



**24th Annual Report**  
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**CALS REFINERIES LIMITED**

**BOARD OF DIRECTORS**

MR. M.S. RAMACHANDRAN	CHAIRMAN
MR. BHUPENDRA KANSAGRA	DIRECTOR
MR. RAVI CHILUKURI	DIRECTOR
MR. SARVESH GOORHA	DIRECTOR
MR. B. SRINIVASA RAO	DIRECTOR
MR. DEEP KUMAR RASTOGI	DIRECTOR
MR. D. SUNDARARAJAN	DIRECTOR
MR. MANABENDRA GUHA ROY	CHIEF EXECUTIVE OFFICER

**VICE PRESIDENT (LEGAL) & COMPANY SECRETARY**

MR. S.K. JAIN

**STATUTORY AUDITORS**

M/S. VIRENDRA PRADEEP & CO., NEW DELHI

**BANKERS**

AXIS BANK LIMITED

**CORPORATE OFFICE**

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

**REGISTERED OFFICE**

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

**REGISTRAR & SHARE TRANSFER AGENTS**

MCS LIMITED

SRI VENKATESH BHAWAN

W 40 OKHLA INDUSTRIAL AREA PHASE II, NEW DELHI – 110 020

**LISTING OF SECURITIES**

THE AHMEDABAD STOCK EXCHANGE LIMITED  
KAMDHENU COMPLEX, OPP. SAHAJANAND COLLEGE,  
PANJARAPOLE, AHMEDABAD – 380 015

THE DELHI STOCK EXCHANGE ASSOCIATION LIMITED  
DSE HOUSE, 3/1 ASAF ALI ROAD, NEW DELHI – 110 002

THE BOMBAY STOCK EXCHANGE,  
PHIROZE JEEJEEBHAY TOWERS  
25<sup>TH</sup> FLOOR, DALAL TOWERS, MUMBAI 400 001

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## NOTICE



NOTICE IS HEREBY GIVEN that the 24<sup>th</sup> Annual General Meeting of Cals Refineries Limited will be held on Tuesday, the 29<sup>th</sup> July 2008 at 10.30 a.m. at Daffodils, Tanya Farm Complex, Chattarpur Mandir Road, New Delhi – 110 074 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as on 31<sup>st</sup> March 2008 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. Sarvesh Kumar Goorha who retires by rotation and being eligible offers himself for reappointment.
3. To appoint auditors and fix their remuneration.

### SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions, inter alia, of Section 257 all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force, Mr. M.S. Ramachandran be and is hereby appointed Director of the Company liable to retire by rotation."

5. To consider and, if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions, inter alia, of Section 257 all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force, Mr. Deep Kumar Rastogi be and is hereby appointed Director of the Company liable to retire by rotation."

6. To consider and, if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions, inter alia, of Section 257 all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-

enactment thereof for the time being in force, Mr. B. Srinivasa Rao be and is hereby appointed Director of the Company liable to retire by rotation."

By Order of the Board of Directors

Gurgaon

12<sup>th</sup> May 2008

(S.K. Jain)

Vice President (Legal) & Company Secretary

### NOTES

1. A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company. Proxies in order to effective must be received at the Registered Office of the Company at 21 Basant Lok Complex, Vasant Vihar, New Delhi – 110 020 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 Tuesday, 22<sup>nd</sup> July 2008 to Tuesday 29<sup>th</sup> July 2008 (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, Sri Venkatesh Bhawan, W-40 Okhla Industrial Area Phase II, New Delhi-110 020 quoting their folio number.  
II In case shares are held in dematerialised form: notify to their depository participants, change/correction in their address/bank account particulars, etc. as the Company uses the information provided by Depositories in respect of shares held in dematerialized form.
  - c. Send, in case of those members who have multiple accounts in identical names or joints names in same order, all the share certificates to the Registrar and Share



Transfer Agent of the Company, MCS Limited at the aforesaid address for consolidation of all such shareholdings into one account to facilitate better service.

4. Members/proxies should bring the attendance slip duly filled in for attending the Meeting.
5. All the documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on all the working days except Saturday upto the date of the Annual General Meeting.

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

##### Item No. 4

The Board of Directors of the Company (the Board), had, at its meeting held on 17<sup>th</sup> October 2007 appointed, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Article 85 of the Articles of Association of the Company, Mr. M.S. Ramachandran as an Additional Director of the Company.

