88,268
Rent	78,68,748	74,74,422
Guarantee fees	60,00,000	60,02,740
Tour and traveling expenses	22,07,424	36,13,449
Business promotion expenses	9,36,213	33,46,800
Directors remuneration	32,44,500	32,44,500
Advertisement	4,16,647	23,21,046
Motor car expenses	21,33,386	20,65,892
Auditors remuneration [ Refer Note 32]	11,80,464	13,58,050
Printing and stationery expenses	7,64,447	10,44,339
Hotel boarding and lodging	7,58,891	10,11,179
Electricity expenses	8,90,939	8,37,038
Exhibition expenses	3,16,630	6,97,096
Listing fees and share transfer fees	8,17,832	6,76,835
Conveyance charges	3,84,010	5,81,933
Telephone and mobile charges	4,68,064	5,66,685
Office expenses	5,96,887	5,26,841
Postage and courier charges	6,48,765	4,06,911
Directors sitting fees	2,80,000	3,65,000
Commission	2,78,624	3,20,546
Direct expenses	1,25,714	3,22,135
Repairs and maintenance expenses	7,63,126	2,59,240
Insurance	80,254	86,246
Provision for doubtful advances	10,41,840	10,50,008
Bank charges	2,06,340	6,89,721
Liquidated damages	50,00,000	-
Sundry balances provided for	3,93,42,196	2,84,238
Other general expenses	39,12,109	34,25,035
<b>Total</b>	<b>8,55,07,354</b>	<b>6,38,03,203</b>
<b>NOTE - 23. EXCEPTIONAL ITEMS</b>		
Loss on redemption of OFCD's (Refer Note 26)	2,50,38,602	-
(Profit)/ Loss on sale of assignment (Refer Note 26)	( 9,75,59,265)	-
<b>Total</b>	<b>( 7,25,20,663)</b>	<b>-</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS****I. SIGNIFICANT ACCOUNTING POLICIES****1. Background information**

Entegra Limited (“Entegra” or the “Company”) was incorporated in 1995 as a private limited company. In 2000, the Company was converted into a public limited company. The Company is listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Entegra is engaged in the development of integrated global renewable energy projects.

**2. Basis of presentation**

The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting and in accordance with the Accounting Standards notified in the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable.

**3. Use of estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual future period’s results could differ from those estimates. Any revisions to accounting estimates are recognised in the period in which such revisions are made.

**4. Significant accounting policies****4.1. Revenue recognition**

- i. Revenues from sales of goods are recognized on shipment or dispatch to customers and are recorded exclusive of Value Added Taxes but are net of any sales returns.
- ii. Revenues from services rendered are recognized on completion of the service and are recorded exclusive of Service Tax.
- iii. Interest income on deposits with banks and investments is recognized on a time proportion basis.
- iv. Dividend incomes on investments are accounted for when the right to receive the payment is established.

**4.2. Purchases**

Purchases are shown exclusive of Value Added Tax.

**4.3. Fixed assets and depreciation**

Fixed assets are stated at cost of acquisition/construction including any cost attributable to bringing the assets to their working condition, less accumulated depreciation and impairment loss, if any. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 and on pro-rata basis with reference to the month of additions / deductions. Fixed assets having value lower than Rs.5,000 are depreciated fully in the year of acquisition / installation. Intangible assets are amortised over the irrespective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use.

#### **4.4. Expenditure during construction period**

Expenditure during construction period reflects an element of capital work in progress and includes directly attributable costs that relate to the project and general and administration overheads as are specifically attributable to the construction of the project. Such expenditure is included under 'Pre operative expenses (pending allocation)' and will be capitalized under relevant fixed asset accounts upon commencement of commercial generation of power.

#### **4.5. Inventories**

Inventories of components used for renewable energy projects have been valued at lower of cost or net realizable value. Civil construction materials are valued at cost.

#### **4.6. Investments**

Long term investments are stated at cost and provision is made to recognise any decline, other than temporary, in the value of such investments.

#### **4.7. Foreign currency transactions**

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transactions. Gains or losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currency are recognised in the statement of Profit and Loss.

#### **4.8. Employee benefits**

##### **Gratuity**

Employees in India are entitled to benefits under the Payment of Gratuity Act, 1972, a defined benefit retirement plan covering eligible employees of the Company. The Plan provides a lump-sum payment to eligible employees at retirement or on termination of employment. The gratuity benefit conferred by the Company on its employees is equal to or greater than the statutory minimum.

The Company provides for liability towards gratuity plan on the basis of actuarial valuation. The entire amount of gratuity is unfunded.

##### **Compensated absences**

The Company's liability towards compensated absences (leave encashment) is determined on an actuarial basis for the entire unavailed vacation balance standing to the credit of each employee as at period-end.

#### **4.9. Borrowing costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the income statement.

#### 4.10. Impairment of assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss, if any, is charged to statement of Profit and Loss in the year in which an asset is identified as impaired. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased.

After impairment depreciation is provided on the revised carrying amount of the asset over its remaining useful life. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

#### 4.11. Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required, and a reliable estimate can be made of the amount required to settle the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### 4.12. Income taxes

Income tax expense comprises current income tax, deferred tax and fringe benefit tax.

##### *Current taxes*

Provision for current income-tax is recognised in accordance with the provisions of Indian Income Tax Act, 1961, and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

##### *Deferred taxes*

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date. The effect of a change in tax rates on deferred tax assets and liabilities is recognised in the year that includes the enactment date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in the future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty, supported by convincing evidence of recognition of such assets. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.

#### 4.13. Leases

For operating leases, lease payments (excluding costs for services such as insurance and maintenance) are recognised as an expense in the statement of profit and loss on a straight line basis unless another systematic basis is more representative of the time pattern of the user's benefit, except where the rental is for pre operative activities in which case it is charged to 'Pre operative expenses (pending allocation)'.

**II. NOTES TO THE FINANCIAL STATEMENTS****24. Contingent liabilities**

a) Corporate guarantees given to the Banks/Financial Institutions against credit facilities extended to another company – Rs. 19,33,00,00,000 (PY - Rs.19,33,00,00,000)

b) Bank guarantees Rs.5,32,53,000 (PY - Rs.5,87,98,000)

**25. Pre operative expenses (pending allocation)**

Pre operative expenses (pending allocation) in the Balance Sheet of the Company represent directly attributable expenditure incurred by the Company in the current year for setting up of 10 MW Concentrated Solar Thermal Power Project (CSP) in Rajasthan. Expenditure capitalized as pre operative expenses consists of expenditure directly attributable to the project and general and administrative costs as are specifically attributable to the construction of the project.

**26. Investment in OFCD's of SMHPCL**

The Company had acquired 2,175 Optionally Fully Convertible Debentures (OFCDs) of its subsidiary Shree Maheshwar Hydel Power Corporation Limited (SMHPCL) from a subscriber at a premium over face value in previous years for Rs.3,06,24,79,337. The face value of such bonds was Rs.2,17,50,00,000, comprising of 1,350, 9.75% OFCDs and 825, 10.75% OFCDs of Rs 10 Lakh each.

Such bonds were pledged to Yes Bank Limited as security for a term loan taken from such bank.

In September 2011, partial face value of such bonds was redeemed by SMHPCL as per the terms of the offer document. The Company, recorded a loss of Rs.2,50,38,602 on such redemption, being the proportionate portion of premium paid to acquire such bonds over the face value redeemed.

In November 2011, the Company, renounced its right to convert the OFCDs into equity shares of SMHPCL (which were convertible till 31 December 2011) SMHPCL granted a separate right to the Company for subscription of further equity in SMHPCL in lieu of the renounced right to convert the OFCDs, which is valid till 31 December 2012

The Company also transferred 1,328, 9.75% OFCDs and 825, 10.75% OFCDs to Yes Bank Limited at current face value, to repay its outstanding term loan and interest accrued thereon.

Subsequent to the transfer of bonds and lapse of conversion rights to such bonds as on 31 December 2011, the remaining premium paid on acquisition of the bonds of Rs.86,24,40,735 has also been derecognized. Further, the rights to subscribe to further equity in SMHPCL were transferred to a group company for a consideration of Rs.96,00,00,000. Such receivable from the group company has been included in 'Other Non-current assets'.

On the transfer of such rights the company has recorded a net gain of Rs.9,75,59,265 which has been reflected as an exceptional item in the statement of Profit and Loss.

During the year, the Company has exercised their option not to convert OFCD into Equity capital of SMHPCL. Hence, the entire debentures have been classified as non-convertible in the books of the Company.

## 27. Lien on fixed deposits

The Company's fixed deposits are under lien of the following parties pending completion of services projects as under;

Name of the parties	As at 31 March 2012	As at 31 March 2011
NTPC Vidyut Vyapar Nigam Limited	5,00,00,000	2,75,49,318
Madhyanchal Vidyut Vitran Nigam Limited	3,36,000	3,36,000
Purvanchal Vidyut Vitran Nigam Limited	9,44,000	9,44,000
Dakshinanchal Vidyut Vitran Nigam Limited	28,000	28,000
M.P.Urja Vikas Nigam Limited(RGPV)	17,10,000	17,10,000
Vehicle Research and Development Establishment (VRDE)	-	3,45,000
Maharashtra Energy Development Agency (MEDA)	2,50,000	2,00,000
<b>Total</b>	<b>5,32,68,000</b>	<b>3,11,12,318</b>

## 28. Employee retirement and other benefits

### A) Defined benefit plan

Gratuity, which is a defined benefit, is accrued based on actuarial valuation at the Balance sheet date, carried out by an independent actuary.

The following table sets forth the status of the gratuity plan of the Company and the amounts recognized in Company's Balance Sheet as per AS 15 (revised). The gratuity plan is non-funded.

	As at 31 March 2012	As at 31 March 2011
Present value of the defined benefit obligation at the end of the year	15,90,468	14,53,332
<b>Net liability</b>	<b>15,90,468</b>	<b>14,53,332</b>

The amount recognized in the statement of Profit and Loss in respect of the gratuity is as under;

	As at 31 March 2012	As at 31 March 2011
Current service cost	4,10,948	3,01,301
Interest on defined benefit obligation	1,19,900	65,529
Net actuarial (gain)/loss on plan assets	(87,943)	2,67,385
<b>Net gratuity cost</b>	<b>4,42,905</b>	<b>6,34,215</b>

**Reconciliation of present value of the obligation:**

	As at 31 March 2012	As at 31 March 2011
Opening defined benefit obligation	14,53,332	8,19,117
Interest cost	1,19,900	65,529
Current service cost	4,10,948	3,01,301
Benefit Paid	(3,05,769)	-
Actuarial (gain)/loss	(87,943)	2,67,385
<b>Closing defined benefit obligation</b>	<b>15,90,468</b>	<b>14,53,332</b>

**Principal actuarial assumptions:**

	As at 31 March 2012	As at 31 March 2011
Discount rate	8.25%	8.25%
Salary escalation	5.00%	5.00%
Attrition rate	2.00%	2.00%

The estimates of the future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other related factors, such as supply and demand in the employment market.

**B) Compensated absences**

The Company has provided for leave encashment liability on actuarial valuation amounting to Rs.14,89,847 (PY - Rs. 12,17,707) for the year ended 31 March 2012.

**29. Loans and advances in nature of loan to companies in which directors are interested**

Sundry debtors, loans and advances and current liabilities include the following due from / payable to bodies corporate under the same group in which the directors of the Company are interested as members/directors:

Name of entity	Description	As at 31 March 2012	As at 31 March 2011
MW Unitexx Ltd.	Short term loans and advances	-	12,34,82,000

**Maximum amount outstanding during the year is as follows:**

Name of entity	Description	As at 31 March 2012	As at 31 March 2011
MW Unitexx Ltd.	Short term loans and advances	14,06,29,253	13,60,11,365



### 30. Amounts due to suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006

The Company has not received any intimation from the suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) and hence the related disclosure regarding,

- a) Amount due and outstanding to suppliers as at the end of the accounting year;
  - b) Interest paid during the year;
  - c) Interest payable at the end of the accounting year; and
  - d) Interest accrued and unpaid at the end of the accounting year,
- has not been provided. The same has been relied upon by the auditors.

### 31. Director's remuneration

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Net loss after tax as per statement of profit and loss	(58,36,91,289)	(41,93,27,413)
Net loss as per section 349 of Companies Act, 1956	(58,36,91,289)	(41,93,27,413)

As the company is a loss making entity directors remuneration is computed using Schedule XIII of Companies Act, 1956. Payments made during the year to the Managing Director amounted to Rs. 32.44 Lakh (PY - Rs. 32.44 Lakh) which is within the limits specified by Schedule XIII of Companies Act, 1956.

### 32. Auditor's remuneration

Payment to auditors (including service tax) comprises of the following:

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Statutory audit fees	6,61,800	6,61,800
Tax audit fees	2,20,600	2,20,600
Others	2,98,064	4,75,650
<b>Total</b>	<b>11,80,464</b>	<b>13,58,050</b>

### 33. Earnings/ (loss) per share

	Year ended 31 March 2012	Year ended 31 March 2011
Net profit/(loss) as per statement of Profit and loss	(58,36,91,289)	(41,93,27,413)
Weighted average number of Equity Shares during the year – Basic	23,02,23,118	18,14,83,009
Weighted average number of Equity Shares during the year – Diluted	23,02,23,118	18,14,83,009
Nominal value of shares (in Rs.)	10.00	10.00
Earnings/ (loss) per share (EPS) Basic (in Rs.)	(2.54)	(2.31)
Earnings/ (loss) per share (EPS) Diluted (in Rs.)	(2.54)	(2.31)

Compulsorily convertible preference shares have been considered for computing Diluted Earnings/ (loss) per share. Such shares were anti-dilutive in the previous year.

### 34. Current and deferred taxes

- a) No provision for Current tax for the year was considered in view of the losses incurred by the Company during the current financial year.
- b) Deferred tax calculation is as follows:

Description	As at 31 March 2012	As at 31 March 2011
Opening balance in deferred tax liability/(asset)	(64,00,206)	(33,88,000)
Add /(less):		
Deferred tax liability/(asset) on account of fixed assets	75,006	(1,07,159)
Deferred tax liability/(asset) on account of Leave Encashment	(4,83,381)	(3,95,085)
Deferred tax liability/(asset) on account of Provision for doubtful advances	(2,67,671)	(20,38,429)
Deferred tax liability/(asset) on account of Gratuity	(5,16,027)	(4,71,534)
<b>Closing deferred tax liability/(asset)</b>	<b>(75,92,280)</b>	<b>(64,00,206)</b>

- c) Tax rate considered for the above purposes is 32.445% (PY - 33.22%).
- d) The net deferred tax assets have not been recognised in the financial statements of the Company in accordance with AS 22 Accounting for taxes on income.
- e) Considering the prudence aspect, no deferred tax asset has been recognized in the accounts on brought forward business losses and other assets as per the Income Tax Act, 1961.

