



## NAYARA ENERGY LIMITED

**Registered Office:** Khambhalia, Post Box No. 24, District Devbhumi Dwarka, Gujarat 361305

**Corporate Identity No. (CIN):** U11100GJ1989PLC032116

**Tel. No.:** +91 2833 661444; **Fax No.:** +91 2833 662929

**Email:** investors@nayaraenergy.com; **Website:** www.nayaraenergy.com

### POSTAL BALLOT NOTICE

#### PURSUANT TO SECTION 110 OF THE COMPANIES ACT, 2013 READ WITH RULE 22 OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014

To

The Shareholder(s),

NOTICE is hereby given to the shareholders (the **"Shareholders/Members"**) of Nayara Energy Limited (the **"Company"**), pursuant to Section 110 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 22 and other provisions of the Companies (Management and Administration) Rules, 2014 (the **"Companies Act"**) including any statutory modification(s) or re-enactment(s) thereof for the time being in force, that the resolutions appended below are proposed to be passed by way of Postal Ballot /remote e-voting process.

The proposed resolutions, the explanatory statement thereto setting out the material facts and reasons thereof as required under Section 102 of the Companies Act, 2013 along with a Postal Ballot form and a self-addressed postage pre-paid envelope (if posted within India) are enclosed for your consideration.

#### **1. Re-appointment of Mr. Charles Anthony Fountain as Executive Chairman of the Company**

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203, Schedule V and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time ("the Act") and Articles of Association of the Company and subject to the approval of the Central Government and such conditions and modifications as may be prescribed or imposed, if any, while granting such approval and subject to such approvals, permissions and sanctions, as may be required from appropriate authorities, the consent of the Members of the Company be and is hereby accorded to the re-appointment of Mr. Charles Anthony Fountain (DIN: 07719852), as Whole time Director designated as 'Executive Chairman' of the Company, for a period of three years with effect from January 2, 2021 to January 1, 2024 (both days inclusive), which shall be subject to annual review for continuity of service by the Nomination and Remuneration Committee / Board, on terms and conditions including remuneration as set out in the Explanatory Statement annexed to this Notice which is hereby specifically approved with right to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of appointment and/or remuneration including period in office as it may deem fit within the parameters set out in the Explanatory Statement, without being required to seek any further consent or approval of the Members."

**"RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year, the remuneration as set out in the Explanatory Statement annexed hereto or the altered remuneration as approved by the Board, be paid to Mr. Charles Anthony Fountain notwithstanding that such remuneration is in excess of the limits prescribed under Section 197 read with Schedule V of the Act."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution and settle all questions or doubts that may arise in this connection."

**2. To approve entering into Master Crude Supply and Product Offtake Agreement with Energopole SA**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, including the Companies (Meetings of Board and its Powers) Rules, 2014, and any amendments, statutory modifications and/or re-enactment thereof for the time being in force, and subject to the fulfilment of any consents and approvals as may be prescribed under applicable law or otherwise, consent of Members of the Company be and is hereby accorded for entering into Master Crude Supply and Products Offtake Agreement (‘MCSPO Agreement’) with Energopole SA effective from its date of execution and valid until August 14, 2027 (‘Initial Term’) which shall be automatically extended by a period of one year on the expiry of the Initial Term / each anniversary until terminated under the terms of the MCSPO Agreement and for undertaking confirmations / transactions from time to time pursuant to and in compliance with the MCSPO Agreement.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company (herein after referred to as ‘Board’ which term shall include any Committee constituted by the Board of Directors) be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution, as the Board may, in its absolute discretion, deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have been given approval thereto expressly by the authority of this resolution.”

**By Order of the Board of Directors**

Mumbai  
December 23, 2020

**Mayank Bhargava**  
**Company Secretary**

**Registered Office:**

Khambhalia, Post Box No. 24,  
Dist. Devbhumi Dwarka – 361305, Gujarat.  
Phone: +91 02833 661444, Fax: +91 02833 662929  
E-mail: investors@nayaraenergy.com;  
Website: www.nayaraenergy.com

**Notes:**

1. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 (“Act”) in respect of the business set out above is annexed herewith along with the Postal Ballot Form.
2. The Members are requested to exercise their voting rights by either using the attached Postal Ballot form or through remote e-voting.

In accordance with the provisions of Act, read with Rules 18 and 22 of the Companies (Management and Administration) Rules, 2014, the Postal Ballot Notice is being sent by email to those members who have registered their email addresses with their Depository Participants (in case of shares held in demat form) or with the Company’s Registrar and Share Transfer Agent (in case of shares held in physical form) holding shares as on December 18, 2020 (“Cut-off Date”). Further, physical copies of the Postal Ballot Notice are being sent by permitted mode (i.e. through registered / speed post / courier), along with a postage-prepaid self-addressed Business Reply Envelope to all the members of the Company as on the Cut off Date.

