



## Board of Directors

### CHAIRMAN

NAVINBHAI C. DAVE

### DIRECTORS

NAGARDAS H. PANCHAL  
SHOBHAN I. DIWANJI  
RAJAT KUMAR DASGUPTA  
PITAMBER S. TECKCHANDANI  
DHIREN M. DESAI  
GOPAL N. DAVE (upto 20/04/2010)  
VILAS A. GANGAN (from 29/09/2009 to 29/04/2010)  
PARESH V. MERCHANT, Executive Director  
NIKHIL V. MERCHANT, Managing Director

### COMPANY SECRETARY

ARUN S. AGARWAL

### AUDITORS

V. R. RENUKA & CO.

### REGISTERED OFFICE

6, FELTHAM HOUSE, 2<sup>ND</sup> FLOOR, 10,  
J. N. HEREDIA MARG,  
BALLARD ESTATE, MUMBAI - 400 001.

### **102<sup>nd</sup> ANNUAL GENERAL MEETING**

On Friday, the 24<sup>th</sup> September, 2010 at 3.30 P.M.  
At Walchand Hirachand Hall,  
Indian Merchant Chamber Building,  
4<sup>th</sup> Floor, IMC Marg,  
Churchgate, Mumbai – 400 020.

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## NOTICE

Notice is hereby given that the 102<sup>nd</sup> (One Hundred and Second) Annual General Meeting of the Company will be held on Friday, 24<sup>th</sup> September, 2010 at 3.30 P.M. at Walchand Hirachand Hall, 4<sup>th</sup> Floor, Indian Merchant Chamber Building, IMC Marg, Churchgate, Mumbai - 400 020 to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended 31<sup>st</sup> March, 2010, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend for the financial year ended 31<sup>st</sup> March, 2010 on the Equity Shares.
3. To appoint a Director in place of Mr. *Nagardas H. Panchal*, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. *Rajat Kumar Dasgupta*, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. *Dhiren M. Desai*, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s. V. R. Renuka & Company, Chartered Accountants, Mumbai as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration for the year ending 31<sup>st</sup> March, 2011.

### **SPECIAL BUSINESS**

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:  
“**RESOLVED THAT** in partial modification of the Ordinary Resolution passed at the Annual General Meeting of the Company held on 24<sup>th</sup> September, 2009 for the terms of remuneration of Mr. Nikhil V. Merchant, Managing Director and in accordance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (the Act) and Article 125 of the Articles of Association of the Company and subject to such other approvals, permissions and sanctions, as may be required, approval of the Company be and is hereby accorded to the payment of revised remuneration to Mr. Nikhil V. Merchant, Managing Director of the Company, with effect from 1<sup>st</sup> September, 2010, as recommended by the Remuneration Committee of the Company, on the terms & conditions as set out in the supplemental agreement to be entered into between the Company and Mr. Nikhil V. Merchant, a draft whereof is placed before this meeting, duly initialed by the Chairman of the meeting for the purpose of identification and that the said draft supplemental agreement be and is hereby approved.



# Swan Energy Limited

RESOLVED FURTHER THAT the Board (“the Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

“**RESOLVED THAT** in partial modification of the Ordinary Resolution passed at the Annual General Meeting of the Company held on 24<sup>th</sup> September, 2009 for the terms of remuneration of Mr. Paresh V. Merchant, Executive Director and in accordance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (the Act) and Article 125 of the Articles of Association of the Company and subject to such other approvals, permissions and sanctions, as may be required, approval of the Company be and is hereby accorded to the payment of revised remuneration to Mr. Paresh V. Merchant, Executive Director of the Company, with effect from 1<sup>st</sup> September, 2010, as recommended by the Remuneration Committee of the Company, on the terms & conditions as set out in the supplemental agreement to be entered into between the Company and Mr. Paresh V. Merchant, a draft whereof is placed before this meeting, duly initialed by the Chairman of the meeting for the purpose of identification and that the said draft supplemental agreement be and is hereby approved.

RESOLVED FURTHER THAT the Board (“the Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“**RESOLVED THAT** in partial modification of the Special Resolution passed in the Annual General Meeting held on 24<sup>th</sup> September, 2008 and in accordance with the provisions of Section 372A of the Companies Act, 1956 and all other requisite approvals and applicable provisions of the Companies Act, 1956, approval of the Company be and is hereby accorded to the Company to invest upto Rs. 500 crores (Rupees Five hundred crores only) in the Equity Shares of GSPC Pipavav Power Company Limited (GPPC), notwithstanding that the said investment is in excess of sixty percent of Company’s paid-up share capital and free reserve / one hundred percent of Company’s free reserves.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors  
For Swan Energy Limited

**Arun S. Agarwal**  
Company Secretary

Mumbai, 11<sup>th</sup> August, 2010.



## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy, in order to be effective, should be deposited with the Company not less than forty-eight hours before the commencement of Annual General Meeting. Proxy shall not vote except on a poll.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, setting out all the material facts relating to item No. 7, 8 and 9 of the Notice is annexed.
3. Pursuant to provisions of Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 18-09-2010 to Friday, 24-09-2010 (both days inclusive).
4. The dividend on equity shares, if approved at the meeting, will be paid to those members whose names are on the Company's Register of Members on Friday, 17-09-2010. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of shares as at the end of business hours on Friday, 17-09-2010 as per the details furnished by the Depositories for this purpose.
5. Members holding shares in physical form are requested to intimate Registrar and Transfer Agents of the Company viz., Purva Sharegistry (India) Pvt. Ltd., Unit: Swan Energy Limited, 9, Shiv Shakti Ind Estate, J.R. Boricha Marg, Lower Parel, Mumbai - 400 011, changes, if any, in their Bank details, registered address, etc. along with their Pin Code. Members holding shares in electronic form are requested to update such details with their respective Depository Participants.
6. Re-appointment of Directors:

Mr. Nagardas H. Panchal, Mr. Rajat Kumar Dasgupta and Mr. Dhiren M. Desai retire by rotation and being eligible, offer themselves for re-appointment.

The information required to be provided under the Listing Agreement in respect of Directors being re-appointed is given herein below:

Name of the Director	Brief resume and nature of expertise in functional area	Shareholding
Mr.Nagardas H. Panchal	A graduate in Chemical Engineering with experience of 50 years in consultancy and project implementation in the field of Synthetic fibre and Textiles at India and abroad, both in public and private sectors.	Nil
Mr. Rajat Kumar Dasgupta	M. Tech. from I.I.T., Kharagpur in Mechanical Engineering with extensive experience of 45 years in the field of Planning, Marketing, Product development, Engineering, Construction and Integrated Project Management, Energy Conservation in Green field Projects, viz. petrochemicals, Fertilizers, Refineries, Cement etc.	Nil



# Swan Energy Limited

Mr. Dhiren M. Desai	B. Tech. (Chemical) from I.I.T., Mumbai with 30 years experience of providing consultancy services to hydro carbon processing sector, refineries, petrochemical, gas processing plants (LPG, LNG) and energy projects. Have conceptualized various emerging opportunities in the energy sector and submitted reports on Techno-commercial feasibility, including conversion of coal based power plants to gas based.	Nil
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By Order of the Board of Directors  
For Swan Energy Limited

**Arun S. Agarwal**  
Company Secretary

Mumbai, 11<sup>th</sup> August, 2010.

## ANNEXURE TO NOTICE:

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:-

### Item No. 7:

At the Annual General Meeting held on 24<sup>th</sup> September, 2009, Ordinary Resolution was passed for re-appointment of Mr. Nikhil V. Merchant as a Managing Director of the Company for a period of five years, with effect from 1<sup>st</sup> September, 2009, on the remuneration not exceeding Rs. 24 Lakhs per annum and other benefits as per the Rules of the Company.

Considering the background, competence and experience of Mr. Nikhil V. Merchant, Managing Director of the Company and also the prevailing packages in the corporate bodies in the country, the Remuneration Committee of the Board of Directors has recommended a revision in his remuneration as was previously approved by the members, for the remaining period of his term, i.e., from 1<sup>st</sup> September, 2010 to 31<sup>st</sup> August, 2014. The broad particulars of the supplemental agreement pertaining to remuneration payable during the remaining tenure of his term are as under:

### **(1) Remuneration:**

#### **(a) Salary:**

Rs. 5,00,000/- per month in the scale of Rs. 5,00,000 – 1,00,000 – 9,00,000.

#### **(b) Perquisites:**

##### **i. Housing:**

- (i) Residential accommodation or House Rent Allowance @ 50% of the Salary;
- (ii) Expenses pertaining to gas, electricity, water and other utilities will be borne/reimbursed by the Company;



- (iii) The Company shall provide such furniture and furnishings as may be required.
- ii. **Bonus:** As per the Rules of the Company.
- iii. **Medical:** Reimbursement of all medical expenses for self and family.
- iv. **Leave Travel Concession:** Reimbursement of all the expenses for self and family in accordance with the Rules of the Company.
- v. **Club Fees:** Subscription or reimbursement of membership fees of two clubs in India or abroad including admission and life membership fees.
- vi. **Conveyance:** Free use of Company's car with driver. Use of car for private purpose will be billed by the Company.
- vii. **Telephone:** Provision of telephone at residence. However, personal long distance calls will be billed by the Company.
- viii. **Personal Accident Insurance:** Personal Accident Insurance Policy of an annual amount, the annual premium of which shall not exceed Rs.50,000/-.
- ix. **Earned Leave:** Privilege leave as per the Rules of the Company.
- x. **Provident Fund:** Company's contribution to provident fund as per the Rules of the Company.
- xi. **Gratuity:** Not exceeding half a month's salary for each completed year of service, subject to maximum of 20 months' salary.
- xii. **Other perquisites:** Subject to the overall ceiling or remuneration mentioned herein below, he shall be entitled to any other allowances, benefits and perquisites, as the Board of Directors, may on the recommendation of the Remuneration Committee thereof, may from time to time decide.

**Explanation:**

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rules, it shall be evaluated at actual cost.

**(2) Overall Remuneration:**

The aggregate of salary and perquisites in any financial year shall not exceed the overall ceilings laid down in Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act for the time being in force.

**(3) Minimum Remuneration:**

In the event of absence of profits or inadequacy of profits in any financial year, the aforesaid remuneration shall be governed by limits prescribed under section II of Part II of Schedule XIII of the Companies Act, 1956 for the time being in force.

- (4)** The appointment may be terminated by either party by giving to the other party 3 (three) months prior notice in writing.



- (5) All other terms and conditions of the Ordinary Resolution passed in this regard at the Annual General Meeting held on 24<sup>th</sup> September, 2009 shall remain unchanged.

