

Initiating Coverage

Entegra Ltd

**Eyeing a Green Future**

**CMP: Rs 25.5**

Bloomberg	EIL@IN
NSE	ENTEGRA
BSE	532287
Face Value (Rs)	10
Market Cap (Rs mn)	1,491.0

**Sector:**  
Renewable Energy

**Fiscal Year:**  
April-March

**No. of Outstanding Equity Shares:**  
51,000,078

**Non-Promoters Holding:**  
47.72%

**Average Trading Volume:**

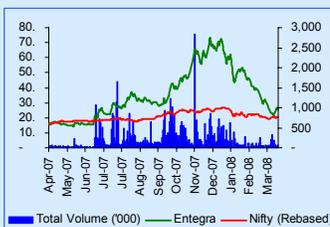
1M	92,677
3M	126,402
6M	278,774
9M	271,252
12M	228,631

**52-Week high/low:**  
77/13

**Shareholding Pattern (%):**

Category	Holding
Promoters	52.3%
Corporate Bodies	25.9%
Individuals and others	21.8%

**Stock Price Movement:**



**Hear it from the Promoter – Refer page 14 for the interview**

*Entegra aims to become a leading global integrated renewable energy firm by capturing the robust industry opportunity and leveraging the strong experience gained in developing the 400MW Hydro Power Project expected to be commissioned by June, 2009.*

**Background and Business Overview**

- Established in 1995, Entegra is emerging as a fully integrated renewable energy conglomerate. The company is on the verge of completing the Rs 25bn, 400MW run-of-the-river Shree Maheshwar Hydel Power Project in Madhya Pradesh - to be commissioned in June 2009.
- Promoted by Mukul Kasliwal, MBA (Finance) from the Simon School of Business, USA, a pioneer in the field of energy and infrastructure development in India, who serves on high-powered institutions and committees of Government of India. He has created a strong professional management team of 15 technocrats and execution experts. The average experience of the team is over 20 years.
- Created a fully integrated business model by forming three separate business divisions: (i) EnnerGreen Resources, focuses on generation of renewable energy, (ii) EnnerGreen Solutions, provides customized renewable energy solutions to residential, commercial and industrial facilities, and (iii) EnnerTech Projects, provides EPC and advisory services. Entegra is executing several high-value projects in the three verticals:

**EnnerGreen Resources**

- Rs 25bn 400MW Maheshwar Hydro Power Project to be commissioned by June 2009
- Floated a 100% subsidiary, Ennertech Bio-Fuels Ltd to develop bio-fuel technologies and undertake Jatropha plantation in 70,000 hectares of land

**EnnerGreen Solutions**

- Customized renewable energy facilities for a residential tower in Worli
- Marketing solar heating systems for hot water requirements
- Setting up 2 solar water heaters with capacity of 300 and 200 litres per day for a Military Hospital
- Setting up 5 solar water heaters of different capacities for Sultania Infantry and EME Centre

**EnnerTech Projects**

- In the process of acquiring PSC Engineers Pvt Ltd for Rs 100mn to be invested in a phased manner to foray into transmission and distribution businesses. The company has an order book of Rs 450mn to be executed in FY'09
- Exclusive tie-up with VRB Power Systems, a Canadian company providing Energy Storage Systems

- Access to the cutting-edge technology through strong tie-ups with global players including Borawind (Swiss wind power development company), EDIG (a reputed R&D company from the US engaged in the development of Solar Thermal Systems), SHAP (Italian manufacturer of fluidized bed combustors for biomass and waste combustion and solar concentrators), VRB Power Systems (Canadian company providing Energy Storage Systems), Battery Equaliser (International Manufacturer, Distributor and Service Provider of Battery Refurbishment Technology through which life of a lead acid battery can be extended upto 100%), Pirelli (Italian firm having state-of-the-art technology for converting municipal waste into fuel), and Ankur Scientific Energy Technologies Pvt Ltd (successfully developed and commercialised a wide range of biomass gassifiers ranging from 5 kWe to 500 kWe).

**Financial Summary (In Rs Mn)**

Particulars	FY'06	FY'07	9MFY'07	9M FY'08
<b>Revenues</b>	<b>344.5</b>	<b>1,971.9</b>	<b>1,472.5</b>	<b>1,425.1</b>
Other Income	1.4	43.1	0.2	253.1*
<b>Net Profit</b>	<b>19.8</b>	<b>128.2</b>	<b>98.2</b>	<b>180.9</b>
NPM (%)	5.7%	6.5%	6.6%	12.7%
Net Worth	995.0	1,212.1	NA	NA
Capital Employed	<b>1,662.7</b>	<b>2,055.4</b>	NA	NA

Source: Company data, Four-S Research

\* Include Rs 245.4mn as proportionate waiver of interest (based on a notification issued by the Madhya Pradesh State government to the Madhya Pradesh State Industrial Development Corporation Limited (MPSIDC) on 16th May 2007, in respect of all its Inter Corporate Deposit (ICD) borrowers, including the Company, a revised One Time Settlement (OTS) was offered, on the basis of which, the parent Company has written back proportionate balance aggregating till 31.12.2007 Rs 245.42mn out of the total waiver of interest amounting to Rs 327.23mn as no longer payable)

## Investment Positives

*Investment in Entegra is a play on strong growth opportunity in the renewable energy sector driven by the Government's target to increase the installed capacity of renewable energy from 10,000MW at present to 15,000MW by 2011 and 80,000MW by 2032 with an estimated investment of USD2.6 bn in the next five years. Entegra is well positioned to capture this opportunity through its fully integrated business model with several high-value projects under execution in each of the focused verticals, access to latest technology through strong tie-ups with global technology leaders and a visionary promoter, who has created a strong professional management team of technocrats and execution experts to drive the business. At a CMP of Rs 25.5, the stock is undervalued given the incremental fully diluted equity value of Rs 82 per share attributable to Entegra from the consolidation of Maheshwar Hydro Power Project. The company also has a business pipeline of Rs 2,260mn to be executed in FY'09.*

**Renewable energy capacity to increase from 10000MW at present to 15,000MW by 2011 and 80,000MW by 2032**

**Developing a 400MW Hydro Power Project to be commissioned by June '2009 with long term PPA, attractive incentive structure and a secure payment structure**

