



**32<sup>nd</sup>**  
**Annual Report**  
**2015-2016**

**CALS REFINERIES LIMITED**

**BOARD OF DIRECTORS**

Mr. Deep Kumar Rastogi  
Mr. Sameer Rajpal  
Mr. Pranav Kumar  
Ms. Monika Moorjani

Executive Chairman  
Non-Executive & Independent Director  
Non-Executive & Independent Director  
Non-Executive & Independent Woman Director  
(Appointed as an Additional Director w.e.f 27th May, 2016)

**COMPANY SECRETARY &  
COMPLIANCE OFFICER**

Mr. Suvindra Kumar

**CHIEF FINANCIAL OFFICER (CFO)**

Mr. Raman Mallick (Appointed as CFO w.e.f. 06th November, 2015)  
Mrs. Rekha Sarda (Ceased to be CFO w.e.f. 29th July, 2015)

**BANKERS**

Axis Bank Limited

**STATUTORY AUDITORS**

M/s VATSS & Associates

**REGISTERED OFFICE**

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

**REGISTRAR & SHARE TRANSFER AGENTS**

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

**LISTING OF SECURITIES**

The Bombay Stock Exchange,  
Phiroze Jeejeebhoy Towers,  
25<sup>th</sup> 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, 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



**NOTICE** is hereby given that the Thirty Second Annual General Meeting of the members of Cals Refineries Limited will be held on Thursday, September 29, 2016 at 9.30 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, 2016 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, 142 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, as amended from time to time, and pursuant to the recommendation of the Board of Directors and also pursuant to the resolution passed by the shareholders in the previous Annual General Meeting of the Company held on 25th September, 2015, the appointment of M/s VATSS & Associates, Chartered Accountants, New Delhi (Firm Registration No.- 017573N) as Statutory Auditors of the Company to hold office till the conclusion of the next AGM, be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2017, as may be determined by the Audit Committee in consultation with the Auditors."

### SPECIAL BUSINESS:

#### 4. Regularization of Appointment of Mr. Deep Kumar Rastogi as Whole Time Director & Executive Chairman of the Company.

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 196, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule- V of the Companies Act, 2013, consent of the members be and is hereby accorded to the appointment of Mr. Deep Kumar Rastogi (DIN: 01229644), Director of the Company as Whole Time Director designated as Executive Chairman of the Company for a period of 3 consecutive years w.e.f. 05th February, 2016 without any remuneration."

**"RESOLVED FURTHER THAT** the Whole Time Director will be authorized to exercise such powers of management, as may be delegated to him by the company from time to time, subject however, to the overall superintendence, control and supervision of the Board of Directors of the company."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps expedient or desirable to give effect to this resolution."

#### 5. Regularization of Appointment of Ms. Monika Moorjani as Independent Director of the Company.

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 May 27, 2016 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 May 26, 2021, not liable to retire by rotation."

**By Order of the Board of Directors**

Place : New Delhi  
Date : 29.07.2016

(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, DISTRICT CENTRE, JANAKPURI, 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 Friday 23<sup>rd</sup> September, 2016 to Thursday 29<sup>th</sup> September, 2016 (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 days 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:  
Ms. 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, District Centre, Janakpuri, 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 2015-16 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 2015-16 are being sent by the permitted mode. The Annual Report will also be available at the Company's registered office for inspection during normal business hours on all working days. 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 Regulation 36 of SEBI (Listing obligations & Disclosure Requirements) Regulations, 2015 of Directors seeking appointment / re-appointment 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 Regulation 44 of SEBI (Listing obligations & Disclosure Requirements) Regulations, 2015, 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

Mr. Deep Kumar Rastogi, aged about 67 years, was appointed as Whole Time Director designated as Executive Chairman of the Company on 05th February, 2011 for a period of 5 years. His terms of appointment as the Whole Time Director completed on 04th February, 2016. Considering his active involvement in the affairs of the Company, the Remuneration Committee at their meeting held on 09th February, 2016, pursuant to the provisions of Section 196 read with Schedule V of the Companies Act, 2013 recommended his appointment as Whole Time Director of the Company (without any remuneration), to the Board of Directors. The Board of Directors of the Company at their meeting held on the same date, i.e., 09th February, 2016 confirmed the recommendation of Remuneration Committee w.r.t his appointment as Whole Time Director of the Company for a period of 3 years with effect from 05th February, 2016, subject to the approval of the members of the Company.

