

February 9, 2023

To
BSE Limited
P.J. Towers, Dalal Street
Mumbai – 400 001

Dear Sir / Madam,

Scrip Code - 973384

Sub.: Security Cover certificate as at December 31, 2022

Ref: (1) Regulation 54 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular No. SEBI/HO/MIRSD/MIRSD_CRADT/CIR/P/2022/67 dated May 19, 2022

(2) Your email dated December 19, 2022

With reference to above, please find enclosed Security Cover Certificate duly certified by the Statutory Auditors, M/s. S. R. Batliboi & Co. LLP, as at December 31, 2022, with respect to the 9%, secured, rated, listed Non-Convertible Debentures aggregating to ₹ 22850 million, as per the format prescribed.

Please note that the market value of individual assets offered as security cannot be determined individually and hence not included in the certificate.

We would further like to state that the Security Cover on the above referred Non-Convertible Debentures has been disclosed in the Financial Results for the quarter and nine months ended December 31, 2022. The same is reproduced hereunder:

“9.00% Listed Non-Convertible Debentures of the Company aggregating to ₹ 22,850 million as on December 31, 2022 are secured by (a) first charge, ranking pari passu with other term lenders, on the fixed assets (movable and immovable except certain excluded assets), both present and future of the Company in relation to refinery, and (b) second charge, ranking pari passu with other term lenders, on the current assets of the Company.

The security cover ratio as on December 31, 2022 is more than 125% of the principal amount and accrued interest of the said Non-Convertible Debentures.”

Nayara Energy Limited
5th Floor, Jet Airways Godrej BKC, Plot No. C-68, G Block,
Bandra Kurla Complex, Bandra East, Mumbai 400051, India
T +91 22 6612 1800 | **F** +91 22 6708 2177
E Companysec@nayaraenergy.com

Registered Office
Khambhalia, Post Box No. 24, District Devbhumi Dwarka,
Gujarat 361305, India
T +91 2833 661444 | **F** +91 2833 662929

CIN: U11100GJ1989PLC032116
www.nayaraenergy.com

We request you to take the same on record.

Thanking You,

For Nayara Energy Limited

| | |
|--------------------|---|
| MAYANK BHARGAVA | Digitally signed by MAYANK BHARGAVA Date: 2023.02.09 18:58:30 +05'30' |
|--------------------|---|

Mayank Bhargava
Company Secretary

CC:

Axis Trustee Services Limited

The Ruby, 2nd Floor (SW)

29, Senapati Bapat Marg

Dadar (W), Mumbai – 400 028

Nayara Energy Limited

5th Floor, Jet Airways Godrej BKC, Plot No. C-68, G Block,
Bandra Kurla Complex, Banda East, Mumbai 400051, India

T +91 22 6612 1800 | **F** +91 22 6708 2177

E Companysec@nayaraenergy.com

Registered Office

Khambhalia, Post Box No. 24, District Devbhumi Dwarka,
Gujarat 361305, India

T +91 2833 661444 | **F** +91 2833 662929

CIN: U11100GJ1989PLC032116

www.nayaraenergy.com

Independent Auditor's Report on Security Cover, Compliance with all Covenants and book value of assets as at December 31, 2022 pursuant to Regulation 56(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and SEBI Circular dated May 19, 2022 for submission to Axis Trustee Services Limited (the 'Debenture Trustee')

To
The Board of Directors
Nayara Energy Limited
Khambaliya, Post Box No. 24
Dist. Devbhumi Dwarka - 361305
Gujarat, India.

1. This Report is issued in accordance with the terms of the service scope letter dated November 08, 2022 read with Master Engagement Agreement dated November 08, 2022, with Nayara Energy Limited (hereinafter the "Company").
2. We S.R. Batliboi & CO. LLP, Chartered Accountants, are the Statutory Auditors of the Company and have been requested by the Company to examine the accompanying Statement showing "Security Cover as per the terms of Information Memorandum and Debenture Trust Deed, Compliance with Covenants and book value of assets for 9% Listed Non-Convertible Debentures as at December 31, 2022" (hereinafter the "Statement") which has been prepared by the Company from the Board approved unaudited standalone financial results, underlying books of account and other relevant records and documents maintained by the Company as at and for the period ended December 31, 2022 pursuant to the requirements of the Regulation 56(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and SEBI Circular dated May 19, 2022 on Revised format of security cover certificate, monitoring and revision in timelines (hereinafter the "SEBI Regulations and SEBI Circular"), and has been initialed by us for identification purpose only.

This Report is required by the Company for the purpose of submission with Axis Trustee Services Limited (hereinafter the "Debenture Trustee") of the Company to ensure compliance with the SEBI Regulations and SEBI Circular in respect of its 9% Listed Non-Convertible Debentures having face value of Rs. 10,00,000 each ('NCDs'). The Company has entered into an agreement with the Debenture Trustee vide agreement dated August 11, 2021 in respect of such NCDs.

