

# CHAMBAL ENERGY (CHHATTISGARH) LIMITED

Dear Members,

Your Directors have pleasure in presenting the 4<sup>th</sup> Annual Report together with Audited accounts for the financial year ended March 31, 2011.

## 1. Progress of Business

Your Company was set up as a Special Purpose Vehicle by Chambal Infrastructure Ventures Limited for setting up power plant(s) in the State of Chhattisgarh and other locations. The Company has not yet started its commercial operations. The Company has incurred a net loss of Rs. 50,547/- during the year under review.

## 2. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

As the Company has not started commercial operations, information required to be given pursuant to section 217(1)(e) of the Companies Act, 1956 relating to conservation of energy, Technology Absorption and Foreign Exchange Earnings and Outgo is not presently applicable.

## 3. Fixed Deposits

Your Company has not accepted or invited any deposits from the Public.

## 4. Personnel

Information as per Section 217(2A) of the Companies Act, 1956 and the rules made there under is 'NIL'.

## 5. Directors

Mr. Anil Kapoor shall retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. Mr. Vijay Shankar Viswanathan resigned w.e.f. April 13, 2011. The Board places on record its sincere appreciation of the services rendered by Mr. Vijay Shankar during his association with the Company.

The Board had appointed Mr. Multan Singh Rathore as Additional Director w.e.f. April 13, 2011 who holds his office upto the date of forthcoming Annual General Meeting of the Company. In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the Company, a member of the Company submitted a notice proposing appointment of Mr. Rathore as director of the Company, liable to retire by rotation.

## 6. Auditors

The Auditors, M/s. S. V. Ghatalia & Associates, Chartered Accountants, hold office until the conclusion of the fourth Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. The re-appointment, if made, will be in accordance with the provisions of section 224(1B) of the Companies Act, 1956.

The Notes on Accounts read with the Auditors' Report are self-explanatory and therefore, do not call for any further comments or explanations

#### **7. Directors' Responsibility Statement**

In terms of Section 217(2AA) of the Companies Act, 1956, your Directors hereby report that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the profit or loss of the Company for the year ended March 31, 2011;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis.

#### **8. Acknowledgement**

Your Directors wish to place on record their appreciation of the assistance and co-operation that your Company received from all concerned.

New Delhi  
May 6, 2011

**By order of the Board**



**Anil Kapoor  
Chairman**

## Auditors' Report

To  
The Members of Chambal Energy (Chhattisgarh) Limited

1. We have audited the attached Balance Sheet of Chambal Energy (Chhattisgarh) Limited (the Company) as at March 31, 2011 and also the Profit and Loss account and the Cash Flow Statement 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 our 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. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. 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;
  - ii. 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;
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - v. On the basis of the written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;



# S.V.GHATALIA & ASSOCIATES

Chartered Accountants

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
- b) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
- c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

*S.V. Ghatalia & Associates*  
For S.V.GHATALIA & ASSOCIATES  
Firm Registration No.: 103162W  
Chartered Accountants



per Subodh Modi  
Partner

Membership No.: 93684

Place: Gurgaon

Date: May 06, 2011



**Annexure referred to in paragraph 3 of our report of even date  
Chambal Energy (Chhattisgarh) Limited (the Company)**

- (i) The Company does not have any fixed assets during the year, therefore provisions of clause 4(i) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (ii) The Company does not have any inventories during the year, therefore provisions of clause 4(ii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, provisions of clauses 4(iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.  
  
(b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, provisions of clauses 4(iii) (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iv) The activities of the Company do not involve purchase of inventory, purchase of fixed assets and sale of goods and services. Therefore, provision of clause 4(iv) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that there is no contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301. Therefore, provisions of clause 4(v)(b) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The provisions relating to internal audit are not applicable to the Company.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.  
  
Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956 we are not in a position to comment upon the regularity or otherwise of the company depositing the same.  
  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth tax, service tax, sales-tax, customs duty, excise duty, cess and other material undisputed statutory dues were outstanding at the year end for a period of more than six months from the date they became payable.  
  
(c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year



# S.V.GHATALIA & ASSOCIATES

Chartered Accountants

is fifty per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.

- (xi) The Company has not taken any loan from a financial institution, bank or debenture holders. Therefore, the provision of clause 4(xi) of the Companies (Auditors Report) Order, 2003 (as amended) is not applicable to the Company.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable to the Company.
- (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 Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

*S.V. Ghatalia & Associates*  
For S.V.GHATALIA & ASSOCIATES  
Firm Registration No.: 103162W  
Chartered Accountants

*Subodh Modi*  
per Subodh Modi  
Partner  
Membership No.: 93684

Place: Gurgaon  
Date: May 06, 2011




**Chambal Energy (Chhattisgarh) Limited**  
**Balance Sheet as at March 31, 2011**

	Schedules	As at March 31, 2011 (Amount in Rs.)	As at March 31, 2010 (Amount in Rs.)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds :</b>			
Share Capital	1	500,000	500,000
<b>Total</b>		<b>500,000</b>	<b>500,000</b>
<b>APPLICATION OF FUNDS</b>			
Pre-operative expenses (pending for allocation)	2	25,259,734	25,259,734
<b>Current Assets, Loans and Advances :</b>			
Cash and Bank Balances	3	498,800	499,100
		<b>498,800</b>	<b>499,100</b>
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	4	26,310,577	26,260,330
		<b>26,310,577</b>	<b>26,260,330</b>
<b>Net Current Assets</b>		<b>(25,811,777)</b>	<b>(25,761,230)</b>
<b>Profit and Loss Account</b>		<b>1,052,043</b>	<b>1,001,496</b>
<b>Total</b>		<b>500,000</b>	<b>500,000</b>
<b>Notes on Accounts</b>	<b>5</b>		

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


*S.V. Ghatalia & Associates*  
 For S.V. GHATALIA & ASSOCIATES  
 Firm Registration No.: 103162W  
 Chartered Accountants

  
 per Subodh Modi  
 Partner  
 Membership No.: 93684

Place : Gurgaon  
 Date : May 06, 2011

For and on behalf of the Board of Directors of  
 Chambal Energy (Chhattisgarh) Limited

  
 Anil Kapoor  
 Director

  
 Abhay Bhatnagar  
 Director

Place : New Delhi  
 Date : May 06, 2011

**Chambal Energy (Chhattisgarh) Limited**  
**Profit and Loss Account for the year ended March 31, 2011**

Schedules	Year ended March 31, 2011 (Amount in Rs.)	Year ended March 31, 2010 (Amount in Rs.)
<b>OTHER INCOME</b>		
Liabilities no longer required written back	41,363	-
	<u>41,363</u>	<u>-</u>
<b>EXPENDITURE</b>		
Rates and Taxes	600	-
Auditor's Remuneration		
Audit fees	82,725	82,725
Certification Charges	-	82,725
Bank charges	312	300
Legal and professional fees	8,273	313,500
<b>Total</b>	<u>91,910</u>	<u>479,250</u>
	50,547	479,250
Provision for tax	-	-
<b>Loss after tax</b>	<u>50,547</u>	<u>479,250</u>
Balance Brought forward from Previous Year	1,001,496	522,246
<b>Loss carried forward to Balance Sheet</b>	<u>1,052,043</u>	<u>1,001,496</u>
Basic and Diluted Earnings/(loss) per Share (In Rs.)	(1.01)	(9.59)
Nominal value of shares (In Rs.)	10.00	10.00

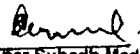
Notes on Accounts

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

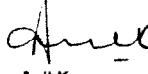
As per our report of even date


*S.V. Ghatalia & Associates*  
**For S.V. GHATALIA & ASSOCIATES**  
 Firm Registration No.: 103162W  
 Chartered Accountants

