CALS

26th Annual Report 2009- 2010

CALS REFINERIES LIMITED

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

VICE PRESIDENT (LEGAL) & COMPANY SECRETARY
MR. SANJAY KUMAR JAIN

BANKERS
AXIS BANK LIMITED

AUDITORS
M/S. WALKER, CHANDIOK & CO., NEW DELHI
M/S. ARUN K. GUPTA & ASSOCIATES, NEW DELHI

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

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

REGISTRAR & SHARE TRANSFER AGENTS
MCS LIMITED
F-65 OKHLA INDUSTRIAL AREA PHASE I,
NEW DELHI 110 020

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

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

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NOTICE IS HEREBY GIVEN that the 26th Annual General Meeting of Cals Refineries Limited will be held on Wednesday, the 28th July 2010 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 2010 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. Deep Kumar Rastogi who retires by rotation and being eligible offers himself for reappointment.
3. To reappoint Mr. M. S. Ramachandran 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 a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and relevant provisions of the Memorandum and Articles of Association of the Company, and in accordance with listing agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed or proposed to be listed and subject to the approval of Securities and Exchange Board of India (hereinafter referred to as "SEBI"), Reserve Bank of India (hereinafter referred to as "RBI"), and subject to the Company obtaining all approvals, consents, permissions and sanctions as may be required from any and/or all governmental or regulatory authorities and/or all other institutions and bodies including Banks provided that such sanctions are acceptable to the Board of Directors of the Company (hereinafter referred to as the Board, which term shall be deemed to include any Committee of Directors constituted by the Board and authorised for this purpose), the consent and the approval of the Company be and is hereby accorded to the Board to create, offer, issue and allot on Preferential basis to Spice Refineries Private Limited, part of Spice Energy Group, the promoters, 188800000 (Eighteen crores eighty eight lakhs) Equity Shares of the Company of the face value of Re. 1/- for cash at par since the price calculated in accordance with the Regulations for Preferential Issue, issued by SEBI under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, is less than the face value of the share.

RESOLVED FURTHER THAT all the new Equity Shares, as and when allotted in terms of this resolution, shall rank pari passu in all respects, with the existing Equity Shares of the company and necessary measures be taken to seek the listing of such new Equity Shares on all the Stock Exchanges where the Company's shares shall continue to be listed and necessary application be made with National Securities Depository Limited, Central Depository Services (India) Limited and other authorities, if any, for executing Corporate Action and such other actions, as may be required in this connection from time to time.

RESOLVED FURTHER THAT subject to SEBI Regulations and other applicable laws, the Board be and is hereby authorised to decide and approve terms and conditions of the issue of above mentioned Equity Shares and to vary, modify or alter any of the terms and conditions, including size of the issue, as it may deem expedient.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board and or its duly authorised Committee, in their absolute discretion, be and are hereby authorised, to take all such steps and do all such acts, deeds, matters and things, as the Board may deem fit and proper or desirable and necessary to settle any question or doubt that may arise in regard to offer, issue and allotment of the new Equity Shares and that the Board is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or Chairman of the meeting at which the Committee is or may be formed or to any of the principal officers of the Company/authorised representative in order to give effect to the aforesaid resolution."

By Order of the Board of Directors

Gurgaon
June 14, 2010

(Sanjay Kumar 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 Members and Share Transfer Books of the Company will remain closed from Wednesday, 21st July 2010 to Wednesday 28th July 2010 (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 dematerialised form.

   c. send, in case of those members who have multiple accounts in identical names or joints names in same order, all the share certificates to the Registrar and Share Transfer Agent of the Company, MCS Limited at the aforesaid address for consolidation of all such shareholdings into one account to facilitate better service.

4. Members/proxies should bring the attendance slip duly filled in for attending the Meeting.

5. All the documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on all the working days except Saturday upto the date of the Annual General Meeting.

By Order of the Board of Directors

Gurgaon
June 14, 2010

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

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

Item No. 5

In order to meet the requirements of the funds as per the objects detailed below, it is proposed to issue 188800000 Equity Shares of the Company, in cash at par at Rs. 1/- each aggregating to Rs. 188,800,000/- on preferential basis, to Spice Refineries Private Limited, part of Spice Energy Group, the promoter, as per the provisions of the Companies Act, 1956 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 for Preferential Issues.

Spice Refineries Private Limited does not hold any shares in the Company. The allotment of new shares as aforesaid shall bring their holding to 2.31% of the expanded capital in the Company, thereby the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, (the "Takeover Code") are not triggered.

The new Equity Shares are proposed to be allotted at par since the price calculated in accordance with Regulation 76 of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (the "Regulations"), would be below the par value of the shares.

The disclosures required to be given in the Explanatory Statement to this Notice of General Meeting in terms of the Regulations are as under:

(a) Objects of the Issue:
   1. to arrange funds required for meeting the working capital requirements of the Company,
   2. to meet expenditure for general corporate purposes.

(b) Intention of the proposed allottee to subscribe to the offer:

   The proposed allottee, have indicated their intention to subscribe to the proposed preferential issue of 188800000 Equity Shares i.e. to the extent as proposed in the resolution.

(c) Change of Management:

   The allotment would not result in any change in the control or management of the affairs of the Company or in the composition of the Board of Directors of the Company. However, there could be consequential changes in the voting rights / shareholding pattern in the Company.

(d) Lock in Period:

   The proposed allotment shall be locked in for 3 years from the date of allotment as per the SEBI(ICDR) Regulations.

(e) Proposed time within which the allotment shall be completed:

   The Board proposes to allot the Equity Shares within 15 days from the date of the Annual General Meeting or from the date of statutory approval for issue of these securities.

(f) Identity of the proposed allottee and percentage of Post-preferential issue capital that may be held by Promoters' Group:

S. No.	Name of Proposed Allottee	No. of Equity Shares Issue Capital	% of Post Preferential
1.	Spice Refineries Private Limited	188800000	2.32
	Total	**188800000**	**2.32**

(g) Pricing of the Issue:

The price of the new Equity Shares to be allotted to Spice Refineries Private Limited shall be Re. 1/- per share.

(h) Shareholding Pattern before and after preferential allotment:

SHAREHOLDERS' CATEGORY		
(As at 31st March 2010)	Before the proposed preferential allotment	After the proposed preferential allotment
	% of shares/total voting capital held	
(A) Promoter and Promoters Group		
Acquirer	0.00	2.32
Non-Acquirers	0.11	0.11
Total	**0.11**	**2.43**
(B) Public Shareholding		
Mutual Funds/UTI	0.00	0.00
Bodies Corporate	9.45	9.23
Public	28.41	27.75
FII/NRI	6.94	6.78
GDR	55.09	53.81
Total Public holding	**99.89**	**97.57**
Total	**100.00**	**100.00**

(i) Auditors' Certificate:

A copy of the Statutory Auditors' Certificate certifying that the present preferential allotment is being made in accordance with the requirements contained in the Regulations for Preferential Allotment under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, will be placed before the Meeting and is kept open for inspection at the Registered Office of the Company on all working days during office hours and will also be available for inspection at the meeting.

All documents referred to in this statement are open for inspection at the registered office of the company during the working hours upto the date of this meeting.