Mr. Deep Kumar Rastogi is an entrepreneur with over forty eight years of rich experience in various businesses. These include manufacturing and marketing of laboratory and fine chemicals, manufacturing of printed circuit boards & solar products and exports of minerals & natural fibres for the construction industry. Prior to this, Mr. Rastogi led a chemical manufacturing & marketing company for over twenty five years.

In the opinion of the Board, Mr. Deep Kumar Rastogi fulfills the conditions specified under Section 196 of the Companies Act, 2013 read with Schedule V and rules made thereunder for his appointment as Whole Time Director of the Company.

## NOTICE



Having regard to his qualifications, knowledge and experience his appointment as Whole Time 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. Deep Kumar Rastogi is, in any way, concerned or interested in the said resolution.

### Item No. 5

Ms. Monika Moorjani, aged about 39 years, was appointed as an Independent Director by the Board of Directors w.e.f. 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. Later, on 23rd March, 2016 she resigned from the Board of Cals Refineries Limited. However, on being requested by the management she once again consented to be appointed again as an Independent Director on the Board of Cals Refineries Limited w.e.f. 27th May, 2016. She is presently an Independent Director on the Board as per the requirements of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 May 26, 2021, 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 Act, 2013.

Ms. Monika Moorjani is a practicing Company Secretary. She is having experience of more than 15 years in the field of Corporate Laws consulting and has served a wide array of Companies including a Government Navratna Company. She is 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 & Qualification of Directors) Rules, 2014, (ii) intimation in form Dir 8 in terms of Companies (Appointment & 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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.

**By Order of the Board of Directors**

Place : New Delhi  
Date : 29.07.2016

**(Suvindra Kumar)**  
Company Secretary

### NOTES ON DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36 OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

**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 48 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
- SRM Energy Tamilnadu Private Limited

Further he does not hold Directorship in any other Listed Company apart from this Company and holds the Committee Membership of the Board of this Company for following Committees:

- Audit Committee
- Nomination and Remuneration Committee
- CSR Committee
- Stake Holder Relationship Committee

**Ms. Monika Moorjani** who joins the Board on 27th May, 2016 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 15 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.

Further she does not hold Directorship in any other Listed Company apart from this Company and she also does not hold any Committee Membership in the Company.

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

The Directors present their Thirty Second Annual Report and Audited Financial Statements for the financial year 2015-16.

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

(₹ in million)

Description	Year Ended March 31, 2016	Year Ended March 31, 2015
Revenue from Operations	-	-
Other Income	3.02	0.16
<b>Total Revenue</b>	<b>3.02</b>	<b>0.16</b>
Operational Expenses	-	-
Employee Benefit Expenses	3.63	6.47
Interest and Finance Charges	0.00	0.00
Depreciation and Amortizations	0.21	0.38
Other Expenses	11.82	8.29
<b>Total Expenses</b>	<b>15.66</b>	<b>15.14</b>
<b>Profit/(Loss) before exceptional items</b>	<b>(12.64)</b>	<b>(14.98)</b>
Exceptional Items	-	5587.67
<b>Profit/(Loss) for the year</b>	<b>(12.64)</b>	<b>(5602.65)</b>

**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**

• **Company's operation during the year**

It has been evident since long that the business operations of the Company have come to a standstill and Directors have been regularly reporting the reasons for the same.

It is reiterated that the SEBI vide its final order dated 23rd October, 2013, issued against the Company, after the prolonged investigation of approx. two years, restricted the Company from entering into the securities market and altering its capital structure, in any manner effectively for period of eight years from the date of the order. The Company has already gone through approx. half of the prohibition period as imposed by the SEBI. Your Company, however has challenged the aforesaid order of SEBI at Securities Appellate Tribunal in December, 2013. Approx. three years have elapsed since then, and the matter is still ongoing before the Tribunal. The prohibition period of approx. five years has almost abolished any chances of survival of the Company and its project.

The shareholders would appreciate that despite adverse circumstances your Company has always complied with various statutory requirements under different laws, rules and regulations, dealings with the litigations and other day to day administrative activities. Your Company has paid all the statutory dues to various statutory authorities, without fail, despite no revenue generation at all in past years.

Your Company being listed entity having a wide shareholder base of approx. 1.80 lakh, incurs huge costs of compliances and apart from it also meets a considerable amount of litigation and legal expenses. Since in the previous 7 to 8 years the Company has not booked any income or

generated any revenue at all, arranging such huge amount of funds has been a cause of concern.

