



**24th Annual Report  
2007 - 2008**

**CALS REFINERIES LIMITED**



**BOARD OF DIRECTORS**

MR. M.S. RAMACHANDRAN	CHAIRMAN
MR. BHUPENDRA KANSAGRA	DIRECTOR
MR. RAVI CHILUKURI	DIRECTOR
MR. SARVESH GOORHA	DIRECTOR
MR. B. SRINIVASA RAO	DIRECTOR
MR. DEEP KUMAR RASTOGI	DIRECTOR
MR. D. SUNDARARAJAN	DIRECTOR
MR. MANABENDRA GUHA ROY	CHIEF EXECUTIVE OFFICER

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

MR. S.K. JAIN

**STATUTORY AUDITORS**

M/S. VIRENDRA PRADEEP & CO., NEW DELHI

**BANKERS**

AXIS BANK LIMITED

**CORPORATE OFFICE**

326 UDYOG VIHAR PHASE IV, GURGAON – 122 015, HARYANA

**REGISTERED OFFICE**

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

**REGISTRAR & SHARE TRANSFER AGENTS**

MCS LIMITED

SRI VENKATESH BHAWAN

W 40 OKHLA INDUSTRIAL AREA PHASE II, NEW DELHI – 110 020

**LISTING OF SECURITIES**

THE AHMEDABAD STOCK EXCHANGE LIMITED  
KAMDHENU COMPLEX, OPP. SAHAJANAND COLLEGE,  
PANJARAPOLE, AHMEDABAD – 380 015

THE DELHI STOCK EXCHANGE ASSOCIATION LIMITED  
DSE HOUSE, 3/1 ASAF ALI ROAD, NEW DELHI – 110 002

THE BOMBAY STOCK EXCHANGE,  
PHIROZE JEEJEEBHOY TOWERS  
25<sup>TH</sup> FLOOR, DALAL TOWERS, MUMBAI 400 001

**CONTENTS**

**Page No.**

Notice and Explanatory Statement	1 - 3
Directors' Report	4 - 5
Annexure to Directors' Report	6
Auditors' Certificate	7
Corporate Governance	8 - 12
Management Discussion and Analysis	13 - 14
Auditors' Report	15 - 17
Balance Sheet	18
Profit and Loss Account	19
Cash Flow Statement	20
Schedules to Balance Sheet & Profit and Loss Account	21 - 35
Balance Sheet Abstract and Company's General Business Profile	36

## NOTICE



NOTICE IS HEREBY GIVEN that the 24<sup>th</sup> Annual General Meeting of Cals Refineries Limited will be held on Tuesday, the 29<sup>th</sup> July 2008 at 10.30 a.m. at Daffodils, Tanya Farm Complex, Chattarpur Mandir Road, New Delhi – 110 074 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as on 31<sup>st</sup> March 2008 and the Profit and Loss account for the year ended on that date together with the reports of Directors' and Auditors' thereon.
2. To reappoint Mr. Sarvesh Kumar Goorha who retires by rotation and being eligible offers himself for reappointment.
3. To appoint auditors and 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 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. M.S. Ramachandran be and is hereby appointed Director of the Company liable to retire by rotation.”

5. 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 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. Deep Kumar Rastogi be and is hereby appointed Director of the Company liable to retire by rotation.”

6. 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 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. B. Srinivasa Rao be and is hereby appointed Director of the Company liable to retire by rotation.”

By Order of the Board of Directors

Gurgaon (S.K. Jain)  
12<sup>th</sup> May 2008 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 effective must be received at the Registered Office of the Company at 21 Basant Lok Complex, Vasant Vihar, New Delhi – 110 020 not less 48 hours before this Annual General Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 22<sup>nd</sup> July 2008 to Tuesday 29<sup>th</sup> July 2008 (both days inclusive).
3. The members are requested to:
  - a. bring their copy of Annual report at the Annual General Meeting.
  - b. 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, Sri Venkatesh Bhawan, W-40 Okhla Industrial Area Phase II, New Delhi-110 020 quoting their folio number.  
II In case shares are held in dematerialised 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.
  - c. Send, in case of those members who have multiple accounts in identical names or joints 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. Members/proxies should bring the attendance slip duly filled in for attending the Meeting.
5. 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 the working days except Saturday upto the date of the Annual General Meeting.

#### **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 17<sup>th</sup> October 2007 appointed, 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. M.S. Ramachandran as an Additional Director of the Company.

In terms of the provisions of Section 260 of the Act, Mr. M.S. Ramachandran would hold office upto the date of this Annual General Meeting.

The Company has received a notice in writing from a member alongwith a deposit of Rs.500/-, proposing the candidatures of Mr. M.S. Ramachandran for the office of Director of the Company under the provisions of Section 257 of the Act.

Brief resume of Mr. M.S. Ramachandran, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided at the end of this Notice.

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

Mr. M.S. Ramachandran may be deemed to be concerned or interested in the resolution.

##### **Item Nos. 5 & 6**

The Board of Directors of the Company (the Board), had, at its meeting held on 19<sup>th</sup> January 2008 appointed,

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. Deep Kumar Rastogi and Mr. B. Srinivasa Rao as the Additional Directors of the Company.

In terms of the provisions of Section 260 of the Act, Mr. Deep Kumar Rastogi and Mr. B. Srinivasa Rao would hold office upto the date of this Annual General Meeting.

The Company has received notices in writing from members alongwith the deposit of Rs. 500/- each, proposing the candidatures of Mr. Deep Kumar Rastogi and Mr. B. Srinivasa Rao for the office of Directors of the Company under the provisions of Section 257 of the Act.

Brief resume of Mr. Deep Kumar Rastogi and Mr. B. Srinivasa Rao, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided at the end of this Notice.

The Board of Directors accordingly recommends the resolutions set out in Item Nos. 5 and 6 of the accompanying Notice for the approval of the Members.

Mr. Deep Kumar Rastogi and Mr. B. Srinivasa Rao may be deemed to be concerned or interested in the resolution relating to their respective appointment.

By Order of the Board of Directors

Gurgaon  
12<sup>th</sup> May 2008

(S.K. Jain)

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 STOCK EXCHANGES**

At the ensuing Annual General Meeting, Mr. Sarvesh Kumar Goorha retires by rotation and being eligible, offers himself for reappointment and Mr. M.S. Ramchandran, Mr. Deep Kumar Rastogi and Mr. B. Srinivasa Rao are appointed directors of the Company.

**Mr. Sarvesh Kumar Goorha** is a Promoter-Director of the Company. He is 54 years old and holds Degree in Marketing from Banaras Hindu University, and has done Management Program from Trinity College, Oxford



University, United Kingdom. He has more than twenty five (25) years of experience in project – planning, designing and managing IT/Telecom and ITES/BPO industry in India, Europe/USA as CEO, MD and Director. He started his career with DCM-Shriram Group and handled Marketing and Project functions for ten (10) years. He held senior elected and nominated positions with industry bodies, Chamber of Commerce, Government working groups and Bilateral trade Commissions. He is a director in Six Sigma Outsourcing Practices Private Limited and Auditel Expense Management Private Limited.

**Mr. M.S. Ramachandran**, about 63 years old, is a Mechanical Engineer and the former Chairman of Indian Oil Corporation Limited. He attended advance management programmes from Ashridge Management College in England and IIM, Ahmedabad. He also served as an Executive Director of the Oil Coordination Committee. He is one of the Foremost Authorities in the oil, gas and petrochemical sector. He brings with him a wealth of knowledge and experience in management of Fortune 500 Companies. He has recently been honoured by the induction into the hall of fame at the Chem Tech Pharma Bio Award function in April 2005. He is on the Board of Gulf Oil Corporation Limited and Supreme Petrochem Limited.

**Mr. Deep Kumar Rastogi** is a renowned industrialist having more than 40 years experience and set up various projects. He is a director in the following companies.

1. SRM Exploration Private Limited
2. SRM Branding Solutions Private Limited
3. SRM Refineries Private Limited
4. SRM Energy Private Limited
5. Spice Refineries Private Limited
6. Spice Energy Private Limited
7. Team India Motor Racing Private Limited
8. SRM Shipping Private Limited
9. Spice Exploration Private Limited
10. Spice Gas Private Limited
11. India One Hotels Private Limited
12. Hitkari Fibres Limited
13. Chemimpex Holdings Private Limited
14. Sovin Titanium Industries Limited
15. Sovinchem Industries Private Limited
16. Green Field Land & Development Housing Private Limited
17. India Gammachin Limited

**Mr. B. Srinivasa Rao** – He is a Graduate in Chemical Engineering and worked with IDBI as General Manager, having more than 38 years vast experience in Finance. He is a director in Hitkari Fibres Limited.



The Twenty Fourth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2008 is being submitted.

## FINANCIAL RESULTS

	(Rs. in lakhs)	
<b>Particulars</b>	<b>2008</b>	2007
Sales and other Income	<b>30.15</b>	2.91
Profit/(Loss) before Depreciation, Interest, Prior Period	<b>(3.44)</b>	1.46
Less: Interest	-	2.47
Less: Depreciation	<b>2.42</b>	0.51
Less: Prior Period Expenses	<b>2.20</b>	-
Profit/(Loss) before Tax	<b>(8.06)</b>	(1.52)
Income Tax/Fringe Benefit Tax	<b>0.08</b>	-
Liabilities Written Back net	<b>77.05</b>	-
Profit/(Loss) after Income Tax	<b>68.91</b>	(1.52)
Balance carried forwarded from previous year	<b>(7,41.37)</b>	(7,39.85)
Net Profit/(Loss) transferred to Balance Sheet	<b>(6,72.46)</b>	(7,41.37)
Earning Per Share (Rs.)	<b>0.03</b>	(0.03)

## DIVIDEND

As the Company is in the process of implementing the refinery project, your directors have not recommended any dividend.

## OPERATIONS

The Company has made substantial progress during the year in implementing the refinery project which has been taken over from Spice Energy Group.

