



28th

Annual Report
2011- 2012

CALS REFINERIES LIMITED

BOARD OF DIRECTORS

MR. SARVESH KUMAR GOORHA
MR. ALEXANDER WALTER SCHWEICKHARDT
MR. DEEP KUMAR RASTOGI
MR. D. SUNDARARAJAN
MR. SAMEER RAJPAL

DIRECTOR
DIRECTOR
EXECUTIVE CHAIRMAN
MANAGING DIRECTOR
DIRECTOR (Appointed on January 11, 2012)

**VICE PRESIDENT (LEGAL) &
COMPANY SECRETARY**

MR. SANJAY KUMAR JAIN

BANKERS

AXIS BANK LIMITED

AUDITORS

M/S ARUN KUMAR GUPTA & ASSOCIATES, NEW DELHI

REGISTERED OFFICE

21 BASANT LOK COMPLEX,
VASANT VIHAR,
NEW DELHI 110 057.

REGISTRAR & SHARE TRANSFER AGENTS

MCS LIMITED,
F-65 OKHLA INDUSTRIAL AREA PHASE I,
NEW DELHI 110 020.

LISTING OF SECURITIES

THE BOMBAY STOCK EXCHANGE,
PHIROZE JEEJEEBHOY TOWERS,
25TH FLOOR, DALAL STREET,
MUMBAI - 400 001.

LUXEMBOURG STOCK EXCHANGE, (GDR),
11, AVENUE DE LA PORTE-NEUVE, L-2227,
LUXEMBOURG.

CONTENTS**Page No.**

Notice and Explanatory Statement	1
Directors' Report	2-3
Corporate Governance Certificate & Report	4-9
Management Discussion and Analysis	10-11
Auditors' Report	12
Annexure to the Auditors' Report	13
Balance Sheet	14
Statement of Profit and Loss	15
Cash Flow Statement	16
Significant Accounting Policies and Notes to Accounts	17-31

NOTICE IS HEREBY GIVEN that the 28th Annual General Meeting of the members of Cals Refineries Limited will be held on Wednesday, September 26, 2012 at 10.30 a.m. at Executive Club, Dolly Farms & Resorts 439, Village Shahurpur, P.O. Fatehpur Beri, New Delhi 110 074, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as on March 31, 2012 and Statement of Profit and Loss for the year ended on that date together with the reports of Directors' and Auditors' thereon.
2. To reappoint Mr. Deep Kumar Rastogi who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions, inter alia, of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof), for the time being in force, Mr. Sameer Rajpal be and is hereby appointed Director of the Company liable to retire by rotation."

By Order of the Board of Directors

New Delhi (Sanjay Kumar Jain)
 August 13, 2012 Vice President (Legal) & Company Secretary

NOTES

1. A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company. Proxies in order to be effective must be received at the Registered Office of the Company at 21, Basant Lok Complex, Vasant Vihar, New Delhi – 110 057 not later than 48 hours before this Annual General Meeting. A form of proxy is given at the end of this Annual Report.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, September 19, 2012 to Wednesday September 26, 2012 (both days inclusive).
3. The members are requested to:
 - a. bring their copy of Annual Report at the Annual General Meeting.
 - b. bring the attendance slip duly filled in for attending the Meeting.
 - c. I. **In case shares are held in physical form:** notify immediately the change of address, if any, to the Company at 21 Basant Lok Complex, Vasant Vihar, New Delhi – 110 057 or to the Registrar and Share Transfer Agent of the Company, MCS Limited, F 65, 1st Floor, Okhla Industrial Area Phase I, New Delhi-110 020 quoting their folio number.
 - II. **In case shares are held in dematerialized form:** notify to their depository participants, change/ correction in their address/bank account particulars etc. as the Company uses the information provided by Depositories in respect of shares held in dematerialized form.
 - d. send, in case of those members who have multiple accounts in identical names or joint names in same order, all the share certificates to the Registrar and Share Transfer Agent of the Company, MCS Limited at the aforesaid address for consolidation of all such shareholdings into one account to facilitate better service.
4. All the documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company

between 11.00 a.m. to 1.00 p.m. on all days except Saturday, Sunday and public holidays up to the date of the Annual General Meeting.

5. Brief profile of Directors seeking appointment/ reappointment at the forthcoming Annual General Meeting are disclosed hereunder as required in Clause 49 of the Listing Agreement.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956
Item No. 4

The Board of Directors of the Company (the Board), had, at its meeting held on January 11, 2012 co-opted, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Article 85 of the Articles of Association of the Company, Mr. Sameer Rajpal as an Additional Director of the Company.

In terms of the provisions of Section 260 of the Act, Mr. Sameer Rajpal would hold office up to the date of next Annual General Meeting.

The Company has received a notice in writing from a member alongwith a deposit of ₹ 500/- proposing the candidature of Mr. Sameer Rajpal for the office of Director of the Company, under the provisions of Section 257 of the Act.

Mr. Sameer Rajpal, a Person of Indian Origin, is a Canadian citizen. He did his Bachelors degree in Economics from San Jose State University, USA. He was instrumental in establishing the India Operations of Blue Diamond Technologies, USA and headed Healthwide.com. He was also associated with HP India in its expansion of their marketing network. He does not hold any other directorship.

The Board of Directors accordingly recommends the resolution set out at Item No. 4 of the accompanying Notice for the approval of the Members.

None of the Directors except Mr. Sameer Rajpal is, in any way, concerned or interested in the said resolution.

By Order of the Board of Directors

New Delhi (Sanjay Kumar Jain)
 August 13, 2012 Vice President (Legal) & Company Secretary

NOTES ON DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49VI(A) OF THE LISTING AGREEMENT ENTERED INTO WITH THE BOMBAY STOCK EXCHANGE

At the ensuing Annual General Meeting, Mr. Deep Kumar Rastogi retires by rotation and being eligible, offers himself for reappointment and Mr. Sameer Rajpal will be appointed as director of the Company.

Mr. Deep Kumar Rastogi – He is a Promoter Director of the Company. He is into trading business and having more than 44 years of experience. He is on the Board of following Companies.

- Nyra Holdings Private Limited
- SRM Exploration Private Limited
- SRM Branding Solution Private Limited
- Spice Energy Private Limited
- India One Hotels Private Limited
- Team India Motor Racing Private Limited
- India Gammachin Limited
- BND Gas Private Limited
- Spice Exploration Private Limited
- Spice Oil Gas Private Limited
- Metropolitan Gas Private Limited

Mr. Sameer Rajpal - Mr. Sameer Rajpal, a Person of Indian Origin, is a Canadian citizen. He did his Bachelors degree in Economics from San Jose State University, USA. He was instrumental in establishing the India Operations of Blue Diamond Technologies, USA and headed Healthwide.com. He was also associated with HP India in its expansion of their marketing network. He does not hold any other directorship.

The Directors present herewith the Twenty Eighth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2012.

FINANCIAL RESULTS

	(₹ in Millions)	
Description	2011-12	2010-11
Other Income	7.74	-
Total Revenue	7.74	-
Employee Benefits Expense	9.76	-
Finance Cost	8.13	-
Depreciation & Amortization Expenses	1.44	-
Other Expenses	29.53	-
Total Expenses	48.86	-
Profit/(Loss) before exceptional and extraordinary items and tax	(41.12)	-
Extra-ordinary Items	2643.05	-
Profit/(Loss) before Tax	(2,684.17)	-
Tax Expense	-	-
Loss for the year	(2,684.17)	-

DIVIDEND

As the Company is in the process of implementing the refinery project and there is no operating income, your directors have not recommended any dividend.

PROGRESS OF THE PROJECT

During the second half of financial year 2011-12, the progress on implementation of the project had been considerably slowed down because of events beyond the control of the management. The Company had during the previous financial year tied up with Hardt group, for import of certain refining equipments managed by it at a total cost of US\$ 417 million, out of which a major portion amounting to US\$ 317 million was to be settled by issuing equity in the form of Global Depository Receipts (GDRs). The said arrangement, apart from reducing the cash outflow burden would have enabled the Company to tie up substantial portion of the equity requirement for funding the project. Apart from the proposed GDR issue as above, Hardt group, through Abboro Limited, Cyprus, has infused funds to the extent of ₹136.53 million in the Company which enabled the Company to restart the project activities.

The Company had submitted its application to the Foreign Investment Promotion Board (FIPB), Ministry of Finance, seeking their approval for issuance of such GDR to Hardt group. Though FIPB had approved the allotment in their meeting held on May 20, 2011, the matter was recommended by them to the Cabinet Committee on Economic Affairs (CCEA) as the size of the issue exceeded ₹ 12,000 million.

However in the interim, Securities and Exchange Board of India (SEBI), while dealing with certain entities in case of market manipulation by issue of GDRs, had vide its ex-parte order No.WTM/PS/ISD/02/2011 dated September 21, 2011, which was later confirmed vide order dated December 30, 2011, directed our Company not to issue equity shares or any other instruments convertible into equity shares or alter capital structure in any manner till further directions in this regard. The SEBI order has resulted in the Company not being able to proceed with the proposed GDR issue and tie up its Equity. Consequent to SEBI's order, FIPB has also withdrawn its recommendation to CCEA and kept the proposal pending at its end.

The Company had requested Foreign Investment Promotion Board (FIPB) to hold the proposal till receipt of favourable orders from SEBI. However, FIPB, vide its letter dated July 23, 2012 informed the company that it is not acceding to its request as the FDI Policy effective from April 1, 2012 does not allow issue of equity against import of second hand equipments. The Company has, on July 31, 2012 requested FIPB to reconsider its decision as the earlier approval was based on FDI Policy dated April 1, 2011, which allowed the issue of such equity. A favourable response is expected.

Subsequent to the confirmatory order of December 30, 2011, SEBI had called for additional information in January 2012 and also summoned the Managing Director for a personal appearance, which was complied with and all queries of SEBI were replied to. The final order from SEBI in this regard is expected shortly and the project activities are expected to re-commence no sooner the orders from SEBI are received.

During March 2011, the Contract for Purchase and sale of Assets related to a decommissioned 90000 bpd Oil Refinery with Lohrmann International GmbH (Lohrmann) was renegotiated whereby the scope of the contract was amended to exclude auxiliary technical services and consultancy services besides reduction in the purchase price for the contract with the stipulation to make the balance payment by May 23, 2011. Since the Company did not have any credit limits it approached one of the potential EPC Contractors, who had agreed to utilize their Bank limits to open the necessary LCs in favour of Lohrmann. However when the application for the LC was submitted, the bankers had insisted on credit worthiness of Lohrmann, which when submitted was not found satisfactory by the banks and the Company lost precious time in setting things right. The supplier could not accede to the Company's request for further extension of time as they had to fulfil their back-to-back commitments and as a result the said contract was terminated with the amounts paid as advance being forfeited. Though the Management had tried to salvage certain important equipment from other sources, it was not successful due to the resources constraints.

