



25th Annual Report
2008-2009

CAL S REFINERIES LIMITED

BOARD OF DIRECTORS

MR.M.S.RAMACHANDRAN
MR.RAVI CHILUKURI
MR.RAMESH BHOSALE
MR.SARVESH GOORHA
MR.B.SRINIVASA RAO
MR.DEEP KUMAR RASTOGI
MR.MANABENDRA GUHA ROY

VICE PRESIDENT (LEGAL) & COMPANY SECRETARY

MR.S.K.JAIN

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

LISTING OF SECURITIES

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

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NOTICE



NOTICE IS HEREBY GIVEN that the 25th Annual General Meeting of Cals Refineries Limited will be held on Wednesday, the 16th September 2009 at 10.30 a.m. at Executive Club, Dolly Farms & Resorts 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi - 110 074 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as on 31st March 2009 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. Ravi Chilukuri who retires by rotation and being eligible offers himself for reappointment.
3. To reappoint Mr. Manabendra Guha Roy who retires by rotation and being eligible offers himself for reappointment
4. To reappoint auditors and fix their remuneration.

SPECIAL BUSINESS

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 & 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. Ramesh Bhosale 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 a Special Resolution:

"RESOLVED THAT pursuant to the provisions, *inter alia* of Section 198, 269 and 309 and 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) and subject to the approvals of the Central Government and financial institutions, if required, and such other approvals as may be necessary, the approval of the Company be and is hereby accorded to the appointment of Mr. Ramesh Bhosale as Whole Time Director designated as Chief Finance Officer of the Company for a period of 5 years with effect from 1st February 2009 and be paid remuneration in the manner and to the extent set out: -

- A. Salary Rs. 300,000/- per month.
- B. In addition to salary, Mr. Ramesh Bhosale, Whole Time Director will be entitled to perquisites and allowances like furnished

residential accommodation or house rent allowance in lieu thereof, club fees, premium on personal accident insurance and such other perquisites and allowances as decided by the Remuneration Committee of the Board of Directors subject to the monetary value of the such perquisites and allowances being limited to Rs. 500,000/- per month.

- C. Mr. Ramesh Bhosale, Whole Time Director will be eligible to the following perquisites, which shall not be included in the computation of aforesaid ceiling on remuneration: -

1. Contribution to provident fund @ 12% on basic salary;
2. Gratuity payable at the rate of half-a-month's salary for each completed year of service; and
3. Encashment of leave at the end of the tenure.
4. Fringe Benefit Tax, if any, on perquisites and allowances as mentioned above.

- D. The Company shall also provide a car with driver to Mr. Ramesh Bhosale, Whole Time Director for Company's business and also telephone at his residence. Personal long distance calls on telephone shall be billed by the Company to Mr. Ramesh Bhosale. The value of these perquisite will be determined in accordance to the Income Tax Rules, 1962 and/or guidelines issued thereunder.

In the event of absence or inadequacy of profits, Mr. Ramesh Bhosale, Whole Time Director shall be paid remuneration, perquisites and benefits as stated above, subject to approval of the Central Government, if and to the extent necessary."

By Order of the Board of Directors

Gurgaon

28th July 2009

(S.K. Jain)

Vice President (Legal) & Company Secretary

NOTES

1. A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company. Proxies in order to be effective must be received at the Registered Office of the Company at 21 Basant Lok Complex, Vasant Vihar, New Delhi - 110 057 not less 48 hours before this Annual General Meeting.
2. The Register of Member and Share Transfer Books of the Company will remain closed from Wednesday,

9th September 2009 to Wednesday 16th September 2009 (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, F 65, 1st Floor, Okhla Industrial Area Phase I, 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 up to the date of the Annual General meeting.

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

Item No. 5

The Board of Directors of the Company (the Board), had, at its meeting held on 23rd January 2009 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. Ramesh Bhosale as the Additional Director of the Company.

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

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

Brief resume of Mr. Ramesh Bhosale, nature of his expertise in specific functional areas and names of companies in which he holds directorship and membership/chairmanship of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in Report on Corporate Governance forming part of the Annual Report.

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

Mr. Ramesh Bhosale may be deemed to be concerned or interested in the resolution.

Item No. 6

Mr. Ramesh Bhosale has over 25 years of experience in the field of Costing, Finance, Accounts, MIS, Merger & Acquisition and Project Finance. He has worked with numerous multinationals such as Johnson & Johnson, ISPAT Group and many others. Mr. Bhosale has been an Executive Director - Finance for a fully integrated steel plant with a capacity of about 2 million tons per annum. He has, further, played a major role in acquisitions of plants in different parts of the world. Apart from this, Mr. Bhosale has also been an integral part of joint ventures with a number of the worlds' leading companies in the areas of mining, power and entertainment. He has been involved in identifying opportunities and choosing or recommending potential acquisitions. He has also essayed the role of CFO for a government company at the age of 31. He has also been a company representative on various committees of Industrial Associations such as IMC, CII, etc. He is a qualified Cost Accountant (AICWA) and M. Com from Mumbai University.

The Remuneration Committee and the Board of Directors respectively at their meetings held on 23rd January 2009 have appointed Mr. Bhosale, as the Whole Time Director designated as Chief Finance Officer for a period of 5 years effective 1st February 2009. The Remuneration Committee having considered the qualifications, extensive experience in management and allied field and the work and responsibilities involved and also the amount being paid to managerial person occupying similar position in other comparable companies, fixed salary at Rs. 300,000/- per month (Rs. 3,600,000/- per annum) with effect from 1st February 2009 besides the other perquisites and allowances subject to Rs. 500,000/- per month (Rs. 6,000,000/- per annum).

The remuneration payable to Mr. Ramesh Bhosale shall be subject to Section 198, 269 and 309 of the Companies Act, 1956 and the approvals of the members of the Company and financial institutions, if required and Central Government since it exceeds the ceiling prescribed in Schedule XIII to the Companies Act, 1956. Mr. Bhosale does not hold any other directorship in other Company.

The Board of Directors accordingly recommends the resolution set out at Item No. 5 of the accompanying Notice for the approval of the Members.

None of the directors except Mr. Ramesh Bhosale is, in any way, concerned or interested in the resolution.

By Order of the Board of Directors

Gurgaon (S.K. Jain)
28th July 2009 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. Ravi Chilukuri and Mr. Manabendra Guharoy retire by rotation and being eligible, offer themselves for reappointment and Mr. Ramesh Bhosale is appointed Director of the Company.

Mr. Ravi Chilukuri - Mr. Ravi Chilukuri, joined Spice Energy after having worked with one of the worlds leading Management Consultancy organisation, bringing on board several years of experience in the Oil & Gas sector both with Upstream Majors and Downstream companies like Shell and BP. After his Masters degree, he joined Arthur Andersen where he qualified as an Accountant, and then went on to spend 14 years with a Management Consultancy organisation, leading large projects and delivering high quality solutions to his clients. He left the organisation as a Partner to join Spice Energy where he

aims to nurture the company into a world-class organisation. Other Directorship-Spice EnergyPrivate Limited.

Mr. Manabendra Guharoy has over 39 years of experience in executing projects in the Oil and Gas industry. Prior to joining Spice Energy, he was the Project In-charge for the 60,000 BBLPD Ras Issa Refinery in Yemen. Previously he was the Vice-President of the Essar Group for over 16 years. Over the years he has held several important positions of management in the refining and petrochemicals sector, including: Ras Issa Refinery (JV between HoodOil Ltd., Yemen and Reliance Industries Ltd., India), Project In-charge Essar Group, Vice President - His responsibilities included selection of process technologies, selection of contractors and suppliers, co-ordination with engineers Paradeep Phosphates Ltd., Project Indian Fertilizer Co-operative Ltd., Senior Engineer Hindustan Copper Ltd., Assistant Engineer Bird & Co., Engineer. He does not hold any other directorship.

Mr. Ramesh Bhosale has over 25 years of experience in the field of Costing, Finance, Accounts, MIS, Merger & Acquisition and Project Finance. He has worked with numerous multinationals such as Johnson & Johnson, ISPAT Group and many others. Mr. Bhosale has been an executive Director - Finance for a fully integrated steel plant with a capacity of about 2 million tons per annum. He has, further, played a major role in acquisitions of plants in different parts of the world. Apart from this, Mr. Bhosale has also been an integral part of joint ventures with a number of the worlds' leading companies in the areas of mining, power and entertainment. He has been involved in identifying opportunities and choosing or recommending potential acquisitions. He has also essayed the role of CFO for a government company at the age of 31. He has also been a company representative on various committees of Industrial associations such as IMC, CII, etc. He is a qualified Cost Accountant (AICWA) and M. Com from Mumbai University. He does not hold any other directorship.

The Twenty Fifth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2009 is being submitted.

