



31st
Annual Report
2014-2015

CALS REFINERIES LIMITED

BOARD OF DIRECTORS

Mr. Deep Kumar Rastogi	Executive Chairman
Mr. Alexander Walter Schweickhardt	Director (Ceased to be Director w.e.f. 31 st March, 2015)
Mr. Sameer Rajpal	Director
Mr. Pranav Kumar	Director
Mrs. Monika Moorjani	Director (Appointed as an Additional Director w.e.f 10 th February, 2015)

**COMPANY SECRETARY &
COMPLIANCE OFFICER**

Mr. Suvindra Kumar

CHIEF FINANCIAL OFFICER (CFO)

Mrs. Rekha Sarda (Ceased to be CFO w.e.f. 29th July, 2015)

BANKERS

Axis Bank Limited

AUDITORS

M/s Kanu Doshi Associates, Mumbai Statutory Auditor

REGISTERED OFFICE

Unit No. 209, 2nd Floor, Suneja Tower-II,
District Centre, Janakpuri, New Delhi-110058.

REGISTRAR & SHARE TRANSFER AGENTS

MCS Limited (upto 14.07.2015)
MCS Share Transfer Agent Limited (with effect from 15.07.2015)
F-65, 1st Floor, Okhla Industrial Area Phase-1,
New Delhi-110020.

LISTING OF SECURITIES

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

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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 Share Transfer Agent Limited (Unit- Cals Refineries Limited), F- 65, 1st 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



NOTICE is hereby given that the Thirty First Annual General Meeting of the members of Cals Refineries Limited will be held on Friday, September 25, 2015 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

1. Adoption of Financial Statement:

To receive, consider and adopt the audited financial statement of the Company for the financial year ended 31st March, 2015 and the Reports of Director's and Auditor's thereon.

2. Appointment of Directors:

To appoint a Director in place of Mr. Deep Kumar Rastogi (DIN-01229644) who retires by rotation and being eligible, offers himself for reappointment.

3. Appointment of Auditors:

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 139 of Companies Act, 2013 and rules made thereunder and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s VATSS & Associates, Chartered Accountants, New Delhi (Firm Registration No.- 017573N), be and are hereby appointed as the auditors of the Company for 5 years to hold office from the conclusion of this Annual General Meeting (AGM held in the year 2015-16) till the conclusion of the Sixth consecutive Annual General Meeting (AGM to be held in the year 2020-21) (subject to the ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) and the Board of Directors be and are hereby authorized to fix their remuneration as may be determined by the Audit Committee in consultation with the Auditors."

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 section 149, 152, Schedule-IV 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), Ms. Monika Moorjani (DIN: 06884948), who was appointed as an additional Director of the Company by the Board of Directors with effect from February 10, 2015 and who holds office till the date of the AGM in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013, signifying its intention to propose Ms. Monika Moorjani as a candidate for the office of the Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period up to February 09, 2020, not 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 in supersession of the Ordinary Resolution adopted at the Annual General Meeting held on 12th September, 2007 under section 293 (1) (D) of the Companies Act, 1956, the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any committee, made/to be made for this purpose), be and is hereby authorised, in accordance with section 180 (1) (c) and any other applicable provisions of the Companies Act, 2013 and rules made thereunder, (including any statutory modification(s) or reenactment thereof for the time being in force and the Articles of Association of the Company), to borrow any sum or sums of moneys (including non fund based facilities) in one or more tranches, from time to time at their discretion, from any one or more banks, financial institution and other person, firms, bodies corporate, notwithstanding that the monies to be borrowed together with moneys, if any, already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) may, at any time, exceed a sum of

Rs. 50,00,00,000/- (Rupees Fifty Crores only) over and above the aggregate of the then paid up share capital of the Company and its free reserves (that is to say Reserves not set apart for any specific purpose) and that the Board of Directors be and are hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as they may, in their absolute discretion, think fit.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts, deeds and things as may be deemed necessary, desirable or expedient for giving effect to this resolution."

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

RESOLVED THAT Pursuant to clause 49 (VII) of the amended Listing Agreement, being effective from 01st Day of October, 2014, a material related party transaction, entered with Nyra Holdings Pvt. Ltd., (a related party under section 2 (76) of the Companies Act, 2013), for obtaining loan of Rs. 1,13,75,000/- in the financial year 2014-15, be and is hereby ratified.

RESOLVED FURTHER THAT pursuant to the aforesaid clause 49 (VII) of the listing agreement, the consent of the Members be and is hereby accorded to the Board of Directors of the Company to enter into material related party transaction by way of obtaining loan or otherwise from such related parties as explained in clause 49 (VII) (B), including Nyra Holdings Pvt. Ltd., for the financial year 2015-16 and in future, subject to the maximum limits of borrowing as set out in the Resolution No.- 5 of this Notice.

By Order of the Board of Directors

Place : New Delhi
Date : 07.08.2015

(Suvindra Kumar)
Company Secretary

NOTES

1. The Relevant Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, relating to the special business of notice is annexed hereto.
2. 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 UNIT NO. 209, 2ND FLOOR, SUNEJA TOWER-II, JANAKPURI DISTRICT CENTRE, NEW DELHI-110058 NOT LESS THAN 48 HOURS BEFORE THIS ANNUAL GENERAL MEETING. A FORM OF PROXY IS GIVEN AT THE END OF THIS ANNUAL REPORT.
3. 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.
4. Provided that a member holding more than ten percent of the total paid up 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.
5. In case of Joint holders attending the meeting, only such holder who is higher in the order of names will be entitled to vote.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 19, 2015 to Friday September 25, 2015 (both days inclusive).
7. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect proxies lodged at any time during the business hours of the Company, provided that not less than 3 day's notice is given in writing to the Company.
8. The Register of Directors and Key Managerial Personnel and their Shareholding, maintained under Section 170 of Companies Act, 2013 and the Register of Contracts and Arrangements in which Directors are Interested maintained under Section 189 of Companies Act, 2013 will be available for inspection by the members at the AGM.