### Attractive and growing market opportunity

- **Large investments to be made in the energy sector:** The energy sector requires an aggregate investment of USD120-150 bn in the next 5 years driven by (i) over 60,000MW of capacity additions to correct the huge mismatch between demand and supply of power with shortage generally varying between 6-9% in normal conditions and 10-14% in peak season, and (ii) strengthening of transmission & distribution (T&D) network as approximately 35-40% of the total power generated is currently lost or pilfered in transit.
- **Increase focus of the Government in tapping the renewable energy:** The Government is increasingly focusing on tapping the renewable energy sources with total capacity estimated to increase from 10,000MW at present to 15,000MW by 2011 and 80,000MW by 2032, with an estimated investment of USD2.6 bn over the next five years. Renewable energy is being increasingly targetted due to strained availability of hydrocarbon fuel basket and environmental concerns in thermal power generation
- **Huge potential for renewable energy to be tapped in India:**
  - ✓ Hydro Power: India ranks fifth in terms of exploitable hydro potential in the world, with economic exploitable hydro power potential of 148,700MW of which only 30,873MW (20.8%) has been tapped so far and another 13,446MW (9.0%) is in various stages of development.
  - ✓ Wind Energy: Out of the total potential of over 45,195MW, only 5,340.6MW was achieved till March 31, 2006
  - ✓ Solar Energy: Total potential of Solar Energy (Solar Photovoltaic and Solar Thermal) estimated at 160MW/sq.km. out of which only 3.7MW/sq. km was harnessed till Mar'06
  - ✓ Bio-diesel: Estimated demand in India at 2.62 million tonnes in 2006-07 assuming a 5% blend in fossil diesel and expected to grow to 3.35 million tonnes by 2011-12
  - ✓ Bio-mass Energy: The total potential of Bio-mass power is 52,000MW compared to the installed capacity of just 234MW as on 31 December 2005

### Entegra is well positioned to capture the growth opportunity

- **Strong experience gained in executing a large Hydro Power Project:** The company is developing a 400MW (40X10) run-of-the-river hydro power project on river Narmada through a Special Purpose Vehicle (SPV), Shree Maheshwar Hydel Power Corporation Ltd. (SMHPCL), which is expected to be commissioned in June 2009. Approximately 70% of the project excavation work and 52% of the concreting work have been completed. SMHPCL has entered into a 35-year Power Purchase Agreement (PPA) with the Madhya Pradesh Electricity Board (MPEB), which is extendable by another 20 years by mutual agreement. The PPA provides for reimbursement of fixed and variable costs and a fixed return on equity of 11% p.a. till all the loans are repaid and 14% thereafter on equity capital. The project is entitled to attractive incentives based on generation above the design energy levels and higher availability. The project is expected to generate approximately 50% higher energy levels considering the water flow from the upstream projects – 1,000MW Indira Sagar and 520MW Omkareshwar. Considering 97.5% availability and average generation of only 1,200 MUs p.a., the project can earn approximately 14% additional Return on Equity (ROE) taking the total ROE to 28%. Payments from the MPEB have been secured through a 3-tier mechanism-L/C, Escrow account and GoMP guarantee. In case of any default in payment by the MPEB, the contract can be suspended and the power sold in the open market to third parties, where the tariffs are highly attractive.

**Created focused business units to develop a fully integrated business model**

**Independent board and a strong team of experienced management professionals in place to drive growth**

**Significant headway made in the key projects under execution**

- **Fully integrated business model:** Entegra aims to be an integrated renewable energy company, with focus on implementation and running of Renewable Energy generation projects; offering Renewable Energy solutions to residential, commercial and industrial facilities, and providing EPC and carrying power trading.
- **Strong tie-ups with global technology companies for access to latest technologies:** Entegra identifies state-of-the-art Renewable Energy technologies from across the globe and establishes landmark partnerships to adapt these technologies in the Indian context after initiating pilot projects. It has already tied up with Borawind for Wind Energy, EDIG for solar thermal systems, SHAP for Biomass, Pirelli for converting municipal waste into fuel, VRB Power systems for energy storage and Ankur Scientific Energy Technologies Pvt Ltd for biomass gassifiers.

#### **Visionary promoter with strong management team of technocrats and execution experts to drive growth**

- Entegra is promoted by Mr. Mukul Kasliwal of S. Kumars Group, who is a pioneer in the field of energy and infrastructure development in India, having rich experience of more than 20 years. He serves on high powered institutions and committees of the Govt. of India (youngest business leader to be appointed to the National Manufacturing Competitiveness Council)
- Mr. Kasliwal is supported by a strong team of technocrats and execution experts with an average experience of over 20 years
- The company has a strong independent board of six members comprising experienced professionals to provide strategic direction.

#### **Significant visibility to future growth driven by several ongoing high-value projects**

- **EnnerGreen Resources:**
  - ✓ Entegra has floated a 100% subsidiary, Ennertech Bio-Fuels Ltd to develop bio-fuel technologies and undertake Jatropha plantation in 70,000 hectares of land. It has already secured a long-term lease of land for plantation from the Madhya Pradesh Government. It will set up capacity of 10,000 tonnes per year capacity for FY'09, which will be increased by 100,000 tonnes per year by setting up additional plants in FY'12 once the feedstock availability is assured. Project cost is estimated at approximately Rs 146mn for 10,000 tonnes per year project and 1420.5mn for 100,000 tonnes per year project. Jatropha oil is a sustainable substitute for diesel, providing inexpensive and renewable source of energy for transport & power.
  - ✓ Entegra is leveraging its partnership with Bora Wind AG to foray into the high potential area of developing Wind Power Projects. The first project with 100 MW capacity will be developed in a Special Purpose Vehicle, Ennertech Wind Farms with investment outlay of Rs 6bn and is currently identifying suitable land in the state of Maharashtra, Karnataka and Madhya Pradesh.
- **EnnerGreen Solutions:**
  - ✓ The company expects to generate revenues of Rs 600mn from this division in FY'09. It has already secured an order worth Rs 390mn from Shree Ram Urban Infrastructure Ltd, which is developing a residential tower in Worli. The scope of the project includes installation of Solar Water Heating System for about 100 flats, Small Wind Turbine, Standalone Solar Photovoltaic systems, Off-site Wind Turbine, LED lighting for staircase and focus building and Swimming Pool Solar heating system.
  - ✓ It is marketing Solar Heating Systems for hot water requirement which has a short pay back period of just 2 years and has already received the following contracts:
    - Military Hospital – Setting up 2 solar water heaters having capacity of 300 litres per day and 200 litres per day
    - Sultania Infantry and EME Centre - Setting up 5 solar water heaters of different capacities
- **EnnerTech Projects and Commodity Trading:**
  - ✓ Entegra expects to generate Rs 300mn from transmission and distribution (T&D) projects and Rs 1,360mn from commodity trading in FY'09, based on the current pipeline of business.

## Valuation Analysis

**Entegra's stock is undervalued considering significant value accretion from Maheshwar Hydro Project and a pipeline of orders in hand**

### Significant upside potential

At the CMP of Rs 25.5, the company is undervalued, given the incremental fully diluted equity value of Rs 82 per share attributable to Entegra from the consolidation of the Maheshwar Hydro Power Project. Further, the company is expected to generate revenues of Rs 600mn from EnnerGreen Solutions business, Rs 300mn from transmission & distribution (T&D) projects, apart from Rs 1,360mn from commodity business in FY'09, based on the current pipeline of business.

### Valuation of SMHPCL

We have valued SMHPCL using the relative valuation methodology based on the valuation of Jaiprakash Hydro-Power Ltd. (JPHL), which has a similar business model. JPHL has set up a 300MW hydro power project on the Baspa River in Himachal Pradesh. The project became operational in FY'04. The company has entered into a PPA with the Himachal Pradesh Electricity Board (HPSEB) for 40 years, which is extendable by next 20 years. The PPA provides for reimbursement of all the fixed and variable costs with escalation in costs to a specified limit and return on equity of 16%.