The other vendors, with whom contracts had been entered into, for purchase of auxiliary and balancing equipments, have confirmed the availability of these equipments and once a favourable SEBI order is received and financial tie up for the project is completed, these contracts will be revalidated and renegotiated.

The Company had requested West Bengal Industrial Development Corporation Limited (WBIDC) to allow time upto March 31, 2012 for complying with the conditions stipulated by it for handing over the permissive possession of land. Though WBIDC allowed extension of permissive possession it was subject to certain preconditions including payments of interest and achievement of financial closure within a stipulated time. Considering that the time allowed was too short for compliance of these conditions, more particularly since the capacity of the project had also doubled entailing additional costs, the Company had again requested WBIDC to extend the time limit upto March 31, 2012, which was not acceded to by WBIDC resulting in withdrawal of the the permissive possession. However it is understood that the land at Haldia is still available and once the outstanding issues are addressed, WBIDC would have no objections to handing over the permissive possession of land to the Company.

In the interim Hardt group has extended its contracts with the Company and has also expressed keenness to arrange for necessary funds to clear the dues of WBIDC. However as the

SEBI order is still subsisting, the funds can be infused only after order from SEBI is received.

The detailed project report for the refinery project has been updated by M/s Chemtex Global Engineers Pvt. Ltd. Based on the desired configuration. Hardt group is in the process of discussions with leading European contractors for implementation of the project on turnkey EPC basis.

DIRECTORS

Mr. Deep Kumar Rastogi retires by rotation as required under the Companies Act, 1956 and being eligible, offers himself for reappointment.

Mr. Sameer Rajpal was co-opted as Additional Director on the Board of the Company with effect from January 11, 2012 and as such holds office upto the ensuing Annual General Meeting. Notice from a shareholder together with necessary deposit proposing his name as Director has been received.

Mr. B. Srinivasa Rao, Director of the Company retired from the Board on September 27, 2011. Your directors record their appreciation for the services and support rendered by him during his tenure on the Board of the Company.

FIXED DEPOSITS

Company has not accepted any deposit under section 58A of the Companies Act, 1956, during the financial year under review.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a compliance report on Corporate Governance is annexed as part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, the Directors confirm on the basis of information placed before them by the Management and Auditors:-

1. That in the preparation of the annual accounts for the Financial Year ended March 31, 2012, the applicable Accounting Standards have been followed;
2. That the Company has selected appropriate accounting policies and applied them consistently and made judgement and estimates that were reasonable and prudent so as to give a true and fair state of the affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for the year under review;
3. That the Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. That the accounts of the Company for the financial year ended March 31, 2012 have been prepared on a going concern basis.

CODE OF CONDUCT

The Code of Conduct, as adopted by the Board of Directors, is applicable to all Directors, Senior Management and Employees of the Company. This Code is based on fundamental principles, viz. good corporate governance and good corporate citizenship. The Code covers Company's commitment to sustainable development, concern for occupational health, safety and environment, a gender friendly workplace, transparency and auditability and legal compliance.

AUDITORS' REPORT

Auditors' Report read together with Annexures referred to in Paragraph 3 of the Auditors' Report do not contain any qualification and do not call for any explanation/clarification.

AUDITORS

The Members of the Company in the Annual General Meeting held on September 27, 2011 had appointed M/s. Walker Chandio & Co., Chartered Accountants, New Delhi and M/s. Arun K. Gupta & Associates, Chartered Accountants, New Delhi as Statutory Auditors of the Company for the financial year ending March 31, 2012.

When the Company informed M/s Walker Chandio & Co., Chartered Accountants about their appointment, they have expressed their inability to be the auditors for the Financial Year ending March 31, 2012 vide their letter October 25, 2011. In view of this, M/s. Arun K. Gupta & Associates, Chartered Accountants who had accepted the appointment, continued to be the sole Statutory Auditors of the Company for the financial year ending March 2012.

M/s. Arun K. Gupta & Associates, Chartered Accountants, New Delhi retire at the forthcoming Annual General Meeting and have been auditors for the last four Financial Years. In line with the guidelines on the Corporate Governance the Audit Committee and Board has recommended to appoint new Auditor for the financial year 2012-13. Accordingly, it is proposed to appoint M/s. Kanu Doshi Associates, Chartered Accountants, Mumbai as Company's Statutory Auditors for the Financial Year 2012-13.

LISTING OF SECURITIES

Your Company's securities are currently listed with Bombay Stock Exchange. The Company's Global Depository Receipts (GDRs) are listed at Luxembourg Stock Exchange. The Company has paid the listing fees to Bombay Stock Exchange and Luxembourg Stock Exchange for the financial year 2012-2013 and Calendar Year 2012 respectively.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The prescribed details as required under 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 are not applicable to our type of Company.

PARTICULARS OF THE EMPLOYEES

There is no employee drawing the salary as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

FOREIGN EXCHANGE

The details of the foreign exchange earnings and out go during the year have been given in the significant accounting policies and notes to accounts.

ACKNOWLEDGEMENT

The Directors have pleasure in recording their appreciation of the assistance extended to the Company by various officials of the Central Government, the State Government and participating Financial Institutions. The Directors would like to express their appreciation of the co-operation extended by the Company's bankers and employees.

For and on behalf of the Board

New Delhi
August 13, 2012

Deep Kumar Rastogi
Executive Chairman

To

The Members of Cals Refineries Limited,

We have examined the compliance of conditions of Corporate Governance by Cals Refineries Limited, for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no Share Transfer Cum grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders'/Investors' Grievance Committee.

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

M.V. Sreenivas & Associates
Company Secretaries

(M.V. Sreenivas)
Proprietor
Membership No. 2342
CP No. 2771

New Delhi
August 13, 2012

The Company is in compliance with clause 49 of its listing agreements with the Stock Exchange and the Indian Corporate Governance Rules applicable to it.

From March 31, 2001 various Corporate Governance provisions became applicable to all members of the BSE 200 and the S&P, C&X and Nifty indices, as well as to all newly listed companies. In March 2002, this requirement was extended to companies with paid up capital of over ₹ 100,000,000 all of which have had a net worth of over ₹ 250,000,000. In March 2003 the capital threshold was reduced to ₹ 30,000,000. All companies are required to submit quarterly compliance reports to the stock exchanges on which their shares are listed within 15 days of the end of each financial quarter, including reports on the following areas:

1. Company's Philosophy on Code of Governance

Your Company believes that adoption of good Corporate Governance practice ensures accountability of the persons in-charge of the Company and ensures benefits to all the stakeholders including shareholders, employees, Government agencies and authorities, lenders and suppliers. The Company lays strong emphasis on these aspects of the Corporate Governance along with independent supervision to ensure accountability and increase in the stakeholder values.

2. Board of Directors

The Board of Directors consists of 5 directors.

Composition and category of Directors is as follows:

Category	Name of the Directors
Promoter Director	Deep Kumar Rastogi
Non Executive Independent Directors	Sarvesh Kumar Goorha Alexander Walter Schweickhardt Sameer Rajpal*
Whole Time Director	D. Sundararajan

*Appointed w.e.f. January 11, 2012

Attendance of each Director at the Board Meetings, last Annual General Meeting and Number of other Directorship and Chairmanship/ Membership of Committee of each Director in various companies including the Company:

Name of The Director	Attendance Particulars		No. of other Directorships and Committee Member/Chairmanship		
	Board Meeting	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Sarvesh Kumar Goorha	5	Yes	2	5	3
Deep Kumar Rastogi	5	Yes	11	3	-
B. Srinivasa Rao*	2	-	2	5	3
D. Sundararajan	5	Yes	2	2	1
Alexander Walter Schweickhardt	1	Yes	6	5	-
Sameer Rajpal**	1	-	-	2	-

*Retired on September 27, 2011

** Appointed w.e.f. January 11, 2012

Number of Board Meetings held and the dates on which held

During the year, five Board Meetings were held on May 30, 2011, August 10, 2011, September 27, 2011, November 14, 2011 and January 11, 2012.

3. Committees of the Board
(a) Audit Committee

The terms of reference stipulated by the Board to the Audit Committee are, as contained under Clause 49 of the Listing Agreement, as follows:

- a. To oversee financial reporting and disclosure process.
- b. To recommend the appointment and removal of statutory auditors and decide their remuneration.
- c. To review financial results and statements, before submission to the Board, focussing primarily on -
 - Any change in accounting policies and practices.
 - Major accounting entries, based on exercise of judgment by the management.
 - Qualifications in the draft audit report.
 - Significant adjustments arising out of the audit.
 - Going concern assumption.
 - Compliance with accounting standards.
 - Compliance with Stock Exchange and legal requirements concerning financial statements.
 - Any related party transactions i.e. transactions of the Company of a material nature, with Promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with larger interests of the Company.
- d. to oversee adequacy of internal control systems.
- e. Reviewing adequacy of internal audit function, coverage and frequency of internal audit report.
- f. Discussion with internal auditors and concurrent auditors on any significant findings in their reports and follow up thereon.
- g. Discussion with external auditors before audit commences, as regards nature and scope of audit, as well as having post audit discussions to ascertain any areas of concern.
- h. Reviewing the Company's financial and risk management policies.

During the year, the Committee has met three times on May 30, 2011, August 10, 2011 and January 11, 2012.

The Board of the Company has reconstituted the Audit Committee, comprising of, Mr. Sarvesh Kumar Goorha, Mr. Sameer Rajpal and Mr. Alexander Walter Schweickhardt which meets with the requirements under Section 292A of the Companies Act, 1956. Mr. Sarvesh Kumar Goorha is the Chairman of Audit Committee.

Attendance of each member at the Audit Committee held during the year.

Name of Committee Member	No. of meetings held	No. of meetings attended
B Srinivasa Rao*	3	2
Sarvesh Kumar Goorha	3	3
Alexander Walter Schweickhardt	3	-
Sameer Rajpal#	1	1

* Ceased to be member w.e.f. September 27, 2011

#Appointed member w.e.f. January 11, 2012

(b) Remuneration Committee

The Board has reconstituted the Remuneration Committee comprising of Mr. Sarvesh Kumar Goorha, Mr. Alexander Walter Schweickhardt and Mr. Sameer Rajpal. Mr. Sarvesh Kumar Goorha chairs the Committee. The Committee did not meet during the year.

Details of remuneration paid to the Directors for the year:

Mr. Deep Kumar Rastogi, Executive Chairman and Mr. D. Sundararajan, Managing Director, have opted not to take any managerial remuneration.