FINANCIAL RESULTS

| Particulars | (Rs. in lakhs) | |
|---|----------------|-----------|
| | 2008-2009 | 2007-2008 |
| Sales and other Income | 2.69 | 30.15 |
| Profit/(Loss) before Depreciation, Interest, Prior Period | -1.41 | 3.44 |
| Less: Interest | - | - |
| Less: Depreciation | 0.48 | 2.42 |
| Less: Prior Period Expenses | 0.31 | 2.20 |
| Profit/(Loss) before Tax | (2.20) | (8.06) |
| Income Tax | 0.01 | 0.08 |
| Liabilities Written Back Net | - | 77.05 |
| Profit/(Loss) after Income Tax | (2.21) | 68.91 |
| Balance carried forward from previous year | (672.46) | (741.37) |
| Net Profit/(Loss) transferred to Balance Sheet | (674.67) | (672.46) |
| EPS (In Rs.) | 0.00 | 0.03 |

DIVIDEND

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

PROGRESS OF THE PROJECT

The Company has made considerable progress in implementation of 5 MMTPA refinery project at Haldia, West Bengal. The Company has taken possession of 400 acre of land from HDA and started preliminary site work such as land filling and boundary wall construction. Your Company is happy to inform you that Special incentive package has been received from West Bengal Government as applicable to mega projects. Such incentives shall also be available for future expansion of refinery capacity. Ministry of Environment and Forests (MOEF) has approved Terms of Reference (TOR) and public hearing condition was waived as project site is located in industrial zone. Several interactive presentations have been completed and all required information submitted and final approval from MOEF is expected shortly.

The Company had signed agreement with British Petroleum (BP) for supply of crude and off-take of part of diesel & gasoline. The Company has also signed an MOU with Bharat Petroleum Corporation Limited (BPCL) for off-take of all balance products. A confirmation has been received from Haldia Dock Complex for handling 8.5 MMPTA of crude and petroleum products also permission of right of way for laying of crude and product pipelines in port area.

Major contracts awarded to companies for ISBL & OSBL engineering and PMC works. Front End Engineering Document (FEED) has been prepared and based on this

refinery configuration and layout has been finalised. Refinery units being relocated have been started decommissioning during August/September 2008 and cleaning work is in progress as per local & international procedures. The units including plant & machinery have been inspected by international engineering company for health check up. Internationally renowned inspection agencies have assessed and certified more than 20 years of useful residual life for all units, which are being relocated.

DIRECTORS

Mr. Ravi Chilukuri and Mr. Manabendra Guha Roy retire by rotation as required under the Companies Act, 1956 and being eligible, offers themselves for reappointment.

Mr. Ramesh Bhosale was co-opted as the Additional Director on the Board of the Company with effect from January 23, 2009 and holds office as such upto the ensuing Annual General Meeting. Notice from a shareholder together with necessary deposit proposing his name as the Director has been received.

Mr. Ramesh Bhosale, Director was appointed Whole-Time Director, designated as Chief Finance Officer (CFO) by the Remuneration Committee and the Board of Directors in their meetings held on 23rd January 2009 for 5 years effective 1st February 2009.

Mr. D. Sundararajan resigned from the directorship of the Company and the Board placed on record its appreciation for the valuable services rendered by him during his tenure on the Board.

FIXED DEPOSITS

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 31st March 2009 the applicable Accounting Standards have been followed;
2. That the Company has selected appropriate accounting policies and applied them consistently

and made judgment 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 31st March 2009 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

With regard to the qualification in the Auditors' Report read together with Annexures referred to in Paragraph 3 of the Auditors' Report, the explanation is as under:

Since the Company is setting up a refinery project, the indirect expenditure/income during construction period has been taken in the statement of Pre-operative Expenses, which forms part of Capital Work in Progress. The said statement includes Foreign Exchange Gain/ Loss of Rs. 9,024.25 lakhs, Corporate Expenses of Rs. 46.14 lakhs and Interest on statutory dues of Rs. 419.51 lakhs till March 31, 2009. At the time of allocation of Preoperative Expenses to the respective assets on commissioning of the project, above mentioned expenses/income shall not be capitalized. The above accounting treatment is in accordance with the clarification given by the Department of Company Affairs (Letter No. 2/17/64-PR, dated 29-1-1964).

The Company is renegotiating with Lohrmann International GmbH ('Lohrmann'), the supplier of plant and machinery and technical services contractor related to the project, for payment schedule as agreed vide agreement dated August 23, 2007 and February 27, 2008 respectively. The liability of Euro 66 million (Rs. 44,536.80 lakhs) towards the supply of plant and machinery and Euro 13 million (Rs. 8,772.40 lakhs) towards technical services, as stipulated in the agreements, has not been recognised in view of renegotiation of payment terms.

AUDITORS

The Company's Auditors M/s. Walker, Chandio & Co., Chartered Accountants, New Delhi and M/s. Arun K. Gupta & Associates, Chartered Accountants, New Delhi retire at

the forthcoming Annual General Meeting and are eligible for appointment. M/s. Walker, Chandio & Co., Chartered Accountants, New Delhi and M/s. Arun K. Gupta & Associates, Chartered Accountants, New Delhi have submitted the certificate 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 Bombay Stock Exchange. The Company has paid the listing fees to Bombay Stock Exchange for the financial year 2009-2010. The Company's Global Depository Receipts (GDRs) are listed at Luxembourg Stock Exchange. During the year, the securities of Company were delisted from Ahmedabad and Delhi Stock Exchanges.

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 particulars of the employees drawing the salary as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 form part of this report.

As per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the reports and accounts are being sent to all shareholders of the Company excluding the statement of particulars of the employees. Any shareholder interested in obtaining a copy may write to the Company Secretary of the Company.

TECHNOLOGY ADOPTION AND ENERGY CONSERVATION

No technology transfer agreement was entered into during the year. Disclosure of particulars with respect to conservation of energy is not applicable to the company.

FOREIGN EXCHANGE

The details of the foreign exchange earnings and out go 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
28th July 2009

(M.S. Ramachandaran)
Chairman

To

The Members of Cals Refineries Limited,

We have examined the compliance of conditions of corporate governance by Cals Refineries Limited, for the year ended on 31st March 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of

Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no 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.

RSM & CO.

Company Secretaries

(M.V. Srinivas)

Partner

Membership No. 2771

Gurgaon

28th July 2009



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 | Deep Kumar Rastogi |
| Non Executive and Independent Directors | M.S. Ramachandaran Sarvesh Goorha Ramesh Bhosale* Ravi Chilukuri Manabendra Guha Roy D. Sundararajan B. Srinivasa Rao |

* Appointed Director on 23rd January 2009

Mr. Ramesh Bhosale was appointed Chief Finance Officer of the Company.

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 The Director | Attendance Particulars | | No. of other directorships And committee member/chairmanship | | |
|----------------------|------------------------|----------|---|--------------------------|----------------------------|
| | Board Meeting | Last AGM | Other Directorships | Committee Memberships | Committee Chairmanships |
| Sarvesh Goorha | 4 | Yes | 2 | 2 | 1 |
| M.S. Ramachandaran | 4 | Yes | 5 | - | - |
| D. Sundararajan | 4 | Yes | 10 | 6 | - |
| Ramesh Bhosale* | 1 | - | - | - | - |
| Ravi Chilukuri | 1 | - | 1 | - | - |
| Manabendra Guha Roy | 4 | Yes | - | - | - |
| Deep Kumar Rastogi | 4 | Yes | 13 | 2 | 1 |
| B. Srinivasa Rao | 3 | Yes | 1 | 1 | 1 |

* Appointed director on 23rd January 2009

Number of Board Meetings held and the dates on which held

4 Board Meetings were held during the year, the dates on which the meetings were held are as follows:

- 12th May 2008
- 29th July 2008
- 15th October 2008
- 23rd January 2009

3. Audit Committee

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

- a. To oversee financial reporting and disclosure process.
- b. To recommend the appointment and removal of statutory auditors and decide their remuneration.
- c. To review financial results and statements, before submission to the Board, 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 on 12th May 2008, 29th July 2008, 15th October 2008 and 23rd January 2009.

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 23rd January 2009 to consider the appointment of Mr. Ramesh Bhosale, Whole Time Director as Chief Finance 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 31st March 2009 to Mr. Manabendra Guha Roy and Mr. Ramesh Bhosale, Whole Time Directors - Rs. 108.72 lacs. For detail, please refer Note No. 9 of Schedule 14 to 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 31st March 2009 to the Directors are as follows: - Mr. M.S. Ramachandaran, Chairman, Rs. 80,000/-, Mr. Sarvesh Goorha, Director-Rs. 500,000/- and Mr. B. Srinivasa Rao, Director-Rs. 120,000/-.

Mr. Deep Kumar Rastogi, Mr. D. Sundararajan and Mr. Ravi Chilukuri have opted not to take the sitting fees for the Board Meeting/Committee Meetings.

5. Share Transfer Cum Shareholders'/Investors' Grievance Committee

The Board of the Company has reconstituted Share Transfer Cum Shareholders'/Investors' Grievance Committee, comprising of Mr. Sarvesh 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 104 complaints from the shareholders and all of them have been resolved by furnishing requisite information/documents. There was no complaint pending as on 31st March 2009.

Mr. Sarvesh Goorha has opted not to take the sitting fees for the committee meeting w.e.f. 1st April, 2009.

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 |
|-----------|-----|--|------------|------------|
| 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. |
| 2007-2008 | AGM | Daffodils, Tanya Farm Complex, Chattarpur Mandir Road, New Delhi - 110 074 | 29.07.2008 | 10.30 a.m. |

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

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, and strictures imposed on the Company by Stock exchanges or SEBI, or any statutory authority on any matter related to capital markets, during the last three years.

