

CFCL OVERSEAS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Directors' Report together with the audited accounts of the Company for the financial year ended March 31, 2010.

1. Financial Results

The performance of the Company for the financial year ended March 31, 2010 is summarized below:

Particulars	(Amount in USD)	
	2009-10	2008-09
Income	55,767	--
Expenditure	10,974	7,688
Profit/ (Loss) for the year	44,793	(7,688)

2. Business Operations

Your Company is engaged in the business of investment holding. During the year, your Company invested USD 13,027,695.18 in its subsidiary – M/s. CFCL Technologies Ltd. There were no other business activities during the year.

3. Directors

There was no change in the Directors during the year.

4. Dividend

Your 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 70 Million from USD 47.686 Million by creation of additional 22,314,000 Non-cumulative Redeemable Preference Shares of USD 1 par value each. Your Company allotted 13,055,174 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 your Company. During the year, 1,029,521 Series C Preference Shares of par value of USD 0.0001 each were issued to your Company @ USD 12.7083 per share by its subsidiary.

7. Auditors' Report

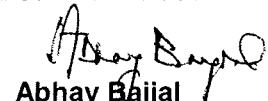
The Notes on Accounts read with the Auditors' Report are self-explanatory and therefore, do not call for any further comments or explanations.

8. Acknowledgements

Your Directors thank the subsidiaries and investors for their support during the year.

for and on behalf of the Board of Directors


Anil Kapoor
Director


Abhay Bajjal
Director

Date: May 7, 2010
Place: New Delhi



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
 | 301 | Tel. (011) 25705233, Telefax : (011) 25705232
 E-mail : vsand@del3.vsnl.net.in; vsaa@vsnl.net newdelhi@vsa.co.in

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 2010, 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, 2010;
- ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
- iii) in the case of Cash Flow Statement, of the Cash flows for the year ended on that date.

For V. Sankar Aiyar & Co.

Chartered Accountants

Firm Registration No. 109208W

Place: New Delhi

Date: 6-05-2010


V. Rethinam
Partner
Membership No. 10412



CFCL OVERSEAS LIMITED

BALANCE SHEET AS AT MARCH 31, 2010

Schedules	(Convenience Translation)			
	(Amount in USD)	into Rs in lacs)	(Amount in USD)	
	As at March 31, 2010 Audited	As at March 31, 2010 Unaudited	As at March 31, 2009 Audited	
I. Sources of Funds				
(1) Shareholders' Funds :				
(a) Share Capital	1	60,741,174	27,272.79	47,686,000
(b) Reserves and Surplus	2	64,614	29.01	19,821
		60,805,788	27,301.80	47,705,821
Total		60,805,788	27,301.80	47,705,821
II. Application of Funds				
(1) Investments	3	60,748,810	27,276.22	47,665,348
(2) Current Assets, Loans and Advances :				
(a) Cash and Bank Balances	4	25,739	11.56	4,949
(b) Loans and Advances	5	33,886	15.21	36,829
		59,625	26.77	41,778
(3) Current Liabilities and Provisions				
(a) Current Liabilities	6	2,647	1.19	1,305
(b) Provisions		-	-	-
		2,647	1.19	1,305
Net Current Assets		56,978	25.58	40,473
Total		60,805,788	27,301.80	47,705,821
Significant Accounting Policies and Notes on Accounts	7			