### Comparison of SMHPCL and JPHL

Particulars	SMHPCL	JPHL
Installed Capacity (MW)	400	300
Units Produced (MUs)	1,188	1,216.4
Capex per MW (Rs mn)	61.3	54.16
Load Factor	38%	50%
Per Unit Selling Price	4.08	2.98
Return on Equity – Base	11-14%	16%
Return on Equity – Post Incentives	14.7-27.9%	18.6%

Source: Company data, Four-S Research

### Valuation of JPHL

CMP (April 03, 2008)	54.8
Number of shares (mn)	491.0
Market Cap (Equity valuation) (Rs in mn)	26,907
Market Cap Attributable to Hydro project (Rs in mn) @ 70%	18,835
Production capacity in MW	300
M Cap per MW (Rs mn)	62.8

We have discounted the total market capitalization of JPHL by 30% to value the Hydro Power Project as the company has recently entered into a 74:26 JV with Power Grid Corporation of India Ltd. (PGCIL) to establish, commission, set up, operate and maintain electric power transmission systems/networks. The JV is currently developing a transmission system to evacuate power to be generated by 1,000MW Karcham Wangtoo Hydro-Electric Project in Dist. Kinnaur, HP to the inter-connecting point at Abdullapur, Distt. Yamuna Nagar, Haryana. The project consisting of a 230 km transmission line is estimated to be completed by 2011, coinciding with the commissioning of the Karcham Wangtoo Project. The Karcham Project is being executed by a Group company, Jaypee Karcham Hydro Corporation Limited (JKHCL) which would deliver 4,200 mu p.a.

### Valuation of SMHPCL

Valuation Driver→	M Cap per MW
Capacity	400 MW
Estimated Equity Value (Rs mn) in FY'10	25,113
Discount rate	28%
<b>Present Post Money Valuation (Rs mn)</b>	<b>15,328</b>
Equity to be raised (Rs mn)	3,750
- Entegra's investment at par	2,000
- External equity	1,750
<b>Pre Money Valuation (Rs mn)</b>	<b>11,578</b>
Existing No. of shares (mn) including conversion of OFCD	361
Value per share pre money	32.1
No. of shares to be issued (mn)	254
<b>Post money no. of shares(mn)</b>	<b>615</b>

The Company plans to raise an additional equity of Rs 3,750mn up to commissioning of the project. This is currently funded by Power Finance Corporation (PFC) to bridge the gap till additional equity is infused. Out of this, Rs 2,000mn will be funded by Entegra (at par) and for the remaining the company will need to issue 54mn shares based on the above valuation.

### Valuation attributable to Entegra

	M Cap per MW
No of shares with Entegra (mn)*	336
Entegra's Stake	55%
<b>Value attributable to Entegra (Rs mn)</b>	<b>8,385</b>
Current shares outstanding of Entegra (mn)	51.0
Right Issue (mn)	51.0
Total shares outstanding post issue(mn)	102.0
<b>Value per share(Rs)</b>	<b>82</b>

\* Post transfer of stake by MW Infra to Entegra

Entegra is in the process of raising funds for expansion through 1:1 rights issue, which will increase the shares outstanding from 51mn to 102mn. Therefore, the value per share attributable to Entegra on consolidation of Maheshwar project on a fully diluted basis will be Rs 82.

## Investment Risks

**Execution Risk:** Entegra is executing several large projects in the renewable energy development sector, which require huge investments and have a long gestation period of 3-5 years to yield returns. Any significant delays in implementing these projects could negatively impact the performance of the company.

**Mitigant:** The company already has the required approvals in place for the Maheshwar Hydro Power Project, with approximately 70% of the project excavation work and 52% of the concreting work now completed. Further, for the Bio-diesel project, the biggest constraint is acquisition of a large land for the Jatropha plantation and the company has already secured a long-term lease of land for plantation from Madhya Pradesh Government.

**Competition Risk:** Given the large industry opportunity, major industry players are foraying into the renewable energy sector. There are already large established players in the power generation sector, who could get into the renewable energy sector eyeing the large opportunity.

**Mitigant:** The company has already made a significant headstart in the sector with a large hydro power project nearing completion, strategic partnerships in place and several ongoing projects.

**Slowdown in government investments in the renewable energy sector:** Any slowdown in investments in the renewable energy sector could significantly impact future growth.

**Mitigant:** The present government is committed to harness the potential of the renewable energy sector, with large investments projected. We believe that even in case of a change in government, investments in the renewable energy sector would continue to be driven by huge potential in India and requirement of strengthening the power infrastructure sector to sustain the growth momentum.

**Delay in transfer of stake held by the promoter group to Entegra:** According to the management of Entegra, SKG Power Ventures Limited (SKGPV), the holding company for the Maheshwar project, is in the process of transferring its interest to Entegra and the process is expected to take about 4-6 months. Any delay in the transfer of stake could impact the value attributable to Entegra.

**Mitigant:** The Board of Directors of Entegra has already considered the plan of merger of the hydro business of MW Infracore Pvt Ltd into the Company and has appointed Grant Thornton as the financial advisors.

**Developing one of the largest private sector Hydro Power Projects**

**Entegra to hold over 55% of the equity in the project**

## Business Analysis

### Maheshwar Hydro Power Project - A Hidden Gem

Shree Maheshwar Hydel Power Corporation Ltd. (SMHPCL) was incorporated in May 1993 to implement 400MW (10 x 40MW) run-of-the-river Hydro Power Project with storage of upto 28 mm<sup>3</sup> (equivalent to approximately 3 hrs of running the project at full capacity) on Narmada river, the 5<sup>th</sup> largest river in India, and a Memorandum of Understanding (MoU) was signed between the Government of Madhya Pradesh (GoMP), MPEB and SMHPCL for committing the project on Build, Own & Operate (BOO) basis.

#### With approximately 55% of the fully diluted equity held by Entegra Ltd

Entegra had originally invested Rs 1,364mn in the Maheshwar Hydro Project. However, in the year 2006, Entegra hived off its holding in SMHPCL to an SPV, namely SKG Power Ventures Pvt Ltd to enable raising of balance equity funding from the private/strategic investors. Further, the means of finance of the project has been fully tied up with stand-by guarantee from PFC for the equity of Rs 3,750mn. SMHPCL will raise this equity on completion of the project, which would be part-financed to the tune of Rs 2,000mn by Entegra (at par) including Rs 1,000mn out of the proceeds of the planned rights issue. Further, SKG Power Ventures is in the process of transferring the equity of Rs 1364mn back to Entegra, which is currently held as debtors in Entegra's books of accounts. This will take the total fully diluted equity stake of Entegra in SMHPCL to 55% (based on present post money equity valuation of Rs 15,328mn as explained in the valuation section).