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

None of the Directors of the Company except Mr. Deep Kumar Rastogi who is interested as a Director and Member are, in any way, concerned or interested in the said resolution.

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. Deep Kumar Rastogi and Mr. M.S. Ramachandran retire by rotation and being eligible, offer themselves for reappointment.

Mr. Deep Kumar Rastogi - He is a Promoter Director of the Company. He is into import business and having more than 42 years experience. He is on the Board of Spice Refineries Private Limited, SRM Exploration Private Limited, SRM Refineries Private Limited, SRM Branding Solution Private Limited, SRM Energy Limited, India One Hotels Private Limited, Team India Motor Racing Private Limited, India Gammachin Limited, Spice Energy Private Limited, Spice Gas Private Limited, BND Gas Private Limited, Spice Exploration Private Limited

Mr. M.S. Ramachandran - He has over 40 years of experience in the Oil and Gas industry. He was the Chairman of Indian Oil Corporation (IOC), India's largest Oil & Gas Company, from 2002-2005. He helped the government to implement various policies that would attract private players into the Oil & Gas sector. At IOC, he redirected the organization around key business lines with greater commercial focus and market facing capabilities. During his tenure, Mr. Ramachandran increased sales growth from USD 25 billion to USD 34 billion, which increased the net profit of Company from USD 0.65 billion to USD 1.2 billion, raising the Company's Fortune ranking from 223 to 189. He established IOC as a transnational marketing company. Lanka IOC was started by him; today it is ranked as the number one Company in Sri Lanka. He has won numerous awards/ recognitions/ honours. He was a runner-up in the Platts Global CEO of the Year Award in 2004. He is on the Board of Supreme Petro Chemicals Limited, Gulf Oil Corporation Limited, Ester Industries Limited, ICICI Bank Limited, Bharat Electronics Limited

The Twenty Sixth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2010 is being submitted.

FINANCIAL RESULTS

(Rs. in lakhs)

Particulars	2009-2010	2008-2009
Sales and other Income	-	2.69
Profit/(Loss) before Depreciation, Interest, Prior Period Expenses	-	(1.41)
Less: Interest	-	-
Less: Depreciation	-	0.48
Less: Prior Period Expenses	-	0.31
Profit/(Loss) before Tax	-	(2.20)
Income Tax	-	0.01
Liabilities Written Back Net	-	-
Profit/(Loss) after Income Tax	-	(2.21)
Balance carried forward from previous year	**(672.46)**	(672.46)
Net Profit/(Loss) transferred to Balance Sheet	**(674.67)**	(674.67)
EPS (in Rs.)	-	0.00

DIVIDEND

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

PROGESS OF THE PROJECT

During the financial year 2009-2010 the refinery project of your Company could not escape from the brunt of worldwide recession. The discussions for equity and debt requirement of the project were held with various investors and bankers. Many of them carried out legal, financial and technical due diligence of the project. However, the Company could not tie up the entire funds requirement.

The civil work at site like construction of boundary wall and land filing work was carried out during the year. The dismantling of refinery at Bayernoil site was started to make the critical land areas available to city government authorities. The Ministry of Environment and Forests (MOEF) issued final environmental clearence.

The Company has signed a tripartite Agreement dated 19th March 2010 with West Bengal Industrial Development Corporation Limited (WBIDC) and Haldia Development Authority (HDA). As per this agreement WBIDC has obtained the leased hold rights on 386 acres of land after payment of land premium of Rs. 63 crores to HDA. WBIDC has retained the possession of the land with the Company. As per the terms of the agreement the land will be with the Company on sub-lease from WBIDC and the Company will have to pay the premium amount of Rs. 63 crores along with the interest @ the rate of 13% to WBIDC at the time of financial closure.

DIRECTORS

Mr. Deep Kumar Rastogi and Mr. M. S. Ramachandran retire by rotation as required under the Companies Act, 1956 and being eligible, offer themselves for reappointment.

FIXED DEPOSITS

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

CORPORATE GOVERNANCE

The Company has complied with the mandatory provisions of Corporate Governance as prescribed in the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance is included as a part of the Annual Report alongwith the 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 2010 the applicable Accounting Standards have been followed;
2. That the Company has selected appropriate accounting policies and applied them consistently and made judgement and estimates that were reasonable and prudent so as to give a true and fair state of the affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for the year under review;
3. That the Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. That the accounts of the Company for the financial year ended 31st March 2010 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 Annexure referred to in Paragraph 3 of the Auditors' Report, the explanation is as under:

Since the Company is setting up a refinery project, the exchange differences, interest on outstanding statutory dues and certain indirect expenses not directly attributable to construction have been taken in the statement of Pre-operative Expenses, which forms part of Capital Work-in-Progress. The above accounting treatement is in accordance with the clarification given by the Department of Company Affairs (Letter No. 2/17/64-PR, dated 29-1-1964). However, at the time of allocation of Pre-operative Expenses to the respective assets on commissioning of the project, these foreign exchange gain/loss and other indirect expenses not directly attributable to construction shall not be capitalized.

AUDITORS

The Company's Auditors M/s. Walker, Chandiok & 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 reappointment. M/s. Walker, Chandiok & 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 2010-2011. The Company's Global Depository Receipts (GDRs) are listed with Luxembourg Stock Exchange.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

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 EARNING AND OUTGO

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

ACKNOWLEDGEMENT

The Directors have pleasure in recording their appreciation for assistance extended to the Company by various officials of Central Government, State Government and participating Financial Institutions. The Directors would also like to acknowledge and appreciate the co-operation extended by the Company's Bankers and Employees.

For and on behalf of the Board

Gurgaon
June 14, 2010

(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 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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
June 14, 2010

In compliance with Clause 49 of the Listing Agreement with Stock Exchange, 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 7 directors.

Composition and category of Directors is as follows:

Category	Name of the Directors
Promoter Director	Deep Kumar Rastogi Ravi Chilukuri
Non Executive and Independent Directors	M.S. Ramachandran Sarvesh Kumar Goorha B. Srinivasa Rao
Executive Directors	Ramesh Bhosale Manabendra Guha Roy

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 membership/chairmanship		
	Board Meeting	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Sarvesh Kumar Goorha	5	Yes	2	2	1
M.S. Ramachandran	5	-	5	3	-
Ramesh Bhosale	5	Yes	-	-	-
Ravi Chilukuri	2	-	-	-	-
Manabendra Guha Roy	5	Yes	-	-	-
Deep Kumar Rastogi	3	Yes	12	2	1
B. Srinivasa Rao	3	Yes	2	3	1

Number of Board Meetings held and the dates on which held

During the year, 5 Board Meetings were held on 30th April 2009, 30th June 2009, 28th July 2009, 27th October 2009 and 22nd January 2010.

3. Audit Committee

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

a. To oversee financial reporting and disclosure process.

b. To recommend the appointment and removal of statutory auditors and decide their remuneration.

c. To review financial results and statements, before submission to the Board, focus primarily on-

- Any change in accounting policies and practices.
- Major accounting entries, based on exercise of judgment by the management.