3. The Postal Ballot Notice will also be available on the Company’s website www.nayaraenergy.com and at the website of the service provider providing remote e-voting platform i.e. <https://www.evoting.nsdl.com> for download.
4. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the Cut-off Date of December 18, 2020. Any person who is not a Member on the Cut-off Date should treat this notice for information purpose only.

5. The dispatch of Postal Ballot Notice will be announced through advertisement in at least one English newspaper having country wide circulation and one Gujarati newspaper with wide circulation in Devbhumi Dwarka District, where the registered office of the Company is situated, and published on the website of the Company.
6. As required under Secretarial Standard 2, specified by the Institute of Company Secretaries of India, the details of Mr. Charles Anthony Fountain, who is proposed to be re-appointed as Executive Chairman are appended at the end of the Notice.
7. Pursuant to Section 108 and 110 of the Act read with the Companies (Management and Administration) Rules, 2014, the Company will provide remote e-voting facility ("e-voting") to the Members to exercise their right to vote on resolutions proposed to be considered through Postal Ballot. All business to be transacted through Postal Ballot can also be transacted through e-voting facility provided by National Securities Depository Limited ("NSDL"). The Company has engaged the services of NSDL to provide e-voting facilities. The e-voting facility will be available at the link <https://www.evoting.nsdl.com> during the following voting period:

<b>Commencement of e-voting</b>	from 8:00 a.m. on January 3, 2021
<b>End of e-voting</b>	at 5:00 p.m. on February 1, 2021

E-voting shall not be allowed beyond 5:00 p.m. on February 1, 2021. During the e-voting period, Members of the Company, holding shares either in physical form or in dematerialized form, as on Cut-off Date of December 18, 2020 may cast their vote electronically.

8. Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently.
9. The Members shall have one vote per equity share held by them. The facility of remote e-voting would be provided once for every folio/ client id, irrespective of the number of joint holders.
10. Any person, who acquires shares of the Company and becomes Member after dispatch of the Notice and holding shares as of the Cut-off Date i.e. December 18, 2020 may obtain the login ID and password by sending a request to NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Members may also contact Mr. Pradeep Mokale of the Registrar and Share Transfer Agents (STA) i.e. Link Intime India Private Limited at 022 4918 6000 or send email at [pradeep.mokale@linkintime.co.in](mailto:pradeep.mokale@linkintime.co.in).
11. The Board of Directors of the Company (the "Board") has on December 13, 2020 appointed Mr. P. N. Parikh (Membership No. FCS - 327, COP No. 1228) or failing him Mr. Mitesh Dhabliwala (Membership No. FCS - 8331, COP No. 9511) or failing him Ms. Sarvari Shah (Membership No. FCS - 9697, COP No. 11717) of M/s Parikh Parekh & Associates, Practicing Company Secretaries as the Scrutinizer (the "Scrutinizer") to scrutinize the postal ballot process in a fair and transparent manner.
12. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [cs@parikhassociates.com](mailto:cs@parikhassociates.com).
13. The Scrutinizer shall, after the conclusion of remote e-voting for Postal Ballot scrutinize the votes cast through e-voting and shall make, the scrutinizers report and will submit his report to the Chairman of the Company or to any other person authorized by him.
14. The results of the voting on the Postal Ballot shall be declared by the Chairman or the person authorised by him after receipt of the scrutinizer's report on Tuesday, February 2, 2021 on or before 5:00 p.m. The results will be displayed on the notice board at the Registered and Corporate Offices of the Company.
15. The result of the voting along with the report of scrutinisier will also be placed on the website of the Company viz. [www.nayaraenergy.com](http://www.nayaraenergy.com) and on the website of NSDL.
16. The scrutinizer's decision on the validity of voting will be final.
17. The resolutions, if passed, by the requisite majority through Postal Ballot, will be deemed to have been passed on the last date specified for voting i.e. Monday, February 1, 2021.

## **Procedure of registration of E-mail ID**

### **1. For Shareholders holding shares in physical form**

The Members of the Company holding Equity Shares in physical form and who have not registered their e-mail addresses may get their email IDs registered by sending scanned copy of a request on plain paper signed by the shareholder (including joint holders, if any) to the STA of the Company, M/s Link Intime India Private Limited at rnt.helpdesk@linkintime.co.in by providing:

- (i) Folio No.;
- (ii) Name of shareholder (including joint holders, if any);
- (iii) Email ID to be registered; and
- (iv) Mobile No. (Optional)

Along with scanned copy of the request, the following documents are required:

- (i) Scanned copy of the share certificate (front and back);
- (ii) Self-attested scanned copy of PAN card; and
- (iii) Self-attested scanned copy of any one of Aadhar card / passport / driving license / electricity bill (not older than 3 months)

Email ID shall be registered / updated by STA post verification of documents.