#### Financing Structure

Source	Rs in mn	% of project cost
<b>Equity</b>	<b>7,355</b>	<b>30.0%</b>
- Entegra Ltd	3,364	14%
- OFCD/IFCI (at par) <sup>(1)</sup>	1,985	8.1%
- Pacific Generation Development Company	76	0.3%
- GoMP (at par)	180	0.7%
- External Equity to be raised on project completion <sup>(2)</sup>	1,750	6.9%
<b>ZCBs (for stalled period)</b>	<b>1,978</b>	<b>8.1%</b>
<b>OFCDs <sup>(3)</sup></b>	<b>2,210</b>	<b>9.0%</b>
<b>Debt</b>		
Tied up	10,595	43.3%
Yet to be tied up	2,355	9.6%
<b>Total Debt</b>	<b>12,950</b>	<b>52.9%</b>
<b>Total Project cost</b>	<b>24,493</b>	<b>100.0%</b>

Source: Company data, Four-S Research

<sup>(1)</sup> OFCD worth Rs 1,790mn with the promoter group to be converted into equity at par. Further, the promoters propose to pay back the amount of Rs 195mn to IFCI

<sup>(2)</sup> Currently funded by PFC to bridge the gap till additional equity is infused

<sup>(3)</sup> External OFCDs which are expected to be repaid

#### Long-term contract with attractive base RoE and ability to earn attractive incentives

SMHPCL has entered into a 35-year PPA with MPEB, which is extendable by an additional 20 years by mutual agreement. The PPA provides for reimbursement of fixed and variable costs and a fixed return on equity (RoE) of 11% p.a. till all the loans are repaid and 14% thereafter on equity capital. The project is entitled to attractive incentives of upto 10% of project equity calculated on secondary energy generated above the design energy levels and 0.7% of project equity for every 1% higher availability of the project above 90% on an annual basis.

**With ability to generate 28% ROE with average generation of over 50% above the design energy**

**Project work going in full swing with the project to be commissioned by June 2009**

### Tariff Computation and Incentives

Capacity Charges	
Interest on Debt	All Interest on debt raised for the project
Depreciation	As per applicable rates and advance against depreciation to cover loan repayments
Energy Charges	
O&M Expenses	Up to 1.5% of project cost for 1 <sup>st</sup> year, to be increased by inflation for subsequent years
Base ROE	11% till the loans are repaid and 14% thereon
Income Tax	Based on actual tax
Interest on Working Capital	Computed on 1-month O&M + maintenance spares + receivables for 2 months
Water Charges	As per actual charges payable
Incentives	
Availability	0.7% additional RoE for each project availability above 90%
Energy	Up to 10% additional RoE for generation above design energy level

Source: Company data, Four-S Research

As per the studies done by IIM, Bangalore/CEA in 1985 and subsequently modified by Lahmeyer International, the generation potential of the project is

Design Energy (based on 90% dependable year) – 913 MU per annum

Average Energy (based on 50% dependable year) – 1,361 MU per annum

The project is expected to generate approximately 50% higher energy levels considering the water flow from the upstream projects – 1,000MW Indira Sagar and 520MW Omkareshwar. Considering 97.5% availability and average generation of only 1,200 MUs p.a. the project can earn approximately 14% additional RoE. The average tariff, including incentives, is expected to be around Rs 4/unit, which is significantly lower than the current peak power rates of Rs 5-8/unit in the western region. The project has no obligation to provide free power to the home state like other projects and in the event of default in payment by MPEB, SMHPCL can supply to third party buyers at market rates, which are highly lucrative.

### Project Nearing Completion

Project implementation (physical progress) was first started in 1997 but was stalled in September 2001 due to funding and other issues. Construction work recommenced in November 2005 after the Project achieved funding support from PFC and other agencies. Agreements with all the contractors were revalidated or new contractors were appointed and around 2,000 workers, supervisors and engineers were mobilized. All land required for the Project construction has been acquired.

Approximately 70% of the Project excavation work and 60% of the concreting work has been completed. SMHPCL expects to commission in June, 2009.

### Project Status

Work	Contractor	Amount	Current Status	
Civil	SEW Constructions	Rs 2.76bn	Spillways	Work taken up in 24 out of 30 blocks 70% concreting complete
			Power House	100% excavation complete 44.7% concreting complete
Hydro-Mechanical	SEW Construction	Rs 1.31bn	Embedded parts received for all fabrication work to be completed onsite 100% excavation and over 40% concreting complete	
Electro-Mechanical	BHEL	Rs 5.73bn	Turbine model test started. Project to be commissioned by June 2009	

**Entegra to emerge  
as a fully  
integrated  
renewable energy  
conglomerate**

**Access to latest  
technologies  
through strong  
partnerships**

Work	Contractor	Amount	Current Status
R&R and CAT	MPEB		<ul style="list-style-type: none"> <li>✓ Over 60% of the land required for R&amp;R (for new villages) acquired</li> <li>✓ Development work (including all civic amenities) in 7 villages (out of 15 villages) complete and villagers have already started shifting in</li> <li>✓ MPRVVN &amp; NVDA have been entrusted with CAT work, which is currently underway</li> </ul>

Source: Company data, Four-S Research

CES, Delhi (Rs 44mn) has been entrusted with the task of design and drawing for civil works and Lahmeyer International to advise on hydrology.

### Well defined target areas to provide impetus to future growth

Entegra aims to be an integrated renewable energy company, with focus on implementation and running of Renewable Energy generation projects; offering Renewable Energy solutions to residential, commercial and industrial facilities; and providing EPC, infrastructure advisory services and carrying power trading.

The company has created focused divisions to capture the growing industry opportunity driven by the government's focus on growing the grid interactive renewable energy installed capacity in India to 80,000MW by 2032 from 11,000MW at present.

### Entegra's Business Portfolio

EnnerGreen Resources	EnnerGreen Solutions	Enner Tech Projects
Implements and runs renewable (RE) energy generation projects	Offers integrated RE solutions directly to consumers – residential facilities, commercial buildings, hotels, hospitals or industrial facilities	EPC and Services

Source: Company data, Four-S Research

### Strategic Tie-ups in place with global RE technology players for access to latest technologies

Entegra identifies state-of-the-art renewable energy technologies from across the globe and establishes landmark partnerships to adapt these technologies in the Indian context after initiating pilot projects.

### Strategic Partnerships

Company	Description
Borawind AG	Swiss firm engaged in the development of wind power projects across the globe
EDIG	A reputed R&D company from Israel engaged in the development of Solarised Turbine Hybrid Systems
SHAP	A company from Italy manufacturing fluidized bed combustors for biomass and waste combustion and Solar Concentrators
VRB Power Systems	A Canadian company providing Energy Storage Systems
Battery Equaliser	International Manufacturer, Distributor and Service Provider of Battery Refurbishment Technology through which life of a lead acid battery can be extended upto 100%
Pirelli	Leading Italian firm having state-of-the-art technology for converting municipal waste into fuel
Ankur Scientific Energy Technologies Pvt Ltd	Successfully developed and commercialised a wide range of biomass gassifiers ranging from 5 kWe to 500 kWe

Source: Company data, Four-S Research

**Already executing several high value projects in key focus verticals**

**Customised renewable energy solutions for the end-customer**

### Significant high-value projects under execution

**EnnerGreen Resources:** Apart from Maheshwar Hydro Power Project, the company has also floated a 100% subsidiary, Ennertech Bio-Fuels Ltd to develop bio-fuel technologies and undertake Jatropha plantation in 70,000 hectares of land. It has already secured a long-term lease of land for plantation from Madhya Pradesh Government. It will set up a 10,000 tonnes/year capacity in FY'10, which will be increased to 100,000 tonnes/year by setting up additional plants in FY'12 once the feedstock availability is assured. Project cost is estimated at approximately Rs 146mn for 10,000 tonnes/year project and Rs 1,420.5mn for 100,000 tonnes/year project. Jatropha oil is a potential substitute for diesel, providing cheap and renewable source of energy for transport & power.

