

CFCL OVERSEAS LIMITED

DIRECTORS' REPORT

Dear Members,

The Directors are pleased to present the Directors' Report together with the audited accounts of the Company for the financial year ended March 31, 2011.

1. Financial Results

The performance of the Company for the financial year ended March 31, 2011 is summarized below:

Particulars	(Amount in USD)	
	2010-11	2009-10
Income	9,457	55,767
Expenditure	501,658	10,974
Profit/ (Loss) for the year	(492, 201)	44,793

2. Business Operations

The Company is engaged in the business of investment holding. During the year, the Company invested USD 16,313,594 in its subsidiary – M/s. CFCL Technologies Ltd. There were no other business activities during the year.

3. Directors

The Board has three directors. During the current financial year, the Board of Directors appointed Mr. M. S. Rathore, Ms. Suzanne Holmboe and Mr. Lee Kuan Jen Sebastian w.e.f November 10, 2010, November 17, 2010 and January 17, 2011 respectively.

M/s H.S. Bawa, Abhay Baijal and Anil Kapoor, resigned as directors w.e.f. October 30, 2010, November 3, 2010 and November 19, 2010 respectively. The Board expressed its appreciation of their contribution to the Company.

4. Dividend

The Company is not proposing to declare any dividend this year.

5. Share Capital

During the year under review, the Authorised Share Capital of the Company increased to USD 100 Million from USD 70 Million by creation of additional 30 Million Non-cumulative Redeemable Preference Shares of USD 1 par value each. The Company allotted 9,750,000 Non-cumulative Redeemable Preference Shares of USD 1 each to its holding company – M/s. Chambal Fertilisers and Chemicals Limited, India.

6. Subsidiary Company

CFCL Technologies Limited, Cayman Islands is the subsidiary of the Company. During the year, 513,478 Series D Preference Shares of par value of USD 0.0001 each and 770,217 Series E Preference Shares of par value of USD 0.0001 were issued to the Company @ USD 12.7083 per share by its subsidiary.

7. Auditors' Report

The Notes on Accounts read with the Auditors' Report issued by M/s. V. Sankar Aiyar & Co., Chartered Accountants are self-explanatory and therefore, do not call for any further comments or explanations.

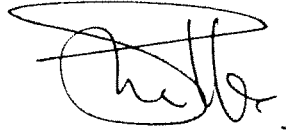
8. Acknowledgements

The Directors would like to take this opportunity to thank its holding Company and subsidiaries for their support during the year.

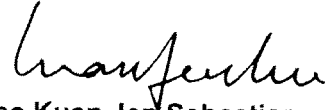
for and on behalf of the Board of Directors



M.S. Rathore
Director



Suzanne Holmboe
Director



Lee Kuan Jen Sebastian
Director

Date: May 6 , 2011

V. SANKAR AIYAR & CO.
CHARTERED ACCOUNTANTS

Satyam Cinema Complex, Ranjit Nagar Community Centre, New Delhi - 110008
Flat No. | 202, 203 | Tel. (011) 25702074, 25702691, 25704639 Fax : (91-11) 25705010
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AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF CFCL OVERSEAS LIMITED

1. We have audited the attached Balance Sheet of **CFCL OVERSEAS LIMITED** as at 31st March 2011, the Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. 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 the audit in accordance with 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. 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 Accounts have been kept by the Company so far as appears from our examination of the books;
 - c) The Balance Sheet, Profit & Loss Account and Cash flow statement dealt with by this report are in agreement with the Books of Account;
 - d) In our opinion, the Balance Sheet Profit & Loss Account and Cash flow statement dealt with by this report comply with the accounting standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 to the extent applicable.



e) In our opinion and to the best of our information and according to the explanations given to us, the accounts, read with the notes on accounts, give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
- ii) in the case of the Profit and Loss Account, of the Loss for the period ended on that date; and
- iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place: New Delhi

Date: 6-05-2011

For V. Sankar Aiyar & Co.

