



**30<sup>th</sup>**  
**Annual Report**  
**2013-2014**

**CALS REFINERIES LIMITED**

**BOARD OF DIRECTORS**

Mr. Deep Kumar Rastogi	:	Executive Chairman
Mr. D. Sundararajan	:	Managing Director (Resigned on 24 <sup>th</sup> October, 2013)
Mr. Alexander Walter Schweickhardt	:	Director
Mr. Sameer Rajpal	:	Director
Mr. R. Rajagopalan	:	Director (Resigned on 23 <sup>rd</sup> October, 2013)
Mr. Pranav Kumar	:	Director (Appointed on 11 <sup>th</sup> March, 2014)

**COMPANY SECRETARY & COMPLIANCE OFFICER**

Mr. Suvindra Kumar

**BANKERS**

Axis Bank Limited

**AUDITORS**

M/s Kanu Doshi Associates, Mumbai

**REGISTERED OFFICE**

21, Basant Lok Complex,  
Vasant Vihar, New Delhi- 110057.

**REGISTRAR & SHARE TRANSFER AGENTS**

MCS Limited  
F-65, 1<sup>st</sup> Floor, Okhla Industrial Area, Phase-1,  
New Delhi-110020.

**LISTING OF SECURITIES**

The Bombay Stock Exchange,  
Phiroze Jeejeebhoy Towers,  
25<sup>th</sup> Floor, Dalal Street, Mumbai- 400001

Luxembourg Stock Exchange (GDR),  
11, Avenue De La Porte- Neuve,  
L-2227, Luxembourg.  
**[GDR delisted w.e.f 14.07.2014]**

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**IMPORTANT COMMUNICATION TO MEMBERS**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to write to "MCS Limited (Unit- Cals Refineries Limited), F- 65, 1<sup>st</sup> Floor, Okhla Industrial Area, Phase-1, New Delhi- 110020 with the details like Name, Folio No and e-mail id to register the same at our Registrar and Transfer Agents.

**NOTICE** is hereby given that the Thirtieth Annual General Meeting of the members of Cals Refineries Limited will be held on Thursday, September 25, 2014 at 10.30 a.m. at Executive Club, Dolly Farms & Resorts, 439, Village Shahurpur, P.O. Fatehpur Beri, New Delhi- 110074, to transact the following businesses:

**ORDINARY BUSINESS**

- To receive, consider and adopt the audited balance sheet of the Company as at 31<sup>st</sup> March, 2014 the statement of Profit and Loss for the year ended on that date together with the Reports of Director's and Auditor's thereon.
- To reappoint a Director in place of Mr. Deep Kumar Rastogi (holding DIN- 01229644) who retires by rotation and being eligible offers himself for reappointment.
- To reappoint M/s Kanu Doshi Associates, Chartered Accountant as statutory auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS**

- To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
**"RESOLVED THAT** Mr. Pranav Kumar (holding DIN 00045493) who was appointed as an Additional Director by the Board of Directors with effect from 11<sup>th</sup> March, 2014 in terms of section 260 of the Companies Act, 1956 (corresponding to Section 161 (1) of the Companies Act, 2013) and whose terms of office expires at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from the conclusion of this Annual General Meeting."
- 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 of section 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Alexander Walter Schweickhardt (holding DIN 03441215), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from the conclusion of this Annual General Meeting, not liable to retire by rotation."
- 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 of section 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Sameer Rajpal (holding DIN 05184612), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from the conclusion of this Annual General Meeting, not liable to retire by rotation."

**By Order of the Board of Directors**

Place : Gurgaon  
Date : 14.08.2014

(Suvindra Kumar)  
Company Secretary

**NOTES**

- The Relevant Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, relating to the special business of notice is annexed hereto.
- A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO 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

THAN 48 HOURS BEFORE THIS ANNUAL GENERAL MEETING. A FORM OF PROXY IS GIVEN AT THE END OF THIS ANNUAL REPORT.