#### Economics of Bio-diesel of 10,000 MTPA Capacity

	FY'10E	FY'11E	FY'12E	FY'13E
Capacity Utilisation	60%	70%	80%	90%
Bio-diesel Production (MTPA)	6,000	7,000	8,000	9,000
Glycerine Production (MTPA)	672	784	896	1,008
Bio-Diesel Sales	177.3	206.8	236.4	265.9
Glycerine Sales	13.4	15.7	17.9	20.2
<b>Total Sales</b>	<b>190.7</b>	<b>222.5</b>	<b>254.3</b>	<b>286.1</b>
<b>EBITDA Margin</b>	<b>21%</b>	<b>21%</b>	<b>22%</b>	<b>22%</b>

Source: Company data, Four-S Research

#### Economics of Bio-Diesel of 100,000 MTPA Capacity

	FY'12E	FY'13E	FY'14E	FY'15E
Capacity Utilisation	70%	80%	90%	90%
Bio-diesel Production (MTPA)	70,000	80,000	90,000	90,000
Glycerine Production (MTPA)	7,840	8,960	10,080	10,080
Bio-Diesel Sales	2,068.2	2,363.6	2,659.1	2,659.1
Glycerine Sales	156.8	179.2	201.6	201.6
Other Sales	200.0	200.0	200.0	200.0
<b>Total Sales</b>	<b>2,425.0</b>	<b>2,742.8</b>	<b>3,060.7</b>	<b>3,060.7</b>
<b>EBITDA Margin</b>	<b>28%</b>	<b>28%</b>	<b>28%</b>	<b>28%</b>

Source: Company data, Four-S Research

The company has already piloted a 10,000 tonnes per annum (tpa) refinery to generate fuel from Jatropha. It is negotiating with various companies which have developed plantations so that the project gets into the revenue model in FY'10.

Entegra will also be leveraging its partnership with Bora Wind AG to foray into the high potential area of developing Wind Power Projects. The first project with 100 MW capacity will be developed in a special purpose vehicle, Ennertech Wind Farms with investment outlay of Rs 6bn and is currently identifying suitable land in the states of Maharashtra, Karnataka and Madhya Pradesh. It will offer the wind power generation projects on standalone basis and also as integrated Renewable Energy Solutions to its customers.

**EnnerGreen Solutions:** Offers integrated Renewable Energy Solutions directly to consumers – residential facilities, commercial buildings, hotels, hospitals and industrial facilities. The company has the ability to act as a technology vendor, consultant or turnkey project implementer by selling clean energy products like solar water heaters, and integrating different technologies to create solutions for energy efficient and clean energy-enabled facilities. The company expects to generate revenues of Rs 600mn from this division in FY'09. It has already bagged an order of Rs 390mn from Shree Ram Urban Infrastructure Ltd, which is developing a residential tower in Worli. The scope of the Project includes installation of Solar Water Heating System for about 100 flats, Small Wind Turbine, Standalone Solar Photovoltaic Systems, Off-site Wind Turbine, LED lighting for staircase and focus building and Swimming Pool Solar heating system. It is also negotiating for projects from Air India and SR Foils & Tissues Limited, Alwar. These projects are expected to yield a healthy gross margin of about 20%.

It is also marketing Solar Heating Systems for hot water requirement which has a low pay back of 2 years and has already received the following contracts

- ✓ Military Hospital – Setting up 2 solar water heaters with capacity of 300 litres per day and 200 litres per day, respectively
- ✓ Sultania Infantry and EME Centre - Setting up 5 solar water heaters of different capacities

***Pursuing the EPC  
to tap the growing  
market opportunity***

***Also, commodity  
trading by  
leveraging its  
strong network to  
provide immediate  
cash flows***

**EnnerTech Projects:** The company provides EPC and project services.

The company is in the process of acquiring PSC Engineers Pvt Ltd for Rs 100mn to be invested in a phased manner to foray into transmission and distribution business. The company has an order book of Rs 450mn. PSC, established in 1982, specialises in the execution of Extra High Voltage Switchyards, Sub-stations, Power Distribution, Lighting and Water Pumping Stations. The company has executed projects for marquee clients including Power Grid Corporation of India Ltd, Indian Railways and various state electricity boards.

**Commodity Business:**

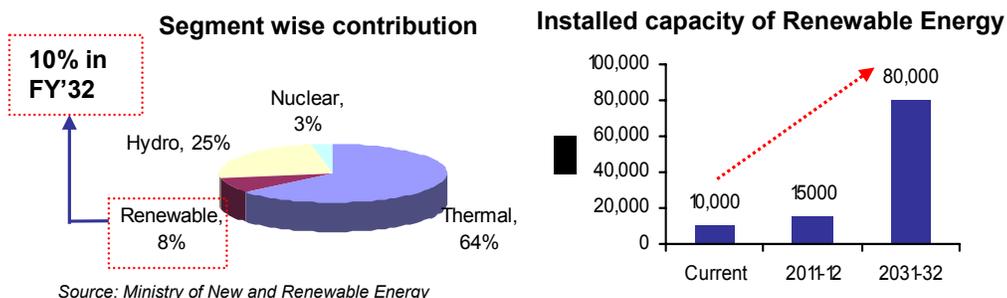
Since most of the projects that the company is executing are long gestation projects, Entegra is currently leveraging the strong network built over the years to trade in infrastructure materials including iron ore and steel to provide sustainable cash flows to build the organization. The company has domestic orders worth 40,000 tonnes and export orders worth 300,000 tonnes for the year FY'09.

In order to forward integrate the business model and tap the huge potential due to regional imbalances in Demand and General Access, the company has also applied for a power trading license.