9. The Shareholding of Independent Directors seeking appointment/re-appointment at this meeting are as under:
Mrs. Monika Moorjani: Nil shares.
10. 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.
11. 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.
12. 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 Unit No. 209, 2nd Floor, Suneja Tower-II, Janakpuri District Centre, New Delhi-110058 or to the Registrar and Share Transfer Agent of the Company, MCS Share Transfer Agent Limited, F-65, 1st Floor, Okhla Industrial Area Phase I, New Delhi-110020 quoting their folio number.
 - II 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.
 - c. 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 Share Transfer Agent Limited at the aforesaid address for consolidation of all such shareholdings into one account to facilitate better service.
13. 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.
14. The Annual Report 2014-15 is being sent through electronic mode only to the members whose email addresses are registered with the Company/ Depository Participant(s), unless any member has requested for a physical copy of the Report. For members who have not registered their email addresses, physical copies of the annual report 2014-15 are being sent by the permitted mode. Members may also note that copy of the annual report of the Company is also available on Company's website "www.cals.in".
15. With a view to using Natural Resources responsibly, we request Shareholders to update their email address with their Depository participants to enable the Company to send all communications including Annual Report, Notices, Circulars, etc. electronically. Members who hold shares in physical form are requested to write to "**MCS Share Transfer Agent Limited (Unit Cals Refineries Limited), F-65, 1st Floor, Okhla Industrial Area, Phase-1, New Delhi-110020**" with details like Name, Folio No. and Email ID to register the same at our Registrar and Transfer Agent.
16. Brief profile and other additional information pursuant to clause 49 of the Listing Agreement of Directors seeking appointment / reappointment at the forthcoming Annual General Meeting is furnished as annexure to the notice. The Directors have furnished consent/ declaration for their appointment/re-appointment as required under Companies Act, 2013 and rules made thereunder.
17. In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, 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. The facility for voting through ballot paper will also be made available at the AGM and the members attending the AGM and who have not cast their vote electronically shall be able to exercise their right at the AGM through

ballot paper. Members who have cast their vote by e-voting may attend the AGM but shall not be entitled to cast their vote again.

18. **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. Shareholders are requested to kindly follow the said process for casting their vote electronically.
19. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the Securities Market. Members holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form are required to submit their PAN details to the Company and/or its RTA.

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

Item No. 4

Ms. Monika Moorjani, aged about 38 years, was appointed as an Additional Director by the Board of Directors on 10th February, 2015 under Article 85 of the Articles of Association of the Company and pursuant to the provisions of Section 161 (1) of the Companies Act, 2013. She is presently an Independent Director on the Board as per the requirements of Clause 49 of the Listing Agreement. She will hold office up to the date of ensuing Annual General Meeting. In terms of Section 149, 152, Schedule IV and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder, Ms. Monika Moorjani being eligible and offering her for appointment, is proposed to be appointed as an Independent Director for a period up to February 09, 2020, not liable to retire by rotation.

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

Ms. Monika Moorjani is a practising Company Secretary. She is having experience of more than 14 years in the field of Corporate Laws Consulting and has served a wide array of Companies including a Government Navratna Company. She is a Commerce graduate and fellow member of The Institute of Company Secretaries of India (ICSI). She is holding degree of Bachelor of Law from Delhi University. She holds the directorship in one another Company.

The Company has received from Ms. Monika Moorjani (i) consent in writing to act as Director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014, (ii) intimation in form Dir 8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under sub section (2) of section 164 of the Companies Act, 2013 (iii) a declaration to the effect that she meets the criteria of independence as provided in sub-section (6) of section 149 of the Companies Act, 2013.

In the opinion of the Board, Ms. Monika Moorjani fulfills the conditions specified in the Companies Act, 2013, and rules made thereunder for her appointment as an Independent Director of the Company and is Independent to the management of the Company. The Board also noted that with her appointment, Company meets the requirement of appointing a woman Director on the Board, as envisaged in the Companies Act, 2013 and the Listing Agreement. A copy of the draft letter for her appointment as an independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working day up to the date of the AGM.

Having regard to her qualifications, knowledge and experience her 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 Ms. Monika Moorjani is, in any way, concerned or interested in the said resolution.

Item No. 5

The members of the Company at their Annual General Meeting held on 12th September, 2007 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs. 4000 Crores (Rupees four thousand crores). However, members are informed that Section 180(1)(c) of the Companies Act, 2013 which is effective from 12th September, 2013 required that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a special resolution. Further Ministry of Corporate Affairs had granted one year period to the Companies from 12th September 2013 to comply with the provisions of Section 180(1)(c) of the Companies Act, 2013.

In our case the aforesaid approval of the shareholder was expiring at the previous year on 11th September, 2014, however the Company did not move the resolution in this respect as the circumstances exists at that moment was not requiring to do so, since the total amount of loan obtained by the Company till the date of previous AGM was Rs. 6.68 Crores and as on 31st March, 2015 was Rs. 7.08 Crores, which was well under the limits of the power of the Board as prescribed under section 180 of the Companies Act, 2013. Your Management had considered that the then existing scenario of the Company, was also not requiring to set that much of borrowing limits of the Company as it was fixed in the year 2007.

At present your management has taken decision for writing off of its various capital advances and other assets/lands from the financial statement of the Company, just to meet with the prerequisite to the existing circumstances of the Company and also to present true and fair picture of the financial statement, this has resulted as the negative net worth of the Company as at the end of the financial year 2014-15.