- A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights.
- Provided that a member holding more than ten percent of the total paid share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
- The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 18, 2014 to Thursday September 25<sup>th</sup>, 2014 (both days inclusive).
- The Shareholding of Independent Directors seeking appointment/ re-appointment at this meeting are as under:  
 Mr. Pranav Kumar: Nil shares, Mr. Alexander Walter Schweickhardt: Nil Shares and Mr. Sameer Rajpal: 15468439 shares.
- Corporate Members intending to send their authorised representative to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
- Members/Proxy Holders are requested to produce at the entrance of hall, attendance slips duly completed and signed, in accordance with the specimen signature registered with the Company for admission to the Meeting Hall.
- The members are requested to
  - bring their copy of Annual report at the Annual General Meeting.
  - 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, 1<sup>st</sup> Floor, Okhla Industrial Area Phase I, New Delhi-110 020 quoting their folio number.
    - In case shares are held in dematerialized 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.
  - Send, in case of those members who have multiple accounts in identical names or joint 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.
- 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 days except Saturday, Sunday and Public holidays up to the date of the Annual General Meeting.
- Brief profile of Directors seeking appointment / reappointment at the forthcoming Annual General Meeting are disclosed hereunder as required in Clause 49 of the Listing Agreement.
- In terms of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 e-voting facility is being provided to the members. Details of the e-voting process and other relevant details are being sent to all the Members along with the Notice.
- Voting Through Electronics Means-** A detailed instructions and related write ups, on Electronic Voting Process, which forms part of this notice, is given at the end of this Annual Report, (before the form of attendance slip and proxy). Shareholders are requested to kindly follow the said process for casting their vote electronically.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013**

**Item No. 4**

Mr. Pranav Kumar, aged about 36 year, was appointed as an Additional Director by the Board of Directors on 11<sup>th</sup> March, 2014 under Article 85 of the Articles of Association of the Company and pursuant to the provisions of Section 260 of the then Companies Act, 1956 (corresponding to Section 161 (1) of the Companies Act, 2013). He is presently an Independent Director on the Board as per the requirements of Clause 49 of the Listing Agreement. He will hold office upto the date of ensuing Annual General Meeting. In terms of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder, Mr. Pranav Kumar being eligible and offering

him for appointment, is proposed to be appointed as an Independent Director for a terms of five consecutive years from the conclusion of this Annual General Meeting.

The Company has received a notice in writing from a member along with the requisite deposit, signifying his intention to propose the candidature of Mr. Pranav Kumar for the office of Independent Director of the Company, under the provisions of Section 160 of the Companies Act, 2013.

Mr. Pranav Kumar is Commerce graduate and fellow member of The Institute of Company Secretaries of India (ICSI), New Delhi. He has also to his credit additional degrees of Masters Diploma in Business administration (Finance and Marketing) from SIMS, PUNE. He has been practicing as company secretary and corporate consultant for last more than 13 years. He is also a Professional member of Bihar Industries Association, and a Member of PHD Chamber of Commerce and Industry. He holds directorship in other five Companies.

In the opinion of the Board, Mr. Pranav Kumar fulfills the conditions specified in the Companies Act, 2013, and rules made thereunder for his appointment as an Independent Director of the Company and are Independent of the management of the Company. Having regard to his qualifications, knowledge and experience his appointment as an Independent Director will be in the interest of the Company.

The Board of Directors accordingly recommends the resolution set out at Item No. 4 of the accompanying Notice for the approval of the Members. None of the Directors, Key Managerial Personnel, and/or their relatives, except Mr. Pranav Kumar is, in any way, concerned or interested in the said resolution.

#### Item No. 5

Mr. Alexander Walter Schweickhardt, aged about 50 years, is a Ph.D. in Economics and a Ph.D. in Law from the University of Graz, Austria. Additionally, he is a frequent participant at roundtable discussions and a keynote speaker at International Conferences. He is on the Board of the Company since 28th March, 2011. He is presently an Independent Director on the Board as per the requirements of Clause 49 of the Listing Agreement. He is a founding principal of HARDT GROUP and a member of the Executive Committee. He is responsible for communications and business development globally. He is also a member of the Investment Management Committee of HARDT GROUP Global Management AG which oversees investment management, strategy activities, and strategic asset allocation decisions.

Mr. Alexander Walter Schweickhardt is a Director, whose period of office was liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Alexander Walter Schweickhardt, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five consecutive years. A notice has been received from a member of the Company along with requisite deposit signifying his intention to propose Mr. Alexander Walter Schweickhardt as a candidate for the office of Independent Director of the Company.

In the opinion of the Board, Mr. Alexander Walter Schweickhardt, fulfills the conditions specified in the Companies Act, 2013, and rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the management of the Company. Having regard to his qualifications, knowledge and experience his appointment as an Independent Director will be in the interest of the Company.

