

## **NAYARA ENERGY LIMITED**

Registered Office: Khambhalia, Post Box No. 24, Dist.: Devbhumi Dwarka - 361 305, Gujarat, India

Corporate Identity Number: U11100GJ1989PLC032116

Phone: +91 2833 661444, Fax: +91 2833 662929

Email: [investors@nayaraenergy.com](mailto:investors@nayaraenergy.com)

Website: [www.nayaraenergy.com](http://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 that pursuant to and in compliance with the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014, read with the General Circular No. 14/2020 dated April 8, 2020, the General Circular No. 17/2020 dated April 13, 2020, the General Circular No. 22/2020 dated June 15, 2020, the General Circular No. 33/2020 dated September 28, 2020 and the General Circular No. 39/2020 dated December 31, 2020 issued by the Ministry of Corporate Affairs ("MCA Circulars") (including any statutory modification or re-enactment thereof for the time being in force, and as amended from time to time), and pursuant to other applicable laws and regulations, the resolution appended below is proposed for approval of the shareholders of the Company through postal ballot by remote e-voting process ("e-voting").

The proposed resolution and the explanatory statement thereto setting out the material facts and reasons thereof as required under Section 102 of the Companies Act, 2013 are enclosed for your consideration:

#### **1) Appointment of Dr. Alois Virag as Chief Executive Officer 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 appointment of Dr. Alois Virag as the Chief Executive Officer of the Company, taking responsibilities of the "Manager" under section 2(53) of the Act, for a period of three years with effect from April 1, 2021 to March 31, 2024 (both days inclusive), on the 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 Dr. Alois Virag 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 of Directors 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.”

**By Order of the Board of Directors**

Mumbai  
April 7, 2021

**Mayank Bhargava**  
Company Secretary

Registered Office:  
Khambhalia, Post Box No. 24,  
Dist. Devbhumi Dwarka – 361305, Gujarat.  
Phone: +91 02833 661444, Fax: +91 02833 662929  
Email: [investors@nayaraenergy.com](mailto:investors@nayaraenergy.com)  
Website: [www.nayaraenergy.com](http://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.**
2. In accordance with the provisions of Companies Act, 2013, read with Rules 18 and 22 of the Companies (Management and Administration) Rules, 2014 and MCA Circulars, the Postal Ballot Notice is being sent only 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 April 2, 2021 (“Cut-off Date”).
3. The Postal Ballot Notice will also be available on the Company’s website [www.nayaraenergy.com](http://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 April 2, 2021. **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 Standards 2, specified by the Institute of Company Secretaries of India, the details of Dr. Alois Virag who is proposed to be appointed as the Chief Executive Officer, 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 and the MCA circulars, the Members can vote on the resolution, proposed to be considered through Postal Ballot, only by way of remote e-voting facility (“e-voting”) provided by the National Securities Depository Limited (“NSDL”). The Company has engaged the services of NSDL to provide e-voting facilities. The members are, therefore, requested to exercise their voting rights through remote e-voting. The e-voting facility will be available at the link <https://www.evoting.nsdl.com> during the following voting period:

Commencement of e-voting	from 8:00 a.m. on April 13, 2021
End of e-voting	at 5:00 p.m. on May 12, 2021

**E-voting shall not be allowed beyond 5:00 p.m. on May 12, 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 April 2, 2021 can cast their vote electronically.**

8. Once the vote on a resolution is cast by a member, a 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. The Board of Directors of the Company (the “Board”) has on April 7, 2021, appointed Ms. Kala Agarwal (Membership No. FCS – 5976, COP No. 5356), Practicing Company Secretary as the Scrutinizer (the “Scrutinizer”) to scrutinize the postal ballot process in a fair and transparent manner.
11. 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 [pcskalaagarwal@gmail.com](mailto:pcskalaagarwal@gmail.com).

12. 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.**
13. The results of the e-voting on the Postal Ballot shall be declared by the Chairman or the person authorised by him after receipt of the scrutinizers report on Thursday, May 13, 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.
14. The result of the voting along with the report of scrutiniser will also be placed on the website of the Company viz. [www.nayaraenergy.com](http://www.nayaraenergy.com) and on the website of NSDL.
15. The scrutinizer's decision on the validity of voting will be final.
16. The resolution, 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. Wednesday, May 12, 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](mailto: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 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:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
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'.
    - If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
- (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 i.e. “**115931**” 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 [pcskalaagarwal@gmail.com](mailto:pcskalaagarwal@gmail.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 to the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of <https://www.evoting.nsdl.com> or call on toll free no. : 1800 1020 990 and 1800 22 44 30 or contact Ms. Pallavi Mhatre, Manager at NSDL or send email at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or write to them at Trade World, A wing, 4<sup>th</sup> & 5<sup>th</sup> Floors, Kamala Mills Compound, Lower Parel, Mumbai - 400 013. Members can also contact Mr. Pradeep Mokale, Assistant Vice President at RTA at the telephone numbers 022 - 49186000 or send email to the RTA at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) or write to them at Link

Intime India Private Limited, Unit – Nayara Energy Limited, C-101, 247 Park, LBS Marg, Vikhroli (W),  
Mumbai – 400 083.