Presently the single source of the funding to the Company is through one of the related party and promoter Company M/s Nyra Holdings Private Limited. The Inter Corporate Loan being taken by your Company from Nyra Holdings to manage its day to day operation, compliances and litigation expenses cannot be Interest free as per the prevailing provisions of the Companies Act, 2013. Company has raised this issue before the regulators viz., Securities and Exchange Board with a copy to the Registrar of Companies and explained them about the constrained situation of the Company, with 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 even after sending several reminders.

Further, to reiterate, the Company's operation has come to a standstill and no development could be 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 aforesaid situation and also based on the opinion received from legal firms, had decided to write off various advances, land and pre-operative expenses etc. from the balance sheet of the Company in the year 2014-15, 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.

However, such writing off of aforesaid advances, land and pre-operative expense had resulted in substantial change in the profit/loss of the Company and had a huge impact on the Net worth of the Company, which is now completely eroded.

The Auditors have pointed this out in their Report of the previous year and in this year too and have qualified their opinion regarding the Going Concern issue, and the Board has given their comment on the said qualification of Auditor's in the later part of this Report.

**Investigation of Serious Fraud Investigation Office (SFIO)**

As reported in the previous year that the Serious Fraud Investigation Office (SFIO) had initiated an investigation into the affairs of the Company under section 212 of the Companies Act, 2013, the investigation is 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 necessary support to the investigation team and have also provided all the documents as enquired by them from time to time. The Investigation is still ongoing and have not yet reached to the conclusion.

**Notices u/s 148 of the Income Tax for the A.Y. 2008-09 and 2009-10 for the Income Escaping Assessment U/s 147 of the Income Tax Act, 1961**

Your Company had received Notices u/s 148 of the Income Tax for the A.Y. 2008-09 and 2009-10 for the Income Escaping Assessment U/s 147 of the Income Tax Act, 1961.



The Notice was in respect of assessment/re-assessment, recomputing of the Loss/Depreciation of the Company for the said Assessment Years. As per the requirement of the Section 147 and Section 148 of the Income Tax, 1961, the authority has also provided the reasons for re-opening the case for both of the Assessment years.

The Company had challenged the aforesaid reasons for re-opening of the case and fought this matter on all the possible ground available to the Company, including filing of writ petition in the Hon'ble High Court of Delhi, which was later on, upon instructions, withdrawn with liberty to urge all points of the petition at appropriate forum in accordance with law.

Later, in due course of assessment, for the A.Y. 2009-10 the A.O had passed an order dated 28/03/2016 stating that the advances in subject matter given by the Company is not made for the business purpose of the Company and therefore the Capital Work In Progress must be reduced by Rs. 464.97 crores. A.O. has also observed that the expense has not been booked in P&L A/c, therefore no addition is being made to income of the assessee on this ground. This Order has been challenged by the Company at the appropriate forum, under Section 246A(1)(b) of the Income Tax Act, 1961.

However, the assessment proceedings of A.Y. 2008-09, has been referred by the A.O. to the Transfer Pricing officer and it is yet to attain the finality.

- **Status of project**

As your Directors have been reporting since long, that the Company's Crude Oil Refinery, which was proposed in 2007 at Haldia (West Bengal) with a capacity of 5 MMTPA, has become unviable due to non-availability of funds, restrictive order of SEBI, pending litigations, and unrecoverable advances paid to suppliers on account of non-fulfilment of financial obligations by company in time. As considerable time has lapsed the prospect of the project revival has also been bleak. A detailed discussion in this respect was also presented in the previous year's report, including a discussion on the allotment of land admeasuring about 400 acres at Haldia by Haldia Development Agency (HDA), West Bengal, Environmental clearances, Civil construction etc. Considering that the situation has not been changed much, no such discussion is again included in this report.

- **Future outlook**

As reported above that the Company has filed an appeal against the final order of the SEBI dated 23rd October, 2013 in Securities Appellate Tribunal, which has not yet attained the finality. The Company's future is entirely dependent on the outcome of the SAT proceedings. In the current adverse circumstances any discussion on the project implementation is a futile and meaningless exercise as with passage of time your Company has survived almost half of the restrictive order of SEBI, and the chances of the revival of the project are 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. At this moment the Company has no operational project and no operational revenues accrue to the Company. Hence the future of the Company is completely dependent on positive or favourable orders of the SAT.

**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 2015-16.

**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, 2016 till the date of this Report. i.e., 29th July, 2016.

**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**

➤ **Order dated 23rd October, 2013 passed by Securities and Exchange Board of India:**

As reported earlier, SEBI Vide Interim Order dated 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**.