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

None of the Directors, Key Managerial Personnel, and/or their relatives, except Mr. Alexander Walter Schweickhardt is, in any way, concerned or interested in the said resolution.

#### Item No. 6

Mr. Sameer Rajpal, aged about 42 years is a Bachelor degree in Economics from San Jose State University, USA. He was instrumental in establishing the India Operations of Blue Diamond Technologies, USA and headed Healthwide.com. He was also associated with HP India in its expansion of their marketing network. He is on the Board of the Company since 11th January, 2012. He is presently an Independent Director on the Board as per the requirements of Clause 49 of the Listing Agreement.

Mr. Sameer Rajpal is a Director, whose period of office was liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Sameer Rajpal, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five consecutive years. A notice has been received from a member of the Company along with requisite deposit signifying his intention to propose Mr. Sameer Rajpal as a candidate for the office of Independent Director

of the Company.

In the opinion of the Board, Mr. Sameer Rajpal, fulfills the conditions specified in the Companies Act, 2013, and rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the management of the Company. Having regard to his qualifications, knowledge and experience his appointment as an Independent Director will be in the interest of the Company.

The Board of Directors accordingly recommends the resolution set out at Item No. 6 of the accompanying Notice for the approval of the Members.

None of the Directors, Key Managerial Personnel, and/or their relatives, except Mr. Sameer Rajpal is, in any way, concerned or interested in the said resolution.

**By Order of the Board of Directors**

Place : Gurgaon  
Date : 14.08.2014

**(Suvindra Kumar)**  
Company Secretary

#### **NOTES ON DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT AS REQUIRED UNDER CLAUSE 49V(A) OF THE LISTING AGREEMENT ENTERED INTO WITH THE STOCK EXCHANGE**

**Mr. Deep Kumar Rastogi** - He is a Promoter Director and is on the Board of the Company since 19th January, 2008. He is into trading business and having more than 46 years of experience. He is further serving the following Companies, as a Director:

- Nyra Holdings Private Limited
- Delhikem India Private Limited
- Spice Energy Private Limited
- BND Gas Private Limited
- Spice Exploration Private Limited
- Metropolitan Gas (Odisha) Pvt. Ltd.
- SRM Energy Tamilnadu Private Limited

**Mr. Pranav Kumar** who joins the Board on 11<sup>th</sup> March, 2014 as an Independent Director of the Company, is Commerce graduate and fellow member of The Institute of Company Secretaries of India (ICSI), New Delhi. He has also to his credit additional degrees of Masters Diploma in Business administration (Finance and Marketing) from SIMS, PUNE. He has been practicing as company secretary and corporate consultant for last more than 13 years. He is also a Professional member of Bihar Industries Association, and a Member of PHD Chamber of Commerce and Industry. He holds directorship in the following Companies:

- Alacrity Corporate Solutions Private Limited
- Telkin Services Private Limited
- SatNine Broadcasting Private Limited
- All Saints India Private Limited
- SRM Energy Limited
- Distributed Technology Associates Private Limited

**Mr. Alexander Walter Schweickhardt**, is on the Board of the Company since 28<sup>th</sup> March, 2011, is a Ph.D. in Economics and a Ph.D. in Law from the University of Graz, Austria. Additionally, he is a frequent participant at roundtable discussions and a keynote speaker at International Conferences. He is a founding principal of HARDT GROUP and a member of the Executive Committee. He is responsible for communications and business development globally. He is also a member of the Investment Management Committee of HARDT GROUP Global Management AG which oversees investment management, strategy activities, and strategic asset allocation decisions. He holds directorship in the following Companies:

- Hardt Group GmbH
- Hardt Group Securities S.A.
- Compartment Astrax One
- Bagyate Investments LLC
- Amber Energies S.A.
- Kingsbridge Capital Holdings

**Mr. Sameer Rajpal**, is a Bachelor degree in Economics from San Jose State University, USA. He was instrumental in establishing the India Operations of Blue Diamond Technologies, USA and headed Healthwide.com. He was also associated with HP India in its expansion of their marketing network. He is on the Board of the Company since 11th January, 2012 and holds Directorship in the following Companies:

- Metropolitan Oil and Gas Pvt. Ltd.
- SRM Energy Limited
- SRM Energy Tamilnadu Pvt. Ltd.
- Spice Energy Pvt. Ltd.