The terms and conditions of increase in the remuneration as stated above in respect of Mr. Nikhil V. Merchant, Managing Director may be treated as an abstract of the terms of the supplemental agreement to be entered into between the Company and Mr. Nikhil V. Merchant, Managing Director pursuant to Section 302 of the Companies Act, 1956.

None of the Directors, except Shri Navinbhai C. Dave, Shri Nikhil V. Merchant and Shri Paresh V. Merchant, are in any way, concerned or interested in the said resolutions.

Your Directors recommend the said resolutions for your approval.

## **Item No. 8:**

At the Annual General Meeting held on 24<sup>th</sup> September, 2009, Ordinary Resolution was passed for appointment of Mr. Paresh V. Merchant as an Executive Director of the Company for a period of five years, with effect from 1<sup>st</sup> September, 2009, on the remuneration not exceeding Rs. 24 Lakhs per annum and other benefits as per the Rules of the Company.

Considering the background, competence and experience of Mr. Paresh V. Merchant, Executive Director of the Company and also the prevailing packages in the corporate bodies in the country, the Remuneration Committee of the Board of Directors has recommended a revision in his remuneration as was previously approved by the members, for the remaining period of his term, i.e., from 1<sup>st</sup> September, 2010 to 31<sup>st</sup> August, 2014. The broad particulars of the supplemental agreement pertaining to remuneration payable during the remaining tenure of his term are as under:

### **(1) Remuneration:**

#### **(a) Salary:**

Rs. 5,00,000/- per month in the scale of Rs. 5,00,000 – 1,00,000 – 9,00,000.

#### **(b) Perquisites:**

##### **i. Housing:**

- (i) Residential accommodation or House Rent Allowance @ 50% of the Salary;
- (ii) Expenses pertaining to gas, electricity, water and other utilities will be borne/ reimbursed by the Company;
- (iii) The Company shall provide such furniture and furnishings as may be required.



- ii. **Bonus:** As per the Rules of the Company.
- iii. **Medical:** Reimbursement of all medical expenses for self and family.
- iv. **Leave Travel Concession:** Reimbursement of all the expenses for self and family in accordance with the Rules of the Company.
- v. **Club Fees:** Subscription or re-imburement of membership fees of two clubs in India or abroad including admission and life membership fees.
- vi. **Conveyance:** Free use of Company's car with driver. Use of car for private purpose will be billed by the Company.
- vii. **Telephone:** Provision of telephone at residence. However, personal long distance calls will be billed by the Company.
- viii. **Personal Accident Insurance:** Personal Accident Insurance Policy of an annual amount, the annual premium of which shall not exceed Rs. 50,000/-.
- ix. **Earned Leave:** Privilege leave as per the Rules of the Company.
- x. **Provident Fund:** Company's contribution to provident fund as per the Rules of the Company.
- xi. **Gratuity:** Not exceeding half a month's salary for each completed year of service, subject to maximum of 20 months' salary.
- xii. **Other perquisites:** Subject to the overall ceiling or remuneration mentioned herein below, he shall be entitled to any other allowances, benefits and perquisites as the Board of Directors may, on the recommendation of the Remuneration Committee thereof may, from time to time decide.

**Explanation:**

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rules, it shall be evaluated at actual cost.

**(2) Overall Remuneration:**

The aggregate of salary and perquisites in any financial year shall not exceed the overall ceilings laid down in Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act for the time being in force.

**(3) Minimum Remuneration:**

In the event of absence of profits or inadequacy of profits in any financial year, the aforesaid remuneration shall be governed by limits prescribed under section II of Part II of Schedule XIII of the Companies Act, 1956 for the time being in force.

- (4)** The appointment may be terminated by either party by giving to the other party 3 (three) months prior notice in writing.



# Swan Energy Limited

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- (5) All other terms and conditions of the Ordinary Resolution passed in this regard at the Annual General Meeting held on 24<sup>th</sup> September, 2009 shall remain unchanged.

The terms and conditions of increase in the remuneration as stated above in respect of Mr. Paresh V. Merchant, Executive Director may be treated as an abstract of the terms of the supplemental agreement to be entered into between the Company and Mr. Paresh V. Merchant, Executive Director pursuant to Section 302 of the Companies Act, 1956.

None of the Directors, except Shri Navinbhai C. Dave, Shri Nikhil V. Merchant and Shri Paresh V. Merchant, are in any way, concerned or interested in the said resolutions.

Your Directors recommend the said resolutions for your approval.

## **Item No. 9:**

At the Annual General Meeting held on 24<sup>th</sup> September, 2008, Special Resolution was passed, authorizing the Company to make investment upto Rs. 380 crores in the Equity shares of GSPC Pipavav Power Company Limited (GPPC).

Thereafter, a 'Share Subscription and Shareholders Agreement' for subscribing to 49% Equity Share Capital of GPPC has been executed by your Company.

In view of the above agreement, the amount to be invested by the Company in the Equity shares of GPPC is likely to exceed the earlier sanctioned limit, i.e, Rs. 380 crores. Hence, approval of the members is sought to make investment upto Rs. 500 crores in the Equity shares of GPPC. The funding for the same shall be from the internal accruals, raising of resources through issue of securities and/or borrowings.

None of the Directors is, in any way, concerned or interested in the said resolution.

Your Directors recommend the said resolution for your approval.

By Order of the Board of Directors  
For Swan Energy Limited

***Arun S. Agarwal***  
Company Secretary

Mumbai, 11<sup>th</sup> August, 2010.



# Swan Energy Limited

## **DIRECTORS' REPORT:**

Your Directors have the pleasure to present herewith their 102<sup>nd</sup> Annual Report with Audited Statement of Accounts for the year ended on 31.03.2010. The operating results are as under:

	<b>For the year ended on 31.3.2010 (Rs. in lacs)</b>	<b>For the year ended on 31.3.2009 (Rs. in lacs)</b>
<b><u>Financial Results</u></b>		
Profit before interest & depreciation	5680.23	4443.21
Less: Interest	190.15	672.05
: Depreciation	26.58	20.28
Profit before Tax	5463.50	3750.88
Less: Provision for Taxation	1573.33	588.38
Net Profit for the year	3890.17	3162.50
Add: Amount of Profit & Loss Account brought forward	957.86	(4922.71)
Add: Remission of Interest	—	2718.07
Amount available for Appropriation	4848.03	957.86
Less: Appropriations:		
Dividend on Preference Shares (including tax)	20.17	--
Provision for Proposed Dividend (including tax)	221.56	--
Transfer to Capital Redemption Reserve	14.25	--
Balance of Profit & Loss Account transferred to		
Balance sheet	<u>4592.05</u>	<u>957.86</u>

## **Dividend**

Your Directors are pleased to recommend for approval of the members, payment of dividend at the rate of Rs. 0.20 per Equity Share (10%) on 9,50,00,000 Equity Shares of Rs. 2/- each for the year ended 31<sup>st</sup> March, 2010. The amount of dividend and the tax thereon will be Rs. 1,90,00,000/- and Rs. 31,55,663/- (tax rate being @ 16.60875%) respectively.

## **Redemption of Preference Shares**

During the year, the Company has redeemed 9,250 11% Cumulative Redeemable Preference Shares of Rs. 100/- each and 5,000 11% Cumulative Preference Shares of Rs. 100/- each, along with the arrears of dividend till the financial year ended 31<sup>st</sup> March, 2010.

## **Operations**

During the year, the construction work of Sewree residential project 'Ashok Garden', comprising of two towers, have nearly been completed and estimated expenditures likely to be incurred for its completion have been provided for in the books of accounts. The sales proceeds of the flats sold are accounted for during the year under consideration.



At its Kurla commercial project 'Peninsula Techno-park', construction work of remaining two buildings is at advanced stage. The Company expects to complete the construction work of both the buildings during the financial year 2011-12. The sales of both the buildings have already been tied up.

The Company has also carried out business activities of trading in fabrics during the year.

## **FUTURE PLANS**

### **A) ENERGY SECTOR**

The Company has so far paid Rs. 123 crore to GSPC Pipavav Power Company Limited (GPPC) towards share application money for the proposed joint venture CDM power project with Gujarat State Petroleum Corporation (GSPC). The project is at the advanced stage of negotiation and implementation. Your Company has already sought approval of the members at the Annual General Meeting held on 24<sup>th</sup> September, 2008 to make investment upto Rs. 380 crores in the Equity shares of GPPC. However, subsequent to execution of 'Share Subscription and Shareholders Agreement' with GPPC, approval of the members is now sought to increase the limit of investment in the Equity shares of GPPC upto Rs. 500 crores at this AGM.

### **B) REAL ESTATE DEVELOPMENT**

Except for the completion of its Kurla commercial project 'Peninsula Techno-park', the Company does not have any immediate future plans of the real estate development. The land at Goa may be considered for development in the near future.

### **C) TEXTILE**

The construction of the industrial shed and installation of imported and indigenous machineries for setting up of a state of art Process House at Ahmedabad, Gujarat is in the final stage of completion. The unit is expected to be operational commercially by the end of September, 2010.

## **Directors**

Shri Nagardas H. Panchal, Shri Rajat Kumar Dasgupta and Shri Dhiren M. Desai, retire by rotation and being eligible, have offered themselves for re-appointment.

Shri Vilas A. Gangan, who was appointed as an additional Director on 29/09/2009, has resigned from the Board of Directors with effect from 29/04/2010. The Board places on record its most sincere gratitude and appreciation for his valuable services and outstanding contributions during his tenure as a Director of the Company.

Shri Gopal N. Dave resigned from the Board of Directors with effect from 20/04/2010. The Board places on record its most sincere gratitude and appreciation for his valuable services and outstanding contributions during his tenure as a Director of the Company.



## **Auditors**

The Members are requested to appoint Auditors for the current year and authorize the Board of Directors to fix their remuneration. The retiring Auditors M/s. V. R. Renuka & Co., Chartered Accountants, being eligible, offers themselves for re-appointment.

## **Auditors' Report**

Report of the auditors read with the notes on accounts is self-explanatory and need no elaboration.

## **Particulars of Employees**

The particulars required under Section 217(2A) of the Companies Act, 1956, are furnished in the Annexure.

## **Corporate Governance**

A report on the Corporate Governance (including report on Management Discussions and Analysis), along with a certificate from the Auditors of the Company regarding the compliance of the conditions of the Corporate Governance, as stipulated under Clause 49 of the Listing Agreement is annexed to this report.

Further, as required under the said Clause 49, your Company has adopted a 'Code of Conduct and Ethics' for its Directors and Senior Executives.

## **Directors' Responsibility Statement**

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, on the basis of information placed before them, the Directors confirm that:

- i. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii. Appropriate accounting policies have been selected and applied consistently, and the judgments and estimates that have been made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2010 and of the profit of the Company for the said year;
- iii. Proper and sufficient care has been taken for the maintenance of the 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;
- iv. The annual accounts have been prepared on a going concern basis.