Mr. Alexander Walter Schweickhardt has too opted not to take any sitting fees. The sitting fees paid to other Directors for the year ended March 31, 2012 are as follows:

Name of Director	Sitting Fees (₹)
Mr. B. Srinivasa Rao	20,000
Mr. Sarvesh Kumar Goorha	50,000
Mr. Sameer Rajpal	10,000

(c) Share Transfer cum Shareholders'/Investors' Grievance Committee

The Board of the Company has reconstituted Share Transfer cum Shareholders'/Investors' Grievance Committee, comprising of Mr. Sarvesh Kumar Goorha and Mr. Deep Kumar Rastogi. The members of the Committee have opted not to take the sitting fees for Share Transfer cum Shareholders'/Investors' Grievance Committee meetings.

The Committee, inter-alia, approves issue of duplicate certificates and oversees and reviews all matters connected with the securities transfers.

During the financial year the Company has received 7 complaints from the shareholders and 4 complaints have been resolved by furnishing requisite information/documents. There were 3 complaints pending as on March 31, 2012.

The Board has designated Mr. S.K. Jain, Company Secretary, as the Compliance Officer.

4. General Body Meetings

Location and time for last three (3) Annual General Meetings were:

Year	AGM	Location	Date	Time
2010-2011	AGM	Executive Club, Dolly Farms & Resorts 439, Village Shahurpur, P.O. Fatehpur Beri, New Delhi 110 074	27.09.2011	10.30 a.m.
2009-2010	AGM	Executive Club, Dolly Farms & Resorts 439, Village Shahurpur, P.O. Fatehpur Beri, New Delhi 110 074	28.07.2010	10.30 a.m.
2008-2009	AGM	Executive Club, Dolly Farms & Resorts 439, Village Shahurpur, P.O. Fatehpur Beri, New Delhi 110 074	16.09.2009	10.30 a.m.

In the last three financial years, special resolutions as set out in the schedule below were passed by the Members of the Company either in AGM/EGM or through Postal Ballot:

2011-2012
AGM

Issue of Equity shares under Section 81(1A) of the Companies Act, 1956 to Abboro Limited up to US \$ 7 million at par for cash.

2010-2011
AGM

Preferential Allotment of 188,800,000 equity shares of ₹ 1/- each to Nyra Holdings Private Limited, at par for cash under Section 81(1A) of Companies Act, 1956.

2009-2010
AGM

Appointment of Mr. Ramesh Bhosale as Whole Time Director designated as Chief Finance Officer for a term of five years w.e.f. February 1, 2009 as per the terms and conditions set out in the respective notice of the AGM

Resolutions Passed by Postal Ballot Notice dated March 28, 2011

Seven resolutions were passed through Postal Ballot, details of which are as follows:

Resolution No. 1

Alteration of Article 3 of capital Clause in Articles of Association.

Resolution No. 2

Issue of Equity shares under Section 81(1A) of the Companies Act, 1956 to Nyra Holdings Private Limited up to ₹ 60,000,000 at par for cash.

Resolution No. 3

Issue of Equity shares under Section 81(1A) of the Companies Act, 1956 to Abboro Limited up to US \$ 7 million at par for cash.

Resolution No. 4

Issue of Global Depositary Receipts (GDRs) and/or American Depositary Receipts (ADRs)/Foreign Currency Convertible Bonds (FCCB)/QIPs/Other Securities under Section 81(1A) of the Companies Act, 1956 up to US \$ 175 million to Tagore Investments S.A. against purchase of refinery.

Resolution No. 5

Issue of Global Depositary Receipts (GDRs) and/or American Depositary Receipts (ADRs)/Foreign Currency Convertible Bonds (FCCB)/QIPs/Other Securities under Section 81(1A) of the Companies Act, 1956 up to US \$ 142 million to Amber Energy S.A against purchase of refinery.

Resolution No. 6

Appointment of Mr. D. Sundararajan, Whole Time Director designated as Managing Director.

Resolution No. 7

Appointment of Mr. Deep Kumar Rastogi, Whole Time Director designated as Executive Chairman.

Postal Ballot Process:

The Postal Ballot process was undertaken in accordance with the provisions of Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

Mr. M. V. Sreenivas, a Practicing Company Secretary, New Delhi was appointed as the Scrutinizer for conducting the Postal Ballot process.

Details of Voting Pattern

Particulars (as per the order mentioned above)	No. of Valid Postal Ballot Forms received	Percentage Votes in favour of the Resolution	Percentage Votes Against the Resolution	Number of Invalid Postal Ballot forms received
Resolution No.1	1974	4.60	0.02	150
Resolution No.2	1974	4.54	0.09	150
Resolution No.3	1974	4.53	0.10	150
Resolution No.4	1974	4.61	0.01	150
Resolution No.5	1974	4.62	0.01	150
Resolution No.6	1974	4.60	0.02	150
Resolution No.7	1974	4.61	0.01	150

Date of Declaration of Results of Postal Ballot:

The Executive Chairman announced the result of Postal Ballot at the Registered Office of the Company on May 2, 2011. All the statutory formalities relating to the changes have been complied with.

5. a. **Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.**

None of the transactions with any of the related parties were in conflict with the interest of the Company.

- b. **Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.**

SEBI, while dealing with certain entities in case of market manipulation by issue of GDRs, had vide its ex-parte order No.WTM/PS/ISD/02/2011 dated September 21, 2011 issued directions to the Company not to issue equity shares or any other instruments convertible into equity shares or alter capital structure in any manner till further directions in this regard. The said order has been confirmed by SEBI on December 30, 2011.

6. Means of Communication
Quarterly results

The quarterly results/disclosure is published in Statesman/Pioneer/Business Standard and Jan Satta/Veer Arjun, New Delhi.

The financial results/disclosure is displayed on Company's website www.calsrefineries.com.

7. General Shareholder Information
7.1 Annual General Meeting
(For financial year 2011-2012)

Date and Time

Wednesday, September 26, 2012 at 10.30 a.m.

Venue

Executive Club, Dolly Farms & Resorts, 439,
Village Shahurpur, P.O. Fatehpur Beri,
New Delhi 110 074

7.2 Financial Calendar (Tentative and subject to change)

Financial Results/Disclosure for the Quarter ending June 2012
Financial Results/Disclosure for the Quarter ending September 2012
Financial Results/Disclosure for the Quarter ending December 2012
Financial Results/Disclosure for the Quarter ending March 2013
Annual General Meeting

July/August 2012
October/November 2012
January/February 2013
April/May 2013
September 2013

7.3 Books closure date

Wednesday, September 19, 2012 to Wednesday,
September 26, 2012 (Both days inclusive)

- 7.4 Listing of Equity Shares on stock Exchanges at** The Bombay Stock Exchange,
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001.
- Listing of Global Depository Receipts (GDRs) on stock Exchanges at** Luxembourg Stock Exchange
11, Avenue de la Porte-Neuve, L-2227, Luxembourg.

7.5 (a) Stock Code

- **Bombay Stock Exchange** Trading Symbol - CALS REF - 526652
- **Luxembourg Stock Exchange** CUSIP - 13135M102
- (b) **Demat ISIN Number in NSDL/CDSL for Equity Share** ISIN No. INE 040C01022
- (c) **Demat ISIN Number in Luxembourg for Global Depository Receipt (GDR)** ISIN No. US13135M1027

7.6 Stock Market Data

Months	Bombay Stock Exchange (BSE) Share Price (In ₹)		Volume (No. of Shares)
	Month's High Price	Month's Low Price	
April 2011	0.44	0.30	476,072,978
May 2011	0.38	0.29	255,802,860
June 2011	0.48	0.31	508,506,055
July 2011	0.63	0.39	1,066,952,934
August 2011	0.50	0.30	860,242,431
September 2011	0.46	0.31	402,006,783
October 2011	0.35	0.30	182,958,468
November 2011	0.33	0.25	216,052,844
December 2011	0.31	0.22	276,927,051
January 2012	0.25	0.21	259,545,338
February 2012	0.30	0.22	279,734,138
March 2012	0.24	0.20	348,286,817

Source: www.bseindia.com

- 7.7 Registrar and Share Transfer Agent** MCS Limited,
F-65, Okhla Industrial Area, Phase I,
New Delhi 110 020.
E-Mail: admin@mcsdel.com

- 7.8 Share Transfer System** Presently, the share transfers, which are received in physical form are processed and the share certificates returned within a period of 15 to 20 days from the date of receipts, subject to the documents being valid and complete in all respects.

7.9 Distribution of shareholding as on March 31, 2012

Categories	No. of Shares	%
Non Resident Indians/FII	511,458,313	6.17
Financial Institutions/Banks	123,000	0.00
Mutual Funds/UTI	112,000	0.00
Bodies Corporate	983,513,469	11.86
Resident Individuals	4,789,216,868	57.74
GDR	2,009,539,450	24.23
Total	8,293,963,100	100.00

7.10 Dematerialization of shares and liquidity

Status of dematerialization of shares as on March 31, 2012 is as under:

Electronic Holdings			Physical Holdings			Total	
No. of Beneficial Owners	No. of Shares	%	No. of Beneficial Owners	No. of Shares	%	No. of shares	%
186,741	8,157,770,785	99.79	5,917	136,192,315	0.21	8,293,963,100	100

7.11 Outstanding GDR's

The GDR's outstanding as on March 31, 2012 are 40,190,789 representing underlying 2,009,539,450 Equity Shares listed at Luxembourg Stock Exchange.

7.12 Plant Location

Mouza-Debhog, Bhabanipur, Haldia,
Purba Midinipur, West Bengal-721 657.

7.13 (i) Investor Correspondence

(For transfer/dematerialisation of shares and any other query related to the shares of the Company)

For shares held in physical form

MCS Limited,
F 65 Okhla Industrial Area, Phase-I,
New Delhi – 110 020.
Phone: 011-41406149/50/51
Fax: 011-41709881
E-Mail: admin@mcsdel.com

For shares held in Dematerialized form
To the depository participant

(ii) Any query on Annual Report

Cals Refineries Limited,
Shares Department,
21, Basant Lok Complex,
Vasant Vihar, New Delhi-110 057.
Phone: 011-40537600/40534750,
Fax: 011-40537914
E-Mail: sharesdept@calsrefineries.com

DECLARATION

It is hereby declared that all the Board Members and Senior Management of the Company have reaffirmed adherence to and compliance with the 'Code of Conduct' laid down by the Company.

New Delhi
August 13, 2012

(D. Sundararajan)
Managing Director

Forward-looking statements

The report contains forward-looking statements, identified by words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' 'envisages/ envisaged" and so on. All statements that address expectations or projections about the future, but not limited to the Company's strategy for expenditures, and financial results, are forward-looking statements. Since these are based on certain assumptions and expectations of future events, the Company cannot guarantee that these are accurate or will be realized. The Company's actual results, performance or achievements could thus differ from any forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events.

Global Scenario

The Financial Year 2011-12 was one of the most challenging years with slowing down of the economies due to the Euro zone crisis, Political uprisings in Africa and Middle East Nations leading to high volatility in the oil prices. The loss of supplies from Libya in the beginning of the year, though compensated to a major extent by increased production in Middle East nations led by Saudi Arabia, UAE and Qatar, the international oil prices touched all time high. In fact the average international price of Dated Brent Crude during the year 2011-12 stood at US\$ 111, an increase of around 40% from the year 2010-11.