The Company has successfully raised USD 200 million as Equity through Global Depository Receipts (GDRs) issue in December 2007 and the underlying Equity Shares of the Company have been listed on Bombay Stock Exchange. The GDRs are listed with Luxembourg Stock Exchange. The contracts for the main refinery equipment have been entered and progress payments have been made towards the purchase of same by utilizing the GDR proceeds. The Company has entered into an MOA with West Bengal Industrial Development Corporation and Haldia Development Authority on March 19, 2008 in the presence of Hon'ble Chief Minister and Industry Minister of West Bengal for refinery project. Haldia Development Authority has to allot 1000 acres of land for the project and out of which, possession of 400 acres of land has been given.

The Detailed Project Report (DPR) has been prepared by Chemtax Global Engineers Private Limited and the detailed engineering work for off-sites and utilities has been awarded to Mott McDonald. Ventech, USA is being contracted for detailed engineering of process units

(ISBL) and Project Management Consultant (PMC) for entire refinery project involving re-erection of ISBL, utilities and off-site facilities.

The Company's resource mobilization exercise through FCCB issue and domestic debt/foreign currency loan syndication is progressing well.

## DIRECTORS

Mr. Bhibav Bisaria and Mr. Mohan Lal Garg resigned from the directorship of the Company and the Board placed on record its appreciation for the valuable services rendered by them during their tenure on the Board.

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

Mr. Bhupendra Kansagra who retires by rotation as required under the Companies Act, 1956 though eligible to be reappointed, has not offered himself for reappointment and accordingly, retires at the ensuing Annual General Meeting. Your directors do not propose to fill the vacancy caused by the retirement of Mr. Bhupendra Kansagra. Your directors record their appreciation for the services and support rendered by Mr. Bhupendra Kansagra during his tenure on the Board of the Company.

Mr. M.S. Ramachandran was co-opted as an Additional Director on the Board of the Company with effect from October 17, 2007 and Mr. Deep Kumar Rastogi and Mr. B. Srinivasa Rao were co-opted as the Additional Directors on the Board of the Company with effect from January 19, 2008 and hold office as such upto the ensuing Annual General Meeting. Notices from the shareholders together with necessary deposit proposing their names as the Directors have been received.

Mr. Manabendra Guha Roy, director was appointed Whole-Time Director, designated as Chief Executive Officer (CEO) by the Remuneration Committee and the Board of Directors in their meetings held on 19<sup>th</sup> January 2008 for 5 years effective 1<sup>st</sup> January 2008. The members of the Company also approved and consented to the terms of appointment of Mr. Manabendra Guha Roy.

## FIXED DEPOSITS

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

## CORPORATE GOVERNANCE

The Company has complied with the mandatory provisions of Corporate Governance as prescribed in the Listing Agreement with the Stock Exchanges. A



separate report on Corporate Governance is included as a part of the Annual Report along with the Auditors' Certificate on its compliance.

**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 31<sup>st</sup> March 2008 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 31<sup>st</sup> March 2008 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 Company's Auditors M/s. Virendra Pradeep & Co., Chartered Accountants, New Delhi retire at the forthcoming Annual General Meeting and have expressed their inability to continue as Statutory Auditors of the Company.

M/s. Walker, Chandio & Co., Chartered Accountants, New Delhi and M/s. Arun K. Gupta & Associates, Chartered Accountants, New Delhi have submitted the certificates under Section 224(1B) of the Companies Act, 1956 confirming that their appointment as joint Statutory Auditors, if made, shall be in accordance with the said Section.

**LISTING OF SECURITIES**

Your Company's securities are currently listed with Ahmedabad, Bombay and Delhi Stock Exchanges. The Company has paid the listing fees to Ahmedabad, Bombay and Delhi Stock Exchanges, for the financial year 2008-2009. The Company's Global Depository Receipts (GDRs) are listed with Luxembourg Stock Exchange.

The Company has made an application for voluntary delisting, pursuant to the special resolution passed by the shareholders in the postal ballot notice dated 19<sup>th</sup> January 2008 in this behalf, of securities from The Ahmedabad Stock Exchange Limited and Delhi Stock Exchange Association Limited.

**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**

The details of employee drawing the salary as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is attached with the Report.

**FOREIGN EXCHANGE**

The details of the foreign exchange earnings and outgo during the year have been given in the schedules to the accounts.

**ACKNOWLEDGEMENT**

The Directors have pleasure in recording their appreciation of the assistance extended to the Company by various officials of Central Government, 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

Gurgaon  
12<sup>th</sup> May 2008

(M.S. Ramachandran)  
Chairman

## ANNEXURE TO DIRECTORS' REPORT



Information as per Section 217(2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors Report for the year ended March 31, 2008.

### Employee employed for part of the year

S. No.	Name	Designation	Qualifications	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration (Rs.)	Previous Employment and Designation
1	Mr. Arun Ramchandran	President (Commercial)	Bachelor of Mechanical Engineering	43	01.10.2007	19	3,000,000/-	APR Coal & Energy Pte Ltd.



## AUDITORS' CERTIFICATE



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 on 31<sup>st</sup> March 2008, 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 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 investor 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.

For **Virendra Pradeep & Co.**  
**Chartered Accountants**

Gurgaon  
12<sup>th</sup> May 2008

**(Pradeep Kumar Agarwal)**  
**Proprietor**  
**Membership No. 85534**

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges the Company submits the report on the matters mentioned in the said Clause and practice followed by the Company:

### 1. Company's Philosophy on Code of Governance

Your Company believes that good corporate governance practice ensures the attainment of the highest levels of transparency, accountability and equity in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees, the government and the lenders.

### 2. Board of Directors

The Board of Directors consists of 8 directors.

**Composition and category of Directors is as follows:**

Category	Name of the Directors
Promoter Director	Sarvesh Goorha
Non Executive and Independent Directors	M.S. Ramachandran* Bhupendra Kansagra Ravi Chilukuri Manabendra Guha Roy D. Sundararajan Deep Kumar Rastogi** B. Srinivasa Rao** Bhibav Bisaria\$ Mohan Lal Garg#

\* Appointed director on 17<sup>th</sup> October 2007

\*\* Appointed directors on 19<sup>th</sup> January 2008

\$ Resigned w.e.f. 9<sup>th</sup> October 2007

# Resigned w.e.f. 19<sup>th</sup> January 2008

**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:**

Name of Director	Attendance Particulars		No. of other directorships and Committee member/chairmanship		
	Board Meeting	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Sarvesh Goorha	5	Yes	2	2	1
M.S. Ramachandran*	3	-	2	-	-
D. Sundararajan	2	-	7	6	-
Mohan Lal Garg#	-	-	-	3	1
Bhibav Bisaria\$	2	Yes	-	-	-
Bhupendra Kansagra	-	-	1	-	-
Ravi Chilukuri	1	-	-	-	-
Manabendra Guha Roy	2	-	-	-	-
Deep Kumar Rastogi**	-	-	17	2	1
B. Srinivasa Rao**	1	-	1	1	1

\* Appointed director on 17<sup>th</sup> October 2007

\*\* Appointed directors on 19<sup>th</sup> January 2008

\$ Resigned w.e.f. 9<sup>th</sup> October 2007

# Resigned w.e.f. 19<sup>th</sup> January 2008

### Number of Board Meetings held and the dates on which held

6 Board Meetings were held during the year as against the minimum requirement of 4 meetings. The dates on which the meetings were held are as follows: 30<sup>th</sup> June 2007, 23<sup>rd</sup> July 2007, 17<sup>th</sup> October 2007, 30<sup>th</sup> October 2007, 12<sup>th</sup> December 2007 and 19<sup>th</sup> January 2008.

### 3. Audit Committee

The terms of reference stipulated by the Board to the Audit Sub Committee, as contained under Clause 49 of the Listing Agreement, are 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, focus primarily on-
  - Any change in accounting policies and practices.
  - Major accounting entries, based on exercise of judgement 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 4 times, as against the minimum requirement of 4 meetings on 30<sup>th</sup> June 2007, 23<sup>rd</sup> July 2007, 30<sup>th</sup> October 2007 and 19<sup>th</sup> January 2008.

The Board of the Company has reconstituted an Audit Committee, comprising Mr. Deep Kumar Rastogi, Mr. B. Srinivasa Rao and Mr. D. Sundararajan which meets with the requirements under Section 292A of the Companies Act, 1956. Mr. B.Srinivasa Rao is the Chairman of Audit Committee.

### 4. Remuneration Committee

The Board has reconstituted the remuneration Committee comprising of Mr. Sarvesh Goorha, Mr. Deep Kumar Rastogi and Mr. D. Sundararajan. The Committee met once on 19<sup>th</sup> January 2008 to consider the appointment of Mr. Manabendra Guha Roy as Whole Time Director designated as Chief Executive Officer. Mr. Deep Kumar Rastogi is the Chairman of Remuneration Committee.

#### Details of Remuneration paid to the Directors for the year

The aggregate value of salary and perquisite for the year ended 31<sup>st</sup> March 2008 to Mr. Manabendra Guha Roy, Whole Time Director– Rs. 23.00 lakhs. For detail, please refer Note No. 12 of Schedule 13 of Notes to Accounts of the Balance Sheet.

The Company pays sitting fees to all Non Executive Directors. The sitting fees paid for the year ended 31<sup>st</sup> March 2008 to the Directors are as follows: - Mr. M.S. Ramachandran, Chairman, Rs. 20,000/- and Mr. B. Srinivasa Rao, Director-Rs. 20,000/-.

Mr. D. Sunadararajan has opted not to take the sitting fees for the Board Meetings and Committee Meetings.

#### 5. Shareholders'/Investors' Grievance Committee

The Board of the Company has reconstituted a Shareholders'/Investors' Grievance Committee, comprising of Mr. Sarvesh Goorha, Mr. Deep Kumar Rastogi and Mr. D. Sundararajan. The Committee, inter-alia, approves issue of duplicate certificates and oversees and reviews all matters connected with the securities transfers.

The Company has received 133 complaints from the shareholders and all of them have been resolved by furnishing requisite information/documents. There was no complaint pending as on 31<sup>st</sup> March 2008.