## **Conservation of energy, technology absorption and foreign exchange earnings and outgo:**

The Company is now engaged in trading and service activities and consequently information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology absorption are not applicable and accordingly not provided.



# Swan Energy Limited

## Foreign Exchange Earnings and Outgo.

During the year under review	-	Earnings	-
	-	Outgo	Rs. 1892.40 Lac

## Subsidiary

The Company has invested Rs. 99,980/-, (being 99.98% of the share capital) in the share capital of 'Cardinal Energy and Infrastructure Private Limited'. However, the subsidiary company has not yet started any commercial activities. As required under section 212 (1) of the Companies Act, 1956, the final accounts for the year ended 31<sup>st</sup> March, 2010 of the subsidiary company along with the Report of Directors and Auditors thereon are attached to the Balance sheet of the Company.

## Appreciation

The Directors place on record their appreciation for support and timely assistance from Financial Institutions, Banks, Government Authorities as well as Shareholders who have extended their valuable support to the Company.

The Directors also wish to appreciate sincere and dedicated efforts and services by all the employees/staff.

Registered Office:  
6, Feltham House, 2nd Floor,  
10, J. N. Heredia Marg,  
Ballard Estate, Mumbai - 400 001.  
Mumbai, 11th August, 2010.

For and On behalf of the Board of Directors

**Navinbhai C. Dave**  
Chairman

## **ANNEXURE TO THE DIRECTORS' REPORT:**

Statement of particulars of Employees, pursuant to Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, forming part of the Directors' Report for the year ended 31st March, 2010.

Paid for the part of the period:

Name	Age (Yrs)	Designation	Gross Remuneration (in Rs.)	Qualification	Total Experience	Date of commencement	Previous employment
Mr. Nikhil V. Merchant	50	Managing Director	14,00,000/-	B.S.(Tex. Eng.) USA, DMTC MEP (IIM).	27 years	25-03-1992	Indian Organic Chemicals Limited
Mr. Paresh V. Merchant	47	Executive Director	14,00,000/-	B.Com., MEP (IIM).	24 years	01-12-1992	--



## REPORT ON CORPORATE GOVERNANCE:

### 1 A BRIEF STATEMENT ON THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance is the system by which Companies are directed and controlled by the management in the best interest of the Shareholders and others, thereby ensuring greater transparency, better and timely financial reporting, generating long term economic value for its Shareholders.

Your Company has incorporated the sound Corporate Governance practices by laying emphasis on transparency, accountability and integrity in all its operations and dealings with outsiders.

### 2 BOARD OF DIRECTORS:

As on 31<sup>st</sup> March, 2010, the Company's Board comprises ten members, consisting of five Non-Executive/ Independent Directors. The composition of the Board meets with the requirements of the Clause 49 of the Listing Agreement.

Your Company held nine Board meetings during the year on 30-04-2009, 31-07-2009, 11-08-2009, 21-08-2009, 29-09-2009, 30-10-2009, 25-11-2009, 29-01-2010 and 12-02-2010.

The required details of the Board of Directors as on 31<sup>st</sup> March, 2010 are as under:-

Name of the Director	Category	No. of meetings held	No. of meetings attended	Whether attended last AGM	Number of outside directorships held (*)	Membership in Committees (**)	Chairmanship in Committees (**)
Navinbhai C. Dave	Non-Executive Chairman	9	9	Yes	--	1	--
Nikhil V. Merchant	Managing Director	9	9	Yes	2	--	--
Paresh V. Merchant	Executive Director	9	9	Yes	--	1	--
Gopal N. Dave (upto 20/04/2010)	Non- Executive	9	9	Yes	--	1	--
Nagardas H. Panchal	Non- Executive/ Independent	9	6	Yes	--	3	3
Shobhan I. Diwanji	Non- Executive/ Independent	9	5	Yes	--	2	--
Rajat kumar Dasgupta	Non- Executive/ Independent	9	4	No	1	--	--
Pitamber S.Teckchandani	Non-Executive/ Independent	9	7	Yes	--	2	--
Dhiren M. Desai	Non-Executive/ Independent	9	7	Yes	--	--	--
Vilas A. Gangan (from 29/09/2009 to 29/04/2010)	Non- Executive/ Additional Director	9	5	N.A.	--	--	--

\*(Excluding alternate Directorship and Directorship in private limited companies, foreign companies and section 25 companies)

\*\* Committees considered are Audit Committee, Shareholders' Grievance Committee and Remuneration Committee.



## 3 BOARD - LEVEL COMMITTEES:

The Company has three Board level committees, namely;

- a) Audit Committee.
- b) Shareholders'/Investors' Grievances Committee.
- c) Remuneration Committee.

### a) **Audit Committee:**

The Audit Committee of the Company consists of qualified and non-executive Directors. It comprises of Mr. Nagardas H. Panchal,(Chairman & Independent Director), Mr. Pitamber S. Teckchandani and Mr. Shobhan I. Diwanji. The Committee met five times during the year 2009-10 on 30-04-2009, 31-07-2009, 11-08-2009, 30-10-2009 and 29-01-2010.

The Audit Committee held discussions with the statutory auditors on the "Limited Review" of the quarterly and half-yearly accounts, final accounts, matters relating to compliance of accounting standards, their observations arising from the annual audit of the Company's accounts and other related matters.

### b) **Shareholders'/Investors' Grievances Committee:**

The Shareholders/Investors' Grievances Committee, comprising Mr. Nagardas H. Panchal (Chairman & Independent Director), Mr. Paresh V. Merchant, and Mr. Navinbhai C. Dave, has been constituted for redressing shareholders and investors' complaints. Mr. Arun S. Agarwal, Company Secretary has been designated as Compliance Officer. The Committee met four times during the year 2009-10 on 30-04-2009, 31-07-2009, 30-10-2009 and 29-01-2010.

During the year, company has received 33 complaints from the shareholders, which were duly resolved/ replied.

Delivery of equity shares of the company by all investors/shareholders is now mandatory in the dematerialized form in the Stock Exchanges.

### c) **Remuneration Committee:**

The Remuneration Committee comprises of three independent Directors, namely, Mr. Nagardas H. Panchal (Chairman & Independent Director), Mr. Shobhan I. Diwanji, and Mr. Pitamber S. Teckchandani. The terms of reference of Remuneration Committee, inter-alia, consists of recommendation for appointment/ re-appointment of Managing Director, Executive Director/s and senior executives and review of terms of appointment. The Committee met once during the year 2009-10 on 30-10-2009. During the year, remuneration was paid to Mr. Nikhil V. Merchant, Managing Director and Mr. Paresh V. Merchant, Executive Director, details of which are given in the annexure to the Directors' Report.

The Remuneration Committee has recommended revision in the remuneration payable to the Managing Director and Executive Director, for which separate resolutions are being proposed for the consideration and approval of the members of the Company.

## 4) **GENERAL BODY MEETING**

Date, Time and Venue for the last three Annual General Meetings are given below:



Financial Year ended	Date	Time	Venue
31 March, 2007	24.09.2007	12.15 P.M.	Walchand Hirachand Hall, IMC Building, Churchgate, Mumbai - 400 020.
31 March, 2008	24.09.2008	12.15 P.M.	Walchand Hirachand Hall, IMC Building, Churchgate, Mumbai - 400 020.
31 March, 2009	24.09.2009	11.30 A.M.	Walchand Hirachand Hall, IMC Building, Churchgate, Mumbai - 400 020.

## 5 EXTRA ORDINARY GENERAL MEETING

During the year, the Company held an Extra Ordinary General meeting on 11<sup>th</sup> March, 2010, wherein the members passed following resolutions unanimously:

- i. Increase in the Authorised Share Capital of the Company from Rs. 19.25 Crores (Rupees Nineteen Crore Twenty five lacs only) to Rs. 100.25 Crores (Rupees One Hundred Crore Twenty Five Lacs only) and consequential amendments in the relevant Clauses of the Memorandum of Association and the Articles of Association of the Company.
- ii. To authorize the Board of Directors of the Company to raise the resources of the Company through issue of securities for an aggregate amount, not exceeding Rs. 1200 Crores (Rupees Twelve Hundred Crores only).

## 6 DISCLOSURE BY MANAGEMENT TO THE BOARD

All disclosures relating to financial and commercial transactions where directors may have a potential interest are provided to the Board, and the interested Directors do not participate in the discussion nor do they vote on such matters.

## 7 CEO/CFO CERTIFICATION

As required under Clause 49 V of the Listing Agreement with the Stock Exchange, the Managing Director of the Company has certified to the Board regarding their review on the Financial Statements, Cash Flow Statements and matters related to internal controls etc. in the prescribed format for the year ended 31<sup>st</sup> March, 2010.

## 8 MEANS OF COMMUNICATION

The quarterly results are published in the newspapers. The company has launched its website under the name 'www.swan.co.in' during the year. Official news releases are sent to the Bombay Stock Exchange Limited.



## 9 SHAREHOLDER INFORMATION

- a) Annual General Meeting  
 Date : 24<sup>th</sup> September, 2010  
 Time : 3.30 P.M.  
 Venue : Walchand Hirachand Hall, 4<sup>th</sup> Floor, IMC Building, Churchgate, Mumbai – 400 020.
- b) Financial Calendar  
 Financial reporting for  
 Quarter ending Sept 30 2010 : Upto 15<sup>th</sup> November, 2010  
 Quarter ending Dec 31 2010 : Upto 15<sup>th</sup> February, 2011  
 Quarter ending March 31 2011: Upto 15<sup>th</sup> May, 2011  
 Annual General Meeting for the year Ended March 31 2011 : Upto end of September 2011
- c) Dates of Book closure : 18-09-2010 to 24-09-2010 (both days inclusive)
- d) Dividend payment date : On or after 24-09-2010
- e) Listing on Stock Exchange at : Bombay Stock Exchange Limited  
 The Calcutta Stock Exchange Asso. Ltd.
- f) Demat ISIN Number : INE665A01020
- g) Stock Market Data :

Month	Volume (No. of Shares)	Price (Rs.)*	
		High	Low
April, 2009	9,53,934	46.10	32.00
May, 2009	15,38,496	72.15	32.50
June, 2009	6,16,486	65.40	49.45
July, 2009	16,26,224	100.00	57.15
August, 2009	8,49,630	102.90	74.00
September, 2009	32,09,020	124.70	80.50
October, 2009	15,30,601	139.45	108.00
November, 2009	29,00,040	156.75	102.65
December, 2009	17,83,502	186.95	149.95
January, 2010	5,44,892	181.55	140.20
February, 2010	4,12,536	164.90	138.00
March, 2010	5,67,908	154.00	132.10

• Source: Website of Bombay Stock Exchange Limited ([www.bseindia.com](http://www.bseindia.com))



## 10 Registrar and Share Transfer Agent

Purva Sharegistry (India) Private Limited, Gala No. 9, J.R. Boricha Marg, Shivshakti Industrial Estate, Lower Parel, Mumbai – 400 011. Tel.: 23016761/23018261. Fax: 2301 2517. Email: busicomp@vsnl.com

## 11 Share Transfer Systems

Share Transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. The power to approve transfer of securities has been delegated by the Board of Directors to the Shareholders'/ Investor Grievance and Share Transfer Committee.

