

Cals Refineries Limited

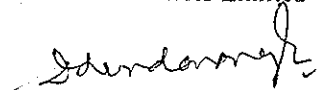
Disclosures in accordance with Clause 41 of the Listing Agreement For the quarter ended March 31, 2011

1. Cals Refineries Limited ("the Company") has raised Rs. 788 crores through Global Depository Receipts (GDR) in December 2007, which has been utilized towards setting up a 10 MMTPA refinery ("The Project").
2. The Company has made significant progress in implementing the Project at Haldia, West Bengal. During the quarter, the Company has tied up with the affiliates of Hardt Group, Austria for purchase of used refinery equipments and a majority portion of the purchase consideration will be discharged by issue of equity of the Company in the form of GDR. The Company is in the process of obtaining necessary approvals for the issue of GDRs. These equipments combined with the equipments already contracted will enable the Company to put up a 200,000 barrels per day capacity (approx. 10 MMTPA) refinery in approximately 36 months from financial closure, which is expected by October, 2011.
3. **Company's response to qualifications/reservations in the auditors' report on the financial statements for the year ended March 31, 2011**
 - a. Withholding tax, Service tax and provision for Income Tax have been derecognized.

Based on opinion from an eminent lawyer and certain court judgements, certain services, rendered by foreign suppliers mainly in connection with the purchase of plant and machinery, have been considered to be part of supply of plant and machinery and the Company has been advised that there would be no liability on account of withholding tax and Service tax. Accordingly, withholding tax and Service tax and interest thereon respectively, have been derecognised in the financial statements. Also based on certain court judgements, the interest income earned has been considered to be capital in nature and accordingly, the provision for income-tax and interest thereon has been derecognized in the financial statements.
 - b. 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 are recognised in "Pre-operative expenses pending allocation" account, which forms part of capital work in progress, on a consistent basis.

In accordance with the clarification given by the Department of Company Affairs (Letter No. 2/17/64-PR, dated January 29, 1964) all expenses and income have been duly disclosed in "Pre-operative expenses pending allocation" account. However, these expenses will be allocated in accordance with the applicable accounting standards and norms.
4. There were no investor complaints pending as on December 31, 2010. During the quarter ended March 31, 2011, the Company received 3 complaints. The complaint was resolved/replied and there were no complaints pending as on March 31, 2011.
5. The above disclosures were reviewed by the Audit Committee. The Board of Directors at its meeting held on May 30, 2011 approved the above disclosure and its release.

For Cals Refineries Limited



(D. Sundararajan)
Managing Director

Place: Gurgaon

Date: May 30, 2011