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

#### 6. General Body Meetings

Location and time for last 3 Annual General Meetings were:

Year	AGM	Location	Date	Time
2004-2005	AGM	E 44/13 Okhla Phase-II, New Delhi 110 020	27.09.2005	10.30 a.m.
2005-2006	AGM	E 44/13 Okhla Phase-II, New Delhi 110 020	26.09.2006	10.30 a.m.
2006-2007	AGM	Daffodils, Tanya Farm Complex, Chattarpur Mandir Road, New Delhi – 110 074	12.09.2007	10.30 a.m.

No postal ballots were used/invited for voting at these meetings in respect of special resolutions passed as there were no such provisions in the Companies Act, 1956. The Company will comply with the requirements relating to postal ballots as and when it is required.

#### 7. 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, 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.

None

#### 8. Means of Communication

##### Quarterly Results:

The quarterly results are published in Statesman/Pioneer and Jan Satta/Veen Arjun, New Delhi.

#### 9. General Shareholder Information

##### 9.1 Annual General Meeting: (For financial year 2007-2008)

- Date and Time July 29, 2008 at 10.30 a.m.
- Venue Daffodils, Tanya Farm Complex,  
Chattarpur Mandir Road,  
New Delhi – 110 074

**9.2 Financial Calendar (Tentative and subject to change)**

Financial Results for the Quarter ending 30 <sup>th</sup> June 2008	July 2008
Financial Results for the Quarter ending 30 <sup>th</sup> September 2008	October 2008
Financial Results for the Quarter ending 31 <sup>st</sup> December 2008	January 2009
Financial Results for the Quarter ending 31 <sup>st</sup> March 2009	June 2009
Annual General Meeting	September 2009

**9.3 Books Closure Date:** Tuesday, 22<sup>nd</sup> July 2008 to Tuesday, 29<sup>th</sup> July 2008 (both days inclusive)

**9.4 - Listing of Equity Shares on Stock Exchanges at:** Ahmedabad, Bombay and Delhi (Regional Stock Exchange)  
**- Listing of Global Depository Receipts (GDRs) on Stock Exchange at:** Luxembourg

**9.5 (a) Stock Code:** Trading Symbol Bombay Stock Exchange CALS LIMITED-526652

**(b) Demat ISIN Numbers in NSDL/CDSL for Equity Shares:** ISIN No. INE 040C01022

**9.6 Stock Market Data :**

Months	Bombay Stock Exchange (BSE) (In Rs.)		Volume (No. of Shares)
	Month's High Price	Month's low Price	
April 2007	3.05	2.54	600
May 2007	2.42	2.00	21600
June 2007	2.63	2.10	25800
July 2007	6.64	2.70	63700
August 2007	17.56	6.95	307100
September 2007	29.75	18.40	422000
October 2007	45.35	23.10	767100
November 2007	60.60	34.55	816000
December 2007	95.80	40.00	574600
January 2008	128.20	58.35	925700
February 2008	66.50	43.30	538800
March 2008	57.90	40.70	604200

Source: www.bseindia.com

**9.7 Registrar and Share Transfer Agents :** MCS Limited  
 Sri Venkesh Bhawan  
 W 40 Okhla Industrial Area Phase II,  
 New Delhi – 110020  
 Phone: 011-41406149/50/51  
 Fax: 011-41709881  
 E-Mail : [mcsdel@vsnl.com](mailto:mcsdel@vsnl.com)

**9.8 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.


**9.9 Distribution of shareholding as on 31<sup>st</sup> March 2008:**

Categories	No. of Shares	%
Non Resident Indians/FII	40266	0.05
Financial Institutions/Banks	8000	0.00
Mutual Funds/UTI	11800	0.01
Bodies Corporate	1527300	0.19
Resident Individuals	4150234	0.52
GDR	787900000	99.23
Total	794000000	100.00

**9.10 (i) Investors' 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  
Sri Venkeshth Bhawan  
W 40 Okhla Industrial Are  
Phase II, New Delhi – 110020  
Phone: 011-41406149/50/51  
Fax: 011-41709881  
E-Mail : [mcsdel@vsnl.com](mailto:mcsdel@vsnl.com)

**For shares held in Demat form**

To the depository participant

**(ii) Any query on Annual Report:**

Cals Refineries Limited  
Shares Department,  
326 Udyog Vihar Phase IV,  
Gurgaon – 122 015, Haryana  
Phone: 0124-4308060/1,  
Fax: 0124-4308062  
E-Mail : [sharesdept@calsrefineries.com](mailto:sharesdept@calsrefineries.com)



**Business Review**

The oil prices continued to reach new heights in the last one year with no signs of impending cooling down. Commentators have attributed the price increases of this period to a confluence of factors, including reports from the U S Department of Energy and others showing a decline in petroleum reserves, worries over peak oil, Middle East tension, and oil price speculation. This has directly contributed to the inflationary trends in the economy. During the year, the demand for petroleum products continued to increase and it is estimated that the huge investment is required in next a few years to make up the gap between demand and supply.

In India, it is expected that the Oil prices to remain firm in the future due to the tight market situation. The demand for motor spirit and high-speed diesel remained strong with the robust economic growth. Despite increase in international oil prices, the Indian Government’s compulsion to restrict price increases of petroleum, diesel, kerosene and LPG (domestic) to rein the inflation affected adversely the Public Sector Oil Marketing companies. This in turn has affected their ability to set up new refining capacities already planned by them. Increasing numbers of experts believe the easily accessible sources of light sweet crude are almost exhausted and in the future the world will depend on more expensive sources of heavy oil and renewable energy sources.

The present refinery capacities have to be upgraded and the upcoming new capacities should be complex enough to process heavy crude so as to maintain supply of the ever increasing petroleum products worldwide.

According to the projections of the International Energy Agency (IEA), OECD/Paris, in order to meet the rising demand, world crude oil distillation capacity will need to rise to 93 Mb/d in 2010, approximately 10Mb/d higher than that in 2004. This represents an average growth rate of 1.8% per year. New refinery additions, however, will struggle to keep pace with demand growth over this period on current construction plans. As a result, utilisation rates will increase to over 86% in 2010. Refining capacity will need to expand further to 118mb/d in 2030.

In this context, India is uniquely placed to become the refining hub of the world. Even though India imports most of its crude it has already become a net exporter of products.

**Advantages for India**

With most of the refining capacity projected in developing countries, specifically in Asia, India cannot ignore the opportunity. India is well-placed to achieve this and turn into a substantial exporter of petroleum products as explained below.

- a) **Proximity of emerging markets:** According to IEA projections, most of the growth in energy consumption in future is expected in developing countries, more so in Asia. Between 2004 and 2030, the world GDP is projected to increase at 3.4% per annum driven largely by the growth of developing countries at 4.7% in general and Asia at 5.1%, in particular. With world population projected to increase at 1%, the per capita income in developing countries is projected to increase faster ever, leading to substantial increase in demand for energy, more so for petroleum products. Being geographically and strategically located closer to the markets, particularly in Asia and Africa, India should take the lead and strive to become a major exporter of petroleum products. Hemmed in by sea on three sides, the Indian peninsula offers thousands of miles of coastlines for setting up export-oriented refineries to feed the market as far as the US.
- b) **Proximity to crude oil source:** India is very near to major producers of crude oil countries in Middle East region endowed with vast and long lasting reserves. India is considered the natural market for oil and gas produced by the Middle East countries. As oil reserves decline precipitously in Europe and the US and get increasingly concentrated in fewer regions, the Middle East is projected to account for increasing share of oil reserves in the world in 2030 and beyond. Hence, sourcing of crude oil for refineries from the Middle East would not be a constraint.
- c) **Availability of manpower and knowhow:** While US and Europe are likely to face a shortage of skilled manpower, India has developed a vast pool of technical skills and know-how in the oil sector. India has two options to utilize the skilled manpower; (i) Export skilled manpower and/or (ii) Utilise the skilled manpower. A combination of both would lead to optimal utilization of manpower and value addition.
- d) **Energy security:** An important policy plank of energy security of India has been self-sufficiency



in refining capacity. Addition in refining capacity enhances energy security by building greater flexibility in meeting the energy needs of the country in a cost-effective manner. For an energy-importing country like India, importing crude rather than product is a better option. This is so because crude markets are generally larger and more stable in contrast to product markets, which are significantly smaller, lack depth and therefore more volatile.

### **The Refinery Project**

Your Directors are pleased to report that the refinery project of your Company which has been designed to be a complex one to process 50% Arab Light and 50% Arab Heavy is proceeding as planned and expected to be completed in January 2010. The Company has finalised the contracts for procuring the main refinery which will be imported from Germany/Canada/US. The resource mobilisation exercise is progressing well with

GDR issue for US \$ 200 million completed in December 2007 and FCCB issue for US\$ 250 million to be completed shortly. The debt syndication work for the balance funding has already commenced and is expected to be over by September 2008. Your Company should be able to complete the project on time and benefit from the uptrend in the refining industry.

### **Cautionary Statement**

Statements in this section relating to future status, events, circumstances, plans and objectives are forward looking statements based on estimates and anticipated effects of future events. Such statements are subject to risks and uncertainties and accordingly are not predictive of future results. Actual results may differ materially from those anticipated in the forward looking statements. The Company can not be held responsible in any manner for such statements. Cals undertakes no obligation to publicly update these forward looking statements to reflect subsequent events or circumstances.





To

**The Members of  
M/s. CALS REFINERIES LIMITED**

1. We have audited the attached Balance Sheet of CALS REFINERIES LIMITED as at 31<sup>st</sup> March 2008 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we give in Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account required by the law have been kept by the Company so far as appears from our examination of the books.