This situation has further led the Company to be in a position where the borrowing powers of the Board of the Company is completely eroded.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 5 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto Rs. 50.00 Crores (Rupees fifty crores) in excess of the aggregate of the paid up share capital and free reserves of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution.

The Board recommends the resolution set forth in Item no. 5 for the approval of the members.

Item No. 6

The Shareholders be apprised that the Securities and Exchange Board of India has amended the Clause 49 of the Listing Agreement on 17th April, 2014 to be effective from 01st October, 2014 and subsequent amendment to the clause was made on 15th September, 2014.

The amended clause 49 of the Listing agreement defines related party transaction in wider terms, Clause 49 (VIII) (A) says that "a related party transaction is a transfer of resources, services, or obligations between the Company and a related party, regardless of whether a price is charged." Based on this definition, your management took cognizance of the arrangement of Loan which Company has been borrowing from Nyra Holdings Private Limited, a related party, under the definition of related party as defined u/s 2 (76) of the Companies Act, 2013. Management also considered that Clause 49 (VII)(C) differentiate the related party transaction and the material related party transaction and it prescribed the limit of the transaction which will be treated as the material related party transaction i.e., "transaction/s with related party

being entered individually or taken together with previous transaction during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statement." The sub clause (D) prescribes that prior approval of the Audit Committee for all related party transaction is required, however sub Clause (E) mandates that all material related party transaction shall require approval of the shareholders through special resolution.

Presently as on the date of the Balance sheet of 31st March, 2015, your company has borrowed a sum of Rs. 6.83 Crores from Nyra Holdings Private Limited, however in the financial year 2014-15, the Company has borrowed a sum of Rs. 1.14 Crores. In context to the Listing agreement as enumerated above this transaction with Nyra Holdings Pvt. Ltd. shall be treated as a Material related party transaction, as Company's turnover as per previous audited Balance Sheet (2013-14) is Nil. Though we had not taken any shareholders approval in this respect, earlier, we need to have the transactions entered in this financial year (2014-15), be ratified by you. As informed above, management further apprises you, this amendment in Clause 49 of the listing agreement has come on 17th April, 2014, which was effective from 01st of October, 2014, however a subsequent amendment in this respect has come on 15th September, 2014, the related party transaction with the Nyra Holding Private Limited, was well under the limit as prescribed in the previous version of amended corporate governance, i.e., before 15th September, 2014, therefore the Company did not arranged for the shareholder's approval in their previous meeting held in the month of September, 2014.

The Management is proposing to you for your ratification with respect to the transaction entered with Nyra Holdings Pvt. Ltd. in the financial year 2014-15 and also recommending you to give your approval with the resolution to enable the Company to enter into the material related transaction with such related parties, in future.

As prescribed under explanation (ii) of clause 49 (VII) (E) of the Listing Agreement, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particulars transaction or not, here Related party means the entities as mentioned in section 2 (76) of the Companies Act, 2013 and as per applicable accounting standards. Hence All the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution.

By Order of the Board of Directors

Place : New Delhi
Date : 07.08.2015

(Suvindra Kumar)
Company Secretary

NOTES ON DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT AS REQUIRED UNDER CLAUSE 49 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 47 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
- Metropolitan Gas (Odisha) Pvt. Ltd. (under process of striking off)
- SRM Energy Tamilnadu Private Limited

Ms. Monika Moorjani who joins the Board on 10th February, 2015 as an Independent Director of the Company, is Commerce graduate and fellow member of The Institute of Company Secretaries of India (ICSI). She has also to her credit additional degree of Bachelor of Law from Delhi University. She is having experience of more than 14 years in the field of Company Secretaries and has served a wide array of Companies including a Government Navratna Company. She holds the directorship in following Company(ies)

- Tandem Hydraulics Pvt. Ltd.

To, the Members of **Cals Refineries Limited**

The Directors present their Thirty First Annual Report and Audited Financial Statements for the financial year 2014-15.

1. Financial Summary/highlights on Performance of the Company (Standalone)

(₹ in million)

Description	Year Ended March 31, 2015	Year Ended March 31, 2014
Revenue from Operations	-	-
Other Income	0.16	3.76
Total Revenue	0.16	3.76
Operational Expenses	-	-
Employee Benefit Expenses	6.47	6.32
Interest and Finance Charges	0.00	81.90
Depreciation and Amortizations	0.38	0.45
Other Expenses	8.29	17.57
Total Expenses	15.14	106.24
Profit/(Loss) before exceptional items	(14.98)	(102.48)
Exceptional Items	5587.67	(47.19)
Profit/(Loss) for the year	(5602.65)	(55.29)

2. Dividend

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

3. Reserves

The Company is not having any income and therefore there is no surplus available to be carried forward to Reserves.

4. Brief description of the Company's working during the year/ State of Company's affair

A. Company's operation during the year

This business operation of the Company has been stand still since long. We have to the extent possible, tried to explain the reason behind such situation. The prime reasons for such stagnancy in the business operation was the investigation conducted by the Securities and Exchange Board of India (SEBI) and the restrictive order passed by SEBI in this respect in the year 2011.

The prolonged investigation took approx. 2 years and ended with a negative order against the Company, issued on 23rd October, 2013, restricting the Company from entering into the securities market and altering its capital structure, in any manner effectively for period of 8 years from the date of the order. The Company has challenged that order of SEBI at Securities Appellate Tribunal in December, 2013. Approx. 2 years have elapsed since then, and the matter is still pending before the Tribunal.

The aforesaid incident has grossly affected the status of the Company at large and as a result the business operations of the company have come to a complete stand still.

Since there is no business operation in the Company, the prime responsibility of the Company is limited to the compliances of the various statutory requirements under different laws, rules and regulations, dealing with the litigations and other day to day administrative activities.