## 12 Distribution of Shareholding (as on 31.03.2010)

Category	Number of Shareholders	% of Shareholders	No. of Shares held	% of shareholding
1-5,000	7,822	96.06	21,18,434	2.23
5,001-10,000	154	1.89	5,78,131	0.61
10,001-20,000	65	0.80	4,62,964	0.49
20,001-30,000	26	0.32	3,32,510	0.35
30,001-40,000	15	0.18	2,67,388	0.28
40,001-50,000	10	0.12	2,30,086	0.24
50,001- 1,00,000	14	0.17	4,97,981	0.52
1,00,001 and above	37	0.45	9,05,12,506	95.28
Total	8,143	100.00	9,50,00,000	100.00

## 13 Categories of Shareholders (as on 31.03.2010)

Category	Number of Shares held	% of Shareholdings
Promoters & associates	7,68,75,429	80.92
Mutual funds / LIC / UTI	7,11,050	0.75
Banks	50,700	0.05
Insurance Companies	100	0.00
Foreign Institutional Investors	28,04,578	2.95
Bodies Corporate	90,54,188	9.53
Indian Public	45,83,438	4.83
NRIs	9,19,467	0.97
Trusts	1,050	0.00
Total	9,50,00,000	100.00

The stock code on BSE is 503310



## 14 Dematerialisation of Shares and liquidity

Your Company's shares are traded compulsorily in dematerialized form at Bombay Stock Exchange Limited. Approximately, 98.82% of the equity shares of your Company have been dematerialized upto 31st March 2010.

## 15 Address of the correspondence

Swan Energy Limited : 6, Feltham House, 2<sup>nd</sup> Floor, 10, J.N. Heredia Marg, Ballard Estate, Mumbai - 400 001. Phone: 022-40587350. Fax: +91-22-40587360. Email: swan@swan.co.in

## 16 Management Discussion and Analysis Report:

### Forward – looking statements

This report contains forward looking statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results, based on certain assumptions and expectations of future events. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements.

### Industry Structure, Outlook, Developments and Expansion plans

The Company has set up a state of art Fabric Process House at Ahmedabad, Gujarat with latest imported machineries, which is likely to be commercially operational by the end of September, 2010.

The Company is currently engaged in the development of property projects, both residential and commercial, at Mumbai. The projects are expected to generate substantial cash flows, which will be used for funding the energy projects/initiatives.

The Company aims to emerge as 'Green Energy' company with a pipeline of innovatively structured power projects in collaboration with the Gujarat State Petroleum Corporation (GSPC). The details of such projects are as under:

- The first 700MW Greenfield gas-based power plant is expected to be commissioned phase wise in the year 2011, for which power purchase agreements have already been executed.
- An innovative project probably 'first of its kind' in India, involving conversion of existing 1330MW of coal/furnace oil based power plants to 3600MW gas-based plants. This project, called, coal to gas (C-2-G), would be one of the world's largest Clean Development Mechanism (CDM) project. It is expected to increase the power generation capacity of the existing power plants substantially and also reduce carbon emissions substantially.

The above two projects, which would be eligible for Carbon Credit benefits with United Nation Framework Convention on Climate Control (UNFCCC), are expected to together generate huge quantity of carbon credits. Our Company will be entitled to 70% of the credits in lieu of the investments made over a period of 10 years, thereby ensuring steady returns.

- Another unique proposal is setting up of 'LNG Floating Storage and Re-gasification Unit (LNG FSRU) to ensure fuel security and adequate gas supplies for the C-2-G project in the long run. The Company has planned to develop a vessel of LNG FSRU with the capacity of 4.5mn metric tone p.a., which will be berthed at a captive jetty at Pipavav, Gujarat for uninterrupted 24\*7 operations. It will provide re-gasification facilities at the most competitive cost. Given the huge demand-supply gap in the natural gas market in India and with growing thrust on gas based power generations, the re-gasification business provides significant growth opportunities in the Natural Gas (NG) sector in future.

### Opportunities and Threats, Risks and Concerns

#### Opportunities

- The continued power deficit position in India and Gujarat being power deficit region, it is an ideal place being strategically located with efficient power transmission network;



- India, being the 5<sup>th</sup> largest carbon emitting nation, has huge opportunities for CDM projects; The proposed C-2-G projects will entitle the company for Certified Emission Reduction (CERs or Carbon Credits), which shall be tradable in the international market having huge potential of cash inflows;
- Natural gas is expected to attain significant importance in India's energy basket in the near term and proposed LNG FSRU project has tremendous scope;
- The CDM market in India would continue to grow due to coal being used as the main fuel for the primary energy demand.
- Increasing demand for imported LNG due to insufficient natural gas supply domestically;
- Increasing thrust on cleaner sources for fuel to provide a boost to gas based power generation in the country;
- India is one of the largest emitters of greenhouse gases, thereby, providing greater scope for emission-reducing activities;

### **Threats, Risks & Concerns**

- Non-availability of gas on continuous basis at competitive rates could significantly affect operations and profitability;
- Increasing competition from similar projects in the energy sector;
- Delay in implementation and execution of projects could negatively impact the performance;
- Risks in terms of registration of power projects with the UNFCCC;
- Financial risk due to huge investments involved;
- Risk in terms of uncertainty / volatility about price behavior of carbon credit;

### **Segment-wise or product wise performance**

Presently, the Company is engaged in real estate development activities. The erection of its Process house at Ahmedabad, Gujarat is near completion. The business proposals / plans in the Energy sector have been mentioned in the above paragraphs.

### **Internal Control Systems**

The Company has adequate and appropriate internal audit controls and checks to ensure that all transactions are adequately authorized, accounted and disclosed properly. Audit Committee of the Board regularly reviews all such controls.

### **Financial Performance with respect to Operational Performance**

The Sales, including other income, during the financial year ended 31<sup>st</sup> March, 2010 was Rs. 53,729.20 lacs against Rs. 21,963.56 lacs in 2008-09. Net Profit during the year 2009-10 was Rs. 3890.17 lacs as against Rs. 3162.50 lacs in 2008-09.

### **Human Resources and Industrial Relations**

The Company places high emphasis on human capital with a strong and highly experienced team of management. The Company has recruited skilled managerial and operational personnels to manage the new projects. As on 31<sup>st</sup> March, 2010, there were 27 employees, including two whole time Directors.

Industrial relations continue to be harmonious and cordial.

For and on behalf of Board of Directors

Mumbai, 11<sup>th</sup> August, 2010.

**Nikhil V. Merchant**  
Managing Director



# Swan Energy Limited

## DECLARATION BY THE CEO

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, I, Nikhil V. Merchant, Managing Director of the Company declare that all the Board Members and the senior Management Employees of the Company have affirmed compliance with the code of conduct for the year ended 31<sup>st</sup> March, 2010.

For and on behalf of Board of Directors

Mumbai, 11<sup>th</sup> August, 2010.

**Nikhil V. Merchant**  
Managing Director

## Auditors Certificate on Corporate Governance

To the members of Swan Energy Limited,

We have examined the records concerning the Company's compliance of the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement entered into by the Company with the Stock Exchange of India for the financial year ended on March 31, 2010.

The objective of our examinations is to give our opinion on whether the Company has complied with the conditions of Corporate Governance as stipulated in the provisions of Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchange of India.

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

We have conducted our examination on the basis of the relevant records and documents maintained by the Company and furnished to us for examination and the information and explanations given to us by the Company.

Based on such examination, in our opinion, the Company has complied with Clause 49 of the Listing Agreement of the Stock Exchange.

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

For **V. R. Renuka & Co.**  
Chartered Accountants  
Firm Registration. No. 108826W

**V.R.Renuka**  
Proprietor  
M. No. 32263

Mumbai, 11<sup>th</sup> August, 2010.



# Swan Energy Limited

## **Auditors' Report to the Members of Swan Energy Limited**

We have audited the attached Balance Sheet of **SWAN ENERGY LIMITED** as at 31<sup>st</sup> March 2010 and the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended 31<sup>st</sup> March 2010, 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.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered necessary and appropriate and according to the information and explanations given to us during the course of audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Profit and 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, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards (AS) referred to in Section 211 (3C) of the Companies Act, 1956.
  - e. On the basis of information and explanations given to us and representations received from the directors of the Company and taken on record by the Board of Directors, we report that no director is disqualified from being appointed as director of the Company under clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
4. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read with note No. B-6 of Schedule 12, relating to disclosure of the amount payable to small scale industrial undertakings, 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:
  - (a) in the case of the Balance Sheet, of the state of the Company's affairs as at 31<sup>st</sup> March, 2010;
  - (b) in the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date, and
  - (c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For V. R. Renuka & Co.**  
Chartered Accountants  
Firm Registration No. 108826W

Mumbai, 11<sup>th</sup> August, 2010.

**V. R. Renuka**  
Proprietor  
M.N. 32263



## **Annexure to the Auditors' Report** (Referred to in Paragraph (2) of our Report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanation given to us, the Company has formulated the regular programme of verification by which all the assets of the Company are verified in a phased manner, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets and no material discrepancies were noticed.
- (c) According to the information and explanation given to us, substantial part of fixed assets has not been disposed of by the Company during the year.
- (ii) (a) As explained to us the management has conducted physical verification of traded items at reasonable intervals during the year. In respect of land as stock in trade, we are informed that verification has been conducted as to the area and title of the land.
- (b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of traded items and stock in trade followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of examination of inventory records, in our opinion, the Company has maintained proper records of inventory, the discrepancies noticed on verification between the physical stock and book records were not material and the same has been properly dealt with in the books of accounts.
- (iii) (a) During the year, the Company has availed loan of Rs. 1805.00 lacs from a Company covered in the register maintained u/s. 301 of the Companies Act, 1956.
- During the year, the Company has granted loan of Rs. 3054.90 lacs to a Company covered in the register maintained u/s. 301 of the Companies Act, 1956.
- (b) In our opinion, the rate of interest and other terms and conditions of loan taken/granted by the Company are not prima facie prejudicial to the interest of the Company, repayment is regular.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory/material, fixed assets and for the sale of goods/flats/offices and services. Further on the basis of our examination of books and records of the Company and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- (v) In our opinion and according to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services aggregating during the period to Rs. 5, 00,000 or more in respect of each party, in pursuance of contracts or arrangements entered in the register maintained Under Section 301 of the Companies Act, 1956.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the Public to which the directives issued by the Reserve Bank of India and provisions of Section 58A and Section 58AA of the Companies Act 1956 and the rules made there under are applicable.
- (vii) In our opinion, the Company has an Internal Audit System commensurate with the size and nature of its business.
- (viii) As informed to us, for the present business activities of the Company, the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, is not required.