### 35. Related party disclosures

#### (A) List of related parties

Ultimate parent company	MW Corp Private Limited
Parent company	MW Infra Developers Limited
Subsidiaries	Ennertech Biofuels Limited Rajasthan Solar Power Company Private Limited Shree Maheshwar Hydel Power Corporation Limited
Fellow subsidiaries	S. Kumars Limited MW Unitexx Limited (formerly known as S.Kumars Designs Limited) Dasna Developers Private Limited Hindon River Mills Limited
Enterprises where key management personnel have significant influence or control	Raj Infin Private Limited Giriya Holding Private Limited

Key Management Personnel	Mukul S. Kasliwal – Chairman
	Warij A. Kasliwal – Vice Chairman
	V. K. Jain – Managing Director

**(B) Transaction with Related Parties**

Nature of transaction	Holding Companies	Fellow Subsidiaries	Subsidiaries	Key Management Personnel
Purchase of equity shares	-	-	-	-
	-	-	(56,22,90,000)	-
Income from investments	-	-	15,05,67,963	-
	-	-	(22,03,12,498)	-
Sale of Assignment	96,00,00,000	-	-	-
	-	-	-	-
Income from Inter company deposits	-	99,36,211	-	-
	-	(1,85,02,888)	-	-
Interest paid	-	-	2,15,88,851	-
	-	-	-	-
Guarantee fees paid	60,00,000	-	-	-
	(47,76,413)	(9,02,466)	-	-
Remuneration given	-	-	-	32,44,500
	-	-	-	32,44,500
Face value of equity shares held in subsidiary	-	-	2,92,73,04,000	-
	-	-	(2,92,73,04,000)	-
Advances given	-	-	5,720	3,997
	(7,13,52,765)	(27,16,34,668)	(184,582)	(329,585)
Advances received	27,06,81,672	12,98,82,000	1,70,00,000	1,78,857
	-	(22,26,526)	-	-
Liabilities settled	10,76,27,030	-	1,55,00,000	10,44,600
	(17,38,28,328)	(1,00,000)	(4,66,39,623)	-
Closing balance (Dr.)	96,00,18,799	7,99,18,403	41,020	-
	(53,05,767)	(21,24,61,766)	(39,982)	(1,74,860)
Closing balance (Cr.)	16,54,17,721	64,36,523	22,87,52,685	1,23,075
	(19,17,388)	-	(20,78,27,439)	-

Notes:

- i. Related party relationships have been identified by the management and relied upon by the auditors.
- ii. Figures in brackets represent those of the previous year.

**(C) Disclosure in respect of material transactions with related parties**

	2011 - 2012	2010 - 2011
<b>(i) Purchase of equity</b>		
Shree Maheshwar Hydel Power Corporation Limited	-	55,27,90,000
Ennertech Biofuels Limited	-	95,00,000
<b>(i) Income from investments</b>		
Shree Maheshwar Hydel Power Corporation Limited	15,05,67,963	22,03,12,498
<b>(ii) Sale of assignment of rights to subscribe to further equity</b>		
MW Infra Developers Limited	96,00,00,000	-
<b>(iii) Income from Inter corporate deposits</b>		
MW Unitexx Limited (formerly known as S.Kumars Unitex Limited)	99,36,211	1,39,21,516
SKM Fabrics (Amana) Limited*	-	45,81,372
<b>(iv) Interest paid</b>		
Shree Maheshwar Hydel Power Corporation Limited	2,15,88,851	-
<b>(v) Guarantees fees paid</b>		
MW Corp Private Limited	27,00,000	47,76,413
MW Infra Developers Limited	27,00,000	-
S.Kumars Retailer Services Pvt. Limited*	-	9,02,466
<b>(vi) Advance given</b>		
MW Infra Developers Limited	-	16,91,15,929
MW Unitexx Limited (formerly known as S.Kumars Unitex Limited)	-	1,24,82,000
SKM Fabrics (Amana) Limited.*	-	13,23,85,345
<b>(vii) Advance received</b>		
MW Infra Developers Limited	27,06,81,672	16,38,10,161
Shree Maheshwar Hydel Power Corporation Limited	1,70,00,000	-
MW Unitexx Limited (formerly known as S.Kumars Unitex Limited)	12,34,82,000	2,94,323
<b>(viii) Liabilities settled</b>		
MW Infra Developers Limited	10,14,89,978	16,38,10,161
Shree Maheshwar Hydel Power Corporation Limited	1,55,00,000	4,66,39,623
<b>(ix) Rental and other office administration expense paid</b>		
MW Corp Private Limited	57,51,458	62,98,291

\* The body corporate ceased to be a Party, under same group/Party under which directors are interested, from 28 March 2011

### 36. Segment reporting

The Company is engaged in the business of development of integrated global renewable energy projects and all operations comprise part of a single business segment namely 'Renewable Energy Services'. Therefore no separate segment information has been presented as per AS 17 'Segment Information', notified by the Central Government under Companies (Accounting Standards) Rules, 2006

### 37. Operating leases

The Company enters into leasing arrangements for office premises, guest houses and godown premises in general. The leases are cancellable and are generally for a period of one year. There are no significant conditions, restrictions or contingent rents. The total rental expense recognized in the statement of profit and loss for the period is Rs.78,68,748 (PY - Rs.74,74,422 ).

### 38. Applicability of Core Investment Company ('CIC) Guidelines issued by Reserve Bank of India ('RBI')

The Company based on the last years audited balance sheet is evaluating the applicability of CIC guidelines issued by the RBI and is in the process of seeking legal advice as to the applicability of such guidelines and to seek a possible exemption/extension by following the due process as listed in such guidelines.

### 38. Current year losses

Loss of Rs.58,36,91,289 is largely on account of finance charges of Rs.72,77,02,923 on borrowings made for deployment in hydel power project, which has yet to commence operations.

39. Mr.V. K. Jain, Managing Director has resigned w.e.f. 31 March 2012. The Company is in process of appointing a Managing Director.

### 40. Additional information pursuant to Part II of Schedule VI to the Companies Act, 1956

Additional information pursuant to Part II of Schedule VI to the Companies Act, 1956 as applicable is given below:

a) Quantitative Details of Goods Supplied to Energy Sector: **Renewable Energy**

Particulars	Opening Stock		Purchases		Utilisation		Closing Stock	
	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
Blocks,Briks,Cement & Sand	-	-	2 No's	3,370.00	-	-	2 No's	3,370.00
Civil Materials	-	-	161 No's	24,173.89	-	-	161 No's	2,41,73.89
Cement	-	-	3 kgs	58.15	-	-	3 kgs	58.15
Iron Structure	-	-	362 kgs	38,418.50	-	-	362 kgs	38,418.50
Miscellaneous Materials	-	-	2867 No's	3,38,453.66	-	-	2867 No's	3,38,453.65
Pipes	-	-	36.60 Mtrs	2,849.68	-	-	36.60 Mtrs	2,849.68
Solar Water Pumping System	-	-	10 No's	2,03,900.00	-	-	10 No's	2,03,900.00
SPV Home Light Sys. (37wp)	2 No's	28,400.01	-	-	-	-	2 No's	28,400.01

SPV Home Light Sys. (74wp)	1 No's	28,500.00	-	-	-	-	1 No's	28,500.00
SPV Lantern with Module	2 No's	5,225.69	-	-	-	-	2 No's	5,225.69
SSU-101 Solar Garden Light	1 No's	409.50	-	-	-	-	1 No's	409.50
SSU-10301 Solar Garden Light	1 No's	3,228.75	-	-	-	-	1 No's	3,228.75
SSU-10304 Solar Garden Light	1 No's	5,355.00	-	-	-	-	1 No's	5,355.00
Tank	-	-	2 No's	7,200.00	-	-	2 No's	7,200.00
Solar Water Heater	-	-	2 No's	66,000	2 No's	66,000	-	-
<b>Total</b>	-	<b>71,118.95</b>	-	<b>6,84,423.88</b>	-	<b>66,000.00</b>	-	<b>6,89,542.82</b>

b) Expenditure in foreign currency

	Year ended 31 March 2012	Year ended 31 March 2011
Expenditure incurred in foreign currency	Rs.32,88,406	Rs.37,19,041

### 39. Recoverability of current assets and loans and advances

In the opinion of the Board, the current assets and loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated and provision for all known and determined liabilities (except wherever otherwise stated) are adequate and not in excess of the amount reasonably necessary. Keeping in view the fact that the investments are of the long-term nature, no diminution in the book value of the said investments is considered during the year.

43. Previous year's figures have been regrouped/ rearranged/ reclassified wherever necessary to conform to current year's classification under Revised Schedule VI.

As notified by Ministry of Corporate Affairs, Revised Schedule VI under Companies Act, 1956 is applicable to the financial statements for the financial year commencing on or after 1 April 2011. Accordingly, the financial statements for the year ended 31 March 2012 are prepared in accordance with the Revised Schedule VI. The amount and disclosure included in the financial statements of the previous year have been reclassified to conform to the requirements of Revised Schedule VI.

#### For and on behalf of the Board

**Sd/-**  
**Mukul S. Kasliwal**  
**Chairman**

**Sd/-**  
**Warij A. Kasliwal**  
**Vice-Chairman**

**Sd/-**  
**Rekha Jagdale**  
**President (Corporate Affairs) & Company Secretary**

**Sd/-**  
**Sanjay Gopalan**  
**Chief Financial Officer**

Place: Mumbai  
Date: 27 August 2012

**Statement of particulars regarding Company's interest in the subsidiary pursuant to Section 212 of the Companies Act, 1956.**

1	Name of subsidiary as at 31 March 2012	Ennertech Biofuels Limited	Shree Maheshwar Hydel Power Corporation Limited	Rajasthan Solar Power Company Private Limited
2	The Company's interest in subsidiary			
(i)	No. of Shares held	10,00,000	29,17,20,400	10,000
(ii)	Face Value	Rs.10 per Share	Rs.10 per Share	Rs.10 per Share
(iii)	Extent of Holding	100.00%	58.43%	100.00%
3	Net aggregate amount, so far as it concerns members of the company and is not dealt with in the Company's accounts of the subsidiary's profits.			
(i)	For the year ended 31 <sup>st</sup> March, 2012	Rs.1,11,082/-	Nil	Rs.15,568/-
(ii)	For previous financial years of the subsidiary since it became a subsidiary.	Rs.66,12,544/-	Nil	Rs.54,111/-
4	Net aggregate amount of the profits so far as those profits are dealt with or provision is made for those losses in the company's accounts.			
(i)	For the year ended 31 <sup>st</sup> March, 2012	Nil	Nil	Nil
(ii)	For previous financial years of the subsidiary since it became a subsidiary.	Nil	Nil	Nil

For and on behalf of the Board

Sd/-  
**Mukul S. Kasliwal**  
 Chairman

Sd/-  
**Warij A. Kasliwal**  
 Vice-Chairman

Sd/-  
**Rekha Jagdale**  
 President (Corporate  
 Affairs) & Company  
 Secretary

Sd/-  
**Sanjay Gopalan**  
 Chief Financial Officer

Place : Mumbai  
 Date : 27 August 2012

**AUDITORS' REPORT**

**To**  
**The Board of Directors of Entegra Limited**

1. We have audited the attached Consolidated Balance Sheet of Entegra Limited ("the Company") and its subsidiaries (hereinafter collectively referred to as "the Group") as at 31 March 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (hereinafter collectively referred to as the "Consolidated Financial Statements"). These Consolidated Financial Statements are the responsibility of the Group's management and have been prepared by the Group's management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Consolidated Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that:
  - (a) the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard ('AS') 21 "Consolidated Financial Statements" as notified in the Companies (Accounting Standard) Rules, 2006.
  - (b) We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets (after eliminating intra-group transactions) of Rs. 35,70,78,59,814 as at 31 March 2012 total revenues (after eliminating intra-group transactions) of Rs. Nil and net cash outflows amounting to Rs.72,07,740 for the year ended on that date. Those financial statements and other financial information have been audited by other auditors, whose reports have been furnished to us, and our opinion is based solely on the reports of the other auditors.
4. Without qualifying our report we draw attention to;
  - (a) Note 3(b) which states that in respect of payable to a bank, in absence of formal communication from the bank, an interest amounting to Rs. 56,85,97,912 has been provided based on management's estimate and the final liability will be determined on conclusion of settlement with bank.
  - (b) Note No. 35 of Notes to accounts with regard to the attainment of the Commercial Operation Date (COD) of the Project which is reference date for the commencement of repayment of term loans and zero coupon bonds (ZCBs). The Board of Directors of Power Finance Corporation Limited (PFC), the Lead Lender approved revision to the scheduled COD to 31 December, 2013 as against the earlier COD of 31 December, 2010. However, formal revision in COD from all other lenders is awaited. The Company has, meanwhile, classified the term loans along with ZCBs aggregating Rs.67,79,15,213 (P.Y. Rs.2,98,48,914) under 'long term borrowings' assuming that all other lenders would agree to such revision as approved by PFC. These borrowings were, otherwise, required to be classified as 'Short Term borrowings' as the same were falling due for payment from January, 2012 to March, 2013, based on earlier COD date of 31 December, 2010.