In addition to the above, and as apparent from the financial statement, the Company has not had any operational income since a long time and therefore serious thought is required to be taken on how the requisite funds should be arranged to maintain the necessary statutory compliances of the Companies. Being a listed Company with a wide shareholder base of approx. 1.85 lakh shareholders, the costs of compliances remains on the higher side. It is pertinent to note here that the Management of the Company remains vigilant to the necessary compliances, as applicable to the Company. They have ensured that all the requisite compliances are complied with in the given time period of the prescribed law, rules and regulations. Despite of having no operational income and facing the prohibitory orders of SEBI from entering into the market, the Company had

managed to efficiently comply with all the applicable compliances and has also not defaulted on the payment of the statutory dues.

Till date the Company has been managing its day to day activity expenses to make the necessary compliances and payment of statutory dues through an arrangement of loan from one of its related parties namely Nyra Holdings Pvt. Ltd., which may not be a viable long term solution. Considering the constraint situation of the Company your Company has also written to the Securities and Exchange Board with a copy to the Registrar of Companies, making prayers, that an exemption be granted to the Company from making its Compliances till the SEBI prohibition is lifted and to allow M/s Nyra Holdings Private Limited to give interest free loans to the company without considering the same to be a default of the provisions of the Companies Act, 2013 and also to modify the SEBI order dated 23rd October 2013, and permit the current promoters (M/s Nyra Holdings Private Limited, in specific) to induct capital / funds against issue of equity. The Company has received no reply till date.

Further, to reiterate, the Company's operation has come to a standstill and no improvements is being made towards implementation of the project of the Company. The contracts and the agreements which were entered by the Company w.r.t the implementation of the refinery project have also lapsed or expired long back. Capital advances, which were made at the implementation stage of the project are either not recoverable or specific performance against the said advances cannot be enforced. The Board of Directors after analyzing the status and also based on the opinion received from legal firms, have decided to write off these advances, land and pre-operative expenses etc. from the balance sheet of the Company, to give true and fair picture of the financial statement. The Board further considered that carrying such advances which have no material value or relevance to the books of accounts would be inappropriate and would not give a true and fair view to the investors/shareholders of the Company.

It should also be noted that such writing off of aforesaid advances, land and pre-operative expense have resulted in substantial change in the profit/loss of the Company as compared to the previous year. The loss for this year is Rs. 5602.65 Million. as compared to the Loss for the previous year of Rs. 55.29 Million. This has further affected the Net worth of the Company, which is now completely eroded.

The Auditor's have also pointed this out in their Report and qualified their opinion, the Board has given their comment on the qualification of Auditor's in the later part of this Report.

Investigation of Serious Fraud Investigation Office (SFIO)

The Members be apprised that the Serious fraud investigation office (SFIO) had initiated an investigation into the affairs of the Company on 4th Day of February, 2015. They were appointed as investigating authority under section 212 of the Companies Act, 2013, the investigation was relating to the issuance of GDRs by the Company in the year 2007 and the proposed GDR issue in the year 2011.

Your Company has provided all the requisite information and lent the necessary support to the officers of SFIO, we have also provided all the documents as enquired by them from time to time.

B. Status of project

Company's Crude Oil refinery proposed in 2007 at Haldia (West Bengal) with a capacity of 5 MMTPA, has now become unviable and is an opportunity lost on account of non-availability of funds, restrictive order of SEBI having a long lasting impact, pending litigations, unrecoverable advances paid to suppliers on account of non-fulfilment of financial obligations by company in time. As considerable time has lapsed and the company could not raise the required funding in time, all efforts and investments in the project has been reduced to negligible financial value. A discussion containing important milestones, past and present status of the project is given below, which would give a fair idea of how non-achievement of financial closure and other related issues have damaged the prospect of the project revival:

• **Allotment of land admeasuring about 400 acres at Haldia by Haldia Development Agency (HDA), West Bengal**

Haldia Development Authority (HDA), vide its memo dated March 25, 2008, offered land admeasuring about 400 acres

at Haldia, West Bengal to the Company for setting up the refinery project ('the project'). As per the terms of the said memo, lease premium of Rs. 600 million was stipulated, which could not be paid by the company pending financial closure for the refinery project. Subsequently, the Company entered into a tripartite agreement dated March 19, 2010 along with HDA and West Bengal Industrial Development Corporation Limited (WBIDC). The Company was given permissive possession of the land for a period of six months from the date of the agreement with a condition that the land shall be sub-leased in favour of the Company at the end of six months, subject to compliance with certain conditions. Since the Company could not comply with these conditions, it had requested additional time from WBIDC for the same.

WBIDC, while granting such extension, stipulated additional conditions relating to tie up of equity and achievement of financial closure for the project. The Company was not in a position to comply with these conditions as the SEBI order was subsisting and informed WBIDC accordingly requesting further extension. However, WBIDC had not acceded to the Company's request and had withdrawn the permissive possession of land.

In the absence of any development in the project and withdrawal of the permissive possession of land, Cost of leasehold land Rs. 990.71 million, including cost of land development Rs. 196.91 million and civil work of factory building (included in capital work in progress) Rs. 49.64 million are written off.

- **Environment clearance**

The Ministry of Forest and Environment (MOEF), upon our application, had accorded Environmental Clearance for 5 MMTPA refinery project Company in the past, the Company had revised the capacity of refinery, envisaged in Haldia to 10 MMTPA from 5 MMTPA and had 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.

- **Civil construction**

Initial civil construction was done at the project site and included the boundary wall at the project site. The other necessary construction w.r.t establishment of the refinery was being undertaken in the past. Presently no construction is going on at the site.