- Qualifications in the draft Audit Report.
- Significant adjustments arising out of the audit.
- Going Concern Assumption.
- Compliance with Accounting Standards.
- Compliance with Stock Exchange and legal requirements concerning financial statements.
- Any related party transactions i.e. transactions of the Company of a material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with larger interests of the Company.

d. To oversee adequacy of internal control systems.

e. Reviewing adequacy of internal audit function, coverage and frequency of internal audit report.

f. Discussion with internal auditors and concurrent auditors on any significant findings in their reports and follow up thereon.

g. Discussion with external auditors before audit commences, as regards nature and scope of audit, as well as having post audit discussions to ascertain any areas of concern.

h. Reviewing the Company's financial and risk management policies.

During the year, the Committee has met 5 times on 26th June 2009, 28th July 2009, 16th September 2009 and 27th October 2009, 22nd January 2010.

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

4. Remuneration Committee

The Board has reconstituted the Remuneration Committee comprising of Mr. Sarvesh Kumar Goorha and Mr. Deep Kumar Rastogi. No Remuneration Committee meeting was held during the year. 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 2010 to Mr. Manabendra Guha Roy and Mr. Ramesh Bhosale, Whole Time Directors - Rs. 19,231,992/-. 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 2010 to the Directors are as follows: - Mr. M.S. Ramachandaran, Chairman, Rs. 100,000/-, Mr. Sarvesh Kumar Goorha, Director Rs. 160,000/- and Mr. B. Srinivasa Rao, Director Rs. 160,000/-.

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 Kumar Goorha and Mr. Deep Kumar Rastogi. Mr. Deep Kumar Rastogi is the Chairman of Share Transfer Cum Shareholders'/Investors' Grievance Committee. The members of this Committee have opted not to take the sitting fees for Committee Meetings.

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

The Company has received 14 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 2010.

The Board has designated Mr. Sanjay Kumar 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
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.
2008-2009	AGM	Executive Club, Dolly Farms & Resorts, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi 110 074	16.09.2009	10.30 a.m.

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

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

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

b. **Details of non-compliance by the Company, penalties, 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/Business Standard and Jan Satta/Veer Arjun, New Delhi.

The financial results/disclosure are displayed on www.cals.in.

9. **General Shareholder Information**

9.1 **Annual General Meeting**

(For financial year 2009-2010)

- Date and Time	Wednesday, July 28, 2010 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 June 2010	July/August 2010
Financial Results for the Quarter ending September 2010	October/November 2010
Financial Results for the Quarter ending December 2010	January/February 2011
Financial Results for the Quarter ending March 2011	May/June 2011
Annual General Meeting	September 2011

9.3 **Books closure date**	Wednesday, 21st July 2010 to Wednesday, 28th July 2010 (both days inclusive)
9.4 - **Listing of Equity Shares, and**	Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.

- **Listing of Global Depository Receipts (GDRs)**	Luxembourg Stock Exchange, 11, Avenue de la Porte-Neuve, L-2227 Luxembourg.
- **Overseas Depository**	The Bank of New York Mellon Corporation 101 Barclay Street, New York, NY 10286, USA.
- **Domestic Custodian**	DBS Bank Limited Fort House, 3rd Floor, 221, Dr. D. N. Road, Fort, Mumbai - 400 001, India

9.5 (a) **Stock Code**

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

9.6 **Stock Market Data**

Months	BOMBAY STOCK EXCHANGE Share Price (in Rs.)		Volume (No. of Shares)
	High	Low	
April 2009	0.67	0.48	461912496
May 2009	0.91	0.63	1389254766
June 2009	1.08	0.64	674318495
July 2009	0.97	0.68	503318007
August 2009	0.77	0.55	511538994
September 2009	0.89	0.62	796881088
October 2009	0.89	0.54	1146095996
November 2009	0.70	0.48	579790292
December 2009	0.57	0.42	534756477
January 2010	0.65	0.47	708606899
February 2010	0.61	0.47	415600637
March 2010	0.60	0.43	629756377

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: admin@mcsdel.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 2010:

Categories	No. of Shares	%
Non Resident Indians/FII	551556053	6.94
Financial Institutions/Banks	113000	0.00
Mutual Funds/UTI	112000	0.00
Bodies Corporate	758637647	9.56
Resident Individuals	2255442000	28.41
GDR	4374139300	55.09
Total	7940000000	100.00

9.10 Dematerialisation of shares and liquidity

Status of dematerialisation of shares as of March 31, 2010 is as under :

Electronic holdings			Physical holdings			Total	
No. of Beneficial Owners	No. of Shares	%	No. of shareholders	No. of Shares	%	No. of shares	%
131706	7923560000	99.79	6180	16440000	0.21	7940000000	100

Trading in Equity Shares of the Company is permitted in dematerialised form.

9.11 Outstanding GDR's

The GDR's outstanding as on March 31, 2010 are 87482786 representing underlying 4374139300 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/dematerlisation 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: admin@mcsdel.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: 0124-4308060/61,
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 re-affirmed adherence to and compliance with the 'Code of Conduct' laid down by the Company.

Gurgaon
June 14, 2010

(Ramesh Bhosale)
Chief Finance Officer

Global Scenario

This year the world oil economy started recovering from the last year unprecedented economic crisis. Latest data from IEA confirms earlier view that, after five consecutive quarters of decline, global oil demand began growing again on a yearly basis in 4Q'09. Assuming that the world's economic recovery is sustained (although many headwinds remain), demand growth should be robust over the next four quarters. Global oil demand is expected to rise by 1.6 mb/d (million barrels per day) or +1.8% year-on-year in 2010 to 86.6 mb/d, compared with a contraction of 1.2 mb/d (-1.4%) in 2009. Asia alone will represent over half of global oil demand growth, with China and India providing the impetus.

Growth has been led by LPG and naphtha on the back of restocking in the petrochemical sector. Assuming that the recovery picks up over the coming quarters, transportation fuels (particularly gasoline and diesel) are expected to take the baton as freight activity increases, while growth in petrochemical feedstock demand should be to a more normal pace. In terms of regions, this year's global oil demand growth will be driven entirely by non-OECD countries, with non-OECD Asia alone representing over half of total growth.

The largest demand for petroleum products is from Asia and Asia Pacific region with strong growth in consumption shown by countries like India and China. In the past, higher population of India and China proved to be a stumbling block for its development. Today the same population with higher per capita income is providing to be a major growth catalyst. In case China and India, which together account for approx 35 percent of world's population, were to consume on per capita basis, at the same level of oil as that of Brazil, (only 4.2 percent of world's population), global oil consumption shall reach a whopping 102 mb/d, a net increase 20 percent from now.

Indian Scenario

India has witnessed spectacular growth in the refining sector over the years. As per the country's 11th Five year plan from 2007 to 2012, the Government of India is promoting 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, which is evident now. It has installed capacity of 177 MTPA (million tonnes per annum) and more refineries are coming up. Already, the fifth largest country in the world in terms of refining capacity, with a share of 3% of the global capacity, India is likely to boost its refining capacity by 45 per cent or 65.3 MTPA over the next five years. However most of the refining capacities in recent future have been built up in western and northern part and thus eastern part of the country 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. Moreover a refinery in eastern sector is strategically placed to meet the demand of other Asian countries.