  
**per Subodh Modi**  
 Partner  
 Membership No.: 93684

Place : Gurgaon  
 Date : May 06, 2011

For and on behalf of the Board of Directors of  
**Chambal Energy (Chhattisgarh) Limited**

  
**Anil Kapoor**  
 Director

  
**Abhay Bajaj**  
 Director

Place : New Delhi  
 Date : May 06, 2011



**Chambal Energy (Chhattisgarh) Limited**  
Cash Flow Statement for the year ended March 31, 2011

Particulars	Year ended March 31, 2011 (Amount in Rs.)	Year ended March 31, 2010 (Amount in Rs.)
<b>A. Cash flow from operating activities :</b>		
Profit/ (Loss) before tax.	(50,547)	(479,250)
<b>Operating profit/ (loss) before working capital changes</b>	<b>(50,547)</b>	<b>(479,250)</b>
Movement in working capital :		
(Decrease) / Increase in current liabilities	50,247	9,075,051
<b>Cash generated from operations</b>	<b>(300)</b>	<b>8,595,801</b>
Direct taxes paid (net of refunds)	-	-
<b>Net cash flow from operating activities</b>	<b>(300)</b>	<b>8,595,801</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets (Preoperative expenses)	-	(8,596,101)
<b>Net cash flow from / (used) in investing activities</b>	<b>-</b>	<b>(8,596,101)</b>
<b>C. Cash flow from financing activities</b>		
<b>Net cash used in financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(300)</b>	<b>(300)</b>
Cash and cash equivalents at the beginning of the year	499,100	499,400
Cash and cash equivalents at the end of the year	498,800	499,100
<b>Components of cash and cash equivalents as at</b>		
Balances with banks :		
On current account	498,800	499,100
<b>Net cash and cash equivalents</b>	<b>498,800</b>	<b>499,100</b>

As per our report of even date

*S.V. Ghatalia & Associates*  
For S.V. GHATALIA & ASSOCIATES  
Firm Registration No.: 103162W  
Chartered Accountants

*Subodh Modi*  
per Subodh Modi  
Partner  
Membership No.: 93684

Place : Gurgaon  
Date : May 06, 2011

For and on behalf of the Board of Directors of  
Chambal Energy (Chhattisgarh) Limited

*Anil Kapoor*  
Anil Kapoor  
Director

*Abhay Bajaj*  
Abhay Bajaj  
Director

Place : New Delhi  
Date : May 06, 2011

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**Chambal Energy (Chhattisgarh) Limited**  
**Schedules annexed to and forming part of the Balance Sheet as at March 31, 2011**

	As at March 31, 2011 (Amount in Rs.)	As at March 31, 2010 (Amount in Rs.)
<b>Schedule 1 : Share Capital</b>		
<b>Authorised :</b>		
100,000 (Previous year 100,000) equity shares of Rs.10 each	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>
<b>Issued, Subscribed and Paid Up :</b>		
50,000 (Previous Year 50,000) equity shares of Rs.10 each, fully paid up.	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
Of the above:-		
- 49,400 (Previous year 49,400) equity shares are held by Chambal Fertilisers and Chemicals Limited, the holding Company		
- Further, 600 (Previous year 600) equity shares are held by nominee directors of the Company jointly with Chambal Fertilisers and Chemicals Limited		
<b>Schedule 2 : Pre-operative expenses (pending for allocation)</b>		
Consultancy charges	10,733,269	10,733,269
Coal linkage expenses	500,000	500,000
Site restoration expenses	12,001,465	12,001,465
Electricity and water charges	2,025,000	2,025,000
	<u>25,259,734</u>	<u>25,259,734</u>
<b>Schedule 3 : Cash and Bank Balances</b>		
Balances with scheduled banks :		
On current accounts	498,800	499,100
	<u>498,800</u>	<u>499,100</u>
<b>Schedule 4 : Current Liabilities</b>		
Holding company	14,905,882	14,905,882
Ultimate Holding company	11,404,695	11,354,448
	<u>26,310,577</u>	<u>26,260,330</u>