Chartered Accountants

Firm Registration No. 109208W


V. Rethinam

Partner

Membership No. 10412



CFCL OVERSEAS LIMITED

BALANCE SHEET AS AT MARCH 31, 2011

Schedules	(Convenience Translation)			
	(Amount in USD) As at March 31, 2011 Audited	into Rs in lacs As at March 31, 2011 Unaudited	(Amount in US As at March 31, 20 Audited	
I. Sources of Funds				
(1) Shareholders' Funds :				
(a) Share Capital	1	70,491,174	31,439.06	60,741.1
(b) Reserves and Surplus	2	(427,587)	(190.70)	64.6
		<u>70,063,587</u>	<u>31,248.36</u>	<u>60,805.7</u>
(2) Unsecured Loan	3	10,020,756	4,469.26	
Total		<u>80,084,343</u>	<u>35,717.62</u>	<u>60,805.7</u>
II. Application of Funds				
(1) Investments	4	77,062,403	34,369.83	60,748.8
(2) Current Assets, Loans and Advances :				
(a) Cash and Bank Balances	5	146,095	65.16	25.7
(b) Loans and Advances	6	3,043,220	1,357.28	33.8
		<u>3,189,315</u>	<u>1,422.44</u>	<u>59.6</u>
Less :				
(3) Current Liabilities and Provisions				
(a) Current Liabilities	7	167,375	74.65	2.6
(b) Provisions		-	-	-
		<u>167,375</u>	<u>74.65</u>	<u>2.6</u>
Net Current Assets		<u>3,021,940</u>	<u>1,347.79</u>	<u>56.9</u>
Total		<u>80,084,343</u>	<u>35,717.62</u>	<u>60,805.7</u>
Significant Accounting Policies and Notes on Accounts	8			

The schedules referred to above and the Notes on Accounts form an integral part of the Balance Sheet

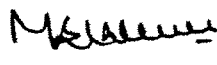
As per our report of even date

For V.SANKAR AIYAR & CO
Chartered Accountants
Firm Registration no - 109208W

V. Rethinam
Partner
Membership No - 10412

Date : May 6, 2011

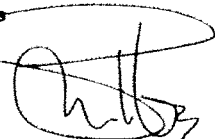
For and on behalf of Board of Directors



M S Rathore
Director



Lee Kuan Jen Sebastian
Director



Suzanne Holmboe
Director



CFCL OVERSEAS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Schedules	(Amount in USD)	(Convenience Translation into Rs in lacs)	(Amount in L)
	Year Ended March 31, 2011 Audited	Year Ended March 31, 2011 Unaudited	Year Ended March 31, 2011 Audited
Income			
Realised gain on exchange variation	124	0.06	
Interest income on Inter-corporate deposits	9,333	4.16	55.
Total	9,457	4.22	55.
Expenditure			
Office Expenses	1,450	0.65	1.
Legal & Professional Fees	226,106	100.84	8.
Audit Fee	989	0.44	
Interest on short term bridge loans	272,838	121.69	
Bank Charges	275	0.12	
Total	501,658	223.74	10.
Profit / (Loss) Before Tax	(492,201)	(219.52)	44.
Less: Tax			
Profit / (Loss) After Tax	(492,201)	(219.52)	44.
Balance brought forward from Previous Year	64,614	28.82	19.
Balance Carried To Balance Sheet	(427,587)	(190.70)	64.
Basic Earning per share (of face value of USD 0.001)	(0.00984)		0.00
No of shares	50,000,000		50,000.