India is emerging as the global hub for oil refining having lower capital costs edge over its Asian peers in the ballpark of 25 - 50%, also with huge potential to cater to its rising local and regional demand due to various advantages it enjoys like

- Large population base with very low per capita per annum oil consumption
- Rising personal wealth leading to increased demand for consumer goods
- High reserve of trained & highly skilled manpower at a relatively much lower costs
- Generally various fiscal benefits being awarded from Central / State Governments as refinery projects are mega investment projects generating huge employment and regional well being

Also availability of natural gas to various key sectors like power and fertilizers has freed up naphtha as a feedstock to petrochemical sector. A whopping 42% decline in consumption of naphtha as a raw material for power and fertilizers is observed for year 2009, this naphtha is either consumed by local petrochemical units or exported. As Government of India declared three PCPIR zones in Haldia (West Bengal), Vishakhapatnam-Kakinada (Andhra Pradesh) and Dahej (Gujarat). These PCPIR zones will bring huge investment in the refining and petrochemical sector. This will also give philip to the refining industry as petrochemicals feedstocks from refinery such as propylene, naphtha and aromatics will fetch good value.

Business & Developments

To meet off the supply and demand gap in eastern sector, your Company is implementing a 5 MMTPA Refinery project at Haldia, West Bengal. As a co-anchor of Haldia, West Bengal PCPIR, your Company can generate value not only by producing Transportation fuels but also by producing valuable petrochemicals feedstocks like Propylene and Aromatics to the downstream petrochemical units which will be a part of the proposed PCPIR. As your Company is strategically located in the eastern part of India, it can cater to the local demand as well the huge demand of Asian countries.

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, 2010, 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. Without qualifying our opinion, we have considered the adequacy of the disclosure made in Note 1 of Schedule 14 to the financial statements concerning the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is significantly dependent on its ability to successfully arrange the balance funding and achieve financial closure to fund its refinery project. The management is in the process of arranging funds for the refinery project and is confident of achieving financial closure. Further, in the event of any delay in the arrangement of the balance funding, the management is confident of arranging the funds required for discharging the liabilities of the Company arising in the foreseeable future. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

5. Without qualifying our opinion, attention is drawn to Note 2 of Schedule 14 to the financial statements. In view of the mutual non-fulfillment of contractual obligations arising out of the Company's contracts with certain suppliers/ contractors, the Company has not accrued liability amounting to Rs. 5,153,656,980. The ultimate performance of such contractual obligations and their impact on current liabilities cannot presently be determined and no adjustment that may result has been made in the financial statements for the year ended March 31, 2010.

6. Without qualifying our opinion, attention is drawn to Note 2 of Schedule 14 to the financial statements. The Company has given advances amounting to Rs. 8,360,400,558 to various suppliers/contractors in terms of the agreements executed by the Company for the implementation of its refinery project. Such advances may not be recoverable in the event of non-fulfillment of the contractual obligations by the Company. The ability of the Company to fulfill its contractual obligations cannot presently be determined and no adjustment with respect to such advances that may result has been made in the financial statements for the year ended March 31, 2010.

7. *As more fully explained in Note 18 of Schedule 14 to 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 up to the year ended March 31, 2010 aggregating to net profit after tax of Rs. 502,958,525 in the carrying amount of capital work in progress. In our opinion, these items should be recognized in the Profit and Loss Account.*

   We further report that had the observations made by us in paragraph 7 above been considered, *the net loss after tax for the period would have been Rs. 54,819,992 (as against the reported figure of Rs. Nil), Reserves and Surplus would have been Rs. 435,491,785 (as against the debit balance of profit and loss account of Rs. 67,466,739), capital work in progress would have been Rs. 8,768,307,618 (as against the reported figure of Rs. 7,953,376,015) and loss per share would have been Rs. 0.01 (as against the reported figure of Rs. Nil).*

8. Subject to our comments in paragraph 7 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, 2010 and taken on record by the Board of

Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed there under and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:

   i) the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;

   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, Chandiok & Co.**	For **Arun K. Gupta & Associates**
Chartered Accountants	Chartered Accountants
Firm Registration No: 001076N	Firm Registration No: 000605N
By **B P Singh**	By **Sachin Kumar**
Partner	Partner
Membership No. 70116	Membership No. 503204
New Delhi	Gurgaon
June 14, 2010	June 14, 2010

ANNEXURE TO AUDITORS' REPORT

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 of 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. 193,421,035 and the year-end balance was Rs. 187,871,035.

(c) In our opinion, the terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.

(d) In respect of loans taken, the principal amount and interest amount are payable on demand in accordance with the terms and conditions.

(iv) 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.)	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	137,625,733	September 2007 to September 2009	7th of each subsequent month	Not paid
	Income-tax	44,219,858	Year ended March 31, 2009	September 30, 2009	Not paid
Finance Act, 1994 - Service tax	Service tax payable and interest thereon	196,482,247	September 2007 to September 2009	5th of each subsequent month	Not paid
West Bengal Value Added Tax Act, 2003	Works contract tax and interest thereon	3,429,473	February 2009 to September 2009	10th of each subsequent month	Not paid

(b) There are no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.

(x) In our opinion, the Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. *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.

(xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker, Chandiok & Co.**
Chartered Accountants
Firm Registration No: 001076N

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

New Delhi
June 14, 2010

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

By **Sachin Kumar**
Partner
Membership No. 503204

Gurgaon
June 14, 2010

	SCHEDULE	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
SOURCES OF FUNDS			
SHARE HOLDER'S FUNDS			
Share Capital	1	**7,940,000,000**	7,940,000,000
LOAN FUNDS			
Secured Loans	2A	**340,528**	591,563
Unsecured Loans	2B	**190,371,635**	56,700,600
TOTAL		**8,130,712,163**	7,997,292,163
APPLICATION OF FUNDS			
FIXED ASSETS	3A		
Gross Block		**850,774,485**	755,010,176
Less: Accumulated Depreciation/Amortisation		**12,150,192**	3,753,980
Net Block		**838,624,293**	751,256,196
Capital work in progress	3B	**7,953,376,015**	8,092,715,882
CURRENT ASSETS, LOAN & ADVANCES			
Sundry debtors	4	**-**	-
Cash and bank balances	5	**46,930,900**	1,379,358
Other current assets	6	**-**	2,431,109
Loans and advances	7	**207,396,244**	222,426,000
		254,327,144	226,236,467
Less:			
CURRENT LIABILITIES & PROVISION			
Current liabilities	8	**1,191,243,810**	1,401,012,704
Provisions	9	**51,615,806**	75,468,971
		1,242,859,616	1,476,481,675
Net current liabilities		**(988,532,472)**	(1,250,245,208)
MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)	10	**259,777,588**	336,098,554
DEBIT BALANCE OF PROFIT & LOSS ACCOUNT		**67,466,739**	67,466,739
TOTAL		**8,130,712,163**	7,997,292,163

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, Chandiok & Co.**
Chartered Accountants
Firm Regd. No.: 001076N