None

8. Means of communication

Quarterly results

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

The financial results are displayed on www.cals.in & the group website www.spicenergy.com

9. General Shareholder Information

9.1 Annual General Meeting

(For financial year 2008-2009)

| | |
|-----------------|--|
| - Date and Time | Wednesday, September 16, 2009 at 10.30 a.m. |
| - Venue | Executive Club, Dolly Farms & Resorts 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi - 110 074 |

9.2 Financial Calendar (Tentative and subject to change)

| | |
|--|----------------------------|
| Financial Results for the Quarter ending 30 th June 2009 | 28 th July 2009 |
| Financial Results for the Quarter ending 30 th September 2009 | October 2009 |
| Financial Results for the Quarter ending 31 st December 2009 | January 2010 |
| Financial Results for the Quarter ending 31 st March 2010 | June 2010 |
| Annual General Meeting | September 2010 |

- 9.3 Books closure date** Wednesday, 9th September 2009 to Wednesday, 16th September 2009 (both days inclusive)
- 9.4 - Listing of Equity Shares on Stock Exchange at, and** Mumbai
- 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 Share** 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 2008 | 50.65* | 43.20* | 172500 |
| May 2008 | 59.85* | 6.10 | 4285272 |
| June 2008 | 6.59 | 4.27 | 18536235 |
| July 2008 | 4.41 | 3.77 | 20558322 |
| August 2008 | 4.25 | 3.31 | 63174557 |
| September 2008 | 5.25 | 3.16 | 72486784 |
| October 2008 | 5.45 | 2.63 | 94526391 |
| November 2009 | 2.88 | 1.53 | 116111842 |
| December 2009 | 1.77 | 1.06 | 113519009 |
| January 2009 | 1.23 | 0.62 | 123106161 |
| February 2009 | 0.64 | 0.41 | 250699352 |
| March 2009 | 0.53 | 0.32 | 251700192 |

*Face Value Rs. 10/- each and thereafter, Rs. 1/- each

Source: www.bseindia.com

- 9.7 Registrar and Share Transfer Agent** MCS Limited
F-65 ,Okhla Industrial Area,Phase I, New Delhi 110 020
E-Mail: 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 31st March 2009:**

| Categories | No. of Shares | % |
|------------------------------|---------------|--------|
| Non Resident Indians/FII | 173204007 | 2.18 |
| Financial Institutions/Banks | 78000 | 0.00 |
| Mutual Funds/UTI | 112000 | 0.00 |
| Bodies Corporate | 200401030 | 2.52 |
| Resident Individuals | 214282913 | 2.70 |
| GDR | 7351922050 | 92.60 |
| Total | 7940000000 | 100.00 |

9.10 Dematerialisation of shares and liquidity

Status of dematerialisation of shares as of March 31, 2009 is as under :

| Electronic holdings | | | Physical holdings | | | Total | |
|--------------------------|---------------|-------|---------------------|---------------|------|---------------|-----|
| No. of Beneficial Owners | No. of Shares | % | No. of shareholders | No. of Shares | % | No. of shares | % |
| 19468 | 7,922,917,550 | 99.78 | 6420 | 17,082,450 | 0.22 | 7,940,000,000 | 100 |

The Equity Shares of the company are actively traded on the Bombay Stock Exchange.

9.11 Outstanding GDR's

The GDR's outstanding as on March 31, 2009 are 174,038,441 representing underlying 7,351,922,050 equity shares listed at Luxembourg Stock Exchange.

9.12 Plant Location

Mouza-Debhog, Bhabanipur,
Haldia, Purba Midinipur,
West Bengal - 721657

9.13 (i) Investor Correspondence

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

For shares held in physical form

MCS Limited
F-65, Okhla Industrial Area,
Phase-I, New Delhi - 110020
Phone: 011-41406149/50/51
Fax: 011-41709881
E-Mail: 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

DECLARATION

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

Gurgaon
28th July 2009

(Ramesh Bhosale)
Chief Finance Officer

SNAPSHOT OF THE OIL SECTOR THROUGH THE YEAR
Global Scenario

This year was unprecedented year in the history of oil, indeed of the global economy. World economy shrank across all industries. Economic pundits predicted a gloomy depression last seen in 1930's. Oil was no exception. West Texas Intermediate crude rose from US \$101/bbl (per barrel) in the beginning of the year (April 2008) to US \$147/bbl in July 2008 and slid very quickly within a period of 5 months to its lowest level of US\$32.40/bbl by 19th December, 2008. By the end of March 2009, it had marginally recovered to US \$49.65/bbl. Oil market has never seen such turbulence. Economic downturn resulted into demand destruction of 1.3 MMB/d (million barrels per day).

The International Energy Agency of the US Administration (IEA) and other forecasters have said underinvestment ultimately means prices will rally sharply once an economic recovery stimulates demand.

IEA forecasts strong rebound in oil demand led by growth in countries outside Organisation for Economic Corporation and Development (OECD) countries, but added that OECD countries should also post "a modest recovery. Global oil demand will rebound 1.7% next year as recovery in developing countries helps counter a two-year drop in oil usage sparked by the global recession. The Paris-based agency in its closely watched monthly survey predicted that global oil demand will increase by 1.4 million barrels a day in 2010 to 85.2 million barrels a day. Oil demand next year would mark the end of two straight years of falling global oil demand, the first back-to-back yearly drop the world has seen since 1982-1983.

Indian Scenario

The United States accounts for one-fourth of the world GDP. The recession & significant slowdown in US is bound to have reverberations elsewhere. However, interdependencies between the US economy and emerging economies like India and China has reduced considerably over the last two decades. Thus, the effect is not as drastic as it would have been in the years 1980s

According to Oil & Gas Journal (OGJ), India had 5.6 billion barrels of proven oil reserves as of January 2009, the second-largest amount in the Asia-Pacific region after China. India's crude oil reserves tend to be light and sweet, with specific gravity varying from 38° API in the offshore Mumbai High field to 32° API at other onshore basins.

India produced roughly 880 thousand bbl/d of total oil in 2008, of which approximately 650 thousand bbl/d was crude oil, with the rest of production resulting from other liquids and refinery gain. India has over 3,600 operating oil wells, according to OGJ. Although oil production trend in India has slightly increased in recent years, it has failed to keep pace with demand and is expected by the Energy International Agencies (EIA) to decline slightly in 2009.

India's oil consumption has continued to be robust in recent years. In 2007, India consumed approximately 2.8 million bbl/d, making it the fifth largest consumer of oil in the world. Demand grew to nearly 3 million bbl/d in 2008. EIA anticipates consumption growth rates flattening in 2009 largely due to slowing economic growth rates and the

recent global financial crisis. However, with the stable Government and fiscal policy to boost the higher economic growth targeted above 8% the petroleum product demand is expected to pick up from financial year 2010-2011.

As part of the country's 11th Five Year plan from 2007 to 2012, the government would like to promote India as a competitive refining destination, and industry experts expect the country to be a significant exporter of refined products to Asia in the near future. Most of the refining capacity in recent year have been built up in western and northern part and thus eastern part of the country is still having sufficient gap in product supply and demand. The need of the hour is to bridge the gap between the supply and demand in eastern sector by setting up a refinery.

Business & Developments

To meet of the supply and demand gap in eastern sector your Company is implementing a 5MMTPA Refinery project at Haldia, West Bengal.

Developments through the year

- The Company has received the environment clearance to set up the 5 MMTPA refinery at Haldia, West Bengal from the Ministry of Environment and Forests ; and
- The Government of West Bengal has approved a special package of incentives under the West Bengal Incentive Scheme 2004.
- In November 2008, the Company signed a crude supply agreement with British Petroleum (BP) for the supply of 60% of the total refining capacity of the refinery at the prevailing market rates. The agreement is valid for 10 years and provides flexibility to enter into derivative contracts (swaps) to hedge price risk and volatility. Company has the option of sourcing the balance crude either from BP or from any other source.
- In November 2008, the Company signed a product off-take agreement with BP for the minimum off-take of 57.7% of total diesel (gasoil) produced (1.91 mmtpa) and 34.4% of total gasoline produced (1.46 mmtpa) at the prevailing market rates. Diesel and gasoline account for nearly 70% of the total refining capacity of the refinery. The agreement contains a provision for a maximum off-take of 94.4% of total diesel production and 61.9% of total gasoline production.
- The Company has signed MOU with Bharat Petroleum Corporation Limited (BPCL) for off-take of all balance products such as LPG, Naptha, ATF/ Kerosene, diesel (gasoil), gasoline, benzene, propylene and Sulphur for domestic sale.
- Company has signed MOU with Dhamra Port Company for use of Oil Jetty being implemented at Dhamra for handling of bigger Crude oil parcels.
- Company has also signed MOU with an International company for supply of Hydrogen gas from the facility to be installed at Haldia.
- SBI Caps is syndicating the entire debt requirement and also there are discussions with various strategic investors for balance equity requirement.