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## **Schedule 5: Notes to Accounts**

### **1. Nature of Operations**

Chambal Energy (Chhattisgarh) Limited (the Company) was incorporated on December 20, 2007 as a public limited company. The Company is a wholly owned subsidiary of Chambal Infrastructure Ventures Limited. The Company is engaged in the business activities of developing power projects in the state of Chhattisgarh.

### **2. Background**

Chambal Fertilisers and Chemicals Limited is an ultimate holding company of the Company. The Company is in the initial stage of setting up of the power plant in the state of Chhattisgarh. The Company has incurred losses because of initial set up cost and operational expenditure, which is in excess of the total share capital of the Company. This is the initial gestation period when the Company is expected to incur losses. The Company has got a commitment of continue financial support and business support from the ultimate holding company i.e. Chambal Fertilisers and Chemicals Limited. In the opinion of the management, on the basis of the Company's future business plan and commitment of continued financial support and business support by the ultimate holding company, fundamental assumption of going concern holds good and therefore, financial statement are prepared on going concern basis.

### **3. Statement of Significant Accounting Policies**

#### **a) Basis of Preparation**

The financial statements have been prepared to comply in all material respects with the Accounting Standard notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

#### **b) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between actual results and estimates is recognised in the period in which the results are known/materialized.

#### **c) Expenditure on New Projects and Substantial Expansion**

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the Profit and Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure.

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**d) Earning per share**

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of the equity shares outstanding during the year.

For the purpose of calculating diluted earning per share, net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

**e) Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best management estimates.

**f) Cash and Cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**4. Notes to accounts**

**a) Earning Per Share (EPS)**

S. No.	Particulars	2010-11	2009-10
I	Calculation of weighted average number of equity shares of Rs.10 each		
	Number of shares at the beginning of the year	50,000	50,000
	Total equity shares outstanding at the end of the year	50,000	50,000
	Weighted average number of equity shares outstanding during the period	50,000	50,000
II	Loss for the year after tax	50,247	479,250
III	Basic/Diluted earning/(loss) per share (In Rs.)	(1.01)	(9.59)
IV	Nominal value of equity share (In Rs.)	10.00	10.00

**b) Related Party Disclosures**

In accordance with the requirements of Accounting Standard – 18 on "Related Party Disclosures" where control exists and where transactions have taken place, the description of the relationship as identified and certified by management are as follows:

Related party relationships:

Ultimate Holding Company	Chambal Fertilisers and Chemicals Limited
Holding Company	Chambal Infrastructure Ventures Limited

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Transactions with related parties during the period:

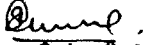
(Amount in Rs.)

Nature of Transactions	2010-11	2009-10
Reimbursement of pre-operative expenses - Chambal Fertilisers and Chemicals Limited	-	8,596,101
Reimbursement of expenses - Chambal Fertilisers and Chemicals Limited	50,547	478,95
Balance outstanding at the period end: Accounts payable - Chambal Fertilisers and Chemicals Limited - Chambal Infrastructure Ventures Limited	11,404,695 14,905,882	113,54,448 14,905,882

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

As per our report of even date

*S.V. Ghatalia & Associates*  
For S.V. GHATALIA & ASSOCIATES  
Firm Registration No.: 103162W  
Chartered Accountants

  
per Subodh Modi  
Partner  
Membership No.: 93684

For and on behalf of the Board of Directors of  
Chambal Energy (Chhattisgarh) Limited

  
Anil Kapoor  
Director

  
Abhay Bajaj  
Director

Place: Gurgaon  
Date: May 06, 2011

Place: New Delhi  
Date: May 06, 2011