# Swan Energy Limited

- (ix) (a) According to the information and explanation provided to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Value Added Tax, Wealth tax, Excise duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanation given to us, there are no dues of Sales Tax, Service tax, Custom Duty, Wealth Tax, Excise duty or cess outstanding on account of any dispute, other than disputed Income tax demand as under:

Sr. No.	Assessment Year	Nature of Dues	Amount (Rs. In Lacs)	Forum Where case is Pending
1.	2006-07	Income tax	343.20	ITAT

- (x) As at the balance sheet date, the Company does not have any accumulated losses. The Company has not incurred cash losses during the year under report, and has also not incurred cash loss in the preceding financial year.
- (xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions during the year.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debenture and other securities.
- (xiii) According to the information and explanations given to us and in our opinion, the Company is not a chit fund or nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the order are not applicable to the Company.
- (xiv) According to the information and explanations given to us, the Company has dealt in and/or traded in shares, securities, debentures and other investments during the year. Proper records have been maintained of the transactions and timely entries have been made therein. The investments have been held by the Company in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from bank or financial institution.
- (xvi) In our opinion and according to the information and explanation given to us, the Company has applied the term loans for the purpose for which the loan was obtained.
- (xvii) In our opinion and according to the information and explanation given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that no funds raised on the short term basis have been utilized for long term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained U/s. 301 of the Companies act 1956.
- (xix) According to the information and explanations given to us, the Company has not issued any secured debentures, therefore the provisions of clause (xix) of the order are not applicable to the Company.
- (xx) During the period covered by our audit report, the Company has not raised any money by way of public issue, therefore the provisions of clause (xx) of the order are not applicable to the Company.
- (xxi) To the best of our knowledge and belief, according to the information and explanation given to us and based on the audit procedures performed, we report that no material fraud on or by the Company has been noticed or reported during the course of our audit.

For **V. R. Renuka & Co.**  
Chartered Accountants  
Firm Registration No. 108826W

Mumbai, 11<sup>th</sup> August, 2010.

**V. R. Renuka**  
Proprietor  
M.N. 32263



# Swan Energy Limited

## Balance Sheet as at 31st March, 2010

As at  
31.03.2009  
Rupees  
in lacs

	Schedule	Rupees in lacs	Rupees in lacs	
<b>I. SOURCES OF FUNDS</b>				
<b>1. Shareholders' Funds</b>				
Share Capital	1	1,900.00		1,914.25
Reserves & Surplus	2	10,417.62		6,769.18
			12,317.62	8,683.43
<b>2. Loan Funds</b>				
Secured	3		23,819.51	4,754.61
<b>TOTAL</b>			<b>36,137.13</b>	<b>13,438.04</b>
<b>II. APPLICATION OF FUNDS</b>				
<b>1. Fixed Assets</b>				
Gross Block	4	3,380.73		3,305.68
Less : Depreciation		152.74		138.08
Net Block		3,227.99		3,167.60
Add : Capital Work-in-Progress & Advances		3,978.70		745.64
			7,206.69	3,913.24
<b>2. Investments</b>				
	5		21,320.66	2,769.42
<b>3. Net Current Assets</b>				
Current Assets, Loans & Advances	6	43,681.94		42,381.38
Less : Current Liabilities & Provisions	7	36,047.75		35,604.09
			7,634.19	6,777.29
<b>4. Miscellaneous Expenditure</b>				
Deferred Tax Assets/(Liabilities)			(24.41)	(21.91)
<b>TOTAL</b>			<b>36,137.13</b>	<b>13,438.04</b>
<b>Accounting Policies and Notes to the Accounts</b>	12			

On behalf of Board of Directors

As per our Report of even date attached  
For **V. R. RENUKA & CO.**  
Chartered Accountants  
Firm Registration No. 108826W

**NAVINBHAI C. DAVE**  
Chairman

**V. R. RENUKA**  
Proprietor  
M. No. 32263

**ARUN S. AGARWAL**  
Company Secretary

**NIKHIL V. MERCHANT**  
Managing Director

**PARESH V. MERCHANT**  
Executive Director

Mumbai, 11th August, 2010.

Mumbai, 11th August, 2010.



# Swan Energy Limited

## Profit & Loss Account For the Year Ended 31st March, 2010

	Schedule	Rupees in lacs	Rupees in lacs	As at 31.03.2009 Rupees in lacs
<b>INCOME :</b>				
Sale of Products and Other Income	8	53,729.20		21,963.56
Add : Variation in Stock in Trade	9	(6,972.61)		1,399.62
			46,756.59	23,363.18
<b>EXPENDITURE :</b>				
Purchase and Other Expenses	10	41,076.36		18,919.97
Depreciation		26.58		20.28
Interest and Financial Charges	11	190.15		672.05
			41,293.09	19,612.30
<b>Profit for the year before Tax</b>			5,463.50	3,750.88
Provision for Taxation				
- Current Year		1,570.83		586.96
- Deferred Tax		2.50		1.42
			1,573.33	588.38
<b>Profit After Tax available for Appropriation</b>			3,890.17	3,162.50
Transfer to Capital Redemption Reserve		14.25		-
Dividend on Preference Shares		17.24		-
Dividend Tax on above		2.93		-
Proposed Dividend - Equity Shares		190.00		-
Dividend Tax on above		31.56		-
			255.98	-
<b>Transferred to Reserves &amp; Surplus account (Profit &amp; Loss)</b>			3,634.19	3,162.50

**Accounting Policies and  
Notes to the Accounts** 12

As per our Report of even date attached  
**For V. R. RENUKA & CO.**  
Chartered Accountants  
Firm Registration No. 108826W

**V. R. RENUKA**  
Proprietor  
M. No. 32263

**ARUN S. AGARWAL**  
Company Secretary

On behalf of Board of Directors

**NAVINBHAI C. DAVE**  
Chairman

**NIKHIL V. MERCHANT**  
Managing Director

**PARESH V. MERCHANT**  
Executive Director

Mumbai, 11th August, 2010.

Mumbai, 11th August, 2010.



## Schedules forming part of the Balance Sheet As at 31st March , 2010

As at  
31.03.2009

	<u>Rupees in lacs</u>	<u>Rupees in lacs</u>
<b>SCHEDULE "1"</b>		
<b>SHARE CAPITAL:</b>		
<b>AUTHORISED</b>		
15,000 11% Cumulative Redeemable Preference Shares of Rs.100 each	15.00	15.00
10,000 11% Cumulative Preference Shares of Rs. 100 each	10.00	10.00
50,00,00,000 Equity Shares of Rs. 2 each		
(Previous year: 9,50,00,000 Equity Shares of Rs. 2 each)	<u>10000.00</u>	<u>1900.00</u>
	<u>10025.00</u>	<u>1925.00</u>
<b>ISSUED AND SUBSCRIBED</b>		
9,250 11% Cumulative Redeemable Preference Shares of Rs.100 each fully paid up. Redeemable at par after giving three month's notice.	-	9.25
5,000 11% Cumulative Preference Shares of Rs.100 each fully paid up.	-	5.00
9,50,00,000 Equity Shares of Rs. 2 each fully paid up.	1900.00	1900.00
Of the above, the following Shares were allotted for consideration other than cash :		
1) 2,00,000 Equity Shares of Rs. 2 each fully paid up pursuant to a contract.		
2) 66,20,000 Equity Shares allotted as fully paid up Bonus Shares by way of Capitalisation of Reserves.		
3) 9,250 11% Cumulative Redeemable Preference Shares of Rs. 100 each fully paid up and 20,00,000 Equity Shares of Rs. 2 each fully paid up in terms of the Scheme of Amalgamation of the Jubilee Mills Ltd with the Company.		
4) 24,80,000 Equity Shares of Rs. 2 each fully paid up in terms of the Scheme of Amalgamation of the Coorla Spg & Wvg Co Ltd with the Company.		
5) 5,000 11% Cumulative Preference Shares of Rs. 100 each fully paid up shares and 4,50,000 Equity Shares of Rs. 2 each fully paid up in terms of the Scheme of Amalgamation of Basanti Cotton Mills Ltd with the Company.		
6) 8,29,20,000 Equity Shares of Rs.2 each fully paid up issued in lieu of conversion of Subordinated Unsecured Loans brought in by Promoters Associates in terms of BIFR Orders.		
<b>TOTAL</b>	<u>1900.00</u>	<u>1914.25</u>



# Swan Energy Limited

	<u>Rupees in lacs</u>	<u>Rupees in lacs</u>	<i>As at 31.03.2009 Rupees in lacs</i>
<b>SCHEDULE "2"</b>			
<b>RESERVES AND SURPLUS :</b>			
<b>Capital Reserve</b>			
Per last Balance Sheet	5,810.64		8,528.71
Less: Remission of Interest	<u>-</u>		<u>2,718.07</u>
		5,810.64	5,810.64
<b>Share Premium</b>			
Per last Balance Sheet		0.43	0.43
<b>Workmen's Welfare Reserve</b>			
Per last Balance Sheet		0.25	0.25
<b>Capital Redemption Reserve</b>			
		14.25	-
<b>Profit &amp; Loss Account</b>			
Per last Balance Sheet	957.86		(4,922.71)
Add: Profit for the year	3,634.19		3,162.50
Add: Remission of Interest	<u>-</u>		<u>2718.07</u>
	4,592.05		957.86
<b>TOTAL</b>		<u>10,417.62</u>	<u>6,769.18</u>
<b>SCHEDULE "3"</b>			
<b>SECURED LOANS :</b>			
From banks and others :			
(a) ICICI Bank and Associates		14,695.13	2,500.00
(b) State Bank of India		5,000.00	-
(c) Union Bank & Oriental Bank of Commerce		3,091.41	-
(d) Others		1,000.00	2,200.00
(e) Vehicle Loans		32.97	54.61
(Repayable within one year Rs. 24.21 Lacs)			
<b>TOTAL</b>		<u>23,819.51</u>	<u>4,754.61</u>

Notes :

- (a) Secured by mortgage of properties financed, i.e., receivables and land at Sewri and Kurla and present and future construction thereon.
- (b) Secured by mortgage of property at Goa.
- (c) Secured by mortgage of property at Ahmedabad for Textile project.
- (d) Secured by pledge of part of Equity Shares held by the promoters.
- (e) Secured by hypothecation of Vehicles.