Management's Responsibility

3. The preparation of the Statement is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

4. The Management of the Company is responsible for ensuring that the Company complies with all the relevant requirements of the SEBI Regulations and SEBI Circular including maintenance of required security cover as per the terms of Information Memorandum and Debenture Trust Deed sufficient to discharge the principal amount and the interest thereon at all times for the NCDs issued. The management is also responsible for providing all relevant information to the Debenture Trustee and for complying with all the covenants as prescribed in the Debenture Trust Deed dated August 11, 2021 entered into between the Company and the Debenture Trustee.

Auditor's Responsibility

5. Our responsibility is to provide a limited assurance as to whether the:
 - (a) Company has maintained required Security cover as per the terms of the information memorandum and Debenture Trust deed;
 - (b) Company is in compliance with all the covenants (including financial covenants) as mentioned in the Information memorandum and Debenture Trust Deed as on December 31, 2022; and
 - (c) Book values of assets as included in the Statement are in agreement with the books of account underlying the unaudited standalone financial results of the company as at December 31, 2022.
6. We have performed a limited review of the unaudited standalone financial results of the Company for the period ended December 31, 2022, prepared by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and issued an unmodified conclusion dated November 11, 2022. Our review of these financial results was conducted in accordance with the in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India ("ICAI").
7. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
9. Our scope of work did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial results of the Company taken as a whole. We have not performed an audit, the objective of which would be the expression of an opinion on the financial results, specified elements, accounts or items thereof, for the purpose of this report. Accordingly, we do not express such opinion.

10. A limited assurance engagement includes performing procedures to obtain sufficient appropriate evidence on the applicable criteria, mentioned in paragraph 5 above. The procedures performed vary in nature and timing from, and are less extent than for, a reasonable assurance. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, our procedures included the following in relation to the Statement:
- a) Obtained and read the Information Memorandum and Debenture Trust Deed and noted that as per such information memorandum and debenture trust deed the Company is required to maintain 125 percent fixed asset cover ratio in respect of the NCDs mentioned in the statement.
 - b) Obtained the Board approved unaudited standalone financial results of the Company for the period ended December 31, 2022.
 - c) Traced and agreed the principal amount of the NCDs and the interest accrued thereon outstanding as on December 31, 2022 to the Board approved unaudited standalone financial results of the Company and the underlying books of account maintained by the Company as on and for the period ended December 31, 2022.
 - d) Obtained and read the list of fixed assets covered in respect of NCDs outstanding as per the Statement. Traced the value of fixed assets from the Board approved unaudited standalone financial results of the Company and the underlying books of account maintained by the Company as on December 31, 2022.
 - e) Obtained the list and value of assets placed under lien or encumbrance for the purpose of obtaining any other loan and determined that such assets are not included in the calculation of fixed asset cover ratio in respect of NCDs.
 - f) Examined and verified the arithmetical accuracy of the computation of Security Cover, in the accompanying Statement.
 - g) Compared the fixed asset cover ratio with the fixed asset cover ratio required to be maintained as per Information Memorandum and Debenture Trust Deed.
 - h) With respect to covenants other than those mentioned in paragraph 10(a) above, the management has represented and confirmed that the Company has complied with all the other covenants including affirmative, informative, and negative covenants, as prescribed in the Debenture Trust Deed as at December 31, 2022. We have relied on the same and not performed any independent procedure in this regard.
 - i) Traced the book value of assets and liabilities as appearing in the Statement under total column (column J) from the books of accounts of the company underlying the Board approved unaudited standalone financial results as at and for the period ended December 31, 2022.
 - j) Performed necessary inquiries with the Management and obtained necessary representations.

Conclusion

11. Based on the procedures performed by us, as referred to in paragraph 10 above and according to the information and explanations received and management representations obtained, nothing has come to our attention that causes us to believe that the:
- a) Company has not maintained Security Cover as per the terms of the information memorandum and Debenture Trust deed;
 - b) Company is not in compliance with all the covenants (including financial covenants) as mentioned in the Information Memorandum and Debenture Trust Deed as on December 31, 2022; and
 - c) Book values of assets as included in the Statement are not in agreement with the books of account underlying the unaudited standalone financial results of the company as at and for the period ended December 31, 2022.

Restriction on Use

12. The Report has been issued at the request of the Company, solely in connection with the purpose mentioned in paragraph 2 above and to be submitted with the accompanying Statement to the Debenture Trustee and is not to be used or referred to for any other person. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come. We have no responsibility to update this Report for events and circumstances occurring after the date of this report.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