**Industry Opportunity**

**Installed capacity in renewable energy to grow from 10,000MW to 15,000MW by 2012 and 80,000MW by 2032**

- **Large investments to be made in the energy sector:** The energy sector requires an aggregate investment of USD120-150 bn in the next 5 years driven by (i) over 60,000MW of capacity additions to correct the huge mismatch between demand and supply of power with shortage generally varying between 6-9% in normal conditions and 10-14% in peak season, and (ii) strengthening of transmission & distribution (T&D) network as approximately 35-40% of the total power generated is currently lost or pilfered in transit.
- **Increasing focus of the Government on tapping renewable energy:** The Government is increasingly focusing on tapping the renewable energy sources with total capacity estimated to increase from 10,000MW at present to 15,000MW by 2011 and 80,000 MW by 2032, with an estimated investment of USD2.6 bn over the next five years. Renewable energy is being increasingly targetted due to strained availability of hydrocarbon fuel basket and environmental concerns in thermal power generation



- **Huge potential for renewable energy to be tapped in India:** India has an enormous potential of renewable energy across various sources as indicated below:

RES	Potential	Existing Installed Capacity
Wind	45,000MW	~6,190MW
Small Hydro (upto 25 MW)	15,000MW	~1,850MW
Biomass power /cogeneration	19,500MW	~950MW
Solar Photo Voltaic Power	50,000MW (20MW/sq km)	~30MW (Very low Exploited)
Solar Water Heating	140mn sq. m Collector area	1.5mn sq. m Collector area
Urban and Industrial Waste-based power	70,000MW	~34.95MW
Biogas Plant	12mn	3.8mn
Improved Biomass Chulhas (Cook Stoves)	120mn	35.2mn

Source: Ministry of New and Renewable Energy website

- ✓ Wind Energy: Out of total potential of over 45,195MW, only 5,340.6MW achieved till March 31, 2006
- ✓ Solar Energy: Total potential of Solar Energy (Solar Photovoltaic and Solar Thermal) estimated at 160MW/sq.km. but only 3.7MW/sq. km harnessed till Mar'06
- ✓ Bio-diesel: Estimated demand in India at 2.62 million tonnes in 2006-07 assuming a 5% blend in fossil diesel and expected to grow to 3.35 million tonnes by 2011-12
- ✓ Bio-mass Energy: The total potential of Bio-mass power is 52,000MW compared to the installed capacity of just 234MW as on 31 December 2005

- **Hydel power opportunity unexplored**

India ranks fifth in terms of exploitable hydro potential in the world, with economic exploitable hydro power potential of 148,700MW of which only 30,873MW (20.8%) has been tapped so far and another 13,446MW (9.0%) is in various stages of development. Countries like Norway, Canada, and Brazil have all been utilizing more than 30% of their hydro potential. The basin-wise estimated potential is:

Basin/Rivers	Probable Installed Capacity(MW)
Indus Basin	33,832
Ganga Basin	20,711
Central India River System	4,152
Western flowing rivers of southern India	9,430
Eastern flowing rivers of southern India	14,511
Brahmaputra Basin	66,065
<b>Total</b>	<b>148,701</b>

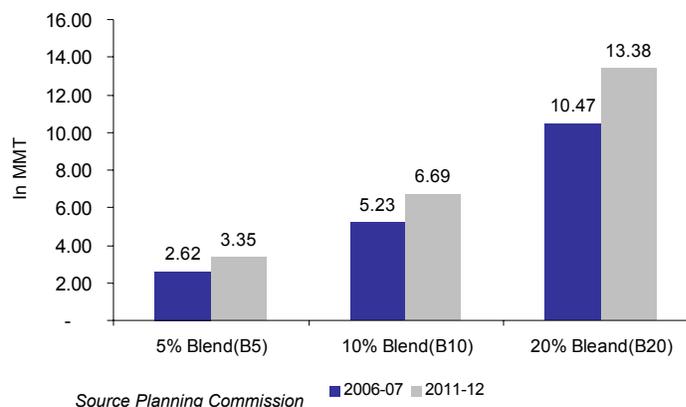
With an investment outlay of Rs 2,000bn, the government of India targets an additional 50,000MW of hydro capacity within the next 15-20 years. Thus, there is an aggressive need of private participation in the near future to support the government to achieve this target.

- **Upcoming Merchant trading opportunity:**

In a major reform the government is planning to allow hydro-electric projects to undertake merchant sales (market-oriented spot transaction) of up to 40% of the saleable energy, which will be on adherence to specific timelines for completing the project. Projects that do not conform to the prescribed timelines would, however, lose the incentive of merchant sales in a graded manner. Merchant sales would enable projects to earn huge premium on sale of power in the spot market that at times is more than twice the tariff under the long-term PPA route. The rates are usually in the range of Rs 4-6/Kwh which may extend to Rs 5-7/Kwh in peak season. This provides a good opportunity to cash in the lucrative third party market. With the advent of such reforms, the power trading market is certainly going to witness a boom.

- **Bio-diesel to emerge as a possible substitute for diesel**

Bio-diesel may be the possible future substitute for diesel in transport and power generation. The government is actively encouraging bio-diesel and ethanol with the blending of 10% Jatropha ethanol in 90% gasoline. This initiative will generate demand for approximately Rs 3.6bn worth bio-diesel for the entire country, thus creating tremendous potential for Jatropha in India. All the oil majors have announced their intention of entering this sphere. The demand for bio-diesel is expected to increase from 5.23MMT in 2006-07 to 6.69MMT in 2011-12 with 10% blend.



## Hear it From the Promoter – Mr. Mukul Kasliwal

- **Please explain Entegra's key businesses and strategy in renewable energy.**

Entegra is one of the few players in India that has an integrated approach to renewable energy, covering the entire clean energy value chain. We have gone beyond generation of renewable energy and are looking at providing customized solutions that promote the use of renewable energy as well as EPC. To ensure this, we have created focused divisions, each with a dedicated team of experienced professionals, to focus on each service offering. Our key business units include:

**Ennergreen Resources:** For developing renewable energy projects under which we are executing the 400-MW Maheshwar Hydro Power Project through an SPV and have forayed into Bio-diesel through a 100% subsidiary, EnerTech Biofuels

**EnnerGreen Solutions:** Here we offer integrated renewable energy solutions directly to consumers, ie, for residential facilities, commercial buildings, hotels, hospitals and industrial facilities. Entegra has the capability to offer solutions as a technology vendor, consultant or a turnkey project implementer. This will mean selling clean energy products like solar water heaters. It will also mean integrating different technologies to create solutions for energy efficient and clean energy-enabled facilities.

**EnnerTech Projects:** To focus on EPC business in the power sector.

**Commodity business:** We deal in infrastructure material and are also foraying into power trading.

- **Where do you see most growth coming from going forward?**

The company plans to capitalize on our deep understanding of the Indian market place, our unparalleled network and our access to cutting-edge global technology through partnerships with technology leaders. We have worked out a staged roll-out programme that encompasses the institutional sector, residential sector and also covers rural communities. We believe in adding value at each step by:

- Identifying state-of-the-art Renewable Energy technologies from across the globe and establishing landmark partnerships to access these technologies and strengthen execution capabilities
- Initiating pilot projects and adapting the technologies in the Indian context
- Optimizing technology - increasing volumes and falling costs by enabling recreation of Renewable Energy Corridor with a cluster of manufacturing companies
- Facilitating the commercial application of these technology-driven specialized products and services

- **What stage has the Maheshwar Hydro Power Project reached?**

The project has seen strong progress. Civil construction started in November 2005 and now excavation works are 70% complete, concreting works 60% complete and detailed engineering, related to civil works and partly pertaining to hydro-mechanical works, is already complete. We will see the commissioning of project by June 2009.

