

January 20, 2023

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

Dear Sir / Madam,

Re: Scrip Code - 973384

Sub.: Report on Corporate Governance for the quarter ended December 2022, in terms of Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015

Pursuant to Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, please find enclosed the report on Corporate Governance for the quarter ended December 31, 2022.

We request you to take the same on record.

Thanking You,

For Nayara Energy Limited

MAYANK BHARGAVA VA	Digitally signed by MAYANK BHARGAVA Date: 2023.01.20 16:34:13 +05'30'
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Mayank Bhargava
Company Secretary
Encl: as above

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

COMPLIANCE REPORT ON CORPORATE GOVERNANCE

Name of listed entity – Nayara Energy Limited
 Quarter ending - December 31, 2022

ISIN – INE011A07115
 Scrip Code - 973384

I. Composition of Board of Directors												
Title (Mr. / Ms.)	Name of the Director	PAN\$ & DIN	Category (Chairperson / Executive/ Nonexecutive/ independent / Nominee)	Initial date of appointment	Date of Re-appointment	Date of Cessation	Tenure (in months)	Date of Birth	Number of Directorship in listed entities including this listed entity (Refer Regulation 17A of Listing Regulations)	Number of Independent Directorship in listed entities including this listed entity (Refer Regulation 17A(1) of Listing Regulations)	Number of memberships in Audit/ Stakeholder Committee(s) including this listed entity (Refer Regulation 26(1) of Listing Regulations)	No of post of Chairperson in Audit/ Stakeholder Committee held in listed entities including this listed entity (Refer Regulation 26(1) of Listing Regulations)
Mr.	Charles Anthony Fountain	07719852	Executive - Nominee Director - Chairperson	19-08-2017	02-01-2021	02-10-2022		23-09-1960	0	0	0	0
Ms.	NAINA LAL KIDWAI	00017806	Non-Executive - Independent Director	09-10-2017	09-10-2022		63	16-04-1957	3	3	2	0
Mr.	DEEPAK KAPOOR	00162957	Non-Executive - Independent Director	18-12-2017	18-12-2022		61	07-01-1959	3	3	5	2
Mr.	PRASAD PANICKER	06476857	Executive Director – Chairperson *	17-02-2020				23-12-1959	0	0	0	0
Mr.	CHIN HWEE TAN	07703660	Non-Executive - Nominee Director	19-08-2017				05-08-1971	0	0	1	0
Mr.	ALEXANDER ROMANOV	07731508	Non-Executive - Nominee Director	19-08-2017				05-06-1971	0	0	0	0
Ms.	VICTORIA CUNNINGHAM	08595967	Non-Executive - Nominee Director	30-01-2020				01-06-1967	0	0	1	0

Mr.	ALEXEY LIZUNOV	08670188	Non-Executive - Nominee Director	30-01-2020				01-04-1981	0	0	1	1
Ms.	AVRIL CONROY	08740726	Non-Executive - Nominee Director	23-05-2020				30-03-1968	0	0	0	0
Mr.	SACHIN GUPTA	08525719	Non-Executive - Nominee Director	03-08-2022				09-10-1974	0	0	0	0
Mr.	ANDREY BOGATENKOV	09702640	Non-Executive - Nominee Director	12-08-2022				01-10-1979	0	0	0	0
Mr.	ANTON KABACHINSKIY	09736658	Non-Executive - Nominee Director	03-10-2022				30-04-1976	0	0	0	0

Whether regular Chairperson appointed – Yes

Whether Chairperson is related to managing director or CEO - No

Notes:

- PAN^s is not provided, being confidential data. However, the same will be provided in XML sheet of Corporate Governance Report to be filed for the quarter ended 31.12.2022.
- Company being a 'High Value Debt Listed Company' is not included in counting the 'number of directorship/number of independent directorship including this listed entity' as only company whose equity shares are listed on a Stock Exchanges are considered as per explanation to Regulation 17A of Listing Regulations.
- While considering the limit of committees on which a director may serve, includes Public Limited companies but excludes 'High Value Debt Listed entities'. Nayara Energy Limited is Public Limited Company and also a High Value Debt Listed company. As an abundant caution, we have considered the number of Membership/Chairmanship in Audit Committee and Stakeholders Relationship Committee of Company's Directors in above disclosure.
- Membership in Audit Committee and Stakeholders Relationship Committee of Directors includes Chairmanship in said Committees, wherever applicable.
- *Appointed as Chairperson w.e.f. October 3, 2022 post cessation of directorship of Mr. Charles Anthony Fountain.