- c) The Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this Report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956
- e) On the basis of the written representations received from the Directors, as on 31<sup>st</sup> March 2008 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March 2008 from being appointed as Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes in Schedule 13 thereon given in the prescribed manner information required by the Companies Act, 1956, gives a true and fair view in conformity with the accounting principles generally accepted in India;
  - (i) in case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2008,
  - (ii) in case of Profit & Loss Account, of the profit of the Company for the year ended on that date, and
  - (iii) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Virendra Pradeep & Co.  
Chartered Accountants**

**(Pradeep Kumar Agarwal)  
Proprietor  
Membership No. 85534**

Gurgaon  
12<sup>th</sup> May 2008

Refer to in paragraph 3 of our report of even date

1. In respect of fixed assets:
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b. As explained to us, all the fixed assets have been physically verified by the Management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancy was noticed on such physical verification.
  - c. In respect of the assets of the discontinued operations, all the assets have been disposed of during the year for which the fixed assets register was not made available for our verification. These fixed assets have not been physically verified by the Management during the year. However, the plant and machineries mainly consists of computers and software and the other assets having insignificant value except for building, which have since become obsolete and have been discarded. Since the Company has undertaken a new line of activity and is in the process of setting up of the project, in our opinion, the going concern status of the Company is not affected.
2.
  - i) The inventories consisting computers hardware, software and other peripherals have since become obsolete for which necessary provisions have been made in the books of accounts. The Management has not conducted physical verification of these inventories during the year.
  - ii) In the respect trading activities undertaken by the Company during the year, in our opinion, the procedure of physical verification of inventory followed by the Company are reasonable and adequate in relation to the size of the Company and nature of its business.
  - iii) The Company has maintained proper records of inventory. As stated in (i) above, the physical verification has not been carried out. However, the provisions, based on the assessment of the Management, have been made in the books of accounts. In respect of activities undertaken during the year, no discrepancy has been noticed on such physical verification.
3.
  - i) As informed to us, the Company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 except for interest free advance of Rs. 13,349,400/- from two parties i.e. promoter director and its relative to meet Company's statutory and other liabilities. The maximum amount outstanding at any time during the year Rs. 13,829,266/- and year end balance was Rs. 13,349,400/-. No stipulation has been made with regard to repayment of principal. In our opinion the other terms and condition of advance are not prima facie prejudicial to the interest of the Company.
  - ii) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is an internal control system commensurate with the size and nature of its business for purchase of inventory, fixed assets and sale of goods and services. During the course of audit, we have not observed any major weakness in the internal control system.
5. According to information and explanations provided by the Management, there were no transactions that need to be entered into the register maintained under Section 301 and exceed the value of Rs. 5 lakhs in respect of any one party in the financial year.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Companies Act, 1956 and the rules made thereunder.
7. The Company has an internal audit system commensurate with the size and nature of its business.
8. The Company has undertaken only trading activities during the year and is in the process of setting up the refinery plant, which has not commenced commercial production and hence in



our opinion, the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 is not applicable during the year.

9. (i) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities. However, there has been delay in deposit of Income Tax and Service Tax dues. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs duty and Excise duty outstanding as on 31<sup>st</sup> March 2008 for a period of more than six months from the date they became payable.
- (ii) According to the records of the Company, there are no dues outstanding of Sales Tax, Income Tax, Customs duty, Wealth Tax, Service Tax, Excise duty, Cess on account of any dispute.
10. The Company's accumulated losses at the end of the financial year, are not in excess of fifty percent of its net worth and the Company has not incurred cash losses in the current year and however, there were cash losses in immediately preceding financial years.
11. During the year, the Company has no dues to financial institutions or banks or debenture holders. Hence, this clause is not applicable.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund, nidhi/mutual benefit fund and societies.
14. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of the transactions and contracts in respect of investments in mutual funds, certificate of deposits and timely entries have been made therein. All the investments have been held by the Company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others.
16. Based on the audit procedures applied by us and according to the information and explanations provided by the Management, the Company has not taken any term loan during the year.
17. The Company has not raised any funds on short term basis during the year.
18. The Company has made preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956 and in our opinion; the price at which shares have been issued is not prejudicial to the interest of the Company.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money through a public issue during the year. However, the Company has disclosed the uses of money raised through Global Depository Receipts (GDRs) and the same has been verified by us.
21. Based upon the audit procedures performed by us for expressing our opinion on these financial statements and information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Virendra Pradeep & Co.**  
**Chartered Accountants**

**(Pradeep Kumar Agarwal)**  
**Proprietor**  
**Membership No. 85534**

Gurgaon  
12<sup>th</sup> May 2008

**BALANCE SHEET**

as at 31st March 2008



	SCHEDULE	AS AT 31.03.2008 (Rs.)	AS AT 31.03.2007 (Rs.)
<b>SOURCE OF FUNDS</b>			
<b>SHARE HOLDER'S FUNDS</b>			
Share Capital	1	7,940,000,000	50,281,000
<b>LOAN FUNDS</b>			
Unsecured Loans	2	-	545,040
<b>TOTAL</b>		<b>7,940,000,000</b>	<b>50,826,040</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	3	7,827,744	19,603,961
Less: Depreciation		509,997	19,217,246
Net Block		7,317,747	386,715
Capital Work In Progress (Including Capital Advances)		3,271,567,011	-
		3,278,884,758	386,715
<b>CURRENT ASSETS, LOAN &amp; ADVANCES</b>			
Inventories		-	261,538
Sundry Debtors		556,298	-
Cash & Bank Balances		4,360,869,647	310,646
Other Current Assets		6,684,500	-
Loan & Advances		140,598,267	707,402
		4,508,708,711	1,279,586
<b>Less:</b>			
<b>CURRENT LIABILITIES &amp; PROVISION</b>			
Current Liabilities	6	193,111,478	24,977,403
Provisions		27,865,929	-
		220,977,407	24,977,403
<b>NET CURRENT ASSETS</b>		<b>4,287,731,304</b>	<b>(23,697,817)</b>
<b>MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)</b>	7	<b>306,138,126</b>	<b>-</b>
<b>PROFIT &amp; LOSS ACCOUNT</b>		<b>67,245,812</b>	<b>74,137,142</b>
<b>TOTAL</b>		<b>7,940,000,000</b>	<b>50,826,040</b>
<b>NOTES TO ACCOUNTS</b>	13		

The schedules referred to above and notes to accounts form an integral part of the Financial Statement.

For and on behalf of Board of Directors  
of Cals Refineries Limited

As per our report of even date

For Virendra Pradeep & Co.

Manabendra Guha Roy  
Chief Executive Officer

(Pradeep K. Agarwal)  
Proprietor  
Membership No.85534

Sanjay Kumar Jain  
Vice President (Legal) & Company Secretary

Deep Kumar Rastogi  
Director

Gurgaon  
12th May 2008

Rekha Sarada  
General Manager (Finance)

D. Sundararajan  
Director

**PROFIT AND LOSS ACCOUNT**  
for the Year Ended 31st March 2008



	SCHEDULE	For the Year ended 31.03.2008 (Rs.)	For the year ended 31.03.2007 (Rs.)
<b>INCOME</b>			
Sales - Trade		788,582	-
Service		17,000	291,000
Other Income	8	2,209,754	-
<b>TOTAL</b>		<b>3,015,336</b>	<b>291,000</b>
<b>EXPENDITURE</b>			
Purchase for Trade		773,119	-
Employees Remuneration and Benefits	9	276,350	-
Administration, Selling & Other Expenses	10	2,289,945	145,220
Financial Expenses	11	19,254	246,921
Depreciation	3	242,368	50,912
<b>TOTAL</b>		<b>3,601,036</b>	<b>443,053</b>
<b>Net Profit/(Loss) before Tax, Prior Period Items and Exceptional Items</b>		<b>(585,700)</b>	<b>(152,053)</b>
Prior Period Expenses	12	220,000	-
Exceptional Item : Liabilities Written back net		7,705,381	-
<b>Net Profit/(Loss) before Tax</b>		<b>6,899,681</b>	<b>(152,053)</b>
Tax Expense - Fringe Benefits Tax		8,351	-
<b>Net Profit/(Loss) after Tax</b>		<b>6,891,330</b>	<b>(152,053)</b>
Balance from Previous Year		(74,137,142)	(73,985,089)
<b>Net Profit/(Loss) transferred to Balance Sheet</b>		<b>(67,245,812)</b>	<b>(74,137,142)</b>
<b>Earning Per Share (Basic and Diluted)</b>		<b>0.03</b>	<b>(0.03)</b>

**NOTES TO ACCOUNTS**

13

The schedules referred to above and notes to accounts form an integral part of the Financial Statement.

For and on behalf of Board of Directors  
of Cals Refineries Limited

As per our report of even date

For Virendra Pradeep & Co.

Manabendra Guha Roy  
Chief Executive Officer

(Pradeep K. Agarwal)  
Proprietor  
Membership No.85534

Sanjay Kumar Jain  
Vice President (Legal) & Company Secretary

Deep Kumar Rastogi  
Director

Gurgaon  
12th May 2008

Rekha Sarda  
General Manager (Finance)

D. Sundararajan  
Director

# CASH FLOW STATEMENT

for the Year Ended 31st March 2008



	31.03.2008 (Rs.)	31.03.2007 (Rs.)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) after Tax	6,891,330	(152,053)
<b>Adjustment for :</b>		
Depreciation/Amortisation	242,368	50,912
Loss on Fixed Assets Sold/Discarded	196,519	0
Dividend Income on Current Assets	(22,428)	0
Interest Expenses	0	246,921
Profit on Sale of Asset	(2,187,326)	0
Loss on Discarded Stock	261,538	0
Loan Written Back	(545,040)	0
Write Back of Liabilities	(7,766,083)	0
Tax Expense	8,351	0
Advances Written off	605,742	0
<b>Operating Profit/(Loss) before Working Capital Changes</b>	<b>(2,315,029)</b>	<b>145,780</b>
<b>Adjustment for :</b>		
(Increase)/Decrease in Trade/Other Receivables	(147,737,405)	(97,013)
Increase/(Decrease) in Trade/Other Payables	177,893,164	11,451,328
Miscellaneous Expenditure	(306,138,126)	0
Interest Expenses	0	(246,921)
Cash Generated from Operations	(278,297,396)	11,253,174
Direct Taxes Paid	(446,220)	(11,220)
<b>Net Cash from Operating Activities (a)</b>	<b>(278,743,616)</b>	<b>11,241,954</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Fixed Assets	2,373,800	402,411
Purchase of Fixed Assets	(7,827,744)	0
Capital Work in Progress	(3,244,984,868)	0
Dividend Income on Current Assets	22,428	0
<b>Net Cash (used in) Investing Activities (b)</b>	<b>(3,250,416,384)</b>	<b>402,411</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital	7,889,719,000	0
Proceeds from Short Term Borrowings	0	(11,357,820)
<b>Net Cash from/(used in) Financing Activities (c)</b>	<b>7,889,719,000</b>	<b>(11,357,820)</b>
<b>Net (Decrease) in Cash &amp; Cash Equivalents (a+b+c)</b>	<b>4,360,559,001</b>	<b>286,545</b>
Opening Balance of Cash and Cash Equivalent	310,646	24,101
Closing Balance of Cash and Cash Equivalent	4,360,869,647	310,646
<b>Cash and cash equivalent comprises of :</b>		
CASH IN HAND	223,923	59,635
<b>BALANCES WITH SCHEDULED BANKS</b>		
-ON CURRENT ACCOUNTS	29,514,048	244,438
-NO-LIEN ACCOUNT	0	6,573
<b>BALANCES WITH UNSCHEDULED BANKS</b>		
-ON CURRENT ACCOUNTS	74,326,676	0
-ON DEPOSITS ACCOUNTS	4,256,805,000	0
<b>Total</b>	<b>4,360,869,647</b>	<b>310,646</b>

**Notes :**

- The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- Negative figures have been shown in brackets.