To the Members of Cals Refineries Limited

The Directors present their Thirtieth Annual Report and the Audited Financial Statement for Financial Year 2013-14. Pursuant to the Ministry of Corporate Affairs General Circular 08/2014 No. 1/19/2013-CL-V dated April 4, 2014, the Financial Statements and other reports required to be attached to the Annual Report for FY 2013-14 are governed by the relevant provisions, schedules, rules of the Companies Act, 1956. Hence the Director's Report is prepared in line with the requirements of the Companies Act, 1956.

## FINANCIAL RESULTS:

Description	(₹ in millions)	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Sales	-	0.72
Other Income	3.76	10.32
<b>Total Revenue</b>	<b>3.76</b>	<b>11.04</b>
Purchases	-	0.71
Employee Benefits Expense	1.29	7.44
Interest and Finance Charges	20.46	84.28
Depreciation and Amortizations	0.12	0.86
Other Expenses	1.30	15.33
<b>Total Expenses</b>	<b>23.17</b>	<b>108.62</b>
<b>Profit / (Loss) before exceptional and extraordinary items</b>	<b>(19.41)</b>	<b>(97.58)</b>
Extra-ordinary Items	-	(19.72)
<b>Loss for the year</b>	<b>(19.41)</b>	<b>(77.86)</b>

## DIVIDEND:

As there is no operating income and consequently no profit is available for distribution as dividend.

## PROGRESS OF THE PROJECT AND STATUS OF FINAL ORDER FROM SEBI:

The Company has a plan to set up crude oil refinery in Haldia, West Bengal, however the progress of the project was hampered and it is standstill due to factors beyond the control of the Company. The SEBI, by its ex-parte order No. WTM/PS/ISD/02/2011 dated September 21, 2011, which was later confirmed vide their order dated December 30, 2011, directed your Company not to issue equity shares or any other instruments convertible into equity shares or alter capital structure in any manner till further directions in this regard. The Company in the above matter decided to file an appeal with the Securities Appellate Tribunal (SAT) to seek a solution in the month of August, 2013. SAT vide its order dated August 28, 2013, had directed SEBI to complete the proceedings and issue the final orders after issuing show cause notice to the Company, within a period of eight weeks from the date of order, failing which the ex-parte interim order of September 2011 and confirmatory order of December 2011 will stand vacated. Further during the course of the hearings, SAT had also recorded the statement of the Counsel of SEBI, confirming that their investigations in respect of our Company have been completed. As directed by SAT, SEBI had issued a Show Cause Notice dated September 19, 2013 along with supplementary show cause notices, received on later dates, the Company had filed a detailed reply of the said show cause notices to the SEBI, after which the SEBI issued a final order against the Company, of which operative portions are as under:

- That the Company will not issue equity shares or any other instruments convertible into equity shares or any other security, for a period of ten years.*
- Vide Interim Order dated September 21, 2011 (later confirmed through the Confirmatory Order on December 30, 2011), the Company was directed not to issue equity shares or any other*

*instrument convertible into equity shares or alter their capital structure in any manner till further directions. In this context, the Company has already gone the prohibition imposed vide the Interim Order for a period of approximately two years. In view of this factual situation, it is clarified that the prohibition already undergone by the Company pursuant to the aforementioned SEBI Order shall be reduced while computing the period in respect of the prohibition imposed vide this order.*

From the above Order it is clear that the Company is restrained from issuing any further equity shares or any other instruments, convertible into equity shares or any other security, effectively for a period of **eight years (approx)**.

Your Company in the above matter has applied for consent order to SEBI and also has challenged the final order of SEBI at the Securities Appellate Tribunal (SAT), for which proceedings are going on.

The members be apprised that there is no change since the last reporting in the status relating to the agreements which was entered with the Hardt Group for purchase of refinery equipment and with the set of refining equipment for which the Company had already contracted and paid advances, however the Company had lost the Bayernoil equipment as it couldn't fulfill its contractual commitments, the rigorous effort of your Company to restart the project is also failed due to the restraint on issue of new equity by SEBI. Meanwhile the strategic investor in Hardt Group has also stopped infusing further funds due to the said embargo of SEBI order.

However, the members may note that the Company in the past had revised the capacity of refinery envisaged in Haldia to 10 MMTPA from 5 MMTPA and had also filed an application to Ministry of Environment to enhance the approval for putting up 200,000 bpd equivalent to 10 MMTPA capacity refineries. The Ministry vide its letter dated September 20, 2011 declined the request as Haldia has been notified as a critically polluted area and no new capacity or expansion can be permitted till it is de-notified. Further Ministry of Environment and Forest vide its Memorandum Dated 17th September, 2013, has de-notified Haldia from critically polluted areas and will be able to consider the new / expansion projects. The Company plans to approach MOEF for getting the requisite clearances for its expansion once the plans for the same are crystallized.