### **2. For Shareholders holding shares in dematerialised form**

The Members are requested to register their e-mail address, in respect of demat holdings with the respective Depository Participant (DP) by following the procedure prescribed by the DP.

## **INSTRUCTION FOR REMOTE E-VOTING**

The instructions to Equity Shareholders for e-voting are as under:

The way to vote electronically on NSDL e-voting system consists of "Two Steps" which are mentioned below:

### **Step 1: Log-in to NSDL e-voting system at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).**

#### **How to Log-in to NSDL e-voting website?**

- (i) Visit the e-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a personal computer or on a mobile.
- (ii) Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
- (iii) A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your login credentials, click on e-voting and you can proceed to Step 2 i.e. cast your vote electronically.

(iv) Your User ID details are given below:

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

(v) Your password details are given below:

- a. If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
- b. If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c. How to retrieve your 'initial password'?
  - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(vi) If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a. Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b. Click on "Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c. If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
- d. Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.

(vii) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

(viii) Now, you will have to click on "Login" button.

(ix) After you click on the "Login" button, Home page of e-voting will open.

## **Step 2: Cast your vote electronically on NSDL e-voting system.**

### **How to cast your vote electronically on NSDL e-voting system?**

- (i) After successful login at Step 1, you will be able to see the Home page of e-voting. Click on e-voting. Then, click on Active Voting Cycles.
- (ii) After click on Active Voting Cycles, you will be able to see all the companies E-Voting Event Number ("EVEN") in which you are holding shares and whose voting cycle is in active status.

- (iii) Select "EVEN" 115474 of "Nayara Energy Limited" for casting your vote.
- (iv) Now you are ready for e-Voting as the Voting page opens.
- (v) Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- (vi) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (vii) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- (viii) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### **General Guidelines for Shareholders**

- (i) Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail at [cs@parikhassociates.com](mailto:cs@parikhassociates.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- (ii) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/ Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
- (iii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**EXPLANATORY STATEMENT REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013 RELATING TO THE AFORESAID RESOLUTIONS**

**Item No.1**

Mr. Charles Anthony Fountain (Tony Fountain) was appointed as Non-Executive Director and Chairman of the Company w.e.f. August 19, 2017 pursuant to the nomination received from Kesani Enterprises Company Limited, a shareholder holding 49.13% stake in the share capital of the Company. Subsequently, the Board of Directors appointed him as Whole time Director of the Company designated as Executive Chairman for a period of three (3) years from January 2, 2018 to January 1, 2021 (both days inclusive). The appointment was approved by the Shareholders at Extraordinary General Meeting held on May 21, 2018.

The term of office of Mr. Fountain as Executive Chairman expires on January 1, 2021. Pursuant to the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company, at its meeting held on October 27, 2020, re-appointed Mr. Tony Fountain as Whole time Director to be designated as 'Executive Chairman' for a further term of three (3) years from January 2, 2021 to January 1, 2024 (both days inclusive) which shall be subject to annual review for continuity of service by the Nomination and Remuneration Committee / Board.

Section 196 read with Part I of Schedule V of the Companies Act, 2013 ("Act") inter alia requires that a person should be eligible for appointment as a Whole-time Director of a Company if he is resident of India. Since Mr. Tony Fountain was not resident of India in accordance with the aforesaid requirement of the Act, approval of the Central Government would also be required for his appointment as Executive Chairman.

Further under the provisions of Section 196 and 197 read with Schedule V of the Act, appointment of Mr. Tony Fountain as Executive Chairman of the Company for the period, as aforesaid, and payment of remuneration to him during his tenure in office will require approval of Shareholders. Hence, the resolution at Item No. 1 is being proposed for approval of Shareholders.

The Company has received consent from Mr. Tony Fountain to act as Executive Chairman and also declaration confirming that he is not disqualified from being appointed as Director and Executive Chairman in terms of Section 164 and 196 of the Act.

The remuneration payable to Mr. Fountain w.e.f. January 2, 2021 includes fixed compensation of USD 1,627,366 per annum which works out to USD 931,765 per annum net of taxes comprising of basic salary, special allowance and other allowances. This amount shall be inclusive of compensation, allowances, entitlements and any other payments and benefits payable to Mr. Fountain. In case of change in direct taxes and levies thereon from time to time, the salary shall be adjusted such that the fixed compensation net of taxes shall remain the same. In addition, he will also be paid employees contribution to provident fund and covered under Company's provident fund, insurance coverage for self, spouse and children up to 25 years of age as per Company's insurance policy, hospitalisation / health insurance / group personal accident scheme and group life term insurance policy etc. Further, dependent on his individual performance and in the context of Company performance, he will be eligible for bonus and annual review for continuation of services along with increments, at the discretion of the Board. Such bonus payments, continuation of services and increments (based on US wage inflation) shall be reviewed at least annually within the timeline of annual appraisal along with recommendations for other senior management executives. The bonus payments can also be triggered by specific events like major deals at the discretion of the Board. Pay out levels will be determined by the Board on the recommendation of the Nomination and Remuneration Committee. The bonus payments, in each instance, can in no case be greater than his annual fixed compensation. As the Executive Chairman of the Company, he shall not be paid any sitting fees for attending the meetings of the Board or any Committee thereof.