- **Arrangements to the Import of Plant and Machinery (the Refineries) to India:**

Initially the Company entered into contracts for relocation of one refinery from Ingolstadt, Germany and had also paid advances for such equipments. However, the Company could not achieve financial closure and fulfill the terms of the said contract, resulting in cancellation of the contract and forfeiture of the advances paid.

Similarly, other advances were also paid to various other suppliers for import of refinery and refinery equipments. These have also now been written off as the company could not achieve financial closure and fulfil the terms of the contracts. Further the Company on March 15, 2011, entered into an Asset Purchase Agreement with Tagore Investments SA (Tagore) (an affiliate of Hardt group) for the CENCO Petroleum Refinery at a cost of US\$ 275 million. The Company had also contracted for another set of Refinery equipments from another affiliate of Hardt group namely Amber Energy SA (Amber) at a cost of US\$ 142 million. Simultaneously, the Company had entered in to a 'Deed of Novation' with an affiliate of Hardt Group for assuming the contractual obligations envisaged on the supplier under an erstwhile agreement of plant & machinery for which an advance of Rs. 4,583.44 million had been paid. The Hardt Group had agreed to become a strategic investor in the Company and assist it in implementing the refinery project. Abboro Limited (affiliate of Hardt Group) had brought in Rs. 136.52 million as equity during March, 2011 to March, 2012 (out of which 120.76 million already allotted & the balance 15.76 million to be allotted as equity shares). However these agreements have also now lapsed and after the restrictive order of SEBI, their commitment to the project may have diminished.

C. Future outlook

As reported above that the Company has been sailing through rough times for the past few years and the reasons for same were also explained to the extent possible. Presently the management is only concentrating on trying to get rid of the adverse conditions. It would be pertinent to note that the Company's future will be depending on the outcome of the proceeding at SAT, where Company has filed an appeal against the restrictive order of the SEBI issued against the Company on 23rd October, 2013.

In the current circumstances any discussion on the project implementation will be a futile exercise as with passage of time the chances of the survival of the project are getting bleak. The previous contracts, agreements which were entered into w.r.t the implementation of refineries, have expired long back and now not in force, moreover at this moment the Company has no operational project and hence no operational revenues accrues to the Company. Moreover, as reported above, various capital advances, pre-operative expenses, consultancy fee and capital work in progress, were written off from the balance sheet of the Company, just to give true and fair picture of the financials. As submitted above that the Company's future is highly dependent on the outcome of the SAT in the proceedings against the restrictive order of the SEBI.

5. Change in the nature of business, if any

There was no change in the nature of business of the Company during the financial year 2014-15.

6. Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

There are no changes and commitments, which are affecting the financial position of the Company from the end of the financial year, i.e., 31st March, 2015 till the date of this Report. i.e., 07th August, 2015. Though, Ms. Rekha Sarda, the Chief Financial Officer (CFO) of the Company has resigned from the office w.e.f 29th July, 2015. The Company is in the process to identify a suitable person to be appointed as CFO of the Company.

7. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

SEBI Vide Interim Order in 21st September, 2011 had issued directions to the Company not to issue equity or any other instruments convertible into equity or alter capital structure in any manner till further directions, which was confirmed on 30th December, 2011. The SEBI further issued a final order dated 23rd October, 2013 against the Company, which operative portions are as under:

a. *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.*

b. *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 undergone 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) from the date of the order.**

The Company's various efforts to restart the project also failed due to the embargo on issue of new equity by SEBI. The aforesaid order has also compelled the Company to stand still its project and also to struggle to manage funds for its day to day operations.

The aforesaid restrictive order has helped building such circumstances, wherein the Company was not able to move ahead with its project and various contracts and agreements

which were entered into and for which advances were paid have expired long back. The Management has taken suitable decision to write off such advances, pre-operative expenses, consultancy fee and capital work in progress to give true and fair picture of the financials, though such writing off has completely eroded net worth of the Company.

The Auditor's of the Company has taken note of the same and qualified their Report raising their apprehension on the going concern of the Company. The management has given their detailed comments on such qualification of the Auditor's at the later part of this Report. Though it is pertinent to note that the ability of the Company to continue as a going concern is significantly dependent on getting a favourable order from SAT and the management is confident for such favourable order.

8. Details in respect of adequacy of internal financial controls with reference to the Financial Statements.

The Company has adequately adopted the procedures to ensure the proper internal control, suitable policies and guidelines as required under various provisions of the Companies Act, 2013 and the Listing Agreement are in place. These policies, e.g. Vigil Mechanism policies/Whistle Blower Policies, Risk Management Policy are meant to adhere the proper guideline, rules and regulations to comply with the requirement of the law, to reduce the possible threats of fraud and to ensure the orderly and efficient conduct of the business of the Company. These policies and guidelines are adequately monitored by the designated Committees of the Board.

The Company apart from the above, has also in place a system of Internal Control adequate in respect to the size and operations of the Company. M/s Hemant K. Agrawal & Associates, had been the Internal Auditor of the Company for the financial year 2014-15. He has been conducting internal audit at regular intervals at every quarter ending. No material discrepancies have reported by him during the period of his Audit. The Company prepares the financial information/Reporting as per the requisite requirements of the Companies Act, 2013 and the Listing Agreement, and place it to the Audit Committee and Board for the approval, once approved the said financial results are submitted to the stock exchange and also placed on the website of the Company.

9. Details of Subsidiary/ Joint Ventures/ Associate Companies

The Company neither has any Subsidiary nor any Joint Venture or Associate Company. Since, the Company is not having any Subsidiary accordingly no policy has been formulated for determining Material Subsidiaries.

10. Performance and financial position of each of the subsidiaries, associates and joint venture companies included in the consolidated financial statement.

The Company is not having any Subsidiary, Joint Venture or Associate Company.