- **What is the present capital structure of Maheshwar and how much more equity is expected to be raised?**

The project achieved financial closure in September 2006, with more than 90% of the funding tied up. The total project cost, as appraised and approved by the lenders, is Rs 24.5bn, including interest during construction and provision for contingency. The project is being financed by a debt:equity of 70:30. Out of the total equity of Rs 7,355mn, promoter group has already invested Rs 1,364mn, which will be transferred into Entegra. There are Optionally Fully Convertible Debentures of Rs 4,000mn, out of which Rs 1,790mn is expected to be converted into equity. Pacific Generation Development Company has invested Rs 75.6mn, Government of Madhya Pradesh will get equity of Rs 180mn in lieu of transfer of project related assets. The remaining equity of Rs 3,750mn is proposed to be funded in the next 6 months time.

- **Why did Entegra hive off its stake in Maheshwar earlier?**

In the year 2006, Entegra hived off its holding in SMHPCL to a special purpose vehicle, namely SKG Power Ventures Pvt Ltd for funding purposes. The means of finance of the project has since been fully tied up, with stand-by guarantee from Power Finance Corporation for the equity of Rs 3,750mn.

SKG Power Ventures is now in the process of transferring the equity of Rs 1364mn back to Entegra, which is currently held as debtors in Entegra's books of accounts, to consolidate all Renewable Energy company under one roof. This will also benefit the shareholders of the company through the value that would be created from the transfer of this asset to the listed entity.

- **What will be the stake of Entegra in Maheshwar?**

Entegra's stake in Maheshwar will depend on the valuation of the project for the external equity of Rs 1,750mn to be raised on completion of the project. Entegra proposes to invest about Rs 2,000mn in the next 6 months time.

## Annexure 1 – Corporate Team

### Mr. Mukul S Kasliwal *Promoter & Chairman*

- Pioneer in the field of Energy and Infrastructure Development in India with over 20 years experience in diversified businesses
- Serves on high-powered institutions and committees of the Govt. of India (youngest business leader to be appointed to the National Manufacturing Competitiveness Council)
- MBA (Finance) from Simon School of Business, USA

### Mr. Warij A Kasliwal *Vice Chairman*

- Over 30 years of diversified industry experience
- Involved in various aspects of Organisational and Human Resources Development
- Serving on the board of Shree Maheshwar Hydel Power Corp. for the last 12 years
- B.Sc. and an Associate of the National College of Rubber Technology, London

### Mr. V. K. Jain *Managing Director*

- Over 25 years of diversified industry experience including 10 years in the Renewable Energy Industry.
- Occupied senior positions in various companies engaged in shipping, genetic engineering, paper manufacturing, chemicals textiles, etc
- Worked on large M&A transactions across various industry sectors
- Member of the Institute of Chartered Accountants of India (ICAI)

### Mr. Dennis Quinn *COO – Global Operations*

- Over 20 years of relevant experience gained with a leading US investor-owned integrated utility
- Extensive experience in both the regulated and non-regulated electric utility industry and renewable energy development with over USD500 mn of projects successfully operating worldwide
- MBA and Under Graduate from Oregon State University

### Mr. Ramakrishnan *CFO*

- Over 30 years of experience in dealing with the financial services of top business organisations in the country
- Worked at senior levels in Singer India, Philips India, Reliance Industries, Leo Burnett and Precision Fasteners
- Chartered Accountant, Company Secretary and Management Accountant

## Annexure 2 – Business Heads

### Mr. M.L. Gupta *Managing Director, Shree Maheshwar Hydel Power Corporation Ltd*

- Over 39 years of experience in hydro power sector
- Former Chairman, Tehri Hydropower Development Corporation Limited (April 1996 to September 2004)
- General Manager and Chief Engineer – N.H.P.C (May 1980 to September 1994)
- B. Sc. Engineer (Mechanical)

### Dr. Bhartendu Vatsya *President, Renewable Energy Business*

- Techno-commercial professional with 25 years of experience in leading successful start-up businesses
- Worked as Senior VP (Biotechnology) for Gufic Biosciences Ltd., a company involved in research, manufacture and marketing of pharmaceutical products, plant biotechnology and hybrid seeds
- Published 4 books & 11 research papers and submitted 38 Classified Research Reports to Hindustan Lever Research Centre and Nath Biotechnologies on different projects
- Recipient of the Jawaharlal Nehru Award and Gold Medal - Indian Council of Agricultural Research, Government of India, New Delhi, for the year 1983 for best research work in Genetics and Plant Breeding
- B.Sc. (Botany Hons.), M.Sc. (Genetics) and Ph.D. (Genetics) from Indian Agricultural Research Institute

### Mr. M. Hudli *President, Operations and Commodity Business*

- Over 25 years of experience in Banking and Commodity Trading industries
- Possess indepth knowledge of the mining sector, specifically iron ore, with strong networking amongst Indian and Chinese steel manufacturers
- L.L.B. & C.A.I.I.B.

### Mr. J.J. Desai *Sr. Vice President (Projects)*

- Over 32 years of experience in various fields of Engineering, i.e., Design & Cost Estimation, Project Management, Marketing and General Administration
- Worked with organisations like Larsen & Toubro, Tata Exports, Jyoti Ltd. & Nestler Boiler
- Mechanical Engineering from Brigham Young University, Utah, USA, Diploma in Project Management from the Bajaj Institute of Management, Bombay University

### Annexure 3 – Independent Board of Directors

**Mr. G.D. Gaiha**  
*Director*

- Former Chairman & Managing Director, TCIL.
- Worked as Director (Technical) with MTNL, first functional director on the board of MTNL
- Instrumental in launching cellular services in Delhi and Mumbai (Dolphin), deploying the first CDMA network in Delhi and Mumbai for basic services and launching Internet service
- B Tech. (Electrical Engineering). BHU: Law Graduate. University of Delhi: PGDBM. IMT Ghaziabad

**Mr. P. L. Nene**  
*Director*

- Retired as Chairman of the Madhya Pradesh Electricity Board (MPEB), where he worked in various capacities and gained experience in generation, transmission & distribution of electricity
- Instrumental in major reforms in MPEB
- Currently serving as consultant to various organizations in the power sector
- Member of the Institution of Engineers (Chartered Engineer)

**Mr. Ajit C. Kapadia**  
*Director*

- Rich experience in energy and oil & gas sectors
- Retired as Managing Director of Hindustan Oil Exploration Co. Ltd (HOEC)
- Currently serving as Senior Advisor to HOEC and Vice Chairman in the Centre for Fuel Studies and Research
- Chemical Engineer from Louisville, U.S.A. and has done management courses from the US and UK

**Mr. Soli K. Cooper**  
*Director*

- Practicing Advocate in the Supreme Court of India and the Bombay High Court since 1980
- Holds directorship in G.Corp Pvt.Ltd., G.Corp Properties Pvt. Ltd., Equest Capital Advisors Pvt.Ltd. And Capital Art Advisory Pvt.Ltd.
- Trustee of F.H.B. Sethna Charity Trust