The Global Oil production increased by 1.1 million barrels per day (mbpd) or 1.3%, with major increase being accounted for by the OPEC countries. The Oil Consumption during 2011 increased by around 0.7% or 0.595 mbpd, with the maximum increase in consumption coming from China with an increase of 5.5% over the previous year, followed by India with an increase of 3.9% over the previous year. While the consumption of middle distillates registered a growth of 1.8%, the light distillates and Fuel oil registered a decrease of 1% and 0.1% respectively. While the consumption increased in non-OECD countries by around 2.9% to about 42.1 mbpd from 40.92 mbpd in the previous year, the OECD countries witnessed a reduction of around 1.3% from 46.52 mbpd to 45.92 mbpd.

Till 2030, the world energy demand is expected to increase by 39% over 2010 or 1.6% per annum. Substantial portion of the growth is expected in non-OECD countries with a growth of around 1.6% p.a. and the share of non-OECD countries in total world energy demand is expected to be around 65% by 2030, where as the energy consumption in OECD nations till 2030 is expected to grow at average rate of 0.2% p.a. to 2030. In the non-OECD nations, China and India together are estimated to account for substantial increase. However the growth in demand will be restricted to some extent by rising cost of crude oil, coupled with more efficient technologies and competition from other fuels such as bio-mass, gas etc.

China and India are expected to be the largest and third largest economies by the year 2030 with increased energy consumption levels fuelled by population levels,

infrastructure growth and are together expected to contribute over 90% of the oil demand growth in the next 20 years. While China's demand growth is expected to be around 3%, the demand growth in India is expected to be around 6%. However the dependence of India on imports is a dampener and is expected to reduce the total share of oil in the energy consumption of the country to 26% against the current level of around 40%.

Indian Scenario

India has total reserves of 757 million tons of crude oil. Though India is a net exporter of petroleum products it currently imports around 80% of its crude oil requirements. The refining capacity which currently stands around 216 million tonnes is expected to increase to around 310 million tonnes during the twelfth five year plan period of 2012-2017. According to the Ministry of Petroleum, the oil consumption in India is expected to grow at around 4% during the next 10 -15 years as compared to world average growth of less than 1%.

During the year 2010-11 the refining throughput stood at 206 million tons indicating a 7% growth over 193 million tons in the previous year. The consumption of the petroleum products during 2010-11 stood at 142 million tons against 138 million tons during the year 2009-10. Major increase came from Diesel consumption fuelled by increased sales of diesel vehicles coupled with usage in power generation due to shortages in availability of natural gas.

The high international oil prices arising out of the political unrests and changes in African and Middle East nations coupled with the Euro Zone debt crisis also had its effect in India. GDP growth, for the first time in 9 years fell to a level of around 6.5%, coupled with current account deficit of around 5% of GDP as compared to 2.6% in the previous year. To compound the matters further, the continuously falling rupee is fuelling inflation and though Reserve Bank of India has been virtually fighting inflation during the whole of last year by raising interest rates it has not met with much success. The Indian economy in recent years has been throttled by a combination of high inflation, tight monetary policy, weak global economic conditions and lax implementation of fiscal policies and reforms. Apart from the above, the political compulsions of a coalition govt. have slowed down the process of many of the reforms proposed.

During the year 2011-12, the petroleum, oil and lubrication oils imports was in excess of US\$155 million, a growth of around 47% over the previous year, largely due to the crude oil imports and increase in the international crude oil prices. The average Indian Crude Basket stood at US\$ 111.6 per barrel, a rise of 31% over the previous year averages of US\$ 85 per barrel. The Oil Marketing Companies are unable to pass on the entire burden of increase in the prices due to the populist measures adopted by the Govt. of India. However the Govt. has recently commenced taking corrective actions in this regard and as a first step the petrol prices have been increased and it is expected that the prices of the other subsidized fuels such as diesel, kerosene, LPG will also follow suit though the quantum of increase is not yet decided.

Business and Developments

Currently most of the refineries are located in the Western Region with the Eastern and Northern Regions facing a shortfall. With a view to bridge the gap in the eastern region and also to effectively cater to the far-east Asian markets, where consumption is increasing at a fast pace, the Company had planned a 10 Million Metric Tons Per Annum refinery at Haldia in West Bengal.

The Company had during the second half of the previous financial year tied up with Hardt group, for import of certain refinery equipments managed by it at a total cost of US\$ 417 million, out of which a major portion amounting to US\$ 317 million was to be settled by issuing equity in the form of Global Depository Receipts (GDRs). The said arrangement, apart from reducing the cash outflow burden would have enabled the Company to tie up substantial portion of the equity requirement for funding the project. Apart from the proposed GDR issue as above, Hardt group, through Abboto Limited, Cyprus, has infused funds to the extent of Rs. 136.53 million in the Company which enabled the Company to restart the project activities. The Company's application to the Foreign Investment Promotion Board (FIPB), Ministry of Finance, Govt. of India for allotment of such GDRs was approved in the meeting of FIPB held on May 20, 2011, who had recommended the same to the Cabinet Committee on Economic Affairs (CCEA) for their approval since the amount of GDR issue exceeded ₹ 12,000 Million.

However in the interim, Securities and Exchange Board of India (SEBI), while dealing with certain entities in case of market manipulation by issue of GDRs, had vide its ex-parte order No.WTM/PS/ISD/02/2011 dated September 21, 2011, which was later confirmed vide order dated December 30, 2011, directed our Company not to issue equity shares or any other instruments convertible into equity shares or alter capital structure in any manner till further directions in this regard. The SEBI order has resulted in the Company not being able to proceed with the proposed GDR issue and tie up its Equity. Consequent to SEBI's order, FIPB has also withdrawn its recommendation to CCEA and kept the proposal pending at its end.

The Company had requested Foreign Investment Promotion Board (FIPB) to hold the proposal till receipt of favourable orders from SEBI. However, FIPB, vide its letter dated July 23, 2012 informed the company that it is not acceding to its request as the FDI Policy effective from April 1, 2012 does not allow issue of equity against import of second hand equipments. The Company has, on July 31, 2012 requested FIPB to reconsider its decision as the earlier approval was based on FDI Policy dated April 1, 2011, which allowed the issue of such equity. A favourable response is expected.

Subsequent to the confirmatory order of December 30, 2011, SEBI had called for additional information in January 2012 and also summoned the Managing Director for a personal appearance, which was complied with and all queries of SEBI were replied to. The final order from SEBI in this regard is expected shortly and the project activities are expected to recommence no sooner the orders from SEBI are received.

During March 2012, the Contract for Purchase of the German Refinery was renegotiated with reduction in the contract price, exclusion of auxiliary technical and consultancy services and providing for payment of balance amount by May 2011. As the Company did not have any credit limits it approached one of the potential EPC Contractors for utilizing their bank limits to open the necessary LCs in favour of supplier. However for various reasons the LCs could not be opened, resulting in termination of the contract with the amounts paid as advance being forfeited. Though the management had tried to salvage certain important equipment from other sources, it was not successful due the resources constraints.

The other vendors, with whom contracts had been entered into, for purchase of auxiliary and balancing equipments, have confirmed the availability of these equipments and once favourable SEBI orders are received and financial tieup for the project is completed these contracts will be revalidated and renegotiated.

As against the Company's request for extension of time till March 2012 for complying with the conditions laid down by West Bengal Industrial Development Corporation Limited (WBIDC) for handing over the permissive possession of land, WBIDC allowed time only till September 2011, which again was subject to certain preconditions. Considering that the time allowed was too short for compliance of these conditions, more particularly since the capacity of the project had also doubled entailing additional costs the Company had again requested WBIDC to extend the time limit upto March 31, 2012, which was not acceded to by WBIDC resulting in withdrawal the permissive possession. However it is understood that the land at Haldia is still available and once the outstanding issues are addressed, WBIDC would have no objections in handing over the permissive possession of land to the Company.

Hardt group has extended its contracts with the Company and has also expressed keenness to arrange for necessary funds to clear the dues of WBIDC subject to receipt of favourable orders from SEBI.

The detailed project report for the refinery project has been updated by M/s Chemtex Global Engineers Pvt. Ltd. Based on the desired configuration, Hardt group is in the process of discussions with leading European contractors for implementation of the project on turnkey EPC basis.

To,

**The Members of
Cals Refineries Limited**

1. We have audited the attached Balance Sheet of Cals Refineries Limited, (the 'Company') as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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.
3. As required by the Companies (Auditors' Report) Order, 2003 (the 'Order') (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Without qualifying our opinion, we draw attention to:
 - a) Note No. 29 in financial statements which indicate that the Company has not yet tied up financing for balance funding of the project and has not been able to meet its contractual obligations under the project contracts. These conditions along with other matters as set forth in Note no. 29 indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is significantly dependent on its ability to successfully arrange the balance funding and achieve financial closure to fund its refinery project, to fulfil all its contractual obligation and the successful implementation of the project.
 - b) Note No. 29a of Significant Accounting Policies and Notes to accounts : In view of the mutual non-fulfilment of contractual obligations arising out of the Company's contracts with certain suppliers/contractors, the Company has not accrued liability amounting to ₹ 406.44 million (net of ₹ 5,007.22 million, refer note no. 29 b). The ultimate performance of such contractual obligations and their impact on current liabilities cannot presently be determined and no adjustment that may result has been made in the financial statements for the year ended March 31, 2012. Our opinion on financial statements for the year ended March 31, 2011 included an emphasis on the same matter and such items aggregated to ₹ 5,361.96 million as on March 31, 2011.
 - c) Note No. 29c of Significant Accounting Policies and Notes to accounts : The Company has given advances amounting to ₹ 141.48 million (net of ₹ 169.92 million, refer note no. 29b and 29d) (as on March 31, 2011: ₹ 311.40 million) to various suppliers/contractors in terms of the agreements executed by the Company for the implementation of its refinery project. Such advances may not be recoverable in the event of non-fulfilment of the contractual obligations by the Company. The ability of the Company to fulfil its contractual obligations cannot presently be determined and no adjustment with respect to such advances, that may result, has been made in the financial statements for the year ended March 31, 2012. Our opinion on financial statements for the year ended March 31, 2011 included an emphasis on the same matter and such items aggregated to ₹ 8,250.77 million as on March 31, 2011.