**EXPLANATORY STATEMENT REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No.1**

Nayara Energy Limited had appointed Mr. B. Anand as the Chief Executive Officer w.e.f. August 19, 2017. Mr. B. Anand expressed desire for change in job role and therefore, it is proposed to appoint a new Chief Executive Officer.

Pursuant to the recommendations of the Nomination & Remuneration Committee, the Board of Directors of the Company, at its meeting held on January 19, 2021, appointed Dr. Alois Virag as the “Chief Executive Officer” for a period of three (3) years with effect from April 1, 2021 to March 31, 2024 (both days inclusive). As Chief Executive Officer, the role of Dr. Alois Virag will be that of a “Manager” as defined under Section 2(53) of the Companies Act, 2013 (“Act”).

Under the provisions of Section 196 and 197 read with Schedule V of the Act, appointment of Dr. Alois Virag as Chief Executive Officer of the Company, handling responsibilities of “Manager” under the Act, 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. Further, Section 196 read with Part I of Schedule V of the Act, inter alia, requires that a person should be eligible for appointment as a Manager of a Company if he is resident of India. Since Dr. Alois Virag was not resident of India in accordance with the aforesaid requirement of the Act, approval of the Central Government would be required for his appointment as the Chief Executive Officer.

The Company has received consent from Dr. Virag to act as Chief Executive Officer and Manager under the Act and also declaration confirming that he is not disqualified from being appointed as such in terms of Section 196 read with Schedule V of the Act.

The remuneration payable to Dr. Virag is as follows:

- A) Fixed compensation comprising of basic salary as stated below:
- i) USD 1,100,321 per annum which works out to USD 6,30,000 per annum net of taxes for the first year i.e. from April 1, 2021 to March 31, 2022;
  - ii) USD 1,199,874 which works out to USD 6,87,000 per annum net of taxes from April 1, 2022;



- B) Annual Performance Linked Incentive (APLI), as stated below, which depending on performance of the Company and his performance assessed as per the Company policy can be up to a maximum of 150% of APLI, as may be decided by the Board on the recommendations of the Nomination and Remuneration Committee:
- i) USD 770,225 per annum which works out to USD 441,000 per annum net of taxes for the first year in office i.e. from April 1, 2021 to March 31, 2022;
  - ii) USD 839,912 which works out to USD 480,900 per annum net of taxes from April 1, 2022;
- C) Dr. Virag will also be entitled for allowances such as House Rent Allowance or provision for leased accommodation, car allowance or reimbursement of rentals for use of car, onetime relocation allowance, additional travel allowance, return annual flight tickets for self, spouse and child to the home country, international school fees at actuals and immigration expenses and such other allowances as per the policy of the Company and as stated in his letter of appointment. He will also be covered under Company's Provident Fund / Gratuity / Hospitalisation / Health Insurance / Group Personal Accident Scheme and mobile reimbursement policy. In the event of exemplary contribution, the CEO shall be eligible for a Spot Bonus of up to 35% of his fixed compensation, at the discretion of the Board.

This amount shall be inclusive of compensation, allowances, entitlements and any other payments and benefits payable to Dr. Virag. All applicable taxes in India for the fixed pay, allowances and perquisites, annual performance linked incentives and provident fund etc. shall be borne by the Company. In case of change in direct taxes and levies thereon from time to time, the salary shall be adjusted such that the fixed pay, allowances and perquisites, annual performance linked incentives and provident fund etc., net of taxes, shall remain the same.

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, Dr. Virag will be entitled to be paid, compensation for loss of office, of full take home salary for the lower of (a) the period of 24 months or (b) balance period in office of the three years term of contract. 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, Dr. Virag 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. The financial statements for the financial year 2020-21 are yet to be finalized. The profitability u/s 198 of the Act of the Company in the financial year 2021-22 being the year of appointment of Dr. Alois Virag cannot be ascertained. The remuneration payable to Dr. Alois Virag during his tenure in the office together with remuneration payable to other Directors may 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 Dr. Alois Virag 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 Dr. Virag and 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 – Not Applicable

(4) Financial performance:

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

<b>Financial parameters</b>	<b>Financial year ended March 31 2020 (₹.in Million)</b>
Revenue from Operations	1,006,417
Earnings before finance cost, depreciation and amortization, exceptional items & discontinued operation and tax (EBITDA)	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 along with a Promoter group entity were 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 Dr. Alois Virag**

Dr. Alois Virag, aged 58 years, has done his Engineering in Technical Chemistry Program and has taken a Doctorate from Vienna University of Technology, Austria. He has done post-doctoral research from Washington University, St Louis. He studied Business Management from Vienna University of Economics and Business Administration and has done an advance management program from Harvard University Business School, Boston. Dr. Alois Virag brings in more than 30 years of downstream industry experience with a successful track record of value creation as a leader in Refining and Petrochemicals Business. Prior to joining Nayara Energy Limited, Dr. Virag was working as Senior Vice President, Downstream Middle East and Asia in OMV Refining and Marketing GmbH, also responsible for the Abu Dhabi office. He was associated with OMV for 29 years and has held various positions in the mother company as well as subsidiaries across the globe. He brings in strong operational experience and was responsible for the operations of refineries in Austria, Germany and Romania including the Bayern Oil JV. He has led multiple complex capital projects (expansions, modernization, turnarounds etc.) and brings reasonable experience in Fuel Marketing and Retail, including Supply & Trading and Petrochemical Marketing and Retail. He is also experienced in mergers and acquisitions and was leading the successful multi billion acquisition of 15% stake in ADNOC Refining and ADNOC Global Trading by OMV.