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

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

Brief resume of Mr. M.S. Ramachandran, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided at the end of this Notice.

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

Mr. M.S. Ramachandran may be deemed to be concerned or interested in the resolution.

##### Item Nos. 5 & 6

The Board of Directors of the Company (the Board), had, at its meeting held on 19<sup>th</sup> January 2008 appointed,

pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Article 85 of the Articles of Association of the Company, Mr. Deep Kumar Rastogi and Mr. B. Srinivasa Rao as the Additional Directors of the Company.

In terms of the provisions of Section 260 of the Act, Mr. Deep Kumar Rastogi and Mr. B. Srinivasa Rao would hold office upto the date of this Annual General Meeting.

The Company has received notices in writing from members alongwith the deposit of Rs. 500/- each, proposing the candidatures of Mr. Deep Kumar Rastogi and Mr. B. Srinivasa Rao for the office of Directors of the Company under the provisions of Section 257 of the Act.

Brief resume of Mr. Deep Kumar Rastogi and Mr. B. Srinivasa Rao, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided at the end of this Notice.

The Board of Directors accordingly recommends the resolutions set out in Item Nos. 5 and 6 of the accompanying Notice for the approval of the Members.

Mr. Deep Kumar Rastogi and Mr. B. Srinivasa Rao may be deemed to be concerned or interested in the resolution relating to their respective appointment.

By Order of the Board of Directors

Gurgaon

12<sup>th</sup> May 2008

(S.K. Jain)

Vice President (Legal) & Company Secretary

#### NOTES ON DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49VI(A) OF THE LISTING AGREEMENT ENTERED INTO WITH THE STOCK EXCHANGES

At the ensuing Annual General Meeting, Mr. Sarvesh Kumar Goorha retires by rotation and being eligible, offers himself for reappointment and Mr. M.S. Ramchandran, Mr. Deep Kumar Rastogi and Mr. B. Srinivasa Rao are appointed directors of the Company.

**Mr. Sarvesh Kumar Goorha** is a Promoter-Director of the Company. He is 54 years old and holds Degree in Marketing from Banaras Hindu University, and has done Management Program from Trinity College, Oxford



University, United Kingdom. He has more than twenty five (25) years of experience in project – planning, designing and managing IT/Telecom and ITES/BPO industry in India, Europe/USA as CEO, MD and Director. He started his career with DCM-Shriram Group and handled Marketing and Project functions for ten (10) years. He held senior elected and nominated positions with industry bodies, Chamber of Commerce, Government working groups and Bilateral trade Commissions. He is a director in Six Sigma Outsourcing Practices Private Limited and Auditel Expense Management Private Limited.

**Mr. M.S. Ramachandran**, about 63 years old, is a Mechanical Engineer and the former Chairman of Indian Oil Corporation Limited. He attended advance management programmes from Ashridge Management College in England and IIM, Ahmedabad. He also served as an Executive Director of the Oil Coordination Committee. He is one of the Foremost Authorities in the oil, gas and petrochemical sector. He brings with him a wealth of knowledge and experience in management of Fortune 500 Companies. He has recently been honoured by the induction into the hall of fame at the Chem Tech Pharma Bio Award function in April 2005. He is on the Board of Gulf Oil Corporation Limited and Supreme Petrochem Limited.

**Mr. Deep Kumar Rastogi** is a renowned industrialist having more than 40 years experience and set up various projects. He is a director in the following companies.

1. SRM Exploration Private Limited
2. SRM Branding Solutions Private Limited
3. SRM Refineries Private Limited
4. SRM Energy Private Limited
5. Spice Refineries Private Limited
6. Spice Energy Private Limited
7. Team India Motor Racing Private Limited
8. SRM Shipping Private Limited
9. Spice Exploration Private Limited
10. Spice Gas Private Limited
11. India One Hotels Private Limited
12. Hitkari Fibres Limited
13. Chemimpex Holdings Private Limited
14. Sovin Titanium Industries Limited
15. Sovinchem Industries Private Limited
16. Green Field Land & Development Housing Private Limited
17. India Gammachin Limited

**Mr. B. Srinivasa Rao** – He is a Graduate in Chemical Engineering and worked with IDBI as General Manager, having more than 38 years vast experience in Finance. He is a director in Hitkari Fibres Limited.