- d) Note No. 29d of Significant Accounting Policies and Notes to accounts : An advance of ₹ 4,583.44 million was paid to a supplier of Plant and Machinery. Subsequently the Company had entered in to a "Deed of Novation" with an affiliate of Hardt Group, who assumed the contractual obligations envisaged on the supplier under erstwhile agreement of plant and machinery. The ability of the Company to fulfil its contractual obligations cannot presently be determined and no adjustment with respect to such advance, that may result, has been made in the financial statements for the year ended March 31, 2012.
- e) The Company entered into a tripartite agreement along with Haldia Development Authority (HDA) and West Bengal Industrial Development Corporation Limited (WBIDC). The Company was given permissive possession of the said land for a period of six months from the date of the agreement, for the purpose of implementing the project. Since the Company was not in a position to comply with these conditions, it had requested WBIDC to extend the time limit. WBIDC had not acceded to the Company's request and had withdrawn the permissive possession of land. The Company has again requested WBIDC to allow time for clearance of the dues and extend the permissive possession till September 30, 2012.
The acquisition of rights in the leasehold land depends on the arrangement of funds to meet the Company's obligations and successful negotiation with WBIDC. The expenses incurred on land development and civil work amounting to ₹ 198.31 million and ₹ 49.64 million respectively is included in the cost of leasehold land and capital work in progress which may not be recoverable.
5. Further to our comments in the Annexure referred to in paragraph 4 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 purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The financial statements dealt with by this report are in agreement with the books of account;
 - d. On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
 - e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act and the Rules framed there under and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - ii) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

For Arun K. Gupta & Associates
Chartered Accountants
Firm Registration No: 000605N

New Delhi
May 29, 2012

Sachin Kumar
Partner
Membership No. 503204

Annexure to the Auditors' Report of even date to the Members of Cals Refineries Limited, on the financial statements for the year ended March 31, 2012

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 4(ii) of the Order are not applicable.
- (iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii) (b) to (d) of the Order are not applicable.
- (b) The Company has taken interest-free loan from one company covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was ₹ 4.9 million and the year-end balance was ₹ 4.9 million.
- (c) In our opinion, the terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (d) In respect of loans taken, the principal amount and interest amount are payable on demand in accordance with the terms and conditions.
- (iv) There are no transactions pertaining to purchase of inventory and sale of goods and services during the year. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets.
- (v) The Company has not entered into contracts or arrangements referred to in Section 301 of the Act. Accordingly, the provisions of clause 4(v) of the Order are not applicable.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) The Company is not presently engaged in production, procuring and manufacturing of crude oil, gases (including Compressed Natural Gas or Liquefied Natural Gas and re-gasification thereof) or any other petroleum product and is accordingly not required to maintain cost records as prescribed by the Central Government under notification no G.S.R 686(E) dated October 8, 2002.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have been

regularly deposited with the appropriate authorities. Undisputed amounts payable in respect thereof, which were outstanding at the year end for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of the dues	Amount (₹ in million)	Period to which the amount relates	Due Date	Date of payment
Finance Act, 1994 (Service tax)	Service tax payable	44.52	upto June 2011	5 th of each subsequent month	Not paid

- (b) There are no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) In our opinion, the Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. Further the Company has incurred cash losses during the financial year covered by our audit however there was no cash loss in the immediately preceding financial year.
- (xi) In our opinion, the company has not defaulted in repayment of dues to a bank. The Company has no dues payable to a financial institution or debenture holders during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company has not dealt in or trading in shares, securities, debentures and other investments during the year. However in respect of investments, the company has maintained proper records of the transactions and contracts and timely entries have been made therein. The investments have been held by the company in its own name
- (xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.
- (xvi) The Company has not taken any term loans during the year.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has made preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Arun K. Gupta & Associates**
Chartered Accountants
Firm Registration No: 000605N

Sachin Kumar
Partner
Membership No. 503204

New Delhi
May 29, 2012

(₹ in million)

Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	3	8,293.96	8,128.80
(b) Reserves and Surplus	4	(2,751.64)	(67.47)
		5542.32	8,061.33
2. Share application money pending allotment	5	15.76	146.83
3. Non- current liabilities			
(a) Long-term Provisions	6	1.43	0.62
		1.43	0.62
4. Current Liabilities			
(a) Short Term Borrowings	7	7.40	2.50
(b) Other Current Liabilities	8	960.54	916.63
(c) Short Term Provisions	6	0.53	0.55
		968.47	919.68
TOTAL		6,527.98	9,128.46
II ASSETS			
1. Non-current assets			
(a) Fixed Assets			
(i) Tangible Assets	9	997.07	915.34
(ii) Intangible Assets	9	0.02	-
(iii) Capital Work-in-Progress	10	483.48	(223.27)
(b) Long-term Loans and Advances	11	4,797.24	8,159.62
(c) Other Non-current Assets	12	249.50	250.65
		6,527.31	9,102.34
2. Current assets			
(a) Trade Receivables	13	-	-
(b) Cash and Cash Equivalents	14	0.55	22.57
(c) Short-term Loans and Advances	11	0.12	3.55
		0.67	26.12
TOTAL		6,527.98	9,128.46
Significant Accounting Policies and Notes to Accounts	1 to 32		

For **Arun K. Gupta & Associates**
Chartered Accountants

For & on behalf of the Board of Directors

Per Sachin Kumar
Partner

Deep Kumar Rastogi
Executive Chairman

D. Sundararajan
Managing Director

Sarvesh Kumar Goorha
Director

Sameer Rajpal
Director

New Delhi
May 29, 2012

Sanjay Kumar Jain
VP-Legal & Company Secretary

Rekha Sarda
VP- Finance



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in million)

Particulars	Note No.	For The Year Ended March 31, 2012
Income		
Other Income	15	7.74
Total Revenue		7.74
Expenditure		
Employee Benefits Expense	16	9.76
Finance Costs	17	8.13
Depreciation and Amortization Expense	9	1.44
Other Expense	18	29.53
Total Expenses		48.86
Profit/(Loss) before Exceptional Items		(41.12)
Exceptional Items	19	2,643.05
Profit/(Loss)		(2,684.17)
Earnings per equity share:	20	
(1) Basic		(0.32)
(2) Diluted		(0.32)
Significant Accounting Policies and Notes to Accounts	1 to 32	

As per our Report of even date

For **Arun K. Gupta & Associates**
Chartered Accountants

For & on behalf of the Board of Directors

Per **Sachin Kumar**
Partner**Deep Kumar Rastogi**
Executive Chairman**D. Sundararajan**
Managing Director**Sarvesh Kumar Goorha**
Director**Sameer Rajpal**
DirectorNew Delhi
May 29, 2012**Sanjay Kumar Jain**
VP-Legal & Company Secretary**Rekha Sarda**
VP- Finance

	(₹ in million)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit/ (Loss) before tax as per Profit and Loss Account	(2,684.17)	-
Adjustment for :		
Depreciation And Amortization Expense	1.44	-
Loss On Fixed Assets Sold/Discarded	1.58	-
Net Gain On Sale of Current Investments	(2.50)	-
Balances - Written off	0.11	-
Capital Advance Written off	3,457.79	-
Liabilities Written Back	(5.24)	-
Transferred from "Pre-operative expenses pending allocation"	(859.26)	-
Operating Profit Before Working Capital Changes	(90.25)	-
Movements in working capital :		
Increase /(Decrease) in Long-Term Provisions	0.81	-
Increase /(Decrease) in Short-Term Provisions	(0.03)	-
Increase/(Decrease) in Other Current Liabilities	49.15	-
Decrease /(Increase) in Long-Term Loans And Advances	74.52	-
Decrease /(Increase) in Short-Term Loans And Advances	3.32	122.57
Decrease /(Increase) in Other Non-Current Assets	-	(356.60)
Cash Generated From /(Used in) Operations	37.52	(234.03)
Direct Taxes Paid (Net of Refunds)	(0.00)	(0.01)
Net cash flow from/ (used in) operating activities (A)	37.52	(234.04)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(85.20)	(10.64)
Proceed From Sale of Fixed Assets	0.43	0.01
Additions/Deletions in Capital Work in Progress	(17.41)	63.78
Net Gain On Sale of Current Investments	2.50	-
Net cash flow from/(used in) investing activities (B)	(99.68)	53.15
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds From Issuance of Share Capital	165.16	188.80
Proceeds From Share Application Money	(131.07)	146.83
Decrease in Miscellaneous Expenditure	1.15	9.13
(Repayment) of/Proceeds From Borrowings (Net)	-	(187.87)
Repayment of Vehicle Loan	-	(0.34)
Proceeds From Short-Term Borrowings	4.90	-
Net Cash Flow From/(Used In) Financing Activities (C)	40.14	156.55
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	(22.02)	(24.36)
Opening Balance of Cash and Cash Equivalents	22.57	46.93
Closing Balance of Cash and Cash Equivalents	0.55	22.57
	(22.02)	(24.36)

As per our Report of even date

For **Arun K. Gupta & Associates**
Chartered Accountants

For & on behalf of the Board of Directors

Per Sachin Kumar
Partner

Deep Kumar Rastogi
Executive Chairman

D. Sundararajan
Managing Director

Sarvesh Kumar Goorha
Director

Sameer Rajpal
Director

New Delhi
May 29, 2012

Sanjay Kumar Jain
VP-Legal & Company Secretary

Rekha Sarda
VP- Finance

1. Corporate information

Cals Refineries Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange in India. The Company is in process of setting up a crude oil refinery in Haldia, West Bengal with total capacity of approximately 10 million metric tonnes per annum (MMTPA).