For and on behalf of Board of Directors  
of Cals Refineries Limited

As per our report of even date

For Virendra Pradeep & Co.

Manabendra Guha Roy  
Chief Executive Officer

(Pradeep K. Agarwal)  
Proprietor  
Membership No.85534

Sanjay Kumar Jain  
Vice President (Legal) & Company Secretary

Deep Kumar Rastogi  
Director

Gurgaon  
12th May 2008

Rekha Sarda  
General Manager (Finance)

D. Sundararajan  
Director

## SCHEDULES



	<b>AS AT 31.03.2008 (Rs.)</b>	<b>AS AT 31.03.2007 (Rs.)</b>
<b>SCHEDULE-1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
2,000,000,000 Equity Shares of Rs.10/-each (6,000,000 Equity Shares of Rs.10/-each)	<b>20,000,000,000</b>	60,000,000
<b>Issued Subscribed &amp; Paid up</b>		
6,100,000 Equity Shares of Rs.10/- each fully paid up (of the above 585,000 Shares issued on conversion of Secured Fully Convertible Debentures and 100,600 Shares allotted as Bonus Shares by capitalisation of profit and 100,000 on conversion of GDR)	<b>61,000,000</b>	50,281,000
787,900,000 Equity Shares - GDR Issue	<b>7,879,000,000</b>	-
During the year, the Company issued 7,880,000 Global Depository Receipts (GDRs) (each GDR representing 100 underlying equity share of Rs. 10/- each), at a price of US \$ 25.38 per GDR, at a conversion rate one USD equal to Rs. 39.41, Outstanding GDR as on 31.03.2008 - 7,879,000		
<b>TOTAL</b>	<b>7,940,000,000</b>	50,281,000
	<b>AS AT 31.03.2008 (Rs.)</b>	<b>AS AT 31.03.2007 (Rs.)</b>
<b>SCHEDULE-2</b>		
<b>UNSECURED LOAN</b>		
Gujarat Venture Capital Fund 1990	-	545,040
<b>TOTAL</b>	-	545,040

### SCHEDULE-3

#### FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01.04.2007 (Rs.)	Addition during the year (Rs.)	Deduction during the year (Rs.)	As At 31.03.2008 (Rs.)	Up to 01.04.2007 (Rs.)	For the year (Rs.)	Deduction/ Adjustment (Rs.)	Up to 31.03.2008 (Rs.)	As At 31.03.2008 (Rs.)	As At 31.03.2007 (Rs.)
<b>Tangible Assets</b>										
Building	366,978	-	366,978	-	179,008	1,496	180,504	-	-	187,970
Plant & Machinery	17,911,330	-	17,911,330	-	17,820,560	-	17,820,560	-	-	90,770
Furniture & Fixture	1,138,220	-	1,138,220	-	1,102,777	-	1,102,777	-	-	35,443
Computer	-	1,921,025	-	<b>1,921,025</b>	-	39,018	-	<b>39,018</b>	<b>1,882,007</b>	-
Vehicles*	-	4,102,031	-	<b>4,102,031</b>	-	133,615	-	<b>133,615</b>	<b>3,968,416</b>	-
Office Equipment	187,433	1,020,862	187,433	<b>1,020,862</b>	114,901	317,742	117,127	<b>315,516</b>	<b>705,346</b>	72,532
<b>Intangible Assets</b>										
Softwares	-	783,826	-	<b>783,826</b>	-	21,848	-	<b>21,848</b>	<b>761,978</b>	-
<b>TOTAL</b>	19,603,961	7,827,744	19,603,961	<b>7,827,744</b>	19,217,246	513,719	19,220,968	<b>509,997</b>	<b>7,317,747</b>	386,715
Previous year	20,006,372	-	402,411	19,603,961	19,166,334	50,912	-	19,217,246	386,715	19,603,961
<b>Capital Work in Progress</b>									<b>3,271,567,011</b>	-

Notes: Capital Work in Progress includes:

- Rs. 2,680,057,850/- (Previous Period Nil) on account of Capital Advances
- Rs. 585,682,046/- (Previous Period Nil) on account of Consultancy Fees.
- Rs. 3,654,955/- (Previous Period Nil) on account of Pre-operative Expenses Pending Allocation (Refer Schedule 4).
- Rs. 2,172,160/- (Previous Period Nil) on account of Building under construction.
- Rs. 73,252,813/- (Previous Period Nil) on account of Net Foreign Exchange Gain (considered under Pre-operative Expenses Pending Allocation).

\* Registration in the name of Company is pending for one vehicle.

## SCHEDULES



	AS AT 31.03.2008 (Rs.)	AS AT 31.03.2007 (Rs.)
<b>SCHEDULE-4</b>		
<b>PREOPERATIVE EXPENSES PENDING ALLOCATION</b>		
Project Acquisition Cost	52,500,000	
Employees Remuneration and Benefits		
Salaries, Wages and Bonus	9,039,907	-
Contribution to Provident and Other Funds	174,836	-
Staff Welfare Expenses	324,659	-
	9,539,402	-
Administration, Selling & Other Expenses		
Telephone & Internet Expenses	770,047	-
Legal & Professional	27,108,174	-
Printing & Stationery	578,272	-
Postage & Telegram	142,949	-
Stock Exchange Fee	459,472	-
Advertisement Expenses	12,760	-
Share Transfer Charges/AGM Expenses	10,112	-
Repair & Maintenance	1,660,201	-
Guest House Related Expenses	291,610	-
Miscellaneous Expenses	363,453	-
Auditor's Remuneration	398,250	-
Directors' Sitting Fees	38,000	-
Insurance	58,626	-
Rates & Taxes	137,969	-
Rent	6,186,036	-
Travelling & Conveyance	20,478,139	-
	58,694,069	-
Financial Expenses		
Interest on short term unsecured loan	182,065	-
Interest on Income Tax	1,293,339	-
Interest - Others	3,697,497	-
Interest on Fringe Benefit Tax	26,533	-
Bank Charges	67,464	-
	5,266,898	-
Depreciation	271,351	-
<b>Total</b>	<b>126,271,720</b>	<b>-</b>
Less: Foreign Exchange Gain	73,252,813	-
Less: Interest Income on Deposit with Unscheduled Bank (Tax Deduction at Source Nil)	75,674,744	-
	(22,655,837)	-
<b>TOTAL</b>	<b>25,610,676</b>	<b>-</b>
Add: Provision for Income Tax	700,116	-
Add: Fringe Benefit Tax	26,310,792	-
Closing Balance (included in Capital Work in Progress)	3,654,955	-



## SCHEDULES



	AS AT 31.03.2008 (Rs.)	AS AT 31.03.2007 (Rs.)
<b>SCHEDULE-5</b>		
<b>CURRENT ASSETS, LOAN AND ADVANCES</b>		
<b>Current Assets</b>		
<b>Inventories</b>		
Raw Material	500,645	500,645
Less: Provision for Reduction in Stock Valuation	500,645	480,619
	-	20,026
Trading Stock	6,037,800	6,037,800
Less: Provision for Reduction in Stock Valuation	6,037,800	5,796,288
	-	241,512
<b>Total</b>	-	261,538
<b>Sundry Debtors</b>		
Unsecured, Exceeding 6 Months considered good	63,354	-
Other Debts- Considered Good	492,944	-
Other - Considered Doubtful	9,416,671	9,416,671
Provision for Doubtful Debtors	9,416,671	9,416,671
	-	-
<b>Total</b>	556,298	-
<b>Cash &amp; Bank Balances</b>		
Cash in hand	223,923	59,635
<b>Balances with Scheduled Banks</b>		
-On Current Accounts	29,514,048	244,438
-No-Lien Account	-	6,573
	29,514,048	251,011
<b>Balances with Unscheduled Banks</b>		
-On Current Accounts	74,326,676	-
-On Deposits Accounts	4,256,805,000	-
	4,331,131,676	-
<b>Total</b>	4,360,869,647	310,646
<b>OTHER CURRENT ASSETS</b>		
Interest Receivable on Deposits	6,290,612	-
Prepaid Expenses	393,888	-
<b>Total</b>	6,684,500	-
<b>LOAN AND ADVANCES (Considered Good)</b>		
Advances Recoverable in Cash or kind or for value to be received as Security Deposit	5,334,500	532,486
Others	24,359,013	163,696
Cenvat Credit Receivable	110,904,754	-
Income Tax/Tax Deduction at Source (Net of Provisions)	-	11,220
<b>Total</b>	140,598,267	707,402