# Swan Energy Limited

## SCHEDULE "4"

### FIXED ASSETS :

DESCRIPTION OF ASSETS	GROSS BLOCK (At cost or valuation)				DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Additions	Deductions	As at 31.03.2010	As at 01.04.2009	For the Period	On Deductions	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Land	3,025.83	-	-	3,025.83	-	-	-	-	3,025.83	3,025.83
Plant and Machinery	19.51	11.89	-	31.40	16.71	1.81	-	18.52	12.88	2.80
Furniture and Equipment	75.36	8.64	-	84.00	28.30	4.98	-	33.28	50.72	47.06
Motor Vehicles	184.98	73.63	19.11	239.50 (a)	93.07	19.80	11.93	100.94	138.56	91.91
<b>TOTAL</b>	<b>3,305.68</b>	<b>94.16</b>	<b>19.11</b>	<b>3,380.73</b>	<b>138.08</b>	<b>26.59</b>	<b>11.93</b>	<b>152.74</b>	<b>3,227.99</b>	<b>3,167.60</b>
Previous Year	1,188.03	2,117.65	-	3,305.68	117.80	20.28	-	138.08	3,167.60	1,070.23

Notes :

(a) Includes Rs. 36.53 lacs (Previous year Rs. 49.70 lacs) being cash value of assets taken on hire purchase.

## SCHEDULE "5" INVESTMENTS :

### At Cost or Realisable Value

Mutual Funds (Liquid)  
Unquoted Stocks  
Share Application money-GPPC

### TOTAL

	Rupees in lacs	As at 31.03.2009 Rupees in lacs
Mutual Funds (Liquid)	8,418.14	2,505.42
Unquoted Stocks	265.00	264.00
Share Application money-GPPC	12,637.53	-
<b>TOTAL</b>	<b>21,320.66</b>	<b>2,769.42</b>



# Swan Energy Limited

	<u>Rupees in lacs</u>	<u>Rupees in lacs</u>	<i>As at 31.03.2009 Rupees in lacs</i>
<b>SCHEDULE "6"</b>			
<b>CURRENT ASSETS, LOANS AND ADVANCES :</b>			
<b>A. Current Assets</b>			
<i>Inventories</i>			
(as verified, valued and certified by the Management)			
Property under Development :			
Value of Land converted into Stock-in-trade at conversion cost and development expenses at cost	23,492.85		30,450.27
Others	7.38		22.57
		<b>23,500.23</b>	<b>30,472.84</b>
<i>Sundry Debtors (unsecured, considered good)</i>			
Outstanding for more than six months	2,218.01		-
Others	5,064.46		1,008.02
<i>Cash and Bank Balances :</i>		<b>7,282.47</b>	<b>1,008.02</b>
Cash in hand	0.69		1.60
With Scheduled Banks :			
Current Accounts	3,484.89		2,217.54
Fixed Deposits with accrued interest	7,624.26		3,553.62
		<b>11,109.84</b>	<b>5,772.76</b>
<b>TOTAL</b>		<b>41,892.54</b>	<b>37,253.62</b>
<b>B. Loans, Advances &amp; Deposits (Unsecured) :</b>			
Advances Recoverable in cash or in kind or for value to be received			
Considered good	1,150.36		4,597.26
Income tax paid and TDS	639.03		530.50
		<b>1,789.40</b>	<b>5,127.76</b>
<b>TOTAL</b>		<b>43,681.94</b>	<b>42,381.38</b>
<b>SCHEDULE "7"</b>			
<b>CURRENT LIABILITIES &amp; PROVISIONS :</b>			
Provision for Taxations	1,570.49		586.97
Sundry Creditors	18,641.67		2,333.97
Project Advance	15,708.42		32,665.16
Interest	127.17		17.99
<b>TOTAL</b>		<b>36,047.75</b>	<b>35,604.09</b>



# Swan Energy Limited

	<u>Rupees in lacs</u>	<u>Rupees in lacs</u>	<i>Year Ended 31.03.2009 Rupees in lacs</i>
<b>SCHEDULE "8"</b>			
<b>SALE OF PRODUCTS AND OTHER INCOME :</b>			
Sales		53,480.49	17,497.07
Other Income		248.71	4,466.49
<b>TOTAL</b>		<u>53,729.20</u>	<u>21,963.56</u>
<b>SCHEDULE "9"</b>			
<b>VARIATION IN VALUE OF STOCK IN TRADE :</b>			
Closing stock in trade		23,500.23	30,472.84
Less: Opening stock in trade		30,472.84	29,073.22
<b>TOTAL</b>		<u>(6,972.61)</u>	<u>1,399.62</u>
<b>SCHEDULE "10"</b>			
<b>PURCHASE AND OTHER EXPENSES :</b>			
<i>A. Purchase of Materials</i>		6,203.67	45.50
<i>B. Expenditure towards construction activities</i>			
Architect Fees & Consultancy Charges	235.58		363.43
Interest on Loans	222.54		830.75
Rates, Taxes & Charges	420.47		1,297.74
Security Charges	92.08		58.48
Construction Materials & Expenses	33,018.25		16,004.01
		33,988.92	18,554.41
<i>C. Operating and Other Expenses :</i>			
Power and Fuel	5.60		4.77
Rent	1.75		2.03
Rates and Taxes	1.56		1.54
Insurance	2.45		2.15
Salary expenses	48.08		12.36
Consultancy Charges	177.26		81.88
Vehicle Expenses	12.39		12.84
Miscellaneous Expenses	634.68		202.49
		883.77	320.06
<b>TOTAL</b>		<u>41,076.36</u>	<u>18,919.97</u>
<b>SCHEDULE "11"</b>			
<b>INTEREST AND FINANCIAL CHARGES :</b>			
Interest and Financial Charges		236.07	892.30
Less : Interest Received		45.92	220.25
<b>TOTAL</b>		<u>190.15</u>	<u>672.05</u>



## SCHEDULE "12"

### ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS.

#### (A) SIGNIFICANT ACCOUNTING POLICIES.

##### 1 GENERAL

The accounts of the Company are prepared under the historical cost convention using accrual method of accounting with generally accepted accounting principles.

##### 2 FIXED ASSETS

Fixed assets are stated at cost of acquisition, including any attributable cost for bringing the assets to its working condition for its intended use/sale/development, less accumulated depreciation.

##### 3 DEPRECIATION

Depreciation is provided on Straight Line Method at the rates given in Schedule XIV of the Companies act, 1956.

##### 4 INVESTMENTS

Investments classified as short term investment are valued at cost.

##### 5 INVENTORIES

Inventory, representing project work-in-progress, is valued at cost, which includes expenditure incurred for development, other related cost and cost of land. Other inventories in the nature of unsold flats and textile goods are valued at Cost.

##### 6 SALES & REVENUE RECOGNISATION

- a) Sales/Other income are net of amount payable to the developer and taxes, if any.
- b) Company is engaged in the business of development of property and textile item. In consonance with the practice followed, the profit/Loss, if any, in respect of project under work-in-progress (Kurla Project) will be accounted on completion and / or sale. The sale is treated when substantial project is completed or peaceful possession of the flats/commercial area is given to the buyer. All expenses incurred, including interest and selling & distribution expenses, on project are shown under Work-in-progress and amount received from customers towards booking of the area is shown as Project advances.

In respect of residential complex, Ashok Garden, Sewree, the revenue is recognised in the annexed Accounts since it is substantially completed during the year and the unsold flats are considered as Stock, at cost, under "Inventories".

##### 7 FOREIGN CURRENCY TRANSACTION

Transaction in Foreign Exchange are accounted at the exchange rate prevailing on the date the transaction has taken place. Unrealised/Payable balance in the form of current assets, current liabilities & loans at the year end are converted at closing Bank Exchange rate prevailing at the Balance Sheet date.

##### 8 RETIREMENT BENEFITS

As the entire work force of the company had accepted VRS, no liabilities towards Retirement benefit is due for the year and hence no provision is made for the year.

##### 9 CONSTRUCTION ACTIVITIES

Construction cost incurred in respect of Kurla project are considered as W.I.P and shown as Current Assets under inventories. The initial amount received as sale of units are considered as Project Advances, reduced to the extent it is paid/payable to the developer.



## 10 TAXATION

Tax comprises both current and deferred tax. Current Income Tax is determined on the basis of tax payable on taxable income for the year. In compliance with Accounting Standard-22, deferred tax is calculated at current income tax rate and is recognised on timing difference arising in this year and being capable of reversal in the subsequent year/s. between taxable income and accounting income subject to consideration of prudence and to the extent there is a virtual certainty.

## (B) NOTES TO THE ACCOUNTS

1 The Company has completed substantial work of residential project 'ASHOK GARDEN' at Sewree and net sales & revenue thereon have been recognised during the year. As at Balance sheet date, Stock in trade of Rs. 23492.85 lacs includes conversion cost of land & development expenses and cost of unsold area of 'Ashok Garden', Sewree.

2 Cardinal Energy and Infrastructure Pvt. Ltd. has been taken over by the Company by purchasing 9,998 shares of Rs. 10/- each at par during this year. Since no material transaction/activity is carried on by the said subsidiary company, the consolidated accounts are not considered.

3 Earning Per Share	<u>Current Yr</u>	<u>Previous Yr</u>
Numerator used for calculating basic and diluted earnings per share		
Profit as per P & L Rs. lacs	3890.17	3,162.50
Weighted average number of shares used as denominator for calculating basic and diluted earning per share		
	95,000,000	95,000,000
Nominal Value of share (Rs. per share)		
	2	2
Basic/Diluted earning per share Rs.		
	4.09	3.33
4 Contingent Liabilities (Rs In Lacs)		
a) Arrears of cumulative Pref. Share Dividend	-	15.69
b) Income Tax	343.20	343.20
5 Miscellaneous Expenses includes payments to Auditors (Rs. In Lacs)		
Audit Fees	0.80	0.80
Tax Audit Fees	0.40	0.40
Other capacity	-	0.03
6 In terms of Notification No.GSR (129 E) dated 22.02.1999 issued by the Department of Company affairs, the Company is required to furnish the details of outstanding to Small Scale Industrial undertakings under the head Current Liabilities and Provisions. The Creditors have been requested to furnish requisite information along with SSI Registration Number. Due to lack of feedback, the Company is unable to provide such information in its accounts.		
	-	-
7 Raw Material Consumed	N.A.	N.A.
8 Licensed Capacity	N.A.	N.A.
9 Capacity and Production	N.A.	N.A.