Significant Accounting Policies and Notes on Accounts 8

The schedules referred to above and the Notes on Accounts form an integral part of the Profit and Loss Account

As per our report of even date

For V.SANKAR AIYAR & CO
Chartered Accountants
Firm Registration no - 109208W

For and on behalf of Board of Directors


V. Rethinam
Partner
Membership No -10412


M S Rathore
Director


Lee Kuan Jen Sebastian
Director


Suzanne Holmboe
Director

Date : May 6, 2011



CFCL OVERSEAS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

Particulars	(Amount in USD)	(Convenience Translation into Rs in lacs)	(Amount in USD)
	Year ended March 31, 2011 Audited	Year ended March 31, 2011 Unaudited	Year ended March 31, 2010 Audited
A. Cash flow from operating activities :			
Profit after exceptional items and before tax.	(492,201)	(219.52)	44,793
Adjustments for :			
Interest Expense	272,838	121.69	-
Interest Income	(9,333)	(4.16)	-
Operating profit before working capital changes	(228,696)	(101.99)	44,793
Movement in working capital :			
Decrease / (Increase) in other receivables	(3,000,001)	(1,338.00)	2,943
(Decrease) / Increase in other payables	138,568	61.80	1,342
Cash generated from operations	(3,090,129)	(1,378.19)	49,078
Direct taxes paid (net of refunds)			
Net cash flow from operating activities	(3,090,129)	(1,378.19)	49,078
B. Cash flow from investing activities			
Purchase of investments	(16,313,593)	(7,275.87)	(13,083,462)
Net cash flow from / (used) in investing activities	(16,313,593)	(7,275.87)	(13,083,462)
C. Cash flow from financing activities			
Issue of Preference Shares	9,750,000	4,348.50	13,055,174
Proceeds from short term borrowings	9,810,000	4,375.26	-
Interest paid	(35,922)	(16.02)	-
Net cash used in financing activities	19,524,078	8,707.74	13,055,174
Net increase/(decrease) in cash and cash equivalents	120,356	53.68	20,790
Cash and cash equivalents at the beginning of the year	25,739	11.48	4,949
Cash and cash equivalents at the end of the year	146,095	65.16	25,739
Components of cash and cash equivalents as at the year end			
Cash and cheques on hand	-	-	-
Balances with banks :			
- on current account	146,095	65.16	25,739
Net cash and cash equivalents	146,095	65.16	25,739