- (c) Note 46, in relation to the Company's registration as Core Investment Company as defined under the Guidelines issued by the Reserve Bank of India (RBI) vide its circular RBI/2010-11/360 DNBS (PD) CC. No. 206/03.10.001/2010-11 dated 5 January 2011. The Company is in the process of seeking legal advice on the applicability of the Guidelines and extension of time for applying for registration.
5. Based on our audit and on consideration of reports of other auditors on the separate financial statements and on the other financial information of the subsidiaries, and to the best of our information and according to the explanations given to us, in our opinion, the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India, in case of:
- (a) the case of Consolidated Balance sheet, of the state of affairs of the Group as at 31 March 2012,
- (b) the case of the Consolidated Statement of Profit and Loss Account, of the loss for the year ended on 31 March 2012 and,
- (c) the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **Walker, Chandiok & Co**  
Chartered Accountants  
Firm Registration No: 001076N

For **Shyam Malpani & Associates**  
Chartered Accountants  
Firm Registration No: 120438W

Sd/-  
**Aymn Jassani**  
Partner  
Membership No. F-46447

Place: Mumbai  
Date: 27 August 2012

Sd/-  
**Shyam Malpani**  
Proprietor  
Membership No. F-34171

Place: Mumbai  
Date: 27 August 2012

**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2012**
**(Amount in Rs.)**

Particulars	Note	As at 31st March 2012	As at 31st March 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>	1	3,17,15,30,090	2,42,52,90,710
(a) Share Capital	2	20,15,91,985	1,42,90,04,216
(b) Reserves and Surplus			
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	3	24,93,27,71,071	25,49,60,61,506
(b) Other long term liabilities	4	78,92,34,092	68,87,31,110
(c) Long term provisions	5	1,48,19,115	1,34,94,733
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	3	4,29,39,38,658	3,19,65,44,521
(b) Trade payables	6	68,04,41,848	25,57,24,486
(c) Other current liabilities	7	4,25,23,80,750	1,69,53,38,124
(d) Short-term provisions	8	16,99,79,293	16,73,89,964
Minority Interest		2,07,55,86,000	1,07,55,86,000
<b>Total</b>		<b>40,58,22,72,902</b>	<b>36,44,31,65,370</b>
<b>II.Assets</b>			
<b>Goodwill on consolidation</b>		3,23,57,86,000	3,23,57,86,000
<b>Premium paid on purchase of OFCD's (Refer Note 28)</b>		-	88,74,79,337
<b>(1) Non-current assets</b>			
(a) Fixed assets	9		
(i) Tangible assets		14,99,35,878	
(ii) Intangible assets		4,66,119	15,56,65,885
(iii) Capital Work in progress		35,25,47,33,395	-
(iv) Intangible assets under development		97,20,989	30,50,99,93,088
(b) Non-current investments		4,28,470	90,40,009
(c) Long term loans and advances	11	44,05,60,277	4,28,470
(d) Other non-current assets	12	1,12,14,37,483	48,09,36,461
	13		34,76,62,808
<b>(2) Current assets</b>			
(a) Inventories	14	6,89,543	1,41,869
(b) Trade receivables	15	7,38,33,844	7,75,66,127
(c) Cash and cash equivalents	16	5,58,92,935	13,66,33,245
(d) Short-term loans and advances	17	23,59,94,733	59,72,27,723
(e) Other current assets	18	27,93,236	46,04,348
<b>Total</b>		<b>40,58,22,72,902</b>	<b>36,44,31,65,370</b>

As per our attached Report of even date

**For Walker, Chandiook & Co**  
 Chartered Accountants

 Sd/-  
**Amyr Jassani**  
 Partner

 Mumbai  
 Dated : 27 August 2012

**For Shyam Malpani & Associates**  
 Chartered Accountants

 Sd/-  
**Shyam Malpani**  
 Proprietor

 Mumbai  
 Dated : 27 August 2012

**For and on behalf of the Board**

 Sd/-  
**Mukul S.Kasliwal**  
 Chairman

 Sd/-  
**Rekha Jagdale**  
 President (Corporate Affairs)  
 & Company Secretary

 Mumbai  
 Dated : 27 August 2012

 Sd/-  
**Warj A. Kasliwal**  
 Vice-Chairman

 Sd/-  
**Sanjay Gopalan**  
 Chief Financial Officer

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2012**

(Amount in Rs.)

Particulars	Note	Year Ended 31 March 2012	Year Ended 31 March 2011
<b>INCOME</b>			
I. Revenue from operations	19	82,858	91,15,097
II. Other income	20	2,72,96,360	2,53,11,624
		<b>2,73,79,218</b>	<b>3,44,26,721</b>
<b>III. Total (I+II)</b>			
<b>IV. EXPENDITURE</b>			
Cost of materials consumed		-	-
Purchase of stock-in-trade		6,89,894	5,11,681
Changes in inventories		(5,47,674)	9,81,875
Employee benefit expense	21	1,98,84,521	1,63,37,909
Finance costs	22	47,33,34,264	37,51,05,929
Depreciation and amortisation	23	8,58,367	6,27,336
Other expenses	24	8,55,31,772	6,39,94,220
		<b>57,97,51,144</b>	<b>45,75,58,950</b>
<b>Total expenses</b>		<b>( 55,23,71,926)</b>	<b>( 42,31,32,229)</b>
V. Profit before exceptional and extraordinary items and tax		( 7,25,20,663)	-
VI. Exceptional items	25	1,57,762	84,224
VII. Prior Period adjustments			
VIII. Profit before extraordinary items and tax (V - VI-VII)		<b>( 48,00,09,025)</b>	<b>( 42,32,16,453)</b>
IX. Extraordinary items		-	-
X. Profit before tax (VIII - IX)		<b>( 48,00,09,025)</b>	<b>( 42,32,16,453)</b>
Less: Tax Expense			
Current tax		-	-
Deferred tax		8,218	-
Fringe benefit tax		-	11,224
		<b>( 48,00,17,243)</b>	<b>( 42,32,27,677)</b>
<b>XI. Profit(Loss) from the period from continuing operations</b>		<b>( 44,46,30,035)</b>	<b>( 2,14,02,358)</b>
XII. Balance brought forward			
<b>XIII. Profit/(Loss) for the period (XI + XII)</b>		<b>( 92,46,47,278)</b>	<b>( 44,46,30,035)</b>
XIV. Earning per equity share:			
(1) Basic		(2.09)	(2.33)
(2) Diluted		(2.09)	(2.33)

As per our attached Report of even date

**For Walker, Chandio & Co**  
 Chartered Accountants

 Sd/-  
**Amyr Jassani**  
 Partner

 Mumbai  
 Dated : 27 August 2012

**For Shyam Malpani & Associates**  
 Chartered Accountants

 Sd/-  
**Shyam Malpani**  
 Proprietor

 Mumbai  
 Dated : 27 August 2012

**For and on behalf of the Board**

 Sd/-  
**Mukul S. Kasliwal**  
 Chairman

 Sd/-  
**Rekha Jagdale**  
 President (Corporate Affairs)  
 & Company Secretary

 Mumbai  
 Dated : 27 August 2012

 Sd/-  
**Warid A. Kasliwal**  
 Vice-Chairman

 Sd/-  
**Sanjay Gopalan**  
 Chief Financial Officer

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012**
**(Amount in Rs.)**

	<b>For the year ended 31 March 2012</b>	<b>For the year ended 31 March 2011</b>
<b>Net profit before tax and extraordinary items</b>	<b>( 48,00,09,025)</b>	<b>( 42,32,16,453)</b>
Adjustments for:		
Depreciation	8,58,367	6,27,336
Interest and financial charges	47,33,34,264	37,51,05,929
Interest income	( 2,69,45,802)	( 2,50,00,514)
Provision for doubtful advances	10,41,840	10,50,008
Provision for leave travel allowance	(1,56,206)	4,42,029
Sundry balances written off	3,93,42,196	2,84,238
Foreign exchange fluctuation	92,254	(9,212)
Provision for compensated absences and gratuity	4,09,276	10,86,523
Sundry balances written back	(1,34,636)	(2,73,922)
Miscellaneous income	(2,15,922)	(27,976)
(Profit)/ Loss on sale of assignment	( 7,25,20,663)	-
Loss on sale of fixed assets	2,00,499	2,500
<b>Operating profit/(loss) before working capital changes</b>	<b>( 6,47,03,558)</b>	<b>( 6,99,29,515)</b>
Adjustments for working capital changes :		
(Increase)/decrease in inventory	(5,47,674)	9,81,875
(Increase)/decrease in trade and other receivables	96,37,32,283	(46,07,341)
Increase/(decrease) in trade and other payables	( 36,62,32,048)	( 21,33,57,123)
<b>Cash used operations</b>	<b>53,22,49,003</b>	<b>( 28,69,12,103)</b>
Taxes Paid (net of interest on income tax refunds)	( 1,07,87,966)	( 2,70,44,052)
<b>Net cash flow from/(used) in operating activities      Total (A)</b>	<b>52,14,61,037</b>	<b>( 31,39,56,155)</b>
<b>Cashflow from investing activities</b>		
(Increase)/decrease in pre-operative expenses	(3,83,18,56,365)	(3,53,23,77,409)
Adjustment for		
Depreciation	59,99,407	65,72,664
Interest & other financial expenses	3,02,82,55,522	2,45,37,17,252
Loss on sale of fixed assets	8,594	1,07,500
Provision for income tax	96,93,493	1,45,45,585
Wealth tax	75,585	45,148
Short provision of Fringe Benefit Tax for earlier years	2,02,018	-
Purchase of fixed assets	(13,96,182)	-
Amounts given under fixed deposits	34,76,662	( 2,98,89,262)
Sale of Fixed Assets	1,35,123	99,571
(Increase)/decrease in investments	-	(35,61,715)

<b>Adjustment for movement in working capital</b>		
Increase/(decrease) in sundry creditors & other payables	1,75,50,99,441	4,47,93,515
(Increase) / decrease in loans & advances	44,74,51,567	( 29,04,36,159)
Purchase/disposal of fixed assets	(12,22,896)	(64,53,260)
(Increase)/decrease in CWIP	( 68,01,04,134)	(2,00,91,00,165)
(Increase)/decrease in material in transit	-	12,68,401
(Increase)/decrease in capital advances	3,83,15,730	37,89,75,147
<b>Net cash flow from/(used in) investing activities</b>	<b>Total (B)</b>	<b>77,41,33,565</b>
		<b>( 297,16,93,187)</b>
<b>Cashflow from financing activity</b>		
Loans and advances received back/(given)	( 69,40,13,487)	( 28,38,02,037)
Bonus issue expenses	(11,55,608)	-
Proceeds from issue of share capital	1,00,00,00,000	32,61,746
Repayment of debentures	( 36,36,36,362)	-
Interest and finance charges paid	(1,57,33,44,748)	(2,54,20,33,556)
Interest Income	2,77,04,995	96,53,118
Proceeds from loans	46,40,68,305	7,53,76,45,777
Payment of loans	( 25,59,63,995)	(2,04,53,61,914)
<b>Net cashflow from/(used in) financing activities</b>	<b>Total (C)</b>	<b>(1,39,63,40,900)</b>
<b>Net decrease in cash &amp; cash equivalents</b>	<b>Total (A+B+C)</b>	<b>( 60,62,86,208)</b>
<b>Cash and cash equivalents - Opening balance</b>	<b>10,45,43,983</b>	<b>71,08,30,191</b>
<b>Cash and cash equivalents - Closing balance</b>	<b>37,97,685</b>	<b>10,45,43,983</b>
<b>Note:</b>		
<b>Cash and cash equivalents include:</b>		
Cash in hand	3,99,575	48,61,174
Balance with schedule banks		
- In current accounts	33,98,110	1,57,29,247
- In fixed deposits (with maturity upto 3 months)	-	8,39,53,562
	<b>37,97,685</b>	<b>10,45,43,983</b>

As per our attached Report of even date

**For Walker, Chandiok & Co**  
 Chartered Accountants

 Sd/-  
**Amyr Jassani**  
 Partner

 Mumbai  
 Dated : 27 August 2012

**For Shyam Malpani & Associates**  
 Chartered Accountants

 Sd/-  
**Shyam Malpani**  
 Proprietor

 Mumbai  
 Dated : 27 August 2012

**For and on behalf of the Board**

 Sd/-  
**Mukul S.Kasliwal**  
 Chairman

 Sd/-  
**Rekha Jagdale**  
 President (Corporate Affairs)  
 & Company Secretary

 Mumbai  
 Dated : 27 August 2012

 Sd/-  
**Warj A. Kasliwal**  
 Vice-Chairman

 Sd/-  
**Sanjay Gopalan**  
 Chief Financial Officer

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2012**

Particulars	As at 31 March 2012		As at 31 March 2011	
	No. of shares	Amounts	No. of shares	Amounts
<b>NOTE - 1. SHARE CAPITAL</b>				
Authorised share capital				
Equity shares				
Equity shares of Rs. 10/- each	46,45,10,000	4,64,51,00,000	46,45,10,000	4,64,51,00,000
Preference shares				
Preference shares of Rs. 10/- each	53,60,00,000	5,36,00,00,000	53,60,00,000	5,36,00,00,000
	<b>1,00,05,10,000</b>	<b>10,00,51,00,000</b>	<b>1,00,05,10,000</b>	<b>10,00,51,00,000</b>
Issued, subscribed and fully paid up				
Equity shares				
Equity shares of Rs. 10/- each	31,71,53,009	3,17,15,30,090	10,68,59,071	1,06,85,90,710
Preference shares				
Compulsory convertible preference shares (CCPS) of Rs. 10/- each [These shares were compulsorily convertible into equity shares in the ratio of 1:1, within a period of five years from date of allotment.]	-	-	13,56,70,000	1,35,67,00,000
	<b>31,71,53,009</b>	<b>3,17,15,30,090</b>	<b>24,25,29,071</b>	<b>2,42,52,90,710</b>
a) Reconciliation of share capital (Equity share capital)				
Balance at the beginning of the year	10,68,59,071	1,06,85,90,710	10,68,59,071	1,06,85,90,710
Add : Bonus issue made during the year	7,46,23,938	74,62,39,380	-	-
Add: CCPS converted into equity shares	13,56,70,000	1,35,67,00,000	-	-
Balance at the end of the year	<b>31,71,53,009</b>	<b>3,17,15,30,090</b>	<b>10,68,59,071</b>	<b>1,06,85,90,710</b>
b) Reconciliation of share capital (Preference share capital)				
Balance at the beginning of the year	13,56,70,000	1,35,67,00,000	13,56,70,000	1,35,67,00,000
Less : CCPS converted into equity shares during the year	13,56,70,000	1,35,67,00,000	-	-
Balance at the end of the year	-	-	<b>13,56,70,000</b>	<b>1,35,67,00,000</b>
c) Shares held by holding company and ultimate holding company				
Shareholding structure				
Equity shares of Rs.10/- each				
MW Corp Private Limited - Ultimate holding company	24,17,799	2,41,77,990	18,48,905	1,84,89,050
MW Infra Developers Limited - Holding company	22,45,88,350	2,24,58,83,500	6,94,78,601	69,47,86,010
d) Shares held by holding company, ultimate holding company, subsidiaries / associates of holding company or ultimate holding company	<b>22,70,06,149</b>	<b>2,27,00,61,490</b>	<b>7,13,27,506</b>	<b>71,32,75,060</b>
Preference shares of Rs. 10/- each	-	-	13,56,70,000	1,35,67,00,000
MW Infra Developers Limited - Holding company	-	-	<b>13,56,70,000</b>	<b>1,35,67,00,000</b>
	<b>% of issued capital</b>	<b>No. of shares</b>	<b>% of issued capital</b>	<b>No. of shares</b>
e) Shareholders holding more than 5% of the shares				
Equity shares of Rs.10/- each				
MW Infra Developers Limited	71%	22,45,88,350	65%	6,94,78,601
Hakmans Financial Services & Securities Pvt. Ltd	11%	3,56,84,615	100%	-
Preference shares of Rs. 10/- each	-	-		13,56,70,000
MW Infra Developers Limited		<b>26,02,72,965</b>		<b>20,51,48,601</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2012**