NAMAN
AGARWAL

Digitally signed by NAMAN
AGARWAL
DN: cn=NAMAN AGARWAL,
c=IN, o=Personal,
email=naman.agarwal@srb.in
Date: 2023.02.09 16:33:42 +05'30'

per Naman Agarwal

Partner

Membership Number: 502405
UDIN: 23502405BGXEDB6979

Place of Signature: Gurugram
Date: February 09, 2023

Statement of Security Cover as per the terms of Information Memorandum and Debenture Trust Deed, Compliance with Covenants and book value of assets for 9% Listed Non-Convertible Debentures as at December 31, 2022

| Column A | Column B | Column C (i) | Column D (ii) | Column E (iii) | Column F (iv) | Column G (v) | Column H (vi) | Column I (vii) | Column J |
|---|---|--|-----------------------------|--|---|---|--------------------------------|--|--------------|
| Particulars | Description of asset for which this certificate relate | Exclusive Charge | | Pari-passu Charge | | | Assets not offered as Security | Elimination (amount In negative) debt amount considered more than once (due to exclusive plus pari passu charge) | Total C to I |
| | | Debt for which this certificate being issued | Other Secured Debt (Note 2) | Debt for which this certificate being issued | Assets shared by pari passu debt holder (Includes debt for which this certificate is issued & other debt with pari passu charge) (Note 1) | Other assets on which there is pari-passu charge (excluding items covered in column F) (Note 3,4,5) | | | |
| Assets | | | | | | | | | |
| Property, Plant & Equipments | Freehold Land, Building, Plant & Machinery, Furniture & Fixture, Office Equipments (Refer Note 1) | - | 14,525 | Yes | 2,99,894 | 1,07,457 | 8,881 | - | 4,25,758 |
| Capital Work-in-progress | CWIP (Refer Note 1) | - | 29,070 | Yes | 4,816 | 666 | 5,484 | - | 40,036 |
| Right of Use Assets | | - | - | No | - | - | 17,271 | - | 17,271 |
| Goodwill | | - | - | No | - | - | 1,08,184 | - | 1,08,184 |
| Intangible Assets | | - | - | No | - | - | 246 | - | 246 |
| Intangible Assets under development | | - | - | No | - | - | 15 | - | 15 |
| Investments | | - | - | No | - | 2,608 | 27 | - | 2,635 |
| Loans | | - | - | No | - | 1,048 | 359 | - | 1,407 |
| Inventories | | - | - | No | - | 1,10,279 | - | - | 1,10,279 |
| Trade Receivables | | - | - | No | - | 51,266 | - | - | 51,266 |
| Cash & Cash Equivalents | | - | - | No | - | 36,716 | - | - | 36,716 |
| Bank Balances | | - | - | No | - | 5,711 | 149 | - | 5,860 |
| Others | | - | - | No | - | 15,719 | 7,779 | - | 23,498 |
| Total | | - | 43,595 | - | 3,04,711 | 3,26,471 | 1,48,395 | - | 8,23,171 |
| Liabilities | | | | | | | | | |
| Non Convertible Debentures (NCD) | Borrowings (Refer Note 1) | - | - | Yes | 22,850 | - | - | - | 22,850 |
| Other debts sharing pari-passu charge NCD | Borrowings (Refer Note 1) | - | - | Yes | 41,248 | 41,248 | - | (41,248) | 41,248 |
| Subordinated Debt | | - | - | No | - | - | - | - | - |
| Bank Borrowing | | - | 20,156 | No | - | 27,884 | - | - | 48,040 |
| Financial Liabilities | Export Advances, Borrowings & Interest Accrued but not due (Refer Note 1) | - | - | Yes | 51,193 | 50,399 | 1,24,283 | (50,399) | 1,75,476 |
| Debt Securities | | - | - | No | - | 2,568 | - | - | 2,568 |
| Trade Payables | | - | - | No | - | - | 1,46,840 | - | 1,46,840 |
| Lease Liabilities | | - | - | No | - | - | 14,190 | - | 14,190 |
| Provisions | | - | - | No | - | - | 1,088 | - | 1,088 |
| Deferred Tax Liability | | - | - | No | - | - | 70,917 | - | 70,917 |
| Others | | - | - | No | - | - | 31,786 | - | 31,786 |
| Total | | - | 20,156 | - | 1,15,291 | 1,22,099 | 3,89,104 | (91,647) | 5,55,003 |
| Cover on Book Value | Pari-Passu Security Cover Ratio | Nil | NA | | 2.64 | NA | | | |



Note:

1. Non Convertible Debenture holders (INR 22,850 Millions) are having first pari-passu charge on movable and immovable fixed assets relating to 20 MMTPA Refinery (excluding FCCU & LPG unit) and second pari-passu charge on current assets of the Company along with other Term Lenders.
2. Polypropylene Project Lenders are having exclusive charge on movable and immovable fixed assets relating to Polypropylene Project.
3. Port Terminal Lenders are having first pari-passu charge on movable and immovable fixed assets relating to Port terminal and second pari-passu charge on movable fixed assets relating to Power
4. Working Capital Lenders are having first pari-passu charge on current assets of the Company and second pari-passu charge on movable and immovable fixed assets relating to 20 MMTPA Refinery.
5. Non Convertible Debenture holders holders (INR 2,568 Millions) are having second charge on movable fixed assets relating to Port.
6. As per Debenture Trust Deed dated August 11, 2021, the fixed asset cover ratio of the Company shall not be less than 1.25 times.

For Nayara Energy Limited



Mit Vora
Jt. General Manager - Finance
Place: Mumbai
Date: 9 February 2023