11. Deposits

The Company has not accepted any deposits during financial year 2014-15 under the provisions of Chapter V of Companies Act, 2013.

12. Statutory Auditors

M/s Kanu Doshi Associates, Chartered Accountants, (ICAI Firm Registration No.- 104746W) have conducted the audit of the Company for the financial year 2014-15. They have shown their unwillingness to continue as auditor of the Company.

In view of the above, the Audit Committee considered appointment of a new auditor. It was noted that all the operations of the Company including day to day activities are based at Delhi. Majority of the Board members reside in Delhi-NCR and meetings of the Board of Directors are ordinarily held in Delhi. The registered office of the Company is also at Delhi. Hence, the committee agreed to hire services of a CA Firm based at Delhi-NCR. The Committee after review of few profiles of the Auditors, found M/s VATSS & Associates, Chartered Accountants, New Delhi (Firm Registration No.- 017573N), suitable to replace the retiring auditors M/s Kanu Doshi Associates, Mumbai. Consent of the proposed auditors was obtained. The new auditors have agreed to complete the audit for the financial year 2015-16 at the same fees which was being charged by the retiring auditors.

The Board recommends the appointment of M/s VATSS & Associates, Chartered Accountants as the new auditors of the Company for a period of 5 consecutive years commencing from the financial year 2015-16 till the financial year 2019-2020, subject

to the ratification of the appointment by the members at every Annual General Meeting. Members are requested to consider and approve the same.

13. Auditors' Report

The Auditors have qualified their Audit Report issued to the Company, by stating the following qualification:

"Attention of the matters is invited to note no. 30(d) of the notes to accounts regarding the financial statements of the Company having been prepared on a Going concern basis, notwithstanding that due to continuous losses incurred by the Company during the past years and current year, the accumulated losses of the Company have far exceeded its net worth resulting in negative net worth on balance sheet date. The Company has written-off a substantial part of its Fixed Asset during the year. This situation indicates the existence of a material uncertainty that may cast a significant doubt on the Company's ability to continue as a Going concern."

The Board considered the aforesaid qualification and recorded its comment as below:

The board noted that the audit qualification has raised the question on the ability of the Company to continue as going concern, as the Company has suffered continuous losses in past years and in current year the accumulated losses of the Company have far exceeded its Net Worth resulting in negative Net Worth on the balance sheet date as the Company has written-off a substantial part of its Fixed Asset during the year.

The board had further taken on record that the Losses which the Company has suffered during the previous years were obvious, as the Company was going through the implementation process of the project and the expenses were incurred as pre-operational expenses of the project since 2011, i.e., till the time when SEBI has issued its interim order prohibiting the Company from entering into the capital market, or issuing any kind of securities and altering its capital structure. This order had slowed the project implementation process and related expenses. A final order by SEBI against the company on 23rd October, 2013, which has prohibited the Company from entering into the capital market, or issuing any kind of securities and altering its capital structure for an effective period of approx 8 years from the date of the order. Thesaid order has been challenged at Securities and Appellate Tribunal, for which the proceeding is going on. However this restrictive order has brought this Company to be in a position where no project could be implemented and no source of income could be generated till date, which has in turn resulted into the accumulated losses for the Company over the year.

The Board took note of the auditor's Observation on writing off of substantial part of the Fixed Assets during the year. The Board recorded that the writing off of the Fixed Assets were required and mandated to give a true and fair picture of the financial statement. The Board noted that the auditors in the meeting of the Board of Directors held on 10th february, 2015 had raised query regarding the sanctity of carrying capital advances in the books, as the enforcing contracts and agreements, mandating these advances earlier given, expired long back. They had wanted board to review the possibility of the recovery of the advances.

The Board thereafter took the legal opinion on this matter from M/s Chauhan and Chauhan, Law Office, Greater Kailash Part-1, New Delhi-110048, The lawyer have considered all the aspect relating to this matter Including evaluation of two core concerns on the issue, i.e,

A. Status of Asiatexx contracts and

B. Options/ Remedies Available Qua Advances Made

Relevant extract of the lawyer's opinion is reproduced herein below for ready reference.

A. Status of Asiatexx contracts

- *"We, accordingly, are of the opinion conclude that any endeavour to claim enforcement or pursue the Asiatexx contract shall prove to be a futile exercise with nil chances of success. We are further of the opinion that the SEBI Order dated 23rd October, 2013 inter alia prohibiting/ banning Querist from not issuing any equity shares or any other instruments convertible into equity shares or any other security, is operative, binding and continues to subsists. Though, an appeal has been filed, however no stay has been granted. As such and presently for this very reason the Querist is not in a position to comply with its obligations to issue GDRs.*