## SCHEDULES



	AS AT 31.03.2008 (Rs.)	AS AT 31.03.2007 (Rs.)
<b>SCHEDULE-6</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Advance against Sale of Property	-	2,500,000
<b>Sundry Creditors</b>		
- Micro and Small Enterprises	-	-
- Others	<b>18,521,709</b>	22,069,007
Expenses payable	<b>174,589,769</b>	408,396
<b>Total</b>	<b>193,111,478</b>	24,977,403
<b>Provisions</b>		
Provision for Wealth Tax	26,020	
Provision for Gratuity	241,627	-
Provision for Leave Encashment	394,340	-
Provision for Bonus	11,147	-
Provision for Income Tax (Net of Tax Deduction at Source Rs. 11,220/-)	26,892,795	-
Provision for Fringe Benefit Tax (Net of Tax paid Rs. 4,35,000/-)	300,000	-
<b>Total</b>	<b>27,865,929</b>	-
Total outstanding dues of Micro and Small Enterprises included in Sundry Creditors	-	-
Total outstanding dues other than Micro and Small Enterprises included in Sundry Creditors (Refer Note No. 11 in Schedule 13)	<b>18,521,709</b>	22,069,007
	<b>AS AT 31.03.2008 (Rs.)</b>	<b>AS AT 31.03.2007 (Rs.)</b>
<b>SCHEDULE-7</b>		
<b>MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)</b>		
Global Depository Receipt (GDR) Issue Expenses	281,081,801	-
Foreign Currency Convertible Bonds (FCCB) Related Expenses	2,262,912	-
Registrar of Companies (ROC) Fee	22,793,413	-
<b>Total</b>	<b>306,138,126</b>	-
	<b>FOR THE YEAR ENDED 31.03.2008 (Rs.)</b>	<b>FOR THE YEAR ENDED 31.03.2007 (Rs.)</b>
<b>SCHEDULE-8</b>		
<b>OTHER INCOME</b>		
Miscellaneous Income	-	-
Profit on Sale of Building	2,187,326	-
Dividend Income on current investment	22,428	-
<b>Total</b>	<b>2,209,754</b>	-
	<b>FOR THE YEAR ENDED 31.03.2008 (Rs.)</b>	<b>FOR THE YEAR ENDED 31.03.2007 (Rs.)</b>
<b>SCHEDULE-9</b>		
<b>EMPLOYEES REMUNERATION AND BENEFITS</b>		
Salaries, Wages, Bonus, Gratuity etc.	266,671	-
Contribution To Provident and Other Funds	3,600	-
Staff Welfare Expenses	6,079	-
<b>Total</b>	<b>276,350</b>	-

## SCHEDULES



	FOR THE YEAR ENDED 31.03.2008 (Rs.)	FOR THE YEAR ENDED 31.03.2007 (Rs.)
<b>SCHEDULE-10</b>		
<b>ADMINISTRATION, SELLING &amp; OTHER EXPENSES</b>		
Telephone & Internet Expenses	50,681	3,619
Legal & Professional	132,009	104,526
Printing & Stationery	33,836	2,052
Postage & Telegram	14,801	11,326
Stock Exchange Fee	547,898	38,775
Loss on Discarded Asset	196,519	-
Loss on Discarded Stock	261,538	-
Non Construction Charges	-	(97,013)
Advertisement Expenses	88,476	16,420
Share Transfer Charges/AGM Expenses	306,503	44,268
Miscellaneous Expenses	20,273	10,011
Auditor's Remuneration	103,472	11,236
Directors' Sitting Fees	2,000	-
Insurance	3,086	-
Commission	167,224	-
Rates & Taxes	37,008	-
Rent	258,540	-
Travelling & Conveyance	66,081	-
<b>Total</b>	<b>2,289,945</b>	<b>145,220</b>

	FOR THE YEAR ENDED 31.03.2008 (Rs.)	FOR THE YEAR ENDED 31.03.2007 (Rs.)
<b>SCHEDULE-11</b>		
<b>FINANCIAL EXPENSES</b>		
Interest on Working Capital Loan	-	246,921
Bank Charges	19,254	-
<b>Total</b>	<b>19,254</b>	<b>246,921</b>

	FOR THE YEAR ENDED 31.03.2008 (Rs.)	FOR THE YEAR ENDED 31.03.2007 (Rs.)
<b>SCHEDULE-12</b>		
<b>PRIOR PERIOD EXPENSES</b>		
Stock Exchange Fees	220,000	-
<b>Total</b>	<b>220,000</b>	<b>-</b>



**1 Nature of Operations**

Cals Refineries Limited earlier known as Cals Limited (hereinafter referred to as 'the Company') has undertaken to set up refinery project. The Company has also undertaken to deal in allied activities like sale of Oil, Lubricants, etc.

**2. Statement of Significant Accounting Policies**

**i. Basis for preparation of Financial Statements**

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention, except where otherwise stated, and on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except as mentioned below.

**ii. 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 balances of assets and liabilities and disclosure relating to contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the year. 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.

**iii. Revenue Recognition**

Income is accounted for on mercantile basis except as given below:-

Sale of goods is recognised at the point of dispatch of goods to the customers and it includes trade discounts, cash discounts rate difference claims, etc. are excluded there from regarding income.

Interest is recognized using the time proportion method, based on rates implicit in the transaction.

**iv. Fixed Assets**

- i) Fixed assets are stated at original cost less accumulated depreciation cost (includes inward freight, taxes) and expenses incidental to acquisition and installation.
- ii) Advances paid towards acquisition of the fixed assets which have not been installed or put to use and the cost of the assets not put to use, before the period end, are disclosed under capital Work in Progress.
- iii) Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an assets recoverable amount is estimated. An impairment loss is recognized whether the carrying amount of an asset exceeds its recoverable amount.

**v. Intangibles**

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

**vi. Depreciation**

- Depreciation is provided using Straight Line Method as per the useful life of the assets estimated by the Management or at the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher. Mobile Phone included in Office Equipments are written off 100% on its purchase.
- Depreciation on the amount of addition made to Fixed Assets due to upgradations/improvements is provided over the remaining useful life of the asset to which it relates.  
Depreciation on fixed assets added/ disposed of during the year is provided on pro-rata basis.
- Items like UPS. Printers, scanners have been depreciated over a period of six



years, based on the estimated useful life and have been considered as a part of computer/data processing machine.

- Lease hold improvements (LHI) are amortised over a primary period of lease or useful life, whichever is lower.

**vii. Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such investments.

**viii. Inventory**

- Raw Materials, Stores and Spares, Components and Consumable are valued at cost or net realisable value whichever is lower after providing for obsolescence and other losses, where considered necessary.
- Finished Goods/Stock in Trade are valued at cost or net realisable value.

**ix. Taxation**

Tax expense comprises of current, deferred and fringe benefit tax.

Current income tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the company has unabsorbed depreciation and carry forward of tax losses, all deferred tax

assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become virtually certain that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**x. Foreign Currency Transactions**

**Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and nonmonetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise and are adjusted against pre-operative expenses pending allocation as exchange gain/ loss pertains to the project under implementation.

Forward Exchange Contracts (Derivative Instruments) not intended for trading or speculation purposes.

The Company uses derivative financial instruments including forward exchange contracts to hedge its risk associated with foreign currency fluctuations. The premium or discount arising at the inception of forward



exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

**xi. Retirement and other Employee Benefits**

- Retirement benefits in the form of Provident Fund are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.
- Gratuity liability under the Payment of Gratuity Act and provision for Leave Encashment is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.
- Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.

**xii. Provisions**

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

**xiii. Segment Accounting Policies**

- a) The segment report of Cals Refineries Limited has been prepared in accordance with the Accounting Standard 17 "Segment Reporting" issued by The Institute of Chartered Accountants of India.
- b) For the purpose of reporting, business segments are considered as primary segments.

- c) Segment information for the previous periods has accordingly been reclassified on a comparable basis.
- d) Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.
- e) Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated Corporate Expenses".

**xiv. Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) 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 all dilutive potential equity shares.

**xv. Sundry Debtors and Loans and Advances**

Sundry debtors and Loans and Advances are stated after making adequate provisions for doubtful balances.

**xvi. Allocation and Apportionment of Expenses**

Expenses identifiable with Refinery Project have been charged to Pre-operative Expenses Pending for Allocation. Other common expenses not identifiable with Refinery Project have been apportioned on estimation between the Pre-operative expenses pending for allocation and the Profit and Loss Account.

**xvii. Miscellaneous Expenditure**

Miscellaneous Expenditure on account of raising of share capital and other related expenses are written off over a period of 5 years from the date of commencement of business.

## SCHEDULE 13

### Notes to Accounts



#### NOTES ON ACCOUNTS

- 1) During the period, the Company has changed its name from Cals Limited to Cals Refineries Limited in conformity with its new line of business.
- 2) The Company is setting up refinery in Haldia, West Bengal. The Expenditure incurred during the construction period are classified as Pre-operative expenditure pending allocation and will be apportioned to the assets on the completion of the project. Necessary details as per Part II of Schedule VI of the Companies Act, 1956 have been disclosed under Schedule 4.
- 3) Capital Commitments:

(Rs. in crores)

	2008	2007
Estimated amount of contracts remaining to be executed on capital accounts (Net of Advances) and not provided for	1751.39	0

- 4) During the period, the Company has incurred revenue expenses of Rs.12,62.72 lakhs with respect to the new project. The same has been treated expenditure during construction period pending capitalisation. The interest earned of Rs. 7,56.75 lakhs (Net of Tax Expense Rs. 5,00.64 lakhs) and foreign exchange income of Rs. 7,32.53 lakhs on GDR proceeds have been set off against these expenses.
- 5) - The Company has entered into an agreement for acquisition of the Refinery Project conceived by SRM Exploration Private Limited. In terms of agreement, payments made to SRM Exploration Private Limited towards the expenses incurred have been treated as Project Acquisition Cost and has been shown under Pre-operative expenses pending for allocation.
  - The Company has also paid Rs. 8 crores for the adjustment of deposits in the name of the company towards the allotment of land by the Haldia Development Authority, which is shown in Capital Work in Progress.
  - The Company has entered into an agreement with SRM Refineries Private Limited for acquisition of the Refinery Project. In terms of agreement, the Company has paid a sum of Rs.1,86.89 lakhs towards the acquisition of assets, reimbursement of revenue expenses incurred for the project and project consultant fees have been adjusted in respective heads of accounts. The agreement signed by the SRM Refineries with the foreign consultant/knowhow provider/supplier, the agreement has been assigned/in the process of assignment in favour of the Company.
- 6) The service tax liability has been ascertained & provided for in the books of accounts. The Company

has been advised that as per the provisions of Central Excise Act, the company is eligible to claim CENVAT Credit against the excise duty payable on the products to be manufactured by the company & accordingly CENVAT credit of service tax has been considered as an asset & shown under the head, "Advances recoverable in cash or kind" in Schedule 5. However, the procedural formalities with regard to registration & claim of CENVAT Credit under the Service Tax & Central Excise Act is pending to be complied with.

