

July 21, 2022

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 June 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 June 30, 2022.

We request you to take the same on record.

Thanking You,

For Nayara Energy Limited

MAYANK BHARGA VA	Digitally signed by MAYANK BHARGAVA Date: 2022.07.21 11:16:48 +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

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Bandra Kurla Complex, Banda East, Mumbai 400051, India

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E Companysec@nayaraenergy.com

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CIN: U11100GJ1989PLC032116
www.nayaraenergy.com

COMPLIANCE REPORT ON CORPORATE GOVERNANCE

Name of listed entity – Nayara Energy Limited
 Quarter ending - June 30, 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			23-09-1960	0	0	0	0
Ms.	NAINA LAL KIDWAI	00017806	Non-Executive - Independent Director	09-10-2017			57	16-04-1957	3	3	1	0
Mr.	DEEPAK KAPOOR	00162957	Non-Executive - Independent Director	18-12-2017			55	07-01-1959	3	3	5	2
Mr.	PRASAD PANICKER	06476857	Executive Director	17-02-2020				23-12-1959	0	0	0	0
Mr.	KRZYSZTOF ZIELICKI	07692730	Non-Executive - Nominee Director	19-08-2017				30-06-1958	0	0	0	0
Mr.	CHIN HWEE TAN	07703660	Non-Executive - Nominee Director	19-08-2017				05-08-1971	0	0	1	0
Mr.	JONATHAN KOLLEK	07710920	Non-Executive - Nominee Director	19-08-2017				30-09-1959	0	0	0	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

Whether regular Chairperson appointed – Yes

Whether Chairperson is related to managing director or CEO - No

Notes:

- \$PAN is not provided, being confidential data. However, the same was provided in XML sheet of Corporate Governance Report filed for the quarter ended 30.06.2022.
- 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.

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	
		KRZYSZTOF ZIELICKI	Member - Non-Executive - Nominee Director	19-08-2017	

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	
		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	22-10-2020	01-06-2022
		ALEXEY LIZUNOV	Member - Non-Executive - Nominee Director	01-06-2022	
CSR and Sustainability Committee	Yes	NAINA LAL KIDWAI	Chairperson - Non-Executive - Independent Director	09-10-2017	
		KRZYSZTOF ZIELICKI	Member - Non-Executive - Nominee Director	19-08-2017	
		VICTORIA CUNNINGHAM	Member - Non-Executive - Nominee Director	22-10-2020	

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)
10-02-2022					89
09-03-2022					26
	26-05-2022	Yes	10	2	77
	27-05-2022	Yes	9	1	0

* 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					10-02-2022	89
	25-05-2022	Yes	2	2		103
Nomination and Remuneration Committee					09-02-2022	112
	22-04-2022	Yes	4	2		71
	25-05-2022	Yes	4	2		32
	28-06-2022	Yes	4	2		33

Risk and HSE Limited					29-03-2022	98
	14-04-2022	Yes	4	1		15
	28-06-2022	Yes	4	1		74
Stakeholders Relationship Committee	26-05-2022	Yes	3	1		218
* 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 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. The Board currently comprises of 11 directors. It has two Wholetime Directors one of whom is an Executive Chairman and the other has been appointed 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. Any dilution in such governance rights may severely impact the assessment of their investment in the Company and may require them to review their country and sector outlook.
- 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.
 - In the alternative, 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 March 31, 2022 was placed before the Board of Directors at its meeting held on May 26, 2022. The current report for the quarter ended June 30, 2022 will be placed before the Board of Directors at its Meeting to be held after filing of the report with BSE Limited.

Date – 21-07-2022
Place – Mumbai

MAYANK
BHARGAVA Digitally signed by
MAYANK BHARGAVA
Date: 2022.07.21
11:17:13 +05'30'

Name – Mayank Bhargava
Designation – Company Secretary and Compliance Officer