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

Place : New Delhi
Date : 6.05.2010



For and on behalf of Board of Directors

Anil Kapoor
Director

Abhay Bajaj
Director

CFCL OVERSEAS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

Schedules	(Convenience Translation)		
	(Amount in USD) Year Ended March 31, 2010 Audited	into Rs in lacs Year Ended March 31, 2010 Unaudited	(Amount in USD) Year Ended March 31, 2009 Audited
Income			
Interest on Promissory Notes	55,767	25.04	-
Total	55,767	25.04	-
Expenditure			
Office Expenses	1,399	0.63	2,344
Legal & Professional Fees	8,919	4.00	4,668
Audit Fee	581	0.26	601
Bank Charges	75	0.04	75
Total	10,974	4.93	7,688
Profit / (Loss) Before Tax	44,793	20.11	(7,688)
Less: Tax	-	-	-
Profit / (Loss) After Tax	44,793	20.11	(7,688)
Balance brought forward from Previous Year	19,821	8.90	27,509
Balance Carried To Balance Sheet	64,614	29.01	19,821
Basic Earning per share (of face value of USD 0.001)	0.00090		(0.00015)
No of shares	50,000,000		50,000,000

Significant Accounting Policies and Notes on Accounts 7

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

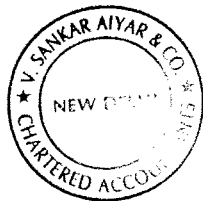
As per our report of even date

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

31-
V. Rethinam
Partner
Membership No -10412

Place : New Delhi
Date :

6-5-2010



For and on behalf of Board of Directors

Anil Kapoor
Director

Abhay Bajaj
Director

CFCL OVERSEAS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

Particulars	(Amount in USD)	(Convenience Translation into Rs in lacs)	(Amount in USD)
	Year ended March 31, 2010 Audited	Year ended March 31, 2010 Unaudited	Year ended March 31, 2009 Audited
A. Cash flow from operating activities :			
Profit after exceptional items and before tax.	44,793	20.11	(7,688)
Adjustments for :			
Depreciation/ Amortisation	-	-	-
Operating profit before working capital changes	44,793	20.11	(7,688)
Movement in working capital :			
Decrease / (Increase) in other receivables	2,943	1.32	5,005
(Decrease) / Increase in other payables	1,342	0.60	(13,020)
Cash generated from operations	49,078	22.03	(15,703)
Direct taxes paid (net of refunds)			
Net cash flow from operating activities	49,078	22.03	(15,703)
B. Cash flow from investing activities			
Purchase of investments	(13,083,462)	(5,874.47)	(1,305,087)
Net cash flow from / (used) in investing activities	(13,083,462)	(5,874.47)	(1,305,087)
C. Cash flow from financing activities			
Issue of Preference Shares	13,055,174	5,861.77	1,311,000
Net cash used in financing activities	13,055,174	5,861.77	1,311,000
Net increase/(decrease) in cash and cash equivalents	20,790	9.33	(9,790)
Cash and cash equivalents at the beginning of the year	4,949	2.23	14,739
Cash and cash equivalents at the end of the year	25,739	11.56	4,949
Components of cash and cash equivalents as at the year end			
Cash and cheques on hand	-	-	-
Balances with banks :			
- on current account	25,739	11.56	4,949
Net cash and cash equivalents	25,739	11.56	4,949