- To
- The Members of
Cals Refineries Limited**
1. We have audited the attached Balance Sheet of Cals Refineries Limited, (the 'Company') as at March 31, 2009, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') (as amended), issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
 4. *As mentioned in Note 17 of Schedule 14 of the financial statements, the Company has included the exchange differences arising on reporting monetary assets and liabilities at closing rate, interest on outstanding statutory dues and certain indirect expenses not directly attributable to construction in the carrying amount of capital work-in-progress. In our opinion, these items should be recognized in the Profit and Loss Account. Consequently, the net profit for the year after tax would have been higher by Rs. 5,577.79 lakhs. Of this amount, Rs. 440.93 lakhs pertains to net profit after tax for periods prior to year ended March 31, 2009.*
 5. Without qualifying our opinion, attention is drawn to Note 5 of Schedule 14 to the financial statements. The Company is in the process of renegotiations with a contractor and has accordingly not accrued liability amounting to Rs. 53,309.20 lakhs. The ultimate outcome of such renegotiations and its impact on current liabilities cannot presently be determined and no adjustment that may result has been made in the financial statements for the year ended March 31, 2009.
6. Subject to our comments in paragraph 4 above and 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 purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The financial statements dealt with by this report are in agreement with the books of account;
 - d. On the basis of written representations received from the Directors, as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2009 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Act;
 - e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Act and the Rules framed thereunder and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:
 - i) the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - ii) the Profit and Loss Account, of the loss for the year ended on that date; and
 - iii) the Cash Flow Statement, of the cash flows for the year ended on that date

For **Walker, Chandio & Co**
Chartered Accountants

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

By **B P Singh**
Partner
Membership No. 70166
L-41, Connaught Circus
New Delhi – 110001

By **Gireesh Goenka**
Partner
Membership No. 96655
D-58, East of Kailash
New Delhi – 110065

New Delhi
June 30, 2009

Gurgaon
June 30, 2009

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) The Company does not have any inventory. Accordingly, the provisions of Clause 4(ii) of the Order are not applicable.
- (iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of Clauses 4(iii)(b) to (d) of the Order are not applicable.
- (b) The Company had taken interest-free loan from one company covered in the Register maintained under Section 301 of the Act. The maximum amount outstanding during the year was Rs. 609 lakhs and the year-end balance was Rs. 542 lakhs.
- (c) In our opinion, the terms and conditions for such loans are not, *prima facie*, prejudicial to the interest of the Company.
- (d) In respect of loans taken, the principle amount and interest amount are payable on demand in accordance with the terms and conditions.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services.
- (v) The Company has not entered into contracts or arrangements referred to in Section 301 of the Act. Accordingly, the provisions of Clause 4(v) of the Order are not applicable.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of Clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under Clause (d) of Sub-Section (1) of Section 209 of the Act, in respect of Company's products. Accordingly, the provisions of Clause 4(viii) of the Order are not applicable.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have *not been regularly deposited with the appropriate authorities and there have been significant delays in a large number of cases*. Undisputed amounts payable in respect thereof, which were *outstanding at the year end for a period of more than six months from the date they became payable* are as follows:

| Name of the statute | Nature of the dues | Amount (Rs. lakhs) | Period to which the amount relates | Due Date | Date of Payment |
|---------------------------------|---|--------------------|------------------------------------|---|-----------------|
| Income-Tax Act, 1961 | Tax deducted at source payable – foreign remittances and interest thereon | 1,018.80 | September 2007 to September 2008 | 7 th of each month to which the amount relates | Not paid |
| Finance Act, 1994 – Service Tax | Service tax payable and interest thereon | 1,580.49 | September 2007 to September 2008 | 5 th of each month to which the amount relates | Not paid |

- (b) There are no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) In our opinion, the Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. *The Company has incurred cash losses during the year.* In the preceding financial year, the Company had not incurred cash losses.
- (xi) In our opinion, the Company has not defaulted in repayment of dues to a bank. The Company has no dues payable to a financial institution or debenture holders during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of Clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/Society. Accordingly, the provisions of Clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable.
- (xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable.
- (xvi) In our opinion, the Company has applied the term loans for the purpose for which the loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any Preferential Allotment of shares to Parties or Companies covered in the Register maintained under Section 301 of the Act. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. The management of the Company has disclosed during the year the end use of money out of public issue raised in the earlier year (refer Note 7 of Schedule 14 to the financial statements) and the same has been verified by us.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker, Chandio & Co**
Chartered Accountants

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

By **B P Singh**
Partner
Membership No. 70166
L-41, Connaught Circus
New Delhi – 110001

By **Gireesh Goenka**
Partner
Membership No. 96655
D-58, East of Kailash
New Delhi – 110065

New Delhi
June 30, 2009

Gurgaon
June 30, 2009

| | SCHEDULE | AS AT 31.03.2009 (Rs. lakhs) | AS AT 31.03.2008 (Rs. lakhs) |
|--|----------|------------------------------------|------------------------------------|
| SOURCES OF FUNDS | | | |
| SHARE HOLDER'S FUNDS | | | |
| Share Capital | 1 | 79,400.00 | 79,400.00 |
| LOAN FUNDS | | | |
| Secured Loans | 2 | 5.92 | - |
| Unsecured Loans | | 567.01 | - |
| TOTAL | | 79,972.93 | 79,400.00 |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| Gross Block | 3A | 7,550.10 | 78.28 |
| Less: Accumulated Depreciation/Amortisation | | 37.54 | 5.10 |
| Net Block | | 7,512.56 | 73.18 |
| Capital Work In Progress | 3B | 80,927.15 | 32,715.66 |
| CURRENT ASSETS, LOAN & ADVANCES | | | |
| Sundry Debtors | 4 | - | 5.56 |
| Cash & Bank Balances | 5 | 13.79 | 43,608.70 |
| Other Current Assets | 6 | 24.31 | 62.91 |
| Loan & Advances | 7 | 2,224.27 | 1,409.92 |
| | | 2,262.37 | 45,087.09 |
| Less: | | | |
| CURRENT LIABILITIES & PROVISION | | | |
| Current Liabilities | 8 | 14,010.12 | 1,931.11 |
| Provisions | 9 | 754.69 | 278.66 |
| | | 14,764.81 | 2,209.77 |
| NET CURRENT (LIABILITIES)/ASSETS | | (12,502.44) | 42,877.32 |
| MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED) | 10 | 3,360.99 | 3,061.38 |
| DEBIT BALANCE OF PROFIT & LOSS ACCOUNT | | 674.67 | 672.46 |
| TOTAL | | 79,972.93 | 79,400.00 |
| SIGNIFICANT ACCOUNTING POLICIES | 13 | | |
| NOTES TO THE FINANCIAL STATEMENTS | 14 | | |

The schedules referred to above form an integral part of the financial statements
This is the Balance Sheet referred to in our report of even date

For Walker, Chandio & Co
Chartered Accountants

For Arun K. Gupta & Associates
Chartered Accountants

For & on behalf of the Board of Directors

By B P Singh
Partner
Membership No. 70116

By Gireesh Goenka
Partner
Membership No. 96655

Deep Rastogi
Director

Manabendra Guha Roy
Chief Executive Officer

Sanjay Jain
VP (Legal) & Company Secretary

Ramesh Bhosale
Chief Financial Officer

New Delhi
June 30, 2009

Gurgaon
June 30, 2009

Gurgaon
June 30, 2009

PROFIT & LOSS ACCOUNT AS AT FOR THE YEAR ENDED MARCH 31, 2009


| | SCHEDULE | FOR THE YEAR ENDED 31.03.2009 (Rs. lakhs) | FOR THE YEAR ENDED 31.03.2008 (Rs. lakhs) |
|--|----------|---|---|
| INCOME | | | |
| Sales | | 2.69 | 7.88 |
| Service Income | | - | 0.17 |
| Other Income | | - | 22.10 |
| TOTAL | | 2.69 | 30.15 |
| EXPENDITURE | | | |
| Cost of Goods Sold | | 2.63 | 7.73 |
| Personnel Cost | 11 | 0.70 | 2.77 |
| General, Administrative and Selling Expenses | 12 | 0.77 | 22.90 |
| Finance Charges | | - | 0.19 |
| Depreciation/Amortisation | 3A | 0.48 | 2.42 |
| TOTAL | | 4.58 | 36.01 |
| Net profit/(Loss) before tax, extraordinary and prior period items | | (1.89) | (5.86) |
| TAX EXPENSE | | | |
| Fringe Benefits Tax | | 0.01 | 0.08 |
| Net profit/(loss) after tax and before extraordinary and prior period items | | (1.90) | (5.94) |
| Prior period items | | | |
| General, administrative and selling expenses | | 0.31 | 2.20 |
| Exceptional items | | | |
| Liabilities written back (net) | | - | 77.05 |
| Net profit/(loss) after tax, extraordinary and prior period items | | (2.21) | 68.91 |
| Balance brought forward from previous year | | (672.46) | (741.37) |
| Balance carried forward to Balance Sheet | | (674.67) | (672.46) |
| Earning / (loss) per share (Basic and Diluted) | | (0.00) | 0.03 |
| Significant accounting policies | 13 | | |
| Notes to the financial statements | 14 | | |
| The schedules referred to above form an integral part of the financial statements | | | |
| This is the Profit and Loss Account referred to in our report of even date | | | |