# Swan Energy Limited

		<u>Current</u> <u>Year</u>	<u>Previous</u> <u>Year</u>
<b>10</b>	<i>Sale of Products Cloth</i>		
	Qty in lac Mtrs	83.46	1.12
	Value in Rs. Lacs	6,241.96	52.37
<b>11</b>	<i>Purchase of Cloth</i>		
	Qty in lac Mtrs	83.19	0.86
	Value in Rs. Lacs	6,203.67	45.50
<b>12</b>	<i>Expenditure incurred / payment in Foreign Currency (Rs. In Lacs.):</i>		
	(i) CIF Value of Capital Goods imported :	1884.97	-
	(ii) Travelling Expenses :	7.43	3.70
<b>13</b>	<i>Stock in trade and Construction</i>		
	<i>Work-in-progress - Construction</i>		
	Plot Area/Sq. Mtrs.	22,577	48,927
	Value in Rs. Lacs	23,492.85	30,450.27
	<i>Cloth / Textile materials</i>		
	Qty in lac Mtrs	0.16	0.42
	Value in Rs. Lacs	7.38	22.57
<b>14</b>	<i>Related Party Disclosure(As identified by management)</i>		
	(i) a - Associate Company:		
	Ami Industries (India) Pvt. Ltd.		
	b - Key Management Personnel:		
	Mr. Nikhil V. Merchant, Managing Director		
	Mr. Paresh V. Merchant, Executive Director		
	(ii) Particulars of Transactions:		
	a) Inter Corporate Deposit received (Rs. In Lacs)		
	Ami Industries (India) Pvt. Ltd.	1,805.00	2,670.00
	b) Inter Corporate Deposit given (Rs. In Lacs)		
	Ami Industries (India) Pvt. Ltd.	3,054.90	-
	c) Net Interest paid/received (Rs. In Lacs)		
	Ami Industries (India) Pvt. Ltd.	26.90	447.47
	d) Remuneration paid (Rs. In Lacs)		
	Mr. Nikhil V. Merchant, Managing Director	14.00	-
	Mr. Paresh V. Merchant, Executive Director	14.00	-
	e) Rent paid (Rs. In Lacs)		
	Mr. Paresh V. Merchant, Executive Director	1.02	1.02
<b>15</b>	<i>The Managerial remuneration under Section 198 of the Companies Act, 1956</i>	28.00	-



**16 Segment information :**

The company has identified business segments as primary segments.

The reportable business segments are Textile and Property Development

	<b>Textiles</b>	<b>Property development</b>	<b>(Rs. In Lacs) Total</b>
Revenue	6,241.96	47,238.53	53,480.49
Segment Results	23.10	3,867.07	3,890.17
Segment Assets	6,854.63	65,330.26	72,184.89
Segment Liabilities	4,159.00	68,025.89	72,184.89

**Geographical Segments**

All development and Trading activity have been undertaken in India only, hence Geographical segment reporting is not required.

- 17** All items of income and expenses in the period are included in the determination of net profit for the year. There are no changes in the accounting policies from that of the previous year.
- 18** Quarterly financial results are published in accordance with the guidelines issued by SEBI. The recognition and measurement principles as laid down in the standards are followed with respect to such results. The half yearly results are also subjected to limited review by the auditors as required by SEBI.
- 19** At the Balance Sheet date, an assessment is done to determine whether there is any indication of impairment in the carrying amount of the fixed assets. No impairment loss is determined.
- 20** The Miscellaneous expenses includes donation of Rs. 72.19 lacs and scholarship fees of Rs. 12 lacs.
- 21** The Company had entered into Development Agreement with Peninsula Land Ltd (Formerly Piramal Holdings Ltd) to develop and sale of properties at Mumbai and they are entitled to 22% of the gross receipt. The transactions and effect thereof are accordingly given in this accounts.
- 22** During the year, the Company has redeemed 9250 11 % Cumulative Redeemable Preference Shares and 5,000 11 % Cumulative Preference Shares, each of Rs. 100 each fully paid up, along with arrears of dividend till 31/03/2010.
- 23** Previous Year's figures are regrouped/rearranged wherever necessary.



# Swan Energy Limited

## 24 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Statement pursuant to Part IV of Schedule VI to the Companies Act., 1956

### I. Registration Details

Registration No.	294	State Code	11
Balance Sheet Date	31.03.2010		

### II. Capital raised during the year (Amount Rs. In Thousand)

Public Issue	NIL	Bonus Issue	NIL
Right Issue	NIL	Private Placement	NIL

### III. Position of Mobilisation and Deployment of Funds(Amount Rs. In Thousand)

Total Liabilities	3,613,713	Total Assets	3,613,713
Source of Funds			
Paid up Capital	190,000	Reserve & Surplus	1,041,762
Secured Loans	2,381,951	Unsecured Loans	NIL
Application of Funds			
Net Fixed Assets	720,669	Investments	2,132,066
Net Current Assets	763,419	Misc. Expenditure	(2,441)
Accumulated Losses	NIL		

### IV. Performance of Company (Amount Rs. In Thousands)

Turn over	5,372,920	Total Expenditure	4,826,570
Profit before Tax	546,350	Profit after Tax	389,017
Earning per Share in Rs.	4.09	Dividend Rate %	10.00

### V. Generic names of three Principal Products/Services of the Company (as per monetary items)

Item Code No. (ITC Code) N. A.

On behalf of Board of Directors

As per our Report of even date attached  
**For V. R. RENUKA & CO.**  
Chartered Accountants  
Firm Registration No. 108826W

**NAVINBHAI C. DAVE**  
Chairman

**V. R. RENUKA**  
Proprietor  
M. No. 32263

**ARUN S. AGARWAL**  
Company Secretary

**NIKHIL V. MERCHANT**  
Managing Director

**PARESH V. MERCHANT**  
Executive Director

Mumbai, 11th August, 2010.

Mumbai, 11th August, 2010.



# Swan Energy Limited

## Cash Flow Statement for the Year Ended 31.3.2010

	Rupees in lacs	Rupees in lacs	Year ended 31.03.2009 Rupees in lacs
<b>A Cash Flow from Operating Activities</b>			
Net Profit		3,890.17	3,162.50
Adjustment for :			
Depreciation	26.58		20.28
Capital Redemption Reserve	(14.25)		-
Interest Received	45.92		220.25
Interest Paid	236.07		892.30
Provision for Taxation(Deferred Tax)	2.50		1.41
		<u>296.82</u>	<u>1,134.24</u>
Operating Profit/(Loss) before Working Capital Changes		4,186.99	4,296.74
Adjustment for :			
Trade & Other Receivables/Advances	(2,827.56)		3,940.25
Inventories	6,972.61		(1,399.62)
Trade Payables	443.66		8,984.24
		<u>4,588.71</u>	<u>11,524.87</u>
Cash generated from operations		8,775.70	15,821.61
Interest Paid		(236.07)	(892.30)
Direct Taxes (Paid)/Refund Received		(108.53)	(174.17)
<b>Cash Flow from Operating Activities</b>		<u>8,431.10</u>	<u>14,755.15</u>
<b>B Cash Flow from Investing Activities</b>			
(Purchase)/disposal of Fixed Assets/Cap WIP	(3,320.03)		(1,921.13)
Disposal of/(New) Investments	(18,551.24)		(1,755.42)
Interest Income	(45.92)		(220.25)
<b>Cash Flow from Investing Activities</b>		<u>(21,917.19)</u>	<u>(3,896.80)</u>
<b>C Cash Flow from Financing Activities</b>			
Proceeds/(Repayment)from Long Term & Short Borrowings	19,064.90		(10,377.96)
Dividend - Equity & Preference (Including Tax)	(241.73)		-
<b>Cash Flow from Financing Activities</b>		<u>18,823.17</u>	<u>(10,377.96)</u>
<b>D Net increase in Cash &amp; Cash Equivalents (A+B+C)</b>		<u>5,337.08</u>	<u>480.39</u>
<b>E Cash &amp; Cash Equivalents : Opening Balance</b>		5,772.76	5,292.37
<b>F Cash &amp; Cash Equivalents : Closing Balance</b>		11,109.84	5,772.76

On behalf of Board of Directors

As per our Report of even date attached  
**For V. R. RENUKA & CO.**  
Chartered Accountants  
Firm Registration No. 108826W

**V. R. RENUKA**  
Proprietor  
M. No. 32263

**ARUN S. AGARWAL**  
Company Secretary

**NAVINBHAI C. DAVE**  
Chairman

**NIKHIL V. MERCHANT**  
Managing Director

**PARESH V. MERCHANT**  
Executive Director

Mumbai, 11th August, 2010.

Mumbai, 11th August, 2010.



## Statement pursuant to Section 212 (3) and 212 (5) of the Companies Act, 1956.

The interest of Swan Energy Limited in its Subsidiary Company as at 31.03.2010

1. Name of the Subsidiary Company : Cardinal Energy and Infrastructure Pvt. Ltd.
  
2. For the period : From 01-04-2009 to 31-03-2010
  
3. Extent of interest of the Company
  - a) Number of Shares : 9,998 Shares
  - b) Value : Rs. 99,980/-
  
4. Net aggregate amount of Subsidiary's Profit / (Loss) not dealt with in the Company's Accounts:
  - a) For the year ended 31.03.2010 : (Rs. 20,429/)
  - b) In respect of earlier years : (Rs. 11,850/)
  
5. There has been no material change on Company's interest in the Subsidiary Company between its financial year and that of the Company.
  
6. There has been no material change in the Fixed Assets, Investments, money lent and borrowed by the Subsidiary Company between its financial period and that of the Company.

# CARDINAL ENERGY AND INFRASTRUCTURE PRIVATE LIMITED

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## DIRECTORS' REPORT

Dear Shareholders,

Your directors have pleasure in presenting their Second Annual Report of your Company together with the Audited Accounts of your Company for the year ended 31<sup>st</sup> March 2010.

## FINANCIAL RESULTS

The Company has not commenced any commercial activities during the year under review. During the financial year, Company has incurred a net loss of Rs 20,429.

No Provision for Tax has been made in view of Losses.

## DIVIDEND

In view of the Losses, the directors do not propose any dividend in the current year .

## CAPITAL EXPENDITURE

During the year under review your Company did not incur any capital expenditure.

## FIXED DEPOSITS

Your Company has not accepted any fixed deposit during the year ended 31<sup>st</sup> March, 2010.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956 ("the Act"), your directors confirm that:

- i) In the preparation of Annual Accounts, the applicable accounting standards had been followed consistently and there is no material departure;
- ii) The Directors had selected such accounting policies 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 your Company as at 31<sup>st</sup> March, 2010;
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- iv) The Directors had prepared the annual accounts on a going concern basis.