Hence, the Company has already undergone the prohibition imposed vide the Interim Order for a period of approximately two years before the final order and around three years from the date of final order, i.e., almost half of the prohibitory order of SEBI has been survived by the Company.

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. The company finds it difficult to arrange funds for its day to day operations.

The aforesaid restrictive order has built such adverse circumstances, wherein the Company is 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, in the previous financials has written 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 completely eroded the net worth of the Company.

The Auditors of the Company has taken note of the same and qualified their Report raising their apprehension on the going concern status 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 expecting 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/Regulations are in place. These policies, e.g. Vigil Mechanism Policy/Whistle Blower Policy, 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 Members be further apprised that earlier the affairs of Risk Management were being looked after by the Risk Management Committee of the Company, however, the Board resolved to dissolve the said committee and terms of reference of the same shall be looked after by the Audit Committee of the Company.

The Company apart from the above has in place a system of Internal Control adequate in respect to the size and operations of the Company. M/s Amar Jeet Singh & Associates, had been the Internal Auditor of the Company for the financial year 2015-16. He has been conducting internal audit at regular intervals at every quarter ending. No material discrepancies have been reported by him during the period of his Audit. The Company prepared the financial information/Reporting as per the requisite requirements of the Companies Act, 2013 and the Listing Agreement, and placed 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 2015-16 under the provisions of Chapter V of Companies Act, 2013.

#### **12. Statutory Auditors**

M/s VATSS & Associates, Chartered Accountants, (ICAI Firm Registration No.- 017573N) were appointed as Statutory Auditors of the Company for a period of 5 years in the previous Annual General meeting (AGM) of the Company held on 25th September, 2015 subject to ratification of their appointment by the members in every subsequent AGM. They have completed the audit of the Company for the financial year 2015-16. The Board hereby recommends appointment of M/s VATSS & Associates, Chartered Accountants as the statutory auditors of the Company for the financial year 2016-17 for ratification of the members. Members are requested to consider and ratify the same.

#### **13. Auditor's 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. 27(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 previous 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 qualified opinion of the Auditors raising the concern on the ability of the Company to continue as going concern.

It is a matter of record that the Losses suffered during the previous years were on account of expenses incurred as pre-operational expenses of the project since 2011 during its project implementation phase. In 2011 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 hugely impacted the capacity of the Company to raise funds and thus the project implementation process got slowed. The aforesaid order of the SEBI was further confirmed by the final order dated 23rd October, 2013. The said order has been challenged at Securities and Appellate Tribunal, for which the proceeding is going on. 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 years.

Before taking decision of such writing off of substantial part of the Fixed Assets during the previous financial year, the Board also took note of the Auditor's Observation, which was made by them in the meeting of the Board held on 10th February, 2015. The Board recorded the fact 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 further took legal opinion on this matter from one of the leading law houses in Delhi, and after considering the various aspects of the legal opinion and also after considering the possibilities of recovery of the Capital advances or the enforceability of such Contracts (including novation), consented to write off these advances.

*However, the Supreme Court Judgment of **Salim Akbarali Nanji Vs Union of India (UOI) and Ors** was taken note of.; In this case it was held that the concept of writing off debts is an 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 recorded that the decision of writing off is necessary to give true and fair view of the financial statement of the Company, the Board 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.

The management is hoping to receive a favourable order from the SAT proceedings, which Company has initiated against the restrictive orders of the SEBI, which will positively impact the future of the Company. In view of the willingness to start the project once the favourable business conditions are in, the



Management has taken stand to continue the accounting of the business as Going Concern.

**14. Share Capital**

The Company's Capital Structure remains unchanged during Financial Year 2015-16.

**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. However in use of office appliances, precautions are taken to ensure saving of energy.

**(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 (KMP):**

**Cessation of Directors/KMP:**

- During the year under review, Mrs. Rekha Sarada had resigned from her office of the Chief Financial Officer (CFO) of the Company w.e.f. 29th July, 2015.
- Later, Ms. Monika Moorjani resigned from her office as Director of the Company w.e.f. 23rd March, 2016.