Mr. Fountain shall be governed by such of the existing rules of the Company relating to reimbursement of expenses to Directors as may be in force from time to time. The employment is liable to be terminated by giving 3 months' notice by either party. In the event of termination of employment by the Company, except in circumstances of fraud or gross misconduct on his part, he will be entitled to be paid, compensation for loss of office, full take home salary for the period of 12 months or balance period in office of the three years term of contract whichever is lower. However, in the event of termination of employment by the Company owing to his inability to perform, the Company has no obligation to pay the compensation for loss of office, as aforesaid. Subject as aforesaid, he shall be governed by such of the existing service rules of the Company as may be in force from time to time.



On account of adjustment of past accumulated losses, there was inadequacy of profits in the financial year 2019-20 computed under Section 198 of the Act, as a consequence of which the remuneration payable to Mr. Fountain during his tenure in the office together with remuneration paid / payable to other executive directors would exceed the limits prescribed under Section 197 read with Schedule V of the Act.

Accordingly, approval of the Members is sought by passing of special resolution in terms of section 197(3) read with Schedule V of the Act for the managerial remuneration payable to Mr. Fountain during his term in office. Further, pursuant to the provisions of Section 197(3) read with Schedule V of the Act, approval of the Members is also sought for authorising the Board of Directors to make annual revision in the remuneration payable to Mr. Fountain and pay bonus, as aforesaid, on such revised remuneration during the term of his office and authorising the Board of Directors to alter and vary the terms and conditions of his appointment.

The relevant information required to be provided to Members as per Schedule V of the Act is set out below:

## I. General Information

(1) Nature of Industry:

The Company belongs to the refining industry. It is an existing company engaged in refining of crude oil and marketing of petroleum products.

(2) Commencement of commercial production:

The Company is an operating entity. The Company operates an oil refinery which commenced commercial production in the year 2008. The refinery expansion project commissioned in March 2012 enhancing the refinery capacity to 18 MMTPA. Thereafter, an Optimization project was commissioned in June 2012 further enhancing the refining capacity to 20 MMTPA.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus – N.A

(4) Financial performance:

The financial performance of the Company in the preceding financial year was as under:

Financial parameters	Financial year ended March 31, 2020
	(₹.in Million)
Revenue from Operations	1,006,417
Earnings before finance cost, depreciation and amortization, exceptional items & discontinued operation and tax (EBIDTA)	56,973
Net profit/(loss) after tax as per Statement of Profit & Loss	14,851
Net profit / (loss) computed u/s 198 of the Act	(27,793)

(5) Foreign investments and collaborations, if any:

Prior to August 18, 2017, Essar Energy Holdings Ltd., erstwhile foreign promoter company was holding 98.26% stake in the Company in the form of Equity Shares and Global Depository Shares. On August 18, 2017, in accordance with two separate Share Purchase Agreements both dated October 15, 2016, the entire stake held by Essar Energy Holdings Ltd and its associates was acquired by two Shareholders namely, Rosneft Singapore Pte Limited, Singapore (subsidiary of PJSC Rosneft Oil Company, Russia) taking 49.13% stake and Kesani Enterprises Company Limited, Cyprus, a consortium led by Trafigura Pte Limited and UCP PE Investments Limited acquiring another 49.13% in share capital of the Company.

## II. Information about Mr. Tony Fountain

Mr. Tony Fountain, aged 60 years, is B. SC, Economics & International Studies, Warwick University and M. Phil, Economics, Oxford University. Mr. Fountain has around 36 years of experience. In his career span, he has held various positions in British Petroleum, where he has worked for around 25 years. For a period of two years, he has also worked as a CEO with Nuclear Decommissioning Authority and with Reliance Industries Limited for over 4 years as CEO Refinery &



Marketing. As stated above, he is associated with Nayara Energy Limited since 2017. As Executive Chairman, Mr. Tony Fountain is responsible for managing and providing leadership to the Board of Directors of the Company and ensure that the Board fulfils its fiduciary responsibilities to the Shareholders and other stakeholders. Mr. Tony Fountain also supports the Board and Executives in achieving the highest standards of international governance. The Board of Directors of the Company has strong desire to continue to benefit from Mr. Fountain's leadership and guiding hand to steer the Company through these turbulent times. Mr. Fountain has played a crucial role in enabling Nayara Energy to build capability and perform through the early transformative years in a very challenging environment.