As per our report of even date

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

V. Rethnam
Partner
Membership No - 10412

Place : New Delhi

Date : 6-5-2010



For and on behalf of Board of Directors

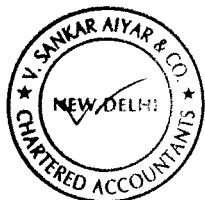
Anil Kapoor
Director

Abhay Baijal
Director

CFCL OVERSEAS LIMITED

Schedules annexed to and forming part of the Balance Sheet as at March 31, 2010

	(Amount in USD) As At March 31, 2010 Audited	(Convenience Translation into Rs in lacs) As At March 31, 2010 Unaudited	(Amount in USD) As At March 31, 2009 Audited
Schedule 1 : Share Capital			
Authorised :			
50,000,000 Ordinary Shares of 0.001 USD	50,000	22.45	50,000
69,950,000 (Previous Year 47,636,000) Non Cumulative Redeemable Preference Share Capital of 1.00 USD	69,950,000	31,407.55	47,636,000
	70,000,000	31,430.00	47,686,000
Issued, Subscribed and Paid Up :			
50,000,000 Ordinary Shares of 0.001 USD	50,000	22.45	50,000
60,691,174 (Previous Year 47,636,000) Non Cumulative Redeemable Preference Share Capital of 1.00 USD	60,691,174	27,250.34	47,636,000
(Note: The above shares are held by The Holding Company, Chambal Fertilisers and Chemicals Limited and its nominee)			
	60,741,174	27,272.79	47,686,000
Schedule 2 : Reserves & Surplus			
Opening Balance	19,821	8.90	27,509
Add : Profit/(Loss) during the year	44,793	20.11	(7,688)
	64,614	29.01	19,821
Schedule 3 : 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	10,077.68	22,444,707
(A)	22,445,000	10,077.81	22,445,000
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	8,979.90	19,999,782
(B)	20,000,000	8,980.00	20,000,000
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	2,343.91	5,220,291
(C)	5,220,348	2,343.94	5,220,348
1,029,521 (Previous Year Nil) Series C Preference Shares of US\$ 0.0001 each	103	0.05	-
Securities Premium on Series C Preference Shares	13,083,359	5,874.42	-
(D)	13,083,462	5,874.47	-
(A+B+C+D)	60,748,810	27,276.22	47,665,348
Schedule 4 : Cash and Bank Balances			
Balances with Scheduled Banks :			
- Current Accounts	25,739	11.56	4,949
	25,739	11.56	4,949
Schedule 5 : Loans and Advances			
Amount due from Subsidiary Company	32,798	14.72	35,816
Prepaid Expenses	1,088	0.49	1,013
	33,886	15.21	36,829
Schedule 6 : Current Liabilities			
Amount due to Holding Company	1,885	0.85	1,305
Other Creditors	762	0.34	-
	2,647	1.19	1,305



CFCL Overseas Limited

Schedule – 7 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, 2010 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, 2010 which was 1US\$ = Rs.44.90. 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 2010 and for the year then ended are presented in the following table.

(a) Parent Company

Chambal Fertilisers and Chemical Limited

Nature of Transactions	Amount in USD	
	April 09 to Mar 10	April 08 to Mar 09
Issue of 13,055,174(Previous Year 1,311,000) Non Cumulative Redeemable Preference shares @ USD 1	13,055,174	1,311,000
Payable at the end of year	1,885	1,305

(b) Subsidiaries

CFCL Technologies Limited, Cayman Islands

Nature of Transactions	Amount in USD	
	April 09 to Mar 10	April 08 to Mar 09
Interest income	55,767	-
Outstanding balances as at the year end		
Receivables	32,798	35,816
Investments purchased	13,083,462	1,305,087



2. Share Capital

The Company has authorized share capital comprising of 50,000,000 Ordinary shares of US\$ 0.001 each at par and 69,950,000 Non Cumulative Redeemable Preference Shares of US\$ 1.00 each at par. During the year, the Company has issued 13,055,174 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 60,691,174 Non Cumulative Redeemable Preference Shares of US\$ 1.00 each at par.

3. Investment in Subsidiaries

During July 2009, the company has made further investment of US\$ 2,610,173.77 in the wholly owned subsidiary company "CFCL Technologies Limited" for convertible promissory notes on which the company has earned interest income of US\$ 55766.54 in December 2009. For this promissory notes and interest amount, the company received Series C Preference shares in December 2009.

During December 2009, the company has made further investment of US\$ 10,417,521.41 in the wholly owned subsidiary company "CFCL Technologies Limited" and received Series C Preference shares in December 2009.

Hence, the company received 1,029,521 Series C Preference shares of face value US\$ 0.0001 each at the rate of US\$ 12.7083 each share from the wholly owned subsidiary company "CFCL Technologies Limited".

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


Place : New Delhi
Dated :

6-05-2010



For and on behalf of Board of Directors


Anil Kapoor
Director


Abhay Baijal
Director