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

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

by **Sachin Kumar**
Partner
Membership No. 503204

For & on behalf of the Board of Directors

Sarvesh Kumar Goorha
Director

Deep Kumar Rastogi
Director

Manabendra Guha Roy
Chief Executive Officer

Sanjay Kumar Jain
VP (Legal) & Company Secretary

Ramesh Bhosale
Chief Financial Officer

Gurgaon
June 14, 2010

	SCHEDULE	FOR THE YEAR ENDED 31.03.2010 (Rs.)	FOR THE YEAR ENDED 31.03.2009 (Rs.)
INCOME			
Sales		-	268,736
TOTAL		-	268,736
EXPENDITURE			
Cost of goods sold		-	263,467
Personnel cost	11	-	70,412
General, Administrative and Selling Expenses	12	-	76,645
Depreciation/Amortisation	3A	-	47,482
TOTAL		-	458,006
Net loss before tax and prior period items		-	(189,270)
TAX EXPENSE			
Fringe benefits tax		-	463
Net loss after tax and before prior period items		-	(189,733)
Prior period items			
General, Administrative and Selling Expenses		-	31,194
Net loss after tax and prior period items		-	(220,927)
Balance brought forward from previous year		**(67,466,739)**	(67,245,812)
Balance carried forward to Balance Sheet		**(67,466,739)**	(67,466,739)
Loss per share (Basic and Diluted)		-	-
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, Chandiok & Co.**
Chartered Accountants
Firm Regd. No.: 001076N

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

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

by **Sachin Kumar**
Partner
Membership No. 503204

For & on behalf of the Board of Directors

Sarvesh Kumar Goorha
Director

Deep Kumar Rastogi
Director

Manabendra Guha Roy
Chief Executive Officer

Sanjay Kumar Jain
VP (Legal) & Company Secretary

Ramesh Bhosale
Chief Financial Officer

Gurgaon
June 14, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

		FOR THE YEAR ENDED 31.03.2010 (Rs.)	FOR THE YEAR ENDED 31.03.2009 (Rs.)
CASH FLOW FROM OPERATING ACTIVITIES:	**(A)**		
Profit/(loss) before tax, extraordinary and prior period items		**-**	(220,464)
Adjustment for :			
Depreciation		**-**	47,482
Prior period expenses (tax expense)		**-**	2,525
Operating profit before working capital changes		**-**	(170,457)
Adjustment for :			
(Increase)/Decrease in sundry debtors		**-**	556,298
(Increase)/Decrease in loans and advances		**15,029,756**	(81,434,141)
Increase/(Decrease) in trade and other payables		**(139,719,865)**	1,209,528,801
Cash generated from/ (used in) operating activities		**(124,690,109)**	1,128,480,501
Taxes paid		**(35,168,798)**	(1,604,038)
Net cash generated from/ (used in) operating activities		**(159,858,907)**	1,126,876,463
CASH FLOW FROM INVESTING ACTIVITIES:	**(B)**		
Purchase of fixed assets		**(79,261,304)**	(747,182,432)
Sale proceed of fixed assets		**312,420**	-
Additions/Deletions in capital work in progress		**128,671,972**	(4,766,516,055)
Net cash used in investing activities		**49,723,088**	(5,513,698,487)
CASH FLOW FROM FINANCING ACTIVITIES:	**(C)**		
Repayment of Vehicle Loan		**(251,035)**	-
Decrease/(Increase) in Miscellaneous Expenditure		**22,267,361**	(29,960,428)
Proceeds from Long-Term Borrowings		**133,671,035**	57,292,163
Net cash from financing activities		**155,687,361**	27,331,735
Net decrease in cash and cash equivalents	**(A+B+C)**	**45,551,542**	(4,359,490,289)
Opening balance of cash and cash equivalents		**1,379,358**	4,360,869,647
Closing balance of cash and cash equivalents		**46,930,900**	1,379,358
Total		**45,551,542**	(4,359,490,289)

Notes :

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

For **Walker, Chandiok & Co.**
Chartered Accountants
Firm Regd. No.: 001076N

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

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

by **Sachin Kumar**
Partner
Membership No. 503204

For & on behalf of the Board of Directors

Sarvesh Kumar Goorha
Director

Deep Kumar Rastogi
Director

Manabendra Guha Roy
Chief Executive Officer

Sanjay Kumar Jain
VP (Legal) & Company Secretary

Ramesh Bhosale
Chief Financial Officer

Gurgaon
June 14, 2010

	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
SCHEDULE 1 - CAPITAL		
Authorised		
20,000,000,000 Equity Shares of Re.1 each (Previous year 2,000,000,000 Equity Shares of Re.1 each)	**20,000,000,000**	20,000,000,000
	20,000,000,000	20,000,000,000
Issued Subscribed & Paid up		
7,940,000,000 Equity Shares of Re. 1 each	**7,940,000,000**	7,940,000,000
(Of the above 4,374,139,300 (previous year 7,351,922,050) equity shares represent 87,482,786 (previous year 147,038,441) Global Depositary Receipts. Each Global Depositary Receipt represents 50 underlying equity shares of Re. 1 each.)		
TOTAL	**7,940,000,000**	7,940,000,000

	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
SCHEDULE 2 - LOAN FUNDS		
SCHEDULE 2A - SECURED LOAN		
Vehicle loan from Bank (Secured against hypothecation of specific vehicle)	**340,528**	591,563
	340,528	591,563
SCHEDULE 2B - UNSECURED LOANS		
From Director*	**2,500,600**	2,500,600
From Others*	**187,871,035**	54,200,000
TOTAL	**190,371,635**	56,700,600

* (Repayable on demand)

SCHEDULE 3A - FIXED ASSETS (Rs.)

	GROSS BLOCK				ACCUMULATED DEPRECIATION/AMORTISATION				NET BLOCK	
Particulars	As At 01.04.2009	Addition	Deletions/ Adjustment	**As At 31.03.2010**	As at 01.04.2009	Depreciation/ Amortisation for the Year	On deletions	**Up to 31.03.2010**	**As At 31.03.2010**	As At 31.03. 2009
Tangible Assets										
Leasehold land*	733,804,210	79,257,105	-	**813,061,315**	-	-	-	**-**	**813,061,315**	733,804,210
Computers	4,027,484	-	229,200	**3,798,284**	590,471	635,624	59,344	**1,166,751**	**2,631,533**	3,437,013
Vehicles	5,265,664	-	-	**5,265,664**	609,414	500,238	-	**1,109,652**	**4,156,012**	4,656,250
Office equipments	1,753,978	4,199	58,749	**1,699,428**	552,250	63,366	25,170	**590,446**	**1,108,982**	1,201,728
Building	1,222,600	176,000	-	**1,398,600**	12,466	22,184	-	**34,650**	**1,363,950**	1,210,134
Furniture and fixtures	2,497,735	-	148,914	**2,348,821**	454,765	133,019	14,011	**573,773**	**1,775,048**	2,042,970
Leasehold improvements	5,521,595	21,121,739	4,357,871	**22,285,463**	1,216,051	8,553,153	1,718,453	**8,050,751**	**14,234,712**	4,305,544
Intangible assets										
Software	916,910	-	-	**916,910**	318,563	305,606	-	**624,169**	**292,741**	598,347
GRAND TOTAL	755,010,176	100,559,043	4,794,734	**850,774,485**	3,753,980	10,213,190	1,816,978	**12,150,192**	**838,624,293**	751,256,196
Previous year	7,827,744	747,182,432	-	755,010,176	509,997	3,243,983	-	3,753,980	751,256,196	7,317,747