Since the Company is not listed, it does not include section on 'Corporate Governance' in its Annual Report. As required under clause (IV)(iv) Section II Part II of Schedule V, during financial year 2019 – 20, Mr. Fountain received remuneration of ₹ 128,978,829 from the Company comprising of basic salary, allowances and employee contribution towards Provident Fund of ₹ 121,043,264 and retirement benefits amounting to ₹ 7,935,565. He was not given any stock options during the financial year 2019-20 or in the past.

In the event of loss or inadequacy of profits in any financial year during the period of appointment of Mr. Fountain, the remuneration payable by way of salary, perquisites, allowances, bonus etc. as aforesaid will be paid to him and the approval being sought by passing of the resolutions at Item no. 1 shall be treated as consent from the Shareholders under Section 197(3) read with Schedule V of the Act. The remuneration paid / proposed to be paid to the Executive Chairman is comparable with the remuneration being paid for similar assignments in the industry.

Mr. Fountain is functioning in professional capacity and does not have any interest in the capital of the Company or any of its subsidiaries directly or indirectly or through any other statutory structures. He does not have any, direct or indirect interest or is/has been related to any of the Directors of the Company or any of its subsidiaries at any time during the last two years before or on or after the date of appointment. He possesses post graduate level qualification with expertise and specialized knowledge in the field in which the Company operates.

### **III. Other information**

(1) Reasons for inadequacy of profit, if any:

The Company earned profits of ₹14,851 million as per the statement of profit and loss for the financial year ended March 31, 2020. However, on account of adjustment of past accumulated losses as necessitated by the amendments introduced by the Companies (Amendment) Act, 2017 notified on September 12, 2018, there was inadequacy of profits computed under Section 198 of the Act, as a consequence of which the remuneration paid to the executive directors in the financial year ended March 31, 2020 exceeded the limits prescribed under Section 197 read with Schedule V of the Act.

(2) Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms:

As stated above, the Company generated EBITDA and PAT of ₹56,973 million and ₹14,851 million, respectively, in the financial year 2019 - 20. There is inadequacy of profits as computed under Section 198 of the Act on account of past accumulated losses incurred prior to change in control and change in Board of Directors of the Company.

The Company has taken continuous steps in the past to optimise the costs and to enhance the operational efficiency and productivity that maximise the profits. These steps have resulted in improving the Company's profitability in the past, and which shall continue to be carried in the future. The Company's strategy towards product security and supply chain stability including increasing the supplies through own network, complemented by an effective risk management system to cover risks related to commodity and currency, along with sustained and safe refinery operations are the factors that enable the Company to achieve robust results.

The operations of the Company in FY 2019-20 were satisfactory with the plant working beyond 100% capacity. The Company is expanding its country-wide chain of franchisee operated retail outlets and as of March 31, 2020 has over 5,700 operational retail outlets which enhance the supply chain stability and enable the Company to enhance its profitability. The Company has also merged its subsidiary, Vadinar Oil Terminal Limited with itself to have synergies of operations, which is primarily designed to optimise the operations and thereupon the cost. All these factors individually and together are expected to have positive impact on the profitability of the Company. Your Company is also considering various expansion opportunities which are in primary stage as of now.

A combination of the above would help in reducing operating costs and improvement in the performance of the Company in coming years. The Company has not committed any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon in the financial year 2019-20 and year to date in the financial year 2020-21.

Mr. Fountain does not have direct or indirect pecuniary relationship with the Company or relationship with the managerial personnel other than getting remuneration from the Company. He is not related to any Director or any other key managerial personnel of the Company. Except for Mr. Fountain, none of the Directors / Key managerial personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.1 of the Notice.

The Board of Directors is of the opinion that the appointment of and the remuneration payable to Mr. Fountain during his tenure of 3 years i.e. from January 2, 2021 to January 1, 2024 would be in the interest of the Company.

Accordingly, the Board of Directors recommend the resolution set forth in Item No. 1 of the Notice for the approval of the Members of the Company by special resolution.

## **Item No. 2**

The Company enters into spot and term contracts for purchase of crude oil and similar arrangements for offtake of petroleum products refined at the Company's refinery. These are entered with multiple suppliers and offtakers on an ongoing basis. The Company will benefit from a stable supply of crude oil and offtake of petroleum products.

Energopole SA (ENP), is a 100% owned subsidiary of PJSC Rosneft Oil Company ("**Rosneft**"), leader of Russia's petroleum industry and the world's largest publicly traded petroleum company. Services of ENP proposed to be obtained by the Company will bring in improvements in crude procurement, product exports and preparation of regular refinery rolling plans for the Company. ENP is well equipped with top-line market analysis and intelligence, requisite expertise and infrastructure with the ability to bring in value addition through information regarding market differentials, arbitrage opportunities and demand-supply dynamics of various products in new markets, information regarding specific properties, characteristics and contents of new crude oil, etc. Hence, an agreement with ENP could potentially add commercial value for the Company for example: enhanced access to new, blended, non-standard grades of crude oil and more importantly Russian crude grades such as Urals, Russian Export Blend (REB), Eastern Siberian Pacific Ocean (ESPO) grade as well as economic feedstock such as Tuapse fuel oil which is a coveted alternative for our complex refinery in the backdrop of declined availability of heavy crude oil.