- 7) Based on the opinion from an eminent lawyer the Company would not be liable to pay income tax on foreign exchange gain amounting to Rs. 732.53 Lakhs (including Rs. 7,22.24 lakhs unrealized gain), being receipt on capital account, accordingly no provision for tax has been made on the exchange gain.
- 8) The Company has made preferential allotment of 971900 equity shares of Rs. 10/- each. The proceeds were utilised for payment of One Time Settlement (OTS) with Bank of Rs. 10.19 lakhs and GDR issue related expenses of Rs. 80.40 lakhs and other expenses of Rs. 6.60 lakhs.
- 9) The Company has raised USD 200 mn (1 USD = INR 39.40) on 12th December 2007 through issue of 7880000 Global Depository Receipts (GDR) each representing 100 underlying equity shares of Rs. 10/- each. The proceeds of GDR has been utilised (payment basis) as under during the year:

(Rs. in lakhs)

Proceeds from GDRs	7,88,00
Less: Incidental expenditure for raising GDR	28,19
Net Proceeds available	7,59,81
Project Expenditure	3,20,05
Funds deployed in General Corporate purpose	369
Total Utilisation	3,23,74
Balance proceeds yet to be utilised, deposited with the banks (including interest income and foreign exchange fluctuation)	4,36,06

- 10) As per the Management, the provision for depreciation and all known liabilities are not in excess/short of the amount considered reasonably necessary.
- 11) The Company has initiated the process of obtaining confirmation from suppliers who have registered themselves under the Micro Small Medium Enterprise Development Act, 2006 (MSMED Act, 2006). Based on the information available with the Company, the balance due to Micro and Small Enterprises as defined under the MSMED Act, 2006 is Nil. Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

## SCHEDULE 13

### Notes to Accounts



#### 12) Director's Remuneration:

(Rs. in lakhs)

	2008	2007
a) Salary	20.00	0
b) Perquisites	3.00	0
<b>Total</b>	<b>23.00</b>	<b>0</b>

The above remuneration has been approved by the shareholders of the company however the same is subject to the approval of the Central Government.

Whole time director are covered under the Company's gratuity scheme along with the other employees of the Company. The gratuity liability is determined for all the employees on an independent actuarial valuation. The specific amount of gratuity for whole time directors cannot be ascertained separately and accordingly, the same has not been included in the above note.

#### 13) Auditors' Remuneration:

	2008 (Rs.)	2007 (Rs.)
Audit Fees	230,000	11,236
Limited Reviews	175,000	0
Certification	80,000	0
Income Tax Matters	16,722	0
<b>Total</b>	<b>501,722</b>	<b>11,236</b>

14) The Company has taken various residential, office and warehouse premises under operating lease agreements. These are generally not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by Lease Agreement. There is no sublease.

15) The Company has deferred tax asset on account of difference in Written Down Value (WDV) of assets between book value and income tax, provision for doubtful debts and obsolete inventory. In consonance with prudent accounting practices, the deferred tax assets of Rs. 30.34 lakhs as on balance sheet date has not been recognised.

#### 16) Discontinuing Operations:

During the year under reference, the Company decided to discontinue its business operation of dealing in computer hardware and disposed of related assets and liabilities.

a) The carrying amount of the total assets disposed of and the total liabilities settled, attributable to the computer hardware business:

- I. Building having carrying amount of Rs. 186,474/- was sold for Rs. 2,373,800/- (net

of transfer expenses) resulting thereby net profit of Rs. 2,187,326/-

- II. Total liability and advances amounting to Rs. 7,705,381/- net of settled amount paid has been transferred to revenue account.
  - III. Obsolete stocks of computer hardware and discarded assets carrying amount of Rs. 458,057/- has been written off/ provided for.
  - IV. The tax expense on the above is Rs. 3,206,837/-.
- b) The amount of revenue and expenses from ordinary activities attributable to the ordinary business of computer hardware for the period 1st April 2007 to 30th June 2007:

(Rs. in lakhs)

<b>Income</b>	
Sale (Net)	0.17
	0.17
<b>Expenditure</b>	
Depreciation	0.04
Other Expenses	0.46
	0.50
<b>Loss before Tax</b>	0.33

- c) The amount of net cash flow attributable to the operating, investing and finance activities of the discontinuing operation:

(Rs. in lakhs)

<b>A. Cash Flow from Operating Activity</b>		
Net Profit before Taxation and Exceptional items		105.79
Adjustments for:		
Profit on Sale of Fixed Assets	(21.87)	
Depreciation	0.04	
Loss on Discarded Assets and Stocks	4.58	
Income from Liabilities/Advances Written back (Net)	(84.27)	(101.52)
Operating Profit before Working Capital Changes		4.27
Adjustments for:		
Decrease in Advances	0.08	
Decrease in Current Liabilities	(29.62)	(29.54)
Net Cash Generated from Operating Activities		(25.27)
<b>B. Cash Flow from Investing Activities</b>		
Sale of Fixed Assets	23.74	
Net Cash generated from Investing Activities		23.74
<b>C. Cash Flow from Financing Activities:</b>		
Net Decrease in Cash or Cash Equivalent	(1.53)	
<b>Cash and Cash Equivalent at the beginning of the Year</b>	3.11	1.58
<b>Cash and Cash Equivalent used in New Business</b>		1.58
<b>Cash and Cash Equivalent at the end of the Year</b>		NIL



**SCHEDULE 13**  
**Notes to Accounts**



17) **Following Current Investments, Non-trade, Unquoted, have been purchased and sold during the year:**

(Rs. in lakhs)

Description	Number/Units	Purchased	Sold
Units of Mutual Funds of Rs. 10 each of Tata Floater Fund-Daily Dividend	2,493,366	2,50.00	2,50.22

18) **Particulars of Unhedged Foreign Currency Exposure as at the Balance Sheet date:**

	Amount in Foreign Currency (USD in lakhs)		Amount (Rs. in lakhs)	
	2008	2007	2008	2007
Balance with Unscheduled Banks	18.60	0	7,43.27	0
Deposit with Unscheduled Banks	10,65.00	0	425,68.05	0

19) **Earning Per Share:**

S.No.	Description	2008	2007
1	Profit/(Loss) after Tax (Rs.)	6,891,330	(152,053)
2	Weighted Average No. of Equity Shares in calculating EPS (Face Value Rs. 10/-)	268,180,717	5,028,100
3	Earning/(Loss) Per Share (Rs.)	0.03	(0.03)

20) **Segment Reporting:**

The Company operates in Petroleum Products and was operating in IT Services.

(Rs. in '000)

Particulars	Petroleum Products		IT Services		Total	
	2008	2007	2008	2007	2008	2007
<b>REVENUE</b>						
External Turnover	7,89	0	17	2,91	8,06	2,91
Inter Segment Sales/Income	0	0	0	0	0	0
<b>RESULT</b>	(8,51)	0	(33)	95	(8,84)	95
Unallocated Corporate Expenses	0	0	0		21,13	0
Operating Profit	(8,51)	0	(33)	95	(29,96)	95
Interest & Finance charges	0	0	0	2,47	19	2,47
Unallocated Other Income	0	0	0		99,15	0
Income Taxes	8	0	0		8	0
Net Profit	(8,59)	0	(33)	(1,52)	68,91	(1,52)
<b>OTHER INFORMATION</b>	0	0	0	0	0	0
Segment assets	5,56	0	0	16,66	5,56	16,66
Unallocated corporate assets	0	0	0		45,154,70	0
<b>Total assets</b>	5,56	0	0	16,66	45,160,26	16,66
Segment liabilities	2,53	0	133,49	249,77	136,02	249,77
Unallocated corporate liabilities	0	0	0		2,073,75	0
<b>Total liabilities</b>	2,53	0	133,49	249,77	2,209,77	249,77
Capital expenditure	0	0	0	0	0	0
Unallocated Capital expenditure	0	0	0	0	32,715,67	0
<b>Total Capital expenditure</b>	0	0	0	0	32,715,67	0
Depreciation/Amortisation	0	0	0	51	0	51
Unallocated Depreciation/Amortisation	0	0	0		2,42	0
<b>Total Depreciation/Amortisation</b>	0	0	0	51	2,42	51
Amortisation	0	0	0	0	0	0
Unallocable Amortisation	0	0	0	0	0	0
<b>Total Amortisation</b>	0	0	0	0	0	0
Non-cash expenses other than depreciation and amortisation	0	0	0	0	0	0
Unallocated Non-cash expenses other than depreciation and amortisation	0	0	0	0	3,061,38	0
<b>Total Non-cash expenses other than depreciation and amortisation</b>	0	0	0	0	3,061,38	0

**SCHEDULE 13**  
**Notes to Accounts**



21) a. Related Party Transactions:

(Rs.)