Presently the core consideration of your Company is to first get rid of the present adverse situation and try to create favorable circumstances wherein it can be decided, how to proceed with the project of the Company, and also to decide the future course of action. It is pertinent to note that the embargo imposed by SEBI since September, 2011 has brought the Company on its back foot. Every plan and proposal, which your Company had decided to execute towards the implementation of the project, has been adversely affected and cannot be executed. Considering the present circumstances, it has become very important to re-think and plan afresh for the future development of the Company and its project implementation subject to some positive outcome from the Hon'ble SAT, to which your management is very hopeful.

The Hardt Group which had agreed to become a strategic investor in the Company and initially assisted the Company in implementing its refinery project and also brought in Rs. 136.52 million during March'11 to March'12, through Abboto Limited (another affiliate of Hardt Group), which allowed your Company to meet its funding for working capital and project activities. Presently the Hardt group is supportive to the Company and awaiting the final decision to be made by Hon'ble SAT, in the appeal of the Company made against the said order of SEBI.

However it is important to note that the contracts which was entered with affiliates of Hardt group have expired as of now, but, your Company is fully committed to come out of the present adverse situation.



**STATUS OF FIPB, CCEA APPROVAL:**

As already informed earlier the Company's proposal to issue GDR's to Tagore and Amber, aggregating to US\$ 317 million was initially approved by the Foreign Investment Promotion Board (FIPB) in their meeting held on May 20, 2011. Since the amount of issue had exceeded Rs. 12,000 million, the proposal was recommended to the Cabinet Committee on Economic Affairs (CCEA). However, prior to receipt of the CCEA approval, SEBI in September 2011, issued directions to the Company to not to issue equity or any other instruments convertible into equity or alter capital structure in any manner.

Further pursuant to the SEBI order, FIPB had also withdrawn its approval. The Company had represented to FIPB repeatedly, requesting them to reconsider their decision. However, FIPB had at that time rejected our request vide its letter dated July 23, 2012 in view of change in the FDI Policy with effect from April 1, 2012. The Company again represented to FIPB, stating that the proposal was earlier approved under the then prevailing FDI policy and the delay was on account of factors beyond the Company's control, which was also rejected by FIPB vide their letter dated November 2, 2012 for want of final orders from SEBI.

Since the SEBI has issued a final order and has restrained the Company from issuing any further equity shares or any other instruments convertible into equity shares or any other security, effectively for a period of eight years (approx), it is immaterial to approach the FIPB in the matter.

**STATUS OF LAND AT HALDIA:**

As the members are aware, the Haldia Development Authority (HDA), had offered land admeasuring about 400 acres at Haldia, West Bengal to the Company for setting up the project, stipulating a lease premium of Rs. 600 million. Since your Company, due to the embargo imposed by SEBI, could not become operational and could not pay the said lease premium pending financial closure, it entered into a tripartite agreement along with HDA and West Bengal Industrial Development Corporation Limited (WBIDC), whereby, WBIDC paid the lease premium and other development charges to HDA and gave permissive possession of the land to the Company for six months from the date of the agreement, subject to compliance with certain conditions. Your Company could not comply with the conditions and requested an extension of time from WBIDC for the same, WBIDC had granted such extension, with certain additional conditions relating to tie up of equity and achievement of financial closure for the project, which could not be complied with due to the subsisting of SEBI's prohibitory order. The Company had accordingly informed WBIDC, requesting further extension, which was not acceded to and WBIDC had withdrawn the permissive possession.

Your Company has been awarded with the adverse order from SEBI, and it will not be possible for your Company to achieve the financial closure, in any way, till the time SEBI restriction is lifted and Company could enter into securities market, which will lead your Company to be in the position to consider and decide its future course of action and the future strategies, which will ultimately lead to achieving the financial closure. It cannot be denied that the only positive sign as of now with your Company is that the Hardt Group is with us and will be ready to fund the Company in the appropriate manner, once the SAT gives us the positive order in the ongoing matter.

Your management is confident of sourcing the required funds for clearance of the WBIDC dues and getting extensions on annulment of the SEBI order.

**DIRECTORS:**

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

Mr. R. Rajagopalan, Independent Director resigned from the Board vide his letter dated 23<sup>rd</sup> October, 2013 and Mr. D. Sundararajan, Managing Director of the Company, resigned from the Board vide his letter dated 24<sup>th</sup> October, 2013. Their resignations were accepted by the Board of Directors, in their meeting held in November, 2013. The Directors would like to place on record their appreciation of the contributions made by Mr. R. Rajagopalan and Mr. D. Sundararajan during their tenure as the Directors of the Company.

Mr. Pranav Kumar was co-opted as the Independent Director in the capacity of Additional Director on the Board of the Company with effect from 11<sup>th</sup> March, 2014 and holds office as such up to the ensuing Annual General Meeting. Notice from the shareholders together with necessary deposit proposing his name as Director has been received.

The Company has, pursuant to the provisions of Clause 49 of the Listing Agreements entered into with Stock Exchange, appointed Mr. Alexander Walter Schweickhardt, Mr. Sameer Rajpal and Mr. Pranav Kumar as Independent Directors of the Company. The Company has received declarations from the said Independent Directors of the Company, except Mr. Alexander Walter Schweickhardt, confirming that they meet the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under the said Clause 49. In accordance with the provisions of Section 149(4) and proviso to Section 152(5) of the Companies Act, 2013, these Directors are being appointed as Independent Directors to hold office as per their tenure of appointment mentioned in the Notice of the forthcoming AGM of the Company in accordance with the requirements of the Act and the Articles of Association of the Company.

**PUBLIC DEPOSITS:**

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

**CORPORATE GOVERNANCE:**

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the Practicing Company Secretary confirming compliance of Corporate Governance norms as stipulated in Clause 49 of the Listing Agreement with the Indian Stock Exchanges is included in the Annual Report.

**CORPORATE SOCIAL RESPONSIBILITY:**

Pursuant to the provisions of Section 135 of Companies Act, 2013 and Companies (Corporate Social Responsibility policy) Rules, 2014 company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors out of which at least one director shall be an independent director.

Aligning with the above requirement of the Companies Act, 2013, your Company has constituted a Committee comprising of Mr. Deep Kumar Rastogi, Executive Chairman, Mr. Sameer Rajpal, Non- Executive & Independent Director and Mr. Pranav Kumar, Non-Executive & Independent Director. The Committee is responsible for formulating and monitoring the CSR policy of the Company, its broad terms of reference is

1. To formulate and recommend to the Board, a Corporate Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013,
2. To recommend the amount and area of expenditure to be incurred on the various activities, and
3. To monitor the Corporate Social Responsibility Policy of the Company from time to time.
4. Any other item as may be referred to by the Board.

Since the company has no profit during the previous years, there shall not be requirement to fund any CSR activities.

## DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to the Director's 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 March 31, 2014, the applicable Accounting Standards read with requirements set out under schedule VI to the Companies Act, 1956, have been followed;
2. That the Company has selected appropriate accounting policies and applied them consistently and made judgment 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 March 31, 2014 has been prepared on a going concern basis.

## CODE OF CONDUCT:

The Code of Conduct which is formulated by the Company is applicable to all the Directors, Senior Management and Employees of the Company. This Code endorses the idea of good corporate governance and good corporate citizenship. The Code emphasises on Company's commitment to sustainable development, and a gender friendly workplace, transparency and auditability and legal compliances. While preparing the Code, the Company kept in mind the standards of business conduct, ethics and governance and centers around the following theme:

"All Directors, Officers and Employees of the Company are committed to conducting its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. This code is intended to provide guidance and help in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct, and to help foster a culture of honesty and accountability. Each Director, officer and employee is expected to comply with the letter and spirit of this Code."

## AUDITOR'S REPORT:

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

## AUDITORS:

M/s Kanu Doshi Associates, Chartered Accountants, (ICAI Firm Registration No.- 104746VV) who are the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. It is proposed to re-appoint them to examine and audit the accounts of the Company for next financial year, 2014-15 and to hold office from the conclusion of this AGM till the conclusion of next AGM of the Company. The said Auditors have, under Section 139(1) of the Companies Act, 2013 and the Rules framed thereunder furnished a certificate of their eligibility and consent for re-appointment.

Members are requested to reappoint them and authorize the Board to fix their remuneration and pay out of pocket expenses.