Particulars	As at 31 March 2012		As at 31 March 2011	
	Number	No. of shares	No. of shares	No. of shares
<b>f) Details of shares allotted as fully paid up by way of bonus issues and brought back during the last 5 years Equity shares</b>				
<b>Year ended</b>	<b>Face value</b>	<b>Bonus issue</b>	<b>Buy back of shares</b>	<b>Without payment received in cash</b>
31 March 2012 (Refer #1 below)	10	7,46,23,938	-	-
31 March 2011	-	-	-	-
31 March 2010	-	-	-	-
31 March 2009 (Refer #2 below)	10	-	-	-
31 March 2008	-	-	-	50,00,000
				-
<b>Compulsory convertible preference shares</b>				
<b>Year ended</b>	<b>Face value</b>	<b>Bonus issue</b>	<b>Buy back of shares</b>	<b>Without payment received in cash</b>
31 March 2012	-	-	-	-
31 March 2011	-	-	-	-
31 March 2010	-	-	-	-
31 March 2009 (Refer #2 below)	10	-	-	13,56,70,000
31 March 2008	-	-	-	-

#1: During the year, the Company has issued bonus shares on equity shares in the ratio of 4:13 i.e. 4 (four) equity shares for every 13 (thirteen) equity shares held. The Company has issued a total of 7,46,23,938 shares on equity shares held on the record date. This bonus issue also includes shares issued on 13,56,70,000 Compulsory Convertible Preference Shares ('CCPS') which were converted into equal number of equity shares, prior to the record date.

#2: Pursuant to the Scheme of Merger of SKG Power Ventures Private Limited ('SKGPV') with the Company, as approved by the shareholders and sanctioned by the Honourable High Court of Bombay, 5,00,000 equity shares of Rs. 10 each and 13,56,70,000 CCPS of Rs. 10 each were issued to shareholders of SKG Power Ventures Private Limited for consideration other than cash.

#3 Term/Rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share except as otherwise stated.

	<b>As at 31 March 2012</b>	<b>As at 31 March 2011</b>
<b>NOTE - 2 RESERVES AND SURPLUS</b>		
Securities premium reserves		
Balance at the beginning of the year	1,87,36,34,251	1,87,36,34,251
Less : Utilised for issue of bonus shares	74,62,39,380	-
Less : Share issue expenses written off	11,55,608	-
Balance at the end of the year	<b>1,12,62,39,263</b>	<b>1,87,36,34,251</b>
Surplus/(Deficit) in the statement of profit and loss		
Balance at the end of the year	( 92,46,47,278)	( 44,46,30,035)
	<b>20,15,91,985</b>	<b>1,42,90,04,216</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2012**

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 3 LONG TERM BORROWINGS</b>		
Secured Loan		
Term Loan		
- From banks	4,20,81,79,735	6,56,24,72,463
- From financial institutions	13,96,22,11,430	13,96,22,11,430
Vehicle loans	-	3,61,339
Zero Coupon Bonds ('ZCB')	3,42,66,98,092	3,42,66,98,092
<b>Total</b>	<b>(A) 21,59,70,89,257</b>	<b>23,95,17,43,324</b>
Unsecured Borrowings		
Non Convertible Debentures		
2175 9.75% Non Convertible Debentures of Rs.10,00,000 each fully paid up (Bearing 9.75% rate of Interest, redemption started from 23rd Sep. 2011 in 22 Half yearly Installments)	1,75,95,45,449	62,72,72,727
1825 10.75% Non Convertible Debentures of Rs.10,00,000 each fully paid up (Bearing 10.75% rate of Interest, redemption started from 14th Feb 2012 in 22 Half yearly Installments)	1,57,61,36,365	91,70,45,455
<b>Total</b>	<b>(B) 3,33,56,81,814</b>	<b>1,54,43,18,182</b>
<b>Total</b>	<b>(A+B) 24,93,27,71,071</b>	<b>25,49,60,61,506</b>
<b>NOTE - 3. SHORT TERM BORROWINGS</b>		
Secured Loan		
Loan repayable on demand		
- From banks	2,91,55,71,669	2,53,98,87,211
- From other parties	38,59,00,000	-
Term Loans		
- From banks	-	81,16,534
Inter corporate deposits	6,65,00,000	8,50,00,000
Unsecured Loans		
Madhya Pradesh State Industrial Development Corporation Limited ('MPSIDC')	52,27,53,000	
Loans & advances from related party	29,35,91,273	55,27,53,000
Inter corporate deposits	3,66,22,716	-
Other interest free loans	7,30,00,000	1,07,87,776
<b>Total</b>	<b>4,29,39,38,658</b>	<b>3,19,65,44,521</b>



3. a) Security given against loans outstanding during current and previous year

Term loan from a bank outstanding as on 31 March 2011 (P.Y Rs 2,58,39,20,000) (fully repaid during the current year)

- Pledge of bonds of SMHPCL owned by the Company.
- First Pari passu charge and escrow of the dividend received from SMHPCL for Entegra's shareholding in SMHPCL for the loan amount in excess of the face value of pledge bonds plus differential amount between interest.
- Personal guarantee of promoter director for the loan amount in excess of the face value of pledged bonds.

Term loan Rs 25,00,00,000 and a Loan repayable on demand Rs 3,01,59,24,658 (P.Y Rs 2,57,95,54,795) (Rs 2,50,00,00,000 plus interest accrued thereon)

- Extension of charge on Marol, MIDC property by S. Kumars Retailer Services Private Limited.
- Pledge of 4,05,37,530 of promoter's equity shares in Entegra Limited and 10,07,970 equity shares of Shree Ram Urban Infrastructure Limited as collateral security.
- Personal guarantee of the promoter directors and corporate guarantee of the parent company MW Infra Developers Private Limited.

Cash credit facility outstanding as on 31 March 2011 (Fully repaid during the current year)

- Cash credit facility availed of Rs. 81,16,534 from a bank was secured by way of fixed deposit of Rs. 1,00,00,000.

“Above Term Loans and ZCBs together with all interest, additional interest, default interest/ liquidated damages, premium on prepayment, costs, charges, expenses and other monies whatsoever stipulated under this Agreement shall be secured by:

- a) a first mortgage and charge in favour of the Lenders and the Bondholders of all the Borrower's immovable properties including the properties pertaining to the Project both present and future;
- b) a first charge by way of hypothecation in favour of the Lenders of (i) all the Borrower's moveable properties including moveable machinery, machinery spares, equipments, tools, accessories, both present and future; and (ii) escrow receivables collected by State Electricity Board from a particular circle acceptable to the Lenders and the arrangement to make such escrow receivables shall be made three months prior to COD;”

“c) an assignment by the Borrower by way of first charge in favour of the Lenders and the Bondholders of:

- i) all the rights, title and interests of the Borrower in, to and under all the Receivables, Accounts including Retention Accounts and book debts, both present and future,
- ii) the right, title and interest of the Borrower in, to and under all (a) of the Project Documents, and (b) the guarantees, letters of credit other performance bonds, indemnities, liquidated damages and contractors guarantees that may be furnished in favour of the Borrower by the various counter-parties under the Project Documents such as PPA (including the connecting securities) and EPC Contracts, after obtaining the written consent of the parties thereto, if necessary, and
- iii) the right, title and interest of the Borrower in, to and under all the Government Approvals, insurance policies and uncalled capital of the Borrower in the Project;
- iv) letter of credit from MPSEB covering 1.05 months of tariff payment to the Borrower; “

“d) **Personal Guarantee and Corporate guarantee**

- (i) Irrevocable and unconditional Personal Guarantee and Corporate guarantee shall have the meaning assigned to it under Schedule XIII hereto.
- (ii) Irrevocable and unconditional Personal Guarantee by Shri. Mukul S. Kasliwal to cover the total aggregate liability towards the Lenders, together with all interest, liquidated damages, costs, charges, expenses and all other monies for the Aggregate outstanding loan.

(iii) Irrevocable and unconditional Corporate guarantee by M/s Entegra Ltd and M/s M. W. Infra Developers (Pvt) Ltd. to cover the total aggregate liability towards the Lenders, together with all interest, liquidated damages, costs, charges, expenses and all other monies for the aggregate outstanding loan.

“e) Pledge of shares to the satisfaction of the Lenders in the manner stipulated below;  
 (i) Pledge of entire shareholding held by the Promoters in the equity capital of the Borrower together with any future accretions shall remain pledged till the Final Settlement Date; and  
 (ii) in the event of the borrower going for fresh issue of shares, it shall ensure that a minimum 51% of equity shares of the company in the capital of the borrower is always held by the Promoters and shall stand pledged.

The aforesaid mortgages, charges, pledge, guarantees and assignments shall in all respects rank pari-passu interse amongst each of the Lenders for their loans provided/to be provided to the borrower for implementation of the project.

Provided that any mortgages/charges to be created by the Borrower in favour of the Subordinate Lender, if any shall rank second, subsequent and subservient to the charges/ mortgages created/ to be created by the Borrower in favour of the Lenders.”

#### Vehicle loan

- Vehicle loan was secured against vehicles purchased there against.

#### Inter corporate deposits

- Inter corporate deposits are secured by pledge of 1,00,77,186 shares of a group company and 1,51,22,387 shares of other promoter companies.

#### 3. b) Details of continuing default in payment of interest

Particulars	Period of Default	As at 31 March 2012		As at 31 March 2011	
		Default in Principal Payment	Default in Interest Payment	Default in Principal Payment	Default in Interest Payment
Dena Bank	Jan-12 to Mar-12	-	40,08,608	-	65,54,373
General Insurance Corporation Ltd	Jul-10 to Mar-12	-	82,39,542	-	41,80,566
IDBI	Jan-12 to Mar-12	-	42,22,811	-	22,19,704
IFCI	Mar-11 to Mar-12	-	4,35,47,266	-	92,11,208
Life Insurance Corporation	Feb-11 to Mar-12	-	12,57,31,807	-	71,68,284
National Insurance Co.	Jul-10 to Mar-12	-	38,64,610	-	14,66,829
Power Finance Corporation (RTL)	Apr-11 to Mar-12	-	1,05,52,52,730	-	23,23,30,959
REC Ltd	Jan-11 to Mar-12	-	44,51,43,572	-	16,55,33,623
HUDCO	Jan-11 to Mar-12	-	42,36,87,027	-	9,47,15,328
State Bank Of India (TL)	Jan-12 to Mar-12	-	6,82,66,183	-	-
Central Bank Of India (TL)	Jan-12 to Mar-12	-	5,72,12,400	-	1,67,50,977
The New India Assurance Co. Ltd.	Nov-05 to Mar-12	-	1,71,30,856	-	1,37,19,052
The Oriental Insurance Co. Ltd.	Nov-05 to Mar-12	-	86,08,468	-	50,45,580
United India Insurance Co. Ltd.	Jul-10 to Mar-12	-	53,98,279	-	18,83,978

Further, in respect of principal amount payable to a bank aggregating Rs 2,75,00,00,000, there have been certain defaults, the bank has ceased to provide a statement of transactions for the interest and bank charges. In respect of the principal amount of Rs 25,00,00,000, the Company had not repaid two quarterly installments amounting to Rs 3,00,00,000 and interest on such borrowings has not been paid since February 2011. Further, the Company does not have available terms and

conditions relating to the principal outstanding of Rs 2,50,00,00,000 and the interest thereon. The management is in process of negotiating with the bank for settlement of these liabilities. In absence of formal communication from the bank, the interest of Rs. 56,85,97,912 has been provided based on management's estimate of the maximum possible liability as arrived from the discussion with the bank. The management believes that provision is adequate and the amount payable on final settlement will not exceed the liability provided in books.

During the year, the Company defaulted in repayment of a Inter corporate deposit amounting to Rs 1,50,00,000 and interest thereon Rs 368,630.

### 3. c) Terms of repayment of term loans and other loans

1. Inter Corporate Deposits are repayable on maturities within the period of April to August 2012 carrying an interest rate of 12% to 18%.

“2. Term Loan of Rs.25,00,00,000 was repayable in sixteen quarterly installments commencing from October, 2011 of which first twelve installments were amounting to Rs.1,50,00,000 and balance four installments of Rs.1,75,00,000 per quarter. The loan carries an interest rate of 14% to 15.25%.

Post non-payment of principal and interest thereon, the entire loan has been taken as repayable on demand.”

3. The Company has recognized a liability of Rs 2,75,00,00,000 towards a loan repayable on demand. Based on discussions with the bank, interest on such loan has been accrued by the Company at the same rate as that of the term loan taken from the same bank.

4. Cash credit facility carried a interest rate of 9.1%.

5. Loan from related party consists loan received from the holding company, which is repayable on demand. This loan is interest free.

“6. The Company has filed an application with MPSIDC for agreeing the terms of closure of an outstanding loan against which the Company made payments aggregating Rs. 22,09,76,000 till 11 July 2006. The application is under evaluation and the Company expects that on finalization of the terms, it would not be required to repay amount exceeding the amount of liability of Rs.52,27,53,000 Lakh already recognized in the books.