For **Walker, Chandio & Co**
Chartered Accountants

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

For & on behalf of the Board of Directors

By **B P Singh**
Partner
Membership No. 70116

By **Gireesh Goenka**
Partner
Membership No. 96655

Deep Rastogi
Director

Manabendra Guha Roy
Chief Executive Officer

Sanjay Jain
VP (Legal) & Company Secretary

Ramesh Bhosale
Chief Financial Officer

New Delhi
June 30, 2009

Gurgaon
June 30, 2009

Gurgaon
June 30, 2009

| | 31.03.2009 (Rs. Lakhs) | 31.03.2008 (Rs. Lakhs) |
|--|---------------------------|---------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES (A) | | |
| Profit/(loss) before tax, extraordinary and prior period items | (2.21) | 68.99 |
| Adjustment for : | | |
| Depreciation | 0.48 | 2.42 |
| Loss on discarded asset | - | 1.97 |
| Dividend Income | - | (0.22) |
| Profit on Sale of Asset | - | (21.88) |
| Loss on Discarded Stock | - | 2.62 |
| Loan Written Back | - | (5.45) |
| Write Back of Liabilities | - | (77.66) |
| Prior period expenses (tax expense) | 0.03 | - |
| Advances Written off | - | 6.06 |
| Operating Profit/(Loss) before Working Capital Changes | <u>(1.70)</u> | <u>(23.15)</u> |
| Adjustment for : | | |
| Decrease/(increase) in sundry debtors | 5.56 | (1,477.37) |
| Decrease/(increase) in current assets | | |
| Increase in loans and advances | (814.35) | - |
| Increase in trade and other payables | 12,095.29 | 1,778.93 |
| Decrease in miscellaneous expenditure | (299.61) | (3,061.38) |
| Cash generated from/ (used in) operating activities | <u>10,985.19</u> | <u>(2,782.97)</u> |
| Taxes paid | (16.05) | (4.46) |
| Net cash generated from/ (used in) operating activities | <u>10,969.14</u> | <u>(2,787.43)</u> |
| CASH FLOW FROM INVESTING ACTIVITIES (B) | | |
| Purchase of fixed assets | (7,471.82) | (78.28) |
| Sale of fixed assets | - | 23.74 |
| Additions to capital work-in-progress | (47,665.16) | (32,449.85) |
| Dividend income | - | 0.22 |
| Net Cash (used in) Investing Activities | <u>(55,136.98)</u> | <u>(32,504.17)</u> |
| CASH FLOW FROM FINANCING ACTIVITIES (C) | | |
| Proceeds from Issue of Share Capital | - | 78,897.19 |
| Proceeds from long term borrowings | 572.93 | - |
| Net cash from financing activities | <u>572.93</u> | <u>78,897.19</u> |
| Net increase in cash and cash equivalents (A+B+C) | <u>(43,594.91)</u> | <u>43,605.59</u> |
| Opening balance of cash and cash equivalents | 43,608.70 | 3.11 |
| Closing balance of cash and cash equivalents | 13.79 | 43,608.70 |
| Total | <u>(43,594.91)</u> | <u>43,605.59</u> |

Notes :

- This is the Cash Flow Statement referred to in our report of even date

For Walker, Chandio & Co
Chartered Accountants

For Arun K. Gupta & Associates
Chartered Accountants

For & on behalf of the Board of Directors

By B P Singh
Partner
Membership No. 70116

By Gireesh Goenka
Partner
Membership No. 96655

Deep Rastogi
Director

Manabendra Guha Roy
Chief Executive Officer

Sanjay Jain
VP (Legal) & Company Secretary

Ramesh Bhosale
Chief Financial Officer

New Delhi
June 30, 2009

Gurgaon
June 30, 2009

Gurgaon
June 30, 2009

SCHEDULES



| | AS AT 31.03.2009 (Rs. Lakhs) | AS AT 31.03.2008 (Rs. Lakhs) |
|---|------------------------------------|------------------------------------|
| SCHEDULE 1 - CAPITAL | | |
| Authorised | | |
| 20,000,000,000 Equity Shares of Re.1 each (Previous year | 200,000.00 | 200,000.00 |
| 2,000,000,000 Equity Shares of Rs.10 each) | | |
| | 200,000.00 | 200,000.00 |
| Issued Subscribed & Paid up | | |
| 7,940,000,000 Equity Shares of Re. 1 each (Previous year | 79,400.00 | 79,400.00 |
| 794,000,000 Equity Shares of Rs 10 each) | | |
| Of the above, 7,351,922,050 (Previous year 787,900,000) equity shares represent 147,038,441 (Previous year 7,879,000) Global Depository Receipts. Each Global Depository Receipt represents 50 (Previous year 100) underlying equity shares of Re. 1 (Previous year Rs. 10) each. | | |
| TOTAL | 79,400.00 | 79,400.00 |

| | AS AT 31.03.2009 (Rs. Lakhs) | AS AT 31.03.2008 (Rs. Lakhs) |
|---|------------------------------------|------------------------------------|
| SCHEDULE 2 - LOAN FUNDS | | |
| SECURED LOANS | | |
| Vehicle loan (Secured against hypothecation of specific vehicle) | 5.92 | - |
| UNSECURED LOANS | | |
| From others (Repayable on demand) | 567.01 | - |
| TOTAL | 572.93 | - |

SCHEDULE 3A - FIXED ASSETS

(Rs. lakhs)

| Particulars | GROSS BLOCK | | | ACCUMULATED DEPRECIATION/AMORTISATION | | | | | NET BLOCK | |
|---------------------------|---------------------|-----------------|-----------|---------------------------------------|---------------------|------------------------------|------------------|---------------------|---------------------|----------------------|
| | As At 01.04.2008 | Addition | Deduction | As At 31.03.2009 | Up to 01.04.2008 | Depreciation for the Year | On deductions | Up to 31.03.2009 | As At 31.03.2009 | As At 31.03. 2008 |
| Tangible Assets | | | | | | | | | | |
| Leasehold land* | - | 7,338.04 | - | 7,338.04 | - | - | - | - | 7,338.04 | - |
| Computers | 19.21 | 21.06 | - | 40.27 | 0.39 | 5.51 | - | 5.90 | 34.37 | 18.82 |
| Vehicles | 41.02 | 11.64 | - | 52.66 | 1.34 | 4.76 | - | 6.10 | 46.56 | 39.68 |
| Office equipments | 10.21 | 7.33 | - | 17.54 | 3.16 | 2.37 | - | 5.53 | 12.01 | 7.05 |
| Building | - | 12.23 | - | 12.23 | - | 0.12 | - | 0.12 | 12.11 | - |
| Furniture and fixtures | - | 24.98 | - | 24.98 | - | 4.55 | - | 4.55 | 20.43 | - |
| Leasehold improvements | - | 55.21 | - | 55.21 | - | 12.16 | - | 12.16 | 43.05 | - |
| Intangible Assets | | | | | | | | | | |
| Softwares | 7.84 | 1.33 | - | 9.17 | 0.21 | 2.97 | - | 3.18 | 5.99 | 7.63 |
| GRAND TOTAL | 78.28 | 7,471.82 | - | 7,550.10 | 5.10 | 32.44 | - | 37.54 | 7,512.56 | 73.18 |
| Previous year | 196.04 | 78.28 | 196.04 | 78.28 | 192.17 | 5.14 | 192.21 | 5.10 | 73.18 | 3.87 |

* In respect of the leasehold land, the lease deed is pending to be executed.

| | AS AT 31.03.2009 (Rs. lakhs) | AS AT 31.03.2008 (Rs. lakhs) |
|--|------------------------------------|------------------------------------|
| SCHEDULE 3B : CAPITAL WORK-IN-PROGRESS | | |
| Pre-operative Expenses Pending Allocation [Refer Schedule 3B(a)] | (6,274.89) | 36.54 |
| Plant and Machinery | 75,997.12 | 26,800.58 |
| Consultancy Fees | 10,822.48 | 5,779.93 |
| Leasehold Improvements | 211.21 | 98.61 |
| Factory Building | 151.68 | - |
| Capital Advances | 19.55 | - |
| | 80,927.15 | 32,715.66 |
| SCHEDULE 3B(A) : PRE-OPERATIVE EXPENSES PENDING ALLOCATION | | |
| Project acquisition cost | 525.00 | 525.00 |
| Personnel cost | | |
| Salaries, Wages and Bonus | 650.67 | 84.04 |
| Contribution to Provident and other funds | 43.92 | 8.11 |
| Staff Welfare | 18.90 | 3.25 |
| Total | 713.49 | 95.40 |
| General, Administrative and Selling Expenses | | |
| Communication | 66.57 | 9.13 |
| Legal and Professional | 801.88 | 271.08 |
| Printing and Stationery | 22.28 | 5.78 |
| Recruitment Expenses | 25.77 | - |
| Advertisement Expenses | 4.39 | 0.13 |
| Repair and Maintenance - Building | 24.07 | 8.40 |
| - others | 10.53 | 2.29 |
| Contactors and Security Services | 40.30 | 5.02 |
| Electricity and Water Expenses | 32.04 | 0.62 |
| Guest House related Expenses | 9.16 | 2.92 |
| Miscellaneous Expenses | 26.23 | 3.90 |
| Auditor's Remuneration | 20.25 | 3.98 |
| Directors' Sitting Fees | 7.38 | 0.38 |
| Insurance | 8.12 | 0.59 |
| Rates and Taxes | 43.78 | 6.08 |
| Rent | 480.72 | 61.86 |
| Travelling and Conveyance | 681.43 | 204.78 |
| Total | 2,304.90 | 586.94 |
| Finance charges | | |
| Interest | | |
| - on fixed loans | 0.81 | - |
| - on others | 1.85 | 1.82 |
| Interest on outstanding statutory dues | 419.51 | 50.17 |
| Bank charges | 2.02 | 0.67 |
| Total | 424.19 | 52.66 |
| Depreciation/Amortisation | 34.68 | 2.71 |
| Total | 4,002.26 | 1,262.71 |
| Less: Foreign exchange gain (Refer note 17 of Schedule 14) | 9,024.25 | 732.53 |
| Less: Profit on sale of investments | 1.02 | - |
| Less: Interest - loans and advances (tax deducted at source Rs. 0.28) | 2.43 | - |
| - others | 0.01 | - |
| - deposit with scheduled bank (Tax deducted at source Rs. Nil) | 0.06 | - |
| - deposit with unscheduled bank | 1,926.57 | 756.75 |
| | 10,954.34 | 1,489.28 |
| | (6,952.08) | (226.57) |
| TOTAL | | |
| Add: Provision for taxation | | |
| - Current | 641.12 | 256.11 |
| - Fringe benefit tax | 36.07 | 7.00 |
| | 677.19 | 263.11 |
| | (6,274.89) | 36.54 |