The Company proposes to enter into a Master Crude Supply and Product Offtake agreement ("**MCSPPO Agreement**") with ENP to import crude from and supply petroleum products to ENP and also avail certain services from ENP. The MCSPPO Agreement shall be effective from the date of its execution and shall be valid till August 14, 2027 ("Initial Term") which shall be automatically extended by a period of one year on the expiry of the Initial Term / each anniversary until terminated under the terms of the MCSPPO Agreement.

Under the MCSPPO Agreement, ENP would from time to time, be able to offer to supply/offtake the crude to / products from the Company at market price. If ENP's offer is accepted by the Company then, post negotiations, the parties will enter into a spot and/or term arrangement (each referred to as a "Confirmation"); failing which the Company can solicit proposals from third party suppliers/buyers and ENP then would have the right of last refusal to match the terms offered.

Further, the MCSPPO Agreement also requires ENP to provide certain services in lieu of a fee to the Company, including but not limited to provide assessments of market differentials and availability of crudes/products to assist the Company with a price-set, explore opportunities to accept/provide delivery/supply of new, blended and non-standard grades of crude/products at/from the refinery; and any other services as may be desired by the Company in line with the MCSPPO Agreement.

The MCSPPO Agreement would act as the framework agreement for governing each of these transactions. Each Confirmation would be executed in the form set out in the MCSPPO Agreement (which covers important provisions such as payment terms, title and risk and quality control etc.).

The Company will enter into an appropriate Confirmation with ENP, if either ENP (i) submits the best bid; or (ii) matches the terms offered by any counter party. Therefore, the transactions to be entered into by the parties pursuant to the MCSPPO Agreement can be construed to be on arm's length basis.

The monetary value of the services to be availed and the transactions to be undertaken pursuant to the MCSPO Agreement cannot be ascertained. Based on annual business plan of the Company, current prevailing international market prices of crude and petroleum products, prevailing USD exchange rate, capex programmes etc., the Company anticipates to source crude and export finished products estimated at up to INR 56,174 crores (approx. USD 7.3 billion) and INR 30,662 crores (approx. USD 3.98 billion) respectively on annual basis. In addition, the fees for above specified services for a year is estimated at INR 69 crores (approx. USD 9 million). The monetary value for the financial year 2020-21 and in subsequent years during the tenure of the MCSPO Agreement is however subject to the throughput of the Company, the actual imports and exports to be undertaken by the Company, the business plan and the prevailing prices of crude and products in the international market apart from the extent to which ENP actually supplies or offtakes the barrels to / from the Company.

Rosneft Singapore Pte. Limited, a wholly owned subsidiary of PJSC Rosneft Oil Company, holds 49.13% in the share capital of the Company and is a related party of the Company pursuant to provisions of Section 2(76) of the Companies Act, 2013. ENP is also a 100% owned subsidiary of PJSC Rosneft Oil Company and therefore a co-subsiary of Rosneft Singapore Pte Ltd. Based on the decision taken by the Company in the past, in light of the spirit of the provisions relating to related party transactions contained in the Companies Act, 2013, ENP would be considered as a related party.

The Audit Committee and the Board of the Directors of the Company have at their respective meetings held on October 22, 2020, considered and approved the proposal for entering into MCSPO Agreement with ENP and the Board vide resolution passed on December 13, 2020 have also decided to seek approval of Shareholders through Postal Ballot.

None of the other directors, key managerial personnel and their respective relatives are in any way concerned or interested financially or otherwise in the resolution.

There is no other material information relevant to or important for the Members to make a decision on the proposed resolution. The above may be treated as particulars under Rule 15 (3) of Companies (Meeting of Board and its Power) Rules, 2014

Accordingly, the Board recommends the ordinary resolution set out in the Postal Ballot Notice for approval of Members of the Company.