* Refer Note 8 of Schedule 14

		AS AT 31.03.2010 (Rs.)		AS AT 31.03.2009 (Rs.)
SCHEDULE 3B (i): CAPITAL WORK-IN-PROGRESS				
Pre-operative expenses pending allocation [Refer Schedule 3B(ii)]		**(451,291,047)**		(627,489,461)
Capital advances towards Project		**8,182,977,577**		8,525,535,077
Consultancy fees		**177,422,981**		158,380,987
Leasehold improvements		**-**		21,121,739
Factory building		**44,266,504**		15,167,540
		7,953,376,015		8,092,715,882
SCHEDULE 3B(ii) : PRE-OPERATIVE EXPENSES PENDING ALLOCATION				
Opening Balance		**(627,489,461)**		3,654,955
Personnel cost				
Salaries, wages and bonus	**57,464,930**		59,001,078	
Contribution to provident and other funds	**1,537,121**		2,142,824	
Staff welfare	**422,982**		1,565,820	
Total		**59,425,033**		62,709,722
General, administrative and selling expenses				
Communication	**2,072,984**		5,743,680	
Legal and professional	**13,194,050**		53,079,569	
Printing and stationery	**737,838**		1,650,044	
Recruitment expenses	**-**		2,576,534	
Advertisement expenses	**102,652**		426,404	
Repair and maintenance - building	**606,405**		1,566,413	
Repair and maintenance - others	**329,684**		823,574	
Contactors and security services	**2,999,754**		3,528,330	
Power and fuel	**1,948,560**		3,141,613	
Guest house related expenses	**50,792**		624,736	
Loss on sale of fixed assets	**25,918**		-	
Leasehold improvement written off	**2,639,418**		-	
Capital advances written off	**1,752,775**		-	
FCCB expenses written off	**54,053,605**		-	
Auditor's remuneration	**1,520,000**		1,627,000	
Directors' sitting fees	**420,000**		700,000	
Insurance	**526,755**		753,601	
Rates and taxes	**8,351,479**		3,770,925	
Rent	**18,830,947**		40,985,695	
Travelling and conveyance	**10,094,596**		47,665,219	
Miscellaneous expenses	**3,765,811**		2,232,309	
Total		**124,024,023**		170,895,646
Finance charges				
Interest - on others	**2,992,429**		82,434	
Interest on outstanding statutory dues	**49,138,478**		36,934,038	
Bank charges	**74,486**		134,347	
Total		**52,205,393**		37,150,819
Depreciation/Amortisation		**10,213,190**		3,196,501
Total		**(381,621,822)**		277,607,643
Less: Foreign exchange gain (Refer note 18 of Schedule 14)	**69,667,513**		829,171,689	
Less: Profit on sale of investments	**-**		102,429	
Less: Interest - loans and advances [Tax deducted at source Rs. Nil (previous year Rs. 27,518)]	**-**		242,877	
Less: Interest- deposit with scheduled bank [Tax deducted at source Rs. Nil (previous year Rs. Nil)]	**-**		5,786	
Less: Interest - deposit with unscheduled bank	**1,712**		116,982,468	
		69,669,225		946,505,249
TOTAL		**(451,291,047)**		(668,897,606)
Add: Provision for taxation				
- Current	**-**		38,501,068	
- Fringe benefit tax	**-**		2,907,077	
		-		41,408,145
		(451,291,047)		(627,489,461)

SCHEDULE 4 - SUNDRY DEBTORS	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
(Unsecured)		
Debt outstanding for a period exceeding six months		
(Considered doubtful)	**9,416,671**	9,416,671
	9,416,671	9,416,671
Less : Provision for doubtful debts	**9,416,671**	9,416,671
TOTAL	**-**	-

SCHEDULE 5 - CASH AND BANK BALANCES	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
Cash in hand	**68,024**	361,237
Cheque in hand	**1,000,000**	-
Cash in transit	**-**	240,086
Balances with scheduled banks in		
Current accounts	**40,862,876**	778,035
Deposits accounts	**5,000,000**	-
TOTAL	**46,930,900**	1,379,358

SCHEDULE 6 - OTHER CURRENT ASSETS	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
Interest accrued but not due	**-**	2,431,109
TOTAL	**-**	2,431,109

SCHEDULE 7 - LOANS AND ADVANCES	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	**1,204,722**	2,878,068
Security deposits	**4,315,138**	24,368,500
Cenvat recoverable	**201,876,384**	195,179,432
TOTAL	**207,396,244**	222,426,000

SCHEDULE 8 - CURRENT LIABILITIES	AS AT 31.03.2010 (Rs.)	AS AT 31.03.2009 (Rs.)
Sundry creditors		
- Total outstanding dues of micro and small enterprises (Refer Note 10 of Schedule 14)	**-**	-
- Others	**817,054,861**	1,060,152,605
Deferred lease rent	**283,333**	664,850
Other liabilities	**373,905,616**	340,195,249
TOTAL	**1,191,243,810**	1,401,012,704

SCHEDULE 9 - PROVISIONS	**AS AT 31.03.2010 (Rs.)**	AS AT 31.03.2009 (Rs.)
Wealth Tax	**7,480**	24,896
Employee Benefits	**2,610,106**	2,274,689
Income Tax	**48,998,220**	71,268,615
(net of tax deducted at source Rs. Nil, previous year Rs. 27,518)		
Fringe Benefits Tax	**-**	1,900,771
(net of tax paid Rs. Nil, previous year Rs. 1,120,000)		
TOTAL	**51,615,806**	75,468,971

SCHEDULE 10 - MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	**AS AT 31.03.2010 (Rs.)**	AS AT 31.03.2009 (Rs.)
Global Depositary Receipt (GDR) issue expenses	**236,984,175**	259,251,536
Foreign Currency Convertible Bonds (FCCB) related expenses	**-**	54,053,605
Equity Share Capital issue expenses	**22,793,413**	22,793,413
TOTAL	**259,777,588**	336,098,554

SCHEDULE 11 - PERSONNEL COST	**FOR THE YEAR ENDED 31.03.2010 (Rs.)**	FOR THE YEAR ENDED 31.03.2009 (Rs.)
Salaries, Wages and Bonus	**-**	65,280
Contribution to provident and other funds	**-**	3,720
Staff Welfare	**-**	1,412
TOTAL	**-**	70,412

SCHEDULE 12 - GENERAL, ADMINISTRATIVE AND SELLING EXPENSES	**FOR THE YEAR ENDED 31.03.2010 (Rs.)**	FOR THE YEAR ENDED 31.03.2009 (Rs.)
Communication	**-**	1,665
Legal and Professional Expenses	**-**	500
Printing and Stationery	**-**	10,752
Rent	**-**	62,400
Travelling and Conveyance	**-**	1,328
TOTAL	**-**	76,645

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) Depreciation on fixed assets is provided on straight-line method (except intangible assets which are amortised over the period of three years) on pro rata basis from the date of addition at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 which are as under:

Asset category	**Rate of Depreciation/ Amortization**
Computers	16.21% p.a.
Office equipments	4.75% p.a.
Furniture and fixtures	6.33% p.a.
Vehicles	9.50% p.a.
Building	1.63% p.a.
Leasehold improvements	Over the period of lease or estimated useful life, if shorter

Assets costing Rs. 5,000 or less are individually depreciated at the rate of one hundred percent.