2. Significant accounting policies
a) Basis for preparation of financial statements

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b) Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions, that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognized in the current and future periods.

c) Tangible Fixed assets and depreciation/amortisation

- (i) Fixed assets are stated at cost less accumulated depreciation/amortisation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
- (ii) Fixed assets under construction and cost of assets not ready for use as at the year-end are disclosed as capital work-in-progress.
- (iii) Expenses incurred relating to project prior to commencement of commercial production are classified as "Pre-operative expenses pending allocation" and are disclosed under Capital work in progress (net of income earned during the project development stage).
- (iv) Depreciation on fixed assets is provided on straight-line method (except intangible assets which are amortised over the period of three years) on pro rata basis from the date of addition at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 which are as under:

Asset category	Rate of depreciation/amortization
Computers	16.21% p.a.
Office equipments	4.75% p.a.
Furniture and fixtures	6.33% p.a.
Vehicles	9.50% p.a.
Building	1.63% p.a.
Leasehold improvements	Over the period of lease or estimated useful life, if shorter Assets costing ₹ 5,000 or less are individually depreciated at the rate of one hundred percent.

d) Tangible Fixed assets and depreciation/amortisation

Software costs relating to acquisition of initial software license fee and installation costs are capitalized in the year of purchase. Software is amortized on a straight-line basis over its useful life, which is considered to be of a period of three years.

e) Expenditure During Construction Period

Expenditure incurred during construction period which is directly or indirectly related to the project is included under Pre-operative Expenses and the same will be allocated to the respective Fixed Assets upon completion of construction.

f) Leases

Leases of assets under which significant risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as expense in the "Statement of Profit and Loss" on a straight line basis over the lease term.

g) Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss as incurred

h) Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the "Statement of Profit and Loss". If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

i) Revenue recognition
Interest income

Income from interest is accounted for on time proportion basis taking into account the amount outstanding and the applicable rate of interest

Dividends

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

j) Foreign currency transactions

Transactions in foreign currency and non-monetary assets are accounted for at the exchange rate prevailing on the date of the transaction. All monetary items denominated in foreign currency are converted at the year-end exchange rate. The exchange differences arising on such conversion and on settlement of the transactions are recognized income or as expense for the year.

k) Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Revised Accounting Standard 15 - Employee Benefits (Revised 2005)

i) Gratuity

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognized in the Balance Sheet in respect of gratuity is the present value of the defined benefit obligation at the Balance Sheet date, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the Balance Sheet date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the "Statement of Profit and Loss" in the year in which such gains or losses are determined.

ii) Provident Fund

The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provision Act, 1952 which is a defined contribution plan and contribution payable is recognized as an expense in the year in which services are rendered by the employee.

iii) Compensated absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

iv) Other short term benefits

Expense in respect of other short-term benefits is recognized on the basis of the amount payable for the year during which services are rendered by the employee.

l) Taxation

Provision for tax comprises current income-tax and deferred tax. Current income-tax is determined in respect of taxable income with deferred tax being determined as the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent period(s). Such deferred tax is quantified using rates and laws enacted or substantively enacted as at the end of the financial year.

m) Contingent liabilities and provisions

Depending upon the facts of each case and after due evaluation of legal aspects, claims against the Company not acknowledged as debts are treated as contingent liabilities. In respect of statutory dues disputed and contested by the Company, contingent liabilities are provided for and disclosed as per original demand without taking into account any interest or penalty that may accrue thereafter. The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made. Possible future or present obligations that may, but will probably not require outflow of resources or where the same cannot be reliably estimated, have been disclosed as a contingent liability in the financial statements.

n) Miscellaneous expenditure

Miscellaneous expenditure on account of increase in share capital and other related expenses are written off over a period of 5 years from the date of commencement of commercial production. Any reimbursements received from the depository are credited to "Miscellaneous expenditure" in the year such reimbursement is received.

o) Earnings per share

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

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

	(₹ in million)	
	As at March 31, 2012	As at March 31, 2011
3. Share capital		
Authorized		
Equity Shares of ₹ 1 each	40,000.00	20,000.00
	<u>40,000.00</u>	<u>20,000.00</u>
Issued, subscribed and paid-up		
Equity Shares of ₹ 1 each	8,293.96	8,128.80
Total issued, subscribed and paid-up share capital	<u>8,293.96</u>	<u>8,128.80</u>

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

(in million)				
Shares	31 March 2012		31 March 2011	
	No. of Shares	₹	No. of Shares	₹
At the beginning of the period	8,128.80	8,128.80	7,940.00	7,940.00
Issued during the period	165.16	165.16	188.80	188.80
Outstanding at the end of the period *	<u>8,293.96</u>	<u>8,293.96</u>	<u>8,128.80</u>	<u>8,128.80</u>
* The above includes underlying Equity Shares in Global Depositary Receipts (GDR) and each GDR represents 50 underlying Equity Shares of ₹ 1 each.	40.19	2,009.54	52.43	2,621.28

b) Terms / rights attached to Equity Shares/ GDRs

- # The Company has only one class of shares referred to as equity shares having a par value of ₹ 1/-. Each holder of equity shares is entitled to one vote per share. Holders of GDRs will have no voting rights with respect to the Deposited Shares.
- # In case of Depositary receipts, the Depositary will, if so requested by the Board of Directors of the Company and subject to receipt from the Company of an opinion from the Company's legal counsel, (such counsel being reasonably satisfactory to the Depositary, that to do so will not be illegal or violate any applicable law of India, or subject the Depositary to liability to any Holder or any shareholder of the Company), either vote as directed by the Board or as conveyed by the Chairman of the Company or give a proxy or power of attorney to vote the Deposited Shares in favour of a Director of the Company or other person or vote in the same manner as those shareholders designated by the Board.
In the absence of receipt from the Company of an opinion from legal counsel as aforesaid, the Depositary shall not have any obligation to exercise any voting rights and shall have no liability to the Company or any Holder.
- # The Company declares and pays dividend in Indian rupees. During the year ended March 31, 2012, the amount of dividend recognized as distribution to equity shareholders was ₹ Nil per share (Previous year : ₹ Nil).
- # In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.
- # The Company has made preferential allotment of 165.16 million equity shares of ₹ 1 each, it includes share application money of ₹ 146.83 million in previous year. The proceeds were utilised for payment of proposed GDR issue related expenses, project related expenses and other corporate expenses.

4. Reserves and surplus
Profit and Loss Account

Balance as per the last financial statements	(67.47)	(67.47)
Profit/ (Loss) for the year	<u>(2,684.17)</u>	-
	<u>(2,751.64)</u>	<u>(67.47)</u>

5. Share Application Money Pending Allotment

Share application money pending allotment	15.76	146.83
	<u>15.76</u>	<u>146.83</u>

- a) Number of equity shares, of ₹ 1 each proposed to be issued at par. 15.76 146.83
- b) The Company has sufficient authorised capital to cover the share capital amount resulting from allotment of shares against share application money.

c) Period before which shares were to be allotted	No. of shares	No. of shares
May 27, 2011 (Equity Shares were issued on May 13, 2011)	-	146.83
October 19, 2011 *	2.09	-
March 20, 2012 *	11.95	-
August 28, 2012 *	1.72	-
	15.76	146.83

- d) * Share Allotment date is 180 days from the receipt of Foreign Direct Investment (FDI) as prescribed under Foreign Exchange Management Regulation Act. However, the Company could not allot the Equity Shares against the pending Share Application Money by the stipulated date as Securities and Exchange Board of India (SEBI) vide order dated September 21, 2011 has directed not to issue equity shares or any other instrument convertible into equity shares or alter their capital structure in any manner till further directions in this regard.

6. Provisions

(₹ in million)

	Long-term		Short-term	
	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
Provision for employee benefits				
Provision for bonus	-	-	-	0.00
Provision for gratuity (Refer note no. 22)	0.63	0.26	-	-
Provision for leave benefits (Refer note no. 22)	0.80	0.36	0.09	-
	1.43	0.62	0.09	0.00
Other provisions				
Provision for WCT	-	-	0.35	0.46
Other provisions	-	-	0.09	0.09
	-	-	0.44	0.55
	1.43	0.62	0.53	0.55

7. Short-term borrowings

(₹ in million)

	As at March 31, 2012	As at March 31, 2011
Loans Repayable on Demand		
- From others	4.90	-
- From Directors	2.50	2.50
The above amount includes :		
Unsecured borrowings	7.40	2.50

Loans Repayable on Demand (from others) are interest free loan.

8. Other current liabilities

Sundry creditors for expenses	20.72	32.01
Sundry creditors for Capital expenses [#]	867.44	821.34
Service tax payable	71.96	62.69
TDS payable	0.34	0.54
Other current liabilities	0.08	0.05
	960.54	916.63

[#] Includes ₹ 630 million as lease premium and interest ₹ 166.72 million, under an agreement for the permissive possession of the land, not paid by the Company as per the terms of the agreement.

9. Fixed Assets

(₹ in million)

Description	Tangible Assets								Intangible Assets	Total (A+B)
	Leasehold Land*	Computers	Vehicles	Office Equipments	Building	Furniture & fixtures	Leasehold Improvements	Total (A)	Software (B)	
Cost or valuation										
At 1 April 2010	813.06	3.80	5.27	1.70	1.40	2.35	22.28	849.86	0.92	850.78
Additions	10.63	-	-	0.01	-	-	-	10.64	-	10.64
Disposals	-	0.15	-	0.32	-	-	21.12	21.59	0.14	21.73
Other adjustments										-
- Borrowing costs	81.90	-	-	-	-	-	-	81.90	-	81.90
At 31 March 2011	905.59	3.65	5.27	1.39	1.40	2.35	1.16	920.81	0.78	921.59
Additions	3.22	-	-	0.05	-	-	-	3.27	0.03	3.30
Disposals	-	0.66	2.17	0.48	-	0.18	1.16	4.65	0.01	4.66
Other adjustments										-
- Borrowing costs	81.90	-	-	-	-	-	-	81.90	-	81.90
At 31 March 2012	990.71	2.99	3.10	0.96	1.40	2.17	-	1,001.33	0.80	1,002.13
Depreciation/ Amortisation										-
At 1 April 2010	-	1.17	1.11	0.59	0.04	0.57	8.05	11.53	0.62	12.15
Charge for the year	-	0.62	0.50	0.07	0.02	0.13	0.35	1.69	0.30	1.99
Disposals	-	0.06	-	0.30	-	-	7.39	7.75	0.14	7.89
At 31 March 2011	-	1.73	1.61	0.36	0.06	0.70	1.01	5.47	0.78	6.25
Charge for the year	-	0.58	0.45	0.10	0.02	0.13	0.15	1.43	0.01	1.44
Disposals	-	0.41	0.78	0.24	-	0.05	1.16	2.64	0.01	2.65
At 31 March 2012	-	1.90	1.28	0.22	0.08	0.78	-	4.26	0.78	5.04
Net Block										
At 31 March 2011	905.59	1.92	3.66	1.03	1.34	1.65	0.15	915.34	-	915.34
At 31 March 2012	990.71	1.09	1.82	0.74	1.32	1.39	-	997.07	0.02	997.09

* Refer Note No. 29f

10. Capital work in progress		(₹ in million)	
	As at March 31, 2012		As at March 31, 2011
Pre-operative expenses pending allocation (Refer Note No. 10.1)	432.51		(444.16)
Consultancy fees	1.33		171.25
Factory building	49.64		49.64
	483.48		(223.27)
10.1 Pre-operative Expenses Pending Allocation			
Opening Balance	(444.16)		(451.29)
Employee Benefits Expense			
Salaries, wages and bonus	-	35.14	
Contribution to provident and other funds	-	0.08	
Staff welfare	-	0.20	
Total	-		35.42
General, Administrative and Selling Expenses			
Communication	-	1.82	
Legal and professional	17.41	30.12	
Printing and stationery	-	1.67	
Advertisement expenses	-	0.04	
Repair and maintenance - building	-	0.68	
Repair and maintenance - others	-	0.05	
Contractors and security services	-	1.48	
Power and fuel	-	0.77	
Loss on sale of fixed assets	-	0.11	
Leasehold improvement written off	-	13.73	
Balances written (back)/off	-	(4.03)	
Auditor's Remuneration	-	1.17	
Directors' Sitting Fees	-	0.49	
Insurance	-	0.48	
Rates and taxes	-	2.89	
Rent	-	9.52	
Travelling and Conveyance	-	5.09	
Miscellaneous expenses	-	0.17	
Total	17.41		66.25
Finance Costs			
Interest- on others	-	0.03	
Interest on outstanding statutory dues	-	(56.42)	
Bank charges	-	0.03	
Total	-		(56.36)
Depreciation and Amortization Expense	-		1.99
Total	(426.75)		(403.99)
Less: Foreign exchange gain	-	0.28	
Less: Interest- deposit with scheduled bank	-	0.04	
	-		0.32
TOTAL	(426.75)		(404.31)
Add: Provision for current tax written back	-		(39.85)
	(426.75)		(444.16)
Less: Transfer to Statement of Profit & Loss (Refer Note No. 19a)	(859.26)		-
	432.51		(444.16)