## AUDITORS' REPORT

There are no adverse comments, observation or reservation in the Auditors' Report on the Annual Accounts of your Company. The Notes to the Accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments from Directors.

## PARTICULARS OF EMPLOYEES

Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975 do not apply to your Company as none of its employees are covered under these provisions.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

During the year under review, your Company did not carry any commercial /business activity and accordingly particulars under conservation of energy, technology absorption, foreign exchange earnings and outgo are not applicable.

## AUDITORS

M/s V.R.RENUKA &CO; Chartered Accountants, Mumbai existing Auditors will retire at the ensuing Annual General Meeting of your Company. They being eligible to be re-appointed have expressed their willingness to be re-appointed as the Statutory Auditors' of your Company for the financial year 2010-11. A resolution seeking your approval for the re-appointment of said auditor has been included in the Notice convening the Annual General Meeting.

## ACKNOWLEDGEMENT

The Board of Directors wish to place on record their appreciation for the support and co-operation extended, by Swan Energy Limited, the Auditors and Bankers of your Company.

For and on behalf of the Board of Directors.

**Paresh V. Merchant**  
Director

Mumbai 11th August, 2010.

# CARDINAL ENERGY AND INFRASTRUCTURE PRIVATE LIMITED

## AUDITORS' REPORT

We have audited the attached Balance Sheet of CARDINAL ENERGY AND INFRASTRUCTURE PVT. LTD as at 31<sup>st</sup> March 2010 and the Profit and Loss Account of the Company for the year ended 31<sup>st</sup> March 2010 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.

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 statement are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments in paragraph 1 above, we report that:

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;

c) The balance sheet dealt with by this report is in agreement with the books of account;

d) In our opinion, the balance sheet dealt with by this report, complies with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956, to the extent applicable;

e) On the basis of written representations received from the Directors as on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956; and

f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the significant accounting policies and other notes thereon gives the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :-

i) In the case of Balance Sheet of the state of Company's affairs as at 31<sup>st</sup> March, 2010  
and

ii) In the case of Profit and Loss Account of the loss of the Company for the year ended on that date.

For **V.R.RENUKA & Co.**  
Chartered Accountants  
Firm Reg. Number-108826W.

**V. R. Renuka**  
Proprietor.  
M. No. 32263.

Mumbai 11th August, 2010.

# CARDINAL ENERGY AND INFRASTRUCTURE PRIVATE LIMITED

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## ANNEXURE TO THE AUDITORS REPORT

Re: CARDINAL ENERGY AND INFRASTRUCTURE PVT. LTD.

(Referred to in paragraph (1) of our report of even date)

- I. The Company has no Fixed Assets.
- II. The Company has not obtained unsecured loans from parties listed in Register maintained under section 301 of the Companies Act ,1956.
- III. The Company has not granted unsecured loans to companies, firms or other parties listed in the Register maintained under Section 301 of the companies Act ,1956..
- IV. The Company has not accepted any deposits from the public.
- V. According to the information and explanation given to us and as records examined by us ,no personal expenses of employees or directors have been charged to Profit and Loss Account ,other than those payable in accordance with generally accepted business practice.
- VI. There are no undisputed amount payable in respect of Income Tax, Sales Tax etc. outstanding as on 31<sup>st</sup> March 2010, for the period of more than six months from the date they became payable.
- VII. Other paras of the order are not applicable.

For **V.R.RENUKA & Co.**  
Chartered Accountants  
Firm Reg. Number-108826W.

**V. R. Renuka**  
Proprietor.  
M. No. 32263.

Mumbai 11th August, 2010.

# CARDINAL ENERGY AND INFRASTRUCTURE PRIVATE LIMITED

**Balance Sheet as at 31 March, 2010**

*As at  
31.03.2009  
Rupees*

	Rupees	Rupees	
<b>I. SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital			
Authorised:			
10,000 Equity shares of Rs. 10/- each		<u>100,000.00</u>	<u>100,000.00</u>
Issued, Subscribed & Paid up:			
10,000 Equity shares of Rs. 10/- each		<u>100,000.00</u>	<u>100,000.00</u>
<b>Loan Funds</b>			
Unsecured		<u>37,100.00</u>	-
<b>TOTAL</b>		<u><u>137,100.00</u></u>	<u><u>100,000.00</u></u>
<b>II. APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>		-	-
<b>Investments</b>		-	-
<b>Current Assets, Loans &amp; Advances</b>			
Cash & Bank balances	<u>94,236.00</u>		<u>72,500.00</u>
Less : Current Liabilities & Provisions			
Current Liabilities	<u>12,500.00</u>		<u>10,000.00</u>
<b>Net Current Assets</b>		<u>81,736.00</u>	<u>62,500.00</u>
<b>Miscellaneous Expenditure (To the extent not written off or adjusted)</b>			
Preliminary Expenses	<u>23,085.00</u>		<u>25,650.00</u>
Profit & Loss Account	<u>32,279.00</u>		<u>11,850.00</u>
<b>TOTAL</b>		<u><u>55,364.00</u></u>	<u><u>100,000.00</u></u>

**Accounting Policies and  
Notes to the Accounts : Schedule A**

As per our Report of even date attached  
**For V. R. RENUKA & CO.**  
Chartered Accountants  
Firm Registration No. 108826W

**NIKHIL V. MERCHANT**  
Director

**V. R. RENUKA**  
Proprietor  
M. No. 32263

**PARESH V. MERCHANT**  
Director

Mumbai, 11th August, 2010.

# CARDINAL ENERGY AND INFRASTRUCTURE PRIVATE LIMITED

## Profit & Loss Account For the Year Ended 31st March,2010

Year ended  
31.03.2009  
Rupees

	Rupees	Rupees	
<b>INCOME :</b>			
Income	-	-	-
<b>EXPENDITURE :</b>			
Filing Fees	3,120.00		-
Bank Charges	2,100.00		-
Miscellaneous Expenses	144.00		1,850.00
Preliminary Expenses written off	2,565.00		-
Auditor's Remuneration			
Audit Fees	7,500.00		5,000.00
Other Capacity	5,000.00		5,000.00
		<b>20,429.00</b>	<b>11,850.00</b>
<b>Profit/ (Loss) for the year before Tax</b>		<b>(20,429.00)</b>	<b>(11,850.00)</b>
Provision for Taxation		-	-
<b>Profit/ (Loss) for the year after Tax</b>		<b>(20,429.00)</b>	<b>(11,850.00)</b>
Loss Brought Forward		<b>(11,850.00)</b>	-
		<b>(32,279.00)</b>	<b>(11,850.00)</b>
Earning per share Basic in Rs.		(3.23)	(1.19)

### Accounting Policies and Notes to the Accounts : Schedule A

As per our report of even date attached  
For **V. R. RENUKA & CO.**  
Chartered Accountants  
Firm Registration No. 108826W

**NIKHIL V. MERCHANT**  
Director

**V. R. RENUKA**  
Proprietor  
M. No. 32263

**PARESH V. MERCHANT**  
Director

Mumbai, 11th August, 2010.

# CARDINAL ENERGY AND INFRASTRUCTURE PRIVATE LIMITED

Schedules forming part of the Accounts:

## **SCHEDULE A:**

Accounting Policies and Notes to the Accounts

### 1. Significant Accounting Policies:

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles ("GAAP") and in compliance with the accounting standards referred to in 211 (3C) and other requirements of the Companies Act, 1956, to the extent applicable.

### 2. Contingent Liabilities - NIL

### 3. Previous year figures have been regrouped wherever necessary.

## **BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

Statement pursuant to Part IV of Schedule VI to the Companies Act., 1956

### **I. Registration Details**

Registration No.	184,568	State Code	11
Balance Sheet Date	31.03.2010		

### **II. Capital raised during the year (Amount Rs. In Thousand)**

Public Issue	NIL	Bonus Issue	NIL
Right Issue	NIL	Private Placement	NIL

### **III. Position of Mobilisation and Deployment of Funds(Amount Rs. In Thousand)**

Total Liabilities	137	Total Assets	137
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#### **Source of Funds**

Paid up Capital	100	Reserve & Surplus	-
Secured Loans	-	Unsecured Loans	37

#### **Application of Funds**

Net Fixed Assets	-	Investments	-
Net Current Assets	82	Misc. Expenditure	23
Accumulated Losses	32		

### **IV. Performance of Company (Amount Rs. In Thousands)**

Turn over	-	Total Expenditure	20
Profit before Tax	(20)	Profit after Tax	(20)
Earning per Share in Rs.	(3.23)	Dividend Rate %	NIL

### **V. Generic names of three Principal Products/Services of the Company (as per monetary items) N.A.**

As per our Report of even date attached

**For V. R. RENUKA & CO.**

Chartered Accountants

Firm Registration No. 108826W

**NIKHIL V. MERCHANT**

Director

**V. R. RENUKA**

Proprietor

M. No. 32263

**PARESH V. MERCHANT**

Director

Mumbai, 11th August, 2010.

# CARDINAL ENERGY AND INFRASTRUCTURE PRIVATE LIMITED

## *Cash Flow Statement for the Year Ended 31.3.2010*

	<b>Rupees in lacs</b>	<i>Year ended 31.03.2009 Rupees in lacs</i>
<b>A Cash Flow from Operating Activities</b>		
Profit/(Loss) before tax	(20,429.00)	(11,850.00)
Adjustment for :		
Preliminary Expenses	2,565.00	-
Operating Profit/(Loss) before Working Capital Changes	(17,864.00)	(11,850.00)
Adjustment for :		
Changes in Current Liabilities & Provisions	2,500.00	10,000.00
Preliminary Expenses incurred	-	(25,650.00)
Changes in Loans & Advances	37,100.00	-
<b>Net Cash Flow from Operating Activities</b>	<b>21,736.00</b>	<b>(27,500.00)</b>
<b>B Cash Flow from Financing Activities</b>		
Issue of Share capital	-	100,000.00
<b>Cash Flow from Financing Activities</b>		<b>100,000.00</b>
<b>C Net increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>21,736.00</b>	<b>72,500.00</b>
<b>D Cash &amp; Cash Equivalents : Opening Balance</b>	<b>72,500.00</b>	<b>-</b>
<b>E Cash &amp; Cash Equivalents : Closing Balance</b>	<b>94,236.00</b>	<b>72,500.00</b>

As per our Report of even date attached

**For V. R. RENUKA & CO.**

Chartered Accountants

Firm Registration No. 108826W

**V. R. RENUKA**

Proprietor

M. No. 32263

Mumbai, 11th August, 2010.

**NIKHIL V. MERCHANT**

Director

**PARESH V. MERCHANT**

Director