SCHEDULES**31.03.2009**
(Rs. Lakhs)**31.03.2008**
(Rs. Lakhs)**SCHEDULE 4 - SUNDRY DEBTORS****(Unsecured)****Debts over six months**

Considered good - 0.63

Others

Considered good - 4.93

Considered doubtful **94.17** 94.17**94.17** 99.73Less : Provision for doubtful debts **94.17** 94.17**TOTAL** - 5.56**SCHEDULE 5 - CASH AND BANK BALANCES**Cash in hand **3.61** 2.24Cash in transit **2.40** -

Balances with scheduled banks in

Current accounts **7.78** 295.14

Balances with non-scheduled banks in

Current account - Banco Efisa (Maximum balance
outstanding during the year Rs. 1,537.37) - 743.27Deposits account - Banco Efisa (Maximum balance
outstanding during the year Rs. 44,477.10) - 42,568.05**TOTAL** **13.79** 43,608.70**SCHEDULE 6 - OTHER CURRENT ASSETS**Interest accrued but not due **24.31** 62.91**TOTAL** **24.31** 62.91**SCHEDULE 7 - LOANS AND ADVANCES****(Unsecured, considered good)**Advances recoverable in cash or in kind or for value to be received **28.79** 247.53Security deposits **243.69** 53.35Cenvat recoverable **1,951.79** 1,109.04**TOTAL** **2,224.27** 1,409.92**SCHEDULE 8 - CURRENT LIABILITIES**Sundry creditors **10,601.52** 187.84Deferred lease rent **6.65** -Other liabilities **3,401.95** 1,743.27**TOTAL** **14,010.12** 1,931.11

31.03.2009
(Rs. Lakhs)

31.03.2008
(Rs. Lakhs)

SCHEDULE 9 - PROVISIONS

| | | |
|--|---------------|---------------|
| Wealth Tax | 0.25 | 0.26 |
| Employee Benefits | 22.75 | 6.47 |
| Income Tax (net of tax deducted at source Rs. 0.28, Previous year Rs. 0.11) | 712.68 | 268.93 |
| Fringe Benefits Tax (net of tax paid Rs. 11.20, Previous year Rs. 4.35) | 19.01 | 3.00 |
| TOTAL | 754.69 | 278.66 |

SCHEDULE 10 - MISCELLANEOUS EXPENDITURE
(to the extent not written off or adjusted)

| | | |
|--|-----------------|-----------------|
| Global Depository Receipt (GDR) issue expenses | 2,592.52 | 2,810.82 |
| Foreign Currency Convertible Bonds (FCCB) related expenses | 540.54 | 22.63 |
| Equity share capital issue expenses | 227.93 | 227.93 |
| TOTAL | 3,360.99 | 3,061.38 |

SCHEDULE 11 - PERSONNEL COST

| | | |
|---|-------------|-------------|
| Salaries, Wages and Bonus | 0.65 | 2.67 |
| Contribution to Provident and other funds | 0.04 | 0.04 |
| Staff welfare | 0.01 | 0.06 |
| TOTAL | 0.70 | 2.77 |

SCHEDULE 12 - GENERAL, ADMINISTRATIVE AND SELLING EXPENSES

| | | |
|---------------------------|-------------|--------------|
| Communication | 0.02 | 0.66 |
| Legal and Professional | 0.01 | 1.32 |
| Printing and Stationery | 0.11 | 0.34 |
| Postage and Telegram | - | - |
| Rates and Taxes | - | 8.91 |
| Loss on Discarded Assets | - | 1.97 |
| Loss on Discarded Stock | - | 2.62 |
| Business Promotions | - | 0.88 |
| Auditors' Remuneration | - | 1.03 |
| Directors' Sitting Fees | - | 0.02 |
| Insurance | - | 0.03 |
| Commission | - | 1.67 |
| Rent | 0.62 | 2.59 |
| Travelling and Conveyance | 0.01 | 0.66 |
| Miscellaneous Expenses | - | 0.20 |
| TOTAL | 0.77 | 22.90 |

SCHEDULE 13

Significant Accounting Policies

1. Basis for preparation of financial statements

The financial statements are prepared under historical cost convention, on accrual basis, in accordance with the generally accepted accounting principles in India and to comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in exercise of the power conferred under Sub-Section (1) (a) of Section 642 and the relevant provisions of the Companies Act, 1956 ("the Act").

2. Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the results of operations during the reporting periods. 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.

3. Fixed Assets and Depreciation/Amortisation

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

| Asset category | Rate of Depreciation/ Amortization |
|------------------------|---|
| Computers | 16.21% p.a. |
| Office Equipments | 4.75% p.a. |
| Furniture and Fixtures | 6.33% p.a. |
| Vehicles | 9.50% p.a. |
| Building | 1.63% p.a. |
| Leasehold Improvements | Over the period of lease or estimated useful life, if shorter |

4. Inventories

Inventories are valued at cost or net realizable values, whichever is lower.

5. Revenue Recognition

Sale of goods

Revenue from the sale of goods is recognized when significant risk and rewards in respect of ownership of the goods are transferred to the customer. Revenue is stated net of trade discounts, rebates, sales return and sale tax or value added tax, where ever applicable

Interest income

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

6. Taxation

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

Provision for fringe benefits tax is made in accordance with applicable Income-tax laws.

7. Foreign Currency Transactions

Transactions in foreign currency and non-monetary assets are accounted for at the exchange rate prevailing on the date of the transaction. All monetary items denominated in foreign currency are converted at the year-end exchange rate. The exchange differences arising on such conversion and on settlement of the transactions are recognized in the Profit and Loss Account except in cases where they relate to acquisition/ construction of fixed assets in which case they are adjusted to the carrying cost of such assets.

8. Employee Benefits

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

i) Gratuity

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

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the "Pre-operative expenses pending allocation" in the year in which such gains or losses are determined.

ii) Provident Fund

The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provision Act, 1952. In terms of the Guidance on implementing the revised AS - 15, issued by the Accounting Standard Board of the Institute of Chartered Accountants of India (the 'ICAI'), the provident fund set up by the Company is treated as a defined benefit plan since the Company has to meet the interest shortfall, if any. Accordingly, the contribution paid or payable and the interest shortfall, if any is recognized as an expense in the period in which services are rendered by the employee.

iii) Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognized on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

iv) Other short term benefits

Expense in respect of other short-term benefits is recognized on the basis of the

amount paid or payable for the period during which services are rendered by the employee.

9. Leases

Leases of assets under which significant risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as expense in the pre-operative expenses pending allocation account on a straight line basis over the lease term.

10. Impairment of Assets

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

11. Contingent Liabilities and Provisions

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

12. 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 commercial production. Any reimbursements received from the depository are credited to "Miscellaneous expenditure" in the year such reimbursement is received.

13. Earnings Per Share

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

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

NOTES TO THE FINANCIAL STATEMENT

1. The Company is setting up a refinery ('Project') in Haldia, West Bengal. The expenditures incurred during the construction period are classified as "Pre-operative expenses pending allocation" and will be apportioned to the assets on the completion of the project. In respect of such expenditure, necessary details as per Part II of Schedule VI of the Companies Act, 1956 have been disclosed under Schedule 3(B)(a).

2. In the opinion of the board of directors, current assets, loans and advances have a value on realization in the ordinary course of the business at least equal to the amounts at which they are stated and provision for all known liabilities have been made.

3. Capital Commitments:

(Rs. in crores)

| | 2009 | 2008 |
|---|------------|----------|
| Estimated amount of contracts remaining to be executed on capital accounts (Net of Advances) and not provided for | 310,890.48 | 1,751.39 |

4. The service tax liability has been ascertained and provided for in the books of accounts. The Company has been advised that as per the provisions of Central Excise Act, 1944, the Company is eligible to claim CENVAT Credit against the excise duty payable on the products to be manufactured by the Company and accordingly CENVAT credit of service tax has been considered as an asset and classified as "Cenvat recoverable" in Schedule 7.