11. Loans and advances

(₹ in million)

		Non-current		Current	
		As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
Capital advances					
Secured, considered good		4,723.59	8,079.52	-	-
	(A)	4,723.59	8,079.52	-	-
Security deposit					
Secured, considered good		-	-	0.01	2.50
Unsecured, considered good		0.50	0.50	-	-
	(B)	0.50	0.50	0.01	2.50
Advances recoverable in cash or kind					
Secured considered good		-	-	0.01	0.76
Unsecured considered doubtful		45.74	2.91	-	-
		45.74	2.91	0.01	0.76
Provision for doubtful advances		42.83	-	-	-
	(C)	2.91	2.91	0.01	0.76
Other loans and advances					
Prepaid expenses		-	-	0.10	0.29
CENVAT credit receivable		70.24	76.66	-	-
Balances with statutory/government authorities		-	0.03	-	0.00
	(D)	70.24	76.69	0.10	0.29
Total (A+ B + C + D)		4,797.24	8,159.62	0.12	3.55

12. Other Non Current Assets
Unamortized expenditure

Global Depository Receipt (GDR) issue expenses	226.71	227.86
Equity Share Capital issue expenses	22.79	22.79
	249.50	250.65

13. Trade receivables and other assets
Trade receivables (non-current)

Unsecured, considered good unless stated otherwise outstanding for a period exceeding six months from the date they are due for payment	-	-
Doubtful	4.60	4.60
	4.60	4.60
Provision for doubtful receivables	4.60	4.60
	-	-

14. Cash and cash equivalents
Balances with banks:

- On current accounts	0.52	22.55
- Cash on hand	0.03	0.02
	0.55	22.57

(₹ in million)

**For the year ended
March 31, 2012**

15. Other income	
Net gain on sale of current investments	2.50
Liabilities Written Back	5.24
Miscellaneous income	0.00
	<u>7.74</u>
16. Employee benefit expense	
Salaries, wages and bonus	8.85
Contribution to provident and other fund	0.81
Staff welfare expenses	0.10
	<u>9.76</u>
17. Finance costs	
Bank charges	0.06
Interest on outstanding statutory dues	8.07
	<u>8.13</u>
18. Other expenses	
Communication	0.32
Legal and professional	10.82
Printing and stationery	0.07
Repair and maintenance - building	0.19
Repair and maintenance - others	0.52
Contactors and security services	1.02
Power and fuel	0.34
Auditor's remuneration (Refer 18(ii))	0.92
Directors' sitting fees	0.08
Insurance	0.08
Rates and taxes	3.52
Rent	1.00
Travelling and conveyance	2.38
Miscellaneous expenses	0.82
Foreign Exchange - Gain/Loss	7.45
	<u>29.53</u>
Payment to auditor as	
Auditor:	
Statutory Audit fee	0.85
In other capacity:	
Other services (Certification fees)	0.04
Reimbursement of expenses	0.03
	<u>0.92</u>

(₹ in million)

**For the year ended
March 31, 2012**
19. Exceptional Items

Balances - Written Off	0.11
Loss on Fixed Assets Sold/Discarded	1.58
Capital Advance Written off (Refer Note No 29c)	3,457.79
Provision for doubtful advances	42.83
Transfer from "Pre-operative expenses pending allocation" (Refer Note No. 30)#	(859.26)
	2,643.05

Detail of expenses incurred upto March 31, 2011 transferred from "pre-operative expenses pending allocations".

Particulars

Foreign Exchange - Gain/Loss	(972.38)
Auditor's Remuneration	4.72
Directors' Sitting fees	1.65
ROC Exp.	0.02
Stock Exchange Fees	3.92
FCCB Expenses	54.05
Leasehold Improvement W/off	16.37
Advances Written off	1.75
Balances written (back)/off	(4.03)
Interest on Outstanding Statutory Dues	34.67
	(859.26)

20. Earnings per share (EPS)

Net profit/(loss) for calculation of basic /diluted EPS (₹ in million)	(2,684.17)
Weighted average number of equity shares in calculating basic & diluted EPS (in million))	8,274.59
Basic and Diluted Earning per share (₹)	(0.32)
Face Value per equity share (₹)	1.00

**21. Contingent Liabilities And Commitments
(to the Extent Not Provided For)**

Particulars	As at March 31, 2012	As at March 31, 2011
Contingent Liabilities :		
Claim against the Company not acknowledged as debt	104.93	5.45
Capital & other commitments :		
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) Refer Note No. 29b	21,900.12	31,457.35

22. Disclosure of “Employee Benefits” as per Accounting Standard 15 are as follows:
A. Gratuity
Statement of profit and loss

Net employee benefit expense recognised in employee cost (₹ in million)

Description	March 31, 2012	March 31, 2011
Current service cost	0.15	0.08
Interest cost	0.02	0.08
Actuarial (gain)/loss recognized during the year	0.20	(0.95)
	<u>0.37</u>	<u>(0.79)</u>

Balance sheet

Details of provision for Gratuity (₹ in million)

Description	March 31, 2012	March 31, 2011
Opening defined benefit obligation	0.26	1.04
Current service cost	0.15	0.08
Interest cost	0.02	0.08
Actuarial (gain)/ loss recognized during the year	0.20	(0.95)
Closing defined benefit obligation	<u>0.63</u>	<u>0.25</u>

Since the entire amount of plan obligation is unfunded therefore changes in the fair value of plan assets, categories of plan assets as a percentage of the fair value of total plan assets and Company's expected contribution to the plan assets in the next year is not given.

For determination of the gratuity liability of the Company, the following actuarial assumptions were used:

	2012	2011
Discount rate	8%	8%
Rate of increase in compensation levels	6%	6%
Withdrawal Rate	5% at younger ages and reducing to 1% at older ages according to graduated scale	
Mortality Rate	LIC (1994-96) published table of Mortality Rates	

Estimates of future salary increase are based on inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.

Amounts for the current and previous three years are as follows: (₹ in million)

	Gratuity			
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Defined benefit obligation	0.63	0.26	1.04	1.03
Deficit	0.63	0.26	1.04	1.03
Experience adjustments on plan liabilities Loss/(Gain)	0	0	0	0

B. Compensated Absences
Statement of Profit and Loss

(₹ in million)

Description	March 31, 2012	March 31, 2011
Current service cost	0.12	0.06
Interest cost	0.03	0.13
Actuarial loss recognized during the year	0.45	0.28
	0.60	0.47

Balance sheet

(₹ in million)

Description	March 31, 2012	March 31, 2011
Opening defined benefit obligation	0.36	1.57
Current service cost	0.12	0.06
Interest cost	0.03	0.13
Actuarial loss recognized during the year	0.45	0.28
Benefits paid	(0.06)	(1.67)
Closing defined benefit obligation	0.90	0.37

For determination of the liability in respect of compensated absences of the Company, following actuarial assumptions were used:

	2012	2011
Discount rate	8%	8%
Rate of increase in compensation levels	6%	6%

C. Provident fund

Contribution made by the Company during the year is ₹ 0.44 million (Previous year ₹ 0.85 million).

23. In the opinion of the Board of Directors, current assets, loans and advances have a value on realization in the ordinary course of the business at least equal to the amounts at which they are stated and provision for all known liabilities have been made.
24. The service tax liability has been ascertained and provided for in the books of accounts. The Company has been advised that as per the provisions of Central Excise Act, 1944, the Company is eligible to claim CENVAT Credit against the excise duty payable on the products to be manufactured by the Company and accordingly CENVAT credit of service tax has been considered as an asset and classified as "Cenvat recoverable" in Note No. 12.
25. The Company has requested its vendors to confirm their status under Micro, Small and Medium Enterprises Development Act (MSMED), 2006. Based on the confirmations received, there are no amounts due to any micro or small enterprise under the MSMED Act, 2006.
26. The Company has taken offices premises under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms. The Company has no obligation towards non-cancellable lease.

Rental expenses of ₹ 1 million (previous year ₹ 9.52 million) in respect of operating lease obligation have been recognised in the "Statement of Profit and Loss".

27. a) Related party transactions

Nature of Relationship	: Name of Related Parties
Key managerial personnel	Mr. D. Sundararajan (Managing Director) Mr. Deep Kumar Rastogi (Executive Chairman)
Enterprises owned or significantly influenced by Key management personnel or their relatives	Nyra Holdings Private Limited

b) Related party transaction (₹ in million)

Nature of Transactions	2011-12	2010-11
Enterprises owned or significantly influenced by key management personnel or their relatives		
Transactions during the year :		
Share Capital issued/ Share Application Money	44.40	44.40
Loan received during the year	4.90	-
Closing Balance :		
Loan payable	4.90	-

28. Expenditure in Foreign Currency

(On cash basis including amounts capitalized)

(₹ in million)

Description	2011, 2012	2010, 2011
Travelling expenses	-	0.29
Bank charges	0.03	0.02
GDR issue expenses	2.00	-
GDR reimbursement of expenses	(3.39)	(9.13)
Consultancy and professional fees	14.19	10.27
Stock exchange fees	0.32	0.31
	13.15	1.76

29. Project Status

- a. The Company has a plan to set up crude oil refineries in Haldia, West Bengal with total capacity of approximately 10 million metric tonnes per annum (MMTPA) with budgeted outlay of approximately ₹ 120,737 million. (USD 2683.04 million) of which ₹ 33,021 million is planned to be funded by way of equity capital and the balance ₹ 87,716 million by way of debt. A number of new equipments would have to be installed for achieving the desired configuration and complexity of the refinery which has resulted in the revision of the budgeted outlay of the project as compared to last year.

The equity component was partially funded by issue of Global Depositary Receipts (GDR) of USD 200 million (equivalent to ₹ 7,880 million) in December 2007. The proceeds of the GDR issue were utilized to pay capital advances related to purchase of equipments of two used oil refineries and other corporate expenses incurred during construction period.

The Company has inducted Hardt Group as a strategic investor for execution of this project. Abboto Limited (affiliates of HARDT Group) has subscribed to the equity capital by infusing funds in the Company to meet corporate and project related expenses.