**Mr. Hiten Khatau**  
*Director*

- Has varied general management experience in domestic and international markets as well as in consumer and industrial products
- Leading Industrialist, and Chairman & Managing Director of Cable Corporation of India
- Member of Institute of Chartered Accountants of India (ICAI)

**Mr. Ashish Jalan**  
*Director*

- Over 20 years of experience in the industry
- Chairman of S&S Power Switchgear Ltd
- Holds directorships in Acrastyle Switchgear Ltd, Acrastyle Ltd and S&S Power Corporation SDN BHD

## Annexure 3 – Financials- Entegra

### Profit & Loss Statement

Particulars (Rs mn)	FY'06	FY'07	H1FY'08
<b>Revenues</b>	<b>344.48</b>	<b>1,971.89</b>	<b>903.61</b>
<b>YoY Growth</b>	-	<b>472.4%</b>	-
<b>Expenditure</b>	<b>256.35</b>	<b>1,794.13</b>	<b>928.52</b>
Cost of goods sold	250.24	1,757.19	901.18
Increase/(Decrease) in inventory	0.00	0.00	0.00
Staff costs	1.259	7.68	3.953
Other Expenditure	4.854	29.263	23.382
<b>Operating Profits</b>	<b>88.13</b>	<b>177.76</b>	<b>-24.90</b>
<b>YoY Growth</b>	-	<b>101.7%</b>	-
<i>EBIDTA Margin</i>	25.6%	9.0%	-2.8%
Interest	66.684	47.429	7.95
Depreciation	0.181	0.174	0.14
<b>OPBT</b>	<b>21.26</b>	<b>130.15</b>	<b>-32.99</b>
Other income	0.068	43.08	166.78
<b>PBT</b>	<b>21.33</b>	<b>173.23</b>	<b>133.79</b>
Tax	1.52	17.00	15.58
Provision for deferred tax	0.00	0.00	0.00
<b>Net Profits before Extraordinary Items</b>	<b>19.81</b>	<b>156.24</b>	<b>118.21</b>
Prior period item	0.00	2.10	0.00
Extra-ordinary Item	0.00	27.19	0.38
Income Tax fro earlier Years	0.00	-1.24	0.00
<b>Net Profits after Extraordinary Items</b>	<b>19.81</b>	<b>128.20</b>	<b>117.83</b>
<b>YoY Growth</b>	-	<b>547.3%</b>	-
<i>Net Margin</i>	5.7%	6.5%	13.0%

### Balance Sheet

Particulars( Rs mn)	FY'06	FY'07
<b>I.SOURCES OF FUNDS</b>		
1 Share Capital	510	510
2 Advance Share Application Money	481.1	570
3 Profit and Loss Account	3.9	132.1
4 Loan funds	667.5	843.2
5 Deferred Tax Liability (Net)	0.1	0.1
<b>TOTAL(1+2+3+4+5)</b>	<b>1662.7</b>	<b>2055.4</b>
<b>II.APPLICATION OF FUNDS</b>		
<b>1 Net Block</b>	<b>1.6</b>	<b>1.6</b>
Gross Block	1.9	2.1
Less: Depreciation	0.3	0.5
2 Pre-operative Expenses	2.2	6.5
3 Investments	304.5	0.1
4 Net Current Assets	1351.6	2042.8
5 Miscellaneous Expenditure	2.8	4.4
<b>TOTAL(1+2+3+4+5)</b>	<b>1662.7</b>	<b>2055.4</b>

## Annexure 4 – Financials- Maheshwar Hydro Project

### Tariff Computation as per PPA

Particulars	2010E	2011E	2020E	2030E
<b>Annual Capacity Charges</b>				
Interest on term loan	1814.9	1758.9	991.9	0.0
Depreciation	623.7	623.7	623.7	623.7
Advance Against Depreciation	0.0	0.0	548.8	0.0
<b>Annual Energy Charge</b>				
O&M Cost	367.4	382.1	543.8	805.0
Interest on Working Capital	68.1	67.5	69.1	70.2
Income Tax	231	231	302	1,283
ROE	851.4	851.4	851.4	1083.6
<b>Total</b>	<b>3957.0</b>	<b>3915.0</b>	<b>3930.3</b>	<b>3865.3</b>
<b>Incentives</b>				
Availability Incentives	270.9	270.9	270.9	270.9
Secondary Energy Incentive	672.0	672.0	672.0	672.0
<b>Total</b>	<b>942.9</b>	<b>942.9</b>	<b>942.9</b>	<b>942.9</b>
Break Even Tariff	2.61	2.58	2.59	2.34
Base Tariff(with ROE)	3.33	3.30	3.31	3.25
Tariff with Incentive	4.12	4.09	4.10	4.05

### Profit and Loss Statement

Particulars	2010E	2011E	2020E	2030E
Total Capacity & Energy Charges	3957.0	3915.0	3930.3	3865.3
Incentives	942.9	942.9	942.9	942.9
<b>Total Revenue</b>	<b>4899.9</b>	<b>4857.9</b>	<b>4873.2</b>	<b>4808.2</b>
Total Expenses(O& M exp)	367.4	382.1	543.8	805.0
<b>EBITDA</b>	<b>4,532.5</b>	<b>4,475.8</b>	<b>4,329.4</b>	<b>4,003.2</b>
<i>EBITDA Margins</i>	92.5%	92.1%	88.8%	83.3%
Interest Term Loans	1814.9	1758.9	991.9	0.0
Interest on Working Capital	51.0	50.6	51.8	52.6
Depreciation	623.7	623.7	623.7	623.7
<b>PBT</b>	<b>2,042.8</b>	<b>2,042.6</b>	<b>2,662.0</b>	<b>3,326.9</b>
Tax-Current	231.5	231.4	301.6	1,282.8
Deferred Tax	692.5	692.5	41.6	(151.6)
PAT	<b>1,118.8</b>	<b>1,118.7</b>	<b>2,318.8</b>	<b>2,195.7</b>
<i>PAT Margins</i>	22.8%	23.0%	47.6%	45.7%

**About Four-S Services**

Four-S Services provides customised business and financial research to organizations across the globe. The company also provides Investor Relations consulting to corporates based on in-depth sectoral and company research. The company has an impressive client profile and a team of analysts covering key sectors including Finance & Banking, IT & Telecom, Retail, Media & Entertainment, Pharmaceuticals, Infrastructure and Manufacturing, amongst others. For further information on the company please visit [www.four-s.com](http://www.four-s.com)

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**For Further details/clarifications please contact:**

**Ashish Nayar**  
[ashish@four-s.com](mailto:ashish@four-s.com)

**Four-S Services Pvt. Ltd.**  
409, Meghdoot, 94, Nehru Place  
New Delhi – 110019, India  
Tel: +91-11-46561780 (D)  
+91-11-41808168

**Mumbai Office:** 202, Vinayak Chambers, 4th Road, Khar (West), Mumbai - 400 052. +91 22 26482878

**Gurgaon Office:** 214, Udyog Vihar Phase I, Gurgaon – 122016. +91 124 4002127

**Website:** [www.four-s.com](http://www.four-s.com)