Nature of Transactions	Subsidiaries	Key Management Personnel	Relative of Key Management Personnel	Individuals owning directly or indirectly, a substantial interest in the voting power of the Company	Enterprises owned or Significantly influenced by key Management personnel or their Relatives	Total
<b>Transactions during the year</b>						
<b>Managerial Remuneration</b>						
-Manabendra Guha Roy	- (-)	2,300,000 (-)	- (-)	- (-)	- (-)	2,300,000 (-)
<b>Rent Paid</b>						
-Ratna Guha Roy	- (-)	- (-)	300,000 (-)	- (-)	- (-)	300,000 (-)
<b>Issue of Equity Shares under Preferential Allotment</b>						
-Mr Sarvesh Kumar Goorha	- (-)	- (-)	- (-)	- (-)	1,019,000 (-)	1,019,000 (-)
<b>Advances paid/(received) during the year</b>						
-Mr Sarvesh Kumar Goorha	- (-)	- (-)	- (-)	- (-)	1,889,134 (5,237,908)	1,889,134 (5,237,908)
<b>Balance outstanding as at year end</b>						
<b>Balance Payable</b>						
-Mr Sarvesh Kumar Goorha	- (-)	- (-)	- (-)	- (-)	12,799,400 (11,929,266)	12,799,400 (11,929,266)
-Mrs. Ragini Goorha	- (-)	- (-)	- (-)	550,000 (550,000)	- (-)	550,000 (550,000)

- Previous Year figures are given in brackets.

**b . Name of Related Parties:**

Nature of Relationship	:	Name of Related Parties
Significant influence (Promoter director)	:	Mr Sarvesh Kumar Goorha
Key Management Personnel	:	Mr. Manabendra Guha Roy (CEO w.e.f. 1 <sup>st</sup> January 2008)
Relative of Key Management Personnel	:	Mrs. Ragini Goorha (wife of Mr. Sarvesh Kumar Goorha)
	:	Mrs. Ratna Guha Roy (wife of Mr. Manabendra Guha Roy)

No amount has been written off/provided for in relation with the related parties.

22) Disclosure in respect to Clause 32 of the Listing Agreement in respect of new line of business:

(Rs. in lakhs)

	Petroleum Products
Net Sales	7.89
Expenditure	16.40
Net Profit/(Loss)	(8.51)
Income Tax (Fringe Benefit Tax)*	.08
Net Profit/ Loss after Tax	(8.59)

(\*excluding Rs. 7.00 lakhs on Pre-operative expenses pending allocation)

**SCHEDULE 13**  
**Notes to Accounts**



23) **Employee Plans:**

- a) The Company makes contribution towards employees' provident fund and employees' state insurance plan scheme. Under the rules of these schemes, the Company is required to contribute a specified percentage of payroll costs. The Company during the year recognised Rs. 178,436 (Previous Year Nil) as expense towards contributions to these plans.
- b) Gratuity scheme – The company has an unfunded defined gratuity plan. The scheme provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service.

The following table sets out the status of the gratuity scheme and pension scheme plans as at March 31, 2008

**Change in present value of obligation**

	<b>2008</b>
a) Present value of obligation as at the beginning of the year	—
b) Acquisition adjustment	—
c) Interest cost	—
d) Past service cost	—
e) Current service cost	<b>241,627</b>
f) Curtailment cost/(Credit)	—
g) Settlement cost/(Credit)	—
h) Benefits paid	—
i) Actuarial (gain)/loss on obligation	—
j) Present value of obligation as at the end of year	<b>241,627</b>

**Changes in the fair value of plan assets**

	<b>2008</b>
a) Fair value of plan assets at the beginning of the period	—
b) Acquisition adjustment	—
c) Expected return on plan assets	—
d) Contributions	—
e) Benefits paid	—
f) Actuarial gain/(loss) on plan assets	—
g) Fair value of plan assets at the end of the period	—

**The amounts to be recognized in balance sheet**

	<b>2008</b>
a) Present value of obligation as at the end of the period	<b>241,627</b>
b) Fair value of plan assets as at the end of the period	—
c) Funded status	<b>(241,627)</b>
d) Excess of actual over estimated	—
e) Unrecognized actuarial (gains)/losses	—
f) Net asset/(liability) recognized in balance sheet	<b>(241,627)</b>

**Expense recognized in the statement of profit and loss**

	<b>2008</b>
a) Current service cost	<b>241,627</b>
b) Past service cost	—
c) Interest cost	—
d) Expected return on plan assets	—
e) Curtailment cost/(Credit)	—
f) Settlement cost/(Credit)	—
g) Net actuarial (Gain)/Loss recognized in the period	—
h) Expenses recognized in the statement of Profit & Losses	<b>241,627</b>

## SCHEDULE 13

### Notes to Accounts



#### Main Actuarial Assumptions:

		<b>2008</b>
i)	Discounting Rate	<b>8.00 %</b>
ii)	Future Salary Increase	<b>5.50 %</b>
iii)	Expected Rate of Return on Plan Assets	<b>0.00 %</b>

#### Demographic Assumption:

i)	Retirement Age	58 Years	
ii)	Mortality Table	LIC (1994-96) duly modified	
iii)	Withdrawal Rates		
		<b>Ages</b>	<b>Withdrawal Rate (%)</b>
		Up to 30 Years	3.00
		Up to 44 years	2.00
		Above 44 years	1.00

The service cost includes the impact of implementation of Accounting Standard AS-15 (Revised) on "Employee Benefits" effective January 01, 2007.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.

The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of assets management, historical results of return on plan assets and the policy for plan assets management.

24) Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

#### i) Detail of Capacity and Production:

In the absence of manufacturing activity of the company, above said information is not applicable.

#### ii) Detail of Trading Goods:

Particulars	Opening Stock		Purchases		Turnover		Closing Stock	
	Qty. (in Ltr.)	Value (in Rs.)	Qty. (in Ltr.)	Value (in Rs.)	Qty. (in Ltr.)	Value (in Rs.)	Qty. (in Ltr.)	Value (in Rs.)
Oil & Lubricants	-	-	8800	773,119	8800	788,582	-	-

#### iii) Expenditure in Foreign Currency:

(On cash basis including amounts capitalized during the year)

(Rs. in lakhs)

	2008	2007
Travelling Expenses	14.78	0
Bank Charges	0.41	0
GDR Issue Expenses (Net of reimbursement of expenses Rs. 2,37.58 lakhs)	28,19.39	0
Capital Advance	260,00.58	0
Consultancy Fees	51,86.12	0
Stock Exchange Fees	3.12	0
<b>Total</b>	<b>3,40,24.40</b>	0

#### iv) Earnings in Foreign Currency:

(On accrual basis)

(Rs. in lakhs)

	2008	2007
Interest Income (from Bank Deposits)	6,93.84	0
<b>Total</b>	<b>6,93.84</b>	0

## SCHEDULE 13

### Notes to Accounts



25) Figures for the previous year have been regrouped and/or rearranged wherever necessary to make them comparable with those of the current year. All the figures for the current and previous year have been rounded off to the nearest rupee.

**For and on behalf of Board of Directors  
of Cals Refineries Limited**

**As per our report of even date**

**For Virendra Pradeep & Co.**

**Manabendra Guha Roy  
Chief Executive Officer**

**(Pradeep K. Agarwal)  
Proprietor  
Membership No.85534**

**Sanjay Kumar Jain  
Vice President (Legal) & Company Secretary**

**Deep Kumar Rastogi  
Director**

Gurgaon  
12th May 2008

**Rekha Sarda  
General Manager (Finance)**

**D. Sundararajan  
Director**

# BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE



Information as required under Part IV of the Schedule VI of the Companies Act, 1956

## I. Registration Details

Registration No.  State Code   
 Balance Sheet Date     
Date Month Year

## II. Capital Raised during the year ( Amount in Rs. Thousand)

Public Issue	<input type="text" value="788,719"/>	Right Issue	<input type="text" value="0"/>
Bonus Issue	<input type="text" value="0"/>	Private Placement	<input type="text" value="0"/>

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

Total Liabilities	<input type="text" value="7,940,000"/>	Total Assets	<input type="text" value="7,940,000"/>
<b>Source of Funds</b>			
Paid up Capital	<input type="text" value="7,940,000"/>	Reserves & Surplus	<input type="text" value="0"/>
Share Application Money	<input type="text" value="0"/>	Secured Loans	<input type="text" value="0"/>
Unsecured Loans	<input type="text" value="0"/>		
<b>Application of Funds</b>			
Net Fixed Assets	<input type="text" value="3,278,885"/>	Investments	<input type="text" value="0"/>
Net Current Assets	<input type="text" value="4,287,731"/>	Miscellaneous Exp.	<input type="text" value="306,138"/>
Accumulated Losses	<input type="text" value="67,246"/>		<input type="text" value="0"/>

## IV. Performance of Company (Amount in Rs. Thousand)

Turnover	<input type="text" value="10,721"/>	Total Expenditure	<input type="text" value="3,821"/>
Profit/(Loss) before Tax	<input type="text" value="6,900"/>	Profit/(Loss) after Tax	<input type="text" value="6,891"/>
Earning Per Share	<input type="text" value="0"/>	Dividend Rate %	<input type="text" value="0"/>

## V. Generic Names of Three Principal Products/Service of the Company (As per monetary terms)

Item Code No. (ITC Code)	<input type="text" value="2710"/>	Code No. (ITC Code)	<input type="text" value="27112100"/>
Product Description	<input type="text" value="PETROLEUM PRODUCTS"/>	Product Description	<input type="text" value="NATURAL GAS"/>



# CALS REFINERIES LIMITED

REGISTERED OFFICE: 21 Basant Lok Complex, Vasant Vihar, New Delhi – 110 057

## PROXY FORM

I/we..... of .....in the district of .....being a Member/Members of CALS REFINERIES LIMITED hereby appoint.....of.....in 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 24<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, the 29<sup>th</sup> July 2008 at 10.30 a.m. at Daffodils, Tanya Farm Complex, Chattarpur Mandir Road, New Delhi – 110 074 and/or any adjournment thereof.

Signed this at.....on this day.....of..... 2008.

Affix 15  
paise  
Revenue  
Stamp

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 – 110 057

## 24<sup>th</sup> 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 24<sup>th</sup> Annual General meeting of the Company to be held on Tuesday, the 29<sup>th</sup> July 2008 at 10.30 p.m. at Daffodils, Tanya Farm Complex, Chattarpur Mandir Road, New Delhi – 110 074.

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

**SIGNATURE/S OF THE SHAREHOLDER/S OR PROXY**

(To be signed at the time of handing over the slip)

PLEASE TEAR HERE