On March 15, 2011, the Company has entered into two Assets Purchase agreements with Tagore Investments S.A. and Amber Energy S.A. (affiliate of HARDT group) for the purchase of certain petroleum refinery equipments and technical components for USD 275 million (equivalent to ₹ 12,375 million) and USD 142 million (equivalent to ₹ 6,390 million) respectively, aggregating to a total cost of USD 417 million (equivalent to ₹ 18,765 million). As per such agreements, the Company shall issue GDR, subject to the Central Government approval, for an amount of USD 175 million to Tagore Investments S.A. and USD 142 million to Amber Energy S.A. and also make cash payment amounting to USD 100 million to Tagore Investments S.A.

The Company's request to Foreign Investment Promotion Board (FIPB) for issuing GDR of US\$ 317 million to Hardt group was approved in the meeting of FIPB held on May 20, 2011. Since the amount of issue had exceeded ₹ 12,000 million, the proposal was recommended to Cabinet Committee on Economic Affairs (CCEA). In the interim SEBI had issued directions to the Company not to issue equity shares or any other instruments convertible into equity shares or alter capital structure in any manner till further directions in this regard. The said order has been confirmed by SEBI on December 30, 2011, without taking into consideration the merits of the case. All queries of SEBI have been replied and final order is awaited.

The aforesaid SEBI order has resulted in the Company not being able to proceed with the proposed GDR issue and tie up its Equity. Consequent to SEBI's order, FIPB has also withdrawn its recommendation to CCEA and kept the proposal pending at its end.

The ability of the Company to continue as a going concern is significantly dependent on its ability to successfully arrange the balance funding and achieve financial closure to fund its project and to meet its contractual obligation under various contracts and obtain necessary extension for compliance of terms related to sub-lease of land required for the refinery project. The Company expects to receive favourable SEBI order soon which will pave the way for issuance of GDR/ equity as stated herein above and necessary approvals from FIPB/ CCEA and other statutory authorities. These financial statements have been prepared on a going concern basis on the basis that the necessary funding and financial closure will be achieved and do not include the adjustments that would result if the Company is unable to continue as a going concern.

- b. During the previous years, the Company had entered into agreements for supply of plant and machinery related to the project. The said agreement provided for certain milestones of performance on part of the parties to the contract which more specifically involved delivery of equipments by the supplier periodical payment by the Company. The Company paid certain advances as per the terms of the contract, however, in view of the pending financial arrangements, it could not fulfill other terms and conditions stipulated under the said agreements. The suppliers/contractors also could not fulfill their obligations under the said agreements.

In view of the fact that the obligations of either party to the contracts in the aforementioned agreements for supply of plant and machinery related to the project are not fulfilled, the Company's contractual obligation for payment of ₹ 406.44 million (net of ₹ 5,007.22 million due to the termination with the party, refer note no. 29.c) (as on March 31, 2011: ₹ 5,361.96 million) is not crystallized as at the balance sheet date and hence has not been recognised in these financial statements. Fulfillment of the Company's contractual obligation is dependent on arrangement of balance funding.

- c. Also, subsequent to March 31, 2011, the Company had successfully renegotiated one of the contracts for purchase and sale of refinery assets in respect of its refinery projects whereby the scope of the contract was amended to exclude auxiliary technical services and consultancy services besides reduction in the purchase price for the contract with the stipulation to make the balance payment by May 23, 2011. The Company could not meet the payment terms and the supplier forfeited the amounts paid earlier as advance amounting to ₹ 3,355.93 million. In view of cancellation of the said contract the affiliated engineering and consultancy services rendered have become redundant. Accordingly, the amount of ₹ 101.86 million paid to the consultants has been written off. No further liability arises on the Company on cancellation of the contracts.
- d. The Company has paid advances amounting to ₹ 141.48 million (net of ₹ 169.92 million, refer note no. 29c) (as on March 31, 2011: ₹ 311.40 million) to the suppliers and auxiliary service providers. Due to delay in financial closure, the Company could not fulfil its financial obligations as stipulated in such agreements, resulting into delay in supply of plant and machinery and related services. As per these agreements, some of such advances may not be recoverable in the event of non-fulfilment of contractual obligations by the Company. Therefore fulfillment of the contractual obligations are dependent on arrangement of balance funding. However, based on the developments

stated in Note No. 29a above, management is confident of achieving financial closure and fulfilling its obligations under various contracts in the foreseeable future.

- e. An advance of ₹ 4,583.44 million was paid to a supplier of Plant and Machinery, subsequently the Company had entered in to a "Deed of Novation" with an affiliate of Hardt Group, who assumed the contractual obligations envisaged on the supplier under erstwhile agreement of plant and machinery. Such advance may not be recoverable in the event of non-fulfilment of obligations by the Company as per the terms of the agreement. Therefore fulfillment of contractual obligation are dependent on arrangement of balance funding as stated above.
- f. Haldia Development Authority (HDA), vide its memo dated March 25, 2008, offered land admeasuring about 400 acres at Haldia, West Bengal to the Company for setting up the refinery project ('the project'). As per the terms of the said memo, lease premium of ₹ 600 million was stipulated.

Subsequently, vide its memo dated April 23, 2008, HDA granted permission to the Company for survey work, soil testing, land development work and construction work and accordingly the Company carried out such work. Pending financial closure for the refinery project, the Company could not pay the aforesaid lease premium in full. During the year ended March 31, 2010, the Company entered into a tripartite agreement dated March 19, 2010 along with HDA and West Bengal Industrial Development Corporation Limited (WBIDC).

As per the terms of the aforesaid agreement, WBIDC has paid ₹ 630 million as lease premium for land, development fee and other amounts to HDA and the Company was given permissive possession of the said land for a period of six months from the date of the agreement, for the purpose of implementing the project. Further, it was stipulated that the said land shall be sub-leased in favour of the Company at the end of six months from the date of the agreement subject to compliance with certain conditions.

The Company had requested WBIDC to allow time upto March 31, 2012 for complying with the conditions. WBIDC has vide their letter dated July 1, 2011, allowed extension of permissive possession of the said land to the Company on payment of interest upto June 30, 2011 and stipulated that the Company should complete equity tie-up and financial closure by September 30, 2011. Since the Company was not in a position to comply with these conditions, it had again requested WBIDC to extend the time limit upto March 31, 2012 for which WBIDC had asked the Company to submit a Detailed Project Report (DPR) which had been complied with.

WBIDC had not acceded to the Company's request vide its letter dated March 1, 2012 and had withdrawn the permissive possession of land. The Company has again requested WBIDC to allow time till September 30, 2012 for clearance of the dues and extend the permissive possession till September 30, 2012. The reply from WBIDC is awaited and management is confident of getting the lease renewed.

As stated above the acquisition of rights in the leasehold land depends on the arrangement of fund to meet the Company's obligations and successful negotiation with WBIDC. The expenses incurred on land development and civil work amounting to ₹ 198.31 million and ₹ 49.64 million respectively is included in the cost of leasehold land and capital work in progress.

30. The indirect expenditure/income not attributable to setting up of the Project detailed in Note no. 19.a heitherto have been included in the statement of "Pre-operative expenses pending allocation". During the Year the Company has prepared the Statement of Profit and Loss and such expenses/income have been recognised in the Statement of Profit and Loss. In the earlier years expenses/income have also been included in the Statement of Profit and Loss for the year and shown under the Exceptional Items (Note No.19). Therefore the disclosure of previous year figures in the Statement of Profit and Loss and notes thereof do not arise hence not given.
31. Based on the opinion from an independent eminent lawyer and in the light of certain court judgements, certain services, rendered by foreign suppliers mainly in connection with the purchase of plant and machinery, have been considered to be part of supply of plant and machinery and the Company has been advised that there would be no liability on account of tax deducted at source and service tax. Accordingly, service tax and tax deducted at source amounting to ₹ 5.44 million and ₹ 6.00 million respectively has been derecognised in the financial statements in the previous year and interest cost for non payment of the tax deducted at source for the period from January 1, 2011 to March 31, 2011 amounting to ₹ 0.22 million has not been provided for in the financial statements.

Further, in the light of certain court judgements and in line with the Company's position in its income-tax returns for the previous years, the interest income earned in those years has been considered to be capital in nature and accordingly the provision for income-tax (including of interest thereon) created in respect thereof amounting to ₹ 56.17 million in those years has been derecognized in the financial statements for the year ended March 31, 2011 and also the interest thereon for the period from January 1, 2011 to March 31, 2011 amounting to ₹ 2.39 million has not been provided for in the financial statements.

32. Previous year figures have been re-classified/ re-grouped, wherever considered necessary to conform to current year's classification.

For **Arun K. Gupta & Associates**
Chartered Accountants

For & on behalf of the Board of Directors

Per Sachin Kumar
Partner

Deep Kumar Rastogi
Executive Chairman

D. Sundararajan
Managing Director

Sarvesh Kumar Goorha
Director

Sameer Rajpal
Director

New Delhi
May 29, 2012

Sanjay Kumar Jain
VP-Legal & Company Secretary

Rekha Sarda
VP- Finance



CALS REFINERIES LIMITED

REGISTERED OFFICE: 21, Basant Lok Complex, Vasant Vihar, New Delhi - 110057

PROXY FORM

I/We..... of in the district ofbeing a Member/Members of CALS REFINERIES LIMITED hereby appointofin the district of.....or failing him/her..... of in the district of as my/our proxy to attend and vote for me/us on my/our behalf at the 28th Annual General Meeting of the Company to be held on Wednesday, September 26, 2012 at 10.30 a.m. at Executive Club, Dolly Farms & Resorts 439, Village Shahurpur, P.O. Fatehpur Beri, New Delhi 110 074 and/or any adjournment thereof.

Signed this at on this day of2012.

Affix 15
paise
Revenue
Stamp

Signature

PROXY NO.

REGD. FOLIO NO./CLIENT ID.

NO. OF SHARES

Note: This form duly completed and signed as per specimen signature registered with the Company should be deposited at the Registered Office of the company not less than 48 hours before the time fixed for the commencement of the Meeting.



CALS REFINERIES LIMITED

REGISTERED OFFICE: 21, Basant Lok Complex, Vasant Vihar, New Delhi - 110057

28TH ANNUAL GENERAL MEETING

ATTENDENCE SLIP

PLEASE COMPLETE THIS ATTENDENCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL

I/We hereby record my/our presence at the 28th Annual General Meeting of the Company to be held on Wednesday, September 26, 2012 at 10.30 a.m. at Executive Club, Dolly Farms & Resorts 439, Village Shahurpur, P.O. Fatehpur Beri, New Delhi 110 074

Name(s) of the Shareholder(s) or Proxy (in Block Letters)	No. of Shares held	Registered Folio/ Client ID No.

**PLEASE CARRY YOUR COPY
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SIGNATURE/S OF THE SHAREHOLDER/S OR PROXY
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