- The company also cannot violate the SEBI orders. Otherwise also, we are informed that the Querist has no running business or revenue return or available funds to make balance or equivalent payments under these contracts. At one time, it may have been a viable project but presently it has no takers. Infact, the company is at its worst and facing a severe financial crunch. The project site/ lands given under concessions agreement at Haldia, West Bengal have been cancelled. In absence of such site/land, the Refinery Project it seems cannot be implemented. All these supervening factors are required to be considered in a correct perspective. Necessarily, they further render it futile and imprudent for the Querist to pursue or try to enforce the Asiatrix agreement with Asiatrix or Hardt Group or seek its performance."
- On another note, it is imperative to point out that Asiatrix, we are informed, is a company devoid of assets. Any proceedings initiated against Asiatrix, even if successful including by a arbitration award in favour Querist, would not result in payments being realized by the Querist. Asiatrix is also likely to resist any proceedings / award on the ground of (a) fraud having been perpetrated against it, (b) no moneys having been received by it consequent to the fraud.
- B. Options/ Remedies Available Qua Advances Made**
- We further more and am of the opinion that by way of the SEBI Order dated 31st December, 2014 has exercised jurisdiction over the advances paid to Asiatrix contract. Also all issues as to Asiatrix contract are open and pending before the SEBI/ SAT. Querist itself is a party to these proceedings. Presently, therefore, to file claims for recovery of advance may not serve any purpose. We believe the Querist should anyways await the final outcome of the SEBI/ SAT proceedings. One of the possible outcome of these proceedings can be that the order of disgorgement is confirmed either to be paid by Gagan Rastogi/ Asiatrix or Sanjay Malhotra. In any event at such stage, the purpose of recovery would be achieved in investor interest. We also note that the SEBI in its capacity as a regulator is bound to deal with the proceeds of disgorgement in terms of Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009. These Regulations provide for establishment of the Investor Protection fund. Rule 5 of these Regulations further provide the purposes for which the fund can be utilized. Significantly by way of sub-section 3 of Rule 5 the Board, has to utilize the amounts disgorged and credited to the fund and the interest accrued thereon to reconstitute eligible and identifiable investors who have suffered losses resulting from violation of securities laws. Necessarily this adjudication currently underway cannot be pre-empted. Querist must await its outcome as per law.
 - We furthermore note that from the circumstances explained above, the advances to Asiatrix should be written off in the books of the Querist so that the financial statements of the Querist reflect true and fair view of the financial position. It be also noted and for this we find support in a Supreme Court Judgment of *Salim Akbarali Nanji Vs Union of India (UOI) and Ors.*, holding that the concept of writing off debts is a internal management/ accounting procedure to clean up the balance sheet of a company. Such procedure/ decision to write off an advance/ debt can be resorted to even in cases where a party has not exhausted all the avenues for recovery of dues. It has no impact on the right of a party to proceed against the opposite party. Nor does it bar or render non-maintainable recovery proceedings.
- The Board after considering the aforesaid legal opinion and considering that possibility of recovery of the Capital advances or enforceability of such Contract (including novation) against them, is bleak, consented to write off these advances.
- The board recorded that the decision of writing off is necessary to give true and fair view of the financial statement of the Company, the Board while taking it on record also decided to write off other Fixed Assets and advances, which is having similar nature as aforesaid and accordingly various advances, fixed assets and Pre-operative expenses were written off by the Board. Details of write offs are appropriately explained in the notes to the accounts.
- Even if the auditors have qualified their report by raising apprehension on the going concern status of the Company as the Company's networth has been completely eroded due to the

decision taken by the management to write off various capital advances and fixed assets. Your management justify its decision, as such writing off is to give true and fair pictures of the financial statement of the Company. Apart from this your management is also hoping to have the positive outcome from the SAT proceedings, which Company has initiated against the restrictive orders of the SEBI, which will considerably determine the future of the Company.

14. Share Capital

The Company's Capital Structure remains unchanged during Financial Year 2014-15.

15. Extract of the annual return

The extract of the annual return in Form No. MGT - 9 is annexed as **Annexure -01**.

16. Conservation of energy, technology absorption and foreign exchange earnings and outgo

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

(A) Conservation of energy and Technology absorption

The Company has not initiated its operations till date, no particulars in respect of conservation of energy and technology absorption have been furnished as per Section 134(3)(m) of the Companies Act, 2013.

(B) Foreign exchange earnings and outgo

There were no foreign exchange earnings and outgo during the year under review.

17. Corporate Social Responsibility (CSR)

The disclosures as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as **Annexure-02**.

18. Directors

A) Changes in Directors and Key Managerial Personnel:

Cessation of Directors:

During the Year under review, Mr. Alexander Walter Schweickhardt ceased to be associated with the Company as a Director on the Board with effect from the end of the business hours on 31st March, 2015 due to vacation of office under Section 167 of the Companies Act, 2013, for not attending any meetings of the Board during the Financial year 2014-15. In spite of giving due notice of the meeting of the Board of Directors and also making him aware about the relevant provisions of the Companies Act, 2013 w.r.t vacation of office of Director, he did not turn up for the meeting.

The Directors would like to place on record their appreciation of the contributions made by Mr. Alexander Walter Schweickhardt during his tenure as the Non- Executive Independent Director.

Appointment of New Directors:

The Board of Directors on the recommendations of the Nomination & Remuneration Committee appointed Mrs. Monika Moorjani, as Additional Directors (in capacity of Independent Director) on 10th February, 2015 in compliance to Section 149 and 161 of the Companies Act, 2013 read with Clause 49 of the listing agreement and she will be holding the office of Director till the date of ensuing Annual General Meeting of the Company. Appointment of Mrs. Monika Moorjani as an Independent Director in the Company also fulfills the requirement of appointment of a Women Director as per Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49(II)(A)(1) of the Equity Listing Agreement entered into with Stock Exchange.

Reappointment of Directors:

As mentioned above, the office of Mrs. Monika Moorjani as an additional Director in the Company is till the date of ensuing Annual General Meeting of the Company. The Company has received notices under Section 160 (1) of the Companies Act, 2013 from member(s) proposing her candidature for appointment as directors. The Board of Directors has recommended her appointment.

Further, Subject to the provisions of Section 152(6) of Companies act, 2013, Mr. Deep Kumar Rastogi, Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for

re-appointment. Brief resume of directors seeking appointment and reappointment along with other details as stipulated under clause 49 of the listing agreement, are provided in the Notice for convening the Annual General Meeting.

B) Declaration by an Independent Director(s) & re-appointment, if any

All Independent Directors have submitted declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the listing agreement.