As on the date of the approval of these financial statements, a formal decision in respect of the Company's above proposal is yet to be taken by the MPSIDC. On 25 April 2011, the Company has also made a payment of Rs.3,00,00,000 as part settlement of this loan liability.”

7. Zero Coupon Bonds - Bearing 0% rate of Interest due for redemption 12 months post COD in 80 quarterly installments.

8. Term loans from banks are carrying interest ranging from 8.5% To 14.90% and are repayable 18 months post the COD in 60 quarterly installments.

9. Term loans from financial institutions are carrying interest ranging from 8.5% To 15.05% and are repayable 18 months post the COD in 60 quarterly installments. Term Loan from Financial Institutions includes Subordinate Loan

10. Loan from related party consists loan received from the holding company and a group company, which are repayable on demand. The loan from the holding company is interest free while the loan from the group company has an interest rate of 12%.

11. Vehicle loans from banks are carrying interest ranging from 12.25% to 12.77%. Repayment of all the above loans started within one month from the disbursement of the loan and secured by the hypothecation of the vehicles financed.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2012**

	As at 31 March 2012	As at 31 March 2011
<b>NOTE-4. OTHER LONG TERM LIABILITIES</b>		
Retention Money Payable	16,50,47,480	15,31,54,716
Others	62,41,86,612	53,55,76,394
Other long term liabilities mainly consists of i) Guarantee Commission payable for OFCD issue Rs.44.19 Crores (P.Y. Rs.35.51 crores and ii) Assets taken over from MPSEB for Rs.17.81 crores (P.Y.Rs.17.81 crores) refer note No. 26 for details		
	<b>78,92,34,092</b>	<b>68,87,31,110</b>
<b>NOTE- 5. LONG TERM PROVISIONS</b>		
Provision for employee benefits	1,34,69,957	1,22,77,026
- Gratuity (unfunded)	13,49,158	12,17,707
- Compensated absences (unfunded)	<b>1,48,19,115</b>	<b>1,34,94,733</b>
<b>NOTE -6. TRADE PAYABLES</b>		
- For goods	68,04,41,848	25,57,24,486
	<b>68,04,41,848</b>	<b>25,57,24,486</b>
<b>NOTE - 7. OTHER CURRENT LIABILITIES</b>		
Interest accrued and due on loans	2,84,27,10,040	67,29,69,788
Interest accrued but not due on loans	31,85,83,764	33,20,57,466
Current maturities of long-term debt	36,39,97,702	47,20,03,756
Advance received from customers	5,06,88,370	5,00,000
Payables for expenses	6,47,09,962	4,69,57,477
	61,16,90,912	17,08,49,638
Other liabilities		
	<b>4,25,23,80,750</b>	<b>1,69,53,38,124</b>
<b>NOTE - 8 SHORT-TERM PROVISIONS</b>		
Provision for employee benefits	58,82,169	58,42,689
Others	16,40,97,124	16,15,47,275
	<b>16,99,79,293</b>	<b>16,73,89,964</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2012**  
**NOTE - 9 FIXED ASSETS**

(Amount in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK		
	As at 1 April 2011	Additions during the year	Deductions during the year	As at 31 March 2012	As at 1 April 2011	For the year	On Deduction/ Adjustments	Upto 31 March 2012	As at 31 March 2012	As at 31 March 2011	
<b>i) Tangible Assets</b>											
Land - Freehold	5,87,59,123	-	-	5,87,59,123	-	-	-	-	5,87,59,123	5,87,59,123	
Land - Leasehold	1,83,06,844	-	-	1,83,06,844	78,47,898	6,10,227	-	84,58,125	98,48,719	1,04,58,946	
Building	7,00,65,220	-	-	7,00,65,220	1,64,39,257	11,44,872	-	1,75,84,129	5,24,81,091	5,36,25,963	
Water supply installation	5,62,568	5,400	-	5,67,968	3,00,645	18,793	-	3,19,438	2,48,530	2,61,923	
Electric equipment and installation	34,74,918	83,790	-	35,58,708	16,21,780	1,82,626	-	18,04,406	17,54,302	18,53,138	
Internal distribution line	1,83,17,600	-	-	1,83,17,600	64,83,632	8,72,470	-	73,56,102	1,09,61,498	1,18,33,968	
Tools and equipments	23,19,988	-	-	23,19,988	1,53,675	1,05,868	-	2,59,543	20,60,445	21,66,313	
Computers	73,07,001	1,73,247	7,599	74,72,649	57,20,758	4,96,582	1,439	62,15,901	12,56,748	15,86,243	
Office equipments	38,52,977	1,55,755	1,00,095	39,08,637	14,14,730	2,11,572	13,804	16,12,498	22,96,139	24,38,247	
Machinery	78,868	-	-	78,868	11,358	3,744	-	15,102	63,766	67,510	
Furniture and fixtures	67,97,742	77,400	17,445	68,57,697	49,19,073	3,54,575	12,853	52,60,795	15,96,902	18,78,669	
Vehicles	2,59,37,369	8,60,000	16,86,646	2,51,10,723	1,52,01,527	25,54,265	12,53,684	1,65,02,108	86,08,615	1,07,35,842	
<b>SUB TOTAL (i)</b>	<b>21,57,80,218</b>	<b>13,55,592</b>	<b>18,11,785</b>	<b>21,53,24,025</b>	<b>6,01,14,333</b>	<b>65,55,594</b>	<b>12,81,780</b>	<b>6,53,88,146</b>	<b>14,99,35,878</b>	<b>15,56,65,885</b>	
<b>ii) Intangible Assets</b>											
Computer Software	-	7,68,299	-	7,68,299	-	3,02,180	-	3,02,180	4,66,119	-	
<b>SUB TOTAL (ii)</b>	<b>-</b>	<b>7,68,299</b>	<b>-</b>	<b>7,68,299</b>	<b>-</b>	<b>3,02,180</b>	<b>-</b>	<b>3,02,180</b>	<b>4,66,119</b>	<b>-</b>	
<b>iii) Capital Work-in-progress</b>											
Design, engineering and consultancy	42,44,96,157	18,63,052	-	42,63,59,209	-	-	-	-	42,63,59,209	42,44,96,157	
Civil works	8,00,75,74,527	50,18,41,118	-	8,50,94,15,645	8,50,94,15,645	-	-	-	8,50,94,15,645	8,00,75,74,527	
Hydromechanical works	2,71,60,75,749	16,19,27,334	-	2,87,80,03,083	2,87,80,03,083	-	-	-	2,87,80,03,083	2,71,60,75,749	
Electromechanical works	3,00,24,88,621	1,44,75,481	-	3,01,69,64,102	3,01,69,64,102	-	-	-	3,01,69,64,102	3,00,24,88,621	
Plant and machinery	20,75,03,572	4,06,59,62,714	-	20,75,03,572	20,75,03,572	-	-	-	20,75,03,572	20,75,03,572	
Pre operative expenses (pending allocation) [Refer note 10.]	16,15,18,54,462	-	13,29,392	20,21,64,87,784	-	-	-	-	20,21,64,87,784	16,15,18,54,462	
<b>SUB TOTAL (iii)</b>	<b>30,50,99,93,088</b>	<b>4,74,60,69,699</b>	<b>13,29,392</b>	<b>35,25,47,33,395</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,25,47,33,395</b>	<b>30,50,99,93,088</b>	
<b>iv) Intangible Assets under development</b>											
Oracle Accounting Software	90,40,009	6,80,980	-	97,20,989	-	-	-	-	97,20,989	90,40,009	
<b>SUB TOTAL (iv)</b>	<b>90,40,009</b>	<b>6,80,980</b>	<b>-</b>	<b>97,20,989</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>97,20,989</b>	<b>90,40,009</b>	
<b>Total</b>	<b>30,73,48,13,315</b>	<b>4,74,88,74,570</b>	<b>31,41,177</b>	<b>35,48,05,46,709</b>	<b>6,01,14,333</b>	<b>68,57,774</b>	<b>12,81,780</b>	<b>6,56,90,326</b>	<b>35,41,48,56,381</b>	<b>30,67,46,98,982</b>	
Previous year	25,33,69,41,299	5,39,93,00,612	14,28,596	30,73,48,13,315	5,31,72,590	72,15,468	2,73,725	6,01,14,333	30,67,46,98,982	-	

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2012**

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 10 PRE OPERATIVE EXPENSES (PENDING ALLOCATION)</b>		
	16,15,18,54,462	12,39,98,19,637
Opening balance		
Add : Incurred during the year	52,81,639	65,53,282
Salary and other benefits	4,949	4,948
Conveyance	9,000	2,07,512
Filing fees	2,82,15,947	6,92,16,062
Legal and professional	19,34,311	15,32,472
Power and fuel expenses	47,11,386	64,67,135
Motor car expenses ( including fuel expenses )	63,90,468	59,09,272
Rent	13,42,440	1,331,424
Lease rent	15,78,938	18,09,157
Telephone and mobile charges	250	3,404
Postage and courier expenses	4,88,997	6,66,556
Printing and stationery expenses	1,12,10,384	3,06,34,898
Tour and traveling expenses	10,39,086	21,11,953
Bank charges	17,19,681	29,80,453
Advertisement	2,52,062	27,36,077
Hotel, boarding and lodging	9,43,510	1,75,889
Business promotion expenses	29,59,370	22,59,163
Repairs and maintenance expenses	7,53,49,877	6,43,22,691
Payment to & provision for employees	85,287	2,37,137
Conference fees	-	5,07,380
Staff recruitment charges	62,959	-
Credit card expenses	239	15,469
Entertainment	1,54,76,115	1,73,43,189
Insurance expenses	26,152	59,801
Internet expenses	365	716
Staff welfare expenses		

Computer expenses	19,706	31,358
Franking and notary expenses	5,000	-
Gifts	-	5,745
Sundry expenses	617	12,380
Miscellaneous expenses	41,91,828	59,80,280
Audit fees	9,61,234	8,39,228
Courtesy expenses	-	38,64,676
Director sitting fees	1,35,000	1,95,000
Rehabilitation and resettlement	64,64,03,170	87,04,06,967
Loss on sale of assets (Net)	8,594	1,07,500
Security expenses	76,97,322	61,52,733
Depreciation	59,99,407	65,72,664
Interest	2,90,23,23,975	2,28,42,04,718
Financial expenses including guarantee commission	13,46,17,517	16,95,12,532
Wealth tax	75,585	45,148
Fringe benefit tax	2,02,018	-
Provision for income tax	( 2,00,60,824)	1,45,51,876
Miscellaneous receipt	(45,500)	(7,710)
Amortisation of land	-	15,467
Sundry balances written back	(75,173)	(84,418)
Interest income	-	( 4,38,07,855)
Books and periodicals	749	-
Site survey expenses	2,84,750	-
Excess interest provision in earlier years written back	(86,45,481)	-
Interest and upfront fees capitalised	23,27,79,808	21,66,99,766
Less : Expenses reversed during the year	(13,29,392)	(3,49,270)
	<b>20,21,64,87,784</b>	<b>16,15,18,54,462</b>

**ENTEGRA LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2012**

	As at 31 March 2012	As at 31 March 2011
<b>NOTE -11. NON CURRENT INVESTMENTS</b> <b>(Long term, at cost)</b>		
<b>Trade Investments</b>		
<b>Unquoted</b>		
IRIS Energy Pvt. Ltd. 6,666 equity shares (P.Y. 6,666) of Rs.10 each fully paid up	2,99,970	2,99,970
	2,99,970	2,99,970
<b>Trade Investments</b>		
<b>Unquoted</b>		
<b>Investment in Government Securities</b> 9 (P.Y. 9) National Saving Certificates, VIII Issue	65,000	65,000
<b>Investment in equity shares</b> Janakalyan Sahakari Bank Limited 6,350 equity shares (P.Y. 6,350) of Rs. 10 each fully paid up	63,500	63,500
	1,28,500	1,28,500
	<b>4,28,470</b>	<b>4,28,470</b>
<b>NOTE - 12. LONG TERM LOANS AND ADVANCES</b>		
<b>Capital Advances</b>	17,56,97,940	21,40,13,670
<b>Security Deposit</b> Unsecured, Considered Good :	26,48,62,337	26,69,22,791
	<b>44,05,60,277</b>	<b>48,09,36,461</b>
<b>NOTE -13. OTHER NON CURRENT ASSETS</b> (Unsecured, Considered good unless stated otherwise)		
Bank deposits with more than 12 months maturity	7,51,37,948	26,25,45,566
Receivable from holding company against transfer of rights to equity shares	96,00,00,000	-
Advance tax (net of provisions)	4,20,82,459	4,23,44,228
Equity raising and share issue expenses	4,42,17,076	4,27,73,014
	<b>1,12,14,37,483</b>	<b>34,76,62,808</b>
<b>NOTE - 14. INVENTORIES</b>		
Closing stock of - components used for renewable energy projects	6,89,543	1,41,869
	<b>6,89,543</b>	<b>1,41,869</b>



**ENTEGR LIMITED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2012**

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 15. TRADE RECEIVABLES</b>		
<b>Unsecured, considered good</b>		
Due for period exceeding six months*	7,38,33,844	7,00,11,127
<b>Doubtful</b>	10,41,840	-
Others	-	75,55,000
Less: Allowance for bad and doubtful debts	(10,41,840)	-
*of the above Rs.63,566,001 (P.Y.Rs..63,566,001) recoverable from Hindon River Mills Ltd. a party covered under section 370 (1B) of the Companies Act,1956 [Refer Note 6.11 of Schedule 17]		
	<b>7,38,33,844</b>	<b>7,75,66,127</b>
<b>NOTE - 16. CASH AND BANK BALANCES</b>		
<b>NOTE - 16.(A) CASH AND CASH EQUIVALENTS</b>		
Cash in hand		
Balance with schedule banks	3,99,575	48,61,174
- In current accounts	33,98,110	1,57,29,247
- In fixed deposits [Refer Note 6.8 of Schedule 17]	-	8,39,53,562
<b>Total (A)</b>	<b>37,97,685</b>	<b>10,45,43,983</b>
<b>NOTE - 16.(B) OTHER BANK BALANCES</b>		
Bank deposit under lien (maturity more than 3 months but upto 12 months)	5,20,95,250	3,20,89,262
<b>Total (B)</b>	<b>5,20,95,250</b>	<b>3,20,89,262</b>
<b>Total (A+B)</b>	<b>5,58,92,935</b>	<b>13,66,33,245</b>
<b>NOTE- 17. SHORT TERM LOANS &amp; ADVANCES</b>		
(Unsecured, considered good except otherwise stated)		
Inter Company Deposits given to related party	-	12,34,82,000
Add: Interest accrued on Inter Company Deposits from related party	2,24,65,576	1,25,29,365
Less : Provision	( 2,24,65,576)	-
Advances recoverable in cash or kind or for value to be received	-	13,60,11,365
- Considered good	15,71,08,681	31,81,80,510
- Considered doubtful	1,77,01,620	63,02,629
Less : Provision	( 1,77,01,620)	(63,02,629)
	<b>15,71,08,681</b>	<b>31,81,80,510</b>
Staff & Other Advances	7,88,86,052	14,30,35,848
	<b>23,59,94,733</b>	<b>59,72,27,723</b>
<b>NOTE - 18 OTHER CURRENT ASSETS</b>	27,93,236	46,04,348
Interest accrued on investments	<b>27,93,236</b>	<b>46,04,348</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