**By Order of the Board of Directors**

Mumbai  
December 23, 2020

**Mayank Bhargava**  
**Company Secretary**

**Registered Office:**

Khambhalia, Post Box No. 24,  
Dist. Devbhumi Dwarka – 361305, Gujarat.  
Phone: +91 02833 661444, Fax: +91 02833 662929  
E-mail: [investors@nayaraenergy.com](mailto:investors@nayaraenergy.com);  
Website: [www.nayaraenergy.com](http://www.nayaraenergy.com)

**Details of Director, pursuant to Secretarial Standard 2 seeking re-appointment through Postal Ballot**

Particulars	Mr. Tony Fountain
Age	60
Qualification	BSc, Economics & International Studies and MPhil, Economics
Experience	Mr. Charles Fountain has more than 35 years of experience. In his career span, he has held various positions in British Petroleum, where he has worked for around 25 years. For a period of two years, he has also worked as a CEO with Nuclear Decommissioning Authority and with Reliance Industries Limited for over 4 years as CEO Refinery & Marketing.
Terms and conditions of Appointment / re-appointment	To hold office for a period of three years from January 2, 2021 to January 1, 2024.
Remuneration sought to be paid	As provided in the explanatory statement.
Remuneration last drawn	Remuneration of ₹12,89,78,829 as Executive Chairman paid in Financial Year 2019-20
Date of first appointment by the Board	August 19, 2017
Shareholding in the Company	Nil
Relationship with other directors, KMPs	Not related
Number of meetings of the Board attended during the year	4 out of 4
Other directorships	None in India
Chairmanship of committee of other Boards	None in India
Membership of committee of other Boards.	None in India

## NAYARA ENERGY LIMITED

**Registered Office:** Khambhalia, Post Box No. 24, District Devbhumi Dwarka, Gujarat 361305

**Corporate Identity No. (CIN):** U11100GJ1989PLC032116

**Tel. No.:** +91 2833 661444; **Fax No.:** +91 2833 662929

**Email:** investors@nayaraenergy.com; **Website:** www.nayaraenergy.com

### POSTAL BALLOT FORM

(Please read carefully the instructions as stated in the accompanying notice before exercising your vote)

1. Name and Registered Address of :  
the Sole/First-named Shareholder

2. Name(s) of Joint Shareholder(s) (if any) :

3. Registered Folio No./DP ID No. :  
and Client ID No.

4. Number of Equity Shares held :

I/We hereby exercise my/our vote(s) in respect of the following resolution(s) to be passed through Postal Ballot/e-voting for the businesses as stated in the Postal Ballot Notice of the Company dated December 23, 2020 by conveying my/our assent or dissent to the said resolution(s) by placing the tick (✓) mark at the appropriate box below:

Sr. No.	Resolution	No. of Equity Shares held	I/We assent (agree) to the Resolution (Vote in favour)	I/We dissent (disagree) to the Resolution (Vote against)
1.	Re-appointment of Mr. Charles Anthony Fountain as Executive Chairman of the Company			
2.	To approve entering into Master Crude Supply and Product Offtake Agreement with Energopole SA			

Place :

Date :

\_\_\_\_\_  
(Signature of the Member/Authorised Representative)

E-mail Id :

Contact No. :

**Note:**

1. For e-voting, please refer the instructions for remote e-voting in the Postal Ballot Notice.
2. If the voting rights are exercised electronically, there is no need to use this Postal Ballot Form.
3. If a Member votes through the e-voting facility and also sends his vote through the Postal Ballot Form, then voting done through the e-voting shall prevail and voting done by the Postal Ballot Form will be treated as invalid by the Scrutinizer.
4. Last date for receipt of Postal Ballot Form by the Scrutinizer is Monday, February 1, 2021 by 5:00 p.m. (IST).

