

Cals Refineries Limited

Disclosures in accordance with Clause 41 of the Listing Agreement for the quarter ended September 30, 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 has vide its order dated September 21, 2011 has restrained the Company from proceeding with any Equity issue including any instrument convertible into Equity shares of the Company. The Company has appealed against the said order of SEBI and has been accorded a Personal Hearing on November 8, 2011. Following the Personal Hearing, the Company has submitted to the Hon'ble Member, SEBI, a written submission along with all the supporting which were cited during the hearing. Prayed for an immediate dropping of the interim order against the Company and also lifting of the restriction on issuing of further equity. FIPB process is on hold now. The Company will take up the matter again with FIPB once SEBI order is modified in respect of issuance of further equity.

Hardt Group is helping the Company by negotiating an EPC contract for implementation of the project. However, pursuant to the SEBI order, the EPC contract will get finalized only after clarity emerges on issuance of further equity.

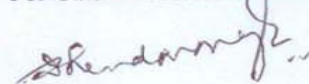
2. **Company's response to qualifications/reservations in the auditors' report on the financial statements for the year ended March 31, 2011**

- a. Withholding tax, Service tax and provision for Income Tax have been derecognized. Based on opinion from an eminent lawyer and certain court 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.

3. There was no investor complaint pending as on June 30, 2011. During the quarter ended September 30, 2011, the Company received 1 complaint. The complaint was resolved/replied and no complaint was pending as on September 30, 2011.
4. The Board of Directors at its meeting held on November 14, 2011 approved the above disclosure and its release.

For Cals Refineries Limited



(D. Sundararajan)
Managing Director

Place: New Delhi
Date: November 14, 2011