	Year ended 31 March 2012	Year ended 31 March 2011
<b>NOTE - 19. REVENUE FROM OPERATIONS</b>		
Sale of products (Domestic)	82,858	22,65,595
Sale of services (Domestic)	-	68,49,502
	<b>82,858</b>	<b>91,15,097</b>
<b>NOTE - 20. OTHER INCOME</b>		
Interest income on OFCD's	-	-
Interest income on ICD's	2,08,29,658	1,85,02,888
Interest income on bank fixed deposits	61,16,144	64,97,626
Credit balances written back	1,34,636	2,73,922
Miscellaneous receipts	2,15,922	27,976
Foreign exchange fluctuation	-	9,212
	<b>2,72,96,360</b>	<b>2,53,11,624</b>
<b>NOTE - 21. EMPLOYMENT BENEFIT EXPENSES</b>		
Salaries, wages, and bonus	1,85,38,183	1,52,95,545
Gratuity	4,42,905	6,34,215
Compensated absences	6,73,433	1,80,000
Staff welfare expenses	2,30,000	2,28,149
	<b>1,98,84,521</b>	<b>1,63,37,909</b>
<b>NOTE - 22. FINANCE COST</b>		
Interest on secured loans	45,50,92,548	35,63,01,754
Interest unsecured loans	1,81,83,491	68,35,065
Interest on others	58,225	9,558
Upfront fees	-	19,62,866
Guarantee commission	-	99,96,686
	<b>47,33,34,264</b>	<b>37,51,05,929</b>
<b>NOTE - 23. DEPERECIATION AND AMORTISATION</b>		
Depreciation	6,84,184	6,27,336
Amortisation of Assets	1,74,183	-
	<b>8,58,367</b>	<b>6,27,336</b>

<b>NOTE - 24. OTHER EXPENSES</b>		
Stamp charges	12,18,060	1,21,37,010
Legal and professional charges	36,26,244	90,93,580
Rent	78,68,748	74,74,422
Guarantee fees	60,00,000	60,02,740
Tour and travelling expenses	22,07,424	36,13,449
Business promotion expenses	9,36,213	33,46,800
Directors remuneration	32,44,500	32,44,500
Advertisement	4,16,647	23,21,046
Motor car expenses	21,33,386	20,65,892
Auditors remuneration	11,95,024	13,72,610
Printing and stationery expenses	7,64,447	10,46,804
Hotel boarding and lodging	7,58,891	10,11,179
Electricity expenses	8,90,939	8,37,038
Exhibition expenses	3,16,630	6,97,096
Listing fees and share transfer fees	8,17,832	6,76,835
Conveyance charges	3,84,010	5,81,933
Telephone and mobile charges	4,68,064	5,66,685
Office expenses	5,96,887	5,26,841
Postage and courier charges	6,48,765	4,06,911
Directors sitting fees	2,80,000	3,65,000
Commission	2,78,624	3,20,546
Direct expenses	1,25,714	3,22,135
Repairs and Maintenance expenses	7,63,126	2,59,240
Insurance	80,254	86,246
Provision for doubtful advances	10,41,840	10,50,008
Bank Charges	2,06,340	6,89,821
Liquidated Damages	50,00,000	-
Sundry balances provided for	3,93,42,196	2,84,238
Other General expenses	39,20,967	35,93,615
	<b>8,55,31,772</b>	<b>6,39,94,220</b>
<b>NOTE - 25. EXCEPTIONAL ITEMS</b>		
Loss on redemption of OFCD's (Refer Note 28)	2,50,38,602	-
(Profit)/ Loss on sale of assignment (Refer Note 28)	( 9,75,59,265)	-
	<b>( 7,25,20,663)</b>	<b>-</b>

## **NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **I. SIGNIFICANT ACCOUNTING POLICIES**

#### **1. Background information**

Entegra Limited (“Entegra” or the “Company”) was incorporated in 1995 as a private limited company. In 2000, the Company was converted into a public limited company. The Company is listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Entegra Limited and its subsidiaries (‘the Group’) are engaged in the development of renewable energy projects. The Group has various ongoing energy projects which include construction of a 400 MW hydroelectric power project and 10 MW Concentrated Solar Thermal Power Project (CSP).

#### **2. Basis of presentation**

The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting and in accordance with the Accounting Standards notified in the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable.

#### **3. Use of estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual future period’s results could differ from those estimates. Any revisions to accounting estimates are recognized in the period in which such revisions are made.

#### **4. Principles of consolidation**

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries, collectively referred to as “the Group”

The consolidated financial statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and unrealized profits in full as per Accounting Standard (AS) 21 “Consolidated Financial Statements” notified in the Companies (Accounting Standard) Rules, 2006. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Parent Company and its share in the post-acquisition increase/ decrease in the reserves of the consolidated entities.

The Parent Company’s portion of net worth in such entities is determined on the basis of book values of assets and liabilities as per the financial statements of the entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant changes.

Entities acquired during the year have been consolidated from the respective dates of their acquisition.

Name of the Company	Country of incorporation	Proportion of Ownership Interest
Ennertech Biofuels Limited	India	100.00%
Shree Maheshwar Hydel Power Corporation Limited (SMHPCL)	India	58.43%
Rajasthan Solar Power Company Private Limited	India	100.00%

All of the above entities follow uniform accounting policies, except for SMHPCL, which follows the written down value method of depreciation for certain assets, however, the impact is not considered to be material.

## 5. Significant accounting policies

### 5.1. Revenue recognition

- i. Revenues from sales of goods are recognized on shipment or dispatch to customers and are recorded exclusive of Value Added Taxes but are net of any sales returns.
- ii. Revenues from services rendered are recognized on completion of the service and are recorded exclusive of Service Tax.
- iii. Interest income on deposits with banks and investments is recognized on a time proportion basis.
- iv. Dividend incomes on investments are accounted for when the right to receive the payment is established.

### 5.2. Purchases

Purchases are shown exclusive of Value Added Tax.

### 5.3. Fixed assets and Capital work in progress depreciation

Fixed assets are stated at cost of acquisition/construction including any cost attributable to bringing the assets to their working condition, less accumulated depreciation and impairment loss, if any.

Fixed assets having value lower than Rs. 5,000 are depreciated fully in the year of acquisition/installation. In case of SMHPCL depreciation on fixed assets is charged to 'Pre operative expenses (pending allocation)'.

In case of SMHPCL, Capital Works in Progress are stated at cost to date relating to items or project in progress, incurred during construction.

Premium paid for leasehold land is amortized over a period of the Lease Term

### 5.4 Depreciation

Depreciation on fixed assets is provided on straight line method at the rates, except in case of SMHPCL, which follows written down value method of depreciation on 'Vehicles' and 'Computers', and in the manner prescribed in Schedule XIV of the Companies Act, 1956 and on pro-rata basis with reference to the month of additions/deductions.

### 5.5 Expenditure during construction period

Expenditure during construction period reflects an element of capital work in progress and includes directly attributable costs that relate to the project and general and administration overheads as are specifically attributable to

the construction of the project. Such expenditure is included under 'Pre operative expenses (pending allocation) and will be capitalized under relevant fixed asset accounts upon commencement of commercial generation of power.

## **5.6 Inventories**

Inventories of components used for renewable energy projects have been valued at lower of cost or net realizable value. Civil construction materials are carried at cost.

## **5.7 Investments**

Long term investments are stated at cost and provision is made to recognize any decline, other than temporary, in the value of such investments.

## **5.8 Foreign currency transactions**

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transactions. Gains or losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currency are recognized in the statement of Profit and Loss except in case of SMHPCL where such gains or losses are charged to 'Pre operative expenses (pending allocation)'. In case of SMHPCL Foreign currency designated assets, liabilities and capital commitments as at balance sheet date are restated at the year-end rates.

## **5.9 Employee benefits**

### **Provident fund**

Contribution to Provident Fund by SMHPCL, is charged to Pre-operative Expenditure Account

### **Gratuity**

Employees in India are entitled to benefits under the Payment of Gratuity Act, 1972, a defined benefit retirement plan covering eligible employees of the Company. The Plan provides a lump-sum payment to eligible employees at retirement or on termination of employment. The gratuity benefit conferred by the Group on its employees is equal to or greater than the statutory minimum.

The Group provides for liability towards gratuity plan on the basis of actuarial valuation. The entire amount of gratuity is unfunded.

### **Compensated absences**

The liability towards compensated absences (leave encashment) is determined on an actuarial basis for the entire un-availed vacation balance standing to the credit of each employee as at period-end.

## **5.10 Borrowing costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. Eligible Borrowing costs in respect of SMHPCL is included in 'Pre-operative Expenditure (Pending allocation)'

## **1.11 Impairment of assets**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based

on internal/external factors. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss if any is charged to the statement of Profit and Loss in the year in which an asset is identified as impaired. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or have decreases.

After impairment depreciation is provided on the revised carrying amount of the asset over its remaining useful life. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

#### **5.12. Provisions and contingent liabilities**

The Group creates a provision when there is present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required, and a reliable estimate can be made of the amount required to settle the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### **5.13. Income taxes**

Income tax expense comprises current income tax and deferred tax.

##### *Current taxes*

Provision for current income-tax is recognized in accordance with the provisions of Indian Income Tax Act, 1961, and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

##### *Deferred taxes*

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the year that includes the enactment date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty, supported by convincing evidence of recognition of such assets. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.

#### **5.14. Leases**

For operating leases, lease payments (excluding costs for services such as insurance and maintenance) are recognised as an expense in the statement of profit and loss on a straight line basis unless another systematic basis is more representative of the time pattern of the user's benefit, except where the rental is for pre operative activities in which case it is charged to 'Pre operative expenses (pending allocation)'. In case of SMHPCL all lease rentals are charged to 'Pre operative expenses (pending allocation)'.

## II. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 26. Contingent liability and capital commitments

Particulars	As at 31 March 2012	As at 31 March 2011
a) Claims not acknowledged as debts	24,93,25,000	24,93,25,000
b) Claims in respect of demands raised, which are under appeal: Entry Tax	9,38,895	9,38,895
c) Corporate guarantees given to the Banks/Financial Institutions against credit facilities	19,33,00,00,000	19,33,00,00,000
d) Bank guarantees	5,32,53,000	5,87,98,000

Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) – Rs.5,86,76,00,000 (PY - Rs. 6,22,92,00,000)

#### Valuation of assets transferred to SMHPCL by MPSEB

The 400 MW hydroelectric power project under implementation including land, residential / commercial quarters etc. taken over from Madhya Pradesh State Electricity Board (MPSEB) on March 31, 1996 has been provisionally accounted for at the values determined by SMHPCL on the basis of information available from MPSEB, to fixed assets, capital work in progress and pre-operative expenditure at Rs 6,96,80,000, Rs.5,33,25,000 and Rs. 5,51,28,000 respectively. However, there was a demand from MPSEB in the year 2005 for Rs.130,93,65,000. SMHPCL had up to the financial year 2008-09, shown the differential amount of Rs. 113,12,32,000 as contingent liability

Government of Madhya Pradesh appointed independent valuer M/s Anil Dhope & Associates, who submitted a preliminary report on valuation of assets transferred to SMHPCL by MPSEB arriving at a value of assets taken over from MPSEB at Rs 42,74,58,000. SMHPCL had, on September 23, 2010 pointed out certain discrepancies in this report which when corrected will revise the valuation to Rs. 21,17,91,000. The subject is being followed up with the Government for clearance and final acceptance. However, the value as determined by the valuer in his report is shown as contingent liability. On reaching final agreement, SMHPCL will issue equity shares to MPSEB as consideration as per the terms of the financial realignment plan of 2005.

### 27. Optionally Fully Convertible Debentures

In 2007, SMHPCL raised Optionally Fully Convertible Debentures (OFCD) amounting to Rs. 2,17,50,00,000 @ 9.75% p.a. and Rs. 1,82,50,00,000 @ 10.75% p.a. The debentures are redeemable at par in 22 equal half yearly instalments commencing from 4 years and 6 months from deemed date of allotment. The debentures are secured by an unconditional and irrevocable guarantee of Power Finance Corporation Limited. Pending finalisation of the new date of the commissioning of the project as against earlier date of commercial operation date considered to be December 2010, interest due to debenture holders for four years from date of issue were kept with fixed deposits with banks as per terms of issue. The deposits got depleted in October 2011. Now the interest dues are to be serviced out of the project cash flows.

During the year, the remaining OFCD Holders (including the holding company) exercised their option not to convert their holdings into Equity Capital of SMHPCL. Hence, the entire debentures have been classified as non-convertible in the books of SMHPCL.



Due to a variety of reasons like stoppage of construction work by an order of MOEF between April 2010 to May 2011; non –receipt of permission to fill up the reservoir by MOEF to commission the three turbines that can be made ready in a few weeks with the help of BHEL after completing the left over R&R work in the three villages etc, the Company’s cash flow got seriously impaired due to time and cost over runs. The potential investors who were contemplating to invest in the equity capital of SMHPCL which would have enabled the existing major lenders to take the required additional debt exposure in the company has also been delayed. In the meanwhile, with the intervention of the State and Central Governments the debt equity norm is being revised to 80:20 from the earlier 70:30.