**Appointment of New Directors/KMP:**

- Pursuant to the requirements of Section 203 read with Rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the office of CFO was vacant in the Company. Considering the said requirements, the Board resolved to appoint Mr. Raman Mallick as the new CFO of the Company w.e.f. 06th November, 2015 based on his qualifications, experience and background and also considering the present scenario of the Company. The members be further apprised that Mr. Raman Mallick had been previously employed in group Company and was handling all the account/finance and banking activities. He has been employed in group companies since previous 8 years and is acquainted with the positions of the Company.
- To meet the requirements of woman Director on Board as per Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, management approached and requested Ms. Monika Moorjani to consider joining the Board once again. Ms. Moorjani, consented to be appointed again as a Director of the Company under Independent - Non Executive & Woman Category w.e.f. 27th May, 2016.

**Reappointment of Directors:**

Ms. Monika Moorjani is being taken on the Board as an Additional Director, whose office of Directorship in the Company shall continue 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 director. The Board of Directors has recommended her appointment and a suitable resolution is being moved through AGM Notice for the necessary approval of the shareholders.

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 re-appointment along with other details as stipulated under Regulation 36 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, are provided in the AGM 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 Regulation 16 (1) (b) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

**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. One familiarization program was conducted on 06th November, 2016, details of the same are placed on the website of the Company, a web link thereto is given below:

[http://www.cals.in/Familiarisation\\_Program.pdf](http://www.cals.in/Familiarisation_Program.pdf)

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**

The Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 states that a formal annual evaluation needs to be made by the Board of its own performance its committees, Chairman 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 09, 2016 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 27, 2016 evaluated the performance of all the Independent Directors based on set questioners circulated to the Board. Also, the Nomination and Remuneration Committee in meeting held on May 27, 2016, evaluated every director's performance. 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 the existing circumstances, in which the Company is operating.

**19. Number of meetings of the Board of Directors**

The Board met 6 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 prescribed time limit 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. Deep Kumar Rastogi.

A detailed 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 Company has in place a Vigil Mechanism/Whistle Blower Policy framed as per the requirements of Section 177 of Companies Act, 2013 and Clause 49(II)(F) of the Erstwhile Listing Agreement [Now Regulation 22 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 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 2015-16, pursuant to 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, necessary compliances and the legal expenses. Such arrangements of obtaining loan from related party falls into the category of material related party transaction as per Regulation 22 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Further, Explanation to Regulation 23(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 differentiates between a related party transaction and a 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 Regulation 8 of this Regulation mandates that all existing material related party transactions entered into prior to the date of notification of these regulations, i.e., 02nd September, 2015 and which may continue

beyond such date shall require approval of the shareholders in the first General Meeting, subsequent to notification of these regulations. This is to note that, pursuant to clause 49 (VII)(B) of the erstwhile Listing Agreement, which correspond to the aforesaid Regulation 23 of the Listing Regulations, the Company has already taken the requisite approval of the shareholders in this respect in the Annual General Meeting held in the previous year on 25th September, 2015, that is the 1st General Meeting held after the notification of the Listing Regulations. Hence the approval of the shareholders to enter into such material related part transaction is in place and Company has complied with the requirements.

As on the date of the Balance sheet of 31st March, 2016, your company has borrowed a sum of Rs. 8,08,90,000/- from Nyra Holdings Private Limited, however in the financial year 2015-16, the total borrowing from the said related party was Rs. 1,26,30,000/-.

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 2015-16:

Directors	Nature of Directorship	Ratio
Mr. Deep Kumar Rastogi	Whole time Director & Executive Chairman	N.A.*
Mr. Pranav Kumar	Non-Executive Independent Director	1:9.948
Mr. Sameer Rajpal	Non-Executive Independent Director	1:9.948
Mrs. Monika Moorjani	Non-Executive Independent Director	1:19.896

\*Mr. Deep Kumar Rastogi had opted not to withdraw any remuneration while he was appointed as Whole Time Director.

- ii) The percentage increase in remuneration of each Director, CFO, CEO, CS or Manager in the financial year:  
There was no increase in the remuneration of any of the Director during the financial year 2015-16.  
The remuneration (as per the provision of section 17 (1) of Income Tax Act, 1961) of Company Secretary of the Company has been increased by 3.07% respectively from financial year 2014-15, Mr. Raman Mallick was appointed as the CFO of the Company during the financial year, hence no percentage increase in his remuneration is recorded.
- iii) The percentage increase in the median remuneration of employees in the financial year:  
The median remuneration of employees has been reduced from the previous year due to the difference in the salary being paid to the Mrs. Rekha Sarda, the Ex-CFO of the Company and Mr. Raman Mallick, the current CFO of the Company.
- iv) The number of permanent employees on the rolls of Company: