

**TRAINING /
FAMILIARISATION
PROGRAM**

**FOR DIRECTORS OF
CALS REFINERIES LIMITED**

HELD ON 16.10.2017

Directors Attended

S.NO.	NAME
1.	Mr. Gagan Singhal
2.	Mr. Shailesh Kumar Singh
3.	Mrs. Mansi Arora

AGENDA

ITEM NO.	PARTICULARS
1.	Familiarization with the Roles & Responsibilities of Independent Directors.
2.	Introduction to the various new Directors of the Company with the various affairs, aspects, development and progress status of the Company. Also, detailed descriptions about various cases and litigations of the Company.

PROCEEDINGS

Item No. 1: Familiarization with the Roles & Responsibilities of Independent Directors.

The Directors were familiarized with their Roles and Responsibilities as given below:

The independent directors shall—

- Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- Strive to attend the general meetings of the company;
- Where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- Keep themselves well informed about the company and the external environment in which it operates;
- Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- Ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;

- Acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

Item No. 2: Introduction to the new Directors of the Company with the various affairs, aspects, development and progress status of the Company. Also, detailed descriptions about various cases and litigations of the Company.

Mr. Suvindra Kumar, Company Secretary informed the Independent Directors that the Company has no business operations. The financial situation has been grim and in prevailing circumstances of no funding available, coupled with various litigations against the company, chances of starting business operations seem nearly impossible.

The Reasons for such status of the Company and present scenario of the Company could be articulated in the below points:

a. SEBI's Investigation against the Company for Market Manipulation using GDRs issue.

The Company Secretary apprised about the investigation against the Company by the Securities and Exchange board of India (SEBI) and the restriction imposed on the Company vide SEBI's order in September and December 2011, which was finally confirmed on 23rd October, 2013 via its final order upon the completion of the Investigation against the Company. The SEBI vide this order has restricted the Company from entering into the securities market and altering its capital structure, in any manner effectively for a period of eight years from the date of the final order. The Company had challenged the order in the Securities Appellate Tribunal (SAT), which has issued its order on 12th October, 2017 upheld the order of the Securities and Exchange Board of India (SEBI). The Company is in the process of taking suitable steps as per the advice of the lawyers.

b. Failure to achieve the financial closure

The aforesaid restriction on the Company has led to the situation where Company has failed to achieve the required financial closure. The said failure of the Company had a severe impact on its abilities to perform its part of the contract with vendors, suppliers for various components of the projects

including the Refinery. The Company had grossly failed to make the balance payments to the suppliers in view of lack of the funds into the Company. This has the further impact of writing off of various advances, pre-operative expenses, consultancy fee and capital work in progress as the relevant contracts and arrangements had expired long back and the Capital advances which were made at the time of project implementation stage are either not recoverable or specific performance against the said advances cannot be enforced. The previous Board of Directors based on the aforesaid difficult situation took a legal opinion in this matter to reflect a true and fair view of the financial statement and decided to write off the various advances, land and pre-operative expenses etc. from the balance sheet of the Company.

Such writing off aforesaid advances, land and pre-operative expenses had resulted in substantial change in the profit and loss of the Company, which has completely eroded the net worth of the Company. 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 Auditor have taken cognizance of this fact in their Report of the previous year and in financial Year 2016-17 too and have qualified their opinion. The Annual Report of the Company for FY 2016-17 includes the comments on the said qualification of Auditor's by the board of Directors.

c. Huge Litigation and Compliance cost, Financial Support & Arrangements

Despite adverse situation, Company has always diligently complied with all the requirements of the various law and regulations in true spirit and manner. Various litigations, appeals and court proceedings, for and against the Company had a severe impact on the financial conditions of the Company. Having noted the present financial conditions and status of the business operations of the Company as against the expenses incurred to comply with the various compliances under different laws and regulations and also meeting the huge litigation expenses, the company is currently in a shattered state.

Considering the prohibition imposed by the SEBI, no equity infusion was allowed in the Company, hence the only option left with the Company was to borrow from related parties.

Company has been receiving the Inter-Corporate Loan from one of its promoter group Company, M/s Nyra Holdings Private Limited, to manage its day to day operation, compliances and litigation expenses. The said loan from the body corporate have an impact of interest as per the prevailing provisions of the Companies Act, 2013, which Company needs to bear with.

Further Nyra Holdings Pvt. Ltd., on 28th March, 2017, has assigned the aforesaid Loan arrangements to its parent/holding Company, i.e., M/s Spice Energy Private Limited under the process of restructuring of investment within the group. In the said process of restructuring the Nyra Holdings Private Limited has arranged to set-off its loan taken from Spice Energy Pvt. Ltd. with the loan amount extended to our Company, worth Rs. 9,26,27,000/-.

A tri-partite agreement was executed between our Company (as borrower), Nyra Holdings Pvt. Ltd. (as assignor) and Spice Energy Pvt. Ltd. (as assignee) to effect the aforesaid transaction, i.e., assignment of loan from Nyra Holdings to Spice Energy Pvt. Ltd. and for Spice Energy Private Limited to continue with the loan arrangements with the Company in future.

The aforesaid agreement, arrangement and matter has also been ratified by the shareholders of the Company in 33rd Annual General Meeting.

d. Investigation of Serious Fraud Investigation Office (SFIO):

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.

The Directors was apprised that the Company has not received any official communication on the development in the aforesaid investigation process. The Company has provided adequate information and all essential support in the investigation process and have also provided all the documents as enquired from time to time. As on the date of this report the company has not received any intimation from SFIO regarding closure of matter.

e. Suspension in the trading of equity shares of the Company at Bombay Stock Exchange (BSE) website and Putting the Company into the list of Shell Company:

The trading of the equity shares of the Company at BSE website has been suspended w.e.f 08th August, 2017. The SEBI vide its letter bearing No. SEBI/HO/ISD/OW/P/2017/18183 dated 07th August, 2017 has provided a list of shell Companies as identified by Ministry of Corporate Affairs (MCA) to the Exchange, with a direction to take necessary measures. The BSE, based on the above has taken a measure against the Company which inter-alia includes moving the securities to GSM Framework under stage VI w.e.f August 08, 2017. *“As per the GSM framework, trading in the securities of the Company shall be permitted only once a month under trade to trade category and any upward price movement in the securities shall not permitted beyond the last traded price and additional surveillance deposit of 200% of trade*

value shall be collected from the buyers which shall be retained with the exchanges for a period of five months”.

Earlier the equity of the Company was placed under stage I of GSM framework vide your notice dated 13th June, 2017 and now it has been directly moved to stage VI of the GSM framework, which have led to the aforesaid restrictions in the trading.

The Company had no idea or any information, on what ground and basis, it has been moved to the list of shell Company by Ministry of Corporate Affairs and such restrictions on the trading is being imposed on the Company.

Your Company, has written to SEBI and BSE, asking for the basis/ground of such treatment or terming the Company as shell Company, resulting into such stringent restrictions on trading of its equity at the Exchange.

Further, the Company has provided the requisite certificates from the Auditors of the Company on 19th August, 2017 and 29th August, 2017 as per the requirements of the Bombay Stock Exchange., the said certificate was relating to the various compliances, workings of the Company and along with the necessary attachments. The Company has also requested for the personal hearing to the BSE to present the case and the situation of the Company, which approval is awaited from BSE.