## 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 2014-15.

## DELISTING OF GDRs OF THE COMPANY FROM LUXEMBOURG STOCK EXCHANGE (LSE):

BNY Mellon, the Depository of GDRs of the Company, had resigned as the Depository of the GDR's of the Company w.e.f 28<sup>th</sup> October, 2013, and given the appropriate time, as per the agreement entered with them by Company, to appoint a successor depository. Your Company tried its level best to find out the suitable depository for the GDR's of the Company, within the time as stipulated in the notice of resignation of BNY Mellon. While looking for the successor depositories, Company also requested to BNY for the extension in time to find the successor depository. After putting in all its effort, your Company was not able to find any depository for the GDRs to replace the BNY Mellon.

BNY Mellon had issued a notice dated April 08, 2014 for the termination of Deposit Agreement with the Company and instructed the holders of the DRs to convert their holdings into Equity shares on or before July 08, 2014.

Upon expiry of the aforesaid period the Company has received a letter from Luxembourg Stock Exchange on 24<sup>th</sup> July, 2014 intimating us about the delisting of GDRs from the official list of the Luxembourg Stock Exchange and also to withdraw their trading on the Euro MTF Market of the LSE w.e.f 14<sup>th</sup> July, 2014. Your Company has paid the Listing Fee to the Luxembourg Stock Exchange for the calendar year 2014.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

As the company is not covered in Companies (Disclosure of particulars in report of Board of Directors) Rules, 1988, provisions of Section 217(1) (e) of the Companies Act, 1956 are not applicable.

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

## PARTICULARS OF THE EMPLOYEES:

There is no employee drawing the salary as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

## ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation for the co-operation and assistance received from Regulatory Bodies, Government, Bankers, stakeholders and other business associates who have extended their valuable, sustained support and encouragement during the year under review.

The Directors would also like to thank the management, employee of the Company for showing their strong commitment to sail with the Company in adverse flow.

## For and on behalf of the Board of Directors

(Sameer Rajpal)  
Director  
DIN : 05184612

(Deep Kumar Rastogi)  
Executive Chairman  
DIN : 01229644

Place : Gurgaon  
Date : 14.08.2014

To the Members of

**Cals Refineries Limited**

We have examined the compliance of conditions of Corporate Governance by Cals Refineries Ltd., for the year ended on 31<sup>st</sup> March, 2014, 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 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, and based on the representations made by Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Priya Gupta & Associates**  
Company Secretaries

Place : Delhi  
Date : 14.08.2014

**(Priya Gupta)**  
Proprietor  
M. No.- 22710  
C.P. No.- 8180

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**CEO/CFO CERTIFICATION**

To  
**Board of Directors**  
**Cals Refineries Limited**

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2014 and that to the best of our knowledge and belief:
- (i) These statements do not contain any materially untrue statement or omit any material facts or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
- (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**(Deep Kumar Rastogi)**  
Executive Chairman  
DIN: 01229644

**(Rekha Sarda)**  
V.P. - Finance

Place : Gurgaon  
Date : 14.08.2014



## REPORT ON CORPORATE GOVERNANCE

Report on Corporate Governance pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges and forming a part of the Board's Report.

### 1. A brief statement on company's philosophy on code of governance:

The Company believes in the mantra that "Good corporate governance practices are like an indispensable element for a Sustainable business that aims at generating long term value to all its shareholders and other stakeholders."

We further believe that the essence of Corporate Governance lies in the phrase "Your Company". It is your Company because it belongs to 'you'- shareholders. Your Company follows strong governance standards focusing on fairness, transparency, accountability and responsibility which are vital for a healthy and vibrant corporate growth. Our competent Board of Directors are well informed, well equipped, committed to give a strategic direction to the Company and create value addition for the Stakeholders in this dynamic Corporate environment.

### 2. Board of Directors:

The Board of Directors consists of 4 directors.

#### a. Composition and category of Directors :

S.No.	Name of the Directors	Category
1.	Deep Kumar Rastogi	Whole Time Director (Promoter Category)
2.	Alexander Walter Schweickhardt	Non Executive and Independent Director
3.	Sameer Rajpal	Non Executive and Independent Director
4.	Pranav Kumar	Non Executive and Independent Director

#### b. Attendance of each Director at the Board meetings and the last AGM.

S.No.	Name of the Directors	Attendance Particulars	
		No. of Board meetings attended	Last AGM attended (Yes/No)
1.	Deep Kumar Rastogi	6	Yes
2.	Alexander Walter Schweickhardt	1 <sup>#</sup>	No
3.	Sameer Rajpal	6	Yes
4.	Pranav Kumar*	1	N.A
5.	R. Rajagopalan**	2	No
6.	D. Sundararajan***	3	Yes

\* Appointed w.e.f. March 11, 2014.