5. The Company is renegotiating with Lohrmann International GmbH ('Lohrmann'), the supplier of plant and machinery and technical services contractor related to the project, for payment schedule as agreed vide agreement dated August 23, 2007 and February 27, 2008 respectively. The liability of Euro 66 million (Rs. 44,536.80 lakhs) towards the supply of plant and machinery and Euro 13 million (Rs. 8,772.40

lakhs) towards technical services, as stipulated in the agreements, has not been recognised in view of renegotiation of payment terms.

6. 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. 8,291.72 lakhs (previous year Rs. 732.53 lakhs) being receipt on capital account, accordingly no provision for tax has been made on the exchange gain.

7. The Company has requested its vendors to confirm their status under Micro, Small and Medium Enterprises Development Act (MSMED), 2006. Based on the confirmations received, there are no amounts due to any micro, small or medium enterprise under the MSMED Act, 2006.

8. The Company had raised USD 200 million (1 USD = INR 39.40) on December 12, 2007 through issue of 7,880,000 Global Depository Receipts (GDR) each representing 100 underlying equity shares of Rs. 10 each. During the year, the Company has restructured GDRs instrument which will now represent 50 underlying equity shares of Re. 1 each. The proceeds of GDR has been utilised (payment basis) as under during the year:

(Rs. in lakhs)

| | 2009 | 2008 |
|---|-----------|-----------|
| Opening balance of unutilised proceeds | 43,606.46 | - |
| Proceeds from GDRs | - | 78,800.00 |
| Less : (Incidental expenditure for raising GDR net of Reimbursement of expenses | (250.51) | 2,819.39 |
| Net Proceeds available | 43,856.95 | 75,980.61 |
| Project expenditure | 42,278.12 | 32,005.00 |
| General corporate and Indirect project expenses | 1,576.44 | 369.15 |
| Total utilization | 43,854.56 | 32,374.15 |
| Balance proceeds yet to be utilized, deposited with the banks | 2.39 | 43,606.46 |

9. Managerial remuneration

(Rs. in lakhs)

| | 2009 | 2008 |
|------------------------------|--------|-------|
| a) Salaries, wages and bonus | 95.52 | 20.00 |
| b) Perquisites | 13.20 | 3.00 |
| Total | 108.72 | 23.00 |

The remuneration of Director, Mr. Manabendra Guha Roy has been approved by the shareholders

of the Company. However, the same is subject to the approval of the Central Government. The remuneration of director, Mr. Ramesh Bhosale is pending for approval by the shareholders of the Company and the Central Government.

Whole time Directors 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 the basis of 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.

10. Auditors' remuneration

(Rs. in lakhs)

| | 2009 | 2008 |
|--------------------|-------|------|
| Statutory Audit | 12.00 | 2.30 |
| Limited Reviews | 4.00 | 1.75 |
| Certification | 0.27 | 0.80 |
| Income Tax Matters | - | 0.17 |
| Service Tax | 1.62 | - |
| Total | 17.89 | 5.02 |

11. The Company has taken various residential, office and warehouse premises under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms.

Obligations towards non-cancellable leases:

(Rs. in lakhs)

| Lease Obligation | 2009 | 2008 |
|---|----------|--------|
| Not later than one year | 463.07 | 139.02 |
| Later than one year but not later than five years | 847.40 | 117.74 |
| Later than five years | 25.67 | - |
| Total | 1,336.14 | 256.76 |

Rental expenses of Rs. 418.86 lakhs (Previous year Rs. 61.86 lakhs) and Rs. 0.62 lakhs (Previous year Rs. 2.59 lakhs) in respect of obligation under operating leases have been recognised in "Pre-operative expenses pending allocation" and Profit and Loss Account respectively.

12. Following current investments (non-trade, unquoted) have been purchased and sold during the year:

| Description | No. of Units | | Value (Rs. in lakhs) | |
|---|--------------|--------------|----------------------|--------|
| | purchased | sold | Purchased | Sale |
| Reliance Liquid Plus Fund (Unit of Rs. 10 each) | 4,996.00 | 5,001.05 | 50.00 | 50.05 |
| TATA Floater Fund (Unit of Rs. 10 each) | 2,989,357.88 | 2,999,018.49 | 300.00 | 300.97 |
| Total | 2,994,353.88 | 3,004,019.54 | 350.00 | 351.02 |

13. Related Party Transactions
Name of Related Parties

| Nature of Relationship | : | Name of Related Parties |
|---|---|--|
| Significant influence (Promoter Director) | : | Mr Sarvesh Kumar Goorha (till June 27, 2008) |
| | : | Mr. Deep Kumar Rastogi (with effect from June 27, 2008) |
| Key Managerial Personnel | : | Mr. Manabendra Guha Roy, Chief Executive Officer |
| | : | Mr. Ramesh Bhosale (Chief Financial Officer with effect from February 1, 2009) |
| Relatives of Key Managerial Personnel | : | Mrs. Ragini Goorha (wife of Mr. Sarvesh Kumar Goorha) |
| | : | Mrs. Ratna Guha Roy (wife of Mr. Manabendra Guha Roy) |
| | : | Mrs. Anuja Bhosale (wife of Mr. Ramesh Bhosale) |

Related Party Transactions:

(Rs. in lakhs)

| Nature of Transactions | Subsidiaries | Key Management Personnel | Relative of Key Managerial Personnel | Individuals owning, directly or indirectly, a substantial interest in the voting power of the Company | Enterprises owned or Significantly influenced by Key Managerial Personnel or their Relatives | Total |
|--|--------------|--------------------------|--------------------------------------|---|--|---------------|
| Transactions during the year | | | | | | |
| Managerial Remuneration | | | | | | |
| -Manabendra Guha Roy | - | 92.00 | - | - | - | 92.00 |
| | (-) | (23.00) | (-) | (-) | (-) | (23.00) |
| -Ramesh Bhosale | - | 16.72 | - | - | - | 16.72 |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| Rent Paid | | | | | | |
| -Ratna Guha Roy | - | - | 12.00 | - | - | 12.00 |
| | (-) | (-) | (3.00) | (-) | (-) | (3.00) |
| -Anuja Bhosale | - | - | 1.20 | - | - | 1.20 |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| Issue of Equity Shares under Preferential Allotment | | | | | | |
| -Mr Sarvesh Kumar Goorha | - | - | - | - | - | - |
| | (-) | (-) | (-) | (-) | (10.19) | (10.19) |
| Advances paid/(received) during the year | | | | | | |
| -Mr Sarvesh Kumar Goorha | - | - | - | - | 27.99 | 27.99 |
| | (-) | (-) | (-) | (-) | (18.89) | (18.89) |
| Balance outstanding as at year end | | | | | | |
| -Mrs. Ragini Goorha | - | - | - | - | 5.50 | 5.50 |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| Balance Payable | | | | | | |
| - Mr. Sarvesh Kr. Goorha | - | - | - | - | 100.00 | 100.00 |
| | (-) | (-) | (-) | (-) | (127.99) | (127.99) |
| -Ragini Goorha | - | - | - | - | - | - |
| | (-) | (-) | (-) | (5.50) | (-) | (5.50) |

- Previous Year figures are given in brackets.

14. Disclosure in respect of Clause 32 of the Listing Agreement in respect of new line of business.

(Rs. in lakhs)

| | Petroleum Products | |
|---------------------|---------------------------|--------|
| | 2009 | 2008 |
| Net Sales | 2.69 | 7.89 |
| Expenditure | 4.89 | 16.40 |
| Net Loss | (2.20) | (8.51) |
| Fringe Benefits Tax | 0.01 | 0.08 |
| Net Loss After Tax | (2.21) | (8.59) |

15. Employee Benefits
A. Gratuity

Amount recognised in the Profit and Loss Account is as under:

(Rs. in lakhs)

| Description | 2009 | 2008 |
|--|--------|------|
| Current Service Cost | 9.07 | 2.42 |
| Interest Cost | 0.18 | - |
| Actuarial (gain)/loss recognized during the year | (1.36) | - |
| Past Service Cost | - | - |
| | 7.89 | 2.42 |

Movement in the liability recognised in the Balance Sheet is as under:

| Description | 2009 | 2008 |
|---|--------|------|
| Present value of defined benefit obligation as at April 1, 2008 | 2.42 | - |
| Current service cost | 9.07 | 2.42 |
| Interest cost | 0.18 | - |
| Actuarial (gain)/ loss recognized during the year | (1.36) | - |
| Benefits paid | - | - |
| Past service cost | - | - |
| Present value of defined benefit obligation as at the end of the year | 10.31 | 2.42 |

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

| | 2009 | 2008 |
|---|-------|-------|
| Discount rate | 7.50% | 8.00% |
| Rate of increase in compensation levels | 5.00% | 5.50% |

B. Compensated Absences

Amount recognised in the Profit and loss account is as under:

(Rs. in lakhs)

| Description | 2009 | 2008 |
|---|------|------|
| Current service cost | 7.09 | 3.94 |
| Interest cost | 0.30 | - |
| Actuarial loss recognized during the year | 1.16 | - |
| Past service cost | - | - |
| | 8.55 | 3.94 |

Movement in the liability recognised in the balance sheet is as under:

| Description | 2009 | 2008 |
|---|--------|------|
| Present value of defined benefit obligation as at the start of the year | 3.94 | - |
| Current service cost | 7.09 | 3.94 |
| Interest cost | 0.30 | - |
| Actuarial loss recognized during the year | 1.16 | - |
| Benefits paid | (0.05) | - |
| Past service cost | - | - |
| Present value of defined benefit obligation as at the end of the year | 12.44 | 3.94 |

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

| | 2009 | 2008 |
|---|-------|-------|
| Discount rate | 7.50% | 8.00% |
| Rate of increase in compensation levels | 5.00% | 5.50% |

C. Provident Fund

Contribution made by the Company during the year is Rs. 13.58 lakhs (previous year Rs. 1.78 lakhs).