**Please read the instructions overleaf before completing the form.**

## INSTRUCTIONS

1. A Member entitled to vote and desirous of exercising his/ her/its vote by postal ballot may complete this postal ballot form and send it to the Scrutinizer appointed by the Board of Directors of the Company, in the postage pre-paid self-addressed envelope sent along with this Form. Envelopes containing the Postal Ballot Form, if deposited in person or sent by courier or any other mode at the expense of such Member, will also be accepted. However, it is clarified that Members desiring to exercise their vote from outside India will have to arrange for postage from the country where the postal ballot form is being dispatched to the Scrutinizer.
2. A Member may convey his/ her/ its assent/ dissent in the postal ballot form. The consent of the Member must be accorded by recording the assent in the column 'Vote in Favour' and dissent in the column 'Vote Against' by placing a tick mark (✓) in the appropriate column. Assent or dissent received in any other manner will not be considered valid.
3. The postage prepaid envelope bears the address of the Scrutinizer appointed by the Board of Directors of the Company.
4. The postal ballot form must be completed and signed by the Member as per the specimen signature registered with the Company / Depository Participant. In case of joint-holding, the postal ballot form must be completed and signed (as per the specimen signature registered with the Company) by the first named Member and in his absence, by the next named Member.
5. The vote(s) of a Member will be considered invalid, *inter alia*, on any of the following grounds:
  - if the Member's signature does not tally;
  - if the Member has marked his/ her/ its vote both 'Vote in Favour' and also 'Vote Against' the 'Resolution(s)' in such a manner that the aggregate Shares voted 'Vote in Favour' and 'Vote Against' exceeds total number of Shares held under Serial No. 4 of the Postal Ballot Form;
  - if the Postal Ballot Form is unsigned, incomplete or incorrectly filled;
  - if the Postal Ballot Form is received torn or defaced or mutilated such that it is difficult for the Scrutinizer to identify either, the Member, or the number of votes, or as to whether the votes are 'Vote in Favour' or 'Vote Against', or if the signature could not be verified or one or more of the above grounds;
  - if the Postal Ballot Form signed by authorised representative of Member is not accompanied by a certified true copy of the document granting authority.
6. The Scrutinizer's decision on the validity of the Postal Ballot Form shall be final.
7. Duly completed Postal Ballot Forms should reach the Scrutinizer not later than the close of working hours (5:00 p.m.) on Monday, February 1, 2021. All Postal Ballot Forms received after this date and time will be strictly treated as if the reply from such Member has not been received.
8. The voting rights shall be reckoned in proportion to the paid-up value of the equity shares registered in the name of the Members as on December 18, 2020.
9. Where the postal ballot form has been signed by an authorized representative of a body corporate, a certified true copy of the resolution of its board of directors / governing body authorizing such representative to vote on the resolution on behalf of the body corporate, should accompany the Postal Ballot Form. If the Postal Ballot Form is signed by a 'Power of Attorney' holder for and on behalf of the Member, it must be accompanied by an attested true copy of such 'Power of Attorney'.
10. Members are requested not to send any extraneous/additional papers along with the postal ballot form in the enclosed postage pre-paid envelope.
11. There will be one postal ballot form for every 'Registered Folio'/'Client ID', irrespective of the number of joint holders.
12. A Member need not cast all his/ her votes in the same manner.
13. A Member may request a duplicate postal ballot form, if so required. However, the duly filled in duplicate postal ballot form should reach the Scrutinizer, not later than the date specified at item 7 above.
14. Members are requested to fill the postal ballot form with indelible ink and not by any erasable writing mode.

## FOR ATTENTION OF SHAREHOLDERS HOLDING SHARES IN PHYSICAL FORM

### I. Request for dematerialization of shares

Please note that in compliance with the requirements of Companies (Prospectus and Allotment of Securities) Rules, 2014 as amended from time to time, ("Rules"), requests for effecting transfer of shares held in physical form cannot be accepted by the Company. Further, the said Rules also prohibit issuance of Securities in physical form by an unlisted company.

The shareholders holding shares in physical form are requested to get in touch with a depository participant and take necessary actions to dematerialize your physically held shares. Please note that ISIN for equity shares of the Company is INE011A01019.

### II Request for updating of details

Pending dematerialization of shares, we request you to register / update your details including PAN No., Email Id, Mobile Number and address to enable us to update the Register of Members of the Company. By registering your email ID you will be able to receive Annual report and other communications from the Company by email.

Kindly fill in the requisite details in the Form printed overleaf for updating of records and forward the same to Link Intime India Private Limited, along with the supporting documents as mentioned at the end of the Form.

In case you have any query or need any assistance with respect to any of the above, please contact Share Transfer Agent of the Company, Link Intime India Private Limited at the address mentioned below:

**Link Intime India Private Limited**

Unit: Nayara Energy Limited

Add: C101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083

Tel: +91 22 49186000, Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)



## FORM FOR UPDATING OF RECORDS

To,  
Link Intime (India) Private Limited  
UNIT: Nayara Energy Limited  
C101, 247 Park, L.B.S. Marg, Vikhroli (West),  
Mumbai – 400 083

Dear Sir,

### Re: Updating of records

I / We shareholders of Nayara Energy Limited holding shares of the Company in physical form as per the folio details set out below request you to update my / our PAN, and other details in the Register of Members of the Company. I am / we are enclosing self-attested copies of PAN card(s) of all the holders and other documents in support of our request. I agree to receive Annual Report and other communications from the Company by email.

<b>Name of the First / Sole Shareholder</b>		
<b>Folio No.</b>		
<b>Name of First Jointholder</b>		
	Existing	Revised (in case of change of details)
<b>Address</b>		
<b>Mobile No.</b>		
<b>E-mail ID</b>		

<b>Details of the Shareholders as per share certificate, PAN number and Signature:</b>			
	<b>First / Sole Holder</b>	<b>First Joint Holder</b>	<b>Second Joint Holder</b>
<b>Name</b>			
<b>PAN</b>			
<b>Signature</b>			

Date:

Place:

Instructions for submission of attachments:

- (i) For updating of Permanent Account Number - Self- attested legible copy of your PAN card.
- (ii) For ensuring that the address is properly registered - Self-certified copy of any one of - Passport, Aadhar card, Driving license or Electricity bill which is not older than 3 months

**NB: The above details can be updated if the supporting documents are attached and the form is duly signed by the sole shareholder or in case of joint holding by all the Shareholders.**