\*\* Resigned w.e.f. October 23, 2013

\*\*\* Resigned w.e.f. October 24, 2013

<sup>#</sup> Through teleconferencing

#### c. Number of other Boards or Board Committees in which Directors are member or Chairperson as on 31<sup>st</sup> March, 2014.

S.No.	Name of the Directors	No. of other Directorships (other than Private Companies) and Committee member or Chairmanship		
		Other Directorships	Committee Memberships	Committee Chairmanships
1.	Deep Kumar Rastogi	-	2	-
2.	Alexander Walter Schweickhardt	6	5	-
3.	Sameer Rajpal	1	7	5
4.	Pranav Kumar	1	3	1

#### d. Number of Board meetings held during the reporting year and dates thereof.

During the year, Six Board Meetings were held on May 30, 2013, July 09, 2013, September 27, 2013, November 14, 2013, February 14, 2014 and March 11, 2014.

### 3. Committees of the Board:

#### (a) Audit Committee (Erstwhile Audit Sub Committee)

The terms of reference stipulated by the Board to the Audit Committee, as contained under Clause 49 of the Listing Agreement and as per the Companies Act, 2013, are enumerated herein below:

1. Recommendation for appointment, remuneration, terms of appointment and removal, of auditors of the company;

2. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
3. Discussion with Statutory Auditors before audit commences, as regards nature and scope of audit as well as having post audit discussion to ascertain any areas of concern.
4. Examining and reviewing, with the management, the annual financial statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries, based on exercise of judgment by the Management.
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with the stock exchange and legal requirements relating to financial statements
  - f. 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 and also approval of any subsequent modification of transactions of the Company with Related Parties.
  - g. Qualifications in the draft Audit Report
  - h. Compliance with the Accounting Standard.
  - i. Going concern assumptions.
5. Reviewing with the management, the quarterly financial results before submission to the Board for approval;
6. Scrutiny of Inter Corporate Loan and Investments;
7. Valuation of undertaking or assets of the Company wherever it is necessary;
8. Evaluation of internal financial controls and risk Management System;
9. Reviewing adequacy of Internal Audit Function, coverage and frequency of Internal Audit Report.
10. Discussion with Internal Auditors and concurrent Auditors on any significant finding in their reports and follow up thereon.
11. Review of the appointment, removal and terms of remuneration of the Internal Auditor.
12. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
13. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
14. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
15. To investigate any activity within its terms of reference.
16. To seek information from any employee.
17. To obtain outside legal or other professional advice.
18. To secure attendance of outsiders with relevant expertise, if it considers necessary.
19. Recommendation of a Vigil Mechanism (Whistle Blower Mechanism) to the Board for consideration and any change thereto from time to time. The Board shall establish the Vigil Mechanism.
20. The Audit Committee shall oversee and review the functioning of the Vigil Mechanism and if any of the members of the Committee has a conflict of interest in a given case, they should rescue themselves and others on the Committee shall deal with the matter in hand. In appropriate and exceptional cases, the Vigil Mechanism to provide for Direct Access to the chairperson of the Audit Committee.

During the year, the Committee has met 3 times on May 30, 2013, July 09, 2013 and March 11, 2014.

The Audit Committee comprised of Mr. Alexander Walter Schweickhardt, Mr. Sameer Rajpal, Mr. R. Rajagopalan and Mr. Pranav Kumar in the year 2013-14. However, Mr. R. Rajagopalan had submitted his resignation from the Board of Directors vide letter dated October 23, 2013, which was accepted in the Board Meeting held on November 14, 2013. In the Board Meeting dated March 11, 2014 the Board co-opted Mr. Pranav Kumar as an Additional Director of the Company and also appointed him a member of the Audit Committee with immediate effect.

Further the name of the Committee was changed from Audit sub Committee to Audit Committee and the terms of reference, which is described herein above, is revised to meet the requirements of the Companies Act, 2013.

Mr. Sameer Rajpal is presently the Chairman of the committee. The minutes of each Audit Committee meeting are placed before and discussed in the Board.