The Twenty Fourth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2008 is being submitted.

## FINANCIAL RESULTS

Particulars	2008	2007
Sales and other Income	30.15	2.91
Profit/(Loss) before Depreciation, Interest, Prior Period	(3.44)	1.46
Less: Interest	-	2.47
Less: Depreciation	2.42	0.51
Less: Prior Period Expenses	2.20	-
Profit/(Loss) before Tax	(8.06)	(1.52)
Income Tax/Fringe Benefit Tax	0.08	-
Liabilities Written Back net	77.05	-
Profit/(Loss) after Income Tax	68.91	(1.52)
Balance carried forwarded from previous year	(7,41.37)	(7,39.85)
Net Profit/(Loss) transferred to Balance Sheet	(6,72.46)	(7,41.37)
Earning Per Share (Rs.)	0.03	(0.03)

## DIVIDEND

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

## OPERATIONS

The Company has made substantial progress during the year in implementing the refinery project which has been taken over from Spice Energy Group.

The Company has successfully raised USD 200 million as Equity through Global Depository Receipts (GDRs) issue in December 2007 and the underlying Equity Shares of the Company have been listed on Bombay Stock Exchange. The GDRs are listed with Luxembourg Stock Exchange. The contracts for the main refinery equipment have been entered and progress payments have been made towards the purchase of same by utilizing the GDR proceeds. The Company has entered into an MOA with West Bengal Industrial Development Corporation and Haldia Development Authority on March 19, 2008 in the presence of Hon'ble Chief Minister and Industry Minister of West Bengal for refinery project. Haldia Development Authority has to allot 1000 acres of land for the project and out of which, possession of 400 acres of land has been given.

The Detailed Project Report (DPR) has been prepared by Chemtax Global Engineers Private Limited and the detailed engineering work for off-sites and utilities has been awarded to Mott McDonald. Ventech, USA is being contracted for detailed engineering of process units

(ISBL) and Project Management Consultant (PMC) for entire refinery project involving re-erection of ISBL, utilities and off-site facilities.

The Company's resource mobilization exercise through FCCB issue and domestic debt/foreign currency loan syndication is progressing well.

## DIRECTORS

Mr. Bhibav Bisaria and Mr. Mohan Lal Garg resigned from the directorship of the Company and the Board placed on record its appreciation for the valuable services rendered by them during their tenure on the Board.

Mr. Sarvesh Goorha retires by rotation as required under the Companies Act, 1956 and being eligible, offers himself for reappointment.

Mr. Bhupendra Kansagra who retires by rotation as required under the Companies Act, 1956 though eligible to be reappointed, has not offered himself for reappointment and accordingly, retires at the ensuing Annual General Meeting. Your directors do not propose to fill the vacancy caused by the retirement of Mr. Bhupendra Kansagra. Your directors record their appreciation for the services and support rendered by Mr. Bhupendra Kansagra during his tenure on the Board of the Company.

Mr. M.S. Ramachandran was co-opted as an Additional Director on the Board of the Company with effect from October 17, 2007 and Mr. Deep Kumar Rastogi and Mr. B. Srinivasa Rao were co-opted as the Additional Directors on the Board of the Company with effect from January 19, 2008 and hold office as such upto the ensuing Annual General Meeting. Notices from the shareholders together with necessary deposit proposing their names as the Directors have been received.

Mr. Manabendra Guha Roy, director was appointed Whole-Time Director, designated as Chief Executive Officer (CEO) by the Remuneration Committee and the Board of Directors in their meetings held on 19<sup>th</sup> January 2008 for 5 years effective 1<sup>st</sup> January 2008. The members of the Company also approved and consented to the terms of appointment of Mr. Manabendra Guha Roy.

## 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 along with the Auditors' Certificate on its compliance.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, the Directors confirm on the basis of information placed before them by the Management and Auditors: -

1. That in the preparation of the annual accounts for the Financial Year ended 31<sup>st</sup> March 2008 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 31<sup>st</sup> March 2008 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**

Auditors' Report read together with Annexures referred to in Paragraph 3 of the Auditors' Report do not contain any qualification and do not call for any explanation/clarification.