As per our report of even date

For V.SANKAR AIYAR & CO
Chartered Accountants
Firm Registration no - 109208W

V. Rethinam
Partner
Membership No -10412

Date : May 6, 2011

For and on behalf of Board of Directors

M S Rathore
Director

Lee Kuan Jen Sebastian
Director

Suzanne Holmboe
Director



CFCL OVERSEAS LIMITED

Schedules annexed to and forming part of the Balance Sheet as at March 31, 2011

	(Convenience Translation Into Rs in lacs)		
	(Amount in USD) As At March 31, 2011 Audited	As At March 31, 2011 Unaudited	(Amount in USD) As At March 31, 2010 Audited
Schedule 1 : Share Capital			
Authorised :			
50,000,000 (Previous Year 50,000,000) Ordinary Shares of 0.001 USD	50,000	22.30	50,000
99,950,000 (Previous Year 69,950,000) Non Cumulative Redeemable Preference Share Capital of 1.00 USD	99,950,000	44,577.70	69,950,000
	<u>100,000,000</u>	<u>44,600.00</u>	<u>70,000,000</u>
Issued, Subscribed and Paid Up :			
50,000,000 (Previous Year 50,000,000) Ordinary Shares of 0.001 USD	50,000	22.30	50,000
70,441,174 (Previous Year 60,691,174) Non Cumulative Redeemable Preference Share Capital of 1.00 USD	70,441,174	31,416.76	60,691,174
(Note: The above shares are held by The Holding Company, Chambal Fertilisers and Chemicals Limited and its nominee)			
	<u>70,491,174</u>	<u>31,439.06</u>	<u>60,741,174</u>
Schedule 2 : Reserves & Surplus			
Opening Balance	64,614	28.82	19,821
Add : Profit/(Loss) during the year	(492,201)	(219.52)	44,793
	<u>(427,587)</u>	<u>(190.70)</u>	<u>64,614</u>
Schedule 3 : Unsecured Loan			
Short Term Bridge Loan from Ultimate Holding Company	9,810,000	4,375.26	-
Interest accrued and due on loans	210,756	94.00	-
	<u>10,020,756</u>	<u>4,469.26</u>	<u>-</u>
Schedule 4 : Long Term Investments (Non Trade - Unquoted) (At cost)			
Investment in CFCL Technologies Limited, Cayman Island			
2,932,947 (Previous Year 2,932,947) Ordinary shares of par value of US\$ 0.0001 each	293	0.13	293
Securities Premium on Ordinary Shares	22,444,707	10,010.34	22,444,707
(A)	<u>22,445,000</u>	<u>10,010.47</u>	<u>22,445,000</u>
2,176,468 (Previous Year 2,176,468) Series A Preference Shares of US\$ 0.0001 each	218	0.10	218
Securities Premium on Series A Preference Shares	19,999,782	8,919.90	19,999,782
(B)	<u>20,000,000</u>	<u>8,920.00</u>	<u>20,000,000</u>
568,096 (Previous Year 568,096) Series B Preference Shares of US\$ 0.0001 each	57	0.03	57
Securities Premium on Series B Preference Shares	5,220,291	2,328.25	5,220,291
(C)	<u>5,220,348</u>	<u>2,328.28</u>	<u>5,220,348</u>
1,029,521 (Previous Year 1,029,521) Series C Preference Shares of US\$ 0.0001 each	103	0.05	103
Securities Premium on Series C Preference Shares	13,083,359	5,835.17	13,083,359
(D)	<u>13,083,462</u>	<u>5,835.22</u>	<u>13,083,462</u>
513,478 (Previous Year Nil) Series D Preference Shares of US\$ 0.0001 each	51	0.02	-
Securities Premium on Series D Preference Shares	6,525,381	2,910.32	-
(E)	<u>6,525,432</u>	<u>2,910.34</u>	<u>-</u>
770,217 (Previous Year Nil) Series E Preference Shares of US\$ 0.0001 each	77	0.03	-
Securities Premium on Series E Preference Shares	9,788,084	4,365.49	-
(F)	<u>9,788,161</u>	<u>4,365.52</u>	<u>-</u>
(A+B+C+D+E+F)	<u>77,062,403</u>	<u>34,369.83</u>	<u>60,748,810</u>
Schedule 5 : Cash and Bank Balances			
Balances with Scheduled Banks :			
- Current Accounts	146,095	65.16	25,739
	<u>146,095</u>	<u>65.16</u>	<u>25,739</u>
Schedule 6 : Loans and Advances			
Inter-corporate Deposits	3,000,000	1,338.00	-
Amount due from Subsidiary Company	42,132	18.79	32,798
Prepaid Expenses	1,088	0.49	1,088
	<u>3,043,220</u>	<u>1,357.28</u>	<u>33,886</u>
Schedule 7 : Current Liabilities			
Amount due to Holding Company	989	0.44	1,885
Interest accrued but not due on loans	26,160	11.67	-
Other Creditors	140,226	62.54	762
	<u>167,375</u>	<u>74.65</u>	<u>2,647</u>



CFCL Overseas Limited

Schedule – 8 : Significant Accounting Policies and Notes to Accounts

These notes form an integral part of and should be read in conjunction with accompanying financial statements.

A. Corporate Information

The Company is a limited company incorporated and domiciled in Cayman Island. The registered office of the Company is located at Cayman Island. The principal activities of the Company are to carry on the business of investment holding and to undertake and to transact all kinds of investment business. There have been no significant changes in the nature of these activities during the financial year.

Holding Company

The company is a subsidiary of "Chambal Fertilisers and Chemicals Limited" a company incorporated in India, which is also the ultimate holding company.

B. Significant Accounting Policies

Statement of Compliance

The financial statements have been prepared in accordance with Accounting Standards applicable in India.

Basis of Preparation

The financial statements of the Company, which are expressed in US Dollar (US\$) are prepared on the historical cost convention and on a going concern basis.

Measurement and Reporting Currency

The measurement currency of the Company is US dollar (US\$).

