

Cals Refineries Limited

Disclosures in accordance with Clause 41 of the Listing Agreement for the quarter ended December 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"). The refinery is expected to be operational in approximately 42 months from finalization of EPCC contract which is expected shortly.

During the quarter, SEBI, vide its order dated December 30, 2011, has not acceded to the Company's request in respect of issuance of further equity, pending investigation.

2. **Company's response to qualifications/reservations in the auditors' report on the financial statements for the year ended March 31, 2011**

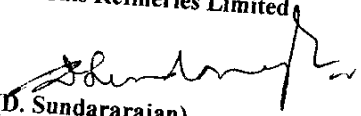
- a. Withholding tax, Service tax and provision for Income Tax have been derecognized. Based on opinion from an eminent lawyer and certain court judgments, certain services, rendered by foreign suppliers mainly in connection with the purchase of plant and machinery, have been considered to be part of 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 judgments, 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.

3. There was no investor complaint pending as on September 30, 2011. During the quarter ended December 31, 2011, the Company has not received any complaint and no complaint was pending as on December 31, 2011.
4. The above disclosures were reviewed by the Audit Committee. The Board of Directors at its meeting held on January 11, 2012 approved the above disclosure and its release.

For Cals Refineries Limited


(D. Sundararajan)
Managing Director

Place: New Delhi

Date: January 11, 2012