II. Composition of Committees					
Name of Committee	Whether Regular chairperson appointed	Name of Committee members	Category (Chairperson / Executive/ Nonexecutive/ independent / Nominee)	Date of appointment	Date of Cessation
Audit Committee	Yes	DEEPAK KAPOOR	Chairperson - Non-Executive - Independent Director	18-12-2017	
		CHIN HWEE TAN	Member - Non-Executive - Nominee Director	19-08-2017	
		NAINA LAL KIDWAI	Member - Non-Executive - Independent Director	09-10-2017	

Nomination & Remuneration Committee	Yes	NAINA LAL KIDWAI	Chairperson - Non-Executive - Independent Director	09-10-2017	
		DEEPAK KAPOOR	Member - Non-Executive - Independent Director	18-12-2017	
		Charles Anthony Fountain	Member - Executive – Nominee Director	19-08-2017	02-10-2022
		ANDREY BOGATENKOV	Member - Non-Executive - Nominee Director	12-08-2022	
		VICTORIA CUNNINGHAM	Member - Non-Executive - Nominee Director	03-10-2022	
Stakeholders Relationship Committee	Yes	ALEXEY LIZUNOV	Chairperson - Non-Executive - Nominee Director	30-01-2020	
		VICTORIA CUNNINGHAM	Member - Non-Executive - Nominee Director	30-01-2020	
		DEEPAK KAPOOR	Member - Non-Executive - Independent Director	18-12-2017	
Risk and HSE Committee	Yes	Charles Anthony Fountain	Chairperson - Executive – Nominee Director	22-10-2020	02-10-2022
		DEEPAK KAPOOR	Member - Non-Executive - Independent Director	22-10-2020	
		VICTORIA CUNNINGHAM	Member - Non-Executive - Nominee Director	22-10-2020	
		AVRIL CONROY	Member - Non-Executive - Nominee Director	19-08-2022	
		Prasad Panicker	Chairperson – Executive Director	03-10-2022	
CSR and Sustainability Committee	Yes	NAINA LAL KIDWAI	Chairperson - Non-Executive - Independent Director	09-10-2017	
		VICTORIA CUNNINGHAM	Member - Non-Executive - Nominee Director	22-10-2020	
		ALEXEY LIZUNOV	Member - Non-Executive - Nominee Director	12-08-2022	

Note: No changes were made in the Committee compositions on re-appointment of Independent Directors for second term.

III. Meeting of Board of Directors					
Date(s) of Meeting (if any) in the previous quarter	Date(s) of Meeting (if any) in the relevant quarter	Whether requirement of Quorum met*	Number of Directors present*	Number of independent directors present*	Maximum gap between any two consecutive (in number of days)
14-07-2022					47
12-08-2022					28
	11-11-2022	Yes	9	2	90

*** to be filled in only for the current quarter meetings**

IV. Meeting of Committees						
Name of Committee	Date(s) of Meeting (if any) in the relevant quarter	Whether requirement of Quorum met*	Number of Directors present*	Number of independent directors present*	Date(s) of Meeting (if any) in the previous quarter	Maximum gap between any two consecutive (in number of days) *
Audit Committee					12-08-2022	78
					30-08-2022	17

	11-11-2022	Yes	3	2		72
Nomination and Remuneration Committee					12-08-2022	44
	10-11-2022	Yes	2	1		89
Risk and HSE Committee					22-09-2022	85
	14-12-2022	Yes	4	1		82
CSR and Sustainability Committee	10-11-2022	Yes	3	1		225
* to be filled in only for the current quarter meetings						

V. Related Party Transactions	
Subject	Compliance Status (Yes/No/NA)
Whether prior approval of audit committee obtained	Yes
Whether shareholder approval obtained for material RPT	NA
Whether details of RPT entered into pursuant to omnibus approval have been reviewed by the Audit Committee	NA