Investment in Subsidiary

A subsidiary is a company in which the Company holds more than 50% of the issued share capital or controls more than half of the voting power, or controls the composition of the board of directors. Investment in subsidiary is accounted for at cost less any provision for impairment, other than temporary, in value.

Receivables

Receivable are stated at cost less any allowance for doubtful debts.

Cash at Bank

For the purpose of cash flow statement, cash and cash equivalents consist of cash at bank.

Other payables

Other payable are stated at cost.

Revenue recognition

Interest on deposits is booked on a time proportion basis taking into account the amount invested and the rate of interest.



Convenience Translation

The books of accounts of the Company are maintained in USD Dollars being the currency of the primary economic environment in which it is operated. For the purpose of reporting in Indian GAAP, the balance sheet as of March 31, 2011 and the profit and loss account for the year then ended have been translated into INR, using the closing exchange rate as on March 31, 2011 which was 1US\$ = Rs 44.60. The convenience translation should not be construed as a representation that US\$ amounts or INR amounts referred to in these financial statements have been, could have been, or could in future be, converted into INR or US\$, as the case may be, at this or at any other rate of exchange, or at all.

C. Notes to Accounts

1. Related Party Disclosures

During the year, the Company entered into transactions with the related parties. Those transactions along with related balances as at 31st March 2011 and for the year then ended are presented in the following table.

(a) Parent Company

Chambal Fertilisers and Chemicals Limited

Nature of Transactions	Amount in USD	
	April 10 to Mar 11	April 09 to Mar 10
Issue of 9,750,000(Previous Year 13,055,174) Non Cumulative Redeemable Preference shares @ USD 1	9,750,000	13,055,174
Payable at the end of year	989	1,885
Short term bridge loan received	11,335,000	-
Short term bridge loan paid	1,525,000	-
Short term bridge loan payable	9,810,000	-
Interest accrued and due on loans	210,756	-
Interest accrued but not due on loans	26,160	-
Interest Expense	272,838	-
Interest paid	35,922	-

(b) Subsidiaries

CFCL Technologies Limited, Cayman Islands

Nature of Transactions	Amount in USD	
	April 10 to Mar 11	April 09 to Mar 10
Interest income	9,333	55,767
Outstanding balances as at the year end		
Receivables	42,132	32,798
Inter-corporate deposits receivable	3,000,000	-
Investments purchased	16,313,594	13,083,462



2. Share Capital

The Company has authorized share capital comprising of 50,000,000 Ordinary shares of US\$ 0.001 each at par and 99,950,000 Non Cumulative Redeemable Preference Shares of US\$ 1.00 each at par. During the year, the Company has issued 9,750,000 Non Cumulative Redeemable Preference Share Capital of 1.00 USD to its parent company, Chambal Fertilisers and Chemicals Limited. The parent company, Chambal Fertilisers and Chemicals Limited holds 50,000,000 Ordinary shares of US\$ 0.001 each at par and 70,441,174 Non Cumulative Redeemable Preference Shares of US\$ 1.00 each at par.

3. Investment in Subsidiaries

During August 2010, the company has made investment of US\$ 6,525,432.48 in the wholly owned subsidiary company "CFCL Technologies Limited" and received 513,478 Series D Preference shares of face value US\$ 0.0001 each at the rate of US\$ 12.7083 per share.

During December 2010, the company has made further investment of US\$ 9,788,161.41 in the wholly owned subsidiary company "CFCL Technologies Limited" and received 770,217 Series E Preference shares of face value US\$ 0.0001 each at the rate of US\$ 12.7083 per share.

4. Previous year figures have been regrouped and/or rearranged wherever necessary to conform to this year's classifications.

As per our report of even date.

For V. SANKAR AIYAR & COMPANY

Chartered Accountants

Firm registration no - 109208W


V. Rethinam
Partner

Membership No. - 10412

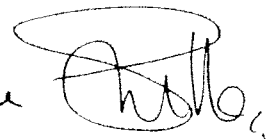
For and on behalf of Board of Directors



M S Rathore
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Dated: May 6, 2011