C) Details of training imparted to Independent Directors

Every new Independent Director inducted on the Board attends an orientation program in which he/she is familiarized with the strategy, operations and Status of the Company. They are further briefed with history of the Company and also handed over a Copy of the bunch of Company's Annual reports, its Memorandum and Articles of Association, various policies and the Code of Conduct of the Company.

Further, at the time of appointment of an Independent Director, the Company issues a formal letter of appointment outlining his/her role, functions and duties/responsibilities as a Director. The Format of the letter of appointment is provided on our website, a web link thereto is given below:

<http://www.cals.in/Data/Documents/Cals%20Refineries%20-%20OD%20-%20Model%20LOI%20-%20Independent%20Directors.pdf>

D) Formal Annual Evaluation

Clause 49 of the Listing Agreement mandates that the Board shall monitor and review the framework of its evaluation. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual Directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.

The Independent Directors of the Company in their meeting held on February 10, 2015 reviewed the performance of the Non Independent Directors, in case of our Company, Mr. Deep Kumar Rastogi the Executive chairman of the Company and the Board as a whole. Further, the Board of Directors in their meeting held on May 29, 2015 evaluated the performance of all the Independent Directors based on set questionnaires circulated to the Board. On the Basis of the above evaluations, the performance of the entire Board, Executive Directors and Independent Directors were found satisfactory, specially taking into consideration of the existing circumstances, in which the Company is operating.

19. Number of meetings of the Board of Directors

The Board met 5 Times during the year, the details of which are given in Corporate Governance report forming part of this annual report. The intervening gap between any two meetings was within the time prescribed under Companies Act, 2013.

20. Audit Committee

During the year, the Audit Committee was constituted with Mr. Sameer Rajpal, Chairman of the Committee, Mr. Pranav Kumar and Mr. Alexander Walter Schweickhardt. However, the office Mr. Alexander Walter Schweickhardt was vacated, with effect from the end of the business hours of 31st March, 2015 under Section 167 of the Companies Act, 2013, for not attending any meetings of the Board during the Financial year 2014-15. The Committee was reconstituted with the appointment of Mr. Deep Kumar Rastogi as a member of the Committee.

A detail description about the audit Committee is given in the Corporate Governance Report, forming part of the Director's Report. Further all recommendations made by Audit Committee during the year were accepted by the Board.

21. Details of establishment of vigil mechanism for directors and employees

The Members of the Audit Committee recommended to the Board a draft Vigil Mechanism/Whistle Blower Policy as per the requirements of Section 177 of Companies Act, 2013 and Clause 49(II)(F) of the Listing Agreement in their meeting held on 14th November, 2014 and finally accepted and adopted by the Board in the meeting held on February 10, 2015.

A weblink to the policy is mentioned below:

<http://www.cals.in/Data/Documents/Cals%20Refineries%20-%20OD%20-%20Vigil%20Mechanism.pdf>

22. Nomination and Remuneration Committee

The policy formulated by the Board relating to the remuneration for the Directors, Key Managerial Personnel and other employees and also the Criteria for determining the Qualifications, positive attributes and Independence of a Director pursuant to Section 178(3) of Companies Act, 2013 is annexed as **Annexure-03** to this Report.

23. Particulars of loans, guarantees or investments under section 186

The Company has not granted any Loans, extended any Guarantees or made Investments during the Financial year 2014-15, pursuant the provisions of Section 186 of Companies Act, 2013.

24. Particulars of contracts or arrangements with related parties

The Company has not made any contracts with related parties pursuant to Section 188 of Companies Act, 2013.

However your Company has been obtaining loan from Nyra Holdings Pvt. Ltd. a related party as per Section 2 (76) of the Companies Act, 2013, to meet its day to day financial needs and also to meet the statutory dues and necessary compliances. Such arrangements of obtaining loan from related party falls into the category of material related party transaction as per Clause 49 (VII) of the Listing Agreement.

Further, clause 49 (VII)(C) differentiate the related party transaction and the material related party transaction, it prescribes the limit of the transaction which will be treated as the material related party transaction i.e., "transaction/s with related party being entered individually or taken together with previous transaction during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statement, will be material related party transaction. Sub Clause (E) of this clause mandates that all material related party transaction shall require approval of the shareholders through special resolution.

As on the date of the Balance sheet of 31st March, 2015, your company has borrowed a sum of Rs. 6.83 Crores from Nyra Holdings Private Limited, however in the financial year 2014-15, the total borrowing from the said related party was Rs. 1.14 Crores. As Company's Turnover as per previous audited Balance Sheet (2013-14) is Nil the aforesaid transaction with Nyra holdings pvt. Ltd. shall be treated as material related party transaction, which requires approval of the shareholders. The Company has circulated the matter in the Notice convening this AGM for the requisite approval of the shareholders.

Moreover, the Company has formulated a policy on materiality of related party transactions and also on dealing with Related Party Transactions which can be downloaded from the link mentioned below:

<http://www.cals.in/Data/Documents/Cals%20Refineries%20-%20OD%20-%20RPT%20Policy.pdf>

25. Managerial Remuneration:

Disclosure pursuant to Section 197(12) of Companies Act, 2013 and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided below:

- i) The Ratio of the remuneration of each Director to the Median remuneration of the employees of the Company for the year 2014-15:

Directors	Nature of Directorship	Ratio
Mr. Deep Kumar Rastogi	Whole time Director & Executive Chairman	N.A.*
Mr. Alexander Walter Schweickhardt	Non-Executive Independent Director	N.A.*
Mr. Pranav Kumar	Non-Executive Independent Director	1:15.33
Mr. Sameer Rajpal	Non-Executive Independent Director	1:13.63
Mrs. Monika Moorjani	Non-Executive Independent Director	1:110.39

*Mr. Deep Kumar Rastogi and Mr. Alexander Walter Schweickhardt, had opted not to withdraw any remuneration during the year.