4. **Revenue recognition**

   Interest income

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

5. **Taxation**

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

6. **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 "Pre-operative expenses pending allocation" account.

7. 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 account" in the year in which such gains or losses are determined.

ii) Provident Fund

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

8. 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.

9. 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.

10. 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 disclosed as a contingent liability in the financial statements.

11. Miscellaneous Expenditure

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

12. 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.

SCHEDULE - 14

NOTES TO THE FINANCIAL STATEMENT

1. Project status

The Company has plan to set up crude oil refineries with total capacity of approximately 20 million metric tonnes per annum (MMTPA). The project is planned to be commissioned in phases over a period of time with an outlay of approximately Rs. 20,000 crores. Phase I of the project involves setting up of a refinery in Haldia, West Bengal, with a capacity of 5 MMTPA with an outlay of approximately Rs. 5,357 crores (USD 1.1 billion) of which Rs. 1,875 crores (USD 385 million) is planned to be funded by way of equity capital and the balance Rs. 3,482 crores (USD 715 million) by way of debt.

The equity component was partially funded by issue of Global Depositary Receipts (GDR) of USD 200 million (equivalent to Rs. 788 crores) in December 2007. Out of the proceeds of the GDR issue, USD 200 million were utilized to pay capital advances related to purchase of two used oil refineries with capacity of approximately 5 MMTPA each and other corporate expenses incurred during construction period. Contract for the second refinery was entered in order to improve the viability of the project and also to finalise product slate which was essential to conclude product off take arrangement.

Due to weakening of the global economic scenario in late 2008, the balance equity funding requirements of the Company could not materialize in time. With the general stabilizing of the global economic scenario, the Company is aggressively pursuing the financial closure of the project and has obtained 'in-principle' approval of a consortium of banks and financial institutions for debt funding aggregating to Rs. 2,225 crores. The Company is also in advanced stage of discussion with various investors to bring in the equity required for the project.

The ability of the Company to continue as a going concern is significantly dependent on its ability to successfully arrange the balance funding and achieve financial closure to fund its project. In the event of any delay in the arrangement of the balance funding, the management is confident of arranging the funds required for discharging the liabilities of the Company arising in the foreseeable future. These financial statements have been prepared on a going concern basis on the assumption that the necessary funding and financial closure will be achieved.

2. Status of significant contracts

- The Company entered into agreements for supply of plant and machinery, certain process units, auxiliary technical services and consultancy services related to the project. The said agreement provided for certain milestones of performance on the part of the parties to the contract which more specifically involved delivery of equipments by the suppliers/contractors against periodical opening of letters of credit and periodical payment by the Company. The Company paid advances as per the terms of the contract, however, in view of the pending financial closure; it could not fulfill other terms and conditions stipulated under the said agreement. The suppliers/contractors also could not fulfill their obligations under the said agreements.

In view of the fact that the obligations of either party to the contracts in the aforementioned agreements for supply of plant and machinery, certain process units, auxiliary technical services and consultancy services related to the project are not fulfilled, the Company's liability for payment of Rs. 5,153,656,980 is not crystallized as at the balance sheet date and hence has not been recognised in these financial statements. Further, based on the developments stated in Note 1 above, management is confident of achieving financial closure and fulfilling its obligations under the said contracts.

- The Company has paid capital advances amounting to Rs. 8,360,400,558 to the suppliers and auxiliary service providers. Due to delay in financial closure, the Company could not fulfill its financial obligations as stipulated in such agreements, resulting into delay in supply of plant and machinery and related services. As per agreements some of such advances may not be recoverable in the event of non-fulfillment of obligations by the Company. Based on the developments stated in Note 1 above, management is confident of achieving financial closure and fulfilling its obligations under various contracts in the foreseeable future.

3. 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.

4. **Capital commitments**

(Rs.)

	2010	2009
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (Net of Advances)	**28,176,018,882**	31,089,622,284

5. The expenses 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).

6. **Contingent Liabilities**

(Rs.)

	2010	2009
Claim against the company not acknowledged as debt: Rent	**2,785,000**	-

The above matter is subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not, in the opinion of management, have a material effect on financial position of the company.

7. 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.

8. **Leasehold land**

Haldia Development Authority (HDA), vide its memo dated March 25, 2008, offered land admeasuring about 400 acres at Haldia to the Company for setting up the refinery project ('the project'). As per the terms of the said memo, a lease premium of Rs. 600,000,000 was stipulated.

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

As per the terms of the aforesaid agreement, WBIDC has paid Rs. 630,000,000 as lease premium for land, development fee and other amounts to HDA and the Company is holding the land in permissive possession for a period of six months, from the date of the agreement, for the purpose of implementing the project. Further, the said land shall be subleased in favour of the Company at the end of six months after meeting the following conditions:

- Financial closure for the project
- Payment of Rs. 630,000,000 along with stipulated interest to WBIDC.

9. 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. 69,667,513 (Previous Year Rs. 829,171,689) being receipt on capital account. Accordingly, no provision for tax has been made on the exchange gain.

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

11. Managerial Remuneration

(Rs.)

	2010	2009
a) Salaries, Wages and Bonus	**17,611,992**	9,551,992
b) Perquisites	**1,620,000**	1,320,000
Total	**19,231,992**	10,871,992

Whole time directors are covered under the Company's gratuity scheme along with the other employees of the Company. The gratuity and compensated absences 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.

12. Auditors' Remuneration

(Rs.)

	2010	2009
Statutory audit	**1,050,000**	1,200,000
Limited reviews	**450,000**	400,000
Certification fee	**20,000**	27,000
Service tax	**156,560**	162,431
Total	**1,676,560**	1,789,431

13. 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.)

Lease Obligation	**2010**	2009
Not later than one year	**3,662,680**	46,306,584
Later than one year but not later than five years	**5,188,509**	84,740,289
Later than five years	**1,426,127**	2,567,027
Total	**10,277,316**	133,613,900

Rental expenses of Rs. 18,830,947 (previous year Rs. 40,985,695) and Rs. Nil (previous year Rs. 62,400) in respect of obligation under operating leases have been recognised in "Pre-operative expenses pending allocation" and Profit and Loss Account respectively.

14. The Company had taken office premises on leave and licence basis, which was later on vacated and the possession of the same was handed over to the Licensor. During the year ended March 31, 2010, the licensor raised a demand of Rs. 8,504,068 after forfeiting security deposit towards rent for the non-cancellable period (upto January 2010) and related municipal taxes. The management is in advance stages of discussion with the licensor and is confident that the aforesaid demand shall be waived. Accordingly, no provision in respect of the said amount has been made in the financial statements. Also, the amount accrued as on March 31, 2009, Rs. 793,500 for the period after vacation of the said premises has been derecognised during the current year.