**AUDITORS**

The Company's Auditors M/s. Virendra Pradeep & Co., Chartered Accountants, New Delhi retire at the forthcoming Annual General Meeting and have expressed their inability to continue as Statutory Auditors of the Company.

M/s. Walker, Chandio & Co., Chartered Accountants, New Delhi and M/s. Arun K. Gupta & Associates, Chartered Accountants, New Delhi have submitted the certificates 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 Ahmedabad, Bombay and Delhi Stock Exchanges. The Company has paid the listing fees to Ahmedabad, Bombay and Delhi Stock Exchanges, for the financial year 2008-2009. The Company's Global Depository Receipts (GDRs) are listed with Luxembourg Stock Exchange.

The Company has made an application for voluntary delisting, pursuant to the special resolution passed by the shareholders in the postal ballot notice dated 19<sup>th</sup> January 2008 in this behalf, of securities from The Ahmedabad Stock Exchange Limited and Delhi Stock Exchange Association Limited.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

The prescribed details as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to our type of Company.

**PARTICULARS OF THE EMPLOYEES**

The details of employee drawing the salary as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is attached with the Report.

**FOREIGN EXCHANGE**

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 of the assistance extended to the Company by various officials of Central Government, State Government and participating financial Institutions. The Directors would like to express their appreciation of the co-operation extended by the Company's bankers and employees.

For and on behalf of the Board

Gurgaon  
12<sup>th</sup> May 2008

(M.S. Ramachandran)  
Chairman

## ANNEXURE TO DIRECTORS' REPORT



Information as per Section 217(2A) of the Companies Act 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors Report for the year ended March 31, 2008.

### Employee employed for part of the year

S. No.	Name	Designation	Qualifications	Age (Years)	Date of Joining	Experience (Years)	Gross Remuneration (Rs.)	Previous Employment and Designation
1	Mr. Arun Ramchandran	President (Commercial)	Bachelor of Mechanical Engineering	43	01.10.2007	19	3,000,000/-	APR Coal & Energy Pte Ltd.





## AUDITORS' CERTIFICATE



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 31<sup>st</sup> March 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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.

For **Virendra Pradeep & Co.**  
**Chartered Accountants**

Gurgaon  
12<sup>th</sup> May 2008

(**Pradeep Kumar Agarwal**)  
**Proprietor**  
**Membership No. 85534**



In compliance with Clause 49 of the Listing Agreement with Stock Exchanges the Company submits the report on the matters mentioned in the said Clause and practice followed by the Company:

## 1. Company's Philosophy on Code of Governance

Your Company believes that good corporate governance practice ensures the attainment of the highest levels of transparency, accountability and equity in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees, the government and the lenders.

## 2. Board of Directors

The Board of Directors consists of 8 directors.

**Composition and category of Directors is as follows:**

Category	Name of the Directors
Promoter Director	Sarvesh Goorha
Non Executive and Independent Directors	M.S. Ramachandran* Bhupendra Kansagra Ravi Chilukuri Manabendra Guha Roy D. Sundararajan Deep Kumar Rastogi** B. Srinivasa Rao** Bhibav Bisaria\$ Mohan Lal Garg#

\* Appointed director on 17<sup>th</sup> October 2007

\*\* Appointed directors on 19<sup>th</sup> January 2008

\$ Resigned w.e.f. 9<sup>th</sup> October 2007

# Resigned w.e.f. 19<sup>th</sup> January 2008

**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 Director	Attendance Particulars		No. of other directorships and Committee member/chairmanship		
	Board Meeting	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Sarvesh Goorha	5	Yes	2	2	1
M.S. Ramachandran*	3	-	2	-	-
D. Sundararajan	2	-	7	6	-
Mohan Lal Garg#	-	-	-	3	1
Bhibav Bisaria\$	2	Yes	-	-	-
Bhupendra Kansagra	-	-	1	-	-
Ravi Chilukuri	1	-	-	-	-
Manabendra Guha Roy	2	-	-	-	-
Deep Kumar Rastogi**	-	-	17	2	1
B. Srinivasa Rao**	1	-	1	1	1

\* Appointed director on 17<sup>th</sup> October 2007

\*\* Appointed directors on 19<sup>th</sup> January 2008

\$ Resigned w.e.f. 9<sup>th</sup> October 2007

# Resigned w.e.f. 19<sup>th</sup> January 2008