VI. Affirmations		
Sr. No.	Subject	Compliance Status (Yes/No/NA)
1.	The composition of Board of Directors is in terms of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.	No
2.	The composition of the following committees is in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	Yes
3.	a. Audit Committee	Yes
4.	b. Nomination & Remuneration Committee	Yes
5.	c. Stakeholders Relationship Committee	Yes
6.	d. Risk management committee	Yes
7.	The committee members have been made aware of their powers, role and responsibilities as specified in SEBI (Listing obligations and disclosure requirements) Regulations, 2015.	Yes
8.	The meetings of the board of directors and the above committees have been conducted in the manner as specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.	Yes
9.	This report and/or the report submitted in the previous quarter has been placed before Board of Directors. Any comments/observations/advice of the board of directors may be mentioned here.	Yes
Notes:		

Explanation to Sr. No. 1 – Explanation for non-compliance with the requirement of appointing 50% Board members as Independent Directors

The Company is a High Value Debt-listed Entity (“**HVDE**”) and its equity shares are not listed on any recognized stock exchange in India. 98.26% shareholding of the Company is held by two foreign shareholders (“**Investor Shareholders**”) in equal proportion, which was acquired by them in 2017. The remaining 1.74% shares are held by retail shareholders who did not participate in the reverse book building process followed by Exit Offer as part of voluntary delisting of the Company undertaken in the year 2016.

As is customary for unlisted companies with different shareholder groups, the Investor Shareholders have certain inter-se rights in relation to the governance of the Company, including rights to nominate directors on the board of directors of the Company (“**Board**”) and the committees thereof. As on December 31, 2022, the Board comprised of 11 directors. It had one Wholetime Director who is the Chairman of the Board and Head of Refinery who also acts as ‘Occupier’ under the Factories Act, 1948 and Two directors are independent directors (in compliance with the Companies Act, 2013).

The requirement pertaining to the board of directors comprising 50% of independent directors as provided under Regulation 17(1)(b) of the Listing Regulations, will be prejudicial to the interest of the Company and its shareholders. In this regard, please note certain specific considerations set out below:

- Compliance under Regulation 17(1)(b) of the Listing Regulations was not applicable to HDVEs at the time of investment in the Company by the Investor Shareholders and such investment did not envisage that such corporate governance norms would be made applicable to HDVEs. The Investor Shareholders have infused significant amount of capital into the Company and such investment was negotiated on the basis of governance and investor protection related rights derived from the ability to nominate directors.
- Appointing seven additional independent directors would expand the Board size to 18 directors, which would severely impact the operational flexibility of the Board and the Company.
- Other requirements of ensuring governance standards including constitution of the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee and the Stakeholders Relationship Committee are being adhered to by the Company.
- Accordingly we recommend the following options for amendments in the SEBI LODR
 - Through our letter dated January 4, 2022, we have requested SEBI to kindly reconsider making the corporate governance norms applicable to HDVEs as most of such debt transactions involve institutional investors, provide for sufficient security cover and the relevant documents have sufficient monitoring covenants, which are administered by the debenture trustees in compliance with the requirements stipulated under the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993.
 - We have further, vide our letter dated, December 5, 2022, requested SEBI to grant exemption from applicability of certain provisions of the SEBI Listing Regulations.

- In the alternative, the Company has requested that the “comply or explain” option which is currently available only up to March 31, 2023 for HVDEs should be permanently extended to them.

Explanation to Sr. No. 9 – Placing of this report before the Board of Directors

The corporate governance report for the quarter ended September 30, 2022 was placed before the Board of Directors at its meeting held on November 11, 2022. The current report for the quarter ended December 31, 2022 will be placed before the Board of Directors at its Meeting to be held after filing of the report with BSE Limited.

Date – 20-01-2023

Place – Mumbai

MAYANK BHARGA VA	Digitally signed by MAYANK BHARGAVA Date: 2023.01.20 16:34:45 +05'30'
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Name – Mayank Bhargava

Designation – Company Secretary and Compliance Officer