The promoters, who could not raise the needed equity due to the tight capital market conditions in general and the particular problems that plagued SMHPCL as mentioned above, are now at an advanced stage of infusing the balance equity required of them to complete the project. Accordingly, the revised COD is targeted at December 31, 2013 with the probable date of commissioning the three turbines after completion of the balancing work left over by the contractors and rehabilitation of three villages that may be affected due to partial submergence that may be caused by these three turbines is 1 July 2012. The revenues that will be generated by the three turbines will supplement meeting all operational costs including servicing of interest, apart from reducing the ultimate project cost to the extent of revenues earned. SMHPCL intends to commission one turbine every six to seven weeks with the help of debt funding.

SMHPCL will earn revenue only after the commissioning of the project. Hence the amount required to be transferred to debenture redemption reserve as per Sec.117 C of the Companies Act 1956 will be made out of the profits thereafter.

## **28. Investment in OFCD’s of SMHPCL by Entegra**

Entegra had acquired 2,175 Optionally Fully Convertible Debentures (OFCDs) of its subsidiary Shree Maheshwar Hydel Power Corporation Limited (SMHPCL) from a subscriber at a premium over face value in previous years for Rs 3,06,24,79,337. The face value of such bonds was Rs 2,17,50,00,000, comprising of 1,350, 9.75% OFCDs and 825, 10.75% OFCDs of Rs 10 Lakh each.

In previous years, on consolidation, the investment of Entegra in the OFCDs had been adjusted against the face value of such bonds and the excess of the cost of investment over the face value of Rs 88,74,79,337 had been shown separately in the Consolidated Balance Sheet of the Group as ‘Premium paid on purchase of OFCDs of a subsidiary’.

In September 2011, partial face value of such bonds was redeemed by SMHPCL as per the terms of the offer document. The Company, recorded a loss of Rs 2,50,38,602 on such redemption, being the proportionate portion of premium paid to acquire such bonds over the face value redeemed.

In November 2011, the Company, renounced its right to convert the OFCDs into equity shares of SMHPCL (which were convertible till 31 December 2011) SMHPCL granted a separate right to the Company for subscription of further equity in SMHPCL in lieu of the renounced right to convert the OFCDs, which is valid till 31 December 2012

Further, such bonds were pledged to Yes Bank Limited as security for a term loan taken from such bank. The Company transferred 1,328, 9.75% OFCDs and 825, 10.75% OFCDs to Yes Bank Limited at current face value, to repay its outstanding term loan and interest accrued thereon.

Subsequent to the transfer of bonds and lapse of conversion rights to such bonds as on 31 December 2011, the remaining premium paid on acquisition of the bonds of Rs 86,24,40,735 has also been derecognized. Accordingly, on consolidation such ‘Premium paid on purchase of OFCDs of a subsidiary’ has been derecognized in its entirety.

Further, the rights to subscribe to further equity in SMHPCL were transferred to a group company for a consideration of Rs.96,00,00,000. Such receivable from the group company has been included in 'Other Non-current assets'.

On the transfer of such rights the Group has recorded a net gain of Rs.9,75,59,265 over and above the de-recognition of the premium paid on purchase of OFCDs which has been reflected as an exceptional item in the statement of Profit and Loss.

### **29. Pre-operative expenses (pending allocation)**

Pre-operative expenses (pending allocation) in the consolidated Balance Sheet of the Group represents directly attributable expenditure incurred by the Group in the current year for the ongoing construction of the 400 MW hydroelectric power plant and the Shree Maheshwar Dam in Madhya Pradesh and for a 10 MW Concentrated Solar Thermal Power Project (CSP)

In the case of the SMHPCL no statement of Profit and Loss has been prepared since the company is in the process of implementation of the project. The Company has instead, prepared the 'Statement of Pre-operative Expenditure during Construction Period (Pending allocation)'. The Pre-operative Expenditure incurred during the construction period will be apportioned to relevant fixed assets account upon commencement of commercial generation of power, in accordance with the generally accepted accounting principles.

### **30. Issue of Bonus Shares**

During the year, the Company has issued bonus shares on equity shares in the ratio of 4:13 i.e. 4 (four) equity shares for every 13 (thirteen) equity shares held. The Company has issued a total of 7,46,23,938 shares on equity shares held on the record date. This bonus issue also includes shares issued on 13,56,70,000 Compulsory Convertible Preference Shares ('CCPS') on conversion

### **31. Costs capitalised to fixed assets under construction/capital work in progress relating to the Hydel power project**

SMHPCL has a policy of handing over construction materials to the civil contractors on receipt of the same at site in the case of cement and at collection points outside the site in the case of steel. The same has been consistently charged to respective capital assets under construction/work in progress, on acceptance by the contractors and relied upon by the auditors being a technical matter. However, the actual consumption of the construction material will be ascertained upon the completion of the construction work and adjustments, if any, will be effected in the year of completion.

### 32. Lien on fixed deposits

The following fixed deposits are under lien with the parties as listed below, pending completion of service projects undertaken by Entegra Limited;

Name of the parties	As at 31 March 2012	As at 31 March 2011
NTPC Vidyut Vyapar Nigam Limited	5,00,00,000	2,75,49,318
Madhyanchal Vidyut Vitran Nigam Limited	3,36,000	3,36,000
Purvanchal Vidyut Vitran Nigam Limited	9,44,000	9,44,000
Dakshinanchal Vidyut Vitran Nigam Limited	28,000	28,000
M.P.Urja Vikas Nigam Limited(RGPV)	17,10,000	17,10,000
Vehicle Research and Development Establishment (VRDE)	---	3,45,000
Maharashtra Energy Development Agency (MEDA)	2,50,000	2,00,000
<b>Total</b>	<b>5,32,68,000</b>	<b>3,11,12,318</b>

### 33. Employee retirement and other benefits

#### A) Defined contribution plan

The Group has recognized an amount of Rs. 18,07,584 (P.Y. Rs.16,79,584) as provident fund expense, representing contribution towards provident fund. Such expenses have been incurred by SMHPCL, and this amount has been recognized in 'Pre-operative expenses (pending allocation)'.

#### B) Defined benefit plan

Gratuity, which is a defined benefit, is accrued based on actuarial valuation at the balance sheet date, carried out by an independent actuary.

The following table sets forth the status of these plans of the Company and its subsidiaries and amounts recognized in the Group's Consolidated Balance Sheet as per AS 15 (revised). The gratuity plans are non-funded.

	As at 31 March 2012	As at 31 March 2011
Present value of the defined benefit obligation at the end of the year	1,13,11,092	98,46,114
Fair value of the plan assets	---	---
Net liability	1,13,11,092	98,46,114

The amount recognized in the statement of Profit and Loss/Pre-operative expenses (for SMHPCL) is as follows in respect of the gratuity

	As at 31 March 2012	As at 31 March 2011
Current service cost	32,80,167	28,16,481
Interest on defined benefit obligation	7,88,650	5,99,349
Past service cost	-	32,810
Expected return on plan assets	-	-
Net actuarial (gain)/loss on plan assets	(18,83,384)	(15,96,351)
<b>Net gratuity cost</b>	<b>21,85,433</b>	<b>23,87,059</b>
<b>Recognized in Consolidated Statement of Profit and Loss</b>	<b>4,42,905</b>	<b>6,34,215</b>
<b>Recognized in Pre-operative expenses (pending allocation)</b>	<b>17,42,528</b>	<b>17,52,844</b>

#### Reconciliation of present value of the obligation and the fair value of the plan assets

	As at 31 March 2012	As at 31 March 2011
Opening defined benefit obligation	98,46,114	92,11,899
Interest cost	7,88,650	5,99,349
Past service cost	-	-
Current service cost	3,28,01,67	28,16,481
Benefits paid	(7,20,455)	-
Actuarial (gain)/loss	(18,83,384)	(15,96,351)
<b>Closing defined benefit obligation</b>	<b>1,13,11,092</b>	<b>98,46,114</b>

#### Principal actuarial assumptions:

	As at 31 March 2012	As at 31 March 2011
Discount rate	8.57%-8.75%	8.17%-8.25%
Salary escalation	5.00%-15.00%	5.00%-15.00%
Attrition rate	2.00%-20.00%	2.00%-20.00%

The estimates of the future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other related factors, such as supply and demand in the employment market.

#### C) **Compensated absences**

The Group has provided for leave encashment liability on actuarial valuation amounting to Rs.84,58,329 (PY - Rs.84,03,239) for the year ended 31 March 2012.

### 34. Demand from Assistant Provident Fund Commissioner

In the case of SMHPCL, Assistant Provident Fund Commissioner, Indore raised demand amounting to Rs.14,58,385 in June 2005 covering the period up to February 2005 in respect of site staff and workers not covered under the Scheme. SMHPCL duly provided for the demand and also paid the amount in instalments under protest. The company appealed against the demand and the matter is before the Delhi High Court. The company provided for employers' and employees liability amounting to Rs.10,28,142 in respect of these employees for period from March 2005 to February 2007. In the absence of any demand/ assessment and the matter being subjudice, no payments thereof has been made to the authorities. The company decided to extend benefits of the Scheme to eligible employees fully from March 2007 and both the employees and employers' contributions are being deposited with the authorities since then.

35. SMHPCL has not been able to attain Commercial Operation Date (COD) of the project within the earlier envisaged date for a variety of reasons that were beyond the control of the management. The earlier envisaged date was 31 Dec 2010 which was extended to 31 March 2012 by RBI. Based on the representations made by SMHPCL and the circumstances surrounding the matter, the lenders discussed at their meetings for an extension of COD to a later date along with rescheduling of repayment dates of all lender liabilities. The lenders have also been requesting the State Bank of India to represent to RBI for a dispensation order further extending the COD beyond the earlier approved 31 March 2012.

With the approval of the Board of Directors of the lead Lender, Power Finance Corporation Limited (PFC) issued a letter to SMHPCL on 17 April 2012 revising the scheduled date of Project COD to 31 December 2013 apart from granting six months moratorium for commencement of repayment of Senior Debt and Subordinate Debt to 15 July 2014 and change in repayment schedule of Zero Coupon Bonds with first instalment commencing from 1 year after scheduled Project COD to 15 January 2015. PFC is awaiting acceptance of their letter conveying these amendments from SMHPCL duly approved by its Board of Directors. . In the meanwhile, SBI have sent their representation to RBI on behalf of all the lending bankers for an extension in COD to 30 June 2013 elaborating reasons for the representation.

However, RBI has not released its dispensation as on Balance Sheet date. The company believes that, on acceptance by SMHPCL to the revised COD as proposed by PFC, the Lead Lender will write to all other lenders to agree to such a re-schedulement. Although the Company has yet to receive formal approval to revision in COD by all other lenders, no lender has recalled the term loans and ZCBs as on date. Consequently, SMHPCL has, classified and disclosed entire term loans amounting to Rs. 55,85,19,558 and Zero Coupon Bonds (ZCBs) aggregating Rs. 11,93,95,655 under the head ' Long Term Borrowings.'

If such re-schedulement is not agreed to by other lenders, as envisaged by SMHPCL, the term loans and ZCBs, as mentioned herein above,( other than borrowings from PFC) aggregating Rs. 67,79,15,213 are required to be shown under the head 'Short Term Borrowings' and consequently, SMHPCL would have defaulted in repayment of principal amount of ZCBs aggregating to Rs.2,98,48,914.

36. While confirming the Loan Balance as on 31 March 31 2012, PFC has stated that the interest date on the old disbursements of Rs 54,62,90,000 is subject to revision set w.e.f. 5 January 2011. In the absence of reliable estimate of interest obligation consequent up on such revision, no demand has been raised and hence no provision is made in the books of accounts by the Company.

### 37. Loans and advances in nature of loan to companies in which directors are interested

Sundry debtors, loans and advances and current liabilities include the following due from / payable to parent companies/ bodies corporate under the same group in which the directors of the Company are interested as members/directors:

Name of entity	Description	As at 31 March 2012	As at 31 March 2011
MW Unitexx Ltd.	Loans and advances	-	13,60,11,365

Maximum amount outstanding during the year is as follows:

Name of entity	Description	As at 31 March 2012	As at 31 March 2011
MW Unitexx Ltd.	Loans and advances	14,06,29,253	13,60,11,365

### 38. Amounts due to suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006

The Company has not received any intimation from the suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) and hence the related disclosure regarding,

- Amount due and outstanding to suppliers as at the end of the accounting year;
- Interest paid during the year;
- Interest payable at the end of the accounting year; and
- Interest accrued and unpaid at the end of the accounting year,

has not been provided. The same has been relied upon by the auditors.

### 39. Financial Realignment Plan

The Financial Realignment Plan (FRP) submitted by SMHPCL was individually approved by concerned lenders as under:

- Interest and all charges up to September/October 2001 i.e. Pre Stalled Period was paid to all lenders aggregating to Rs.33,19,98,760
- The Interest Liability for the Stalled Period inclusive of compound interest has been paid as Zero Coupon Bonds (ZCB) repayable over 20 years in equal quarterly instalments commencing after a moratorium of 12 months from the Commercial Operations Date. Zero Coupon Bonds have been issued to the extent of Rs. 3,426,698,092
- SMHPCL has made provision in accounts to cover all interest dues including Compound Interest and Liquidated Damages for all lenders up to 31 March 2011. The Company has paid during the year simple interest @ 8.5% per annum for the Post Stalled Period aggregating to Rs 96,34,36,649.
- The term loan principal amount for term loans taken by SMHPCL is repayable over 15 years commencing after a moratorium of 18 months from the commercial operations date.

For SMHPCL, in the year 2001, due to withdrawal of the then financial associate, there was a break up in the financial closure leading to stoppage of disbursements to the Company by the lenders which in turn lead to the total stoppage of

all construction activities. Due to Financial Realignment measures undertaken by the Company, project work at site recommenced from November 2005 and project financial closure was declared in September 2006. All expenditure incurred during the stalled period i.e. October/November 2001 to October 2005 including interest of Rs.2,96,13,00,000 are of the nature of Preoperative expenditure and the Company has considered them for capitalization on commissioning of the project.

**40. Earnings per share (EPS) is calculated as under:**

	Year ended 31 March 2012	Year ended 31 March 2011
Net profit/(loss) as per the Statement of Profit and loss	(48,00,17,243)	(42,32,27,677)
Weighted average number of Equity Shares during the year – Basic	23,02,23,118	18,14,83,009
Weighted average number of Equity Shares during the year – Diluted	23,02,23,118	18,14,83,009
Nominal value of shares (in Rs.)	10.00	10.00
Earnings /(loss) per share (EPS) Basic	(2.09)	(2.33)
Earnings /(loss) per share (EPS) Diluted	(2.09)	(2.33)

Compulsorily convertible preference shares have been considered for computing Diluted Earnings/ (loss) per share. Such shares are anti dilutive both in the current and previous year.