As at the year end, no shortfall remains unprovided for as there is surplus in the fund. In the absence of guidance on actuarial valuation of Fund liability, which is to be issued by the Actuarial Society of India, the actuarial valuation liability towards Provident Fund is not feasible. Accordingly, other related disclosures in respect of provident fund have not been furnished.

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

i) Details of Capacity and Production

In the absence of manufacturing activity of the Company, aforesaid information is not applicable.

ii) Details of Trading Goods

| Particulars | Opening Stock | | Purchases | | Turnover | | Closing Stock | |
|----------------------|---------------|------|-----------|-------|----------|-------|---------------|------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Oil & Lubricants | | | | | | | | |
| Qty. (in Ltr.) | - | - | 2,850 | 8,800 | 2,850 | 8,800 | - | - |
| Value (Rs. in lakhs) | - | - | 2.63 | 7.73 | 2.69 | 7.89 | - | - |

iii) Expenditure in Foreign Currency

(On cash basis including amounts capitalized during the year)

(Rs. in lakhs)

| | 2009 | 2008 |
|--|-----------|-----------|
| Travelling Expenses | 163.94 | 14.78 |
| Bank Charges | 0.65 | 0.41 |
| GDR Issue Expenses (net of reimbursement of expenses Rs. 250.51, P.Y. Rs. 237.58) | (250.51) | 2,819.39 |
| Capital Advances | 47,438.28 | 26,000.58 |
| Consultancy and Professional Fees | 4,271.95 | 5,186.12 |
| Stock Exchange Fees | 3.31 | 3.12 |
| Total | 51,627.62 | 34,024.40 |

iv) Earnings in Foreign Currency

(On accrual basis)

(Rs. in lakhs)

| | 2009 | 2008 |
|--------------------------------------|----------|--------|
| Interest Income (from Bank Deposits) | 1,169.82 | 756.74 |
| Total | 1,169.82 | 756.74 |

17. The Company is setting up a refinery project, the indirect expenditure/income during construction period has been recognised in "Pre-operative expenses pending allocation" account, which forms part of capital work-in-progress. The said account includes foreign exchange gain/ loss of Rs. 9,024.25 lakhs (including previous year Rs. 732.53 lakhs), corporate expenses of Rs. 46.14 lakhs (including previous year Rs. 8.96 lakhs) and interest on statutory

dues of Rs. 419.51 lakhs (including previous year Rs. 48.41 lakhs) till March 31, 2009. At the time of allocation of pre-operative expenses to the respective assets on commissioning of the project, above mentioned expenses/income shall not be capitalized. The above accounting treatment is in accordance with the clarification given by the Department of Companies Affairs (Letter No. 2/17/64-PR, dated 29th January 1964).

18. Segment Reporting

Information required to be disclosed under Accounting Standard 17, "Segment Reporting". The following business segments have been identified as primary reportable segments:

Identification of Segment
Business Segments

The business operations of the Company comprise of sale of petroleum products. Till the year ended March 31, 2008, the Company operated in IT/ITES sector.

Geographical Segments:

The company is operating in India which is considered as a single geographical segment.

(Rs. in Lakhs)

| Particulars | Petroleum Products | | IT Services | | Total | |
|---|--------------------|--------|-------------|--------|--------|-----------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| REVENUE | | | | | | |
| External Turnover | 2.69 | 7.89 | - | 0.17 | 2.69 | 8.06 |
| Inter Segment Sales/Income | - | - | - | - | - | - |
| RESULT | (2.20) | (8.51) | - | (0.33) | (2.20) | (8.84) |
| Unallocated Corporate Expenses | - | - | - | - | - | 21.13 |
| Operating Profit | (2.20) | (8.51) | - | (0.33) | (2.20) | (29.97) |
| Interest & Finance Charges | - | - | - | - | - | 0.19 |
| Unallocated Other Income | - | - | - | - | - | 99.15 |
| Income Tax | 0.01 | 0.08 | - | - | 0.01 | 0.08 |
| Net Profit | (2.21) | (8.59) | - | (0.33) | (2.21) | 68.91 |
| OTHER INFORMATION | | | | | | |
| Segment Assets | - | 5.56 | - | - | - | 5.56 |
| Unallocated Corporate Assets | - | - | - | - | - | 45,154.70 |
| Total Assets | - | 5.56 | - | - | - | 45,160.26 |
| Segment Liabilities | - | 2.53 | 10,000.00 | 133.49 | 100.00 | 136.02 |
| Unallocated Corporate Liabilities | - | - | - | - | - | 2,073.75 |
| Total Liabilities | - | 2.53 | 10,000.00 | 133.49 | 100.00 | 2,209.77 |
| Capital Expenditure | - | - | - | - | - | - |
| Unallocated Capital Expenditure | - | - | - | - | - | 32,715.67 |
| Total Capital Expenditure | - | - | - | - | - | 32,715.67 |
| Depreciation/Amortisation | - | - | - | - | - | - |
| Unallocated Depreciation/Amortisation | - | - | - | - | - | 2.42 |
| Total Depreciation/Amortisation | - | - | - | - | - | 2.42 |
| Amortisation | - | - | - | - | - | - |
| Unallocable Amortisation | - | - | - | - | - | - |
| Total Amortisation | - | - | - | - | - | - |
| Non-cash expenses other than depreciation and amortisation | - | - | - | - | - | - |
| Unallocated Non-cash expenses other than depreciation and amortisation | - | - | - | - | - | 3,061.38 |
| Total Non-cash expenses other than depreciation and amortisation | - | - | - | - | - | 3,061.38 |

19. Particulars of unhedged foreign currency exposure as at the Balance Sheet date:

| Particulars | Amount (USD in lakhs) | | Amount (Rs. in lakhs) | |
|--------------------------------|-----------------------|----------|-----------------------|-----------|
| | 2009 | 2008 | 2009 | 2008 |
| Balance with unscheduled banks | 0.49 | 18.60 | 2.40 | 743.27 |
| Deposit with unscheduled banks | - | 1,065.00 | - | 42,568.05 |

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

For & on behalf of the Board of Directors

Sanjay Jain
VP (Legal) & Company Secretary

Ramesh Bhosale
Chief Financial Officer

Deep Rastogi
Director

Manabendra Guha Roy
Chief Executive Officer

Gurgaon
June 30, 2009



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="-"/> | Right Issue | <input type="text" value="-"/> |
| Bonus Issue | <input type="text" value="-"/> | Private Placement | <input type="text" value="-"/> |

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

| | | | |
|-------------------|--|--------------|--|
| Total Liabilities | <input type="text" value="7,997,293"/> | Total Assets | <input type="text" value="7,997,293"/> |
|-------------------|--|--------------|--|

Source of Funds

| | | | |
|-------------------------|--|--------------------|----------------------------------|
| 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="592"/> |
| Unsecured Loans | <input type="text" value="56,701"/> | | |

Application of Funds

| | | | |
|--------------------|---|--------------------|--------------------------------------|
| Net Fixed Assets | <input type="text" value="8,843,971"/> | Investments | <input type="text" value="0"/> |
| Net Current Assets | <input type="text" value="-1,250,244"/> | Miscellaneous Exp. | <input type="text" value="336,099"/> |
| Accumulated Losses | <input type="text" value="67,467"/> | | |

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

| | | | |
|--------------------------|-----------------------------------|-------------------------|-----------------------------------|
| Turnover | <input type="text" value="269"/> | Total Expenditure | <input type="text" value="489"/> |
| Profit/(Loss) before Tax | <input type="text" value="-221"/> | Profit/(Loss) after Tax | <input type="text" value="-221"/> |
| Earning Per Share | <input type="text" value="0"/> | Dividend Rate % | <input type="text" value="NIL"/> |

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..... ofin the district ofbeing 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 25th Annual General Meeting of the Company to be held on Wednesday, the 16th September 2009 at 10.30 a.m. at Executive Club, Dolly Farms & Resorts 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110 074 and/or any adjournment thereof.

Signed this at.....on this dayof2009.

Affix 15
paisa
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

25th 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 25th Annual General meeting of the Company to be held on Wednesday, the 16th September 2009 at 10.30 a.m. at Executive Club, Dolly Farms & Resorts 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110 074 .

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

SIGNATURE/S OF THE SHAREHOLDER/S OR PROXY

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

NO GIFT / SNACKS WILL BE PROVIDED AT THE MEETING

BOOK POST



If undelivered please return to:

CALS REFINERIES LIMITED

326, Udyog Vihar, Phase IV,
Gurgaon, Haryana 122 015
India