15. Other liabilities presented in Schedule 8 to the financial statements include provision for withholding tax liability amounting to Rs. 143,177,001. Such withholding tax is in respect of certain services rendered, mainly in connection with the purchase of plant and machinery, by non-resident suppliers. Based on the opinion from an eminent lawyer and in the light of certain court judgements, these services are considered to be part of supply of plant and machinery and the Company has been advised that there would be no liability on account of withholding tax. However, considering prudence in preparation of financial statements the liability has not been derecognised in the financial statements.

16. **Related party transactions**

a. **Name of Related Parties**

Nature of Relationship	:	Name of Related Parties
Key Managerial Personnel	:	Mr. Manabendra Guha Roy (Chief Executive Officer)
	:	Mr. Ramesh Bhosale (Chief Financial Officer)
Relatives of key managerial personnel	:	Mrs. Ratna Guha Roy (wife of Mr. Manabendra Guha Roy)
	:	Mrs. Anuja Bhosale (wife of Mr. Ramesh Bhosale)

b. **Related Party Transactions:** (Rs.)

Nature of Transactions	Key Management Personnel	Relative of Key Managerial Personnel	Total
Transactions during the year			
Managerial remuneration*			
- Manabendra Guha Roy	**9,199,992** (9,199,992)	**-** (-)	**9,199,992** (9,199,992)
- Ramesh Bhosale	**10,032,000** (1,672,000)	**-** (-)	**10,032,000** (1,672,000)
Rent paid			
- Ratna Guha Roy	**-** (-)	**9,00,000** (12,00,000)	**9,00,000** (12,00,000)
Other			
- Anuja Bhosale	**-** (-)	**7,20,000** (1,20,000)	**7,20,000** (1,20,000)

- Previous Year figures are given in brackets.

*Does not include gratuity and Compensated Absences

17. **Employee Benefits**

A. **Gratuity**

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

(Rs.)

Description	**2010**	2009
Current service cost	**568,126**	906,612
Interest cost	**82,422**	18,122
Actuarial (gain)/loss recognised during the year	**(638,638)**	(136,086)
Past service cost	**-**	-
Total	**11,910**	788,648

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

Description	**2010**	2009
Present value of defined benefit obligation as at the beginning of the year	**1,030,275**	241,627
Current service cost	**568,126**	906,612
Interest cost	**82,422**	18,122
Actuarial (gain)/ loss recognised during the year	**(638,638)**	(136,086)
Benefits paid	**-**	-
Past service cost	**-**	-
Present value of defined benefit obligation as at the end of the year	**1,042,185**	1,030,275

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

Description	**2010**	2009
Discount rate	**8.00%**	7.50%
Rate of increase in compensation levels	**6.25%**	5.00%

B. Compensated Absences

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

(Rs.)

Description	**2010**	2009
Current service cost	**394,232**	708,959
Interest cost	**99,553**	29,576
Actuarial loss recognised during the year	**207,367**	116,055
Past service cost	**-**	-
Total	**701,153**	854,590

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

Description	**2010**	2009
Present value of defined benefit obligation as at the beginning of the year	**1,244,414**	394,340
Current service cost	**394,232**	708,959
Interest cost	**99,553**	29,576
Actuarial loss recognised during the year	**207,367**	116,055
Benefits paid	**(377,646)**	(4,516)
Present value of defined benefit obligation as at the end of the year	**1,567,921**	1,244,414

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

Description	2010	2009
Discount rate	**8.00%**	7.50%
Rate of increase in compensation levels	**6.25%**	5.00%

C. Provident Fund

Contribution made by the Company during the year is Rs. 1,524,392 (Previous year Rs. 1,343,577).

18. 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, afore said information is not applicable.

ii) **Details of Trading Goods**

Particulars	Opening Stock		Purchases		Turnover		Closing Stock	
Oil & Lubricants	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Qty. (In Ltr)	**-**	-	**-**	2,850	**-**	2,850	**-**	-
Value (Rs.)	**-**	-	**-**	263,467	**-**	268,736	**-**	-

iii) **Expenditure in Foreign Currency**
(On cash basis including amounts capitalized during the year)

(Rs.)

Description	2010	2009
Travelling expenses	**890,512**	16,393,623
Bank charges	**331**	64,809
GDR issue expenses (reimbursement of expenses)	**(22,267,361)**	(25,051,294)
Capital advances	**-**	4,743,828,250
Consultancy and professional fees	**6,483**	427,195,492
Stock exchange fees	**446,845**	331,373
Total	**(20,923,190)**	5,162,762,253

iv) **Earnings in Foreign Currency**
(On accrual basis)

(Rs.)

Description	2010	2009
Interest Income (from Bank Deposits)	**-**	116,982,467
Total	**-**	116,982,467

19. 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 of Rs. 972,092,015 (including previous year Rs. 902,424,502), corporate expenses of Rs. 7,624,729 (including previous year Rs. 4,614,709), interest on statutory dues of Rs. 91,089,885 (including previous year Rs. 41,951,407), FCCB expenses written off of Rs. 54,053,605 (including previous year Rs. Nil), capital advance written off of Rs. 1,752,775 (including previous year Rs. Nil) and leasehold improvements written off of Rs. 2,639,418 (including previous year Rs. Nil) till March 31, 2010. 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 29-1-1964).

20. 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

Sarvesh Kumar Goorha
Director

Deep Kumar Rastogi
Director

Manabendra Guha Roy
Chief Executive Officer

Sanjay Kumar Jain
VP (Legal) & Company Secretary

Ramesh Bhosale
Chief Financial Officer

Gurgaon

June 14, 2010

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

I. Registration Details

Registration No.	L51909DL1984PLC018775	State Code	55
Balance Sheet Date	31 03 2010		
	Date Month Year		

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

Public Issue	Right Issue
-	-
Bonus Issue	Private Placement
-	-

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

Total Liabilities	Total Assets
8,130,712	8,130,712

Source of Funds

Paid up Capital	Reserves & Surplus
7,940,000	0
Share Application Money	Secured Loans
0	340
Unsecured Loans	
190,372	

Application of Funds

Net Fixed Assets	Investments
8,792,000	0
Net Current Assets	Miscellaneous Exp.
(988,532)	259,777
Accumulated Losses	
67,467	

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

Turnover	Total Expenditure
0	0
Profit/(Loss) before Tax	Profit/(Loss) after Tax
0	0
Earning Per Share	Dividend Rate %
0	NIL

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

Item Code No. (ITC Code)	2710	Code No. (ITC Code)	27112100
Product Description	PETROLEUM PRODUCTS	Product Description	NATURAL GAS

CALS REFINERIES LIMITED

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

PROXY FORM

I/We.. of .... in the district of ....being a Member/Members of CALS REFINERIES LIMITED hereby appoint ....of ....in the disstrict of..or failing himr/her.. of .... in the district of .... as my/our proxy to attend and vote for me/us on my/our behalf at the 26th Annual General Meeting of the Company to be held on Wednesday, the 28th July 2010 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 day .... of ....2010.

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 regisetered 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

26TH 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 26th Annual General Meeting of the Company to be held on Wednesday, the 28th July 2010 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.

PLEASE CARRY YOUR COPY OF ANNUAL REPORT

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