**41. Current and deferred taxes**

- a) No provision for Current tax for the year was considered in view of the losses incurred by Entegra Limited during the current financial year.
- b) No provision for deferred taxation has been considered in books of SMHPCL, since no commercial activities are carried out by the company during the period and considering the prudent accounting policy and in absence of virtual certainty.
- c) Deferred tax calculation is as follows:

Description	As at 31 March 2012	As at 31 March 2011
Opening balance in deferred tax liability/(asset)	(64,00,206)	(33,88,000)
Add /(less):		
Deferred tax liability/(asset) on account of fixed assets	75,006	(1,07,159)
Deferred tax liability/(asset) on account of Leave Encashment	(4,83,381)	(3,95,085)
Deferred tax liability/(asset) on account of Provision for doubtful advances	(2,67,671)	(20,38,429)
Deferred tax liability/(asset) on account of Gratuity	(5,16,027)	(4,71,534)
Closing deferred tax liability/(asset)	(75,92,280)	(64,00,206)

- d) Tax rate considered for the above purposes is 32.445% (PY - 33.22%).
- e) The net deferred tax assets have not been recognized in the financial statements of the Company in accordance with AS 22 Accounting for taxes on income.
- f) Considering the prudence aspect, no deferred tax asset has been recognized in the accounts on brought forward business losses and other assets as per the Income Tax Act, 1961.

#### 42. Related party disclosures

##### (A) List of related parties

Ultimate parent company	MW Corp Private Limited
Parent company	MW Infra Developers Limited
Fellow subsidiaries	S. Kumars Limited
	MW Unitexx Limited (formerly known as S.Kumars Unitexx Limited)
	Dasna Developers Private Limited
	Rajasthan solar power company Private Limited
	Hindon River Mills Limited
Enterprises where key management personnel have significant influence or control	Raj Infin Private Limited
	Girija Holding Private Limited
Key Management Personnel	Mukul S. Kasliwal – Chairman
	Warj A. Kasliwal – Vice Chairman
	V. K. Jain – Managing Director (Entegra Limited)
	K S Sandhu – Director Finance (w.e.f. 01-09-2011) (Shree Maheshwar Hydel Power Corporation Limited)

##### (B) Related party transactions and balances:

Nature of transaction	Holding Companies	Fellow Subsidiaries	Key Management personnel
Sale of assignment of rights in further equity of SMHPCL	96,00,00,000	-	-
	-	-	-
Income from Inter-company deposits	-	99,36,211	-
	-	(1,85,02,888)	-
Guarantee Fees paid	60,00,000	-	-
	(47,76,413)	(9,02,466)	-
Remuneration given	-	-	44,78,252
	-	-	(61,44,500)
Advances given	12,29,09,400	5,37,78,990	3,997
	(7,13,52,765)	(27,16,34,668)	(3,29,585)



Nature of transaction	Holding Companies	Fellow Subsidiaries	Key Management personnel
Advances received	42,18,06,440	20,61,20,624	1,78,857
	-	(22,26,526)	-
Liabilities settled	12,90,46,452	-	10,44,600
	(10,24,75,563)	(1,00,000)	-
Closing balance (Dr.)	96,00,18,799	7,99,18,403	-
	(53,05,767)	(21,24,61,766)	(1,74,860)
Closing balance (Cr.)	29,51,41,865	64,36,523	1,23,075
	(19,17,388)	-	-

**Notes:**

- i. Related party relationships have been identified by the management and relied upon by the auditors.
- ii. Figures in brackets represent those of the previous year.

**(C) Disclosure in respect of material transactions with related parties**

	2011 - 2012	2010 - 2011
<b>(i) Sale of assignment of rights to subscribe to further equity of SMHPCL</b>		
MW Infra Developers Limited	96,00,00,000	-
<b>(ii) Income from Inter corporate deposits</b>		
MW Unitexx Limited (formerly known as S.Kumars Unitex Limited)	99,36,211	1,39,21,516
SKM Fabrics (Amana) Limited*	-	45,81,372
<b>(iii) Guarantees fees paid</b>		
MW Corp Private Limited	27,00,000	47,76,413
MW Infra Developers Limited	27,00,000	-
S.Kumars Retailer Services Pvt. Limited*	-	9,02,466
<b>(iv) Advance given</b>		
MW Infra Developers Limited	-	16,91,15,929
MW Unitexx Limited (formerly known as S.Kumars Unitex Limited)	-	12,34,82,000
SKM Fabrics (Amana) Limited.*	-	13,23,85,345
<b>(v) Advance received</b>		

	2011 - 2012	2010 - 2011
MW Infra Developers Limited	42,18,06,440	-
MW Unitexx Limited (formerly known as S.Kumars Unitex Limited)	12,34,82,000	2,94,323
<b>(vi) Liabilities settled</b>		
MW Infra Developers Limited	12,29,09,400	16,38,10,161
<b>(vii) Rental and other office administration expense paid</b>		
MW Corp Private Limited	57,51,458	62,98,291

\* The body corporate ceased to be a Party, under same group/Party under which directors are interested, from 28 March 2011

### 43. Segment reporting

The Company is engaged in the business of development of integrated global renewable energy projects and all operations comprise part of a single business segment namely 'Renewable Energy Services'. Therefore no separate segment information has been presented as per AS 17 'Segment Information', notified by the Central Government under Companies (Accounting Standards) Rules, 2006

### 44. Operating leases

The Group enters into both non-cancellable and cancellable leases. The leases are in respect of offices, guest houses and storage premises. The lease periods range from 1 to 5 years. In the current period an amount of Rs. 63,90,468 (PY - 53,29,272) was included in the 'Pre operative expenses (pending allocation)'. The total rental expense recognized in the statement of profit and loss for the year is Rs.78,68,748 (PY - Rs.74,74,422).

The Total of future minimum lease payments payable under non-cancellable operating lease for each of the following periods:

Period	Year ended 31 March 2012	Year ended 31 March 2011
Not Later than one year	20,31,175	59,56,073
Later than one year and not later than five years	Nil	16,34,176
Not later than five years	Nil	Nil

### 45. Capitalization of interest and upfront fees on loans taken by the Parent Company to Pre operative expenses (pending allocation)

The Company in the current year has taken loans from Central Bank of India (CBI), Yes Bank and State Bank of India (SBI). These loans were utilized by the Company for investment in the equity shares and OFCDs of SMHPCL. To the extent that the amounts were utilized by the Company for acquisition/construction of qualifying assets, the related interest and upfront fees paid represents 'Borrowing cost' within the meaning of borrowing costs as given under AS 16 'Borrowing costs' in the Companies (Accounting Standard) Rules, 2006.

Accordingly in the Consolidated Balance Sheet of the Group such expenditure amounting to Rs.23,27,79,808 (PY - Rs. 21,66,99,766 ) has been added to Pre operative expenses (pending allocation).

**46. Applicability of Core Investment Company ('CIC) Guidelines issued by Reserve Bank of India ('RBI')**

The Company based on the last years audited balance sheet is evaluating the applicability of CIC guidelines issued by the RBI and is in the process of seeking legal advice as to the applicability of such guidelines and to seek a possible exemption/extension by following the due process as listed in such guidelines.

**47. Recoverability of current assets, loans and advances**

In the opinion of the Board, the current assets and loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated and provision for all known and determined liabilities (except wherever otherwise stated) are adequate and not in excess of the amount reasonably necessary. Keeping in view the fact that the investments are of the long-term nature, no diminution in the book value of the said investments is considered during the year.

**48. Previous year's figures have been regrouped/ rearranged/ reclassified wherever necessary to conform to current year's classification under Revised Schedule VI.**

As notified by Ministry of Corporate Affairs, Revised Schedule VI under Companies Act, 1956 is applicable to the financial statements for the financial year commencing on or after 1 April 2011. Accordingly, the financial statements for the year ended 31 March 2012 are prepared in accordance with the Revised Schedule VI. The amount and disclosure included in the financial statements of the previous year have been reclassified to conform to the requirements of Revised Schedule VI.

**For and on behalf of the Board**

Sd/-  
**Mukul S. Kasliwal**  
Chairman

Sd/-  
**Warij A. Kasliwal**  
Vice-Chairman

Sd/-  
**Rekha Jagdale**  
President (Corporate  
Affairs) & Company  
Secretary

Sd/-  
**Sanjay Gopalan**  
Chief Financial Officer

Place: Mumbai  
Date: 27 August, 2012

**ENTEGRALIMITED**

Regd. Office: S. Kumars House, Plot No.60, MIDC, Phase II, Street 14, Andheri (East), Mumbai- 400 093

**ATTENDENCE SLIP**  
( To be presented at the entrance)**17<sup>th</sup> ANNUAL GENERAL MEETING ON THURSDAY, 27<sup>TH</sup> SEPTEMBER 2012 AT 12.15 P.M. AT SUNVILLE HALL, "ORCHID ROOM, 2<sup>ND</sup> FLOOR, 9, DR. ANNIE BESANT ROAD, WORLI, MUMBAI – 400 018**

Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID \_\_\_\_\_

Name of the Member : \_\_\_\_\_ Signature: \_\_\_\_\_

Name of the Proxyholder: \_\_\_\_\_ Signature : \_\_\_\_\_

1. Only Member / Proxyholder can attend the meeting
2. Member/Proxyholder should bring his/her copy of the Annual Report for reference at the meeting

**ENTEGRALIMITED**

Regd. Office: S. Kumars House, Plot No.60, MIDC, Phase II, Street 14, Andheri (East), Mumbai- 400 093

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a Member(s) of Entegra Limited hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as proxy to attend and vote for me/us on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held on Thursday, 27<sup>th</sup> September 2012 at 12.15 p.m. at Sunville Hall, "Orchid Room, 2<sup>nd</sup> Floor, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018 and at any adjournment thereof.

Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012 Signature \_\_\_\_\_

Affix Revenue  
Stamp of Re.1/-

\*\* In favour

This form is to be used ----- of the resolution, Unless otherwise instructed, the Proxy will act as he thinks fit.

\*\* against

**\*\* Strike out whichever in not desired**

Notes: 1. This proxy form duly completed must be received at the Company's Registered Office at least 48 hours before the meeting.

2. Those Members who have multiple folios with different joint holders may use copies of this Attendance slip / Proxy.

**Dematerialize your Physical Shares to Electronic Form**

- Eliminate all risks associated with Physical Shares
- Ease in Portfolio Management

Contact our Registrars and Transfer Agent (Tel No. 022 – 28470652) for assistance.

**Procedure for Dematerialization of shares**

- Open Beneficiary Account with a Depository Participant (DP) registered with SEBI
- Submit to DP Share Certificate(s) and Dematerialization Request Form (DRF) as provided by the DP, duly signed by all the holders with the names and signatures in the same order as appearing in the concerned Share Certificate(s).

***This Page has been Intentionally Left Blank***

# *Shree Maheshwar Hydel Power Corporation Ltd.*

## *Resettlement & Rehabilitation*



**MALGAON - NEW HOUSE**



**BAHEGAON - NEW HOUSE**



**MALGAON - NEW HOUSE**



**LEPA - NEW HOUSE**

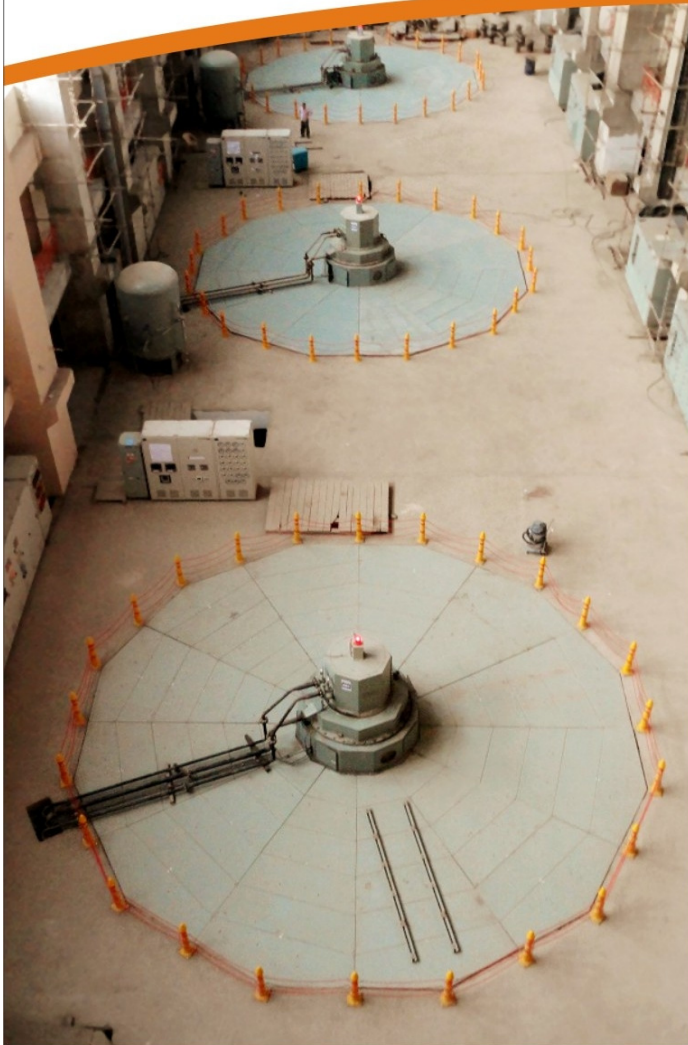
## *Community Development Program*



**COACHING SCHOOL DROPOUTS**



**REGULAR HEALTH CAMP**



**Entegra Limited**

**Corporate Off:**

Harchandrai House, 4th Floor, Maharshi Karve Road,  
Marine Lines (E), Mumbai 400 002 (India)

Tel: +91-22-66044242, Fax: +91-22-66550320

Email: [investor@entegra.co.in](mailto:investor@entegra.co.in), Website: [www.entegra.co.in](http://www.entegra.co.in)

**Registered Off:**

S.Kumars House, Plot No. 60, Street No 14, MIDC,  
Phase II, Andheri (E), Mumbai 400 093, India