The remuneration earned by Dr. Virag in financial year 2020 – 21 in his previous employment was approx. USD 5,21,000 (excluding Long term incentive programme and PF contribution). 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 2020 - 21, Dr. Virag was not employed with Nayara Energy Limited and hence the disclosure of details of remuneration received from Nayara Energy Limited in the previous financial year are not applicable. He has not been offered any stock options.

In the event of loss or inadequacy of profits in any financial year during the period of appointment of Dr. Virag, the remuneration payable by way of salary, perquisites, allowances, APLI etc., as aforesaid, or the altered remuneration as approved by the Board, from time to time, will be paid to him and the approval being sought by passing of this special resolution shall be treated as consent from the shareholders under Section 197(3) read with Schedule V of the Act. The remuneration proposed to be paid to the Chief Executive Officer is comparable with the remuneration being paid for similar assignments in the industry.

Dr. Virag has joined the Company 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 not 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 (latest available audited financial statements) exceeded the limits prescribed under Section 197 read with Schedule V of the Act. The financial statements of the Company for financial year 2020-21 are yet to be prepared. The profitability u/s 198 of the Act of the Company in the financial year 2021-22, being the year of appointment of Dr. Alois Virag, cannot be ascertained.

(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 was inadequacy of profits as computed under Section 198 of the Act on account of past accumulated losses which were 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 of retail outlets, 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 6,000 operational retail outlets which enhance the supply chain stability and enable the Company to enhance its profitability. During the financial year 2020-21, 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. 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 2020-21.

Dr. Virag does not have direct or indirect pecuniary relationship with the Company or 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 Dr. Virag, none of the Directors or Key managerial personnel of the Company or 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 Dr. Alois Virag as Chief Executive Officer during his tenure of 3 years i.e. from April 1, 2021 to March 31, 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.

**By Order of the Board of Directors**

Mumbai  
April 7, 2021

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

Registered Office:  
Khambhalia, PostBox No. 24,  
Dist. Devbhumi Dwarka – 361305, Gujarat.  
Phone: +91 02833 661444, Fax: +91 02833 662929  
Email: [investors@nayaraenergy.com](mailto:investors@nayaraenergy.com)  
Website: [www.nayaraenergy.com](http://www.nayaraenergy.com)

**Details of Dr. Alois Virag pursuant to Secretarial Standard 2**

<b>Particulars</b>	Dr. Alois Virag
<b>Age</b>	58
<b>Qualification</b>	<ul style="list-style-type: none"> <li>• Engineering in Technical Chemistry Program</li> <li>• Doctorate from Vienna University of Technology, Austria</li> <li>• Post-doctoral research from Washington University, St Louis.</li> <li>• Business Management from Vienna University of Economics and Business Administration</li> <li>• Advance management program from Harvard University Business School, Boston</li> </ul>
<b>Experience</b>	<p>Dr. Virag has more than 30 years of downstream industry experience with a successful track record of value creation as a leader in Refining and Petrochemicals Business. Prior to joining Nayara Energy Limited, Dr. Virag was working as Senior Vice President, Downstream Middle East and Asia in OMV Refining and Marketing GmbH, Abu Dhabi. He was associated with OMV Refinery and Marketing GmbH for 29 years and has held various positions across the globe. He has strong operational experience and was responsible for the operations of refineries in Austria, Germany and Romania including the Bayern Oil JV. He has led multiple complex capital projects (expansions, modernization, turnarounds etc.) and brings reasonable experience in Fuel Marketing and Retail, including Supply &amp; Trading and Petrochemical Marketing and Retail. He is also experienced in mergers and acquisitions and was leading the successful multi billion acquisition of 15% stake in ADNOC Refining and ADNOC Global Trading by OMV.</p>
<b>Terms and conditions of Appointment / re-appointment</b>	For a period of three years from April 1, 2021 to March 31, 2024.
<b>Remuneration sought to be paid</b>	As provided in the explanatory statement.
<b>Remuneration last drawn</b>	Nil from Nayara Energy Limited in FY 2020-21. Please refer explanatory statement for remuneration earned prior to joining Nayara Energy.
<b>Date of first appointment by the Board</b>	April 1, 2021
<b>Shareholding in the Company</b>	Nil

<b>Relationship with other directors, KMPs</b>	Not related
<b>Number of meetings of the Board attended during the year</b>	Not Applicable
<b>Other directorships</b>	None in India
<b>Chairmanship of committee of other Boards</b>	None in India
<b>Membership of committee of other Boards.</b>	None in India